Trump's Summit NIGHTMARE: China & Iran Call His Bluff | Ben Norton & KJ Noh

Ben Norton and KJ Noh discuss Trump waking up to a nightmare bond market collapse, diesel inflation, and the Iran war explode into a general crisis as his summit with Xi Jinping comes to a close. Follow Ben: https://www.youtube.com/@UCwlvSJdcMc7iGdR-aducSog 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/spiritofho #iranwar #trump #china

#Danny

Welcome back to the show, everyone. Danny Haiphong here with KJ. Now, Ben Norton is going to join us in just a moment. Well, KJ, let's get to some of these developments, especially around the Trump-Xi summit, which, if we look at the context around Trump in the United States right now, the summit itself, well, portrayed as a big victory for Donald Trump and a showing of his strength, I think could be anything but. So let me put up some highlights here and then get your comments. Here is, at the very beginning, met at the tarmac, Xi Jinping was by Donald Trump. They did the flyover, and this went viral.

#Danny

So that went by his face. He seemed to have a lot of trouble, Donald Trump did, with the B-1 bomber flyover. So I wanted to get into this. Donald Trump made remarks with Xi Jinping at the White House today, and this in particular, after he said China and the U.S. share a long-cherished relationship built through centuries of cultural exchange, trade, and learning, he said this.

#Donald Trump

Our two countries do not always agree on everything, and we're very proud of it.

#Danny

So he says that Donald Trump says that China and the U.S. do the same things. Well, China, during this summit, rejected the U.S.'s orders to shut down Iranian airlines worldwide, essentially calling

Trump's sanctions bluff, even as Trump was showering praise on Xi Jinping. And then, on the Iranian side, as Trump was said to be trying to pressure China to rein in Iran, Iran was launching missiles in the Strait of Hormuz as the economic crisis—and I'm definitely going to get yours and Ben's take on this, because now the 30-year Treasury has officially reached its highest since 2004, 5.44%, up from 4.63% on the day of the Iran war. Couple that with the diesel crisis, KJ, and we have

#Danny

A massive economic crisis on our hands. So your reactions to the summit, KJ, and what the U.S. is trying to accomplish here. How do you see Trump and Xi, the U.S. and China? How did they fare? What did you learn from it?

#KJ Noh

Well, I don't think there was very much to learn from it other than the fact that China is clearly trying to manage things and keep things stable. The U.S. essentially did something that was largely ceremonial. There was no real substance to anything that was engaged in. All of this happens inside an atmosphere of implacable activity and continued hostility towards China. And so it's just a minor respite in this constant Jekyll and Hyde behavior that the United States has vis-à-vis China, and its ultimate agenda is to essentially engage or escalate to war against China.

What is interesting in this situation is, previously, China had notified the United States—for example, in the Bali summit and the San Francisco summit—they had put forth five demands: no hot war, no cold war, no economic war, no regime change or undermining of China's system, no interference on Taiwan Province. Those demands—there's still a strong demand not to interfere on Taiwan Province. The other things are phrased largely in positive terms. And so President Xi was talking, you know, highlighting, accentuating the positive. Our interests are deeply intertwined. Competition should be healthy and should be kept within bounds. Avoid the Thucydides Trap.

And it should be a race of catching up with one another, not a wrestling match in which either side wins or loses. So all of these things were largely anodyne, positive, geared towards uplifting the positive or aspiring towards the positive. But we know underneath that is this implacable environment of hostility and aggression towards China, which has to do with essentially the United States understanding that its role and its position as the unipolar hegemon is seriously undermined to a great extent by its own unforced blunders and the fact that monopoly capitalism carries within itself the seeds of its own destruction, the ugly fruits of which we are now seeing in Technicolor.

#Danny

Great points, KJ. And I'm wondering what you think about this. Do you believe—and you saw the red carpet, you saw the comments that Trump made towards Xi—do you think, what do you make of, you said, unforced errors, the blunders of the empire? How much of that has to do with this happening at all, the way it has come about? It seems that the Trump administration, Donald Trump himself, is putting on such a show, and put on such a show for all of us with regards to the relationship with China and Xi Jinping, that there seems to be a lot more to it than just this, than just what he said there, where he said, "The two of us are the same. We have a cherished history together." That's not really the truth. But nevertheless, KJ, what do you make of the crises that surround this, and how much of it influenced how this all turned out and why this happened in the first place the way it did?

#KJ Noh

Well, I think the crisis is very, very deep. I mean, these are tectonic changes, not simply on a geostrategic, geopolitical level, but on a structural, economic, geoeconomic level. These are fundamental shifts in the political economy of the world. And there is great desperation in the United States. All you have to do is look around you. You can see that the United States is a failing and failed state overall. All around us, the immiseration, the poverty, the desperation is increasing in leaps and bounds.

And I think there's, you know, of course, you know, among the ruling class, you know, there's a kind of a blinkered and willful tendency, misdirection and closing of the eyes towards all of this. But we know that the United States is in deep economic trouble. The simple fact is that, you know, as President Trump has said, there have been centuries of exchange with China, but this was not a beneficial exchange. These were actually centuries of exploitation, of drug trafficking, of massive colonization and extraction from China. And then from 1949, when China stood up, the U.S. had a 30-year period of essentially both kinetic, hot, and dirty war.

A lot of this was enacted out from the island of Taiwan. The island of Taiwan, the province of Taiwan, was used as a kind of staging ground for kinetic attacks against China, both from Myanmar and all across the border, and there were multiple attempts at dirty wars and subversion. And this continued approximately until 1979. It started to taper down in 1972 with the first overtures from the Nixon administration, but it essentially continued until 1979. Myanmar was still attacking China, funded by the KMT and Taiwan Island, and drug trafficking. And this was a continued process, as well as, not to mention Tibet and later Xinjiang. Then from 1979 to 2008, 2009, there was a process.

