

Richard Wolff: Iran War UNRAVELS US Empire, Economic Collapse Has ALREADY BEGUN

Economist and Professor Richard Wolff discusses what Trump and the talking heads won't: that a major economic collapse is already underway and it's unraveling the US empire. Prof. Wolff breaks it down in this must-watch show. <https://www.democracyatwork.info/> <https://www.youtube.com/@UCK-6FjMu9OI8i0Fo6bkW0VA> LIKE the video and Subscribe for more in-depth geopolitical analysis Leave your thoughts in the comments below! Support the Channel: Patreon: <https://www.patreon.com/dannyhaiphong> SUBSCRIBE ON RUMBLE: Rumble: <https://rumble.com/c/DannyHaiphong> Follow Me on Social Media: Twitter: <https://twitter.com/DannyHaiphong> Telegram: <https://t.me/DannyHaiphong> Support the channel in other ways: <https://www.buymeacoffee.com/dannyhaiphong> Substack: chroniclesofhaiphong.substack.com Cashapp: \$Dhaiphong Venmo: @dannyH2020 Paypal: <https://paypal.me/spiritho> #richardwolff #iran#economy

#Danny

Welcome back to the show, everyone. With me is professor and economist Richard Wolff. Now, first, the news. The Iran war keeps unraveling the U.S. empire, fueling economic collapse. A new analysis report in the L.A. Times finds that the economic consequences of the Iran war are reverberating even harder than anticipated. The Iran war has cost the average American household, per the report, between \$775 and \$1,700, according to the American Enterprise Institute. Now, we also have economist Paul Krugman reporting that the Iran war has also caused great damage to the U.S. dollar's financial empire.

According to Krugman, even Gulf nations, including the United Arab Emirates, are now considering payment systems in yuan, giving a regional boost to China's CIPS, an alternative to SWIFT, greatly challenging the U.S. dollar's dominance. We also have here that oil prices have risen by one percent despite the MOU talks, in large part because today's meeting in Doha was rife with uncertainty as the war could jump off at any moment. Professor Richard Wolff is here to join us and discuss these latest developments. Professor Wolff, your reactions to these developments, in particular, the fact that it seems like despite all the economic enthusiasm as the Iran war enters this talks phase, there's a lot of trouble in the waters. Help us understand how this impacts the U.S. empire in particular.

#Richard Wolff

Yes, I'd be glad to try to do that. I think the clue, or the key, to understanding this is that much more is going on than just the war between Iran on one side and the United States on the other.

And when you add up the other stakes, if you like, that are involved, then it becomes clear, I think, that on the one hand, you have Iran trying to figure out—and that's not so easy—how to take advantage of the enormous increase in their power, in their standing in the world, in simply the position of Iran in the world economy that has just been achieved by what they did in this war.

By the same token, on the other side, the United States is debating what to do about the decline in its global economic position, that losing that war has already cost them and is likely to do so, as the clips you picked show quite well. So I think that's what's going on, and the uncertainty, the fact that there were times over the last weekend when it looked like the memorandum of understanding and the end, so-called, of the war was a mirage and it was all over and we were going to resume striking and bombing and droning and missiling as we had been doing in the months after February 28th. Now it's off again, on again.

It's not even clear, if you read the stories closely, whether the people sent to the Middle East by the United States and Iran will, in fact, meet and talk where they are or not, and if they do, when. Now, as if that weren't enough, you also have other bizarre problems here. Number one, the Memorandum of Understanding is a memorandum but only among two of more than two participants in this whole war. And by that, I mean at least the Israelis and Hezbollah, a movement inside Lebanon. And I won't even talk about the Lebanese government because it's barely there. But I will certainly talk about Hezbollah, which has not agreed to this business, nor the Israelis who have not agreed and who make it quite clear.

Hezbollah, to the extent that it is in touch with Iran, the Houthis, and Hamas, may be considered to probably go along if Iran does. But that's as far as we can go. Israel has made it quite clear that they do not intend to go along at all. Or if they do, then it's offset by what various members of Mr. Netanyahu's cabinet are saying literally every day, which is they won't have it. They won't participate. They will withdraw from the government if it does. That means the government collapses, and so we're back to what happens then. So when you add it all together, we are in a very, very upside-down, topsy-turvy uncertainty, and anyone who tells you it's certainly going to go this way or that way really is playing games with prediction that none of us can, in fact, do.

