

Richard D. Wolff & Michael Hudson: Iran Just Flipped the Script on the U.S.

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Hi, everybody. Today is Thursday, March 19, 2026, and our dear friends Richard D. Wolff and Michael Hudson are here with us. Welcome back.

#Richard

Thank you. Glad to be here—glad to be back.

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Let me start with one of the articles in **The Economist**. Here's what it says: they call Donald Trump's operation "Operation Blind Fury." It says that the war in Iran is making Trump weaker and angrier. What's happening right now is pretty amazing—the new escalation is the attack on Iranian oil facilities, which triggered a massive reaction across the whole region. From Qatar to Saudi Arabia, the UAE, Kuwait, and even Haifa were hit by Iranian missiles. So far, Reuters has reported that Qatar has lost 17% of its LNG production capacity, and that could be a huge issue for the market. At the same time, we have the problem of the Strait of Hormuz. Before coming to you, Michael, for your understanding of what's going on right now, here's what Scott Besant said about the sanctions, because the difficulties coming out of the Strait of Hormuz are putting a lot of pressure on the global economy. Here's what Scott Besant said.

#Speaker 03

They broke the glass plan across the administration and at Treasury. We unsanctioned Russian oil. We knew there were about 130 million barrels on the water, and we created supply beyond the Strait of Hormuz. So we anticipated this. We knew there could be a temporary—and I want to emphasize temporary—choke point there. There were 130 million barrels in floating storage. In the coming days, we may unsanction the Iranian oil that's on the water—about 140 million barrels. So, depending on how you count it, that's 10 days to two weeks of supply the Iranians had been pushing out. That would have all gone to China. In essence, we'll be using the Iranian barrels against the Iranians to keep the price down for the next 10 or 14 days as we continue this campaign.

#Richard

Yeah, Michael, before you even turn it to Mike, everybody should appreciate what that man just said. He just said up is down, down is up, up will make up go down, and then we'll have down and it'll go up—and we'll use against the Iranians the fact that we're allowing them to sell their oil to China, which, by the way, they were doing perfectly well anyway. You know, when you have to resort to that level of noise and incoherent make-believe, you're pretty close to the end, because you've got very little to lose. The credibility is gone. So you're not stretching credulity—it's already misshapen beyond words anyway. Anyway, I didn't mean to interrupt. It's just, you really have to take a step back. Mr. Scott Besant is the best Mr. Trump could do, and that tells you, of course, a lot about Mr. Trump.

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Yeah, Michael, go ahead.

#Michael

Well, the irony is that this permission trade in Russian and Iranian oil has actually reversed the whole aim of what Trump tried to do. In seizing Iran's oil, the effect was to achieve the opposite of three basic U.S. aims. And I had the day, since we're running late, to put what I'm saying in order. So I just want to say the three ways in which Trump's attack has reversed the whole strategy of American foreign policy. First, by closing the Strait of Hormuz, Iran has imposed the military equivalent of sanctions on OPEC oil, forcing a resort to Russian oil, Iranian oil, and ultimately, in the future, oil from the very countries the United States was trying to prevent from selling. So this has reversed the U.S. sanctions against Russian supplies of oil.

And Trump has said that the suspension of sanctions is only going to be for a month or so, as I think Besant implied, and then everything's going to be back to normal—he's not going to allow any further purchases of Russian oil. Well, we now know that's silly. We now know that the interruption of oil is going to last, I think, at least for the rest of the year and probably into 2027. Now, the second thing I want to point out is that the U.S. hope for the whole last half-century, since 1974, has been to become the major financial recipient of OPEC's buildup of foreign exchange wealth funds and foreign reserves. And these savings have been in the form of OPEC purchases of U.S. bonds, stocks, and bank deposits.

So destroying OPEC's export capacity now is forcing these countries to start selling off their dollarized reserves to finance their own stocks, to fund debt-burdened economies, and to cover the deficits they're running now that they no longer have any inflow from oil exports. And the third point—something that Richard and I have been talking about for the last half year—is the whole enabling myth behind U.S. demands for subsidies from foreign countries, NATO as well as OPEC, as

payment for America's efforts to protect these countries against threats from Russia, China, and Iran. Well, that whole idea of the U.S. as a protector, deserving financial support through NATO and through OPEC's purchases of U.S. arms—which we now see don't work—has been destroyed.

