Why The European Union Will Fail

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Dimitri Lascaris (DL:) Good day, this is Dimitri Lascaris coming to you from Montreal, Canada on January 2nd 2025, for a Reason2Resist. *Europe's Economic Apocalypse Is Now*, that was the headline of an op-ed published two weeks ago by the European edition of Politico. The author of that op-ed was Matthew Karnichnig, Politico's chief Europe correspondent who was based in Berlin. Karnichnig argued that the election of Donald Trump may be the final nail in Europe's economic coffin. He warned that Trump could impose steep tariffs on European imports to the United States while also demanding large increases in European military spending. According to Karnichnig, quote, "that means European capitals already struggling to rein in surging deficits amid dwindling tax revenue will face even greater financial strains which could trigger further political and social upheaval. Recessions and trade wars may come and go", he writes, "but what makes this juncture so perilous for the continent's prosperity has to do with the biggest inconvenient truth of all. The EU has become an innovation desert". Now here to discuss this with me is Costas Lapavitsas. Costas is a professor of economics at the School of Oriental and African Studies, University of London. In Greece's January 2015 general election, he was elected to Greece's parliament as a member of the left-wing Syriza party. In August of that year, after Greek Prime Minister Alexis Tsipras capitulated to the austerity demands of Greece's troika of creditors, Costas defected to a new political party called Popular Unity. He has since returned to academia and his many books include *The Left Case Against the EU* and *Crisis in the Eurozone*. His most recent book, which I've just started reading with great fascination, is *The State of Capitalism*. It explores how capitalism has produced grotesque inequality, ruinous financial bubbles, and planetary destruction. But the book also advances a political programme for overcoming neoliberalism and democratising the economy. Thank you so much for joining me today, Costas.

Costas Lapavitsas (CL:) It's my pleasure. It's good to talk to you and I hope we've got a meaningful and useful discussion.

DL: Me as well. So let's begin with what ails Europe. Last year, Mario Draghi, the former president of the European Central Bank and also a former Goldman Sachs banker, was tasked by the European Commission to prepare a report of his personal vision on the future of European competitiveness. In September, Draghi issued that report titled *The Future of European Competitiveness,* and he laid out a three-pronged strategy for reviving Europe's economy. One, closing the innovation gap between Europe on the one hand and China and the United States on the other. Two, digitalize and decarbonize the European economy. And three, my personal favourite, you might say, is to increase defence spending and make defence spending more efficient. And I'm speaking ironically, of course, Costas. Now, according to Draghi, all of this will require a total investment of around five percentage points of EU GDP. For comparison, he points out the additional investments provided by the Marshall Plan in 1948 to 1951 amounted annually to about one to two percent of GDP. So broadly speaking, Costas, what do you make of Draghi's analysis? Has he correctly diagnosed what ails Europe? And if so, has he prescribed the cure for that sickness?

CL: Let me first of all say something about Mario Draghi, the man for all seasons. Crisis comes, crisis goes, all kinds of events and upheavals take place, Mario Draghi is there. That's not accidental. There are incidentally other figures like Draghi in many European countries, including Greece, and we'll have an opportunity to talk about that. So Draghi is there because he speaks for the establishment. One should never forget that. He speaks for the establishment, precisely the establishment that has brought Europe to this impossible path. The idea then that this establishment will also have the solution for the problems of Europe is for the birds. That is not serious thinking. Mario Draghi, in his long report, did one thing that is really, from my opinion, of value. He diagnosed the deep roots of the problem, which is, of course, appalling productivity growth in Europe. The solutions he proposed are not solutions at all. It's a list of some wishful thinking and ideas and proposals and such as the three that you mentioned. There is no obvious way in which all this could be implemented. The value of the report, I repeat, is that he put his finger on the real problem, absolutely abysmal productivity growth. Incidentally, the productivity growth of the United States is not much better historically, but it is better than Europe. And people have been, therefore, talking about some kind of miracle in the United States. There is no miracle in the United States, just as there was no miracle in Europe ten years ago. I say this because a lot of people then were talking about the powerful German economy, the powerhouse of Europe. It never was that way. You might recall, because you mentioned 2015, you might recall that I personally argued at the time, time and again, Germany is a weak economy. The reason why it is doing so well is because of wage freeze. It's pushing wages down. It's got no productivity growth we're talking about. It's not really going anywhere. That has now come to the surface. Draghi has realised that this is the reality. He's drawn the picture for the rest of Europe, but the solutions he's proposing are not solutions at all. Maybe I can put it in one more sense and then we can develop it. Draghi argued that these three courses of action that you mentioned might work because essentially they would be funded by a wave of public investment. 800 billion, he mentioned, the 5% that you mentioned previously. That's a lot of money, right? The reason why he said we need this public investment is, of course, that there is no private investment. Instead of telling us why there's no private investment, in other words, why big business doesn't invest, he went straight on to why public investment must take its place. Now, I'm not one who is against public investment. Of course, we need public investment. But if Draghi wanted to do the job properly, he should have looked more carefully into why big business doesn't invest. And there he would have found very similar things to the United States. The predicament of contemporary capitalism, which is particularly bad in Europe. Big business doesn't invest, that's really where it starts from. And if big business doesn't invest, productivity doesn't grow. If productivity doesn't grow, profitability doesn't do well, unless you suppress wages. That's where we are. That's what's been happening in Europe and that has exhausted itself. So where we're going to go is up for grabs and we'll discuss it.

DL: I just want to elaborate for those – I remember very well your critique of Germany's so -called powerhouse economy. And my recollection at the time was that you pointed out that under, I believe it was the government of Gerhard Schröder, the labour unions in Germany struck a deal with the devil and basically agreed to long-term suppression of their wages, of workers' wages, which would make the German economy more competitive vis-a-vis other major exporters. And it worked for a while, but there was no real innovation in the German economy; not even in the automotive sector has the German economy excelled in innovation in recent years, even though I believe that's where the bulk of its R&D spending has been. And now the chickens are coming home to roost and no one seems to have a realistic notion of how to fix that problem in Germany. But what I really want to ask you, Costas, is why is business not investing in productivity in Europe? I think I know the answer, but I'm interested to hear your view of this.

