

Why The USA Is ADDICTED To Mass-Violence | Prof. Radhika Desai

War is not a choice. War is a system—a self-perpetuating process. And in the US we have a deadly principle of mass-slaughter and violence baked into the logic of the economic organisation of the nation. Listen to Professor Radhika Desai dismantling the core of the imperial logic with her Geopolitical Economy approach to Marxist theory. Many of you will know her since she is a prolific writer and guest on many YouTube shows. Links to her work: This explains GE in short:

<https://valdaiclub.com/a/valdai-papers>

/valdai_paper_24_geopolitical_economy_the_discipline_of_multipolarity/ And this shows it is rooted in Marx: <https://www.academia.edu/77369299>

/Marx_s_geopolitical_economy_The_relations_of_producing_nations_2021_ More info at:

<http://Radhikadesai.com> Goods Shop: <https://neutralitystudies-shop.fourthwall.com>

#F1

The entire burden of Western discourse is to diminish the critical contribution that Russia made to victory in Europe—the loss of 27 to 30 million lives. This is far more than the rest of the Allies put together. Not British, not even American lives—very, very few American lives were lost by comparison. I don't have the exact figure off the top of my head. So you see, that's what I mean. Wars have been very, very beneficial for the United States, especially when somebody else fights them. And that's why the United States loves proxy wars. I mean, think about it this way: the United States was fighting a mighty proxy war, basically, between the First and the Second World War as well. With relatively few American boots on the ground, everybody else was fighting, and they benefited by supplying and getting contracts for their economy.

#M2

Hello everybody, this is Pascal from Neutrality Studies, and today I'm talking to the geopolitical economist, Professor Radhika Desai. Many of you will know her, as she is a prolific writer and a guest on many YouTube shows. Radhika is a champion of using the notion of geopolitical economy as a Marxist analysis of international relations to explain the rise of the multipolar world. That's what we want to talk about today, so Radhika, welcome.

#F1

Great pleasure to be with you, Pascal. I've watched many of your shows, and you do such a great job.

#M2

Well, that's a great honor that you say that. Thank you very much. And I've seen you on many, many podcasts, especially with people like Ben Norton, who does a wonderful job of taking geopolitical and geoeconomic issues apart. I don't know if you ever taught him or not, but I find a lot of what you're saying in his analysis and vice versa. What is geoeconomics—or, sorry, geoeconomics, the notion of geopolitical economy? How is it different from, you know, standard Economics 101 that they teach at universities? How is it different from Marxism? And how does it help you understand what's happening around us?

#F1

Sure. May I perhaps begin? I mean, I'll come back to the two questions you asked about how it is different from economics and how it is different from Marxism. But maybe it's best to begin with how it is different from international relations and how it is different from the field called international political economy, which rechristened itself as global political economy towards the end of the 20th century, when talk of globalization really went viral. So basically, geopolitical economy, as you rightly said, is a Marxist approach to world affairs.

And so in that sense, but at the same time, it's different from much of what passes for Marxism. Because a lot of what passes for Marxism has been very heavily influenced precisely by neoclassical economics, which, as you know, arose about 150 years ago in the 1870s in the work of three quite different writers. And you would have thought, partly because they were, you know, particularly its most ideologically hardline wings, like the Austrian wing, were directly attacking Marxism, you would have thought that Marxists would have taken up their swords and, you know, vanquished neoclassical economics.

But instead, what you got was what Nikolai Bukharin, who wrote an interesting critique of neoclassical economics called *The Economic Theory of the Leisure Class*, berated many of his fellow Marxists for following what he considered a policy of theoretical reconciliation. So since then, what you've seen is the rise of something called Marxist economics. And that's very different from what Marx did. Marx did not do something called economics. The very emergence of something called economics, which is different from sociology and political science and so on, was actually the result of the marginalist revolution and the rise of neoclassical economics, which said that there's a separate area called the economy, which is different from everything else, like society and so on.

And of course, Max Weber, who was first trained in this new form of neoclassical economics, participated in the famous *Methodenstreit*, in which he sided with the neoclassicals against the historical school, which represented more of the old way of doing things. So, Max Weber sanctified it by saying, you know, it is a sad truth about modern life that human activity acquires autonomy in

different spheres like the economy, society, politics, and so on, and therefore must be studied by separate disciplines. And his "Economy and Society" was the first to divide economy on the one hand and society on the other.

And Weber sort of spoke in very neutral terms, but his real goal—like, you know, he said all these are different fields—was to say that the economy in particular should be autonomous. And why was that? Because it's roughly around this time that you begin to see the presence of an organized working class, who must be told—before the organized working class emerged, nobody cared if the state intervened in the economy, because the state intervened in the economy only to help the capitalist classes, you know. But now, if the working people were going to say, "Now we want reforms that will favor us," then they had to be told, "Well, no, no, the workings of the economy shouldn't be interfered with."

And so what better theory was there? So anyway, you get this. And so what has happened is... Marx has essentially ended up compromising with this. Of course, they always criticized neoclassical economics for ignoring exploitation and all these things. But for all the rest, they basically said that Marxism and neoclassical economics can be made to work together. And this has given rise to, as I say, Marxist economics, which says Marxist value analysis does not work, there is no demand problem, Marx was wrong about profits falling, and generally about contradictions. So really, we have a Marxism here which has lost touch with Marx's original analysis.

