

New Economic Model for Post-Hegemony America

Prof. Richard Wolff argues that the US is developing a new economic model to adjust to post-hegemonic realities. Follow Prof. Glenn Diesen: Substack: <https://glenndiesen.substack.com/> X /Twitter: https://x.com/Glenn_Diesen Patreon: <https://www.patreon.com/glenndiesen> Support the research by Prof. Glenn Diesen: PayPal: <https://www.paypal.com/paypalme/glenndiesen> Buy me a Coffee: buymeacoffee.com/gdieseng Go Fund Me: <https://gofund.me/09ea012f> Books by Prof. Glenn Diesen: <https://www.amazon.com/stores/author/B09FPQ4MDL>

#Glenn

Welcome back to the program. We're joined today by Professor Richard Wolff to discuss some of the new developments. Of course, everyone's talking about the new national security strategy of the United States, and I look forward to getting your perspective. As always, thank you for coming back on the program.

#Richard Wolff

All right, I'm very glad to be here, and thank you for inviting me.

#Glenn

I consider myself a bit of an economic nationalist, in the sense that I believe technological and economic sovereignty are prerequisites for political sovereignty and freedom. So I look to people like Alexander Hamilton, Friedrich List, and Sergei—sorry, Sergei Witte. I found it interesting that in the new U.S. national security strategy, which everyone's focusing on mainly for its military component, there's actually a long paragraph devoted to Hamilton and his economic plans. Perhaps the administration reinterpreted it a bit freely, in ways I wouldn't necessarily agree with, but nonetheless—what do you make of this new national security strategy in terms of international trade and politics?

#Richard Wolff

Well, I think it is—and of course the people who wrote it would not agree with what I'm about to say—but I think it represents as close to an admission on their part as they could possibly get to: that the American empire is over, that the global reach of that empire is forever gone, or at least gone for the time being. And they're trying to articulate, and want to articulate, a positively inflected strategy for where to go from here, because the old idea—centuries old in this country—that it is the

new wave of the future, that it embodies all the great advances—political, economic, cultural, military, the exceptional U.S.—all of that.

Twelve ways of saying that there's something permanent about a condition that was absolutely not permanent. And what do I mean? All of this stuff was tentative until the end of 1945. It was articulated earlier, but it wasn't believed, even by the people who articulated it. They knew they were boosters, they knew they were cheerleaders, and they wanted to celebrate the growth of the United States—no question. But to become the global empire, to replace the British? No, they didn't think that was available to them, not at all, not deep down when they spoke honestly. The end of World War II changed that.

That war was the spectacle of the destruction of every other conceivable competitor of the United States. Britain, France, Germany, Italy, Japan, China, Russia—all of them destroyed each other. The one place they didn't destroy was the United States. You know, other than Pearl Harbor at the beginning—and that was in Hawaii—no bombs fell here. No factories were destroyed, no bridges blown up, nothing. And in terms of the economy, we were in the worst depression of capitalism from 1929 to 1941. What got us out was the war. The war took millions of unemployed people—half of them put on uniforms and became the army, and the other half got jobs making the uniforms for the army.

So when the war was over, Americans had accumulated income because they had jobs. They couldn't spend it, since production was for the war. So you ended up with an overload of demand, a shortage of supply, and a hungry population that had gone through a decade of depression and then half a decade of war. They hadn't replaced the windows in their houses or bought a new car or anything else, and now they would. So you had a growth spurt—and that would have been enough. But the combination of that growth spurt in the U.S. during the '50s and '60s, and the decimation of Europe, led to extraordinary actions like the Marshall Plan.

Give us even more jobs by lending Europe the money to buy the American goods they needed to rebuild their economies, because they had suffered from the Depression too, plus the war, which had been directly destructive to them and their people. I might mention it's important to understand that period of American history for another reason—it shines a light on the present. The United States became stronger fighting a big war that cost enormous resources and pulled tens of millions of people away from their regular jobs into the war effort. But out of it came a much stronger economy. That's what's been happening in Russia since the beginning of 2022. It shouldn't come as a surprise.

