



# THE MIDDLE EAST IN FOCUS: CONFLICT, COMMERCE, AND CONTINUITY

**Announcer** 00:05

Please welcome the panel on "The Middle East in Focus: Conflict, Commerce, and Continuity," moderated by Nancy Youssef, staff writer, *The Atlantic*.

**Nancy Youssef** 00:25

Well, good afternoon, everyone, and thank you so much for joining us on this very timely news panel. I'm delighted to have such an esteemed panel to help us solve the Middle East crisis. No problem. We can do that in an hour. I want to begin today's conversation by asking each of our panelists to address one of the key pillars from which I feel we have to look at this war in Iran—militarily, economically, its impact on Iran, and finally, its geopolitical impact. And Admiral McRaven, I'd love to start with you to tackle the military part of this conflict. Help us understand why or how the US succeeded tactically during the initial weeks of this war, but has slipped further away from its initial strategic goals. A war that began as a way to rid Iran of nuclear weapons has become an economic confrontation over the Strait of Hormuz. How does that happen? It's an easy one.

**William H. McRaven** 01:22

Thanks for that softball, Nancy. I appreciate that. Well, look, if you go back to February 28th, my expectation is leading up to this, the military would've sat down with the president and said, "Okay, Mr. President, we understand what you want to do," because there's this tremendous allure to trying to change the regime in Iran. Every president since 1979 has wanted to do that for all the right reasons. They've been state sponsors of terrorism. They've probably been responsible for the death of hundreds of

thousands of Americans and our allies, so we got it. And you can understand the allure there. But the military leadership would've said, "But Mr. President, a couple of things you need to know. Regime change is hard. We haven't been successful at that in the past. And oh, by the way, the Iranian regime is broad, it is deep. Taking out the Supreme Leader's probably not going to get you what you want." They would've said next that you can't bomb your way to victory. In the history of the US military and most militaries, we have not been able to bomb our way to victory—and then they would never ever, ever, ever have talked about Iran without talking about the Strait of Hormuz. And the fact that the Iranians would use that as their leverage point and their ability to provide escalation dominance. All that aside, so the military comes in and does what the US military does. And make no mistake about it, we're the finest military probably in the history of the world. But 7,000 targets, yes, you've destroyed the navy, yes, you've destroyed the air force, you've set back their nuclear program, you've taken out the leadership, but the regime still survives. And in fact, now it's probably a more hardline regime than it was to begin with. The Iranians saw this coming, so we knew from the beginning the Iranians would fight us asymmetrically. They can't take on the power of the American military. And so, this idea that, "Hey, we will strike where you are the most vulnerable, your Arab allies will go after the oil infrastructure, will go after some of the strategic targets within our Gulf, and we'll shut down the Straits and hope that that puts enough pressure on President Trump to back off." But where we are now, I've been saying for a while that the blockade is working from a tactical sense and maybe even a strategic sense. But I would've offered, if the president had asked, I would've said, "Use the blockade as a carrot rather than a stick. At the end of the day, you, President Trump, need to think about what your strategic goals are, militarily, economically, whatever. The strategic goals are going to have to be get the Straits open and then sit down and realize that it's going to take a long time to negotiate a new nuclear deal," and Ali would certainly appreciate this. 18 months to two years to negotiate the JCPOA. But unless you can get the Straits open, then that negotiation, I don't think, is going to happen. Now, of course, we're in this situation where are we beginning to escalate again? And then what is Trump's exit scenario? We can certainly talk about that later.

**Nancy Youssef** 04:20

Well, now we're at a point, too, where we're depending more on the Navy, not only for the blockade, for now Project Freedom, in which we're escorting ships. There are 21 ships in the region, which is the most we've seen since the 2003 invasion. What is the cost to the Navy to have that potential sustained presence over the long term?