#Danny

What is the actual impact of this uncertainty in this prolonged war now that, you know, as you said, at any moment it could restart again? There's no, you know, I see everywhere, despite the Trump administration's optimism, that there are lots of concerns that at any moment there will need to be a huge jump in oil prices, for example, because of renewed war. So what is the impact, though, on people in the United States, on the world economy? How is this uncertainty driving that?

#Richard Wolff

Well, the key word there is uncertainty, and uncertainty, which is part of life, has always been a big problem for people. And human beings have a way of dealing with uncertainty that is mostly phony efforts to magically make it disappear. In my field, in economics, where you have to fundamentally deal with uncertainty, every investment, for example, in any business in the world, means that you're making a decision to spend money now—build a factory, erect an office, open a store, buy inputs, hire workers. You won't be making money until the future, when the production happens and the workers are there and they finish their job and the product or the service is ready to be sold. That's a passage of time. You have to make the investment now to get it underway, but you won't realize revenue until weeks, months, or years later.

And you don't know—that's what uncertainty means—what the circumstances will be like. You don't know what the price will be that you can sell the output at. It might be what you guess, but it might be higher, it might be lower. There is no way out of that uncertainty. So what do you do? Well, in my profession, some people think they can attach a probability: it's a 20% chance that that will happen. Yes, but that's uncertain too. Why would it be 20? Might be 25. Might be only 15. Either you understand uncertainty as an absence of knowing, or you find that so frightening you pretend it won't happen. Why is that important? Because the uncertainty about this war is what everybody in the world—and I have to stress this, Danny, because it's so important.

Every country in the world, no exception, and most of the bigger corporations and firms in the world are dealing now with that uncertainty—that, in addition to all the other uncertainties that plague every economy, there is now a new one. What is that? It is the fact that not only the Gulf of Hormuz is blocked or shut or partially shut, limiting the movement of oil and gas and the products of oil and gas—fertilizer, helium, jet fuel, engine materials, and so on. These things will or will not be more or less likely at a higher or lower price; it's all uncertain. And yet corporations have to make a decision. If you're in agriculture and you need fertilizer, what are you going to do when the fertilizer you were supposed to get on March 15th never arrived?

Because it's sitting in a tanker somewhere or on a dock someplace, and you don't know, even if it were to resume coming, is that reliable or not? And the answer is, that's uncertain. And now you have to add that there are others. There's the Strait of Malacca. There's the Panama Canal. Add them up. They are all, it turns out, uncertain. And among the other adjustments being made are countries looking at their coastlines, wondering if, not only by being hurt by what's going on in Iran, they might get back at this situation by introducing an uncertainty with their water, with their coastline, with their territorial waters, in order to compensate themselves for the losses of what is happening in the Strait of Hormuz.

When you put all that together, here's the impact on the world. It is a shock. And one of the things corporations and countries do when confronted with a shock is they look for—and it takes time—what is our best bet given the uncertainty? For example, I'll give you just a few. Maybe we should switch in our company from trucks that use gasoline, which is becoming dangerously short in supply

in many Asian countries, and we should switch finally to electric vehicles, which would mean buying more Chinese vehicles because they have the best quality at the lowest price electric vehicles on this planet at this time. And that's good for Chinese exports, but not for other people's exports. So is that happening? You bet. How much? Who knows? It'll take us all kinds of time.

Here's another response. We might have to get our fertilizer someplace else. Where else is there? Suddenly the price of fertilizer goes up. That's going to be tempting some companies in other parts of the world to start producing fertilizer. They never did that before. They will need workers. They will need machinery. They will need storage. But that's very expensive, and they're going to wonder, should we do that? Should we not? And you want me to give you an answer? Nobody can do that. That's why if you read an article, what you're going to be reading is a kind of cherry-picking. If you pick certain examples, things look really grim. If you pick other examples, they look quite hopeful. The problem is it's neither the one nor the other.

It's either you face the reality of uncertainty or you don't. And here's the last one that has to be factored in when you talk about capitalism. Capitalism, which is the dominant system in the world, has a deeply ingrained instability. Every four to seven years, it goes down everywhere in the world. It's been that way for three centuries. Everything imaginable has been tried to cope with, to manage that. None of it worked. In the 1930s, when we had the worst crash in the history of capitalism, a whole new economics was developed by John Maynard Keynes in Britain, called Keynesian economics, whose whole focus was to explain what the government needs to do to try to minimize the damage from the instability.

