



Yanis Varoufakis in Conversation with Jeffrey Sachs on the Six Global Crises Confronting Humanity

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Yanis Varoufakis (YV): Hello, hello, hello. I'm Yanis Varoufakis, standing in today for Mehran Khalili with a very special episode of this DiEM25 bi-weekly live stream podcast. We, DiEM25, a radical pan-European movement, we were set up, for those of you who don't remember or don't know, we set up DiEM25 almost 10 years ago. And at that time, when we were setting DiEM25 up, we asked ourselves an idle question. The question was, I don't remember who asked it, somebody did, in our midst: How long does Europe have before it gets its act together? Before it, Europe, along with the North Atlantic neoliberal consensus of the time, begin to crumble under the weight of its hubris, of its inane policies, policies based on the toxic combination of austerity for the many, for the majority, socialism for the a few, particularly the bankers, almost next to no serious investment in the green and digital tech of the future, complete European subjugation to the United States and NATO, including, of course, being co-opted in a new Cold War against China. Back then, this was the end of 2015, we predicted that this Europe, as it was functioning, has at most ten years before it collapses. Remember, that was 2015. So 15 plus ten = 25. That's why we added the number 25 to our name, DiEM25.

And just a curiosity, but I think it's quite significant, this was a suggestion that we added the number of 25 next to DiEM by a great friend, Julian Assange, who thankfully, after all those ten years incarcerated, he's today free, and I welcome that. Sadly, that prediction of ours in 2015 seems to have come through. 2025 has indeed been the year, it is evolving into the year when Europe is clearly paralysed. Its industry in central and northern Europe is waning, we have deindustrialization, we have a continent that should be a source of light and hope, dissenting into idiotic warmongering, what some people call military Keynesianism – which is the bastard child of Keynes, nothing to do with Keynes – not just political degeneration, but also moral de-craftitude – look at our position vis-à-vis Palestine – and increasingly global irrelevance, as a result of all that. But we, at DiEM25, we don't give up. Not easily. Actually, we never give up!

Today, this evening, we have a truly special episode. Now, let me connect it to 2015, because in that January's election, the people of Greece, for some reason, voted in people like me to say no to the policies that were wrecking not only our country at the time, but which were the harbinger of today's deindustrialization in Northern Europe, as well as its political paralysis. From the first day in government, Jeffrey Sachs, the famous Columbia University professor who had been collaborating with and actually advising countless presidents, prime ministers, governments, international institutions, like the International Monetary Fund, well, Jeff approached me with an offer to help, which of course I immediately accepted. He came to me, to an outsider, me, with a reputation of a seasoned insider. We went to Brussels together. I remember those meetings we had. He sat in meetings with Wolfgang Schäuble, the then German finance minister, with Christine Lagarde, who at the time was the managing director of the IMF, of the International Monetary Fund, with Mario Draghi, who was then president of the European Central Bank, every one of the leaders of the notorious Troika, as we used to call them then. Jeff entered as an insider, but, maybe he can correct me if I'm wrong, but after what he saw and heard in there, he seemed to me enraged, he seemed to me to exit those offices, those rooms, as a passionate activist. He started becoming a campaigning outsider in our conversations. Those were indeed quite pivotal days.

Since then, catastrophic developments have befallen the world. From the futile war in Ukraine, to the failures of climate summits, and the triumph of the fossil fuel cartel – drill baby drill – to Washington's declaration of a new Cold War against China, first by Trump, then by Biden, now Trump is continuing it, to the genocide in Palestine, to the rise of the Donald, of Trump, and they name the response to the rise of the Donald by the liberal establishment, both in the United States and in Europe. During all this period, in the midst of all these calamitous developments, Jeff Sachs has become one of the few voices of reason within the cacophony that is Western public discourse. It is for all these reasons and more that I feel greatly joyous and privileged to be hosting Jeff Sachs here tonight for a wide-ranging discussion that will occupy us for the next 90 minutes or so. But before I hand the floor over to Jeff. Let me encourage you, our audience, to go into the chat and post your questions, your comments, your rants, accusations, whatever you want, and as our conversation progresses, I shall be trying, given the time limitations that we have, to put some of these questions or comments to Jeff. Last, but not least, let me say that tonight's episode is also being broadcast live in China through our friends at the China Academy, who will also be collecting and sending us questions and comments from our Chinese viewers. I hope you enjoy this live podcast. Jeff, good evening and thank you for joining.

Jeffrey Sachs (JS): How are you? Oh, come on, it's so great to be with you. Thank you for also that trip through memory lane. Those were indeed dramatic and amazing days. I just have one footnote, just to explain one piece. I wouldn't say in 2015 I was an insider. What I would say is that in 2015, I knew how incredibly stupid my government was. But I still had some hopes for Europe. So this is the difference. I knew, because as an American I had lived through really awful things from Vietnam onward and the wars in Iraq, Afghanistan, the 2003 Iraq War, the Syrian CIA operation to overthrow Assad, the operation to overthrow Muammar Gaddafi, the NATO enlargement against promises made already back in 1990 by

the United States and Germany to the Soviet and Russian leadership that NATO won't move one inch eastward. So I was a pretty active critic. But, I thought Europe was better, it was going to do better, and that we were going to go in and there'd be a lot of light and a lot of understanding. The meeting that I was privileged to sit by your side with Schäuble, when he was heading the German economy, was one of the most shocking, disturbing meetings I've ever been in. Because, if I may say, we went in and you were superbly eloquent explaining the depth of the crisis that Greece was facing. And I remember you explaining that: "Mr. Schäuble, please understand that in Athens today, old people are picking food out of the garbage pails because there's so much hunger". And Schäuble looked at you and said: "Why are you telling me this?" As if this wasn't a human concern. And you were taken aback, you said: "Because it's so serious, we need to do something". And he looked at you and said: "Well, yes, we have an agreement". And you said: "Yes, but that was the other government which just was defeated because the policies weren't working". And he sat there with his hands folded and said: "We have an agreement. Is there anything else you would like to discuss?" And this was the kind of shocking arrogance I would expect of an American official, but I actually didn't quite expect it in Europe. And I was naive at that point. I thought something better would come.

Well, we've learned Europe did not and does not have its act together. And what's in these days absolutely shocking for me is that while I believe that the Ukraine conflict, and we're going to discuss it, I think, at some length, essentially was provoked by the United States. Now that Donald Trump is actually taking an exit ramp, the Europeans can't figure out how to join the exit ramp. They want to continue the war. So the level of misgovernance in Europe continues to amaze me. I'm sure it doesn't amaze you, but it does amaze me that Europe can't even figure out peace when it's in their face. And that is profoundly troubling. So in any event, we're going to look at all of that together. But indeed, going back ten years was an eye-opener for me in that way.

YV: I'll tell you, the meeting with Schäuble, just very briefly, so we can move on to Ukraine, the meeting with Schäuble that seriously shocked me was not at the beginning when you were with me, but towards the end when you weren't in the room. Because in the intervening period, he actually changed his tag and he agreed with me that what they were doing to Greece was going to become a boomerang that is going to seriously affect the German economy. He actually admitted that. And at some point when he was pushing me to sign the MoU, the memorandum, I said to him: "Would you sign it if you were me?" And to his credit, he never admitted that in public, but to his credit, he looked out of the window for a while and he said: "As a patriot I wouldn't". He also admitted that, as I said, that it would be the beginning of a dynamic that would lead Europe down the garden path. And he looked utterly powerless to me. So there I was, the most bankrupt finance minister of the most bankrupt country, with the most, you know, surplus amassing finance minister who was nevertheless looking and sounding even more powerless than I was. And that is even more disconcerting than having...