#KJ Noh

A period which was one of relative détente. I would really refer to it as hedging, where the U.S. sought to absorb China into the global capitalist plantation with the idea that China would be a subaltern country. You know, it would be a tenant farmer on the U.S. global plantation, where the U. S. would be at the apex. And this also had collapseist ideas or collapseist notions that China had no choice. It would either have to accommodate and become part of the capitalist order, or it would collapse, or the U.S. would get to absorb it. And during that period, we saw the WTO accession and the kind of panda hugging for profit that was rife among the capitalist class. And then up to about 2007, 2009, this was the generic viewpoint.

But then, when the global capitalist financial system imploded on itself, that's when the United States decided China is not going to collapse of its own accord. It needs a rapid shove down the stairs. That's when the knives came out, and that's when the U.S. literally drafted a plan of war called Air-Sea Battle. Air-Sea Battle derives from Air-Land Battle, otherwise known as Shock and Awe, which is derived from Israeli war doctrine, which is essentially a doctrine of decapitation and rapid deep battle operations to essentially destroy command and control. The U.S. drafted this in 2009, and a few years later, it came out with a political declaration called the Pivot to Asia, which was the kind of political cover for its interference and this massive militarization all along the first island chain.

And then it also came up with what is called the TPP, the Trans-Pacific Partnership, which was the economic arm of this movement, escalation to war with China. And so we can see that U.S.-China relations are in three phases: war, hedging, and now we're back at war. And we have to understand whatever's going on right now really has to do with the fact that the U.S. has hostile intentions towards China. If you ask them point-blank, they will essentially say that we cannot coexist with China. It's either us or them. And there has been a little bit of, you know, minor cooling down because the U.S. is in a difficult spot because it has run out of munitions. Its magazine is empty. It doesn't have the defense industrial base because all of that was depleted in the wars in West Asia and also in Ukraine, the proxy war in Ukraine.

But make no doubt about it. The hostile intention is still very clear. It's still very obvious. It's being constantly signaled by the legislature. And if you look at the information war, if you look at the staging, if you look at the preparation of the theater, if you look at the war exercises, the department-level exercises never done in 30 years. If you look at all of this escalation, especially in East Asia and the Pacific, it's very clear that the agenda has not changed. There's just a little bit of minor recalibration, a resequencing, a strategic resequencing. And of course, there's this attempt to recalibrate and regroup while they put forth a kind of demeanor of strategic stability to palliate China, while they also try and figure out what to do about rare earth elements and other supply chain issues.

#Danny

Yeah, well, we have Ben Norton here. Those are great points, KJ. Ben, I began the program on the Xi-Trump summit. I brought up Trump's very, how should I say, performative approach in terms of treating Xi Jinping with the red carpet treatment and all of this. But I also mentioned that there's many crises right now. There's a bond market crisis. There's a diesel crisis. There's a mortgage rate crisis, all of them related to the Iran war and all of them related to what KJ was talking about, the shifting world order and the U.S.'s focus on war. But your thoughts on the Trump-Xi summit? What happened, in your opinion, and how does it relate to these crises?

#Ben Norton

Well, use the word "performative." That's the best description. Now, all three of us have been arguing for years now that we're in a new Cold War, Cold War Two. It's, of course, different from Cold War One, but it's clear that the U.S. and China are in this conflict not because Beijing wanted it, but because Washington wanted it. This meeting does not change that. President Trump's visit to Beijing in May does not change that. And I've often mentioned to people who often have historical amnesia that in 1959, the Soviet premier Khrushchev visited the U.S. He met with then-Vice President Richard Nixon, an inveterate anti-communist, and they participated in what was known as the Kitchen Debate.

Now, this was at the height of the Cold War, the first Cold War. No one in their right mind would say that the Cold War ended in 1959 because Khrushchev and Nixon had a meeting in the United States. That would be absurd. So we need to study history and see that just because you have leaders meeting with each other doesn't mean that suddenly they're allies. And by the way, there's this infantile tendency that is amplified by social media, where people post, like, a photo with President Xi and, like, Bolsonaro, the far-right leader of Brazil, former leader of Brazil, or, like, Xi and Trump. And they're like, "Look, like, they're supporting this politics."

Like, international leaders have to meet leaders of other major countries. This is called diplomacy. It doesn't mean that they're suddenly friends and allies. So what is happening? Why is this meeting happening? A few reasons. First of all, it's important to note that China does not want this conflict, also because China is in a stronger position, but also because China simply does not have a foreign policy predicated on super-exploitation of the Global South, upon waging war around the world, upon extracting concessions from other countries through the use of force, which is what the U.S. does, right? China doesn't have that kind of foreign policy.

China's foreign policy is not driven by the interests of these massive monopolistic corporations like U. S. foreign policy is. So it's not China. I mean, of course, China has always been willing to engage in this kind of diplomacy. That's not surprising. Of course, it is new on the U.S. side. So why? What is happening exactly? Well, just a few hours ago, Trump and President Xi sat down for a dinner in Washington. And I want to read the guest list to you. This is not the full list, of course, but these are the highlights of the people who attended, the major corporate executives who attended this dinner, who were invited by the White House.

Jeff Bezos, founder of Amazon, Tesla CEO Elon Musk, NVIDIA CEO Jensen Huang, Meta CEO Mark Zuckerberg, AMD CEO Lisa Su, Apple Chair Tim Cook, Google and Alphabet CEO Sundar Pichai, OpenAI CEO Sam Altman, Blackstone CEO Stephen Schwarzman, BlackRock CEO Larry Fink, and

Citigroup CEO Jane Fraser, among others. This is a who's who of the U.S. corporate elite. These are the people whose interests are being represented by the Trump administration and the U.S. government more generally. I mean, the Democrats do it in a less direct way, but Trump just has taken the mask off and doesn't even hide, doesn't pretend otherwise.

