

Richard Wolff & Michael Hudson: America's Grip Is Gone

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#Nima

Hi, everybody. Today is Thursday, May 14th, 2026, and our dear friends Michael Hudson and Richard Wolff are here with us. Welcome back, Richard and Michael.

#Richard

Glad to be here.

#Nima

And let me start with the official statement from the White House about the meeting we had between Xi Jinping and Donald Trump. One of the main points on the part of the Trump administration was the case of the Strait of Hormuz. They wanted to remove what they called terrorism by Iran in the Strait of Hormuz with a new system where they would have to pay a toll to pass through the Strait of Hormuz. But what was announced in this statement by the White House, the outcome of the meeting, was that both sides, the United States and China, agreed the Strait of Hormuz must stay open for global energy. And the other point was that Xi opposed the militarization of the Strait of Hormuz. And here is what Scott Bassett said about the Strait of Hormuz.

#Speaker 03

Very much in their interest to get the Strait reopened, and I think they will be working behind the scenes, to the extent anyone has any say over the Iranian leadership. And the real problem here, Joe, is, as you're aware, we didn't change the regime, but the regime changed. And it was several layers of leadership that were decapitated. And it's very tough there just to communicate anything to anyone who is able to either act or speak, get an overall agreement, and speak on behalf of the Iranian leadership.

#Nima

Yeah, just before the meeting happened, Richard, several Chinese tankers passed through the Strait of Hormuz paying the fee, by the way. It's called an administrative fee, but it was basically the toll, the new mechanism that Iran has introduced for the Strait. And what is your understanding of the participation or cooperation between the United States and China when it comes to the conflict in the Middle East?

#Richard

Well, I think the only thing they really have in common is wanting to prevent that from becoming another world war—that is, drawing Russia and China in as allies of Iran on the one hand, and mobilizing the United States, Britain, Israel, and so on, on the other side. And that could happen. I think it still can happen. I don't think there's much cooperation other than that, in wanting to keep it out. The Chinese have always said they would prefer the Strait of Hormuz to be open. But I don't find that interesting because everybody in the world wants the Strait of Hormuz to be open, including the Iranians. Everybody has made that clear. So stating it again is a little strange for me. Makes me wonder... what is the point of this otherwise empty exercise?

And then I realized the answer to my own question. It's given by Mr. Besant in the clip you just showed us. Look at what that man says. He is a member of a government that is severely out of control, in which the leader has fired the head of the Navy that is conducting the blockade of that area. We don't know from one day to the next which members of the cabinet are going to be fired. If anyone had an opportunity to talk about who's in charge, it would be Mr. Xi Jinping, wondering whether talking to Mr. Trump is another exercise in pointless futility. He may not be there in two weeks, two months, two years. There's more speculation now in the United States about Mr. Trump's continuing role in the presidency than there has been ever in my memory of a president.

Some people are moving to disqualify him on grounds of mental incompetence. Key people that supported him in his campaign—Marjorie Taylor Greene, Tucker Carlson—have turned against him and are taking who knows what portion of their support. His popularity in the polls is beginning to rival that of Macron, Starmer, and Scholz, and that's a pretty low thing. So he would have the right to say, I don't know who I'm talking to. Meanwhile, on the other side, with Iran... I don't see any ambiguity at all. They have stated their policies. They have enacted their policies. They are able to coordinate their diplomatic efforts with their military follow-through. They don't look to me like they're disorganized. They don't look to me like there's a problem knowing who to deal with.

There is a problem that the new Ayatollah is a little scarce. But we have pretty good information that he was hurt or wounded in some way during the assassination of the Ayatollah. And we obviously know that being visible, given how the Israelis behave, is not a good idea for the Ayatollah, to say the least. So what's the issue? This is a desperate effort to make an excuse for getting nowhere. Whatever they wanted to get, they didn't get. And so instead of saying, we wanted X and we didn't

get it, they're saying, it was very hard to find out who to talk to. This is really childish junk made for naive people who read the newspaper and never ask any questions. And I don't think that's such a large audience anymore.

