Iran SMASHES Trump's 'Economic D-Day,' 15 US Bases DESTROYED | Patrick Henningsen

Geopolitical analyst Patrick Henningsen discusses the devastating Iranian response to Trump and Bessent's "financial offensive" plus the major backlash this dangerous new phase of war is set to bring to US empire & the world. https://www.youtube.com/@21stCenturyWireTV Patrick's YouTube https://patrickhenningsen.substack.com/ LIKE the video and Subscribe for more in-depth geopolitical analysis Leave your thoughts in the comments below! Support the Channel: Patreon: https://www.patreon.com/dannyhaiphong SUBSCRIBE ON RUMBLE: Rumble: https://rumble.com/c/DannyHaiphong Follow Me on Social Media: Twitter: https://twitter.com/DannyHaiphong Telegram: https://t.me/DannyHaiphong Support the channel in other ways: https://www.buymeacoffee.com/dannyhaiphong Substack: chroniclesofhaiphong.substack.com Cashapp: $Dhaiphong Venmo: @dannyH2020 Paypal: https://paypal.me/spiritho #iran #bessent #iranwar

#Danny

Welcome back to the show, everyone. Patrick Henningsen will be joining us in just a minute. But first, the breaking news. We have Secretary of the Treasury Scott Bessent, on behalf of Donald Trump, launching the unprecedented. It is being called Operation Outcast Against Iran on what is now being called Economic D-Day against Iran. The U.S. will enforce a zero-leakage approach to Iran sanctions. Trump is currently making phone calls to world leaders to cut economic ties with Iran. And countries will have a finite timeline to shut down activities identified by the Secretary of the Treasury, including closing Iran's branches abroad. Now, there was an extraordinary threat made by Scott Bessent that those who facilitate any trade and quote-unquote money laundering with Iran will be completely cut off from the U.S. dollar system. Here's what Scott Bessent said.

#Bessent

Branches of Bank Melli must be shuttered and dark. And let me be clear: any entity that facilitates money laundering on behalf of Iran will be removed from the U.S. dollar system. The clock just started ticking.

#Danny

Well, Iran has essentially smashed Donald Trump and Scott Bessent's threats, because that's what they are right now, as countries are given a so-called grace period in order to get their things together to sanction Iran. Mohammed Ghalibaf, the head of parliament in Iran, said Americans know that no one buys their bombast. The United States is not in an economic position to further restrict its relations with other countries. Iran's trading partners, both in the media and through messages sent to us, have made it clear that they don't take these statements into account anymore. Mao Ning in China, who was subject to many questions by the press after Scott Bessent gave his announcement on Economic D-Day, said it rejects U.S. economic warfare against Iran and vows to protect its own interests.

Iran has gotten busy threatening 40-plus tankers in the Strait of Hormuz, saying that they are on a blacklist now over alleged violations in the Strait of Hormuz. And it adds that any vessel found transferring cargo with the named ships on that list will also be added to the list. Now, I'm going to play you this. This was a question—a few questions—to Scott Bessent, one on China, which I believe shocked Scott Bessent quite dramatically.

#Bessent

David from Reuters.

#Bessent

Hi, thanks, Secretary. One of the most powerful tools you have at your disposal is the ability to impose secondary sanctions on banks and financial institutions that facilitate transactions for Iran. Chinese banks have often been talked about as being targeted, but we don't see any of those institutions targeted here. Is that something that is coming in this campaign, or is the very delicate trade truce with China something that could prohibit you from going that far and taking that very big step?

#Bessent

We want to make clear here today that no one is above the reach of U.S. sanctions, that if they facilitate transactions and are part of the ecosystem that turns Iranian oil into money, into repression, they will be targeted. We find that the best way to engage with countries is through quiet diplomacy, and we are level-setting with every country to tell them our expectations. We know who they are. They know who they are. So when the hammer of U.S. Treasury actions falls upon them, they will have no one to blame but themselves.

#Danny

He went on to say that he doesn't plan on blowing up the global economy. We have with us Patrick Henningsen, 21st Century Wire, independent journalist and geopolitical analyst. Patrick, thanks so much for joining me today. Wanted your reactions first to Economic D-Day, Operation Economic Outcasts. And I'm just wondering who the outcast really is, Patrick, because it seems like Trump is going to be on hours' worth of calls to every single world leader trying to get them to cut off ties with Iran. Iran has said it will militarily retaliate against countries that actually participate in this and is saying they received many messages that they will not get any cooperation, a.k.a. the United States, with this. What's your thoughts on what's going on here? Sorry, you're muted, Patrick. I don't know if you—yeah, there you go.

#Patrick Henningsen

Great to be with you, Danny. Sorry about that.

#Danny

Yeah, good to see you.

#Patrick Henningsen

Well, I can't say I'm surprised because I don't know how many rounds of economic pain have been announced by this administration and how many rounds of military pain have been announced by this administration over the last six months, and this is just the latest. And so I don't know what they can possibly do sanctions-wise. I mean, sure, they can turn the screws on Iran and on their allies and people trading with them. I think it's pretty clear the number one target from Washington is China with this. And these things, this type of economic warfare, does work over the long term, but it works in diverting the flow of capital and resources against whatever the U.S. target state is.

And it certainly works in the case of Venezuela, where that provided the military and the economic threats and pressure, provided total compliance and subservience, and ultimately surrender by the Venezuelan government. But they had to kidnap their head of state to make that work. Now look at Iran. They think they can repeat that. They're not going to. You know, they tried, they killed the head of state. That had no effect whatsoever, not to the advantage of the U.S., quite the opposite. It galvanized the Iranian population, okay? So that removing the head of state did not work in Iran. It had the opposite effect. Sanctions did not work.

The very punishing rounds and rounds of sanctions over decades, intensified in the last year by the Trump administration, haven't had the desired effect. Iran's trading partners and allies haven't really complied with threats of U.S. secondary sanctions, including China. China did the opposite. It invoked its own legal mechanism to not observe threats by the United States. And they'll continue to buy oil from Iran if that's what China needs, if that's what's best for Chinese interests. And there's not a lot the United States can do. They can't declare a full-blown economic war with China in order to strangle Iran. It's impossible. Increased military threats, those haven't had any effect whatsoever on Iran.

