



Prof. Richard Wolff: The Economics of the US-China Cold War & Ukraine War

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Zain Raza (ZR): Thank you guys for tuning in today and welcome back to another episode of The Source. I'm your host, Zain Raza. Today I'll be talking to Professor Richard Wolff about economic developments around the globe, especially in Ukraine and China. Professor Richard Wolff is the founder of Democracy at Work and is professor emeritus of economics at the University of Massachusetts Amherst. He's the author of numerous books. The latest being "The Sickness is the System". Professor Richard Wolff and I had a fundamental discussion about the economics surrounding the war in Ukraine a few months ago. The video reached 300,000 views, so in case you missed it, be sure to check the link in the description. Professor Richard Wolff, thank you so much for your time today.

Richard Wolff (RW): Glad to be here, Zain. Really glad.

ZR: Let us begin with China. Many analysts say that we are already in a Cold war with China. We had the recent balloon incident with the US, which the US government stated was a surveillance device while the Chinese claimed it was a meteorological one. The US is expanding its presence in the South China Sea by establishing four additional military bases in the Philippines, conducting drills with South Korea and Taiwan, and improving military cooperation with Japan. We are witnessing a lot of geopolitical developments taking place, but what goes missing from the overall picture is the economic context. Can you provide us an historical overview of the economic relationship between the US and China? And thereafter, talk about what it means if this were to fall apart.

RW: Okay, to get to the key points quickly. If you look at the relationship economically between the United States and China, it gets larger each year. And that includes right now. So you have to understand the difference between the political and military theater, which is over there and the economic reality over here. And the reason for this is that the Chinese need economic interactions with the United States and vice versa. What has happened is both sides need each other, both sides make it clear that they will not interfere beyond the theater that they need to conduct. And the theater is very clear. The United States positions itself as an aggressive, dominating world power that is not going to permit the Chinese to challenge this domination that they have. It's really the same mentality that does not want to permit the Russians to challenge the domination in Europe that the United States has. The reality, however, is that this domination, which used to be economic, political, military and everything else is no longer in place. The political situation has changed. The military situation is much less unequal than it has been in the past. The political alliance situation is moving in China's favor. You have that with the alliance with Russia. You have it with the BRICS and now you have it with the deal with Saudi Arabia and Iran. Giving China, by the way, not just its reputation as a peacemaker and broker in the Middle East where there has been so difficult to do, but you also have to recognize that China, which is the biggest user of energy in the world, has now got solid alliances with Russia, Iran, Saudi Arabia, Venezuela. This is a radical reorganization of the oil business, which is fundamental. So I would say that China now, with its proposed plan to grow by 5%, which is once again two to three times more than the United States, is going to grow in the next period. We know that already, that the gap between the United States and China gets narrower and narrower. The only debate in the United States government is now between the neocons, as they're called, the ones that are fighting the war in Ukraine, who want to engage and control China militarily and the rest of the government here, which is telling them you can't do it anymore. That's the end. Then we have nuclear war and it's over. You can't do it. This is a terrible problem because the United States is mostly focused on denying that reality, but it becomes more and more real. And that's the tension point that we are at now.

ZR: Many analysts say that China is the factory of the United States, and any sort of tensions that would happen between these two countries will greatly impact China and the United States, as you have said. Could you talk about how this relationship developed historically speaking, we saw American capital moving to China to look for cheap labor and to bypass environmental regulations, and that also profited China immensely over the last decades. Is this relationship still in place and what transformations are taking place within it?

RW: Okay. The basic relationship between the United States should be understood this way. By the 1970s, there was a problem in the United States for American capitalism that the level of wages that they were paying that had been historically forced out of the American capitalist class by a militant labor movement, had put the wage level very high here relative to the rest of the world, and particularly relative to China. This meant that there was a growing tendency at first for smaller producers to move production to China. As they began