He has filled his administration with billionaires. He is a billionaire. Elon Musk was briefly in his government. Elon Musk is, of course, the richest man in the world. All of these corporations have been hurt by the U.S. trade war against China. China is the world's largest economy when you measure its GDP at purchasing power parity. China has 1.4 billion people. It has 800 or 900 million people in the middle class. It's the largest consumer market in the world by far. All of these U.S. corporations are desperate to get access to the Chinese market. And the trade war that started under Trump's first term and was continued under Biden's term and then was massively escalated last year in the first year of Trump's second term.

That trade war did significant damage to these U.S. corporations. China has also taken some initiative to develop its own domestic industries and has restricted some of these companies. This is why Mark Zuckerberg has been desperate to get access to the Chinese market. Meta has been restricted in China. Google has been restricted in China. Tesla makes 54% of its cars in the so-called Gigafactory in Shanghai. Tesla would go bankrupt if it could not make its cars in China. Literally, a majority are made in China. Michael Dell, the CEO of Dell, was also attending this dinner. Dell desperately needs to sell to the Chinese market. Microsoft is desperate not to lose access to the Chinese market. Still, in China, most people use Windows, although that's changing, of course.

Huawei has developed its own operating system, HarmonyOS. So China is moving in a different direction. There are these major Chinese technology companies that are competitors to these massive U.S. big tech corporations. They're all scared. I haven't even mentioned all of the supply chain issues that KJ was just discussing. The fact that all these U.S. corporations are entirely dependent on rare earth elements and critical minerals that China absolutely dominates in the global supply chain. These U.S. companies would all go bankrupt if they could not get access to these Chinese critical minerals. And when Trump threatened tariffs of 145 percent briefly last year, China retaliated with tariffs at the same level.

Actual reciprocal tariffs, and the Chinese government announced these export restrictions on rare earths and critical minerals, which terrified these U.S. corporations, especially the military-industrial complex, because the U.S. military quite literally cannot operate without these Chinese restrictions. So if China cut off the U.S. military and Raytheon, Lockheed Martin, all these corporations, it could not wage all of the wars that it wages all around the world. The reality is that Washington, of course, is still waging a Cold War. There's no question. But you had these kind of maximalist voices in the first Trump administration, represented by people like Mike Pompeo and John Bolton. In the Biden administration, you had some, you know, China hawks.

They weren't as extreme, but certainly Blinken was a China hawk, certainly Victoria Nuland. You had these people pushing more and more for decoupling. They now recognize that is absolutely impossible. Last year was the last hurrah in an attempt to, like, push for a radical economic decoupling. And we saw how disastrous it was. It totally backfired on the U.S. economy and did much more damage to the U.S. than it did to China, and was a wake-up call for these imperial strategists in Washington and, you know, for all of these shareholders involved on Wall Street. They recognize that the U.S. and China are very deeply economically integrated. And over time, over a period of decades, certainly they're going to try to decouple.

And there will be this kind of simmering conflict, as we saw in the original Cold War. But we're at a moment of a kind of détente, a temporary détente. I don't think things are going to continue getting better. I think we're in a temporary ceasefire, and then in the upcoming years, they'll get worse. U. S. imperial strategists had to put a pause on this containment strategy because it was doing more damage to them than it was doing to China, which demonstrates, by the way, how China is in a very strong position. And I'm much more optimistic for China's prospects economically, technologically, certainly politically. But that explains why, you know, Trump has suddenly quite literally changed his tone, going from being extremely hawkish on China to now being very conciliatory.

Although Trump loves to, you know, butter up President Xi when he meets with him, and he says all these great things. But then, you know, listen to Trump's rhetoric when he talks about China. A few days ago, Trump posted on Truth Social this crazy tweet or post or whatever, where he blames China for supporting anti-data center protests in the U.S. And he says that it's all in on AI. We either win AI or we lose the world. And it's a race with China, is what he said. So he said that a few days ago. Now he's meeting with Xi in Washington. So, yeah, I mean, people should not confuse diplomacy. Foreign leaders meet with foreign leaders. Prime Minister Modi of India just had a very friendly meeting with President Xi at the BRICS summit in New Delhi.

It doesn't mean that India and China are suddenly great buddies and best friends. This is diplomacy. And we need more maturity in the discussion of international politics, because I'm just so tired of people saying, oh, on both sides, you know, people who are anti-China and pro-China. There are a lot of anti-China people saying, "Oh no, Trump is abandoning the anti-China agenda and embracing China." That's absurd. No, he's not. And there are a few pro-China people who are like, "Great, Trump is actually such a pragmatic leader," while he's waging war on Iran and waging war on Cuba and Venezuela. No, this is diplomacy. This is not new. Nixon and Khrushchev met in 1959. That was still the early days of the original Cold War.

#Danny

Yeah, when Eisenhower and Khrushchev met, Eisenhower also greeted Khrushchev at the tarmac. And I think that was the last time that this happened. So it's interesting how we come full circle, because at the same time that that was happening, the United States was still working to try to contain Khrushchev and destroy the Soviet Union, despite the peaceful coexistence and all that, blah, blah, blah, during that period. But I feel like it's a very similar kind of thing, KJ, where we're looking at the United States, as Ben said, is really facing a lot of problems that China is not facing. And I just want to pull this up here. And Ben, I can definitely get your opinion after KJ's remarks. But Mohammad Ghalibaf of Iran—he's the best. Master troll. King-level troll, trolling. And he has like five positions. He's the speaker of the parliament.

