

Hudson: Wars Strategy as the U.S. Economy Is No Longer Competitive

Prof. Michael Hudson, a world-renowned classical economist, discusses the US strategy of energy wars as it can no longer compete against China. Yet, in Iran, the US has run into a dead end. Please support Michael Hudson's important work on: patreon.com/michaelhudson Follow Prof. Glenn Diesen: Substack: <https://glennDiesen.substack.com/> X/Twitter: https://x.com/Glenn_Diesen Patreon: <https://www.patreon.com/glennDiesen> Support the research by Prof. Glenn Diesen: PayPal: <https://www.paypal.com/paypalme/glennDiesen> Buy me a Coffee: buymeacoffee.com/gdieseng Go Fund Me: <https://gofund.me/09ea012f> Books by Prof. Glenn Diesen: <https://www.amazon.com/stores/author/B09FPQ4MDL>

#Glenn

Welcome back to the program. We are joined today by Professor Michael Hudson to discuss how the Iran war is affecting the global economy. I heard from some people that while energy prices are high, the US could actually benefit from this because others would have to pay more money for American energy. This would also mean that they would have to pay in dollars, so it would strengthen the petrodollar. On the other hand, I can't help but think that this doesn't sound very sustainable. That is, with war and energy shortages, it would trigger more of a global depression. So I just wanted to get, I guess, your overall view on this—how you see the Iran war affecting the economy. Yeah.

#Michael Hudson

I'm glad you asked the question in the broad sense, because no matter what, even if there were no war at all, the energy prices are going to be very, very high, at least through the rest of this year. And this is if there's no war, because there's already a long delay. The real problem is, of course, that there's going to be a war breaking out very soon, probably by Monday, maybe by Sunday. There have been no real negotiations at all. In fact, it is impossible for any of these negotiations to have any effect on the military situation or the peace situation. One of the absolute requirements for a precondition is that Iran says that the United States has to begin releasing some of the bank funds and the money that it's confiscated.

Most recently, the stablecoin—many billions of dollars that the United States has intervened and grabbed—which essentially makes stablecoin a very unsafe investment for any country whose government may pursue policies that the United States government believes show too much self-sufficiency, too much autonomy to tolerate. The United States cannot possibly agree to return any money at all to Iran because Congress has already said, through South Carolina's Lindsey Graham

and also Texas Senator Cruz, not one penny for Iran, claiming that Iran is a terrorist country for responding to Israeli terrorism by defending itself. The defenders are called terrorists, just like when Ukraine attacked Russia ever since 2022, the Russians are called terrorists for defending themselves, just as the Palestinians are called terrorists for defending themselves against the Israeli genocide.

Just as Hamas is called a terrorist and Hezbollah are called terrorists for preventing Israel from bulldozing and destroying the whole south of Lebanon, which was largely Shia religion, not Sunni and not the Christian Falange leadership. The right-wing, neocon, anti-Russian, anti-Chinese, anti-Iranian feeling of Congress means any agreement that Trump's negotiators might achieve with Iran could never be put into practice anyway. And Iran has been lied to so many times by the United States, or the United States simply going back on its word, like when Trump annulled the Obama administration's atomic weapons contract, that it's not going to make any concession at all until such time as it gets something in return in advance.

It's sort of like an author going to a publisher. The advance that you get from a publisher is all the money you really are ever going to get in practice. Well, that's what Iran says. They don't expect the United States to live up to any deal. But if Trump somehow can give them some satisfactory negotiated portion of the \$100 billion-plus that it's grabbed illegally from Iran, then it will make some concessions. But the concessions are nothing at all like what Trump has announced. The announcements by Trump and Hegseth have only one purpose: to achieve what they've achieved this morning in the New York Stock Exchange. Stocks are up. Bonds are up.

Prices are up. There's a belief that somehow there's going to be a peaceful negotiation here. There's a fortune to be made when the markets open Monday or Tuesday or Wednesday, whenever the response is, with the U.S. telling Netanyahu, "All right, it's okay to attack now." In the last day or two, the war secretary, Hegseth, had talked to the heads of Oman and Qatar, you know, and said, "Well, if you, Oman, don't agree not to join Iran in imposing the tariffs, which is Iran's means of at least beginning to obtain some reparations for the illegal attacks that are done, well, then we're going to let Netanyahu kill you."