to do that, as the opening of Kissinger and Nixon opening to China and all of that, as all of that happened, they began to make really good money. The Chinese worked out how to receive them, they began to figure out how to navigate Chinese finances and laws and all of that. And they were making huge profits which forced their competitors here in the United States to do the same thing or else lose their business. So you began then to have in the 70s, building up in the 80s and even more in the 90s, you had a growing appreciation in the United States that there were two things you got from China- or maybe three, use your two to start with. Much cheaper labor, but not just cheaper labor that exists around the world. Educated labor, disciplined labor, workers who were ready to work very hard, long hours, little pay. It was a nirvana for the Americans. They could suddenly move from the highest wage to the lowest wage. Number two, they had an easier time because the Chinese wanted them to come. And number three, which began already in the 80s and 90s and has been the dominant thing now, you're not going anymore for the cheap labor so much because it has risen; wages in China have gone up very far in a short time. What you have now is that China is the fastest growing market for capitalists anywhere in the world, and every student of business here in the United States is taught: You are successful as a capitalist if you are able to tap into the fastest growing market. It is not good to be in the United States. It is a mature market, a euphemism for not growing so fast. So the capitalists can go to China from the United States, get cheap labor, welcoming accommodations, and be in position for the fastest growing market. And this is overwhelming and it led to American capitalists moving as the Japanese had already done, as the Europeans had already done. That was another factor. They didn't want to be outcompeted by the other old big capitalist countries. There's another factor here. No one forced anyone. The American capitalists who went to China didn't have to, made the decision themselves, asked the government to support them, which it did. It did nothing to make it difficult or complicated, which is all that those businesses asked. What the Chinese demanded in exchange was mostly sharing the technology, what the United States had to give to China was a certain technological advantage. And the second thing the Chinese wanted was there be no interference in using the American distributors for all those Chinese goods. Remember, China cannot produce the United States in many things, but it's a very different matter to get that material into the large United States market. And there the deal was made basically between the People's Republic of China and Wal-Mart, and Amazon. And because they are the distributors, they made a fortune. Wal-Mart would not be the largest distributor in the world were it not for the People's Republic of China. So this was a very crucial part. So that's why the economies are intertwined. Wal-Mart, the biggest employer in the United States, wants the relationship with China managed peacefully. They don't want a war. They don't want an interruption of their business because there's no easy way to figure out how they would replace that. We don't want to end the relationship with China here in the United States because they bring cheap wage goods, cheap mass produced consumer goods. If we didn't have the Chinese, it would be expensive to move it elsewhere. It's not clear it would work as well elsewhere. In some places it does, Vietnam, in other places it does not. And that's a big risk nobody wants to take. And it will raise prices of consumer goods, which will then motivate the American working class to demand higher wages. All of this is

unwanted, which is why there's pressure. Doesn't get much public attention. But there's pressure from many important business groups in the United States that don't want the neocons to do this, don't like it, aren't even clear that it's a good idea in Ukraine, but for sure, not in China. So very powerful contradictions. But in the end, they are more advantageous to China at this point than they are to the United States, which just adds more frustration to the American government.

ZR: Last year, the US banned export to Chinese customers of certain advanced chips, which could have a military use. There's also talk floating about how the US is set to propose new rules that may ban Chinese citizens buying US property. On December 30th, 2022 President Joe Biden approved the No TikTok Government Devices Act prohibiting the use of this Chinese app owned by any federal government employees. Right now, the United States is also warning China if it supplies Russia with weapons, it could face severe consequences. It seems that the neocons are still calling the shots. Why would the United States endanger its own economy by going into such a confrontation with China?

RW: Well, your question is answered theoretically as follows. The world is full of contradictions and capitalism is no exception. Only in the minds of the people who love capitalism, is it a system of free markets and perfect competition and all the other utopians make believe that my profession, economics, deals with it. But let's get real, as we say here in the United States. The problem here is to make it key for people around the world. We have a society that is in important ways falling apart. We have developed over the 20th century a notion that we are a classless society, where everybody is in a very comfortable middle class. All of that is over now. We have divided into a society of a small group, 5, 10%, no more, very wealthy, very comfortable, lots of money and a mass of people, 70, 80% that are really in trouble and do not have enough to live the way they thought they would live. The young people are now being told by their parents, we have to use up the value that we have in our retirement. We're going to leave you nothing we don't have. We love you, but we can't do it. It is a society falling apart as people have to realize that the hype, the fantasy of an American ever richer and richer, it's over. It's done. Very difficult, lots of denial going on. Next point. The ruling class and boy, do we have one, has to pacify the people, otherwise its position is lost. And the single most important pacification program is to demonize an external enemy. And if you're really good at it, demonize an external enemy that threatens us and we have to worry about and the allies, if you like, of the external enemy at home. In the 20th century, this was easy to do by attacking communism and socialism. That way you had the external enemy, Soviet Union, and you had the domestic ally of that enemy, socialists, communists, anarchists, all of that thrown into one big heap. And you trained the economy from 1945 at least that thought back until the president in an endless. That's why the minute the Soviet Union disappears, we have to have another external enemy, Muslims, Islamists, terrorists, whatever. And when they are no longer plausible as a threat, we can now return to Russia. This time no communism, no socialism, no Stalin. Okay, we will make Putin into one. Whether he is exactly or not, who cares? Half the American people are not aware that Putin

