Super Imperialism: The economic strategy of American empire with economist Michael Hudson

By Max Blumenthal, Ben Norton, Michael Hudson (Posted Oct 27, 2021)
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Economist Michael Hudson has published a new, third edition of his book *Super Imperialism* that updates his analysis for the 21st century, discussing the new cold war on China and Russia and the ongoing transition from a U.S. dollar-dominated financialized system to a "multipolar de-dollarized economy."

The Grayzone's Max Blumenthal and Ben Norton spoke with Hudson about the book and how the strategy of U.S. economic hegemony has evolved since World War One.

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Monthly Review Essays

Transcript

BEN NORTON: Hello, everyone, this is Moderate Rebels live. I'm Ben Norton. As always, I'm joined by my co-host, Max Blumenthal. And today we have back one of our most popular guests, one of our favorite guests, Professor Michael Hudson.

People probably know who he is. He is a prominent economist, a very unique thinker. He has written several books not only on economics, but also on history and human society. He's an expert on balance of payments, and debt, and a lot of topics. And today we're going to talk about a new edition of his book that was just published.

We actually had Professor Hudson on over a year ago to talk about his legendary book *Super Imperialism*. He actually just published a new edition of it. You can see here, *Super Imperialism: The Economic Strategy of American Empire*.

And he just published the third edition. It just came out. So we wanted to have him on to talk about why Professor Hudson updated this book that he published back in the 1970s. This is now the third edition.

The second edition was published in 2002 or 2003, at the beginning of the so-called War on Terror. And I think it's pretty appropriate, Professor Hudson, we can begin with this–I think it's pretty appropriate that your first edition of *Super Imperialism* was published after Richard Nixon took the dollar off of gold in the early 1970s.

And then the second edition was published after 9/11 and the beginning of the War on Terror, which represents a kind of new phase of imperialism. And then finally, your third edition here was just published, and your new edition encompasses the new cold war.

The final chapter talks about the increasing economic competition between the U.S. on one side and China and Russia on the other side. And you talk about the move toward a "de-dollarized multi-polar economy." So can you talk about the differences in the editions and how they reflect the changes in U.S. super imperialism, the system that you described back in the 1970s?

MICHAEL HUDSON: Well, the first edition was published in September of 1972, 13 months after President Nixon took the dollar off gold. And everybody was worried that, oh, without gold, how are we going to control the world? How are we going to control Europe? Because we're losing all the gold.

Because the entire balance-of-payments deficit in the 1950s and the '60s and early 70s came from military spending. And they thought that if you had to lose your gold stock, which was the source of world power, as a result of military spending, how can you control the world?

Well, what I wrote was that there was a new means of controlling the world and going off gold had actually locked in America's control, because now that it had forced other central banks not to buy gold, what were they going to do? All they could do was recycle the dollar surpluses they were getting into U.S. Treasury bonds. Because that's what central banks bought; they would buy Treasury bonds.

So then what I said was that all this deficit coming from the military spending abroad is going to be recycled to the United States by central banks who have to recycle their money into dollars, otherwise their currencies are going to go way up, and that will price their exports out of the market, and it'll make their economies basically overvalued.

So to keep down the value, they buy U.S. dollar securities, and America would not let some by big companies; it wouldn't let them buy anything important, only U.S. Treasury bonds.

So the irony is that the larger the balance-of-payments deficit became, the more money was recycled into financing the U.S. budget deficit, which also was largely military.

Well, I thought that this was going to be a warning to other countries. And indeed, there was a very quick Spanish translation and Japanese translation. But the main purchases, as we've talked about a year ago, were the CIA and the Defense Department.

Immediately Herman Kahn hired me to the Hudson Institute and gave a very large grant for me to explain to the government how imperialism was working. And the U.S. government used this as a how-to-do-it book.

Well, it went out of print, and Pluto Press offered to make a new addition, but it had hundreds and hundreds of typographical errors, and I didn't like the reset. And I was going to live with that until I began to work in China, 10 or 15 years ago, and the Chinese government wanted me to do a new version to upgrade it as a key to how they can de-dollarize.

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And from their point of view, they want to see how they can decouple not only from the United States, but from the West. They don't look at there as being any competition between China and the United States, certainly not industrial competition.

The United States decided it was going to de-industrialize, because its corporations could essentially hire cheaper labor abroad than they could hire in the United States.

The United States has got so debt-oriented and so privatized. Since the Reagan Revolution, the American economy was Thatcher-ized, and that made it a high-cost economy.

The cost of housing has gone way up. The cost of medical insurance has gone way up. The debt burden has gone way up. And America has now priced itself out of the market.

So China and Russia look at America as an object lesson, as how do we avoid here having the dynamic that occurred in the United States. It doesn't have anything to do with capitalism versus socialism or other isms. It has to do with the basic dynamics of debt.

And China realizes that, ok, we're going to do make our economy productive in the way that the United States and Germany did in the 19th century. It's a mixed economy. And as a mixed economy, we're going to have the government provide the basic utilities at a subsidized rate, instead of letting them be privatized, so that we can have a low-priced economy.

And the most important public utility to China, as it was to Russia, is to keep money creation, banking, and credit in the public domain.

So right now, you've seen the problems and the news about the Chinese company [Evergrande] getting into trouble. And in America, if the largest real estate corporation like BlackRock were to go under, that would bring down the banks; it would bring down everything. It doesn't doesn't have a ripple in China, because the the debts are owed to the government, and the government can simply write down the debt.

It can decide what to do, to protect the home buyers who put money into buying apartments low. It can tax away the land rent to prevent the housing from being essentially financialized. So China is trying to de-financialize its real estate, de-financialize its industry.

It's not a rivalry with the United States; it's a rejection of the whole neoliberal structure that the United States has put in place.

And what I discuss and *Super Imperialism* is how the World Bank and the International Monetary Fund were created as a means of imposing a neoliberal, anti-government structure on the world to prevent other

for space-based weapons

SPEECH: 'Imperialism is the arsonist of our forests and savannas', Thomas Sankara, February 5, 1986

Popular (last 30 days)

countries from regulating their industry or from regulating their agriculture.

The function of the World Bank basically was to make Third World countries, the Global South, dependent on the United States for their food supply, by only funding export agriculture, export plantation crops, not growing their own food.

The function of the IMF was to use debt leverage to force other countries to impose austerity on their populations, and to essentially say we will control what government you have, because if your government does something that the United States officials don't like, we're just going to raid your currency, force of austerity on you, and you'll be voted out of power.

So essentially, the United States, what it calls the international organizations, as if this is a world organization, is actually a very nationalistic tool of the United States to distort the agriculture and industry and commercial development of other countries, to serve U.S. interests and specifically U.S. financial interests.

And the mode of control, obviously, is not military anymore; it's financial. And *Super Imperialism* is about how America is different from European colonialism by controlling the world financially and covertly, politically, not by military force.

And yet all of this requires an enormous subsidy of foreign countries that are now decoupling from the dollar and no longer giving America the free ride that it has been getting since 1971, when all governments could do with their balance-of-payments surpluses were to buy Treasury bonds.