Have we been able to stop the crises since then? The downturns, the crashes, the depressions? No. We had one in the year 2000, the so-called dot-com crash. We had one in 2008, the so-called subprime mortgage crash. We had one in 2020, the so-called pandemic crash. We give different names because we're afraid of confronting the fact that they are always with us. Well, every four to seven years, and if the last one was in the year 2020, guess what? We're about due. So on top of all the shocks and uncertainty is the worrisome reality that we may well be on the edge of a downturn.

And Lord knows what might happen if we have the coincidence of a periodic downturn with this special crash of the war in Iran. It's one more reason why, had any competent economist been in the room to advise the President and Mr. Netanyahu, besides all the other reasons now obvious, you shouldn't have attacked Iran on the 28th of February, I'm giving you two more: the uncertainty and the cycle. This is not a good idea. And if I were advising the Europeans as they gathered to make war on Russia, it is the same terrible mistake on their part. And they will suffer. Unfortunately, so will the mass of the European people and the Russian people. And it is a catastrophe that is happening as we watch.

#Danny

Yeah, and you mentioned economic crisis and collapse, Professor Wolff. And I just want to bring this up because this is something that is now being talked about more. Actually, it seems like a lot of mainstream economists want to focus on the discrepancy between how stocks are behaving and economic indicators. But this is a reality — the costs of the Iran war, for example, Americans paying \$7 a pound for ground beef — that appears to be a huge point of possible, a possible trigger for that economic collapse.

Maybe you could talk about how the impacts of the war on Iran, now with, you know, there are still thousands of ships that have not been able to make the voyage out of the Strait of Hormuz, and they're probably not going to make it out anytime soon. And then you have the costs of this that are now, it seems like, being whistled past by mainstream economists and the Trump administration. But some are sounding the alarm that, yeah, the costs of this war are going to linger, which means the consequences of those costs are going to get worse. So where does that lead? How do you explain what happens when these things all come together?

#Richard Wolff

Well, I mean, again, you need to understand the complexity of a modern economy. We, the United States, are now engaged in the war in Europe. We provide the weapons, the intelligence — very, very expensive. Hundreds of billions of dollars have already been poured into the war in Ukraine, and that's continuing. Number two, we have the war in the Middle East. I want to remind people the United States and Israel attacked Iran a year ago, June of last year, then again in February of this year. That's far from over. We have naval operations in the Mediterranean, still focused on all of that. We have another navy, the Seventh Fleet, around Taiwan in Asia. We are a country that is more and more war-engaged. President Trump has proposed an increase in the defense budget for the coming year from the current level, roughly \$900 billion, to \$1.5 trillion.

#Richard Wolff

That's a 65% increase in one year, from one year to the next. This is a massive movement of resources to war. I want to remind people, you're spending money for a missile that you shoot somewhere into the mountains of Iran, where nobody is, by the way, because you don't know where they put everything underground, and they've shown how to do that in a way that the United States is utterly unprepared for. So you're blowing up and therefore having to replace all of this hardware. What people have to understand is that the resources that go into war are not dropping from heaven. They are resources taken away from other things.

For example, please remember Elon Musk standing there with his chainsaw as he got rid of that governmental agency. Well, some of those agencies were devoted to studying animal diseases — you know, the kind like the screw worm that is messing up beef herds all over the western half of the world, including the beef stock of the United States. Whoa! So it turns out a government policy

moving resources away from scientific study by making fun of it and moving it over into missile production, and taking that dreadfully seriously, helps explain why we have to pay seven dollars a pound for ground beef. And we're going to have to do all kinds of things like that.

We're not building housing in this country. Why not? Well, we have been able to keep wages down as the price of a home goes up, and it has quite steadily over the last 20 years. Incomes of Americans haven't kept up anywhere near, and so more and more Americans are priced out of having a home. That means home builders are not building the homes they once did. The only homes they build are for the really rich. We have a growing number of them, but they are very small in number compared to the masses that are no longer able to afford it. Well, that's changing everything in this country. All of those are wrapped up with the focus on war.