CL: In political economy, whether it is with the Marxist persuasion, the post Keynesian persuasion, or other approaches, there's been a debate on the financialization of capitalism. This debate has barely made an impact, yet an impact on mainstream economics, because mainstream economics is basically deaf. But political economy has been discussing this and there's vast literature on it. And one of the characteristics of financialization, other than the rise of finance as a hugely important sector of the economy and hugely important source of profits, one of the characteristics of the financialization of capitalism is precisely the weakness of investment. Big business, in particular, the massive multinationals that dominate domestic economies, but also the global economy, sit on vast piles of liquid capital and invest proportionately little. That is a characteristic feature of financialization. They become implicated in finance, they pass profits back on to shareholders, they manufacture ways of extracting profit in a variety of ways out of all kinds of transactions and sending it back to shareholders, but they do not invest. Much of the investment that they make, because some investment must take place, has historically, the last two, three decades, been to developing countries, to essentially the Far East. Capacity has also emigrated over there because, of course, conditions of profitability have been particularly favourable to big business. The combination has been deadly for productive capacity domestically in the big core economies of the world economy, the Western economy, essentially. Germany is a strong case of that with differences from the United States and Britain and so on. Since we're talking about Europe, one thing that I should mention is, German big business doesn't invest domestically. It sits on huge piles of cash. It has invested in the surrounding areas, the surrounding countries. It has created a network of productive capacity industry, which is mostly the car industry and also machine tools and chemicals. It has integrated parts of Eastern Europe into this. Essentially, Europe at the moment has got two industrial bases, the German one, which works in that way, incorporating parts of Poland, parts of Slovakia, parts of Czechia and Italy, northern Italy in particular. That's it. There is no other industrial centre worth talking about in Europe. The reason why the German part has been doing reasonably well, as you mentioned yourself, the last few decades is not that it invests, it doesn't, it suppresses wages, explores and exploits low wages elsewhere outside Germany, and crucial to it as well has been cheap energy, cheap energy from Russia. The combination of low wages, frozen wages for a long time and cheap energy gave Germany a strong competitive advantage. Both of these factors don't exist. The true weakness of Germany has appeared. And with it, the true weakness of Europe, because if Germany coughs, Europe catches a severe flu. And that's what's happening at the moment.

DL: One of the ways it seems to be in which these massive corporations are deploying their vast pools of capital more and more in recent years is stock buybacks. And as I understand, stock buybacks, essentially the management of the corporation can elevate the stock price, inflate the stock price by creating demand for it, by purchasing huge numbers of shares back with corporate capital. This of course is very beneficial to the executives who are compensated in large measure by stock options. So they see their stock options soar in value as the stock price rises, but this is not in any way, shape or form enhancing the productivity of the corporation or the economy. Is that a fair assessment? And I guess I want to segue into my next question in this context, and that is the current condition of the stock markets in the West. I remember distinctly because at the time I was a securities class actions lawyer who was involved in prosecuting cases of securities fraud. And I was stunned to see the depth to which the stock market fell at the worst point of the great crisis of 2007, 2009. And in March of 2009, the Dow Jones Industrial Average hit a low of, I believe it was about 7,200 points and now stands in the range of 42,000. There has been an excess of a 600% increase in the Dow Jones Industrial Average in about 15 years. GDP growth in the United States, however, based on the official statistics I've seen has been in the range of about 90% during that same period. So it seems to me that the stock market has become largely divorced from the health of the overall economy. Do you think that's a fair assessment? Do you think that we are experiencing a bubble in stock markets in the West and what principally are the causes of that bubble?

CL: I don't think there's any question at all about it. Let's take it from the beginning. The crisis of 2007, 2009 was not fundamentally a stock market crisis. The stock market followed. That crisis was primarily a crisis that began in the United States due to real estate, speculation in the real estate market, subprime and all that, funded in large part by European banks and US banks. And when the crisis broke out, the stock market also fell. But it wasn't primarily a stock market crisis. The stock market followed. What happened since then, or after that, was that big banks had their wings clipped. They lost a lot of money in the crisis. They were rescued by the state, obviously, but they lost a lot of money. And they had their wings clipped through essentially regulation. The introduction of Volcker, basically Volcker inspired regulation, Paul Volcker being the pivotal person of US finance the last 50 years. In the vacuum, a kind of vacuum that emerged as banks retreated, emerged shadow banks. Shadow banks are the dominant player of financialization today. Banks were the dominant player of financialization until 2007, 2009. Since that great crisis, which was a landmark crisis, shadow banks have emerged as the main agent and the main player of finance. Now, shadow banks are not banks. They're portfolio managers. BlackRock, that kind of outfit, which is basically a portfolio holder, issues securities, buys securities and manages a portfolio. Three of these currently control 50 percent of the entire equity of the United States. It's a vast concentration. They've become gigantic. They borrow to a certain extent. The banks are connected with them. There is no contest between the shadow banks and the regular commercial banks. But the main players since 2015 are basically the shadow banks. And they invest globally as well. Now, it doesn't take much to work out that these shadow banks, these investment funds, essentially, whichever way you're going to look at them, hedge funds, you know, the portfolio managers have got a vested interest in the stock market going up because they get remunerated on the basis of their assets. They've got built-in pressure to buy and expand, stretch the balance sheet and for the balance sheet to keep the asset side to keep increasing because that's how the managers get paid. Now, 15 years of this is a very important development in the history of capitalism, right? That's what dominates at the moment. Now, who has facilitated their rise? Who has been behind that? Who has made sure that they can continue to grow and draw profits? The state. The last 15 years have been years of state-backed financialization. Shadow banks have grown beyond imagination because of the backing of the state. In what way? I'll tell you in what way. The state has become a huge borrower in the United States and elsewhere and therefore creates the securities that shadow banks also buy. And the state has flooded the markets, the financial markets, with money. Quantitative easing and supply of liquidity on an unprecedented scale for many, many of these 15 years since 2007, 2009. That's the environment in which the shadow banks were able to expand their operations, make profits and push the stock market up. The increase in the stock market, in other words, this vast escalation of the stock market has been manufactured by cheap liquidity created by the state and borrowing by the state, which creates securities that the shadow banks can speculate on. The third factor, this beyond shadow banks and the state is, of course, tech. The big tech corporations. And the last few years, particularly, and especially the last six months, bubble conditions have emerged pivoting on tech. There is an entire reminiscent of literature, philology has emerged about tech and AI and all the wonderful things it's going to do to life as we know it and it's going to transform the world. This is characteristic of bubbles. And big tech is behind the recent increase in the stock market. They are benefiting from it. They're attracting money and liquidity from within the United States, but from across the world. The United States is currently sucking in capital from across the world to buy tech and other assets. Is this a bubble? I indicated that it is and there's no question, it is a bubble because we've yet to see a sustained impact of new technology and productivity and therefore the new profits that will come from it. And all that is still very much promised. The second thing about technology and so on is that big tech in particular is partly removed from the rest of the economy. People don't realise that. The big technology firms are not that well connected to the rest of the economy, despite all the talk about everything else that they will do. They live in a bubble of their own, they are the platform economies and so on. It's almost like a semi-detached sector of the economy. And that's what's been driving the bubble in good measure. Will it burst? It will burst at some point.