And Trump's attacks on Venezuela and Iran, and his threats to attack Greenland—even Canada—have shown that instead of protecting its allies from Russia, China, and Iran, the United States itself has become the greatest threat to world stability. It's now the world's major sponsor of terrorism and of support for Ukraine against the Russian speakers, Israel against the Palestinians, and al-Qaeda in Syria generally. So, as part of this Cold War system, I think the failure of U.S. arms to protect its allies has led them to realize that if they really need military protection against these supposed threats—that Russia, China, and Iran are the main danger to them, seeking to conquer their neighbors—well, then U.S. arms are not going to help them.

Iran's missiles and drones have easily evaded the Israeli and Arab OPEC defenses and, in fact, have depleted them. That means Iran can now bomb its attackers at will. Neither U.S. arms nor the promises to defend those allies are working. So what is it that keeps other countries from stepping in right now and saying, "We can't afford to let the United States and Israel threaten the entire world economy, plunge our economies into financial crisis, and force us to close down entire industries—lowering employment, causing unemployment—while gas prices and the cost of heating homes rise, putting a squeeze on consumers and forcing them into debt"? Why aren't they rising up and saying, "We've backed the wrong horse; we've got to protect ourselves by intervening and stopping the U.S. attacks"?

And indeed, Iran has made it clear: these attacks are not going to stop until we settle the long-term aim. They're going to keep the United States, Israel, and any U.S. allies in the Arab OPEC countries out of the Near East from now on. "You've threatened us with an existential danger—that we'll be destroyed, our leaders personally destroyed, our oil seized by Donald Trump, who will personally appoint a new leader, a kind of Iranian Boris Yeltsin, who'll let American oil companies come in and regain control of Iranian oil." That's basically the plan other countries are acquiescing to if they don't actively step up—and they're not doing that yet.

So basically, Trump has said, "It's our war, but it's your problem." You remember that Texas Governor Connally said that when the dollar was devalued against gold and only U.S. Treasury promissory notes were left as world reserves—he said, "Well, it's our dollar; it's your problem." Well, Trump's saying, "It's our war; it's your problem." So how do you solve it? Do you want to provide the minesweepers to clear out the Strait of Hormuz? Do you want to supply the forces to fight against Iran? We're not going to. All we can do is bomb—that's the only thing we have left. We're not going to supply any troops. Trump said that again today: no troops. All we can do is bomb, and we're going to target Iran's oil fields again if Iran continues to fight for its survival.

Well, obviously, Iran's going to fight for its survival, and obviously, the United States intends to keep escalating until the entire Middle East's oil export capacity is ended. So that whole world of relying

on the U.S. as a source of stability instead of instability is now over. The U.S.–Iran war looks like, as I said, it's going to go into next year. And I want to—I know I've gone a few minutes already—but I want to discuss just one point, the first point I mentioned about the sanctions. America's long-term aim, predating Trump's presidency, has been to monopolize the world's oil trade by imposing sanctions against oil producers whose policies go against those of the United States—Russia, Iran, Venezuela, and anyone else who wants to export oil in competition with the U.S. military and economic bloc.

By imposing trade sanctions against Iran in 1979, when it seized control of its own oil after overthrowing the Shah's military police state—and again when it sanctioned Russian oil in 2022, and then Venezuelan oil last year—the United States effectively dollarized the world's oil production. This went far beyond simply pricing oil in dollars. Yves Smith always reminds me that oil trade represents only about 5% to 7% of the demand for dollars; it's financial capital movements that really determine the global balance. The role of petrodollars wasn't just about pricing oil in dollars or raising the price. The whole idea was that the OPEC countries would keep their oil earnings and send them to the United States. And Kissinger said, "We've told OPEC, you can charge whatever you want."

We're not going to let you buy control of any oil, American corporations, or even real estate or farms. You can buy bonds or stocks, you can finance American industry, but you won't have any control or be able to use your ownership for your own purposes—unlike the whole purpose of the United States when it invests. So, OPEC countries account for about 40% of the world's oil trade and 20% of total oil production, but 40% of the trade. If the Strait of Hormuz is blocked for more than a few months, it's going to plunge all these oil-dependent countries into a depression. And they've already announced, "We're having to sell off our national funds."

We've had to sell off securities—presumably U.S. bonds, bank deposits, and also British holdings—in order to balance the budget, because the OPEC countries themselves have gone into debt to finance their whole real estate development in a part of the world that really can't normally support it. So world oil prices, along with the international stock market and foreign exchange rates, have already shown a willingness to sort of compensate for the slowdown in OPEC exports by releasing their own national reserves of oil. Well, okay, that's going to take a while—maybe a few months. But then all the national reserves they've saved for just such a war emergency are going to be empty, just like their arms supplies will be empty.