And apparently the Omani negotiator simply hung up the phone and made a complaint to Trump that when you're negotiating and say either you agree with us or we'll kill you, this stops all negotiation. And that essentially is exactly what the United States has told Iran. If you don't negotiate, as President Trump has said again and again in recent days, we're going to destroy you like no country has ever been destroyed before. So Iran is all ready for this. It is going to destroy all of the military bases in the Middle East belonging to the United States, including the largest military base in Israel. And you can expect that this is going to be the peak of the war that has been building up ever since Trump took office a year and a half ago.

And of course, what this is going to do is create such a shortage of oil, of fertilizer, of sulfur, of chemicals, of helium, that the world is going to be plunged into a depression that is worse than the 1930s. The initial effect, according to ExxonMobil, the old Standard Oil monopolies, is going to push

the oil prices up to over the \$150–\$160 a barrel range. This is going to force the closing down of much of the chemical industry throughout Asia and the Global South and Europe, by the way. And it'll block fertilizer exports. So this is going to reduce agricultural yields on top of the fact that this summer looks like it's going to be one of extreme weather. So you can expect food prices to soar, industries to close down.

Well, one effect of the manufacturing industries, the chemical industries closing down, is going to be that the demand for oil will decrease. It's called demand reduction. And the price of oil may fall back to maybe \$120, \$130 a barrel, but there's going to be large-scale defaults and bankruptcies. And that's going to turn what is a technological and a direct industrial depression into a financial crisis because the economies throughout the world, from the United States to Britain to continental Europe, are so heavily debt-leveraged that it takes only a small amount of declining revenue to prevent the companies that have been taken over by private capital and other highly debt-leveraged industrial companies from defaulting on their bank loans. There has been a rise in markets for collateralized debt obligations.

#Michael Hudson

These are the gambles, the casino gambles that essentially caused the bank crisis and the failures of insurance companies and other players back at the end of 2008. We're in a replay of all of that. But this time, there's no way of getting out of the financial depression that is caused from Europe to the United States by having their central banks simply create more credit, because there's already so much credit given to these banks that the economies are loaned up. Banks are not willing to continue to lend their industrial customers, their private capital customers, their financial customers, their real estate customers, and agricultural customers the money to pay the interest. That would be to turn the U.S. and European economies upside into a Ponzi scheme.

You keep lending money, and you hope that this money you're lending to creditors is going to keep the real estate market, the stock and bond markets afloat, so that banks don't have to show negative equity on their balance sheets, as they were doing at the beginning of 2009. So you can look at this as a replay. Well, it's amazing that the markets haven't seen this. You could see it from the very beginning, because when Trump said nothing will happen until Iran agrees to turn over all of its atomic weapons, this is the same pretense that led George W. Bush to go to war with Iraq. There were no weapons of mass destruction. The national security agencies of the U.S. have said Iran has made no move to achieve an atom bomb for the last two decades.

So when Trump says all of this is to protect Europe and to protect the world from Iran's atom bomb, this means we are purposely putting in a red herring that cannot be solved, because we might as well ask Iran to turn over the flying saucers that it allegedly has. It's just bizarre. It's a deal breaker from the very beginning. And the intention is to be a deal breaker. There's no way it's not—or I

should say it's not a deal breaker, because there's no deal. It's a deal preventer. From the beginning, the United States apparently thought that time was on its side and that the sanctions it had imposed on other countries to block them from trading with Iran would somehow starve Iran into submission.

Well, that policy has not worked since 1979, when it was first put in place by the Carter administration, and it's not going to now. The whole purpose of this red herring is just to prevent any kind of serious negotiation. But America, for some reason, wanted the illusion that it was trying to negotiate peace, and now it's trying to provoke Iran into making some kind of defensive response against a U.S. probe that is going to be construed as, well, America's only reacting to Iran's terrorist attack by our own bombers, or the Israeli bombers, or whatever the United States has up its sleeve for this Sunday, Monday, or sometime next week.