DL: What kinds of events, political or economic or otherwise, could precipitate a bursting of this bubble? And do you see signs of a potential bursting in the near future?

CL: It is very difficult to predict that. It is very difficult to predict when a bubble will burst. It's just impossible. Although there are signs that the credit structures are becoming overstretched again. Only recently news came out that household indebtedness and private debt delinquency, in other words, inability to pay your debt in the United States, has escalated. The problem of credit in the last 15 years is not private household debt. It's not like 2007, 2009. People are not borrowing particularly for mortgages and so on. But nonetheless, households have continued to borrow to make ends meet. They have continued to borrow because inflation has put pressure on household finances. Wages have not increased commensurately. So the combination of inflation and eating into your living conditions and not being able to meet your debt obligations means that delinquency has increased. Such a thing could act as an event that would begin the process of escalation. We don't know. I mean, I don't know. And I don't want to speculate on that. What I can tell you is there's definitely bubble conditions emerging. And it's not going to go away in 2025, because interest rates have come down again or are beginning to come down. It's not going to go away. It's not going to end up well, I can tell you that.

DL: Let's talk about a different method of organising one's economy, and that is the case of China. According to official data, China continues to experience high economic growth relative to major Western economies. And on a purchasing power parity basis, it now has the largest GDP in the world by a significant margin. Since the late 1970s, as is widely known, China has lifted more than 800 million of its citizens out of extreme poverty. I think it's fair to say that's without precedent in human history. In your opinion, what accounts for the relative success of China's economic model versus the economic models of major Western economies?

CL: State-managed capitalism. That is basically the simple answer. The core of the Chinese economy is state-owned and state-controlled. State-operated enterprises are the backbone of the Chinese economy. These are vast enterprises, truly huge. Multinationals, actually, they're operating in many parts of the world, not just in China. The banking system of China is state-owned, and the capital account of China is, of course, controlled. There are capital controls in China. People don't like to talk about that, but they exist. The state plays an instrumental role in managing investment and directing the operations of the state-operated enterprises that are the backbone of the economy. A lot of people in the West, in the years that have gone by, drew on the US experience and US economic theory to argue that some kind of opposition would emerge between privately-owned capitalism and state-operated capitalism in China. No such thing exists. Anybody who knows how Asia generally is, and in particular how China works, could have told them this. The state-owned enterprises, the backbone of the economy, increasingly incorporate private capital too. They allow private capitalists to invest. But private business in China, thoroughly private business in China, also intermingles with state-operated enterprises and state-operated outfits. So what we get is an intermeshing of private capitalism with state-operated capitalism. It's one, basically. There is no privately-based capitalist class emerging which will go for democracy and will overthrow the rule of the Communist Party and so on. Such a thing exists only in the imagination of various people in the United States. The state then plays an instrumental role. Maybe I should make that more specific because people don't understand what this means often. The Communist Party of China, which is not a real Communist Party, but it is a vast institution permeating society, has maybe 90 million members, 100 million members across society. Its decisions shape the market across very many different levels. But to be more concrete about it, I mentioned the state-operated enterprises. You know, the petrol companies, the transport companies and so on, the huge units of Chinese capitalism. The chief executive officers of these enterprises are not simply members of the Communist Party. They often are members of the Central Committee of the Communist Party. And so people often don't understand that this is the case. And unless you are that, you cannot be the CEO of these enterprises. And the decision-making of these big businesses is actually shaped by the political decisions of the Communist Party, being what it is, right? Being the political institution that runs China, that is behind Chinese success. That's one factor. Second factor that has been very, very important here is, of course, vast availability of cheap, disciplined labour. This has been the secret of capitalist success since the beginning of capitalism. China had vast reservoirs of such labour and used it. So the marshalling of national resources in China by the Communist Party through such huge enterprises and the mobilisation of labour, disciplined and organised in that way, has been fundamental to Chinese success. Together with, of course, Western investment, because big business in the West, the big multinationals thought that they could make substantial profits, so they invested in China, the transfer of technology, and then the capacity and the ingenuity and the scientific capabilities of the Chinese people, which have exploded in the last few decades. That has been the secret of success since the reform started. Now that has come to an end, or the rapid period of such growth has come to an end.

DL: Is that because, in part, the appreciation of wages in China?

CL: For sure. Again, people don't appreciate what's been happening. Real wages have been rising in China. And a lot of Chinese big businesses have been moving abroad, Vietnam, and elsewhere, where wages are lower, or to the provinces of China, away from Shanghai, Beijing, and so on, to the provinces of China, where provincial wages remain lower than in the large metropolitan developed areas. So in part, it's because the availability of labour remains very high. There are still hundreds of millions of people available for capitalist employment or for wage employment, but the cost is higher than it used to be. The second and also crucial factor here is, of course, an enormous preponderance of investment. The big businesses that I mentioned before, controlled by the Communist Party and so on, have privileged investment. China has been investing enormously. 45% of GDP is investment. The returns to that investment have declined. What we usually calculate is the rate of profit. In other words, the return to capital investment in China has been declining for some time now. Investment is not as remunerative as it used to be, and that's a reflection of over-investment in China. At the same time, there's been a huge speculative wave in finance. China is not financialized. People misunderstand. China is not a financialized economy like the United States is, but it has a large financial sector. A large financial sector is not financialization, and a financial bubble is not financialization. Financial bubbles' result is capitalism. China had a huge financial bubble, pivoting on real estate, and it has a huge overload now of debts that have to be seen through and so on. That impacts on the overall performance of the economy. The combination of these factors, rising wages, weaker returns to investment, lower profitability, and a burden of large unproductive and meaningless real estate capacity in place acts as a drag on the Chinese economy. China faces substantial structural problems now. It has to rethink how it's going to organise its economy. The Communist Party will decide that, not the market. People will have to understand, the Communist Party will decide that. Such as it is, right? As I said in the beginning, it's not a real Communist Party, but it is a political organisation that has a huge role to play in the economic and social life of the country.

DL: So let's return to Europe. What lessons do you think Europeans should draw from the experience of China? I mean, obviously, that vast pool of cheap labour is not available in Europe, at least not at this current time, the way we're going, maybe one day. But what do you think we in Europe should be doing, taking from the Chinese experience and applying in the Eurozone?