If you understand certain conditions, war can be a very positive opportunity for an economy. It can also be the opposite, but it's not really about the war itself—it's about the conditions within which, and around which, a war happens. Anyway, it should have been clear to everybody that after World War II, the United States was in a very exceptional position. All the other potential competitors—Britain, France, Italy, Germany, Japan, China, Russia—were now focused on catching up to the

United States, recovering from the war, and reestablishing their global positions. The Europeans still had their colonies, while the Chinese and the Russians were more like the outsiders who had to prove, without the help of the Marshall Plan or the West, that they could do it too.

Well, the bottom line, as we now know, is that the people who got Marshall Plan help now regret it, and the people who didn't did much better. Those who relied on themselves, led by the Chinese, did much better. Getting help from the United States was a short-term benefit at an enormous long-term price. But the empire has now started to dissolve, because the rest of the world has its own ideas about how and where to develop. They don't want to keep subsidizing the United States through the global use of the dollar.

They don't want to subsidize the United States through the whole system of oil being priced in dollars, creating that pool of money that gets lent back to the U.S. to fund its foreign policy without taxing its own people—which is what we've been doing in this country for many years. All of that is over. It's ending in little bits. It's not some catastrophic event, but those little bits have added up, and they've shown the military that even when it's fighting the poorest countries in the world—Afghanistan, Iraq, Vietnam—these are the poorest of the poor. The overwhelmingly powerful United States cannot defeat them. That's a lesson the military is acutely aware of, and the rest of the country is slowly becoming aware of, especially after that document issued on the 4th of December.

It pretty much says it: we can't dominate the world. We're going to try to be preeminent in this hemisphere—the Western Hemisphere. You know, the wonderful statement that the accommodation with the British Empire in 1830, which created the so-called Monroe Doctrine, is now being brought back—this time not as the United States asserting its expansion, but as the United States trying to hold on to at least the piece of the world it once aspired to control. This is going to have ramifications for politics, ideology, everything in this country. It'll cause unspeakable trouble in Latin America, which we can talk about.

But it is, if I could say so—and of course, Glenn, please disagree with me—but the part of the world that's literally been thrown under the bus is Europe. For the United States, Europe is now interesting only as a source of tribute. And if you're not going to give us that tribute, then we'd just as soon have you disappear. Stay there, become a part of the world known for tourism or something like that—where people can go and see ancient cultures that used to be very important in the world but are now receding into France, or Norway, or wherever the place is.

We'll let you do more than that, but then you've got to pay tribute. You've got to commit, like von der Leyen did, to buy \$700 billion worth of liquefied natural gas at three times the price you used to pay for Russian oil and gas—thereby crippling your industry—and, like she did, commit to investing seven to eight hundred billion dollars over the next ten years. Money raised in and by Europe will be invested here. How are you going to sell that to the voters of Europe? How in the world? You become tributaries—like parts of the periphery of the Roman Empire, or the outskirts of the Ottoman Empire, paying tribute.

And if you don't pay enough tribute, we'll punish you with a tariff or something else. Is this what the Europeans are going to do? Let me say it as starkly as I can: what that document does is tell the Europeans—even if they can't see it yet, even if they can't hear it yet—it tells them, "We, the Americans, now understand the world economy and its changes. And we're going to try to build an alliance with Russia and China. You Europeans will probably soon have to make the same decision, and we'll compete for the Russians and the Chinese. We're in better shape to do that than you are." So it's not looking good for you at all.

#Glenn

I like what you said about the Marshall Plan being a short- or medium-term benefit, because the advantage for countries like Russia or China is that the U.S. always saw them as adversaries. You can't make yourself too dependent on the United States, which meant they pursued their own technological and financial sovereignty. They built up their own capacity to strengthen their political sovereignty in case the U.S. came after them. But for the Europeans, they always thought the U.S. would be their best friend forever. They bought into this whole idea that alliances are based on values instead of strategic interests.

And I don't think they realized that the political West, the way it has existed, has quite a unique condition. I mean, in the bipolar world, it made sense—you had to contain the Soviet Union. You even saw that economic competition between the Western powers during the Cold War was reduced because of the higher goal of balancing the Soviets. In the unipolar world, it also made sense. The U. S. empire needed certain nodes—Germany, Japan—and the interests were harmonized. But in the multipolar world, there's no foundation anymore for this partnership.