So there's no expectation that any of this is going to net anything but, I think, further pain for the U. S. dollar. This is just going to further accelerate de-dollarization. If you look at recent statements coming out of the BRICS network of nations, they are invoking international law. They are invoking sovereign rights. They are invoking the U.N. Charter to oppose and defy this type of economic warfare and coercive measures by the United States. What's the basis of these sanctions? What's the basis? Is it that Iran must surrender, basically, because they're not fully capitulating to the demands of the United States? But on what basis is the U.S. issuing these demands? That changes. It's changed so many times from the U.S. point of view.

Like, what's the justification? It's not that Iran can't have a nuclear weapon, but that seems to be the only sort of thing I hear on repeat, on rinse and repeat from Washington. So you need to destroy the Iranian economy. Bess is saying that if we continue strangling them, the withering regime, quote, "withering regime," will not be able to hang on much longer. But what's the basis for it? Did Iran start a war against the U.S. and Israel? That would be the first question. I could see maybe they could use that as justification. But no, the opposite was true. The U.S. and Israel started an undeclared war of aggression against Iran on a fake weapons of mass destruction charge. Hello, déjà vu alerts going on in the Middle East again. What was it?

Was it the peaceful protesters that Trump said 50,000 were gunned down in cold blood in Tehran? That's another lie, atrocity propaganda, a la 40 beheaded babies and babies in incubators. So what is it? Iran's evil and the country must be destroyed? I mean, if we go by Jonathan Pollard and other Israelis, then yeah, it should be wiped off the map. Iran should be wiped off the map. Honestly, I think that's what they would like to say in Washington, but they can't. They can't say that. That's probably what they're saying behind closed doors, but they can't say that publicly. Basically, everything that Washington and the Trump administration does and says mirrors the Israeli regime right now. So in that sense, the United States is kind of, I guess, a finger puppet, a massive finger puppet of Israel.

Because you can't defeat them conventionally. Israel can't defeat Iran conventionally. Iran's able to defend itself and able to punch back around the region at U.S. targets and Israel. Not a lot left. So the secondary sanctions, yeah, we can talk about that. Those could work with India potentially, but it's not indefinite, only temporary. Because India has to do what India does. India has a very, very massive, dynamic economy. They want to buy oil via second- and third-hand sourcing, just as they were doing with Russia or anything else, you know, Pakistan. I mean, how is the U.S. going to enforce an embargo halfway around the world? Do they think that Iran is Cuba? I don't know. I think they do.

#Danny

Yeah, I mean, those are all really good points, Patrick. What is not being talked about is the context from which these sanctions, or D-Day economic outcast operation, whatever it's being called. Barry McCaffrey, a former decorated general, said that in his judgment, U.S. armed forces have probably permanently lost access to 15 U.S. bases in the Persian Gulf, with Iran now poised to control access to the Gulf states. And so this is a much different context than a lot of times when the U.S. ramps up sanctions. But what's so interesting to me, Patrick, is that Bessent announced here that we're going to see a major announcement of a financial institution being sanctioned by the end of the week. I don't know what he's talking about.

But what we do know is, if the UAE and especially Saudi Arabia, which is critical to the dollar system, all these threats about cutting off the dollar, cutting off countries from the dollar, could have major ramifications for the U.S. itself, sitting on a very fragile foundation. For example, Iran has said that it is going to hit militarily countries like Saudi Arabia and the UAE if they participate in this. So this seems to have a lot of landmines, for lack of a better term, involved in it. Patrick, so what do you make of it? Are these just threats and bluster? Because Trump has a lot of phone calls to make. China's already said no, and Iran is saying they've gotten word from a lot of countries that they don't want to participate in this at all. It seems like the situation's quite dicey.

#Patrick Henningsen

Yeah, if the United States really comes good on these threats, and I have every reason to think that they might try to in the short term, it's going to trigger a global economic meltdown, quite frankly. And the other thing is, this is happening concurrently with what looks like a trade war between the United States and Canada on the basis of what? Canada can't be allowed to have a nuclear weapon? I mean, what exactly is it? The trade and tariff wars—the tariff wars by the Trump administration—have been an unmitigated disaster for the U.S. economy, for the global economy, for U.S. businesses.

And if they're going to do something that could impede the flow of Canadian oil into the U.S. and petroleum products, that will create a massive perturbation economically in the United States for a number of reasons. Parts of the U.S. economy are completely reliant on Canada because of the regional positioning. I'll give you two examples. One is the oil that heats U.S. homes and businesses in the northeast of the country. That's regionally based. That's supplied regionally, and much of that comes from Canada. The other one is the fact that, I mean, is it any surprise to anybody that the United States economy runs on trucks, right? Eighteen-wheelers is the number one method of product distribution in the United States.

What does that fleet run on? Does it run on gasoline coming from Corpus Christi or Texas? No, it runs on diesel. And where are the regional processing and fuel distribution supplies for the U.S. trucker fleet? Run through the middle of the United States and also through the Midwest corridors via Illinois, servicing all the different parts of the United States market, and is heavily reliant on Canadian oil and refinery capabilities for the U.S. diesel fleet. The U.S. diesel fleet is massive, and it's organized on a regional basis. So there will be—basically, this is going to mean that there's going to be a shortage of delivery of fuel, and that that will mean a price hike in terms of inflation.

It's going to affect the price of everything. And also, it's going to slow up delivery times, and supply chains will be strained as a result. That's just a fact. The United States is completely reliant on diesel, the internal U.S. economy. So, I don't know. You put these things side by side, the timing of this, wanting to start a war with China, thinking that they can do to China in the way that they restricted China's ability to buy oil from Venezuela. Now that was a huge win in Washington. I mean, they're, like, celebrating this as this genius move by the Trump administration. And they think they can do the same thing vis-a-vis the Persian Gulf and Iran. So maybe there's a method to the madness, Danny.

Maybe they think this is all worth it in terms of strangling and isolating China, in terms of strangling its energy needs to power the modern Chinese economic revolution. While China is in the ascendancy economically, the United States is in the descendancy, clearly. And maybe this is a price worth paying from this myopic U.S. administration that really kind of fancies itself with all of these moves, like bond buybacks. Bond buybacks. What is this? What is this but kicking the can down the road to the next administration and adding more debt onto the U.S. balance sheet? That's all that is. Scott Bessent has just basically built out the liabilities ledger of the United States government. I mean, what did we hit, $40 trillion last week?

