

Prof. Steve Hanke: Explosions Rock Strait Of Hormuz

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#Nima

Hi, everybody. Today is Friday, June 26, 2026, and our dear friend, Professor Steve Hanke, is here with us. Welcome back, Steve.

#Guest

Good to be with you, Nima.

#Nima

Great pleasure. And let me start with what's going on with the negotiations, with the talks — the second round of talks between Iran and the United States in Switzerland. And the way you see what's going on in the United States, J.D. Vance had something like four or five podcasts, going on different podcasts, talking about trying to sell the MOU to the people in the United States. The MOU is great, we are doing this and that. And you know, the MOU doesn't mean anything because it's somehow a document — somehow they're preparing to de-escalate. And the thing with the frozen Iranian assets was one of the main issues. J.D. Vance said they're going to buy a lot of soybeans, corn, wheat from the United States, and they're going to pay American farmers. And here is what Donald Trump said just yesterday about the way he sees Iran and the market in Iran.

#Speaker 03

To the American exports and all over the world, we're opening up markets for the farmers. And we have another one, a new market coming up, and that's called the lovely country of Iran. It's a beautiful place. Would anybody like to go there? The Islamic Republic of Iran, they're having a hard time with food, and we're going to be taking some of their money and we'll spend it, and we're going to be buying wheat, soybeans, and corn — a lot of it. And that process is going to be starting pretty soon. It's going to be pretty big, too. I think it's going to be very big.

#Nima

I remember before this war started, one of the main discussions between the two sides, because we had two rounds of negotiations before all this madness happened. And they were talking about if the United States wants to invest in Iran, then they have to show that they have to. And right now, Donald Trump is talking about this. And it's not about investment, it's about Iranian frozen assets being used to buy American products. We had the head of the Iranian parliament saying, that's totally false, we're not going to do that.

#Guest

Well, yeah, so it's very hard just in general to figure out what's going on because you have a lot of contradictions coming from Washington, D.C. and Tehran. Washington, D.C. says one thing for spin, and the Iranians make it pretty clear, by the way, in press conferences. They're very precise people, so they precisely say what the situation is. So you have to remember that Trump is a spinner. He's a spin doctor. So if something's black and he wants to make it white, he'll say it's white. So that's background. Now let's get into this agricultural thing. First, Trump says that they're opening markets. No, they're closing markets. Trump is a tariff man. He's closing international trade.

He wants to keep foreign competition away from the U.S. He just yesterday closed the market for Chinese-made electric vehicles, put a ban. So he closes markets. Now, the agricultural thing is interesting because, of course, there's a big voting bloc that typically votes Republican. And they're very much opposed to the war, the Israeli-U.S. war in Iran, number one, and spending all this money. And they're also very opposed to the sanctions and restrictions and tariffs and threats that the U.S. has put on China, because the biggest importer of agricultural products from the United States is China. But China's cut way, way, way back. And so the farmers are very upset about that, number one. And by the way, I know about this.

I'm a farm boy from Iowa. I grew up in Iowa. That's where, as we say, the tall corn grows in the United States. It's right in the center of everything agricultural. And I can tell you that even MAGA-type Trumpists that I know in Iowa have turned away. They've had enough of Trump. Now, these were big supporters of him. They voted for him in each election. They had signs in their front yards, "Vote Trump," and so forth. So these are hardcore kind of MAGA people that we're talking about. It happens. The ones I know, they're very wealthy. They own huge farms and so forth. You know all about them in Brazil. You know the type, the mentality. It's the same thing. So what Trump's saying is spinning.

He's shutting off American markets. That's point number one. And the evidence of that, I can give it to you from yesterday—shutting off importation of electric vehicles from China. It's a big deal, by the way, a very bad deal. And now, if we go to agriculture, why is agriculture a hot topic? Because these primary states—you know, the first primary in the United States is where? It's in Iowa. That's

number one. And it looks like the Republicans are losing a lot of support because, in general, the farmers are in a tight corner right now. They've had two or three years where they haven't done well at all.