**William H. McRaven** 04:40

Yeah. It's probably not as great as it is being portrayed. The fact of the matter is, most of these sailors...So in the Navy, when you deploy, you deploy. So, I've spent a lot of time on ships. You normally do a six-month deployment. There's a 24-month cycle. You normally do a six-month deployment. So, a lot of these ships have been out there. The Ford's been out there for probably longer than any ship in a long time. But the sailors deploy, and it is immaterial to them where they deploy to, whether they go to the Western Pacific or the Middle East, so they expected to be gone. The real issue is they are also doing what they were trained to do, and frankly, probably why they joined the military. So, there is a degree of engagement

that keeps them engaged. But I think also a lot of the stories about the food being poor and the conditions, this is part of being on a ship. Not the food being poor, but the conditions are always difficult. So, the Navy will be able to continue to do what the president needs them to do, and they can sustain that for a long time.

**Nancy Youssef** 05:38

So that sounds like a busy Navy. Not necessarily a ceasefire-engaged Navy. What do you think, Amos?

**Amos Hochstein** 05:46

I don't think we're in a ceasefire. We announced a ceasefire. We now have ballistic missiles and UAVs and RBMs being fired at the United States, the UAE, and Oman. We have a ceasefire declared in Lebanon, but we have fighting on the ground that is fairly intense. It's a hot war. It's not at the highest level. And even in Gaza, we have fighting. I think we've moved from ceasefire to sort of lower-level conflict.

**Nancy Youssef** 06:23

So, one of the things we heard from some of the other panels, the one on Asia yesterday, was that markets are looking to diversify how they transit goods and oil. So, on one hand, that's obviously very appealing, but that's a multi-billion-dollar proposal. And at the same time, you have an Iran that has shown a capability to strike some of those new channels or new outputs of oil and other goods. And so, I want to ask you, Amos, given that, how have the energy markets changed? Are we moving more towards renewables, nuclear, or greater investment in alternatives, either alternative routes, paying to go through the strait? Where do you see the market going, given those challenged dynamics there?

**Amos Hochstein** 07:12

So look, energy crises of this kind are very slow-moving, and we live in a world where everything is immediate gratification. Something happens, I want to see the consequence immediately. And if it didn't happen immediately, oh, there's no consequence. And that's how we live on every subject. We are in a much bigger crisis right now than we are willing to admit because we have a divergence between the stock market and the physical market. And that divergence is growing, and eventually it has to go from a divergence to convergence. The convergence will either be that the stock market recognizes where the physical market end goes there, or war ends, things are great, peace is breaking out in the world, and the other side happens. When you shut down the Strait of Hormuz, nothing happens because a bunch of ships just left an hour ago, and now they will be on the water for somewhere between 40 and 60 days before they reach their destination. So, everybody who's expecting fuel, jet fuel, diesel, gasoline, helium gas, LNG, oil, is going to get their cargoes over the next 60 days. At that point, at 60 days, the last cargo will have been delivered last week, and now there are no ships on the water, and now nothing's coming. And what happens then? Well, demand destruction, meaning poor countries can no longer buy. Their GDP growth, if

you're Bangladesh, you were supposed to grow 6 percent, you will grow 3 percent if you're lucky. Sri Lanka, Nepal, countries in Africa, etc. Stock markets don't care. It's for humanitarian issues, a concern. On the stock market, not a concern. Geopolitics, a concern. So, the next thing will happen is medium-income countries will run out of jet fuel because refineries will start changing what they make based on where the biggest needs are. And then it'll go to Europe, right? Lufthansa canceling 20,000 flights, United Airlines canceling some international routes and some domestic routes, and prices start going up, but not at a crisis level. So now the stock market is very happy with AI investments that don't require consumers, but consumers are paying \$4.50, roughly, a gallon in the United States. Diesel is \$2 higher than that. And remember, the lubricant of the American economy is diesel. We're not a farm-to-table. We are a farm-to-truck-to-table, so everything on a truck's going to get more expensive. All the inputs are going to get more expensive. Flights may not be able to take off to every destination. So, if you're an American and you think you're going on vacation for Memorial Day or July 4th, it's going to be very expensive whether you drive or fly. And so, this is a slow-rolling crisis. I think the president knows that, which is why where we are today is no ceasefire, no aggressive war, no deal, straits are closed. We have very impressive names, Project Freedom and all kinds of things like that. The admiral will tell you, the less we do, the bigger the name. Okay? So that's—

**William H. McRaven** 10:50

—I'm not sure I said that, but I buy it.