and Stalin don't agree on capitalism versus socialism]. So that's how intense this is. So it's not the neocons. They alone are too few, they would never have this power. They are in a unique position because they are now holding the banner of we are fighting the evil alternative enemy, Putin in Russia, Xi Jinping in China, and we are fighting their allies, the left wing, the liberals, the feminists, the anti-racists. And if you listen carefully to the right wing in the United States, they put these things together. They really think, for example, Marxism is multiculturalism. You know what? Yeah, all Russia and China are allied communists. People in Congress refer to that Marxist Putin. You know, they have no idea. But it doesn't matter. The ideological reality and that's why the business community, which doesn't agree with the attacks and the aggressive posture with China and which is very unclear about this Ukraine adventure, that's why they can't go beyond quiet internal opposition, because they too, need to pacify a very bitter, angry working class with an anti-leftist- anti foreign, anti-immigrant ideological- because otherwise the system falls apart. That's what gives the neocons their moment of this kind of power. So they can send the Seventh Fleet into the South China Sea. They can shoot down the silly balloon. But again, it's 90% theater. It's there to keep the intelligent population from questioning everything. Keep them focused on terror with China, terror with Ukraine, pictures of burning houses, all the drama. Because otherwise the focus will be on the fact that inequality gets worse every month here. That we are about to go into a recession. Let me drive it home this way. In 2020, we had a capitalist crash and the COVID 19 pandemic. Before that was finished, we hit the working class with an inflation. Before that was finished, we hit the working class with rising interest rates. This is too much. To my German friends, think a little bit from your own Deutsche Geschichte, that's what you need to remember. The working class in Germany was hit with too many defeats. The defeat in World War One, Kaiser Wilhelm gone, a few years later, the worst inflation the world has ever seen, 1923, 1924. Five years later, in 1929, the Great Crash, too many economic smash downs of the working class. The inflation wiped out all the savings. The depression took away jobs. And of course, if you subject people to that kind of pressure, they become crazy. They look for scapegoats. They get frantic and they can turn to a Donald Trump here or to an Adolf Hitler in Germany in 1933. We are a society moving down a direction that German history is a very important warning about.

ZR: Let us switch gears here and examine Ukraine and the economic developments taking place there. Recently, the EU announced its ten package of sanctions. According to the EU's commission website, and include trade and financial sanctions, including further export bans worth more than €11 billion, depriving the Russian economy of critical tech and industrial goods. It also sets up enforcement and anti-circumvention measures, including a new reporting obligation to Russian central bank assets. Canada also imposed additional sanctions against Russian steel and aluminum imports. Do you think these sanctions will now cripple the Russian economy and finally help end this war?

RW: No. The only answer to that is, no. And my evidence is that last year, we were told in the immediate aftermath of February 2022, when this war began, that these sanctions referred

