

# Richard Wolff & Michael Hudson: Iran War Just BROKE the Global Economy

## #Nima

Hi, everybody. Today's Wednesday, April 1st, 2026, and our friends Richard Wolff from San Francisco and Michael Hudson from New York are back with us. Welcome back, Richard and Michael.

## #Richard

Thank you. Glad to be here.

## #Nima

Yeah. Let's start with you, Richard, because we were talking about this before going live. You mentioned what the CEO of JP Morgan suggested. Right now, the main issue in U.S. foreign policy is the conflict—the war with Iran. Donald Trump is going to address the nation at 9 p.m. Eastern time. And here's what we've learned from the CEO of JP Morgan: he's suggesting Iran must be defeated, even if it wrecks the stock market. Here's what he said, Richard.

## #Speaker 03

You know, the markets are unpredictable, and it's hard for me to tell you exactly what will happen. But I think they're just looking at whether there's a chance something could go wrong. Now, we should all hope nothing goes wrong. We should all hope that these bad people—well, that we win this thing, clean up the straits, and that Iran is no longer a threat to everybody. But, you know, the markets will be concerned until it's over. Still, I think it's very important—it's much more important that this be successfully completed than what the market does.

## #Speaker 04

That sounds like what the UAE, Saudi Arabia, and the Gulf states are saying: finish this off the right way. They see the urgency here.

## #Speaker 03

Do you? Yes. I hear some people say they weren't an imminent threat. A threat means I'm threatening you—I might do something bad. These people have been doing bad things for 47 years. They've been killing people, they've been killing Americans. They funded that terrible Hamas attack.

Several Americans were killed on October 7th. And they've had proxy wars, they've been threatening people. I think people are surprised to find out they have a ballistic missile that can go 3,000 miles. These are bad people. Yeah.

## **#Richard**

Yeah, well, you know, if you live in a world that's been reduced to the level of a comic book, then you can talk about world affairs in terms of good people and bad people. You ought to outgrow that when you're about seven—around the time you discover that Rudolph the Red-Nosed Reindeer is a caricature, not an actual animal in your neighborhood. Watching Jamie Dimon talk like this should answer a question that might be on a few people's minds. And here's the question: are the people who dominate our economy really any different from Donald Trump? The answer you should have figured out already is no. The style is different, the polish is different, but Mr. Trump and those people are the same people. Mr. Trump likes to organize the world into good people and bad people.

And if you listen to him for a while, you discover that the people who like me turn out to be the good ones, and the people who don't turn out to be the bad ones. Now, look, I understand that's a standard. I could organize the world that way too. Everybody who likes Michael Hudson, I'd call a good person. Everybody who doesn't like Michael Hudson, I'd call a bad person. And then I could say really stupid things like, why hasn't the President of the United States gotten rid of the bad people? Are you four years old? That's the world for you? You just get rid of the bad people? You know, the mentality here. I have to remind people that Persian culture is older than Christian and Judaic. Just so you know, they've been around. They've worked out their problems and their difficulties.

They're complicated people, you know, just like everybody else. And organizing them into good and bad people—if we were honest, we'd understand—that's a fascistic mentality. It reduces complexity to the kind of simplicity that will now allow large numbers of people to be killed on the grounds of, "Get ready, they're bad people." The thousands who have died in Tehran from the indiscriminate—and that's what it's been—bombing, what are those, all bad people? Really? What you're doing is embarrassing. This level of discourse is embarrassing. But it goes with being the head of a big bank. Your job is to make money; everything else is unimportant. And so you end up not understanding anything else and just going with whatever seems consistent with your position as the head of a big bank.

Pathetic is the only word to describe it. And I might mention, for those of you who don't know, right now in Canada, Mr. Carney is very popular because he was critical of Mr. Trump—but not about these kinds of issues. On the question of bombing the crap out of Iran, Mr. Carney is all in. The majority of Canadians answer every poll like the majority of Americans: they're against the war. But Mr. Carney, a banker—like Mr. Dimon, a banker—that's how the world is. Bad people that the good American military are punishing. This is the mentality of our leaders, and we ought to understand what it means that we allow them to be our leaders when they demonstrate such a screaming incapacity for the position they hold.