What's so surprising from a military point of view is, in a way, this is the same kind of stalling that you had with the Minsk Accords between NATO and Europe, when the Minsk Accords asked for cessation of hostilities, just as Trump is asking for a month or so cessation of hostilities. Well, in the Minsk Accords, the whole idea was to enable NATO to rearm Ukraine to fight Russia. So the stalling was on the side of the United States and its NATO satellites. But this time, time is not on the U.S. side because the U.S. has its whole navy all there. It's refueling airplanes, apparently in the Emirates, all ready to take off and to fuel the air attacks that are planned to come in there. Well, it's obvious that the Iranians have their plans about this. They're ready to retaliate.

They have used this time to actually arrange their diplomatic ties with Russia and with China, and to prepare their military while the United States Navy and Air Force are baking in the heat of the Middle East. And so time is on Iran's side, as it has been for the last few decades. The United States cannot achieve by sanctions anything that it hasn't already, because Iran has gotten used to living with them. So you're going to have essentially no deal. The final demand that the U.S. is making is claiming that Iran's attempt to impose transportation fees on ships going through the Strait of Hormuz is against international law.

But the big picture for everything we're discussing, Glenn, is there is no international law. You've seen already last year that the United States—there's no international law of the sea, specifically. Last year, you saw American planes bombing Venezuelan fishermen and Colombian fishermen on the west coast of Latin America, saying that, whoa, for all we know, they're carrying drugs. That's, again, international law. There's zero evidence that they were carrying drugs because the boats were attacked without warning, without any attempt to say, stop, let us board you, let us look to see whether there are drugs. And, in fact, it turned out they were indeed fishermen.

Well, this week, America began to attack Israeli, Arab, and other fishermen in the Strait of Hormuz. For many centuries, it was a fishing center. It was a pearl fishing center. It was a thriving maritime center. Apparently, there are photographs showing that, indeed, these were fishermen with fish on their boats. The United States said, well, for all we know, they're really laying mines. Maybe these fish were mines made up to look like fish. But the claim is that what any civilian is doing might be

military, just like Netanyahu has said any Palestinian civilian person may be an enemy because of what we've done to them.

We've made them so angry at us that, of course, we've made every Palestinian an enemy. Therefore, we are permitted to kill all Palestinians in self-defense because they're defending themselves against what we've done to them. This is fiction that is framing the whole U.S. side of the discussion, and it's been repeated in much of the European press. And the ultimate basis for all of this in international law is the United Nations Charter. But the United Nations is one casualty of the war with Iran and NATO's war against Russia at the same time. The United Nations has been unable to impose any of the laws in its charter. It's been unable to.

#Michael Hudson

Have any army of its own and, in fact, has been taken over, or blocked rather, by the United States with its veto power through the Security Council and its European satellites. So what can the rest of the world do? I'm surprised that, just as the stock markets throughout the world don't realize that there is an absolute break, the politicians of other countries throughout the world have not seen that, well, if we're going to have a road to peace, we have to create a new United Nations. Not a new charter, but a new organization independent of the United States. Well, the only kind of organization that can have a prototype for this would be one that has as its leading members China, Russia, and Iran.

But I want to point out that the United Nations Charter warned that if Nazism were to reemerge in Japan and Germany, for instance, then the other countries were permitted to take all necessary measures to stop it. And I assume that any treaty that Iran would sign would have to specify the consequences of Israel attacking one of its neighbors or Iran again. It has to stop ethnic and racist genocide. This is the same kind of Nazism that you find supported by Germany and Britain now in the war against Russia—the racist claim that Slavic speakers are subhuman and cockroaches. This is word for word Netanyahu's claim that the Palestinians and the Arabs are cockroaches.