He's the envoy to China. He's been the lead of the negotiations. But he says, "Happy 5.1% over 10 years," talking about the Treasury yields soaring in the United States. "On the bond market, celebrate. It's the floor. Two years out, you want Iran driven back to the 1970s? Nobody told you Iran isn't for arrogant amateurs. We'll return you to 1970s rates, plus high gas prices, diesel shortages, and bell bottoms. Enjoy the nostalgia." But okay, KJ, maybe you could elaborate also on your assessment of the sequencing here? Because, as Ben said, it's like the United States doesn't seem to have the capacity to move further and harder on China right now. It's not really rolling back anything, but it can't move further, especially with regard to the conditions that brought us that trolling by Ghalibaf, the Iran war. Your thoughts on that?

#KJ Noh

Well, yeah, I mean, he's absolutely right. What is it? T-bills are, what, 5.44, 5.46 over the 30-year. They're 5.15 for the 10-year. They're 4.6 to 4.7 for two years, et cetera. This is a catastrophe. If you add that to the $40 trillion worth of debt, the deficit, if you do a real accounting of it, not a cash accounting but an accrual accounting, you realize it's probably closer to $140 trillion. And that is a debt that can never be paid off. And the fact that bond yields are soaring is essentially a statement from the rest of the world that we do not trust this government. We do not have faith in the future of the United States. I don't think it gets any clearer than that. The United States government is a high-risk investment.

And so the U.S. has to offer higher yields in order to get any kind of liquidity going. But I think the larger question that you point out is the sequencing, the critical path. What is happening? Well, I think that, as Ben pointed out, the supply chains are critical issues. He mentioned the rare earth elements. Let's not forget that last year, when China cut off the supply of rare earth elements, the United States—U.S. industry—had a near-death experience. I mean, car factories were within moments of being completely shuttered. And it's only when China cut back those restrictions—and those restrictions still remain on military uses and dual-use uses—but they have been softened for general industrial use.

Remember that modern industrial society is built on rare earth elements. Anything that is electronic requires rare earth elements, either as a dopant in the electronic circuitry, which modulates the flow of current, or it requires it in the chain of transduction, where the electrical current is transformed into a use value that's useful for humans, such as, for example, headphones or motors or magnets or anything that involves the electromagnetic force. And let me heighten the term magnetic: it's electromagnetic force. Anything that uses the electromagnetic force in modern society requires the use of rare earth elements, in particular, rare earth magnets.

The U.S. uses, what, 900 pounds in a jet fighter, 9,000 pounds in other weapons platforms. It has an endless demand, which is currently being slowly shuttered off by China. And because of that, it has to come to accommodation. It has to make nice with China. When Trump says, you know, they are our friends, you know, he's a wonderful person, it's a great friendship, he's trying to butter up so that he can get some kind of benefit. But this is really, as Ben has pointed out, this is Jekyll and Hyde behavior. This is good cop, bad cop. And it always reverts at the end of the day back to the bad cop because of this implacable hostility towards China.

Biden had 18 China hawks that were out of CNAS. They were ready to, you know, take—you know, they were ready to start a war on a dime. And they really did not understand the challenge of supply chains, that China is the beating industrial heart of the global economic system. And if you're a conjoined twin and you separate yourself, that beating heart goes to the other twin. And that is the thing that they've slowly and slightly begun to realize. Will it lead to further de-escalation? I don't think so. They're still stuck in the ideology of domination, of unipolar hegemony. And they still see China's enemy to eventually take down by hook or by crook.

#Danny

Yeah, great points. Ben, the only concrete—and it was just really like a whisper, it wasn't anything concrete at all—but the only specific real policy change flirtation, we might call it, by Trump was around electric vehicle production, possibly getting that, supposedly, right, despite the tariffs, despite all of that, into the United States from China. But no real deal on that was made, of course. But Ben, to you on it: could you help the audience understand what some of these, especially these economic markers of crisis, really represent in the fallout of the Iran war, especially this Treasury yield, bond yield explosion that just happened today or over the last 24 hours? Your thoughts?

#Ben Norton

Yeah, well, I'll get to the bond market problems in a moment. I just want to briefly address this issue of electric vehicles in the U.S. So, going back to Trump's first term, the U.S. started this trade war against China. And I mentioned this was continued by Biden. It was bipartisan. One difference between the first Trump term and Biden is that the Biden administration continued the trade war, but specifically targeted the high-tech sector. So Trump loves kind of blanket tariffs, just hit, you know, entire countries with tariffs, all of their exports to the U.S. The Biden administration was a little more granular, and specifically, the Biden White House hit China's tech exports with, for instance, Chinese EVs were hit with a 100% tariff.

They also hit Chinese solar panel exports, battery exports, et cetera. So those are the big industries which in China are known as the three new industries: EVs, batteries—many different kinds of batteries, not only lithium-ion. They also have, you know, many different new experimental technologies—and solar panels. Now, the second Trump administration, when it came in, it announced once again these blanket tariffs on China. At one point, they were at 145%. However, Trump actually has floated this possibility before. It didn't surprise me when he announced this. Last year, he said that he would be open to China making EV factories in the U.S., because the idea is the U.S. still has these tariffs on China.

But if these companies open a factory in the U.S. and produce the car in the U.S., even though it's a Chinese car, it's produced domestically, so they don't have to pay tariffs to export to the U.S. market. This is what Japan does. This is what South Korea does. Japan has Toyota plants. Korea has Kia plants. So it doesn't surprise me. I mean, I think it's actually a good idea that China does open some of these factories in the U.S. It does create, you know, good factory worker jobs, potentially unionized jobs. And of course, Trump doesn't want unionized jobs. It depends, if they're in the South, they might not be unionized. But I mean, I do hope they're unionized.

