CIA & Neocons Set For More War After Trump Defeat | Larry C. Johnson

The blue wave means nothing good for US foreign policy. It creates a window of opportunity for several actors to pore even more money and resources into their preferred theaters of war. The CIA will use its shadow powers to double down on Russia, the Netanyahu-Trump team will use the last months of the old Congress to double down on Iran, and the potential power play between the Vance and the Neocon faction in team Trump will increase the chances of them creating crises abroad to distract from what's really going on. On top of that we now have an irreversible energy crisis that will lead into a global economic crisis. Brave new world, here we come. Larry's Links: Larry Johnson’s analysis at Sonar21: https://sonar21.com Neutrality Studies Links: Neutrality Studies Substack: https://pascallottaz.substack.com Support Neutrality Studies: https://neutralitystudies.com /donate Neutrality Studies shop: https://neutralitystudies.com/shop Time Stamps 00:00 In person in Tbilisi: neutrality for Georgia 01:52 US midterms and the political cost of war 06:13 Could an anti-war third party emerge? 09:34 Vance, Trump and congressional constraints 19:15 Who controls US intelligence policy? 25:08 Iran, escalation and military risks 31:34 Ukraine, sanctions and Russian energy 35:42 Fuel shortages and the global economic outlook

#Pascal

Welcome back, everybody, to Neutrality Studies. Today we have a very special episode because I have with me Larry Johnson in the flesh, live in person. He's real, and he always wears this shirt. I was held hostage if I didn't bring it. Well, well done. Larry was with me today in Tbilisi for a conference because the Georgians are actually really thinking about neutrality—neutrality for Georgia. So we discussed it for the whole day. Larry, just very briefly, what was your impression, and how realistic do you think this idea of neutrality for Georgia is? And I mean Georgia the country, not the state. Yeah, not the state.

#Larry C. Johnson

Yeah, it's doable, but my impression is the Georgians have not taken all the steps they need to take before pulling the trigger on it. So neutrality sounds great in theory, but then you've got to deal with the fact of how dependent they are on the petrodollar. How dependent are they on the U.S. financial system? And if the United States wants to sanction them or punish them for trying to step away from U.S. control, do they have any kind of insurance or safeguard? So I likened it to being on board a plane and wanting to jump out. Well, make sure that if you're at 10,000 feet or above, you have a parachute, that you've packed that parachute, and that you're confident the parachute works. And right now, I'm not sure Georgia has a parachute in place. So that's the issue that they need to settle.

#Pascal

Yeah, no, there are a lot of things that go into this. And at the moment, it's more or less preparation for something that could come in the future. But it's a serious thing. But let's shift gears and actually talk about international politics. In your country, you just had elections this week. Today, we're speaking on Thursday—what is it now, the 5th? And on the 3rd, you had midterm elections—the blue wave. Basically, Donald Trump is now a lame duck. What is your assessment of what this means for the future of U.S. foreign policy?

#Larry C. Johnson

Well, this election definitely was a complete shock to the U.S. political system. Now, let's put it in historical context, because there's been some, what I call, hysterical commentary on the part of a lot of pundits. In 1894, there had been a financial crisis. The Republicans at the time, I believe, lost like 110 seats in the House of Representatives. Or maybe it was the Democrats. But they lost 110 seats in the House of Representatives. This time, the Republicans went from 218 down to 185, according to the current estimate. So that's 33 seats. So it's a significant loss. They've lost control, but it's not unprecedented in history.

In fact, in 1932, 132 Republicans lost their seats, along with over 12 senators. In this case, it looks like seven senators. But that said, this was a shock to the Republicans because, two years ago, they thought they had created a coalition that was going to ensure permanent Republican control of Congress and the presidency for the foreseeable future. Now the conversation is, "Oh, there is no foreseeable future," right? Now, what was the main reason that Donald Trump lost? J.D. Vance has said it. Donald Trump has acknowledged it. And the pollster, Richard Barros, who proved to be the most accurate pollster of this election cycle…

Now, there was one cause: the war in Iran. Trump had promised not to start a new war. And what happened to him electorally in this election is similar to what happened to Woodrow Wilson in both 1918 and 1920. Woodrow Wilson was elected in 1916 on the promise that he would keep us out of war. And then, literally within a month after being sworn into office, he brought the United States into World War I. And so, a year later, they were punished. So this has led to this realignment, and this realignment is going to affect U.S. policy. Already, the Democrats are talking about impeaching Trump for his role in going to war in Iran without congressional approval.