And I think you're correct that now the only way they can keep the Americans in Europe is by paying tribute to win America's affection. But the more tribute they give—by definition, almost, going against their own national interest—the weaker they get, the less relevant they become. And you see this irrelevance and almost disdain from the United States. Of course, the national security strategies—we don't have to go through all of them—but they're very hostile toward Europe, even suggesting that some regime change might be good, or at least that they should cultivate opposition. But there's another argument, or proposal, that's come out: that the G7 also isn't really that relevant anymore.

I mean, these are not the leading economies anymore. And the Trump administration has suggested, according to reports, that it's better to replace it with a Core 5, or C5, which would be the U.S., China, India, Japan, and Russia. And not a single European country—well, aside from Russia—is included on that list. This is quite extraordinary. Now, I'm a political realist, so I tend to think that institutions and such arrangements have to reflect the actual international distribution of power to be stable. It spells out a very negative future for Europe, though. So what do you see as the economic future of Europe? Because I always wonder if I'm too hawkish or too pessimistic here.

#Richard Wolff

Well, as usual—for me, anyway—in the end, the decisive forces are internal, not external. I think what happens in Europe now is not that the external shocks, if you like, are unimportant—they are. That's why I began by saying that the paper from last week is a very profound conceptual moment in our culture and will impact the Europeans. But I think it depends on how European politics develops internally: how committed the mass of European people are to the leaderships they have now, the political parties they have now, and capitalism as the system they have now, in a world that's changing so fast and in ways that I think most Europeans are sooner or later going to realize are very dangerous—particularly for them.

It'll enhance the awareness we need to make some basic changes. They're not going to catch up to the existing powers. I mean, the Germans are making the most aggressive move to militarize themselves—the big loan that Merz is taking out, the fiscal deficit funding of a military buildup. First of all, I wonder why the rest of Europe isn't worried about what happens when Germany has an immense army and nobody else does. But I'd also argue that, given the amount of spending Russia and China are committing to upgrade their militaries, and given the United States' funding of its own upgrades, the Europeans—well, they just can't catch up.

The only way they could make it work is if their military technology leapfrogged that of Russia, China, and the United States. That's possible, but not likely. It's not even likely that the Germans can manage without buying a lot of the intermediate and final military goods that are part of their buildup. They don't have the industrial structure to do all that themselves. That's what they've lost—that's what all of Europe has lost. And that isn't overcome overnight, which means a lot of that spending is actually going to leak out to other parts of the world that make the stuff they're going to need. So I see this limping along, doing what they say they're going to do, as very, very unlikely to take them very far.

And I'm afraid I don't see the move toward unity at all. I mean, the way France, England, and Germany are pushing to use the 200 billion in Russian assets against the wishes of Hungary, Belgium, and several others—that doesn't look like a unified Europe. That looks like a Europe, you know, breaking apart. And if they go through with the plan to make all of Europe liable if that money never gets paid back—which I doubt it will—then you're going to impose debt service on people who opposed the loan? Maybe Europe can hold together across that kind of difference, but I don't think so, especially not with the other pressures on them.

So finally, could you have a breakout if there were a drastic realignment? Yes. And you have in Europe the socialist basis to imagine that. I'm not saying you could do it—that's a long shot, for sure, given the way the politics there look right now. But it might give you a completely different situation if production were genuinely collectivized, if you made the factories owned and operated by

the workers themselves. You could still have a military program and all of that, but it would be a challenge to the world very different from anything anyone has so far foreseen. Let me be a little dramatic with you—it would be as if Europe were saying, “We never took socialism very seriously.”

What we did was allow socialist parties to function. We allowed them to win votes, to form governments, and to regulate a private capitalist economy—a little more, a little less, from one country to another. But what we never did was make the revolution at the micro level. We never questioned that the capitalist enterprise would be run as a top-down autocracy, which is what it is in Britain and the United States, and it isn't so different anywhere else in Europe either. Suppose you changed that. Suppose you said, “We're socialists, and we notice that in volume one of **Capital**, Marx doesn't say one word about government versus private. It's not a topic he's interested in.”

He never wrote about it—it wasn't a topic. Whether the employer is a private person or a government agency, what matters, said Marx, is that it's an employer in a relationship of employer and employee with the vast majority. Suppose you challenge that. Then Europe could say to China—I'm being dramatic with you—“We're the real socialism. You're the one who's hesitant to take that step. You still have the state as dominant, the party and the state as the dominant forces. You have a 50% state, 50% private mix, but both the private and the state sectors are run in the way Marx, whom you credit as your inspiration, railed against. Those relations of production were what he opposed. Now, he didn't go off and speculate about what the alternative would look like.”