**Amos Hochstein** 10:53

Yeah. And that's where we are, right? So now what do you do about it? The Strait of Hormuz will be under Iranian control no matter what deal ends this war. This war will end this week, next week, next month. At some point it will end and the Iranians will not give up their control of the straits. Therefore—that is just a fact. It doesn't matter what the deal says, it's just a fact. Therefore, we cannot allow that to happen. But the point is not to fight Iran. The point is to build infrastructure that goes around it. The point is to build storage facilities of different kinds in Asia, in Africa, in South America, in the United States. We had two crises in the world. We had the 1970s and we changed the energy markets forever. Then we have COVID that affected our supply chains and it changed how we do supply chains forever. And now we have this crisis, and this is going to be billions of dollars will have to be spent on new architectures of how we manage this world.

**Nancy Youssef** 11:55

So I want to come back to that a little later in terms of the immediate impact on world economies, but you've given us a great launching point to talk about Iran and what's happening there and who the United States is negotiating with. We've seen a new cadre of leaders. Do those leaders think that they need an agreement of any kind with the United States? Where do they agree? Where are they divided? On the necessity of some sort of negotiated outcome.

**Ali Vaez** 12:18

First of all, Nancy, thrilled to be here and on this panel. It's a great honor. Look, the irony in that question is we basically eliminated the people who were in charge and in charge of running the country and negotiating, and then we say we don't know who we need to deal with. Right? But it is actually very clear from the inside who has the power. It is the Revolutionary Guards. Basically, what this war has done is two things internally. It has changed the balance of power. The Supreme Leader was sitting at the top, and the Revolutionary Guards was subservient to him. The war changed that balance. Now, the Supreme Leader, in fact, is no longer supreme, even if he's alive or involved. But it is really the Revolutionary Guards. And the second thing that it has done is that it has put the hardest men within the Revolutionary Guards in charge. So, you have the uber hawks basically occupying the key positions. Now, their key strategic objective is to change US calculus. US calculus for 40 plus years has been Iran would respond to pressure. If it doesn't respond to pressure, it would respond to huge pressure. If it doesn't respond to that, it would respond to maximum pressure and ultimate pressure and so on. Right? We're always one pressure tool away from Iranian capitulation. They want to change that calculus, and with the strait, they have now found a weapon of mass disruption. Right? With which they can achieve that objective. So, they're not going to let that go easily. But they want a deal. They wanted a deal in Islamabad. They want a deal now because their economy is in dire straits. And it was bad even before this war. It is terrible now. President Trump threatened to target Iranian infrastructure. Bibi Netanyahu was doing it towards the end of the war. Some sources of the regime's wealth, petrochemical companies, steel manufacturing companies, pharmaceutical companies, they've all been destroyed. So, food inflation is at 150 percent, 5 million people have lost their jobs as a result of this, and again, we were talking about unemployment rate of above 50 percent for the past decades. Especially for the youth. So, they need a deal. They need economic reprieve. Now, if they can get a deal through which they get significant and meaningful concrete sanctions relief, and there's a long, sorry track record there of the US not delivering, then I think their insistence on making money through the Strait might not be as strong as it is right now. But otherwise, they will insist on using the Strait as a source of revenue. So that's again, a key objective because they don't want to survive a hot war to then freeze in a cold peace because they just can't afford to run the country economically.

**Nancy Youssef** 15:28

But we talk about the stalemate militarily, but there is a diplomatic one as well in which the United States is saying we need to negotiate nuclear first before we talk about sanctions relief and other types of economic relief. Where the Iranians are saying we need to build trust first, and then we'll talk about the nuclear deal. If they want a deal, how do you break that logjam? Because up until this point, we've seen very little movement in terms of negotiating the terms of the negotiation.

