Capitalism’s Morbid Symptoms: War, AI and the Crisis of the West | Prof. Radhika Desai

The liberal capitalist class is in panic — and for a good reason. Their reign of terror is finally coming to a close. Not only because of the emergence of the formerly colonized Global South but also because the capitalists have so thoroughly hollowed out their own nation states that collapse is all but inevitable. Professor Radhika Desai joins Pascal to examine elections, imperial power and the deepening crisis of neoliberal capitalism. They discuss Brazil, Israeli politics, the Israel lobby debate and the relationship between class interests and national strategy. Desai argues that financialization, inequality, repression and speculative AI investment reveal systemic decay. The conversation also considers youth protests, European rearmament, the postwar social compromise and China’s contrasting development model, asking how economies could prioritize ordinary people’s welfare and sustainable prosperity over private profit. Radhika's Links: YouTube — Radhika Desai, Geopolitical Economist: https://www.youtube.com/@RadDesai Substack: https://radicaldesai.substack.com Patreon: https://www.patreon.com/RadhikaDesai Neutrality Studies Links: Neutrality Studies Substack: https://pascallottaz.substack.com Support Neutrality Studies: https://neutralitystudies.com /donate Neutrality Studies shop: https://neutralitystudies.com/shop Time Stamps 00:00 Brazil’s election and the Latin American left 07:47 Israeli elections and Netanyahu’s wars 11:48 The Israel lobby and US imperial interests 17:18 Class, nation and geopolitical economy 25:22 How neoliberalism dismantled the postwar compromise 31:29 Financialization and the AI bubble 37:05 Youth protests, repression and European rearmament 45:23 Capitalism’s crisis and China’s alternative

#Pascal

Welcome back, everybody, to Neutrality Studies. Today, we have an update with the wonderful Radhika Desai, the owner, operator, and host of the Radhika Desai Geopolitical Economist channel and a professor at the University of Manitoba in Canada. Radhika, welcome back.

#Radhika Desai

Great to be back with you, Pascal, after our wonderful conference. So, yes.

#Pascal

It was great having you here. For everybody who hasn't seen it, Radhika was in Japan less than two weeks ago, and she gave a beautiful presentation about her approach to international relations, her Marxist approach. And we will talk about that in the second part of our interview, but I want to start with something that has been happening in the last couple of days. We have a lot of elections right now. We had Lula da Silva winning in Brazil. Right now, as we speak, the Israelis are going to the

polls, and we also had votes in Bulgaria. Let's start with Brazil. What did you make of the surprise victory, actually, of Lula da Silva?

#Radhika Desai

Well, actually, I was less surprised than many. On the Sunday before the second round of elections, the International Manifesto Group, of which I'm the convener, held one of its regular fortnightly webinars. It was in between the first round and the second round, so, of course, we analyzed what had happened, you know, what had led to the outcome of the first round. There were two things I was very aware of. First was that the Lula camp understood that it had been a little, shall we say, complacent.

In the first round, they had been a little complacent. Now, in the three weeks between the first and second rounds, they were going all out to get their vote out. And I thought that if they did that, it would be very likely to lead to an upset victory for Lula. I say "upset" because, of course, the establishment press are not exactly in love with Lula. As you know, the Brazilian real has fallen to its lowest point since 1998 as a result of Lula's victory. So we know they're not in love with Lula. And they were gleefully underlining the point that no candidate who has lost in the first round has won in the second round.

And I said, this could be different, not least because the margin of victory was very small. It was less than 2%. So the first thing I knew was that an effort was being made. And I know that the Lula camp has grassroots mobilization capacities, so those were being brought into play. But the other thing I knew as well is—consider this: Lula was first elected in 2003, I believe. He had two terms. Then Dilma Rousseff had two terms. And then Jair Bolsonaro got his one term. And essentially, in all the time since then, the right has only had one term in office. I mean, the pressure of the situation is leading in the direction of the left.

And so I had already been saying, you know, before all of these things became necessary, that even if Bolsonaro were to win—and I considered that unlikely before the first round—it would be a very unstable government. And even before the first round, people were predicting that Bolsonaro would have a difficult time carrying out some of his pledges, including his pledge to cut the deficit, because you can't just cut welfare expenditures to nothing. This is what the Brazilian public has come to rely on. So all in all, I would say that the momentum is behind the left. Of course, that doesn't mean that the left can't make a big mess of things.

