Erik: Joining me now is Dr. Pippa Malmgren, independent economist, best selling author, and author of Pippa’s Pen and Podcast. Absolutely outstanding content on the podcast. Pippa I have to tell you, I always knew that you were a super smart woman. It wasn't until recently that I really started reading your blog, that I've come to understand the breadth of your knowledge of so many things. So congratulations on your new blog and listeners. That's at drpippa.substack.com. Welcome back, Pippa.

Pippa: It is great to be here! Thank you.

Erik: I want to dive right in. You were the second person after Mike Green to tell me that World War Three had already begun. I interviewed Mike Green and got his update on that last week. I really want to come back to this because something that happened for me when I had that conversation with you and also with Mike, is I was conflating World War Three to mean that you and Mike were predicting a certain nuclear Armageddon that was coming any day. That's not what you meant. So let's start with what did you mean more precisely, then? And how is the story evolved from then to now?

Pippa: Yeah, well exactly. So I wrote a piece, I put out my launch piece for purpose pen and podcast on October 29 last year, and I argued World War Three is already started. But the thing is, World War Three doesn't need to be like World War One and World War Two. World War One, it was humans fighting hand combat in trenches, machine guns. World War Two is about airpower. World war three, I believe, started in space. So kind of the ultimate altitude airpower, and we had a lot of incidents between particularly the Russians, the Chinese, and the Americans. A lot of attacks on satellites and, you know, blowing up your own satellite to create a debris field that would knock the other guy’s satellites out of the orbits. And I think that the view was the superpowers could face off up there. And, look, there are no journalists. And there’s nobody to talk about it, because anybody who's involved is under an NDA and classified information is involved. So I understood, there's something going on that's really big. And I saw it was starting to spill over into more hostile relations between the superpowers in other domains. And then I felt just people needed to be forewarned that the temperature level is rising to the point that we're going to have real live incidents. And then the next thing I knew on January 6, which is when I date, the beginning of the earth based elements of this war that we're now in, which was on a tiny little island in the Arctic Circle, is part of Norway, it's called Svalbard. And it has the fastest internet connection in the world. And people were like, well, why does it have that? Well, because virtually every commercial and military satellite plus the
International Space Station connect to Earth at Svalbard. So there was this fascinating incident, which appears in retrospect that one of the Russian oligarchs took their massive yacht and placed it over the top of that cable, and submarines went underneath and cut it. And they didn't just cut it in one spot, they cut it in two, and took away like six and a half kilometers of cable, so nobody could say it was like an accident. And it was meant to send a signal. And the British Chief of the Defense Forces came out and said, under normal circumstances, this would be considered an act of war. And so it put NATO on high alert. That was, you know, what, the 6 to 8 weeks before the tanks rolled into Ukraine.

So that was what I meant is that we're beginning a process of confrontation, which is not just what we're looking at most of the time, which is Ukraine, and in fact, the many, many other physical locations involved. And if I update it to today. There are more countries now involved in this superpower confrontation, then there were in World War Two. The good news is that the standoff is happening mainly through technology rather than through humans fighting each other. Of course, in Ukraine, there's been a terrible loss of life. So that's the one exception, but there's been all kinds of other stuff going on, you know, internet cable cuts and sabotage. And then, ultimately, what's really been happening in recent weeks, in my opinion, is we have indeed, gotten very, very close to an actual nuclear event. And that's been reflected by the way, I'm not, you know, so far out there. The head of the UN said we're hair's breadth away from a nuclear event. We've had many leaders refer to this near Cuban Missile Crisis. And I think that is exactly what is happened. And it explains a lot about how things are unfolding now. So why is it that all of a sudden out of the blue, the chief of the British defense forces jumped on a plane and ran to Washington completely unscheduled, and unexpected? Why is it that all of a sudden the US has agreed to direct nuclear negotiations with Russia nothing to do with Ukraine. Just to talk about nuclear and I think it's going to include weapons of mass destruction. Why is it President Xi has suddenly been like hey truce and negotiations are a good idea. I think it's because the Russians got a lot closer than anybody realized they were going to get to actually doing something with a nuclear weapon. And for a while everybody thought well President Putin might want to do that, but his military won't execute it for him, they'll find excuses. It'll just not happen. But as soon as reported in the press, there started to be indications that his military was aligned with him on that. And I think that scared everybody. And we've ended up exactly where you'd expect, which is, you get a real threat of a nuclear weapon and suddenly, everyone agrees to go back to the negotiating table.

Erik: There's something else that seems fundamentally different about this to me, which was if I think back to previous conflicts in my lifetime, like the Gulf Wars let's say. The way it starts, is, it's all over the news. Now, the government wants to be controlling the narrative, but they definitely want everybody to know all about what's happening. As soon as it's starting, you know President's on the TV, my fellow Americans I have ordered, blah, blah, blah, this is all happening. It seems to me, like with respect to the Ukraine conflict, which to me is a very small part of this overall puzzle. All of the media focuses on that. But the fact that small Bard cable was cut that you just described, the fact that there's satellites blowing up in space, creating debris fields for other guys, satellites, none of that has been in the news, as much as you say, there's no reporters in space. Well, there's reporters on Earth, that were aware of that and didn't
think it was all that newsworthy. So it seems like, for whatever reason, most of the big picture story is not being told almost feels to me like it's intentionally not being told, what's the story there?

**Pippa:** Well, so here’s another example. Like there was a, you know, I'm always looking for signals, which are like this concept I invented, of looking for hints about the future that aren't yet in the data are aren't yet confirmed. And one of them for me was on October 20. And there were these images put out by the US government, of the head of CENTCOM central command, which was General Eric Karela. And he was literally on the USS West Virginia, which is the crown jewel of the US nuclear triad, right. It is a critical submarine with nuclear capability. And that happened in the Gulf. And I'm like, first of all, when you have an you have an army guy on a Navy vessel, this is a signal. i This is not very often you see this, and to see the head of Central Command on it. And then for them to reveal its location, and pictures of the general in the submarine, you're like, Okay, something really big is up, and what is it? Well, and it is in the Gulf, right? It's off the Saudi coastline. And I think it was, at the same time, as there was real worry that President Putin was going to actually try launching a weapon, a nuclear weapon. And so it was a show of force, it was a way of expressing, don't even think about it, because we'll basically blow everything up before you can hit that button was the sort of message. But the way the messaging done was, in one sense, quite subtle. I mean, I can see, because I come from a strategic security background. And this is a very unusual set of circumstances, but most people aren't even going to notice that that's a story. And I think that's part of what's driving this is that, first of all the editors and there's so few editors left around anyway, but the editors that are there, they still adhere to the ol you know, if it bleeds, it leads. So there has to be a dead human in order to create the human interest story to garner the clicks. And this story, there's no dead human it's just a an American General on a secret submarine. That's a much harder story to parse apart and make sense of, and I think that's exactly why when I say we're in world war three, but World War Three is very different from World War One and World War Two and it's being played out in these much quieter, more subtle ways. It might be even amazing that we find out that we could really be in a genuine global confrontation between the superpowers and the public hardly even knew.

**Erik:** What I don't understand about that though even though Pippa is in the past, it seemed like the government's biggest objective was to make damn sure that the public fully appreciated just how high the stakes were, whether it'd be the Cold War, where they basically kept everybody in fear for decades, or something like the Gulf Wars, where they just really made a big deal of, okay, we're at war, it's a big deal. Everybody's got to get together behind the government and, you know, be patriotic and stand up for the country. This is a bigger deal than Ukraine by a lot. But it doesn't seem like they want us to know that... Why not?