He didn't believe in doing that, which I understand. His job was criticism. But the implication of the criticism—it's what the Communards did in the Paris Commune in 1870, what the Bolsheviks did in 1917, and so on. They then created a state capitalism. Understood. That may well have been the only thing to do at that time. I'm not being a Monday-morning quarterback looking back; I'm not interested in that. You can't reach that stage Marx had in mind until the conditions for it are ripe. Here's the interesting question: is the ironic danger to Europe possibly a catalyst to provoke questions about change that would allow Europe to leap over what has been done in China?

You're not going to do that with military technology, and you're not going to do it with fast trains or electric cars. It's too late. But in the reorganization of enterprise, to fulfill the old socialist idea, Europe could do that. And the question is, will they ever have the political sense of themselves to make that effort? If they don't, then I think they're looking at an ever longer period. You see, if I thought it was just Trump, then I would do what I suspect many Europeans are telling themselves: he won't be here in three years, his term will be over, and then we'll get back to, you know, Joe Biden or things like that. I think that's a mistake.

I think you're seeing the ruling class of this country perfectly happy with the efforts Mr. Trump is making. They wouldn't say it the same way—he's very rough and blunt and ignorant and crude—but they're not stopping him. They're not even stopping him from the boats in the Caribbean, which is straight-out murder. They're not. And I don't hear any significant support for Europe. The only area where I hear sympathy for Europe here in the country is on the particular notion of Ukraine. Yes,

there's significant support inside the United States for the European insistence on keeping that war going, but it's getting smaller every day. And at a certain point, it will leave the political arena because it doesn't have enough people pushing for it.

#Glenn

Yeah, no, I think this was a mistake in the first Trump administration as well—the assumption that everything would go back to the way it was before. But I think they always assume that Trump is the main problem, rather than a symptom of a wider one. Because then there was also the assumption that, well, how could Trump walk away from the JCPOA with Iran, or why would he start an economic war with China? But once Biden took over, he followed the same policies. So I do think NATO is more or less done. And this is why I'm also a bit frustrated by Europe's inability to adjust. You know, the decision to re-divide Europe again after the Cold War by expanding NATO—this was essentially the price we had to pay to keep the leading U.S. position in Europe.

But now that NATO is declining and the U.S. wants to decouple from Europe, Europe has to diversify. It just seems like now there's an opportunity to rectify some of the mistakes we've made—starting this Cold War with the Russians, for example. But that's an impossible argument to sell in Europe these days. They just don't care now. Even if America leaves Europe, they still want to fight the Russians. It's unclear what the objective is, or why. I always hear the argument that they're attacking us, doing hybrid warfare, that they're going to come for us—but no one asks why. What exactly would their objective be? I mean, they're ramping up everything. They're also recognizing the multipolar world, pivoting to the East.

But I did want to ask about what you mentioned before—Venezuela—because that's one component of the economic or national security strategy that raises some concerns. The Monroe Doctrine was supposed to prevent other great powers from setting up, especially militarily or through colonies, in the Americas, in the Western Hemisphere. But this is something very different. This is the U.S. dominating pretty much all of the countries. How do you read this? And does that explain some of the current policies? I mean, the threat of invading Venezuela, the argument that Colombia might be next, the attempt to strangle Cuba. And now Trump has even said he doesn't rule out strikes in Mexico if it would stop drugs. I mean, is this the Monroe Doctrine on militarism and steroids? How do you interpret that?

#Richard Wolff

I think it has many roots. It's certainly rooted in the Monroe Doctrine—they say that, and it's clearly part of their thinking. I think it's also rooted in the kind of bitterness that comes when you're forced to recognize you can't carry out the global project you intended. So now you hunker down, as we say in American English—you narrow, you shrink the area you're going to dominate—but you're going to show the world what domination means. You did it verbally: "I'm going to take Panama back," or "I'm going to take Greenland from Denmark." But those things are complicated; there's

opposition you didn't foresee. So you've got to find something a little more palatable, particularly to your own people. And the drug story—wonderful. The drug story is as phony as a three-dollar bill, which doesn't exist.

