

Richard Wolff & Michael Hudson: US Dominance Is Crumbling... Here's Why Iran Matters

#Nima

Hi, everybody. Today is Wednesday, March 25th, 2026, and our dear friends Richard Wolff and Michael Hudson are here with us. Welcome back, Richard and Michael.

#Richard

Good to be here.

#Nima

Let me start by updating what's happening right now on the battlefield between the United States and Iran. Moments ago, we heard from the White House press secretary, Caroline Leavitt. Here's what she said about the current state of the war with Iran.

#Speaker 03

Operation Epic Fury has been a resounding military triumph. More than 9,000 enemy targets have been struck to date. Compared to the start of the operation, Iran's ballistic missile and drone attacks are down by roughly 90%. The United States is also annihilating the Iranian regime's navy. We have destroyed more than 140 of their naval vessels, including almost 50 minelayers. This is the largest elimination of a navy over a three-week period since World War II. Again, let me reiterate: this is the largest elimination of a navy on the face of the planet in a three-week period since World War II.

#Nima

And let me bring up what the former MI6 chief, Sir Alex Younger, told The Economist—his assessment of what's going on between the United States and Iran. He says the U.S. has the upper hand right now.

#Michael

Iran.

#Speaker 05

I regret having come to this conclusion because, like many MI6 officers of my generation, we've faced the violence and brutality of the IRGC for most of our careers.

#Michael

That's the Islamic Revolutionary Guard Corps.

#Speaker 05

So there's no love lost between us, and I shed no tears for Ali Khamenei, who was killed at the beginning of this war. But the reality is, the U.S. underestimated the task, and I think, as of about two weeks ago, lost the initiative to Iran. In practice, the Iranian regime has been more resilient than anyone would have expected. They actually made some good decisions as early as last June—dispersing their military capability and delegating authority for the use of those weapons—which has given them significant extra resilience against this incredibly powerful air campaign. They've embarked on what's technically called horizontal escalation, i.e., firing rockets at anybody within range, which at the time, honestly, Shashank, I thought was nuts, but in fact has been a very good way of putting a direct price on the U.S. It sort of worked.

And then they've understood the significance of the energy war—holding the Straits at threat and globalizing, not internationalizing, the conflict in a way that gives them some leverage. So, you know, they've played a weak hand pretty well. My second point is that Donald Trump has said some things that confirmed what they already knew: that they're in a civilizational war, in their terms—a war of existence. Trump made it very clear that he wanted to see them up against the wall, basically, whereas America has embarked on a war of choice. And in those terms, I think that's given them more staying power than their U.S., and certainly Western, counterparts. They know that now, and I think that really is giving them the whip hand.

#Nima

Yeah. You know, Donald Trump was asking—they're sending proposals through Turkey and Pakistan. But so far, all these proposals have been rejected by the Iranian side. And they've published a symbolic video responding to Donald Trump. Here's the video.

#Nima

Yeah, it says "One revenge for all." And here's, somehow, the summary of what's going on. I want to start with you, Richard. What's your understanding of what Donald Trump is trying to do?

#Richard

At this point, I would argue that Mr. Trump's main activity is trying to get out of the very deep hole he dug himself into. It's beyond my comprehension, and I'm hoping that you, Nima, or you, Michael, can help me here. How could the United States government undertake this—what does he call it—excursion? How could they do that without going through the mental procedure? What if they close the Strait of Hormuz? What if that interferes with 20% of the world's oil transport? What if that drives up the price of oil again? They didn't think of that? They didn't prepare for that? They've clearly had no answer for three weeks now. They have no passage through the Strait of Hormuz, and there doesn't seem to be anything they can do about it.

I am mystified. I don't understand—unless what we have here is not so much a war of choice, but a war whose purpose was to take the headlines away from the Epstein case and from the fast-deteriorating economic situation here at home: inflation, poor jobs, stagflation, all of that. And to focus us on an adventure he imagined would be as headline-grabbing as those three days following the abduction of Maduro in Venezuela. Maybe he thought he could have a nice version of that all over again, so the arguments his advisers must have given him didn't make any difference. I am mystified. But to be more direct and answer your question, I agree with you—the last line of that video from Iran says it all.

This is a war of choice, by the statement of our leader. It's an existential threat to Iran, which everybody knows. The last seventy-five years—except for the time of the Shah, who was seen as an imposition on Iran by the United States—have been years of sabotage and attacks. Iran doesn't have to persuade anyone that it's at risk of destroying itself if it doesn't find some way to stop the United States. So you have an utterly unequal struggle here: the Americans, rich and militarily overdeveloped. And what are they going to do in Iran if their existence is at stake? That very difference is extremely dangerous. I want to remind people—the almighty British Empire once decided to militarily put down the revolt in North America.