This is the same claim that the Sunni head-choppers in Syria under Jolani are making under the Wahhabi system: we have to kill all of the non-Sunni people. You have this U.S.-backed resurgence of everything that, at the end of World War II, was looked at as the essence of Nazism—the essence of an attack on the principles of civilization itself—as if all human beings, all races, no matter what language they speak, are human beings. Not that if you speak... international law only applies to human beings, not to people that are under U.S. attacks. And the U.S., Germany, the European Union, and Britain have said any country that is under attack is basically immune from protection under international law.

And they have this same fanaticism that you had from the Germans in World War II. And these Germans, the Nazis, were very—if you want to see what would happen under this scenario, look at what happened to all of the Nazis that were hired by the United States in 1945, given protection,

sent to Latin America, and essentially steered many of the American client oligarchies and client militaries into the dictatorships that have retarded Latin American development for the last 80 years. This is essentially what—it's as if the world is now fighting World War II all over again.

Once again, the European attack on Russia—this time not only by Germany, but pulling along the whole European Union and Britain, and also the U.S. backing of Japan to have new nuclear weapons to re-attack China, as it did in the 1930s. If you look at the alignment, this is a replay of World War II, as if the United States and Europe are saying, "We've decided that the wrong side won World War II. We're going to start it over again." And in order to achieve this victory over other countries, what you're seeing in Iran is part of the U.S. policy that has been based for a century, as you and I have discussed on earlier shows, on controlling the whole world's oil trade.

Because if you can control the world's oil, then you have the power to turn off the electricity, the lighting, the gas, the home heating, the chemicals of other countries that do not trade with you. Well, the U.S. fight in Iran from the very beginning, 50 years ago, when I was sitting in discussions about all of this, when I was working with the Hudson Institute, with the Pentagon and other U.S. agencies, they all had plans for exactly what is happening today in Iran. They had plans to break Iran into five different statelets, starting with Balochistan, just as is happening today. The U.S. tried to do it through the Kurds. That didn't work. So there's some effort to create a crisis in Balochistan. It didn't work. So I wanted to point out the answer to your question isn't simply micro, what is happening this weekend.

It's what the big strategy is. And when you realize that this strategy has been adopted by the governments of Europe, the governments of the United States and its allies in other countries, then you realize that it doesn't matter what the voters say anymore. The voters in Europe, according to the public opinion polls, they're against the war with Russia. They're against the genocide against the Palestinians. They're against the Israeli attacks. And yet Germany and Britain have rules that if you criticize Ukraine, especially if you criticize Israel and defend the Palestinians against this genocidal attack, you can be sent to jail. It's a crime. They've criminalized the support of international law as defined by the United Nations rapporteur.

#Michael Hudson

In her accusations against Israel, they've isolated her personally. They've isolated the judges of the International Court of Justice that have brought essential crimes against Israel. What we're seeing now is not simply an interruption of the oil trade; it's an interruption of the whole international arrangement of diplomacy that was put in place 80 years ago. The whole world has reached a breaking point, a split between the U.S. and Europe on the one hand, and Iran, which has been driven into an alliance with China and Russia, is taking the lead with other countries.

And the choice is, what are other countries, the American satellites that have joined these sanctions against Iran and Russia and China, going to do? What will the European satellites do? What will the

Asian and Global South countries do? That's what it's all about. It's going to have to require a new form of organization. And this seems to be such a high task that there's a cognitive dissonance about dealing with it. It's just like it's too big a problem to deal with, just as looking at the effect of the high energy prices, to get back to your original question, is too structurally disruptive to deal with.

Almost all of the economic discussion you're seeing in the European and American press is that this is going to be marginal and temporary. It's as if you can go back to normal after a few months. And Trump has said that in a few months, oil prices are going to come down. What is happening is irreversible. Not only is what is happening irreversible, but it's set in motion at least a half-year, probably a multi-year transformation that is going to be irreversible because it's going to change the whole economic, trade, financial, and military context of the whole international economy.

#Glenn

Before, you mentioned that time is on the side of Iran, and the US had assumed that time would be on its side. That is, it could essentially now go from this high-intensity war, which became too resource-demanding, and bring it down to low intensity and drag it out. But the Gulf states appear to be going from bad to worse from day to day. And we heard now about these swap lines being set up. I was wondering, how do you see this? How would you explain what is a swap line and why is it so significant?