**Pippa:** Well, I'll put it a different way and I've been very privileged, I've had the chance to brief quite a few of the NATO generals. And I think honestly, this is a very different kind of war. And I think President Putin and President Xi carefully thought through the timing of events and their goal. But let's talk particular about Putin The goal was to inflict a lot of pain on the west. Now, how do you inflict the most pain? Can you do it with a tank or you do it with the oil price and the
price of wheat? Well, we know the answer is oil price, and wheat is much more damaging. But I know from personal experience, that it's really hard to convince generals, that food and oil prices have something to do with them. Mainly, they're like hey that's not our that's not our bailiwick, right? We don't do food. We don't do food prices. And I'm like, yeah but we're in a new era of warfare, which both the Russians and Chinese was spelled out. I think the Chinese call it unrestricted warfare. And the Russians call it unlimited warfare. And it's the idea that anything goes, and you use whatever means are necessary to create the most pain for the other side. So suddenly, economic policy becomes a tool of Warcraft. But in the West, we're still like, wait what? We literally don't have any doctrine for that on our side. So we can't recognize it. And frankly, it's only after the high oil price and high food prices started to create genuine pain that everybody went hey, wait a minute. This is maybe a military strategy. Maybe this isn't just a coincidental side effect. Maybe it was the whole point. Because especially for Russia, they can't take on NATO's strategically, but they've created incredible amount of civilian damage in the West. I was just in Germany this last week, in fact, and, you know, that action on food and energy prices has split the Germans apart from the Americans, and the Germans are like, I don't want to freeze this winter, for the sake of, you know, one country in Europe that we kind of consider to be, you know, maybe Putin's right, some of it belongs to Russia, right? They are suddenly not willing to make the sacrifices and Americans are so far away. They don't feel any of the pain or well, they do feel some but not so much of the pain as the Europeans do. So did Putin succeed in putting a dagger through the heart of NATO? Yeah, kind of. And that's materially important. So I think that that's my explanation is that why the medium misses it? And why governments aren't announcing it is because they don't even... It's like you've just been hit, but you don't know who hits you or how you just feel the pain. You can't explain it as we're at war.

Erik: Well it's not just the media Pippa, it's also financial markets, because I've been screaming at the top of my lungs on MacroVoices for months and months now, why can't people see if Putin is willing to weaponize natural gas prices... He's also willing to weaponize oil prices. It's just not time yet but it's coming. And people think I'm a complete nutcase. They don't think that Putin would ever take the revenue hit of taking his own oil voluntarily off the market as a tool of economic warfare. And I say, wait a minute, why do you guys think it's a revenue hit? If he takes half of his oil off the market and doubles the price by doing so? He didn't take a revenue hit. And people just look at me like I've got two heads when I suggest this is even possible. They think I'm a total nutcase. And you know, it's coming so I don't think financial markets are prepared for it either.

Pippa: You know, it's interesting you say this. This gets to a point that I keep making over and over which is, in the West, we assess the condition of the Russian economy. And we say well, the Russian economy has been weakened by, you know, what President Putin has done, and they can't therefore keep this up, and he's running out of money, and you'll run out of support. But it's not the Russian economy, we should be assessing. It's the Putin economy we should be assessing. Because, yes, he's head of state, but he also has a kind of private economy that works for him personally. And that includes this famous or rather infamous, Wagner group for example, which is kind of a private army, without uniforms. And if you look at the activities that
they're involved in, across Africa, you're like, you know, fundamentally, Putin's team pretty much control the oil fields of Libya. They're deeply embedded in North Africa all the way into Mali, moving now a little bit into Mauritania, Niger, they've just had the Sudanese agreed to give the Russian military a port on the Red Sea. They've had alliances in the eastern Mediterranean, a lot of Russian naval vessels in the eastern Med, and you start to look at it and go, actually, there's a huge amount of cash coming in from all that. And maybe the big one is the Central African Republic, where Putin's team have been trying to do a deal where it's I think that sort of like this, the Chinese have built the Belt and Road infrastructure that allows goods to come out of Africa. But they don't want to send people in to guard the assets. So the Russians say, we will do that, and they get paid, maybe I don't know 25%. But that 25% is a lot of cash. Plus, it puts their people on the ground, and then they get control over further cash flows. So if you were to assess Putin economy, his cash flows, they look amazing. And to your point, every time the oil volume is restricted, given he has a lot of control over those flows, he's making even more money. So we're just not understanding. There's a you know, yes, it's a superpower. But we have to understand the difference between the leader and his personal cash flows versus the nation's.

**Erik:** Pippa, I want to move on to ask you a few more questions about signals that I'm having a hard time interpreting. Let's start by going back to 2016 or 17. I don't remember when Ecohealth Alliance first funded the gain of function research at the Wuhan Institute of virology to enhance bat coronaviruses. Now, Pippa, I get it back then. I mean, I certainly didn't know what gain of function research was or what a Bat Coronavirus was. Most people wouldn't care. The fact that that was under the radar didn't get reported on the news, you know, who would expect it to be right. Fast forward to the summer of 2022. Boston University we're not talking downtown Wuhan. We're talking downtown Boston surrounded by American citizens. Boston University publishes their research. They're proud of themselves because they went and took the most deadly but not super contagious COVID SARS virus that they could find in one hand, and that's their left hand and their right hand they took the very most contagious Omicron strain that they could find. And he said, hey, what if we do some genetic engineering here? Take the spike protein, which is what creates the called a Furin Cleavage site, the part that makes it contagious. Let's basically do a transplant surgery where we're going to take the contagiousness of Omicron, and transplant it on to the most deadly strain of COVID that is known to exist. And we're going to publish our work in a peer reviewed journal and say, aren't we the smartest guys on the block. That wasn't barely even news. And they weren't keeping it a secret. There's no conspiracy to hide anything. They published their work. Nobody thought that was newsworthy, that in Boston Massachusetts, they're trying to create a much more deadly version of the same virus. That is at least one Senate report. It has acknowledged almost certainly was the result of a lab leak. How is that not news Pippa? I don't get it.

**Pippa:** Well, let's step back for a second and put it in the context of what I've said about this being World War Three, because as everybody knows, both the Russians and the Chinese have made allegations that the COVID virus that was developed in the Wuhan lab was an American virus and their allegation is that it's basically that they will see it as a bio weapon. And similarly, the allegation that the US had built Bio Labs in Ukraine, which initially everybody
totally denied, and then it became apparent that actually, the US government and particularly the Pentagon had financed the construction, but they weren't bioweapons labs, they were just Bio Labs. But the thing is, in the world of biotechnology, pretty much everything is dual use. So you can say, we would never use it for this purpose. But you know, your opponents looking at it saying, but you could, right. And so all I'm saying is that, that gets presented as if it's just pure Russian propaganda. And I think that we ought to consider the possibility that Russia and China actually do believe that there's something to it. And unfortunately, for the American sides, we've now had a lot of the Freedom of Information Act requests that kind of, you know, NIH confirmed that they did finance the research on the COVID. On the ARS-CoV-2 virus in the Wuhan lab, and the people who did that research and received the NIH funds did do the what they call a gain of function, which is basically to make it easier for that virus to bond with a human cell. And they shouldn't have because NIH's rules prohibit the use of the funds for that purpose, but it happened.

