72 HOURS of Chaos: Iran ESCALATES as Putin & Xi CHECKMATE Trump | Ben Norton & KJ Noh

Geopolitical analysts Ben Norton & KJ Noh discuss the hidden Iran attack being set into motion behind the 72 hours of chaos that's transpired as Putin & Xi meet Trump in China. They break down the significance of current developments to the world order and your future in it. https://www.youtube.com/@GeopoliticalEconomyReport Follow Ben Norton's work. SUPPORT THE SHOW BY BECOMING A YOUTUBE MEMBER: https://www.youtube.com/channel/UCOxLhz6B_elvLflntSEfnzA/join PATREON.COM/DANNYHAIPHONG Support the channel in other ways: https://www.buymeacoffee.com/dannyhaiphong Substack: chroniclesofhaiphong.substack.com Cashapp: $Dhaiphong Venmo: @dannyH2020 Paypal: https://paypal.me/spiritofho Follow me on Telegram: https://t.me/dannyhaiphong #iranwar #trump #israel

#Danny

Welcome back to the show, everyone. As you can see, I'm joined by geopolitical analyst and host of Geopolitical Economy Report, Ben Norton, and geopolitical analyst KJ Noh to go over the latest developments. Well, gentlemen, let's begin with a rundown of the chaos that's been the last 72 hours. We had Israel hosting CENTCOM. There are reports that there are talks between the Israeli military, CENTCOM, and Israeli intelligence over a possible new operation, larger than what we've seen in the past 72 hours of strikes between the two countries.

Now, I know both of you have been following the massive outages and how all of this is connected to AI, tech, and broader conversations about, quote-unquote, national security. We saw the NSA communications network go down. There were six outages in six days, from the NSA to Outlook to the FAA air traffic control network. But also, big news, of course, is the Xi-Putin-Trump summit. There's been a lot of rumbling about what this is all about. I believe it's about to happen as we speak. Vladimir Putin, Xi Jinping, and Trump will meet at the APEC summit in Shenzhen, which has already been underway for about a day.

Xi Jinping and Vladimir Putin have already met for three hours, and it was a very rosy meeting where Xi Jinping noted that this was their 50th time meeting in person. Well, Ben, how about I kick it to you? Wherever you want to start in terms of what's been happening, it has been a very chaotic week, especially the last 72 hours, and now there's this APEC summit. What stands out to you? I didn't even get to mention the Jensen Huang story, where China hawks are, as you put it in your latest video, taking revenge. This was reported by Semafor, which has deep connections to U.S. intelligence. Your thoughts on what's been happening worldwide?

#Ben Norton

Yeah, lots to say. I mean, I'm sure we'll get more into the issue of Jensen Huang. I won't start with that. You hit the nail on the head. This is really a kind of corporate coup to remove a very prominent tech executive in the U.S. who is lobbying for better relations with China and opposing the China hawks. They removed him in a massive victory for the China hawks. Marco Rubio, by the way, was one of the key people who pushed to remove Jensen Huang. But getting back to the trilateral summit, I guess we can start with that because that's in the news today. As with so many of these meetings, I think this is mostly just for public consumption, and Trump wants to give the world the impression that he is a peacemaker. Let's not forget that when Trump gave his speech during his inauguration last year, at the start of his second term, he referred to himself as a peacemaker. He said he was going to stop war. Obviously, he blatantly lied about that.

He's been waging this war of aggression against Iran. He invaded Venezuela. He has a naval blockade of Cuba, which is tantamount to a war. He waged a war against Yemen last year. This year, he's actually opposed pressure to restart the war in Yemen because he recognizes that Ansar Allah, the so-called Houthi movement in Yemen, has the ability to inflict a lot of damage on the U.S. military and its assets in the region. So, obviously, Trump is not a peacemaker, especially with a lot of the domestic pressure he's facing.

He really wants to appear on the international stage as this responsible leader who's meeting with President Xi and President Putin. And, you know, he's a major global leader. Obviously, Trump cares a lot about his legacy, and he recognizes that he's a laughingstock around the world, and the U.S. has become a laughingstock around the world. So meeting at this trilateral summit with the leaders of the two other most important countries is symbolic. Trump is all about this kind of symbolism, just like when he met with President Xi in Beijing in May, and then a few weeks ago when President Xi visited Washington. Basically, nothing came out of these meetings. They were simply for public consumption. You get these photos.

We saw that U.S.-China tensions are still very high, and this Jensen Huang scandal is a perfect example of how, just beneath the surface, tensions are simmering. And in the case of Russia, I mean, you showed this media report, and CNN and all these Western media outlets are so paranoid, saying that Trump is going to make concessions on Ukraine and Taiwan, as if the U.S. has any leverage over Taiwan. It does not. Taiwan, according to international law, is part of China. Yeah, I mean, this report is from Politico. There was a CNN report that was identical, warning that it may produce American concessions on Ukraine and Taiwan. I mean, what can the U.S. do at this point on either Ukraine or Taiwan that would change the obvious reality of the situation in both regions?

Taiwan is a province of China, according to international law. And in the case of Ukraine, the NATO war against Russia has continued. There's been basically a stalemate for years. What is the U.S. going to do? Is Trump just going to magically, somehow, give Ukraine the 80th round of weapons

that will finally turn the tide of the war? No. So I think that all of this reflects the fact that the U.S. is in a situation where it simply cannot resolve these conflicts in a way that would be beneficial to it. And Trump simply wants to appear strong on the international stage. But like the two Trump meetings with Xi previously—and, by the way, when Trump met with Putin in Alaska, you know, Trump took a photo and he had a press conference—nothing came out of any of those summits, and nothing will come out of this. Yeah, KJ, to you.

#KJ Noh

Yeah, I think so. I mean, at most, I think they will kick the can down the road on certain issues, certainly around trade and AI. The U.S. has wanted to bring up the issue of denuclearization. That's going to be a non-starter for the very simple reason that both China and Russia know that the U.S. is not capable of keeping agreements and that it has abandoned and discarded every single arms control treaty that has ever been signed. So that's essentially going to be a non-starter. I think issues around AI and other topics are much too granular for them to have any meaningful discussion. As Ben has pointed out, this is largely about optics, about the kind of diplomatic relationship-building that is still necessary.

