

# Will the Iran War Cause a Global Depression?

The US war on Iran is leading the world to a global depression. Professor Richard Wolff places the current crisis in the context of the capitalist system and the decline of US hegemonic power.

By Chris Hedges

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*This interview is also available on [podcast platforms](#) and [Rumble](#).*

<https://chrishedges.substack.com/p/how-the-iran-war-is-accelerating>

<https://www.youtube.com/watch?v=sv61bqSefDo>

The global economic impacts of the American-Israeli war on Iran are already being felt, particularly in Asia, through shortages of fuel and other necessities, the closure of factories and the loss of jobs. We are now on a path heading for a global recession, or even worse, a global depression. To sort out what potentially lies ahead and the likelihood of preventing the worst outcomes, Chris Hedges speaks with economist Richard D. Wolff, professor emeritus at the University of Massachusetts-Amherst.

Wolff begins the interview by discussing the weaknesses of the capitalist economic system. Since the 1970s, corporations have been moving production to areas of the world where they can maximize profits. This has created fragile supply chains that are vulnerable to changes in the availability of energy and the fallout of political turmoil.

Research demonstrates that capitalist systems result in cyclical downturns every four to seven years. The last economic crisis was five to six years ago, so we may very well be on the edge of another one. Wolff reports that it is too early to determine if that will result in inflation, stagflation or deflation. For the United States, commitments to greater military spending, a historically high debt of \$40 trillion and a declining credit rating will force the government to borrow money at higher interest rates, adding to the burden of an already financially stressed population.

Wolff states, "We are living through the end of the empire and that end has been accelerated and brought closer by everything going on in the Middle East." The United States faces a critical decision. If it chooses to escalate the war on Iran, the risk of a global depression rises. The future appears to be grim. At this time, there is an absence of a functioning international mechanism through which countries can solve the current crises cooperatively. For the United States, there is also denial about the state of our falling

empire. Wolff concludes: “It’s not a question of maintaining your dominance. That’s gone. It’s a question of working things out. Our leaders don’t think or talk like that.”

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## Transcript

**Chris Hedges:** The economic fallout from two months of war in Iran is already crippling economies across the globe. Energy prices are soaring. Gasoline shortages and rationing are plaguing countries such as Vietnam, South Korea and Thailand. Japan has had to twice dip into its strategic reserves since the war on Iran started in February. The rise in price of liquefied petroleum gas means cooking gas prices have skyrocketed devastating households in countries such as India. The price of nitrogen fertilizers produced in the Gulf are also rising at an alarming rate, guaranteeing steep increases in food prices. There are growing shortages of helium, aluminum, naphtha, devastating industries, including the microchip industry. Textile mills in India and Bangladesh have shut down. Steel mills in India and automakers in Japan have cut production. Tens of thousands of workers across the globe have already lost their jobs. Asian airlines, along with those in Poland, Germany, and Ireland, are cutting flights and raising surcharges with a doubling of the price of jet fuel. The United Arab Emirates, one of the world’s richest countries with sovereign wealth funds that total more than \$2 trillion, has asked the United States for a financial lifeline in the wake of missile-damaged gas fields and a halt to shipping in the Strait of Hormuz, the New York Times reports.

Millions of people, especially in Asia and Africa, are at risk of falling into dire poverty because of the conflict, according to the United Nations Development Program. The US, which is a net exporter of oil and natural gas, has been relatively insulated from the global shock, although gasoline prices have risen by

\$1 a gallon since February 28th, but this will not remain the case if Iran does not open the Strait soon. The average U.S. diesel price has already increased by nearly 50 percent, surpassing \$5.60 a gallon. Higher fuel prices, coupled with growing shortages and disruptions in supply chains, will begin to take a heavy toll on the U.S. economy as everything we pay for, including consumer products, food and transportation, rise in price. We flirt not only with a global recession, but if the closure of the Strait is not resolved, a global depression with all of the suffering and inevitable social and political instability catastrophic financial crises inflict on societies.

Joining me to discuss the economic consequences of the war is Professor Richard Wolff. Professor Wolff is a professor emeritus of economics at the University of Massachusetts-Amherst and a visiting professor in the graduate program in international affairs of the New School. He has also taught economics at Yale University, City University of New York, University of Utah, and the University of Paris.

I want to begin, Rick, by examining something that's not been widely discussed and that is supply chains. How fragile they are, we're already seeing of course supply chains being degraded, how difficult it is to resurrect them, and what the consequences of serious damage to supply chains are.