Anyway, look, let's talk about Ukraine because it is mind-boggling, isn't it? The war in Ukraine has damaged Europe irreparably, in every way. In terms of energy, in terms of our geopolitical status, but the only thing that seems to be driving this European policy, to me, at least, and I'd like you to correct me if I'm wrong, is number one, that inertia, you know, we've been pushing for Zelensky to take Moscow, and now we have to continue pushing Zelensky to take Moscow or at least the Crimea, until Putin is in The Hague. As if that is possible only by the Ukrainian troops. But there is something else. You have Volkswagen that can't sell cars. They are retiring production lines and they are passing them over to Rheinmetall to build tanks. So now they are creating common debt, which they didn't create in order to have green energy investments in order for the conversion of Volkswagen plants into Rheinmetall Leopard building. I mean, that is macroeconomically insignificant, politically toxic, inane, and it really is the worst service you can offer the people of Ukraine, who are being squeezed from everywhere as we speak. Anyway, what do you think is going to happen now with Trump? I mean are there prospects of a cessation of hostilities that we can speak of at the moment?

JS: Yeah, so this is a war that, of course, never should have happened. Perhaps that's a cliché in that you could say that pretty truthfully about almost any war, but this is war that was avoidable and obviously avoidable as we approached war over a 30-year period. So, I happened to watch this whole historical phase because I was part of the economic advisory group of Mikhail Gorbachev back in 1990/91 and an advisor to President Boris Yeltsin in 1992 and 1993 and an adviser to Ukraine's President Leonid Kuchma in 1994. So I've seen both sides, I've watched all of this. There is no reason in a million years why this war should be happening. But it was the artwork, if I could put it that way, of the United States over a 30-year period; and I'll describe that. Now, what feeds the continuation of the warmongering is, as you say, partly inertia, partly it is the ongoing extreme russophobia of Russia's neighbours who use the most aggressive and ugly language, actually, about a neighbour that absolutely is a threat to them, especially if you were act to provoke the threat. So there's a mind boggling spiral that is created of Russia-hatred in the Baltic states and in Poland in particular. And Russia reacts to that, by the way, not violently towards those states, but with absolute firm rejection, and that leads to this spiral of warmongering, fear, hatred, and now this ReArm Europe programme that you summarised, that's mind-boggling especially because peace could be achieved, could have been achieved, and is actually almost ready for delivery right now.

So, let me explain. How to start on this... First, what's going to happen. Donald Trump is very clear. He's supremely cynical. He's not a nice guy. Let's be clear about this. He says, but he says rightly: Look, this is Biden's war. This isn't my war. And this is a loser. I'm getting out of here. So this is the bottom line. Trump's not going to invest anything in this war. He may try to grab some goodies on the way out. If he can squeeze Ukraine for some minerals, that's Donald Trump for sure. But he's not going to devote any US resources to this war. And he's been perfectly blunt: Biden, he did this. It's his war, not my war. I'm getting out. So that is real. That's not a bluff. Of course, even inside Washington, Trump continues to face deep state opposition in our security establishment, which likes fighting Russia. The

military-industrial complex, the CIA, the Armed Services Committees of Congress have for 35 years been promoting conflict and tension with Russia. It goes back decades before that, vis-à-vis the Soviet Union. So Trump, he faces opposition inside, but not enough to derail this because the American people have no interest in this fighting. They don't want to see another budget allocation. Trump can't afford it because he's got a big budget fight ahead that he's not going to compromise by asking for another round of funding. So the US is going to get out. And then the question is what happens? Well, Ukraine cannot fight onward without the US because it couldn't really fight onward with the US. So Ukraine was losing even when Biden was doing whatever the United States could do. So, Ukraine will either be destroyed on the battlefield or there will be peace.

Now what's happening in Europe is mind boggling. They're telling Ukraine: We'll fight on together. In other words: You continue to die, Ukraine. You continue to be bloodied. You continue to lose territory. Why do they say this? Again, to me, maybe I'm a little naïve, it's a puzzle, I have to say, because it's so shockingly wrong-headed and so shockingly destructive that it does give me pause. There are obviously many arguments that one could invoke. Truly, the Baltic states and Poland hate Russia to the core, and so if someone will fight Russia, they'll support that, as long as it's not them personally. And so they're using Ukraine. Germany's probably using Ukraine in the same way: We don't want the front line to be on Ukraine's western end. Rather, we want Ukraine to be fighting Russia as long as it's still a big distance from us. What's the real harm? maybe Merz is saying this. Of course, these are false choices. This is all ridiculous because there could actually be an end of conflict that would stick. Russia doesn't want to have endless war. Doesn't need to. It doesn't also mean that Russia is going to be on Europe's eastern border because the whole idea all along from the day that Ukraine declared independence in 1991 until today is that Ukraine should be a neutral country that is neither owned by NATO or owned by the West or owned by the European Union, nor by Russia. And that was Ukraine's vocation and it's not a bad vocation. It's something the United States does not understand. Neutrality absolutely is a dirty word in the US lexicon.

YV: Are you sure that the United States doesn't understand that? I think they understand it perfectly well, it's just not in their interest.

JS: The US doesn't understand it in the deep interest because it's not really in our interest to have had this 30 years of conflict. What was really in our interest was to have the peace that Gorbachev and Yeltsin were offering, a real end of war and a real European home and a real peace in Europe. Completely possible. The United States, though, and I do think it's not – I don't know, again, these are all debated points since Thucydides, what's really the motivation – but my view is, American leaders are stupid. They really are stupid and they are incredibly arrogant. And so instead of saying in 1991: Peace. We've got peace. Gorbachev, he's offered peace. Instead of saying that, they said: We won, you lost. Now we do whatever the hell we want, and you have nothing to say about it. And that literally became the NATO view; we'll move where we want, we will put our missile systems where we want, we will leave whatever nuclear treaties like the anti-ballistic missile treaty that we want to leave, because

we are the United States of America and you, Russia, are nothing. And so I don't think it was interest so much, except the interest of someone playing the game of Risk, thinking that this is a big board game and you need your piece on every spot of the globe in order to win, so to speak. But whatever is the motivation, whether it was interests of control, trying to grab resources, some profoundly bizarre idea of security, the idea of defeating Russia, the dislike of neutrality, I guess the point that I would make is that neutrality worked for Europe extremely well. It worked for Sweden. It worked for Finland. It worked for Austria.

[Crosstalk].

