

# Iran Negotiation DESASTER & Russia in Full War Mode | Larry C. Johnson

Just when you think the USA can't dig a deeper grave for itself, the people in Washington surprise you with yet a bigger shovel. The Iran War is going from a war of choice, to a contingency, to a crisis, to a full-blown national economic emergency and there is NOTHING the US military can do to make things better. Oh boy oh boy. Larry C. Johnson joins me today for an update on Iran, the oil crisis, and how Gulf states may be pressuring Washington to step back. He also breaks down Israel, Russia, Ukraine, and the rise of a new China-led payment system, with Pepe Escobar's Transition Protocol and Sonar21 in the mix. Links: Larry C. Johnson: <https://sonar21.com> Larry C. Johnson Substack: <https://larrycjohnson.substack.com> Transition Protocol: [https://www.youtube.com/@Transition\\_Protocol](https://www.youtube.com/@Transition_Protocol) Neutrality Studies substack: <https://pascallottaz.substack.com> Merch: <https://neutralitystudies.com/shop> Donation: <https://neutralitystudies.com/donate> Timestamps: 00:00:00 Intro and Transition Protocol 00:01:21 Iran's nuclear threat and the oil crisis 00:13:53 Strait of Hormuz, shipping, and insurance 00:15:53 Pressure on Israel and the ceasefire 00:19:16 Gulf states, Pakistan, and U.S. pullback 00:30:40 Israel's support base is shrinking 00:33:01 Russia, Ukraine, and NATO escalation 00:47:00 China, SWIFT, and the new financial order

## #Pascal

Welcome back, everybody, to Neutrality Studies today for an update with the one and only Larry Johnson. Larry, welcome back. Thanks, Pascal. You're a busy man traveling the world. Well, you are busy too. You are now, by the way—before we start, I mean—you started a venture with Pepe Escobar, and you now have a new channel up and running, right? Do you want to tell us about this one first?

## #Larry C. Johnson

Yeah, Transition Protocol. We actually started off as PowerShift, but then Marco Rubio called Google and said, "Shut them down because they're telling too much truth." Yeah, so we rebooted the channel.

## #Pascal

Everybody, if you want to follow Larry, try the Transition Protocol. I mean, it's fantastic, and I love it very much. Your discussions with Pepe are great. But let's dive in now into our subject. I really want to pick your brain on Iran and the negotiations that are happening. Actually, I'm in Switzerland right now, so right next door to me in Lucerne. Yeah. You wrote on your Substack—no, not your Substack, sorry—Sonar21, actually, that you have good reasons to believe that the Iranians are

actually threatening a nuclear detonation. You wrote that on the 4th of June; I believe today is the 22nd. How is that one going along? Do you still think that's really an option? That is their—let's call it—that is their nuclear option. Okay.

### **#Larry C. Johnson**

Yeah, not to mix the metaphors here. We're relying on a Pakistani source that Pepe and I have a pretty good understanding of who this person is. So it's not like somebody sitting in a coffee shop saying, "I've got an opinion about this." No, it's somebody directly involved and has the knowledge that Iran did threaten the United States. Basically, if you don't negotiate in an honest, direct fashion, then we'll have no choice but to demonstrate that we can do a nuke and that we'll detonate a nuclear device.

### **#Pascal**

Inside Iran, right? As a test—a nuclear explosion test, right?

### **#Larry C. Johnson**

Right, and most likely it would not be above ground where you'd see this mushroom cloud and then radioactive material spreading around. It would be the kind of thing to say, "On July 1st at 11 a.m. Tehran time, we will be detonating a five-kiloton device," something like that. Because then the seismic meters would record that. That's how you'd convince the world—yeah, you're going to see an earthquake at this time, and it's not an earthquake. So Iran, according to our Pakistani source, has made that a direct threat to the United States.

### **#Pascal**

Do you believe that's one of the reasons why the United States, in the end, signed the MOU, which for all intents and purposes, you know, reads like a surrender document? And the irony, of course, that Trump signed it in Versailles. But I think that one's lost on him. But, you know, we are now in this negotiation process. And do you think that that's actually at the back of the mind of the American team?

### **#Larry C. Johnson**

I think that was one factor, but actually I think the more important factor was the oil crisis that is going to hit, that is hitting the world now, except the world doesn't. We're in the chicken-without-a-head stage. If you've ever seen when they butcher a chicken and cut the head off, it can still run around for a while before it realizes it's dead, and then boom. About two weeks ago, reportedly

there was a group of senior oil executives that met with Trump. And I don't know as well if he got briefed by the intelligence community or by Secretary of Energy Wright, but he's told that there is a crisis looming that is unavoidable.