**Richard D Wolff:** Okay, it's a really good place to start, Chris, because it allows me to talk a moment about economic history. Particularly since the 1970s, major large capitalist corporations - American but also Western European, Japanese and others - have followed the guideline of profit maximization, the religion of capitalism, to make a long complex story short, to move production around the world from being concentrated in the United States, for example, to being spread all over the world. In 1970, Detroit was the center of the automobile industry for this country and surrounding Detroit were literally hundreds of medium and small businesses that fed the auto industry, but they were all within 20 to 50 miles of Detroit. All of that is gone, with Detroit showing it, its population today, just to give you an idea of the social consequences, is about 700,000 people. In 1970, it was just shy of 2 million people. That's the demographic, if you like, of what happened to that industry.

Well, it went abroad. And here's the reality. If you go abroad - to China for one set of activities, to India for another, to Brazil for a third - what you are creating is long supply chains. This is not a matter of technology. That's often a misunderstanding: modern technology requires. No, it doesn't. It's not about modern technology. The technologies installed in China are not that different from the technologies that were installed here. The reality was that the labor cost in China was much lower and the desperation of those countries to bring jobs there meant that they offered very high profits, and American corporations took that offer. No one held a gun to their head. This wasn't done under duress. This was your normal capitalist investment where the profits are the highest.

The end result, which they did not calculate because they rarely do, was not to take into account all the secondary consequences of long supply chains. And let me go through what they were. But they didn't count what I'm about to tell you. For them, the higher profit settled the matter. Well, here are some of the consequences. You have to travel long distances to bring the finished product from China or India or Bangladesh or wherever it is back to the United States for sale. That means you are dependent on shipping. That means you are dependent on the shipping industry. That means you're dependent to take current events on the Strait of Hormuz, among others, Malacca, Panama, Suez. There are many of those, and those are now important in a way that they weren't before.

Number two, when you ship everything long distances, and you do it mostly by boat, you pollute the ocean. That's going to affect travel, fishery, water access, all kinds of secondary consequences that, of course, should have been taken into account.

Third, you're going to be subject to political turmoil. If your shipping route takes you here or there, if you need to have storage facilities along the way, which you usually do in case of all kinds of situations, you have to have friendly locations in which to do all of that. And anybody at any point can hold you up. And if they do, then you are suddenly frozen. We're seeing that now.

Energy is a basic component, but often even a little component, you know, the carburetor in your car. Well, the car has to have a carburetor, and even if everything else is available, but the carburetors aren't, you're stuck. And when you're stuck, you can't deliver on time.

Okay, long story short, this is a wonderful example of what in economics is called the difference between private cost and social cost, private profit and social profit. We, as a society, need to know what we are investing in in terms of all of its social consequences. Or at least as many as we can foretell and get some measure of. But the corporation doesn't do that because it doesn't count the costs it does not have to cover. It's not responsible for the pollution of the water. It's not responsible for the political turmoil that may interrupt. So, it doesn't have to count for those things. It doesn't have to set aside funds to manage the contingency. None of it. They just go ahead and make their investment. It has all the social consequences I've sketched here. And we, the people, the government, the society, are left to try to cope and clean up whatever it is that they didn't foresee while they make the profit that comes, not from the intrinsic benefits of the investment, but from the fact that they don't have to count, let alone cover, the costs, the social costs that are involved. We are now living with that.

The war between Iran and the United States and Israel, whatever you think of it, is an interruption in a long supply chain. And we are dealing with the enormous social costs that you nicely listed some of which at the beginning of the show. And we're all going to struggle economically, politically, culturally. You know,

the UAE just withdrew from OPEC. I saw that literally a few minutes ago. That's one of the cascade of social consequences of this whole situation that will change the oil business and everything that depends on it for years to come.

**Chris Hedges:** And so the degradation in the supply chain, which I did kind of illustrate at the introduction - you know a lot more about this than I do - it's not necessarily, even if the Strait of Hormuz was open today, that supply chain's going to be disrupted for some time. Am I correct?

**Richard D Wolff:** Absolutely. And even more, Chris, even more. Every company that has any occasion, directly or indirectly, to utilize the Strait of Hormuz is now calculating, in a way they didn't before, the risk. And that risk means they will have to, or not have to, but many of them will, decide to change. For example, there's an acceleration of pipeline construction all over Asia in order to avoid dependence on the Strait of Hormuz for oil, natural gas and so on. Okay, that's diverting investment from other projects to pipelines. No one is thinking about, "Well, what are the projects that are being put on postponement? What social need were they invented to secure?" And those are now forgone because we have to build pipelines all over the place. Why? Because we are worried about the risk of not doing a pipeline.

Countries are making these calculations and corporations. They have to. That's the job. The purchasing manager in every company, whose job it is to secure the purchase of fuel, oil and gas at an appropriate price, is now charged by the CEO with finding alternatives that are less risky and balancing that against the relative prices. Of course, we don't know the relative prices because we're in the middle of all of this and how the relative prices shift is being determined right now.

