CONFIRMED: Iran DESTROYS A-10 & EIGHT F-15s as US Navy RETREATS | Ben Norton

Geopolitical analyst Ben Norton joins the show to discuss Iran's brutal destruction of the US's fighter jet arsenal and why the US Navy is now in retreat amid a spiraling oil shock. Follow Ben on YouTube: https://www.youtube.com/@GeopoliticalEconomyReport 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 #iranwar #trump

#Danny

Welcome back to the show, everyone. Danny Haiphong here. I am joined by Ben Norton of Geopolitical Economy Report, and we're going to go over the latest developments. Ben, I wanted to begin now with this. According to CBS News, there were multiple U.S. aircraft that were damaged in the last Iranian attack, and according to U.S. military officials close to the issue, eight F-15s were slightly damaged, they say, and one A-10 aircraft was completely destroyed. Its wing was taken all the way off. Now, we've heard this before. Back in March, in strikes on Saudi Arabia by Iran, there was an E-3 Sentry that was hit, and it was said to only be slightly damaged.

But then we found out, actually, that that was also completely destroyed when photo imagery came out. Also in the news, Ben, the new director of the Navy has said that Iran has blown the hell out of the U.S. Naval Fifth Fleet in Bahrain, leading to essentially the aircraft carriers and strike groups having nowhere to port and resupply, which is why now you have the U.S. Navy sitting 500 kilometers or more away from the Strait of Hormuz. Ben, there's, of course, and I know you'll find this very important, a huge oil shock happening as we speak.

Six dollars a gallon for diesel gas. It is an absolute crisis that keeps on getting worse, especially since Ansar Allah, Yemen, has taken significant ground, over a thousand to two thousand kilometers of territory, back from Saudi-backed forces and have now hit the east-west border in Saudi Arabia, so critical to Saudi Arabia's trade through the Yanbu port. So, Ben, this is a really bad situation all around. I wanted your reactions to what you make of geopolitical developments in West Asia, given all that's happened and, of course, how it is affecting this massive oil crisis that we're seeing balloon and explode.

#Ben Norton

Yeah, great points, Danny. A lot to respond to there. The first thing I'll say is, can you actually go back to the first article that you showed? I just want to respond to it while we're chatting here. Because on the side of that article, there were several other reports that are worth mentioning. So the first on the right side: Trump claims Iran war will end after midterms. I'll talk about that in a second. And then below that, Goldman Sachs warns oil prices could hit 120 U.S. dollars. Now, oil is already—Brent, the main oil crude benchmark, is already at nearly 110, which, by the way, is close to the peak that we saw at the height of the U.S. war against Iran.

So, of course, the U.S. launched this war of aggression against Iran, a totally unprovoked war, on the 28th of February, right at the end of February. And then the kind of peak of the war was in March. Oil prices skyrocketed. And then in June, Trump announced this memorandum of understanding, and prices did fall, although oil prices did not fall to the same level that they were at before the U.S. started this war. And ever since then, after the U.S. violated the memorandum of understanding and restarted the war, oil prices have been gradually rising, rising. And now they're at basically the same level as the peak before. And Goldman Sachs is predicting that oil prices will rise to even higher than the previous peak.

And we're in September, Danny. There are less than two months now before the U.S. midterm elections. So the worst possible thing you can do as a U.S. politician who wants to win an election is cause gasoline prices to skyrocket. You know this, Danny, although you're in New York City, so fortunately you don't have to worry about driving. But pretty much anyone in the U.S. outside of New York City understands how painful it is to have gasoline prices rise, because public transportation is so bad in the U.S. and you have to drive everywhere. So as gasoline prices skyrocket, that hurts everyone. And Trump only has an approval rating of 35 percent. This is one reason why Trump just announced this week that he's going to try to bribe voters.

And he's offering $5,000 in what he calls a dividend to every U.S. adult if the Republicans win the midterms. So he's trying to buy votes. By the way, there are about 270 million adults in the U.S. So we're talking about like $1.4 trillion in this dividend. I mean, that would only further— that would cause inflation to further skyrocket. Inflation is already persistently high in the U.S. You know, giving $1.4 trillion in stimulus checks, that's just insane. But it shows the level of desperation in the U.S. And all that the Trump administration is doing right now is adding more and more fuel to the fire when it comes to this energy crisis that you mentioned.

Now, this is such an important angle, and I'm very glad that we started with this, Danny, because a lot of people focus on the military element of the war, but I think that's kind of a distraction, actually. I mean, you talk about some of the damage and stuff, but we're not talking about very significant levels of destruction and bombing. At this point, it's mostly tit for tat. The real significance of this war is the economic warfare. And we saw, you know, Scott Bessent, the billionaire hedge fund manager turned Secretary of the Treasury. He went out and he announced this campaign of economic warfare that the world has never seen to try to destroy the Iranian economy. Now, obviously, Iran has been under suffocating sanctions for decades, so this was not new for Iran.

And the reality is that the U.S. was too afraid of Chinese responses. So the U.S. ended up not sanctioning major Chinese banks. Because if they really want to suffocate the Iranian economy, they have to prevent Iran from being able to export to China. And one way they could try to do that is cutting off Chinese banks from the U.S.-dominated financial system. Although China created its own alternative financial system, the CIPS, to process bank transactions. Right now, still, some Chinese banks are processing their transactions through the SWIFT system, the interbank messaging system based in Belgium and overseen by the U.S. So actually, Bessent was asked about this in a press conference. A journalist said, "You say you want to suffocate Iran economically."

Well, Iran is still exporting oil to China. So why don't you sanction Chinese banks? And the response of Bessent was, "Well, we don't want to cause the financial system to implode." So that was an acknowledgement that the U.S. is afraid of going to that next level because it would cause significant backlash on the U.S. So the reason I mention all of that is because the real terrain that this war is being fought on at this point is in the oil market, in the bond market, which we can talk about. The U.S. is facing very severe stress in the bond market with rising yields. And a lot of this is related to the war against Iran and oil prices. And then also, of course, we're dealing with the inflation issue, which is directly related to energy prices.