## #Michael

Richard, this wasn't the case 60 years ago when I joined Chase Manhattan back in 1964. The head then, George Champion, was very different from Jamie Dimon. He opposed the Vietnam War because he said it wasn't fiscally responsible. Well, you can imagine this caused some distress with his successor, David Rockefeller, who was very nice but very shy and was surrounded by speechwriters provided by the Treasury or the State Department. David Rockefeller wanted to be a good citizen, and his idea of being a good citizen wasn't to put the bank's interests first or to question foreign policy, but to do what the Treasury people recommended him to do. And the Treasury asked him, "Well, we're having a balance of payments problem with the Vietnam War."

Vietnam was part of a French colony. When we spent dollars there, the Vietnamese turned those dollars over to their banks for domestic currency, and the banks sent the dollars to France—to General de Gaulle—who cashed them in for gold every week. The Treasury said, "Could you, Chase, please open an American branch there so we can handle the dollars we spend and make sure they're sent right back to the head office?" So Chase built a branch that didn't have any windows, because if you have windows, you're prone to being bombed and people can get hurt. The bank didn't make any money on this, but David wanted to be a good American citizen. When I met with him, that was always his feeling—he thought he was being objective.

And of all the management there, he was the one who encouraged me to write whatever I thought was realistic. He said, "If it's not in the bank's interest—meaning the Treasury's interest—we won't publish it. But we think what you find out seems to be in our interest. So just write whatever you find in your statistics." That was 60 years ago. You're right, in the sense of asking how on earth we can explain the behavior of the financial markets today. You'd think they'd be smart enough to come to the same conclusions that all of Nima Alkhorshid's guests—his military guests, his political guests—have expressed, and what you and I have said: that this war is going to be a disaster for the world economy, and it's going to push the whole world into a prolonged depression.

I think it's as serious as the 1930s, because it really is World War III, as we've discussed. And I think you're dealing now with a financial market that lives in the short run. There's no concept or concern about fiscal irresponsibility. They're focused on how the stocks are going to do—"Well, let's look at what he's going to say tonight." For the last month or two, all of his big speeches have followed the same pattern: there's a very positive speech on Monday, the markets go up, things start getting tenser on Wednesday, and then they sort of flatten out on Friday. Then, after the market closes, Trump makes an announcement—"We couldn't make an agreement, we're stepping up the hostilities"—and the market crashes over the weekend. The weekend investors sell, the Dow Jones drops, and American stocks and bonds go way down.

And then on Monday, just after all these sell orders come in a few minutes before the market opens, Trump says, "Well, you know, despite all the attacks we've done on Iran, I think we've bombed

them into submission. I think they're going to talk now." And the markets, amazingly, recover rapidly on Monday morning. It turns out that many of Trump's colleagues and associates in the government have benefited greatly from buying futures contracts on the recovery. And this has happened again and again. So you're seeing the markets live on short-term responses to Trump's speeches, on the simplistic principle, "The trend is my friend." They're not looking at the ultimate causes.

They're not looking at the logic we've been talking about. They're just trying to ride the trend up and down. So let's look at what he's going to do tonight and announce, because normally we're on Thursday and we explain what happened the day before. This time I want to explain what's happening before it happens. I think it's six o'clock, about three hours before Trump gives his speech on national television. There's the whole "rocket to the moon" takeoff—they're going to have four astronauts: two white men, a woman, and a Black man together, flying around the moon. It's a big "the U.S. is back in outer space" moment. That's going to be, in Trump's mind, a spur of patriotism from the networks. Then comes Trump.

And I think he's going to try to make some positive news by saying, "I'm giving... and we're really talking to someone in Iran." It looks like it could be their prime minister—we don't know who it could be. It could be anyone in the network who wants to end the war, and Trump will interpret their statement as, "I'm hearing from Iran that they want to settle, and so I'm giving them 24 hours." We have a whole armada of ships and the Air Force out there, and I'm pretty sure they're going to settle. We're really close to it now, thank heavens. And the market, of course, is going to go way up. The stock markets are closed on Friday because it's Good Friday, so for three days the markets will be closed. Tomorrow is the end of the week for the stock market run-up.