#Danny

$40 trillion.

#Patrick Henningsen

We were supposed to hit $40 trillion in January of 2027. Hold on. So, hey, Bessent's six months ahead of schedule. We're early. Congratulations. I think he should get, like, a promotion or maybe the Medal of Freedom from Trump. Trump could give him the medal or give him a FIFA medal for economics. Get FIFA—what's his name? Gianni Infantino. He can give Bessent an award. Six months ahead of schedule, hitting the $40 trillion mark. Deficit markets. All of these things are going to get progressively worse as a result of the horrible timing of all of these right ahead of the midterms. They must be really confident, the Republicans, for some reason. Maybe they know something we don't.

#Danny

71 days until the midterms, Patrick. Just 41 days until the crude inventory, the strategic reserves that the U.S. is pulling from in order to keep oil prices relatively below what they really should be, but still markedly high, given that diesel prices—you just mentioned diesel trucks, Patrick—in the United States, diesel prices are about $5.50 a gallon, which is incredibly high, especially for this time of the year. But here you have the strategic reserves; they're about to hit zero far before the midterm elections.

And so you have also Iran saying that they can squeeze the energy markets even further if they want to. It's a big disaster. Terrible timing. Now, I want to play this for you, Patrick. This whole concept of D-Day—a reporter at the very end, they didn't even name who it was because it was outside of the predetermined list of agencies and multinational corporate media entities that were allowed to speak. But the very last question to Scott Bessent was interesting. I want your reaction to it. Here's what was said. Let's see.

#Bessent

You in the front.

#Bessent

You described this as an economic D-Day, but D-Day was an invasion, and the U.S. didn't give a timeline to Germany. So why not impose the sanctions today?

#Bessent

Well, we are giving everyone the opportunity to remedy bad behavior. Why would I want to blow up the global financial system? We believe that it is important to level-set and give people a cure period, but they should know that that will move very quickly and that we are serious. Secondary sanctions are a very powerful tool, and we here at Treasury—this is Gene Lang, the Acting Under Secretary for Terrorism Finance—and in the Terrorism Finance Department and at OFAC, the reason we are able to use secondary sanctions is because we do not take their use lightly. So we believe that a warning shot and a level set of expectations is appropriate. And if people do not want to meet our expectations, then we expect, and they should expect, that they will leave the dollar system.

#Danny

So, Patrick, he doesn't want to blow up the global economy, yet will do it anyway if the world doesn't meet U.S. expectations. I mean, the hubris, while also sounding incredibly lacking confidence, there is quite something to behold. But your thoughts on his reaction to this? Because, yeah, there is this use of, you know, D-Day and financial offensive and all of these fancy words. But at the end of it, right now, what we have are a set of threats that obviously have to be carefully managed if the consequences of them are going to be mitigated. Your thoughts?

#Patrick Henningsen

Well, normally secondary sanctions are a last resort when you're trying to engineer a type of a siege or economic embargo ahead of military action, not after. This is the problem. You're effectively declaring war on your allies. That's kind of what it is. But it's never... to maintain a global hegemonic status... Secondary sanctions are only strong in terms of the threat. When you're threatening an ally or a nation, let's say that may be not your ally, but you're not hostile towards or you haven't declared war on yet, like China is an example. It's not regarded as a U.S. ally, but yet the U.S. would like to hurt or punish China, and they use strident rhetoric towards it. But they've done this before.

They've done it previously. They lifted sanctions on Iranian oil temporarily to cure the market previously, and then they revoked that quickly. And so now they're going on to secondary sanctions to remedy bad behavior. Whose bad behavior? Again, it's Iran's bad behavior. It's people trading with Iran, according to Washington. So they're wanting to impose pain and suffering on the global economy, including their allies. Now, if they go through with that, that'll be very interesting to see if they'll actually go through with that. It seems like they're threatening to create a negotiation position. That's what it looks like. Because the reporter asked the right question. You know, why haven't you pulled the trigger already?

And Scott Bessent said, "Well, we want to give him time to, you know, remedy the situation, remedy the bad behavior." I mean, the bad behavior in this case obviously is by the U.S. and its ally Israel and all the other European allies that are accessories to an undeclared war of aggression against a sovereign U.N. member state, i.e., the Islamic Republic of Iran. But what was more revealing in that clip, Danny, and I don't know if you can play that specific part again, but it appeared to me that Scott Bessent alluded to, look, anybody who doesn't comply—it's the way I read this, anyway, when I heard him say this now—anybody who doesn't comply should expect to leave the dollar system. So, in a way, what he's doing will be pushing people out of the dollar system.

And if you look at the pattern of U.S. statecraft in the instrumentalization of sanctions and tariffs too, because tariffs—this U.S. administration is the first U.S. government in history to use tariffs as a form of sanctions. This is the first. And this has huge implications in the market. It also has massive implications in terms of U.S. relations with all of these countries that they're engaged in tariff wars against. And they've used this many times in the threats of punitive tariffs as a type of deterrent to deter people from having relations or trading or commercial activity with an enemy of the United States. That's a huge threat. That's a massive red line in international relations. I mean, sanctions are one thing, and sanctions are regarded—they're prohibited under international law, these types of sanctions, and outside of the UN consensus.

So it's regarded as hostile economic warfare. It's a prelude normally to military warfare. And in this case, it was, and it did, and it happened. But now they're coming back for successive rounds after the fact merely to punish, destroy, and achieve regime change. But it's accelerating everything, all the trends that we've seen in terms of de-dollarization. And Bessent seems to admit that that's the case. So what will be the result if he's good on those threats? Let's just game this out: economic balkanization in the global economy. So, economic Iron Curtains dropping all over the place. So the balkanization—so this is deglobalization. When I say globalization, I'm talking about global free trade à la WTO. So this is balkanization economically, and this is a flight of capital and a flight of reserve status of the U.S. dollar.

Not completely, but this will just continue that trend. It will also mean that it will accelerate the development of alternative payment rails, i.e., things that are being used by China right now. And if China is trading with Russia, trading with Iran, and they're using those payment rails between them, whether it's the CIPS system or Alipay, there's just an umpteen number of new alternative payment rails that can come online. But the thing is, you're not going to be able to stop every other country, whether it's in Europe or South America or Africa or Asia, from complying with that sort of economic balkanization. They're going to be able to bypass all of these things.