And all that's going to do is postpone the crisis to a point where, when they don't have any more oil to throw on the market, and when they won't let Russia and Iran replace OPEC as the world's major oil exporters, then there's going to be a crash. So what are other countries going to do? Are they going to say, "All right, we're going to shift away from reliance on OPEC," which was a key part of the U.S. financial system? Forget the trade system—the financial system, the balance of payments,

all these bond holdings, stock holdings, and bank deposits—all of that is going to start being reversed. And what Trump has done is reverse this basic financial aim of U.S. control over the oil trade, which was supposed to be the buttress of its ability to control other countries.

And so, to further help prevent a serious energy crisis, as we just said, Trump has said—well, as Biden has said—you can buy Russian oil. A lot of this is already on ships. Well, what's going to happen after two weeks or two months, when those ships have unloaded their oil? Biden and Trump are willing to say, "All right, OPEC still isn't exporting any oil because its facilities have been blown up. So I guess you can continue to buy Russian and Iranian oil as far as the eye can see." Well, what a change that is from what was supposed to be the whole buttress of America's control of oil, and hence its energy trade, and hence all of the chemical industries, the fertilizer industries, and everything else based on the oil trade.

All of that is threatening America's closest allies in NATO—Europe, Japan, and South Korea. And yet, if you look at the stock market today, everything seems just marginally different, as if all these problems are going to be temporary. So the world is closing its eyes to the issues that Richard, I, and all of your guests have been pointing out—problems that are building up and are going to happen. It's like there's a kind of cognitive dissonance, an unwillingness to look at how systemic the whole problem is, that Trump's attack and Israel's attack—on behalf of the United States, with U.S. guidance—have caused for the world.

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Richard, moments ago we learned that Iran said the Strait of Hormuz is open, but that doesn't mean everyone can use it. So far, China, India, Iraq, and Malaysia are using the Strait of Hormuz. They can pass through, but that's not the case for other countries. Richard, there's an article in the Financial Times that argues Iran's actions in the Strait of Hormuz show the reality of multipolar economic warfare. For decades, the United States dominated—it says that—

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For decades, the United States dominated sanctions and used financial pressure as a strategic weapon. Now other powers like China and India are coming into the game, and their response is going to be, you know, different. The article argues that nobody really knows what the U.S. reaction would be. But so far, it seems the situation in the Strait of Hormuz is making that whole concept much more complicated. What's your understanding of what's happening right now in the Middle East?

#Richard

Well, first, the larger context. I understand that people see in Mr. Trump someone incoherent, herky-jerky, not very good with the truth, getting results that weren't expected. But I don't think he's all

that different from earlier presidents. I mean, American presidents are nothing to be shaking your head about. We always think the last one was better, but that's only because the one we have now is even worse than that one was—and we thought he was better than the one before. And I've noticed it's very popular now, particularly in Europe, to make fun of the quality of leadership that comes from Starmer, Macron, Meloni, and Merz.

I admit, I'm caught up in this. This is stunning incompetence—just not thinking things through. It's been known for a long time what the Strait of Hormuz is like. It's not some new awareness that this is a very vulnerable area and that Iran has enormous power over it because of the geography. You don't need to be a great social scientist to see that. But here's the point: when the wind is blowing in your direction, it's okay to make a mistake or two or three, because the wind will correct what you mess up. So the United States tries to overthrow Castro in 1960–61—a catastrophic mistake. Couldn't do it, failed at it, you know.

But, you know, it didn't fundamentally change the dominance of the United States in the second half of the 20th century, because the empire was rising—replacing the old Europeans, reshaping the world, doing the very petrol arrangements Michael explained to us just now in earlier shows. So I want people to keep a framework for understanding. The problem now is that the wind has changed. The empire isn't growing, isn't expanding—it's shrinking. It's being outmaneuvered by a whole new economic powerhouse, built above all around the People's Republic of China, but with BRICS and the alliance they've built, very cleverly, across so many differences among the BRICS countries. Nonetheless, they've welded themselves into a kind of coalition that's helping them get through this crisis.

You know, Russia can sell its oil to China. India can kind of swerve around the sanctions and buy the oil it needs from Russia, and on and on. OK, so I want to keep that in your mind. Mr. Trump is now facing the problem of decline—when you make a mistake, it doesn't not matter; it gets worse. It makes your situation worse than it might have been in a different circumstance. And we can already see that. Six months ago, Israel and America attacked Iran. The consequence for the United States was relatively small. Six months later, they attack Iran again, and the consequences are horrific. What happened? What happened here?

