

Larry C. Johnson: Oil Shock: How Middle East Crisis Hits Your Wallet

Analysis of escalating Middle East tensions: Claims of US-Iran negotiations dismissed as unrealistic with no direct talks occurring. Iran demands US military withdrawal from Persian Gulf, sanctions lifted, and reparations. Gulf states face economic strain as trade routes disrupted; Strait of Hormuz remains contested with selective shipping access. Military analysis questions feasibility of US ground operations against Iranian islands, citing logistical challenges and unclear objectives. Israel confronts multi-front conflict with significant losses against Hezbollah, Iran, and Houthis. Oil prices surge, global supply chains strained, shipping/insurance costs rise. European nations like Spain resist US pressure, denying airspace for military operations. Russia and China support Iran's sovereignty against Western containment. Discussion covers potential Iranian withdrawal from nuclear non-proliferation treaty amid regional power balance concerns and humanitarian risks from attacks on critical infrastructure like desalination plants.

#Nima

What Donald Trump—well, you know, the way he's starting his week. In one of his latest posts on Truth Social, he said that the United States of America is in serious discussions with a new and more reasonable regime to end our military operation in Iran. Who is he talking to?

#Larry

Well, pull up sonar21.com and look at the cartoon at the top of my article. I think, you know, they say one picture is worth a thousand words. This sums it up.

#Nima

Yeah, you know, this time around, the market isn't reacting to what Donald Trump is saying.

#Larry

Oh, it did. It did. Oh, it did react. It did react. Oh yeah, no, it's up 300. Well, it started off up 400 points—400 or 500 points. Now it's only up 213. So, are you going to show the cartoon?

#Nima

Can you post it there? Let me pull it up.

#Larry

I think if people haven't seen this, they should, because it really captures what's going on. Donald Trump is talking to himself. The cartoon shows Donald Trump, a fat, disheveled guy, lying on a psychiatrist's couch. And the psychiatrist says something like, "So these Iranians you're talking to—are they in the room with us now?" Yeah, there we go. "The Iranians you've been talking to for two days—are they in the room with us now?" He's delusional. He's not talking to Iran. Nobody on his team is talking to any Iranian. If they're sending messages to Pakistan, and Pakistan is passing them on to Iran, sometimes Iran accepts the message.

They go, "Oh, okay." And then other times they say, "We're not even interested in the damn thing they have to say." So that's the state of the negotiations. And Trump is trying to pretend that this is—you know, it's like negotiating to buy a piece of property or a car. You say, "Okay, you've got this really nice home. I'd like to buy it, but I'll pay you \$900,000. Or the listed price is \$900,000—I'll give you \$700,000." And they go, "No, no, no." So maybe they'll come back and agree on \$800,000. That's not the kind of negotiation at all between Iran and the United States. Iran's position is very clear, and it's spelled out.

At a minimum, get all U.S. bases and all U.S. military presence out of the Persian Gulf, lift all the sanctions, and pay reparations. I'd say those are the core three. But Iran's not looking to make a deal; Iran is looking to make those conditions permanent. And they're not going to stop. That's where Trump—and the world—the world is starting to scream in great pain from what's happening economically. They want it to stop. And even if it stops, the damage that's now been done to the economies of these, you know, I'll call them false countries that are the Gulf states—I mean, let's face it, the Gulf Arabs are like a political version of Disneyland.

Something that is completely artificial, created out of nothing. And, you know, the royal Saud family is, you know, a bunch of Bedouin tribesmen, for God's sake, okay? They're only a couple of generations removed from riding camels around the desert and keeping hawks. And just because they've got a lot of money, they get treated as if they're something special. They're not special. And then you go to Qatar and the United Arab Emirates—those are completely artificial too. You know, I didn't realize this until recently: you've got all these big high-rises, these magnificent buildings like in Dubai, and they don't even have a sewage system.

I mean, every day, trucks pull up and get loaded with human waste—yeah, actual feces—and they take it and dump it somewhere out in the desert. You know, they're pretending to be sophisticated and modern, but really, they've just got glorified outhouses everywhere. So, you know, people get to poop in their golden toilets, it gets flushed down, and then they've got all these slave laborers from Asia cleaning up after the Westerners. Sorry to be so crude, but that's what it is. And now here's the UAE and Saudi Arabia—five, six weeks ago they were practically at war, calling each other names and making threats.