And if you want to really understand what the war is costing us, I understand the little exercises people make, but we're not talking about a thousand or two thousand dollars. We're talking about much, much more. And over a distant number of years, many of which are in the future, and there again, uncertainty makes it very difficult to put a number around it. To fight a war in the modern age is very expensive. To fight a war thousands of miles away is much more expensive. The United States likes to think it can control the world. It's going to fight the Chinese over Taiwan. It's going to fight in the Middle East against Iran. It's going to fight with the Europeans against the Russians. Really? Really?

You think you can do all of that? Now, let me make a reminder as a historian. Every empire in the history of the world — the Roman, the Greek, the Ottoman, the Dutch, the British, the French, the German — you know what killed them finally? What made their empires die? Overreach. Not understanding the limits that they all faced, imagining they could hold back the barbarians, whoever they decided those barbarians were. And then it turned out they couldn't, and they blew themselves up by the overreach from not understanding what the history of empires should teach you. Now it's the turn of the United States as our empire goes down. Are we going to learn the lesson, or are we going to be another sorry example?

#Danny

Well, to follow up on that point, Professor Wolff, you probably know him. I'm not a huge fan of him, but he has been, of course, the New York Times' preeminent economist for a very long time, Paul Krugman. And he published this article that I thought was very interesting, where he talks about the humbling of the once-almighty dollar. And I'm just going to read a quick note from it, where he says the Iran debacle has demonstrated that using dollars and retaining access to the U.S. banking system, while convenient, aren't necessary.

Iran's ability to withstand American pressure has demonstrated that U.S. sanctions are a lot less effective than in the past, given that rogue actors can use Chinese yuan and CIPS, the China Interbank Payment System, as a workaround. And as Gulf states' actions show, even countries that

are U.S. allies are now considering signing on to China's alternative payment systems. So... Professor Wolff, how does this impact the overall global economic picture, particularly with regard to the U.S. empire's dominance, or waning dominance, maybe we should call it?

#Richard Wolff

Well, the impact is enormous. I would only amend a little bit. The decline of the dollar was already going on for quite some years before any of this warfare in Iran broke out. So it's important to understand part of the decline of the American empire is the decline of the dollar. Look, it was after World War II that the world, which had been used to dealing with a global currency called the British pound, put that aside and switched over to the American dollar because the British were destroyed in World Wars I and II. Their empire was taken basically from them by the revolt of the colonial people led by the folks in India. So their empire blew apart.

The Americans stepped right in to fill the vacuum left by the British Empire. And they then dictated that now we're in charge, our currency can and should become the global standard, and that was what happened. It happened because the United States was the great producer. Everybody else had been destroyed by World War II. The United States would ship it everywhere. Just to give you an idea, Russians dying in World War II numbered roughly 25 million. Americans dying in World War II numbered roughly 400,000. People should understand that's the difference between a mouse and an elephant. The impact on Russia to this day is profound. And the impact on the United States is, by comparison, fairly minimal.

So we have to understand that that made the dollar all-powerful, the almighty dollar. Now that the empire, for many reasons, has passed its peak and is on the way down, the dollar is less and less the global currency. Still important, still important. And before the war with Iran, most people, myself included, understood that it would be a long, slow decline. That's probably what the British thought also, say, in the year 1900. What they didn't count on were World Wars I and II, which took the decline of the British Empire from 33 to 78. It took a slow process and sped it up. I believe that's the same way we should understand the American wars of the 21st century.

They are shocks that speed up what was already going on. And just to give people a sense of why and how that'll work: if oil, which used to be bought and sold around the world in dollars—that was a deal worked out by President Nixon and his advisor, Henry Kissinger, with Saudi Arabia at that time in the 1970s, the number one oil producer in the world—creating what is known as the petrodollar system. The whole world needed dollars now to buy oil. If you had oil in your energy system, and every country did, you would always need dollars because you had to use them to buy the oil you needed. So everybody kept a stash of dollars in their central bank, in their local bank, in their accounts.

And why was this important? Because if you have dollars that you have to use, you have to hold them so you have them available when you need them. But holding a dollar gets you nothing. It's a

green piece of paper. So what do you do? You lend it to the United States government, and you hold instead Treasury securities—IOWs of the United States government—saying to the holder of this IOU, you have lent, let's say, \$10 million to us. Thank you. We will repay you on such and such a date, and we'll pay you interest twice a year between now and then. And that's how they hold dollars, which they need to do to deal in oil. But look at the benefit to the United States. One of the reasons we can run deficits in this country—deficits, that means the government spends more money than it takes in in taxes.