Yes, you can answer with this specific point or that, but there's a larger shift going on that we need to control. All right, having said that, I want to look at some other dimensions of what's happening. Mr. Hedges has told us they're asking for \$200 billion in additional appropriations from Congress to fight this war—which, of course, can't really be a war, since they didn't let Congress vote on whether or not to have one. So Congress doesn't get to vote on whether you start a war, but now has to vote on whether you can fund the war they didn't participate in. These are signs that this is out of control. This is such a bad piece of theater being played out here that it screams incompetence and confusion.

But it's much, much worse. The Supreme Court invalidated the tariffs. There are now mountains of legal cases emerging, with all kinds of people—including consumers who were hurt by the tariffs and had to pay more money, as well as countless importing corporations—wanting refunds. And they're certainly going to get something. I don't know how that's going to be worked out, and I understand it will take time. But the \$150 billion that was the only new revenue coming into the United States government is now fundamentally compromised. However much of it you still get won't be much. Meanwhile, you've proposed a \$600 billion increase in the defense budget before the war on Iran.

And so now the war on Iran adds another \$200 billion to the \$600 billion. That means—let me make sure everybody understands—the current defense budget is in the neighborhood of \$900 billion. You're going to add \$600 billion for next year's budget, plus \$200 billion for the Iran war. You're virtually doubling your defense expenditures in one year, and you're the country that spends more on defense than most of the rest of the world combined. I mean, this is so completely off the wall that people are going to wonder, how are you going to do this? The only conceivable way, short of a tax increase—which he cannot do for political reasons. America never fights wars with tax money; it only fights its wars with borrowed money.

Why? Because you can't get away with paying it through taxes, so you borrow it. Okay, but we're already the world's greatest debtor country. Our national debt is \$35 trillion, and we no longer have a AAA rating. Standard & Poor's, Moody's, and Fitch—the three rating agencies—all now agree it isn't AAA; it's barely AA. So you're going to have to borrow \$800 billion more, and you're already running trillion-dollar deficits. Now, when you look at it, this is simple arithmetic, and nothing I've said here requires any special information or secrets or anything. This is all public information, available to anyone who looks at the relevant numbers. Well, now, what's going to happen?

The only way the United States can borrow the money that its whole foreign policy now requires is by borrowing like you've never seen—and that's the end of declining interest rates. You'll notice that yesterday and today, the Federal Reserve, which some had said would lower interest rates because our economy is heading into a recession, didn't do it. It says it can't do it; it has to see what the consequences of this war are. And Michael just suggested they're not going to see what those consequences are for quite a while, since the war is going to continue. But the whole stock market understands that interest rates are going up. And for the American macroeconomy, this is not good for the stock market. This is not good.

And for the people who just made a lot of money in the last two years betting on geopolitical turmoil by buying gold, you have to remember that buying gold is a risk, because gold doesn't pay you anything. There's no interest rate, no agency that says you get interest. Gold is an asset that depreciates when interest rates go up, because money looks for where it can earn a return. So what's happened? Gold has crashed in the last few days—the last two or three weeks. Since this war

started, not only did gold stop going up, as it had been doing for two years, it went down in a hurry. Oil went up, of course, but not gold. The stock market is being buffeted by this, and people are losing a lot of money because the gold they stocked up on is losing value very, very quickly.

Well, you know, this is a very dangerous moment. Gold used to be a kind of measure—you could count on it. It was an index of trouble in the world, because when there was trouble, all the wealthy people would go to gold, hoping to hold on to their wealth. Once upon a time, they went to the dollar. But the rise of gold over the last two years has been built around the fact that the dollar isn't a safe place to go anymore. Okay, now the dollar isn't—because it's not worse, not better—and gold isn't either. So where the hell is the money going to go? The answer is, it has no idea. That adds a whole new level of uncertainty and chaos to what's happening.

To what Michael was talking about a few moments ago—namely, international capital movements—they're being attacked not only directly by everything Michael mentioned, but also indirectly, through these macroeconomic effects of what's going on. Meanwhile, the United States is scheduled to increase its borrowing and dramatically expand its national debt. By the way, those were both things Mr. Trump promised he would correct. So it won't just be that the man who said he wouldn't have a war has already had big ones; his deficits are going to be big, his national debt is going to be big, and rising interest rates plus the cost of energy going crazy mean inflation is going to get worse. There's already investment activity based on that assumption.

This is becoming totally, chaotically out of control. And I'm hoping—finally, touching on Michael's point about psychic dissonance—you only have psychic dissonance if you allow into your brain the contradictions around you. America has always been a unique country in its ability to handle contradictions by pretending they're not there. So the people who run this society, they don't face contradictions. It's all working out. And you know where that comes from? From an empire that just had a century of rising and is in no way able yet to recognize the idea that it's over. It doesn't happen anymore. And we'd better rethink the problems, because they're getting worse as we keep pretending they're not there.