Now they're buying gold. They're buying each other's currencies. They're doing everything except holding dollars. And that's the big change in the world.

So when the Chinese ask me to rewrite this book for their audience–and I spend a lot of time with China–I thought, well, I'm going to fix up *Super Imperialism*; I'm going to re-edit it; I'm going to include some episodes that I didn't include before; and I'm going to show how the framework of international relations has been transformed in a way that isn't being discussed in the press.

BEN NORTON: Professor Hudson, you said something there that, not necessarily to push back, but to complement your analysis, you said that it's no longer about military domination, but financial. I would say it's both, and that they are kind of two sides of the same coin that reinforce each other.

One of the points that you make throughout the book is that the U.S. military occupies many parts of the world, including it has occupied Japan

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How U.S.

since 1945, Korea since the 1950s, the early 1950s; there are troops in Germany and many other countries.

So the U.S. military presence clearly in Afghanistan and Syria right now and Iraq, it's still a huge part of it, but complementing that, you point out in your book, is that those U.S. military occupations are essentially paid for by the country that is being occupied by the U.S. military.

Can you explain how that works? And how that that scheme–you keep calling it in your book, again and again, a free lunch, that the U.S. has a free lunch; it has accomplished an economic scheme that no other country was able to accomplish. Can you explain how that still operates today?

MICHAEL HUDSON: Well it's not that the country that is hosting the troops is paying; it's the payment-surplus countries in general. It's Saudi Arabia; it's Germany; it's the prosperous countries that are paying.

Here's what happens. And here's what happened during the Vietnam War. And here's what was not in the Vietnam Papers that McNamara asked for.

When the United States spent money in Vietnam, or when it spends it now in the Near East or the 800 military bases it has, these dollars go into the domestic economy. And when you're in Japan and Korea, what do you do? You turn these dollars, you make an export, you get the spending–you turn it in for domestic currency to your central bank.

The central bank now ends up with these dollars that are thrown off by American military spending. And what is the central bank going to do with the dollars? Well, central banks–America told Japan already in the 1970s, when Japan was basically funding, 22 percent of the entire U.S. budget deficit was funded by Japan in 1986.

And America said, look, we're not going to let you buy any major company. We're going to let other, former whisky sellers, the Seagram people buy DuPont, but we won't let you buy DuPont, because you're Japanese.

We're not going to let you buy a company. You can buy Rockefeller Center, and lose a billion dollars on it. You can buy a Pebble Beach golf course. But really, you're going to have to take the money that you're getting in Japan for the U.S. exports, and you're going to have to invest it in Treasury bills. Otherwise, we're going to impose punitive tariffs against you and we're going to do something you don't like.

Because remember, you Japanese, you're the yakuza, you're the crooks that we put in power to fight the socialists to make sure Japan didn't go socialist. You're the gangs. You're going to do what we say.

And Japan did exactly what the United States told them to do, recycled its auto export earnings and electronic exports to help finance the U.S.

balance-of-payments deficit and the U.S. budget deficit simultaneously.

So it was Japan, Germany, France, other countries that ended up with all these dollars that are spent abroad.

For instance, the money America spent in Vietnam, because that was French Indo-China earlier, the money was all sent to French banks. And General de Gaulle would turn in the dollars being thrown off by the army in Vietnam to buy gold every month, much to their embarrassment. Germany did the same thing with this dollars.

So basically, America wants the ability to say we have one power, we can wreck your economy. If you don't do it, we say, we can make you look like Libya, we can make you look like Iraq, and we can tear you up. We can make you like Afghanistan.

We have one power. We don't have economic power. We don't have productivity. We don't have competitive power. But we can destroy you, and we're willing to destroy you, because otherwise we're going under.

And we're not going to feel safe unless we have the power to destroy you and prevent you from having the power to fight back and protect yourself.

So it can only do this if it can control the financial system that recycles all of this military spending abroad in the United States, otherwise America would have to either print the money or tax its corporations and people, which would make it even more high cost.

So America essentially has painted itself into a corner as a result of its military spending. It has lost its industrial advantage. It has lost its international competitiveness. And the only thing that it has left to do is the power to destroy, if other countries don't essentially surrender their economies to control by the US, pretending to be objective and non-nationalistic by saying, we're not controlling you, the the World Bank is controlling you, the IMF is controlling you, the international organizations are controlling you.

But it's a double standard. And my book shows how this double standard has perverted these seemingly international organizations into nationalistic arms, basically, of the Defense Department and State Department.

MAX BLUMENTHAL: Professor Hudson, you write in *Super Imperialism* about how the United States, coming out of World War Two, was facing a balance-of-payments problem. It had a surplus and it managed to resolve this problem through a cold war, in which it moved into deficit spending in order to promote foreign export markets and world currency stability.

I wonder if you can expound on that and maybe take us into the new cold war and the economic rationale for a very different United States, arguably a declining empire that has agitated a new cold war.

MICHAEL HUDSON: Well, in 1944 and 1945, it was apparent that the war was going to be over, and the United States had gained power since World War One, essentially by staying out of war and by building up its own industry.

So the United States essentially structured the post-war world so that it would increase its economic power. And indeed, from 1945 to 1951, the United States increased its balance, its gold supply, to three-quarters of the world's gold, monetary gold, all in the United States.

Well, this was a problem for the US, because Europe and other countries said, well, wait a minute, we've been on the gold standard now for a century, but we're not going to be impoverished if you can have all the gold, but we're going to go in a different standard.

This is what the discussion between John Maynard Keynes and the American Treasury was all about at the end of World War Two. Europe said if you're going to have all the gold and control the money, we're not going to operate without money, we're just going to go off gold. That's how we de-dollarize, by going off gold, and the dollar was as good as gold.

So the United States then decided to go to war in Korea, and the Korean War, from 1950 to 1951 onwards, every single year, the balance-of-payments deficit got worse and worse, and the entire balance-of-payments deficit was military.

So American military spending was actually welcomed by other countries because they said, oh, now we don't have to create a new monetary system and go it alone. Now we can still earn enough dollars that we can finance our own economic growth. And they were amenable to staying in the American economic orbit.

BEN NORTON: Professor Hudson, sorry to cut you off really quickly, but I just want to underscore a point that you make in your book that I think is crucial to understand this transition you're talking about.

You say in the book that, before World War Two, and immediately after World War Two, around that time period, from the 1920s into the 1940s, the U.S. was a global creditor.

But then the point you make is that after the Korean War, when the Cold War began getting hot, and the U.S. began waging these these proxy wars against the Soviet Union and China and other socialist and communist forces, in Korea and Vietnam and other parts of Southeast Asia, your argument is that from the '50s on, the U.S. went from being the global creditor to the global debtor, so a major shift.

MICHAEL HUDSON: Yes. The difference is that the American debt to foreign countries is a debt that it never expects to pay, because how is it going to pay? The debt is owed by the U.S. government to other governments.

BEN NORTON: In the form of treasuries, Treasury bonds.

MICHAEL HUDSON: Treasury bonds. Yeah, exactly. And this debt is basically created by military spending. So America has been able to control other countries by issuing its money.

