

II. Interview

Chas Freeman

‘Five Centuries of Euro-Atlantic Hegemony Have Come to an End’

This is the edited transcript of an interview with U.S.-China diplomat and scholar Chas W. Freeman, Jr. (USFS, ret.) conducted Oct. 9, 2023, by Mike Billington. Freeman is a visiting scholar at the Watson Institute for International and Public Affairs at Brown University. The video is available [here](#). Subheads and embedded links to sources have been added.

Mike Billington: This is Mike Billington with the Schiller Institute and *Executive Intelligence Review*. Joining me today is Chas Freeman, well-known for his role as the interpreter for President Richard Nixon during his groundbreaking visit to China in 1972. He then served in several positions in both the Defense Department and the State Department and then as the U.S. Ambassador to Saudi Arabia during the first war with Iraq. He was also appointed Director of the National Intelligence Council in 2009, but the appointment was undetermined.

The Israeli War on Hamas

Billington: I have two areas of questions that I want to bring up. One, on the war danger between Russia and the U.S. and NATO; and the other on the situation in Asia. I’ll begin, however, with a question regarding the situation in Southwest Asia. The Schiller Institute is sponsoring a rally at the U.S. Congress Oct. 11, to demand: “No Funding for Ukraine! No War on Russia!” We have learned that the neocons are sponsoring a counter rally demanding



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Ambassador Chas W. Freeman, Jr.

funding for *two* wars! So let’s begin by asking your view on the new Israeli war on Hamas, and perhaps also with Iran.



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The Israel Defense Forces conducted more than 50 military incursions into Gaza in 2015. Here, children at play among the ruins of Khuzaa, the most thoroughly destroyed part of the Gaza Strip, in 2015.

Amb. Freeman: We are seeing a disturbing tendency in our press to invent Iranian direction of this war; that somehow Iran put Hamas up to the attacks it has carried out. I think that is completely wrong and is very dangerous because it could be used to justify an Israeli or an American attack on Iran, as indeed we have threatened for years.

Palestinians have come to the point where many of them feel they have nothing to lose. This attack was an act of desperation and it came out of the blue. I compare it to the Tet Offensive in Vietnam, which achieved objectives

that no one had imagined. Namely, it convinced the public at large that the existing policies toward Vietnam were doomed to fail. And it ultimately produced a withdrawal from Vietnam by the United States.

I think Hamas will lose decisively on the battlefield, but it may win the war, especially if Israel carries out its threat to reduce Gaza to the dimensions of the German city of Dresden in World War Two. I think that genocidal act would mobilize a lot of people against Israel who've been sitting on the fence.

So this is a very important moment in the history of the Middle East and in U.S. policy toward it. It's quite clear that neither Israel nor the United States has any answer to the resistance by the Palestinians to their humiliation, eviction from their homes, and the attempted erasure of their presence from their homeland.

I might add that, unfortunately, this war in the Middle East probably greatly increases the risk of Donald Trump winning the 2024 election because it is yet another evidence of the ineptitude of the Biden administration in foreign affairs. It will also probably increase the prospects for an end to U.S. support for Ukraine. And while you may applaud the notion that that war would then end, it will end in a way that parallels the end of the war in Vietnam, where we basically encouraged a fight to the death and then walked away from it, leaving the Vietnamese to their fate. Not an act of great responsibility on our part. No accountability whatsoever for our withdrawal, as more recently, there has been none for our actions in Iraq or Afghanistan.

The difference in the third decade of the 21st Century is that during the Cold War, countries, allies, friends, faced a choice between the United States and the Soviet Union, and the Soviet system with all its brutality was so unattractive that that really was no choice at all. And now the world is not organized that way. It's not bipolar. Countries do have the option of distancing themselves from Washington and they may well do so. In fact, they're already doing it.

But it may be that this accelerates the process. So many political implications yet unexamined. I think it will play into the partisan divisions in the United States in such a way as to increase the prospect that aid to Ukraine will end, which of course is a very real prospect given the turmoil in the Congress and Republican opposition to that aid, which will probably strengthen now.

How to Assure Peace in Europe

Billington: In your [presentation](#) at Brown University last month, you noted that NATO no longer has any

purpose based on its original creation as a buffer against the military threat from the Soviets. What do you think it will take for NATO to disband as the Warsaw Pact did? And for that matter, is there any reason for the European Union to continue existing?

Amb. Freeman: Your question gets to the question that we should all be discussing, but we aren't, and that is: How to assure peace in Europe? The EU, in part, had its origins in an effort to reconcile historic enemies in Europe, that is, to reconcile the French-German divide, among other things, and produce a management system for Europe in the economic realm, ultimately in the political realm, that would ensure peace, stability, and prosperity.