to as the, quote, "mother of all sanctions" would be devastating. The ruble would collapse, the Russian economy would disintegrate. Dad, Dad, Dad, Dad, Dad, Dad, Dad, nothing. None of it happened. The ruble went down for a few weeks, recovered and has been fine ever since. The West has made a terrible miscalculation, the kind of thing that happens when one empire is going down and another one is coming up. What is happening to the United States and Europe is what happened to Britain in the 19th and 20th century. Britain was the great empire of the world until one of its little colonies here in the US broke away. They tried to stifle it in a war, 1776. They tried a second time in the War of 1812 to squash the independence of the United States. After losing both wars the British decided, Okay, you can't beat them, you join them. And they made an alliance. And here we are today with the role reversed, where the United States was an unimportant little detail of the British Empire, the United Kingdom is now a small, unimportant detail of the American empire. That's the truth. That's the reality. The problem is the British Empire, the American empire and if you go back in history, the Persian Empire, the Turkish Empire, the Greek and the Roman, they all go up and then they go down. The idea that the United States is only going to go up is childish. It's no longer a question of up and down. It's only a question of when. And I think 'when' is already underway. And that's the great difficulty. And one of the hallmarks of a declining empire are the kinds of things we are seeing today. Miscalculating, overreaching, thinking your power is so enormous because it has been that it always will be and is now the ability of these sanctions to hobble the Russians is wrong. It's false. You don't need me to tell you. Just watch. The Russians pursue the war. The line keeps moving west, not east. That's a sign that the people pushing that way are winning. You don't need a military degree to understand it. Russia functions. And what the miscalculation didn't understand is that the alliance is being built over the last 15 years in BRICS in the particular relationship between Russia and China, but now including Turkey and Saudi Arabia, Iran already before, these are resources that the Russians are able to bring into play. These are resources who will buy their oil and gas. These are resources that will allow them to get around all the sanctions. Many of these countries have lived under US sanctions for a very long time. They know how to do it. They know how to use intermediaries. They know how to use other countries. They know how to use what's called transshipment. When you move something from China to Country X and they break it down and move it to country Y, it raises the costs, there is a burden here. Everybody would prefer there not to be sanctions. They don't like them. They want them taken away. But are they existential threats? Not at all. And here's the thing that the Europeans have the biggest problem to face. It might be possible to defeat the Russians in the Ukraine, but you don't have enough money to do it and you don't have enough political support to do it. Your support is very thin. And you can see already now in mid-March of 2023, in the United States, the cracks are visible and widening in terms of support for the Ukraine war. Here in the United States. So while a very, very self subordinating Europe stands behind the United States, you may find yourself all alone, you Europeans, because the United States is already thinking about a deal to get out of the box. It is finding itself in. The Europeans are going to then have to have the conversation that was interrupted by the Ukraine war and that discussion, that choice to be made if the world is splitting into two major blocs, you are hooking yourself up

to the one less likely to win in that conversation. That's the truth at this point. I understand it's hard for people to look at. The European leaders are denying it, the American leaders still are. But it's becoming harder and harder even on the ground here in the United States, it's becoming harder to sustain the illusion that the empire that was is the empire that will continue.

ZR: A few months ago, Ukrainian President Zelensky said in a speech and I'm quoting him here, quote, "We already have managed to attract attention and have cooperation with giants of the financial finance and investment world as BlackRock, JP Morgan and Goldman Sachs, such American brands as Starling or Westinghouse have already become part of our Ukrainian way", unquote. Even BlackRock Chief Larry Fink stated, and I'm quoting him here, "I do believe emotionally those who truly believe in a capitalistic system will be flooding Ukraine with capital", unquote. Do you think American capital will help turn the economic tide in Ukraine and help it rebuild to become a formidable economy?

RW: I think it's a little bit too early to tell. I certainly would not take seriously statements made at this point, when in fact, the reality is nobody knows whether there will be a Ukraine at the end of this situation, and they certainly do not. What they want is to be told that one of the larger countries in Europe, which Ukraine is by population, they want that to be open to them, to come in there and make a lot of money by quote unquote, "rebuilding that part of the world". The United States has a long history of making a lot of money rebuilding European countries from war. The Marshall Plan, the end of World War Two was a bonanza for the United States, set up the American empire as it replaced the European empires, British, French, Dutch, and so on. So yeah, there's a long tradition. We want to get in there. We want to be there. But you could get the same collection of companies telling you a few years ago they want into Iraq once the invasion and occupation there are over. They would be happy if the Taliban invited them into Afghanistan. Yeah, they want to make money. They think there's a great opportunity. Houses are going to have to be built. BlackRock and Blackstone are busy buying housing all over Europe. They are the major landowner of Deutsche Wohnen, which is in Berlin, and in the middle of this struggle there. So, yeah, they want to be in there owning huge blocks of housing, building it quickly, collecting all those rents. Yeah their image is for life, as it was, to continue. They don't understand what has changed, and they're making one mistake after another. And for Mr. Zelensky - it strikes me as odd - do you really want to tell your own people, Ukrainian people, that there are deals already being discussed and worked about who's going to- I mean, they have a problem in their society. They are going to really turn it over to other countries? That's what they fought a war for? They could have had the Russians come in and do that, too. They know how to build houses. What are you doing? What is this about? And these kinds of questions which should have been asked a year ago are now being asked. And I think you're going to see an enormous amount of change that could happen very, very quickly.