No one dreamed that would be a struggle, but there were resources the colonists here could use to defeat the British Empire. We're watching something that should remind people of that. So yes, they disperse their missile launchers and their drone airfields all over the country. They have those wonderful mountains and this vast territory—easy to hide in. They can do something that hasn't been discussed much, except in a few military journals I've seen. It turns out that for a few hundred dollars, you can build something that, from the electronic eye in the sky, looks like a missile launcher but isn't one—it's a decoy. And then, if you're the United States and you rely on electronics, you can send a ten-million-dollar missile package to destroy a five-hundred-dollar decoy.

And then you can have Caroline Leavitt tell you, "We've knocked out—" No, you haven't. Nothing of the sort. She's so underdeveloped in her job she can't even anticipate what I'm saying—which she ought to have. She should have said something to acknowledge that you've been knocking out lots of decoys. And in fact, obviously, the missiles from Iran have been hitting their targets in Israel and in the Gulf states. So it seems to me you have a situation of David and Goliath—and everybody's rooting for David. That's why it's very, very smart to end that video with "not vengeance for Iran,

vengeance for everyone." What it does is cash in on a year and a half of Mr. Trump's bullying—bullying with tariffs, bullying with threats of trade war.

This assertive, aggressive attitude—"we're not bound by law, we're not bound by international arrangements." Stephen Miller says it's the law of the jungle, as it has always been. That kind of language frightens everybody when it comes from the United States, which has all these nuclear and other kinds of weapons, saying, "We are fighting for all." That puts Iran right at the front of the anti-imperialist, anti-colonialist project of the last century and a half. It's a very powerful position to be cashing in on, and it makes the United States look like the desperate one holding on. The alliance with Israel does that too—it reinforces all of it. Last thing that's on my mind—and correct me if I'm wrong here—Iran.

Iran has an immense land border with Russia, and Russia has an immense land border with China. In other words, China can build missiles and drones unlike anybody else because it has a massive manufacturing base with virtually no limits to what it can do. They could ship that across the border—a border no one else has access to, just them and Russia. Then Russia, having received the equipment from China, is in a position, through its border, to supply Iran's needs for drones and missiles indefinitely. In other words, you have a fantastic, ironic twist: what the United States and Europe did for Ukraine against Russia, China and Russia can now do for Iran against the United States and Israel.

It's almost exactly the same. And of course they will. Any doubt I had vanished yesterday when I learned that the foreign minister of Russia—if I have this right—gave a press conference and said, in his words, that we may be, if I understood him correctly, at the beginning of World War III. Well, if your brain tells you that you might be, then if you're Chinese or Russian, you're not going to let Iran be overrun by the United States. Not at all. This is a big country—ninety-something million people in Iran. This is a strong ally whose economy is already well integrated with the Chinese in many ways and with the Russians in others. No, no, they're not going to walk away from this.

It would be foolhardy, especially if you think you might be at the beginning of a global conflict. And correspondingly, for the United States to be at the edge of a world war where Iran can plausibly and effectively position itself as the David against the Goliath, enacting vengeance for us all. This is a very powerful position, and I don't get the slightest sense that the people in charge in this country have half an inkling of what they're doing or what they're up against. The behavior so far in this war only reinforces that sense—the cluelessness about what's going on here is just so hard to believe. I keep thinking that's why I began the way I did. I want you to correct me—am I missing something here?

#Nima

They don't share a common border, Richard, but they're connected through the Caspian Sea.

#Richard

Okay.

#Nima

And they can communicate through the Caspian Sea. Yeah. Michael, jump in—your take on that.

#Michael

Well, Richard has mentioned exactly the same points that I want to emphasize. The United States knew very well that Hormuz was going to be closed. It imagined that it could be the winner. Back in the 1970s, when I was dealing with national security issues, people were already discussing that the first action Iran would take in defending itself would be to close the Strait of Hormuz. So that was always on the agenda. The United States believed it would come out the winner—perhaps even before the current attacks—that the Iranian government would fall. That's the American illusion: that there'd be a regime change because America would hurt the population.

And the Iranian population, in the American military manuals, was described as not seeking vengeance. The idea was that the population would be so demoralized by our hitting their hospitals and schools—by focusing on killing their children—that they would say, "Please, overthrow the government and give us one that's more friendly to the United States so it won't hurt us anymore." Well, the video you showed, Nima, isn't exactly what's written in the American military manuals, but this has been the guiding strategy—not only of the United States, but of Israel. And even right now, there's still a belief that America is winning, as you showed in that clip from the White House.