It can. Hopefully it won't. And so let's see what happens. Obviously, there will be a lot of pressure from the establishment forces, from the corporate and capitalist forces, as there is on the real right now. Everybody is saying that, you know, the euphoria around Lula's victory is going to dissipate as soon as he confronts the fiscal reality. Sure, all of these things are important. But I think that Lula's

victory has strengthened the left in Latin America after about six other elections that were lost by the left across Latin America. And I think this is going to put a lot of steam behind the left. The pink tide, which has surged and waned, will surge again.

#Pascal

Because in South America overall, we've had, of course, a swing to the right over the last couple of years, especially with people like Milei in Argentina, but in other countries too. So the big question is: is this going to continue? And the thing is that the right in South America is also very much pro-American. It's actually very neoliberal and very much in favor of integration into the US hegemonic enterprise. On the other hand, other people, including Alexander Mercouris, have pointed out that Lula da Silva himself is actually not disliked by some of the, let's call them, hegemonic or imperialist forces, especially in Europe. I mean, von der Leyen was very quick to congratulate him, and the European imperialists are rather fond of him, or at least do not dislike him. What do you make of that?

#Radhika Desai

Well, I think that, yes, you can say that about Lula. I mean, remember that the Congress in Brazil has remained fairly tilted towards the right. So, you know, the corporate capitalist classes have been able to get a substantial amount of what they want. But I suspect now, Mrs. von der Leyen's enthusiasm notwithstanding, that Lula will rule with much greater conviction. I should have added one other thing, by the way. The Supreme Court in Brazil has actually played a decent role in all of this. You know, they allowed voting to be extended because the buses were not working and so on.

So that extension of voting hours was allowed. And they have not allowed Flavio Bolsonaro, at least so far, to succeed in his attempt to essentially put a question mark over Lula's victory. So in that sense, I think it's been good. And I should also say that, you know, since the democratic constitution of 1988, Brazil has basically voted to the left. And I think that's a very important thing. I mean, you know, you had Fernando Henrique Cardoso, who was not exactly a Lula, but he still campaigned from the left. He campaigned as a center-left candidate.

#Pascal

Hey, just a very quick note. The best way to support this channel is by signing up for my free Substack. You can also help with a paid subscription there, or you can get some of our new merch on neutralitystudies.com. Links below. See you there. Thanks for that. Now, just for one second, what's going on right now as we speak is the election in Israel. And the reason why I'm not at all excited about this is that, basically, the choice is between genocide and even more genocide. It's genocidal rhetoric on all sides. And the way that these different parties in Israel competed, except, of course, for the Arab parties or Arab-friendly parties, is by asking, well, how much violence do we want to use?

Now, Benjamin Netanyahu just put out a tweet, and let me read that to you for one second, because I find it quite telling. He says, "This is an emergency call. The future of the Jewish state hangs in the balance. Go out and vote right now. Higher-than-usual voter turnout in the Arab sector compared to the low turnout among right-wing voters." And then beneath that, he posts a picture of people queuing in front of a polling station, showing a lot of women in veils, a lot of Muslim women. I found this itself quite telling, also, of how Netanyahu and the others obviously look at their own citizens. Let's just repeat: these are their own citizens, the 25 or so percent of non-Jewish citizens of the Zionist state. What are your expectations? What do you make of it?

#Radhika Desai

I think the Israeli election is on a knife edge, so I do not know which way it will go. I completely agree with you that it is genocide versus genocide in two different formats. So on that, I really have nothing to say about the outcome of this election. The only thing I will say is that if Netanyahu loses, then he is in very, very deep trouble, which is why he's doing everything in his power, because there are all these corruption allegations against him. There will be the whole investigation of what really happened on October 7th—you know, what were the failures of his government and so on. And as you know, he will try everything. Maybe I should say two things.

Number one, in addition to the images you are talking about, he also posted an image of a mushroom cloud over Jerusalem, claiming that if people did not vote for him, this would be the outcome: that the Iranians would nuke Israel and that would be the end, etc., etc. So that's the first thing. The second thing I want to say is that, you know, there used to be a time when there was a left in Israel, you know, that was sort of courageously campaigning on behalf of Palestinian rights and so on. But it is really sad to say that this left seems to be nowhere in evidence today. And more and more, the overwhelming majority of Israeli society seems to be in favor of this war.