CL: Europe needs investment. It needs investment in the productive capacity. Draghi was right. Although he didn't take his cue from China, but he might have done. Draghi was right. Europe needs investment in the first instance. And it needs mechanisms to generate public investment, and then mechanisms to encourage and promote private investment. In other words, a combination. It cannot be just public investment, right? It must be also private investment. But that doesn't happen because someone wishes it to happen. And because someone has a list and says, here is a nice array of areas in which you might invest profitably if you are a private capitalist, or you might invest profitably if you're a public agent. A wave of investments such as Europe needs presupposes different conditions of property rights and labour market conditions. And it is here that Draghi says nothing. Like the European elite says nothing because it doesn't suit them. In other words, for the wave of investment that Europe needs, there must be a change in the social balance. Europe needs public investment in the first instance, which will change property rights, obviously, across a whole range of activities. Which these would be, we need to discuss. And this worship of new technologies and AI, that's just reflecting and repeating what has been happening in the United States with the bubble and all this endless talk about the miracle that's presumably taking place in the United States. There's no miracle in the United States, right? So, we need a debate. We need a discussion. Which sectors? How to do it? How will we change property rights, meaning how will we promote public ownership over the resources and the activities that will begin to push productivity up? That's the first thing. The second thing we need to discuss, which I've already mentioned, is how to reorganise the labour market. How to shift the balance in favour of labour and against capital. How to stop pushing wages down, thinking that this is the way that we can make the economy tick. That is a very difficult thing, again, because obviously, here's social and political implications. But unless you touch upon these things, Europe will not turn a corner. I cannot see it. It will waste its time drawing up wishful thinking lists. Maybe I can make this clear if I mention the third thing that you pointed out about Draghi's proposals, the military expenditure. We've got the militarization of Europe right now. Europe is militarising. And this isn't just Draghi. This is coming from the Commission. Ursula von der Leyen, this indescribable person who runs the Commission at the moment, this third-rate politician who managed to concentrate power in her hands like never before in Brussels is a true force behind the militarization of Europe at the moment. Now let's do a little bit of simple arithmetic here. Presumably the enemy of Europe which makes it necessary to militarise the continent is Russia. Let's not get into the geopolitics of it, although I'm happy to do it if you wish, but let's leave the geopolitics out of it and just take the sheer numbers into account. How much does Russia spend a year on armaments?

DL: It's about 120 billion I think currently.

CL: Let's be generous and say 150 [billion], right? Because also Russia has been militarising because of the war in Ukraine. Let's say 150 [billion]. What do Germany and France put together? How much more does Europe need to spend?

DL: And no one ever explains why Europe's current level of military spending is not adequate to meet the supposed threat from Russia. It's just amazing.

CL: Just add it up. Just add it up. Put Britain in it. Put Britain in it. Put all the rest of Europe in it. And suddenly you've got a number which is six times, seven times that of Russia. So how much more does Europe need to spend?

DL: Yes, and then you add in the US military spending and you're talking about...

CL: Then it explodes. Now, if Europe then militarises, and particularly if it starts buying a lot of these weapons from the United States, F-35s and so on, who's going to benefit? It's not going to be Europe. It's going to be the US military industrial complex. And Trump is open about it. You need to increase your spending and buy our guns. That's basically what he said. I can see why Trump is saying it, from his perspective and the perspective of the US ruling bloc, it makes perfect sense. Get those idiots in Europe to start spending enormous amounts of money to buy all these weapons we make, which are of debatable military value as well. Right? Why is Draghi advocating that from the perspective of Europe? And why is von der Leyen advocating it from the perspective of Europe too? It makes no sense at all. But that is precisely the calibre and the quality of the people who've been running Europe for decades. It's hopeless. They're a hopeless bunch of useless bureaucrats, second-rate politicians, presiding over a dying continent. That's basically what's happening.

DL: I just saw a report, Costas, about Poland's military spending. They're spending like a drunken sailor in Poland on armaments. And the two biggest, I think, line items were $10 billion for Apache helicopters from the United States and something like $4.6 billion for 32 F-35s, which are basically flying lemons. And with the lifetime costs, it's going to come out over $20 billion for those 32 F-35s. So I couldn't think of a more dramatic example of just insane, massive transfers of public money to US military contractors. And they're telling the Europeans that this is going to be beneficial for the future of Europe, that this is going to enhance their security. It's complete and utter insanity.

CL: It's just nonsense. It's nonsense on every level. Like we said, Europe spends six, seven times already what the Russians spend. And then they need to double that? Why? Well, obviously, they need to buy American guns. That's why. Everything else aside, the militarization of society, the nonsense that goes with it, the hardening of attitudes, let's not get into that. Let's just look at the sheer hard numbers. It just doesn't add up. And for Draghi to propose it and to come across as some kind of serious economist – but then that's Mario Draghi. He's always been that way. I mean, he'd been lauded by everybody as being this incredibly sage man. Like I said before, storms come, storms go, Mario Draghi is always there. There's sunshine, rain, snow, Mario Draghi is there. He is the constant point of reference. And what does this man show for himself? Nothing. Nothing. But it's exactly what has befallen Europe the last few decades. The continent is committing suicide. And it's happy about it. I mean, the US ruling bloc is telling them what to do, and they comply.

DL: So I want to go back to one aspect of Draghi's report, which you've been talking about, and that is the need to stimulate private investment. He talked about this enormous expenditure of 5% of GDP. And he recognised that this was not something that the states, the governments of Europe could do on their own, that they would have to rely to a significant degree on private investment. Can you give us an example or two of the kinds of mechanisms that you think would be effective to stimulate large scale private investment in Europe?