#Pascal

Do you think that's likely to happen? Because in the Democratic Party, you also have war hawks. You have neocons there as well. I mean, is this something that's seriously on the cards? Or is this just more empty rhetoric that, as soon as Congress convenes, you know, might be forgotten? I mean, I know that they would love to impeach Trump and so on, but I have a hard time seeing them doing anything serious to stop the war in Iran.

#Larry C. Johnson

Well, that's what they ran on. So if they now betray that promise, what happens two years from now? Because right now they're saying, "Oh boy, the Democrats have got this locked up, you know, not only for the 2028 presidential election, but for the 2030 midterms and beyond." So they're already saying, "Oh, we've got it locked up. We've got control." Well, not necessarily. If they fail to deliver on their promise…

#Pascal

Then what? Then it's going to go back to the Republicans.

#Larry C. Johnson

Well, then actually, I think we're going to see what's happening in the United Kingdom: the emergence of a third party, an alternative. And you've got people lined up already who are talking about it: Thomas Massie, Joe Kent, Tucker Carlson, Marjorie Taylor Greene, and Tulsi Gabbard. So you've actually got some people with name recognition who do have some public appeal. You could actually have the emergence of a new third party.

The last time we saw something like this was 1854. Up to that point, there had been the Democrats and the Whigs. But the issue of slavery split the Whig Party, and out of that came the Republican Party. You can see a similar split here within the Republican Party over whether or not to be involved in foreign wars like those in Iran and Ukraine. And there is enough anti-war sentiment in the United States that cuts across party lines that it really could become the foundation for a new party.

#Pascal

The only viable third party that does exist at the moment is the Greens—viable in the sense not that they're big, but that they actually have ballot access in almost every state. Not all of them, but almost every state. A, it's really hard to get ballot access in the US. B, even if you do, the fact that it is single-member district voting makes it really, really hard for any new party to come in, because the threshold is just so high to get to a significant number. Do you think that hurdle can be overcome just because the discontent in the US is going to be so high?

#Larry C. Johnson

Well, yeah, it can be overcome with proper planning. And I know that Robert Barnes, who's an attorney and actually specializes in this, is consulting with Thomas Massie and Tucker Carlson and others. They understand it's a formidable planning process. It's not just something you start at the last minute. And I think, frankly, they've already started the process, recognizing that both political parties are bankrupt.

And I think the Democrats are making the same mistake that the Labour Party did in the U.K. The Labour Party celebrated its victory four years ago over the Tories, but they continued to do, let's call it, the deep state stuff. They continued to invest in war against the Russians. And, you know, there's still a majority of Brits wanting to get out of the EU, but instead the Labour Party is trying to get them back in. So there is the emergence of a third party in the U.K. that will potentially supplant the other two. And so the same kind of trajectory can happen in the United States. It's not impossible.

#Pascal

Although that's the one thing where the Democrats and the Republicans are going to actually work together in trying to prevent any other party from emerging. But tell me, that tweet that I read this morning from Vice President Vance, where he basically was extremely honest in conceding, yeah, the war did this, and we are now paying the price for having gone down that road—to me, this was the very first step for him to basically start running for 2028. Did you interpret it that way?

#Larry C. Johnson

Oh, yeah. No, absolutely.

#Pascal

He now has to abandon Trump, right?