So it's different from Marxism. Now, if we come to international relations and international political economy, international relations participate in what I call the social scientific division of labor, in which we study all these things separately. So we study international relations as the political actions of states. You know, these days the terms "geo-economics" and "geo-politics" are becoming very current. But of course, that assumes that these two things can be studied separately, whereas in fact you have a single whole, which is political economy. And when you look at it on the international plane, I wager we should call it geopolitical economy.

So that's what we study. And one final thing I'll say on this is that, in addition to dividing up the study of society into these separate disciplines, there was another harm that was done with the advent of the modern social sciences: we lost the knack of thinking historically. That is to say, thinking about change—how the world has changed. So social sciences tend to eternalize the modern, that is to say, the capitalist social system, which means that we're never looking for how it changes. Capitalism is the same, more or less. Society is the same.

Modern society is the same, etc. And I think that, therefore, we can't think about it. International relations, as a participant in this social scientific division of labor, thinks only about relations between states rather than looking at the underlying material basis of these relationships. International political economy emerged originally—the rationale was, it emerged in the 1970s—and the rationale was that there was an artificial separation of economics and politics, and they were going to unite them. But actually, they never succeeded in doing this. So they essentially assumed the neoclassical

explanation of the economy, which is that the world economy—the capitalist economy—functions harmoniously and wonderfully, and we eventually take over the world, the world is flat, blah, blah, and so on.

This kind of understanding remained at its core, and politics was only brought in when you wanted to explain why things were going wrong with it. So politics was seen as interference with the economy—something that should not be allowed, that was not desirable, and, in the end, was futile. You know, you can even go to Albert Hirschman's points: perversity, futility, jeopardy. If politics interferes, you will have perverse results, or it will not work, or it will create new dangers. So this was the kind of discourse you also found in international political economy.

And of course, international relations also, broadly speaking, takes the idea of a smoothly functioning world economy and domestic economies as a given. So all you have to do then is try to understand why states are interfering. This is clearest, of course, in the liberal model, but I doubt that even the realist model can actually work because it doesn't take account of material interests. And a final point I'll make before I come to what geopolitical economy does, is that as a consequence, partly of the policy of theoretical reconciliation with neoclassical economics, Marx is said to have only theorized the relation between classes and considered classes to be the only agents of history.

But actually, if you look at Marx—and I've done that a lot and I've brought this out—he considered both classes and nations to be equally, side by side, agents of history. He also considered that the exploitation of one class by another had to be understood side by side with the exploitation of one nation by another. So any accurate, and certainly any Marxist, understanding of the international relations of the age of capital, since capitalism began, has to be rooted in an understanding of imperialism. But of course, a lot of Western Marxism has proved incapable of understanding imperialism.

Because they assume, you see, in Marx's understanding, imperialism arises because of the contradictions of capitalism. In order to manage these contradictions, states can do two types of things. They can manage capitalism domestically in various ways—regulate it, bail it out, all those things—and they try to externalize the costs of capitalism's contradictions onto subordinated territories, whether they are formally independent or not. So imperialism, therefore, has to be put at the core, but you'll see that it is not at the core of international relations, it's not at the core of international political economy, etc., no matter which flavor of these disciplines you look at.

So geopolitical economy wants to correct both Marxism as well as mainstream discourses of international relations and international political economy, to arrive at a more accurate understanding in which imperialism is central. And then there's one further thing, and that is that, of course, domination is never accepted gladly by those who are dominated. Those who can resist, do resist. And so it's not just imperialism, but the dialectic between imperialism and anti-imperialism, the substance of which is actually economic development.

Because imperialism, essentially—because it is trying, in a variety of ways, to impose the costs of managing core capitalism's contradictions onto subordinated territories—thereby denies them the possibility of developing. But where countries can, they have resisted. So if you look at the industrialization of Germany, the United States, and Japan behind protectionist walls via developmental states, etc., this was understood at that time by theorists like Friedrich List, Henry Carey, etc., as necessary in a world dominated by Britain's industrial supremacy. If you wish to industrialize your country in a world where industrial Britain already dominates, you can't do it without protecting your country.

And so this industrialization was, therefore, you know, the first instance of such industrialization. But they were able to pursue a capitalist path of industrialization because there were still territories to be had, to be subordinated. And of course, the imperial competition for territory eventually led to the First World War—a big crisis of imperialism as well as capitalism. But thereafter, it's not surprising that you see the first socialist attempt to industrialize in the form of the Soviet Union, because by this time, capitalist development was not possible for these countries.

And it is not a surprise that, barring exceptions like South Korea and Taiwan—which are frontline states for the West against communism and therefore were given special treatment—the only countries that have been able to achieve comparable levels of development, comparable levels of material comfort for their people, have been socialist countries, comparable to the West. That is, the Soviet Union in its time and, of course, China today, which is still a long way from that but is nevertheless marching towards it. So, geopolitical economy therefore sees the motor of capitalist international relations, or what Marx, in fact, in a wonderful expression, calls "the relations of producing nations." The relations of producing nations.

He doesn't say "the relations of capitalist nations" because he actually realizes there are a lot of countries that are still not capitalist. And he also, as we know, envisaged the possibility that some countries might become socialist without becoming fully capitalist. So, the relations of producing nations—the best way of understanding them is to understand capitalism, the logic of imperialism, and anti-imperialist resistance. And that is the core of how we should—that is the theoretical core of how we should—understand international relations in the age of capital. But you don't see it in IR, you don't see it in IPE, nor do you see it in most of what passes for Marxism. And so, this is the vocation of geopolitical economy.