And if there is a critique of Netanyahu, it is only, "Why don't you finish the job? You know, what are you waiting for? You should go ahead and essentially destroy Iran, destroy Gaza, destroy whatever." And, you know, there is an old saying: "Those whom the gods would destroy, they first make mad." And I think that this is the kind of madness that has descended upon Israel. There is absolutely no way that they can win against Iran. But this is the war that Netanyahu is committed to. And he seems to have painted himself into a corner, into an extremist corner. In fact, the whole of Israel seems to have painted itself into an extremist corner, out of which it can only emerge much diminished, is all I can say.

#Pascal

Before coming to our chat here, I listened to a podcast on John Mearsheimer's channel in which he and his co-author Stephen Walt, together with the two authors of the new book Israel's Lobby—I forget their names—analyzed a bit of the history and power of the Israel lobby and how it has

developed over the last 20 years. One of the points they made is that the unconditional support Israel is getting from the U.S. state apparatus, thanks to the lobby in the United States, actually undermined any and all moderate forces inside Israel, who basically got swept away. The entire political process over the last 25 years developed in a way that empowered the lunatics and actually contributed to the radicalization of society. Is that a dynamic that you would also see this way? And would you think of the moderate left as one of the victims of that?

#Radhika Desai

You know, much as I respect Professor Mearsheimer, and I especially like what he's done on the Ukraine front, constantly insisting that the Ukraine crisis is the West's fault, I'm not sure I agree with him on the Israel lobby. I think that, unfortunately for him, the whole paradigm of realism practically requires him to produce the hypothesis of the Israel lobby because, you know, clearly the United States is not acting in its own national interest, right? Because it's acting in the interests of American corporations. So it's not acting in its national interest. And how do you explain that? You then pull this rabbit of an Israel lobby out of a hat. Now, I am not thereby suggesting that the United States and Israel do not have a very, very intimate connection. They do.

But I think that the United States is pursuing its own imperial project, which is rooted in the interests of the very capitalist classes that I was talking about earlier, you know. And the pursuit of this project is not necessarily in the national interest of the United States, if by that you mean anything remotely resembling the interests of most Americans. So Professor Mearsheimer has a theoretical problem, which he has solved by proposing the issue of the Israel lobby. But I think that the paradigm of imperialism—by that I do not mean a fait accompli, but the attempt to exert power over the rest of the world—has always involved the settler colony of Israel. Imperialism often works through proxies. Israel is the proxy of the United States in the region. It's one of those unsinkable aircraft carrier things, you know. But that doesn't mean that the proxy cannot occasionally act on its own.

The proxy may sometimes take the initiative into its own hands. You know, as in the famous poem, “The falcon cannot hear the falconer.” So it may do whatever it wants. And so I just want to say that there may be moments when the two partners, namely the United States and Israel, act with a certain degree of autonomy from one another. They are not always completely aligned. And finally, I would say that, actually, I think that in recent weeks, in the run-up to this election, Netanyahu has been clamoring for renewed strikes on Iran. We all know that. He has been putting pressure on the American administration, but he did not get what he wanted. Israel is voting today, and there were no strikes on Iran in the run-up to the election.

And this is clearly a situation in which the interests of Netanyahu and the interests of Trump are at loggerheads with one another, because Netanyahu wanted strikes to occur, but Trump wanted no strikes, at least until after the election, because he knows how unpopular the war is. Everybody in the United States is equating the war with the high price of oil and generally high inflation and so

on. Which is why, by the way, Trump is going out of his way to blame the high oil prices on the Ukraine war and not on the Iran war.

He even went so far as to claim, you know, that he has control over Iran's oil and that Iran is a failing state, and blah, blah, and so on. But of course, everybody knows that the high oil prices are directly the result of his ill-fated Iran war. So, to come back to the main point about the Israeli elections, I'm afraid I don't have great hope that anything will change in Israel vis-à-vis the wars that it is conducting—all the wars that it is conducting against Lebanon, against Gaza, against Iran, etc., and also, I'm sure, by cooperating with Saudi Arabia against Ansarallah in Yemen.