Just to give you an example, because Europe is in almost as bad shape as Asia about all of this, the strategic reserve of oil maintained by the United States, about half of it has been used up now. And they're selling that oil way below market price, mostly to the Europeans. That's a political game being played by Mr. Trump. But the Europeans don't know how long he'll do that. They don't know whether the tariff wars will be reignited the way he seems to want that will once again lead to trouble between the United States and Europe beyond what already exists. You can see how far that can go by looking at the alienation of Canada and Mark Carney and all of that.

So, everybody's trying to recalculate, reposition with an awful lot of variables shifting as we talk makes it all very, very difficult. But it doesn't change the challenge, which I think will eventually be dealt with explicitly. You cannot allow the development of a world economy that ties everybody together without the participation of the mass of people, as if this could be left to the private interests of literally a few thousand corporations who are making decisions based on what's best for them, granted. But the notion that what's best for them is what we all need is being blown apart by today's headlines.

**Chris Hedges:** So, if the Strait remains closed, and I don't see that Iran has any incentive to open it at this point, and prices continue to rise, i.e. inflation, how does the global ruling class respond? Do they jack up interest rates? What are they going to do?

**Richard D Wolff:** At this point, I don't think they have a clue and let me explain why. The National Bureau of Economic Research, one of the major institutions in our country keeping track of economic data, are the place we go to the economics profession to find out about business cycles. A long story short, their discovery years ago was that wherever capitalism settles in as the basic economic system, we have a downturn on average every four to seven years. It's an average, so sometimes it's shorter, sometimes it's longer. And each downturn has its unique qualities and paces and all of that. But it is a pattern that we have tried for three centuries to overcome and we haven't done that.

There's even an entire economics [Mr. John Maynard Keynes](#) developed to cope with the worst of it, the 1929-30s crash. And we have a whole system of analysis called Keynesian economics, and that has helped modulate them a bit, but overcome them? No. Well, if 4 to 7 is your average, and if the last one was in the year 2020-2021, Well then, we're due. That's the first thing to be aware of. We are due for an economic downturn. And if you read the financial press, the articles are full of that. They know that. That's not a secret. That's not something that people on the Left believe and others don't. It is pretty well established empirically.

Okay, so now here's the interesting thing that needs to be understood. To whatever extent we are on the edge of a downturn, and rising unemployment over the last six months suggests it also, and there are other indicators, it is quite possible, although the press never mentions it, that the kind of shock coming from the oil disruptions out of the Strait of Hormuz could actually produce a serious downturn. And if that happened, it's an open question whether we would have an inflation. We might still see corporations raising prices. If we do, we get that phenomena economists call stagflation, a mixture of stagnation on the one hand and inflation on the other. But, and let me stress this, it is also possible that the downturn would lead corporations fearful of being stuck with unsaleable inventory, cutting prices. I want to remind people, in the Great Depression of the 1930s, prices fell. And that cushioned the breakdown for many American families. They lost their job. They had very little money. But the prices for food and clothing and shelter were dropping because the downturn was so severe.

Could we have a comparable downturn? Absolutely, yes. I'm not saying we will, but we could, and in that event, we will be looking at an interruption, an oil shock, and a deflation rather than an inflation. The economics of that are pretty well known. There are plenty of examples of it going in that way, and we should be aware that that's part of the problem. If it is true, as recent statistics suggest, that literally the top 10 % of the American consumers, richest 10%, account for more than half of the whole consumption

bundle in this country. Then if the other 90 % are as strapped as the data suggests, then I don't know what the reaction will be when you have another dollar a gallon to get to and from your job, to get to and from shopping, to or from going to the movies.

And you know, it's the joke that I hear here in New York all the time. There's too much month at the end of the money. And in that situation, you will get a deflation because the system will contract bitterly out of all of it.

**Chris Hedges:** But if, for instance, fertilizer prices, which have rocketed upwards, doesn't that inevitably mean an increase in food prices?

**Richard D Wolff:** No, I wish it did. It just as often means that the farmer makes the decision to let part of his fields go fallow. Let them go. Grow weeds, plow them under. That's another kind of fertilizer. In the long run, you have to do that periodically anyway. The chemical nitrogen from oil is good, but has its limits, like everything else. And the question is how many farmers will take 10 or 20 or 30 percent of their acreage and let them go in order to save on the fertilizer, figuring they can make it up by shrinking their output. If enough other farmers do it and communication is now pretty well developed among them, then the prices will, they hope, go up. But if their prices go down and they've cut their acreage, we could see another wave of farmers go out of business.