It'll end on a positive note. But then on Friday evening, American time—Saturday morning, Iran time—Trump will say, "Well, they didn't give in. Now comes the bad news. Now comes the kerplunk." And they're going to bomb Iran very heavily. The usual result will happen: a lot of short selling of stocks. The stock market will really, really crash by Monday morning. This gives Iran three days to respond. And if Trump does what he's threatened to do—hit them with missiles—I don't think there will be any land attack, certainly not in Hormuz. There may be a special forces attack, but it'll be a huge missile strike, just what Trump has threatened: on their refineries, their oil production, and their electric production.

And then Iran will do what it promised to do. Unlike Trump, Iran so far has always kept exactly to what it said it would do. It's going to say, "Well, we're in an existential fight. If you try to take out our oil exports and our production capacity, we're going to take out the production capacity of all the Arab Emirates in the OPEC countries. We'll close it down. You're not going to be able to knock us out just so the United States can say only pro-American oil exporters can export. We're going to close it all down."

And we're making this announcement so that the rest of the world—the leaders of Europe, the leaders of Asia, the Global South countries—will realize that when we retaliate in kind, and against

the Arab attacking countries, the lackeys of the United States, for what they've done to us, these other countries are going to fall into a depression that will be, for them, a crisis worse than the 1998 Asian foreign exchange crisis. It's up to you to decide: prevent the United States from trying to control you. And after all, what does the United States want to do with OPEC oil? It wants to use the same leverage over you that Donald Trump has used with his tariff policy—to say, "We have the power to turn on or off your energy supply."

And now that OPEC's oil has all been bombed, well, we're pretty much in the driver's seat. We can decide whether you get U.S. oil or not. The only other supplier of oil is, of course, Russia—and that's not in our orbit. But we can decide, as we've been doing, whether Russian oil will be permitted to alleviate the oil crisis from Europe to East Asia or not. So the United States will use the Iranian oil attack and response to say, "Well, with OPEC out of the picture, and with us in the United States controlling Venezuelan oil that we've just acquired, plus U.S. and allied oil producers, we've reestablished the foundation of American foreign policy by controlling the world's oil."

And it's true that the United States economy is going to be disrupted, but the United States, being an oil producer, is in a much better position to withstand the shock than other countries. And as the world price of oil goes very high for countries in distress, this is going to create a price umbrella for American oil and gas producers. It'll be a bonanza for the American oil industry, just as the 1974 OPEC quadrupling of prices was a bonanza for U.S. oil firms and the oil industry. I can assure you, at the time I was working closely with the oil industry, and they were overjoyed at all of this. It was they who were pressing for OPEC to do exactly what it did, because the arrangements, as it turned out, were made under conditions where OPEC became a U.S. satellite.

Iran wasn't a U.S. satellite. By knocking out Iran and OPEC, it may be that after the two years it takes to physically rebuild OPEC's oil and gas production, things will then be on Iran's terms. I think they will be. Every country in the world that has a canal—Egypt with the Suez Canal, Panama with its canal—charges an export fee. Iran is the only country that hasn't charged an export fee because, with the support of the old Shah of Iran, it was said, "Well, the canal is international waters." But it's not international waters; it's Iranian waters. And Iran used to control both sides of the Gulf until, I think, in the mid-17th century, when the East India Company gained control of the strait.

And when it was basically linked to foreign trade with India, that prevented other countries from getting any money from the canal because England didn't control it at that time. Well, finally, this British seizure of the straits is ending, and the aftermath of making it international is going to be over. Iran will be a normal country, controlling its own canal. The United States can live with that because Trump's administration will be over by then—that'll be somebody else's problem. And as I said, the management in politics and in the stock market lives in the short run, not the long run. So that's my forecast of what's going to happen in the next few days and weeks, and the aftermath.

**#Speaker 03**

Yeah.

## **#Nima**

Richard, just reading what Donald Trump posted moments ago—he said that Iran’s “new regime president,” much less radicalized and far more intelligent than his predecessors, has just asked the United States of America for a ceasefire, which is a total lie. Later on, Iranians came out and said he’s lying. But it was so amazing to me that he’s talking about Iran’s “new regime president.” He’s the same president who was in office before this war started, and now Trump somehow feels it’s a new president dealing with him. Go ahead, Richard—who does he mean? Donald Trump, this is his post calling the president of Iran the “new regime president.”