Trump's idea of a negotiation—what he calls a negotiation—is really a demand for surrender. There's no negotiation, because when there is one, America kills the negotiators. The only thing you can do is maybe send a terminally ill patient in their eighties or nineties to the negotiations—someone who can afford to give up their life and be killed if they refuse to surrender to Trump's "negotiation." But of course, there's no negotiation, because Iran has already stated very clearly what its demands are. And yet, you mentioned the White House conference—I look at the stock market. The stock market's been up all day long. They believe that Trump's promise of negotiations and surrender is going to work. The interest rates on U.S. debt are going down.

The dollar is strengthening. There's a kind of cognitive dissonance in coming to terms with the fact that this isn't simply a war of choice—it's a war of America's choice, one that's forcing other countries to realize that, yes, this is World War III, because it affects the entire world that depends on energy, gas, fertilizer, sulfur—all of it. This is a war over how the international economy is going to be restructured. Can the United States reimpose its unilateral weaponization of world trade,

international finance, and diplomacy on other countries, or will they become sovereign powers? The current war isn't just a matter of Trump's choice; it's been the choice of the United States for more than twenty years.

We've discussed before how Wesley Clark said back in 2003 that, yes, we're going to conquer all the Near Eastern countries, culminating in Iran. Every year, the U.S. military has a game plan, and it always ends with, "How do we update our conquest of Iran? That's where all of this is going to end up." So that's the U.S. point of view. But let's look at it—not since Richard, quite rightly, you mentioned Iran, Russia, and China, and all the other countries that are affected.

The United States is confronting these countries by violating every principle of international law and the laws of war that the United Nations established in 1945. This was the legal philosophy that Western civilization—if you can forgive the oxymoron—has been talking about for four centuries, ever since the Peace of Westphalia in 1648. The U.S. principle is to violate the sovereignty of other countries by weaponizing oil and finance, threatening to create chaos if they pursue a sovereign policy that's at odds with U.S. diplomacy—which, as we've been discussing for many months now, is diplomacy based on control of the world's economy, above all the international oil trade.

And within the oil trade—above all, control of the Middle East and the OPEC countries, because the OPEC countries represent about 40% of the international oil trade. So what's happening now is that if there really is a fight this weekend—Friday night, Friday in Middle Eastern time, Saturday morning in the United States—it's the military attack that Trump seems to be organizing, and that the United States has been preparing ever since 1979. That's a long time—ever since the Shah was overthrown. This is the final showdown, and there will be one winner or another. There's no middle ground.

There's no basis for compromise or negotiation. This is going to be it. And the result is going to be—well, Iran is going to defend itself by striking back. As it said, if you're going to destroy our oil resources, we'll make sure there's no oil from the countries that have joined your attacks—Saudi Arabia and the other Arab emirates. I won't call them monarchies, emirates, or mafia states, but they're letting the U.S. use their military bases, and they've done so ever since 1974, using all their national savings from oil export revenues, all their monetary reserves, all their royal money.

All of this has been invested in the U.S. bond market and the U.S. stock market—especially recently, in artificial intelligence stocks and U.S. banks. All of this money they've accumulated is held hostage in the United States. For instance, Iraq just asked the United States—demanded, really—that U.S. troops withdraw. The U.S. asked for negotiators with Iran. The Iraqis negotiated, and Iran let the U.S. troops withdraw from Iraq without blowing them up. And then the United States bombed and killed the negotiators, which it does as a matter of course. Rule number one: always kill the negotiator if they don't surrender.

That's happened again and again this year. So this is what they're basically confronted with—it's no holds barred. And the United States is going to respond by doing to the oil-exporting Arab countries

what it just did to Qatar's gas industry: blow it up. This will plunge the entire world into at least a five-year depression. It'll take that long for industries to recover from the lack of gas, the lack of oil, the lack of fertilizer, the lack of helium—which is used not only in etching silicon computer chips cryogenically, but also in the MRI machines hospitals use. All of this is a crisis that's going to lead to the closing of major industries throughout Western Europe and Asia. The hardest-hit countries will be America's allies, Japan and Korea, which are mostly dependent on OPEC oil and gas that will no longer be available to them.