Because when we're talking about oil prices, it's not just that oil prices are high, which causes gasoline prices to increase. But that also has repercussions across the entire economy because, obviously, oil is used to transport goods. It's not just customers who put gasoline in their car to go to a restaurant or whatever. It's also that diesel is used by trucks to transport goods all across the economy, physically across the United States. The trucking industry is still very important. And diesel prices are skyrocketing, as you mentioned. So as trucks have to spend more just to fill the trucks to transport the goods, they're obviously gonna charge more for transport, which means that the companies that rely on getting these goods from trucks—Walmart, all these big companies—they're gonna have to charge more.

So you see an inflationary shock through the entire economy. And this is adding to the inflationary shocks due to Trump's tariffs, due to the trade war now with Canada. I mean, it's like a perfect storm right before the midterm elections that's already making inflation worse, the cost of living crisis worse. I mean, I couldn't imagine a worse scenario for someone trying to win an election. Which, I mean, again, and now the cherry on top of this is Trump says, "Oh, the war will end after the midterms." When he started this war, we were told it was going to be a quick and easy war. It would be a few weeks max, we were told. Right. And here we are in September, and he says, "Okay, the war will end after November."

I mean, we could very well see this war continuing into next year. And again, like I said, it's not like, fortunately, this is a good thing. It's not like a large number of people are dying at this point.

Obviously, at the beginning, the U.S. did kill a lot of people in Iran. And Iran has caused some casualties among U.S. soldiers, and the Pentagon has been covering that up. But fortunately, at this point, there's not much death happening. But the real terrain of this war now is economic. And Iran understands this. Iran is waging an asymmetric war, and it is using the leverage it has, not only the Strait of Hormuz, but also in the global oil market, to exact costs upon the United States, to make it clear that it actually does have the ability to hit back.

#Danny

Great points, Ben. And, you know, it's interesting how the military developments moving in the direction you characterize it as, moving into this more tit-for-tat when it does reemerge again, is heavily influenced by these developments, especially the oil markets and the oil shock. I mean, Ben, $6 a gallon for diesel gas at this point, I mean, it's a record. It's a U.S. record in all of history since measuring this. And this is San Diego. Today, diesel gas was $9.99, which is the most it can go because actually the pumps do not have the ability to go beyond $10. Here is the local report talking about how gas has gone up to $9.99. What's so interesting about this too, though, is that the U.S. is 100% now calibrating its strikes against Iran.

It says it wants to reopen the Strait of Hormuz, strikes Iran here and there, but then has to stop. And this has happened now. Iran, I believe, has retaliated three or four times since the last U.S. strike, and there has been no response. And I think it's in large part because of this oil crisis itself. And then you add in Yemen, which has just taken 1,000, 2,000 kilometers of territory and now essentially controls the Bab al-Mandab Strait, at least when it comes to geography. It's looking really like a very bad situation, despite the fact that Trump throughout this whole time has been trying to manipulate the markets and has been trying to manipulate the military part of this conflict in league with the markets. It seems like it's now starting to hit that point that a lot of people have been talking about: a breaking point.

#Ben Norton

Yeah. Just this morning, I saw on Twitter that food inflation in the U.S. is rising at a rapid pace. And I looked at the chart, and you can see: when did food inflation start rising? Because before it had been falling since the pandemic. Following the supply chain shocks during the pandemic, we saw a global inflation crisis, obviously. And since 2022, inflation has been falling, mostly. It depends on the sector. But food inflation has been picking up. And can you guess when the food inflation started? Obviously, in March, in response to this war, because we talked about the oil crisis, but the petrochemical industry is very important for creating fertilizer.

Especially the Persian Gulf region is responsible for things like urea, which you need as a compound that is used in fertilizers. So it's not just crude oil that is then refined into other products, petroleum products like gasoline and diesel and et cetera, but also you need these chemicals to make fertilizers. So what we've seen is that across the Global South, you see, and increasingly in the

Global North, you see skyrocketing food prices because the U.S. started this war right at the beginning of the planting season when farmers needed cheap fertilizer. So we're just now seeing some of the consequences as we're seeing harvests. We're going to see shortages of certain grains, which is going to cause prices to increase in most countries.

China is an exception, to a lesser extent in Japan as well, because China has massive stockpiles, not only of oil but also of strategic commodities and foodstuffs, including grains, rice, wheat, et cetera. And this shows how important it is for a government to actually plan. And by the way, when we're talking about stockpiles, the U.S. government maintains an oil stockpile that's called the Strategic Petroleum Reserve, the SPR. And if you look at the official U.S. government data on the SPR, every week the U.S. government publishes new data, and you can see that it's been falling, falling, falling, falling, falling. Right now, the level of oil in the U.S. SPR is at the lowest level since 1982, at the lowest level for the years for which we have data, since the SPR was created.

And there are reports—the Wall Street Journal had a big article warning that the U.S. oil stockpile has gotten so low that it can no longer be maintained. Because when you—yeah, you can see here. I mean, it's at the lowest level for which we have data. And, like I said, it's not just that it's low. That's not just the problem. That is a problem. But the Wall Street Journal reported that what happens is, when it gets this low, the infrastructure that was built in order to hold all of this oil starts to fall apart. Because you need to actually have oil in all this infrastructure or, according to the Wall Street Journal, it just starts to corrode.

And then you're already seeing very bad conditions that are reminiscent of the kind of bad conditions we see, for instance, on some of these big U.S. ships, where you have basically rebellions happening. You see reports of U.S. Marines threatening to jump off of the ship because they're so desperate because they have no food. You've seen some photos leaked on social media, even though the military is trying to cover it up, where people are given, like, some mystery meat patty and, like, three slices of potatoes, and that's their dinner. And then you see, like, the horrible conditions of the bathrooms on some of these U.S. ships.