## **#Richard**

Oh, I see. It’s the same guy who was there before. Exactly.

## **#Speaker 04**

Yeah.

## **#Richard**

Well, you know, like Jamie Dimon—he lives in a world of good people and bad people. So if you behave properly, he puts you in the other group: you’re the good people, not the bad people. Who did he kill? A bad Ayatollah. And who’s there now? A good president. That’s it. Don’t expect any nuance or complication. I agree with everything Michael said. I understand his prediction—it makes perfect sense. However, Mr. Trump needs at least some minimum. I mean, at this point, we’ve heard him say he’s been in negotiations for at least four or five days, and during that time, the Iranians have made it clear that nobody is negotiating with him.

He may be talking to some Pakistani intermediaries, but it’s pure mass-media make-believe—just to accommodate Mr. Trump and keep up the idea that maybe somebody is talking to him, even though every official statement says they’re not. So I think it’s quite problematic. He’ll be very frustrated, and he’ll declare some sort of victory because he has to get out of there. But there will be criticism everywhere that the “victory” isn’t a victory at all—that the Iranians now have every right to, for example, charge a fee, the way Michael implies, by treating it like a canal, a passage.

You’ll note that they’ve said there might be a fee charged, or they may already be charging one in a way they didn’t before. I’m not entirely sure whether it’s gone into effect yet. But it’ll be the Asians and the Europeans who are affected—depending on how long the straits stay closed or how high the

fees are. For them, this whole adventure, in which they had no role other than as spectators, is going to end up hurting them. It may not hurt them as much as a full, indefinite closure of the Strait—that would be worse—but it's already hurting them from the month it was closed.

That's hurt them. Energy prices have spiked everywhere in the world. And given the way private capitalists work, they're not going to bring prices back down to where they were before. That would mean not taking advantage of an opportunity. They're not going to do that—they're going to stick with it. In fact, if you understand how economies work, the rise in energy prices has already spilled over into rising prices for everything else. Those, being inputs to the energy industry, will feed back again, and you'll get a cycle of price increases—my guess is, independent of anything that happens at this point. You've set that process in motion.

So the end result, for me, is that the Asians and the Europeans will have watched a war they did not want, in which they did not participate, whose only result is to create further difficulties for them in order to indulge Mr. Trump's efforts to remain in office. And that will be the same kind of experience that the tariffs were—a display of American power at the cost of the rest of the world, which will become more and more determined to make a thousand adjustments, which they're already doing, to reduce their interactions with the United States, to shield and insulate themselves from further Trumpian activity. They've been burned by the tariffs. They've been burned by this war. They don't want to be burned again. And that's the process we'll watch unfold in the months ahead, no matter what he does tonight.

## **#Michael**

What's so amazing is that they're not doing anything to stop it—the passivity of it all, the inability to even think about creating an alternative or seeking allies to build some kind of institutional opposition. I don't see any European, Asian, or anyone else bringing charges against Donald Trump as a war criminal for mounting an undeclared war, for bombing civilians, for bombing basic needs. I believe he's going to bomb the oil facilities. The only way the United States can fight a war it doesn't lose on land is by not having any land invasion at all. I don't think there's going to be an invasion of Kharg Island, because I think the army has told Trump exactly what Nima's commentators have told him—that any troops on those islands would just be sitting ducks.

So they're not going to invade. And Trump thinks, well, I don't have to have troops on the island to stop Iran from exporting oil. All I have to do is bomb the oil producers or somehow come in and grab the oil, which is what he really wants to do—just like he advocated grabbing the oil in Iraq. From Iran's point of view, I don't see how there can be any agreement at all, for the same reason there can't be an agreement between Russia and NATO over the Ukrainian war. There's a third party here. In Iran's case, it's Israel. Netanyahu has said, even if there's a deal that America makes with Iran, we're going to keep fighting—we're seizing South Lebanon. That's going to be part of Israel.

We're annexing it. And most of the people in South Lebanon are Shiites. We've worked with the Arab monarchies, or sheikdoms, to kill all the Shiites. The Shiites have moved into safe villages where they were free from the old Phalange, the Lebanese government. And now Israel has been bombing them, trying to make the Shiite population in Lebanon look like Gaza—just like they're trying to do with the West Bank. This makes it impossible for Iran to think the war will stop just because the United States isn't bombing it. It's like in Ukraine: Ukraine can say, "All right, we're not going to fight Russia anymore," but then it'll be NATO that's fighting Russia.