And this is essentially going to force them to step back and ask themselves: is America really protecting us from the threats posed by China, Russia, and Iran? Or is the United States the major threat? The U.S. attack this weekend, or next week, or even a week after that, is an attack—a deliberate collapse of the world economy. And of course, U.S. planners have already gamed out what will happen when Hormuz is closed. Trump has come right out and said it: America is going to survive much better than other countries through all of this. Other countries need OPEC oil. We Americans don't need OPEC oil; all we need is all of the money from OPEC oil—all of the savings. And we've already said that if Iraq follows a pro-Iranian policy, we'll simply grab all of its reserves that are held in the Federal Reserve, as a result of our conquest of Iraq under George W. Bush.

Well, it can do the same thing to Saudi Arabia or these Arab emirates that, Nima, you and I have discussed—the possibility of Iran taking over these emirates, which are antagonistic to Iranian interests. All of their foreign savings, the tens or hundreds of billions of dollars they've invested in the U.S. bond and stock markets, will be confiscated. And all of their trust over the last 50 years—their hopes of alliance and connection with the United States—will have been for nothing. It's all lost. It's all confiscated. That's what the rest of the world is confronted with. And that's why, indeed, this is on a scale that I think you can rightly call World War III.

#Richard

Let me remind people of some historical realities. World War I was a clash of colonial powers. When the dust cleared, Europe was much weaker than it had been when it went in, and the Soviet Union was created. In World War II, you had another clash of competing imperial colonialists, and they destroyed what they hadn't already destroyed in World War I—and China joined the Soviet Union. These world wars don't work well for capitalism. It's a very, very bad omen if that's what we're entering into. And you know, when wars happen, what you're left with is the ruins.

But being a ruined country like China, with 1.4 billion people, allows for ways of coping that aren't available to a much smaller country like the United States. You're going in under very bad circumstances. This would be an act of desperation—trying to hold on to a bad situation and risking something even greater. Why would they imagine that if they send a few thousand American troops, what are they going to do? If the Iranians have shown anything, it's that they've decentralized many of their military and other functions. They don't need to have a central base in Tehran. The central power that was assassinated seems to continue functioning really well.

Sending precision missiles means your capability hasn't been much hurt. And again, I don't know anything for sure, but my guess is that specialists from Russia and China have trained the Iranians—or are working with them—and are bringing the most sophisticated imaginable control to their drones and missiles. We've already seen that the Iron Dome, David's Sling, and all those other Israeli defense systems haven't prevented missiles from getting through. The same is true for the American bases in the Gulf states. I don't know the details—maybe nobody does—but it's clear the White House needs to portray all of this as a stunning victory.

So there's no reason to expect anything else from them. But there's also no reason to believe it. It may be true—and then I'd be working with false assumptions. But my assumption here is that it's likely what's coming out of the White House is desperation, and what's coming out of Iran is a much quieter, well-grounded determination that they think they can do this. I mean, it's no longer guessing. When they said, "No, we're not going to respond to your 15-point proposal. We didn't request it, we don't want it, and you have to give us reparations," I mean, that's extraordinary—because to demand reparations is to demand a guilty plea.

Mr. Trump cannot give them reparations without it appearing to the American public that he was in the wrong and now has to pay. That's what reparations have meant. You know, reparations were imposed on Germany after World Wars I and II, and it was directly linked to the notion: you are culpable, you are guilty, you started the war. Even though that's not very accurate historically, it's close enough—and the winner gets to decide who the loser is and what the loser has to pay. That's a well-developed understanding in the world. To demand reparations may be just a negotiating ploy, but it does show that the Iranians believe, as your clip showed, that they have the upper hand in terms of leverage now, and they can afford to do that.

#Michael

I don't think reparations are a negotiating ploy. I think it's quite likely. I just want to look at the comparison of what the aftermath of this war might be, compared to World Wars I and II. Both those wars lasted about four years, and it's quite likely that the fighting is going to be so intense—including the aftermath and the cleanup—that it's going to take four years. After World Wars I and II, the United States solidified and consolidated its financial power.

First of all, because of the inter-allied debts that Europe agreed to pay out of German reparations after World War I. And secondly, after World War II, Europe was devastated, and the United States was able to offer not only money—because of all the flight capital that had come to the United States during the Great Depression and to flee Europe as fascism began to take over there—but also because the United States was representing what seemed to be international principles of free trade and free investment. Well, the aftermath of this war is not going to be favorable to the United States, because instead of saving the world from the Kaiser in World War I and from Nazism in World War II, in this case the United States was the aggressor.