**Ali Vaez** 15:57

Right. Very good question. So, look, first of all, before the US blockade, we only had the nuclear problem, sanctions relief, and other disagreements to deal with. Now, of course, as a result of the double blockade, we have the blockade as the most urgent issue. Other issues are important, but as Amos said, the Strait is the most urgent. Now, there's a very simple way out of it. Both sides can blink at the same time, right?

Open for open. Now, there is going to be, for sure, some degree of negotiation about a framework of how the Strait is managed. But even that doesn't need to be a zero-sum thing, right? You can have the GCC involved, you can have even the US involved in figuring out a way that it will be a win-win-win solution for everyone. It has a diplomatic solution. It doesn't have a military solution. I'm not sure we have reached a point yet to realize that. Right? The blockade's point was to do something, it's like the approach is every tool we use is a hammer, as if we don't know what a handshake is. Right? So, I think at some point, the president will have to realize that Project Freedom or the blockade is not going to deliver. Best way is negotiation, and the Strait can open very quickly if both sides lift the blockades at the same time. The Iranian proposal is that they agree to very general terms about ending the war, opening the Strait, then you use 30 days to agree on implementation, which basically means practically what is going to be the future of the Strait. And then you start the nuclear negotiations, which you can then do in 60 days. That is too ambitious. As the admiral said, it took two and a half years to just negotiate a nuclear deal, and issues are now so much more complicated. Trust is at a much lower level than it was in the past. So, I'm not optimistic that we will be able to get a nuclear deal anytime soon, but opening the Strait is not impossible if the approach is not maximalist.

**Nancy Youssef** 18:07

So, there are a lot of ifs in there. Dalia, so I think the world's going to feel the impact of it. If I do my job right, we'll go all around the world with you, but I want to start with Israel because President Trump has said that he likes the new regime. He finds them better to negotiate with than the one that was there before. It's the same regime, though, that Israel says can't be allowed to stay in power. And so, I want to start with Israel and get your perspective in terms of how has this war changed Israel, and how has it changed Israel's relationship with the United States?

**Dalia Dassa Kaye** 18:41

Yeah. First of all, also great to be here, and I want to touch a little bit on what others said as well, but I think the Israel question is a good place to start because it gets to the fundamental question of what is this war about? What was our strategic aim? As the admiral said, great tactical. Our military can do anything. Yeah, there's always workarounds to deal with a problem we didn't have on February 27th, the Strait of Hormuz being closed. But if you go through the laundry list of what we were trying to achieve, we're basically trying to reopen the Strait, which is a problem we didn't have, and get back to some sort of rational deal on the nuclear, which we could have done before launching a war that killed over 5,000 people, as long as it led to devastating destruction across the region. "World Food Programme" talks about how 45 million could face food insecurity if this war doesn't end by next month. So, my definition—I think it's moving a little faster than your definition of slow-moving. To me, it seems like it's pretty quickly become a global crisis. So, when it started, Israel, I think, and the Trump administration, were not that far apart. I think there's more made about it than probably—I think it makes good headlines. No offense to the press. I love the press. But I think early in the war, it seemed the objective was regime change. President Trump, we had two months of build-up to this war. There were the Iran protests, right? This idea that help was on the way, and a sense that this would be a quick war. So, I think early on, there was strong alignment. This was a joint operation, unprecedented. Yes, the US came in in the June attacks, but this is

the first time that the US and Israel are launching a full attack on Iran itself with open-ended aims. And essentially, I think the Trump administration—completely hard to know—but I think the Venezuela model was very influential. This idea that you could have a quick war and get subservient leaders, and both Israel and the United States would've been happy with that, and that's not what happened. We have quite the opposite, as Ali was saying, quite difficult leaders, and it's certainly not been a quick war. And so, I think as this war has dragged on, I think here is where you see more of a divergence. And in this sense, I don't think Israel's that different than other parties in the region who are very worried among Gulf Arab states in particular, and there's lots of divergence there, of course, which we can get to. But I think in the wider region, there's a sense of, "well, okay, you've launched this kind of reckless war that none of us wanted. We're all paying this high price." Israel wanted it. But now the question is, what are we going to be left with? A more vengeful Iranian leadership? Very costly deterrence management. The regime is still going to be there. Who's going to be our security guarantor? Who can we really rely on anymore? And so, there's a lot of convergence in the region that this is a very dangerous situation. Basically, the US opened a Pandora's box with Israel, and now nobody has really a good solution of how we put it back, and you can't put this back in the box. And so now the question is second and third order effects, and here is where Israel and the US could diverge. But again, at the end of the day, let's not overplay that. President Trump and Bibi Netanyahu are very close political allies. Bibi Netanyahu is not going to do anything without the backing, almost—you could correct me if I'm wrong, you've dealt with all these individuals—but this is not somebody who is going to go out in front. President Trump is probably more popular in Israel than Bibi Netanyahu is. So again, I think it makes good headlines, but at the end of the day, they want a boxed-in Iran. Israelis can be pragmatic. They understand the regime is not there. Now, how do you deal with it? And that's the big question now.