China has 101 different ways to bypass any secondary sanctions, as does India and other countries, and countries that the United States claims to have total dominion and control over, like the Gulf states, as an example, and Pakistan as another example. What about Turkey? Turkey shares a border with Iran. Would this apply to Turkey? They're wanting to shut down travel. They're wanting to shut down telecoms, basically anything. So anybody having any commercial interaction or interface with Iran will then feel the full might of the United States government and the Treasury Department, i.e., the enforcement arm of the U.S. government called OFAC. But they've already been—I mean, they have thousands upon thousands of individuals, companies, entities from Iran, thousands and thousands from Russia, thousands and thousands from Syria.

So each administration has just added and added to this infinite number of sanctioned persons and entities of target nations that the United States regards as a flagrant violation, and reserves the right to freeze accounts and assets all over the world. And they do that by direct pressure either on those governments, as they have in the Gulf states with Iranian assets or institutions, or they'll just go right in and basically grab it, as they have with Iran, even on the example of crypto wallets that Iranians were using, possibly, reports suggest, to collect tolls and fees on the Strait of Hormuz. Scott Bessent bragged that if those transactions were done, they went directly to Tether, stablecoin organization, and were able to grab hundreds of millions of dollars, as reported from those.

So the United States is using all of its economic muscle to push on all of these pressure points and seize and steal as much as they possibly can in terms of assets and freezing assets and so forth. And if this is the way it's going to go, sure, it's going to damage Iran's economy further. Iran's economy is under severe stress. It's continual severe stress. And Washington believes, the hawks believe, that they can eventually strangle it and it will collapse from within because it worked in Syria. And it's half worked in other countries, like I said, in Venezuela. But there's no guarantee they're going to get that result, not in a timely manner, certainly not under this administration.

It won't happen under the Trump administration, if it ever did happen. Maybe not under the next U. S. administration. You're talking 10 years down the line. Maybe if what they plan happens the way that they think it will happen, it's going to take a long time. It will take 10 years plus, maybe more, but that's under optimal, ideal situations. They've blown it. They've absolutely blown it, because you can't alternate military and economic warfare waves successively and still maintain legitimacy as an international actor. Because it is all those countries in the gray area, all those countries and governments in the middle, that will determine whether this is a success or another misadventure by the United States.

And so the United States is wanting to attack the global economy and then somehow squeeze tribute from all of these countries, either in terms of tariffs or frozen assets or something else, some other sort of form of coercion, like they did with Spain, for instance. Spain didn't want to host U.S. bombers. And like the other subservient, supine European countries like Germany and Italy, like Meloni and Merz, and Britain as well with the new Prime Minister Andy Burnham, the first thing he did was give the green light for the U.S. to use British bases to bomb Iran. And, of course, the United States did that. Why? Because they wanted to lock down these countries.

They wanted to make them—the plan by the U.S. was to make, by using the European countries—you've made them now accomplices in an illegal, undeclared war of aggression, a war crime. And by doing that, you lock in those governments and those prime ministers or those presidents. You lock them in because now they're complicit in a major—they're now in the war. They're in the war. So then, for their own political survival, they will do whatever it takes to double down on that policy and probably follow the threats and diktats of the United States government going forward and also declare Iran's IRGC as a terrorist entity.

And maybe even the Iranian government at some point will be declared a terrorist entity. They won't be able to have diplomatic relations with them or members of the Iranian government, as they've done with, or tried to do with, Russia, as an example. So that's why the U.S. have done that. It's to bring them into the crime. And the average European weak and spineless technocrat, bureaucrat, will double down on the policy rather than push back against the United States. Or God forbid, Danny, the worst possible sin of the modern politician is to raise your hand and say you did something wrong.

I mean, it's like that's the equivalent of just suicide, Harry Caray on a galactic scale. That's never going to happen, is it? So it's a hell of a situation that I think a lot of these countries are in. And it really is. It's all about the secondary sanctions. Theoretically, those are the only sanctions that have ever worked in history. Direct sanctions have never worked in history in terms of a coercive measure against a target nation. The academic literature is very clear, Danny, on this. Every single case study from Rhodesia in the mid-1960s to the present, it's only been secondary sanctions that have worked.

And, you know, sanctioning a country for apartheid, a la Rhodesia or South Africa, for instance, that's completely different politically as well. That's a different political context. So, I mean, even the success of, or the relative success of, let's say, South Africa, the collapse of the regime in South Africa basically was a culmination of a multi-year, a decades-long international public relations campaign and human rights campaign. And his wife, Winnie Mandela, was doing stadium tours in the United States because the U.S. and Britain were some of the final holdouts in terms of not recognizing the South African regime. That's a totally different political context than this.

And so this is just, you know, Trump. Let me just say the last thing I'm going to say. Donald Trump is an amazing piece of history because he has blown up the U.S. economy, not in a good way. Donald Trump wrecked the United States economy in his first term, and he doesn't get a lot of credit for this because everyone's afraid to mention it, because both parties were totally on board with this. Donald Trump, he began a process that put over $8 trillion initially on the Federal Reserve's balance sheet because of COVID-19. Okay, that created an inflationary cycle and pressure that we are... And all the experts will say this began during the COVID farrago, and Trump was the president. So he ruined the U.S. economy through the Biden administration.

That was all Trump, and the current inflationary pressures that we have now, prior to the Iran debacle, was Trump. That's from 1.0, because you can't just print $10 trillion out of thin air and shove that on the Federal Reserve balance sheet and expect that there's not going to be an inflationary perturbation, and that that's not going to basically keep rolling for years. And we're stuck in an inflationary spiral in the United States that we haven't been able to get out of because they did record-breaking emergency maneuvers during his first term, the likes of which the system has never caught up with. And then you add what he's done foreign policy-wise by trying to start World War III in the Persian Gulf and believing that somehow you can manage this with all these cheap sort of cowboy tactics that Scott Bessent has hired.