Yes, it worked for Switzerland. Austria was the proof of all of this. And it was designed to be the proof by the Soviet Union because when the Soviet Union left Eastern Austria in 1955 on the basis of Austria's declaration of neutrality, and the Soviet Union left, the whole idea was: Look, do that with Germany – remember, this is 1955, just ten years after the end of World War II – do that with Germany, and the Cold War is over. And the United States said: Hell no. NATO, NATO, NATO, we're going to defend against the Soviet threat. We're never going to accept neutrality of Germany and demilitarisation and so forth, because they already had their eye on defeating the Soviet Union. And what I came to understand, indeed, was after 1991, they had their eye on defeating Russia. It's a bizarre idea. But they meant it literally. One idea – Brzezinski – was that Russia would basically fall apart into multiple pieces. He talked about Russia being a loose confederation of three different parts, a European part, a Central Asian part, and an East Asian part; this was the American fantasy world. And they meant to pursue it.

Now, to come back to the current situation, Trump does understand this. He says, what do I care about any of this? This isn't my war, Ukraine getting bloodied. As he said to Zelensky: You don't hold any cards. And by the way, that is very interesting actually, just as a digression, because I think it's really true, an old cliché, that Americans play poker, Russians play chess, Chinese play Go. But the thing about the cliché, poker is a really interesting game. It's, first of all, a very short run. You don't have long, complicated strategies. The hand takes a minute. That's American mentality. Get this over with, get on to the next thing. But second it's based on bullshit and bluff. So it's not based on intricate calculation as in Go, it's that based on long strategic lines, it's based on bluff. American leaders are full of it. And part of the idea of defeating Russia is bluster. We're going to bring you down. Putin's never going to resist. What's he going to do? We're gonna crush the Russian economy by cutting them out of the Swift system, our attack of missiles are going to bring Russia to its knees, Putin's going to be overthrown if he tries to mobilise. This was one fantasy after another. Pathetically, the Ukrainians took this literally, which is a kind of naivete of a new country listening to this powerful country that tells them, we've got your back and selling them one fantasy after another, which they did. Okay, but this brings us to your real question. Trump's going to walk away. And there could be peace, but maybe the Europeans and the Ukrainians, for all sorts of bizarre reasons, are going to try to fight on. And then Ukraine is going to get smashed top to bottom. It will end up losing everything. Because it couldn't accept a deal at any moment. So that poses the question: What the hell are the Europeans doing? And again, I would say the

following. In the eastern boundaries of Europe, countries I worked closely with, like Estonia, where I helped them design their currency, after all, in 1992, they're so irrational, so self-destructive, cracking down on the Russian population, cracking down on the Russian language, cracking down on education in Russian, cracking down on the Russian Orthodox church for a country where 25% of the population is ethnic Russian. Come on, really? And Latvia doing the same thing with the president of Latvia literally tweeting, or X-ing: "Russia delenda est". Cato's famous call, instead of Carthage must be destroyed, Russia must be destroyed. Can you imagine a president of a tiny country, neighbouring Russia, actually calling openly for Russia's destruction? Suicidal?

YV: Absolutely. But I want to move on a little bit, but allow me to add to what you said, an important wrinkle. You mentioned Brzezinski. This was in the 1990s. That was decades ago. The former prime minister of Estonia, Kaja Kallas, a few months ago, she was still prime minister for Estonia since you mentioned Estonia...

JS: Yeah, absolutely.

YV: In a discussion that was live streamed on YouTube and various channels, she was asked as the Prime Minister of Estonia and the next chief of the European Union's foreign affairs and security portfolio, she was asked: What should happen with Russia? And she said: It should be broken down. Now that to me is the definition of madness, but that is not what really worries me. What worries me is that the European Union, which is supposed to be a more rational and conservative institution, appoints her to be its foreign policy chief two weeks after that instead of demoting her to the ranks of a has-been.

JS: No, and just to tell you, it's especially personal for me because I advised her father, who was the governor of the Central Bank of Estonia. We sat at a bar in March 1992, and I sketched out how to make a central bank. And they did a good job of it, by the way, in the following month. They made the kroon, and the kroon became a stable currency until they joined the euro. They gave me one of the highest civilian honours from the president of Estonia and so forth. So I'm a friend of the country. I'm a friend of her father. But come on; absolutely what you're saying. Are you kidding? Do not call for Russia's destruction. Go to Moscow, sit down and negotiate peace and collective security and understand the real roots of how this happened, and don't play games about it. Now, just to add – there are other dimensions of this – the British, to my mind, I have a theorem that all problems in the world go back to the British. I've yet to find a counterexample of this.

YV: We are in full agreement.

JS: I have yet to find out, I have...

YV: You go to the Arabian subcontinent, you go to Palestine, you go to Cyprus, wherever you go, Australia...

JS: Exactly, exactly. So that's...

YV: ...and that's whom you find.

JS: But honestly, I used to love the British because they speak English so much better than I do. And I just admired it. And I love British bookstores and all the rest. But...

YV: We still do.

JS: But Starmer. Oh, my God, what is it?

YV: Let's not go there, it's too depressing.

JS: No, okay. We won't go there. But just to say...

YV: I want to get into Trump.

JS: I just have to mention just a couple of others. Macron says to me privately: "Jeff, you're right, it's NATO, of course". And then publicly: "Ukraine will join NATO". What is this, a death wish? What is going on? So this is really, really something right now. It's possible to make peace. And can I take two more minutes just on this? I know we want to move on. But, you know, I watched all of this very close up. Up until 2014, Russia made no territorial demands on Ukraine of any kind at all, period. The only territorial issue with Ukraine is that Russia wanted and negotiated in 2010, a 25-year lease for their naval base in Sevastopol in the Crimea, that's all. They didn't say, don't boss this, that, nothing. Then comes the coup that overthrows Yanukovich. I happen to know again by an accidental personal experience, because I was on the Maidan soon after the coup, the United States paid for a great deal of that coup. This is not a secret anymore.

YV: We know that.

JS: Yes. But just, I heard it already back then and it was disgusting to me. But I heard back then literally by one of the paymasters. So it makes you sick. So the US launches the coup. What does Russia say? We are not going to have our naval base fall into NATO hands. So they organise this referendum. They take back Crimea, fine. Even then, they didn't say, we annexe the Donbas. Of course, the Russian-speaking populations break away. And what does Russia do? It's extremely interesting and important: It says those regions need protection for their ethnic Russian populations, for the religion, for the language, for the Russian culture. And they help organise the Minsk II agreement. Now, I learned something very interesting about the Minsk II agreement last year. I'm in Rome today because we visit Italy pretty frequently, and we were in Bolzano last year. Bolzano is an ethnic German region of northern Italy called South Tyrol. The ethnic Germans demanded their autonomy in the 1950s, 1960s, and they negotiated a treaty, actually, of autonomy. So South Tyrol is completely part of Italy, but it's got structural political autonomy, and there's a German-speaking population, and so forth. Everybody's thrilled. It's a big tourist zone. It's very peaceful. It's a great ski place. It's got everything. Everyone's happy. Chancellor Angela Merkel was very familiar with the South Tyrolean autonomy. And the Minsk II agreement to give autonomy to the Donbas is

modelled on South Tyrol to an important extent. And that's why Merkel was very comfortable with it. But the United States told the Ukrainians: Forget it, you don't need to do this.

YV: Victoria Nuland, to be more precise.

JS: My colleague at Columbia University now. So the US wrecked it again and again and again. And the Ukrainians, sad to say, they just were sucked into this. You know, it's the adage I repeat every day that has become famous by Henry Kissinger's adage, that to be an enemy of the United States is dangerous, but to be a friend is fatal. And Ukraine just believed the US line, and every chance of peace they turned down. Now the US, because of Trump, is saying: Okay, peace. He's bucking the deep state in the United States. He's bucking a 35-year deep state Ukraine project. And the Europeans are saying: No, no, we continue with war. How insane is this? Anyway, that's where we are.