And it gets a little complicated. It starts with the Strategic Petroleum Reserve. So this is like putting oil in the bank that you can draw upon for a rainy day. It's a savings account. This is oil that was stored in salt caverns that are in the southern United States. There are four main areas where these salt caverns are. And what I've learned is that it's not like there's one big cavern, but as salt was mined out, it left these holes. And so at each of these locations, you may have three or four different holes in one location. The total volume capacity would be about 750 million barrels of oil. And as they get filled up, each hole is monitored.

And the reason they use the salt caverns is because the petroleum does not bind with the salt and create salty petroleum. Instead, like if you put water in, you get salt water. It goes from fresh water to salt water. But to get that oil out, when you decide to pump it out, you have to pump water in, and the oil sits on top of the water. Oil comes to the top and then it's drained out. So what was a 750 million barrel capacity is now down to a little more than half of that, which has been withdrawn. And right now it's being withdrawn at the rate of 16 million barrels per week. So you say, but we've got 340 million, so we're okay.

Well, you know, stop right there, because to maintain, if you end up putting too much water in those salt caverns, the caverns can collapse, and so they can no longer hold oil. So they estimate that at about 140 million barrels of oil, you get to—that's the destabilization point. So that means as of, since like June 15th, there were about 200 million barrels of oil to work with. Now within that, that's not all one type. There's light crude and there's heavy crude. And it's on the heavy crude, what's called the middle distillates. I've been getting educated by a friend over the last year. I was like, hey, look what Larry knows. But it's stuff I didn't realize. And once you realize it, you go, holy shit.

## **#Pascal**

Hey, just a very quick note. The best way to support this channel is by signing up for my free Substack. You can also help with a paid subscription there, or you can get some of our new merch on [neutralitystudies.com](http://neutralitystudies.com). Links below. See you there. You kindly sent me that PDF this morning, and I read through it, and it boils down to the realization that, you know, the crude is shared, right? Some of the crude goes to gasoline for you and me at the pump, and part goes into aviation fuel, and part goes into jet fuel, and part goes into, you know, the diesel.

The diesel is used in order to drive the whole economy. And it's a trade-off, right? So basically what it says is that, well, we run short on things, we will run short also on war-making oil in order to fuel our jet planes and so on. So it gets more and more expensive to keep war going. And the U.S.

military, I mean, including the Navy and so on, is of course a major user of U.S. oil, heavy crude. That's not the one that the United States is independent of. You're independent of light crude, but not of heavy crude.

## **#Larry C. Johnson**

Right. That's the one we have to import. Exactly, that's the one we have to import. And so you take that barrel of oil, and 30% of it, the middle distillate, you've got to make a choice: are you going to make diesel fuel out of it, or are you going to make fuel for the airplanes, both military jets as well as civil aviation? It's not like you can do both. You have to choose one or the other. And that's where the problem is, because the normal supply of that heavier crude that came out of the Persian Gulf was cut off. Russia, basically, they've tried to cut them off, and they've suffered some damage to some of their refineries.

But then that leaves Canada, Mexico, and Venezuela. And again, the Venezuelan infrastructure is having trouble supporting increased production. So the bottom line is, and Trump said it in his press conference at the G7, we've got four weeks left. In four weeks, we're going to be out. Now, this is where it gets really interesting from the standpoint of saying, well, we've got to open the Strait of Hormuz, falsely implying that if you say, oh, the Strait of Hormuz is open, then all of a sudden all the oil is going to start flowing and we'll be back and it'll be okay. Uh-uh. Not going to happen.

Number one, those ships that have been sitting there in those hot waters, that hot, salty water, they're collecting barnacles and God knows what else is going on on the shipboard. Those ships basically have to be refitted. They have to be cleaned up before they're going to be able to start hauling product again. And the estimate is about up to 12% of the total world supply of commercial cargo vessels like this are sitting there idle. So, you know, that in and of itself is a problem. Then you get the insurance, that because they can't guarantee that the Strait of Hormuz and the Persian Gulf are free of mines, Lloyd's of London says, well, we're not insuring your ships.

You know, we have to have a guarantee that it's clear. And then the U.S. military, when testifying before Congress, said, yeah, we think we can get it cleared up within about six months. You go, okay, so right there we said six-month delay, and then once you get the ships moving, they may have another two-month delay to get them cleaned up. So, I mean, the point is that while the goal is to get the oil supply back up, the world global oil supply has been diminished by 20% over the course of four months. And a lot of countries have been dealing with it by drawing down their reserves. But now those reserves are running on empty.