The debt that America has is the money of other countries. The central bank reserves that they hold in dollars in Treasury bonds is counted as their monetary reserves for their own economy.

So just like the American dollars you have in your pocket are technically a debt of the U.S. Treasury, these dollar bills or five dollar bills or 50 dollar bills, nobody expects them to be repaid, because if they were repaid, they wouldn't be any more money.

BEN NORTON: And no one can force the U.S. to repay them because of the U.S. military. So at the end of the day, the reason that the U.S. can have this global debtor status is because no one can invade it.

MICHAEL HUDSON: That was the case until recently. Well, you know, it's true that the United States cannot repay its debt because it doesn't have enough gold to repay. And it's not going to repay in the way that Latin America or other countries repay, by selling its industry.

It's not going to pay its foreign debt by saying, ok, why don't you take that Amazon? Why don't you take General Motors? Why don't you take Boeing? You know, we'll pay by giving you the industry just like we've made you countries give us your industry when you're in debt.

America simply isn't going to do that. But other countries don't have to ask to get repaid for their dollars. They can say, ok, we're not going to hold dollars. So China has decided we want to just minimize our holdings of dollars, except for what we need for trading on the foreign-exchange markets to keep the exchange rate stable.

Russia is avoiding dollars. Iran is the avoiding values. Obviously, Venezuela is avoiding dollars, because anything that Venezuela holds, the U.S. can simply grab their accounts.

So other countries are afraid to have their gold in the United States. Even Germany has said send us back the gold that we have on deposit at the Federal Reserve. We don't trust you anymore. Give us our gold.

Everybody is dumping the dollar, and nobody wants to be repaid. The dollar now is like a hot potato, and nobody wants to hold it except pliant satellite economies of the United States that don't want to upset the

United States because of the power, bribery power if nothing else, that the United States has over European politicians, Asian politicians, all the overt support that the United States can wield.

But other economies are just dumping the dollar. And so all these dollars are being turned in to hard currency, each other's currencies, gold, each other's industry, real economic means of production.

And so now we're winding down the whole free-lunch system of issuing dollars that will not be repaid.

It's as if you're going to the grocery store and you give them an IOU and then they ask, well, you know, you ran up a bill last month and you owe us 50 dollars. We have your IOU.

And you say, well, you give this IOU to your dairy suppliers, or your vegetable suppliers, just use it as money, we'll pay someday. And somehow your IOU that you got something for just gets used as other people's money.

Well, that's what the United States does on a global scale.

BEN NORTON: Professor Hudson, another point that that you addressed recently, a few minutes ago, also in your book you call food imperialism, is the role of the International Monetary Fund, the IMF, and the World Bank in trying to make other countries dependent on U.S. food exports.

In the new chapter, in your updated *Super Imperialism* book, you refer to this as "U.S. food imperialism versus a new international economic order." So can you explain your argument?

MICHAEL HUDSON: Well, the World Bank ideally was supposed to make loans for other countries to earn dollars. In other words, so they could buy American exports of things. But the most central element of American diplomacy for the last 80 years has been to promote U.S. farm exports.

So the World Bank did not make any loans to Chile or Venezuela or Latin America to increase their own food supply. You have to buy your grain and your basic food from the United States.

We want to develop your agriculture, but we will only develop export crops because you are a tropical country that can be exported, that we can't grow in the United States, palm oil or whatever, coffee, bananas.

We're going to promote plantation crops, not food supply, so that countries have become more and more dependent on the U.S. for food. And that means that the United States can do to other countries what it tried to do to China after Mao's revolution.

It can say, well, you had a revolution, we don't like. We're going to put sanctions on you and we're not going to export any more food to you.

Now, you can starve if you don't reject Mao's revolution and thank Chiang Kai-shek.

Well, Canada broke that. Canada said, well, if America won't sell you the grain, we're going to sell you the grain. So that that broke it.

Other countries are now realizing in order to be independent and prevent the U.S. from "Your money, or your life" threat, they're all growing their own food. They're all being independent.

The United States two years ago, more than two years ago, thought that it was going to really hurt Russia by putting sanctions on agricultural exports to Russia, and said, boy, now you're going to suffer.

So all of a sudden, the Baltic countries couldn't export cheese or other things to Russia. What Russia did was say this is the most wonderful thing that has happened. Now we can develop our own agriculture.

Russia is now producing its own cheese, that it used to get from Lithuania. Russia is now the largest agricultural exporter in the world, and displaced the United States.

So the result of the United States trying to hurt Russia and make it a dependent has actually forced Russia to become independent in food and immune from the U.S. food threat.

It still has the food threat over Latin America. And that's why when Hillary went down to Honduras and the Honduran president [Manuel Zelaya] wanted to develop Honduran agriculture, immediately Hillary had a coup d'etat, had the army take over in a coup d'etat and establish a dictatorship that promised the United States not to grow its own food, but to remain dependent on the United States.

So the United States could feel secure, secure that it could starve Honduras to death if Honduras didn't do what it wanted, and was dependent on the U.S. for food.

That's the kind of food strangulation that the United States has sought through every country. And it has used the World Bank and the IMF and the international banking system to impose sanctions, and to only make loans for industries and agriculture and sectors that do not compete with the United States, but actually end up serving the U.S. economy as inputs.

So other countries are turned into economic and trade satellites of the United States. That's the aim of the U.S. control of the World Bank, the IMF.

And that's why the United States will not join any organization in which it does not have veto power. It insists on being able to veto any policy of other countries acting in their own interests independently of the United

States, or in ways that do not actually enable the United States to be the main beneficiaries of foreign countries' growth.

MAX BLUMENTHAL: That's what we call the "rules-based order."

MICHAEL HUDSON: Right. That's exactly right.

MAX BLUMENTHAL: We make up the rules, and order everyone around. Mafia rule.

And ironically, after Hillary's sort of instrumentalized coup in Honduras, her husband–or right before Hillary entered the State Department, her husband had apologized for destroying Haiti's indigenous food economy, basically its ability to produce rice, so that they would import rice from his home state of Arkansas.

So yeah there's a certain irony there. We also saw, in WikiLeaks cables, Hillary go down to Haiti and demand that they cancel a massive pay hike of sweatshop workers from something like 37 cents an hour to 45 cents an hour, which is consistent.

We've also seen the release of Meng Wanzhou, I guess she is the CFO or COO of Huawei, a Chinese tech firm. And I think this is relevant to the conversation here.

A key facet of the U.S. great power competition with China revolves around tech. And you write how, you describe how in the post-war period, the U.S. sought to foster dependency not only with food, but also with military wares and specifically technology.

And now you have a situation where the U.S. is being outpaced by China in 5G and demanding that the U.K. ban 5G.
So what is happening here? How will the U.S. fare in a world where it can no longer foster dependency on its own technology? And what will it do to remedy the situation?

MICHAEL HUDSON: Well when you say technology, what you really mean economically is economic rent, monopoly rent. And America cannot compete on the basis of cost for industry. It can't compete in a profit-making industry because there aren't profits.

You can't make a profit if your labor costs, and your economy, and your transport costs, and your health costs are so high. But you can make a monopoly rents.