It looks like you're in a horror movie. Like, I would not want to go anywhere near that bathroom. So at every level, we're just seeing, one, that the U.S. government has not maintained this infrastructure, like the SPR, like these naval ships. Trump, funnily enough, when he was campaigning to become president for his second term, he criticized the Biden administration because Biden had released oil from the SPR because, of course, oil prices were skyrocketing. And this was before the previous midterm elections. So Biden wanted to bring down oil prices.

He famously went to Saudi Arabia, and he asked Saudi Arabia to overproduce oil to increase the supply of oil to bring down prices. This is when he did the famous fist bump with Mohammed bin Salman, MBS, the Saudi crown prince and de facto leader. But Saudi Arabia was not interested because Saudi Arabia has its own issues with the large government deficit. Saudi Arabia is also part, you know, the de facto leader of OPEC Plus, and they have their own priorities that they're working on. So the reality is that Biden was not successful in that. So the Biden administration released oil from the SPR in order to try to bring down gasoline prices in the lead-up to the midterm elections.

So in the presidential campaign in 2024, Trump criticized Biden, and he said, "When I'm president, we're going to refill the stockpile, the oil stockpile, the SPR." And he did not do so. The oil stockpile is now at the lowest level for which we have data. So this also comes at a time when Trump warned in June after he signed the MOU with Iran. Trump gave a speech—this is at the G7 summit—and he said that there were only four weeks left of oil reserves in the world. So countries all around the world also have stockpiles at different levels. China has by far the largest. We don't know the exact number of barrels in China's stockpile because it's very secretive.

But there are reports that China probably has about 1.3 billion barrels of oil in its reserves, which is absolutely insane. And China could go for many months, if not more than a year, without oil imports. And actually, China, if you look at the data on China's oil imports, they have fallen very significantly since Trump started this war. And this is one of the reasons why oil prices had not increased super significantly. I mean, they did rise quite drastically. But there are reports that when Trump started this war and when Iran closed the Strait of Hormuz in self-defense, there had been reports initially that the price of a barrel would rise to more than $200. One of the main reasons that didn't happen is because China significantly cut its imports of oil.

And the way that China was able to do that is, one, the Chinese car sector is now heavily dominated by electric vehicles. I'm speaking to you from Beijing. I can go outside now, and you can see, because electric vehicles have green license plates, it's like half the cars in tier-one cities now. In Shanghai, it's even more. I mean, it's incredible. Obviously, that's not the entire country. But the point is that China has transitioned very rapidly to electric vehicles. So obviously, they don't need as much oil in order to process into gasoline. The Chinese government has also restricted the export of processed petroleum products.

So the oil refinery industry in China has faced a hit. It's no longer as active because, obviously, they're not importing as much crude oil. So they were able to shut that down. So China has been able to help the world kind of shield the impact, shield the blow of the oil crisis. But at this point, it really is reaching breaking point. And as I mentioned, we're seeing so many secondary consequences of that in food inflation. Fertilizer prices are still skyrocketing. For instance, other petroleum products like jet fuel—anyone who's had to fly recently probably has seen that it's so insanely expensive to fly, which obviously means that you're going to see an economic contraction in many places because you have less tourism, less people traveling. So in general, I mean, when oil prices rise, that is—it can have an inflationary impact and also cause a recession.

And we're already seeing this at a time when, in the United States, many parts of the U.S. economy are in recession. Moody's Analytics, which is a major U.S. financial firm, estimated that about 80% of people in the United States live in local economies that are in recession. But because U.S. GDP data is in the aggregate across the entire country, it looks like the U.S. economy is growing because certain areas in the U.S. are growing largely because of data center buildout, because of the AI bubble. And so, you know, you look at places like Texas where they're building out tons of data centers. Those local economies will see a short-term impact in higher growth. But most Americans are already, you know, living in recessionary conditions, and they're living paycheck to paycheck. And now food inflation is returning.

Oil prices are skyrocketing. I mean, it really, again, it's a perfect storm. And this war is not going to end anytime soon. Trump himself admits that. So, you know, the U.S. really got itself caught in a trap here. And this is what happens when you believe your own propaganda. Trump believed, and the U.S. government believed, that Iran was this brittle Potemkin village. Everything was fake. It was on the verge of collapse. All they had to do was push a little, and the whole house of cards would come down. And obviously that has not happened. The exact opposite has happened. The Iranian government is, in fact, stronger than ever. And the Iranian people are more unified than ever. Even many former opposition supporters have been forced to rally behind the flag. So this is really a disaster of Trump's own making.

#Danny

Yeah, and there are Trump advisors, according to some reports, that are preparing to extend or to continue the war against Iran far past 2028. So there's obviously forces inside of Washington that are preparing for that, which is an unmitigated disaster given how things are going now. And there's also this curious case of Yemen, which... now, with Yemen and Ansar Allah having so much control over the Bab al-Mandeb Strait, already Saudi oil output is far lower than it was, you know, prior to this war. And it's getting lower because of Yemen's blockade, which is only going to get more stringent and more effective now that they have all this geographic positioning. And you mentioned the aircraft carriers. I think this is all connected because, I mean, just look at these images.

This is where the so-called blockade-line aircraft carrier, the USS George Washington, that replaced the Lincoln—this is what's on their ship. They replaced the USS Lincoln. Look at those. I don't even know what I'm looking at there with the pipes. I mean, this is why the U.S. Navy is in such a big crisis. And this is the entire war militarily for the United States right now, because they can't get too close with those fighter jets. The bases are basically destroyed. They have to rely on these carriers to do all of the dirty work when it comes to the blockade that they're trying to continue on permanently, it seems. And these are just the numbers in summary, and some of the events in summary, by someone in the financial world.