It can only do that if it can borrow that money. Otherwise, it can't spend more than it raises in taxes. If it couldn't borrow, it would have to take the money from us in higher taxes. So it can lower the taxes on you and me and American business because the whole world is looking to put their money into U.S. Treasuries. It is a subsidy to the United States government. I would go so far as to say most of the wars we fought—think about it with me, if you will—most of the wars we fought, the government would never have raised taxes to pay for them. You know why? Because the opposition to the war would have been ten times stronger than what we already have if people had to shell out thousands of dollars. We just passed April 15th.

If on April 15th we had all had to shell out an extra thousand or two to pay for the war, you think the war would be going on? Not a chance. But our government didn't have to do that. It could borrow to sustain the wars that protected this whole system and kept it going. So when countries decide, the way Krugman correctly notices, that even if they're an ally of the United States, they're not going to be stuck with a currency that doesn't get the job done, they're going to move from dollars to yuan. Because while the U.S. empire is declining, the power and role of China in the world keep going in one direction—up. And the whole world is responding to that, just like the whole world is responding to the closing of the Strait of Hormuz.

#Danny

Yeah, and this is becoming ever more clear, too. We're hearing talk now across mainstream media about the bubble of AI, for example, and how there is now a huge shift in focus in AI and a complete neglect by the United States economy and the U.S. administration—the U.S. regime, so to speak—in focusing on any other element of the economy. And we're seeing this quite clearly in the words of Donald Trump himself with the Housing Affordability Act that is making its way through Congress. This was his reaction to it.

#Donald Trump

There's so much talk about, oh, we're going to drive housing prices down. I don't want to drive housing prices down. I want to drive housing prices up.

#Danny

So he wants higher housing prices than already exist in the United States, and this is his view of the bill.

#Speaker 1

What are your plans for the housing bill, Mr. President? I don't know. I think it's so unimportant compared to the Save America Act.

#Danny

So it's unimportant. There's just so much evidence, first of all, that the economy itself and those who are supposed to govern it, or at least play a role in managing it, are not interested in this part of the economy. But they are very interested in the Strait of Hormuz. The entire war on Iran has now focused on this waterway, which hugs the Iranian and Omani coasts. What does this tell us? That there's a complete neglect of these issues that ordinary people in the United States, outside of millionaires, would care about. And the fact that now all attention is on oil prices, the Strait of Hormuz, and this war that is shaking up the global economy.

#Richard Wolff

Well, let me respond, Danny, first by responding to your clip of Donald Trump. And here I'm going to put on my metaphysical hat as a professional economist and say that listening to the president indicates that in an economics class, he wouldn't do very well. And I'm being as polite as I know how to be. Let's unpack what he said. He doesn't want housing prices to go down, which, of course, the mass of people want, because they want to be able to afford to buy a house. He would prefer for housing prices to go up. Well, who's interested in that? The people who make and sell houses. They want more. The people who buy them want to pay less. That's the problem with every market in a market system. He doesn't understand how this works.

He's been talking to the people who produce housing. The man he nominated to be the head of intelligence, Mr. Pulte, is a home builder, one of the biggest in the United States—Pulte Homes. He wants higher prices, and he doesn't just want them; he holds us up for what is effectively capitalist blackmail. He says to the president, and through the president to all of us, "You want me to build houses? You'll make them worth my while. You get the prices up, then I'll build houses." Yeah, we answer, but nobody can afford them. Well, now, how could we solve this problem? I got it. We could do it the way other countries do. The government should say to the home builders, "Either you build houses that are affordable, or the government will go into competition with you—and we will."

Because our job as the government of all the people is to do what they want, and most of them are home buyers. They want lower prices, and that's what we'll give them—houses at lower prices. We don't have to make a profit because we're the government. You do. So you can make houses for rich people; we'll make houses for everybody else. "Oh no," say the companies, "we don't want

competition from the government, because then everybody will understand how we have been ripping folks off." That's what's going on here. We're being ripped off. We're being told, "If you don't have enough money, we're not going to build houses for you." And if you think that argument is reasonable, be very careful, because the next place it will be applied is to food and clothing—because it's the same logic. "Oh, you want to buy good food?"