#Michael

Nima, your question was, what does it mean to keep the Strait of Hormuz open? Well, what it really means is, how do we keep the oil trade going between Iran and the Arab OPEC countries on the one hand, and their customers on the other, from Western Europe to China? Well, the problem is not only the Strait of Hormuz. And what does it mean to keep it open? Iran's reading is that, no matter what, it is going to have the right to impose tolls on the trade there. Among other things, not only is it asserting the right to do that in its waters, but because ultimately it was the victim of an attack that's illegal under the United Nations Charter's rules of war, and it deserves reparations.

The only way that it will be able to get reparations or any payments from the United States, not to mention Israel, is by imposing a tax on the oil trade in Hormuz. And so no matter what, yes, it'll be open. As Richard just said, they will pay the fee for each tanker that leaves the straits and goes through it on its way to China. Well, the question is, what's going to happen after it leaves the Strait of Hormuz? So far, you've had the U.S. Navy blocking ships of various countries, and many ships have been forced to turn back. A number of Iranian tankers have been seized, confiscated. And Trump has said, well, we're like pirates there.

Well, indeed, there's piracy going on. There's also piracy from the Somalis. They've just grabbed an Emirati ship and asked for, I think, over \$10 million in ransom to get the ship back. So the problem is not only Hormuz itself, it's all of the sea routes through the Indian Ocean on the way to China or wherever it's going. The United States has already said, well, this whole war is our attempt to block oil from any country that we don't control. We want to control the world's oil trade so that we can hurt other countries by causing a depression in them and chaos if they do not follow U.S. foreign policy.

Well, hurting other countries now means hurting the whole world. That's the whole problem, I guess, that we're going to have to talk about. And the question is, well, what will the rest of the world do? Not only China, but the whole rest of the world, to bring pressure on the United States to let the whole trade continue. And that includes de-sanctioning the payments to the Chinese banks that the Americans just imposed sanctions on the day before Trump went to China. So opening the trade not only means Hormuz, not only means the sea, but the means of paying for this trade. All of this is up in the air.

#Nima

Yeah. Richard, here is the new article in the Financial Times. It's talking about Saudi Arabia. It's talking about a new sort of pact, a non-aggression pact with Iran, the Arab states together with

Iran, because somehow they're feeling that the United States is not playing an important role, or they're not going to get anything from the United States. That's why they need to do something in the Middle East between the GCC countries and Iran. And do you think that—because the Middle East was one of the most important parts of West Asia, basically the most important part of West Asia for the United States' foreign policy?

That's why they had all those 17 bases in these countries. And right now, somehow they've seen what has happened with the Iranian attack on American bases, which were not able to defend—not the bases, not only the bases—but they got hit by Iranian missiles and drones because of the existence of American bases. And how do you see the region? Is the region gonna redefine itself or the relationships among these states, you know, not considering the role of the United States?

#Richard

Well, I think the problem is a very profound problem, and we're going to see efforts to solve it cheaply, and they are not going to work. For example, Iran's interests and those of the Gulf states are dependent, of course, on oil and gas economics. That has to be worked out in a mutual way, which has never been done, not really. And the interference there has been the United States more than anything else. Okay. United States bases turned out not to be a method of security, but in fact, a method of risk and danger. So the first, easiest, cheapest thing to do is what you just showed us: let's have a meeting and we all sign that we are not going to attack one another. Okay, this is very nice, but it doesn't deal with the issue. It's an attempt to paper over with something which is better than nothing, and maybe it is.

But what happens if the United States, under Trump or anybody else, resumes hostilities with Iran? And let's be honest, that could happen in six months, that could happen in a year, that could happen in five years. Everybody agrees we've had 47 years of hostility between the United States and the government in Iran once the Ayatollah and the mullahs took over with the disappearance of the Shah. Okay? So we have experience with long periods of time of intense hostility. If that breaks out again, and if you want to spend time, I can go through 20 reasons why that might happen, including developments in Central Asia that have to do with other countries, you know, with Kazakhstan or Azerbaijan or Turkmenistan or any of the others who are also societies in change. Well, then what is Iran going to do?