It'll be the Baltic states blocking Russian trade in the Baltic Sea. It'll be other NATO states—Britain, France, and Germany—giving missiles, maybe even atomic missiles, to be launched from the Ukrainian battlefield. So the United States can say, "We're out of it. It's all up to other countries. We can't control them." And that's... The counterparties, Russia and Iran, will realize that this is just playing with words, that there's no real peace. So I don't see how Iran can make any agreement at all, with the expectation that if there's a ceasefire or a temporary pause, it's simply the United States putting in place rearmament to fight Iran even more the next time around. That's what Iranian spokesmen have said.

And regarding the president of Iran—who I wrongly called prime minister before—the president of Iran doesn't have control over foreign policy. It's the Ayatollah and the religious government that control Iranian policy. So it doesn't matter if he finds someone who wants peace—as obviously anyone would—it doesn't matter. These are not official voices. These are simply voices that Trump has plucked out of the air. Basically, the Iranian response is that none of this has been about the original stated U.S. cause of the war. It was never about Iran's plan to make an atomic bomb, because there weren't any plans at that time to make one, as the CIA had made very clear.

And it's not really about Hormuz. It's always been about America's attempt to recapture Iranian oil. And if it can't recapture it, it will destroy it. That's the U.S. policy: what we cannot control, we will destroy, so there's nothing left in the world outside our control. That's the American military doctrine. And other countries seem to be acquiescing in this, not realizing that American control of OPEC is going to be much worse for them than Iranian control of OPEC oil would be—which, at least, would mean normalized trade as opposed to weaponized oil trade, American-style.

## **#Nima**

Let me just jump in, Richard—some breaking news here. Earlier, Michael asked me if Iran had attacked any of these Amazon, you know, big companies in the Arab states. We've just learned that the *Financial Times* confirmed Iran attacked Amazon's cloud infrastructure in Bahrain. And the Iranian president is going to release a letter to the American people before Trump's address. Also, here's the cover of *The Economist*—it shows Xi in the background with the caption, "Never interrupt your enemy when he's making a mistake." Yeah, go ahead, Richard.

## **#Richard**

Well, I was going to ask Michael: if he's right—if the United States, out of frustration or for whatever reason, destroys Iran's oil—you're going to send the price of oil, at least in the short run, through the roof if you do that. Now, doesn't that pose pretty serious problems, not just for Asia and Europe, for sure, but even for the United States—the price of gas here, and Mr. Trump's re-election?

## **#Michael**

Michael? Yes. If there is any election—I mean, the election that was six months off, Richard—that's so long-term for the Americans. I think American policy has always been: let's smash things up, make a grab bag, and we can usually maneuver to come out the winner because we're in the stronger position, because we're more self-reliant and independent, and other countries aren't. And I think the fact that the American economy won't have as many shortages as other countries will, that's really going to make this different from the kind of depression you had in the 1930s. You know, I think we need a new vocabulary to discuss what we're talking about. The word "depression," it's like—here's growth, then there's just a little bit of depression, and then I resume growth.

Well, it turned out that once the term "Great Depression" came in, nobody wanted to use that anymore. So then they came up with a new word—"recession." Well, again, just a little bit down, then it returns. That's not what's going to happen this time. We're not in a depression or a recession. All of a sudden, the economies are going to go vertically down. Here's the long-term trend: it'll be a crash. The business cycle isn't really a cycle—it's not a smooth up and down. It's a rise and then a crash, always very quickly. But this crash is going to lead to the closure of major industries—the fertilizer industry, the chemical industry that's made out of gas and sulfur, the computer chip industry that relies on helium.

America has all of these things in abundance. Other countries don't. I think Trump will be able to say, for the Republicans when the midterms come, "Well, it's true that the American economy has turned down because Iran made us do it. But look at how much better off we are than Europe and Asia. Look at the rest of the world in such crisis, and look how much better, under my management, the American economy is recovering." That's going to be the line he has: it's worse everywhere else because he's protected America. I can't imagine any other slogan he's going to use to promote himself. And of course, the rest of the world is going to be floundering, thinking, how are we going to recreate a new system in which we're dependent on America—for oil, for information technology, for all of these things, for food, now that there's a food crisis—all of these things.