So from China's perspective, they're like, hey what are you guys doing here? Like, what is this about? And then to your point, but it's happening in Boston as well. So when I step back, I say, you know what? Really what this is, it's modern capitalism. Modern capitalism is telling every entrepreneur, including the science entrepreneurs, go take the biggest risks that you can, because you're going to get paid the most for getting that right. Now, when you talk about a startup founder with, you know, Uber or some software or even manufacturing company., If you mess up and get it wrong, well, you know, people lose money, you lose time, but you don't create like a problem. You know, unless you're really, really big, and you can create a problem for society because of the size of the loss. But that's it. But in biotech, it's different. You can create things that are genuinely dangerous to humanity. And, you know, all the biotech scientists would be like, well, but the risk is very small. Yeah that's true. But if it is, but if that risk happens, what are the possible consequences? But they're also focused on I need to win, because then I'll get a Nobel Prize, right? Or I'll get my article in Lancet, or Nature, or whichever publication matters most. And I suspect that we've had this race going on, and it was totally fueled by quantitative easing, right? All this money chasing deals, and everybody basically over promised and took risks that maybe we didn't think through. And I think we still don't have the kinds of controls on what goes on in Bio Labs that probably we should. And that's true globally. And then you can add into the mix, you know, other pieces of the puzzle, like, the controls of the actual Wuhan lab, were obviously very poor. And the Chinese didn't want that to be known. And there's a whole bunch of pieces to this puzzle.

But the other thing is just like what I described before. If we are kind of in World War Three, and if bioweapons are part of that... How many journalists really understand biotech? I mean, it's taken this whole time for the journalistic community to really even understand what is gain of function. And if you ask your average person, they still don't get what that means. And biologists and virologists as well, if you say to them gain-of-function is basically weaponizing the virus, they'll say, no, no, no, no, that's not true. And they can make a good case that that isn't true, right? Because it's not meant to be a weapon. It's meant to be a predictive tool that would help you if that particular mixture shows up in nature, that you would be able to respond to it faster, because you've already done the homework. So this is like the question. Are you getting in front
of it in such a way that you create a problem or you prevent a problem? Open question so I think that one of the things we're going to see come out of all of this is that when the superpowers get to that negotiating table to talk about weapons of mass destruction, this is going to be one of the subjects and we know by the way that it is because you just have to listen to Eric Schmidt, right, the former founder of Google, who has been heading up various committees on the subject of AI and modern weapons systems. And he's been crystal clear that one of the most terrifying and important weapon systems to discuss has to do with genetic weapons. And that means viruses. And he's like, you know, we live in a world where we can now make a virus that affects a single person, or a single haplogroup or ethnic group. And, you know, China has now assembled the largest DNA databank in the world. And, you know, we all sent our DNA, because every time you do a pregnancy test, or COVID test or any other kind of swab, it was typically ending up back in China, and there's a lot of worry, in the US and in NATO about, well what's their plan? Are they you know, are they really doing just general research or are they looking at how can you weaponize viruses and make genetic tools that could be used in unlimited unrestricted warfare? So it's a dark thought, but you know, the governments are discussing this in the open. So it's not one's imagination.

Erik: I'm still struggling with part of your explanation, which is the media participation in this... Boston University proudly declared that they were doing gain of function research to make SARS-CoV-2 much, much, much more contagious and deadly at the same time than any of the existing strains in a laboratory hoping it didn't leak out. And it sounds like you're saying the only reason that was not huge front page news is because most of the press is still so illiterate, that they didn't understand the significance of that event. I mean, is that really what it is?

Pippa: Well, I think I'll go a little bit further. Because it's not that they're... I am not at all saying that they're dumb. They're not. I think there are far fewer writers on every journalistic institution than there were before. I think that algorithms are writing the stories more and more. So there isn't a person writing the story. It's an AI algorithm that's writing the story. I think, also that the fear of lawsuits is so huge, that nobody wants to have a go at like an institution like Boston University, unless they're pretty darn sure. And now you're in the realm of science, which is already a complex subject, and not that many journalists are expert science writers. They are some and they're really good. But you know, you have to really be pretty sure given the highly litigious environment that exists in the United States before you go writing something like that. So I think it's a whole bunch of things that come together in such a way that some stuff it doesn't it just and let's not forget, we have one other piece of this puzzle, which is kind of, you know, you can't ignore it, which is that it just happened that the President's son was involved with these companies that are doing exactly this kind of work. And because it was the President's son, there was a disinclination to dig into the subject. So there's a kind of overall sense that of politicization of this subject. I think this is going to change now or maybe intensify, I should say, as the Republicans take the house in the United States and chair some of the committee's and I get the feeling they're going to dig into this issue much more deeply. And we've already begun to see the signs of that, right. We've seen reports starting to come out of Congress on this. I think once Congress starts to bite into it, it becomes easier for the journalist to do so as well. It's just hard to be on the front foot. But it's no excuse. I am just giving you reasons why.
**Erik:** Pippa, let's move on to the next signal that I'm baffled by... I'm sure that you and I can agree that China's role in this new world order is going to be critically important. Now, in terms of understanding China, one of the most important things in their political process is the Chinese Communist Party's national congress. They hold once every five years was just held recently. So I saw this video clip. And I mean, it's this gigantic room and it's China. So it's all full of Red Velvet and so forth looks very Chinese. I don't know how many hundreds of delegates they have, because this is where all of the who's who in the Chinese Communist Party. You know if you're in that room, you are somebody important. At the center of everything where the camera is focused, of course, is Xi Jinping, the number one top guy seated immediately at his right is Hu Jintao, the former number one top guy, and you're looking at his grand, you know, event in China. Then two guys come in, in what looked to me like a scene out of a godfather mafia movie. Two guys in suits come in, they physically surround Hu Jintao on either side of him, physically pick him up out of his seat, and he's got a look in his face, like what the hell are you doing? Don't you know who I am. And then she says something to him. And you can't hear what it is because there's no microphones on and all of a sudden his body language changed. It's almost as if she said, Hu don't fight it, these gentlemen are going to take you for a walk. And then out back they're going to make you an offer you cannot refuse. I'm reading something into that, obviously. But Pippa what the hell happened there? They physically forcibly carried Hu Jintao, the former number one guy in China who was at Xi Jinping right off the stage in front of the cameras. It never got televised in China, from what I'm told, it didn't make the news in the US. It felt to me almost like a soft coup was happening. Maybe for the benefit of the people in all these other delegates. It's like don't mess with Xi because look what he can do. Is that is that the way to read it?