It says, so Brent crude right now is $109 per barrel. Diesel is, for the first time in history, $6 a gallon. Ansar Allah is sprinting towards control of the Bab al-Mandeb, arguably already there. Just some logistics to sort out. Saudi Arabia's East-West Pipeline has been struck, not potentially anymore. We now have $100-a-barrel WTI. So all of this is just—it's an unmitigated disaster, Ben, but it also, I think, speaks to—I think many people underestimated, as things started to slow down with the war and the United States, you know, dug in its heels around Iran. But I think it speaks to also these larger global shifts that are happening. I know the BRICS summit is coming up this weekend. And you mentioned China. Yeah. China is not worried about the oil shock.

And for many of the reasons you said, and for the fact that it has already expanded its energy portfolio, how it uses energy, what energy it needs to pump its economy. Oil actually represents a small fraction of that total energy. And then Iranian—everyone's saying Iranian oil, Venezuelan oil—all those oil markets actually represent a small fraction. It doesn't say it doesn't do anything to China, but it's very small. So you also have this problem of, well, all of these policies are actually not going to have the desired effect on the countries that the U.S. is actually trying to weaken. Because maybe there would be a trade-off there: okay, we'll go through a recession, but at least China, Russia, Iran are all weaker. That seems to be the opposite case. But your reaction?

#Ben Norton

Yeah, great comments there. I just want to briefly respond to what you mentioned about Yemen. This is a big issue, and I forgot to mention it earlier. So obviously Saudi Arabia is a major oil producer. It's in the top three. The U.S. actually is the world's number one oil producer globally. This is the biggest shift in energy geopolitics in decades. And it actually started under the Obama administration, especially his second term, when you had a big, very rapid increase in U.S. oil production through what was called the shale revolution, through developing new technology to drill shale oil. And the U.S. has now become by far the number one producer and exporter of oil, although Trump constantly claims that we're energy independent. It's actually not true. The U.S. is not energy independent. It's a myth.

Yes, the U.S. is a net oil exporter, but the U.S. still imports around eight million barrels of oil per day. It does export slightly more, but obviously not all forms of petroleum are the same. The U.S. still imports a lot of heavy crude oil, especially from Canada and Mexico, and previously from Venezuela, although Trump is now trying to repeat that scheme with Venezuela to exploit Venezuela's oil. And it's because the U.S. largely produces light sweet crude, so it needs to import heavy sour crude. Canada has a lot as well. And with the U.S. trade war against Canada, this is a major piece of leverage that Canada has over the U.S. And U.S. refineries then process that heavy crude into other petroleum products, and then they export it. So the U.S. is still very exposed to this volatility in the oil market.

But anyway, getting back to Saudi Arabia. Saudi Arabia is the number three oil producer. And one of the reasons why the world was somewhat shielded from the impact of the U.S. war on Iran initially is because, when Iran closed the Strait of Hormuz, Saudi Arabia obviously was no longer able to export its oil and other products through the Strait of Hormuz in the Persian Gulf. So Saudi Arabia instead redirected a lot of its exports through the East-West Pipeline to the western coast and to a port city, Yanbu. And now Yemen has made it clear that they are blockading the major ports in

Yanbu. This is very important. And Yemen did not just decide to do this one day. You know, Ansar Allah, which is the official name of the so-called Houthi movement—Houthi is often used as a kind of derogatory term.

Ansar Allah announced that they were going to blockade Yanbu and hit Saudi oil infrastructure in response to Saudi Arabia attacking Yemen. And I say Yemen, by the way, for people who don't know, because Ansar Allah is the dominant political force governing Yemen, about 70 to 80% of the Yemeni population. They are the real Yemeni government. The Western-backed Yemeni government based in the South is basically a failed state. It's a puppet regime controlled by a mixture of the U.S., the UAE, and Saudi Arabia. You have competing factions. At one point—I mean, still, basically—Saudi Arabia and the UAE are backing different factions in the South of Yemen that are fighting each other for control. But they really only govern a small percentage of the population.

70 to 80 percent live in the north, in the major cities that are governed by a new political authority that was created in a revolution in 2014. It's called the 21st of September Revolution that was led by Ansar Allah with other political parties. You even have some Arab nationalist parties, even a few socialist parties, and you have some liberation theology Islamist parties that are influenced by the Iranian Revolution. So there's this Western propaganda narrative that portrays Ansar Allah, the so-called Houthis, as supposed Iranian proxies. That's ridiculous. They're not Iranian proxies. They are certainly Iranian allies, but they don't just do whatever Iran wants. They have their own domestic constituency.

They're rooted in Yemen's history of the Zaidi movement fighting against the influence of extremist Saudi Wahhabi ideology that was trying to be exported, that Riyadh was exporting to Yemen, which is, of course, its neighbor. So Ansar Allah has its own domestic legitimacy that goes back to the revolution of 2014. They've created this government. And let's not forget that in early 2015, Saudi Arabia launched a brutal war against Yemen with the full support of the U.S. at that time under the Obama administration. Saudi Arabia intentionally destroyed food production facilities in Yemen, causing mass hunger and killing hundreds of thousands of people, causing outbreaks of cholera and other horrible diseases. And eventually they were forced to sign a ceasefire.

And Saudi Arabia, backed by the United States, was unable to defeat Ansar Allah. However, recently there are reports that Trump had some calls with Mohammed Salman, this de facto Saudi leader, and Trump told Saudi Arabia, "You should restart the war, attack Yemen again." Let's not forget that last year, the U.S. had this other war with Iran, the 12-day war, as it's known, in June 2025. In addition to that, the U.S. waged a war against Yemen, and the U.S. actually lost that war. It was forced to a stalemate. And when you're the most powerful military in the world, at least the U.S. calls itself that, and you spend a trillion dollars a year on your military and you can't defeat Yemen, the poorest country in the region, that means that Yemen won. Even if it's a stalemate, Yemen won. So, you know, Ansar Allah is a very formidable force.