YV: Indeed, indeed. Look, you mentioned quite accurately that American presidents play Poker and through bluster and bluff often shape the development, the evolution of geopolitics. Now Trump, it would be remiss of me not to mention, not to ask you, to comment on his master plan regarding the reconfiguration of international trade in the monetary system. So let's put our economist caps on for a bit and shift from geopolitics to geoeconomics. I think we all have read Stephen Miran's position paper since last December, the policy objective of dividing the dollar and simultaneously strengthening its exorbitant privilege, which is something that Richard Nixon succeeded in doing in the early 1970s. Anyway, wherever I turn my eyes, or train my ears, whether it's the BBC or the New York Times or the Times of London or the Guardian or the Le Monde and so on, there is this complete sort of demonization of Trump, which I can understand because the man is a very poor excuse for human nature. But, it seems to me that if you look at the hard facts...

JS: There's a word of ancient Greek that you know better than I, *akrasia*, which is the essence of Trump. It's Aristotle's word for somebody without self-control. And there we have it.

YV: But if you look at what Scott Besant and Stephen Miran have been saying, which is, they are planning or they set their sights on a 30% devaluation or a combination of devaluation and tariffs that would create a shift in the competitiveness of American exports and the opposite for imports, if we look at those tariffs of 10%, the baseline which has already been applied, and combined with the fact that since the lows of February, between then, the lows of February and today, there's another 15% devaluation of the dollar. It seems that this 25-30% evaluation is already taking place. Now, whether this is going to succeed or not is another matter, but how do you approach the diverges between on the one hand the madman that Trump is and his madman-like behaviour and the rather rational – I'm not saying that it is efficient or has a very high probability of success, but it's a quite rational plan by people like Miran and Besant. One last comment on this, Richard Nixon was a bit of a madman himself. But he had people underneath him like John Connally, like Paul Volcker, like Henry Kissinger himself, who could see from 1970/1971 onwards, that to secure the hegemony of the United States while the trade deficit was burgeoning, they had to effectively blow up the Bretton Woods system. Is there any rationality that you see, as I tried to detect in what's

happening in the administration of Trump, not in the brain of the Donald, but in the overall approach of the administration and of the people that he has around him who are not complete laggards?

JS: No, I don't think so. I really don't think so. I think that two things. One, I'll talk about the macroeconomics of this, and second, the longer-term developments. Let me start with the longer term developments. Countries succeed not by manipulation of currencies or other gimmicks and measures, they really succeed by science, technology, education, technological advance, investments by government, investments by the business sector and so forth. Trump is doing nothing except undermining that long term. So, there is no strategy of technological advance, education, addressing underlying realities of American society, which is a profoundly unequal divided society, educational performance is in desperate shape in large parts of the country. And Trump is busy having a cultural revolution against the universities, including my university, but basically he's undermining America's research and development system, because it is an ecosystem that's built around the universities. So I give Trump zero for substantive long-term strategy.

When it comes to the macro, I think it's a little easier actually. To my mind, we run large trade deficits because we have a 7% of GDP budget deficit, and the dollar has been operated like an endless credit card. We have had an exorbitant privilege of borrowing endlessly at low interest rates, and both political parties are fiscally – irresponsible is such an understatement. But there is no systematic fiscal policy in the United States. No longer term view. Of course, we get the Congressional Budget Office to give us a long term report every year which shows that the debt is going to reach 160% of GDP in 30 years on current policies and so forth. And the underlying reality of that is, America is divided, an incredibly corrupt political system. The whole Washington is based on campaign contributions or threats of primarying somebody by big money. So it's a money machine. And nothing's going to get better by Trump about this. We have essentially a trillion dollar a year current account deficit because we have a two trillion dollar-a-year budget deficit. If there was a real interest in getting the currency competitive and getting the economy to move from deficits to trade balance, you'd cut the budget deficit. But to cut the deficit is contrary to the core interest of both political parties, which is to give tax breaks to powerful interest groups. So they are using every kind of other device. And the point is, if you put on these tariffs, which are structurally really so poorly targeted and inefficient, it's beyond belief, because every industry depends on imported intermediate products, so tariffs don't help industries, these tariffs destroy and dislocate more than they actually promote in this system of global supply chains that we have, if you do that and you aim to depreciate the currency and you aim at massive tax cuts in the future and these Republican leaders are aiming for military spending increases on top of all of this, two things are absolutely clear. One is the budget deficit will remain huge, which it will. They will not close the budget deficit. And everything Elon Musk is doing is an irrelevance for this. Budget deficit doesn't come from civil servants. Just to make sure that everybody knows the budget deficit comes from interest payments, military outlays, pension payments, health care payments, this is the big budget item. So nothing is being done on any of that. And if you try to depreciate the currency in that context and the budget deficit

remains large, Okay, you really will get more inflation. And once you get inflation, you will really will get the Fed keeping interest rates high and rising. By the way, not just in nominal, but in real terms now, because the US can't borrow the way that it used to. And then you get Trump screaming at the Fed chair as he does every day, and that knocks the stock market down another two percentage points each day. So we're getting a bloodbath of market valuation, not that that's a fundamental issue, but it is a sign of a policy that is viewed as being incoherent, is unstable, doesn't have a political base, is improvisation, is not going to work macroeconomically, and has no long-term strategy.

So where I give Trump high marks is that I think he's going to end the Ukraine war. Where I give him, actually, a huge surprise though, it's just one glimmer, is that he actually sat down to negotiate with the Iranians and there have been two or three rounds where both sides said: This is constructive. Oh my God, this I wouldn't have predicted. But on almost everything else, sorry, I can't give them high marks, I just view the situation that we're in as really bizarre and dangerous. Just take the tariffs by themselves. One person without any legislative framework is upending the world trade system something's really screwed up about that and of course if anyone cares to go to [whitehouse.gov](https://www.whitehouse.gov) and on the front page you'll find executive orders and to click on those and then to find the executive orders on the tariffs, it's like a science fiction item because it's like an Orwellian novel. It says: "With the powers vested in me as President of the United States, I declare the following emergency". Emergency? What's the emergency? 20 years of trade deficits?

YV: Jeff, you know what it is. He's using the same trick as Carter did in order to bypass having to...

JS: Of course, of course.

YV: ...push the tariffs through Congress.

JS: I object to it, I don't like one person rule.

YV: But Biden did the same thing. Biden did exactly the same.

JS: I have despised all of these presidents for 30 years.

YV: I understand. You know that I have a different view on this. I do believe that you're right in everything you said, except that the American hegemonic model managed in the 1970s through policies that damaged massively the socioeconomic fabric of the United States to maintain and to enhance its hegemony alongside its budget and its state deficits. And I do believe that he's simply trying to give this a second wind, a second life.

JS: Yeah, but by the way, it's so interesting...