**Pippa:** Well, there's an element of truth in that. I remember when I was in the White House, there was a moment very early on, as I recall where Vice President Cheney fired an admiral or a general it was somebody very senior, and he did it in front of a group. And the message was don't cross the Vice President, because he'll check you out. And it sort of didn't matter whether that particular person deserved it. What mattered was it sent a message and that is definitely, you know, welcome to politics, right? Politics is full of these Godfather-ish kinds of moments. And we're seeing a lot of them right now in the world. But I think there's an very interesting backstory as well, which got dismissed, which was, you know, Xi Jinping went to do the first foreign trip since COVID started, and he went to the Shanghai Cooperation Organization meeting in Samarkand. And that was very interesting, because he said some stuff there that's very relevant for the markets, which I'll come back to. But he said, Central Asia used to be Russia's backyard. But now it will be China's front yard. And that was important because he was basically saying, I know China isn't competitive anymore. We can't make money reliably as the cheapest manufacturer of goods, because we're not the cheapest, we're not the best, our quality, you know, he knows their quality controls not great, they cut the public off from the International internet, that's going to affect, you know, productivity and creativity and etc. So China's going to do what companies do when they get in trouble, which is acquisitions. And I think they're about to do acquisitions of a lot of the territories that Russia used to effectively
control but won't be able to now that it's become clear they can't even handle Ukraine. And while he was away, while the rumor mill was that when he landed back in China, that he was immediately put under house arrest. And that this was totally dismissed, as you know, Falun Gong press making this up out of thin air. But at the time, the story was that Hu Jintao was behind this. And so I thought, oh that's very interesting, because he's, you know, one of the most revered elders of China. And why would he do that? And I think whether it's true or not, the worry within the Communist Party has been for a while, that Xi had not only, you know, the authority as the premier, but he has had the military reporting to him personally for some time. Now, that was okay, when the economy was going well, and they were delivering on the promises to the public. But then once the economy is not going so well, then becomes a little scary that the premier has the military in his pocket. And I think there was a lot of concern about that. And could anybody do anything about it in the run up to that party congress and the answer proved to be no. And just to kind of show everybody that if anybody had any thought About constraining Xi Jinping power, that he is not afraid to take the most revered elder of the country and have him as you say, in a godfather moment, frog marched off the stage in front of everyone that matters in China. So yeah, was it meant to send a signal that anybody who even thinks about crossing me is going to end up in a dark place, even if you're a Hu Jintao. So if you're less than that, I will not blink, you will be gone. And so it's a way of creating, you know, imposing order and eliminating all your opponents, which is what he's very good at and he succeeded. So now that we have him, and I suspect we're going to have him for a very, very long time. This is an appointment for life effectively.

**Erik:** Let's come back to the conflict in Ukraine and the broader growing, what we're calling World War Three or I've started calling the conflict of superpowers, because I find that World War Three freaks people out if you say those words. But let's come back to the way that the media has approached this, because if I think back to the last major proxy war that the United States was involved with in Vietnam, there was clearly a reporting of the official narrative. And then there was a very vocal reporting where media were doing op-eds, and editorials and so forth, taking the other side saying, why are we there? What is the real motive? Why do we need to be in a war with Vietnam? Why are we sending our children over to die there? What I don't understand Pippa is in all of the reporting about Ukraine, and to be sure the atrocities in Ukraine are horrific. But has there been one word of reporting in the mainstream media, about the fact that the atrocities in Yemen are just as horrific, but nobody's paying attention to that war? Has there been one word of mention of the 2014 coup in Ukraine where the government was changed, and the fact that the Biden's were very much there at the time, the leaked Victoria Nuland phone call where she's basically choosing the new government for Ukraine as if the United States ambassador is installing a new puppet government in Ukraine in 2014. That certainly is one plausible view that I would expect somebody to cover in an editorial someplace, but I haven't seen it in the news. Any coverage whatsoever of the fact that there really are there has been a civil war in Ukraine for the last several years. And that the side of it that Russia is fighting is Nazis. I mean, there really are Ukrainian Nazis, who were committing atrocities against Russian speakers in eastern Ukraine. That's part of what this is all about. It never gets reported, the whole Nazi angle is never ever discussed in any of the media coverage. Then, as
you get to the point where we've really completely destabilized Ukraine with this, this whole conflict. All of the sudden, Nancy Pelosi is making a trip to Taiwan. It felt to me like fanning the flames. We've had a situation in Taiwan where China and Taiwan have not been able to agree on whether Taiwan is part of China or not for like 25 years now, but it's been in a steady state. All the sudden, Nancy has to go over and fan the flames. Biden claims we'll I told her not to go. We didn't want her to go but we couldn't stop her. She was flying on a US Air Force jet. Obviously, they could stop her. So the government's not telling the truth. When they say they didn't want Nancy to go in. They couldn't stop her. They're lying. That's not being covered by the press. The other side and I certainly don't mean to take Putin side of this. The atrocities in Ukraine are horrific, and absolutely should be denounced. But there is another side to the story. There is a side to the story about what happened in Ukraine in 2014. What some of the real motives might be, why is Nancy going in and fanning flames in Taiwan? Why is none of this being covered at all by the media?

**Pippa:** Well, you know I live in London and it is covered by the European media. And it is an important element of what the Europeans have to say, which is they might describe it as we kind of had two rival gangs. The Ukrainians and the Russian got into a big fight. And we've interjected into that or been forced to by circumstances, but this idea that, you know, one side are angels and the other side are the opposite. That doesn't play in Europe, but it plays in America, right? It's a different way of conceptualizing about of the situation. And, you know, really it's about a local fight that got ramped up, because Putin wanted to ramp it up. And then I think maybe what's really changed since 2014. And is still in the balance now is Americans and particularly the this White House, American leadership, they're really just starting to realize what a multipolar world means. And what I mean by that is, in the old days, the US just told everybody what to do, right? They would tell our allies, right, you're going to be fighting on our behalf and you allies are going to be aligned with us. And you know, it's like leadership in the old days was very top down. These days, I've even argued that Washington is in some ways more afraid of Poland and Ukraine, then of Russia. Because we could cut a deal with the Russians only to find that the Poles and the Ukrainians go, no, no, we're not going to stand by that deal. Don't be ridiculous. The Polish view under the current government is that if Putin gets to keep anything in Ukraine, he'll roll straight into Poland. And they're like, hey we've been through this before, we know what this is going to look like. So you guys can cut whatever deals but we're not agreeing to any of that we will take up the mantle of the fight, if it comes to that. And suddenly, it's like, whoa, wait in the old days, a Washington would have been able to tell the Poles, here's the plan and they would have said yes but not now. We're not in that world anymore. And similarly, I think President Putin thought, you know, he could direct certain nations to do his bidding to Belarus comes to mind and has been a little surprised that they're like yeah, not so much. So how do the superpowers contend with each other through proxy wars, where the proxies have their own independent ways of thinking about these things? This is something new that people haven't dealt with before.

I mean it was so interesting just in the last 10 days, when we had this, you know, missiles that landed in Poland. And, I mean, it was almost, you know, if it weren't so serious, there was a bit of a comedy element to it. Because initially, President Zelensky said you see, it's the Russians.
And then the Americans and NATO realize we don't want it to be the Russians, because that would force us to invoke Article Five, which we definitely don't want to do of the NATO Treaty that would compel us, it would basically throw us all into a proper World War Three, an old fashioned version. Nobody wanted that. So suddenly, the story was they were Ukrainians, who misfired and then initially President Zelensky said they weren't, they were Russians. And then he came back and said well, maybe we don't know. Which means somebody said hey oy, you know, like, don't say that because it limits our room to maneuver. So this is the thing we're in in a situation where no one wants this to accelerate into the nuclear space, Everybody's working very hard to make sure that doesn't happen. And even still, it's not easy. And I think we're going to look back on this period in history and say things were a lot closer than we really appreciate it, which is so apparent from how people are behaving that something is up. But nobody wants to trigger that. So I think that's another reason why it's really hard for the press to cover that kind of story. Because it's like he said, she said, then he changed his mind. And then he changed his mind. And then wait, where's the story? You know, it's a bit hard to...