ZR: I would like to focus on other economic and financial developments. In February in Europe, the inflation rate in the Eurozone consumer prices was estimated at 8.5%. The annual inflation rate in the US, on the other hand, slowed down to 6% in February of 2023. In both cases, inflation has been weakening since the highs of last year. Can you first explain for our younger viewers and people that are not so familiar with economics, the mechanisms of inflation and interest rates, and therefore talk about whether the interest rate hikes by the ECB, the European Central Bank and the Federal Reserve has successfully halted and eased inflation.

RW: Okay. Inflation is like any other major economic development; it always has multiple causes. Let me give everyone a piece of advice. If you listen to anyone, including me, tell you this is the key cause, my advice to you is go talk to somebody else because that person has some agenda to make you believe there's one key variable. The inflation in Europe, for example, is heavily shaped by the explosion in the price and cost of energy. We didn't have anything like that in the United States. So right away there is a big factor at play in both parts of the world, but to a different degree in helping to explain why the inflation is at this moment worse in Europe than it is in the United States. But do you think that's all? Of course not. Here's a second one. We have just been through a catastrophe in this new century. I'm talking now mostly about the United States, but it's applicable to Europe as well. We had a crash in the early part of the year 2000, the so-called dot-com crash. We had a crash in 2008 and 09. One of the worst, the second worst in the history of capitalism, now called the Great Recession. And then we had another one in 2020 before COVID hit us. We were there. Why? Because we have, on average, wherever capitalism settles, a crash every four to seven years. That's how capitalism works. That crash, the one we just had behind us 2020, 2021 into 2022, damaged the United States very badly. Many, many, many corporations were unable to make a profit. They discovered a lesson from Marx that you can have fancy machines and you can have all the raw materials and you can have the genius entrepreneurs, but if you don't have the workers, you don't have anything. And they discovered no profit, if the workers are sick, if the workers are at home, etc., etc. They didn't manage it very well. Let me remind you, for the United States, one of the richest countries in the world, highly developed medical system, we have one million one hundred thousand dead people in this country. The system isn't working. Not the health system, not the economic system. Well, why do I tell you this? Because as soon as the businesses of America could, they went to work, particularly starting in the second half of 2021, to try to do whatever they could to get the profits that they hadn't been able to get in 2020 and the first half of 2021. And the quickest and fastest and easiest way for a capitalist to make profits is to raise the price of whatever it is they sell. That doesn't take any time. It doesn't take lots of arrangements. It doesn't have to worry about anything. It can do it and do it quickly. Why? Because the only people who set prices are employers. Employers in the United States, 2% of the population. The other 98% have to do what those 2% tell them. By the way, that's called a dictatorship. But I would put it aside. An inflation is a political act by one class against another. It's the employers raising it. And for those of you that care about the numbers, the prices of goods went up always over the last 18 months more

than wages did. So the working class was hurt by this inflation. Even if their wages went up, they didn't go up the same amount. And consequently their standard of living is hurting.