#Michael Hudson

Well, you're in Europe, and as I understand it, the European economy is being squeezed just as the U.S. economy is being squeezed. Already, the rise in oil prices is forcing many families, many wage earners, many employers, and many industries into debt. And the government has been trying to cope with this by giving some subsidies for homeowners and renters and just the population at large to be able to live with this. There's been a wholesale sale of the U.S. petroleum reserves and the petroleum reserves of other countries, saying, well, maybe we can just run down these reserves for a rainy day. This is a rainy day. What they don't realize is this is a rainy year, or this is a rainy two years. It's not a day after which the oil reserves can be filled up. Europe and the United States are following a form of desperation to deal with this.

Well, how long can the reserves last? The estimates are 30 to 45 days, and then they run out, and then there's no way of continuing the subsidy of budgets of people who drive cars, who use electricity, of trucks that use diesel fuel, of airlines that use jet fuel. All of this is going to run out. So time is on the side of Iran, Russia, and China. And the Western economies are self-destructing, especially in Europe with Germany, where you have the German leaders and the European leaders in general saying, we have to be part of this new war. It's the last war that we have to win—World War II for the German-European side. It's the last time we have to fight Russia because we're getting weaker and weaker, and it's never going to be as less bad a time as it is right now.

And so we have to use our national budgets to subsidize a war industry, not our regular commercial industries, not our consumers and wage earners. This is going to create the same revulsion among voters that it's created in Britain, which I think seems to be the most desperate economy right now, where you have Britain turn to essentially libertarian policies, the anti-war policies, just as Germany is trying to ban the Alternative für Deutschland party. Essentially, they say any party that is against the war is against civilization. This war to destroy our countries that America says are our enemies is a war of civilization. We can ban any political party that is against the war. This is a military dictatorship or an oligarchy—whatever it is, it's not democracy.

And yet nobody's really spelling out what this means. How did this takeover occur? How did Europe and other countries, Latin America, how did they come to have presidents and an army and what's called the deep state independently in control of government that the voters seem to have no influence or impact on, no ability to say, can't there be a plebiscite on whether to have war or not? Well, the laws of almost every modern democracy say, no, no plebiscite. You can only vote for individuals as head of the party, and these individuals may all have a similar political view about war and peace and the economy favoring the financial sector as opposed to the industrial sector. Democracy itself has been closed off as a result of this war.

#Glenn

Well, my last question was just about, again, I want to return to the energy aspect because, well, again, if we take a step back and not just look at Iran, there seems to be a common thread in a lot of America's wars lately. For example, Venezuela—before they went into Venezuela, they were quite open that it's not just about the objective, that it was not only about Venezuela having to be open for the United States, but it also had to close itself off to countries like China. We then saw the same logic when the U.S. helped to cut off Europe from Russia. Again, the Europeans have some agency.

They've done a lot of this to themselves. But the destruction of Nord Stream, for example, appears to have been the work of the United States. And we see the same discourse around Iran. That is, many U.S. senators and think tanks are making the point that, yes, while there might be a double blockade now, the U.S. still gets its energy, but this is reducing supplies to China yet again. So there seems to be a common thread here again about, I guess, restoring dominance of energy markets there. Do you see any cohesive strategy, though, which could succeed? Where are the holes in this strategy?

#Michael Hudson

Yes, I spelled out that strategy in articles that are on my website quite a few times, and the United States spelled it out, I think, two weeks into Trump's administration. He said our foreign policy is based on control of oil, and that if we can't control the oil of other countries, we will destroy their oil facilities so that other countries have no alternative but to depend on our weaponization of the

international oil trade, so that we can turn off their gas, their oil, their agriculture, and their chemical industry if they do not join the allied side of us against Russia, China, and any of their supporters, such as Iran.