#M2

That's very interesting. And by imperialism in this sense, you don't just mean the classical empires, like, you know, the UK version with the crown that then grants its fiefdoms and, you know, basically an evolved version of feudalism. But you probably mean the power structure of how economic centers then control the periphery and the ever-increasing periphery. Is that it?

#F1

Well, that's a really interesting question—what I mean by imperialism, especially at a time when, you know, we are speaking here on VE Day as it is being celebrated in Britain today. Tomorrow, the Russians will celebrate it, I'm sure, with a very different conception of history. And these two conceptions of history have been diverging. The term "imperialism," and the use and misuse of it, has been at the core of this divergence, because we are being told that, for example, Russia is imperialist, China is imperialist—it's assumed that any big power is imperialist. This is not so.

Historically, what we've seen—and this is another thing about geopolitical economy—is that, unlike a lot of other self-proclaimed critical currents of thought, which like to distinguish how radical they are by saying, you know, "imperialism lasts forever and it is terrible and does terrible things," what I emphasize is that imperialism has been declining since 1914. 1914 was its peak. Then you've got this massive thirty-year crisis, as Arno Mayer called it, from 1914 to 1945, and the period since. And of course, it's been declining—not as fast as I would like, or probably you would like, but certainly declining. There have been interruptions. The 1980s and 1990s looked like, you know, the power of the imperialist countries was growing quite massively.

But still, in the long run, it has been declining. And I bring this in because... Sorry, I lost my train of thought there. What was the... Yes, imperialism. So I bring this up because, essentially, yes, there were empires in the past. There was the Roman Empire. There were more proximate empires—the Spanish and Portuguese empires. But I think that with the advent of capitalism, particularly industrial capitalism in the northwest corner of Europe, you began to see a very different type of imperialism. And that's the imperialism I'm referring to. That is the imperialism which is not a choice anymore on the part of the imperial powers; it becomes an imperative because of the contradictions of capitalism. You've got to seek markets.

Eventually, you've got to seek outlets for capital. You've got to find cheap labor. You've got to find cheap inputs. And all of these things become an imperative. The imperialist powers in the early 20th century, in the run-up to the First World War, were very explicit. They said, "We need to have economic territory," because without that, you could not develop. And by the way, since the earliest beginnings of capitalism, you also began to see a theorization. So, a little while back, I did a small presentation on Kant—his "Perpetual Peace." And, you know, we think of that document as this wonderfully benign piece of writing in which he's advocating perpetual peace.

But if you actually read it closely, what he's saying is that there can only be perpetual peace between countries that accept civil society, that accept modern civilization, and that any other country constitutes such an offense to the civilized that the civilized are allowed to essentially try to extinguish them. So essentially, it was an open declaration of war against any country that said, "No, we don't wish to go down your civil society—namely, capitalist—route. We wish to organize our own

economy in our own way." And of course, this was a huge issue at that time because there were many parts of the world where Western expansion was encountering native resistance, saying, "We don't need you." China was an excellent example.

The Chinese emperor said to the Westerners who arrived there, "We don't need anything you have." You see, so initially with both China and India—but certainly China stood out for the longest—essentially the Western powers ran a trade deficit, which meant they experienced a drain of bullion into China and so on, because that's what they had to pay with if they didn't have anything to trade. So anyway, my point is that these countries had to be forced to open. China had to be forced to open. Every other part of the world had to be forced to open. And so, you see, this is the kind of imperialism I'm talking about. I'm not talking about, you know, the Austro-Hungarian Empire or the Ottoman Empire, whose dynamics we must understand. I'm not saying that we shouldn't, but they are not the same dynamics.

#M2

Right, right. So you're speaking about—I mean, a lot of people would associate what you said with neocolonial behavior, right? Dashing into nominally sovereign countries, but then trying to ram a certain economic structure down their throats, which then makes them dependent. And basically, you get cheap raw materials and you get cheap labor from there, but the whole value chain—the most profitable part—actually happens back at home. And that's where all of the cream gets taken off, right?

#F1

Yes. So, you know, you're absolutely right, of course. But let me take another couple of steps back to explain how I propose we should look at it. So, you know, in the recent past, we have had the dominance of certain ways of looking at the world. You know, how does the world economy work? So one paradigm has been globalization—that, you know, market relations spread everywhere and the world becomes borderless and so on. Markets unite the whole world economy seamlessly. Another paradigm has been that of U.S. hegemony.

So in that, a leading state—namely today the U.S., in the past the U.K., perhaps if you go with Wallerstein, the Dutch, and before that, if you go with Arrighi, Genoa and the Italian city-states, and so on—fine, you can create these narratives. But what is at the core of both narratives is that whether the world economy is seamlessly unified by markets or whether it's seamlessly unified by a leading state, it is seamlessly unified. Borders don't matter. And these are what Friedrich List called cosmopolitan conceptions of the world economy, to which he very noisily objected, because he said that, you know, Germany cannot industrialize. And by the way, he learned this from Alexander Hamilton.