George Soros' banker has been hired by Trump. The globalist banker is using these short-term Band-Aid tactics. Bond buybacks is pathetic. But the right-wing press or Fox News are saying this is a genius move by Scott Bessent. Genius move. He's just refinancing the next generation's debt. That's all he sees, remortgaging. It's exactly what Trump did in his first term. And guess what? You know what the remedy for this is going to be? Another bailout. Another bailout. For what? To pay for what? To all this? To what? Make Iran comply? Or all this to defend Israel? You're going to take down the whole U.S. economy, the global economy, to defend Israel. That's kind of what it boils down to if you zoom up to the sort of 50,000-foot view or 100,000-foot low-orbit Starlink satellite view. It kind of boils down to that.

#Danny

Yeah, very well said, Patrick. Well, you said earlier Scott Bessent was essentially saying that he was going to remove entities, countries, out of the dollar system. Well, that's exactly what he said at the end there. I'll just play it really quickly one more time so people hear it.

#Bessent

So we believe that a warning shot and a level set of expectations is appropriate. And if people do not want to meet our expectations, then we expect, and they should expect, that they will leave the dollar system. Yeah.

#Danny

So they should expect to leave the dollar system, which in effect would weaken the dollar system. But that's a whole other story, I guess. Go ahead, Danny.

#Patrick Henningsen

Go ahead.

#Danny

No, I was just going to say, let's say Saudi Arabia was convinced to get on board with these kinds of sanctions. Saudi Arabia is literally the bedrock of the dollar system, so that would be quite the quandary. But no, to you, Patrick, go ahead.

#Patrick Henningsen

I can't believe he said it. So Scott Bessent just said, whether subconsciously or intentionally, he said the quiet part out loud. So if he's pushing people out of the dollar system, understand—and I hope Scott Bessent really understands—but he's not. Why is he in charge of foreign policy, by the way? Because that's kind of de facto what we're looking at there. Why isn't the U.S. Treasury a subdivision of the Pentagon, the Department of War? Because it should be. The U.S. Treasury has done more. Scott Bessent is just the worst and the latest in the long line of abusive Treasury secretaries that have basically instrumentalized and weaponized the United States dollar as a sort of instrument of war against target nations. And let's just say, okay, the collapse of Venezuela, the collapse of—so what did you get from Venezuela?

Sure, you deprived China of like maybe 15% of its global crude supply, which it can replace from multiple different sources. Okay, fine. What's that done to the Chinese economy? It's maybe inconvenient, but they'll recover from it. So what have you done to the Venezuelan economy? Oh, you've stolen—they've probably stolen the equivalent of $20 billion, $20 billion U.S. so far from Venezuela by stealing its oil. By the way, that's what they've collected. That's what the U.S. has stuffed away in its special account handling Venezuelan oil. And I will bet, I will wager that none of the money has been repatriated back to Venezuela. None. By the time the U.S. deducts and pays off its big oil partners and whatever else that they've pilfered out of that money, there's nothing left to feed the Venezuelan people.

We're going to feed the Venezuelan people. That's what they're saying. So they think they can do an Iraqi-style sequestering of funds through a U.S. dollar account on Venezuela, but you can't replicate this with Iran. That's pretty clear. Okay, you destroyed Syria. That's great. Great for Israel. What else? Russia. That's not going super well. They haven't brought the Russian economy to its knees. How long are we? Six years in, right, with Crimea sanctions, 2014. Yeah, so now we're 12 years into that round of anti-Russian sanctions, and then the hyper-super round that began under Biden in February of 2022. They blew up the Nord Stream pipeline. I guess you can put that under sanctions as well, the type of a sanction: blowing up the Nord Stream pipeline.

By the way, that story is completely collapsed in the German prosecution case in Hamburg, which was reported on by 21st Century Wire. And also, the Ukrainian diver story was further undermined by the findings of the court case in the Commercial Court in London, where Nord Stream AG sued Lloyd's of London because Lloyd's of London, the insurance company for Nord Stream, refused to pay out, by the way. They sued them. They brought all the expert witness testimony that completely, again—it's basically saying that the Ukrainian diving story was a red herring. It was a decoy story to take attention away from what NATO did during—well, it's implied what NATO did during Baltops 22. In 2022, they wired up the Nord Stream. Why am I saying this? Because all of these things are directed at the same targets, which are the economies.

You mentioned Saudi Arabia, Danny. Okay. But the petrodollar itself isn't completely reliant on the Gulf anymore. At one point, that was definitely the driver of the post-Bretton Woods U.S. reserve currency renaissance, solidifying its status as a global reserve currency and really the engine, ultimately, of U.S. deficit spending. And with U.S. deficit spending comes U.S. overspending in military. That's all financed from deficit spending. So when Pete Hegseth gets to raise the budget of the Department of Defense, Department of War, to $1.5 trillion a year, and Congress goes along with that, that's money that's coming from the Federal Reserve magic money tree. It's not coming from anything the U.S. is taking in in terms of revenue.

It's coming from—it's being printed out of thin air because the dollar is the world reserve currency. Hence, there's an artificial demand for the U.S. dollar globally, because the U.S. enforces that everybody uses the U.S. dollar to buy and sell commodities on the global market. And so that allows them to keep printing dollars without the dollar collapsing in value. And that affords the military, which the U.S. uses to go out and shoot and bomb people who don't comply with the dollar hegemony, et cetera. Danny, and you can see that's the feedback loop that just keeps going on and on. But what Bessent should know, maybe does know, maybe this is the plan, but the power of the United States as an imperial power does not lead with military power.

It leads with financial power. It leads with dollar reserve status power, and it's backed up by military power. So by pushing people out of the U.S. dollar system, which he just admitted on video, I can't believe he said that. By doing that, that's basically—yeah, that's calling for the downgrading of U.S. hegemonic status globally, because that's where the U.S. power comes from. And interestingly, the countries that they would be threatening and targeting with secondary sanctions, the types of companies—it doesn't end with Iran, by the way. This would keep going. They'll keep going with this for other products and countries and resources.

But some of those targets of secondary sanctions will ultimately be—or threats will be—European countries as well. And the eurodollar market is the number one dollar sink in the world. That's the biggest sort of pillar of the U.S.—you could call it energy petrodollar, U.S. energy dollar system. It's Europe. And Europe is completely reliant on U.S. energy to boot, not even just transacting in dollars for oil and gas globally, but they're also paying over the odds, twice as much for U.S. LNG after the U.S. or NATO blew up the Nord Stream pipeline in September 2022. So, yeah, the eurodollar market and reserve accounts are massive, and that helps to float the U.S. system, and so does India, and so do all these other countries, pulling the plug on U.S. power by doing this.