And the function of technology for the United States is to make other countries obliged to pay anything that the the large information technology and high tech companies can charge.

So the technology sector is really a monopoly sector, and it wants to keep it monopolized. The problem is that no country for the last 5000 years has been able to keep a monopoly.

You remember that maybe 3000 years, 2000 years ago, China had a monopoly in silk. And then Marco Polo and Catholic priests brought back silkworms to Italy and began the Italian silk. I guess that was 1000 years ago.

So you can try to get a temporary monopoly on technology, like from Google or from Apple, but ultimately, you can't really prevent other countries from doing it. So the United States essentially has not been doing much innovation.

Let's take IBM as an example. IBM was really the first high-tech company that was made a monopoly, but it wasn't very imaginative. It had to be told by insurance companies to go and begin making computers in the late '30s and to develop it.

By the 1960s, IBM was using about $10 million a year to buy back its own shares. And Google and Amazon are spending hundreds of billions of dollars every year now to buy back their own shares, not to invest in new technology, in research and development, in developing new technology and 5G technology, and the other technology that China is developing.

But when China is a mixed economy, the public and private sector together, when it is trying to develop the technology sectors that are the mirror image of Google and other things, like TikTok replacing Facebook, they're doing it much better because they're not trying to make capital gains in stocks.

The purpose of technology, to China, isn't to increase the price of the stock in the companies that make it. They're trying to lower the cost of production and develop new technologies to develop their technology better.

So obviously, China is getting a lead. The United States has made a policy decision: We don't need a lead; all we need to do is establish a monopoly rent. And let China get way ahead of us. Let it be more efficient. Let it be more lower cost. Let it be more modern.

As long as we have enough satellites in Europe and Latin America, and in Asia, to promise only to buy U.S. goods, they'll buy high-cost, less efficient, American 3G or 4G technology, and let China and its Belt and Road Initiative countries develop 5G.

So we're really having a technological divergence in the world. America, living in the short term, wants to have high-priced, hit-and-run, very quick profits for Facebook and Google and the others, while China's trying to look at the long run and develop an actual technological economy that will create a new non-dollar trading and currency area, that will be independent of U.S. Threats.

And America in 10 years can tell China, well, we are not going to let you use Facebook or Google anymore. China can say that's fine. We have our own systems. They work much better. We'll go our own way.

BEN NORTON: Professor Hudson, there's another really interesting part of your book *Super Imperialism*, well you talk about this throughout, but specifically one of the arguments you make is that one of the primary U.S. economic competitors after World War One, well, during and after World War One, and then leading to World War Two, leading to the end of the British Empire, was England, was Britain, the British economy.

Can you talk about how essentially the U.S. helped to collapse the Sterling Area? And for people who don't know, explain what the Sterling Area is, how the U.S. helped to collapse that.

And then also, the point you make in the book in the last chapter, is how the U.S. did something similar to another so-called ally, to Japan, how in the 1980s, the U.S. basically waged a kind of economic war against the Japanese economy, which permanently crippled it.

Japan had had been one of the largest economies in the world, and it has never really, truly recovered from that. So can you talk about how the U.S. has waged economic war not only against its adversaries, but even so-called allies like Britain and Japan?

MICHAEL HUDSON: The number one U.S. enemy has always been its closest friend, its closest rival. It fought against England, and then France.

And they were getting a free lunch through the Sterling Area and the Franc Area in the following way: England's colonies had to do their banking in England. They had to keep the savings in England. The government had to keep all of its revenues in England.

So when World War One broke out, England simply told the government, give us a gift of all of your money. Mass famine in India, mass starvation, because England just grabbed the money that India had in sterling.

Well, during World War Two, there wasn't much international trade, and so raw materials producers–India, Argentina, and other countries–had maintained close connections with England. And there weren't many consumer goods to buy. Countries had to be self-sufficient.

But India, Argentina, and the Sterling Area countries had to keep all of their money in sterling.

The United States insisted that, number one, that sterling balances that were held by India and other countries be allowed to be spent outside of sterling. You couldn't tie the sterling balances to say they have to be spent in England.

And that was what the sterling balances were before. England says, ok, you've got a lot of savings here in England in sterling; you have to spend that money on British goods and British companies. You have to keep within the English economy.

Not only did the Americans say, first of all, no country can limit its spending to say you have to keep the money in your former colonial power.

But it insisted as a condition to lending England the British Loan–in 1944, England was desperate by the last year of the war. It needed food. It needed supplies. It needed industry.

And America said, we're going to make you a loan, called the British Loan, but as a result, you're going to have to keep your own pound sterling at five dollars a sterling. You're going to have to keep it at a high price.

You're not going to be able to devalue it in order to compete with us. And England, as a result, from 1945 to about 1950, had to take this huge overvalued sterling, so that there was no way that English companies could compete with American companies.

And America was able to undersell England and grab the Indian market, the Argentine market, the market for almost all the countries that had been within the Sterling Area, and undersell it.

So America had essentially gained control of Britain's domestic financial policy by insisting that this policy be set in Washington, not in London.

So it asked England to commit economic suicide, and England said, well, we don't have a choice, otherwise we're going to starve. And it threw its lot in with the United States, hoping the United States would protect it.

And in the new edition of *Super Imperialism*, I quote the debates that occurred in the House of Lords, when the House of Lords saw exactly what was going to happen.

They said, wait a minute, the United States is treating us as if we're Germany; it treated us as if we're the defeated party in World War Two. Are we really going to go along with this?

And they saw just what was happening, and they said, well, we really don't have a choice. We surrender; we're going to let our policy be run by the United States.

The same thing in Japan. In 1985, when there was the famous Plaza Accord, you had Reagonomics going full blast. And Secretary of State James Baker said, what is Reaganomics? It means we want low interest rates; we want to cut taxes on the rich, and even though we're going to cut taxes, we're going to have a huge budget deficit.

Somebody is going to have to fund this. And in the past, countries running a budget deficit, which Reagan and Bush quadrupled America's foreign debt from 1981 to 1992–who is going to buy this debt? Because if we make Americans buy this debt, we're going to have to pay high interest.

So it told Japan, we want you to agree to buy a big chunk of our foreign debt. England and Europe said, ok, we're going to go along and we're going to buy a big chunk of it too.

So essentially, America forced Japan not only to buy the debt, but to revalue its currency. And its currency went from 240 yen per dollar to 200 yen, meaning a dollar would only buy 200 yen. And then finally, America would only buy 100 yen.

And all of a sudden, car prices, electronic prices in Japan, export prices doubled; it lost the market. And essentially went broke.

And that was what was called the bubble economy. The Reagan economy was a bubble economy in America, but the bubble was felt or absorbed by Japan, by England, and by Europe.

That was the the genius of Reaganomics, to make other countries bear the costs of the American tax cuts.

BEN NORTON: Professor Hudson, this is an article I have up here in The Wall Street Journal in 2018, titled "The Old U.S. Trade War with Japan Looms Over Today's Dispute with China."

Do you think there are parallels? I mean, clearly Japan has been a key U.S. ally since World War Two, whereas China has become a serious adversary. So the political relationship between the U.S. and Japan and the U.S. and China is very different.