Number one. Next, raising interest rates. The central banks in Europe and the United States raise interest rates. And they tell you a story that is so wrong that what's interesting - I'll tell you in a minute why it's wrong - but what's interesting is that they would do such a thing. Let me explain. They raised the interest rates, a classic response by central banks. That's what they often do, raise the interest rates. The idea being poor and middle income people will now not be able to borrow money at the same cheap rate they had before. So they'll borrow less, they will spend less, and that will force the prices down. And the same applies to businesses. They will have to spend more to borrow money, so they'll borrow less and they will then hire fewer people and blah, blah, blah, it will all undercut the inflation. Nice story. Is this however, the only way to stop inflation? Not at all. The amazing thing in the United States, I believe so in Europe, too, is the ability of the media to teach the mass of people that the inflation is caused, I don't know by odd, weird things, make them up, Putin did it, the Chinese are doing it, or you'll show us a picture of freighter stuck in the Suez Canal and we will all be told, supply chain disruptions. One of the largest nonsensical arguments I've ever heard. But let me get back to the weird thing. In 1971, August 15th, the then president of the United States, Richard Nixon, went on television and said this to the American people: "We have a terrible inflation", which we did, "and we have to bring it under control. So here is my plan and this is what's going to happen. Tomorrow morning, as of tomorrow morning 8:00, any business, any business in this country that raises the price, we will come for you, we will arrest you and you will go to jail. Any union that pushes up the wage or tries to, we will come for you, we will arrest you and we'll throw you in jail". This is called, it was at that time and is still called now, a wage price freeze. It has been done in many countries, at many times. Nothing new, nothing unusual. And it has an interesting effect. The inflation stops on a dime, right away. No interest rate goes up. You don't need it. So the amazing thing is that we have a policy hurting millions of people, slowing the economy down. We are either in a recession or will be by the end of this year here in the United States. And that is not good news for Europe to say the least. And we have a debate in which the American experience of 1971, which is not ancient history, is not discussed. Not by Mr. Powell, the head of the Fed, not by Janet Yellen, the treasury secretary here, none of them. Janet Yellen was my classmate at Yale University in getting my degree in economics. She learned what I learned from the same teachers in the same room at the same time; she knows. But we are all performing Kabuki theater here in which we pretend that everything being done is the necessary appropriate thing. None of this is true. And the ramifications of this, let me just give you one example: When you raise interest rates, which we've been doing very quickly for about eight months here in the United States, from below 2% to 6% roughly. When you do that, the value of government bonds goes down because that's the inverse of the interest rate. Well, when you drop the value of bonds, you have to have in your mind, Wait a minute, the banks of the United States are the major buyer of the bonds. That's the assets that banks have. They have other assets, too, but government bonds are a major asset. And that's what they have to give back to their depositors, whatever money the depositors, individuals or businesses put in the

bank. Well, we are now in the midst of a banking crisis in the United States because the geniuses that run this capitalist system are either so overwhelmed with a crash, a pandemic, an inflation and rising interest rates that they can't think long enough to put it. And now they have another catastrophe, the collapse of a bank, the Silicon Valley bank in California. And if I had time, I would explain to you that bank fund the one dynamic growth sector of American capitalism: high tech. That's the last thing you want to disrupt. We are disrupting it. You know, when you see this kind of self-destructive, chaotic, panic driven policy, then I put it again to you, the Europeans: You have allied yourself and you may have made a terrible mistake who you're allying yourself to, who you are subordinating yourself to. The leadership of the United States is going down just like its economic footprint.

ZR: All across Europe, you're seeing protests taking place. In Portugal, more than one hundred thousands of schoolteachers and their supporters marched through Lisbon to protest soaring inflation and low wages. In Spain more than a quarter million people oppose the dismantling of the public health care system. In France, millions of people have been taking to the streets in nationwide protest since many weeks, opposing plans to slash the nation's pension system and to oppose President Macron's bid to raise the age of retirement from 62 to 64. In Germany, you're seeing similar developments and protests develop in the transport, postal or other healthcare sectors demanding for better living conditions and wages. Why are workers asking for a better wage and working conditions at a time of inflation? Would it not worsen the situation even further?

RW: Well, you know, workers have no choice. If you don't agitate for higher wages, then the full impact of the inflation is to weaken your standard of living. If workers accepted an inflation, they are basically accepting a reduction in their wages. This is at a time when the country and the overall productive system are becoming more productive. They're raising their productivity. You look at the statistics, you'll see it. So you're producing more wealth, but you're giving the working class a smaller and smaller share of the wealth. Of course, the working class is going to react. It is reacting everywhere. We have a level of militancy in the American labor movement we haven't seen for a long- I mean, many, many decades. And we're seeing it grow. We're seeing it become more sophisticated. But there's a fundamental difference between the United States and Europe. Europe held on to the combination of a powerful labor movement and a fairly strong left of center, more or less socialist political party structure. That was destroyed in the United States. The catastrophe here happened for the capitalists in the 1930s. The Great Depression produced an explosion of the labor movement. The CIO, if you're interested in the history, working a very powerful alliance with two socialists and one communist party, and they all worked together and they transformed the United States into something like European social democracy. The social security system, which did not exist here before that. The unemployment compensation, which did not exist before that. The first minimum wage, which did not exist before that. And a government jobs program employing 15 million people that never existed before. All of these were forced from the bottom by a powerful combination of the Democratic Party as the official face, the