And the focus, as China has put it, is on constructive strategic stability. If they can keep that going, keep an atmosphere of bonhomie, of communication, they'll kick the can down the road. There will not be significant concrete deliverables from this, except from APEC as a whole regarding trade and openness and cooperation, coordination, which is all voluntary because APEC doesn't issue mandates. It's all a kind of voluntary coalition and agreement. But I think the key issue, which we still have to be aware of, is that there is constant and escalating hostility, implacable hostility towards China from the United States. And I think that will be simmering underneath the surface.

#Danny

Well, this is what Donald Trump just told Fox News at the APEC Summit a moment ago. And I think it speaks a lot, Ben, to your point about the importance of symbolism for him. We've seen so many remarks about this symbolism in the media. All over social media, there's talk about where Trump and Putin stand around Xi Jinping. And some have even gone so far as to say that Xi snubbed Putin in favor of Trump by going to the airport and meeting Donald Trump. Maybe you can comment on that. But first, here's what Trump said to Fox News.

#Donald Trump

The day after the election.

#Speaker 1

What headline would you most like to see coming out of this historic trilateral meeting? In your mind, what would make the American people view this as a success?

#Donald Trump

Well, I think I've already gotten that headline because the relationship that I have with China is a great one. You know, it's a relationship of friendship. It's a relationship of respect. You saw the seating last night. You saw the greeting yesterday, which, in the history of China, has never happened.

#Danny

So that was Trump's take, Ben. What are your thoughts on this, and do you have any reactions to it?

#Ben Norton

Yeah, I know we'll get more into the Jensen Huang issue because this is related, but really, what this demonstrates is that one difference about this phase of the second Trump administration is that Trump has now been humbled. He's been forced to eat humble pie, if you will, and recognizes that China is much stronger than he had previously assumed. And this explains his sudden shift in tone. Now, if we go back to the presidential campaign leading up to 2016, when Trump was first elected, if you remember the Republican primary debates—I remember them very well—you had people like Trump and Ted Cruz and others. They were all competing to see who could be more anti-China.

And that's when I remember, you know, in 2014, 2015, suddenly all these politicians were talking about the South China Sea, South China Sea, and demonizing China and all of this. And then, you know, you had all these videos that went viral everywhere—funny videos of Trump saying "China, China, China" like 80 million times in different ways. And in his first term, Trump started the trade war against China. And he appointed some neoconservative hawks like Mike Pompeo and John Bolton to oversee his foreign policy. Pompeo was one of the most extreme China hawks. And then, when Biden came in, he continued many of Trump's anti-China policies and the trade war. The difference is that the Biden administration was more targeted, and the Trump administration's trade war against China was very broad.

The Biden administration really turned it into a tech war, very aggressively focused on the high-tech sectors in China. So the Biden administration imposed restrictions on the export of chips needed to train AI models. And this is where NVIDIA comes in. We'll come to this later. The Biden administration restricted NVIDIA from selling its chips to China. The Biden administration also imposed tariffs on China's electric vehicles, solar panels, and batteries, which are three strategic

sectors prioritized by the Chinese government's industrial policy, known as the "Three New Things," Xin San Yang. And then Trump came in for his second term. And last year, if you remember, Trump was extremely aggressive against China.

And it was assumed that Trump would continue where his first administration left off, when he was very aggressive against China. And in his administration, you have a fight between China hawks and people who are pushing back against the more aggressive policies against China, often because, frankly, they're corrupt and have a lot of business interests in China. So on the China hawk side, you obviously have Scott Bessent, the Treasury Secretary, and Marco Rubio, you know, a lifelong neoconservative hawk. Rubio is simultaneously both the Secretary of State, overseeing foreign policy, and the National Security Advisor. So he's the head of the National Security Council. They've been fighting with some of the less hawkish people who have invested a lot in China.

You know, there are several different people, but, for instance, the commerce secretary, who's also extremely corrupt but also has a lot of investments in China. You also have a lot of other people who funded Trump who invested in China, like Steve Schwarzman, who is one of the biggest donors to Trump. Schwarzman has a lot of investments in China. So you see these kinds of fights. Jensen Huang, the former CEO of NVIDIA, also was one of these people on the other side, pushing Trump to be slightly less aggressive against China. So last year, Trump massively escalated the trade war against China. At one point, there were tariffs of 145%. Scott Bessent went on CNBC and he said, "We hold all the cards. China is playing with a pair of twos," as he said. Well, the U.S. was humbled. The U.S. recognized that China was able to defend itself.

China was the only major country that responded to the U.S. tariffs by hitting back with tariffs at the same level—actual reciprocal tariffs. And that freaked out the U.S. Many U.S. companies were hurt very badly by these reciprocal Chinese tariffs because they depend so much on imports from China. A lot of corporate executives were calling Trump and telling him, "You have to back off on this trade war." And then the Chinese government put restrictions on the export of rare earths to the U.S. That was another massive blow because many U.S. companies, especially those in the U.S. military-industrial complex, need these Chinese rare earths. China dominates the global supply chain for critical minerals and rare earths. And this is why the U.S. government has been obsessed with trying to create a new supply chain.

This past week, the State Department held a big meeting for what it calls Pax Silica, bringing together many European countries, Israel, and Japan to try to create a new supply chain that cuts out China. But obviously, this is going to be a long, drawn-out process that's going to take years. So Trump, in the meantime, has been massively humbled. He recognizes that the more he escalates against China, the more damage it actually does to the U.S. economy. So KJ mentioned that the official position now is one of constructive strategic stability. What does that mean? Strategic stability is a term used by international relations scholars, and it's a simple concept. It means that when you have a conflict between two states, you have these tensions.