NATO, after the end of the Cold War and the collapse of the Soviet Union, could have become what the Partnership for Peace promised: a management device for a cooperative security system in Europe, including a relationship with Russia, which was part of that program, that would replicate the Concert of Europe, which the Congress of Vienna created at the end of the Napoleonic Wars, and manage relationships, security issues in the European area in a way that would prevent a great power war. That was an option before NATO. It did not choose it, and it chose instead to renew, in effect, a kind of Cold War with a resurgent Russia.

Russia has not sought to reassert a sphere of influence in Eastern Europe, which it gave up at the end of the Cold War with the dissolution of the Warsaw Pact, as you mentioned. It has instead sought to block the expansion of an American sphere of influence to its borders in the form of Ukraine's membership in NATO, as membership in NATO is invariably followed by the forward deployment of U.S. troops and weaponry, which would simply be unacceptable to the Russians, as they have made clear.

I don't think that NATO is going to disband. The best solution for it, frankly, would be for it to be Europeanized. Europeans should be in command of their own security. United States should backstop that but not lead it. I suspect that the unity of NATO, which the war in Ukraine has appeared to produce, is more superficial than long lasting. One can already see some NATO members, most recently Hungary and Slovakia, but others as well, who are deeply opposed to the inclusion of Ukraine in NATO and understand the Russian security perspective and are restive within the confines of NATO as it currently exists.

I suspect that when this war ends, however it ends,



24 Kanal/Oles Navrotskyi

The main issue is the danger of a direct, full-scale NATO war with Russia. Here, Ukrainian soldiers inspect a destroyed Russian military vehicle in Lukyanivka, Ukraine, March 25, 2022.

NATO will change, and the U.S. role in it is likely to diminish rather than increase. That is emphatically the case if Mr. Trump wins the 2024 elections, since he has no affection for NATO and no understanding of its collective security mechanisms at all.

The Contradictory Objectives of NATO and Russia in Ukraine

Billington: You have described NATO’s move out of area as a search for a “reason to exist,” to maintain the U.S. military superiority and sustain the military industrial complex. This included the wars in Serbia, Afghanistan, Iraq, Libya, Syria, and more. This now includes Asia. The main issue now is the danger of a full-scale war with Russia, with the failure of the counteroffensive in Ukraine. It is increasingly being recognized that the Ukraine war with Russia is lost. Even the U.S. Congress is finally recognizing that the American people will not support a continuation of the massive funding of this meat grinder war in Ukraine. Your thoughts?

Amb. Freeman: Indeed, Russia is winning this war. Russia has had two objectives: One: to ensure that NATO is never incorporated into Ukraine. That is now very much impossible. As the Vilnius NATO summit demonstrated and as Jake

Sullivan, the National Security Adviser, said, To incorporate Ukraine into NATO would mean to have a direct war with Russia. That’s not on the table yet. Jens Stoltenberg, the NATO Secretary General, has said that for Ukraine to join NATO would require a peace treaty between Ukraine and Russia, and there’s no such thing in prospect. So Russia has essentially accomplished that objective, the effective sidelining of Ukraine as a future member of NATO.

Russia’s second declared objective was the protection of Russian speakers in Ukraine. They have accomplished this by annex-

ing portions of the Donbas and the Ukrainian southeast.

The war has produced a lot of dead Ukrainians and fewer dead Russians, but a lot of dead people. It has accomplished nothing beyond that, from the Western point of view.

Billington: In your presentation, at Brown University, you quoted President Joe Biden, saying that Biden’s open admission that the purpose for the Ukraine war was to “sap Russia’s economic strength and weaken its military for years to come.” So there’s no hiding the fact that this is a surrogate war against Russia. You also quoted Boris Johnson’s intervention to prevent Ukraine’s President Volodymyr Zelensky from carry-



NATO

NATO Secretary General Jens Stoltenberg: For Ukraine to join NATO would require a peace treaty between Ukraine and Russia. Here is Stoltenberg (center) with U.S. Secretary of State Antony Blinken (left) at the NATO Summit in Vilnius, Lithuania, July 11, 2023.

ing out the agreement which had been made between Kiev and Russia back in March of 2022, which would have ended the war based on autonomy for the Donbas. You didn't mention in that speech the threat of an escalation to a nuclear war. Why not?

Amb. Freeman: Because Russia is winning. The only circumstance in which Russia would initiate a nuclear exchange would be if it were losing decisively and this threatened the integrity of the Russian Federation. President Vladimir Putin has been very explicit on this subject. The only danger of a nuclear war, therefore, is a Russian loss, which is not what is happening.