YV: Jeff, just one last comment. I think the worst enemy of the Trump team's macroeconomic plan or global plan, the worst enemy would be success. Because let's say – I don't believe that he will succeed in doing it like you don't believe it – but suppose for a moment that he

shrinks substantially the trade of the United States. Then immediately he's going to have to deal with very irate, very angry financiers and realtors because that pay deficit bounces back through German industrialists, Japanese industrialists, Chinese industrialists, comes back to New York and gets channelled into real estate and to financial derivatives and so on and they will be really pissed off with him. He will have at some point, if he succeeds to choose whom he's going to betray, the MAGA working class that voted him in or his financier and realtor friends, I think that is the political conundrum that he's going to face if he succeeds. If he doesn't succeed, then I simply think that we're moving towards a very divided globe. Globalisation is going to give rise to a one zone. It's already doing that. Europe is going to be crushed. I think the United States might be okay because of the rise of what I call cloud capital. Already, BASF and Volkswagen and BMW are shifting capital investment to the United States. So we have a slightly different view.

YV: But let me just say, if I could, and you may well be right, you're a really smart guy, but I came into the – no, I mean it seriously – but, I came into economics from 1972 to 1980. I wrote my dissertation at Harvard on the 1970s, on the period that we're discussing. I viewed them then, and I still view them now as a calamity, not as a success.

YV: Of course.

JS: You're describing it as...

YV: Of course, it was a calamity. But for the ruling class, for the entire class of the United States, it was the best thing since Christ's birth.

JS: Okay, so this is an interesting question. I view it differently, and maybe because, you know, my view is trying to ask what's good for American society, which might be a very naive question.

YV: It's totally the right question. But it's not a question that either Nixon or Trump ever asked.

JS: Yeah, but I would just say the following. You know, just economically, what happened in the 1970s was a shit show. It was very high inflation. It was the era of stagflation. My first book was *The Economics of Worldwide Stagflation*. It did quite well, got me tenure. And it was a nice analytical book written and published in 1982. And the era was viewed as, you know, a complete, complete mess for the American economy. So I guess one thing I'm saying is, we should continue the discussion about whether, in a true class analysis, this was a brilliant success. And you may be ingeniously correct on that. But from an economic point of view, it was a debacle of a decade. I would have said that American hegemony was maintained despite all of this, not because of it. It was maintained because America was still the largest, richest, technologically most advanced, militarised country in the world, that the 70s didn't sustain that. It was sustained despite the 70's. You're saying it was sustained because of the 70s. One thing in your favour that's very notable and very important was that there really was an agreement reached by Kissinger and the Saudis, that all oil recycling

would be dollar denominated. So there was that clever, very clever move, and that was probably the most clever of them, that kept the US dollar at the centre of the monetary and payment system. And that I give to you as a part of this. But what I was saying earlier is, Trump is on a path to lower living standards and raise inflation, create a lot of unhappiness; and that was the 70s, just to emphasise that point.

YV: That's why I'm comparing it with the Nixon shock. Now, Jeff, because we have a very large audience in China, I have just received three questions. Can I?

JS: Yeah, absolutely. Please.

YV: Might I ask you those? Because the first one is intimately connected to Trump. So one of our viewers shared with us a cartoon. We can put it later on on the website, but I'll just describe it to you. It's a cartoon which I've been told has been trending in China massively. And when something trends in China, we're talking about hundreds of millions. It captures the hope of many Chinese that by standing up to Trump, China will be encouraging a number of other countries to rise from their knees where they're kneeling down in front of the Donald and stand up to Trump too, countries like Vietnam. Do you see this happening? Is there any chance that some, let's say a European country with important interests in China, like Germany, for instance, could they be one of those countries? Or do you see countries like Vietnam, but also Germany and Spain and others buckling under and taking in the end any deal that Trump may afford them, may give them? That's question number one. If I may add a second one, this person asks me, how likely does Professor Sachs think it is that the Trump administration will resort to provocations over Taiwan if he feels the tariffs alone cannot contain China? So there you are, two questions from China.

JS: I think in the end, but it's a close call, but I think in the end, the world trading system will go forward without the United States, basically. That the end of all of this is US isolation with the rest of the world basically continuing along even the formal rules of the World Trade Organisation. Trump has something quite different in mind, which is that the US remains at the centre of the power and the centre of the system. And even, and they've been quite explicit about this, that other countries will fall into line with the United States against China. So not merely fall into line with the US, but will actually join the trade war against China. No doubt, that is a major goal in Washington right now, at least of some of this administration and much of the political scene. There's an overwhelming anti-China vision in Washington, and the idea that other countries will join against China is their hope. The reason I think it's not likely is that if you take a hard look at what real economic power the United States still maintains, it's nowhere close to what Trump believes. Trump's idea is that the US market is so central to every economy that basically the leverage that the United State gets over the threat of cutting other countries out of the US is enough to get them to do America's foreign policy bidding. That may have been true 25 years ago. I think it's an anachronistic view today. And the reason is simply the numbers. The US imports are just not big enough for most countries to say that they're going to shift their whole foreign policy and economic orientation because of a US threat. And I also believe that Trump...

YV: Maybe except Germany, right? Maybe except for Germany, Germany is so dependent on the US market, unlike other countries.

JS: So there are countries, clearly, where this is the case. And Mexico is an example of this, or Canada is an example of this. I mean, of course, they can say what they want, but in the end, they have 70% of their exports going to the US market. And so there are countries like that. But there aren't many countries like that, actually. The US as a whole, in its imports, is roughly 12 or 13% of worldwide imports. The market is not big enough. The idea that has been floating around recently is that as the US blocks China, China will flood Europe with its goods, and by doing so, Europe will put up barriers and effectively have to join the US in an anti-China move. If you look at those numbers, it's actually not the case. China exports right now about \$450 billion a year to the United States. It's not so big. By the way, it's come down a lot because there's been ten years of anti-China policies, even starting with Obama, but during Trump won and during Biden. So China's already diversified substantially. So that kind of idea that China's about to flood the world with its inexpensive products and thereby provoke a worldwide anti-China response that too is not true. So I admit it's a debatable point, but I don't think the US has the power to do this.

Another point about the power in this trade war. The financial markets really are shaky right now. And it's understandable. The US is a debtor country at a significant scale, and it's a deficit country at significant scale. Meaning not only does it owe a lot, but it borrows a lot. And you don't get to call the shots so easily as Trump believes when you are a debtor. And that's why he had to quickly abandon the so-called reciprocal tariffs, which were absolutely his – I won't even go into it. But anyway, that whole tariff list that Trump made, which was completely primitive, he had to abandon it not because of protests about trade, but because the capital market started to seize up, and US interest rates started to rise above five percent, and clearly there was a significant problem. Trump does not have a strong hand. He's playing poker, if I can come back to our earlier discussion. Poker is a game of bullshitting others. It's a game of bluff as much as it is a game of a stronghand. So I personally think he's very much overestimating his hand. Now, as soon as this started, President Xi Jinping went to Southeast Asia, and he's still on that trip, and he's going to be visiting Malaysia, I think, quite soon, I think in May, and on and on. China's not going to lose its trade relations. I spoke with senior African officials today. They're so focused on China and all that China relations can mean. I just don't see it. The United States, in my view, really is, in relative terms, a diminishing force in the world. It is not the sole superpower. It is not the indispensable country. And Biden bet that it was in a particular way in Ukraine. Trump is betting in a quite different way that it is in the world economy. I don't buy it in either case. And now China is talking openly about internationalising the renminbi. I think it's inevitable for many, many reasons. And that also means that the exorbitant privilege of the US dollar as being the sole world key currency, I don't give it ten years of continued life. So that's my basic point. I think it's a poker bet that isn't going to win – by the US.