There's a situation of strategic stability where one state is not incentivized to escalate against the other state because, instead of benefiting from escalation, it will actually face more negative consequences. So it's strategic stability because both sides are incentivized to maintain the situation without escalation because they fear the backlash. I mean, I laid out that history. It's not like Trump suddenly loves China. You know, some of the hawks and the Democrats—you know, Chuck Schumer and these right-wing Democrats—they're now attacking Trump from the right on China.

And they're saying Trump is, you know, corrupt, which obviously is true. I mean, he's objectively insanely corrupt. And there is truth to the fact that Trump invested a lot in NVIDIA. I mean, he tweeted about it. And that's one of the reasons why, you know, he was defending Huang and not escalating against China. It's in his economic interest, right? There are these contradictions here we can talk about. And I'm reminded of this quote that is often attributed to Lenin. It's probably apocryphal, but Lenin supposedly said that the capitalists will sell us the noose we use to hang them.

So, I mean, you see this contradiction in Washington and Silicon Valley, where some of these oligarchs, some of these billionaires, because they have so many business interests in China, are fighting against the China hawks, which is a good thing. In this conflict between the billionaire China hawks and the billionaire doves, obviously the doves are preferable, even though we're against the billionaires in general. But you can't just ignore these contradictions, like AOC just tried to say it's all about billionaires. No, I mean, you have to understand these contradictions here. But at the same time, some of these Democrats are making it seem like Trump just loves China.

Or the worst argument of all is that Trump loves so-called authoritarians. He loves dictators. Yeah, I mean, it's just nonsense. Like I explained, the U.S. is in a situation where it simply cannot escalate in the short term. So in the short term, the U.S. is focused on stabilizing the situation with China, benefiting U.S. corporations. Trump is really trying to pressure China to open its market to U.S. companies like Microsoft and Apple. They're really concerned about losing market share in China. And the U.S. is focused on trying to build this new supply chain. So in the short term, this is why Trump wants the world to see that his relations with China are so good, because he has no other option at this moment.

#Danny

A great explanation there, Ben. Well, KJ, any reactions to what Ben said, but also to where an escalating war against Iran fits into all of this? Because there is a lot of uncertainty in this part of the world as Donald Trump tries to manage his relationship and the U.S.'s relationship with China. These are no easy tasks, and a lot of people would say they haven't been handled very well, at least when it comes to humanity. Your thoughts, KJ?

#KJ Noh

Yeah, I think to say that it hasn't been done well is, you know, kind of an understatement. I think it's been done atrociously and abominably, starting with the war of aggression against Iran and many, many other wars as well, and many, many other criminal acts as well. But I just want to touch on what Ben said about U.S. business interests in China. I think it just boils down to the basic understanding that the U.S. is run by monopoly capitalists. And what monopoly capitalists do is, when you have a market, essentially turn it into a monopoly. Monopoly capitalism financializes because that's where the easy money is and because the working class has been so impoverished that they can no longer buy things.

And so instead of making things, manufacturing things, they deindustrialize, deskill, and instead gouge the working class for every single piece of rentier profit they can extract. And at the same time, industrialization moves to countries like China in the Global South. That kind of division of labor, this labor arbitrage, is now diametrically opposed to the U.S. need to escalate to war because it does not want that dependency. And so you can see that it's trying to build out its industrial supply chain in other countries, most notably in South Korea, as well as trying to get South Koreans to build industry in the United States as well.

The most recent massive expansion is in Luzon in the Philippines, where they're building a corridor that links Clark Air Base and Subic Air Base. And the entire corridor will be industrialized for AI, for military production, for aerospace production, for hydrocarbon lines, etc. So there's massive development happening—a kind of military-industrial tech and base complex that is continually escalating. This signals two things. One is that the U.S. is still trying to exclude China and break out of its dependence on China's industrial supply chain. And it also signals that this escalation to war is constantly happening.

I agree with Ben. Over the short term, the U.S. is just playing nice and trying to see what it can get away with for the time being, while it continues to escalate and have hostile intentions. If we think back to the trade war, remember, before the trade war, there was the Trans-Pacific Partnership, which was an attempt to exclude China from the Pacific economy. And that came hand in hand with what we call Air-Sea Battle, which was a doctrine of war that they had prepared since 2009. When Trump initiated his first trade war, remember, it came in two parts.

The first part was getting parity in trade, but the second and more important part was a demand that China change its economic system and disable its state-owned enterprises. So it really was this demand, this pressure on China, literally, to change its system. It's quite extraordinary if you think about it, because the U.S. is always talking about, you know, how good the capitalist system is. And at the same time, you know, they're criticizing China because clearly China is head and shoulders above the U.S. in terms of its economy. And so all of this comes together in his first administration. He starts with the hawks, what I refer to as LMNOPR, which is Lighthizer, Mnuchin, Navarro, O'Brien, Pompeo, Pence, Pillsbury, and Ross. He had a straight flush of China hawks.

And, of course, this didn't work out because China was pushing back and was able to dismantle these pressures. And they certainly didn't do anything about state-owned enterprises. And then, as Ben points out, it came back into politics. The tech war that the Biden administration initiated also didn't go anywhere. It simply accelerated China's own domestic chip development. This is what happens when you get lawyers who try to pick a fight against engineers. The engineers are going to win a tech war. And this is essentially what happened. But in the Trump administration, you know, once again, they accelerated this economic warfare, this time pivoting to tariffs, which they completely misunderstood. This is completely misguided. They don't understand how tariffs work.

And it immediately backfired, as Ben pointed out, when China hit back hard with rare earth elements, which we know are not rare, but the processing skills and industrial skills needed to refine them are very, very rare. And China has been building those out for 50 years. And as I pointed out earlier, the U.S. has deindustrialized since the 1980s or even earlier. And so these are ultimately the contradictions of capital and the contradictions of an industrial system versus a financialized system, which the U.S. doesn't really know how to deal with except to continue to escalate, and in particular to escalate to war, in the hopes that it can have a kind of primitive accumulation that will help backfill its emergent needs, while twisting the arms of its allies to industrialize on its behalf, most notably Korea, India, Japan, and now the Philippines.