**Nancy Youssef** 22:49

So, I want to take some time and dive into some of the economic impacts. So often we hear this conflict, Amos, as defined as who's going to blink first. Is that a fair description? And if so, how long can the US tolerate this political and economic pain, and what are the biggest pain points? Is it munition stockpiles? Is it the price of gas? Is it the midterm prospects for the GOP? How do you see it?

**Amos Hochstein** 23:15

So I just—on something that Dahlia just said, yes, Israel wanted the war, but I want to get away from this whole notion that Israel told America to do it. It's BS, guys.

**Dalia Dassa Kaye** 23:26

Yeah. By the way, I would agree with that.

Israel's wanted to go, has had a reason to go to war with Iran since the 1990s. I've worked for several presidents. They always ask for it. They're always told no, and we move on. Presidents of the United States have agency. They decide when the US military gets deployed, and nobody pushes them into it. We get a lot of pushes. We get pushed by a lot of countries to do a lot of things, but only the president makes a decision on the deployment of the US military, and it's only based on what's in the national security interest of the United States. So, blaming others, this is where I think people should keep it. On your question, it is a who blinks first sort of, right? I think the United States often thinks, we see the world through—everybody does this. We see the world through the prism of our own existence, and so we look at Iran and say, "Look, I'll put a blockade and it's going to cost them a lot of money." And we saw Secretary Rubio today said it's costing them \$500 million a day or whatever. That's not how Iranians see it. Money is not the objective. Yes, it hurts, as Ali said, but for them it's existential survival, and therefore if it has to cost more money, it will. That's not an equal footing for the United States. I've worked for a president where I have to go into the president's office, in the Oval Office, and say, "We're at \$5 a gallon. If we don't do something drastic, we're going to six." It happened in 2022 in the Russian invasion of Ukraine, and we did a lot of big things to avoid that. So, this is already a rolling political issue, Nancy, for folks in the United States I think that grows in a nonlinear way over the next several weeks. I think the cliff point where this really comes to hit in the United States is the end of this month. Just looking at doing the math, doing the numbers. Draws, and when does this—the shortages, come hit in the United States? I think the president is very frustrated, which I think is expressed by how he's talking about this conflict right now because he's stuck, right? No president likes it, but he's stuck with a number of options and none of them are good. Right? I can go back to heat up and escalate again in order to put more pressure because people tell me, the president, that the Iranians are not going to concede at the economic table what they didn't concede on the battlefield, and therefore go back to the battlefield. Shortened duration, maybe a week, but he's got a China trip coming up. That complicates things. The other option is just do the deal, and here I disagree with Ali, because I just think that the Iranians did not come to the table with serious negotiations. They could've put something that at least put the pressure on the United States and President Trump to agree to it. But we have two issues on the table right now, and that is the nuclear issue and Strait of Hormuz. As Dalia said, one of the two issues that we have to negotiate we created by going to war, and now we have to deal with it. The other one, we kind of know where the deal's going to end up. Everybody knows sort of the broad strokes of where that deal. I think we can do a framework deal and negotiate the details later, even if there's less trust.