And again, it's not just Ansar Allah. What happened after that revolution in 2014 is you had many elements of the previous Yemeni government and the Yemeni military that defected and joined the Ansar Allah-led revolution and created this new government. So people say, where does Yemen get all these weapons and this military equipment? It's true that Iran has sent some, there's no doubt. But a lot of it came from the Yemeni military, which ironically had been supplied by the U.S. during the so-called war on terror when it was an ally. They overthrew this U.S.-allied government, and then a lot of people in the military joined them and brought their weapons with them. So Yemen has established this formidable military force. And they also understand the importance of asymmetrical tactics.

Because the U.S. thinks that all it needs to do to win a war is just have overwhelming force. But you can't win when you have these guerrilla forces, like in Vietnam, but at a whole new level now, because new technologies have made it much, much easier for these countries in the Global South with a military that is not as advanced as that of the West. They can still—the U.S. specifically—they can still fight back because they have things like drones. They have cheap missiles. Iran has demonstrated this, but also Yemen has demonstrated this. Yemen has been using drones, for instance, to attack Saudi oil facilities. So the reason that I went in this long aside about Yemen is, I agree with you, Danny Haiphong, it's very important. And Saudi Arabia was redirecting its oil exports from the Persian Gulf to the Red Sea, to the ports in Yanbu.

Now that infrastructure is being targeted by Yemen, again, in self-defense, after Trump once again expanded this conflict by giving Saudi Arabia the green light to restart the war against Yemen. And obviously, Yemen retaliated in self-defense. And Ansar Allah announced that they would be blockading the ports of Yanbu, the ports in Yanbu, and targeting the infrastructure of the Saudi East-West Pipeline. So, previously, one of the reasons that oil prices only, in scare quotes, rose to like 120-plus dollars is because Saudi Arabia was still able to export—not as much, but through the Red Sea. Well, you now mentioned the Bab al-Mandab.

For people who don't know, the Bab al-Mandab is another very important oil transit chokepoint. The most important in the world is obviously the Strait of Hormuz. And about 20% of the globally traded oil supply passed through the Strait of Hormuz on a daily basis before the U.S. started this war. However, the Bab al-Mandab is also extremely important. About 8% of the global oil supply passes through the Bab al-Mandab Strait, and this goes into the Red Sea. It's off the coast of Yemen and East Africa. It goes into the Red Sea, and then it goes up through the Suez Canal. So the Suez Canal is also responsible for about 9% of globally traded oil.

So thus far, the Suez has not been directly impacted, although there have been some strikes in Egypt. So if Egypt gets drawn in and the Suez faces issues, that will cause an even greater economic crisis, not only for oil but for trade in general, because a lot of trade goes through the Suez. But just considering oil, we're already seeing that about 28% of globally traded oil is being heavily impacted by the closure of the Strait of Hormuz and the Bab al-Mandab. Throw in the Suez, you have, you know, what, 30, probably like 37% of globally traded oil. And then consider other goods. I mean, you also need to consider that you have ships that go from the Mediterranean through the Suez into the Red Sea.

And then what if they want to go south further into the Arabian Sea? Maybe they want to go to, like, India or East Asia. They might not be able to if the Bab al-Mandab Strait is closed by Yemen. So, I mean, this is, like, a very important issue that is not being discussed enough. Yemen really understands that it has very significant leverage here, just like Iran had major leverage with the Strait of Hormuz. And if the Mediterranean starts getting impacted by the closure of the Suez Canal, I mean, that would be an economic catastrophe for the entire world. Obviously, I don't think it actually will go that far. I don't think the Suez is in danger of being closed.

But people might remember a few years ago, there was a ship that was stuck in the Suez. And this caused, like, this big scandal, and people were worried about economic problems. We would see, like... That would be 100 times worse if there really is a major escalation and the Red Sea is totally unusable for international trade. That would make the Suez pretty unusable. So, I mean, this is, like, a really dangerous scenario that isn't being discussed enough. Now, with all that said, I don't know if you want me to respond to your original question about China because, you know, that's a whole other issue that we could talk about. Should I go, or do you want to comment?

#Danny

Well, just one thing I wanted to add. So I just pulled up the map so people get an understanding of the choke points here. And now Yemen does control this entire coastline area leading right to the Bab al-Mandab Strait. And then, of course, you have the Strait of Hormuz, which—Ben, you did a great job describing what exactly that impact is. But I also want to throw in this: CNN reported just hours ago that now the United States has 100 military advisors in the Kingdom of Saudi Arabia right now to provide, what they say, intel and targeting support for its military campaign to fight back against Ansar Allah after this disastrous last 24 hours.

Now, the only thing I want to add to that, Ben, is what the hell are they going to do and say? I mean, the air defense Patriots, they used like 100 of those a couple of days ago. They don't have much air defense. They can send out some aircraft and drop some bombs over Yemen. But once territory is taken, Ben, it's really hard. If you don't have anybody on the ground, those bombs are going to fall, and then Yemen and Ansar Allah are still just going to have the territory. They're just going to get bombed. They'll have some air defense, but they'll just wait it out.

I don't understand what that's going to do, but that's where they are. There's 100 of them right now talking amongst themselves, I guess, about escalating the campaign against Ansar Allah. But it's been a disastrous 24 hours. I don't see what it's going to do. But anyway, back to you. Your thoughts on this. And then, yeah, please get into China, because we have BRICS Summit. We have Xi Jinping coming to the United States. There's a lot—all this fire that is now under the Trump administration's behind for all these crises. There's also these other big developments that are happening on the multipolar world front.