We should be aware that most of our farmers are badly indebted. They don't have much slack. Even though we don't have lots of little ones the way America used to, the big ones can go out of business also. They are also peanut counters. And if the prices of their inputs exceed what they can reasonably expect, and if you add the risk of a deflation in terms of the final output, how many Americans are going to make the decision to go from hamburger to Hamburger Helper? To really begin to eat like poor people? Grain flavored with a little something else, but it's basically rice or pasta or bread, etc. You know, we're on our way to that anyway in this country and we can call it all dietetic, so you lose weight, so we don't have to face that it's an economic problem. But those are real possibilities that are now shifted from vague in the future to much closer because the Strait of Hormuz, this long supply chain, is disrupted.

**Chris Hedges:** And what are the effects of this on the empire itself?

**Richard D Wolff:** Well, mean, this is a sore point for me, Chris, you know me a little bit. I think our empire is over. I think what we are living through, you, me, our generation now, is the very unhappy, unpleasant, scary experience of a declining empire, which the Americans have never had. Our empire, over the last century, was nicely upward. Not for everybody, of course, but for enough of them to give it the quality of an upswing. And particularly after the Second World War, when all the other potential competitors for that role had blown themselves to bits. So, the result was we were 'King of the Hill.' And that gave rise to the

1950s, 60s, 70s, 80s, when you and I both know there was this sort of odd celebration of all things American, American exceptionalism, that if you were religious then God loved you more than he loved everybody else, and on and on.

Where did this come from? It was very classic, the failure to understand the particularity of the conditions of the moment and a projection, as if something guaranteed that they would stay the same, or even if they changed, they would somehow continue the odd special position of the United States. And that's simply not true. And starting 10 or 15 years ago, I think it became palpable. Not the explanation, because we sure live in a country that practices what my wife, who is a psychotherapist, massive denial. It's a refusal to entertain the very idea the empire is over; and therefore, what does that mean? How do we approach China or Russia or Iran if we're a declining empire? It's a whole different mindset.

Then you want to work out how do we go through a decline without blowing ourselves up or blowing the whole world up. It's not a question of maintaining your dominance. That's gone. It's a question of working things out. Our leaders don't think or talk like that. They talk like they're still in the 1970s and 80s, when you could make an argument that the United States' position was extraordinarily dominant. That is over. Vietnam was the beginning of the end, maybe even Korea, but Vietnam for sure, Afghanistan, Iraq, Ukraine now. I mean, unbelievable. We are not in a position to do all the bravado, even the wisdom coming out now that clearly the American government, Mr. Hegseth, Mr. Trump, thought they could do this thing in Iran in a few days, kill the Ayatollah and drop a bunch of bombs into Iran, and it'll all break apart in our way. That is so catastrophically wrong that it almost takes your breath away. Well for me, we are living through the end of the empire and that end has been accelerated and brought closer by everything going on in the Middle East right now. And because what's going on from the American side is still premised on the notion - we don't have our declining empire - it is making one mistake after another, which is feeding into the decline of the empire. But that's what denial gets you.

That's what a similar denial in the decline of other empires, the Roman, the Greek, the Persian, the Ottoman, all of them. The pattern is not that different. You start the denial, you can't believe it, you don't want to believe it, you decide not to believe it and then you make a lot of mistakes that drive the point home because they accelerate the decline. When I do interviews with the British these days, I invite them, "Help us. You've been declining longer than we have." The American Empire really picked up the pieces when the British Empire was gone, and the British have had to cope with it for a very long time. We're just beginning, and we're not doing a very good job.

**Chris Hedges:** I want to ask about the hegemony of the dollar, Swift and the petrodollar. The Iranians imposing these kind of tolls or taxes, they don't accept the dollar. They're accepting the Chinese Yuan

and maybe cryptocurrencies. I can't remember. But anyway, there is this active effort by China, Russia and certainly Iran to free themselves from the tyranny of the dollar.

**Richard D Wolff:** Yes, and there is, if you allow me, a wonderful illustration of the Hegelian notion of contradiction. And here's what I mean. The Chinese, in particular, understand, to their credit, that they achieved - and by the way I should premise this, I mean you know me so you don't you won't worry about it, but I have to say it these days, what I'm about to say is not an endorsement of China. China has loads of problems that would be worth many programs. This is not an ideal society or anything like that. But, having said all that, China's economic growth over the last 40 years is absolutely phenomenal. There's nothing in the world that I'm aware of, and that's my field, economic history. Nobody has achieved that level of economic growth in that shorter period of historical time. So, they are aware that this miracle of economic development, which they can boast about, was achieved at a time of the United States being the hegemon and the dollar being the world currency. And therefore, and I've had this conversation with Chinese economists, they are aware that they better tread carefully and slowly because they do not want to kill something that they know has been part of their success. They are not in a rush to see the dollar disappear. They think that would be dangerous to them, let alone to the rest of the world.