#Larry C. Johnson

Well, in that long tweet, he cited a pollster. Well, the pollster he was citing was Rich Barris. And Rich Barris works closely with Robert Barnes. And Barnes and Vance are friends. They go back—both are graduates of Yale Law School. And J.D. Vance understands that he has got to separate himself from Trump and offer an alternative, or his political career is over. So, if the Republicans are going to have any chance of recovering in 2028, it's going to require that Donald Trump be removed from office. It remains to be seen if that's going to happen. Trump may insist upon sticking it out and staying in the presidency, but he is going to be hamstrung. Because, with these particular issues, the Democrats will control the Senate with at least 54 seats, and I think the number, when it's all said and done, will be 56. And anybody that's going to be nominated to a cabinet post, like Secretary of the Treasury, Secretary of War, or Secretary of Energy, has got to be approved by the Senate.

#Pascal

Yep.

#Larry C. Johnson

And the Senate can block them, not approve them. Any U.S. military officer who's a colonel and wants to get promoted to general—anybody promoted to brigadier general, major general, or lieutenant general—has to be approved by the Senate. Right. And you can understand that, right now, I think there's a lot of nervousness within the various services that if they're seen as too accommodating of Donald Trump's orders to expand the war—a war that doesn't have congressional approval—their future could be jeopardized. They won't get promoted. So I think there's a potential here for some more pushback from the military. They're not going to be disobeying orders, but they're going to go very much by the book and insist that if you're giving an order, it better be a lawful order.

#Pascal

Yeah, can you just explain that to us? There’s not only guidance but also laws in the United States that hold service members accountable if they knowingly follow unlawful orders, right?

#Larry C. Johnson

And this is a big sword of Damocles over every single higher-ranking officer in the U.S. Yeah, so that gives them the possibility that if Trump says, “Okay, we're going to launch a nuclear strike on Pickaxe Mountain,” you could have officers in that chain of command refuse to carry it out and say, “This is an unlawful order. Congress has not declared war on Iran, and this would be a war crime.” And they would be within their rights to do that. Now, Trump might attempt to fire them or punish them, but then word would get out, and there would be a political food fight underway at that point.

#Pascal

Hey guys, Autumn Spirit is here, and we’ve launched our new merch. For instance, the monster from our Kill Symposium has arrived on T-shirts, tumblers, and magnets. The little fella is really cute. Check it out. Every purchase directly helps us keep the lights on. So thanks a lot, and see you soon. Do you think it is possible that now, within the Republican Party—even all the way up to Vance, of course—there is a debate on whether or not to encourage Trump to actually leave and open the field for a Vance presidency, so that he has a shot at carrying it over into 2028?

#Larry C. Johnson

There are some who hold that view. Now, there are others who would like to have Trump twist in the wind for the next two years.

#Pascal

Well, let me take that back.

#Larry C. Johnson

I think the majority of Republicans who have survived this cycle recognize they're going to be better off if Trump is gone. And so I think there will be a push among the Republicans to get rid of Trump, particularly if articles of impeachment come down, because they thought this election cycle was going to be more favorable to Republican senators. In the next cycle, there will be 19 Republican senators up for reelection. And the danger there of a complete wipeout is significant. And that assumes that the Democrats don't screw things up.

So from that standpoint, I think there will be pressure on Trump to resign, to move on, so that he gets taken out of the political picture and someone like J.D. Vance has a chance to repair it. But this raises another interesting scenario. Vance would then need to name a vice president. The Senate and House could refuse to approve a person Vance nominates and just leave it in limbo, so that the next person in line would be the Speaker of the House of Representatives. In this case, maybe Hakeem Jeffries, if he's elected to that position.

#Pascal

Well, the interesting thing, of course, about this tweet this morning by J.D. Vance is not only that it seemed to me a very honest assessment, but that he put it out. You know, the only person in Donald Trump's entire cabinet who is not in danger of being fired by Donald Trump is J.D. Vance. Right. The president cannot fire the vice president because the vice president, too, is directly elected and has a direct mandate, right? Right. So to me, this was a really big deal that he actually wrote that. I just wonder, if this continues—I mean, maybe he leaves it at that one tweet, and that's it. And basically, you know, Trump himself, I think, had also said something to the effect of, "Yeah, well, okay, they didn't like the war." He leaves it at that. But if he continues down this road, do you see a scenario in which the cabinet itself, the administration, gets blocked, and where you now have, like…