**Erik:** Wait a minute, where the story where the story was Pippa was 4:22PM same day, all over the internet on Twitter, you've got photo evidence clearly showing exactly what model of Ukrainian missile landed on Poland. Six hours later, Biden is saying, well, it could be either one we're not really sure. Maybe these guys need to get on Twitter. I wonder who's got better Intel these days. In any even, let's move on...

**Pippa:** By the way, let's talk about that for a moment. Because this is a really big part of the story is that the intelligence services are accustomed to operating in a certain way where they have their own sources of intelligence, and they feed that into the head of government. But we live in a world where the internet has made open source resources available and it is true that Twitter reports stuff before the mainstream media, Twitter is revealing stuff about what has happened before the intelligence community has realized what's happening. And lots of people from the intelligence world have moved into this, what they call OSINT, open source intelligence, because well it's just crazy not to right. So this is like a practical problem that we haven't got a solution to, which is, what happens if all your intelligence sources aren't as good as open source? So this is a real issue.

**Erik:** Well Pippa, I couldn't agree more but in the interest of time, since we've already spent 45 minutes on World War Three. Let's move on to another subject near and dear to both of our hearts, which is the crypto meltdown. Let's move on to another subject near and dear to both of our hearts, which is the crypto meltdown. Now, personally as I look at this FTX thing, I don't even care that much about the particulars of specifically what happened at FTX. To me, this is very much confirmation of what I predicted in my book, and I know you've predicted which is, okay, it's not about what the next little crypto token of the week either fails or doesn't fail. It's a question of an evolution ultimately toward central bank-controlled digital currencies. Seems to me like we've got a pretty big event here, how do you interpret it and does it accelerate the move toward more authoritarian CBDCs as opposed to the next private label crypto?

**Pippa:** Yeah that's exactly right. I've really argued and it's been very, sort of shocking and surprising to people in the crypto world, because when I say what's ultimately going to happen
is governments, G7 governments, the United States are going to issue their own digital dollars, their own digital currency. And by the way, the new prime minister in the UK, Rishi Sunak, just one of his first statements was that Britain will now be a major global center for digital assets settlement. So you know, Britain is going to be a big player in this space, especially because the US regulators have been a bit slow. But they're basically moving in the direction of saying, we will issue this new kind of money. And if you have crypto, that's fine, but you can't own it anonymously anymore and it must be declared. And of course, for everybody in the crypto space, they're like, well, that defeats the whole purpose of the game, although I've always told them you can't evade government like you, it's just not going to work. And so now there'll be an infrastructure to say, either you declare, and it's in your own name, or basically they're going to come after you. And that has already had started well before the most recent kerfuffle in the crypto markets. Now the US is speeding things up. So like just three or four days ago, the New York Fed made a big announcement about launching their digital dollar pilot program. MasterCard and Citi Group, and the other big banks are working with the US government on how the rollout will happen. So yeah, it's coming. And just to be clear, I've again, long argued okay, it's a technology, and it will permit a good deal of transparency that will be helpful in many ways. But it also can be used in a very, in a way that shifts the balance of power between the state and the citizen. And citizens need to have a kind of Bill of Human Rights in the digital realm, in the digital twin space, so that data doesn't get used against you in ways that you can't do anything about. And that gets into the privacy debate, which just to be clear, most people think privacy is like, well, you know, I don't care if my address is on the net. Yet this is not about that. This is about all the things you buy, and how much time do you spend watching which kinds of programs and that information is used to assess what kind of person are you? And are you worthy of being lent money to or are you the kind of person that the system shouldn't lend money to and I think what we're going to end up with is what I call pump, which is personalized unlimited monetary policy what that means is the ability for government to issue that new currency through air drops to your phone. So forget helicopter money, Ben Bernanke style going to the banks, this is going to be money that goes to you directly. And when you go to use it, you're going to find you're going to have a different interest rate than the next person. And it's based on you know, do you order ice cream at midnight, and if you do that indicates the correlations show oh that it's likely you're not as emotionally stable as someone who doesn't. And this information will cumulatively add up to a kind of picture that predicts will you actually get as much as the next person? Will it be at the same interest rate or a higher one. And I just think that's the road we're on.

So, bottom line, the more trouble we have in today's crypto, the faster governments are going to move to introduce CBDC. And I'll just say one more thing about this. The other thing is Ukraine. Someone's going to have to rebuild Ukraine, obviously. And before really in this superpower confrontation, as I've argued, and that confrontation has been principally occurring in space for quite a while till it spilled over onto Earth. That's expensive, Ukraine's expensive to rebuild, the space race is expensive. How are you going to do that, when all your numbers tell you, you have little room to maneuver. You've got inflation, you've got record debt, you've got humans, you know, citizens borrowing more money just to stay steady. Oil and food prices or energy and food prices are now high. So basically, it doesn't add up, you don't have room to maneuver. So
the idea that you introduce a new kind of money, with a new kind of accounting, and this money is so marvelous, because you can literally just touch the keypad and double the money supply. And when you want to take the money away, you hit the keypad again in one keystroke, and you can have it. So the view that policymakers have is we will have much greater control. Now, I was recently with some clients in Switzerland, it was very interesting. And they said well, if they're going to print all this new money effectively, this is hugely inflationary. Yes. If people understood what it is, and if it couldn't be reversed in a heartbeat, but of course, governments think that they can reverse it in a heartbeat. In fact, the problem the Fed board feel more than anything is not that they made a bad decision and ended up inflation, but that they thought they had more control to reverse inflation than they actually have. CBDC creates the illusion, I think that they will have greater fine tuning control where they can just, you know, tinker with the dials and sort the problem out in a way that you can't do with the money we currently have. Now, whether they'll actually do that. I don't know. I think it could end up being quite inflationary, but the belief that this would give them greater control is definitely there.

Erik: Pippa, I'm going to put you on the spot a little bit, because I think your White House training has you being a little bit politically correct here. The way that I put this in my 2018 book, beyond blockchain was I said, what began as a libertarian pipe dream will end as an Orwellian nightmare. And specifically, the introduction of government controlled programmable money doesn't just mean monetary policy where you can create money at the touch of a button, it means you can do things like create money with an expiration date, where if you don't spend your money by a certain date, it evaporates because somebody in the government will think that it is their moral responsibility to impose that restriction in order to stimulate the economy. So now that you know, and we're not going to call it central planning, because that wouldn't wash right. But we're going to try to control society, by programming money to force behaviors. All of this is coming and with respect to your statement that we need and deserve a personal bill of digital currency rights. Yeah, we do. We're not going to get one. I see absolutely no evidence that there is going to be any respect for individual liberty here. I think we're going to see totalitarian Orwellian nightmare at its worst. If I'm wrong, please tell me why?