So that's a background thing. And then they're starting to associate these precise trade interventions and sanctions with Trump. Now, let me give you some history on this so you can connect the dots. And I'm going to give you what I call the Afghan effect. Now, the Afghan effect relates to this, and I'll give you the story. In 1979, the Soviet Union, of course, invaded Afghanistan. And the president at the time was Jimmy Carter, and Brzezinski was his national security advisor, a very famous guy, Brzezinski. By the way, he was a professor at Johns Hopkins University, where I'm a professor. But Brzezinski, right away, he was totally anti-Soviet.

So they put an export ban on ag exports going to the Soviet Union. That was the reaction. Now, what happened? Right away, the Soviets cut a very good deal with your neighbor down south, Argentina. And the deal was even better than they had with the United States. So they substituted U. S. agricultural imports with Argentina. And as a result of that, of course, the Afghan effect took place. And that was a huge boom in the economy in Argentina and Uruguay, because a lot of the Argentine money went into Uruguay. The development of some of the beaches and so forth in Uruguay all happened then, right after 1979. And geopolitically, who was running Argentina then?

The enemies of the United States, the enemies of Carter, he gave them a big gift by doing this stupid blockage of American agricultural exports to the Soviet Union. Now, what happened in the election? Remember, we had an election in 1980. Well, who ended up being elected in 1980? Ronald Reagan did. Why did Carter lose? Because the first state where there were elections was what? Iowa. And the Iowa farmers. So all of this is very important politically to understand how the system works and so forth. So that's why Trump is talking now about agricultural exports. And that's why the Iranians, who are clever and smart like the Chinese, they know what he's doing. And they come out and say, no, we're not buying.

#Nima

You know, when it comes to, I think one of the main problems between Iran and the United States is the Strait of Hormuz right now. And we had Marco Rubio going to the Gulf, to the Persian Gulf, talking with Bahraini officials, Kuwaiti officials, and to the UAE to talk with them. And what he's trying to do, it seems that with the case of the Strait of Hormuz, they know the reality has somehow changed, but they're trying to do something different politically in the region — make some sort of division between the two sides or try to put pressure on Oman, which has been under tremendous pressure in the aftermath of the second meeting, the second summit in Switzerland between Iran and the United States.

Because Iranian delegations, once they got back home, right after that they went to Oman. And they had a statement coming out that both Iran and Oman are going to, you know, charge a fee on

whoever wants to pass through the Strait of Hormuz. Then we had some rumors that one of the Omani officials said that we're not going to charge anybody for the passage of the tankers and all of that. And today Bloomberg reported that the Omani government said to the Europeans that there is no return to the pre-war status quo in the Strait of Hormuz. So they have to pay. There is a fee to be paid in the Strait of Hormuz. This was reported by Bloomberg.

And before coming to this live, in the recent hours, we had some Iranian IRGC units controlling the Strait of Hormuz. Some of these tankers trying to pass the Strait of Hormuz were not using those routes designated by the IRGC, so they got hit by drones. And the firing is going on in the Strait of Hormuz, and somehow the two sides are evaluating and reassessing themselves. And when it comes to the Strait of Hormuz, in your opinion, considering the economic aspects and the outcome of what has happened in that strait, what is your assessment? How do you see the Iranian position? How do you see the GCC countries? How do you see the United States trying to manage this strait? Because it's so important for the economy of the region.

#Guest

Well, number one, this is a classic case where geography dominates. You have to keep things simple. That's point number one. And point number two, the Iranians now have indicated and proven that they're a credible threat to control. So they will control because they are a credible threat. They can shut it down anytime they want to, and now everybody knows it. Before the war, that wasn't the case, by the way. You always have to remember, what they're talking about and spinning now is, "Oh, Trump, it's great. We're opening, we're opening."

Well, even on good days, the passage through the Strait, when it's been supposedly open in the last few days—on the 24th, that was two days ago—there was only 53% of the traffic that was going through the Strait prior to the war. So they're spinning it as if it's a big deal they've succeeded. Even on a good day, it's like half the traffic. That's point number one. But the long-term thing is the fact that geography dominates, and the Iranians will control because they have revealed, shall we say, that they are a credible threat and they can shut it down whenever they want to shut it down. So they will control. Now, about the drones today, there was one ship that was trying to, I think, dock and do—I'm not certain—in the UAE someplace.