#Michael

Richard, your point about financing war by running into debt instead of taxing the people is precisely what Adam Smith pointed out. One of the central points of **The Wealth of Nations** was that he opposed running into foreign debt to pay for wars. He asked, how do we avoid Britain's foreign debt that's obliging it to levy taxes to pay all the interest on it? He said the way to stop this is to finance wars on a pay-as-you-go basis, because if populations felt the real cost of the war to themselves while it was going on—through taxes—they would be much less willing to patriotically support it with such eagerness.

And I think that Iran—I talked last week, we did—when Iran insisted that one of the conditions it was going to have for ending the war, its solution was that the Arab OPEC countries had to stop

supporting the U.S. dollar with their financial holdings. It had to break the symbiosis between the Arab OPEC economies and the U.S. economy. That was the second point I mentioned earlier that I wanted to talk about. The U.S. aim has been to dollarize the world's oil trade—or more accurately, to dollarize the economies of the OPEC oil exporters and the financial savings they've accumulated over the last half century from this oil trade. Well, Joe Kent, who was the former chief of staff for Tulsi Gabbard and had his own position as a security advisor, just resigned publicly a few days ago.

And I guess he said yesterday, March 18th, on Tucker Carlson's show, that a major U.S. demand for negotiating a settlement with Iran was to insist that it sell oil and gas only in dollars and price it in dollars instead of any BRICS or other non-dollar currency. Well, the whole point of this, as I mentioned, isn't the pricing in dollars—that doesn't matter so much. It's that holding its reserves in the form of U.S. loans to the United States gives the U.S. something it can grab and use for itself, just as Europe has confiscated 300 billion of Russia's dollar holdings in Europe. So the investment of OPEC oil profits and resource rents in dollars has made the Arab OPEC countries hostages to the United States.

And Iran has recognized that. That's essentially the motivation for saying, "We have to break this connection between oil and the dollar." What's been most important for U.S.–OPEC relations is precisely the question of what they're going to do with their export earnings. You don't have to actually own the oil resources to control their trade. The sheikdoms in the Middle East can own their resources, as long as the money from these exports—the money from these resources—is all sent to the United States as loans. And these loans are, as you just pointed out, Richard, how the United States wants to finance its wars against the world with the world's savings, not with its own money. That's what the dollar standard is.

That's the new form of imperialism. Henry Kissinger made it clear in 1974 that OPEC dollar holdings should not take the form of actual ownership and control of U.S. companies, as I mentioned, but just the more anonymous bond and stock holdings. So this dimension on the capital account is what dollarization of the oil trade really means. And of course, other countries have already been recycling a lot of their money into the U.S. by buying American arms exports, which, as we're now seeing, haven't been able to protect them. They're not really arms for fighting; they're status symbols to be shown on parade—like having an expensive car or a famous sculpture—but not to be used for defense.

And all of a sudden, the countries that have been buying U.S. arms have realized, wait a minute—they don't work. In the last few days, there's been a lot of attention paid to something Malaysia's Prime Minister Mahathir said in 2022. He'd been buying very sophisticated American aircraft—maybe \$600 million worth—for the Malaysian Air Force. Then they found out that all these planes had a kill switch on them. It turned out that every plane Malaysia had bought could be controlled by the United States, and the U.S. could press a switch—just like Stuxnet took over Iran's centrifuges.

The switch allows a U.S. controller to take over the plane and make it fly wherever America wants. So if Malaysia, or any other country that buys a plane like that, tries to use it to defend itself against a U.S. ally or to attack a U.S. ally, the United States can simply take control of the plane and either crash it or even turn it around and have it bomb its own country. So this whole idea of U.S. arms exports—which, in many cases, are almost as large in magnitude as the financial flows to the United States—has suddenly blown up. People are saying, “Wait a minute, the planes don’t work. And even if we buy them, we’re not in control of them.” You know, what kind of arms trade is that?

This is really bizarre. If you look at what happened with all the savings of the OPEC countries in the 1970s after the oil price increase, a lot of them were put in U.S. banks. The U.S. banks then lent that money to what were called Third World countries—now called the Global South. And these loans were unpayable from the beginning. They were designed to make other countries dependent on the United States for their food imports, for their trade, and for following the advice of the World Bank, U.S. advisors, and the academic community—that they should specialize in raw materials, not industrialize; specialize in low-cost labor products, but not high-cost, sophisticated ones.