Pippa: Well first of all, I think it was very prescient to see that as early as 2017-2018. I mean, most people didn't even register what CBDC was at that point, although the Chinese were ahead and starting to roll it out. I don't think you're wrong and as people begin to understand what it really entails, they're very nervous. I have to say, I've just been speaking to audiences all over America in the last few months, and doesn't matter where I am, California, Florida, New York, Texas, the middle of the country. Everywhere. People come up to me after and they go, oh, this CBDC is really bad. It's really dangerous. I really don't want this, I'm not going to. I'm not going to stand for it. And I don't think it's left or right either. I think it's a genuine concern for those who've taken the time to think it through. Most people haven't. But you know, I'm lucky, I get to deal with audiences that are pretty switched on. But I do feel that the backlash is very real. And I also think, at the government level, you know, we look at what the Chinese have done, and we think, well, that's working, you know, very well, they implemented in ways that are distasteful to the west. But the belief is, well, we could use that technology without, you know, being like that. My argument is, can you like, maybe we can't... this is fundamentally an
authoritarian approach. And you may say, I would never use it to make a judgement about a person. But it is all algorithm or correlations, it does nothing but make judgments about a person. And just to come back to, you know, this point... I'm always using as the example of the eating ice cream at midnight. Why is it that the correlation says this means you're emotionally unstable? There's been a friend of mine was telling me about studies in Japan that kids who eat ice cream before they take final exams do much better in the exams, if they have ice cream beforehand. So like, okay why do we say that certain ice cream eating behaviors necessarily mean this rather than that, like, it's just what the coders have programmed into the system. We know it's an inherent bias issue. And it's one that we recognize in artificial intelligence, I just don't think people have thought too much about it in this arena. And they think about it in terms of hiring and firing decisions. But this is even deeper, and I agree with you, it's social engineering fundamentally. And it won't just be that the money will expire, if you don't use it by a certain date, it will also be what you're allowed to spend it on. It's a world where you could say oh well, Pippa, you know, you're a few pounds overweight. So you can't spend it on anything with sugar in it. And say to my friend, who's, you know, on the other side, you have to spend it on things that will get your weight up right? Like, it can become so highly invasive and I just don't think we've thought that part through sufficiently.

Erik: I want to ask you about one of the other major central points of my book, which is, I predicted look there's a reason that the US dollar is still the world's global reserve currency. And it simply is that there is no viable alternative to the depth and liquidity of the US Treasury market to serve as central bank reserve assets. There is, and that's a financial engineering problem. Lots of people around the world wish that they could displace the US dollar and replace it with a different global reserve currency. The reason they haven't been able to do that, is because specifically, nobody has figured out a solution to the financial engineering problem of how do you replicate the depth and liquidity of the US Treasury market? My contention is that with CBDCs and programmable money, it's not a financial engineering problem anymore.

It's a software engineering problem. And it's one I know how to solve unfortunately. In fact, I described a little bit of that, in my book. I think that the introduction of CBDCs is going to create a battle between nations whoever is first to create the CBDC that has an associated digital sovereign bond market, which uses software engineering rather than financial engineering to not only replicate but to exceed the depth and liquidity characteristics of the US Treasury market has the opportunity in an upset moment to use a sports analogy to seize control of global of the global reserve currency, take that title away from the United States, surprising everyone in the process. And I think China and Russia are probably already working together in order to do that. I described all of that in 2018, in a book called Beyond Blockchain, which should have been titled nobody is going to read this. And now I'm tempted, you're the best selling author I need. I need your coaching should I rename it to I told you so but you didn't read it or what? But seriously, I think that this is going to be about seizure of control of global reserve currency status, because it's now a software engineering challenge rather than a financial engineering challenge. And almost nobody gets that. What do you think?
Pippa: Oh, I love this way of thinking about it but interestingly, I don't think it's Russia and China who win at this game, I think it might be the UK. I think that's exactly why Rishi Sunak is saying, you know, we could do this. And I think we shouldn't underestimate that the British would like to have that power position back of being the center of global financial markets. And yeah, I spent my whole career in London because it is the center of global financial markets, right? It's not New York, it's always been London. But the US is the biggest domestic market in the world. So it has a bigger draw. But it's not that you really do international out of the states... That you do out of London. The reason I'm not too worried about the Russians and Chinese is because in the end, particularly the Chinese are not willing to let any currency become convertible. And it's just simple, because if it were, then everybody would leave. And they've got the whole nation in lockdown, and it's not just a lockdown over COVID, it's a behavior lockdown. It's kind of place the entire country in a digital prison. And if you express any behaviors that are counter to what they think is the right behavior, then you pay a penalty, including, you know, suddenly you can't buy a train ticket or a plane ticket. And in fact, now they're introducing these eye tests for the party members, where you have to basically go into in front of a screen and answer the questions on the screen. And it's measuring your involuntary pupil dilation to assess are you a true party loyalist or are you just, you know, talking the talk in order to keep your job? Like that's the level of intensity of the of the kind of truth tests that are being administered.

So how long can a country succeed this way? I mean, North Korea works, but the economy doesn't really work there. And I do think Xi Jinping is trying to move China more in a North Korean direction, because he likes the control aspect. He just believes that you can continue to keep the competitiveness in place. I think they're totally contradictory. And you have to choose, you can't tell people, you know, you'll be punished if you think the wrong thing. Oh but go be super creative at work. It's just not going to work so I don't think China and Russia can compete, even with amazing software. And I would add computational power, because that's part of that picture, too. But I do think that a Britain could suddenly emerge as a major power center. It's going to be interesting to now that we've had this crypto crackup, whether it really permanently damages the underlying, the interest in the underlying technology or whether it can come back in a few years time, in which case, I think that Britain will be the center of that market, rather than anywhere else. So that's probably different from your proposed conclusion of how this ends, but I just can't see if it's not convertible, then people aren't going to use it. And by the way, one last thing, just to add to this, look, the United States has a long, long history of every single darn time we inflate our way out of our problems. So the holders of treasuries or the equivalent thereof in earlier eras. Always take a hit, right? They lend us 100 bucks, we pay him back 100 bucks, but it buys a fraction of what it bought when they lent it to us. And so, you know, I remember someone in China said to me, you know, this is how you paid for the American Revolution. It's how you paid for the Civil War. It's how you paid for Vietnam. It's how you paid for the financial crisis. Now we're seeing the inflation that's resulting from the bailouts of the financial crisis. And yet, and yet, foreigners continue to buy our debt, even though we do this over and over and over. So why is my question, but they do so this is what's called the exorbitant privilege.
Erik:  Well, you should read the digital sovereign bond market chapter of my book for an eye opener, but I want to move on now to another topic, because that whole contest by the way, just to clarify, I didn't predict Russia and China would win. What I said in the book was, I likened it to a modern age space race where I said it's going to become the big thing the battle between nations will be for who controls the digital currency system that takes over as the new global reserve currency. And what I said is China and Russia get it. They were the first nations to understand the races on it doesn't mean they're going to win. They were just first to notice that a race had started. In any event, you've been writing about a space race, but it's not the analogous space race, you're talking about the real space race, the one in space. Tell me about that. Why is that the space race was the big talk of the 1960s. Now it's back what's going on?