You would actually have Chinese EVs, which are excellent. I've been in many of them. They're very good. They're also very affordable. And the U.S. really needs to transition to EVs because anyone who's been to a major Chinese city knows that in, like, the tier-one and tier-two cities, you see, like, in some cities now, a majority of the cars on the road are electric vehicles. You can see it in China because EVs have a green license plate, and they're ubiquitous. And then you go to the U.S., and there are almost no EVs. There are some in California, but, you know, there are very few. And the U. S. has not invested in the infrastructure needed, the charging stations needed, in order to facilitate the widespread adoption of EVs.

One of the ways that China was able to do it so quickly is because the Chinese government, not just the national government, but local governments, provincial and city governments, funded the construction of EV charging stations. So, for instance, in Beijing, I know that there was a policy for several years where if you were in an apartment building and there was no charging station in your parking lot, you could call the local government and they would literally build one for free in your parking lot. If anyone's been to Beijing, in every parking lot, in every apartment complex, there are charging stations. On every street, there are charging stations. There are more charging stations than gas stations. You can't have widespread adoption if you do not have the government backing these policies.

Obviously, the U.S. is not going to do that, so I don't expect the same kind of success in the U.S. But, I mean, the U.S. is just so behind on this issue. So that's actually an interesting point. Again, I don't think it's like some major breakthrough. Trump had already floated this possibility because Trump, you know, he genuinely does want to bring back manufacturing jobs to the U.S. He's objectively not succeeding. If you look at the number of manufacturing jobs in the U.S., they have fallen substantially under Trump. Ironically, his tariffs and trade war have made it worse. The argument he made, and some advocates of these protectionist policies make, which is not entirely wrong when it's done correctly, is: what you do is you protect your local market.

And then because the tariffs are so high, foreign competitors are incentivized to make factories in your country, because if China makes a car in China and exports it to the U.S. market, with the transport costs and the tariff costs, it would probably be more expensive than producing it in a domestic factory in the United States and selling it in the local market. You don't have to pay for transport, you don't have to pay tariffs. That's the argument, right? And it's not wrong. I mean, I'm not, like, a free trade guy at all. However, the problem with the U.S. is, as KJ acknowledged, these U.S. companies are so dependent on intermediate goods, on parts, on raw materials, everything that goes into the products that are being made in the U.S., and most of that comes from China.

So when Trump puts on these blanket tariffs, it's not just on the final car. It's on the parts for the car. It's on the aluminum needed for the car parts. So when these U.S. companies import all of the parts and the materials, they have to pay tariffs on all of that. It actually makes it more expensive to produce domestically.

So we've actually seen a decrease in manufacturing jobs and a fall in manufacturing investment in the United States. So that's one point. Now, you raise another interesting question, Danny, which is about the Treasury market. Now, this is a serious problem. Now, on social media, there is a tendency to say every week that there's a new crisis, the end of the world. I don't think it's like the U.S. government's on the verge of bankruptcy. I mean, the U.S. government prints its own currency, and it prints a lot of its own currency, and it could turn on the printing press and continue to print more. This is what the Fed did for many years after the financial crisis through quantitative easing, where quite literally, the Treasury sells debt, and the U.S. government bought that debt.

It was literally buying its own debt from one part of the government to the other. The Treasury sells bonds, and the Federal Reserve, the central bank, the Fed, was buying many bonds. Now, there's a technical distinction. It was largely in the secondary market, not in the primary market, so the Fed wasn't participating in the auctions. But by buying bonds, Treasuries, in the secondary market, the Fed was putting a floor—or putting a cap, rather, not a floor—putting a cap on yields to keep yields low. So even in the auctions in the primary market, yields were artificially suppressed. The U.S. has already done that. It's not some crazy thing to say that the U.S. could just go buy trillions more in debt. Now, of course, the flip side of that is inflation. So you're stuck between a rock and a hard place, right?

You have to deal with Treasury market dysfunction or inflation, and they go hand in hand. I mean, the reason that we've seen so much Treasury market dysfunction is, one, oil prices have skyrocketed, which has put significant inflationary pressure back in the U.S. economy, and two, this war against Iran, which has caused so much instability. If you look at U.S. Treasuries, especially the 10-year note, which is the benchmark rate, the 10-year yield is used to establish the rates for mortgages, for car loans, for student loans, all throughout the rest of the U.S. economy and much of the international financial system.

Even in other countries, they set interest rates based on the 10-year rate because Treasuries are seen as supposedly the most secure, the safest financial instrument. And basically, especially the short-end denominated notes, like the bills, which are up to one year, and notes, which are up to 10 years, they're seen as basically cash equivalents. So you can convert them into cash very easily in a matter of a few minutes during market hours. You know, this 10-year rate was actually—it was being managed, and it was slightly falling up until February. And then when the U.S. launched this war of aggression against Iran, ever since that war was launched, it has steadily increased by more than 100 basis points, like 125 basis points now.

So that's like 1.25 percentage points. So, the war in Iran is one of the main reasons for this. Obviously, the issues that KJ mentioned with debt are very real. U.S. federal debt is now more than 120% of GDP. And as the Fed has raised interest rates following the inflation crisis, following the supply chain disruptions of the pandemic, starting in 2022 and 2023, what happened is that the U.S. had all this debt, but the U.S. Treasuries had very low yields. In some cases, they actually had negative real yields because inflation was higher than the yields.

That makes the debt much more manageable. The debt is now a significant problem because when you have yields that are so high, the Treasury has to constantly roll over its debt because longer-term yields have been higher. So for the past two administrations, the Biden and the second Trump administration, the Treasury has been issuing a lot of debt on the front end of the yield curve, short-term bills, you know, up to one year. And what that means is that every year—or not every year, I mean every quarter—it has to keep rolling over this debt, trillions of dollars of debt, at new higher yields.