They weren’t doing exactly what China was doing. Well, all of these loans ended up going bad, and that ended the whole recycling of U.S. bank and bond investment to Global South countries, when the Latin American and other Global South bonds had to be written down. We’re facing a similar situation today—not only with these same Global South countries that can’t afford to pay the high prices for fertilizer made from gas, for oil and gas, and for the food they have to import that’s produced with fertilizer made from this gas. You can see the whole thing—it’s like peeling an onion, seeing all the different layers of what this means. And I provide the analysis for this in **Super Imperialism**.

I won't go over it here, but I'm making these points to show what petrodollars may mean today. It now has to do with all this accumulation of savings that the OPEC countries have had. We're seeing a lot of their capital investments—the billions of dollars Qatar will have to spend to replace its gas refining capacity, all the luxury tourist trade that the Arab countries have built up. All of this is threatened now. And all of a sudden, they're going to have to liquidate these reserves they thought would be their permanent, growing wealth. It's all being wiped out, and they're having to sell it all off.

And it's as if—what was the whole point of their ever trying to become big oil exporters and invest in all these vast reserves, tourist and hotel projects, real estate, and financial ventures they’ve done? It’s been a disaster. Well, I want to close by pointing out that in Britain, Starmer, in the last few days, has said that if the United States withdraws from NATO, then Britain, quote, “will not allow American bases to operate on our country’s territory.” So what Trump may have been doing is not only breaking the market for U.S. arms exports as a vehicle for savings—he may have finally split Europe away from NATO. And if Europe does break away from NATO, then what’s the point of its fighting with Russia?

What's the point of fighting against Iran? If the trigger is the need for oil and gas to prevent economic collapse, then the way to avoid that is to stop the whole American Cold War against Russia, China, and Iran. And without the support of other countries for this American Cold War, there goes the whole U.S. strategy of trying to threaten or destroy other nations if they don't comply. The United States is destroying the economies of other countries—mainly those of its allies. And maybe those allies are now saying, "We'd rather reorient our trade, diplomacy, and financial relations with nations that don't engage in imperial adventurism that wrecks our economies." That's basically it in a nutshell. Yeah, go ahead, Richard.

#Richard

Yeah. Much of the world was surprised when, in the first two weeks of the war, questions were asked—both to the United States and Israel on one hand, and to the Iranian spokespeople on the other. What are your goals? What are your aims? What do you hope to achieve? And the United States gave this confused mixture: they must not have nuclear weapons—which they've already agreed not to have anyway—but still, it sits there. Mr. Netanyahu can constantly terrify his own people by saying he's saving them from the nuclear weapons that Iran will have ready by next week. You know, even though all the intermediary agencies—the International Atomic Energy Agency, all of them—say that Iran is in no position, and even American intelligence says they're not that close, even if they wanted to be.

#Michael

Okay.

#Richard

Well, then it's regime change. Let's leave that for a moment. The Israelis say regime change, but they seem to literally mean killing the leadership and replacing it with someone else they can terrorize—because that's what this is. To assassinate leaders is a terrorist action; it always was. The original notion of a terrorist was applied to people like those Russians who assassinated the Tsars back in the 19th century. They were called terrorists because they were terrorizing the leadership of that country. But then the most interesting thing is the Iranians—they don't say what you'd expect, or at least what the journalists expect.

They don't say, "You must stop bombing us." They don't say that. That won't solve the war; that won't end the war for them. They make that clear. Wow. "That you will do this?" No, no. And then they explain—and here's the explanation: "We want the United States out of the Middle East." Wow. Everybody goes, "They must be crazy. What?" You know, that's like the old joke, the slogan "U.S.

out of North America.” No, that’s funny because the U.S. is part of North America. And it’s not funny, but it is strange. But now let me explain why it isn’t. The simplest explanation is that Iran’s problem isn’t this or that. It isn’t the Strait of Hormuz, or passing ships, or any of that.

The problem for the Iranians, which they’ve finally had to figure out, is the presence of the United States in that part of the world. Michael is giving us the details—the petrodollar, the control of capital flows, the pricing of oil, all of that. Yes, but that’s the role of the United States in the Middle East. And even if you change some of it—okay, oil can be traded in Chinese yuan or in euros or something—that’s not the issue. The United States wants to run the world economy this century the way it basically did most of the last century, which should surprise no one. But the Iranians are saying that’s the problem. In my words: your empire isn’t going quietly, or fast enough.