#Larry C. Johnson

Fronts building, you know, with the Vance side versus basically the neocon side—Hegseth and Rubio and so on? Because I don't see them being on the same page, actually. They could use the 25th Amendment. Yeah, but even that faces a number of hurdles, because it's not just a matter of the majority of cabinet members saying, "Okay, we've got to replace him." It's getting support from the House of Representatives and the Senate. And that's not going to happen before the Democrats take power. And then after that, you know, it's like you were suggesting: the Democrats may decide, "You know what? We're better off keeping Trump just twisting in the wind. He's a constant reminder of how bad his policies are. Whereas if we get rid of him, you know, potentially we make him into a martyr."

#Pascal

Yeah, and reopen 2028 for Vance, because Vance, in my view, is just a more competent person. It’s not about whether or not he has better policies, but he is a more competent thinker than Donald Trump.

#Larry C. Johnson

Yeah, very much so. So basically everything is open at this point, huh? Well, it's open, but let's also look at the foreign policy implications of this. Right now, the Democrats, even though they ran on an anti-war theme, are still hinting that they're going to increase funding for the war in Ukraine, and they're going to insist that Russia be punished. For example, two of the oil tankers that were supposed to come to the United States carrying diesel fuel have now been diverted to Brazil.

And they were diverted for fear that if they docked, the ships’ captains and owners could be arrested for violating U.S. sanctions. And they’re worried that, particularly with the Democrats in control of Congress, those kinds of laws would be enforced at their insistence. So, you know, what should have made sense—that ship docking at a regular port and offloading—they’re not doing now because of that legal concern. So you can see the Democratic Congress taking a position to compel Trump to be more confrontational with Russia. And so instead of that war threat easing off, it will become greater.

#Pascal

I mean, the question at this point for all of us is: who's actually in charge of the war—the proxy war, or the implementation of the war against Russia? We thought for the longest time that these things were happening with the tacit agreement of POTUS. But now, after this latest Atlantic article and so on, the realization sets in: it's basically a CIA war. It's a Ratcliffe war. And Ratcliffe apparently plays golf with Donald Trump. So it's not that Trump dislikes the guy, not at all. But it wouldn't surprise me anymore at this point if this were basically just left to the CIA, and Donald Trump were just there for the speech acts and so on. How do you interpret who actually calls the shots when it comes to the actual implementation of the war?

#Larry C. Johnson

Well, for right now, it is the CIA. Now, Trump has the ability to control that. So far, he's declined to take the steps he needs to take to get control of that and to hold Ratcliffe accountable. And you do that in part by, you know, having a meeting every morning with Ratcliffe to say, "Okay, this is what I asked of you. Have you followed up? Have you completed it?" And if it's not completed, then you fire him.

#Pascal

Yeah, but he's not being fired, right? I mean, I don't see Ratcliffe in danger. I haven't heard of anything. If anything, it's interesting how independently Ratcliffe can act. I mean, he was even able to meet Zelensky about a month ago, right? Before Zelensky actually came to the US. I still don't understand why they did that in Ireland—or Iceland. No, I think Ireland. But, you know, these are probably very, very weighty decisions that are made at the highest level, but not at Donald Trump's level.

#Larry C. Johnson

Right. Yeah, they're giving Trump a little bit of what they call the mushroom treatment, you know. What is that? You cover them with excrement and keep them in the dark.

#Pascal

Oh, so, I mean, what happened to all the talk of draining the swamp and so on? Do you think that was ever meant seriously? It's not even possible.

#Larry C. Johnson

It is very possible, but it requires knowledge of how the swamp works. And that's where Trump and even Elon Musk with his DOGE team need to understand how the intelligence bureaucracy works, how the national security bureaucracy works. Because you can get it under control, but you have to be able to go in and hold people accountable. And, you know, I've used the example: if Trump gave the order, "I want you, the CIA, to stop providing intelligence to Ukraine," the CIA would go, "Okay, yes, sir, we'll stop. But you didn't tell us that we couldn't share our intelligence with the Brits, who in turn will then pass it to the Ukrainians. You didn't say we couldn't do that, so we'll keep doing that." That way, they'll say, "Well, of course, Mr. President, we've done exactly what you asked." And they wouldn't even be in breach of any U.S. laws, right?