So what that means is that now the U.S. federal government spends more just servicing its debt on interest payments than it spends on the military. And obviously the military budget is already more than a trillion dollars. That's the official figure. It's probably 1.5 already. And Trump wants to increase it to 1.5, which would probably be $2 trillion, realistically, when you consider everything else: veterans' benefits, Department of Energy funding—the military, some of its budget goes into the Department of Energy, et cetera. So there's no question that the U.S. is facing these debt problems. Again, the U.S. can print that money, but then you have more inflation.

And inflation is already a very significant problem in the U.S., especially with gas prices skyrocketing. You know, in parts of California, you have diesel reaching—you know, gas stations are selling diesel, and it's $9.99. And that's literally the maximum because the machines that they have, they only have space for those three digits. So, I mean, the U.S. is in a serious situation. There's no doubt. You know, people love to exaggerate on social media. It's not like the U.S. bond market is going to crash. The U.S. can and will eventually buy back that debt to suppress yields. This is called yield curve control. And there are other ways of doing it, not just quantitative easing.

Right. The U.S. government can have more regulations to force the commercial banks to hold more Treasuries, you know, as to say that it's, you know, to provide more stability in the system. There are ways that it can implement yield curve control. But of course, you have other problems every time. It's like, you know, whack-a-mole. You deal with this problem in the bond market, and then you have another problem that arises in another part of the economy. So, you know, I certainly agree that the U.S. is in a very delicate situation here. And the bond market volatility is just like one of many problems that the U.S. is facing right now.

#Danny

Yeah, great points. KJ, definitely want to get you in here.

#KJ Noh

Yeah, definitely. I mean, just agree with everything Ben has said. Just to give some figures, the U.S. has about a quarter of a million EV chargers. China has, if you include public and private, it has about 22 million chargers, and it has plans to build millions more. So the entire infrastructure has shifted in China towards EVs. That's something that we're not seeing in the United States simply because there is not this kind of vision and planning that allows for the kind of infrastructural development that is necessary to promote this kind of transition. Regarding the yield curves, I think that it's important to note that, you know, there has been growth in the U.S. economy, not significant, but some growth.

But we've also seen the massive spike in oil prices, as Ben has pointed out. I mean, I'm in California. It's a shock every time I go to a gas station, every time I pass a gas station. People are having heart attacks. But you have that, and then plus the Fed pushing up interest rates, and then you have reluctant buyers who essentially see the U.S. government debt as risky. And then all of that puts massive pressure on all dimensions. So, you know, this is a consistent and deep contradiction that is not going to be resolved. And certainly the fact that the United States is picking a fight with China in multiple domains regarding its economy is not going to help. It's first starting with tariffs, but also starting with very specific domains of, you know, the economy, most notably electronics, AI chips, etc.

All of these things are very, very deleterious for the U.S. economy. And as I said many, many times before, the people are feeling the pain. The immiseration is massive, something that you don't see in China, but it's very, very clear and obvious in the United States. I think somewhere between 1.5% of the U.S. population right now is in absolute poverty. 40% do not have $500 to their name. 60% do not have $1,000 to their name. But I drill down on that 1.5% of the population of the United States which is in absolute poverty. I think that tells you that things are deeply, deeply awry, and that unless there's massive transformation, I think there will be massive civil disturbances.

#Danny

A question to both of you: Is Trump and the Trump administration, the United States as a whole, the empire, is it right now seeking to have China help manage the crises that it's produced and then simultaneously try to contain China? Do you find that's what's happening? Because it does seem like there is this, you know, carrot-and-stick kind of game, you know, attempting to play nice for the camera by the Trump administration, especially Donald Trump himself, to China in this moment of crisis. And then, of course, you know, I know, Ben, you cited many instances in which he's just been belligerent towards China as usual. So what do you make of that observation potentially being part of what's going on here?

#Ben Norton

Yeah, again, Trump is someone who often says one thing and does the exact opposite. He constantly contradicts himself. And, you know, he's performing for the camera. And this is diplomacy. Like, I don't want to get into a long discussion about Venezuela, but Delcy Rodríguez, the acting president of Venezuela, also just had a meeting with Trump. It's not like she suddenly loves Trump. This is diplomacy. Like, this is what foreign leaders do. And the reality is that the U.S. is in this precarious situation where it is entirely dependent on China for the supply chain. U.S. corporations really want access to the Chinese market, the biggest in the world. They recognize that if they continue to escalate, if the U.S. continues to escalate, it will do more damage to themselves than it would do to China.

When Trump visited Beijing in May, the U.S. and China produced joint statements in which they used an interesting term called constructive strategic stability. What does that mean, constructive strategic stability? It's a reference to a term used by international relations scholars. When they say strategic stability, that means that states are in a situation where competing states were in a conflict, but they recognized that if one state escalates against the other state, it would actually cause more negative repercussions than positive outcomes. So the U.S. is in this situation where they're in a strategic stalemate. They use the term strategic stability. It's a stalemate. If one side pushes the other side, it could probably backfire and hurt more, especially it would hurt the U.S. more.

China probably could escalate, but they're not interested in escalating. China also understands—I mean, one, I mentioned earlier that China's foreign policy is a non-interventionist foreign policy based on win-win cooperation. And that's because China is governed by a Communist Party. It's not governed by corporations like the U.S. I mean, the corporate executives who were at the White House with Trump, those are the real oligarchs who rule the United States. Trump is simply their representative. And that's why U.S. foreign policy is so extremely aggressive, so belligerent, because these U.S. corporations, they want to dominate the world, but they cannot dominate China. They recognize that China is too strong to be conquered. So they have to change tactics.