If you read his report on manufacturers, it's all there. So, because Friedrich List essentially came up with his idea of a national economy—what is it? His book was called *The National System of Political Economy*, which he opposed to free-trading political economy. Now, we can go into the misunderstandings there, but his point was that Germany cannot accept the free trade doctrine. What serves Germany is the understanding that protection—infant industry protection, etc.—is the pathway to its development, as Alexander Hamilton understood, and so on. Friedrich List called free-trading notions—the seamless world, you know, "world is flat" notions, which are still around—cosmopolitan. And he said that these are to be rejected. And this is very interesting.

Like I said, imperialism needs to open up the rest of the world to serve its own needs. The rest of the world's needs, you know, are contradictory. On the one hand, the rest of the world—or the colonies, whatever you might call them—needs to be rich enough to buy its excess commodities and accept its excess capital. On the other hand, it needs to be poor enough to serve up cheap labor and cheap inputs, whatever. But the point is that all these cosmopolitan ideologies—free trade, globalization, U.S. hegemony—they are all ideologies of imperialism. They wish to open up the rest of the world economy.

Whereas ideologies such as List's—and mind you, I'm not endorsing List in his entirety; he was quite racist and all those things—but this idea that any kind of development will not take place simply by the imposition of liberal trading rules and so on, that they will in fact deliver economic subordination, they will deliver economic retardation. What you need is a government that is able to put through a plan of industrialization, as you saw in Germany and the U.S. back in the 19th century and the early 20th centuries, as you see in China today and the most successful industrializers today. They have had extensive state intervention, extensive protection, precisely because without that, there will be no development.

Yes, many countries will fail. If you don't have a proper understanding, if you don't have a proper bureaucracy, if you don't have the political capacity to put through this program, you will fail. But without such a program, there will be no success. So although the history of developing countries is littered with failures of this sort of endeavor, the only successful ones have succeeded in this fashion. You can't make an omelet without breaking eggs, but you can break a lot of eggs before you get an omelet. That's another way of looking at it. Anyway, the point is, to come back to your point, today's neocolonialism is exactly what—and, you know, Ha-Joon Chang is an interesting writer, and he takes this also from List.

You know, List said that, because free trade ideology was quite dominant in the mid-1800s—in the mid-1840s, Britain had repealed the Corn Laws and so on—so List basically said this free trade ideology is really a form of "kicking away the ladder." The ladder that Britain used to climb, which was also a ladder of protection, etc., is the ladder that every successfully developing country must climb. So Britain gets to the top and then kicks the ladder away so other countries cannot climb. Or, another way of saying it is that List said: don't do what these Western countries are asking you to

do—namely, practice free trade and free markets. Do what they actually did—namely, industrialize behind protectionist walls with a lot of state intervention, etc.

#M2

It's a very good notion and a very useful one because, you know, the fascinating thing for me is also, throughout history, to look at the things that at the time are universally accepted. Such dogmas can be fascinating because only 400 or 500 years later—which is actually very little time—they look foolish, like nonsense. If you think about medieval Europe, the kind of nonsense beliefs they had—they literally burned people at the stake for believing in witchcraft and things like that. But that was a given, right? And heaven and hell, those things were a given. If you questioned them, you were a lunatic.

And if you look at today, many things that are accepted as a given—for instance, the economy. As you rightly pointed out, economy and politics are seen as separate entities, but there are also other things, like the idea that debt needs to be paid back, and that government debt needs to be paid back. A lot of people, including those in the YouTube space who are very critical of what's happening with the US, at the same time also have a very interesting belief in the intrinsic value of gold, which I find interesting in and of itself. And then there are others, like MMT, of course, which rallies against this idea. But I would say Marxists must also have a very nuanced understanding of the role of money.

And the other thing is that a lot of people... And this is a critique of academia: that academia has managed to somehow divorce economics from the rest of the social sciences, in the sense that it's not looked at as a behavioral science anymore. It's looked at almost like physics, right? Like a natural science. And this tendency of neoclassical economic theory to present itself with data—the drive to analytics and to data sets, large data sets, and quantitative analysis—I mean, it's all fine, and there might be good analysis to be gained from that. But at the end of the day, it's a behavioral science that tries to understand how a social system works. What do you make of these dogmas? This is the...

#F1

By God, you've raised huge questions. You were talking about gold earlier, and we could do a whole conversation on that.

#M2

Let's say economic dogma, or the dogmas of people.

#F1

Yeah, sure, sure. No, but let me get to this whole issue of social science and the methodological individualism of social science. So this is another issue. The earlier critique that I made of the social sciences was, you know, just kind of in the broadest brushstrokes. But another really key point is precisely that most of the social sciences tend to think of society as a kind of aggregate—that social action is an aggregate of individual actions. So, you know, if you have 100 people in society, then the aggregate of their actions is social action. But, you know, thinking historically also involves us understanding that human beings don't act as individuals alone.

We always act as members of social groups, whether we know it or not, because we are, first of all, born into social groups. We survive only because we are in social groups. Political economy understood that. In political economy, even in Smith or Ricardo, you have not individuals acting, but classes acting. And, of course, nations and communities acting, and so on. I would say that the methodological individualism that you see is not acceptable. There is a whole issue of structure and agency. Of course, that doesn't mean that individuals have no freedom, that human beings cannot act to change history—although all politics is collective action. It is not individual actions. Individuals don't change the world.