But we know that, and the president doesn't feel that that will look like a victory. And then he's got another problem, which is the region says, "Wait a minute. You took us to war here, and now you're going to leave us in the worst-case scenario. A regime that is still there, still intact, vengeful, angry, and believes that its neighbors supported their enemy." They already attacked them once. "And now we're stuck with these guys as our next-door neighbors. You're going to move all these ships out, and I'm stuck with the crazy people next door." And despite the fact that I did not support this war, Iran is a horrible regime that massacres its own people, not just Americans and others throughout the region, its own people. "And now you're going to leave us here. You started this war and you're going to leave us with this thing, and our economies took a hit." So, I think that's why the president is stuck here, because he's talking to the region, he's talking to his political advisors. I'm sure every Republican senator tells him, "What are we doing? We got midterms coming up in November, and now the House is gone and maybe the Senate." And so, all of these things are weighing, and you asked Ali before who's negotiating on behalf of the Iranians. I'm not sure who's negotiating on behalf of the United States. So there has to be some break in this, and that's

why I say this war's going to be over, right? Because everybody wants it over, but it's not about blinking as much as can we change the cards a little bit here? Instead of saying, "Okay, blockade for blockade," let's just put the cards on the table and say, "What is in the nuclear deal? Is it low enrichment or zero enrichment? Is it 15 years? Is it 20 years? It has to be a little bit better than the Obama deal in 2015. Fine. And we have to call it something else." That's easy to do.

**Nancy Youssef** 29:01

Project Freedom's taken for the name. Sorry.

**Amos Hochstein** 29:01

But that's what we're facing here. And so, the problem that he has is the clock doesn't work in favor of Iran, but it's not playing in favor of the United States either because the political pressure domestically is rising. And I promise you, in a couple of weeks, you're going to have a whole bunch of countries calling over and saying, "Hey guys, our economies are starting to go down." And we need their help. We can't do this alone. So ironically, the most resilient economies to this conflict are the regional economies, the UAE, Saudi, and Israel, and the United States. We're actually the group of the most resilient countries in the world, and we're the ones involved in the conflict.

**Nancy Youssef** 29:49

You've given me two areas I want to follow up on and ask our panel to jump in. Admiral McRaven, I'll start with you. I'm coming from Washington and the rumblings in our town is there a potential resumption of strikes, perhaps on infrastructure, a form of signaling to Iran that we can still get them. What is the military objective of limited military strikes? And if you were briefing the president, what would you tell him you can get in return for those strikes, and what can they not deliver?

**William H. McRaven** 30:19

Yeah. One, I would agree with everything that, frankly, all my panelists have said here. And I think Amos just gave us a kind of a PhD level look at the problems that the president is facing right now. But to Ali's point earlier, he said, "Look, we're going to put on pressure and then more pressure." So, the limited strikes will just be ratcheting up another level of pressure, and I don't think it solves anything. In fact, it's going to exacerbate the problem. If the president goes after infrastructure, power grids, desalinization plants, et cetera, the Iranians will asymmetrically—they'll come back at the Kuwaitis' desalinization plant, provides 90 percent of their water. They'll hit Qatar, and they'll hit UAE again, and then again, this just continues to ratchet up the pressure on the president, right? So, I don't think limited strikes, I would not be recommending limited strikes. But once again, I think the President has fallen into this kind of trap of maybe at some point in time between the blockade and the tactical strikes, that somehow the regime will

just give up. One of the things I've been looking at is we're looking at the Xi Summit coming up here. I do think the off-ramp for the president is to allow Xi to be the great statesman and broker this because Trump is not going to want to blink, and the IRGC is probably not going to want to blink. But if Xi were to say, "Well, look, I have talked to President Trump, and he will lift the blockade if the Iranians open the straits, and then we'll get to the negotiating table, then we can work out all the long-term details." But I don't think without Xi's involvement that—yes, we could do this. I mean, Trump could make this happen tomorrow. But will he do it? I don't think so. He's going to need some top cover. He's going to need an off-ramp that does not make him look weak in this regard, and I think Xi could provide that. The question is, that's still 10 days away, and the ceasefire that's not truly a ceasefire. And if he decides to go to limited strikes, then now we're on the escalation ladder.