The United States is playing today the role that Germany played in World War I and World War II. So the rest of the world's position is: how can we ever prevent this from happening again? After World War I, they created the League of Nations, which the United States refused to join because it said, "We won't join any organization in which we do not have veto power." After World War II, they created the United Nations, and the United States said, "We will not join unless we have veto power. No other country can tell us what to do. They cannot tell us to obey international law, because we make the law. We are the hegemon of the world." Well, the United States has used that power now to go to war.

The Iranians have already said, "We need a number of things. We want a Nuremberg-type commission for war crimes. We want Netanyahu to be sent to the International Criminal Court." But the United States isn't a member of that court, and it's already been able to basically browbeat the judges. There has to be a new international order created to deal with the aftermath of this World War III. That's what happens after a world war—you need a new kind of international court. And it's obvious that the United Nations has failed. All this buildup of genocide, from Ukraine to Israel, hasn't been stopped.

And the United Nations took a vote recently to accuse Iran of attacking and being guilty of attacking Israel for defending itself against Israel's attacks and assassinations over the years. So the United Nations—and the other countries—are going to have to create a whole new set of institutions, like the United States created with the Bretton Woods institutions, the International Monetary Fund, and the World Bank after World War II. The countries that emerged from the war were in a state of their own economic depression, saying, "We never want to subject ourselves again to the United States' policy of using the only thing it has to offer—the promise not to destroy our economies, not to kill our leaders, not to overthrow our governments with regime change."

The only defense we have is to isolate ourselves from the United States—which really means isolating the United States itself. Once you've done that, Iran and other countries attacked by the U. S. can make their claims for reparations. These would be paid much like the German reparations after World War I: you seize German holdings throughout the rest of the world. It's the same way America grabbed Russia's \$300 billion in foreign exchange held in Belgium, or how England, at America's direction, confiscated Venezuela's gold because the U.S. said Venezuela hadn't elected the candidate we wanted. The same thing happened when America confiscated Iran's holdings after the Shah was overthrown.

Other countries can now turn the tables. America will be stripped of its foreign holdings, and in turn, America will say, "Well, then we're not going to pay our foreign debts." Other countries will have to accept that loss. But that loss will essentially mark a break from American investments in their countries—and from the whole world order: the tax system, the debt system, the trade system that America has weaponized in its favor. All of that is going to be gone. That's what will make the aftermath of World War III so important. Every world war has an aftermath—a new international economic, commercial, and monetary system.

And that's, I think, what's already being envisioned by Iran—whose foresight let it see where all of this was heading, and which has spent decades investing to protect itself militarily. And to get back to the point Richard made at the start about the missiles: the happy talk from the White House and Trump's spokesman saying, "Look, Iran is now sending fewer missiles than before. I guess it's running out of them." Well, of course Iran is sending fewer missiles, because most of those earlier ones were decoys—meant to force the Israelis and the American military to use up their anti-missile defenses. There's no more Iron Dome left in Israel.

There are no more American THAAD missiles or other systems left to defend. Iran doesn't have to use the missiles it was using before—and those were old-generation missiles. Now Iran has sophisticated missiles it hasn't shown yet, the hypersonic sidewinder types that can evade any kind of defense. Now Iran is finally going to move toward solving the conflict on the battlefield. It can't be solved diplomatically; Iran will solve it on the battlefield. Nima, every general and every military analyst you've had on your show explains how the military advantage lies with Iran, not the United States. And I haven't heard any defense of the United States. But as Richard says, the United States is desperate—or rather, Trump is desperate.

Here's the plan he's imposing—one that the U.S. military has been working on for 50 years. It's the only plan they have. It's all or nothing. And when you're desperate, it's like gambling at a casino and losing money—you bet it all because there's really no alternative. That's the corner the United States has painted itself into, militarily, economically, and financially. And that's what this whole discussion should be about: how the world is ever going to prevent this from happening again by isolating the ability of the United States and Israel, as the new versions of Germany in World War I and II, to act as aggressor nations.

#Richard

Yeah. I'm also struck by what seems to me the final collapse of NATO. I mean, here the United States is undertaking a war very close to Europe. It's not Europe, but very close to it. In European conversations and discussions about this war, one of the great anxieties expressed by European countries is that if it goes on for a while, it will create what other wars in the Middle East have created—millions upon millions of refugees, of migrants, people leaving. And where are those people going to go? The answer is, if they go where their economic prospects are best, they're not going to the Gulf states. There are missiles coming down there.

