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Interview on Radio Voice America

17-22 minutes

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Welcome back to Turning Hard Times into Good Times. I'm your host Jay Taylor. I'm really pleased to have with me once again Dmitry Orlov.

Dmitry was born and grew up in Leningrad, but has lived in the United States. He moved here in the mid-seventies. He has since gone back to Russia, where he is living now.

But Dmitry was an eyewitness to the Soviet collapse over several extended visits to his Russian homeland between the eighties and mid-nineties. He is an engineer who has contributed to fields as diverse as high-energy Physics and Internet Security, as well as a leading Peak Oil theorist. He is the author of *Reinventing Collapse: The Soviet Example and American Prospects* (2008) and *The Five Stages of Collapse: Survivors' Toolkit* (2013).

Welcome, Dmitry, and thank you so much for joining us again.

A: Great to be on your program again, Jay.

Q: It's really good to hear your voice. I know we had you on [the program] back in 2014. It's been a long time—way too long, as far as I'm concerned. In that discussion we talked about the five

stages of collapse that you observed in the fall of the USSR. Could you review them really quickly, and compare them to what you are seeing, what you have witnessed and observed in the United States as you lived here, and of course in your post now in Russia.

A: Yes. The five stages of collapse as I defined them were financial, commercial, political, social and cultural. I observed that the first three, in Russia. The finance collapsed because the Soviet Union basically ran out of money. Commercial collapse because industry, Soviet industry, fell apart because it was distributed among fifteen Soviet socialist republics, and when the Soviet Union fell apart all of the supply chains broke down.

Political collapse: obviously there wasn't really a functional government at all for a period of time in the nineties. Lots of American consultants running around and privatizing things in a fashion that created a lot of incredibly corrupt, super-rich oligarchs who then fled with their money, a lot of them.

Surprisingly, social and cultural collapse didn't really get very far until Russia started regaining its health. Some of the other Soviet socialist republics are in the throes of full-on social and cultural collapse, but Russia avoided this fate.

Now, what's happening in the United States right now is that the financial realm has become this incredible Potemkin village. The Americans are running this completely unprecedented experiment where they basically are blowing the hugest financial bubbles that they possibly could in just about everything: obviously in finance itself, but also in medicine, in real estate, the stock market—and all of that is directly connected to the printing press. The printing press in the United States now monetizes half of the entire federal

spending, and the United States every year now borrows twice the amount of money that the federal government earns in a year. So basically this thing looks like it's gone off the rails and is heading straight into a ravine, but for now this is just being papered over with this fake printed money.

The big surprise as far as the sequence of collapse stages in the United States is concerned is that social and cultural collapse have already happened. That is, the United States, from a social and cultural perspective, are pretty much one hundred percent defunct. There's no getting back to normal. And so once the financial realm goes and it becomes impossible to continue importing everything that the United States needs—which is just about everything at this point, as the US doesn't really make anything any more—the other stages of collapse will swiftly follow. And as far as political collapse—well, we have to wait until the November elections to see how that's going to turn out.

Q: Yes. There's a lot of concern about that here, for sure, about what things might look like either way, whoever wins the election... that social collapse, and lack of seeing things together as a nation is dividing us; it's really like nothing I've ever seen in my life.

Well, Dmitry, since Nixon removed gold from the dollar back in 1971, and by extension the international monetary system, that allowed the United States then to start printing money, as you pointed out. The US is unprecedented...modern monetary theory [MMT] now [I suppose] is in play. That along with the US military... Kissinger went off and signed a deal with Saudi Arabia basically guaranteeing that all the world's oil at that time would be paid for in dollars, and when you think about all the countries around the world that have to import oil, that meant that virtually every country

in the world needed to find dollars. That put a bid under the dollar and allowed the dollar to be a “strong” currency even though it had nothing backing it. But as you point out, the US is now having to borrow most everything...almost all its deficit spending is being financed by printing money because foreigners are no longer —[not] to the extent they were, anyway—buying Treasuries.

So do you see the possibility of the dollar losing its hegemony and giving way to some other form of currency?

A: Well, yes. The other forms of currency already exist. Lots of countries are trading using commodity exchanges and currency swaps. So a lot of countries really just don't need the dollar. Iran, for instance, doesn't use the dollar at all to sell its oil, which it does: it's a major oil producer. Other countries will follow suit.

The thing about making the dollar “attractive” really has to do with the ability of Washington to overthrow regimes it doesn't like in various parts of the world, to basically scare everyone into submission. But now if you look at where the revolts are happening, the more or less successful revolts, they're happening in France; they're happening in Bulgaria, which is part of the EU; [there have been] huge demonstrations in Berlin, and of course various cities in the United States itself are now basically ablaze. There is permanent revolt happening in various parts of the world. So this is chickens coming home to roost, and the collective West is no longer an entity that can scare the world into submission. That, coupled with the fact that the dollar is being debased at an ever increasing rate through money printing and deficit financing basically means that this is going to end very abruptly, the way pyramid schemes generally do, within a single news cycle.