#Danny

Great points, KJ. Well, same question to you, Ben. You can react to whatever you like, but maybe you can also help explain how an escalating war with Iran fits into this broader landscape that the Trump administration is navigating, especially on the economic front. That’s being kind of glossed over now, and there’s some perhaps artificial enthusiasm in the markets, with all of this going on. What are your thoughts on how it all fits together?

#Ben Norton

Yeah, well, all three of us have been talking about this issue for a while now, and I'm going to repeat the argument that I've made on the issue of Iran, which is that Trump has clearly been looking for some kind of off-ramp. But the problem is that Trump and, you know, in general, these imperialists who run the U.S. government will not accept an end to this war unless they can declare victory and impose conditions on Iran. Iran, on the other hand, recognizes that it has the leverage. Iran has the Strait of Hormuz, which Trump says is open. I'll talk about that in a second. I mean, that's misleading. But Iran has the Strait of Hormuz. It has the ability to significantly hurt the neighboring countries in the region that are U.S. allies, and it has done so.

Iran has leverage over the global oil market and has put massive pressure on the U.S. economy, which led to the Republicans being trounced in the midterm election. Iran has a lot of leverage. And we keep hearing about all of these supposed negotiations going on between J.D. Vance and Iran, and then Trump removed J.D. Vance, and all of this. It's gone nowhere because the U.S. wants to

impose conditions on Iran but doesn't have the leverage to impose those conditions. So I just see this war dragging on and on and on. And it's clear that there are definitely some hawks in the U.S. and, obviously, Israel that want to massively escalate, even though I think some of them are completely delusional and believe that all they have to do is just hit Iran harder and that the Iranian government will collapse.

They truly believe that Iran is a Potemkin village and that the Iranian people all hate their government. When this war was launched, Trump was convinced that they could just bomb Iran, carry out the so-called decapitation strikes, eliminate all the leadership, and that the Iranian government would collapse. It obviously didn't happen. The Iranian government is stronger than ever. And at this stage, clearly Trump wants some kind of off-ramp, but he has no leverage to impose these conditions on Iran. I mentioned the Strait of Hormuz. Now, the U.S. military has a blockade of Iran's blockade of the Strait of Hormuz.

And Trump often boasts—and it's not entirely wrong, though it is misleading—that the number of ships going through the Strait of Hormuz is now almost at the same level as it was before the U.S. launched this war. That's basically true. However, there's a massive, massive asterisk here. The price of shipping through the strait has increased by a thousand percent. So, yes, there is a lot of traffic going through. Oil is getting through, but it is insanely expensive to ship that oil through because, for one, the U.S. military is helping to guide some of these ships through the strait, which is very expensive.

Two, the insurance costs for those ships have skyrocketed, again, by about 1,000%, because obviously these massive tankers carrying huge, huge amounts of oil need insurance. If something happens—if one of these tankers gets hit or if there's an accident or something and it sinks—the shipping companies lose millions and millions of dollars. So they need insurance policies, and the insurance companies are charging an arm and a leg. And then you add another major element here, which is that the Iranian government at this stage is not escalating significantly.

Every now and then, it will hit a ship going through the Strait of Hormuz, but there's this kind of uneasy situation here where Iran is allowing some of these ships to go through to stabilize the global oil market. But this gives Iran the opportunity to escalate further and to bring down that traffic at any moment if it wanted to. Now, we see in the global oil market that crude prices—this is crude oil—rose, rose, rose in the past few weeks. And then, right before the midterms, they peaked, and they have fallen a little bit. That's crude. However, diesel prices are at a historic all-time high. Diesel is insanely expensive, which is why you see this in the U.S.: people have posted photos from gas stations on social media, and the price of gasoline has fallen, but the price of diesel is still insanely high.

Now, that's important because diesel is needed for trucks to ship products throughout the entire economy, especially in the U.S., but also around the world. Particularly in the U.S., which is a massive country, most goods, especially in non-coastal states, are transported by truck, right? I

mean, California and New York, these coastal states, they can get shipments through ports, but if you're in, like, Nebraska or Ohio or whatever, that's coming in on these trucks, right? And truckers need diesel. And there are all these reports that truckers are now paying, like, thousands of dollars to fill up their trucks. And they obviously have to pass on some of those costs to other parts of the supply chain.

So that means that this has caused inflation, significant inflation. Inflation is rising. And this is, of course, one of the main reasons why Trump and the Republicans were absolutely trounced in the midterms. It's not because the Democrats are so beloved. In fact, I pointed out in the videos that I did that if you look at the exit polling, a slight majority, a bit over half of American voters who participated, said that they have a negative perception of the Democratic Party. But the difference is that 60% of Americans said they have a negative perception of the Republican Party. So Trump and the Republicans are even less popular, but the Democrats are also unpopular. The political system is unpopular.

The reason the Democrats won so significantly in what people call this "blue tsunami" is not that people love the Democrats. It's because of inflation, the economic crisis, and the cost-of-living crisis, which has been massively exacerbated by this war. So it has been a massive headache for Trump, and he does want some way to end it. But he does not realistically have a way to end the war without conceding defeat. Iran recognizes that it has all this leverage, and Iran is not going to play into U.S. hands and make some agreement in which Iran makes concessions. Iran has made its demands clear. They're very reasonable: lifting U.S. sanctions.

Iran will permanently control the Strait of Hormuz. The U.S. has to recognize that. The U.S. needs to remove its troops that are directly surrounding Iran. That language is a bit ambiguous. I think Iran recognizes that the U.S. is not going to totally withdraw from the region. Iran would like the U.S. to totally withdraw. Realistically, Iran has said in its demands that the U.S. troops surrounding Iran need to be withdrawn. Those are the major demands: lifting sanctions, controlling the Strait of Hormuz, and withdrawing U.S. troops surrounding Iran. Trump is not going to agree to that. So I do not see a realistic end. I just see a kind of stalemate that drags on and drags on, like what we see in Ukraine, by the way.

#Danny

Yeah, KJ, over to you.