## **#Pascal**

It's a really interesting situation in which I believe that it finally sank in, in the United States, that these capacities are finite, right? The missiles and the kind of ammunition and whatnot are finite. But now it sinks in that even the oil supply is finite. And somebody must really have had a sit-down

with Donald Trump and actually explained to him, look, it still looks fine right now, but we are already late in resolving this. And on my channel the other day, Steve Jeremy, Commodore, made the point that each percent of reduction of oil supply in the world can go along with 1% of GDP, the impact that it will have. And this is just absolutely huge by now. So there is no time, right? The Trump administration has no time to avoid chaos that will strike precisely around the time everybody starts getting heated up for the midterms. I mean, the timing couldn't be much worse for him, could it?

## **#Larry C. Johnson**

Yeah, and that is, I think, candidly, I think he's waited too long. And so this deal was available in April.

## **#Pascal**

Yeah.

## **#Larry C. Johnson**

So he's lost May and now June. Whether they get something done in concrete by July remains to be seen. But the actual use, the consumption, they've covered it up to this point. Because in the oil markets, you get a lot of different people out there. Chris Martenson's another smart economic analyst, and he's looked at it. Because, you know, and I presume when you went to university, you had to take an economics course of some sort. And then you learn the basic concepts of supply and demand. But in those markets, normally, you know, if you've got high demand, there could be incentives to increase the supply. Or if you don't increase the supply, the price of it's going to go up. So, you know, they get this dynamic environment. Well, they've suppressed that. They've gone in and manipulated the market and tried to artificially pretend, oh, there's no problem here, we've got plenty of supply. But that's because you've been pulling all the equity out of the ground.

## **#Pascal**

And the price fluctuations that we've seen over the last three months actually have more to do with price speculation and forecasting than they have to do with real shocks on the supply and demand side. And those real shocks are now going to come and start setting in and drive the prices up, even if the news about the negotiations is good. So what do you think this does to the negotiations? On the one hand, we are seeing that Iran wants verifiable stuff, right? That's why they want the MOU first. And now they're going to monitor whether the U.S. is going to try to live up to the MOU or not and whether their ships can actually go through. And it looks as if, as of now, that's actually the case. But on the other hand, there's the whole Israel problem and Lebanon. Do you think the United States will, for the first time, put real pressure on Israel in order to get this situation resolved? Well, I wouldn't say it's sort of the first time.

## **#Larry C. Johnson**

I mean, historically, we go back to Dwight Eisenhower, who put pressure on Israel, France, and the UK during the Suez Crisis. Then Reagan did it again back in 1982 when Israel launched one of its first invasions of Lebanon during the Lebanese Civil War. But it does appear that Trump finally has exerted pressure on Bibi Netanyahu, because on Saturday it looked like Israel wasn't going to stop, and then it stopped. So it stopped the attacks.

## **#Pascal**

There does appear to be a functioning cease-fire in place so far.

## **#Larry C. Johnson**

And it's real simple. The United States is the primary supplier of Israel's military assistance and weapons. And as the Washington Post reported, I guess it was in April, two-thirds of the air defense systems that were employed during the first 40 days of this Ramadan war were U.S. systems operating. It wasn't David's Sling and Iron Dome; it was Patriot missiles and THAAD missiles, those interceptors. So Trump's in a position where he can withdraw all that and threaten, you know, either you're going to come and do what I ask or we're going to pull that out. At the same time, the U.S. military under CENTCOM, which had been stood up for a 24/7 operation—and, you know, when you've got military units deploying, you set up what are called joint operations centers or tactical operations centers. And in this case, they call them CATs, crisis action teams.

So it is all the different elements that comprise that—the military, plus there'll be interagency elements from CIA, you know, any other agency that may be relevant to a military operation. And they operate 24/7. So they've got communications from the field, they're sending orders out to the field, they've got action items that come in, things that need to be addressed, providing, issuing orders for a tactical operation that you're going to strike this target at such and such time, and then making sure that all that going on—that's been dismantled. That's been taken down now. So it's back to sort of normal operations, I've been told. And so that means the United States is now not in a position to just flick the switch and launch an attack. Before, when you have those CATs up and running, yeah, you can get pretty quick action.

## **#Pascal**

Is that observable on the ground? Can the Iranians, from their vantage point, know that that's what happened? Yeah.

## **#Larry C. Johnson**

Yeah, I think so. And then the whole issue is they're starting to ferry U.S. combat aircraft back to the United States because, you know, an F-35 can't fly, you know, the 8,000 miles or 7,000 miles. Yeah, it's got about a 600-mile range when it's not in a combat load. And so it has to be air-refueled. It has to either fly to an airfield or be air-refueled or both to get them all back. And so, you know, to move and deploy these both to the combat zone and then from the combat zone is a big logistics effort. And there again, doing that, you're dealing with aviation fuel.