And the answer is, it's probably going to do the same thing that it did before. If American bases are there, it'll go after them. And if American bases are not there, it will go after those countries because they are allied with the United States, unless that issue is dealt with. And that's what I think this non-aggression pact is—the first small step in what will be understood to be inadequate and will require further steps. I think they will very quickly become agreements between the Gulf states and China, because if it's true that China is the major market, and if the United States' military boldness comes

out because it isn't a market for the oil from the Middle East, then the Middle Easterners would be too stupid for words if they didn't adjust their foreign policy and make nice with China, to whom they have to sell their oil.

And I can include Japan and South Korea and the Philippines and so on. But the Asian market, which is the big growth market anyway, that's the future for oil in the Middle East. And that's the future, therefore, of their military alliances, their diplomacy. And what you're going to be watching is a lesson to the United States in what the phrase "declining empire" means. That's what happens in a declining empire. Your former allies, your former dependents, are beginning to look for another association that is better for them than your declining empire. Or, if you want the cruder formulation, what do the rats do when the ship starts to sink?

#Michael

Yeah. Well, all I can do is elaborate the points that Richard just made. What does non-aggression mean? What if US or Israeli aggression occurs from bases in their countries? Well, we've already said they've told the US, "Don't fly from our bases," but the United States is done. Above all, the wild card in all this is the Emirates. But what if Israeli and US planes fly over these countries? What can they do about it? What are they going to do about it? All this is—that is aggression too. The situation is very much like what Russia is facing in Ukraine, in NATO's war against Russia. Ukraine's only the battlefield.

And in a way, you could say these Arab OPEC countries are only the arena, the battlefield in the U.S. war against Iran. And the objective of this war against Iran is the U.S. attempt to control the entire Middle East, the entire West Asia. And all along, from the very beginning, when they spoke of the new American century, it was going to conquer Europe. Iraq, Libya, Syria, all the different countries—they all ended up with Iran at the end because they can't consolidate U.S. control over the OPEC oil trade without conquering Iran. And so all of these other countries are automatically wound up with Iran. And in a way, there's a non-aggression pact just between Saudi Arabia and Iran.

It wouldn't mean that much, because what Iran's strategy is, as we've been discussing for the last month or so here, is that if the United States blocks Iran and its selling of oil, then nobody's going to sell their oil. So it can only defend itself by treating the Middle Eastern Arab oil countries as part of a unified system. And the only means of peace is going to be to negotiate a common front of this whole system. Well, that means leaving out the Emirates, leaving out Oman, leaving out Abu Dhabi. I don't see how the Emirates are going to be able to remain united, independent of—let's say, I think that Saudi Arabia and Iran can agree that the Emirates are the problem in any kind of national security agreements they make.

And then, as Richard points out, what's China's role going to be in all of this? How is it going to respond to this problem? Obviously, as we've said, it wants and it needs Iranian oil. Is it going to provide naval protection? Is it going to provide guarantees against foreign aggression? How is it

going to intervene, if at all, in all of this? Will it only intervene once the oil is on the high seas on the way to it? What can it really do in all of this? All of this is to be decided, but it can't be decided by a bilateral non-aggression pact.

#Richard

Nima, let me add, we're a little bit in the area of speculation, and that's okay. We have every right to do that. We're trying to see where things are going. So let me add, because I think it comes right out of what Michael just said. During the war, we now know that Benjamin Netanyahu went to the Emirates to have a meeting in the middle of the war with them. Okay, that seems to me a very significant piece of information. Why? Because I think what we may be watching is the slow progress recognition by the United States, not just that they've lost this war in Iran, but that all of their hopes and plans to transform Iran by a genuine regime change, maybe even breaking Iran up into two or three littler countries, you know, with the Kurds and whoever else they could move in there, maybe find a place for the Palestinians.

Who knows? That they've lost all of that. Iran is now not going to be a loyal American vassal. They're not going to have a government installed by Washington because the old one is gone. And for Israel, this is now catastrophic. They have to change horses. The horse they were riding on, the United States, is more and more unreliable. We now have polls inside the United States that indicate a majority of American opinion has shifted from pro-Israel to pro-Palestine. That has never before been the case. That is now the case. And the Israelis know that. And even AIPAC, their financial arm, is unable to buy enough congresspeople compared to what they used to be able to control. All right, so here comes the speculation. Israel is going to partner with the Emirates.

