

Transcript – The Week the New Global Reality Showed Itself

Christian Smith: Hello and welcome to this podcast from Geopolitical Futures. I'm Christian Smith. Historians may look back and see this week as one of the most significant in global geopolitics in the period since the collapse of the Soviet Union. President Trump is heading to China for a long awaited meeting with President Xi that has the potential to reshape or at least begin to reshape the future of the Asia Pacific. Meanwhile, in Europe, Russia's Vladimir Putin appears to be under increasing pressure to bring the war in Ukraine to an end and he's looking to Europe for some help. So today on the podcast, are we seeing the new geopolitical order materialize in front of our eyes? Well, chairman and founder, founder of Geopolitical Futures, George Friedman is with me as usual. George, hello. Let's answer that question and let's do that by starting with the Russian side of things. I think, I mean, hopefully, if you, if you're out there, you may have listened to our episode last week. If you, if you haven't, feel free to go back and listen. Let's pick up from where we were last week. We were talking about Trump's call with Putin. That sort of got the ball rolling on a lot of this. What has caught your eyes in the last few days that has moved us along, you think?

George Friedman: What was significant to me about the call was that Putin placed it and that apparently I wasn't on the call, but it was said that Putin was offering to have a financial arrangement with the United States, which was the thing that Trump first came to him with, saying end the war, it'll have this. More importantly, he said this war is going to end soon. And that tells me there's an internal evolution, tremendous pressure building on Putin, get us out of the way. But he said something very important after that, after that call, because I think Trump was not going to commit himself to anything. He said that the war is going to come to an end soon is the word. He said it. And he also said that he wants to have a better relationship with the Europeans rather than looking to the United States for investment. He was talking about Europe investing, Russia having the oil and so on and so forth. And this is a fundamental difference in Russian politics. One, they are admitting that this war would end without a victory or anything close to it. We have to think about the internal politics that led to that. But we also have to see that the Russians are in a terribly poor economic situation. They

badly need foreign investment and foreign trade, and they looking toward the Europeans instead of the Americans or the Chinese. To supply this. And that is a fundamental shift by Russia, which is in a way more important to Europe than it is to Russia. Because now Europe has to decide what it is, not just what it will do, but what it is.

Christian Smith: And it has come to Europe in a moment. This feels like a major moment. It is the first time, we believe that Putin has said the war will be over soon, apart from perhaps early on when he was suggesting it will be over within a matter of days or weeks, and that was assuming a full Russian victory. Zelenskyy, of course, has called on Putin to meet him basically ever since the start of the war. Putin now seems to be suggesting that that might happen. Should we be seeing this as a very big moment, George?

George Friedman: Well, it's the first moment where essentially Putin admitted that he would not conquer Ukraine. He started saying, well, we don't really want to take Ukraine, we just want this or that at this point, that this is the best he can do. It's a very small part of Ukraine, and that he's prepared to negotiate. And he's prepared to negotiate because he has fundamental economic crisis in the country. They're running out of money. There's a strange thing happening. Normally nations print more money. That leads to inflation. The Russian economy already is so inflated in price that he can't do that. Therefore, he's limited the amount of money he has. Therefore he can't afford to pay his own factories, soldiers and everybody else. So he's facing this problem, and the people around him who I think have been warning him for a while that lighten up, he's finally faced the fact that this war in Ukraine is not going to end in a capitulation by Ukrainians. The Americans are not going to force the Ukrainians to stop, and that the Europeans are going to be standing by, too. So he's had to move to a new perspective, and that's what he did. In this basic fundamental shift that's taking place.

Christian Smith: And looking at the Europe side of things from the Russian perspective, Putin has sort of indicated he wants a closer relationship with Europe there. He's even suggested that Gerhard Schroeder, the former German chancellor in the late 90s, should mediate. Katakas, the EU foreign chief, has sort of dismissed that, suggesting that he's too close to Russia to do that. But the point is he's calling on a European rather than someone else to mediate. George, do you see this as a significant shift in his view to Europe then as well?