#Nima

I think it was Dubai. So, Trump...

#Guest

Put out on Truth Social right away. He said that was a foolish move. But you have to put this into context. Israel is breaking the memorandum of understanding every day in Lebanon. And Trump, he never says anything. He won't raise a finger. He's not going to say anything. So that's why this

whole situation is very dicey and very hard to predict what's going on. If you ask me really what I think about most of it, I don't know. And no one knows. Even you're talking about Rubio, you brought up Rubio. Rubio's clueless. He has no idea what's going on. By the way, he goes from meeting to meeting to meeting. He looks at his email, looks at his text messages. That's how he knows and studies what's going on. I'm certain if you gave the guy a pop quiz on Iran, the list of questions that he could answer with any reliability would be almost zero. These guys are flying blind.

They don't know what in the world's going on. Now, that's a little bit different. It's like dealing with the Chinese. When the U.S. deals with the Chinese, they actually have experts who are extremely knowledgeable running the thing. And the Iranians, they try to give us this spin that, well, yes, they have killed a lot of Iranians. There's no question about that. They've decapitated a lot. But they forget there are a lot of smart Iranians. I mean, these are people who are educated. They know what's going on. And these people going into the negotiations, believe me, they don't have to read a text message for somebody to tell them what's A and what's B. They know what's A and what's B. So in that sense, the quality of people on both sides is a little different. It's asymmetric. And you have exactly the same thing going on with China. By the way, you have the same thing going on with Russia.

The idea that they're sending some flunkies from Russia in to negotiate—when they send Lavrov and his team, believe me, they know what's going on. So that's one remark. The other remark is, by the way, the Afghan effect. If you go back to China, these things—you have to look at everything going on, how the world works. So the Afghan effect comes in big time. You're down in Brazil, and who were the big beneficiaries from the U.S. putting tariffs on and threatening China, and China counterattacking by not buying ag produce from the United States? What happened? They pivoted to Brazil. The Afghan effect means that—what is it?

It means if something happens in a little place like Afghanistan and you don't think it's of any consequence—no, no—it ripples around. There are all kinds of waves and effects with all these little things that happen. And when you get into the economics, that's what it's all about. So the U.S. threatened China, put tariffs on China. China knows what's going on. They're huge, huge buyers of soybeans in particular, as well as pork—but huge buyers of soybeans. Right away, they cut some deals with who? A big soybean producer, Brazil. That's the way it works. Now, let's talk about the inspectors. This is part of the confrontation going on because the U.S. spins, and they say, oh, the inspectors are going back in big time in Iran.

And so that again is a case—before Trump tore up the Obama deal, the inspectors were going there. So he's spinning now that he's had a big victory. No, he's trying to correct something that he destroyed. Exactly. And now let's talk about the inspectors a little bit. From the Iranian point of view, I'd be very leery about the inspectors, because how did the Iranians—or the Israelis—know the names and addresses of all the top physicists in Iran that they assassinated? The conjecture and the thing that's gone around is, well, probably the inspectors, the UN inspectors, had something to do with that.

So you can see from the Iranian point of view, are you going to actually open the front door and let a bunch of inspectors come in that you think, at least, were the ones who gave the names, ranks, serial numbers, addresses, and so forth to the Israelis who did what? They assassinated them. So this is a very complicated thing we're involved with. You asked me at the start what I thought about the MOU. And so once you dig into this, it's a little more complicated than Trump's simple-minded and, quite frankly, offensive post on Truth Social. They have a problem. The rhetoric usually doesn't match the reality. So this is all political spin and campaigning and arm-twisting and maneuvering and so forth and so on.

#Nima

Do you think that we have the domestic sort of situation in the United States as well, which is part of the game, which is a big chunk of what's going on with the foreign policy of the United States? It's related to what's going on inside, what's going on with the calculation on the part of the Trump administration, which we know—they're getting to the midterm elections in November and December. And then you have the presidential election in 2028, which J.D. Vance is so serious about getting to. He's trying to bring all those people who voted for Donald Trump, going to the podcasts of those people who somehow separated themselves from MAGA, from the Trump movement, like Tucker Carlson.