CL: It is difficult to generalise. You have to think in terms of particular sectors. Because what would work for the car business would be different from what might work for AI or telecoms and so on. What is needed here, in my judgement, is increased intervention of the state, which must acquire the requisite capacity, because European states don't have the capacity right now, increased intervention of the state in the very practise of investment by big business, a kind of sharing of investment, a kind of partly private, partly public combination;z that might differ from place to place. In transport, for instance, it would be one thing. In the car business, as I mentioned, would be another thing. In chemicals, it would be another. And it would also take legal and other intervention in terms of what happens to the retained profits. It must become difficult for big business to return profits to shareholders and to sit on retained profits and not investment. It must become expensive for them to do it. There must be innovative ways, engineered taxes, duties that would force big business to invest that money actively and domestically, not internationally. So I don't want to generalise too much. What I'm saying is it will depend on sector and it will be state initiative and private investment to follow, together with incentives for private investment to invest. It's difficult. I have to say it's difficult. We've reached the state of play in Europe, whereby states, even if they want to do it, don't have the capacity. People often don't appreciate that. They think that the state is some kind of unchangeable entity over there. European states, and actually core states, have declined in capabilities dramatically the last four decades. The number of people who would know how to operate industrial policy are few and far between. You mustn't underestimate that. The number of people who would know how to operate controls over finance in order to support investment are few and far between. Because the thinking is not there, and the approach is not there. The neoliberal ideology that dominated state operations the last four decades has seen to it. The personnel, the staff that are in the various parts of the state, they don't know how to do it and they don't think that way. So it would be a political sea change that would be required. That's why I said the balance between capital and labour has to change. In the current conditions, it's very difficult to see how that will happen. If there's a political shift, if labour takes the upper hand, if capital retreats, then the state itself will begin to be transformed, and then the interaction with big business will also begin to change. That's the kind of thing we're talking about. Otherwise...

DL: You've long, long time been a very outspoken critic, I would say, of the European Union, and with complete justification. And it seems to me, Costas, that this beast has become profoundly anti-democratic. Of course, the experience of the crisis in Greece, where la Troika basically squashed the will of the Greek people after they voted overwhelmingly to reject the austerity prescriptions of the creditors of Greece. Alexis Tsípras, as you know all too well, because you were right at the core of that entire crisis within Greece as a member of parliament at the time, they effectively told the Greek people that your decision to reject the austerity requirements of the creditors means nothing to us. And they imposed upon Greece an extraordinarily harsh form of austerity. Then you have more recently, although this is more at the national level, where the left emerged as the victor in the French elections, and Emmanuel Macron basically decided that he was going to appoint a prime minister who was to his liking and not the choice of the winners of that election, and then even more recently, you have this cancelled election in Romania, in which in the first round someone who was opposed, an outsider who was opposed to the prolongation and the funding of the proxy war in Ukraine, he emerged as the winner in the first round, and then they just basically cancelled the first round of the election in Romania, undoubtedly under some pressure from the EU elites. My question to you, Costa, is, is this an animal that can be saved? Can the EU be democratised, or is it constructed in such a way as to undermine the democratic will of the people? Is there any hope for the EU from a democratic perspective?

CL: None at all. The EU is irreformable in a democratic direction, and the direction that will be the interests of working people and people in general; let's start with that. But let me say something about democracy in general. It's in retreat, not only in Europe, but also in the United States and elsewhere, as you know very well, you saw in Canada, but other parts of the core of the world. Democracy is in retreat. In Europe, it's reaching an extraordinary state of affairs. One doesn't know where to start. I mean, you mentioned yourself, France has been effectively without government for a long time, and Macron did what he did, and he refused to appoint someone from the left as the prime minister, even though the left had collectively achieved a majority and so on. Romania takes the biscuit for anti-democratic practices and so on. But the problem starts at the heart, right? I mean, the performance of the commission right now and the concentration of power in the hands of von der Leyen and her circle is without precedent. And you have a range of institutions now which effectively operate cut off from popular will. There was an election for the European Parliament a few months back. I participated in it together with some other parts of the left in Greece. The only reason why we did it is because we thought we would stir political debate in Greece and in Europe. The idea that the Parliament in Brussels and Strasbourg could actually have a real impact on policy making is nonsense. It just doesn't. This doesn't exist. Or take the ECB, which makes law by taking action and making decisions. Who is it accountable to? It has transformed itself. The balance sheet of the ECB right now is enormous. It looks very much like the Fed. In other words, it has created liquidity through quantitative easing and so on, very much like the Fed did before. Who took that decision? Who examined and decided? Nobody. It just did it. And Mario Draghi was at the helm, of course, because nothing happens without Mario Draghi in Europe. So democracy is in retreat. Why? Obviously because capital is taking the upper hand. Capital is not democratic. The idea that capital, a free market economy is necessarily democratic is just historical nonsense. Capital serves its interests. Big business serves its interests. And its interests can be autocratic. Use the state to facilitate your interests. What has happened in the last 30, 40 years, as that has taken place and as labour has retreated, is the disappearance of what we usually call the intermediate institutions, right? The mediating institutions. The most important of which is, of course, trade unions. For democracy to have content, it's not enough to vote every four or five years. That means nothing. The vote can be managed, manipulated half the time. For democracy to have meaning, democracy must be reflected and must be real where you live, your workplace, your neighbourhood, in your town. And there must be institutions that allow your voice to be heard. And that must act as a kind of check and a kind of balance on institutions higher up, on those who make political decisions. It doesn't exist. These things don't exist anymore. What exists is voting every now and then. And then the media, which is controlled by big business and tries to manipulate the voting, and then these politicians who are second rate and who exist detached from the population and the work is at large. That is basically what it is. That is why democracy has lost content, it has become hollowed out essentially. In Europe, this is an extraordinary process because it has been combined with the accretion of power by EU institutions, which have exacerbated this. They have allowed domestic ruling blocs to make decisions which are anti-democratic, which are against the people by relying on EU mechanisms. That is the purpose of the European Union. That's what it delivers satisfactory and well. Now, what's the conclusion from this? The conclusion for me is very clear. For democracy, that means something, we need popular sovereignty in the first instance. We need people to be sovereign where they live. Democracy doesn't exist in the interstices of the world, right? Democracy exists where you live. You need popular sovereignty. You need popular sovereignty. You need to be able to exercise sovereignty in a real sense from the bottom up. What mechanisms will do that might vary from country to country, but the idea of popular sovereignty is very, very important. For that, you need the intermediate and mediating institutions that I mentioned. But popular sovereignty is only the first part, the necessary first part. You also need national sovereignty. Without national sovereignty, combined with popular sovereignty, it's impossible to maintain democracy as a functioning practice, because others will come from outside and tell you what to do, right? So national sovereignty has nothing to do with nationalism here or any of these obsessions of so many people. National sovereignty here is a necessary component of the democratic practice. In other words, what we want for democracy is that the people and the nations of Europe speak in the language of the people of Europe. We need the countries of Europe to speak a popular language. We need the workers of Europe, Spain, Italy, and so on, to dominate political discourse internally. And that would also give national sovereignty its true internationalist content. These are very old ideas, you know, these are not mine. These are very old ideas, but they'd been forgotten. In the last few decades of this abstract talk about globalisation and transcending borders and so on, you know, people have forgotten all this. We need popular sovereignty and national sovereignty, otherwise democracy means nothing. In other words, we don't need the European Union. The European Union is the negation of all that.