On the other hand, as you rightly are pointing toward, they are the competing superpower economically now in the world. There's no question. It's not Russia. It's China. It's not Russia at all. It's China. All right? And they know that that's what's happening, and they know that the United States gets extraordinary advantages, both out of the role of the dollar in the world currency and the role of the dollar in the oil business, which is part of its role in the world. And they would like some of those privileges, if you like, the benefits, values that come from having your currency play that role. They would like it to play that role for them. So, they are both deferential to the dollar and the US, and that's the contradiction. They fight against, they don't fight against. And you can see it in the advice they gave early on to the Iranians, if I've read my news reports correctly, they are pushing for the end of the war. They want the Iranians also to make concessions. It's a little different from the advice I think Iran is getting from Russia. They have their differences too. But having said that, the long-term historical process is definitely one of taking away from the dollar its global role.

And I think you're going to see, not just Iran, but when the United Arab Republics announced today that they are no longer members of OPEC, that they are going to enter the global oil market in their own way for their national interests, not with the other countries, which is of course particularly important to Saudi Arabia and Iran as other major oil producers. They were also announcing they're breaking away from the system. They may still trade in dollars, but then again they may not. Or they may split it. They may do some in dollars but some in yuan. We might even see a desperate Middle East get together with a

desperate Europe and resuscitate the euro. All of these things are now possible because of the disruption that what is happening in that war now is causing across the board.

**Chris Hedges:** And so, if the dollar is weakened or eventually removed as the world's currency, I'm assuming that means nobody wants to buy our debt. And there's a kind of instantaneous contraction of an empire you can't afford. Is that correct?

**Richard D Wolff:** I think you're correct the way I would put it just to spell it out a little bit, the United States is running spectacular budget deficits and given what Mr. Trump has said: he wants to raise the defense budget up to one and a half trillion dollars. That's an increase by my arithmetic of six hundred billion dollars on a base of nine hundred billion. That's fifty percent. It blows the mind. And he also wants to do all kinds of other things, and the Supreme Court has told him he can't collect tariffs, at least not the ones he thought he got. That means, and I know the American budget, there's not a new revenue source coming in of any great consequence, and there's an enormous increase of expenditure being programmed in. And nobody is saying, wait a minute, you're then going to have to go into the global market, borrow huge amounts of money. You're a country that already crossed the 40 trillion dollar national debt level this year, and you can't keep doing this.

For your audience, the three American companies, Standard & Poor, Moody's, and Fitch, that do the evaluation of credit worthiness, have all now, over the last few years, dropped the credit rating of the United States' debt from AAA to AA. Okay, still good, but it's not the best. There are other countries that have 3A. We don't. The whole world must understand that we are borrowing more than ever when we are a riskier bet than ever. And all of the history of economics teaches us that that situation will produce one or the other of following two events. One, people will stop lending to the United States, in which case it can't run its deficit. And I'll come back to that in a moment. Or, they'll keep lending, but they'll demand higher interest rates to compensate for the greater risk of lending to a country that's got a \$40 trillion debt. The United States is the most indebted country in the world. Nobody's close.

So, these are very serious. If we don't have the ability to borrow, or we would have to borrow but jack up our interest rates, imagine, Chris, a recession hitting us for the reasons we talked about earlier, and then the interest rates, instead of going down to offset it, go up because of the global dilemma of the dollar, we would make the recession worse, but we would have no choice. Why? Because we now rely on deficits, huge ones.

As I try to explain, the wars we have fought, Vietnam, Afghanistan, Iraq, if those wars had had to be paid for by raising taxes, we would have seen opposition sooner and bigger. We would pay for wars by borrowing. The irony is the rest of the world lends us the money to fight the wars that much of the rest of

the world wishes we didn't fight. But they are complicit. That's what a global economy is. That's how it works.

The Chinese help the people we fight against while we, every year, send billions of dollars in interest to China because it's the second largest holder of U.S. government debt. So, you and I, our taxes go to China we say is the great dilemma. But we're helping them finance their military. And people shouldn't think that this is a secret. It isn't. It's all public knowledge. But it is a consequence of the multiple dead ends into which the United States is proceeding. And you put them together and then you get the scary scenarios that come out of it.

**Chris Hedges:** Let's say Iran continues a prolonged closure of the Strait. They do let some ships through and Saudi Arabia is able to, through their pipeline, get stuff out through the Red Sea. But nevertheless, it's a huge disruption. Microchip factories in Taiwan have shut down, et cetera. Explain for us the dark scenario. How could it all go really bad?