And together, they're going to try to control the Middle East, knowing that their adversary will be Iran and possibly Saudi Arabia. If the prince there in Saudi Arabia has made the decision—and I'm not saying he has, I don't know—but if he's made the decision to cut the deals with Iran, then you have a Middle Eastern place well split between Iran, Saudi Arabia, and whoever they can line up versus Israel and the Emirates and whoever they can line up. And the oil market will become a split market in which certain customers will go with certain suppliers and certain other customers will go with other suppliers, and they'll agree not to poach each other's environment, if that's a workable arrangement, at least for a while.

And that will prevent Israel from being attacked by Iran because it has the Emirates, and it has at least something more than Israel itself, because the United States either can't or won't help Israel in the event of Iranian hostilities. And knowing that Israel is determined to increase its land size, and knowing that it is having more difficulty with Hezbollah than it used to, and that the deal now coming to a head may close off—notice yesterday Israel declared its intention to annex southern Lebanon. Okay, you can see it's coming to a head. Will they be allowed to do that? Will they not be? And that's going to be more of this attempt to reach some kind of modus vivendi with the Iranians, where the flashpoint might become Lebanon, Hezbollah, and all of that.

#Michael

I think you're quite right to focus on the Israeli-Emirate attempted alliance. I think it's a very unequal juxtaposition between the Israelis and the Emirates on the one hand, and Saudi Arabia and Iran on the other. Even if there is such an agreement with Israel and the Emirates, Iran can still just block the response by, number one, blocking Hormuz trade from the Emirates. It can try to say, well, we're going to dig a long pipeline that's going to go right to Israel. I think Iran, and I think Saudi Arabia also, will see that this is all an attempt to bypass it.

And what the United States still hopes to do is to use Israel as its landed aircraft carrier to sort of try to take over the whole Near East, under Israeli management and Israeli control, but following U.S. policy. I don't see how the Emirates can withstand a fight by Iran. Iran can—number one—it can attack the Emirates, or, since only 13% of the Emirati population are Emirati people, Iran can appeal to the Indian immigrants, the other immigrants, the Arab and all of the non-Emirati populations there, simply to overthrow the government that was installed by Britain in the wake of World War II. I think that the scenario that you've described—how is it going to work out?

I can't imagine that Iran and Saudi Arabia will stand by, because they both want a unified group. And what's breaking up the unity, as you pointed out, is that the Americans and Israelis have decided—and I'm sure this is in common, given the strong U.S. control of the Emirates—to use that alliance as a means of dividing and conquering. Remember, the Emirates have also confiscated the Iranian bank accounts in their country. Iran is justified to invade it, to bomb it, and I think it has the military capability to end up basically absorbing that part of the Emirates, with a working relationship with Oman itself, all of which used to be part of Iran in the old Persian days.

#Richard

Yeah, well, I think if I could respond, your points are very well taken. I think Mr. Netanyahu going there is an act of desperation. No one else is available that he could even imagine, and he risks becoming what you said—the sole American platform in that part of the world as it all shifts more towards Asia. It is Western Asia, after all. Asia is its land connection. I don't think they're going to allow these countries to develop the pipelines or other stuff to evade the Strait of Hormuz. That would be considered by the Iranians an act of hostility toward them.

There's not enough time either, because how long does it take to do all of that? How vulnerable, by the way, are pipelines anyway to missile attack? What's happening, I think, is that Israel is becoming the agent of the United States, but at a time when what they have to control is getting closer and closer to China and Russia, and they can't control that. It's one thing to have lots of little Emirates and Bahraains and all that. It's a very different thing than confronting Russia and China, which in a way the war with Iran imposed on them. They had an enemy they did not understand.

And that's part of not wanting to face what it means that China has a greater manufacturing capability than the United States and Western Europe combined. It can produce missiles and drones forever and ship them across its border with Russia, which can put them on a boat in the Caspian Sea and deliver them to the ports near Tehran. I mean, what are you going to do about that? The answer is, short of a nuclear war, there's nothing you can do about it. And I think Israel is now discovering that, like everybody else in that part of the world, your alliance with a declining empire is a losing proposition.