The pattern this war has taken is that Russia has counter-escalated in response to Western escalation. We keep saying to the Ukrainians, you can't have this weapon system or that one. And then we provide it, and the Russians announce that they will counter that with an escalation of their own. So there's no record of Russia initiating escalations. I just don't think this is a very realistic possibility.

Of course, it's conceivable that as we lose, we will find some way to use nuclear weapons. But I think that would be insane and would be even beyond anything I can imagine in terms of American politics or policy.

Most Important: How To Restore Peace

Billington: You think popular support against such a thing would prevent it from happening?

Amb. Freeman: The military, among others, would regard that as madness. Popular support would not be there either. Of course, whichever side initiates a nuclear exchange will receive nuclear attacks from the other, so nothing is gained. The notion attributed to President Ronald Reagan, that "a nuclear war can never be won and should never be fought," is very much in evidence here.

The question for me, as I said at the outset, is not the danger of a nuclear exchange. It is how to restore peace to Europe. This is the question the Russians raised re-

peatedly between 1994 and 2021, 20th December, when they proposed the negotiation of a security architecture for Europe that would reassure all concerned, including themselves. We rebuffed that offer of negotiations, and the consequence was the Russian attack on Ukraine. They felt seriously enough about this issue and the threat to themselves that they were prepared to go to war. We knew that. So the basic question that they posed, how to construct a security architecture for Europe that preserves the peace, and prevents the outbreak of war, remains the operative question. And it's not being discussed at all in the West.



Ronald Reagan Library
President Ronald Reagan in 1987: "Nuclear war can never be won and should never be fought."

Billington: Four prominent Germans, including Gen. (ret.) Harald Kujat and Prof. Dr. Horst Teltschik, have proposed a negotiated peace [plan](#) for the war with Russia, arguing that it's either that the parties involved begin negotiations now or it's going to escalate. Should the war escalate, the Germans point out, we are dealing with the dangerous possibility of global nuclear war. Their proposal is being broadly considered around the world. The Schiller Institute is helping to circulate it. Your thoughts on that?

Amb. Freeman: President Biden at the UN General Assembly repudiated any negotiation on the grounds that it would "reward Russia." But wars are not decided at the negotiating table. They're decided on the battlefield. There will be a negotiation sooner or later. And the terms that Ukraine will have to accept are not improving; they are deteriorating. Russia may well take additional territory, if only to trade it for a peace in a negotiation. Ukraine could lose its access to the Black Sea. That is not an impossibility, although it is militarily very difficult for the Russians to achieve. Ukraine's bargaining position has been progressively weakened by this war, not strengthened.

Almost nobody in the West is talking about how to protect Ukrainians or give them peace or bring them to prosperity and clean government and democracy. All these issues are set aside in favor of punitive actions against Russia. But there will be a negotiation, and the

outlines of what could be done if the Russians were wise, which they're not incapable of being, or that the areas that Russia has illegally annexed in Ukraine might be recognized as independent of Ukraine for a period of a couple of decades, let's say, following which there would be an OSCE [Organization for Security and Cooperation in Europe] supervised referendum in each of these territories, asking them whether they wished to retain their independence, rejoin Ukraine, or rejoin Russia.

That would be a democratic process that respected the will of the people on the ground. Nobody ever asks what the people of Crimea want. Nobody ever asks what the people of the Donbas wanted. Why not ask? That would provide an interim buffer between Ukraine and Russia in the form of independent polities and set up a competition between Ukraine and Russia to attract them.

Now, this may be, in the case of Ukraine, impossible. It may be impossible to attract Russian speakers given the fact that the Ukrainian government now is committed to preventing the use of any minority language, even one as extensively spoken as Russian, for official purposes or for education. That was the first thing that the Ukrainian government we helped install in 2014 did: ban the use of minority languages. This is something that is guaranteed in the OSCE charter to people in Europe. It was guaranteed in the previous Ukrainian constitution. If it can't be reinstated, then I don't think Ukraine's ever going to see peace with its Russian speakers.

The Relevance of Referenda in Crimea and Donbas

Billington: It sounds like you're dismissing the status of referenda in Donbas [May 11, 2014, and again Sept. 23-27, 2022] and in Crimea [March 16, 2014] as illegitimate or something. What's your thought on that? Why don't you recognize those as a voice of the people?

Amb. Freeman: I think they were probably an accurate reflection of popular opinion, but procedurally, they were illegal. Putting these under international auspices would give them a legitimacy they currently lack. There is an interesting contrast, of course, between the referendum that the Russians organized in Crimea—which I think accurately reflected the opinion of most people in Crimea, and accomplished a peaceful, bloodless integration of Crimea into the Russian Federation—and the NATO detachment of Kosovo from Serbia, which required a long bombing campaign and a lot of bloodshed. You can't have it both ways. You can't



UN/Laura Jarriel

President Joe Biden addressing the UN General Assembly, Sept. 19, 2023. Biden has admitted that the purpose of the Ukraine war was to “sap Russia’s economic strength and weaken its military for years to come.”

say on the one hand that conducting a referendum in Crimea is improper when you've basically done exactly the same thing, but more violently, in Kosovo.