#Pascal

No, not at all. So if he was serious, he would actually have to issue—what is it called? There's a special word for when the president orders the CIA to do something. A finding.

#Larry C. Johnson

A finding.

#Pascal

A finding that says no targeting data can be shared with anyone on the outside, in any way, anywhere.

#Larry C. Johnson

Yeah, basically, it is prohibited to share any intelligence on Russia that could make its way into the hands of Ukraine. So that means no sharing with liaison services, no sharing. This is entirely to be kept in a compartment, closely held, and only to be distributed by, you know, you could say, the commander of Central Command at the direction of the president. So, you know, you dress it up in a certain way so that the procedure would have to be followed.

#Pascal

Okay, so there would be a way for him to do that. Whether he knows that or not is another question, but whether he wants to do it or not is the third, right? And it seems to me so far that he's been talking out of both sides of his mouth, right? For a man like him, who knows about the value of leverage, it makes sense in his world to talk to Putin and say, "I would love to help you," but then do nothing in the background to actually make that happen, right? Because you want the other person to come to you and beg for help, and then you can give some...

#Larry C. Johnson

Well, it implies a knowledge of how the system works, and he doesn't have that knowledge. Now, can he acquire that knowledge? Yes, he can. But does he have time? No, he doesn't. And so far, he's refused to listen to people. You know, I know that Joe Kent went in and tried to warn him, and he ignored the warning. I know that Rich Barris, the pollster, went in earlier this year, like March or April, and tried to warn him, and he ignored him. So there are people who have good track records of predicting. But if the president won't listen, it doesn't matter how accurate you are.

#Pascal

And what about that ultra-loose cannon called Netanyahu, who also always manages somehow to remain on deck? I do not know how that guy has managed to survive all these decades, but he has, and he's still there. And, I mean, as we speak today—and again, it's November 5th over here now—by the time I post this, everything might be different. As of now, we haven't had a strike on Iran. By the time I post this in a couple of hours, we might have one. Where do you see this going?

#Larry C. Johnson

Actually, I think right now, because of, let's call it, the political chaos that's been created by the midterms, and the fact that there is still political chaos in Israel—there is no clear winner, and they're having difficulty forming a government so far—I think all this militates against any immediate strike by the United States and Israel. That doesn't mean it's never going to happen. It could change quickly overnight. But right now, as of Thursday evening in Tbilisi, which is like 11:30 a.m. Eastern

Time, there's no sign that the Trump administration is going to go kinetic. All the groundwork has been laid.

#Pascal

So are they there again, with the ships and so on in place? But what about the range? I mean, the Iranians have proven that they can shoot stuff down within, what, 600 kilometers or so? 400 miles or something? A radius of 350?

#Larry C. Johnson

Well, we've seen the Iranians take great care to avoid taking action that could precipitate a stronger U.S. response.

#Pascal

Yes, yes, that's true.

#Larry C. Johnson

So they've been quite cautious because I think they're serious about trying to defuse this so that there's little chance of escalation. But they've made it very clear that they are prepared to escalate if the United States continues to provoke them.

#Pascal

What they are trying to get across is reciprocity, right? If you strike us, we strike you. So anytime you want to hurt us, you will be hurt in return. But it will undermine your strategy if you start inflicting harm without being struck first. So probably they will stick to it. But what does that mean for the operational side? These carriers and whatnot, and these battle groups and so on, have to remain at a distance. But again, that then limits what kind of…

#Larry C. Johnson

stuff you can deploy, right? I mean, you're the one who told me that these F-35s only fly around 350 to 500 miles. But that's combat radius. Combat radius. So that means basically 250 out, 250 back. But that means you must get close enough that they can actually hit you. Yes. It's pretty risky, isn't it? Yeah, and particularly given that we've got reports that it looks like the Chinese and the Russians have been providing advanced air defense systems.