#Pascal

And I think this point deserves expanding on a little bit—what you started with, you know, this issue that if you begin with realism in international relations, then you're basically condemned to trying to explain why states deviate from the basic tenets. Whereas when you start, as you do as a Marxist, with class and an analysis of the capitalist system, then suddenly it makes sense that the capitalist class of the empire, of which Netanyahu, Trump, and the European elites are all part, cooperates across the board. And the question is not, "Is the dog wagging the tail, or is the tail wagging the dog?" No, it's like one hand washing the other.

And the imperialist project is then unfolding in front of our eyes. The genocide is part and parcel of it because it's part of the expansionist drive of the entire empire. It doesn't matter that it is split up into different nations. That's actually part of the attraction to it. When we look at it that way, where do you then see the actual, you know, fault lines? Because, as we know in political science, you always have cleavages, even within something like the capitalist system. There, we of course have the cleavage, or the conflict, between the upper class, or the capitalist class, and the working class. And that fight then starts breaking out at one point or another. How do you think it manifests itself in this version of imperialism that we're seeing?

#Radhika Desai

That's a very profound question. So let me take a couple of steps back. First of all, let me say that, you know, very often people think that the approach I have suggested, geopolitical economy, is just focused on states and neglects classes. But of course, my point right from the beginning has been to say that, no, Marxists have tended to neglect nations. So I want to put class and nation together in the same frame. That's, in fact, my endeavor. That's why I call it geopolitical economy, because political economy is about class, but I'm bringing these sort of international dimensions into it. So that's the first point. The second point I would make is that there is absolutely no doubt in my mind that class issues are playing a very, very big role in all of this. We've already talked about Brazil.

And of course, you know, class and nation are directly connected. So Lula's victory in Brazil is also a big victory for the forces of multipolarity. It's a big victory for BRICS, or those who support BRICS,

and so on. So domestic developments have direct implications for foreign policy. Now, how do I see the interaction of class and nation vis-à-vis the United States in particular? I have argued from the beginning of this Iran war that the Trump administration went into the Iran war for entirely domestic reasons. How do I make that argument? So basically, you know, the New York Times very helpfully publishes an overall poll of Trump's approval ratings and so on. And if you take a look at that, you see that a couple of months after his inauguration, they begin to go down, and then they maintain a steady downward trend from that time on.

The decline in his approval ratings has not stopped. Why are they dipping? The reason is very simple. Trump, as before, promised ordinary working Americans everything under the sun that he could possibly promise. You know, "I'm going to give you back good jobs. I'm going to bring down inflation. I'm going to reindustrialize the United States," you know, blah, blah, et cetera. You know, all these things, including getting rid of unemployment. All of this stuff was promised. Of course, as soon as he got into office, he got down to the business of doing what every American president does and what he has also always wanted to do, which is serve the corporate capitalist class of the United States. And this is why he has been getting more and more unpopular.

And the situation with Trump is a lot worse because, on the one hand, he promised ordinary people a great deal. So the contrast between his promises and his actions is enormous. And the second reason is that neoliberalism, which necessarily requires this divergence between promises and performance, has now been at work in the United States for nearly 50 years. When it first started, the U.S. economy was still relatively robust, so the damage that neoliberalism did did not cut so close to the bone. But 50 years later, people are really hurting. And so they need a very radical solution. They actually need someone who doesn't just promise what Trump promised, but actually carries it out.

And that's what they haven't got. In the face of all this, knowing that his domestic policies were doing nothing for his approval ratings, and knowing about a year ago that he was a year away from the midterms, he began to cast around for some kind of international issue or war in which he could declare victory. He first amassed the armada off the shores of Venezuela. Over several months, he took a lot of innocent lives by essentially bombing innocent fishing boats and so on, claiming they were ferrying drugs and what have you. And then, out of this enormous mountain of his armada, he produced the mouse of the kidnapping of Maduro.

And I take the view that, you know, Delcy Rodríguez is not his proconsul, his viceroy in Caracas. He had to deal with Delcy rather than put somebody like María Corina Machado in her place, because he knew that there was no way that any force other than the Bolivarian Revolution could actually control Venezuela. That is why Delcy Rodríguez is still in office. Anyway, so he lost on all this. And by the way, the entire Venezuelan adventure did nothing for his approval ratings. So then he proved particularly susceptible to Netanyahu's pleadings. Netanyahu has been pleading with every American president since God knows when, since he was elected, to attack Iran.