DL: Back in 2015, of course, as you know all too well, there was quite a vigorous debate in Greece about whether Greece should leave the Eurozone. And as I recall, you were one of the leading voices urging an exit. You know, there's this line from that famous song by the Eagles, Hotel California, where you can check in anytime you like, but you can never leave. Is there a way, in your opinion, for Greece, especially a country whose economy is as small as Greece is, relative to the core countries of the European Union, is there a way in the current circumstances for it to leave this irreformable anti-democratic beast without wrecking its economy? And broadly speaking, if you believe that there is such a way, what would that look like?

CL: Let me say, first of all, that right now the issue for Greece is not exiting the monetary union. That was very much the case in 2015, right? Very much the case in 2012, 2013, 14, 15, very much the case. Because, as you know very well, political opposition, the political struggle, crystallises on different things over time. You don't want to be a stopped clock, right? So if you went out today and told Greeks that what you need to do is get out of the European Union right now, they'll think that you've come from some ancient past. And in a sense, they would be right. Because the problems of the country are very severe. But exiting the European Union right now would not solve these problems, if you see what I mean. Whereas exiting the monetary union in 2015 would have opened up a different direction, it would have solved the social and national problems in a different way. I can get back to that if you like. But right now, the issue is not exiting the European Union. Right now, the issue for Greece is restructuring its economy and giving it legs. The Greek economy right now is legless, effectively. It is incredibly fragile. It is well over the wisp. I mean, a puff of strong air would destroy it. And that has been created because of the compromise of 2015. Right? That has been the outcome. And you might or not recall, I argued at the time myself, if you impose these conditions on Greece, the result will be long-term stagnation and lack of structural transformation, which is basically what's happened. So for Greece, the issue is different. If you ask me now generally, and I can come back to what Greece might need, if you ask me generally, can any country leave the European Union, Britain shows the way. Britain has left. There was all kinds of human cry. It will be the end of the world as we know it. And it will be a disaster. And there'll be an outbreak of, I don't know, pestilential diseases that will... Nothing of the sort has happened. Absolutely nothing. Even when it comes to foreign trade, about which so much noise was made, Britain is shooting itself in the foot, it's committing national suicide because it's destroying trade with its main trading partner, only a few weeks ago, a serious study came out from the London School of Economics, pointing out that the impact had been very small on trade. Basically, big business, especially big business, has adapted. The impact on smaller businesses has been more severe. It's true. But the overall impact has been very small. In other words, the British economy has got far more serious problems to deal with, serious they are, than those which resulted from exiting the European Union. We can talk about that for a long time, but leave it aside. Britain, though, shows that you can leave. You can leave, you can find a different arrangement. That, incidentally, might be the way in which the European Union goes. The more useless it is, the more anti-democratic it becomes, the more it becomes clear that this doesn't serve the purposes of European people, particularly as politics is transformed, the more hollow it might become from within. You might remain a member, but that might not actually mean very much. That might be the way in which it goes. And some kind of a la carte relationship might emerge. Britain essentially is acquiring this a la carte relationship now, after leaving. For Greece, in particular, altering the relationship with the European Union would require dramatic domestic change. The Greek elite at the moment cannot even imagine – I mean, the mere thought that the country can leave the European Union is enough to send them into panic. They cannot imagine that this could ever possibly happen. They haven't got the wherewithal, they haven't got the mental capacity and the political will to do anything else. So any kind of prospect of different relations for the country with the European Union in the future would require dramatic domestic political and social change.

DL: So in terms of the kinds of reforms that Greece should be undertaking, you know, the narrative in the so-called mainstream media has been ever since Mitsotakis New Democracy came to power is that Greece is on the road to recovery. It's running these budget surpluses. Apparently, there's economic growth, its debt is under control. That's the narrative. What is the reality, in your opinion? And what must the government do, again, broadly speaking, in order to set the Greek economy on a truly sustainable and prosperous footing?

CL: The reality is 2.2 % GDP growth, something like 2.3%, maximum 2.1%. At this rate, even the damage of the great crisis that Greece went through will be made good for several years to go. That's the truth of it. Greece hasn't really fully recovered yet. It hasn't actually made up the losses yet. And at the rate at which it's going, it won't do so for years. The reality is that the ruling elite of Greece kept the country in the EMU, the Monetary Union, pretending that this is the way to keep the country in the hardcore of the European Union, the exclusive club of powerful Western nations, Greece is a paid-up member of these things. And in reality, by doing so, it has made Greece very much a peripheral country, a small Balkan country that matters not at all economically or in any other way. And this was predictable. That's basically what's happened. Another way of looking at it, which is interesting, is this. When Greece went into the European Union in 1981, the proportion of its GDP to Turkish GDP was two to three. For every two units of Greek GDP, the Turks had three. That was the balance. 40-something years later, the proportion is two to eight, if I'm generous. Two to eight, if I'm generous. That's the proportion right now. And that's partly because the last 25 years have seen sustained growth, capitalist growth in Turkey. That's strong growth. That's partly the reason, but also because Greece has shrunk. So that in itself tells you the historical truth. Per capita income, per capita income in Greece back in 1981 when it joined the EU was four times that of Turkey. Right now, if I'm generous, it's double per capita income, if I'm generous. It's probably less than that. In other words, there are huge areas of Turkey, because Turkey has got a population of 85 million, right, huge areas of Turkey which have got per capita income equal to and higher than Greece, right? And that is because of the choices that the Greeks made, the Greek ruling class made, and the kind of economy that it created. What is this economy? Insignificant investment, practically no investment at all. No investment. I mean, it's incredible, the dearth of investment.

DL: I'm sorry to interrupt you. I just saw an article in Kathimerini which said that the largest focus of foreign investment was real estate. To the extent there's money coming into the country is to snap up property.

CL: I mean, absolute, absolute dearth of domestic investment. Greek capitalists don't invest, basically. Right? And they haven't invested for years. So lack of investment. You started talking about Turkey. Please don't misunderstand. I've got nothing – I mean, I'm a socialist, I'm only comparing Greece to the nearby countries, right? Greece produces annually what Turkey invests annually. If I put it in those terms, you'll understand what's been happening, right? You'll understand the realities, the realities of the economy. So I repeat, Greece produces annually what Turkey invests annually. Give it a bit of time, you'll see what's going to happen. So let's not spend any more time. So the economy that Greece has acquired since 2015, let's look at that. Let's not go any further back. The economy that Greece has acquired since 2015, after the compromise of Syriza, the sellout, basically, that's basically what it meant, and the imposition of conditions on the country by the Troika, in other words, by the European Union, by Germany, which they proceeded to have its own disaster – but anyway, that's another story – the economy that has emerged in the country is an economy which there is no investment. And the single most important factor that makes the economy tick is low wages. Incredible pressure on wages, which was there from the beginning, I mean, we pointed that out, right? And that's what's happened. Greece has got, if not the lowest, second from bottom, disposable income in the European Union. It's a poor country now, right? If you look at wages and income, it's a poor country.