#Pascal

The Houthis, Ansar Allah in Yemen, are now able to basically carry out pinpoint strikes on Saudi airports—very, very precise, to the point where they can hit individual terminals and whatnot, which is very difficult to do. But they can do it now. So probably there is this kind of sharing going on, probably via satellites or at least some systems that the Chinese or the Russians have. And all of this must now be assumed to be available to Iran as well. So precision is now basically a given, isn't it? Yeah. Yeah.

#Larry C. Johnson

I mean, the precision was aided by Chinese technology, or by the Russian system. I think it was the Russian system, GLONASS. GLONASS is the Russian system. BeiDou is the Chinese system. Both systems provide highly accurate data for ballistic missiles to hit a target with minimal error.

#Pascal

I don't know if it was you or somebody else who had them on the channel. It's notoriously difficult to strike ships because these things move. And even if they're not moving very fast, they're still very advanced targets. Do you think they are a danger?

#Larry C. Johnson

The ships are in danger of getting hit? Yes, because these drones and so on can also maneuver mid-flight. Yeah. Well, if the Iranians launch enough drones and they have enough operators running those drones, for example, the fact that the drones could strike, you know, the aircraft carrier or destroyer would be significant. And then, you know, if they've got other targeting data coming in, they could send a ballistic missile that can adjust its course. The fact that the Iranians have acquired the ability to steer some of their ballistic missiles means they could actually, with better intelligence, have a greater probability of hitting a ship.

#Pascal

Don't you think that in the U.S. military there must be voices saying, "We cannot take this anymore. I mean, this is so nonsensical"? But then again, the military is, of course, under civilian command. What do you think this does to the internal process?

#Larry C. Johnson

Well, that reportedly is what happened to this General Sylvia, who was the J-5 and was relieved of his position, reportedly for leaking. They're claiming they're going to prosecute him. But he apparently resisted the orders to carry this out. He was arguing that it was too risky, too dangerous. So they've already got that, let's call it, proceeding underway. It's not just a judicial proceeding; it's

an administrative proceeding. It may not be criminal. They may be looking to just strip him of his clearances. And they may be using the Kremlin leak as just an excuse.

#Pascal

Yeah. Okay, so this probably has a very destabilizing effect on the U.S. military internally as well. And when we look at Ukraine, I mean, today in our conference, there was one very interesting comment by our colleague from Estonia, who was assuming that the Russians have now basically taken the gloves off and are fighting a real war, and that these large daily and nightly drone and missile campaigns are part and parcel of the Russians trying to deliver the finishing blow in the war. Do you see that as well? Yeah, yeah. No, the Russians have stepped it up a level.

#Larry C. Johnson

That is, both the intensity and the scope and scale of the fighting have dramatically increased, and the West is refusing to acknowledge it. They keep trying to pretend that it's business as usual, and it's not.

#Pascal

Although, you know, these attempts at getting Russia to agree to a ceasefire, to me, smell very much like desperation. For the longest time, the Europeans said, “No ceasefire, no ceasefire.” I mean, Putin must capitulate, right? That's basically what they said. And then, about three months ago, they started changing their tune and saying, “We need an unconditional ceasefire, an unconditional ceasefire.” It seems that they actually know, don't they?

#Larry C. Johnson

Yeah. Well, that's why, you know, again, I may be reading too much into it, but when Trump and Putin cut the deal that the sanctions on Russia would be lifted until April 7th, you've got to say, well, why did they choose that date? You know, is it some significant date in history, or just an arbitrary April 7th? I believe that Putin told Trump, “We realistically think we're going to have this settled by the middle of March, the end of March at the latest.” “Okay, we'll tell them we'll not enforce these sanctions until April 7th.” Then, when it comes time to enforce them, you know, the war may be over, and they won't mind. There really will be no more sanctions to put in place. There won't be a need to.

#Pascal

Although my guess is that the Europeans will continue sanctioning Russia just out of habit. And actually, the negotiations between Witkoff and Kushner and the Russians might go further. At some point, I could see the Americans actually buying Russian oil and then reselling it as American oil to the Europeans. How realistic do you think that scenario is?