#KJ Noh

Yeah, well, I mean, Ben covered most of it, but I just want to emphasize once again that the vast majority of the electorate in the United States voted against the war. Seventy-five percent said the Iran war was a main factor in how they voted.

#KJ Noh

But once again, you know, we vote against the war. And what do we get immediately? We get, you know, more of the same. The Democrats are pro-war. They just don't like the way that Trump has conducted it. Schumer has criticized Trump right from the get-go. And if you really want to understand this, I wouldn't call this a blue wave. I call it a red undertow. That is to say, it was the MAGA wave that is now, you know, cycling back in an undertow. And it really isn't any major support for the Democrats per se, but really a disgust with the war and the immigration policy. As we know, President Trump's first response was to appoint Stephen Miller to deputy president, i.e., chief of staff. So you can see how much this is being taken into consideration. In terms of war with China, once again, we see the constant escalation.

We see the China hawks ascendant, in particular with their coup against Jensen Huang. And of course, this is not simply Trump, but the entire establishment. For example, if we think about the blockade of the blockade, this was an idea that came out of the Council on Foreign Relations. This is the kind of generic, implacable hostility that the United States has had towards Iran since 1979, or from 1953 onwards. Essentially, it wants to control Iran and the Strait of Hormuz, but it has no way to reasonably do that. You and I have said this before: there are fundamental asymmetries that make it impossible for the United States to control the Strait of Hormuz. The first is geography. Iran has the geographic upper hand. That is to say, it controls the higher ground, the Zagros Mountains, and the rest of the Gulf is a flat alluvial plain.

In other words, Iran has the bleachers and the skybox, and the U.S. and the Gulf states are flat on the ground. They're sitting ducks, and the Strait of Hormuz itself, you know, is a hairpin turn that has to go around this amphitheater that Iran controls. So Iran has the geographic upper hand, and that is an immutable fact. I refer to this as the Jackie Chan strategy. Jackie Chan beats his opponents not necessarily because he's a better fighter, but because he knows how to use the environment to his advantage. Everything in the environment becomes a weapon, and that is a fundamental advantage that Iran has. The other advantage, as we've said before, is an asymmetry of cost. Iran is using low-cost munitions.

The U.S. is using these exquisite boutique weapons that it has essentially run out of. And once again, because it's deindustrialized, it doesn't have the industrial capacity to build them at the scale that it needs. Also, there's an asymmetry of strategy. Iran has a mosaic strategy. There's an asymmetry of industrial capacity in general, and then there's also an asymmetry in learning, in that the U.S. seems to continue to do the same thing over and over again without learning any lessons, whereas you can see that Iran is constantly adapting. And its learning curve is exponential. In particular, U.S. strategy against Iran is what we have pointed out: air-sea battle, which Robert Work has referred to as a guided missile salvo competition.

Air-sea battle is the doctrine of war that they've actually prepared for China. They wanted to test this out on Iran first. And clearly it didn't work because, in this guided missile salvo competition, Iran

clearly had the upper hand for the reasons that I just pointed out—those asymmetries. But given this loss, the U.S. is still thinking of escalating to war against China. And so this is where you can really see that the madness has not gone away. It is so deep and so endemic. And the most recent example is this hostile escalation against China and the taking down of Jensen Huang, when actually all that will do is simply accelerate China's own domestic chip development.

#Danny

Yeah, well, to that point, Ben, you know, I've actually heard U.S. officials say that one of the reasons NVIDIA was able to sell these kinds of lower-tier chips to China was that they wanted to keep China's tech development in check. And yet here we have China hawks concocting a story, almost like a CIA story—a ridiculous James Bond-like crime story about, you know, his love life leading to a forced resignation because he was canoodling with a spy. Of course, all of it's been debunked. But what are your thoughts about where this takes this part of the aggression that KJ just mentioned—the tech war—and how it all fits?

#Ben Norton

Yeah, I mean, this is central. We really need to understand that the tech war is at the heart of so much of this conflict. Sometimes U.S. officials and hawks at think tanks in Washington will say openly that this is a fight over control of the technology that will determine the future. So, for instance, Dario Amodei is the CEO of Anthropic, which is one of the aspiring monopolies. Basically, there's a duopoly now in AI between so-called OpenAI, which should be called ClosedAI, on one side and Anthropic on the other. And I say it should be called ClosedAI because OpenAI opposes open-source models. And by the way, Jensen Huang of NVIDIA was a very vocal supporter of open-source models. And there are now reports confirming the rumors that, before he was ousted in this kind of corporate coup, NVIDIA was working on developing its own open-source AI models, inspired by China's open-source AI models.

Anyway, Dario Amodei, the CEO of Anthropic, published an article in which he said that the strategy is to maintain a unipolar world. That is the language he used. It's not my interpretation. He said, "We want a unipolar world." And in order to achieve that, the U.S. must impose very aggressive export restrictions on China to prevent Chinese companies from getting the chips they need to develop AI models. So, I mean, he said the quiet part out loud. So the Biden administration imposed these export restrictions on China. This was in 2022, when OpenAI launched ChatGPT. LLMs—you know, large language models—exploded and became very popular.

And it looked like the U.S. had this insurmountable lead that China could never catch up to. And the Biden administration imposed these export restrictions to prevent NVIDIA from exporting its GPUs to China. However, we now know that that didn't work because last year we had the famous DeepSeek moment, when this Chinese company, DeepSeek, revealed that it had developed very advanced AI models, and it did not need the most advanced NVIDIA chips. And now we see that there are

models produced not just by DeepSeek, but by Tencent, Alibaba, and ByteDance. There are so many different AI models in China. There's Doubao, Kimi—so many different models. And they're competing with these U.S. models. And they've caught up, basically.