YV: Can I put a hypothesis to you for you to comment? It simply adds to everything you said, because I happen to agree. Look, the hegemony of the United States, given, based, not

despite, but based on its deficits – this is the great paradox of the last 50 years – hegemony based on deficits is hanging by a thread, and the thread is the exorbitant privilege of the dollar. So the internationalisation of the renminbi is going to be what really serves that thread. And the reason why it hasn't happened yet is because Beijing has not decided to do it.

JS: That's correct.

YV: My hypothesis is this, if Trump continues to push them, then would it not make sense for Beijing to turn the bricks, not just from a loose agglomeration with an alternative to Swift, which they have already created with BRICSPay based on a remarkable blockchain technology, but you actually imitate the Bretton Woods system with the renminbi playing the role that the dollar did to anchor this alternative, you know, a new Bretton Wood system. Because people say to me that that can't happen, we have capital controls. Well, it did under Bretton Woods. You can have a system where you have a surplus country at its heart. It was the United States in 1944. It could be China today with capital controls, with certain constraints which allow for Beijing to maintain control over its financial sector, not to throw open the gates, and that, for me, would be the greatest danger for the exorbitant privilege of the dollar.

JS: Well, I think, first of all, China is opening the gates to some extent, but carefully. And what's really key, the most fundamental point, I would say, is Chinese interest rates, both the nominal interest rates and real inflation-adjusted interest rates are lower than US interest rates. Well, China is a saving surplus country. The US is a deficit country, but you get a lot of power by financing the world. The US financed the world for a long time, in the 1950s, 1960s, 1970s. China is financing the world. It's financing enterprises, financing infrastructure, and it is creating a renminbi-based, outward-oriented finance. And just today, I was reading about new steps that the Chinese government is taking to say we support the outward investments of Chinese companies, especially, I would say, in the Southeast Asian region to start with the ten ASEAN countries. They're close by, there's a lot of natural connection. That's where President Xi Jinping has been on his visits recently. So, yes I think that this is a big deal. And I would say that the exorbitant privilege of the dollar will come to an end for three fundamental reasons, and we're watching it right now. One is simply the weight of the US in the world in relative terms is shrinking. And so the predominance of the dollar at some fundamental level depends on the strength of the US economy and the rise of China –but not just China, India and others is a fundamental change. And that share is declining when measured in purchasing power in a significant way, and it will continue to do so.

Second, the US completely abused the privilege of being the world's key currency in a couple of ways. One is by, you know, total failure of fiscal responsibility, because you need a measure of fiscal responsibility to show that you're not just blowing up the whole monetary system, and the US doesn't show it right now. But second is in all of the use of the dollar to enforce US foreign policy, the weaponization of the dollar has been pervasive. And part of it is simply grabbing Russia's foreign exchange reserves, for example. Grabbing Venezuela's foreign exchange reserves, grabbing Iran's reserves, Afghanistan's reserves. It's a bad act. And when countries watch this long enough, it tells you don't keep your money in dollars. So

they're getting that. But second, and it's similarly important quantitatively, the US used the dollar for enforcement of sanctions, which is different from just grabbing dollars. They threatened third countries, if you don't go along with our sanctions we cut your banks out of the Swift system. So that is pissing off dozens of countries around the world in a very serious way.

And then the third point that I think is absolutely also true, Swift is a primitive clearing system at this point. And so in a digital age, just the sheer technology of clearing doesn't have to go through commercial banks the way it did. It will, in some fundamental sense, be a central bank digital currency, although there are many different models of that. And this also will accelerate the move, certainly, out of Swift. But the Fed isn't doing anything interesting on digital currencies either, whereas the People's Bank of China absolutely is. So I agree with you.

YV: Can I include that? To your very point? Because in my last book, I was making this point. So effectively, it's a fourth reason, a fourth threat to the exorbitant privilege of the dollar. In China, you have the complete and seamless merging of what I call cloud capital, that is, algorithmic capital, and finance. You have WeChat, and as mentioned, very importantly, the digital currency of the central bank. Now, why don't you have that in the United States? It's not because they're not capable of doing it. It's because Wall Street won't allow it. Wall Street would not allow Silicon Valley to share into its financial grants. So because of the political structure in China, that's not in question. I mean, they do things in China that would never happen in the West, like for instance, impose interoperability on their big tech conglomerates and so on.

JS: 100% correct, 100% correct. And by the way, interestingly, what are they doing in Washington? They're playing games with crypto rather than digital central bank currency. So they're even undermining the dollar by turning to crypto because that's the game of the campaign financiers. So it's crazy. In other words, they're eating up their own base deliberately.

YV: So let's go back to the question that one of our viewers from China asked before we go to a viewer from Portugal. Remember, the question was, if Trump feels that his bluff is being called and he sees his bluster is failing, do you fear, Professor Sachs, that's a question that came from China, that they will intensify the tensions in Taiwan, possibly station missiles there in order to provoke the Chinese government to intervene in order to blow everything up rather than lose the exalted privilege of the dollar? That's essentially what our viewer has been asking.

JS: Let me say whether they do it for that reason, or other geopolitical reasons, everything the United States does with Taiwan is playing with conflagration. It's playing not just with fire, it's playing with disaster. And it's very similar to Ukraine, very similar, because the idea of Ukraine was: The United States can do what it wants vis-à-vis Ukraine because what can Russia do? And this, by the way, going back, we talked about Brzezinski, Brzezinski actually writes in 1997 a long section of his book *The Grand Chessboard*, where he says, he analyses

what can Russia do when NATO enlarges. And he says in the end, nothing. They're going to have to accept it. Okay, this was yet another blunder of American strategy and it's very clearly written back in 1997. Now, when it comes to Taiwan, the United States, for many, many reasons, geostrategic, gamesmanship with China, military considerations in an idea that goes back to John Foster Dulles in 1951, the first island chain: We must prevent China from having a breakout to the Pacific. Mind boggling stuff. They really think that they're gearing up towards a possible war over Taiwan. And if the Taiwanese act like the Ukrainians, there will be a devastating war. And what I mean by acting like the Ukrainians, if the Taiwanese politicians say: America's got our back, we declare independence. There will be a war, no question. Whether the United States provokes the war directly, which I think is less likely, or the United States acts in a way which could cause Taiwanese politicians to be reckless in their own country's situation, like the Ukrainians were saying: Yeah, we love NATO, we're going to do whatever we want to defeat Russia, if the Taiwanese behave that way, there will be war. What can one say about this? Well, I'll just say two main things. First, every war game that has been played and every bit of common sense is that the United States gets defeated in a conventional war thousands of miles from the US coast. It's a crazy idea of the United States that they're going to fight a war with China in China's waters. This is the first point. Second point is, such a war could lead to global annihilation. And that's not hyperbole. That's just also common sense. This is crazy stuff. So I come back to the point that Americans are pretty crazy. They are capable of doing crazy things. It is a militarized society. Trump, I don't know what he knows or wants, but Washington is filled with people talking about war with China. And anyone that talks that way is out of their minds and is really doing profound harm to the, let's say, the expected future of our planet. And, I hope we never come to that because it would be certainly a disaster for the United States and most likely a world disaster.