Like, you know, Megyn Kelly—he went on Megyn Kelly's show—and these people were totally against the war in the Middle East and said, what is in it for us? What is in it for the United States? How are we gaining from this new endless war that we said before? He said before that he criticized the war in Iraq, as he said. One of the rhetorics he had against, you know, literally Hillary Clinton and then Jeb Bush, was hammering them with, "I said I am against the war in Iraq." Right now he's in an active war against Iran. And looking at the outcome, I think it is strategically a huge defeat for his administration. But he's trying—you said that he's trying—to spin things in the way that he wants the public to perceive, you know, differently, the reality.

But in your opinion, we have two sides in Lebanon. For example, the case of Lebanon is so important. That's why Iran put it in the first clause of the MOU. It's about putting an end on all fronts, including Lebanon. And it seems, from the Israeli sources, they say that the Trump administration is putting pressure on them. How effective could that be, in your opinion, as time goes by? We have the agenda for the midterm elections, then 2028. J.D. Vance doesn't want to be trapped in the Middle East, or maybe after the midterm elections, some people argue the United States may get back to the war. And you see the Israelis, they don't want the United States to leave the region at all. They want the United States to be there forever, protecting them.

#Guest

Well, first of all, the Israeli public is all in on the whole concept of Greater Israel. And if you embrace that concept, and that's your mantra and template, that's it. You're going to be in a war forever. And you can't be, if you're a small country like Israel, you have to be financed and receive intelligence and support and so forth from the United States. So whatever the U.S. does, short of cutting Israel off, is not going to have any effect on anything. Nothing is going to change. You would have to cut off foreign aid, which is huge, military aid, which is huge, and that's what you would have to do. So all the rhetoric and what J.D. Vance is saying is pretty much irrelevant.

I think they view him as pretty much an irrelevant player in the whole picture, quite frankly. And there's a lot of what they call a good cop, bad cop thing going on here. All of it doesn't really change anything until the money is cut off and the military is cut off. After all, we have a bill that's working its way through Congress that would embed the Israeli military into the U.S. military and make it essentially a part of the U.S. military. Now, we don't know if that's going to actually see the light of day, but it's in a draft bill that's being debated. So there's where you are. I don't think any of the rhetoric, shall we say, the critical rhetoric coming from Washington relative to Israel, amounts to a hill of beans.

Israel controls the thing, and the Israeli lobby controls the thing. The one thing that has changed, by the way—there's no question—popular opinion, especially among younger voters, has changed a lot. They used to be all in for the alliance with Israel, and now many of them have peeled away, and that's not so important. So it is changing, but ultimately it hasn't even come close to what I'd call a tipping point where the U.S. would actually cut off—in other words, a red line. If you don't follow the MOU—now, the MOU, what is in the MOU about Lebanon? It's totally unambiguous. It's very clear, by the way, and that is: Israel stops, and Israel is out of Lebanon.

Out. It's not going to happen. That's my prediction. And the only way it would happen is if the U.S. would make a decision that Lebanon is a red line. It's in the MOU. And if Israel does not retreat and get out of Lebanon, the money will be cut off. If that happens—because Israel, the greater Israel, that idea cannot proceed without U.S. money and the U.S. military and intelligence—there's no way. Israel doesn't have the people. It doesn't have the money. It doesn't have the population, et cetera. So that whole idea, which is embraced by, by the way, even the anti-Netanyahu faction in Israeli politics—they all embrace greater Israel. So somehow, by the way, people don't get it straight. They see anti-Netanyahu rhetoric coming out of Israel, but if you dig a little deeper, they're all for what he's doing.

The criticism is mainly because he's not succeeded. They want more of it, not less of it. By the way, why do you think Hezbollah exists? It's a creature of Israel. Forty-four years ago, Israel created Hezbollah. They gave the rationale and so forth for the formation of a resistance movement. They served it up. And my expectation, just from listening to interviews and so forth with people that have seen their villages destroyed in southern Lebanon and so forth, I think the resistance movement will be stronger in the future, not weaker. And we'll have more or less the same thing going on with

what's been going on in Gaza. You think those people are going to be friendly with their occupiers? No way. They hate them.