They're going to go to Europe. That's where the jobs might be. It's where the income might be. They're not naive—they've heard the stories. Plus, for years, Iranians in huge numbers have built communities across all the European countries, and in the United States and Canada. I remember visiting Iranian friends in Los Angeles who told me that's probably the biggest community of Iranians

anywhere in the world outside of Iran itself. Okay, if Europe is worried that it's going to have millions of immigrants—and let's remember, the only way the political leaders of Europe now stay in power is by being anti-immigrant—that's something they almost all have in common, some more, some less.

They can't handle, politically or in any other way, that the United States has risked attacking Iran—provoking a war that could lead to massive migration into Europe. That means there's a special bitterness among European leaders that the U.S. has put them at political risk. This is on top of the risk from energy prices that force deindustrialization, and from their reckless behavior toward Russia, which creates an immense enemy on their border, and so on. No wonder the defense minister, Pistorius, in Germany said, "We're not participating in this war. We will not participate in this war. Nobody consulted us about this war." Okay, but then how are European leaders and their people supposed to take NATO seriously? This is a problem for NATO—NATO wasn't even allowed to discuss it, let alone decide on it. You can't do that. I mean, you just can't do that.

What that does is make NATO into what the Chinese would call a paper tiger. It looks like something, but it's all paper—there's no substance there. And I think this is extremely bad. You know, the center-right politicians of Europe, most of them still try to hang on to being subservient to the United States. And the United States keeps kicking them. I mean, if you're the NATO partner, how is it possible for the president to hit you with a tariff without even the formality of a conversation? "Here, we're going to hit you with a tariff." Or, "We'll lower the tariff, but you've got to give us a lot of money in this way." What? And now this—we're going to go to war in Iran.

That's going to mess up your energy situation seriously, because you need the Strait of Hormuz to get Middle Eastern oil to you. And we're going to threaten you with a horde of immigrants. This is incredible—that you're doing it, and that you're doing it one-sidedly. Now you see the hostility. It's not just a lack of respect; there's a lot of hostility toward Europe. They don't mind seeing Europe collapse. Their sense of invincibility is extraordinary. And it does remind me of the delusion in the ranks of Mr. Hitler and the German army—how you could invade Russia, you could invade Poland. No, you couldn't. You couldn't do it. And in the end, that's what defeated you.

#Michael

Yeah. Richard, you mentioned the possibility of a flight of population from the Middle East into Europe and other countries, and that made me think of something. What about Israeli migration? It looks like the Israeli economy is going to be pretty much destroyed, and a lot of the population may be destroyed. It looks like Iran is going to end up doing to Israel what Israel wanted to do to Iran. Where are they all going to go? What country is going to take them? This will be like when the German Nazis were moved to the United States or under U.S. protection in Argentina and Latin America, becoming part of Operation Paperclip, when America absorbed the Nazis and used them in the fight against communists. What will the reaction of European and American populations be to Israeli immigrants compared to Arab and other immigrants affected by U.S. wars? What do you think?

#Richard

Well, I don't know. I haven't asked myself that question. But one of the first things that has to be faced is, if my understanding of Israeli history is correct, that in a sense, the difficulties Jewish people had in Europe are part of what created Zionism—the notion that there could be a safe place where you wouldn't be the victim of pogroms and all those other anti-Jewish outbreaks that went on for centuries in Europe. And then the British, who didn't particularly want the Jews to settle there, gave them a piece of their empire. That's where the Palestine story starts.

The British felt they controlled that area rather than the Palestinian people who lived there. They created this space and said, "Okay, you can go there," and you had, you know, maybe half the Jews of the world, or whatever the percentage was, finding their way there in the hope that it would be safe. But it isn't safe, and they should have understood that from the beginning. If you're the implant of a colonial power, that's not the way to begin. That's why the early years of Israel saw very violent struggles with the Arab communities around them and a long history of enmity. And they think now that by using military force they're going to solve that problem. I don't think so. I don't think that kind of problem ever gets solved that way—unless you literally obliterate.

And I'm afraid that may be the conclusion the Israeli government has come to—that the only way for Israel to survive is to do to the Palestinians what the immigrants to what we call the United States did to the native people they found here. They killed them all, you know, except for the small handful left on reservations and so on. In terms of the basic population, it was pretty thorough ethnic cleansing. And I think the Israeli government has reached a conclusion a little bit like the Iranians: they don't want another fifty years of continual vulnerability to attack from the United States. They've spent seventy-five years in that situation, except for the time of the Shah, whom they hated for other reasons.

They don't want this anymore, which I understand. And they don't want to have that risk. The Israelis probably feel more or less the same—feel at risk—but have turned to the extreme right to try to solve the problem by obliterating the Palestinian people. And that's a project they can't accomplish. So what you have is this horrible, continual stasis. By the way, the recent stories from the West Bank are as horrible in their way as the Gaza stories were before. So this process keeps evolving. And Israel must be hoping that somehow this gives them at least a little more time. And it may—but it will give them more time at the expense of even more enmity and more loss.