#Michael

Well, Richard, what you and I are talking about is what all of the official sources are refusing to confront in public discussions. Because when Iran says the red line, the condition of any resolution of this war is going to be that the United States closes its military bases throughout the Middle East. Well, so far, everyone's been talking about Iraq, Syria, other countries. But, of course, the biggest military base of all is Israel. And that's what nobody's really confronting. How is the Israeli problem going to be resolved?

Well, you can ask, at what point, now that Israel is trying to absorb South Lebanon, what it's done is specifically destroy all of the towns and villages in the area that is largely Shiite population, in contrast to the Christian Phalange, the rotten government as a whole is controlling. How long will it be before Iran intercedes on behalf of Hezbollah, or Iran simply bombs Israel for what Iran considers to be an attack on the picture of the world, the Near East, that it's trying to create? That's going to be the wild card. Nobody is really confronting it. I think when we discuss it here, that's the first discussion I've seen.

#Richard

And then, of course, the logic of what you're saying, Michael, is that Israel then would consider using its nuclear weapons, which the whole world knows it has, because it would have no other option, given the way it's behaving anyway. It uses military force. It's become a militarized economy, a militarized society. If I understand correctly, the latest poll in Israel shows 91% support for their military activity. Okay. That's what they're going to be. They're going to be, you know, another military outpost of the American empire.

And that it becomes more important as the other military outposts have to be closed, either because they're bombed out of existence or the political winds shift. And so they do have a greater importance because they're all that's left. The only alternative is—and if we're going to put alternatives on the table, this one should be put on there too—is that there is, in the United States, a political consensus that the alliance with Israel has gone from a plus to a minus, and that therefore you should do to Israel, you know, what you've been doing to Canada or Mexico, which is to cut it off and to not care about where the chips fall, you know.

#Michael

I think China has already said, maybe Russia also, that if Israel uses the atom bomb, there will be no more Israel. I think China said it in almost those words, that there's a general agreement that that is such a no-no, that that means the total end of Israel. And Israel is going to do it, just like President Putin in Russia has said, well, yes, we may use an atom bomb if NATO threatens us. Who wants to live in a world without Russia? Well, Israel will say, who wants to live in a world that we can't control? Who wants to live in a Near East where we're not in charge, that we can exterminate the Arabs, exterminate the Christians, exterminate everyone in the way that God told us in the Bible that we have to do? Destroy the land, destroy the crops, destroy everybody until there's only us left, with the applause of the Christians saying, finally, Jesus will come. This is what the Prince of Peace wants for the world.

Peace when you destroy everybody who's not Israel. This is the insanity. And you talk about American opinion. Trump, two days ago—and his statement has been quoted by Chuck Schumer and the Democrats in Congress—when Trump said he doesn't care about the war's effect on the American economy, all he cares about is the fight for Iran. Well, he doesn't care, and his cabinet doesn't care. Trump and his cabinet are totally pro-Israeli. They don't reflect public opinion any more than the NATO countries that are anti-Russian pay any attention to the public opinion against the war with Russia. Trump and his regime are totally dead set on supporting Israel, even to the point of atomic war. So that's the crazy picture that we have—the disconnect between the governments of the U.S. and Europe from what the population realizes is the reality that we're talking about today.

#Richard

Let me ask a question about it, unless, Nima, you don't want us to stay with this.

#Nima

Go ahead, Richard.

#Richard

Well, I'm wondering if the alliance with Israel goes from whatever the people in this country, the leaders, have thought of it as—an ally, an asset, and all of that—to a liability and a problem, and cuts loose. Is it possible that the United States is looking for or has already found another role, another country to play the game? In other words, can Israel be displaced? When we watch the troubles Russia is having in Armenia, in Azerbaijan, you know, are we looking at countries that are being looked at in terms of an alternative to Israel? Close the bases in Israel, close the bases in the Middle East, and move them over into a place much closer to Russia and China, if that's the enemy—much more imposing on them in that way. As oil becomes less of an energy crucial, then so does the Middle East, and so does Israel. The whole thing is now shifting, and maybe a more farsighted State

Department is withdrawing from Israel without, of course, telling anyone that they're thinking of doing that.