Here, \$20 a pound for ground beef. You want us to make ground beef for you, don't you? Well, you've got to make it worth our while. This is the problem of a capitalist system. And when that capitalist system is going down, as ours is, all of these things become more obvious and harsher in how they impact us. And that's what you're seeing around this housing bill as one area. If you look at the statistics, they are stunning, Danny. Over the last 20 years, 25 years, the price of housing has gone up much, much faster than the level of income, wages, and salaries, pricing people out of the housing market year in and year out. For Mr. Trump to say he's not interested, all it can tell you, if you needed more information, is he's not the President of the United States. He's the President of the people who fund his campaigns.

#Danny

How are these people who fund his campaigns going to react now, or how are they reacting now and into the future, now that it is quite clear that the consequences of the Iran war, of the Ukraine conflict, and of course of the U.S. empire—both its military and its economic coercion—are fast becoming, I think, not just ineffective, but also maybe we could describe them as a drag on the overall economic situation and development of the United States? How are they going to continue to react to this development, and how are they reacting now?

#Richard Wolff

Well, I have to hand it to the President. I really do. I mean this. He has figured out a way—and his predecessors have, some of them figured it out too—he figured out a way to do pretty much what he wants by keeping the top 10% of the American people happy with him. The top 10%, the richest 10% of the American people, own about 80 to 85% of the shares of stock on the New York Stock Exchange. So he knows he's got to keep them happy. If he can do that, they don't care what else. Does he want to bring back white supremacy? Does he want to bring back misogyny? Does he want to undo the protections for workers? Does he want to cut the Education Department so our schools and universities are closing?

They don't care. Do they agree with it? No. But they don't care enough, and they don't want to stop the gravy train. And what is the gravy train? The stock market. The stock market keeps going up as these people buy and sell stocks to each other, driving up the price. And if you're wondering how all that works, here's the answer. Over the last 30 years, the United States government has printed more money, added more money into our economy on a scale we had never done before. It led many people who were very nervous seeing these numbers to say, this is very dangerous. We're

going to have terrible inflation. Well, we never had a terrible one. We had one, but it wasn't particularly terrible. We've had worse.

Other countries have had much worse. Well, why didn't we have that kind of inflation? And I'm talking about the price of gasoline and eggs and beef and milk and housing. We've had rising prices, but not a crazy inflation, because a great deal of the money never went into producing goods and services for you and me that might have bid up the prices. Where that money went was into the stock market. And you see, an inflation in the stock market is exactly what the richest 10% want. The higher the prices of the stocks, the richer they feel themselves to be. It's not a problem. It's a virtue. Mr. Trump or his spokespeople are constantly pointing at the stock market. Why? Because it's one of the few things that's up.

They carefully avoid telling you that when it's good news at the stock market, it's only good news for the 10% who own them all. The other 90%, most of them have no stocks, and the rest of them have, you know, four shares of General Motors that grandmother left when she passed. But the bulk of the ownership of shares is in the top 10%. They are very happy, and they keep Mr. Trump in office. If he didn't take care of them first, he wouldn't be there. If you wonder about that, let me remind you: the first act, and the most important one he committed himself to the first time he was president, 2016 to 2020, he went and he passed a tax bill in December of the year 2017. It was the largest tax cut in the history of the United States for rich people and corporations.

In his second term that he's in the middle of now, what was his number one focus? Well, remember a few months ago, the big, beautiful tax bill? Uh-huh. Another big tax cut. He took care of those people. Where did the money go that they didn't have to pay in taxes anymore, those corporations and those rich people? Answer: the stock market. They took their tax savings and bid up the price of their stock portfolios. Those rich people are laughing all the way to the bank, and they don't find anything wrong with Mr. Trump, no matter how fascistic his behavior might be, because he took care of them.

#Danny

Yeah, very good. Great points, Professor Wolff. Now, there is a theory going around that I would like you to, if you could, break down—debunk if it needs debunking, or confirm if it needs confirming—which is that these people that you talk about, the ultra-rich, the super-rich, the ultra-rich capitalists, there are some who are speculating that, given the events of the war in Iran, given what we've seen around energy markets, this is more of a controlled demolition than perhaps an economic decline or collapse of the empire. Meaning that that dynamic you just described of the super-rich laughing all the way to the bank off of stocks and all of this, they're saying that this is an economic universal trend where, especially around energy markets, this is destruction for profit.

And I wonder if you, how do you, not only for profit but also to usurp control of the energy markets? And I'm wondering how you see this going, given the global economic outlook. We have this decline

that you talk about often on this program and others. We have all of these massive contradictions. And then you, of course, have the rich getting even richer despite the dynamic of chaos and crisis that is left in the wake.