But Trump gave in because he was desperate, and he actually is stupid enough to believe Netanyahu when he said, "Oh, well, Donald, you know, it's just going to be a weekend's affair. We'll go in, we'll bomb them. The Iranian people will rise up. They will remove their government. We will declare victory. It will all be over." Trump fell for it. This is, to me, the real reason why Trump is in such a big mess. And it comes from the deep crisis of U.S. society, whose most prominent symptom is the election of Donald Trump in the first place. You know, why did any politician have to promise so much? Because so much has gone so deeply wrong over 50 years.

#Pascal

Yeah, and of course, I mean, all of the structures that the system has built—that liberal onslaught on the state, which, you know, once upon a Rooseveltian time, in the New Deal era, actually had very important anti-liberal or anti-capitalist components.

#Radhika Desai

I mean, there were compromises capital had to make in order to keep...

#Pascal

And those compromises were made, and that's what made sure that the '50s and '60s were extremely prosperous, after what were actually also quite good '40s, although those were also partially based on the war economy and the necessities of that type of system. But then all of that gets hollowed out, and with that hollowing out, there are also all of these particular interests. And that's where Mearsheimer's lobby does come in, you know, the possibility of having such a system in which particular interests, class interests, can dominate a social system, right? And what we are seeing now, in your analysis, right, are the morbid symptoms of something that has already hollowed out the basis of its own power and is left with nothing but the rhetoric, without the actual underpinnings. Is that correctly put?

#Radhika Desai

Yeah, sorry, I kind of missed your question. Can you just repeat that? And maybe you can edit this out?

#Pascal

Is that the portrayal we have now of the United States—a country that has hollowed out its own sources of power through the exploitative capitalist system?

#Radhika Desai

Yes, I see what you're saying. So basically, in the immediate post-war period, the period of compromise, the Keynesian welfare state, whatever you want to call it, there was actually some sort of commitment that capitalists had to make to at least partially recognize working-class interests and cater to them, and so on. And this had to be done because capitalism was at a very, very low point in terms of its prestige, having led to two world wars. People at that time were very aware that they were imperialist wars. It had led to the Great Depression, which, by the way, hit the United States the hardest, for reasons we can discuss.

But the U.S. suffered the most in the Great Depression. So out of all this, then, you have this class compromise. But the moment this system goes into crisis in the 1970s, the neoliberals, who are basically spokespeople for corporate capital, decide that they are going to take the entire system in the direction of rolling back those compromises that capital made with labor and essentially pursue the interests of capitalists in a one-sided fashion. And so, obviously, this then requires a combination of force and fraud in order to control the people, because you are giving the people very few material concessions.

So their stake in the system is shrinking day by day. So you can either fool them or you can force them into supporting you. And if you look at the sheer amount of money that has been spent on U. S. elections, and how much that amount has been rising, that shows you just how much investment has been made in the fraud part of it. And of course, as far as force is concerned, I mean, there is repression within U.S. society: censorship, repression, the persecution of dissident voices. And today, of course, there are also the ICE raids and so on. So the levels of repression have been increasing.

#Pascal

You know, something that I found interesting about our conference two weeks ago is that there was one thing I think none of us disputed. We had various kinds of analysis, from psychological to Marxist to geopolitical, of different colors. But the one thing everybody agreed upon is that, basically, liberalism and the liberal order—the way the whole post-Cold War system worked, I mean, the unipolar moment—are to blame. And that's where we need to look for the actual problem. Basically, we've come to a moment when the current Western classes that are still very much in favor of all this imperialist expansionism, including in Europe, are still those brought up as part and parcel of this kind of transatlantic class that rules through institutions. And Ursula von der Leyen says so openly.

She says multilateralism must rule. Multilateralism is the rule of international institutions that sit on top of the state. If you look at the IMF, the World Bank, even central banks and so on, these are all instances where political power was taken away from people and put into the hands of—if you want to be benign, you call them technocrats. If you want to be nasty, you call them globalists or whatever. Just a group of people who benefit massively and directly from the system and do not have to answer through democratic means to the people they rule over. Can you speak a little bit to that and how you see what we figured out at the conference? What are the monsters that we talked

about, or the morbid symptoms, as Gramsci put it, that are currently ruling over the decay of the system?