#Nima

I think the complexity with the case of Lebanon, you're right, is that it finally comes to a new confrontation between Iran and Israel. It seems that we are headed toward that moment. And I don't know, how do you see the reaction of the United States? Let's assume Israel continues the occupation in the southern part of Lebanon, and the attacks keep happening as time goes by. We know that the guy, Netanyahu, the guy is so smart, and he manipulates everything in the United States and in the region, but mostly in the United States, which is so important. Basically, he ignored each and every country around Israel and is just banking on the United States. See, the thing is,

#Guest

You've got Netanyahu who does the manipulation, but the decision is made by the President of the United States. And you can say, well, you can characterize, well, Netanyahu is very clever, he's very smart. Okay, that's a thesis. But with the President of the United States making the decisions in such a transparent case, where you know every day, you almost know every car that's blown up, every assassination in Lebanon, that's all public knowledge. So you have to say, if the President of the United States isn't saying anything, he isn't doing anything, he must be dumb. So I don't think Netanyahu is that smart, by the way.

I think the forces of the lobby and the money that's buying the Americans—you have to not forget. What is the lobby? The lobby is money. You buy politicians in the United States, like unfortunately in most democracies now, they buy their commodities. They're bought and sold. So that's what the lobby does—they buy and sell them. Why do you think the U.S. Congress continues to support even the blatant genocide in Gaza? I mean, everyone uses the G word now, or most people do. Why do you think the U.S. Congress turns a blind eye? They don't really—most of them don't really support it. They mostly just turn a blind eye. And that's what's going on in Lebanon. They just turn a blind eye. It's transparent.

You and I can see these videos and so forth every single day in Lebanon or in Gaza, even though the Israelis, by the way, have a tremendously powerful censorship operation. There are no Western reporters that are allowed to be in Gaza. Don't forget, if you get reportage from Gaza, they're all talking from Jerusalem or Tel Aviv. They're not in Gaza. And the reporters, mainly foreign reporters from Al Jazeera—what happens to them? They get assassinated. The only ones on the ground, the Israelis systematically assassinate them. But even with that, even with the limited and restricted information we get from Gaza, we have a pretty good idea of what's going on. And the U.S. Congress just turns a blind eye. They don't say very much.

You can hardly get a U.S. politician on television talking about what's going on in Gaza. Or in... Now, if they do, they will preface it by saying, well, the terrorist organization Hamas. They'll start with that. Or they won't say Hezbollah and who created Hezbollah. They'll say the terrorist organization Hezbollah. So it's all very different, and so forth. What we see in the Western press, there's always a huge spin on the thing. But if you have a village blown up and destroyed in southern Lebanon, it's on the video. You don't have to be a rocket scientist to figure out what's going on, right? Everybody sees it, but no one says anything about it. And it's point number one in the MOU. And I don't have the language in front of me right now.

I do have it written. I have it. But the language is very clear about that. Israel stops bombing and they're out. Both. But it's very clear. And it is part of the agreement. And when you listen to YouTube things, you get some people in these podcasts arguing about, oh, is it in the agreement? Is that even covered? And they're still arguing. They say, well, Iran says it's in, but the U.S. says it's out. No, no, it's in, black and white. And Lebanon, by the way, will be the epicenter. The Strait is one thing. We've talked about the Strait. That's obviously very important. And the Gulf allies, that's very important. There are all kinds of very important things, but the one important thing, and the only thing that really, I think, counts in a way, is Lebanon.

#Nima

Because Lebanon is one of them. Syria is the other one, in my opinion, with the fall of Assad and the way that Turkey is involved in Syria. Somehow they're putting a lot of pressure on Israelis. That's why Israelis are basically talking about the next target being Turkey. Let's go after them. After smashing and destroying Iran, we're going to go after Turkey. You mentioned Section 224, which basically is talking about merging the two militaries, the U.S. and Israeli military. But we have a Section 662, which is talking about the intelligence, the two intelligences coming together.

And you've mentioned that's the recipe for disaster. That's the recipe for what's going on with these endless wars, Israeli endless wars. The intelligence and military of the United States being used as a tool for Israel in the region. That is what's going on, officially happening. The two resolutions, they have two sections right now. If I'm not mistaken, Section 662 was introduced by Tom Cotton. And we have, so on one side, you see the Trump administration somehow giving some sort of delusion that we are out of the Middle East. On the other hand, you see they're basically officially merging the two.