We need to return to some sort of sense of due process, legitimate process. The way for that to happen is for Europeans to ensure that they supervise and guarantee the fairness of whatever referendum ensues. Of course, at this point, the Russians hold those areas and they're not going to give them up. I don't think they're going to go back to Ukraine. Nobody's talking—I shouldn't say “nobody,” of course, some people are talking—about the need for peace negotiations, but officially, both Moscow and Washington seem to be committed to the further destruction of Ukraine.

War Damage Assessment

Billington: You've also argued that Russia has been significantly damaged by the launching of the special military operation as seen in its economic and human costs. But you acknowledge that they were forced by NATO expansion to take action, or at least it's legitimate to argue that. Looking at global results, you have noted a totally changed global geometry, with the BRICS nations now unified against the war policies and against the sanctions policies of the Anglo-Americans and NATO, while essentially the entire Global South is openly joining or at least cooperating with the BRICS and with the Belt and Road, and breaking from the U.S. dollar hegemony over world trade. In that light, aren't Russia and the world generally heading in a potentially far better direction as a result?

Amb. Freeman: In many ways, Russia has been strengthened by this war. Its military production has increased dramatically. It has learned how to counter NATO's weaponry and develop tactics for doing so. It has seen a reorientation of its economy toward China, India, the Middle East, and Africa that has actually enabled it to outpace Germany in terms of economic growth. Germany, of course, is being de-industrialized due to the absence of competitive pricing for energy, having lost Russian gas supplies. There's now quite an argument between the French and Germans over energy. The French are heavily nuclear and their power generation is therefore much better, giving France a much more competitive industrial base. So the Russians have certainly gained a fair amount from this.

It's clear that the United States has been weakened, as you suggest. We have set in motion antagonisms to our hegemony that are growing. So far, there's more talk than action, but this is the writing on the wall. We haven't gained any great credibility anywhere. And now, of course, the war in Ukraine appears to be going in favor of the Russians rather than in favor of us.

But Russia did lose a lot. It lost its connections to Europe, which are going to be very difficult to restore. It lost a good deal of its intelligentsia who fled the draft. This is something that happens periodically whenever Russia goes to war. Many, many Americans of Russian descent are here because they fled the draft in World War One. The Russians have seen their relationships with Japan and others deteriorate. And so they clearly paid a price.

A New Global Geometry of Nations

Billington: As to the coming together of the rest of the world, most of the rest of the world is against this U.S./NATO war policy. Do you think it's too late to try to convince the Europeans and the Americans to get into the new geometry? Will the U.S. and Europe even survive if they fail to do so?

Amb. Freeman: Look at the division of the world that the United States is engineering, not just through sanctions on Russia and Iran and North Korea or China, but through active decoupling—somewhat euphemistically described as “de-risking.” Internationally, you can



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Most of the world is against the U.S.-NATO war policy. Here, leaders of the five BRICS nations express their solidarity at the 15th Annual BRICS Leaders' Summit in Johannesburg, Aug. 22–24, 2023.

look at this as isolating Russia or China or whatever, or you can look at it as self isolation by the United States.

In many respects the G7 group of nations which the U.S. leads, and which is the club of former imperialist powers, does appear to be retreating into its own stockade. And as it does so, it appears to be abandoning much of the democratic system that made it admirable in previous days.

I suspect that Europe, one way or the other after the war, especially if it is able to compose some sort of peace with Russia and Ukraine, will indeed remain integrated, straddling both the American sphere and the Chinese sphere that is emerging.

I'm not so sure about the United States. We have terrible domestic problems now, which we're not addressing. And we're behaving internationally as though we were omnipotent, when clearly we're not. We're taking many risks. I note in particular that we've launched a technology war with China, which happens to have over a fourth of the world's scientists, technologists, engineers and mathematicians, and is increasingly innovative and creative, at a time when our innovation is slowing down. Our economy is dominated by oligopolies that cooperate with the government—almost fascist, corporatist, if you will, in the way things work. Try to put in an unpopular opinion on the internet and you will be blocked by corporate media in collusion with the U.S. government. This is not what the First Amendment was intended to guarantee.

The net effect of changes in the world, our reactions to them are causing our own values to be deeply eroded in ways that I think are gravely damaging to our republic.