labor movement, socialists and communists as the militants within the Democratic Party at that time. We've never reproduced that after World War Two. That was destroyed. The demonization of the Communist Party was the first step of destroying that coalition, and it eventually destroyed the two socialist parties, the Communist Party that barely existed in this country, and the labor movement, which today represents less than 6% of the private sector of labor force in the United States. And we don't have industry wide bargaining. We don't have unions with power, even if their membership is small that you have in Europe. But your unions have much more of a social position, much more of a recognition, much more of a people if they have the courage to bring people out into the streets. We have to start at the beginning here. We are doing that and the country is changing, and quickly, far better and quicker for people like me than we ever imagined we would see in our lifetimes. But we are behind the Europeans on that. That's why you have Portugal, Spain, France, Germany, just the way you laid them out. That's why you are ahead of us. We have to rebuild the political party, particularly that can help bring together and unionize and organize and unify all of these forces. But let me assure you, the working class in the United States is moving. It doesn't know where to go. It's not so clear. The right wing is much better organized and funded than the left wing because the right wing wasn't smashed after World War Two. The left wing was. That's our history, we have to live with that history. But when you read about the people shooting each other every day in the United States, when you hear and read about resurgence of white supremacy, of anti-woman movements and all of these rhetoric, that's the incipient fascism that mobilizes parts of the working class, as it always has, as it did suddenly in Germany, Italy and then other parts of Europe as well. We're not going to all everybody go to the left. The 1930s proves that the American working class can go to the left, en masse. So we know it's possible, we can do that again, but we're doing it in the face of a right wing that is terrified by everything I have just told you. By all of the changes that make the American Empire shake, retreat, shrink. That's why the most effective slogan for the last six years has been Make America Great Again, Mr. Trump. That's it. He has no cards to play. That's his card. That's his hope to hold on to that part of the population that understands it's falling apart and wants to bring back. You know, das Deutsche Reich, We're going to bring it back. We're going to bring it back. That was Hitler. Mr. Trump, whose family is a German family, has recovered this slogan, adjusted it for the American circumstance. But this country is in very, very bad shape. And it is being led by people with no understanding or context or contact with the mass of people. It's extraordinary to watch. I've never seen anything like this. And because my parents were Europeans, my father, French, my mother, German, I am aware of what happens in Europe. I speak and read those languages. But I have never seen what I am seeing here. It is a dramatic time. And any assumption that the United States is able to continue playing the role that we have all seen it play in the past, that's a big mistake.

ZR: I specifically want to end this interview by talking about the French pension system and the planned reforms. According to the Tagesschau, Germany's leading primetime news media network, they state: The reason why Emmanuel Macron is drawing so much resentment from the population due to his pension reforms is the fact that his administration has done a poor

job in communicating these reforms and that there are only two choices, either the retirement age has to be increased or the contributions in the pension system have to be increased. They also brought up and this is quite interesting, sociological differences between German and French workers and they stated and let me quote them here, "working longer is seen as imposition by many French citizens. Work is perceived as a burden", unquote. In your view, are there only two choices for governments across Europe, that either you have to increase the retirement age or you have to increase the contributions to the pension system?