**Richard D Wolff:** Here's one way. There are unfortunately multiple. I'll give you one. Mr. Trump continues to build up and makes one of two decisions. Either, A, he actually introduces ground troops into Iran against Iran. Or he doesn't do that, but instead, bombs wildly their civilian infrastructure. I'm assuming he's gotten all the military targets that they set out to get. So that's where they're going to bomb civilians. The Iranians, for their part, have told us what they will do. A, they will make it impossible for anybody to go through the Strait of Hormuz. but they will tell their allies, the Houthis, to close the other strait up at the top of the Red Sea. That, in case people don't know, adds another blockage to global trade movements, very, very important for Asia and Europe particularly. So, it's not going to be the same problem. It's going to be a worse problem, significantly worse economically. Meanwhile, they send their missiles to do ever more damage on Israel. I don't know to what extremes they will go, but extreme behavior has now been an Israeli hallmark for some years, so we have to assume it will continue. They will bomb things, ports and other facilities in the Gulf countries.

My assumption then will be that everything is worse, that the shortage of oil will be worse and the shortage of natural gas and helium and fertilizer and the plastics that come out of oil. People should be aware. We haven't felt all of the impact, even of the interruption yet, because there is storage and there are some inventory and people turn to that. And they're trying to find alternative sources of oil and gas or even shift more quickly to wind and solar and all the rest. So, there's a little bit of a slack. But what I just described is the capacity the Iranians have to eat up that slack real quick or to neutralize it. And so, it could get very, very bad.

I mean, in the Philippines, if I'm informed correctly, they've gone from a five-day week to a four-day week in both schools and offices and stores. Wow, okay, that's a constriction. Now they have to decide, are they going to pay the workers for five days or four days? If they only pay them for four days, the constriction of demand and all the consequences of that in a poor country like the Philippines, who knows how bad that's going to get? So yeah, we have to now think practically that three leaders, if you like, the group around Trump, the group around Netanyahu in Israel, and the group around whoever is exactly in charge in Iran, have in their hands a decision based on all the pressures that they face that are contradictory, of course, but we are all at risk in a way most of us don't want to face. Hence the appropriateness of your questions. But those risks are very, very real. As real as ever we have had them to this point. You can be destroyed without a bomb falling here or anything else by the accumulation of these interruptions.

And again, I'm always struck when Trump says, "We don't care. We have oil. We have fracking to give us oil and gas." This is so naively childish. American oil companies are not going to continue to sell oil in this country at a much lower price than they can get a dozen places in the world. It's only a matter of time. That's what a market system is. That's how it works. And that's what you're going to see here. We're not going to escape the price increases if that's the way it goes, and we won't escape deflation if that's the way it goes. And either of those are now risks that are real.

**Chris Hedges:** [Are we flirting with what some people who have said, a global depression?](#)

**Richard D Wolff:** Yes, absolutely, because all the leading countries in the world system are wrapped up. That's what a world system means. Led by the West, no question, because we were the ones in charge as the 20th century evolved into the 21st. We're the country that had the wealth. We set up the colonies. We developed the colonies in the way we did. They then fought independence, got their political independence, discovered that didn't give them economic independence. Now, they are slowly realizing and acting on that understanding, but they're not going to be held back. And so, they are now a real force, the Global South, and becoming more so. And you put together their demand and what their history is and where they want to go and what it means to the United States that it's a declining empire and what it means to the Chinese, the Russians, and in a way the Iranians, that they're sort of hegemon in the wings waiting to kind of become the next one, perhaps. You have recipe that each one is busy with their own idea and they don't have any way to work this out.

World War I was so horrible a war that at least afterwards there was this effort, the League of Nations, to try to get them to get together. Eventually, led by Italy and Germany, they left the League of Nations and we had World War II, which was as horrible again a few years after the earlier horrible, and then we tried the United Nations. And now we see the United States basically withdraw from the United Nations in many formal ways and in informal ways even more. So, you have very little in the way of an even an effort to sit

down and try to work out a way that you could accommodate the United States as a declining empire without it having to threaten the whole world and accommodate the Chinese desire to grow without that threatening the world. I don't know if it can be done, but that we're not making the effort, that is so terrible a comment on the human race that I don't go there.

**Chris Hedges:** Great, thanks Rick. And I want to thank Sophia and Max who produced the show. You can find me at [chrishedges.substack.com](http://chrishedges.substack.com).