They're at pretty much the same level technically, and they're way cheaper. For one, most of these Chinese models are open source, meaning that anyone in the world, if you know how to do it, can download the source code and run it locally. Most people don't really do that. They still use hosting and cloud computation provided by these Chinese companies. When they do that, it's still way cheaper. We're talking about a small fraction of the cost of paying for the paid plans provided by Anthropic or OpenAI. So these Chinese companies are eating the lunch of these aspiring U.S. monopolies. This is where Jensen Huang comes in. So the U.S. was trying to restrict China from getting these chips. Now, Jensen Huang, the CEO of NVIDIA, was economically incentivized to keep selling these chips to Chinese companies.

Now, this is funny because this actually goes against not only what the U.S. government wanted, but also what the Chinese government wanted. Let me explain this here. The Chinese government recognized that the U.S. strategy was to keep China backward and less developed. The U.S. Commerce Secretary under Biden, Gina Raimondo, said very clearly that the U.S. strategy was to stop China from innovating. She did not hide it. So China recognized that it needed to develop its own chip industry. The Chinese government provides a lot of support for high-tech sectors. As part of its five-year plans, China makes plans to support certain strategic industries.

And China has a comprehensive industrial policy. So, for instance, in 2015, China launched Made in China 2025, a very ambitious program. China targeted strategic sectors, and it caught up in almost all of those sectors and became a world leader. Chips are one sector that China has not caught up in, along with civilian airliners and a few other sectors, but China's catching up. And the Chinese government has spent a lot of money and put a lot of resources into supporting the local chip industry so Chinese tech companies are no longer dependent on NVIDIA and TSMC. Now, NVIDIA designs the advanced AI chips, but NVIDIA does not actually manufacture them.

They are manufactured almost exclusively by TSMC, the Taiwan Semiconductor Manufacturing Company, which is primarily located in Taiwan, although the U.S. pressured TSMC to open factories in the U.S., especially in Arizona. TSMC has had a lot of problems trying to operate these facilities because the fabs they use are extremely technologically complex. The people who work in these fabs manufacturing these chips have to put on these hazmat suits. It looks like they're, you know, in a science fiction movie going into outer space or something. And Arizona also has earthquakes. So they've had a lot of issues because, if you have these earthquakes, you're dealing with these tiny little chips, and if there's a movement of a millimeter, it can destroy the chip.

So, anyway, mainland China recognizes that it does not want its companies to be dependent on Taiwan province, which, according to international law, is part of China, of course, but it has a kind of rogue political leadership. So the Chinese mainland does not want to be dependent on U.S.

companies and Taiwanese companies. So it has spent so much money, energy, time, and so many resources trying to develop its domestic chip industry. So the Chinese government actually does not want Chinese companies to buy chips from NVIDIA. It has actually banned major tech companies like Alibaba from buying chips from NVIDIA. This is where Jensen Huang comes in, and this is where his lover, Alice Huang—no relation—came in. Her Chinese name is Huang Le. So what was she doing? There's no evidence whatsoever that she was spying for China.

In fact, U.S. spies admitted to CNN that there's no evidence. The CIA admitted that they've intercepted her communications—meaning that U.S. spies were spying on her—and found no evidence that she's a spy. What she was doing, you know, the impolite way of saying it is that she was smuggling. Or the polite way of saying it is that she's a Chinese businesswoman who was working in Singapore with this company, Megaspeed, that was helping Chinese companies, primarily Alibaba, get NVIDIA chips against the wishes of both the U.S. government and the Chinese government. Jensen Huang did not need to be blackmailed by a Chinese spy in some James Bond Cold War thriller.

He was economically incentivized to keep selling to the Chinese market because he made a lot of money, potentially billions of dollars. These Chinese companies were economically incentivized because Alibaba doesn't care about China developing its domestic capacity and becoming less dependent on the U.S. Alibaba simply wants to make money and make its own AI models. And NVIDIA designs the best chips. China still has not caught up to NVIDIA in terms of these chips that are used to develop AI models. So Alibaba wanted to keep buying these chips, which is why Alice Huang reportedly boasted that she could get chips for Alibaba. And Alibaba, by the way, has a lot of these NVIDIA chips. And people are like, "Where do they come from?" Well, we now know.

And at the same time, you mentioned another important detail here, Danny, which is that the Trump administration's strategy was to keep these Chinese companies dependent because the U.S. does not want China to develop its own domestic chip industry, because that would take away the monopoly that NVIDIA has. So I mentioned Howard Lutnick, the current Commerce Secretary, who is just extremely corrupt, by the way. I think there are two reasons why he, Trump, and Huang were doing this. One, they were simply making money. I mean, Howard Lutnick is an investor from Wall Street, and he had an investment fund that has invested very heavily in the AI industry, especially NVIDIA, and made a lot of money. Obviously, if NVIDIA lost its market share in China, its earnings would fall, its stock price would fall, and its investors would lose money.

So NVIDIA had a 95% market share in China, according to Jensen Huang. And then he complained that supposedly it went to zero. Well, we know it actually didn't go to zero. It was just indirect. They were still selling these chips. Howard Lutnick came out publicly. So I think that's one reason why Trump and Lutnick were opposing the export restrictions. Trump actually lifted some of the export restrictions, allowing NVIDIA to sell chips to China—not the most advanced AI chips, but most of its chips. Now, the Chinese government responded to Trump lifting the export restrictions by saying, "No, Chinese companies, do not buy these chips. Do not take the bait." But many Chinese

companies still did, which, by the way, goes against this Western narrative that the Chinese government is this crazy totalitarian regime that controls everything.

No, I mean, the Chinese government disciplines capital and oligarchs, you know, these billionaires in China. But even the Chinese government doesn't totally control them, because obviously these Chinese companies were still buying a lot of these chips in violation of the Chinese government's policies as well. And this brings me to the other reason, which is this issue of dependency. You mentioned that. The U.S. recognized that by keeping Chinese companies dependent on NVIDIA chips, it would hinder the Chinese government's industrial policy and its plan to develop its own domestic industry. So Howard Lutnick did an interview on CNBC, and he said, "We want Chinese companies 'addicted' to U.S. chips and to the U.S. tech stack."