You are bothering us in this part of the world. You’re desperately trying to hold on to what you created in the second half of the 20th century here. And the truth is, that’s the continuum—from overthrowing Mossadegh in 1953 to having this war now. It’s an endless process, which they’ve figured out. That’s our problem, we Iranians. We’ve got someone here whose junior partner, Israel, is an annoyance too, but everybody understands that without the United States, there either wouldn’t be a troubling Israel or no Israel at all. So that’s not the problem. It’s this: don’t make another war with Israel. It’s bad enough Hezbollah does that. That’s not our problem. It really isn’t. Our problem—and that’s why this war is not going to stop—is that you have to get out.

And the rest of the world goes, what—a little poor country is telling the United States? Yes, because that’s where we are. The exhaustion of this empire—you couldn’t do it if you were Afghanistan. That’s too poor and too small. And you couldn’t do it in Iraq, same reason. And you couldn’t do it even in Vietnam, same reason. But now you’ve got ninety-two million people, right on the border with Russia, who can make sure they have drones and missiles forever. So this is now an unequal fight that suddenly doesn’t look so unequal at all. And as people struggle here in the United States, they simply brush it off. They want us to leave the Middle East. Big mistake. You’re making fun—I understand that helps you deal with this reality—but that’s what you’re trying to do.

You’re trying to dismiss what is terribly present. The nagging question—my God—can they withstand the bombing they’re getting from Israel and the United States long enough to actually win? And as for that idea, I don’t know. I mean, Nima, you know better than Michael and me what the answer is, and what the Iranian people can and will do, given all the struggles within that country—all the differences, all the conflicts, as all countries have—but Iran has certainly got its share. Can they hang in there long enough? Because the more you think about it, the more their leadership’s extraordinary statement—“We’re going to fight until the United States gets out of the Middle East”—instead of sounding crazy, is becoming a brilliant possibility that they seem ready to fight to realize.

And then the question becomes: how far down the decline ladder has the United States come, so that the ability of the Iranians to endure outlasts the ability of the American people to endure a government doing what this one is doing? All I can tell you is that what we’re talking about here is

undermining—that's why I've focused on the macro. We are undermining the cohesion of this society by what we are doing. If interest rates go up, if inflation starts rising again, if a recession hits—all of which are more likely now than they were before this started—then Iran will go down in human history as having understood before all of us that, to borrow an image from China, it's a paper tiger.

#Michael

Well, Richard, I think Iran can hold on longer than the United States and its allies, because Iran can simply say to the world: if you don't intervene to stop the United States and Israeli terrorism and destruction, then your entire world economy is going to crash—or at least the economy of America and its allies in Europe and Asia—because we won't let ourselves be killed without bringing down all the nations that didn't stop the United States and Israel. So that's basically its message, and we've already seen its willingness to do this, because it really doesn't have a choice. If it stops, it will be killed by Trump coming in and attacking it again and again. That's what its leaders have said, and that certainly seems a realistic assessment of U.S. behavior. So it's up to the world to stop its own economic destruction, and it hasn't even seriously begun to do that yet.

#Nima

Yeah, yeah. Richard, do you want to add something before we wrap up?

#Richard

No, it's just that I'm still reacting to—I hadn't heard what Michael said about Starmer. I have half a foot in Europe; I speak those languages. My family comes from there, and so forth. If that quote is accurate—well, I've never heard Starmer show enough courage to do anything like that. He's at the end of his political career, even though he thought he was in the middle. He squandered an election in which he blew into office with a Labour majority across both houses of Parliament, and he's destroyed all of it. He's extremely disliked and unpopular—right up there with Macron in France. Just for our audience: they had municipal elections this past weekend, last Sunday, and the governing party of Mr. Macron lost everything. Either the right-wing nationalists or the left-wing—La France Insoumise and that coalition of the left—did very well.

But the middle, which Mr. Macron represents—it's all gone. All gone. And that's usually a foretaste of the national elections to come. So I've been wondering how long it would take for Europeans to recognize that American foreign policy—because, as I put it, it's a dying empire—is no longer about having allies you work things out with. It wants tributaries. An ally is interesting only to the extent that it enriches us and therefore makes us more secure. They haven't done that enough, so I'm going to complain that they're leeches—they don't do anything for us. I mean, we're stupid, but you can understand where it comes from: you want their support. This decision to attack with Israel was not discussed. The German government made that clear over the last week—Mr. Merz said so—and that would be the most important economy, with the United States, to support.

For example, if people don't know, Germany is the most important supporter of Ukraine at this point. So not coordinating with Germany is beyond words—stupid. Then to ask them, and not very nicely, to help you—“please send us warships”—which, as Michael correctly points out, they don't have, or have very few left. And those don't work very well because they haven't had any use for them. And then to be angry when they say, “Well, you know, Starmer initially said yes, and then realized...” Look at the irony here.