But do you see parallels between the U.S. policy, economically, toward Japan in the '80s and now with China?

MICHAEL HUDSON: There was a lot of discussion recently in China about the Plaza Accord and the Louvre Accord. There's no parallel at all.

They're looking at this as an object lesson. They say, we saw what the United States did to Japan. We're not going to let the United States do it to us.

We're not going to inflate our economy and create a bubble here just so that we are as inflated as the U.S. economy is. We're going to lower our prices. We're not going to make a financial boom and a real estate boom. We're going to do just the opposite.

Instead of letting banks getting rich on real estate loans, like to Evergrande, we're going to let Evergrande go under. We're going to let the bondholders of Evergrande go under. We're going to let the stockholders of Evergrande go under.

And we're going to create a basic tax system and public support system to minimize the cost of housing.

So that, while the American middle class and political parties think that they're getting rich, as their housing prices are going up, the Chinese people think they're going to get rich as housing prices go down, and they can afford more and more housing at a lower and lower price, while their wages go up.

So there is no rivalry at all there. They're looking at the United States and deciding we want to go in a different direction. We're looking at what's happening with Japan, and we're never going to be like it.

And there are Japanese too–every company in Japan, as I was told when I visited Nippon Steel years ago, the heads of the companies are all very pro-U.S. And they have to work with the United States importers and corporations in order to succeed.

But the number two person or someone else is going to be an option number two, and option number two is we can make a step function, all of a sudden we can switch. Do we want to reorient our economy toward China instead of the United States?

This is the nightmare of the United States. What if Japan and Korea and other countries decide to throw in their lot with with China instead of with the United States?

And now that America is putting the squeeze on Japan and other Asian countries to support its military spending and its trade deficit even more, these countries are saying, what do we get out of the U.S. relationship?

Wouldn't we be better if we can make a deal with China to say, ok, about the South China Sea, we're going to make a map that all of us get to share in the South China Sea oil and gas reserves? We're going to have peace, and that includes Taiwan.

Most of the Taiwanese officials, including central bank officials that I used to meet with, all say, you know, ultimately we want to, we plan on rejoining China. We're going to try to take as much of a business position in mainland China as we can.

But ultimately, the economy is going to re-merge. It's just a question of when we can get a better deal from China than we get in the United States.

And as the United States is in a state of rapid shrinkage of its economy right now, all of a sudden other countries are saying that very quickly, well, let's rethink our position and maybe we're going to do better off not following the neoliberal plan of the United States.

Let's have a mixed economy where the government and industry and labor work together to develop the economy instead of a polarized, financialized, Reagan- and Thatcherized economy that you're having in the United States and England.

MAX BLUMENTHAL: Yeah, maybe you can address the U.S. economy right now, which is in a state of catastrophe, but which might actually be kind of a controlled demolition, if you consider the discussions that began prior to the pandemic, in late 2019.

BlackRock was calling for just massive printing of money from the Fed. And they've just been doping the economy ever since, to stave off inflation. But now Biden's worst problem, the greatest problem Biden faces now, is inflation, high food prices; gas prices are going up.

The U.K. is seeing record gas prices, too. And global supply chains are what we would call verkakte.

And I don't know if you want to address that, but the U.S. economy is just seeing massive, massive amounts of workers being financially disempowered, a downwardly mobile middle class, endless printing of money, and more wealth for this very–I mean, it's not even the 1 percent; it's like the 0.1 percent percent–and it's beginning to plague Biden through inflation.

MICHAEL HUDSON: Well that is happening, but not in the way you described. The Federal Reserve has hardly spent any money into the economy at all.

MAX BLUMENTHAL: Well in the banking sector.

MICHAEL HUDSON: It's printing trillions and trillions of dollars, more money, more essential credit than ever before, but all of this credit has gone into the stock market and the bond market and the packaged loan market.

It's all gone for assets that the 1 percent of the economy hold. It has financed asset price inflation, not domestic inflation. The domestic inflation is something that comes not from an increase in the money supply, but from supply shortages.

And this is a result of the neoliberal management philosophy that corporations have. In order to increase their reported profits, they have cut costs wherever they could. And one way they found of cutting costs is to minimize inventories.

80 years ago, every company would have enough inventory on hand so that if there was an interruption in its imports, in its raw materials, in the

supplies that it needs, it has enough to get by.

But the corporate managers said let's have something called just-in-time inventory. That is, if we need a part, we're not trying to order it six months in advance and hold it in a warehouse; we'll just pay for it that day and order it.

And all of the companies together in the United States thought, the economy is going to shrink, we don't need any inventories, because everybody is going to be poor. They thought they were going to be poor, because they were making the economy poor, by predatory practices that they were following.

They were getting rich by impoverishing the economy. They thought the economy couldn't buy what they produce, so they didn't need any inventories. Well, all of a sudden, they ran out; they depleted all of the inventories.

And there were huge, huge orders, in China, in Asia, in Japan, in Korea, for electronics exports, for chips, for everything else.

And now you see, the price of shipping has multiplied tenfold. It costs 10 times as much to ship a container from China to New York today than it did a year ago.

So what is happening is a shortage from just the neoliberal, really socially incompetent management of American corporations.

Other companies throughout the rest of the world have tried to, they keep inventories; they're not having this problem. This is unique only the United States is not. It's not people are richer and have so much more money; it's that there's a shortage.

In the case of housing, which has gone up–it's the most rapid increase, over 10 percent in the last year, that's essentially because BlackRock has said, the era of rising into the middle class by getting home ownership is over.

Our ideal here at BlackRock is the 19th-century ideal; really, it's the 14th-century ideal. It's the landlords. We want to turn the American economy away from a home ownership economy into a renter's economy.

And if we had BlackRock and our fellow landlords can monopolize the control of housing, and bid it all the way, we all of a sudden will have a monopoly in housing costs. We can raise it 10 percent this year, 10 percent next year.

And the banks are going to lend to us to buy out all of this real estate at 1 percent or 2 percent, and they'll charge 3 or 4 or 5 percent to other people.

All of a sudden you're going to have a concentration of home ownership in the hands of large corporations. And the middle-class ideal of home ownership is going to be squeezed out.

The other major growth is in pharmaceuticals and medical care. It's way up, medical insurance, 10 or 15 percent.

The one thing that corporations in America are willing to fight to the death for is to prevent socialized medicine, to prevent public health. Because they realize if we can prevent public health in America, then workers, the American population is going to have only one way of getting health care and avoiding the threat of bankruptcy if they get sick.

They'll have to go to work for an employer. Because the health is going to, insurance is going to come from the employer. And if they don't go to work for the employer, they won't get health care, and they can go broke very easily.

And if they go on strike, they lose their health insurance, and then they'll go broke. If they complain about the job, they'll get fired, they'll lose the health insurance.

The new way of controlling labor, the class war in the United States, is to privatize pharmaceuticals and health care and prevent people from having access to health care and pharmaceuticals, unless it's through their employer.