Now they're together, united against Iran. "Oh, we're going to attack, we're going to declare war on you, and you'll be sorry, Iran." Oh, please. You know, the UAE isn't even a speed bump on the highway—they'd get rolled over by Iran. And Iran has already started to take them apart. I seriously believe the United Arab Emirates is not going to survive intact as a country, as a nation, whatever you want to call it. It no longer has an economic foundation. Right now, its economy—effectively 83% of it—has been turned off. It's not operating. Oil exports? Down 25%. That's not going out. International trade at Jebel Ali, the free trade port? Nothing going on there. Tourism? Dead.

Only the sadomasochists are showing up—the ones who want to risk being in a war and getting blown up. Everybody else is getting the hell out. The construction industry is dead. The financial industry is dead. So we're living through, I think, what's going to be a real watershed week, in the sense that the worsening global economic crisis is going to come into focus. Up to this point, you know, Trump's been able to play these games—"Oh, things are great, man, we're negotiating, this is going to be over." And a lot of the traders on Wall Street and in London were saying, "Oh yeah, this can't last forever. Iran—yeah, they're destroying so much of Iran, the end is near." And it's not. It's not.

#Nima

Larry, I think your understanding of these Arab states is so accurate, because you see that the way they see themselves isn't really based on the reality of who they are.

#Larry

Yeah.

#Nima

Because you have to understand your capabilities and your limits, right? It doesn't seem like they understand that. That's why they're talking about going against Iran. And what would be the benefit for these countries—the UAE, Saudi Arabia—to go against Iran in the long run? These people, you know, I don't know what's going on in the minds of the decision-makers in these countries, but they're so disconnected from the reality of what's happening.

#Larry

Well, anybody that's ever been around them—let me be clear here—I'm not anti-homosexual. But if you've ever been around these Gulf Arabs, I mean, here are these guys walking around wearing white sandals with gold on them. It really gives off a very, I'll call it, effeminate vibe. So they're not really what I'd call a masculine group of people. It's weird. And the reason I raise that is because

within Islamic culture, it's very much against homosexuality and that kind of practice. Sorry—my dogs. Somebody came to the door. Now they've both decided to start hollering. Wait, hang on. Let me tell the show.

#Larry

Okay.

#Nima

That was strong.

#Larry

Say what? Hang on a second.

#Speaker 03

She needs a PIN number.

#Larry

Oh, 8707. Yeah, sorry about this—all the distractions. But no, they give off, in their national policies, a very anti-homosexual stance. Yet in their own conduct, they're very, let's say, gay-friendly. And you also see this contradiction, or the difference between, you know, they claim to have this strictly religious society, and then when they get to London, they're chasing women, drinking alcohol, and it's party all the time. And that's actually what happened in Dubai. Iran even joked that, hey, as a result of the war, they've gotten rid of all the prostitutes. Hang on for a second. Okay—5957.

#Larry

Sorry.

#Nima

Larry, the other point Donald Trump mentioned in his post today was about the Strait of Hormuz. He said that if they don't open it up immediately, we're going to hit all these electric generating plants, oil wells, and oil facilities, along with Hark Island. We're going to go after that as well. But here's what the Iranians said in response—they actually responded positively. They're saying they're opening up the Strait of Hormuz. Iran responded positively to Trump's threat and reopened the Strait of Hormuz, but only for two Chinese tankers.

#Larry

So, you know... well, look, let's recognize the lack of logic and consistency on the part of Donald Trump. I mean, he really is all over the place. Call him two-faced. We can call him Janus, you know, the Roman god that had two faces looking in opposite directions. That's Donald Trump. Because two weeks ago, three weeks ago, they lifted all the sanctions on Iran, right? So why? Well, we needed to get more oil out there. We didn't want to have any sanctions preventing oil from getting onto the international market. So now here he is saying, "We're going to destroy your oil." Remember that oil we freed weeks ago? You said it was unsanctioned and you could deliver it. Now we're going to destroy it, we're going to remove that from the market. And he's doing that at the very time when, in the last two days, the price of oil has gone up. You know, both Brent and West Texas Intermediate futures have gone up \$2, \$3, \$4. So one's up to like \$115, I think, and the other's up to \$102. Wow.