You know, this is how bullies operate, right? I did an interview with a friend of ours, Andy Boreham, a great, great journalist in Shanghai. And he asked me an interesting question. He said, "Do you think that President Xi is probably the only world leader whom Trump respects?" And I said, "Actually, I think you're right." You know, Trump is definitely a China hawk. It's not like he suddenly loves China or panda hug or whatever that nonsense propaganda people say. But, you know, Trump respects power because he's a bully. I mean, to put it in simple terms, bullies only pick on weak kids who can't defend themselves. But when bullies are faced with an equally big or a bigger kid who can defend itself, suddenly the bully backs off and becomes a coward.

This is exactly how the U.S. operates, and Israel. They love to bomb women and children in Gaza who can't defend themselves and have no standing army. They love to bomb people in Iran, although they're certainly afraid of invading Iran because they know how disastrous that would be. They love to invade Venezuela because they know Venezuela can't defend itself. But China is on a whole different level, and also Russia, but especially China. I mean, come on, like, China is the most powerful country in the world. Probably at this point, more powerful than the U.S. Maybe not in terms of global influence. The U.S. is the most influential country, but U.S. power is waning in every sphere: economic, technological.

You know, it's still powerful in the media. It's still very powerful in the international financial system. It's the most powerful weapon the U.S. has. But, I mean, China, you know, is running laps around the U.S. in so many areas. And Trump has no option but to really humbly respect that and, you know, eat humble pie. And, you know, that explains the situation that the U.S. is in. And it's simply a matter of a temporary change in tactics. Like I said, in a few years from now, I expect that U.S.-China relations will continue to get worse. I don't think they're necessarily getting better. It's simply a moment of stability and a strategic pause, a kind of ceasefire, and then we'll see what happens in the upcoming years.

#Danny

Yeah, well, KJ, same question to you, and then we'll get your final comments, and I'll put some light scenes from the summit that have been going around. So, KJ, to you.

#KJ Noh

Yeah, I think Ben is right on it. You described, Danny, it as a carrot-and-stick approach to China. I would refer to it as Jekyll and Hyde, or good cop, bad cop. It's what they refer to in COIN as armed social work, which is, you know, beatings followed by roses followed by beatings. You know, it's a kind of psychological operation. And as Ben points out, you know, the United States has not changed its spots. It's simply managing tensions while it's waiting to reload. The bully is still the bully. The bully has not become, you know, a Samaritan, but it does respect power, and that's, you know, the bully wanting to become your friend. Well, of course, bullies don't have friends.

They only know how to bully. Regarding the core issue, I think we have to understand that this is, you know, implacable, this contradiction between, as the U.S. sees it, the U.S. sees the challenge to their hegemony as something that they cannot tolerate. And they will do anything and everything in order to transform the situation to their advantage. So, of course, they will escalate when they see it's to their advantage. They may de-escalate or offer quote-unquote strategic stability from time to time. But essentially, nothing has changed. Right now, China is trying to manage the relationship. And the way that I've described it is, it sees the United States driving this bus towards the cliff.

And China's approach is to gently see if they can let the air out of the tires so that the bus can come to a gentle stop without killing everybody inside. That is to say, the rest of the global economy. There are fundamental risks involved here. The United States does not have this viewpoint of live and let live that China has. It does not believe in win-win. It really does, at the end of the day, believe that it has to dominate China, that the only security it can have is through domination. And that's what it euphemistically refers to as peace through strength. But there's one last piece, I think, which is important here, which is the AI issue. U.S. and China are in an AI competition. China isn't.

China wants to offer AI as a public utility, as a public good, as an open-source resource that is part of the global intellectual commons. The U.S. wants to enclose it, and it also wants to use it as the killer app that it wants to use to dominate China. And it is already using it on the battlefield remotely. For example, the Palestinian genocide was facilitated through Lavender and Where's Daddy, that these are U.S. AI apps. And the recent attack on the Minab Girls School was also an AI-powered attack. And CNN more recently has said that there was almost, you know, an AI-selected attack on a Chinese school because they suspected that it was transporting nuclear components.

It was completely wrong. It was AI hallucination. But China has said that it's important to develop AI responsibly and to manage it for the common good. That is to say that we ensure, in President Xi Jinping's words, that developing AI is always under human control and serves the well-being of the people, which is far from what the United States wants. They want an enclosed technological system that they can use to extract wealth, power, and to dominate. And I think that ultimately China is going to come out ahead because China is a country which is led by engineers and scientists. The U.S. is led by lawyers. The engineers and scientists will win in a technological contest.

But more than that, China's approach is not only open source and open weight, but their approach is very, very practical. That is to say, they understand that intelligence is something which is embodied, situated, and active. That is to say, we understand things because we have bodies. We have bodies that interact and function in the world, and we know things by doing things, or we learn things by doing things. This is the entire concept: physical AI, the embodied AI that China is developing out in spades, whereas the U.S. is working purely in large language models towards AGI, which is essentially trying to abstract intelligence from discursive knowledge.

That is a dead end. You do not get intelligence from simply knowing a lot of things about things. You know things, you understand the world because you do things in the world. You know by knowing how, not by knowing that. And that's the direction which China is going. So if I were placing bets on AI, certainly I would place them on Chinese AI. But the U.S. has seen this as a competition. The Chinese are trying to find ways to manage the competition. And they're very, very much aware that what the U.S. calls this kind of doomer scenario is really the U.S. preparing AI for mischief and worried that it will get out of hand because of their lax oversight.

#Danny

Well, before I get to your final comments, beginning with you, Ben, let's just look at some bizarre, some just straight-up funny scenes from the summit. Here's one where President Donald Trump tells the media how much Xi Jinping loves granite.