At least he admitted it. He admitted it. It's an incredible clip. Was that a Freudian slip? Maybe that's a Freudian slip. But what's interesting, Danny, is that journalists won't press on that point. If you're a really good journalist from the Financial Times, or you ought to be geopolitically minded, then you press. You press hard on that. You follow up on that. Did you say you wanted to drive people out of the U.S. dollar system and that they will be driven out of the U.S. dollar system, Mr. Secretary? Can you clarify that point and really push on that? Because it sounded, Danny, almost like a Freudian slip. There's a lot of those going on, by the way, right now in Washington.

#Danny

That's for sure, Patrick. What's so interesting, too, is the arch-neocon, Mr. Kagan. Here he is, Robert Kagan, in The Atlantic again. Talk about Iran unleashed. There's many in the neocon circle, Patrick, that are not so enthusiastic, not only about the economic warfare shift by the United States, but just the overall situation and where this is all going. This is the last paragraph. He says, "A regime that survived what much of the world believed would destroy it and then forced the world's dominant power to retreat will likely emerge strengthened, at least for a time. Such success tends to breed confidence, perhaps overconfidence, but it's not likely to make Iran's leaders less ambitious or less committed to the faith that saw them through this miraculous triumph."

Recently, senior Iranian officials began publicly talking about adopting a fully offensive posture, and reports have emerged of Iranian plans to expand their targets to include European countries hosting U.S. bases. To see stories in The New York Times asking who will blink first is amusing, given that Iranians, until now, have never once blinked, while the Trump administration has done nothing but blink. Iran may even start fighting again to force the U.S. to lift the naval blockade. And now we can include sanctions on this. Given the American administration's proven fear of escalation, the hope is not unreasonable. The world has spent decades worrying about what Iran might do if it acquired a nuclear weapon. It should now worry about something even more consequential.

And Iran, that has defeated the United States, no longer fears American attack and controls access to the Persian Gulf. Nuclear weapons alone could never have given Iran this kind of power. Only the failed U.S. and Israeli war has. What's so interesting about that, Patrick, when I read that, I'm like, well, I don't know if we should really fear that, but that is their part of the world. We're over here. You're in the UK. I'm in the United States. I don't really fear that. But Patrick, your reaction to this?

This is a narrative. It gets louder and louder. I think it has somewhat to do with partisan politics. But there are some facts there that are painted, of course, with neocon branding. But your thoughts on that?

#Patrick Henningsen

I mean, his words could have been taken completely, quoted from John Mearsheimer or Alistair Crooke or me or anybody else on your podcast or anyone else's, Judge Knapp's show or whatever, for like the last—what?—two years or whatever, a year and a half. We've all been saying these exact things, but so Kagan's finally come out and put it down on paper succinctly and clearly, albeit quite late in the game, but still. And, you know, that would be a good op-ed for the president's advisor, foreign policy advisor. Robert Kagan, Donald Trump's foreign policy advisor, has just written this very candid and sobering op-ed in The Atlantic. That would be great, but that's not the case.

He's completely on the outside. So what are they doing on the inside? That's the question. Everything he said there, Danny, makes perfect sense. It all lines up very nicely. He's got it correct on everything. Again, mainstream Atlantic Council probably begrudgingly having to admit that publicly and in print, begrudgingly, because that publication was cheering for the war from the beginning. And all of the other ones as well weren't against Trump. Certainly they weren't pushing back in any meaningful or significant way. So on the inside, I think, again, I refer back to the trade war with—the current trade war with Canada, which is kind of completely bonkers, like by all objective measurements.

The United States, if you ever had the perfect ally, it's going to be Canada, right? In terms of strategic and regional trading partner, and a total win-win for America and Canada. Maybe the United States is getting a slightly better deal from that, but Canada trading with the United States, they can get absolutely favorable terms. The United States has always needed Canada for the reasons I said earlier because of the regional positioning, in terms of energy, especially diesel market. But the way the Trump administration framed this, and before I was just laughing this off, I thought, no, they're just being dumb, and maybe they're just doing bluster.

But Trump himself has said that Canada needs the United States, that it somehow wants the benefits of being a state without being one. He's talking about Canada as a 51st state, I think. He's looking at it through that insane lens that somehow Canada, as a sovereign state, a member of the British Commonwealth, would like nothing more than to be subsumed by the United States south of the border. And that's definitely not the case. There's no way the average Canadian—maybe you might find a few in Alberta, but even then, Albertans are big sovereigntists as well—they probably are not completely on board with this type of rhetoric and threats and belittling of Canada and the country and Canadians and so forth.

But maybe Trump believes—maybe the people in the Trump nation really believe that they are history's actors, like Karl Rove famously said during Bush Jr.'s term, that they are the greatest country in the history of the galaxy. And the United States is—God has imbued with all these—endowed with all these God-given privileges and resources and powers. They really believe that everybody, including Canada, is secretly imagining and waiting for the day when they'll get accession to the United States of America as a 51st state. I think they kind of somehow believe that secretly everybody in the world wants to be part of the United States, and specifically wants to join the family under the godfathership of His Royal Majesty Donald J. Trump, that secretly this is a dream everybody's harboring, including the Canadians.

And I can tell you, nothing could be further from the truth. So my worry here, Danny, the reason I'm saying that, it's not just political polemics, but if some of these things are instructing policy—in other words, these ideas of U.S. dominance and power are instructing actual policy—then it's almost certain that these policies are going to fail because they're not happening in a vacuum. The important point is, a lot of people will say international law is dead, and they'll say international institutions are dead. They'll say that because of what the United States has done, it's proven that the WTO is dead, the United Nations is dead, and they killed the UN Security Council, et cetera.

I go on and on, okay? The fact of the matter is, Danny, it's not, and they are not. It is dead to the United States. It's dead to Israel. All of these institutions, international law is dead to Israel. It's dead to the U.S. But everybody else on the planet abides by it because there's a reason why it came into place to begin with. It was the harmonization of global trade and economic activity. And by the way, who was the biggest driver of this? It was Wall Street, it was the United States, and the City of London. They're the biggest drivers of globalization in the post-World War II global U.S.-led liberal international world order.