So the point is, you know, Marx says that human collectivities can change the world. They have some discretion in changing the world, but there is always a historically given constraint. You know, that famous expression—it's mentioned in German—that human beings make their own history, but they don't always make it in circumstances of their own choosing. So they always have to act on a given historical terrain, within which you have choices, but your choices are constrained by that terrain. And, of course, you will maximize your choices if you better understand the constraints you have inherited from the past, and if you wisely operate in a way that enables you to use those constraints as strengths, rather than bump up against them and be defeated by them.

So that's why thinking historically is so important. And you're absolutely right. The ideologies arise from a number of different sources. You know, the idea that the economy is separate, that it's all only about individuals—no, it's not about individuals. Of course, individuals matter. What kind of society would we be if individuals didn't matter? But ultimately, it's about societies; individuals only thrive in society. So the question is, how will we create a society in which individuals will thrive? These are the questions, but we are not allowed to ask them. It's all, you know, boiled down to this kind of very simplistic conception of individual freedoms.

#M2

If the whole of society is really just the sum of its parts, that kind of approach also doesn't leave any space for emergent properties. And it seems to me, the more that I study the international world, the more important it is that we understand these nations, for instance, not just as large versions of Donald Trump and Xi Jinping, but as beasts that work on their own—not because they have a will of

their own, but because the behavior emerges from the way the individual entities interact with each other. And that can be very different from how each one of them wants things to go. How does your approach deal with complexity?

#F1

I wouldn't quite use the word "beasts" when describing nations or interacting social forces, I would say. That almost gives it a practically Freudian notion, which is interesting on its own, because I was going to bring Freud in a different way. So, first of all, let's go to your point. Society is a sum of its parts. Society, of course, is a sum of its parts. But the question is, are those parts individuals or social groups? Are they classes, groups, religious communities, and so on, which are real in a variety of different ways? So that's the first thing.

Secondly, because if they were just individuals, then, as you say, the emergent properties would only emerge from the unconscious, because otherwise your conscious action is accounted for by social science. So then you would undertake some kind of psychoanalysis. But I think that psychoanalysis is interesting in its own way. The way I would think about it, first of all, is that I think all societies and human beings are worthy of respect. I mean, even though, for example, today the whole world finds Trump's leadership—the whole world is made uncomfortable by the fact that the Americans have elected Trump for the second time, etc.

At the same time, it should be possible for us to understand that, at some level, the desire of Americans—or certainly a majority of those who voted in the United States—to reject the kind of globalism that was being peddled by the Biden administration is a healthy one. I mean, it has done a lot of damage. In my book, *Geopolitical Economy*, one of my emphases is that the attempt on the part of the United States to become the hegemon—it only remained an attempt; it was never successfully accomplished—but this attempt cost the American economy a lot.

It was responsible for its deindustrialization and so on. So I think that there is a healthy desire for something better. The American working class is not doing very well at all, so there is a healthy desire to do something better. And the election of Trump is only a result of the fact that, over the last many decades—four or five decades and more—in the Western discourse, the left has been so vehemently attacked, so completely eradicated, that what should have been the opportunity for a coherent left force to take power, to say to the American people, "This attempt to be the world's imperialist-in-chief has failed. It has cost us a lot."

It's time we settled down to being a prosperous power, but not the dominant power—not in any way a hegemonic power—and have cooperative relations with the other societies of the world rather than relations of dominance and subordination. Such a force has not been allowed to emerge. I mean, Jill Stein, who I tried to help, but they were just so mired in just getting ballot access that they had no

time for policy discussion of the sort that I, along with Michael Hudson and some others, was willing to offer. We chatted once in a while, but that was, you know, limited. But the point is that such forces are simply extinguished.

You know, the moment the Democrats discovered that Jill Stein was going to be a threat, could be a threat in various places, they threw everything and the kitchen sink in an effort to stall her from getting ballot access. So in a big state like New York, for example, she was on the ballot, but you had to write her name in. I mean, this was ridiculous. So this was the level of obstruction, and similar types of obstructions are being put up in the rest of the world, you know, to a coherent left. So I would say that this is going to cost the world. It's going to make the transition to a fairer world, a better world—whatever you might call it—much more difficult. But it's something that will have to happen, because without it, humanity hasn't got much of a chance.

#M2

No, and I mean, we see right now how one of the greatest threats to our physical well-being—not being consumed by war—is emanating from the United States, with all the weapons it has, with a military-industrial complex that, for economic reasons, has every incentive to use those implements of war and deploy them abroad, right? And how that is, nominally, the richest society on Earth, but also internally has this large swath of ultra-poor people.

And Jimmy Dore never gets tired of reminding us that there are homeless people sleeping under every bridge in the United States, and they don't even fix the bridges anymore. And the hollowing out, of course, of the industrial capacity of the United States—which I think, and I agree with you, Donald Trump accurately pinpointed as a problem for the United States—is also largely caused by the process of financialization and so on, and how this then warps into mass violence. I think that's a huge issue we should tackle. And I'm pretty sure you must have thoughts on this—how this process leads to violence, right, from imperialism.

#F1

Gosh. Okay. So first of all, let me say that, you know—so yes, the United States today is basically, like you say, in terms of manufacturing, a declining power. There are three or four types of industry, or three or four types of economic activity, which are particularly prominent in it. One is the military-industrial complex. The second is the FIRE sector, which is, say, finance, insurance, and real estate—which, by the way, is also counted very differently in US GDP. So the very enormity of the FIRE sector in the United States also tends to exaggerate US GDP; it inflates US GDP beyond what it should be. So we have a situation where, therefore, you know, you say it's the richest country in the world.