YV: Well, speaking of disasters, this is the 22nd of April. Our generation is being stigmatised by genocide, which is happening in Palestine. If this was 1938, we would all have one duty, to defend Jews from Nazis. Today you have a duty, one duty, besides the climate emergency that I will come to in a minute, we have a due to end the genocide in Palestine, but I don't see this happening. All I see is the European Union, primarily the European union, alongside, of course, the United States, destroying every institution that they had to preserve some kind of semblance of commitment to international law and humanitarian policies in order to facilitate the genocide by Israel. How do you see this playing out? Because I have to say that, I'm sure that is the case with you, too, but at least for me and DiEm25 and most of our [inaudible] too, we just can't sleep at night knowing that the more outraged the world becomes, the more entrenched the genocidal policies of Israel, both in Palestine and in Washington and in Berlin. Germany has become completely berserk over the last year and a half. You know that I was banned from entering the country, including by Zoom, by Zoom. So how do you see this play out?

JS: You know, for the crisis we've talked about, had there been no NATO push to Ukraine, there would have been no war. For Taiwan, if the United States says: Look, Taiwan is part of China, and we're not going to arm Taiwan because Taiwan's part of China, Beijing says: Don't arm Taiwan, that war is avoided. So, it's not complicated to avoid these wars or to end these

wars. When it comes to the Middle East, it's as simple as that as well in my view, which is that there needs to be a state of Palestine alongside the state of Israel on the borders of the 4th of June, 1967. And that is what the International Court of Justice, the UN Security Council, the UN General Assembly, the Arab League, the Organisation of Islamic Cooperation, the BRICS, and essentially every other part of the world, other than Israel and the United States, have said. So in terms of what to do, and I should add, within Europe, while it's said to do that, Germany, the UK, and I wouldn't say half of the EU, but major parts of the EU behave miserably, like you said, and Germany, shockingly so – by the way, closing down your participation was such a vulgar abuse of power – but then we know it continues, the Israeli ambassador to Germany called the Free University of Berlin, as you know very well, and said: You can't have the UN Special Rapporteur on Palestine, give a talk. And they closed it down, which is, I can't say unbelievable, because it's perfectly predictable, but it's so vulgar, it's shocking.

So what do I think? I'm not giving up because maybe I'm just hopelessly naive on this, but I hope not, and that is, I count the votes in the UN General Assembly, where I spend a lot of time, and more than 180 countries support the two-state solution. And the ones that don't are Israel – and Israel is led by a completely criminal, extremist government, criminal in the sense that it's violating the Genocide Convention and its Prime Minister has an arrest warrant by the International Criminal Court for good reason. So you have Israel opposing this. You have a handful of countries that always side with the United States, like Micronesia, because it has actually a compact with the US that it has to vote with the United States on foreign policy, Nauru, Palau, Papua New Guinea, with all due respect, and occasionally Paraguay and Argentina. Okay, that's about it. The rest of the world, and I made a count recently, 95% of the World population live in countries that have said squarely, we need two states. So how far away is that? Well, it's one veto away. Because this came up to a vote in the UN Security Council in 2024. And there were 12 votes for Palestine to enter the UN as the 194th UN member state. There were two abstentions, the UK and Switzerland. And there was one veto, the United States of America. And in the UN General Assembly where it went afterwards, there were 180 plus votes for the two-state solution, advising the UN Security Council to get on with it. I speak almost every day with very senior officials in the Arab League countries, foreign ministers and others, everyone – of course, it's the Arab Peace Initiative since 2002 – is for the two-states solution. I spoke recently with the leaders in Indonesia, in Malaysia who are part of the contact group for Palestine. Of course, they're supporting the two-state solution. The entire Organisation of Islamic Cooperation, 57 countries, aligns with the two state solution. So this is basically a kind of simple question. Could the United States face down this extremist, violent, criminal government? The answer is it could, for a basic reason, that is not naive, none of this is in America's true interest. It's not that America is benefiting from using Israel as its bulwark in the Middle East. No. The United States is paying a heavy price because it's run by the Israel lobby when it comes to Middle East policy. It is a corruption. That is absolutely shocking how much money goes from pro-Israel groups to the Congress and buys them off. And by the way, it's so interesting because we're a crazy country. Much of this is Christian Zionism, extremist, fundamentalist, biblical literalist: We got to get all the Jews there so we can have the second coming of Christ, the so-called

dispensational view or the millenarianism, which has been part of Anglo-Saxon fundamentalist Protestantism. And if you go to history, where did Zionism originate? Not with Theodor Herzl in the 1890s, but with British Protestants. And it actually goes back to the 1600s, but the real Zionism of the 19th century was British fundamentals, who didn't want Jews living in Britain by the way they wanted them...

YV: And who was in the government in Britain that voted against the Balfour Declaration, the only minister who voted against?! A Jew. The only Jew in the Government. It is supposed to be that Zionism was an anti-Semitic [inaudible].

JS: No, the rabbis, the whole rabbinic tradition of Judaism was against Zionism for decades. It's actually, even in the Babylonian Talmud: You must not return to Israel. It's part of one of the so-called Three Oaths. God will determine when that happens, thank you, not you. And don't go making a mess, says the Talmud. But in any event, the hold of this lobby on American politics is vulgar. And yesterday we had...

YV: It is not just American politics, Jeff, it's not just American politics. I come from a country, which you know, because you knew Andreas Papandreou, you knew that he was a great Palestinian people. It was under his party, however, that the process of effectively surrendering our foreign policy to Israel began under the socialist party of Andreas Papandreou. Of course, he's rotating at 5,000 revs a minute in his grave for that. But this disease is spreading.

JS: Do you know, by the way, yesterday they announced in the White House that the director in the National Security Council for Israel and Iran is an Israeli-born dual citizen, I'm told, that worked for the Ministry of Defence of Israel and now is directing the National Security Council desk of this. It's not even subtle. You know, you ask, how do they have the influence? Well, why don't you put your person right at the centre of power? And I looked; Who is this person? Well she was promoted and hired by Ted Cruz, Senator Cruz. Senator Cruz receives a fortune from the pro-Israel lobbies. This is funding. This is money. This is corruption at the core.

YV: What about the fact that the American ambassador in Israel does not believe in the existence of a Palestinian people?

JS: Yes.

YV: I mean you can't make this up.

JS: I know.

YV: Jeff, because time is passing I need to ask you because you know, well you know, but let's inform most of our audience who may not know it, that you are a professor of sustainability at Columbia University, you've done so much work over the grid transition and the climate summits and so on. This is not going very well, is it? We have the total domination of the agenda by the fossil fuel cartel – drill, baby drill. Before 2008, we felt that

time was running out and the green agenda should be at the top. 2008, then the pandemic, then Ukraine. Now Palestine, all that means, and especially Trump's victory on behalf of the fossil fuel cartel, that agenda has been ditched, hasn't it? Except from China.