The United States drove that. And you saw unprecedented progress, unprecedented wealth creation, and unprecedented economic growth and remarkable growth in profits by Western corporations, as well as Chinese and others. But that happened under that regime. So now they're wanting to undo it because they didn't win that race. They weren't first. The U.S. did very well out of that, but Wall Street did well out of that, not U.S. workers. Trump campaigned on—he pandered to the Rust Belt and the poor people of Ohio and West Virginia, and he courted all the hillbillies. And he sung the elegy as well and appointed J.D. Vance as his vice president. That was very strategic, but it was all fake.

It's all fake. J.D. Vance's story is slotted into Trump's Rust Belt story. It's fake. The whole thing is a facade. It's a marketing exercise. It's a political marketing exercise. And no one will admit the reality. The reality is, the United States will never get manufacturing back, ever. Why? Look at the wage that's demanded by a U.S. worker, and now compare that to any other country on the planet. How in the world can the U.S. be competitive? How? As long as they're employing labor, and people say, "Well, when Elon brings the robots in and we don't have to worry about that, and then we're going to, you know, that's when we are going to take over."

No, the economy is not going to run on robots next week, despite what Elon promised at Madison Square Garden or wherever, when he said we're going to be on Mars, you know, by 2030 or whatever he said. I don't know what exactly timeline he gave. It's not coming back. The Rust Belt will never get those jobs back. You can get Carrier air conditioners to move from Mexico to Indiana. You get, what, 2,000 jobs there. You might get another 10,000 jobs by strong-arming someone else to come back and open their factory in Ohio and Michigan or something like that. It's not even going to put a dent in the fact the United States is no longer competitive, no longer competitive. And the reality is, as much as you want to balkanize the global economy, we have a globalized economy nonetheless.

You can't stop international trade, and there will be the pursuit of competitive advantage in terms of resources and labor and utilities, all of which are priced out of the market by the United States because ultimately Wall Street sucked all the value out of the real U.S. economy, and they did so to get share prices that would pay good dividends. And all Trump cares about is the S&P 500. He's all in on the stock market as the number one barometer of economic activity, but any economist worth his salt will tell you that the stock market does not reflect the fundamentals of a real economy, not the economy Trump is promising to build to make America great again, which is a manufacturing powerhouse. It cannot happen. It will not happen. I'm telling you, the U.S. is losing jobs by the day.

#Danny

Wasn't it at 23,000, I believe? They had to correct the numbers. It was a massive number of job losses that they were trying to hide. These are trends that are irreversible. Why? Why?

#Patrick Henningsen

I mean, what's a good union manufacturing job for the hourly rate in the United States? Are we above $50 an hour yet? Are we getting there? We're close.

#Danny

There are so few of them now. Yeah, union density is so low now, in large part because—

#Patrick Henningsen

But even the average wage, the minimum wage at Amazon to monitor automatic shelf stackers and delivery drivers and all that, I don't know how many-fold higher than a number of other countries that are basically providing the manufacturing for the U.S. commercial market. There's no way they'll catch up. Why? Because nobody spends like the United States does. Deficit spending—nobody can consistently drive up inflation like the United States, and it's never going to be competitive, not with the current U.S. dollar and U.S. government deficit spending system, which Trump has done nothing but increase the deficit. So he's going to do what the last president did and what he did in his first term and what Obama did.

And they kicked the can down the road in new and creative ways, you know, through bond buybacks. Genius. It's genius. Imagine if we, as individual citizens, were allowed to do what the U.S. government does or what Wall Street's able to do when it gets into a credit bind. We can just spin up a magic money tree and bail ourselves out, and then award ourselves record bonuses, and then get the government to buy a failing industry like General Motors or Lehman Brothers, or whatever is an example. So the game in the U.S. is, there's a whole different set of rules in the U.S. when it comes to anything economic, and they're trying to use this to project power through the foreign policy system.

And they're doing it in ways that have never been done before, and the results are already horrific. And instead of pulling back, they're doubling down on it. So this latest move, these latest announcements, Danny, plus concurrently a trade war with Canada, trying to play chicken with Canada in terms of the economy—no one's ever done this before, and the results are just going to continue to be bad for America. I can't believe you pull this one before the midterms, and I really think maybe these people are in such a bind and have painted themselves in such a corner that they have no other choice but to double down on the same failed policies.

#Danny

Yeah, those are great points, Patrick. I did want to get your very brief comment on, I promise, a Patreon subscriber that had asked their question: Are they going to take any money in their bank, the U.S., that belongs to someone else? I mean, they've done this before in terms of stealing assets. We know about, for example, what's happened to Venezuelan gold in U.K. banks. Yeah.

So your answer to that, and then my one comment on the whole economic question is, if the U.S. is ever going to be competitive, it's going to have to cut prices dramatically, make things far more affordable, and also ensure that people can, in order to be productive, in order to invest in anything, that they have the capital to do so. But that would be against everything that Wall Street is about. You know, you're not going to be slashing the price of education, slashing the price of healthcare, all of that which is needed in order to get workers to be actually productive, and then to attract investment, which is going to look to not have to cover these kind of costs. You're ever going to have—and then, of course, the dollar system itself creates those huge gaps in currencies and value of currencies, in the underdevelopment of one part of the world versus the U.S. So it's a very big bind, nonetheless, and we're not going to see that change.

But do you see the U.S., maybe in this case, now that it is so desperate with Iran, yeah, looking at assets from other countries? I mean, I don't know who that would be, because you can't do China. I mean, Russia is already sanctioned. You can't do China because of the global economic fallout of that. You do that to your own pals, like Saudi Arabia and the UAE, that could cause backlash. What's your thoughts about this question?

#Patrick Henningsen

Well, the one strategy that clearly the White House was pursuing, I think is continuing to pursue, is they think that it's basically an accounting trick where if you devalue the dollar, that's one way you can pay down your deficit quicker. That's one way you can make your exports more competitive and more attractive. And it looked like they were attempting to engineer that kind of a trend last year. But I think it's failed miserably for many of the reasons which you just mentioned, Danny, right there, which are basically the fundamentals of the U.S. economy will prevent them from getting the type of result that maybe a smaller country could do by, you know, pursuing a devaluation strategy in order to, let's say, kickstart, give a shot of adrenaline to their export economy.