#Nima

Yeah.

#Michael

Michael, the foundation myth is one of vengeance. It's vengeance against the Europeans, and especially Russia—meaning primarily Ukraine—for the anti-Semitism. And instead, as a result of the anti-Semitism that created Zionism, there were two responses. In America, especially among the German Jews who came here, they wanted to escape ever being isolated and facing anti-Semitism again by assimilating, just as the Jews assimilated in Spain after the Catholic attacks of Ferdinand and Isabella to drive them out. But the other response to anti-Semitism was to become a mirror image: they hate us, we hate them.

We are going to have vengeance against them. They lived for vengeance. And that was the philosophy of "it's us versus them." That's what led the Zionists to want to exterminate the Palestinians in the West Bank and in Gaza. And as you just pointed out correctly, they're doing the same thing in the West Bank now—applauded by England, applauded by Germany—countries that have banned all criticism of this genocide. Well, just imagine now: these countries are going to accept a huge Israeli exodus, and the Israelis are going to carry the same hatred they had against Russia when they became the neocon class in the United States.

They'll become the equivalent of Trump's MAGA group, merging with the nationalistic right-wing movements in Europe to make it anti-Islam, anti-Russia, anti-Chinese, anti-Asian. You're going to have the same hatred—the same feeling of treating others as subhuman—that you saw with Americans treating Native Americans, Israelis treating Palestinians, and Ukrainians treating Russian speakers. All of this is now going to shape European politics, and possibly American politics too, if there's a huge exodus here.

#Nima

I think if you're interested in knowing more about Zionism, I have a really great guest on this podcast, Yaakov Rapkin. He's an academic in Canada, a Jewish scholar, and he talks extensively about Zionism—what it is and what it means. He said something amazing about what's going on in Israel. He went there and spoke with many people, and he said that many of the religious people living in Israel today are simply connected to the land. They don't care whether the country is called Israel or Palestine—they just want to live there. They'll be part of whatever government ends up controlling the region, and they'll stay there for the rest of their lives. That's the reality. I think that land has been shared for many years by Muslims, Jews, and Christians all together, and it's complicated. Yeah.

#Michael

A lot of religions have at their center the question: how do we overcome this feeling of vengeance? You could say that was one of the main problems ancient civilizations dealt with—the law of retaliation. The idea was, instead of retaliating and having a feud—if your family injures one of ours, we'll retaliate by killing or injuring one of yours—this is the law of Talion. And that's how they made

their guilt: "Well, we'll settle it by a means of payment." The idea in ancient civilization was, how do we escape from this cycle of vengeance? I think Iran has largely escaped from that.

The Iranians I've met—I don't see any sense of vengeance there. How do we avoid this law of vengeance? Well, of course, they have to retaliate against the attack now. Of course, they have to respond. But the question is, how do you lose your humanity by saying it's us versus them? Everybody not in our clan, not in our religion, not in our race is an enemy and subhuman. How do you avoid that fight against civilization—the fight against civilization that's led by the United States' value system, by Trump's hatred of immigrants, his hatred of non-Americans—as if they're just as much subhuman as the Ukrainians accuse Russian speakers of being?

Or is Israel accused of being Palestinian? It's a mentality. And it's this mentality that civilization, for 5,000 years, has tried to overcome—to prevent religion from turning into a religion of vengeance and war, and from causing the kind of damage to personality you see among so many young people in Israel, for instance. The prison rapes, the rapes of women, the focus of American policy—"let's bomb the schools and hospitals in Iran, first of all, to demoralize the population." This is an attack on civilization, and that's really what's at stake right now.

#Nima

Yeah. Richard, do you want to add something before we wrap up?

#Richard

The only thing I would—here's a dimension that maybe is appropriate for our next conversation. I often think, I'm not sure of this, but I often think that in the end what will happen is that the internal costs to the United States economy will be so severe that the people, on the one hand, and the employer class, on the other, will want to see Mr. Trump go. That he has become, you know, a burden or a luxury they can no longer afford. Here's what I mean. I'm not talking about the levels of income and wealth inequality—although they are off the chart in the United States and getting worse literally every week—and that eats away at the way this country works.