#Richard Wolff

Well, it's a truism in the stock market, for example, that if you know how to play the game, you can make as much money when stocks go down as you can when stocks go up. In other words, if you know how this is done, you can sell a stock for delivery at a future point, gambling that you will deliver it at a future point when it's much cheaper than today. So you sell it today at a high point, promise to deliver later when you can replace it much more cheaply. You can make a fortune, and there are plenty of people on Wall Street who do that. So making money is not a question of it always going up.

It's being in a position to take advantage when it's going up and to likewise take advantage when it's going down. That's precisely what people who don't have a lot of money and cannot hire the appropriate advisors probably can't do. But I would argue that the super-rich are the ones who don't care about this. They are busy making money when it's going up or down. And I'm going to give you two examples. Here's the first one: starting in the 1970s, large American corporations, led for example by General Motors—at that time, in the 1970s, our biggest and perhaps most successful corporation.

They understood that they could make much more profit than they were already making in Detroit by leaving Detroit, by arranging to produce car parts and whole cars elsewhere, where they could pay much lower wages, where they could pay lower taxes, and where they could sell their product locally for as much money or more than they were getting in the United States. So they left. The population of Detroit in 1970 was nearly 2 million. The population of Detroit today is about 600,000. The majority of people working in the auto factories of GM, Ford, Chrysler, and so on left. They lost their jobs, they lost their homes, they wrenched their kids out of school, and they went God knows where, where it often happened to them again.

And our automobile industry now is a small shadow of what it once was. Are those people sorry about the decline of Detroit? Absolutely. They're the ones whose factories are sitting empty there. They're the ones where weeds are growing up through the parking lot. They're the ones who are nowhere near the major corporations in America anymore. But they made a ton of money moving to China. China is now where GM sells most of its cars. China is where GM produces many of its cars—those that aren't produced in Mexico or Canada or elsewhere. So these people made money on the decline of American capitalism.

Mr. Peter Thiel, one of the billionaires from Silicon Valley, recently admitted—because he was caught—having moved his residence, his wife, his family, his children, from that part of California, Silicon Valley, south of San Francisco, to São Paulo in Brazil, or perhaps it was Argentina, one of the

countries in Latin America where he feels safer. Okay, he's letting you know: I'm taking my money, I'm taking my wealth, I'm going someplace else. I have no commitment to the United States. Oh sure, if you invite me on the 4th of July, I'll give the same speech and I'll wave the flag. But I go where the money is, just like the leading British corporations.

Look, let me give you a dramatic example. Earlier this year, meetings were held, I believe in Washington, possibly in New York. On the one side, a group of American officials. On the other side, the leaders of the VW Corporation of Germany. That's one of the five largest companies in Europe, in Germany, producers of the VW, the Porsche, the Audi, all the major car brands of that country. An industrial powerhouse. You know what they were discussing? Whether to move their company to the United States—would we give them enough incentives, enough property? Okay, there you see it. That's the mentality of these people. They're not held back by some patriotic commitment.

Are there a few who are? No doubt. And they will tell you why. We have to make the most profit to survive in this industry. If we don't make enough profit, well, we won't be able to survive. If we had stayed in the United States, General Motors said, we'd be in worse shape than we are now, when we luckily moved to China when we did. Look, if you want capitalism, you got it. But it's only fun when capitalism is on the rise up. It is not fun when capitalism is on the rise down, unless you're rich enough to make money on the downturn as well as the upturn. And the big corporations, that's what they're good at. But you and me? Mm-mm.

#Danny

Yeah, and maybe, you know, in the last five to seven minutes that we have, Professor Wolff, you could talk about how now we have the rise of Iran, and before this we had, and still now we have, the rise of China, the rise even of Russia now as more of a global economic, political, and military force. We have an eastward shift, it seems like, of both economic and military power. How does this factor into the impact and the shocks to especially the U.S. economy, built on, as you just said, these ultra-rich individuals?

Yeah, these monopolies, these corporations that are looking at this, I think, in a very concerning manner and therefore are very much willing to— they all do it— invest in the mechanisms of war, for example, like the military-industrial complex. They all do it. They all have major investments in the military-industrial complex, meaning that they're obviously both wanting, as you said, to profit from this and also want to see the escalations work out in their favor. But how is that going to go, and how is that going, I guess I should ask?