George Friedman: Well, it's a significant shift in everything. And A fantasy that there's such a thing as Europe as a single political entity. So one foreign minister may say this is non starter. Another foreign minister may say it is. The fundamental reality of Europe is now at stake. Russia is weak. It has not been weak since World War II. It has constantly been the fear that Europe lives with. It defined Europe in many ways. It defined the European relationship to the United States. The United States has now shifted that relationship somewhat. Planets have shifted more. The Europeans feel betrayed. Now a reality is coming out that the Americans understood before they did, which is that Russia is not only not a threat, Russia needs Europe. It needs some outside economic power that's willing to invest and trade with Russia. With the US and the Chinese coming together, apparently in the summit that's about to be held, he's looking around and he's looking at Europe as the only place that he can talk. Now that he suggested who should be the representative indicates one of the foundational weaknesses of Europe itself. It's not Russia's failure. It's that he even thinks possible that he can pick who it is, because I don't know if the Europeans know who they would pick to negotiate with them. Is there a European who could sit with Putin and authoritatively speak for Europe, not just this country. And this is now this final stage of the evolution of this geopolitical system. The Chinese, the Americans, even the Russians have found their place. Now Europe must find out what it is in choosing the negotiator.

Christian Smith: But just before we dive into that a little bit further, just let me stick with Putin for a moment. I mean, taking a step back, should Putin agree to some kind of peace deal with Ukraine that ends the war, let's just say along similar lines to where they are now. Russia tries to move closer to Europe. What will he have actually achieved in Ukraine? I ask not to score points, but in the sense that Putin obviously has a particular way of viewing the world. A lot of the people around them do. Much of the war is driven by this. You know, from their perspective, the idea of the expansion of NATO, the desire to re establish Russia's empire by, by not ideologically agreeing with Europe, by. By trying to portray themselves as more traditionalist. So how could he possibly get this change in ideology through the people of Russia?

George Friedman: Same way the Japanese stopped being aggressive and claiming certain rights ideologically because they lost the war. When you lose a

war, as we lost a war in Vietnam, which was not as significant to us as this war was to him, the ideology shifted. The ideas of what war should be like. And everything else. The reason you have to do this is because you lost the war. And you're spending thousands of lives every month, many months, over and over again, getting nothing. Okay? And so, in a country, regardless of what the political system is, the dictator, if you want to call him that, remains dictator so long as he's successful. And in this case, there's so much hardship inside of Russia economically, and so much tragedy in the lives of Russian people whose sons, husbands, wives died in this war with nothing to show for it, that Putin has no choice. He must face the truth. The actual truth is the war was over except for the killing. So he finally faced it. Now the least important question is the future of Vladimir Putin. Live, dead, unemployed, employed. That's not the key. It's how Russia evolves now. It ended the Cold War, still seeing itself as a global power. It has now shown not only is it not a global power, it's not a regional power at this point. Now, Russia has an identity crisis that goes to the heart of the question of what Russia is, and that creates a social and political crisis inside of Russia. There are those in Russia who are extremely hostile. There are rumors, I can't confirm them, that the intelligence forces have become hostile to Putin for not being willing to do this. Perhaps that's true. There are all sorts of rumors floating in Russia on various things, but there's a one, consensus. I think the war is over, stop the killing. And that's. I don't think Putin wanted to say this. He didn't want to concede this. I think he was forced to do so. And I don't care what happens to Putin. But how what Russia becomes is a fundamental question.

Christian Smith: Well, in the same way that there are hardliners in Iran, there are obviously, or have been in the past hardliners in Russia that are very keen for Ukraine to become part of Russia. Do you think that they have lost their influence then?

George Friedman: Yeah. See, losing wars really undercuts the hardliners. Look at Japan at the end of World War II. Look at Germany. Hitler did not want to concede. He finally blew his brains out, but he wouldn't concede. The Emperor of Japan had to overrule all of his political leaders, and the army tried to stage a coup to keep him from doing that. He was the only one facing reality, and they had to obey him. It is very hard to concede defeat in the war. In a war like the Vietnam War, it was very difficult for the United States to concede. There were

hard liners, hardliners were basically insane. We had not won the war in 13 years and they were saying just one more push. And at a certain point the hardliners become fools. Especially when the hard line fails.

Christian Smith: Take a moment to follow and rate us on your preferred podcast platform. For video versions of the show and more, subscribe on YouTube [eopoliticalfuturesgpf](#). Click the link in the description below for access to our free newsletter. And for a limited time, you'll receive an instant download from our special collection on the Middle East. In this select issue, you'll find insights on Turkey's regional ambitions, Iran's nuclear and ideological dilemmas, and the role these nations play in regional power dynamics. From the European perspective, of course, as well. As you were touching on there, George, this idea of a Europe, Russia wanted to be more friendly with Europe. That may be one thing that Russia wants. Europe, in particular Eastern Europe, over the past, how long has it been four years now, since the beginning of the war, have become even more antagonistic towards Russia. I was in Finland a couple of weeks ago and they are one of the most defense ready countries in Europe now at the Baltic states. Those ones, Poland of course as well, are all not exactly the biggest fans of Russia. Do you think that they would be willing to just say, let bygones be bygones, reestablish economic relationships and carry on?