#Guest

Right. Well, you have a lot of things, contradictory things going on. Because remember, a couple of weeks ago, the U.S. officially filed a complaint that Israeli intelligence and Mossad were embedded in the Defense Department and the White House, listening to the negotiations going on between the Iranians and the Americans. So all kinds of odd things. If you slice and dice everything, there are so

many contradictions going on. And that's one reason when we started the program, you know, you asked me, well, what do you think is going to happen? Well, it's very hard to tell what's going to happen. I mean, anyone who says they have a clear idea of what's going to happen, I think is foolish and not playing it straight.

The one general thing that I think I can predict with accuracy is what I told you about Greater Israel. Now, if you take that and assume that that will remain in place going forward, you can derive pretty much the story of what's going to happen. Not the details, of course—none of the details or events or anything like that—but you know that it provides a cocktail that's pretty nasty. Nothing is going to change that much. Now, you did mention Turkey, and one thing that I think will happen after the war is that you'll have two great powers in the Middle East, and that will be Turkey and, as they used to say, Persia. I kind of prefer Persia, actually. But at any rate, what they call Iran now, or the Islamic Republic and all of that—I mean, basically it's just Persia. The culture has never really gone away.

And it's been around for a while. And so if you have those two powers in the region and you have Greater Israel, another idea that's powerful, you can kind of see what's going on. And we're talking about Netanyahu. One person that's in the political sphere is Naftali Bennett. And Bennett has explicitly said that Turkey is the next target on the list. So we're not talking—you and I aren't talking about theoretical things here. We're talking about things. He was the former prime minister, by the way, Bennett. So these are things. Maybe it's not on the front burner right now, but it's certainly on the back burner—Turkey, I mean. So you want to know why Erdogan makes some of the statements he makes and makes some of the moves that he makes and so forth. You have a pretty good idea.

#Nima

I think part of what's going on between the two sides—I don't know if you heard Scott Besson talking about it—is that Iran has to, because if Iran wants to sell or export oil or gas, they have to consider the U.S. dollar to be used in their trade, in their exports. But from the Iranian side, you don't see anything of that sort happening. They don't want to be that much involved under the pressure, under the thumb of the dollar, because the dollar has been one of the greatest—because before coming to this slide, we were talking about the inflation in Iran.

And we know since the revolution in Iran, they have been under tremendous pressure, tremendous sanctions from the West—basically the United States and Europeans together with the United States. So basically, they have not been able to use the U.S. dollar to do trade, buy medicine—a lot of problems considering the Iranian economy and what has happened. And recently, as though the Trump administration found something new happening in Iran—hyperinflation is happening, they're going to be destroyed. While we know huge projects, by the way, with the current situation of the Iranian economy, they're doing huge projects. One of them is the North-South Corridor between Russia and Azerbaijan, Iran, then goes to India.

And the other project is between Iran and China. It goes from Iran, Afghanistan, then goes to China. Two important projects. And we had, you know, the Belt and Road Initiative as well. They are making new sorts of platforms and oil facilities. It's all part of the Iranian economy because the economy has somehow become self-sufficient. They try to produce things inside Iran and not be that much dependent on the global economy. But after all, they have this inflation. And I know you have a very good understanding of what has happened with the Iranian economy and the inflation that they have been experiencing for such a long time. Your understanding of that, Steve?

#Guest

Yeah. So just one thing. This is the way things are reported in the West, by the way. They just finished last week a huge report on the upgrading and so forth of a gas platform. But that's not reported. So the idea that Trump wants to get across is that he's crushed the economy, he's crushed the Navy, he's crushed the Air Force—everything is crushed, etc. In short, he crushed and he won the war. That's the narrative. But in fact, these things that you're talking about are going on. The inflation is a problem—an endemic problem.

In a way, it's a little bit like the endemic problem in Turkey. Turkey has the same very high inflation rates—not as high as they have in Iran. I'm the only one accurately measuring the inflation in Iran, by the way, which isn't reported. I report it every day. I can measure it every day. It's 100% now per year, which, by the way, isn't even close to hyperinflation. If they were hyperinflating, the annual inflation rate would be a little over 12,000% per year. It's 100% per year. It was up to about 126% or 127%, and then came down to about 75% about a week ago or 10 days ago.