#Radhika Desai

Well, I mean, there are a lot of different ones, but let me just, off the top of my head, name some of the more important ones. So obviously, one element of this, one morbid symptom, is simply that the state, which claims to be democratic and which, at least so far, has held regular, periodic elections, is nevertheless ruling in the interests of a tiny elite. So you have the whole slew of neoliberal policies. You shift the burden of taxation from the rich to the poor so that, you know, essentially you preside over a system of regressive taxation. You deregulate so that the powerful corporations have fewer and fewer social obligations that they must fulfill. There are fewer and fewer regulations that they are required to conform to, etc.

There is privatization, in which state-owned assets are essentially given over at bargain-basement prices to private capitalists. And very often these are monopolies, which they can then derive rentier incomes from. There is increasing financialization, so that not only banks are allowed to speculate. The repeal of Glass-Steagall in 1999 was a very important transition point here because, until that time, commercial banks were, on the whole, not allowed to engage in speculation and trade on their own account and so on if they wished to enjoy Federal Deposit Insurance Corporation protection. After that, they were free to do so while enjoying this sort of protection. And when commercial banks entered into the realm of speculation, you can imagine just how much havoc it created because, of course, they could throw a lot more money into it.

Commercial banks were much bigger than the old boutique banks, the old so-called investment banks that were allowed to speculate up to that point. So, in fact, the repeal of Glass-Steagall also, on the whole, led to the end of most of these so-called investment banks, with Goldman Sachs being the only one that has survived because it essentially also then transformed itself into a commercial bank. So financialization, the indebtedness of governments, corporations and households, the deindustrialization of the United States, rising inequality—all of these are morbid symptoms. And today, the morbid symptom to cap them all is the whole AI boondoggle. AI is essentially being allowed to pursue this holy grail, this impossible goal of creating what they are calling artificial general intelligence, what Trump now wants to call artificial superintelligence.

This is not going to be achieved, nor do I believe that the companies concerned have any better strategy than simply the idea that if you create enough data centers, then eventually you'll arrive at artificial general intelligence. Eventually, quantity will turn into quality, and we will arrive at the nirvana of artificial intelligence. And this is a complete hoax. This is not going to happen. Market participants are increasingly beginning to realize this, which is why Magnificent Seven stocks have not been going up in the recent past.

Instead, Nvidia’s stock has been going up because, no matter how profitable or unprofitable these mad investments being made by AI companies are, Nvidia will make money hand over fist for the simple reason that these other companies are making these mad investments. So the other stocks are not going up. People are beginning to realize that this is wrong. Nevertheless, under the regime of deregulation, they’re being allowed to do all these things. They are putting trillions of dollars into this—trillions of dollars that could be put to other good uses, resources that could be put to other uses.

They are increasing the prices of electricity. They are engaging in tremendously energy-intensive projects in search of this AI, when in fact there is utterly no guarantee of success. Everything we know tells us that they are not going to succeed. Nevertheless, they are being allowed to do all these things. At whose expense? On whose backs? This is the ultimate obscenity. And this bubble is going to crash. And when it crashes, as much as the powers that be, as much as the Trump administration, will want to bail them out, I doubt that they will actually have the resources to do so. It will be that big.

#Pascal

Do you think that the protests we’re now seeing in Europe, especially in France—violent protests, very violent protests—are also part of this general development? Is this a first outburst of the general discontent of people who are just fed up with it and are now breaking stuff in order to somehow vent their frustrations? Yes.

#Radhika Desai

Absolutely. I mean, you see that young people are at the cutting edge of the protests. And we have created a society in which we are endangering young people in a multitude of different ways. They are basically suffering from a lack of housing. They can't move out of their parents' place. This is even having demographic effects. Serious demographers are talking about how the housing crisis is directly to blame for the low birth rate that you have in most Western societies. So there's already that. Then they are worried about their job prospects, particularly given that, for the last several decades, their governments have been telling them that if they get a university education, they will have a better job.