#Larry C. Johnson

Well, apparently, they're already doing it right now. I just got a message that they've diverted two of the diesel carriers. One's going to Brazil. Let me see if I can give you the specifics here.

#Pascal

Where are you here, Andy?

#Larry C. Johnson

Yeah, the details: Two sanctioned tankers hauling Russian diesel to the U.S. have diverted toward Brazil and the Mediterranean after dropping their American destination ports, according to the Financial Times. So some of that diesel that was originally going to go to the U.S. is now headed to Italy, Spain, Greece.

#Pascal

I mean, they already did that with India, right? Buying Russian oil via India. So this would just be cutting the Americans in on part of the profits from Europe's stupidity—basically saying, "As long as you relabel it, we're fine with it."

#Larry C. Johnson

Yeah, and in this case, they're thinking ahead, you know, that the Democrat-controlled Congress is going to insist that sanctions be enforced.

#Pascal

Yeah, you said so. So they are afraid to come ashore in the United States.

#Larry C. Johnson

So we're going to get some chaos right now. More chaos? Yeah. Isn't it chaotic enough? But yeah, more chaos.

#Pascal

Any gut feeling about what this means for a potential third theater, like East Asia? I'm still very worried. I'm actually less worried these days about Taiwan and more about the Philippines. Do you think that there's any kind of shady talks behind closed doors in Washington about opening a third front?

#Larry C. Johnson

No, I think what's going on in Washington is a failure to comprehend how serious the situation is. The shutdown of the flow of oil and liquefied natural gas out of the Persian Gulf—you know, 20% of the world's supply of crude oil, 25% of the world's supply of liquefied natural gas—naturally created a shortage. And that shortage has been felt in shortages of diesel and aviation fuel. Now, I think the people in the U.S. government are laboring under the illusion that if we just get a settlement with Russia now, everything will be back to normal. The head of Aramco said four weeks ago that even if it stopped then, the soonest the systems would be back online and functioning normally would be two years. Carl Miller, another analyst I've been following who's been in touch with me, says his analysis suggests it's more like seven to ten years.

#Pascal

Do we know what the status of U.S. strategic reserves is?

#Larry C. Johnson

They are being drawn down below the critical threshold.

#Pascal

That's 20%? Yeah.

#Larry C. Johnson

There's supposed to be 15% or 20% left in the Strategic Petroleum Reserve because most of those storage areas are salt caverns. The way they get the oil out is by pumping in water. As the water level rises, it pushes the oil to the surface, and they suck the oil out. But they've recognized that we're going to reach a point where we have to stop pumping more water in because it's going to cause deterioration. The salt will mix with the water. We'll have salt water, and it's going to weaken the structural integrity of those caverns. So we're already in that territory now.

#Pascal

So you're basically at zero. I mean, basically, you cannot take out any more. So now the U.S. is really dependent on the market or on the grace of other countries like Japan or China to dig into their strategic reserves in order to keep running.

#Larry C. Johnson

Well, that's the point. Everybody's out.

#Pascal

Do you think the Chinese are out, too?

#Larry C. Johnson

Yeah, well, the Chinese are low. They're low, too. So this is what was so curious. The United States refines about 5.3 million barrels of diesel on a daily basis. It only consumes 3.2 million. So you sit there and say, "Well, man, we've got like a 2-million-barrel excess," except the problem is these are private refineries. And so they're looking around the world, and everybody in Asia and in Africa and in Europe is short. They need that oil or that diesel. They'll pay a premium.

So let's say that the oil refinery there in Louisiana is going to say, "Well, I'm scheduled to ship this to Fort Lauderdale, Florida, for, you know, let's say a million dollars for 100 barrels of diesel. I'm just making this up. But the Europeans are going to pay me 1.5 million, and the Filipinos are going to pay 1.8 million." So all of a sudden, you're going to send your excess oil to them, as well as what you were planning to sell to the Americans, simply because there's a higher price being paid.

#Pascal

In addition, it's not all the same oil, right? And even the refined products are not all the same. So what I've learned over the last half year is that, overall, the United States is still a net importer because it cannot produce what it needs itself, especially diesel.