#Michael

Well, when you're talking about Azerbaijan and Armenia, you're really talking about the U.S. response to China's Belt and Road Initiative and trying to block it. It's all about what kind of international connections you're going to have. America is, as you say, trying to control the whole international connectivity of what the world center in Eurasia is—Mackinder, as was said a century ago. So that's part of the whole thing. Well, Azerbaijan used to be part of Iran until Russia reconquered it in the early 19th century. I don't see Azerbaijan being strong enough to withstand a Russian and Iranian response.

If there's anything, I can imagine America turning to Turkey, but I don't see Turkey certainly trying to play both sides at once, as is India. So these are the two areas that I can see America trying to use—India to block connections between West Asia and China. It could try to use Turkey. I don't see these as long-term solutions, given the basic orientation of all these areas towards the Chinese economy that is the center of world growth, not the US and Western Europe. I mean, that's the big picture—that the US, as we've been saying, is a declining power with nothing to offer except its ability to disrupt the economies of other countries and their choices.

Do you want to side with a country that is trying to gain control of oil so that it can control your economy? Or do you want to let Iran and its worldview gain control of oil with the intention of doing what was promised at the end of World War II—free trade? Because Iran will then trade its oil again and essentially free the whole world from this whole American desperation set of moves that we've been describing. How can the world be free of America's desperate moves to maintain an empire that really can't be maintained in the end?

#Nima

Richard, go ahead. I don't know if you read the article that Robert Kagan wrote in The Atlantic. He's mentioning the situation that Donald Trump is in right now. He's basically describing it as a checkmate for Donald Trump. And here's what he said about that article.

#Speaker 05

The state of the conflict with Iran. We turn now to Robert Kagan, senior fellow at the Brookings Institution and a contributing writer for The Atlantic. Welcome to the NewsHour. Thanks for joining us.

#Speaker 06

Thank you.

#Speaker 05

So for context here, just so folks know who we're hearing from, I want to point out you were co-founder of a neoconservative think tank. You advocated for years for U.S. intervention in Iraq, so you're not averse to U.S. intervention abroad. But I want to point people to what you wrote in The Atlantic in your latest piece about Iran. You said, "This conflict has revealed an America that is unreliable and incapable of finishing what it started. Defeat for the United States, therefore, is not only possible but likely." Why are you so sure of that defeat?

#Speaker 06

Well, I just don't see what options Donald Trump has or is willing to undertake in order to open up the strait. And if Iran ends this conflict, as it currently is, in control of the strait, it really completely changes the situation in the Gulf. It puts Iran in the driver's seat. It gives Iran enormous leverage, not only in dealing with the United States, but in dealing with the rest of the world. If Iran can charge tolls, if Iran determines who gets in and out of the strait and when, that's just enormous power.

And, in fact, I think it's even more power than they would have if they were able to develop a nuclear weapon. And I don't see what option Trump has to solve this problem because, you know, they bombed Iran very effectively for 37 days. They took out the entire leadership, and yet Iran has never made a concession, and the administration has never been able to do anything to open the strait. I think the option that would be necessary would be a full-scale invasion of Iran if you really wanted to remove the regime and open the strait. I don't think Donald Trump or the American people want to do that.

#Speaker 05

So when you hear the Israeli prime minister, for example, say the war is not over, and you hear the president and his cabinet repeatedly not rule out military action to reopen that strait, what else do you think could be achieved militarily by the U.S. and Israel right now?

#Speaker 06

Well, as I say, it's not clear to me what. You know, the United States does not have the capacity, without fundamental change on the ground in Iran, I believe, to open the strait. Iran will be able to fire at it from all kinds of distances. And, you know, the United States can't possibly protect every ship in the strait with what it has. So I think it takes much more. I think, by the way, I'm not

surprised that Bibi Netanyahu is saying this. I think this war has the potential of ending in a very disastrous way for Israel, precisely because the leverage in the region and the influence in the region are going to shift away from the United States and Israel and toward Iran and its supporters.

#Speaker 05

Yeah.

#Nima

Here you see the guy, everybody knows him. He's the husband of Victoria Nuland. He's a hardcore Zionist or neocon, if you call it. And he's basically saying that he was advocating for this war. The only solution for the United States would be a full invasion of Iran, you know, sending a lot of troops to Iran, which basically, militarily, is impossible for the situation the United States is in right now. The military power, ground forces, all of them together, Richard. And do you think he is trying to help Donald Trump, or he's trying to hit Donald Trump? Because it doesn't seem that he has any sort of solution for Donald Trump.