#Ben Norton

Yeah, well, some might say the chickens are finally coming home to roost, right? Well, in terms of Yemen, before we move to the issue of China, you know, people often have kind of a very short-term memory, and they forget that, again, last year, not that long ago, the U.S. once again was waging war against Yemen and was unable to defeat it. And I think that now magically they'll be able to do it again. It wasn't just last year. Go back to 2015, when Saudi Arabia, with billions of dollars of weapons and military support from the United States, was unable to defeat Yemen. Saudi Arabia is one of the world's largest military spenders.

Obviously, its military is not very advanced, but they have a lot of money that they recycle into buying weapons from the U.S. military-industrial complex. They could not defeat Yemen. There was a ceasefire in the war against Yemen that has obviously been broken. This has been going on for 11 years, and they have not been able to defeat Yemen. In fact, I would say that Ansar Allah is stronger now than it has ever been. There were moments where it looked like the Ansar Allah-led government could have fallen. The situation was very bad in Yemen: mass inflation, mass death, hunger, disease outbreaks, cholera. It was very bad. Compared to that, the situation is much better today. So again, the U.S. just assumes they can just bomb their way out of every problem.

This gets back to the whole issue: what is the U.S. strategy with Iran, anyway? Because we know that the U.S. cannot realistically win this war by simply carrying out airstrikes and bombing Iranian targets. Is the U.S. going to send ground troops? I personally don't think so. I know there are a lot of people saying that, but there's no way. I mean, Iran is like three times larger than Iraq. Iran is extremely mountainous. Where would they even—how would U.S. troops even invade? Where would they invade from? They can't invade from, you know, the Persian Gulf. The northern and western borders of Iran are surrounded by mountains. Like, are they going to try to invade from the east, from Pakistan?

Pakistan is not going to allow that. Afghanistan is not going to allow that. I mean, it's like, people keep debating about whether or not there will be a U.S. ground invasion. They don't even have the ability, even if they wanted to, which obviously I don't think they want to, because that would be devastating in terms of casualties. It would make the current casualties look like child's play. I mean, Iranians can and will fight to defend themselves. Let's not forget that in 1980, Iraq invaded Iran, and the U.S. government famously gave Saddam Hussein the green light back when the U.S. was allied with Saddam Hussein before it later turned against him.

And he invaded Iran right after the Iranian Revolution, again, arrogantly assuming that the Iranian government was very unpopular and they could overthrow the government. And obviously they not only failed to do that, but the war, the Iran-Iraq War, continued for eight years. Hundreds of thousands of people in both countries died, probably more than a million people in Iran and Iraq died in this horrific war that dragged on and on and on and on. There is no way that the U.S. would ever tolerate those kinds of casualties. This is why the U.S. empire prefers people in other countries dying, and allied countries and proxy countries dying, like Ukraine, not its own soldiers.

The U.S. military is already facing a massive shortage. They're desperately trying to recruit more people for the U.S. military. They're constantly lowering their standards. Not only, you know, Matt Kennard, a great British journalist, has exposed how the U.S., going back to the Bush administration, Bush Jr., not just under Trump, the U.S. has been allowing Nazis and far-right extremists and gang members to join the military because they're so desperate to recruit new cannon fodder. But at this point, like, the standards are so low, they're allowing, like, drug addicts and people with, like, just all kinds of problems to join the military because they're so desperate.

There's no way they're going to launch a ground invasion of Iran. They lost, and they refuse to accept that they lost. This is why it's dragging on and on. And they think that they can find some kind of Achilles' heel, and there will be some deus ex machina moment where the Iranian regime just collapses. No, it's not going to happen. So now they think they're going to do it to Yemen. Again, it's just like this apocryphal quote that's attributed to Einstein. Einstein didn't really say it, but it's a good quote: the definition of insanity is doing the same thing again and again and again and expecting different results.

That's exactly what the U.S. is doing. One other quick point on this: when we were talking about the horrible shape of these U.S. naval vessels, the U.S. military spends a trillion dollars every year, which is more than the next eight or nine largest military spenders in the world combined. Where is that money going? We see the horrible conditions in these ships. Well, obviously, this is an important point to make: that money goes to the military-industrial complex, the famous Beltway bandits. It goes to Raytheon, Lockheed Martin, General Dynamics. These are the companies that are benefiting from all this money.

So now Trump says he wants to increase it to $1.5 trillion a year for the military. But what this shows is that just because you spend all this money doesn't mean you can actually win a war, especially when you have so many bloated contracts from the military-industrial complex. When you have all this corruption, you know, these contractors charging like $30,000 for, like, a screw or whatever, or like $8,000 for, like, a garbage can. I mean, it's just like, it's legal corruption. The U.S. government, these politicians that are funded by large corporations, the military-industrial complex, are then giving these massive contracts to the people who funded their campaign.

And what we see in the U.S. right now is, in every aspect of society, this kind of institutional rot and decay, extreme systemic corruption at every level. Trump has just made it as blatant as day. He's taken the mask off of the ugly face of this problem that's existed for a long time. It's not new, of course, but it's just become so, so bad. So, I mean, this war that we see against Iran, against Yemen, is, I think, really just exposing that the U.S. empire really is a paper tiger. I mean, not to get all Maoist on everyone, but, like Mao famously said, U.S. imperialism is a paper tiger. Well, we're kind of seeing that.

And I actually saw there's this interesting Substack project where they translate interviews that are done only in Persian, in Farsi, by Iranian officials on Iranian media. They translate it into English. And there was an Iranian military official who did an interview with an Iranian media outlet, and he said that. He said, "This war is showing that the U.S. is a paper tiger." I was very impressed by that. So on that note, Danny Haiphong, you know, talking about paper tigers, maybe this would be a good time to finally transition to your question about China. But, you know, obviously there was so much to respond to there. This is an important issue.