U.S.-China Relations, and Narcotics

Billington: I certainly agree with you on that. So let's switch to Asia. You mentioned that the isolation, the decoupling, or whatever from China is continuing. The U.S. is also continuing its military buildup around China with the AUKUS agreement with the British and Australia; and then the Japan-South Korea-U.S. military deal; expanding military cooperation with the Philippines, and so forth. And yet the Biden administration has recently deployed three cabinet members to China who are talking about, "improving relations." What's the real story?

Amb. Freeman: We want to improve relations so we can continue to isolate China. It's hardly a surprise that the Chinese don't find this a very attractive proposition. We have a tendency to ask the Chinese to cooperate on things that we think are important while refusing to cooperate with them on things that they want us to cooperate on. You can't have a relationship that works this way.

Sen. Chuck Schumer is in China at the moment. It's a bit ironic, given China's experience of two Opium Wars, which occurred a while back, for Schumer to be talking about American addictions and imploring the Chinese to stop the supply of fentanyl, which they don't actually sell to the U.S.—they provide the precursors to the Mexican drug cartels. It's not the Chinese government anyway. It's Chinese business people. The Mexicans then make a pile of money off the world's largest drug market, which is the United States.

There's a lot of historical evidence that the only way to deal effectively with a narcotics problem is to address it at the demand level. We managed to get people to find smoking unacceptable, but we don't seem to be able to apply that knowledge to marijuana, cocaine, crack cocaine, fentanyl, amphetamines, and whatnot. We're not doing anything on the demand side. It's all about suppressing supply.

I can tell you from my experience dealing with the narcotics issue in Southeast Asia, where I was the coordinator for our effort in the region based in Bangkok, that the markup from the farm head for a piece of opium to the streets of New York City is 300-fold. That is, you will make 300 times as much money selling that in New York, as you can if you're a farmer in Burma [Myanmar].

With that kind of markup, there is no way on God's Earth that you're going to stop the market economy from meeting the demand. So you have to reduce the demand. There is no effort being made to do that. Now we have Republicans talking about bombing Mexico to

stop fentanyl production, as if that's going to solve the problem. It's not. We have a tendency to blame the Chinese for all sorts of problems that are frankly caused by ourselves, for ourselves. And then we wonder why they don't find this an attractive proposition.

Billington: Not only are there no efforts being made to stop demand, but in fact, there's a massive move to legalize and expand the use of drugs quite openly. Sen. Schumer is in fact a leading advocate of legalizing drug use, a major target of LaRouche candidate Diane Sare in her campaign against Schumer in the 2022 election.

Amb. Freeman: Of course. As I say, this is ironic,



U.S. Embassy in Beijing

Ambassador Freeman: "It's a bit ironic, given China's experience of two Opium Wars, for Sen. Chuck Schumer to be talking about American addictions, and imploring the Chinese to stop the supply of fentanyl, which they don't actually sell to the U.S." Here is Schumer with a U.S. Senate delegation in Beijing, Oct. 9, 2023.

given the Opium Wars, where we insisted to the Chinese government at the time that we and the British and others had the absolute right to sell narcotics to the Chinese people, and that it was improper for their government to interfere. We actually went to war on that proposition, the Opium Wars in the 19th Century, to force them to allow our sales of drugs to their population.

In 1949, when the Communist Party of China took over, they addressed this problem by, among other things, detaining ten million drug addicts, and arresting and either condemning to death or imprisoning the pushers. This solved the problem.

There's a parallel experience in American history after the Civil War. A great number of soldiers were addicted to morphine. To feed their habit they engaged in

criminal activity: burglaries and the like, and robbery. The federal government rounded them all up and made them go “cold turkey,” which was pretty nasty. Many died. But it solved the problem. Maybe there are answers to this that are less draconian than those used by the Chinese in 1949 or the United States in the 1870s. But no effort is being made to find those.

The Transformational Effect of the Belt and Road Initiative

Billington: On the positive side, we have the 10th anniversary of the Belt and Road Initiative coming up. There’ll be a big conference Oct. 17–18 in Beijing, with people from all over the world joining in. And, of course, this goes along with the expansion of the BRICS after their Leaders’ Summit Aug. 22–24 in Johannesburg, South Africa, which, assuming this goes through in January, with six new member nations joining, will hold most or at least much of the world’s oil reserves, helping to make BRICS the central development process worldwide. What are your expectations for this process?

Amb. Freeman: The Belt and Road Initiative has grown and changed as it went along. The Chinese began this program [in March 2013], essentially as an extension of China’s industrial policies domestically to the global level, initially directed at Central Asia, but now global. The Chinese authorized their policy banks to conduct due diligence and lend money to projects that are originated by their business people, whether they’re from state owned enterprises or the private sector, and foreign counterparts. No project is proposed except in cooperation with the foreign partner. No lending takes place without due diligence. The Chinese have learned a great deal about how to conduct due diligence, and their loan policies are now much more prudent than they were initially.