He used that term: "We want them to be addicted." Now, it's partially in Howard Lutnick's economic interest to keep doing this because he was making money. But again, I think this explains why people are confused. Like, why are some people in the Trump camp—you know, not just Trump and Lutnick, but billionaires like Stephen Schwarzman, Tim Cook, you know, Elon Musk—so soft on China? It's because they have invested so much in China. A majority of Tesla's cars are made in the so-called Tesla Gigafactory in Shanghai, in China. Stephen Schwarzman has invested so much in China. Apple cannot function without China.

Apple has tried for years to move its supply chain out of China and make its iPhones in India. And it's very difficult. It has not been able to replicate the supply chain. So there is this conflict within the capitalist class in the U.S., within the Trump administration, within Washington's political class, between the hawks and—you could call them doves, or simply the faction of these capitalists who are economically incentivized to maintain okay relations with China and not escalate because they have invested so much. Apple, Tesla, Microsoft, Nvidia—they need China. Without China, they will face significant problems: falling earnings, falling stock prices.

So, like, they are economically incentivized to push Trump for better relations with China. And up until now, that faction of the capitalist class was obviously winning. But now we see the coup against Jensen Huang and the Democrats taking control of both chambers of Congress, especially with these right-wing, you know, neoconservative leaders of the Democrats: Chuck Schumer, who will likely be the Senate majority leader, and Hakeem Jeffries, who will likely be the speaker of the House. Both are China hawks. Both have attacked Trump from the right on the issue of China. So I don't expect the situation to get any better.

#Danny

Well, Keiji, I want to give you the floor as we head toward the end of the program. And I also want to mention that this tech war does have deadly consequences. Back in April, a Chinese university researcher, Dr. Danhao Wang, died under mysterious circumstances, with the Chinese government even saying that they were distressed about the situation. He was very important to AI research.

And we know that the U.S. government has gone after Chinese researchers with reckless abandon, I would say, since early in the Biden administration—even before then, starting in the prior Trump administration. So maybe you can weave that into whatever comments you'd like to make to close.

#KJ Noh

Yeah, definitely, Danny. You know, there has been kind of an ongoing witch hunt against Chinese researchers—what we refer to as "researching while Chinese." It's similar to driving while Black or brown. Essentially, if you're a researcher and you're doing high-level research, you're automatically suspect, just as if you're a person of color and you're driving a nice car, you're automatically suspect. The reasoning is the same: you must have stolen this. You must have stolen your car, or you must have stolen your research. So this has been the general framing. And now we also have this happening to business leaders, in particular Jensen Huang. Jensen Huang is essentially guilty of "thriving while Chinese" or "striving while Chinese."

That is what he is guilty of. Certainly, he did not have a relationship with a spy. As Ben has pointed out, the FBI, the DNI, the CIA, and the DOJ have all said that they don't have proof that she was a spy. And if she was a spy, they would have arrested her a year ago, with a grand jury that would indict a ham sandwich. So certainly, there was nothing they could hang their hat on. The whole spy angle is completely wrong. Although, let's point out that The New York Times has actually redefined "spy" and "asset" because it has been caught out in this blatant lie that she was a spy. You know, so they say, "We're still assessing her." They're still assessing whether she was a spy, which really means The New York Times lied.

There was no proof, but hopefully something will stick later. And then they said the whole issue prompted questions about what it means to be a spy, which essentially means, yes, she wasn't a spy, but we can't retract our lies, so we have to fudge the definition. Essentially, she was Chinese. She's involved in a strategic industry. Therefore, we can assume that she's a spy. She was striving while Chinese. So that is, you know, the gist of it. But coming back to the larger issue of NVIDIA, you know, once again, to frame it, Ben has pointed out how important chips are. And during the Biden administration, they were literally waging war through these chip sanctions, through these tech sanctions.

And the think tank CSIS referred to it as a fourfold chokehold that they had put China in. Essentially, no tech, no chips, no chip technology, none of the technology to fabricate chips. Nobody who works in chips can, you know, work with China, etc. They considered it to be a complete and total fourfold chokehold that would freeze China in its tracks and prevent it from developing. Of course, it didn't work because the Chinese immediately started to build their own chips. And as we speak, they're currently in the process of building their own EUV machines, the etching machines. And so you're not going to stop China. A bunch of lawyers are not going to stop a bunch of engineers and scientists in a science and tech war.

And that's just how the story goes. But still, inside this framework, as Ben points out, there were people who were still involved in engaging with China because it was advantageous for them. They wanted the old Clinton model, which is that China continues to manufacture things for us. We get super profits. The U.S. owns the plantation. The Chinese are tenant farmers on it. And on the other hand, you have the hardcore hawks who want to cut off relations with China altogether, escalate to trade war, tech war, economic war, and ultimately kinetic war, because they understand that that's the only way they're going to maintain hegemony. And so, inside this situation, NVIDIA posed a very, very interesting problem for the U.S. ruling class, for the hawks, but also for the business class.

Just to go back and understand the situation, we have to understand that NVIDIA is one of the few companies in the United States currently doing cutting-edge industrial development. It doesn't fabricate the chips itself, but it does the chip design. And what NVIDIA has done is important in the history of technology because they invented the modern GPU, the graphics processing unit. If you think back, I'm going to date myself, but traditionally, computers consisted of a CPU plus memory plus peripherals. A CPU is the brain of the computer. And if you were building your own computer, you would often add something called a graphics card or a sound card.

These would accelerate the processing so you could get more complex graphics. Well, NVIDIA built a dedicated GPU that was programmable. And this was a microchip coprocessor that allowed you to do tremendous amounts of computing using parallel processing, enabling massive visualization. If you think of the CPU as like the human brain, the GPU is like the visual cortex. It allows you to do imaging and visualization. And that is an incredibly important thing because it allowed, for example, you know, the computer to transition from text and spreadsheets—that is to say, text and arithmetic—to images. It gives the computer, or rather the human user, the capacity to think and work in images.