And so you've got this competition between, we're going to need all this jet fuel to keep these planes flying. That's less for the diesel trucks that are going to be taking food to grocery stores. It's a trade-off. So you've got that underway. And I think the United States also, in those last two days of pretty intense—the U.S. hit Iran on the 9th and 10th of June, and then Iran retaliated and really caused some significant damage to both infrastructure, communication systems, and aircraft in Kuwait, in Bahrain, at Prince Saud Air Base, and in Jordan at Muwaffaq al-Salti.

## **#Pascal**

I didn't understand that. And I was out in the field at conferences, so I didn't have time to cover it. But why did the United States do that? I mean, didn't the Iranians manage to drive the point home in the 40 Days War already that, no, whatever you throw at us, we will destroy something of equal value of yours or even more? I mean, why did they do that?

## **#Larry C. Johnson**

Yeah, so I'm looking at it, and I think what happened—because remember, when they take off on a combat mission, it's not just that somebody's sitting around saying, hey, you know what, I feel a little antsy, I'm going to get up in a plane and go fly and attack such and such target. No, they are responding to very specific missions that have been prepared, targets identified. So I think what was going on, someone made the decision to say, okay, let's see if we can use military force to open the Strait of Hormuz. So what we need to do is identify the firing positions of Iranian missiles and drones. Two, we need to identify and destroy the communication nodes—how the Iranians issue orders to coordinate these different units—and we need to destroy radars, etc.

So what the United States would do, on one of the occasions, they sent four ships into the Strait of Hormuz. Iran lights up, you know, so if you're monitoring with satellites and other technical means, you see how the communication system lights up, how they start communicating, how they start reacting. So therefore, that's one way you try to identify that network so you can destroy it. And then, in retaliation for that, the United States came in and started hitting those sites in Bandar Abbas and Qeshm Island, and another port just south of Bandar Abbas. But Iran was ready. As soon as they got hit, man, they turned around and said, okay, we're hitting this target and this target and this target.

And I know from people who know what the damage was that Iran was causing significant damage, and clearly Iran was doing some of it. In one of the attacks, I'm told, you had Pakistani military troops, technical people who were trained on Chinese systems, that were using Chinese-supplied missiles to hit U.S. targets. Oh, wow. Yeah. And so the United States suffered some significant damage from that. One of the last strikes at the Muwaffaq Al-Salti Air Base in Jordan, you had both Iranian and Russian sources reporting that that attack either destroyed or damaged 12 F-35 jets. Well, you know, that's more than a billion dollars' worth of aircraft right there.

## **#Pascal**

I have this pet theory of mine, which is that at least one of the factors for the US to decide, fine, we need to do whatever it takes to get to a negotiated solution, is that also Saudi Arabia, Qatar, and maybe Kuwait and Bahrain actually put some pressure on the US and said, like, you either stop this or we will cancel the base agreements and so on. Do you have any indications that that pet theory, for which I have zero proof, might have something to it, or on the contrary, that they are just like the satellites that they are?

## **#Larry C. Johnson**

No, no, I think it's not a pet theory. And both Pepe and I received information that Pakistan is playing a very central role, and it's amazing how important it has become in this whole process. So Pakistan, working with Qatar and Saudi Arabia, they are both sending the message to the United States: you're going to get out of our country. Qatar has apparently informed the United States, we want Al Udeid closed in nine months. Now, you say, well, that sounds a little far-fetched. But did you see the video of how the Qatari foreign minister dissed J.D. Vance yesterday at Bürgenstock? I didn't see it yet. Oh, you've got to look at it.

So you've got Prime Minister Sharif of Pakistan. You've got General Muneer of Pakistan, and J.D. Vance is standing to the right of Sharif. And so up comes the Qatari foreign minister, you know, hugs it out with Sharif, you know, kiss, kiss. And then you see Vance go like—and the foreign minister just goes, turns away, goes over, hugs it out with Muneer, and then turns around and is standing, and you see J.D. Vance again standing to Sharif's right. And J.D. Vance does one of these sort of turns, with his left hand sort of reaching in that direction, and the Qatari foreign minister crosses his arms and looks away.

## **#Pascal**

Oh, that was... They're seriously pissed. They're seriously pissed.

## **#Larry C. Johnson**

Yes, yes, yes.

## **#Pascal**

And, you know, I think we must not underestimate this. And it's true, I forgot in my last interview that I just did earlier to mention that. But the fact that the Qataris are there and the Pakistanis are there too, I think this is in order to flank the United States, in order to make sure that, you know, things have to get moving, guys. So it's actually not one-on-one, it's actually three-on-one at this point. The Qataris are not there to support the United States.