And that's why wages have not gone up. Because this is what Alan Greenspan called the traumatized worker syndrome. They're powerless. They're afraid to complain against the job. They're completely dependent on the employer for everything they have.

And in some cases, it may be like a Soviet Russia, they'll even become dependent on their employer for housing, as it was in Russia, because they can't afford houses of their own, which are now all corporately owned.

BEN NORTON: Well the difference, of course, was that in the Soviet Union, it was public housing and it was provided to everyone as part of the government, whereas now we're talking about feudalism, neo-feudalism, where your landlord is your boss and you're treated like a serf.

But you made an important point, Professor Hudson, about short-term versus long-term thinking. And this actually, I think, is related to the energy crisis we have seen in Europe.

And it really reflects this idea you're talking about of this neoliberal mentality that, we can just get everything we want right here in the market in the short term.

And that's this crisis now where the European Commission canceled all of these long-term contracts that it had with Russia for importing gas and also oil from Russia. So the EU had access to all of this Russian energy.

And then as a political protest against Russia, as part of the new cold war, they canceled all of these long-term contracts, and instead, they were just buying Russian gas and oil on the spot market, in the short term.

And then the price of gas and also oil just skyrocketed recently. And now there's a huge demand in Asia, and largely because countries in East Asia have for the most part recovered from the coronavirus pandemic.

So now Europe has a huge shortage of gas and oil, and they're of course blaming Russia, and they're doing all the typical things that they do.

But the irony is that it's the same kind of short-term neoliberal philosophy that you're talking about, where the bankers who run the European Commission said, we don't need contracts; we don't need long-term deals; we can just buy everything short term every single day by day or week, week by week in the spot market.

MICHAEL HUDSON: Well, I think you're talking also about the Nord Stream Two pipeline that the Germans and the Europeans were blocking.

So when a European politician said we would rather all starve in the dark than have to buy from the Russians, what they mean is, we would rather take the bribes that we're getting into our bank accounts from the Americans.

We would rarely get the high prices and all of the support from the Americans, and let our 99 percent of the population starve, so that we can get rich off what the Americans are paying us to starve the Europeans of energy and freeze in the dark, just so that Russia won't get get the payment for this.

So obviously, Russia is thinking, well, it can now sell all the gas that it wants to China. At some point, it'll decide, if Europe doesn't want to buy our gas, if it's not going to open the Nord Stream Two pipeline.

The pipeline is all there. All they have to do is open the pipeline, and the price of gas will come down.

And the Europeans are–what Putin recognized, and [Foreign Minister Sergey] Lavrov have been saying is, the European Commission does not represent Europe; Brussels works for Washington.

Brussels is an arm of the U.S. State Department. It has nothing to do with the European population. Europe is not a democracy; it's an oligarchy. But it's also a militarized oligarchy controlled by the United States.

And so Europe is acting, is willing to have its houses freeze, its pipes freeze over, floods in houses, just in order to please the Americans.

How long can this go on without there being a revolution?

The amazing thing is that protest is coming from the right, not from the left. You have the Alternative für Deutschland party on the right, and Die Linke, the Left Party, has fallen.

The socialists have not taken an anti-American stand because America has gained such has control, has made the European socialist parties, just like it has made the British Labor Party under Tony Blair.

The socialist parties and left-wing parties of Europe are all pro-American. And they're not talking about economics. They're not talking about welfare. I can't even summarize what they're saying, because it's a mush.

But the irony is that it's the right wing that is becoming the nationalistic power in Europe to break away from the United States, not the left.

And I don't see Europe ending up as much more than a dead zone.

And I think President Biden feels the same way. He is obviously pivoting towards Asia and has left Europe, and England, and Ukraine, and the Baltics just to go their own way.

And no matter how bad things look in the United States, I think things look worse for Europe right now.

MAX BLUMENTHAL: Well, you see the same dynamic at play with the protests in Italy and France against the green pass, and the construction of what, in my opinion, is a kind of digital authoritarianism, just exploiting the emergency atmosphere of the pandemic.

The right is gaining power. A nationalist right is gaining power.

And there are workers and unionists involved in these protests. Trieste, the Italian port city, is seeing dock dockworkers rise up. But the left is, I mean, it seems to be largely absent.

And the same in the US, with the protests against government mandates. Whatever you think about them, we need to make this objective observation and determine what it means for left-right dynamics when workers are being intimidated.

This all is being guided, this policy, is being guided in many ways through the World Economic Forum.

And there is a vocabulary out there about a Great Reset, which is something that Klaus Schwab, the president of the World Economic Forum, has openly proposed in his latest book about the pandemic.

But it has been denounced as a conspiracy theory by Naomi Klein in The Intercept.

And I think a lot of what we have been talking about is kind of consistent with how people understand the Great Reset, you know, pivoting towards a kind of feudalistic and authoritarian capitalism that is highly digitized, in order in order to manage an impoverished middle class.

What are your thoughts on the Great Reset? Is it a conspiracy theory? Is it something real? And if so, what does it mean to you?

MICHAEL HUDSON: It would love to be a conspiracy, but not all conspiracies are successful. They're hoping that they can bamboozle the world into believing rhetoric instead of reality.

And they're hoping that people will think that the future is something that has never been in the world before. And what they're calling democracy is a country without government.

There are only two kinds of governments possible in the world. One is the usual kind that you have had ever since Sumer in Babylonia: a mixed economy, with the government providing basic services, and the public private sector doing the trade and the innovation.

The other is something that you had briefly in Rome before it collapsed, and you're now idealizing in the United States: it's an economy with no government at all. You get rid of all government power to regulate or tax business.

You want all of the planning–you want a centrally planned economy, much more centrally planned than you have in China and even in Russia. But the central planner is going to be Wall Street, and the city of London, and the Paris Bourse.

You're going to have financial planners take over the planning, and they're going to do it with the corporations as a means basically of subduing, of squeezing out more and more of a surplus out of the people who produce it, labor, basically, and other countries that produce raw materials.

And that is the dream. Can they convince, can Klaus [Schwab] and the attendees who go to these [World Economic Forum] meetings really convince people that you can get along without government and let the neoliberals do to the world economy what Margaret Thatcher did for England, and somehow think that you're getting richer?

Because the cost of your housing is going up, and your salary is going up, but even more than it goes up, you have to pay it for medical care, for housing, for your debt service, and for just the cost of living.

How do we convince the world that they're getting better and better when actually they're getting poorer and poorer, and we're concentrating more and more of the wealth in our own hands?

Now you can call that a conspiracy. I think it's sort of a pipe dream if they think they can get the rest of the world to go along with it.

And I guess it's the Abraham Lincoln statement, you can fool some of the people some of the time, some of them all, but you can't fool China and Russia, and Iran, and India, and North Korea, and South Korea all the time.

MAX BLUMENTHAL: Yeah, I mean, it could be a conspiracy, but that's in many ways how history is dictated.

I'd refer to Michael Parenti's lecture on capitalism and conspiracy and class power from 1993, where he makes the case that history is really not an accident. And now more than ever, it's being decided in Davos.

So I think that on that point–well I guess I'll just pitch to Ben here. I know Ben as a question.