George Friedman: That's not how wars end. Bygones were not bygones of Germany. Bygones were not bygones with Japan.

Christian Smith: Some wars do though. Some wars end.

George Friedman: But what evolved after that was a different kind of relationship with the two sides. So that Japan by 1955 was a significant economic power. Germany evolved too. So when you defeat a country, okay, you also have the opportunity to take advantage of it in its economy and rebuild it. And this has been the American process going way back. That's the way they do it. Now when we talk about Europe, we're talking about an abstraction that's a continent. There is no European. There are fundamental differences not just between Eastern Europe and Western Europe. There are fundamental differences between Northern Europe and Southern Europe and there are differences between the French and the Germans, God knows with the British. So in other words, we're not talking about a country when we talk about Europe that can make a decision

collectively. There's a government there and it's going to make a decision and foreign minister and everything like that. You have a range of countries in Europe that historically have been hostile to each other, as I said before, made terrible wars on each other just 80 years ago. It's not been that long. The fundamental question now for the Russians is going to be, can they divide the Europeans? In other words, can they find certain allies in Europe who are willing to take advantage of the economic possibilities? I don't think it was accidental. They asked for a German to be the negotiator. Okay. It's not just that he's involved with Russia, was involved in Drozneft, a major Russian company. It was also that one of the things he tries to do and wants to do and hopes he can do is divide the airpines which some European countries, particularly the more prosperous ones, form an entente, less prosperous ones, be hostile. The problem they have is Poland. Poland is the easternmost country. It faces the Russians. It is now a member of the G20. It has one of the largest militaries in Europe and most capable militaries in Europe. It is closely allied with the United States, unlike the other countries. So facing the Russians at this point is not just Ukraine, but if they make a peace with Ukraine and want to look beyond it, they're looking at Poland, they're looking at the Baltic countries that were part of the Soviet Union and don't want to see them again. When the Europeans talk to me, usually they usually mean by Europe, Britain, France and Germany. Okay, once in a while they talk about Italy, but not much. So one of the fundamental problems in talking about Europe is the recognition that these three countries that are part of NATO and the EU and everything else, these are not what Europe is. They may think of themselves as Europe, but even they don't agree with each other. The British, French and Germans have different foreign policies, in many ways, different defense policies, all sorts of differences. So when you look at the question, the one thing that Putin has done here that's valuable to him is he's hoping that he's facing the usual Europe, querulous, disunited also, and he can pick relationships. Now, if he does that, there's a different history that's going to be written about Europe in the next 20, 30 years. If he can't do it, there's a very different history of Europe that's going to be written as well as a different history of Russia, perhaps. So when we say there are dramatic geopolitical changes taking place, so far, the Europeans, if I can now use that term, have looked at the betrayal by the United States of Europe. They've looked at the US Chinese Entente and the development of an understanding of the US And China with concern. They've looked at the American

willingness to talk to the Russians as betrayal. They being three countries I named, the rest of them have a completely different view. Hungary, for example, had a different view on it, a different view than Romania had, and so on and so forth. But these countries have evolved in the same way Poland has. So right now Europe has to sit down and do what it's never going to do, figure out what they are, how they will work together. Or now Putin has a great opportunity pick Europe apart peacefully.

Christian Smith: There is still some discussion in the media in Germany about the suggestions of a lot of Europe hasn't yet weaned itself completely off Russian energy. There was discussion in German media recently about Nord Stream and potentially returning to that in some variety. It will be interesting to see, as you say, George, what happens in the next in the coming months about whether they manage to do that. We could talk about this for a whole episode and I would like to, but we've got to move on. So we will. And let's turn halfway around the world to Beijing, where President Trump will be meeting President Xi soon. We've discussed this several times and the significance of the meeting on of the meeting on this podcast several times. For new listeners, though, George, just remind us why you believe this is such a big moment.