## **#Larry C. Johnson**

Yeah. And then look what happened. Look at the other meeting that took place yesterday. I forget where it was. I think it was in Islamabad. Foreign ministers of Egypt, Turkey, Saudi Arabia, and Pakistan. Now, you think that was just a coincidence? No. Yeah. So, go ahead.

## **#Pascal**

But Larry, like, you know, I just did this interview with Denny Davis, and he showed me this crazy talk from Lindsey Graham, who said, like, we're going to bomb them to obliteration, blah, blah, blah. And by the way, Saudi Arabia has to join the Abraham Accords, and, you know, it's going to be the greatest, blah, blah, blah, blah. I think, are they insane? I mean, it's literally the opposite that's happening. I mean, the Gulf states are now putting pressure on the United States to finally call it quits and leave and be done with it. And I don't think the United States has a lot of love left in the Middle East, maybe with the exception of the UAE.

## **#Larry C. Johnson**

But apart from that... Yeah, the U.S. hasn't earned much goodwill. You know, this entire relationship was built on, hey, we're going to protect you. You know, you come with us, you're going to be golden. Nobody's going to touch you. Now they're looking around and saying, yeah, we lined up with you, we got the hell beat out of us.

## **#Pascal**

Yeah, I mean, to be fair, though, Iran isn't really touching them as much as, yeah, beating the holy hell out of them. And I think that message sunk in, in the whole environment, and also the fact that the United States throws them under the bus, right? This was predictable. This was predicted. And they must have said, don't do this. And the United States still did it. And they did it again, like, again this month, right? So it's like, no. And they will be hit time and time again. So...

## **#Larry C. Johnson**

Yeah, well, see, again, the cash flow for Saudi Arabia, Qatar, Kuwait, and the UAE, it's all way, way down. So they're not getting the cash flow that they once had. Now, the whole relationship between Qatar and Iran is just fascinating, because Qatar's tried to play both sides. Remember, they just gave President Trump this \$400 million presidential jet that he unveiled this last week. But then you saw what the Qatari foreign minister did, dissing J.D. Vance. So Qatar is not happy with the United States, and then the vision of Russia and China. So Russia and China are sort of the powers behind the throne here, because there are two things going on.

They recognize you've got to restructure the security architecture. And what that means is you're going to create a military alliance among the Arab Muslim countries. So Iran's not Arab, but it is Muslim. And so Turkey and Egypt, you know, they've been a little difficult to control because both have been paid off by Israel. I mean, they've been siphoning money off of, in the case of Erdogan, it's oil. In the case of Sisi, it's liquefied natural gas. And then the other one in this that's been totally compromised by Israel, the United Arab Emirates. Their system, you know, they've been probably one of the biggest money laundering centers in the world until the start of this war on the 28th of February.

So I've had reports from a reliable source that one of the roles they've been playing is Zelensky's uncle is a bagman who comes out of Kyiv every week on a flight down to Dubai or Abu Dhabi and takes bags, literally millions of dollars that can be carried, and gets them on deposit in these Emirati banks. That money is then used and is purchased in real estate. They call them scams. So then they purchase the real estate, then the real estate is sold so that the proceeds are wired into Israeli banks. And then out of there, some of that money is funneled back into members of the U.S. Congress.

That's how you're getting paid. So they've played that role, but what's happened as a result of this war is it has disrupted the Emirati financial system. So a lot of the very wealthy, their money's heading back to Singapore because they see Singapore as more stable than, say, Abu Dhabi and Dubai, which partially explains why, you know, over the last three weeks, you know, here were the Emiratis who were, you know, they were married with Israeli intelligence companies. Now they appear to be getting some distance. And, you know, that was why they went to Tehran on June 9th to sit down and chat with Raisi.

## **#Pascal**

In my view, you know, there is just no way around some form of negotiated outcome of this. And the Iranians, the longer this goes on, they have more leverage. They're going to be the ones to dictate where this is going, although the United States will certainly keep doing its bombastic announcements and whatnot, that's for sure. But there seems to be, to me, now everything in place to drive a serious wedge into an already open wound that the Israelis have with the United States, because also the public opinion has been lost. So we are reaching a point where U.S. congressmen

now, looking at the midterms, will for the first time be really wondering, should I be pro or anti-Israel? What do you think this impact is going to be on the Israeli relationship?

## **#Larry C. Johnson**

It's a generational change. So, you know, still the people that are my age, you know, the people 60 and above, we're the last of the boomer generation. You know, I was born in 1955. We grew up with this David versus Goliath myth of Israel, that Israel was little David against this behemoth Goliath, the Arabs, and it was fighting against impossible odds. The generation that's 50 and under, they're looking at it, and again, they're seeing on social media, despite Israel's attempt to shut down and control social media, the Israeli genocide against the Palestinians. It's not just Muslims that they're attacking. I mean, they're attacking Christians. So that message is now starting to resonate.