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## **Photos**

### **TOPSHOT-PHILIPPINES-OIL-MARKETS**

TOPSHOT - Signs reading 'out of stock' are displayed at a gas station amid rising petrol prices in Manila on March 9, 2026. The price of the main US benchmark for oil surged more than 30 percent on March 9, 2026 over concerns that the Middle East war could create prolonged supply disruptions. (Photo by Jam STA ROSA / AFP via Getty Images)

### **Bangladesh : Illustration**

BANGLADESH, DHAKA - JUNE 17 : The capital city of Dhaka. Small textile factory in the city of Dhaka where employees work 24 hours a day. Dhaka is the capital of Bangladesh June 17, 2015 in Dhaka, Bangladesh (Photo by Frédéric Soltan /Corbis via Getty Images)

### **INDIA-ECONOMY-INDUSTRY**

A labourer works inside a steel factory on a hot summer day on the outskirts of Jammu on June 10, 2025. (Photo by Mukesh GUPTA / AFP) (Photo by MUKESH GUPTA/AFP via Getty Images)

### **Gulf States Condemn Iran Attacks And Vow Firm Response**

FUJAIRAH, UNITED ARAB EMIRATES - MARCH 05: Smoke rises after an explosion in the industrial zone, caused by debris after interception of a drone by air defence, according to the Fujairah media office on March 05, 2026, in Fujairah, United Arab Emirates. (Photo by Christopher Pike/Getty Images)

### **Gas prices surged in Chicago**

CHICAGO, ILLINOIS - APRIL 30: Gas prices at a Chicago station have surged sharply, with regular unleaded reaching \$5.79 per gallon and Supreme+ hitting \$6.79.on April 30, 2026. The increase far exceeds the national average of \$4.30, driven by the ongoing war with Iran and the resulting blockade of

the Strait of Hormuz, which has severely disrupted global oil supplies. (Photo by Jacek Boczarski/Anadolu via Getty Images)

### **JAPAN-ECONOMY-INFLATION**

A customer looks for vegetables at a supermarket in Tokyo on April 24, 2026. Japan's core inflation accelerated to 1.8 percent in March, government data showed April 24, largely driven by rising food prices. (Photo by Kazuhiro NOGI / AFP via Getty Images)

### **U.S. Conducts Blockade Operations Near Strait Of Hormuz**

ARABIAN SEA - APRIL 20: (EDITOR'S NOTE: This Handout image was provided by a third-party organization and may not adhere to Getty Images' editorial policy.) In this handout photo provided by U.S. Central Command, U.S. forces patrol the Arabian Sea near M/V Touska on April 20, 2026, after firing upon the Iranian-flagged vessel that the U.S. accused of attempting to violate the U.S. naval blockade of Iranian ports near the Strait of Hormuz. (Handout Photo by the U.S. Navy via Getty Images)

### **Coast Guard Attempts Burning Off Oil Leaking From Sunken Rig**

NEW ORLEANS - APRIL 28: A boat works to collect oil that has leaked from the Deepwater Horizon wellhead in the Gulf of Mexico on April 28, 2010 near New Orleans, Louisiana. An estimated leak of 1,000 barrels of oil a day are still leaking into the gulf. (Photo by Chris Graythen/Getty Images)

### **China's Longest Deepwater Oil, Gas Pipeline Laying Completed**

AT SEA, CHINA - JUNE 22: Pipes are sent underwater on June 22, 2023 in the South China Sea. China on Thursday completed the laying of the 115.5-kilometer underwater oil and gas pipeline for Phase II project of China's first independently-developed deepwater gas field Shenhai-1, or Deep Sea No.1, in the South China Sea. (Photo by Zhang Wujun/VCG via Getty Images)

### **U.S. Cattle Ranchers Trim Herds Amid Drought And Rising Costs**

QUEMADO, TEXAS - JUNE 13: Farmer Jose Esquivel surveys his field of cattle on June 13, 2023 in Quemado, Texas. Ranchers and farmers have begun culling their cattle herds due to drought and high costs in the region, threatening a potentially steep climb in prices for the country's supply of beef. (Photo by Brandon Bell/Getty Images)

### **A view of a Canon billboard above a Howa**

A view of a Canon billboard above a Howard Johnson's Restaurant in Times Square. (Photo by Bill Foley/Getty Images)

## **TOPSHOT-CHINA-DEFENCE-ANNIVERSARY-WWII-PARADE**

TOPSHOT - In this pool photograph distributed by the Russian state agency Sputnik, (L-R) Russia's President Vladimir Putin walks with China's President Xi Jinping and North Korea's leader Kim Jong Un before a military parade marking the 80th anniversary of victory over Japan and the end of World War II, in Beijing's Tiananmen Square on September 3, 2025. (Photo by Alexander KAZAKOV / POOL / AFP via Getty Images)

## **Search And Destroy**

The second wave of combat helicopters of the 1st Air Cavalry Division fly over an RTO and his commander on an isolated landing zone during Operation Pershing, a search and destroy mission on the Bong Son Plain and An Lao Valley of South Vietnam, during the Vietnam War. The two American soldiers are waiting for the second wave to come in. (Photo by Patrick Christain/Getty Images)