#Danny

No, I mean, I think I just wanted to—where is it now? I had an image I wanted to pull up. Here it is, here it is. I have so many tabs open. Let me share this one, just to prove your point of where is this money going? Well, we know China is absolutely kicking the United States' behind in shipbuilding, in terms of naval ships and just in general. China has absolutely become the world leader in this, modernizing these ships. And this is the USS Lincoln when it came to port in Thailand. I mean, it looks absolutely— even just from the outside. Forget the inside, which was a nightmare, so much so that sailors were trying to kill themselves. But this is the outside.

This is what it looks like after 270 days sitting in the Arabian Sea at maximum humidity, maximum heat, just sitting there, you know, maybe moving along the blockade line. But just ultimately, that's what it was doing, and rusting over due to its decrepit infrastructure. So I think that's a great picture to just show exactly what the state of the United States Navy, military, et cetera, really is, in contrast to all the bravado. But yeah, let's get into, for the last 10 minutes, China, BRICS. A lot's about to happen this weekend, but we also know that Xi Jinping is coming. We also know that the United States' effort to contain China is probably at its weakest point. At least that's what it feels like since the pivot to Asia was announced, what was that, 15 years ago? It feels like a very low point. But what's your thoughts on this?

#Ben Norton

Yeah, I mean, obviously what the U.S. is doing, especially under Trump, is forcing countries of the Global South and even many longtime U.S. allies, like Canada and European countries, to seek alternatives. It's forcing them to do so, which is hilarious. It's accelerating the process of the multipolarization of the world. Now, obviously, there are many contradictions in this process. And this year, the BRICS summit is being hosted by India. And I think this is one of the reasons why there's not, like, a lot of public interest in and coverage of the BRICS summit, which will be held on the 12th and 13th of September. I don't think it'll be a total nothingburger, of course.

But India is playing a very complicated geopolitical balancing act here, where India obviously doesn't want to anger the U.S. But Trump, you know, has threatened India with very high tariffs, and he's just in general been very disrespectful to India. So even though the current ruling party of India, the BJP, is traditionally much more pro-Western and very anti-China and more critical of BRICS, despite that, it's being forced to participate in these kinds of international fora. By the way, I should mention that when India joined BRICS in 2009, it was before the BJP government of Prime Minister Modi. A lot of people assume that it was Modi. It's not true. It was back in 2009, when the Indian National Congress was still the ruling party.

And the Congress in India, there are many legitimate criticisms of Congress, but it has its origins in the anti-colonial struggle, fighting against British colonialism. You know, Nehru, Jawaharlal Nehru, the founding father of India, who was, you know, a left-wing nationalist. He was the leader of the Indian National Congress, and he did have, you know, strong anti-colonial sentiment and saw India as an important part of a Global South project. At that time, they called it the Third World Movement. And India had been an important, you know, ally of many Global South countries. And at that time, India was actually quite close to the Soviet Union. India has always played this kind of non-aligned role.

It was one of the co-founders of the Non-Aligned Movement in 1961. And Nehru was one of the co-founders of the Non-Aligned Movement, along with Nasser, the Arab nationalist leader in Egypt, and Sukarno in Indonesia, et cetera. And Nehru, you know, he did balance with the U.S., but leaned toward the Soviet Union. The BJP, the right-wing ruling party, it had existed, you know, going back many years, but the BJP has its origins in this Hindu nationalist group, the RSS, which did not oppose colonialism. They collaborated with the British colonialists, and they were always more pro-Western, and they were always very skeptical of Global South solidarity, the Third World Movement, the Non-Aligned Movement.

So when BJP came to power in 2014, India moved much more pro-Western. Ironically, in Trump's first term, India was very pro-U.S. and very critical of this Global South project. And that's why a lot of people assumed at that time that BRICS would kind of not amount to anything. It was announced in 2009 in the wake of the financial crisis, with the recognition that the Global South needed to come together and create new opportunities for a new financial infrastructure, given that the U.S.-dominated international financial system had imploded. But with the rise of Modi, and then you also had Bolsonaro in Brazil, it was assumed that BRICS would kind of die out.

But what happened is a variety of things. You know, Russia and China became very close. And then you also have Trump now, in his second term, really going hard against India, which is forcing India to adopt more of a non-aligned foreign policy, which traditionally it had done. And India is balancing and improving its relations with China and Russia. We saw that especially last year at the summit that was held in the Chinese city of Tianjin, the summit of the Shanghai Cooperation Organization. That was a very important summit symbolically because it was the first time that Modi had met with

Putin and Xi after Trump announced these 50 percent tariffs on India and started attacking India and said India is ripping us off and all of this. So that was Modi's kind of message to the U.S., saying we can balance here. We have options.

Don't be arrogant and assume that we're totally dependent on you. So that's what I expect for this meeting of the BRICS Summit. Now, this follows. There was a recent meeting in Bishkek of the Shanghai Cooperation Organization in Kyrgyzstan. And this was—the SCO summit didn't get a lot of coverage because it was not as high-profile as the last SCO summit in Tianjin in China. And I think the reason for that is, again, India is really trying to maintain a low profile here and not anger the U. S. It's trying to balance. But what was interesting about the outcome of the SCO summit in Kyrgyzstan is that they released a joint statement at the end, as always, and they denounced the U. S. war against Iran as illegal, which it objectively is. But India agreed to sign on to this statement denouncing the war against Iran, which, to my knowledge, I could be wrong.

But I think that was the first time that India has officially criticized the war against Iran. Because at first, when Trump started this war, India was silent. It was eerily silent about the war because, of course, India under BJP, under Modi, has become closely allied with Israel, which is unique because previously the Congress Party had supported Palestine because at least nominally, superficially, the Congress Party did still support Global South struggles. And if you support the Global South, you cannot in any way support Israel. That's absurd. So India had been very wishy-washy on the Iran war, but India did sign on to this joint statement condemning the war against Iran and condemning the sanctions on Iran. And I think this is because clearly India is concerned about the U.S. hitting it as well.