And then when you tie that in with prominent podcasters that are now, you know, Tucker—there was a point where Tucker Carlson would have been considered a reliable ally of Israel. No longer. Same for Candace Owens, Joe Rogan, Theo Vaughn. Just a number of people. Judge Napolitano, his podcast, he's at almost a million subscribers. So this message is getting out, and now Israel does not have the political support among the majority of the American population that it once had. Now, they've still been managing to secure congressional support by virtue of buying congressmen, but even that's starting to, you know, that has been exposed, that that is becoming a potential liability. So...

## **#Pascal**

Yeah, you know, it's quite a change. And again, like wars, as horrible as they are, they bring out certain realities on the ground. What do you think, shifting gears just a little bit toward Russia, what's the learning of the Russians from this one? The Iranians stood their ground against all odds, I would say, and they kind of made the point that you have to strike the proxies in order to get concessions from the big guy, right? And this is what they're doing in Bürgenstock right now. That's like calling in the concessions, right? So where do you think that leaves the Russians in their learning process about how to address their thing? And this war in Ukraine is now already longer than the Great Patriotic War, right? Right, right.

## **#Larry C. Johnson**

Yeah, so a couple of interesting changes over the last week. Ushakov, a close advisor to Putin, came out and said the Ankara agreements, they're dead. That's done. That's, you know, that's come and gone. So that's off the table. They clung on to that for almost a year.

## **#Pascal**

Almost a year, even though nothing was coming out of it. But they just, you know, they have long kind of ways of sticking with things when they believe that something might still happen down the road. So that road is gone.

## **#Larry C. Johnson**

Right. And now, as far as military operations on the ground, they have accelerated dramatically, really in the course of the last two weeks as well. So, Konstantinovka has been taken. They are closing in on Krasnyi Liman. And from that position, they will be, at least in Donetsk, Russia will be in a position to encircle both Kramatorsk and Slavyansk, which are the last two strongholds in Donetsk. Once they've got that, it is a wide-open steppe, if you will, to the Dnieper River. They're also accelerating the attack in Zaporizhia and up in Sumy and Kharkiv. Now, that said, Ukraine, with the assistance—primarily the assistance—of the U.K., has stepped up drone strikes on targets throughout Moscow. They look worse than they are, but still, they're killing civilians.

So now the pressure is growing on Putin to militarily strike the U.K. So if these drone attacks continue like this, and if the U.K. continues to provide supplies, I anticipate that before the end of August, Russia will strike the factories in the U.K. So this runs the real risk of expanding this war. But the Russians are now at the point that Sergei Kadyrov has openly expressed, you know, that they've lost the fear of retaliation. And so we're going to have to show them retaliation in order maybe to put back the nuclear deterrence, because right now in Europe, primarily the U.K., I don't see the same level of enthusiasm in Germany for this. Merz is in, you know, Keir Starmer is now out of office.

We'll see if his successor is as ambitious about supporting these drone attacks in Ukraine. But clearly, we've entered a new phase with this war. And from Putin's standpoint, he's talking about it as a terminal phase. So these last desperate attacks with drones, they're not changing the strategic picture. They are creating—I guess the Western hope is that this would create political pressure to force out Vladimir Putin. And it's like, what the hell are you people thinking? You think they're going to come in with some moderate who goes, "Oh, let's stop attacking Ukraine"? Good God, no. Medvedev is standing in the wings, and he is much more willing to pull the trigger than Vladimir Putin has been.

## **#Pascal**

But yeah, it is true. It's like, though, you know, what Ukraine is hoping for—and we know that they've been trying that for years now—is to create an Article 5, right, for NATO. They are trying to—well, theoretically, this is the only thing that can still save Ukraine, right? Article 5, and then all in, and a super big war, including the United States. And that's the one thing that you could still say, like, maybe that's what's going to get us our territory back. And you can see how they are trying to bait Russia, right? And all of these drone attacks, especially also, like last week in Sevastopol,

blowing up that war memorial that has zero tactical value. The only value is that it makes the Russians angry. And it makes them angry.

And they told me so. Stas Krapivnik keeps saying, we are really, really pissed by now. But in that sense, it's this kind of trap of trying to get the Russians to do something that the Europeans have been saying for the longest time: they will do it, they will come, and they will attack us. And then once it happens, they go like, ah! Unprovoked attack, and now one for all, all for one. But we are at a point where the United States can't even fight a war anymore in West Asia, right? So this, in my view, increases the chances within Russia to roll the dice and say, like, fine, let's give them what they want. So you also think that it's likely that this calculation is now changing in Russia?