Now that promise is turned inside out. It means nothing. They don't have a job. But here's what I think is even more serious. Essentially, we are on the verge of creating at least a few cohorts, if not an entire generation, that have been told that they don't need to learn because machines will learn for them. I think, you know, when the learning mechanisms of society go awry, this is social death. Society cannot continue unless the next generation is learning what it needs to learn from the previous generation. And we are irresponsibly telling these young people that they don't need to bother to learn anymore.

Take recourse to AI. And of course, then there are all the other harms of these platform companies, which our governments refuse to regulate. They are creating mental health problems and all sorts of other problems, including encouraging suicides among young people and so on. I mean, we're just becoming a society that is so completely ruled by the interests of big corporations. And big corporations don't sell you what you want. They sell you what they have. And they spend a lot of money persuading you that what they have to sell you is good for you.

#Pascal

I mean, one more thing that I think is worth discussing when it comes to France and the violence over there is something that Mel Bonilla pointed out in an essay of hers online just these days. She was, of course, also with us in Kyoto. And she said, look, one of the scary things about what's happening in France is not the violence by protesters, but the counterviolence that the state is able to deploy against them, including draconian punishments that are all imposed without a state of exception.

France, along with other states in Europe and, to a very large extent, the United States too, has managed to bake the state of exception into its normal modus operandi through legislative changes over the last 10 or 15 years. Do you see it like that too—that we're now seeing how Western states, these supposedly liberal states, have already been transformed into surveillance and power-projection apparatuses by the liberal class that rules over them? Although "liberal" always refers only to the economic sense of liberal, not to the liberties of the individual, right? Not individual freedoms, but the liberal class that rules over the state. Do you share that sentiment?

#Radhika Desai

I do. But let me say one preliminary thing to begin with. You know, I think in any capitalist society—and capitalist societies are the only ones that are founded on this notion of liberty—the core liberty that is protected above all others is the right to property. And ultimately, freedom of expression and the individual liberties that are protected are conditional upon that. Ultimately, also, whatever freedom you may want to have—freedom of association, freedom of speech—it is all subject to the right to property because the more money you have, the bigger the loudspeaker you can get.

And your right to free speech is then that much bigger. Elon Musk has a much bigger right to free speech than you or I have, even though here we are on YouTube and so on. So I just want to say that, you know, the problem with liberalism is that this right to property is at its core. So the rights are not uniformly those of everybody, right? Some people have more rights than others. Okay. Now, I completely agree. In fact, I would extend that. I have long been pondering, as we all have—I'm not an exception—why European ruling classes are so addicted to this darn Ukraine war.

#Pascal

Yeah.

#Radhika Desai

And to me, one of the main conclusions I've come to is that they are addicted to war because that is the only way in which they can keep the neoliberal orientation of their governments going. What do I mean by that? So, as long as you are at war, you can, first of all, have a growth paradigm—if that is what it is, because it's not leading to any growth—but you can have a growth paradigm which is essentially founded on rearmament. That means you can have a growth paradigm which does not involve making any concessions to ordinary working people, increasing the wages of working people, or expanding domestic demand. You can essentially find customers for your products, which are arms.

The customer is the state, so you don't need to expand demand any further. And of course, the state, as necessary, will tax, borrow, etc., in order to do this. So you could have this growth model. And as long as you are at war, you can keep repressing dissent. And of course, now that this rearmament project is ongoing, I have long called the war in Ukraine a performative war. It's not clear to me that the Europeans are fighting it, because it's the Ukrainians who are being destroyed in fighting it. It is not clear to me that they would fight it if push came to shove. But nevertheless, they want to acquire all the arms. So now the arms are being directed against ordinary working people who are protesting, quite legitimately, their miserable life prospects and their miserable living conditions.

#Pascal

I mean, it just strikes me as so reminiscent, so extremely European, that you have this in cycles every hundred or so years: the ruling class gets so decadent and so utterly out of touch that they literally lose the capacity to understand why others are not applauding them when they stand on the balcony and wave to them. Right. Nice image. With the NATO picture, right? Germany giving a peace award to NATO, and the people below the balcony were booing at them. And they were a little bit perplexed. It's like, "Why are these peasants not clapping?" Are we just at another one of these inflection points?