Pippa:  It's totally back. And as an economist, you know, my job is to identify new sectors in the world economy that are going to be investable, and places where we're all going to be working in it are affected by it one way or another. And it's clear to me that space is that so it's quite amazing that we've just seen Artemis go up, which is NASA is preparing to put humans back on the moon. And the thing is, it's like we're literally at a once in a species moment, where we're not just going to go back and step on the moon. We're going to stay there, and we're going to build on it and we're going to build launch pads, we're going to launch from it, because after all, there's no gravity, right? So you can launch too much further distances. And all that sounds so science fiction. But the more I've really dug into this subject, the more I see, it's not science fiction. And there's a reason that particularly the US and China are in a mad race to see who can establish a physical presence on the moon first, the head of NASA recently came out and said, if the Chinese get there first, we have a real problem because they can take out all our satellites from above. And people on Earth, you know, they're like, why are we even bothering with space, right? Because the image is that it's Elon Musk, and Jeff Bezos, and it's these zillionaires who are joy riding around on space rockets. But actually, that's not the situation, the situation is that you can solve many problems we have here on Earth by being in space. And I see three big developments that really matter. And it explains why the superpowers are racing to get there first. Number one is what's called space based solar power, which is the ability to take the sun's rays, convert them into something that can be beamed back to earth, not a laser, but even radio waves, there are all sorts of options. But it reconverts into electricity. And that's a game changer for climate change, for the entire world economy. We would go from a hydrocarbon based world to one where you basically have free and cheap, abundant energy permanently. So the Europeans are working on this, the Chinese are working on this, the Russians, the Americans, everybody is racing to build those prototypes. And I know the guys in Silicon Valley are working on that now. We're probably maximum three years away from seeing it live. And it's already like people know that it works. It's a question of how long does it take to like commercialize it. So that's one thing.

Second thing is ubiquitous internet connectivity for the world based on satellites based from satellites. Now, Starlink, obviously has done this, and there are many competitors to Starlink. But the next iteration is that it will be laser systems between satellites, which will be even faster. What I think is super interesting is that not only is this well in motion, but Google just announced this new interplanetary web service called Aalyria, which is not an easy name to pronounce. But
it's basically in preparation for being able to continue your Googling when you're well off Earth. And also, there's a company called Link that just got the patents awarded, so that every single mobile phone, including yours and mine is now going to be a satellite phone. And you can use the technology to message someone in space. Now, we most of us won't know anyone in space. But the point is, you will have the capability of interplanetary texting and why are these people bothering with all this? It's because something big is happening with the communications front and the that in particular allows you to then view Earth and see the problems on Earth and address them much more effectively than you can without those Earth observation capabilities. And then last, the most Sci-Fi, the one people have the hardest time with is asteroid mining. And recently, everybody saw the headlines that NASA was able to deflect an asteroid and you know, it's like, NASA can save the Earth, which is a really lovely headline. But I think that's not actually the game. The game is that in 2019, they discovered an asteroid called Bennu. And by 2021, NASA had the samples back which indicate that pretty much everything you need to make an iPhone or any sophisticated modern electronics, you can get on an asteroid. So the test was to see, can we smash an asteroid up enough to be able to harvest these raw materials? And could you then actually even do manufacturing on the moon and refine those materials, which is usually a toxic process you might want not want to do on Earth. And frankly, for everybody, again, who's interested in climate change, if you want to have your iPhone, but you don't want to rip Earth apart to get the materials for it, then this is a real alternative. And I think that this is not going to be science fiction. We are just in fact, just last week, we saw the first commercial transaction for resources in space. Basically, NASA paid $5,000, to JAXA, the Japanese Space Agency for gathering something in space and bringing it back.

Pippa: So we're entering a commercial framework for space. And when you understand this, so unlimited resources, unlimited internet connectivity, and unlimited power. Oh, yeah, there's a reason that the superpowers are fighting each other to see who gets there first. And in fact, I'm personally working on a project with that's been originated at NASA, which is all about ensuring that the first human institution on the moon is not a military base, or a mining company, but rather an institution that should lead humanity and be one of the arts, and, you know, kind of off-world humanities, and we're planning all sorts of interesting things, including, how do we bring art to the moon? How do we bring what represents humanity best? But I think this is it sounds light-hearted, but it isn't. This is, like I said, once in a species moment, and the amount of transformation and wealth creation that's going to come from this and the protection of Earth itself. It this is like more mind blowing than what happened in the 60s and 70s. And I'm old enough that I remember watching all those, you know, Apollo launches and how gripped the world was. And this time we have it happening and hardly anybody notices. And just one more thing on this. People should be paying attention to Starship as well. So starship is the SpaceX project that is a massive, massive, basically space truck. It's 100 ton payload. And you look at it and you're like, It dwarfs every other spaceship we've put up. So what is up with it? Answer, it's literally going to bring construction materials to the moon, and allow us to build and it will allow you to bring stuff back from the moon as well. So as soon as starship goes up and Artemis comes back, we will be in a new era. And it's I think, going to affect every single industry on Earth. And I do think Earth will be a lot better off because we'll be able to protect it better because of our leap into space.
**Erik:** Let's move on to a topic that you and I have discussed quite a bit, at least a few years ago, before President Trump left office, you made the prediction, which was sort of proven out right after he left office, your prediction was that he might move on after the presidency to create some kind of media empire. And he did announce that he was going to do that. So I guess your prediction was validated in the sense that he announced he was going to do exactly what you predicted he would do. He hasn't really done it yet. And I guess he's been a little bit busy with the FBI raiding his club in Florida and so forth. What do you make of this? Now he's announced his 2024 campaign. It seems like there's a pretty strong effort to discredit him coming from the other side. So at least they're still concerned by the threat that he might be back. Is he coming back? Does he have a realistic chance? And what about the media thing? What happened there? Because it seemed like he did want to do that, but he didn't really follow through on it.

**Pippa:** Yeah well he did launch truth social. He did launch the SPAC to finance it, which did raise a lot of money in the early days. Many raise something like 5 billion in that. Now, the price goes up and down, of course, but you know, it's not a small thing to raise this kind of capital. Overnight. Now, you can't spend it the way you spend campaign funds, but nonetheless, it kind of opened up a new front of political fundraising that everybody suddenly had to pay attention to. I think what worked against him that he didn't anticipate. He thought that having law enforcement come after him would increase his popularity because it would turn him into a martyr basically. As it happens, it hasn't played that way. And what's really interesting is just in the last week or so we've seen Murdoch come out and clearly say, we're not going with Trump. We're going with DeSantis. So I think they wanted to wait until the midterms and to see how DeSantis or any other Republican did, but answer, they did well enough that they don't have to back Trump. So without Murdoch there to help him. He doesn't have that same kind of quality that attracted a lot of the base to him. And again, the breadth of the charges that are going to be levied against him are sufficiently broad that it's made, a lot of Republicans uneasy, even if they agree with his kind of core principles or his ethos, they are uncomfortable about that. And it turns out, you know, America is still like 47%-47%, and the swing is very interesting. It is turning out to be middle-aged women, black and white, and those middle aged women are... They're very interesting how they look at things, but they're very uncomfortable with America's leaders being involved in illegal activities. That I don't think is left or right, that's just mothers do not want the leadership of the country to be involved in illegal activities. No, by the way, not only mothers, but you know, women that's like, that's uncomfortable for them. And I think that probably would have taken Trump by surprise that that's the group that he had to figure out and was least likely to figure out. So I think that's part of it. I think as well, the seriousness, the gravity of the problems America faces now, people are less inclined to go with a hothead. And you know again, even if they agree with the sentiment, they're like yeah, it's incendiary. And do you really want that in this moment in history? I'm not saying he's lost all his supporters, because he certainly hasn't. But I think the Republican Party now isn't going to be as beholden. And they will feel like they can stand up for the values without having to stand up for the person. And the Democrats will now be using this next two years to speed up the announcement of all of their charges against him and then we'll see what happens next.
**Erik:** Final subject I want to move to is China's economic reopening something I've been following very carefully. And frankly, I'm baffled by it because all the experts, at least as I've understood it, have said look, given the transmissivity of Omicron, it doesn't really make any sense to try to use lockdowns at this point as an intervention. And that leads me to conclude, okay, what's going on in China is not about epidemiology. It's political. It's something bigger than that. But it seems like in an economic race moment where we're talking about, you know, the US and China and Russia may be being in a big global competition, you would think that China would want to reopen its economy and you know, get the dollars flowing as quickly as they could. It feels to me like they're artificially slowing the process down and I can't figure out what the motive is.