The U.S. system is way too big, and no president is going to want to preside over it. I mean, Trump will try it with lower interest rates. He'll want to basically inject a whole bunch of morphine into the system, or crack into the system, i.e., cheap money into the U.S. and the global system, and that will sort of temporarily inflate things and make a lot of these problems maybe go away, relatively speaking. They're not going away, but if what we're all talking about, the gloom and doom we're talking about today, is then coinciding with a fake growth bubble, which is based on slashing interest rates and mortgaging out the future bond markets by the government buying up more of its own future bonds and future debt, then yeah, it could work in the short term, at least potentially.

I think it could work until the end of Trump's term, and then he would be handing an economic nuclear bomb to the next president to manage somehow. And they'll probably do exactly the same thing, or very similar strategies, in the next administration. And to them, it's just a question of, oh, well, we're up to $40 trillion now, and what's a few more trillion over the next four years? And that's not going to be so bad. And then maybe they'll pledge to reduce the deficit, or say that we're going to bring Elon back to do DOGE. And Elon will put up some tweets about how he's got a new idea. He had a really interesting, creative, you know, whatever, ayahuasca journey or something like that, came up with a new plan to reduce the federal deficit.

Now, Elon was putting out all these crazy tweets during the transition period after the election, as he was courting, and also at the beginning of the year. He was all about, "We need to stop government deficit spending. This is unsustainable. It's going to ruin the country. We won't survive as a nation." And that was his sort of entree statement to come in and then claim to be cutting government spending, and then that didn't work. This government has overspent more than any other previous administration. By the end of this year, in the first two years, this will be easily the highest-spending government in history, easily. And what are the people getting for that, by the way?

It would shock a lot of people to hear, given—how does that materially improve the lives of a working-class American or somebody who is holding down three jobs, which is not unusual, to have two jobs and a side hustle or two side hustles in America. That's totally normal. How have they materially benefited from that? Because at the end of the day, Danny, what Trump did—and I'll hearken back to this as a perfect example—when Trump, during his first term, paid businesses to shut, to pay people to stay home and not work during COVID, all of that cost trillions and trillions of dollars. And all the PPE scams that everybody was running and getting rich off of, all that cost trillions and trillions of dollars. And then the government sent out this little check to everybody.

Remember that? A couple of checks. And it was a meager amount of money. I mean, you're talking about $1,200. Maybe it's enough to buy off the Rust Belt or the poorest communities in America, where they're happy to get a little bit of trickle-down. But the problem is, it wasn't just for them, Danny. Everybody got a check. So everyone got one. So everyone got their participation voucher in the economic demise of the United States, because the minute everyone cashed that check in, it guaranteed that if they cashed in a $1,200 check, you've already paid fivefold in inflation for that money, that free government money you got. All those two or three checks, you've paid for it fivefold in inflation already. It's cost you that. If everyone burned that check, burned it, took out the cigarette lighter and burned it and put that up on Instagram or TikTok, that would have saved you.

That would have saved you thousands and thousands of your hard-earned dollars. Does that make sense? That's the economic math of the situation. You increase the money supply, you put inflationary pressure on the system, and everyone's poorer. It's kind of a way for the government to give you money, but they're really taxing you. Inflation is a stealth tax, basically, to paper over really, really lousy and reckless government fiscal policy. That's kind of what inflation does. And because it's delayed for the next four years, normally, or the next couple of years, whoever instigated that policy isn't going to be around to have to be held accountable for it. Trump's got a second term, but no one's holding him to account for the fact that he trashed and ruined the U.S. economy during his first term.

And I'm just saying that's just a fact. And Biden didn't help because Biden continued the same failed policies during his term. Everything bad that Trump did, Biden then doubled down on. So, I mean, I hate to have to point these things out because I know they're so far in the rearview mirror that nobody wants to bother because we all got over that nightmare. But we're still living with that nightmare. That's the problem. And if they keep doing this now, then we're basically saying it's okay. We'll suffer in five years. Thank you. We'll suffer in five years. Please, Donald, do what you have to. Do what you have to to make sure Iran doesn't have a nuclear weapon, or to defend Israel or whatever, or make America great again, and we're happy to suffer this in five years. So bring the payoff.

#Danny

Yeah, yeah. Prices came out today: 48% increase since February 28th, the beginning of the war. So all of what you just said that I guess we could call even just short-term historical context you gave, just since 2020 or so—2018, 2020, that is—compounded with six months now of absolute economic onslaught on the world, and especially U.S. workers' pocketbooks, that, yeah, that pain is only going to get worse, Patrick, for as long as this goes on uninterrupted and unchallenged. Everybody, this was a great show.

I want to make sure you hit the like button before you go. Everyone should know that in the video description, you can find Patrick's YouTube channel, 21st Century Wire, as well as the Substack. So you should subscribe to both of those. Make sure that you watch 21st Century Wire. It's a great program. And be sure you're subscribed. Hit the notification bell on that. And all the places to support this channel are in the video description below too, as well: Patreon, Substack, and more. Patrick, any final words for the audience before we head out of here?

#Patrick Henningsen

No, no final words. I think we covered a few important topics this week, and we've got to have these difficult conversations now. And hopefully we can head off some of these issues in the run-up to the midterm elections because otherwise, I think we're going to be—the United States and the global economy is going to be in really, really bad shape in 2027. And everything that's being decided now and being done now, I think it's going to directly feed into that possibility. But it's still not too late, I think, to try to reverse and mitigate some of these bad moves through the opportunity of an election cycle, one hopes. But I'm not holding my breath, unfortunately, just to be skeptical there. But there's still an opportunity to do it.

#Danny

Yeah, totally. Everybody hit the like button before you go. Thanks to everyone who gave Super Chats today. I put you up earlier. Thank you to all the moderators and, of course, all the viewers. After this show, hit the like button. Go to the video description to check out Patrick's work. All the places for this channel are in the video description below. Tomorrow I'll be back, 2 p.m. Eastern, with Colonel Lawrence Wilkerson, so, for another update. All right. See you then, August 25th. Bye-bye.