But in that way, it's as phony as combating anti-Semitism on campuses. There was very little anti-Semitism on our campuses—less than five years ago, even less than ten years ago. If there was a problem, it wasn't dealt with by any policy. Now there's barely a problem, and you make an enormous event out of it. Well, it's transparent. You could do the job you needed to do—to destroy the pro-Palestinian, anti-Israeli movement in the United States, which is still strong but was even stronger, particularly on campuses—by coming up with an alternative campus crusade that not only mobilized students around a completely different issue, but mobilized them against the young people raising the Palestinian flag and things like that. So it was very convenient.

Narco-trafficking or narco-boats—it's the same thing. It's complete fakery. The country suffers from an epidemic of artificial heroin, and it kills seventy to eighty thousand people per year in this country. Many young people—many of them the children of adults who vote for Trump—because they have no future. They have no job. There's nothing coming back. The American dream is completely unaffordable. Now we have this unaffordability problem in America. The president is running around talking about unaffordability. The bottom line in this country is that we are shrinking, we are slipping. The war in Ukraine is being lost. And yes, you can blame the Europeans. And yes, you can blame Zelensky. And now we have front-page stories every day about corruption around Mr. Zelensky. Sure, sure, sure.

But it's a problem. And that problem is, we can't succeed militarily. We need to win something. And that's why it's important to have a war with Venezuela or Cuba. And it can be bloody. It wouldn't even be so bad, because it would allow lots of funeral marches, and the president could march behind the coffins of the soldiers who, trying to help their fellow young people avoid drugs, died in a jungle in Venezuela. All of this is being ramped up. So, long answer—yeah, I think this is the behavior of a country denied its global-empire role and now determined to compensate for that by aggressively reestablishing its dominance in Latin America.

And I think you're seeing an initial fear reaction. And the fear is not what you might think. The fear is of each Latin American country vis-à-vis the others—which one will become the friend of the United States and thereby get help to destroy and overthrow the ones who are not friends of the United States. And that's the fear. Alongside that fear, so far unspoken—and I believe it's the stronger feeling—is that this cannot happen. We, Latin America, we suffered the colonial position in the 19th century. We started with the Spanish and the Portuguese back in the 15th and 16th centuries.

Then we had European colonialism—a little bit different—settler colonialisms of various kinds. In the 18th and particularly the 19th and 20th centuries, we now live in the era of anti- or post-colonialism. That is very, very powerful. And I don't think the United States, in the long run, will succeed by

setting itself up as the negation. I think what they're going to do, though, is infuse that part of the world with many Gazas, because that's the model. Israel and Palestine represent settler colonialism that comes two or three centuries too late. The British could do it in Australia, New Zealand, Canada, the United States, South Africa, and so on.

But they could do it then. They can't do it now. Israel is trying to do it now. That's why those people will never go away. They don't feel alone. They're bombed every day, but they stay there. They have this sense: we will eventually get this. We may not live, and our children may have one arm and all the rest of it, but we are the future, not Israel. And Israel tries to tell its people, "We are the future," and most Israelis don't believe it. I talked to an Israeli diplomat not very long ago, and all he could tell me was, "If we go down, we take the whole world with us." A frightening concept, but one that he said was clear and present in his mind as a member of the Israeli bureaucracy.

#Glenn

That's a crazy way of looking at the world. Let me just ask one last question about the Monroe Doctrine, though, because the whole assumption would be that if the U.S. can negotiate with the other great powers to stay out, the U.S. will then seek to dominate. But the problem with this approach is that it ignores—or even rejects—the agency of the regional countries. I mean, Brazil is not a tiny country. The idea that they can just be bullied out of BRICS and fall in line... It doesn't even have to involve any direct attacks on Brazil—just the idea of bombing Venezuela or threatening Colombia. I mean, it seems as if this could fuel a lot of resentment in the region toward the United States, which could then be taken advantage of by a rival great power. So, what do you see as the future of Latin America?