You know, the fact that we can stream video, edit video, and adjust images right now, even as we're speaking—all of this is related to the GPU. So NVIDIA made the GPU. They made them useful, adaptive, effective, fast. And it has literally changed lives. You know, if you go in and get a mammogram, and you get your results, that's the GPU. If you go to the dentist, they scan your teeth and you get a graphic rendering, that's the GPU. But more than that, GPUs underpin the development of modern AI, in particular neural networks. So modern AI has three things. It has maths, algorithms—that is, the backpropagation algorithms that were developed by Geoffrey Hinton and others in the '80s.

You need the aggregation and labeling of big data that allows neural networks to learn from it. This was Fei-Fei Li's work at Princeton about two decades ago. And then you need compute. And this has to do with the development of the GPU. So you have the massive parallel processing of data that allows neural networks to train and to learn. So it became the most important company in the U.S. And until recently, it was worth $5 trillion, $4 trillion. But now it's lost extraordinary amounts of money. And its chips were cutting-edge, but the U.S. wanted to kneecap Chinese AI development, so it banned their export. As Ben points out, China also didn't want NVIDIA chips imported.

But also, this is a battle of open versus closed AI. China wants open AI. The U.S. corporations, OpenAI and Anthropic, want it moated, enclosed, privatized, so they can do what they do in every other monopoly corporation—that is to say, gouge, enshittify, control, and surveil. And Jensen Huang was opposed to this, so he had to go. This is going to blow back in ways that I think, again, these people haven't figured out. Jensen Huang is very, very driven. He built this company from scratch over 33 years. He's a chip designer himself. Nobody gets to the top without being incredibly driven, but he also knows what he's doing. He's not some MBA who was parachuted in and then had a good business strategy.

He built the industry, built the GPU from scratch with two other engineers. And so most of his employees want him back. It seems like the board is not going to take him back. But I think that this forebodes very, very bad things for the chip industry and the AI industry in general. This will blow back in multiple ways that I think the AI bubble promoters have not figured out yet. And I think the last thing that's kind of interesting to know about him is that he came from Taiwan. Originally, he was in Thailand, but his parents sent him to the United States. And when he first arrived in the U.S., his parents sent him to a boarding school. And because they were, you know, from Asia, they knew nothing about U.S. boarding schools.

They assumed they were all good. But in the U.S., there are two types of boarding schools, right? You have the posh, elite prep schools, and then you have boarding schools that are reform schools for runaways and delinquents. And his parents didn't know the difference. So they sent him to a place in Kentucky called the Oneida Baptist Institute. And this was a boarding school that was a reform school. And so he was surrounded by juveniles who had had brushes with the law. And he says that he realized this on the first night when his roommate took off his shirt, and his whole body was covered with stab wounds. And that's when he realized that his parents didn't know what they were doing when they sent him to the school.

But he still says that his experience in this reform school was the best experience of his life. He went to school, cleaned the toilets, and then he taught all his roommates math. And then he went to public school and public university, you know, washed dishes, waited tables, etc., and then started his own company. So he's very, very different from the Epstein-class, silver-spoon psychopaths who are running the other moated, enclosed companies like Anthropic. It's a completely different kind of company, you know? And I think that the people who have taken him down don't realize what they've done. Nvidia, to a very large extent, is Jensen Huang.

People are very, very loyal to him. He had the original concept and the vision. He built the industry—the GPU industry—up from scratch. And I think they are going to regret it when they see the bubble pop, because pop it will. We know that it's significantly inflated beyond any reasonable capacity to recoup the loss. Anthropic is what? A hundred and thirty billion dollars inflated? That's its deficit every year. There's no way it's going to make its money back. And even if they ice out open-source AI, open-weight AI, there's still no way that they can recoup their costs, simply because the entire

business model is completely irrational. And that comes back once again to Danho Wang, who was a researcher at the University of Michigan.

He was working in nanotechnology, nanochips. And at the age of 29 or 30, he published a groundbreaking paper in Nature. It was paradigm-shifting. Those discoveries would completely change the nature of microchip design and architecture. And not long after he published that, he was visited by U.S. government agencies. Within hours after that visit, he committed suicide. So here you have somebody who's working at the cutting edge of strategic technology. He releases a tremendous, extraordinary discovery, and then, within hours after this, he is found dead. The University of Michigan has gone radio silent.

Apparently, after his death, his lab director told everybody they had to go straight back to work. They never mentioned it. There was a memorial held by the community, by Code Pink, and nobody from the university showed up. So there's this complete radio silence. There have been demands for documents to be released, public records to be released. The university is playing hardball and stonewalling and creating obstacles, making it impossible to get those documents. And so you can see there's this kind of shutting down, this oyster-like shutting down, because I think the university is aware that it has been involved in some very, very unseemly actions—at the very least, very, very unethical actions.

And this has resulted in the death of one of the most important Chinese researchers of his generation. And now they're just clamming up. But certainly the Chinese government is not happy about this. It sends a message to all the other researchers from China—and there are a considerable number of them in the United States. It sends a message to them that you are not safe. Researching while Chinese is not safe. And now, with the takedown of Jensen Huang, you know, again, the message is that thriving or striving while Chinese is not safe. So this tells you how extraordinary the hostility and the escalation against China is. And we see that, you know, these people who are, as far as I can tell, important in their field are just roadkill in this ongoing battle and escalation to war.

#Danny

Yeah, well, KJ, that was a great summary and analysis of all of the tentacles of this tech war we've gone over. I would like everyone to hit the like button. So, as we close the program, Ben Norton's Geopolitical Economy Report YouTube channel is in the video description. If you have not followed that, please do. Any final words from either of you before we hit “End Live” here?

#Ben Norton

No. Thanks for having us, Danny.

#Danny

Of course. Of course. Yeah, we'll have to do it again. This was such a great show. We covered a whole lot of ground, and I know the audience appreciated it. So everyone, hit the like button before you go. That helps boost the show in YouTube's algorithm. You can find Ben's channel in the video description, as well as all the places to support this show. Thanks for the Super Chat from Question Authority. Appreciate your positive outlook there. All right, everybody. See you tomorrow. I'll let you know what's going on. Bye-bye.