## **TOPSHOT-IRAQ-US-OILFIELDS-SMOKE-SOLDIERS**

TOPSHOT - U.S. soldiers from 1st Marine Expedition Force patrol a road as heavy black smoke from a burning oil well drifts past at the Rumaila Oilfields March 23, 2003 in Iraq. AFP PHOTO/ Ian WALDIE (Photo by IAN WALDIE / POOL / AFP) (Photo by IAN WALDIE/POOL/AFP via Getty Images)

## **US-POLITICS-SECURITY-TRUMP-MULLIN**

(L/R) US President Donald Trump looks on as Secretary of Defense Pete Hegseth speaks during a swearing in ceremony for new Homeland Security Secretary Markwayne Mullin in the Oval Office of the White House in Washington, DC, on March 24, 2026. (Photo by Jim WATSON / AFP via Getty Images)

## **IRAN-US-ISRAEL-WAR**

Explosions erupt following strikes at Shahrin Oil Refinery in Tehran on March 7, 2026. The United States and Israel launched strikes against Iran on February 28, sparking swift retaliation by the Islamic republic which responded with missile attacks across the region. (Photo by ATTA KENARE / AFP via Getty Images)

## **TOPSHOT-CHINA-US-STOCKS-MARKET-TARIFFS**

TOPSHOT - People walk next to a screen with a stocks indicator in the Jing'an district in Shanghai on April 7, 2025. Asian equities collapsed on a black Monday on April 7 for markets after China hammered the United States with its own hefty tariffs, ramping up a trade war many fear could spark a recession. (Photo by Hector RETAMAL / AFP) (Photo by HECTOR RETAMAL/AFP via Getty Images)

## **YEMEN-ISRAEL-PALESTINIAN-LEBANON-CONFLICT-PROTEST**

Yemeni supporters of the Huthi movements raise their automatic rifles in the air along with a yellow flag of Lebanon's Hezbollah movement during a rally held in Sanaa on September 27, 2024 in protest against Israel's attacks on Lebanon and Gaza. (Photo by Abdallah ADEL / AFP) (Photo by ABDALLAH ADEL/AFP via Getty Images)

### **TOPSHOT-PALESTINIAN-ISRAEL-CONFLICT-DAILY LIFE**

TOPSHOT - Palestinians walk past tents lining the streets amid the rubble of destroyed buildings in Jabalia, in the northern Gaza Strip on February 18, 2025, as people return to northern parts of Gaza during a current ceasefire deal in the war between Israel and Hamas. (Photo by Omar AL-QATTAA / AFP via Getty Images)

### **U.S. President Trump Attends World Economic Forum In Davos**

DAVOS, SWITZERLAND - JANUARY 22: U.S. President Donald Trump (C) holds up his signature on the founding charter as (L-R) President of Paraguay Santiago Pena, President of Kazakhstan Kassym-Jomart Tokayev, Shaikh Isa bin Salman bin Hamad Al Khalifa, Bahrain's Minister of the Prime Minister's Court, Prime Minister of Pakistan Shehbaz Sharif, President of Kosovo Vjosa Osmani, Morocco's Foreign Minister Nasser Bourita, President of Argentina Javier Milei and Prime Minister of Mongolia Gombojavyn Zandanshatar applaud during a signing ceremony for the "Board of Peace" at the World Economic Forum (WEF) on January 22, 2026 in Davos, Switzerland. (Photo by Chip Somodevilla/Getty Images)

### **League of Nations Meeting at White House**

(Original Caption) 8/8/1919- Washington, DC: William H. Short, Oscar Strauss, Dr A.J. Lowell of Harvard and Mr. Cormick leave the White House after a League of Nations discussion with President Wilson.

### **President Trump Visits Fort Bragg To Honor U.S. Forces**

FORT BRAGG, NORTH CAROLINA - JUNE 10: U.S. President Donald Trump takes the stage during a rally with U.S. Army troops on June 10, 2025 at Fort Bragg, North Carolina. Trump is traveling to Fort Bragg Army base to observe a military demonstration and give remarks in honor of the U.S. Army's 250th anniversary. (Photo by Anna Moneymaker/Getty Images)

### **IRAN-US-ISRAEL-WAR**

This photo obtained by AFP from the Iranian news agency Tasnim shows an Islamic Revolutionary Guard Corps (IRGC) boat allegedly taking part in an operation to seize ships attempting to cross the Strait of Hormuz, on April 21, 2026. (Photo by Meysam MIRZADEH / TASNIM NEWS / AFP via Getty Images) /