George Friedman: Well, China badly needs an economic relationship with the United States. As I said before, it is the world's second largest economy. Its per capita income by GDP ranks at 71st. Its huge economy still has a very poor populace with most of the wealth concentrated the coastal regions and the internal vast regions not very well. They built their explosive economy on access to the United States and it's still the number one importer from China. Their domestic economy cannot consume the things they're producing. Given their acts, there is no other single country that can absorb so much. They need the Americans very badly. In addition, the United States would like two things out of China. The first is to lower the prices in the United States. The American prices rose a bit, not just because of tariffs, but also because limited buying was done on their products. We're still number one in buying and that pushed the price up because Chinese goods were cheaper. And so part of the affordability crisis in the United States in things like medicines and many technical things has been pushed up. The Chinese desperately need this. The Americans very much would like it and have no problems. But they need something else. They need a military shift

by the Chinese and that military shift is that they can't go to war again. How do you wage war over the Pacific at that Distance. Japanese learned that story. The fundamental issue here is we cannot be dependent on goods from China, from a country that's constantly hostile to us and weak, hostile to them. And the Chinese are prepared to make that difference. They fired all generals, they fired all the admirals in the past couple of months because they obviously weren't happy with this. So they've cleared the decks for it. But the Chinese still have to figure out what their place is in the global system. So how do we have to settle this? Well, there has to be a settlement over Taiwan. The Chinese need it to show they're not surrendering to America. It also used to be part of China. Right now, the public opinion there, and the most popular leader, the head of the kmt, a woman, has gone to China, has said she wants to become part of China again. That is, officially it's part of China, but it's an autonomous region like Hong Kong, but with serious autonomy.

Christian Smith: In other words, Hong Kong's autonomy is less of a fiction.

George Friedman: But this will be guaranteed by the United States, and it'll be part of the agreement that it'd be autonomous. And besides, the Chinese really like Taiwanese microchips. They'd be very happy to do it. So when you look at the situation, China must have this relationship with the United States, the one it had after the tariffs was untenable. The Americans really want an end to a confrontation with China. We're experiencing a wonderful war in Iran at this point. We really have a lot of fun in the Eastern Hemisphere. We don't want that. Why Trump did this is another question that's less important because that's sort of a side issue in this world transformation. So yet yesterday, today, there are meetings being held in South Korea between American senior officials and Chinese senior officials, along with staffs. They're working out the final details of an understanding. Okay, and that's happening now because when you have the summit, which is I think for May 14, that summit is a blessing of a deal already in place where you don't hold it, you don't negotiate at the summit, you bless the summit. And the fact that the Chinese invited the Iranian foreign minister to Beijing, and I think red in the riot act. I don't think riot act from China works with the Iranians, but even so said that you're seeing an evolution not just in Russia and European relations, but in American Chinese relations. And that's now the first and second largest economies working together, probably joint ventures,

investments, going back and forth, all sorts of things happening. And that's another thing The Europeans have to figure out what they're going to do in this world. The Russians have already figured something out here. We got to get close to Europe. Now, that question is. So all of these things tie together in ways.

Christian Smith: And let me ask about. You mentioned the generals and the admirals that Xi has gotten rid of. What do you read into that? Because, of course, one of the concerns from Western countries in recent years has been China is increasingly aggressive in some respects, particularly in relation to Taiwan. What's the story, do you think, behind all those firings?

George Friedman: Well, first I'd like to make a point. The Chinese have not been militarily aggressive. They've had some border wars with the Indians, once had a border war with Vietnam.

Christian Smith: Okay, but in the South China Sea.

George Friedman: In those ways, yes, but they've not been occupying countries like the Soviets did. They've not been spreading their influence the ideology of communism. The Chinese have a dictatorship like the Communists did, but not an economy. Anything like would be anything other than capitalist. So China has limited its offensiveness not verbally, but in actuality. What happens there was, I think, and I said this before, I think. I think there was an attempted coup against Xi a few months ago, maybe six months ago, where the military, seeing the evolution of relations with the United States and they were trained to be hostile to the United States, to wage war and so on and so forth, tried to overthrow them. I take this because on the Internet in China, on social media, there were stories that Xi was dead, Xi had had a heart attack, Xi had had a stroke. Various things on Xi which you would not expect on the Chinese social media. A week or so after that, all of the army generals were fired. The senior command, what we call George chiefs in the American, and many of them sent to prison, charged with corruption. After a month or so passed, Xi and Trump met in South Korea. One of the things that happened a few weeks after that, he fired all the admirals. The admirals are critical because China is a naval power. I don't know if he imprisoned any of them, but they're gone. So he gutted the military. The one thing the United States wanted was a military could not act by the Chinese. It could defend itself but not be offensive. Getting rid of the high command of these puts

them two years away from being able to develop a new high command. So I think that had something to do with it. Okay. But I think also the military really did not want this to happen. And it did in Russia, in China, in the United States, there's been massive political crises underway over different issues. But all three of these, Russia is a former world power. There have been crises. The Chinese have settled theirs. Trump still has managing his. And of course, Europe is an ongoing political crisis. So what's interesting at this change is that it's not going to be the result of a war, save the Ukrainian war that the Russians lost being the trigger. But all the countries are really tense internally. And that's one of the interesting things about it that makes it a little different than normal evolutions.