BEN NORTON: Yeah, this is this is a good question from [a viewer]. This is for Professor Hudson.

What do you think of Richard Werner and Henry George, and about Jeff Snider's assertion that demand for U.S. debt is due to its value as collateral in the eurodollar system as opposed to the petrodollar?

MICHAEL HUDSON: Richard Werner has been a friend of mine and a colleague for many years. I think what he's writing on money creation is wonderful.

We're good colleagues. We've had some of the same students. I thoroughly applaud and support him.

I loathe Henry George, because he essentially was an anti-socialist and a right-winger of the late-19th century, and he spent his life fighting against socialism. He wanted to basically get rid of government.

And his followers, essentially, George spent his time going, and George's followers, for 20 years before World War One, going around the country debating with socialists over, is the future of the economy going to be socialist, or is it going to be the Ayn Rand-type economy that Henry George wondered.

Well once the Russian Revolution occurred, the Georgists turned into anti-Bolsheviks. And the followers of George in the United States basically became an anti-Semitic group, very friendly to the Nazis, to the Nazi Party.

And in Germany, the Georgists were among the first to join the Nazi Party.

So I'm all for land taxation. That is a socialist policy. That's the policy of Adam Smith, John Stuart Mill, the whole 19th-century political economy aimed at getting rid of the landlord class and getting rid of economic rent as unearned income.

Henry George did not have a theory of value and price, and without that you don't have a concept of economic rent.

So the Georgists today around the right wing of the political spectrum. I had some contact with them at one point, and I was just appalled that they were the feeders, one of the feeder organizations into the Ayn Rand movement.

So I can't think of anyone more opposite from Richard Werner than the Henry George people.

BEN NORTON: And the other part of his question was about the eurodollar system as opposed to the petrodollar.

MICHAEL HUDSON: Oh, they're both the same system, the petrodollars, the deal was–and this was what was done in the aftermath of my publication of *Super Imperialism*.

I went down to the White House and met with the Treasury officials and the State Department officials, and they said, we have told Saudi Arabia–this is when the price of grain was quadrupled, and Saudi Arabia quadrupled the price of oil in response.

So the Treasury told Saudi Arabia, you can keep charging whatever you want for the oil, but all the export proceeds you have, you have to invest back in the United States.

You can invest it in the stock market. You can't buy American companies. You can buy stocks and bonds, and especially government treasury bonds to finance things.

So petrodollars were a means of recycling oil export proceeds into the American banking system and into the U.S. government budget.

The eurodollars were the same thing, but slightly different.

Russia really created the eurodollar market, because it was afraid to hold dollars in the United States in the 1950s, because the United States could simply grab the money, like it did with Venezuela. And so it held them in England.

And so what happened was Citibank and Chase Manhattan Bank found that they could then borrow these dollars from their London branches. And Chase's largest depositor, when I was working for it, as their balance-of-payments economist in the 1960s, was the eurodollars from the London branch.

So all of these dollars that other countries would accumulate and be afraid to invest in the United States were put into British banks, that sent this money to the head offices back in the United States to essentially liquefy the American economy.

And there were no reserve requirements on eurodollars. So if Chase or Citibank would get a regular deposit from somebody, and make a loan against it, they'd have to keep reserves against it. But you didn't have to have any reserve requirements for the eurodollar deposit.

So the eurodollar system was a free lunch for the commercial banking system in the United States in the 1950s and '60s.

MAX BLUMENTHAL: I wanted to go back to some comments you made earlier about the U.S. and Japan and how the U.S.'s best allies are often it often get treated as its worst enemies.

This kind of reminded me of the AUKUS deal and France. The former French ambassador to Washington, I think his name is Gerard Araud, commented that after this deal, where France was basically stabbed in the back–it had what, like I don't know the dollar sum,

BEN NORTON: Over $60 billion.

MAX BLUMENTHAL: Over $60 billion in diesel subs to Australia. And the deal was canceled after it was inked, apparently because the U.S. just stepped in with more advanced nuclear subs.

And Araud said we need to return to a de Gaullist policy; we need a neo-de Gaullist policy.

I wanted you, professor, to weigh in. Just give us your thoughts on AUKUS, on the deal, what it signals for the new cold war, but also for U.S.-French relations and the U.S. treatment of Europe.

And maybe you could remind us what happened when de Gaulle tried to collect on what he was owed.

MICHAEL HUDSON: Well, the English language is an enormous language, and it's always expanding the words. And one of the new terms that is come into the English language about two years ago, a year or two ago, was a translation from the Russian: non-agreement capable.

In other words, just like a Trump wrote the bestseller The Art of Breaking the Deal, that's become the American policy: we can break any deal we want, because we can make our own reality.

That's what the neocons said: We make the deal, but we can make our own reality.

So the United States, and Australia–U.S. satellites would have a deal with France to say we're going to buy a submarine. But the Americans could say, wait a minute, buy our submarines, because we need our companies would rather make profits in dollars than have you order something from France that will make profits for French companies.

So without telling France at all, it told Australia, just break the deal. And Australia essentially–it is not well known, but the prime minister actually lives in a basement of the Pentagon in Washington.

MAX BLUMENTHAL: I thought they just kept his brain there in a jar.

MICHAEL HUDSON: Well it is in a jar.

MAX BLUMENTHAL: What exists of it, anyway.

MICHAEL HUDSON: At any rate, Australia has never been known to do anything that America or London didn't want.

Well, once Australia actually elected a socialist prime minister, and all of a sudden the British representatives said, no, you're not allowed to elect anyone the queen of England doesn't recognize; you have to cancel the election.

And they did. They didn't say we want to be free of England. They said, oh, ok, who should we elect? And America told England to tell Australia to elect.

So Australia is hopeless.

But at any rate, this led France to say, we have been double crossed again. We want to look at, just like Germany, we want to look at making better deals with Russia.

We can see that one part of the world is growing: China, Russia, the mixed economies, not the oligarchy, the financialized economies. So they're shifting.

And when you say what happened to de Gaulle–well, in May, I guess, was it [1968]–de Gaulle had been cashing in the dollars he was getting from America's spending in Southeast Asia, he was cashing them in for gold.

So America, the CIA, bragged that it had organized the big May riots in Paris. And the riots led to de Gaulle being replaced by a more left-wing party that was thoroughly under the control of the United States.

So obviously, the French are worrying, ok, if we try to follow a policy of turning east, of turning towards Russia, China, and the mixed economies, with active governments instead of banks, America is going to try to do to us what it did not only to de Gaulle, but it did to Italy after World War Two, getting rid of the communists; Greece after World War Two, assassinating the communist leadership; essentially just coming and in every country, trying to interfere and meddle in elections.

So they're trying to prevent the United States from using the Green Party in Germany's turn, following the U.S., with a very nationalistic anti-Russian, pro-American position.

So Europe is realizing, breaking away from dependence on the United States, breaking away from letting the United States have all of the European surplus, and telling us to freeze in the dark and to impoverish ourselves, just so that U.S. neocons can create a world–breaking away is not going to be a pretty sight.

They're going to do to us what Hillary did the Honduras, and what and what Obama did to Libya. And we have got to be prepared for that.