Q: Yes. It's interesting to note, from my perspective, that China is the largest gold producer now in the world. They don't export any of their gold; they keep it for themselves. Russia is also a very substantial gold producer, and I notice from what I can see that both countries are building their gold reserves very dramatically. Do you think that that is a policy due to their lack of confidence, or their view that the dollar's days are numbered?

A: Well Russia no longer has any dollar reserves at all. It has opted for gold. China is getting rid of its US Treasuries at an ever-increasing rate. The plan is basically to have trade conducted not in the dollar but in the countries' own currencies using various types of currency swap agreements backed by gold. This is how international trade was done before. Until the US dollar came off the gold standard it was basically various currencies, [for example] the Mexican silver dollar, things like that, that were backed by metal. So we're back to that scheme, and this is perfectly normal. We'll be able to look back on this curious interlude, from the seventies until 2021 perhaps, [and] look back on it as an aberration.

Q: Yeah. It certainly has been. The idea, of course, is that with an international gold-backed system you have more of an even playing field. In this case the United States has been able to use its military strength coming out of WWII, and other advantages that it had at that time to basically dictate to the rest of the world. But we were already living beyond our means to pay for the Vietnam War and start up socialism in the United States, or an extension of socialism under President Johnson. We were already living beyond our means; the gold was leaving, and De Gaulle of France wanted his gold and he was entitled to it under Bretton Woods. But then we

decided that we were... we were the bully, I guess: we were the country that had the power and the ability to dictate to others what to do, and that's what Nixon did, Nixon and Kissinger. And so now, yeah, it seems that we have used our power. I think the countries that wouldn't accept the dollar in trade were vulnerable: Gaddafi and before that in Iraq.

A: That's right. But can I just say that the United States has now run out of countries it could attack with impunity, [countries] that are sufficiently rich to be looted, and sufficiently weak so that they can be attacked militarily without huge casualties, huge losses. The thing about the US military is that it is willing to kill but it is not willing to die. The United States is completely out of people who are willing to die for other people's money.

Q: Yes. We saw the turning point, I think, in the Vietnam War, when the young people resisted. We've had a pretty good life here in the United States for quite a while, and I guess we've softened up to the point where that's taken place. I would just observe that historically gold flows to countries that are doing well, that are gaining wealth. It flows away from countries when they are in trouble, when they're running into financial trouble. I think the USSR, for example, in its closing days, its waning days, was I believe using its gold to try to prolong the regime at that point in time.

Would you say that things are definitely improving in Russia? And since you've moved back there now, what are your thoughts about the Russian economy and the Chinese economy? Both those countries are building up their gold reserves. What are things really like in Russia—because what we hear here is nothing except 'Putin is evil; he's poisoning people that compete with him politically...'

and so on and so forth. Paint a picture of what things are like in Russia now, economically, because we're certainly not getting a straight story here.

A: Well, Russia is a society, a culture that thrives on adversity. It kind of goes along with the huge territory and the harsh climate. The Russians, they don't do very well when things are fine, but when they're confronted with a situation that they have to do something about, suddenly it turns out that they're incredibly active and incredibly effective. And this is what's been happening. The 1990s have basically convinced Russians that things can't go on as they had before. When Putin came to power he started making changes, and the transformation of Russian society and Russian culture I would say has been very thorough. For instance, Russia was notorious for its bad roads. Well, now most of the roads in Russia are up to the German autobahn standard. It used to have really bad cars, but now Russia makes all of its own cars, virtually all of it, and makes lots of cars for export. It's just that the brand names are western, or Japanese, or Korean brand names, but they're all made in Russia.

Q: Interesting...

A: And because of the sanctions regime—the sanctions regime has been an absolute blessing to Russia. It has caused Russia to start making everything that it needed on its own territory. So now it makes its own [passenger] jet aircraft, for instance. It's made itself pretty much immune to those sorts of sanctions. And the latest thing that Russia is doing is basically getting rid of the necessity to export oil and gas. Instead of exporting raw materials, Russia is going to make all of the products—for instance, all of the plastics—that it needs. So it will stop importing plastics, and instead of

exporting gas, for instance, it'll be exporting plastics and other products made with these resources. Now this does not bode well for all of the countries in the world that depend on continued Russian raw materials exports. Basically a lot of industry in Europe is going to have to shut down because of Russia [doing this].