#Richard Wolff

Well, I'm afraid that what I have to tell you will be a little bit depressing. On the other hand, if you don't want to hear what's really going on, you can always turn on the television or the radio here in the United States, and you'll hear a different story, and it'll be very comforting, and everything will

sound like it's under control in a perfectly reasonable way. And I'm going to assure you, it is not. And let me do it as follows. There is, at this point, as you put it, a shift to the East, to Asia. And what that means is that the United States, which for most of the last century was kind of the model—it was where everybody, I mean, I'm exaggerating, but you get the idea—where people were comfortable, where everybody had a house, everybody had a car, and everybody could go on vacation, and everybody, etc., etc., etc. The model to be replicated, to be copied, to be envied, all of that.

Everybody learned to wear jeans, everybody, etc., etc. The latest gimmick from Silicon Valley was the kind of telephone you had to have, or the kind of Wi-Fi you had to use, on and on. All of that is fading away. China is matching the United States gimmick by gimmick, including everything in AI, everything in generative AI. All the latest bells and whistles, the Chinese are matching or doing better. And there's no end to that. And it's going to get worse, not better. It's going to become more and more the Chinese, and we're going to be the ones catching up, because they've already caught up, and the whole world sees it. And as the gap between rich and poor happens—and let me stress that too—one of the things every declining empire shows is that when the empire declines, the people who are rich and powerful in it are in the best position to hold on to their high standards of living.

That's what we're watching with the top 10% playing with the stock market. They're holding on to their great wealth. But that means the costs of decline—who's going to bear them? And the answer is you, who can't afford your home anymore. You, who can't afford to go to college at all, or without loading up on a level of debt, you won't retire for the rest of your life. The signs of it are everywhere if you just look. But that's the problem. We're not at the point yet of looking. We're still at the point in this country, in the United States, of denial. It's a psychological syndrome in which something that frightens you is handled not by coming up with an understanding, not by coming up with a strategy. No, no, no.

By simply saying it isn't there. By insisting, "What do you mean, decline? Look at the stock market. It's going up." Absolutely, it's going up. It has got nothing to do with anything. I've explained to you why that happens. It's a symptom of a society that's completely out of whack. We all saw that last week, Danny, when it was announced that the richest man on earth, Elon Musk, a man with three or four hundred billion dollars of wealth, working the capitalist system and the stock market, had now become much wealthier. He's now the world's first trillionaire. Now, what kind of economic system is boasting that it made the already richest man richer? The several hundred billion dollars richer that he became, and he couldn't spend that money anyway.

He's only got 300 billion before because he sits on wealth that simply compounds. If that money had been used instead to help the mass of the American people, they could have a home. They could have cheap food. They could have everything they need. And he'd live in a much calmer, much happier, much more satisfying community. But instead, they're not going to have adequate food, they're not going to have adequate health care, they're not going to have the college education they

need. Why? So that the richest man can become richer. This is beyond obscene. Allow me the language. This is not sustainable. This is as unsustainable as anything we are doing to our physical and natural climate. And which of these blows up in our face first, I don't know, and no one else knows either.

#Danny

Yeah, I think on that note, we can close. I mean, one of the biggest signs of denial, too, is to then project onto your so-called adversaries, those that you are seeing rising in your midst, and call them both weak and also a terrifying, dangerous entity, as we see often with China, Iran, Russia, on and on and on. So, with that said, everybody, I want to make sure that you know—and thank you to Guitar Jim Burke for the super sticker—I want to make sure you all know that you can find all of Professor Wolff's, where you can find him, in the video description below. After the program, I will make sure to put in Democracy at Work as the YouTube channel, as well as the website. And make sure you hit the like button before you go. That helps boost the show. And tomorrow I'll be back on at 2 p.m. Eastern time. Be sure to be there to open July. First of all, anything you want to say before we head out of here?

#Richard Wolff

No, I just want to express my appreciation as one of your many members of your audience for all that you do and for bringing the kinds of programs you create to us. This is more important in my country, the United States, than ever. And so I want you to know we appreciate you very much.

#Danny

Thank you so much for that. Everybody, be sure to hit that like button before you go. I'm putting the links in right now in the video description to find Professor Wolff. All the places to support this channel are also there as well. See you tomorrow to begin July, 2 p.m. Eastern Time. And until next time, bye-bye.