The transformational effect of this program has been immense in terms of increasing the efficiency of trade, not just physically through the construction of infrastructure, but procedurally as well, because a great part of the Belt and Road Initiative involves the conclusion of agreements for expedited customs clearance, bonded storage, transit without fees, and so forth, as well as industrial parks, and of course, fiber optic cable, airports, port improvements, all of which greatly increase the efficiency of trade and enable its expansion. I think the program has been a great success, although at the moment less money is flowing into it than before,

for several reasons: global trade is down, the Chinese economy is not growing as fast as it once did, and money is a little short.

U.S. efforts to obstruct the Belt and Road Initiative have had some effect, but not a great deal, because the United States essentially offers only rhetoric and no money for competing projects.

Going back to the original question you asked about Israel’s war on Gaza and Hamas’s attack on Israel, you can forget the American proposed trade route from Mumbai in India across Saudi Arabia to the port of Haifa in Israel. Not going to happen. Never was going to happen, very likely because of two factors: First, the political obstacles. Second, the absence of any American money or European money in this. But now it is certainly not going to happen, given the flaring up again, of the immiseration of the Palestinians, and the political reactions to that in the Arab Gulf.

Why the U.S. Won’t Join the BRI

Billington: Why don’t the U.S. and the Europeans join the Belt and Road? Why won’t the U.S. and Europe join in this development process which will be good for U.S. business as well?

Amb. Freeman: Well, this is part of the basic antagonism the United States has developed with China as a result of China’s overtaking the United States, in purchasing power parity terms, at least, as now the largest economy on the planet. Chinese industrial production is now twice that of the United States, and China is the world’s largest trader. What China is not is a power projector. It does not have the hundreds of military bases scattered around the world that the United States does. It doesn’t have any particular desire to pursue an American style hegemonic role of the sort we began after World War Two. And in fact, China explicitly denies any intention to do that. But, to Chinese development, the United States feels a rivalry which has become essentially enmity. We are trying to hold back Chinese development, retard it, inhibit it, prevent China’s scientific and technological advance, and deny China foreign markets for its goods and services. This really began earlier in the Obama administration with the failure to join the Asian Infrastructure Investment Bank [AIIB] and the effort to prevent others from doing so—an effort which I would note has entirely failed. That’s the first reason we won’t join this.

The second reason the U.S. won’t join is that we don’t have any money. We have to borrow \$1.5 trillion

just to keep our government going at the current level of operations. We won't tax ourselves to pay for things we need: domestic and foreign aid, foreign assistance, which means lending for purposes of foreign development, which is a sound thing to do because it increases overseas markets, it raises prosperity and generates prosperity for Americans. We won't do this, in part because we don't have the money, we don't have the revenue. We just saw a near shutdown of the U.S. government over this issue of whether we would pay as we go or not. So in a sense, we just don't have the money. I would say, recalling Willie Sutton's reason for robbing banks: that's where the money is. Now, that today is in China and the Arab Gulf countries. These are the two great sources of capital today for two different reasons: In the case of the Chinese, a very high domestic savings rate; in the case of the Gulf Arabs, profits from hydrocarbon sales.

The Saudi-Iranian Reconciliation Agreement

Billington: President Xi Jinping co-sponsored a China-Africa Forum as part of the BRICS summit in Johannesburg, co-sponsored with South African President Cyril Ramaphosa, with at least many, if not most of the African leaders attending. The BRI was a major focus of that discussion. China had already organized the historic reconciliation between Saudi Arabia and Iran. As a former Ambassador to Saudi Arabia, what is your view of that agreement and its impact on the Middle East, and on history generally?

Amb. Freeman: The agreement began with mediation by Iraq and Oman, which led to the opportunity that the Chinese seized to achieve closure in the negotiations between Riyadh and Tehran. It was a very positive development demanded by the countries of the region as the role of Iraq and Oman illustrates. And it was an alternative to the American policy of unremitting hostility to Iran and maximum pressure on Iran. It was also an alternative to the effort by the United States and Israel to organize an anti-Iranian coalition in the region.

The agreement is of enormous benefit to the parties, that is to say, normal relations with Iran reduce the threat to Saudi Arabia from Iran; normal relations with Saudi Arabia bypass the American embargoes on Iran, and provide Iran with a significant source of trade and capital. It also represents a weakening of the American position in the Middle East and a repudiation of the U.S. policy.