So the moral of the story here is that under Obama and under Trump's first term, and under Biden, the U.S. was really trying to bring in India, to recruit India, to divide the Global South, to divide these organizations like BRICS and the SCO. And Trump, ironically, has really thwarted that strategy and forced India into a more non-aligned position, which means that BRICS and the SCO are now more active than ever. And there are all these reports in the Western media constantly talking about how BRICS is a talking shop, nothing is happening. There is a lot happening quietly behind the scenes because, again, a lot of these countries don't want to anger the U.S. They don't want to risk sanctions and tariffs. But, you know, most of what's happening is economic in nature. It's important to understand that BRICS is primarily an economic organization.

When it was created, again, in 2009, it was largely in response to the financial crisis and the recognition that, at that time, BRIC—Brazil, Russia, India, and China—were the most important emerging market economies, as they were known, developing economies. Russia was coming out of the crisis of the 1990s. China, you know, is the fastest-growing economy. It's become the biggest economy on Earth when GDP is measured at purchasing power parity. India is now a very fast-growing economy. It's the most populous country. And Brazil is, of course, you know, the biggest economy in Latin America. Then the next year they added South Africa, which is, of course, a major African country.

So their focus was on trying to develop a kind of new framework for economic cooperation as the most important emerging markets in Eurasia, Southeast Asia, Africa, and Latin America. And since then, BRICS' kind of mission has become clearer with the abuse of U.S. sanctions, with, you know, especially the sanctions on Russia in 2022, the proxy war in Ukraine, the extreme sanctions against Iran, the U.S. sanctions against China as well that have expanded. It's become clear that BRICS' goal is to develop this alternative financial architecture and trade relations so these countries can trade and invest in each other without the need to touch the U.S.-controlled financial system and, in general, the global dollar system. So China has developed its alternative framework.

Russia also has its alternative to the SWIFT system. And what's happening is that more and more countries are getting involved in trying to develop these new frameworks to trade with each other so they don't need to worry about U.S. sanctions. Southeast Asia is doing this now. They developed a system within ASEAN so countries can trade with each other in local currencies. Indonesia has become a full member of BRICS. And Indonesia's president, Prabowo, he confirmed that he will be attending the BRICS summit in India. So, I mean, BRICS has expanded. There are now 10 full members. There are 10 partner countries. So, you know, I don't expect this summit to be, like, a super historic summit, like two summits ago, like the summit that was held in 2024 in Russia. That was a very historic summit in Kazan.

You know, I think it'll be like last year, the summit that was held in Brazil. Again, it was not a nothingburger. It was important, but it was not like this, you know, thing that we saw all covered in the media and stuff. I think it'll be a quieter summit, like the SCO summit that was held this year, because a lot of countries, not just India, but countries like Indonesia, which are now in BRICS, and, you know, countries that are BRICS-curious, like Vietnam, which has become a partner, they're really worried about balancing the U.S. and China. They don't want to anger the U.S. They don't want to poke the bear, if you will. So that doesn't mean that nothing will happen. But I don't think we'll hear a lot about what will happen because a lot of this stuff is happening quietly behind the scenes.

#Danny

Great points, Ben. I think we'll all have to watch out for the BRICS summit. But I think, most importantly, it feels like these hugely dynamic developments in West Asia, both economically and militarily, are going to have ripple effects already. I mean, they already have ripple effects across the world economy. But I also think it's going to have, and it is already having, massive ripple effects in terms of how the world order, just in general, is shaped, how it looks, and what the balance of power and forces are between the U.S.-led unipolar world and the rising multipolar world.

It does feel like we are in a moment where, at one point, I think people thought it was shifting. The unipolar world was consolidating and becoming maybe more entrenched and more difficult to... in terms of its grip. But now it definitely feels like it's moving in the other direction quite dramatically, actually. And there's nothing like two years of the Trump administration to show exactly what that looks like. It's kind of painful. It's kind of chaotic. But it is also, I think, just the reality slapping us in the face, maybe. Ben, any final comments before we close out here?

#Ben Norton

No, I think it was a great discussion, great questions. And I agree with you that I think it's a perfect note to end on. I think we are seeing a very important kind of moment of crisis, a watershed moment here where, to be cliché, everyone always quotes Gramsci, that the old order is dying, but the problem is we're in this interregnum where the new order has not yet been totally born. We're seeing kind of the beginning of it, but it's going to be a difficult period of transition. And I think that's why so many countries are just trying to, as Deng Xiaoping said, maintain a low profile, bide your time, and just focus on developing and not angering the U.S. empire. But they understand very clearly that the U.S. is just destroying everything we see all around the world. It's just causing chaos so much everywhere you look. And a lot of countries are just really trying to focus on creating alternatives.

And what's unique about this moment is it's not just the Global South that's been doing this for many years. Increasingly, it's many traditional U.S. allies like Canada and Europe. So that, I think, will be very interesting to see, is where they go. I'm very pessimistic about the West in general, including Europe. But, you know, there may at some point—there's this political paralysis with these pro-Western Atlanticist leaders in Europe who are all oligarchs, and they were bankers, and they work for BlackRock, like Merz in Germany. But there may be a point where you do have some kind of political breakthrough, where you have some leaders who finally come to power who recognize that they need to forge a new, a different path in this more multipolar world that would be better for them. I'm not holding my breath, but the opportunity is certainly there.

#Danny

Well said. I think that's a great note to end on. Everybody, make sure that if you are not yet subscribed to Geopolitical Economy Report, you do so. The link is in the video description below. I'll be back at 12 noon Eastern Time, September 11th, on the 9/11 anniversary, 12 p.m. Eastern Time with Professor Jeffrey Sachs. So join me then at 12 noon Eastern Time, September 11th. All the places to support this channel are in the video description below: Patreon, Substack, and much more. Again, be sure to subscribe to Geopolitical Economy Report and hit the like button before you go. That helps boost the show. All right, we are done here. But until next time, see you then. Bye.