#Richard

No, the problem with Robert Kagan is he has no solution for Robert Kagan. He doesn't see any way out, and then he's interested in putting that on somebody else. Well, that tells you what kind of person he is anyway. But no, no, he understands real well that, in my judgment, the catastrophic mistake here was his. That is, he was in favor of doing this sort of thing because he lived in a world in which the United States, with or without Israel, is in the dominant position. It's been that for most of his life, certainly all of his adult life, that he's been a thinker on behalf of the American empire during the American century because of American exceptionalism. He lives in all of that. He breathes it. It's the air of the American elite universities that he comes from.

It's what he reads every day, and it's what he writes. And he went to war thinking he lived in that world, and that world told him, it ain't going to happen, Jack. It's over. He doesn't know where to go or what to do. Notice his comment about Israel being in a very difficult... It's beginning to dawn on them that the assumption of the overwhelming power of the United States was the gamble that the Israelis undertook when the initial socialists who built the kibbutzim gave way to the businessmen who have been running Israel ever since. They made the understandable deal. Businessmen, you know, they are the ones that want to deal with the United States because that's where the money and the capital and the markets for Israel were and are. The financial support and everything. So they went there.

That's what the first half of our conversation today is. The United States cannot play that role anymore. I mean, Israel has no special relationship to China. The number of Jewish people in China, which I know is not zero, but it's very small — that's not a basis for a connection in the way that the

United States could play that role. And they are all now slowly, painfully, and with a great deal of denial, coming to the realization of the situation they face. Iran is simply the provocateur that forces them to look at this. They hadn't had to before, but the obvious failure here is overwhelming them. And I don't think they think for a minute that a massive ground attack — let's remember, in Vietnam it took many years — I believe the troops were over a half a million American troops had to be sent to Vietnam.

And Vietnam is not as big as Iran — not in geography, not in population. Wow. You're really about to do that with China and Russia there to supply your enemy forever? I mean, wow. I can see why the Pentagon threw Mr. Trump out of the room where they were making strategic decisions about the war. Because he was thinking in the realm of the second half of the 20th century, like Mr. Kagan used to. He hadn't yet figured out what Mr. Kagan is trying to teach him. It's over. It's not coming back. Now what are you going to do?

#Michael

Well, last week we talked about the whole world situation being like a loaded gun, with everybody's hand on the trigger. And we all agreed that nothing was probably going to be done until the visit with Trump and Xi, if it took place, as it's taking place now, was over. But now, once Trump gets on the airplane and goes back to the U.S., who is going to be the first to fire? Iran has said that if any of its ships are stopped by the United States from selling oil, it's going to attack, wherever the planes are coming from, any of the ships that are blocking all this.

Probably it's in Iran's interest to say, let's have that showdown now, not wait for the rest of the neocons to acknowledge what Kagan tried to do — jump in front of the new parade by denying the system that he himself was one of the major sponsors and architects of. So we're really waiting for the guns to be fired on Sunday or Monday, I guess. Everybody's been waiting for that all along and forecasting that. Somebody's going to have to do something. What's the response going to be? And is there anything at all that can be said either in the Beijing meetings that are happening now or the BRICS meetings in India that are happening that is going to have any effect on this?

#Richard

Richard, my view—and I hope I'm not being naive in a way—I try not to be.

#Nima

Richard, just before going to your comment, we know that one of the biggest issues for China is Taiwan. They really want to consider the issue of Taiwan in these sorts of meetings they have with the United States, which wasn't mentioned in the statement by the White House. And before going to China, the Trump administration imposed sanctions on some companies in China. Then they brought in the CEO of NVIDIA to China, going with the American delegation. It's a Taiwanese sort of

company that is going with the United States. The other point is that China, with what has happened in Ukraine and in the Middle East, is not that much, in my opinion, concerned about the United States militarily supporting Taiwan, because they have announced \$11 billion in arms sales to Taiwan. They're going to send more weapons to Taiwan, the United States. And China knows that. How do you see that? Is that manageable between the United States and China, in your opinion?