It is a very significant agreement. China's diplo-

macy proved to be adroit, and it is an illustration of the merits of maintaining dialogue, diplomatic dialogue, with all parties, whether you agree with them or not. It is in that sense, a direct counter to our behavior at the outset of the Ukraine war when we refused to conduct a dialogue with the Russians on the issues that they said concerned them so much that they might go to war. There is a parallel, I'm sorry to say, in the case of the Taiwan issue, where we will not talk about the issues of concern to the Chinese, but merely double down on military deterrence. Military deterrence depends on increasing the threat to China. Increasing the threat to China leads to an arms race with it. Far from reducing the danger of war, it increases it because it leaves the Chinese with no path to achieving their objectives other than the use of force.

But we don't seem to understand how to do diplomacy these days. And we don't have a lot of situational awareness, as shown in the idiotic remark of Jake Sullivan a week ago that things had never been quite so calm in the Middle East, which was a tribute to the magnificent policies of the Biden administration. I think events have caught him out. Sadly, this isn't the only instance. We're totally ignoring the fact that maximum pressure on North Korea has succeeded only in producing nuclear armed ICBMs that can hit anywhere in the United States. We have created a nuclear threat that didn't exist. We may be doing the same with Iran.

Taiwan and Mainland China Relations

Billington: Presidential elections are scheduled to be held in Taiwan Jan. 13, 2024. I'm very interested in seeing what you think that might lead to. Is there any possibility, in your view, that this could lead to a change in the policy toward the mainland to bring about some sort of reconciliation, if not reunification?

Amb. Freeman: Well, the leading candidate for President is Lai Ching-te, who is the Democratic Progressive Party (DPP) candidate. He is a staunch advocate of independence.

National Day in Taiwan, which is tomorrow, October 10th, "Double Ten Day" as it's called, has always been celebrated in The Republic of China, the official name of the state in Taiwan, that is not recognized anymore internationally. That has now been replaced with a celebration of Taiwan, to such an extent that the Guomintang former president, Ma Ying-jeou, has declined to join the National Day festivities.

The trends are toward confrontation. No accommo-

dation. This is extremely dangerous because China now has the capability to take Taiwan by force, even over U.S. opposition. Of course, at a huge cost. But as we've just seen with the Hamas attack on Israel, sometimes the fact that huge costs will be incurred is not an effective deterrent to military action. The question of how to end the civil war in a way that reaffirms some form of one-China, is a matter of passionate concern to Chinese nationalists, and China is very nationalistic at the moment. So I don't see the prospect as promising at all. The other three candidates in the race don't have much of an answer either, on how to restore cross-Strait dialogue and rapprochement.

Normalization of Saudi-Israel Relations

Billington: Back to the Saudi issue. There's now a lot of discussion about the idea that Saudi Arabia either has or at least is considering canceling its very large \$70 billion nuclear energy deal with the U.S. and signing a similar deal with China. I don't know if this is accurate, but it's at least being discussed. On the U.S. side, the U.S. has as usual conditionalities. They're saying that we'll help you with nuclear energy, but you have to agree not to process any enriched uranium because we don't trust you not to build a bomb, and they are also demanding that the Saudis must trade with China in dollars rather than the current effort to move toward trading in local currencies or in yuan. So it looks like that's falling apart.

At least up until this Israel-Hamas war broke out, the U.S. was trying to arrange a deal between the Saudis and Israel, but that's probably on hold with what's happening now. One of the Saudi demands was that the Israelis do something significant with the Palestinians—quite the opposite of what they're doing now. China, of course, in their proposal, has no conditionalities. They don't use conditionalities. So where does this nuclear discussion stand?

Amb. Freeman: There has been no deal. Talking about a \$70 billion deal is interesting, but there are several factors that have to be borne in mind. The conditionality on reprocessing nuclear fuel is one of them, because it is counter to the Non-Proliferation Treaty. Under the Non-Proliferation Treaty, Saudi Arabia would have the right to reprocess. Saudi Arabia said that if Iran gets a nuclear weapon, they will too. So a nuclear fuel cycle agreement that forecloses their matching Iran under circumstances where the U.S. is doing everything conceiv-

able, as is Israel, to give Iran an excuse to develop a nuclear weapon, just isn't very attractive.

Saudi Arabia has been trying to get whatever it can from Mr. Biden's passion for normalization with Israel, which of course is not a foreign policy objective; it's a domestic political objective, aimed at generating campaign donations. 50% of the donations the Democratic Party receives are from Jewish Americans. Although Jews in the United States are only 2.4% of the population, and many of those 2.4% don't give a fig about Israel, you do have donors for whom Israel and support for Zionism are transcendent issues. Mr. Biden is appealing to them. I never thought this nuclear deal was likely to go anywhere.

I never thought that normalization between Saudi Arabia and Israel across the board was feasible. As you said, given the Israeli savagery against Gaza in retaliation for the Hamas attack, normalization is even less feasible now than it was.