Christian Smith: We'll leave Taiwan and the detail of that. We have talked about it on another podcast in the past not too long ago. So you can go back and look at our past podcast if you want to hear the take on Taiwan. Just I want to ask you to finish an immediate question and then a longer term question, George. Iran and the US are obviously still at odds. Not long before we recorded this, Trump was questioned by the press and said something along the lines of the ceasefire is on life support. Perhaps it will no longer be on life support by the time that, that, that this comes out. Will this affect this meeting with China? I heard some analysis that suggested that he's a bit distracted with Iran, so therefore isn't concentrating enough on China. Or do you think that he'll wait until after the trip to Beijing to make any big decisions on Iran?

George Friedman: So one thing I want to make clear is that China is not providing major support or really any support to the Iranians. They're staying out of it, even though they have a treaty that they signed 20 years ago for mutual defense. But you have to understand being abstracted at a summit is not relevant. The summit is not where you negotiate the deal. That deal is being negotiated today in South Korea with Chinese and American officials putting the final touches on the agreement. And there's been discussions all through the Iran war that Vice Chairman Levis and so on and so forth, that a lot of talking has gone into this. This is not where the decisions are going to be made. Those decisions are in place. Blessed by both Xi and Trump already with plenty of time to think. This is where it's going to be blessed. This is where he's going to be put in place. So that's what summits that are serious summits are about. The amount of talking the US And China have done is enormous. And all through the Iran war, those

talks went on. So I would not worry about Trump being distracted because the decisions that he has to make, he's already made, transmitted into his negotiators. Ghoshitis came back and if that summit is held, that agreement is in place.

Christian Smith: And then in terms of the actual actions on Iran, do you think Trump will wait until after this week to decide whether he attacks again or what happens next?

George Friedman: Well, it's very hard to understand what happens next. The stress of Hormuz are closed, and the Chinese really don't like that. They're not in as much trouble as people think, but they really don't like the Straits of Hormuz closed. The Americans are trying to open the Straits of Hormuz at the same time, get what they want from the Iranians. Getting rid of their nuclear capability or potential capability for that. That's fundamental to the United States. It's very important to try to open. So Iran is doing what it can to sabotage the summit. Close the Straits of Hormuz. I think that's what it's about. Okay. Put pressure on the United States to back off so that the Straits of Hormuz will be open. I think they may keep this up for a while. But as this summit takes place and they realize they're really isolated, with the Russians looking to Europe and the Chinese working with the United States, there's no outside help coming. Now, the one thing that the US can't do is invade. Taking a country well armed with a trained military force, the IRGC fighting your way through it, would be doing exactly what Trump said he would not do. So I think this summit may be the trigger that ends the war. When the Iranians see that the Chinese are not going to be of any use to them. They have no other real allies outside providing them weapons, and they're facing the United States, and the United States has already achieved what it wants to with China. This, I think, will be a trigger point or something very close to it happening. So I think they're trying to use this action to drive a wedge between the United States and China. It's not working.

Christian Smith: And finally, that longer term question then, George, we started the podcast by asking whether this could be the moment that big things happen, that the new geopolitical order materializes. Do you think that's the case?

George Friedman: Well, certainly it is materializing. It's like a book I wrote, Storm for the Calm. We're in a storm that's decimated the old system, but the

players are still there. New relationships have to develop. The first one I think will develop is us Chinese. But we have to step back from the noise and try to see how it all evolves. What I'm saying is the system will evolve. The fundamental question at this point is what will Europe do? Europe is taking together the second largest economy in the world. What will the second largest economy do internally to make itself a power? If it doesn't do it, that's one geopolitical system. If it does do it, it's another one. So right now my focus is on the Europeans who have, to my mind, taken no action whatsoever or even considered this situation. They must have thought about it, but I've not seen any signal till they understand. Perhaps the Russian approach to them focusing on the Germans will make the French start to think about it. Maybe not. We'll see.

Christian Smith: George until next week. Thank you as always for your time out there. Thank you very much for listening. We'll be back again next week, of course, with another podcast from Geopolitical futures. Go to geopoliticalfutures.com for all of our writing and analysis. But until next week, thanks very much and goodbye. You can find all of our expert geopolitical analysis@geopoliticalfutures.com.