**Nancy Youssef** 32:23

I want to come back—

**Amos Hochstein** 32:24

—So China wins?

**William H. McRaven** 32:25

What's that?

**Amos Hochstein** 32:26

So China wins?

**William H. McRaven** 32:27

So China wins. Yeah. Well, look, at the end of the day, and you said it softly, but my point has been, if the regime in Iran survives, they win. It's that simple. It's painful, but if the regime survives, the Iranians win. Yes, we have devastated their navy and their air force and a lot of their infrastructure, and we've killed a lot of their leaders. But at the end of the day, if they survive, they win. And that is the fear of the Arabs in the region. That has been, frankly, Trump's fear from the beginning. But again, the only thing I don't fault the president on is this allure of trying to change the regime. And while I doubt that Netanyahu drove the train, because I agree with Amos's point here, the compelling argument is Hamas has been kind of devastated. Hezbollah is on its back legs. Syria is in a better place, and the Iranian proxies have been hit. The regime is weak. They just had this uprising. Now is the time to do this. The problem was it was a

narrative that really didn't hold a lot of water because of all the things we've been talking about. And again, the military leaders, we don't advise on policy, but we would have advised on, yes, all the strikes, 7,000 targets and all this, probably not going to change the regime.

**Nancy Youssef** 33:47

Dalia—

**Dalia Dassa Kaye** 33:48

—Yeah.

**Nancy Youssef** 33:49

Would you jump in?

**Dalia Dassa Kaye** 33:50

Well, I was going to say that I'm definitely in the camp that—and I'm quite critical of Israeli policy on many areas—but this is a made-in-America war. There is no question. This is a legacy. I think President Trump was looking for a legacy-defining moment.

**William H. McRaven** 34:03

Yeah. I agree.

**Dalia Dassa Kaye** 34:04

The Israelis served it up for him operationally. It was a good moment. And I think the Venezuela model really did have an influence. The military did so well on that, and it was quick and relatively painless. And the problem, though, I think you raise is—and this relates to the China issue, too—is we see it again and again, and it's across administrations, frankly, where we make really erroneous assumptions about what Middle Eastern actors are going to do. And we do it with Iran again and again. Ali, you've seen this firsthand. We assume they would collapse in a day, even though people who really know Iran could have told you and did, including our own intelligence agencies, that they would not collapse. This is not Venezuela.

**Nancy Youssef 34:50**

And Dalia, can you just expand why?

**Dalia Dassa Kaye 34:51**

Yeah.

**Nancy Youssef 34:52**

Because it's a much more decentralized system. And Ali, if you could jump in on this, why there's that difference in terms of the structure of the regime? This is a regime—we talk so much about how the US has been preparing for this for decades. Well, the Iranians have as well, including the structure there. I wonder if both of you could jump in to help—

**Dalia Dassa Kaye 35:08**

—Well, I'll let Ali do that, but just to finish the point, because I think that was an erroneous assumption, and you can explain why that was. But I think now we're also making misguided assumptions about what China can deliver. And I like your—these are great rational arguments. Workarounds on Hormuz, nuclear deal, get China, give an exit ramp. Perfect. The problem is that China's leverage over Iran, I think, is overestimated. There's been a lot of people who thought, okay, you do the blockade. China's going to because it needs that. One-fifth of oil goes through there. Half of China's oil imports are from the Middle East. The thing is, though, China is also resilient, and China is benefiting from this war. I think, Ali, you wrote a great piece, and you quoted, I think it was an Indian minister who said for two decades the United States has been fighting wars and not winning, and China's been winning for two decades and not fighting. This is really working out for them. US credibility is just trash through this war. We've really taken a big hit.

**Ali Vaez 36:11**

Munitions.

**Dalia Dassa Kaye 36:12**

What's that?

**Ali Vaez** 36:13

Munitions.