'Trade Without Currency' Deals

Mike Billington: There's another Middle East deal that's in the works that has been signed: that between China and Iran, in which the Chinese are going to be adding a second terminal to Tehran's Imam Khomeini International Airport, in exchange for \$2.7 billion (equivalent) in oil imports. This is not actually a barter deal, but it's something like what Lyndon LaRouche promoted in his 2000 [article](#) called "Trade Without Currency," where trade is based on some sort of a basket of commodities, which would include gold and oil and things of that sort. This is something that Russian economist Sergey Glazyev and other Russians, and now all the BRICS, are very seriously working on. This China-Iran deal tends in that direction. What are your thoughts on that?

Amb. Freeman: There are many precedents for this kind of thing in the region. The one that comes to mind immediately is the so-called Al-Yamamah deal between Saudi Arabia and the United Kingdom, which, of course, led to a great deal of corruption and embarrassment eventually.

Billington: And wars!

Amb. Freeman: That deal was, however, the commitment of a supply of oil [by Saudi Arabia] to Royal Dutch Shell and British Petroleum. The proceeds from

the sale of that oil were then banked at the Bank of England to fund an account managed by British Aerospace. This is an arrangement very similar to what seems to have been done between China and Iran. That is, the participating Chinese construction company would get paid from the proceeds of sales of Iranian oil, which presumably will then be banked in a Chinese bank. Which one? I don't know. Maybe just the People's Bank of China, which is the central bank. So this is an interesting development, but it is hardly unprecedented. It is perhaps a model for other transactions involving commodities.

De-Dollarization: Liberation from U.S. Policy Hegemony

Billington: Do you have thoughts on this financial deal that I just referenced, the fact that the Russians and the Chinese and now really the whole BRICS and much of the Global South are actively negotiating ways of setting up alternative systems that are independent of the dollar, and that partially include local currencies. But it also is a discussion of a new system altogether. Do you have any thoughts on that?

Amb. Freeman: About 20 years ago, I remember having a conversation with a noted American pundit who writes for *The Washington Post* in which I said that the abuse of the dollar as American currency, but also the universal medium of trade settlement, would lead eventually to a search for ways to dethrone the dollar from that trade settlement role. And that is exactly what is happening because of the widespread use of American financial sanctions, the denial of access to the SWIFT clearing house in Brussels for dollar-based and euro-based transactions, the use of the dollar to interfere with trade between third parties, which has no connection to the United States, except that the trade settlement goes through the Federal Reserve in New York.

Such practices are widely seen internationally as abuses of American hegemonic power, and they're unacceptable. It's hardly surprising that there's quite an effort being made to find ways around U.S. use of the dollar to control other countries' foreign policies and economic interactions.

At the moment, with a few exceptions, one of which is Sino-Russian trade, this hasn't gone very far, but it is increasing. Oddly enough, the euro has been diminishing as an instrument of trade settlement as the yuan and

other currencies increase. I don't understand why that is the case, except perhaps that the European economies have been gravely damaged by the war in Ukraine, or more accurately, by the sanctions imposed on Russian energy exports as a result of the war in Ukraine. We keep saying, well, the war in Ukraine caused this. Well, we had choices about how we responded and we chose to respond in several ways, including probably blowing up the Nord Stream Two pipeline, which is an act of war against an ally, Germany. I think the European economies are paying the price for this in terms of future expectations of their viability. Maybe that explains why the euro is going down rather than up in terms of usage for trade settlement.

Billington: Is there anything you'd like to say as concluding remarks?

Amb. Freeman: No, I've incriminated myself enough, I think.

The End of Centuries of Colonialism

Billington: Thanks, then. This is an incredible moment of crisis in civilization. Helga Zepp-LaRouche characterizes this as the end of the era of colonialism—the 600 years of colonialism as the structure of the organization of the world, which is coming to an end. What direction it's going to go, it could go either well or ill, but it's going to change. There's no keeping this system any longer.

Amb. Freeman: I agree with her about that. Five centuries of Euro-Atlantic hegemony have come to an end. The United States is the heir of European colonialism, and Japanese colonialism is also seeing its empire fray at the edges. And the events in the Holy Land are one indication of that—a violent indication. The war in Ukraine is another.

You have discussed the emergence of alternative institutions like the BRICS. One could also mention the Shanghai Cooperation Organization, the New Development Bank under the BRICS, and the wide expansion of freedom of maneuver for middle power, middle ranked powers like the Saudis, who now have choices before them that are no longer constrained by fealty to the United States. We see this with Turkey as well. So I think she's correct. This is a *Zeitenwende* as somebody said—a turning point in history, a pivotal moment. Give my regards to Helga!