He realized that his career was over unless he turned against it, because that way he could become a hero for all the British who don't like being treated this way. The idiotic Conservative Party of England and the even more outrageous Farage Reform Party are gung-ho in supporting the United States out of—God knows what you'd call it—the way they think, if the word “think” even applies. So Mr. Starmer has just discovered that by being anti-American, he might have the best chance not to disappear. It has nothing to do with Iran or British imperialism, neither of which he has ever questioned—and he never will.

You can see another example in the history of capitalism where, I would argue, it's always the domestic situation that determines whether you go to war, when you go to war, how you go to war, and when you end the war. I think it will be the outgrowth of—2017, no, sorry, 2027—what happens in this country that will bring that war to an end. Or Mr. Trump's fear of what's beginning to unfold in the economy will make him have to stop this. And then the question will be—notice how it's shifting—it'll no longer be about what the United States is going to do, as if that's where it begins and ends. It will become: what are the Iranians going to do if the Americans stop bombing and declare peace? What are they going to do?

And the whole world will now be focused on the Iranian leadership—however much of it is still alive—to formulate a basis on which to end this war, which they may not be ready to do, putting Mr. Trump in an absolutely unique position, given the bravado with which he tries to do everything. He'll have to—but you know, he'll be up to it. You know how I know? Because of that clip of Scott Besant: “We're taking away the sanctions on Russia. We're taking away the sanctions on Iran in order to defeat Russia and Iran. We're giving them a ton of money, paying them outrageous prices for what they export. And boy, is that a blow against them.” This is so stupid that you really have to stop and take a deep breath and understand he's probably—notice I'm not sure—he's probably not that stupid. But what's coming out of his mouth is stupid squared.

#Michael

Well, I'm glad you brought up Starmer, because when even the opportunists are breaking away from the U.S., they're the canaries in the coal mine. And if you look at what's happened in Britain just this week, they're sharply raising gas prices. British wage earners are being squeezed by the rising cost

of heating their homes, electricity—all the energy prices that are falling on workers and their employers are going way up, exposing things. And the problem isn't only in Europe with Merkel, Macron, and Starmer. Look at Korea.

Just two days ago, the Korean parliament approved a \$350 billion gift to the United States, saying, "If you don't raise your tariffs on us, then we'll give you \$350 billion for you, Donald Trump, to invest and keep most of the profits—just so we can have the market for our exports." But what can Korea export now if it doesn't have OPEC oil and gas? This breaks everything Trump had promised—the \$350 billion from Korea. And then you have the \$550 to \$750 billion that Japan has promised to send to the United States, when Japan is in the same energy squeeze that Korea is. And yesterday, you had the Russian, anti-Chinese, pro-American prime minister of Japan sitting here with her hands very tensely in her lap while Trump said, "You know, we're really surprised—Iran, they weren't expecting the attack."

And surprise is how you win a war—just like when we bombed you in Japan. That was a surprise. Of course, you did it first; you bombed us at Pearl Harbor. That was the discussion he was having. You can just imagine the effect this has on Japan and their decision—just how long can we hold on to our servitude to the United States, relocating our industry there like Korea has promised to do, and all for what? When we could really be making a profit by dealing with our neighbors instead of dreaming of attacking them again like we did in the 1930s. Maybe Trump will bring about a reconsideration of world peace at the rate he's going.

#Richard

Well, I've gotten several emails today, just to give you an idea. Some of them were really—I'm not going to read them—but if I did, they'd bring tears to your eyes. People understood very quickly: Pearl Harbor was the Japanese attacking a naval military base in that harbor in Hawaii, whereas what the United States did was drop atomic bombs on two civilian cities. Hiroshima and Nagasaki were concentrated population centers. So one country attacked a military target; the other used, for the first and only time in human history, nuclear weapons.

By the way, we should be discussing next week the statement coming out of the World Health Organization that they are seriously considering the possibility of nuclear weapons being deployed in this war. That's all they say officially, but apparently, unofficially, their expectation is that Israel would have to do that because of being at risk of disappearing. And, you know, I don't know what to do with that information, but it gives me a bad feeling in the pit of my stomach. So I think maybe some conversation would be useful, just as one way—however weak it is—of coping with such a conceivable thought.

#Nima

Sure, sure. Yeah. Thank you—thank you so much, Richard and Michael, for being with us today. A great pleasure, as always.

#Richard

Take care.

#Nima

Take care.