DL: I don't know how people survive on the minimum wage in Greece. It is absolutely…

CL: It's the family, it's other ways of making do. It's operating in the grey economy, in the black economy, and so on. But it's got very low wages. That's what allows Greek capital to take over. So, lack of investment, enormous squeeze on working people. In other words, tremendous exploitation. It's the Wild West. The Greek labour market is the Wild West. That is given to some sections of Greek capital, a competitiveness boost, obviously. If you squeeze wages, you will acquire a competitiveness boost. And so, Greece has been able to increase its exports. This is the famous IMF solution, right? Direct yourself to the world market. Yes, but when you do it without investment, and when you do it without a plan and an organisation of the economy, what is also likely to happen is that imports will also rise. So, exports have increased significantly, but so have imports. And so, the country's current account deficit, at the moment, is between six or seven percent of GDP, which is unsustainable. It's huge, right? And that's a reflection of the true strength of the economy. Waffle about miracles aside. The Greek economy runs on a six, seven percent current account deficit.

DL: Is that largely energy imports? Is that where the majority of the...

CL: No, not largely energy. The import proportion of inputs in Greece is very high. Even tourism. Tourism in Greece, which is the main activity that was promoted by the governments after 2015, relies on imports. Unlike Turkish tourism, which draws on the domestic economy, right? In other words, the butter you need, the tomatoes you need, whatever else you need, they come from abroad in Greece. So, tourism expands, so do imports. And that's just one case. It also holds for the manufacturing industry. It also holds for other activities. So, to recap: Lack of investment, lack of productivity growth as a result, tremendous squeeze on wages, and this problem of international transactions. The government and the ruling elite know that investment is very weak, but they've got no means of going anywhere with it because they don't want to disturb big business, their friends, and they've got no lever of finance to do it because they've effectively lost control over banks as a result of the deal of 2015, basically, and what followed. So, they keep banging on and singing the hymns of foreign direct investment. Anybody who knows anything about foreign direct investment knows that no country in the world of the size of Greece and larger has ever developed because of FDI. Such a thing doesn't exist, right? FDI can play a complementary role for sure, if you don't have the money, the know-how, and the capital to develop particular sectors, and yeah, that can be welcomed under conditions, right? But the idea that you can develop an economy the size of Greece by relying on the foreigner bringing in money shows how little you understand of what makes economies tick. So, Greece has never had a record of significant foreign direct investment. Why should it have it? Why would the foreigner take money into Greece when the Greeks don't invest themselves? Under what conditions would that happen? So, most of the foreign investment that has been coming in, reflecting, incidentally, the relaxation of monetary conditions in the United States, that's basically when FDI increased in Greece, 22, 23, right? And then it declined, still insignificant, but it declined. Most of the money that came in was, as you pointed out, money going to real estate and money going to financial transactions. Barely 15%, at the peak, barely 15%, and now it's less, went into developing new productive capacity. People here, foreign direct investment, they think that the Germans, the French, the Americans, the Chinese, I don't know who comes in, and creates factories out of nothing. They don't. They come in and they buy flats, apartments, tourist capacity, and so on. What kind of economy is that? I mean, how can a nation survive on this basis? How can it look at the future with any kind of confidence? It can't. Basically, it can't. That's the economy's basis.

DL: And these foreign purchases of real estate in Greece presumably are making real estate less affordable for many Greeks. Is that a fair statement?

CL: Greece has got the most peculiar real estate bubble since real estate bubbles were invented. Because real estate bubbles, we know, historically, we started a discussion by talking about the real estate bubble in the United States from 2001 to 2006, that ended up in the gigantic crisis, that real estate bubble in the United States, with the subprime dimension and so on, was funded by the banks, right? Mortgages were given, the banks got in on the act, shadow banks also got in on the act, European banks got in on the act, there was a merry-go-round, money was travelling around, and banks were making profit out of commissions, fees, and so on, and they were playing games with it. But it was bank credit that was doing it. You were borrowing, you were paying, then prices were going up, then other people were borrowing, that merry-go-round that I mentioned. That is quite classic for real estate bubbles. The Greek bubble is not like that. Real estate prices in Greece have gone through the roof. Thessaloniki, incidentally, is even worse than Athens. This isn't just Athens, right? It's across the country. Why? Very simple. Foreign direct investment is a key factor. Golden visa, which is a dubious, shameful mechanism that a number of European countries have used, Greece included, basically inviting foreigners to come in, bring capital in, to give them a European visa, basically, and they buy real estate. So real estate prices go up, the middle class gets in on the act, they do their apartments up, their flats up, they look after them; some people get employment as a result. Plumbers, electricians, and so on, that layer of the labour force gets a new income and they think they're doing well. Prices, meanwhile, go up. People get shut out of the housing market, and the only ones who benefit are those who are in the process of buying and selling because even the middle class, they see the prices of their homes go up, but they can't translate it into anything liquid in the here and now. It's not bank lending there. It's the foreign money that's doing it. It's even less well-founded, in other words, than the US real estate bubble. It's based on nothing. It's the most incredible thing. This is an economy based on nothing right now. Meanwhile, the government is talking about miracles and great successes and that gets reproduced in the mainstream newspapers in Europe. That shows the level of understanding of economics and the kind of reporting that has prevailed now in so many mainstream newspapers. The Financial Times – the Financial Times, did a ludicrous article a couple of weeks ago about the miracle of Greece. The journalists didn't even bother to do the basic research to look at some numbers before writing a nonsensical piece about the tremendous success that Greece witnessed. The locomotive of Europe, Greece is the locomotive – you can imagine what Europe looks like if Greece is the locomotive of it. You can imagine what the rest of the continent looks like.