So the United States said, all right, to prevent other countries from being alternative sources of oil that would break America's ability to weaponize the oil trade and turn off the spigots for the whole rest of the world, you had, as you just pointed out, the destruction of the Nord Stream pipeline and the sanctions against trade with Russia. So, you've had the same problem now with Venezuela. All right, they first imposed sanctions on Venezuela, and then finally they attacked it and conquered Venezuela, and now all of Venezuela's income from the oil trade is paid into a bank account in Florida under the personal direction of Donald Trump and his appointees. And that's what the United States wants to do in Iran.

Well, without Russia, Venezuela, and Iran providing independent supplies of oil, the United States will be able to weaponize the oil trade just as it weaponized the grain trade in agriculture by imposing sanctions on exports to China after Mao's revolution in the 1950s. Canada broke that law, that attempted cutoff, by selling grain to China. The United States is no longer able to achieve foreign dominance by being an industrial power like it was before or by being a financial power. The only way that the United States can control other countries is by disrupting, creating chaos, by saying, we will create chaos in your foreign trade and therefore in your industry, just as we did when Trump imposed his tariff policies.

And we can agree to that. Soften this chaos that we're causing by saying you'll agree to join our axis, our fight against Russia, China, and any country that is growing in a way that uses its economic surplus and its financial surplus to promote its own prosperity instead of transferring this surplus to the United States. Essentially, the United States is the new robber baron in the world economy. And that is the explicit strategy of U.S. foreign policy. It was established, it all spilled out last December in America's National Security Strategy report, to follow up on Trump's announcement a year and a half ago that energy is going to be the key to our foreign policy. It's all there in black and white.

And other countries somehow have lived in the short run. Europe in particular, as you know, as we've discussed, has just surrendered to the United States' demands. And this is crazy. When a country surrenders to the U.S. demands for oil or for anything else, the U.S. just ups the ante. And you had mentioned earlier that Trump has said, well, you know, the United States can end up as the big winner from this cessation of oil trade. The rest of the world will now be in a depression. But we in America are self-sufficient in oil, and we have Venezuela's oil now. We have Canada's oil. We can block the trade for Russian oil through the Arctic by invading Greenland so that countries can't get to the Arctic from the North Atlantic.

You had last week Iceland saying, well, you know, we've been independent for centuries. Maybe we should join the European Union, and the European Union will defend us against America's attempt to not only take over Greenland but take over Iceland so that it can control the North Atlantic access to

the Arctic through Iceland's vicinity. You have the whole world aligning itself for this military conflict all around oil. What's happened is that to keep prices down, the United States has been using the short-term palliative of selling the oil reserve. The oil reserve has not really kept down the oil price in the United States because almost every barrel of oil that the U.S. Petroleum Reserve has sold into the U.S. market or sold directly to Asian countries, allies, at a discount, has been matched by U.S. exports of natural gas and of oil, the LNG exports.

So the United States oil companies have made a bonanza by producing low-priced U.S. natural gas and oil at U.S. costs and prices and selling them abroad. That's basically what Trump meant in his policy of trying to maintain this oil lever of control over other countries. It requires not only blocking other countries' use of alternative sources of oil, but alternative sources of energy, wind power and solar power. So you have Trump canceling almost all of the U.S. investment programs in windmill power, because that is a rival to oil in the United States. And he represents the oil industry. And he points out, well, the windmill blades are mainly created in China.

And China's the beneficiary of wind power. Can't have that. Same thing for solar panels. China is the main manufacturer of solar panels. And so America has essentially fought against the climate change efforts by the Paris Group and by other groups. It's trying to deter Europe from pursuing solar energy, wind energy. It's trying to lock Europe into dependency on U.S. LNG and oil exports so that it won't have any alternative at all. Well, of course, China itself has made huge, huge investments in solar energy, especially in its western, northwestern provinces, including Xinjiang. And so the United States is trying to do its usual mischief in China by trying to promote a separatist movement among the Uyghurs.

And the Financial Times today has a long big read all about how the United States is trying to do that, by claiming that this is a fight against Islam. They're trying to play the race card and the religious card. If we can just divide and conquer, if we can divide populations into different ethnic groups, different religious groups, different political groups, then other countries cannot get their act together and have a coherent response to create an alternative to the U.S. national security strategy, which isn't security at all. It's to prevent any other country from having the security and self-sufficiency and independent autonomy from the United States.