#Richard Wolff

I see exactly that. I see exactly what you said. I think we're already seeing it. I don't know exactly what the Russians and Chinese have given to Maduro in Venezuela, but I understand there are ships—Chinese ones for sure, but even Russian ones—around the waters there as well. There have been missile deliveries. I mean, I would not be at all surprised if the Americans land and discover a level of arms in the hands of the Venezuelan army that they were not prepared for—either because they didn't know, couldn't believe it, or thought it was fake, or whatever excuse they give. No, you're absolutely right. Those countries, seeing what's on the agenda—given the Global South, anti-colonial, post-colonial, all of that—they're going to look for help from Russia and China and the BRICS, and they're going to get it.

You can see it already. Look at the statistics. Over the last year, Chinese exports to the United States dropped 29%, but their total exports are bigger than they were last year. You know what that means? It means—and it wasn't Europe that explains it—it means China's exports to the BRICS, basically to the rest of the world, grew more than their exports to the United States shrank. There it is. There's the option. People have to remember, one of the things the United States has always

done is use sanctions and basically terrify a country by sanctioning their banks or their exports or imports so they have to comply. Now they don't. They don't. And so they're going to feel, rightly or wrongly, much more free to go and make another deal that escapes the sanctions.

That means the United States will have to use the military everywhere. It can't do that. It doesn't have the army for it. It can't do that. So now what is it going to do? It's going to have to prioritize. It's going to have to do triage—where are you going to fight? Are you going to fight somewhere on the periphery of Europe, in the Middle East? Are you going to have to ratchet up help for Israel? Are you going to have a struggle in Taiwan and fight in Venezuela? It's becoming too much. And by the way, that's the typical problem of an empire that dies: overreach. It can't do what has to be done to keep the empire going. So it tries, it becomes weaker, and that weakness is taken advantage of by a competitor or by a rebellious colony. And then they need to fight again. And we're in that situation.

#Glenn

This is always the problem with excessive sanctions over a prolonged period of time. The rest of the world stops using your technologies and your industries. They detach from your supply chains, find new transportation corridors, develop new development banks, use their own currencies, their own payment systems, insurance, and commodity exchanges. I mean, everything can be replaced if economic dependence is weaponized. This is the problem of, I guess, declining hegemons. And I think the Europeans, of course, have also made some big mistakes.

Again, we could have talked for a long time about this—stealing the Russian assets—but the idea that they'll actually put in place a rule requiring uniformity to release the money? There's no chance. In the future, you know, Estonia is not going to allow hundreds of billions to be returned to Russia. I mean, this is just... no, it's completely wild that they're actually going down this path. Who in their right mind would ever allow any of their sovereign funds to go through Euroclear again in the future? But no, I think...

#Richard Wolff

I think it's not a big leap. Look, I live here in New York City. One of the major streets in New York City is called Fifth Avenue. It's a very popular, very expensive shopping area. It's famous. If you walk down Fifth Avenue in the evening, most of the windows in the tall buildings on either side of the street are dark. So here it is, nighttime, but there's nobody in these apartments. A few are lit up, but most are not. And the real estate agent will explain to you, this is all foreign money.

They buy an apartment here because it's a safe way to park your money if you're a rich somebody from Malaysia, or from, you know, Togo, or from Panama—it doesn't matter. You buy an apartment, you watch its value go up, and it's a wonderful place. Your government can't touch it. Nobody who bothers you about your assets can touch it. Your children can come for a shopping trip to New York City once or twice a year and stay in the apartment because it's cleaned every month. Okay, those

are all being sold now. Those wealthy people have figured out that if you can weaponize sovereign funds, who's going to control when it becomes no longer legal for a foreigner to own an apartment in New York?

It takes a very short time for the government of New York to do something like that. You can't be exposed here anymore. You can't be exposed to Europe for sure, but you can't be exposed here the way you were. You may not get rid of everything here, but you're going to reduce your outlays in the United States and get another apartment in Paris, or in London, or in Rome, or in New Delhi, or São Paulo, because you have to. There is no hegemon anymore. It's over. It's now only a question of how long it takes for each asset class to make its escape. And we're at that point. We're already there.

#Glenn

Well, thank you for taking the time. And yeah, I look forward to speaking with you again about this. The economic changes now are just extraordinary. You're seeing in weeks what used to happen over years.

#Richard Wolff

That's right, and I was about to say that to you. Things are happening very fast here, so my guess is we'll be talking again very soon. I look forward to it. All right, bye-bye.