But in fact, if you recalculated it, I'm sure you would have a much more sober conception of the US's riches, so to speak. Anyway, there's the military-industrial complex, there's FIRE, there's the

pharmaceutical sector, which relies on intellectual property rights, and so on. And there's the IT sector. So these are the four sectors, and they all require the U.S. to impose its will on the rest of the world—in terms of, you know, getting them to buy arms, in terms of lifting capital controls or keeping capital flows free, in terms of accepting intellectual property rights, and so on and so forth.

That's partly, of course, what makes the United States imperialist. But if you look also at the longer history of the United States, critical historians have pointed out that in both the cases of the First World War and the Second World War, the United States did not join the war because the Lusitania was sunk, or Pearl Harbor was attacked, or what have you. It joined the war precisely at the time when, in both cases—the First and Second World Wars—the war actually brought the U.S. out of a depression. In the case of the Second World War, it was the Great Depression.

Because suddenly European countries started ordering more and more things from the United States, because it takes a lot of things—not just weapons, but food, ammunition, and what have you—to fight wars. So the United States economy was pulled out of a recession by Europe going to war twice. And the United States only declared war at a point where not declaring war would have endangered this flow of goods, this big economic boom that was occurring because the Europeans had exhausted their capacity to borrow privately. So the United States was then able to provide money, you know, back up credit, and provide credit in other ways.

And so this flow of credit continued, and so on. And of course, we know that at the end of the First World War, when they met in Versailles, the British in particular reminded the Americans that, "Look, you should forgive our war debts. We forgave Austria the war debts that it had during the Napoleonic Wars because it was a common cause. What's a bit of money between allies?" And the United States turned around and said, "But we did not join the war as an ally. We joined the war as an associate, and you still owe us the money." And you know the whole story of what happened thereafter.

You know, Keynes—if you read Keynes' *The Economic Consequences of the Peace*—again, closely, because Keynes was too diplomatic to say that, but he basically called for a bonfire of these mutual obligations which were holding countries down. You know, the British and the French owed the Americans, and then, therefore, since the Americans would not allow them—would not forgive their debts—then they said, "Well, we must have reparations from Germany." And for a long time, the whole merry-go-round was created because Germany, of course, could only pay the others when the Americans lent them money. So there was an entire merry-go-round of finances in the war period.

And even then, the whole system broke down. There was the Young Plan and the Dawes Plan and so on to revive it. Anyway, the point is that this is Versailles—it's often called the Versailles Settlement. The Versailles Settlement settled very little, which then meant that the Second World War was umbilically tied to the First World War. And again, because of the... And, you know, the United States also insisted on payment because, you see, there's another element of the story people don't understand. You know, theories of U.S. hegemony don't come from nowhere. But they

also don't come from just ordinary social science—that is, people looking at the world and saying, "Aha, we have U.S. hegemony."

No, they come from a desire that U.S. ruling elites began nurturing at the beginning of the 20th century, when they could see that British power was waning. They saw themselves as essentially taking over the mantle, replicating or mimicking the type of dominance that Britain had once enjoyed in the 19th and early 20th centuries, and that it would be the U.S., not the UK, in that role. So this idea of taking over the torch from the UK was essentially an idea that was around, and the United States was delighted to find itself, at the end of the First World War, to be the world's creditor—whereas, in fact, it had previously been one of the biggest debtors in the world.

So they said, no, we have to preserve this position. We have to insist that, you know, we are creditors, we are owed this money, and only if we insist on this will we remain the world's creditor, etc. So anyway, this is a long story, but I'm just giving you an idea. So the U.S. intervention—and if you look at the fact that twice, world wars brought the U.S. out of a recession or depression, and also, in both cases, the U.S. economy boomed in wartime. So the U.S. had all the advantages of war—a booming economy, etc.—without the disadvantage of being attacked on its own soil. This is an important fact that you have to bear in mind.

So at the end of the Second World War, you know, many people think that the United States was bound to become the dominant power, accounting for half the world's production. Think about it: one economy producing exactly as much as the entire rest of the world put together. This didn't happen because the United States had some wonderful productive dynamism, or just because it was a continent-sized economy with natural protection. No, it happened because, in two wars, the rest of the world lost productive capacity and the United States gained it. This is the key. And that's the importance of thinking historically as well—you have to look at what actually happened.

#M2

This is very interesting to me, because this is where it touches very closely on my field—this neutrality issue. Because, you know, inside the United States, before the First World War, during the First World War, and then in the Second World War, you had these two schools: the people who did not want to go to war were the neutralists. Today, these people are disrespectfully called isolationists. The United States was never isolationist. Never. These people called themselves neutralists because they said we should not get involved, and they were also making the economic and capitalist case that we have more to gain from trading with both sides than actually throwing in our lot with one or the other. But both times, it was the other group that won out. And you can see how both administrations—Wilson and Roosevelt—started off differently from how they ended.