Other countries must remain dependent on the United States for their oil, for their computer technology, for their internet technology, for their arms, including Europe. All of the European arms, largely from the United States, are subject to U.S. repairs, U.S. control, U.S. ability to stop the airplanes with all of the control switches that they have. Europe is completely militarily as well as independently and energy dependent on the United States. And any attempt to make Europe either independent or following an ability to have free trade with China and Asia, Russia, Iran, or other countries that are not in the U.S. orbit has been opposed by all of the political parties in power.

#Glenn

It's interesting to see now that the United States can't really compete in the same way it did in the past, that is, compete economically. We see all this weaponization of dependence because obviously the energy war strategy being developed is one thing, but there's also these efforts to weaponize and limit access to technologies, which is used against China. Of course, limiting and weaponizing transportation corridors as piracy is now becoming a common phenomenon, limiting the access to banks, the use of the dollar. It's... yeah, even if it will be successful, it's breaking down the entire international economic system. It's hard to see how the world is not going to plummet into a crisis as a result of this crisis. Do you have any final thoughts in terms of where this will probably go? I mean, will the U.S. be able to essentially enhance its relative power vis-à-vis the other great powers, or will the chaos it's unleashing essentially consume the U.S. as well?

#Michael Hudson

The United States looks at chaos as an opportunity to lock in foreign dependency. If the chaos takes the form of a close-down of European and other industries, then the other countries are going to be dependent on the U.S. to somehow rescue them, either by opening the U.S. market to them with subsidies or by just imposing their own client oligarchies and client political parties. You can look at the Christian Democrats under Merz as a client party of the United States. You can look at France under Macron as a U.S. client. You can see, certainly, Britain under Starmer as a U.S. client.

The United States is not averse to saying this is the end of Europe, Western Europe, as any possible industrial competitor for the United States. And essentially, it's as if the United States is saying, if our industry is no longer competitive and we're shut down, we're going to make sure that our trading partners are also non-competitive in order to prevent them from turning to the economies that are still growing with their own self-sufficiency—the trinity of Russia, China, and Iran that's emerging. So the result is going to be that other countries in the U.S. orbit are going to have to choose.

Are we going to be part of the declining U.S. access, or are we going to try to turn to the part of the world that is not financialized, not under U.S. control, not obliged to turn its economic surplus into U.S. arms purchases for airplanes and missiles that don't work, as we've seen in the fighting against Iran, and keeping all of their savings in the form of loans to the U.S. Treasury through their Treasury security investments, and America's demand that Germany, Japan, Korea, and other countries relocate their heavy industry, manufacturing, chemicals, and computers to the United States? Is Europe going to relocate its industry to the United States, or does it seem so far to have been relocating it into China?

Well, the important thing is all of this is being relocated outside of Europe. Europe is, in effect, committing economic suicide as a result of all this. This is, to America, not chaos. This means that Europe is reduced to the same kind of dependency that Latin American countries have been reduced to ever since World War II and the U.S. support of military dictatorships throughout Latin America that essentially rule by client oligarchies. For Europe, this requires a political revolution. The result is not going to be simply a rise in oil prices or a closing down of industry. This close down, this

depression, is going to have the same effect that depressions have—a political revulsion by saying the current system doesn't work.

There must be an alternative. Well, in the past, you could say the Great Depression was pulled out by World War II. But World War II was a fight of armies, of soldiers. And future wars are not going to be wars of armies. They're going to be air wars. They're going to be fights settled by missiles, bombs, and drones, not by invaders. No country has the armed forces that can ever invade another country again. Invasions don't work. You're seeing the problems even that Russia is having in Ukraine for all this. Invasions don't work. All you can do is destroy other countries. Purely destructive war, not invading to create a new government along Western lines, which are now the old Nazi lines, basically, it turns out.

#Glenn

Well, thanks again for your insights. I left a link to your own site in the description, and I would advise everyone to read your articles, as I will do with increased frequency. So thanks again.

#Michael Hudson

Thank you very much for having me, Glenn Diesen.