## **#Larry C. Johnson**

Oh, yeah, yeah. You know, I think there was always caution from the start of the special... This is why Putin called it a special military operation. He wasn't going to fully mobilize society. They recognized they had—Russia had—some built-in limitations. They did not have fully mobilized manpower. The factory system, the manufacturing industry, wasn't up and running to do replacements in the event of, let's call it, industrial-scale war. They didn't have a full array of their different weapons systems. But now they're in a position, as after four years, where they didn't have to mobilize society and, you know, force consumers to go without in order to support a war effort. They were able to do guns and butter at the same time.

But now they're in a position where the army is solidly at least 1.5 to 2 million mobilized people. So they've got the armed force in place. They're trained. They're not untrained. So it's not like you did it with a bunch of recruits. The industrial base is rock solid. The only problem they have sometimes is finding enough workers. And the weapons systems that have been developed, apart from the Burevestnik, the four varieties of hypersonic missiles, they've got FABs, so they are now ready. I guess they didn't want to put themselves in a position of pressing a conflict with Ukraine that could possibly draw in Europe until they were prepared to defeat all of Europe. Now they're prepared and ready for that.

And I think that's the stage. And now they're telling the— and then on top of it, though, I think they were surprised to learn how weak, how shallow the United States' capability was. They made some assumptions about, oh, the United States is this great, powerful nation that could mobilize these resources. Turns out they can't. And that in producing certain weapons systems, those systems have been depleted. And then the United States talks a big game about, oh, yeah, we'll start production—except the critical rare earth minerals that come from China. China is not supplying, which means they can't build those weapons systems. Tomahawk cruise missiles, a case in point, require 18 different rare earth minerals.

## **#Pascal**

But this means if the Europeans are dumb enough to do something big, you know, something that pushes Russia now finally over the brink, they'll have the war. That's just like all the logic now points toward that direction. The only thing that can keep that from happening is if the Europeans start calming down and finally get their crap together. But one more big thing, one more big blow-up inside Russia that actually kills a good number of civilians, and Russia will strike back, and they will do it, right?

**#Larry C. Johnson**

Okay, so this premise that the Europeans are smart—okay, so let's walk this through.

**#Pascal**

I would never say that. I would never say that. It's not a premise I make. They've proved that they're insane.

**#Larry C. Johnson**

Yeah.

**#Pascal**

We're living up to that now.

**#Larry C. Johnson**

Look at the logic of this. So our European economies, they need low energy costs. So that means we need inexpensive oil and inexpensive liquid natural gas. Therefore... what we're going to do is we're going to go along with the U.S. plan to blow up the Nord Stream pipeline and then impose sanctions on Russia so we no longer buy cheap, inexpensive oil. We're going to both buy more expensive oil, and we're going to only buy expensive liquid natural gas from the United States. So therefore, we're going to increase our prices by 50% to 100%. And you're going, yeah, that's a great strategy. And in the process, we're going to start deindustrializing, even though we're claiming that we're going to go to war with Russia, which is going to require major industrial output to sustain artillery and tanks and planes and missiles and drones, etc. I mean, it makes no sense.

**#Pascal**

No, it doesn't. But again, I think the Europeans, a good number of them, are caught in a mass psychosis or a mass formation event that makes them believe that if they just want it enough, then it will happen because everybody is Churchill. And they've lost the capacity of reasoning within actual, you know, realist terms. I watched a Swiss TV program the other day where they were

discussing the pros and cons of maybe sending weapons to Ukraine. For one hour they were discussing moral pros and cons. Not once did it occur to them that if they send weapons to Ukraine that are used to kill Russians, maybe the Russians are just going to bomb the hell out of Switzerland. Not once. Not once. It doesn't even cross their minds. And that's the general problem we have in Europe at the moment. But it seems to me as if the Russians will, like Karaganov says, have to reassert that point. And probably, I mean, if it doesn't stop, they will. So you would agree to that, I suppose. Yeah.

## **#Larry C. Johnson**

Oh, yeah, absolutely. And again, you know, I'm fascinated by how Sergei is portrayed in the West as this sort of crazed Dr. Strangelove sort of character. Sergei is a wonderful guy, delightful man, smart. He's not some intellectual lightweight character. And, you know, he's not some delusional thinker. I mean, he's given some thought to this. And, you know, he was the first one talking about that Russia's future lay in the East with that. You know, he said, I used to be sort of a Europhile and bought into that, but he said, recognize there is no future in relationship with Europe. They were just too poisoned, too set in their ways to recognize the opportunity of working with Russia.