In terms of politics, Russia has a very effective government that is quite popular. The election that was just held, a lot of the government candidates from the main party won comfortably. Putin wins with something like 73%-75% of the vote. The next candidate to Putin is somebody by the name of Zhirinovskiy who has been in politics for a very long time; he's pretty old these days. He's head of the Liberal Democratic party. He gets something like 7% of the vote. Why? Because Putin is not enough of a Russian nationalist. And then everybody else, including figures like Navalny, who, if you read the New York Times, is "Russia's premier opposition candidate" or something like that, well, he has maybe 2% of the insanity vote—you know, basically the people who vote for him are people who believe in reptiloids from planet Nibiru and people who are permanently disgruntled. So there's no hope for him at all.

That's the position in Russia now. Russia didn't really suffer from the financial crisis of 2019; it didn't really suffer any consequences economically from the coronavirus, the coronavirus scare. Some measures here were taken, but again, along the lines of thriving in adversity, the need to work from home has, in Russia, generated a lot of these new arrangements that make it possible to work from home. It turns out that one of the biggest problems with Russian corporations is that a lot of their staff is [has been] in Moscow. Now, because of coronavirus, a lot of their staff is moving back to Russian provinces where life is cheap and good; places that are

uncrowded. They can work from there, they can work remotely now. So that's a win.

And some other things that were an absolute win for Russia: when the EU imposed sanctions on Russia in 2014, Russia imposed counter-sanctions on food exports from the European Union, and this has given a huge boost to Russia's agricultural producers. So Russia is now an agricultural superpower. It's the largest grain exporter in the world; it'll basically end up feeding half the planet pretty soon. So these are all extreme positives, and Russia is a prosperous and stable country.

Q: And producing, manufacturing their own things. This is of course what the United States gave up when it decided to do what it did with the dollar and so forth. That's very interesting.

Another thing I'd like to ask you, but we don't have time, is what Russia would look like post-Putin. But maybe some other time, if we can get you on.

Just a couple of minutes left yet, Dmitry. Recently I've heard you talk about what's going on in America, the demolition of the family, morality—you alluded to it when you talked about social problems that we're having here now. We seem to have... during the USSR, of course, the Christian religion was persecuted—in most totalitarian nations, I think, that's what happens—

A: It wasn't. That's a fake.

Q: So that was part of the propaganda we were given then. So you're saying that the Church, the Orthodox Church was free to operate, then, during the Soviet days?

A: It was.

Q: Okay. Well, my impression is that it's alive and well now.

A: It is definitely alive and well now, doing better than ever. A fact that a lot of people don't appreciate is that Stalin was a seminarian, and as soon as he got the excuse, which was the beginning of World War II, he reopened the churches.

Q: No?! Well that's really news to us here in the US, I guess. But in any event, the Church is alive and well now. To what extent do you think that that is helping Russian society? I mean, you talk about the family: we've got here Black Lives Matter and Antifa, they're openly against the traditional family, the mother and father and so forth. They're openly against the Christian religion here in the United States. To what extent do you believe that that's an important aspect of a society, to have a common view of what is right and what is wrong?

A: Well, it's not just religion. It has to do with how nature works, human nature, what is natural. If you ignore nature then you go extinct. That's how nature deals with it. It's not a problem that any of us have to solve because Charles Darwin will solve it for us. So all these Antifa types that are anti-family, well, fine: they won't be around in another generation. They'll just age out and leave no trace.

Q: All right, just one other thing before we let you go because we are basically out of time, but one of the things you have written about is how to prepare for times when things become difficult. First of all, what do you think the US landscape may look like? Nobody knows for sure, I guess, but just looking and projecting what you see now, in the US, where you lived until just recently, what do you see for the US? And then, what should people do,

how should we be preparing to deal with it?

A: Well, I don't see much hope for anything beyond the county level in the United States. I think cities will be incredibly unsafe. I think it will all have to do with becoming sufficiently rural, and sufficiently self-sufficient, in order to ride it out. There won't be much of an official structure to rely on, and the more mixed up a community is—there's been a lot of emphasis on integration and inclusion, etc.—and that's not going to be helpful moving forward, because people have to recognize each other, they have to not deal with strangers, they have to avoid having to deal with strangers. So that's going to be a dominant in America moving forward. It will basically splinter; society will splinter into small groups, and the only ones that will hold together will be the more cohesive and homogenous ones.

Q: I know that in our previous discussion you had suggested that America might split up into different countries, but you're suggesting even smaller political groups than that? The county level?

A: Yes, I think that the county level is about the right level at which politics is not a complete waste of time.

Q: All right. Well we'll have to leave it at that. Dmitry, I want to thank you so much for spending your time with us. It's very, very helpful to our listeners, I'm sure of that. All the best to you and your family there in Russia. It's very interesting to hear some things we haven't heard before about Russia.

A: I'm glad.

Q: Thank you, Dmitry.