JS: No, no, exactly. Let me put it in perspective a little bit. First, time has run out. It's not running out. Time did run out in the past two years in the terms set in the Paris climate agreement in 2015, where the goal was to keep warming below 1.5 degrees Celsius. That is comparing the earth's average temperature with the pre-industrial temperature. We have already reached beyond 1.5 degrees. And it's quite stunning, by the way, I led the Earth Institute at Columbia University for 14 years, so I led an institution that had hundreds of climate scientists. And one of them I regard as the world's greatest climate scientist, James Hansen. And he's been telling me for 20 years, look, the warming is accelerating beyond what the IPCC says, that's consensus, but they're roughly five to ten years behind the cutting edge science. And he told me this was going to happen years ago. And it happened. And it's interesting, we can't go into all the details, but partly, there was more warming than we were aware of because was being masked by sulphate pollutants and those diminished a bit, the pollutants, and that exposed underlying warming that was already resulting from this energy imbalance of greenhouse emissions. Suffice it to say, we ran out of time. There is no safety right now. We're in an extraordinarily dangerous period where we already see the disasters. But the temperature is rising rapidly, much more rapidly than it was 30 years ago, by the way, more than 0.3 degrees Celsius per decade now. So we're going to breach 2%. We do not have this under control. And there are many so-called tipping points in the world. One is the shutting down of the ocean circulation, which would have ramifications that are absolutely shocking. We don't have time to dwell on this except to say, we ran out of time.

So where do we stand in actual change in the world? Well, there's a bright spot. You named it, China. China not only is massively installing zero carbon energy, but it has developed the whole panoply of technologies needed. For the energy transformation. China leads in solar. It leads in wind. It leads in fourth generation nuclear. It leads in hydrogen. It leads in electric vehicles. It leads in battery supply chains. It leads in digital infrastructure, which can be used for extraordinarily efficient management of the grid, for example, and daily pricing systems for efficiency of energy use and when appliances are recharged and so forth. China's made an ecosystem that the world needs. The US, because it's so stupid and so obnoxious, says: China has overcapacity in these industries. No, China has the world needs to actually get this done. China produces 1,200 gigawatts of solar right now, about half of which is sold and the other half of which should be part of a massive scale up of solar installation all over the world. So if we do this right, China will be the central player in this because of its industrial base. But also Chinese companies are saying: Look, we're happy to invest in ASEAN, we're to invest in Africa, we are happy to invest in Western Asia, to give the capacity locally for the production of this transformation.

The United States, okay, Trump is an idiot on this, obviously. And drill, baby drill is not only the lobbying. He really believes this. He knows nothing about this. He cannot understand the concept that you would leave, quote, "wealth under the ground". He honestly doesn't get it.

He told one of my friends entering the administration, I don't want to name names, it was a private conversation but he said to this person: "You lead the liquid gold to me". He loves oil and gas. It's primitive. But he loves it. Okay, so this is part of this. My own view is, look, the United States is gone from this for years and years. It's given over to China, okay? You take the lead. I'm talking with the Chinese officials all the time. I think they're ready for a massive scale up. I'm not ready to give up on this because we have this incredible recklessness and foolishness and stupidity in the United States over this. I've spoken to leaders in the Gulf. Now that's the hydrocarbon centre of the world. They actually know how dangerous this is, because this is the drylands. This is desert. This is not a game for the Saudis, for the Iraqis, for the Iranians. This is real. And so they say: Look, we want to make a massive transformation. I believe that's true. I told you just before our call, I was speaking with the African leaders. They want this transformation. And they know the partnership with China is essential for what they need to do. We were talking about the Sahel, the impoverished countries, including Mali, Chad, and Niger. They're impoverished, but my God, do they have solar potential, by the way. And so they could actually become, for the first time, a kind of energy superpower with some basic investment in infrastructure. So while we ran out of time for climate safety, we have not run out of the intention to do something except, I would say, in the United States. And Europe being Europe right now, pretty pathetic saying: Oh, I don't know about this European Green Deal and so forth.

YV: It is gone. They ditched it.

JS: I'm still counting on the fact that the 85% of the world population that is in Asia, in Africa, in Latin America and the Caribbean, still understands this is real and we should do something about it.

YV: Well the world is running out of time but so are we. Let me just end with just a snippet of a question that concerns you and me. Not so much together but in the sense that we spent many decades in universities and in academia. I don't know about you but I stayed in academia to avoid the market. I dislike the market very much. I wanted to continue being a student all my life, which I succeeded in doing and not to have a boss. And I imagined the university as a community of scholarship that nurtures heretical thinking. But I have to tell you, and this is my question to you as well, that if I were to start again, because I was thinking in terms of my daughter who is 20, 21 at the university, I wouldn't stay in academia anymore, the way that academia has evolved since the commodification of 20, 30 years ago. Look at your own university now, effectively bending the knee to the Donald. Would you go back in time and start your career as an academic under today's circumstances and how do you feel about that? Because I am pained by that. I'm pained by the fact that I have to tell my daughter, my 20 year old daughter, that if I were to start again, I would not go into this kind of pseudo academia.

JS: Well, you said what I always say, which is that I entered university in 1972, and I consider that I've been kind of a grad student for 53 years now. I like it. So I do love it. My idea of what we ought to be doing comes to your town. When I go to Athens, just behind Constitution Square is the Lyceum where Aristotle walked. I love to walk there. I love the

fact that he walked along and students took notes and the Peripatetic school walking in the peripatos was established and I think we still live in an Aristotelian world or we should, I should say.

YV: You and I because we have tenure, but the young academics that are rising up, even the ones who get tenure, they spend most of their time writing grant applications and trying to get money together.

JS: No, I don't want to gloss over what you're saying, but I do think the right academic life is still wonderful. And universities will be reinvented. They'll be reinventing because of technology, because of online. Our communities will be global in different ways, the way we teach, the way we work will be different. But there's something, at least for me, I can't deny it, I love the fact that I learn something every day, that I have the time to read something that I'm paid to do it. Seems absurd. But I have to recommend it. And I have to say, of course, the commodification is real. Of course, it's depressing. Watching university behave like a corporation that is looking at a PR something or other. We're in the midst of that right now. But I would say to a young person, figure out how to manoeuvre in this world. But there is something wonderful being part of a tradition that goes back 2,400 years. Maybe it started in the academy with Aristotle's teacher Plato, or in the streets of Athens with his teacher Socrates, but in any event, there's something completely wonderful about that kind of life, and so I still recommend it.

YV: And you and I, because we're the privileged ones, we have to struggle in our remaining years so that everybody else has the privilege of an academic life. We have computers, we have AI, they should be working, they should be our slaves so that everybody could have this kind of life of learning and scholarship. We're not moving in that direction. That's why we need to redouble our efforts. Before I thank you, Jeff, let me tell our audience – remind them, I have to do this, it's obligatory– that DiEM25 is a radical movement, so we take no donations from corporations, governments, institutions, whatever. We only survive as a result of your contributions. So go to diem25.org and contribute if you can. If you can't, just join our newsletter. Thank you for watching, everyone. And Jeff, it has been a great privilege, joy. It's been a long time since we got together. I think that serendipity is going to help us if our planning fails to meet for a pass to cross at some point. I can't wait for that to happen. Thank you so much.

JS: I agree so much with you. So much fun. Great to see you. Thank you.

YV: Thank you everyone.

END

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