#Larry

Sorry, that's going in the opposite direction. So what is it you're trying to accomplish? I mean, seriously, you're just checking the rent. West Texas Intermediate is at \$102, Brent Crude is at \$114, and Murban Crude is at \$119. So, yeah.

#Larry

So this is an inflation punch in the gut to the world economy. And that doesn't even begin to capture how high the cost of diesel is.

#Nima

Here's Scott Best and Larry C. Johnson talking about this trade for most.

#Speaker 04

Well supplied. And we're seeing more and more ships go through on a daily basis as individual countries cut deals with the Iranian regime for the time being. But over time, the U.S. is going to retake control of the straits, and there will be freedom of navigation—whether through U.S. escorts or a multinational escort.

#Nima

You know, it's amazing, Larry, when you look at the way Donald Trump is talking about negotiations, and Scott Best and Larry C. Johnson are talking about the United States being in charge of this, kind of controlling everything. It seems to me that we're living in different, you know, sort of universes. You know, they're different from us. In what universe do they live, in your opinion?

#Larry

How accurate is that? That's the right expression—they live in an alternate universe. And it's not reality. The United States already tried to do freedom of navigation in the Red Sea, to open that up. How did that turn out? The United States failed. They got beat by the Houthis. Well, Iran is much more formidable, much more powerful, and has many more options in its arsenal of weapons and ways to pressure states in the Gulf and to control traffic through the Strait of Hormuz than the Houthis ever did.

So the United States failed to open the Red Sea, and the Houthis are now threatening to shut it down again as well. So you've got two critical waterways, and I guess the last one globally would be the Strait of Malacca, which is over in Asia. This is really disrupting global supply chains across the board. It's raising shipping costs, insurance costs are going through the roof, and the effect of that on consumers is a combination of much higher prices or the goods you need or want just aren't there because they haven't been able to be put on a ship and sent forward.

#Larry

I think you muted me.

#Nima

The New York Times, Larry, reported that the United States has sent more than 50,000 soldiers to the Middle East to fight. Let's assume Donald Trump finally decides to invade those islands. With 50,000 soldiers, how is that going to play out for him? And how is that going to benefit him? Because, you know, we have to look at the capabilities of those forces on that island—or on some of the islands in the Persian Gulf—and what the political and military outcome would be for Donald Trump.

#Larry

Yeah, this opens a whole can of worms in terms of exposing the fact that the United States doesn't even have a plan, doesn't even have a clear objective. Let me take you back—well before you were born—to World War II. The Pacific War started after the Japanese attack on December 7th, 1941. By the middle of '42, the United States had put together a group of Marines who were sent to Guadalcanal to take control of that island. Why? What was the objective? The objective was to get control of that airfield and to stop the Japanese, because if the Japanese had control of that airfield, they'd be able to control a lot of the maritime traffic that would be vulnerable to attack. So it was a clear military objective on the part of the United States.

Seize that island, get control of the airfield, and then you're able to patrol and limit the movement of the Japanese fleet in that area. You don't have that kind of objective here. So, okay, what's the objective? Well, open the Strait of Hormuz—except they're talking about attacking Karg Island. But

Karg Island is well north of the Strait of Hormuz. So if you're going to attack Karg, then you have to ask a second question: how are you going to get your troops there? If the Marines are going to be used, that means they'll have to sail through the Strait of Hormuz. And if they try that, they'll be sunk. Those ships carrying the Marines will never make it to Karg Island.

So I guess the other option is to fly them in—you know, fly 5,000 Marines into Saudi Arabia or Kuwait—and then put them on amphibious boats and have them try to go across the Persian Gulf to land. Except then they're going to be vulnerable to attack by drones and missiles from Iran. So the third option is, well, you drop them in by parachute—except that's not the Marines, that's the 82nd Airborne. And once you seize the island, then what? They're not going to have enough troops to actually take full control of the island, because there are several thousand Iranian citizens there, and they're going to fight back. And once they get into a fight with civilians and start killing civilians, that's going to create further international problems for the United States. And then there's the whole question of resupply—how do you resupply? Because any resupply by air is going to be dicey.