And Richard, you said that what the market is saying is that oil prices are going to create inflation. I think the oil crisis is going to create deflation. Oil prices are going to go up, sure, and because they're going up, consumer spending—"consumers" being a polite word for wage earners—will fall. Wage income has to be spent on oil and gas, on electric bills, on driving cars, on heating houses. This is going to leave much less money for spending on the goods and services that labor produces. So

there will be deflation in all the markets except for oil. And one of the characteristics of deflation is that prices go down—or really, incomes go down. What's deflated are incomes.

And less income means less ability to buy things, and supply and demand means other prices are coming down. This benefits finance capital and industrial capital, because now there will be unemployment across all these companies that have had to close down since they couldn't afford the high energy prices. Wages will go down. The class war is back in business, as we've said. This is what's going to happen. And other countries are going to be facing, for them personally, a whole restructuring that can only be resolved by working with others to create a completely different international economic, financial, and trade system—outside of the U.S. role as a wrecker, which is the key to American foreign policy: "We will wreck your economy if you don't follow our foreign policy."

## **#Richard**

Well, I understand your argument. That is the view that, on Wall Street at least these days, goes by the old name "stagflation"—the notion that you could have a recession or downturn in real activity at the same time that you have, at least for a while, rising prices. But you're right, it could be deflation. During the Great Depression of the 1930s, we had deflation—falling prices that were a very crucial part of that whole experience. People don't want to go back there, but in fact, prices rose far enough that the fall in wages was a lot less dire an experience, bad as it was, than it might have been if the deflation hadn't happened during that period. I see the possibility of all of that, but I also see activity around the world.

The cover that Nima just showed us, right, with Xi Jinping smiling so he doesn't interrupt the mistakes of his enemies. You can see it, by the way, very sharply in the Canadian-American back and forth—the Canadians are taking serious steps to insulate themselves because they're so overwhelmingly dependent on the United States. Maybe it's reasonable that we would see the dramatic behavior that Michael is talking about, that's being prefigured, because they have to move quickly in that direction or else they'll be forever hung up on their dependence on the United States—at a time when the leadership of the United States, having sunk to the level of Jamie Dimon, leaves Canadians finding themselves among the "bad people" of the world who then suffer the punishment that Mr. Trump heaps on bad people around the world.

They don't know what to do with that. Having been pro-Trump all along, they're now on the wrong end of that game and really don't know what to do—other than, and this is to Michael's point, build relationships with China. I noticed they signed with Mercosur in Latin America. They're trying every which way to reduce their dependence on the United States. The irony, of course, is that the more successful they are, the nastier they can expect the American government to become. And so, in a peculiar way, they may increase the likelihood that he'll do something extraordinarily stupid—like making them the 51st state.

## **#Michael**

Well, he's sure made a lot of offers for various parts of the world to be the 51st state. I mean, it's almost become a running joke—from Greenland to Canada to Iran. Panama. Panama. Yes, yes, it's just amazing. Well, the fact is that much of the world, maybe Canada too, is going to end up looking like Germany after it stopped importing Russian oil and gas in 2022. The Canadian auto trade has been interrupted by Trump's tariffs, and those tariffs continue to act as a disturbing factor. I think we still have the fact that Trump is supposed to go to China in a few weeks, and that's really the key.

All of this, I think, Trump had hoped would be so successful that he could go to China with a victory and then tell them, "Well, now that we've closed off OPEC oil, that really hurts your economy because you're so dependent on it. We're letting you buy Russian oil for the time being because we don't want to hurt you. And of course, we expect something in return for that. The give-back is that you'll start selling us the raw materials we need—the rare earths, the gallium, all those other materials you've been reserving for military use." But I don't think this will work. I think China will say, "Yes, you've hurt our economy, but you've hurt other economies more."

And I think you've hurt the world so much that now they want to move into another orbit. Already, beginning about three years ago, OPEC countries started selling oil for Chinese RMB. I think that whole petrodollar lock-in—at least the pricing in China—is over. You'll notice a change in the vocabulary of how they talk about the Middle East and East Asia. Back in the 1990s, when I was writing on archaeology, people used to call it the Near East. Then, maybe 10 or 15 years ago, the term changed to the Middle East. But the middle of what? All of a sudden, in polite company—like the discussants on Nima's show—they call it West Asia, which is what it really should be.