RW: No, it was never the only choice. It's not the only choice now. The notion, by the way, that the French have a peculiar idea that work is an imposition that is reflected, I don't mind saying it, sheer ignorance on the part of whoever writes this nonsense. I'm a professional economist. I teach economic theory. The dominant theory in the world today is called neoclassical economics. It's what's taught in German and French and other universities. One of the central commitments, theoretical commitments of neoclassical economics, is that labor, in the language of economics, is a dis-utility. Labor, in short, is a burden, and people undertake the burden of labor in order to acquire the money allowing them to consume. And the consumption is the compensation. The good thing for the bad thing, the labor you've had to do. There's nothing French about that. That assumption that labor is a burden and an imposition is taught at Oxford, Cambridge, University in Düsseldorf, Germany, wherever. You know, to make this a French phenomena shows you a person writing either who doesn't know what he's talking about or is so busy pushing an agenda that he forgets even the basics of what he's talking about. Having said that, look, if you have a population that is shrinking in terms of the young people who work and who therefore contribute a portion of their income into the pension fund, and you have at the same time a large elderly population that isn't working anymore and pulling assets out of the pension fund, yeah, if that's the way you set up your pension fund - and by the way, you don't have to do that and not all countries do, but the United States does and I assume European countries do - then you have a problem. You haven't got enough money coming in and you have so much going out. And if you think like this, then you think, well, then I have to either pull more money out of the people working, they have to put in more or I have to give less to the elderly. Macron has proposed since he's an idiot, he has proposed doing the second thing. I'm going to give less to the older people. How am I going to do it? I'm going to make them work another two years before I allow them to retire. This is very simple, but it is completely wrong. Why? Here is, I'm going to now give you two or three alternatives. There are more. They just don't want you to know about them because then you won't think about them and you won't agitate for them. Okay, number one. Even if you believe that you have to bring more money into the system, if, for example, you don't want to hurt the elderly who've given you a lifetime of work and who have contributed into the system to get to retirement and have made all their plans where they live, what house they bought, what commitments to their children, when all of that is thrown aside for two years because Emmanuel Macron, you know, overlooks his foie gras lunch to make this idea. You know, wow, here's an alternative. Change the way you raise the money. Stop raising the same amount from everybody, regardless of their income. You could have a progressive

pension contribution system. If you are making a million Euros a year, your contribution to the pension can go up. Whereas if you're making twenty thousand Euros a year, it doesn't. Wow. That would bring more money in and you wouldn't have to lay off, you know, two years of people's pension. The idea that the - this is like being accosted in an alley, in a dark alley by a man who has in one hand a gun and in the other hand a knife, and who says to you, I'm going to kill you, but you can choose, it is your choice, I shoot you or stab you. Now the person who begins to scratch his head and try to decide between them we know is lost. The person with half a brain says, I don't accept this job. I'm not going to permit you to determine that my two choices are that. Because I will end up dead either way, and I don't want that. So don't tell me that's my only choice. I can throw a stone at you. I can whistle. I can call a policeman. There are a hundred things I can try to do. They may not work, but don't tell me there are only two. Macron insults the basic intelligence of the French people. They may not say it, but they all feel, even if they can't put it into words; I'm an economist, it is my job, I can lay it out for you. But people who haven't the training or don't think about these things, they kind of understand they're being what we call in America hustled. They're being flimflam. They're being maneuvered by some quick talking faker. Con man, we call that. Macron is a con man politician. He's so poor at it, he can't even wrap it in better packaging. We would be better at it here. We have an advertising industry way better than them. What is he doing? And that's why, by the way, he comes in a long line. Other governments have tried to do this with the pension in France. They've all failed. They tried to do what Macron did. People came out. People learn the lesson, fight. But even if he wins, the anger and the bitterness of what he's trying to do, that will live long after him, and that will be part of the history that builds in the French working class. The kind of rage that they are capable of and the kind of political action. We're going to see more of that. And let me also tell you, Americans were affected by the Gilets jaunes movement two or three years ago, and they're being affected by what they're seeing. It is common among the labor unions in this country these days to say: Why aren't we doing what the Portuguese and the French and the Spanish are doing? Why are we so passive? That will have its effects.

ZR: Professor Richard Wolff, professor of economics and author of numerous books, the latest being "The Sickness is the System". Thank you so much for joining us today.

RW: Thank you, Zain. And thank you for having programs like this. We're having more and more of them in the United States, and they are learning from people like you. And it's having a wonderful effect in changing this society. Very difficult moment, but full of opportunities, the likes of which the left has not seen in this country for a long time.

ZR: And thank you, Richard. We appreciate your words and we look forward to seeing you again. And thank you guys for tuning in today, don't forget to subscribe to our alternative channels on Rumble and Telegram. YouTube can shadowban and censor us at any time. And if you would like to receive our information in the future, be sure to also join our alternative on Rumble and Telegram as a precaution. And please don't forget to donate. Please take into

consideration that there's an entire team working behind the scenes from camera, light, audio, in the case of our german videos, translation, correction, voice-over or video editing, so be sure to donate so we can continue to produce independent and nonprofit news and analysis. I'm your host, Zain Raza, see you guys next time.

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