#Larry C. Johnson

Yeah, the U.S. produces an excess of what's called sweet crude, which is low in sulfur. But 70% of the refineries in the United States are set up to deal with heavy crude. So it's not just a simple matter of running the light crude through them. You can, but it's highly inefficient and more costly. So what the United States has been doing consistently is importing heavy crude in order to make diesel and aviation fuel. And that was the problem. Before, we got like 10% out of the Persian Gulf. Well, that 10% is gone.

#Pascal

And, you know, long story short, the only point I want to make is that the United States is dependent on world market prices, right? So if the world market price goes up, it's going to hurt everybody, and your gas at the pump is going to get more expensive.

#Larry C. Johnson

Well, again, people have the false impression that if they end the war, happy days are here again and the problems are gone. No, they're not. In fact, it's just the opposite. Even if the war ends tomorrow, what you've got is a permanent global shortage. Twenty percent of the world's supply of crude oil is not coming back for another two years at least. And 25% of the world's supply of liquefied natural gas is not coming back for at least two years. And compounding that problem is the damage to the oil production infrastructure in the Persian Gulf. So it's going to take repair parts. Some of those parts have to be specifically made for a particular site, right? But then, on top of it, you've had a significant level of destruction of the very large crude carriers that actually carry the oil. So even if there were oil, they don't have the buckets to put the oil in to carry it.

#Pascal

So, I mean, what this implies is that, on top of the political deadlocks that we're going to see over the next couple of months or even two years, we're going to have an irresolvable energy crisis.

#Larry C. Johnson

Right.

#Pascal

Irresolvable. How do you think this will impact the U.S. political system? I mean, the more expensive gas at the pump gets, the angrier people are going to get.

#Larry C. Johnson

Yeah. Now, this is where, with the Democrats in charge of the House and Senate for the next two years and that worsening financial situation—even though right now they're saying, "Oh, there's no way the Republicans can come back"—if, you know, J.D. Vance takes over and starts pursuing a policy of "We've got to fix this oil shortage," and gets pushback from the Democrats, by 2028 he can actually blame the Democrats. Because I believe, at that point, we'll be in a recession. And it's a global recession. It's not just going to be the United States. It's going to be Europe. It's going to be Africa. It's going to be Asia. And we could potentially be in depression territory because the cutoff of assets is so severe. And up to this point, the governments have just been lying, you know, as they say, gaslighting, putting a story out that's just not true.

#Pascal

That doesn't leave a lot of options, and it's going to hit the Europeans even harder than the U.S. I mean, it seems to me that this is just an accelerating crisis for the political West. Right. Do you think it will actually hit Asia as hard as it will hit the U.S. or the Europeans?

#Larry C. Johnson

Oh, yeah. In fact, Asia is already getting hit harder than the United States. Yeah. And we saw a little bit of a hint of that with that cruise ship, the V.A.V. That was an American cruise ship, but it docked in Cambodia and forced all of its passengers off the ship. Many had bought what they thought were permanent residences on board that ship. And they put them off because they said they couldn't afford the fuel bill anymore. They had budgeted $1,800 per cabin per month for fuel, and the fuel bill was now $8,000 per cabin per month. So almost four times what they'd budgeted.

#Pascal

Yep. Yep. No, that's really no good. And, you know, these kinds of crises usually have a tendency to hit poor countries even harder. Like in the Philippines this year, the fishermen had to stop fishing because they couldn't afford the diesel for their fishing boats anymore. So you would say buckle up for even worse things to come now, right?

#Larry C. Johnson

And so the Democrats may be singing "Happy Days Are Here Again" today. But the economic crisis, I think, is going to grow in the coming months. And then, all of a sudden, the Democrats had better have some solutions. And I don't think they will. Any encouraging words to finish off our talk? Well, at least we can be sure of one thing: we're going to have some good food in Georgia.

#Pascal

We're going to have very good food in about 10 minutes. Larry Johnson, thank you so much for your time today.

#Larry C. Johnson

Hey, Pascal. Thank you, Brian.