DL: I certainly wouldn't think of it as being the locomotive of the local gas station, let alone the entire continent. There's one last thing I want to ask you about, Costas, you've been very generous with your time, and again focusing on Greece. And that is the condition of this supposedly left-wing party, Syriza. I was astounded to see that in 2023 a man by the name of Stefanos Kasselakis, who had spent much of his life in the United States and had been a banker and apparently a registered Republican, I repeat a registered Republican, became the leader of Syriza. And of course this has led to one crisis after another within the party. He's now been removed and he's gone off and started his own political party in a huff. And it seems from the outside that what remains of Syriza is trying to go back to its roots. My question to you as someone who lived through the traumatic circumstances of 2015 as an MP for Syriza, is this party salvageable? Or do you think that a new left-wing project has to be constructed at the political level in Greece if we're going to see the promise of the left fulfilled?

CL: Syriza is dead as a left-wing organisation. It's been dead for a long time. Syriza effectively died after the referendum 2015, when the Greek people voted no, when the Syriza leadership turned a no into a yes. In other words, it denied the basic principles of democracy. The tragedy of Syriza and its leadership was that they didn't understand what this meant, because they were basically political opportunists. They thought that: Ah, an election followed that, the Greek people still voted us in, therefore they forgave us. Because a lot of Greek politicians, and not only Greek but other politicians, understand elections as a kind of cleansing ritual. I can do whatever I like, but if I go into elections and people vote for me, I get absolution. I'm okay. It doesn't matter what I did. And that's what Syriza thought. Yeah, that's how little they understood the historical dimension of what occurred in Greece in 2015, because the referendum 2015 was not an election. That referendum was a unique historical event; all of these events that take place once in a generation, if that. It was a moment that decided the direction of the country. It was a time when every Greek family felt they had this say in the direction of the country. And actually, they had the say that might be made true. Because you know how people are with elections, they vote but they think that the politicians lie and nothing is going to happen. The referendum of 2015, people believed that, you know, it might happen. I might vote and it might actually count for something. And it didn't. And it didn't. Historic events of this type get imprinted in the collective memory. They become historical reality. That's what shapes the consciousness of people. It's not an election. Elections come and go, right? Syriza won the election that followed that and they did well, you know, for a while. So what? So what? The compromise, the historic compromise that they made was imprinted in the collective consciousness of Greeks. They became associated, they became understood as a bunch of liars, basically, and people who didn't really mean what they said. They were never able to shake it off. It's the same with Alexis Tsipras. Alexis Tsipras is a tragic historical figure, because he, in the beginning, was really given the royal road to political glory. He didn't do anything to earn it. He was just given it. And he thought that history would treat him with kid gloves from the beginning to end. He didn't really understand what was going on because he didn't have the readings. He didn't have the breadth of understanding. He never had any of that. And he thought that he got away with it. He didn't realise that he's damaged goods. In the eyes of the Greek people, he's damaged goods. And the same holds for Syriza. In the eyes of the Greek people, Syriza has damaged goods for a long time. Now, the repercussions of that compromise took time, took time to work themselves out. But they did, slowly, methodically, relentlessly. They ate the organisation from within. They emptied it out of any kind of political honesty. And people left. You know, the people who remained in Syriza were basically second-raters and time servers and political operators. And it's not that surprising then that after Tsipras left, who clearly stood above all the rest in terms of political presence, what remained in Syriza was a bunch of second division politicians who didn't cut it with the Greek people, who then fell out among themselves. They had nothing to say about the direction of the country and ended up in a disaster. Then they brought this guy Kasselakis over, and that turned it into a circus. There was no other way to describe it. I mean, it was a circus. I mean, I haven't got words to describe how extraordinary he is. He really doesn't know anything about Greek politics, but he's got the [inaudible] and the arrogance to say that he's going to take Greece somewhere. Where? You wouldn't know which way is up. I mean, it's obvious. Syriza is now basically collapsed into, fragmented, into a number of different organisations. What remains as the official Syriza is not even worth talking about. There is no one there who has any political weight at all. They just have the name. There is nothing else.

DL: You have mentioned you were recently in the European elections. Under what party did you throw your hat into the ring?

CL: We made an alliance. Some of us who left Syriza in 2015 and had been struggling to do something on the fringes of the Greek left, made an alliance with Yanis Varoufakis and his outfit, an electoral alliance to succeed in getting an MEP in the hope that this might create opportunities to relaunch the radical left in Greece.

DL: So this would be Meta 25, which is the Greek arm of...

CL: We didn't join it. We just had an electoral alliance with them. It didn't succeed. We didn't do too badly. We just missed out by a little, but we missed out. But the bottom line is– to go back to the question you asked me – the Greek left will need refounding. There is the Communist Party right now, which is doing well. And it's doing well because everything else has collapsed, basically. But the Communist Party has got major problems, as we all know, sectarian problems. Fundamentally that; it's enormously sectarian. And everybody in Europe knows that. Whoever gets in touch with them, even if they come from other communist parties, incidentally in Europe, as soon as they come across the Greek Communist Party, they recoil to the degree of their sectarianism. But it's doing well because people have gravitated to it because they want to go somewhere that still calls itself left-wing. Some interesting things are happening there. They're attracting young people. All that is hopeful. It means that the Greek people are looking for something new. I don't think that will come from the Communist Party. But that's a reflection of the search in society for new ideas, refounding the left. And that's what needs to happen. We need the refoundation of the left. We need to begin to put across to the Greek people positions that deal with our current problems and answer these problems. Give them hope. Tell them what kind of economy is needed, what kind of society is needed. Explain how that can be non-capitalistic or anti-capitalistic and socialist in essence. That is the new task.

DL: And I continue to believe that I'll see it in my lifetime. So, Costas, where can people find your excellent book, *The State of Capitalism*?

CL: The book was published by Verso. It's easily available through the Verso website or through the internet. It's a collective effort, eleven of us, but not a collected volume. It really is collective work. It covers an enormous range of topics because there's a lot of us with different types of knowledge. And it gives an overview of where the core of the capitalist economy is and where the periphery of the world economy is and gives an argument as to why we see intensification of hegemonic struggles, the return of imperialism in the way in which it has come, and the weakness of the West, the weakness of the core.

DL: I urge people to look for it. It's a fascinating read. It's sweeping in its vision and I've learned a great deal already. So, I wish you the best, Costas, and I hope we can continue this conversation in the future.

DL: Thank you, Dimitri. Thank you for your time. I know it's taken a long time, but hopefully it's interesting for you.

DL: It was my pleasure.

CL: Keep doing what you're doing because your contribution to public debate in the last few years, especially with Palestine and so on, has been of tremendous importance.

CL: Thank you so much, Costas. And this is Dimitri Lascaris coming to you from Montreal on January 2nd, 2024.

END