#Richard

Well, my guess, again—and I'm just guessing—my guess is you are fattening a pig before you exchange that pig for something you want. And the United States is going to want something from China if it walks away from Taiwan. I don't know whether they're ready to have that negotiation and to make that deal.

#Nima

They didn't mention it.

#Richard

They didn't mention it. They probably are not yet ready to do that. And I'm not sure whether the not ready comes from the United States or from China or from both of them. It's quite possible that each of them will talk about it, but what they would want in exchange for what they would get, they're not at a point where that is workable. But frankly, I can't believe—and believe me, I welcome either of you telling me I'm naive here—will the United States want to force a resumption of the military activity with Iran if they take the Iranian boats in the high seas? The risk is that Iran will resume sending its infinite supply of missiles and drones over Israel.

If I understand correctly, Israel has really taken a bit of a pounding in the last two months. We haven't been told about it because we're not told hardly anything going on there. But, you know, so what? It's going to continue? And then what? How long is that going to be survivable? Are we going to have pictures of Abu Dhabi going up in flames? Is that where we're going? I don't think the United States wants that. I don't see where the advantage in all of that lies.

#Michael

Well, that's the question, I agree. That's really the central question that you just stated. Just to answer what Nima has pointed out, the problem is that what China wants from the U.S. is a long-term promise, but the United States can't make a long-term promise. It's meaningless. What the United States wants from China is something right now—so is the rare earths, so that we can make the airplanes to sail to Taiwan to bomb you in the future. We promise not to support Taiwan, but you know me, I'm Donald Trump—the art of breaking the deal. So I don't see that there can be any kind of agreement that China gives America anything at all now for a promise that America may or

may not do, and probably will not do, any time in the future. That makes any agreement that's made impossible in practice. Now, we may see that this meeting in Beijing will come out with a happy-talk result saying, "Here is the world we'd like to see."

And here's a potential agreement: let's just let the specialists work on the details. Well, China is going to want to know exactly who's buying what rare earths. We want to know exactly what companies are buying it, what they're going to use it for, and we're going to need to know how they're making each of their goods so that we know they're not turning over any of these yttrium or gallium or other rare earths to the military to make arms to sell to Taiwan—to make Taiwan our U.S. aircraft carrier in East Asia, as we tried to do with Israel. Will Taiwan let itself become the Israel of East Asia and ultimately suffer exactly the fate that it looks like Israel is going to get the moment that the fighting and the exchange of bullets and missiles resumes, if it does indeed resume next week?

#Nima

Yeah. Thank you so much. Richard, do you want to add something before we wrap up?

#Richard

No, just a word. The meetings in India, the continuing development of the BRICS—it's not flashy. It doesn't compete for our attention the way the meeting in Beijing does. I understand that, and that's appropriate. But I just want to underscore, China has not only developed in ways that are impressive over the last 30 years that we've talked about, but two things strike me as remarkable. They're very careful. They're very systematic. I couldn't quite get over it when I learned that the largest strategic reserve of petroleum is China's, that the largest strategic warehousing of fertilizers is China's.

They not only did what they did over the last 30 years, but they took care of putting aside for these emergencies, for these unexpected developments, a reserve that would allow them to navigate the trouble—much less difficult a navigation than is happening everywhere else. That's an extraordinary mastery of the economic development syndrome, you know, that they, the ones who never got the benefit of people like me who got PhDs in economics in the field of economic development and never went to China because that was not allowed. We were sent to Africa or Asia or Latin America. They did it on their own. But then to discover they did another thing—they understood they would need a global alliance, and they went to work early on to begin to develop the relationships with those governments, the whole Belt and Road, the whole linked connection from Asia to Europe.

And now that this is a reality and they've brought it along, despite all of the ideological and other differences inside the BRICS, which I don't minimize—they have big problems and they have big issues to resolve. And I don't know how it'll happen. And, you know, I understand the different politics of them. But nonetheless, they have helpers. They're an empire emerging that has already developed a kind of collaborative relationship. The United States never did anything comparable to

that in the 19th or even in the early 20th century. When it finally had an alliance, it did it as an empire, not as an emerging society. Very different, very remarkable thing, and it tells you where the winds of change are blowing.

#Nima

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