**Pippa:** Yeah, well, I think there's a lot to this. One is when you see open the economy, but like I said, they're not that competitive anymore. They're no longer the cheapest labor. Labor is not willing to work these ridiculous hours the way they used to. They don't believe that the promise will be fulfilled. They don't believe the payoff of you'll get rich before you get old is going to happen. And I wonder whether part of the lockdown was very convenient at a time when inflation was picking up. Because that's one thing in China that always upends their politics is inflation. And so having people contained and restricted in their movements, just when I look like they might be starting to get into protest mode was convenient for the leadership. The thing is, well as you unlock them, will they complain, will they start to say, hey, you know, wait why is our economy such a mess? Why are we on such bad terms with the United States that we can't trade with them anymore right? Why are they blocking us at every turn? Shouldn't we have a different strategy? And I think this is given GXi Jinping and paying the time to think up on alternative strategy. And I can see now what that is. And it hasn't been announced. And the media doesn't understand it yet. But the new strategy is we're not going to grow through competitiveness. We're going to grow through acquisition. And I have a pretty controversial view here on the acquisition side. I think, you know, back to that Samer Khan visit where Xi Jinping said, you know, Central Asia was Russia's backyard, but now it's our front yard. Why is he saying that? He's saying that because he's realizing that Putin misjudged. He threw a punch to the heart, and he may not survive this process. His own people are turning on him, including, you know, people vying for his position like Kadyrov, the head of Chechnya, and Prigozhin, the head of the Wagner group, like people are gunning for his role. And the peripheral states around Russia plus the members of the Federation along the borders, they're all going wait a minute, if you can't handle Ukraine, why are we reporting to Russia, like we should be more independent from this whole thing, too.

And you can see these regional conflicts bubbling up all through the peripheral area. So China sees an opportunity that they can natively step in and begin to have more influence in parts of the periphery, and maybe even Russia itself. I would argue that east of the Urals has long been principally controlled by, you know, organized crime. It's just the organized crime gangs used to be Russian and now they're Chinese. And so if Putin's position is weakened, we can expect China's influence east of the Urals to intensify. So it's not that the border moves, but the actual cash flow, revenue generation will end up more in China's hands than in Russia's hands. And that's all the way to Turkey by the way. And that's sort of China's done deals with Turkey. And
they've kind of secured the flow that goes from the center of Africa, up through the Mediterranean, past Turkey, and then into the west of China. And that's the goal is to make that all of that work more in Chinese way and that more of the cash flows end up in Chinese hands. By the way, same in the Arctic and China's long been focused on the Arctic, which Putin himself has called the Mecca of resources. China sees that too. And China and Russia are very focused on extracting more resources from the Arctic. And, frankly, the US I think, last count, we have two icebreakers. And both of them are really old. And China's got really fast icebreakers. And now, because of global warming, that's even easier to get up there and to work up there. And they're going to go after the oil, the gas, the minerals, the protein, like there's a whole lot of valuable stuff from Africa to the Arctic. And China's going to be much more focused on being part of that. By the way add the Pacific as well. You've probably seen, I've written a few articles called saying we're in a hot war and cold places like space and the Arctic, and through Africa, where we don't pay much attention. But we're also in a Cold War in hot places. And that includes the Pacific, and the US and China are definitely in a big competition, trying to win over various Pacific nation states. China's got Solomon Islands, and they're doing a deal that they can build a military base. The US is hardening its position and building a new military base near Guam, like, you know, again, it's a competition for who will have access to all the resources there. And let's face it, the sea is still one of the biggest sources of protein. And now we're going to see a big race for harvesting resources from the oceans floors. And again, China's going to be all over that. So bottom line, I see China growing through an entirely new strategy that they have not yet spelled out, but they've hinted at it, and it's a strategy of acquisition of new cash flows.

Erik: Well Pippa, I can't thank cue enough for a terrific extended holiday interview. And before I let you go, I want to connect a few dots for our listeners, because we spent the first half of this interview talking about important signals that occur and how to interpret them. You wrote a best selling book called, Signals entirely about that subject. You've written another book since then. I don't know if you have another one still on the drawing board, please tell us a little bit more about your books and what people can expect to learn from reading them.

Pippa: Yeah, so yeah I wrote this book Signals, how everyday signs can help us navigate the world's turbulent economy, where I tried to argue, don't wait for the data, because by then it's too late to do anything about it. You can actually look for hints about what will be in the data, just by opening your eyes. And one of the examples I used was, look at how the cereal in your cereal box keeps getting smaller, right, you open it up, and there's less cereal inside, less potato chips in the bag, fewer cookies in the package, and candy bars getting smaller. And I call that shrink inflation. And actually, since I spoke to you last, it was really cool. The Merriam Webster people reached out to me and said, we're putting your word shrinkflation in the dictionary. So I thought that was very cool. But the world economy needs new words to describe what's going on. So I'm working on the sequel to that book now. Like, I also basically said, as you recall that inflation would come back, geopolitics would return with a vengeance. And those things have now happened. So it feels like the right time to go back and talk about how is it that everybody missed it and where are we going from here. And I have a very optimistic view about how this all lands up in this moment in history, everybody's pretty negative. So I'd like to throw a little
enthusiasm to we're going to find ways to solve these problems. Anyway, and then my last two books were on leadership, The Leadership Lab and The Infinite Leader. But this next one is I'm going to go back to a framework for understanding what's going on in the world economy and written in a way that's not for an expert, but just for anybody. And it's not that it's about dumbing it down. It's about simplifying things, so that everybody can understand what's really going on. And I think that will help people figure out how they ought to allocate their own personal energy, you know into the future. So and then I'm, you know, working on a bunch of other projects, but that's the next book. In the meantime, I'm basically writing that book in public on my Pippa's Pen and Podcast on Substack, which is Drpippa.substack.com. And I love that because it gives me a chance to interact with the public on these ideas well before I have to put the whole book out. So I'm looking forward to meeting with people there, and I haven't put it behind a paywall yet, but I will.

Erik: Well, I've absolutely loved reading the blog, I've learned everything. I had no idea that during the Cold War, there was an event where the guy in Russia saw the signal that should have caused him if he had followed his orders to end humanity on earth and he refused to do it. And I don't know if he was punished for that or not. But I learned that, I learned about Svalbard Island, and the internet connections, and satellites, and all sorts of things. The breadth of your knowledge of geopolitical subjects never ceases to amaze me. So I can't recommend your blog on Substack strongly enough.

Pippa: Oh well thank you very much. Well you know, the world economy is such an interesting thing. And it covers so many different areas of subject matter. So I just dig into these things, looking for where's there an opportunity.

Erik: Thanks Pippa. Folks, we're going to leave it there for this week's show. This episode of Macrovoices was made possible by Respect Energy, a leading European trader of renewable energy and a one stop shop for all green energy investors. Patrick isn't here to tell you what's in this week's research roundup, so you'll have to check it out for yourself. Patrick Ceresna, Nick Galarnyk, and I will be back with you next week when we'll return to our usual non-holiday show format. Happy Thanksgiving everyone!