#Donald Trump

He had a great meeting, and he has great interest in granite. He likes granite. He's an expert on stone, aside from many other things. And he loves granite. Thank you very much.

#Danny

And then, Ben, I showed this at the beginning of the program. I'm sure you've seen it all over social media by now, the viral scene of the flyover and Trump's reaction versus President Xi's.

#Danny

And then Trump took to Truth Social today after he met Xi Jinping at the airport the night before: "I met Xi at the plane (airport) yesterday, and he looked strong, vibrant, and fit, better than ever. Madame Xi, of course, beautiful." And then, last but not least, this photo, which I thought was AI at first, but they have all their fingers. And, you know, here is a photo that was taken during Trump's tour he was giving Xi Jinping at the White House. So those are just some of the scenes. Of course, these diplomatic meetings, Ben, as you know, most of the time, especially at this high level, nothing really happens at these meetings. If anything were to happen, it would have already been decided and talked through many different channels, but most of it is the performance. But your final comments on the moment we're in and where this fits in it.

#Ben Norton

The granite comment is very funny. I hadn't seen that. I wonder if Zhongnanhai has very nice granite. That's the governmental building where a lot of diplomats and high-level officials live in Beijing. It's very Trump-coded. I mean, let's not forget that he's a billionaire real estate mogul, right? Real estate magnate. And he is obsessed with his big, beautiful ballroom. He can't stop talking about the beautiful ballroom. He's spending billions of dollars making this, you know, building monuments in his image. And he just loves granite. That's the thing that really gets Trump moving, is, you know, he's waging war on Iran and destabilizing the world and all of this and trying to destroy Cuba.

But, you know, that's what motivates Rubio. What motivates Trump is really good granite. No, I mean, it just represents the pitiful state of the decadent U.S. empire. I mean, you see this clown, Pete Hegseth, running around, like, doing pushups one minute and then citing the Bible to say we have to wage war against the communists and the Islamists. He literally said that in a speech, like calling for a holy war. It's just a clown show over there. And meanwhile, everyone around the world can finally see the true face of the U.S. empire, how everything's falling apart at the seams. Economically, people in the United States are really suffering.

Most people are barely making ends meet. And what's really holding the whole situation together with duct tape is this AI bubble that is going to pop. And we see that, you know, Moody's Analytics, this major U.S. financial firm, has estimated that 80% of people in the United States live in local economies that are in recession. But because GDP figures are reported in aggregate for the entire country, it looks like the U.S. economy is growing. But that growth is concentrated in a few areas like, you know, Silicon Valley, Texas, which is building all these data centers and has, you know, an oil boom.

Like, you have growth concentrated in a few areas, largely because of data center construction and then the feed-through in the local economy. And when that bubble pops, I mean, the situation is going to get even more precarious. We already see gasoline prices skyrocketing. You know, midterm elections are coming up, and the situation is so bad that even Fox News, which is, you know, Trump media, even they acknowledge that most of Trump's supporters have been alienated by him, not to mention, you know, the Epstein scandal and everything, the war in Iran, but just simply out of the economic situation and the high cost of living, that Fox News acknowledged that they're probably not going to vote or maybe even vote Democrat.

Obviously, the Democrats won't fix the situation either. We just see this fluctuation. But, you know, it is a really desperate situation in the U.S., which is why, you know, scapegoating China has been convenient for so long, right? For so many years, they scapegoated Iran, scapegoated Russia. They're now scapegoating China. But, you know, again, last year, the U.S. administration was forced to eat humble pie. The trade war backfired. U.S. corporations told Trump, "You need to back off on this. We have so many investments in China. We're dependent on the supply chain in China."

We want access to the Chinese market. We have to back off. We cannot have this maximalist attempt to decouple economically. That's where we are now. And meanwhile, you know, just politically, it's a clown show. I mean, it's fun to laugh at. And fortunately, I don't have to live in that, you know, failing society because I'm not in the U.S. anymore. But for people who are, you know, for the 350 million people in the U.S., for the vast majority of them, it is difficult. And, you know, there are very real human consequences.

#Danny

Yeah, definitely. KJ, your final words.

#KJ Noh

This is probably not a good thing to end this with, but I'm still very worried about Elbridge Colby's pronouncement about nuclear war. He wants to use nukes like bonbons, like candies. And he's saying that there is a misalignment between means and ends there. What he means by ends is U.S. domination, U.S. hegemony. What he means by means is conventional war. That misalignment gap he wants to fill with the use of tactical nukes. So I think this is a real danger that we're facing. It's not Trump mouthing off. It is deep, studied, researched, and promoted policy inside the heart, inside the bowels of the deep state. And so we are facing existential crisis because of this mindset of the ruling imperial elite that want to hold on to hegemony by any means necessary. They would rather see the end of the world than the end of their power and privilege.

#Danny

Hmm. Yeah, I mean, I have those very same concerns, especially the more that the United States declines, or its empire, its imperialist system declines. These people at the top, the ruling class, they are not ones to do the right thing when they are desperate and fearful of their privileges and profits. Ben, KJ, great show tonight. I want to make sure everyone knows that your channel, Ben, is in the video description below. So everyone who has not subscribed to it yet and followed it should do that. Everyone, hit the like button before you go. It helps boost the show in the algorithm. Thanks to this new member here, James Fordham. And thank you to Sneaker Dad 1020 for the super chat. Thanks to all the moderators in the chat. Thanks, of course, to everyone who's viewing. I'll be back tomorrow at 2 p.m. Eastern time. I'm about to make that public in a minute. But I'll see you then, Friday, September 25th. All right, everybody. Good night. Take care. Bye-bye.