And there was a shift, but the shift was away from neutrality into, "Now let's throw ourselves into the fray." And especially in the Second World War, it was then very clear with the timing also of the Atlantic Charter and so on, which happened right before they actually started. The biggest question

to me is still how they managed to make sure that they... It was clear to the United States in late November that a Japanese attack was imminent. It was clear. The question was, where would it happen? And they were surprised that it was Pearl Harbor and not the Philippines. But that this dynamic was possible, where that was the thing that managed to shift the psychology of the population. And until today, Pearl Harbor is an important thing to learn, right? "Oh, if you try not to be involved, you will get trampled on or over." What do you make of that?

#F1

Sure. So first of all, let me say that I do believe that there has—and like I say, I never see nations as beasts. I think ordinary people of all countries are generally sensible, peaceable, etc. And I would say that the overwhelming majority of ordinary people in the United States have never wanted to involve themselves in faraway wars. I mean, you know, many of them—most of these people—arrived to leave the troubles of Europe behind, and so on. And you see that today. I mean, Trump has won two elections in part by saying, "No more new wars," because that is what, you know, Americans don't want—to have wars.

The Vietnam War was also very traumatic for them. And there are still, today, active veterans' associations that have exposed, you know, all sorts of awful things that happened during this war. So I think ordinary people, even ordinary soldiers, don't want to fight. And the United States has absolutely no reason to be a militaristic power. Just imagine—who are its neighbors? Its neighbors are Canada and Mexico. Are they going to attack the United States? I mean, what an absurd idea. So the United States itself faces absolutely no threats.

It has created the biggest military in the world and 800-plus military bases around the globe, but this has happened through a process of threat inflation that has basically been the work of people who call the ordinary people of the United States "isolationist" and say that they must be persuaded to, you know, be part of the world. And whose interests does it serve? It serves the interests of the big American corporations who want to open up the rest of the world to themselves. Initially, of course, it was the Western Hemisphere—the Monroe Doctrine, etc.—but soon it became the Open Door Policy: "We want access to the markets of the whole world," and so on.

So to me, Wilson as well as Roosevelt essentially were, no matter how benign you think they are—and Roosevelt was, in his own way, at least a bit benign vis-à-vis domestic relations of the United States—but basically, they wanted to increase the United States' engagement with the rest of the world, even if it meant, and in fact, especially if it meant, participating in those wars. And remember, the United States—you know, again, we are looking at VE Day. Tomorrow will be the equivalent in Russia, Victory Day. And today we see that the entire burden of Western discourse is to diminish the critical contribution that Russia made to victory in Europe—you know, the loss of 27, 30 million lives.

And, you know, this is not at all more than the rest of the Allies put together—by far. You know, not British, not American—very, very comparatively few American lives were lost. I don't have the figure

off the top of my head. But so, you see, that's what I mean: wars have been very, very beneficial for the United States, especially when somebody else fights them. And that's why the United States loves proxy wars. I mean, think about it this way: the United States was fighting a mighty proxy war, basically, between the First and the Second World War as well, with relatively few American boots on the ground—everybody else fighting, and they benefiting by supplying, you know, getting contracts for their economy. So...

#M2

You're giving me an important thought here. I had this discussion also with Professor David Gibbs, and he pointed out how the United States really learned how to fight, you know, maybe the ultimate form of proxy war in Afghanistan, and how the playbook there in the '80s is the same as in Ukraine. And by now I've come to the conclusion that I don't even want to call them proxy wars anymore, because that concept refers to two powers using proxies to fight each other. What we are seeing at the moment, I would call it an implementation war, where you have an implementation partner abroad that does the bleeding, right?

#F1

Because it's proxy only on one side. Is that what you mean?

#M2

Yeah, I mean, no, no. Yeah, it's proxy only on one side. And, yeah, because the other side is directly involved. And the fascinating thing is, especially in US discourse, these two words are very important, right? Blood and treasure. And the blood is paid by others. And the interesting thing is, the treasure comes right back to you, right? Because you give the weapons, but the money comes back. And now there's this minerals deal, which means Ukraine also promises to pay back its debt to the United States. I mean, this is mind-boggling in the audacity of exploitation—of foreign workers who then go and bleed for other foreign interests.

#F1

It's absolutely horrible. I mean, look, I'm not really sure that Trump can be relied on to say anything coherent at all. But, you know, what he says about this is that the rest of the world has been very nasty to us, and so we are just taking back what's rightfully ours, which is just astonishing. And, you know, even in the case of Ukraine, most people don't realize this. I think somebody should do a proper paper on exactly how much Ukraine actually owes the United States, because a lot of the weapons that are being supplied to Ukraine are being supplied under a recharged version of the old Lend-Lease Agreement.

And I even remember a congresswoman being interviewed who said, "We are just keeping a tab for Ukraine." So Ukraine will eventually have to pay for all the arms that the United States has supplied. It would be interesting to see how much is a grant, how much is a loan, etc., to this country, which the West generally has essentially used. And, you know, whatever remains of Ukraine at the end, it's going to be a sadly diminished version of what Ukraine was even in February 2022, when the Russian special military operation was launched. So the thing is, it'll be a much diminished country. And the diminution of Ukraine will have been the work of all those people who have been using Ukraine as a proxy.

#M2

Can we have a very, very last kind of topic—the role of currencies? Because, you know, if Ukraine tomorrow said, "Sure, I'm going to pay you back," and took the U.S. dollar amount that it owes, converted it into its—what's its currency?—converted it into hryvnia, and then said, "Okay, I'm going to write you a check for these, like, 500 billion or 250 trillion hryvnia," the United States would not take that, right? But that would immediately solve the problem. Now, this being indebted in foreign currency—how does your analysis deal with that as a power instrument?