But at a certain point, we we just get tired of surrendering. At a certain point, we just can't live this way anymore.

And that's the point at which Europe is maybe five years away from realizing.

BEN NORTON: Well, that's a good image, and I think it's important to stress that point, that these policies that Washington carry out abroad always come back home, they always come back home.

And just wrapping up here in the last few minutes. But that this actually reminded me, Professor Hudson, have you heard of this book by this French executive, Frederic Pierucci, who wrote this interesting book called The American Trap: My Battle to Expose America's Secret Economic War Against the Rest of the World?

It's a very interesting book. This guy Frederic Pierucci, he was previously was an executive at the French transport company Alstom. And the U.S. government accused him of so-called corruption. And he was kind of the first case of like a Meng Wanzhou, before Meng Wanzhou, a few years before her.

He was arrested actually in the United States, and he was held as what he claimed to be an "economic hostage." And this is the beginning of this campaign we now see against Alex Saab from Venezuela, Meng Wanzhou from China, and also there's a North Korean businessman whom the U.S. is trying to imprison.

And what's interesting is the Washington Post did a story about this book. Here's the Washington Post article; it's titled "An unlikely winner in the U.S. trade war: A French businessman's book about his battle with the DOJ." And here's the translation of The American Trap.

So I haven't read this book; I want to get a copy of it. But essentially, from the summaries that I've read about this book, The American Trap, he argues that the U.S. has been carrying out a kind of economic war against French companies, in the same way it carried out those policies you explained against Japanese companies in the 1980s.

MICHAEL HUDSON: That's probably true. I have not heard of the book; nobody sent me a copy. I don't know about it.

But it seems that that's the American modus operandi. It tries to prevent any real competition.

People talk about the Thucydides problem as if there's a competition. The United States wants to prevent any competition. And the real competition isn't among countries; it's economic systems.

And the economic system, as I said, is one of finance-centered oligarchy, as opposed to a government promoting rising living standards and technology, and increasing our productivity.

And I think America has joined the wrong side of history. And it's a result of the combination of neoliberalism and the neocon military plan that somehow thinks that military force

can force other countries to submit to what you called neo- feudalism, which indeed it is.

And the question is–that has never worked over time. It's very short term. But then these people think, well, they're probably in their 50s or 60s now; they only have 20 years to live.

All they care about is getting rich for the next 20 years. They don't care if they leave a bankrupt America in their place. That's their business plan.

The business plan is to load the country down with debt, shrink the economy–but they'll take their money and run.

And the question is, where are they going to run to? If the rest of the world is going its own way, that they're driving the world to grow its own way. That's the dynamic that is at work.

MAX BLUMENTHAL: Ben, maybe we can put Professor Hudson's book on screen now and tell everyone where they can find it, the new edition.

MICHAEL HUDSON: I guess it's easier to buy books on Amazon now than it is in the bookstores. So it's up there now.

BEN NORTON: And do you know if there's going to be an e-book version? Because I've only seen physical copies.

MICHAEL HUDSON: I don't know how to make e-books. I just don't know if there will.

The paperback will be out on, I think, [October 18 or 19].

BEN NORTON: Oh, great, there's going to be a paperback out?

MICHAEL HUDSON: Yeah, but I don't know about e-books.

BEN NORTON: Excellent, well, I would highly recommend checking out this book. Fortunately, he sent Max and me a copy.

It's incredible reading. As someone, I'm certainly not an economics expert, this book for me is just really eye-opening.

I had a copy of the second edition that I would go back to regularly. I use it kind of like a textbook, because there's just so much good information in there. There's a lot of history.

In fact, something that Professor Hudson talks about in his book is that one of the main differences, well, one of the several differences–there are many differences between the way he teaches economics and other mainstream economists–is that he actually talks about economic history.

And in your book, Professor Hudson, you say that very few economists these days teach economic history because–at least in U.S. economics departments–because if you actually studied economic history, you would see how different it is from all of the neoliberal textbooks.

MICHAEL HUDSON: That's right. There's been a rewriting. America got rich by being a mixed economy, where the government took an active role in subsidizing basic infrastructure.

And all this changed in the 1980s. And the neoliberalism has sort of pretended that Adam Smith was an advocate of basically the neoliberalism of Ayn Rand, instead of being anti-landlord, anti-monopoly, and not really thinking very much of the ethics of businessmen.

BEN NORTON: And then there's one final question here, Professor Hudson: Are you thinking of doing an audiobook version?

MICHAEL HUDSON: No, I don't know anybody who does audio books.

BEN NORTON: Well, maybe we can talk about it.

MAX BLUMENTHAL: Who should we get to read it? Is James Earl Jones still around?

I always have actors read my books, and I don't know who they are. And I always ask the publisher, can I please just, once, read the book? And they won't let me in. Then they bring these D-list actors in.

And it's just so bizarre to listen to it. They read it so concisely. And I hate it.

So don't. Sometimes you want to avoid an audio book. Don't wish for it, because you just might get it.

MICHAEL HUDSON: You've got to read, Because sometimes you want to look at the previous page. I'm really old fashioned.

MAX BLUMENTHAL: No really, with this book, you really do want to read it. It's the kind of book you want to read several times.

As Ben said, it's sort of like a textbook that has a rich narrative arc that courses through every page. And then you might want to check the citations as well.

I mean, every historical episode could demand its own book. So I'm really benefiting from it.

I have benefited a lot from, I guess this is our third conversation, so I really hope he can make these kind of a running series.

I'm actually at the tail end of three hours of livestreaming because I just did my own live stream. So I'm sort of hallucinating. I really have nothing else to say.

BEN NORTON: And yeah, well, we'll end on that. Do you have anything to add, Professor Hudson, before we leave?

MICHAEL HUDSON: Yeah. It is a textbook in China. And as I said, they asked me to update it.

So if you want to see what China's strategy is vis-a-vis the United States, this explains what is on their mind.

BEN NORTON: Great, well, on that note, I would say anyone who wants to check out Professor Hudson's work, they can go to Michael-Hudson.com. He has a lot of good resources.

I read his columns regularly, because I'm not an economics expert, so his columns are very digestible. And he talks about current affairs and the new cold war.

So it's always a pleasure to have you, Professor Hudson, thanks for joining us again.

MICHAEL HUDSON: Thanks a lot for the discussion.

About Max Blumenthal

Max Blumenthal is an award-winning journalist and the author of several books, including best-selling *Republican Gomorrah*, *Goliath*, *The Fifty One Day War*, and *The Management of Savagery*. He has produced print articles for an array of publications, many video reports, and several documentaries, including Killing Gaza. Blumenthal founded The Grayzone in 2015 to shine a journalistic light on America's state of

perpetual war and its dangerous domestic repercussions. Follow him on Twitter at @MaxBlumenthal.

About Michael Hudson

Michael Hudson, a research professor of Economics at University of Missouri, Kansas City, and a research associate at the Levy Economics Institute of Bard College. His latest book is *"and forgive them their debts": Lending, Foreclosure and Redemption from Bronze Age Finance to the Jubilee Year*

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