That's what it was throughout most of history—West Asia. And that term, I think, this West Asian economy, is going to be centered on Russia, China, and Iran. They're going to emerge. They're going to rebuild their economies, and they'll rebuild them without the West—without the United States and Europe. And they'll have their own version of international law, justice, and politics that is specifically Asian, not Western. I think that's the big structural change we'll see. Economists don't talk about structural change; they just talk about how the trend will continue, that everything is marginal. I mean, you've made fun of the marginalists for years—everything's marginal, no structure. Well, now we're seeing the end of marginalist economics when it comes to geopolitical forecasting.

## **#Richard**

Yeah, because the marginalists had to assume that the structure was fixed. Otherwise, the focus on the margin would make no sense. Even when you teach margin versus average, that's the story. You don't say it, but that's what you're conveying to students—that there's a legitimacy in ignoring the larger structure. That's why they only teach capitalist economics. And when you try to introduce something else, they look at you—the students have no idea what you're talking about—because you'

re really in another universe that they've never been told exists, let alone been helped to explore. And yet all of the crucial issues are, in fact, structural.

I'm wondering out loud, for us to discuss—if not today, then in the future—what happens now. Not in the immediate future, not in the distant future, but there's been, over the last 15 years, the beginning of another direction. For lack of a better term, we called it the BRICS. Well, what happens now to the BRICS, since, if I'm not mistaken, both Iran and Saudi Arabia, for example, are members of the BRICS and are now effectively at war with one another? You're going to have some sort of crisis inside the BRICS as they try to figure out what this means for that project—what the events in Iran mean, and what's still going to happen there, for the whole project.

## **#Michael**

I think that BRICS really consists of three countries as the brain and the spinal cord—that's China, Russia, and Iran. Iran has turned out to be the strongest politically of all these countries because it's the most threatened. But the rest of the BRICS countries form such a bell-shaped curve, including many right-wing governments, from democracies to dictatorships, that they're going to be followers. They'll be given the choice: which leaders, which country, do you want to associate your economic system with—the United States, whose leadership has plunged you into your current crisis, or China, Russia, and Iran, who are trying to provide an alternative? And countries like India are going to have to make a decision.

Countries like Turkey are going to have to make a decision. And the Global South countries, I think, will be much more responsive to China, Russia, and Iran, because joining this Asian group will enable them to break with the West and all the legacy of the foreign debt issue and the foreign ownership of their raw materials—resources that they control, that they can use to change the economic system. This has to do with what you just said about marginalism. The marginalist movement, begun by the Austrians and the Brits in the late 19th century, is an alternative to classical political economy.

And classical economics, as you and I both taught for half a century, was traumatized by the fact that Marx pushed it to its logical conclusion—value theory, price theory, and rent—and saw that, just as Ricardo had warned, land rent would let landlords and natural resource owners raise prices so high that there'd be no room left for profits. Then Marx added, well, it's the same thing the financial system is doing unless capitalism transforms and industrializes the banking and financial system—which, of course, it didn't do. And the marginalists said, no, no, don't talk about structural or political change. Let's just assume the world isn't going to change.

Well, we mount an anti-classical, a counterrevolution against the industrial capitalists' radical program of getting rid of the rent seekers, getting rid of the landlord class, getting rid of the monopoly class—to lower prices, to make industrial countries lower-cost and more competitive with others. And following the German lead, making money and banking a public utility to serve industry

instead of the predatory British-Dutch-American banking style. So I think you're going to have people with an awareness of long-term economic history coming to the fore. It's just that there isn't any room for them in the economics profession.

## **#Richard**

Well, I think we're getting to the crisis point where that kind of thinking might once again come forward, because the other one is at a dead end. I mean, the failure of neoclassical economics to produce a prosperous economy is going to make it unbearable for that paradigm to survive, I suspect.

## **#Nima**

Thank you, Richard, Michael. Great pleasure, as always.

## **#Richard**

Thank you very much. Talk to you next week.

## **#Michael**

Yes, it's good that we got into this area.

## **#Richard**

See you soon.