They'll be facing the risk of being shot down. So then you go, okay, let's say they're going to try to open Qeshm—or take Qeshm. Qeshm's got about 150,000 people on it. It's not a small territory. And as I understand it, it's actually connected to the mainland, so it's not a complete island. But okay, let's say you get your troops on that island—then what? That doesn't eliminate Iranian drones, Iranian missiles, Iranian mini-submarines, or Iranian maritime drones. Those four things right there—and not to mention the speedboats, the Boghammers that the Iranians have, which can be used to attack ships—just putting troops on that island doesn't eliminate those threat vectors that Iran can still use to keep the Strait of Hormuz shut.

Or let's say they go in and try to take Bandar Abbas. All you've done now is create a concentration of U.S. military forces that can be easily and readily attacked. None of this makes any sense militarily. You know, at least you could argue that in World War II in the Pacific, the United States hit Guadalcanal and then began the island-hopping campaign. They decided they could take different islands to secure control of different parts of the Pacific. And in some instances, they realized, hey, all we've got to do is just bypass the Japanese, right? Now, just one interesting fact about World War II in the Pacific.

The United States started its operations in New Guinea at the end of 1942, I believe. That fighting in New Guinea continued until after the dropping of the atomic bombs on Nagasaki. So that was an island the United States actually never took. And I would argue that this kind of inserting ground forces could be sort of the new New Guinea for the United States Marine Corps—where they spent years fighting and not really making any progress to, quote, bring about the defeat of Japan. That was one of the most, if you will, meaningless military engagements of World War II. It went on for, you know, three and a half years and accomplished nothing other than getting people killed on both sides.

#Nima

More recent experience is what happened at Snake Island. You know, the Ukrainians tried to invade Snake Island, and then Russia hit them and almost slaughtered them.

#Larry

Yeah, and then the same thing happened to Russia. I mean, you've got this chunk of rock sitting out in the middle of the Black Sea, near the coast of Romania, and whoever gets on top of it—okay, they've got control of it—but so what? What can you do from there? Because then you're exposed to being hit by missiles, air-dropped bombs, or drones.

#Nima

Yeah, I think, Larry, there are some lessons to be learned, as you mentioned, from the history of these kinds of moves if they try to do that. But nobody in the Trump administration would care about what happened before. You remember when Donald Trump was elected in the United States—they decided to do the same thing against the Yemenis in the Red Sea. He did the same thing the Biden administration tried to do before, and he said, this time around it's going to be different. We're going to crush them. We're going to destroy them.

You don't see people understanding the reality of their own situation. They think they're different, that they're more powerful, that their decision-making system is working better than before. But tell me, Larry—today, as we talk—do you see any military expert in the Trump administration who's able or capable, not just on the military side but in intelligence, who understands what's really going on? Someone who can go against the rhetoric in Washington, go against what Donald Trump is suggesting?

#Larry

None have been speaking in public to that effect at all. Maybe they're saying it behind closed doors. But so far, all the commentary about putting in ground forces and moving forward with this crazy plan—it's all delusional, about how great our Marines are and how effective they're going to be, etc. You know, I got a note yesterday from a retired U.S. officer who was in Special Operations Forces. He was in charge of the hunt for Scuds and other things back in 2003 in Iraq. Right.

#Larry

And he noted that there's a real disconnect. If you go and search online about the 2003 Special Operations Forces hunt for Scuds and WMDs, you get all these great stories about what was done by the 5th Special Forces Group and by this outfit and that outfit. And he said—I'm quoting him—"It's all complete bullshit. It's all a lie. That's not what happened." He shared with me that they received all these WMD target folders listing every site where they thought the weapons were and what targets they needed to hit.

And he said, you know what, every one of those targets—there were dozens, excuse me, hundreds—quoting him, hundreds of target folders that were prepared by the U.S. Central Command, the Defense Intelligence Agency, and the CIA. And not one operational Scud was found from those target folders, not one. That's the point: a lot of times the U.S. military claims it's acting on the best intelligence, and it's not the best intelligence. It's wrong—completely wrong. So they think, "Oh yeah, all we've got to do is attack Kharg Island and that'll shut off Iran's oil and Iran will collapse," or "All we've got to do is take Qeshm Island and that'll open up the Strait." No—they're acting on bad, bad intelligence.