#Guest

Now it's crept up again to about 100%. But it's a real problem.

#Speaker 03

That is a real problem—the inflation.

#Guest

Now, what I recommended—and by the way, the parliament in Tehran has a research department. And the research department a few years ago requested that they translate one of my books into Farsi and publish it, which they did, by the way. It's available online. If anyone reads Farsi, they can go and find it, published by the—I can't remember the name of the parliament, the local name. I can't remember what they call it, but everybody knows what a parliament is, and they have a parliament in Iran, and that's where you'll find it. Now, what did I recommend in there?

#Nima

The name of the parliament in Iran? Yeah, you call it the Majlis.

#Guest

Yes, right. That's it. That's precisely it. So I was in contact with the chief of research, and they did an excellent job. I had it all checked out. And what did I recommend? I recommended that they go to the same kind of system I introduced in 1997 in Bulgaria—a currency board system. And the currency board system would issue a local currency, and that local currency would be backed 100% with an anchor, and it would trade at a fixed exchange rate to the anchor. So the local currency, the rial, would be equivalent to whatever the anchor was.

#Speaker 03

Now.

#Guest

What was the anchor I recommended? I recommended gold. And the reason for that—number one, the Iranians, or Persians, they like gold, number one. And number two, gold is not a liability issued by any sovereign. It's not connected to the United States, to Europe. It's not connected to any country. So it's neutral. So in that sense, it's something that the regime could swallow because they wouldn't be adopting an anchor that was the euro, or the U.S. dollar, or the Russian ruble, or the Chinese yuan, or any other currency. So that's what I've recommended. And I recommended that in various publications that I've made—that Iran, Russia, and Turkey all do the same thing. So they basically kind of have a gold bloc.

So you'd have a gold-backed ruble and a gold-backed lira in Turkey. Turkey's inflation, by the way, is about 32% per year. It's not as high as, obviously, 100% in Iran, but it's high, and it's been high for a long time. It's Erdogan's biggest economic problem, by the way—the inflation in Turkey. So at any rate, that's what I've recommended. Now, temporarily, how has Iran gotten around the dollar? They use the Chinese yuan or cryptocurrencies—one of the two, cryptocurrencies or the Chinese yuan. I did hear Besant, by the way, talk about—I heard that interview you were talking about—and he said, well, we're giving them the freedom to sell their oil to anybody, but they'll be selling it in dollars.

That's what he said. Now, that in a way is kind of indirectly coming from me because, and this has been reported in the Financial Times, I've been advising the U.S. government on how to promote the use of the dollar—more international use of the dollar. And one way to do it is literally to dollarize a country, like we did in Ecuador. I was involved in that. In 2000, we got rid of the local currency, the sucre, and replaced it with the U.S. dollar in Ecuador. So that's one way to do it. The other way is with these currency board systems, in which you have a local currency emitted, but it's anchored with U.S. dollar reserves at 100% and trades at a fixed exchange rate with the U.S. dollar.

In those cases, the local currency is just a clone of the U.S. dollar. That's what they do in Hong Kong. Since 1983, the Hong Kong dollar has been a clone of the U.S. dollar—7.8 Hong Kong dollars for one U.S. dollar—and the Hong Kong dollars are backed 100% with U.S. dollar reserves. So you know it's a credible clone. You know you're going to get U.S. dollars if you give the Hong Kong Monetary Authority 7.8 Hong Kong. So those are the two ways to expand the use of the U.S. dollar. So Besant's echoing a little bit of what, behind the scenes, I've been advising as a strategy. They haven't reached, by the way—just for the record—they have not reached a decision on a strategy. There is no coherent strategy, but I'm recommending they adopt a strategy.

#Nima

Thank you. Thank you, Steve, for being with us today. A great pleasure, as always.

#Guest

Well, great pleasure to be with you, Nima. Have a great weekend.

#Nima

Thank you. Thank you, and see you soon, Steve.

#Guest

Okay, see you.

#Nima

See you.