But just a little of the arithmetic. He wants to raise the defense budget to \$1.5 trillion, which he'd have to do if he's going to make good on his threats to Cuba, Colombia, Venezuela, Greenland, Panama, and Canada. I'm sure I've left something out, but no. So he asked for an increase of \$600 billion. Now, for the war in Iran, he's asked for \$200 billion more. So that's eight—six and two, that's eight. The military budget this year is nine. So he's almost doubling it in one year. And we already spend more on defense than the next eight countries combined, last time I looked at that statistic. So... is there new revenue? Well, the answer is no.

The big, beautiful tax cut reduced government revenue, and the tariffs—which brought in some—have now been declared unconstitutional. The people who paid them are demanding refunds, which

I'm sure they'll get. So there's no new revenue to speak of, and at least \$800 billion in new spending that he's committed to and that the Republicans will give him. There's no way on earth—where is he going to get this money? He has to borrow it. But with a double-A rating, the interest rates he'll have to pay will be higher than what we have now. In other words, the Federal Reserve, which has begun this conversation, is not going to cut interest rates in the second half of this year, as they had originally planned to do.

And remember, that's why Trump went after Powell—to get rid of him and bring in Mr. Walsh, who would do this quickly. Now the Board of Governors is saying, "We expected inflation from the pass-through of energy prices, and therefore we're going to raise interest rates." Holy mackerel—there goes your stagflation. Then we're going to slow down the economy while we have inflation, and the government will be forced to borrow and pay these higher interest rates. It's going to drive the population crazy, but it's also going to drive employers crazy, because this level of disruption in a down cycle—and with all the private credit that nobody knows quite where it is or how secure it is—means it's not secure. That's why it was created: to escape the regulations.

I think you're setting us up for some very serious domestic economic problems. Axios and some of these other outlets are now using the phrase, "Is Mr. Trump leading us over the edge of a fiscal cliff?" Well, that's their way—Keynesian economic, monetary, fiscal policy—but they realize we're not looking at that. Congress is full of exciting debates about Iran, but here's a simple way of understanding it: we can't afford Iran, and that's a problem. We can't afford this grandiose gesturing. We just can't do that. And if we try, the internal economics of it are going to be, I think, extraordinarily disruptive.

#Michael

Richard, the whole purpose for the right wing in the United States is to create a fiscal cliff—that's a godsend. The same reaction here is going to be what happened in Germany and in England. What are you going to do to fund all this military spending? Cut back social spending. You're going to cut back the social programs to balance the budget. And this talk of inflation is junk economics. A Great Depression isn't inflation—it's deflation. As you just correctly said, what's going to happen is mass unemployment, impoverishment, people losing their jobs, as we've been discussing—the fall in industrial employment in America during the first year of Trump's second term, down almost 100,000 last year. We're going to have large-scale unemployment here in Europe.

Just yesterday, Mercedes—the car company in Germany—said, "We're getting out of the car business and going into the arms business." That's the future. You're going to have the whole economy moving away from producing goods used by consumers—meaning wage earners—to goods used by the government. There's going to be a drastic decline in living standards, an increase in polarization between wealth at the top of the pyramid and the increasingly indebted population in the United States, Britain, Germany, France, and other European countries. Families won't be able to afford the higher heating costs, the higher gas costs to drive their cars. They're going to fall behind

on their budgets and have to borrow even more money from credit card companies and banks, and the debt crisis will deepen. This is the dream of the upper one percent. This is the culmination of the class war.

#Richard

Yeah, but you know, in the end, they need the mass of people, and if they keep squeezing that mass of people, there will come a time when you'll get pushback. I think they're afraid—they're becoming afraid of that. I think they watched here in New York City, telling everybody, "Don't be crazy and vote for a Muslim socialist," and the mass of the people basically said, "We don't care about you. The rich people will all leave—no one cares." It wasn't true, but the point is, nobody cared. We're beyond that kind of control. And I think we're at that point now where I don't think you can push Americans into a depression without getting the kind of reaction you had the last time you pushed people into a depression in this country, in the 1930s. You had the CIO and the explosion of two socialist and one communist party that suddenly became politically powerful in this society. It's not that people remember that—they don't—but it's not something I made up. That is what happened.

#Michael

Well, that's why Trump and the Republicans are changing the election laws. It won't matter who Americans vote for, and that's why they've made the Democratic Party just as right-wing as the Republican Party—making sure that supporters of Mondami or Bernie and the other socialists don't have any voice at all within Congress, in either party. So you're getting, I guess, what used to be called fascism.

#Nima

Thank you. Thank you, Richard and Michael, for being with us today.

#Michael

I hope we didn't just get you banned from YouTube.

#Nima

See you soon.

#Michael

You.