#F1

Well, I think the payment in hryvnia in itself would not mean anything so long as the hryvnia could be converted into dollars more or less immediately. Do you see? And so it's the free capital flows that matter. That is to say, if the hryvnia is freely convertible into dollars, then it doesn't matter if you are paid in hryvnia.

#M2

But the United States wouldn't accept that, would they? They wouldn't want a hryvnia-denominated bank account somewhere.

#F1

It probably wouldn't accept that because, you know, it would say, "You owe us in dollars." But the fact is that if it had to accept it, it would not be particularly harmed by it because it would be at the going rate. It would immediately convert it if there was no bar on conversion of the currency. So I just want to point that out. So when we talk about which currency is used, it does not matter, provided the currency is freely convertible. But if the currency is not freely convertible, then it does matter.

#M2

I think of states like Argentina, which had several defaults because they were indebted in US dollars.

#F1

They have free capital flows. But Japan—okay, so there's another thing you're doing, which is you're comparing a one-time payment to a debt relationship. So Japan is an interesting example. Japan is one of the most heavily—the Japanese government is one of the most heavily indebted in the world. But most of its debt is owed in Japanese yen to Japanese people—the overwhelming majority—so that foreign holders of Japanese debt do not have much say over Japanese foreign policy. But in the recent past, a lot of countries around the world have been persuaded to—whether or not they have free capital flows—they have been persuaded to issue debt in dollars or euros, etc. And this is a problem because what happens is, say, for example, you are Sri Lanka.

If you have to pay your debt in, say, dollars, and of course, interest rates may go up in the United States—as they have been going up recently—and that will increase the debt burden, just as they went up in the early 1980s under the conditions of the Volcker shock. So then your debt payment goes up. Plus, you may also experience a devaluation of your own currency. Now, what that means—and throughout the 1980s and 1990s, this is what happened to a lot of countries—is that they owed money in dollars, while the value of the dollar was at an all-time high and their own currencies were comparatively devalued. They were put under structural adjustment programs, which did not permit them to follow the Listian model of industrialization. Governments were to do an absolute minimum.

So they were reduced to the status of exporting what they could all easily produce. So this basically was, you know, primary commodities—cotton, coffee, silk, etc.—and maybe some cheap manufactures. So the Third World countries were put in the position of running faster and faster to stay in the same place, and often even losing ground. Because they had to earn the dollars in order to pay them back, but earning the dollars cost more. It cost way more coffee or cotton than it had previously. But all that coffee and cotton had to be produced with the same individual, the same human effort, the same social effort. So owing money in foreign currency is—and this happens very interestingly, you know, and again, we can talk another time about the whole way in which the US financial system works.

But basically what happens is, over the last couple of decades, as you know, the US has been pursuing—until very recently—an easy money policy. Now, easy money means that you don't get very much in terms of interest. That is, interest rates are low, so you can't just put your money in a bank account and expect it to accrue interest. So then you are looking for increasingly more risky ways of obtaining a return on your money. You may speculate in markets, you may make risky investments, and among those risky investments is lending to more and more risky Third World countries, which you would not normally do. So the era of easy money created an opening for private lending to Third World countries, just as it had in the 1970s, by the way.

And so Third World countries were essentially, initially, borrowing and thinking, "Oh, well, look, the interest rate is practically negative. Let's borrow." You know, and you borrow this money. But then suddenly the interest rates go up, as they did with the Volcker shock, and more recently with Powell's increases in interest rates. And then suddenly you are in very deep doo-doo. And that's the difficulty: the countries often have to borrow in foreign currency because, no matter what you say about PPP and so on, if you want to buy certain goods, you can't buy them with your own currency. You can't buy them with purchasing power parity dollars. You have to buy them with US dollars or euros or what have you. So you have to earn some amount of foreign currency.

But this is also the reason why the greater the self-sufficiency a country can create, the better it is. So, OK, you may have to buy certain specialized machinery to create an industry, but at least have the capital controls you need so that rich people in your country are not wasting precious foreign exchange buying foreign cars, foreign goods, other luxury goods, and so on. And that's the purpose of these kinds of restrictions on foreign currency. But of course, the US doesn't want to see them. And since the 1990s in particular, the US has been engaged in a campaign to get countries to lift capital controls. And we see a lot of damage being done. And, you know, otherwise, if not lift them entirely, at least ease them.

#M2

But we are seeing a shift in this, and it's right now in front of our eyes, changing the way that countries also think about the economy. And this will hopefully be the topic of another episode with you. I would really love to discuss this. We've already passed the one-hour mark. Prof. Radhika Desai, I would like to thank you very much. And for people who would like to read more from you, where should they go? Where's the best place to find you?

#F1

Oh, that's a good question. They should go to radhikadesai.com, which is my website. We're still populating it, but it's nearly done, so you'll find pretty much all my writings there. And for those of you who are part of academia, my academia.edu page is also quite well populated, so you can check it out there. And if you like, I can give you a couple of short articles to put in the YouTube description if you want.

#M2

Yes, please. Please send me the links. I'll put them in the description, and everybody can find them there. Prof. Radhika Desai, thank you very much for your time today.

#F1

Great pleasure. Thank you, Pascal.