#Radhika Desai

Yeah, you know, I want to come back to the 100 years in a minute. But let me first say that, by the way, this state of unrest had already begun well before COVID. In 2018 and 2019, you had all those Gilets Jaunes protests, the farmers' protests—a whole slew of them. And of course, before then, you had the election of Trump, Brexit, etc. So, you know, of course, the election of Trump and Brexit were forms of misdirected protest. But nevertheless, they were protests against the establishment. So in that sense, I think this has been going on for a long time.

As for the 100-year thing, I would just like to say that, you know, one of the things I've been going around saying—and we discussed this in Kyoto as well—is that the system in which we live has been malingering for 100 years. I think that's really worth remembering. It's really past its sell-by date. It was past its sell-by date in the early 20th century. And it is only because we got that golden age in the post-war years that we don't see it, because we think that, you know, the golden age somehow showed that the system was worth something. But my argument is that that golden age would not have been possible without the class compromises we were referring to earlier. The only reason we got that amazing phase of about 20 or 30 years of growth and expansion is because of those concessions.

And a key part of those concessions was the vast expansion of demand among ordinary working people, in Western countries in particular. But more generally, I mean, you know, remember, the golden age was the age of world growth. So the socialist countries were also growing at a very smart pace. The developing countries, while they were not growing as fast as they would have liked, were nevertheless doing quite well compared to what came in the neoliberal era. So all of this contributed to creating the golden age of growth. And of course, since we reversed those conditions of class compromise, the Keynesian welfare state, etc., growth has been extremely low. Wages have been stagnant. Inequality has been rising.

Whereas, of course, in that era, there was progress towards equality. So what I'm trying to say is that if we take into account that the golden age was an exception, we can more easily see that capitalism is really not serviceable to human needs anymore and that it stopped being serviceable to human needs a long time ago. And so, if we are now seeing a renewed process of rising inequality and ruling-class hubris and so on, it's because, over the past 100 years, we've had that 30-year crisis. Then we had another 30 years of golden age. And then, for the last 40 or 50 years, we've had uninterrupted decline.

#Pascal

At the same time, we have a countermodel. We talked about that too. And that's, of course, China, which in the same period lifted 800 million people out of poverty and into the middle class. So nobody can say it's a symptom of the times, right? We have a control group on the other side.

#Radhika Desai

Yeah, that's such a good point. Exactly. I mean, you can see that China, you know, even with very substantial amounts of private enterprise, big private corporations, etc., is able to achieve what it can because it keeps overall control over the system. Even though, within that big tent which it controls, there may be a lot of private corporations and certainly hundreds and hundreds of thousands, if not millions, of smaller businesses operating in China, it works so long as you've got a

responsible party-state ensuring that the overall direction of the economy, the overall pace and pattern of growth, is such as to benefit, you know, ordinary Chinese people to the maximum extent possible.

I think you see very, very different results. Exactly. You know, I mean, I'm a Marxist, I'm a socialist, but I'm also very willing to say that, look, every country will arrive at its own version of socialism. So long as, at the end of the day, the purpose and aim of growth is the welfare of ordinary people, that's all that matters. It doesn't matter how you achieve it. As Deng Xiaoping said, it doesn't matter whether the cat is red or white, so long as it catches mice.

So let's catch the mouse of a decent standard of living and perhaps even abundance for humanity, but within the bounds of sustainability. I think this is possible. It's absolutely possible to achieve, provided we give up this obsession that we have to maintain this capitalist society, so long as we give up what I call magical thinking: that somehow, if you just leave the market alone, if you leave private capitalists alone, they are going to produce growth and prosperity for us. This is complete rubbish. They haven't done so now for 50 years. It's time we woke up.

#Pascal

Time to wake up and time to realize that to defeat the monsters, you've got to go and catch mice. So catch the mice we shall. Radhika, people who want to follow you should go first and foremost, I think, to your YouTube channel, Radhika Desai, Geopolitical Economist. Where else should people find you?

#Radhika Desai

I'm also on Substack and Patreon if people are interested. And, by the way, I'm going to launch my new website very soon, in the next two or three weeks.

#Pascal

As soon as that's the case, write to me. We'll talk about it again and showcase it to everybody. And I'll be on your show in just a minute. So, Radhika Desai, thank you so much for your time today.

#Radhika Desai

Thank you so much, Pascal. It's always wonderful to talk with you. I think the engagement that we started in Kyoto, and even before that, continues.

#Pascal

We'll carry it on. Thank you, Radhika.