And that's why he said, hey, let's go east—to Siberia, to China. That's where the future is. Lo and behold, that is where the future is. But he was the first one to see that and write about it. So when he talks about the need to reestablish nuclear deterrence with Europe—in other words, wake them up so they recognize what they're actually up against—it's not just idle talk on his part. And it appears that it's gaining traction among more and more Russians. If Russia did to the United States or to Europe what Europe and the United States have been doing to Russia, we would have been at war a long time ago.

## **#Pascal**

Of course, of course. I mean, that's this entire complete and utter misunderstanding about what the Russians are really doing and what they're about. But the propaganda in Europe has been so thick that what you and I talk about will sound like crazy talk to a lot of people over here. And that's just another fact that needs to be dealt with. So, yeah, overall... Do you think that the fact that Starmer is gone—we don't know who will be the new guy—but do you think that has any impact on the dynamic overall? Potentially, because this was like Starmer's pet project.

## **#Larry C. Johnson**

And he was alleged to have had intimate relations with some young Ukrainian men. So who knows if that was a motivating factor in all of this. But, you know, it depends if the new—if his replacement decides, you know what, we need to focus. The Labour base is eroding, and eroding dramatically, because of domestic conditions in the U.K., both in terms of the economy, in terms of migration, in terms of public safety, etc. So you would think the smart pact would be, let's shift away from all this

international madness that produces nothing but distraction and risk, and let's see what we can do to restore our credibility at home. That would be the smart thing to do. But, you know, these politicians don't necessarily do the smart thing.

## **#Pascal**

No, no. I think they've proven time and time again that they're incapable of this kind of stuff. Because what we just talked about at the beginning, also about, you know, crude oil shortages and heavy crude shortage for the United States. I mean, it's even worse for the Europeans because they're downstream of the U.S. at this point. It makes me want to just pull out all of my hair. But last question: any kind of estimations about what this whole thing does for China and its outlook on the world? Because I think they learned a lot this year about the U.S. and the West in general.

## **#Larry C. Johnson**

It's accelerating China's rise as the dominant economic power in the world. So, you know, at the start of the special military operation in 2022, the Chinese and Russians, as part of BRICS, talked about, yeah, we don't need to be dependent on the West, but really there was no urgency to it. Then with the sanctions that were immediately executed upon Russia, then followed on rhetoric and threats from the United States towards China, they both realized, okay, we need to step this up. That summit that took place, I think it was January or February of 2023 in Moscow, where Xi Jinping came, that's where they really lit the fuse. Okay, we got to accelerate putting together a new international financial order. And so it's culminated now with the Chinese creating an alternative to SWIFT, which is called CIPS, Cross-Border Interbank Payment System.

It is digital. SWIFT is analog. And just in the last, I understand, the last two or three weeks, 26 other international banks have basically lined up with Chinese banks in signing agreements so that this system now is becoming international. So to transfer money, you're not dependent upon SWIFT and U.S. dollars. Now, to wire money, you can use a variety of currencies, but it ultimately goes down to the Chinese renminbi. So, yeah, China at the same time, they're selling off U.S. treasuries. They're buying gold and silver. Russia's selling off treasuries, buying gold and silver. Japan's selling off treasuries. So the U.S. bond market, which used to be seen as sort of a safe haven, it's no longer seen that way. So that's where China is definitely stepping in to create an alternative with the full backing of Russia.

## **#Pascal**

The gears are now starting to really click into each other, like the stuff that has been put into place. And it's going to start the machinery. The new machinery is getting started. Correct.

## **#Larry C. Johnson**

Correct. Yeah.

## **#Pascal**

Good. Larry, I've stolen a lot of your time. Thank you very much. You're always very generous with that and with the updates. People who want to follow you, there's sonar21.com, your homepage, and there's now Transition Propaganda, your YouTube channel. People should go there. Any other place to find you?

## **#Larry C. Johnson**

Those are the two big ones. I mean, the Substack—I'm Larry C. Johnson at Substack. But between Sonar and then the Transition Protocol, those are the big ones. I also have a Counter-Currents that I just do once a week, you know, short videos. But the Transition Protocol is becoming, with Pepe—and Pepe and me are sort of the principal analysts. Zulfiqar Ali, we call him the Z-Man, he sits there as sort of the host and then allows Pepe and me to focus on really trying to integrate data journalistic reporting with intelligence. And I think we get a pretty potent combination out of that.

## **#Pascal**

It's absolutely fantastic. I recommend it to everybody. I'll put the links in the description box down below. Larry Johnson, thank you so much for your time today.

## **#Larry C. Johnson**

Thanks, Pascal. Always a pleasure, my friend.