**Dalia Dassa Kaye** 36:14

Yeah, munitions. We're moving defense capabilities from Asia, from South Korea, from very close allies to the Middle East. They, I think are seeing a lot of wins. They're looking like the adult in the room. This exit strategy would be amplifying that. I'm okay. I think at this point, we need to get out of this war. But this idea that they're going to hit Iran hard and the Iranians—and Ali could speak to this—will be receptive to this. This is a fight for Iran's survival. This is a regime that works very hard on surviving. And they know that China is not going to come to their rescue. China has a lot of other interests, has very close relationships with their adversaries in this region, actually imports more oil from their adversaries than from Iran itself. So, this assumption that we're going to get China to do our dirty work, I think is just not going to pan out.

**William H. McRaven** 37:06

My point here is the Iranians are looking for a deal.

**Dalia Dassa Kaye** 37:08

Yeah.

**William H. McRaven** 37:09

They have got to have a deal but they don't want to look weak. Trump is looking for a deal, but he doesn't want to look weak. The only off-ramp at this point in time is China. Whether we like it or not. And yes, does it make China look stronger? You bet. Will Iran respond to China? Who knows. But if the regimes in Iran survives, they win. If this is a way for them to win, I think they would take that. And look, we have foreign ministers—

**Amos Hochstein** 37:35

I want the war to end, too. But if we end this war, and the only off-ramp is that we are coronating China as now this diplomatic victory, that is not in the national security interest of the United States.

**Dalia Dassa Kaye** 37:47

What option do we have, really?

**Amos Hochstein** 37:52

I think we will have more options than China should come and save us. And I don't think that I want to coronate China into this role. I don't think it's good. And short-term gains with long-term pain is another thing that we do too often. It is not in the national security interest of the United States to go down this path as much as I want to get a structure that ends this conflict.

**Nancy Youssef** 38:12

I want to come back to this. Look, Iran's foreign minister is traveling to Beijing today. So clearly, they're looking at that as an option. I want to finish up this point, and then Ali, I want you to jump in. Look, there's a debate about whether China is effective or not, but we've had these sort of middle nations trying to negotiate, Pakistan, Saudi Arabia, Qatar in previous wars that we've seen this rise of them. So, who is the mediator in these situations? Because we've seen their intervention. One, why are they becoming more influential in terms of serving the mediator role, and what do we take from that? If not the middle nations and not China, then whom?

**Amos Hochstein** 38:52

Us. Why do I need a mediator? I'm the United States of America, for Christ's sake.

**Dalia Dassa Kaye** 38:56

And who's going to follow us these days, Amos? Come on. Look at what we've done.

**Amos Hochstein** 39:01

Look, we did negotiations with Iran. We are usually the country that mediates, okay?

**Dalia Dassa Kaye** 39:06

Those days are over.

**Amos Hochstein** 39:07

And we have allies and we have other countries. This is part of the problem when you throw away all your allies for a year, and now you don't have—during the JCPOA is the United States together with the Europeans. We didn't talk for some of the time with the Iranians directly, but we had the foreign policy chief of the EU go back and forth on our behalf. But, I mean, are we listening to ourselves? Pakistan is going to mediate for the United States. I mean, what are we—what part of the universe am I in here?

**William H. McRaven** 39:39

There's a couple of real estate developers? Come on. Your point is exactly right.

**Amos Hochstein** 39:45

At least they work at the White House, at least.

**William H. McRaven** 39:47

Well, one of them doesn't have a job, I don't think, at the White House, but okay, go ahead.

**Dalia Dassa Kaye** 39:50

And Amos, you yourself said, who's negotiating for the United States? So why would anybody trust and believe in our credibility right now? I'm with you. I think that is the perfect world. That is the world we should be. But we don't live in that world anymore. We need to figure out how to contain an absolutely devastating conflict for the world, for US national security interests. It was made-in-America. It probably is not going to be solved in America. We do need an off-ramp. And I think it's really to come out of this room and not really appreciate the way in which the dysfunction in the United States has led to this crisis. How are we going to leave—

**Amos Hochstein** 40:29

—Dalia, I agree with you that it's made-in-America, maybe. I don't agree with you that it's not going to end in America. Of course, it is. Only we can end this war because at the end of the day, it's going to be us and the Iranians will have to end this together with our allies and other friends. We have to go—to some degree, if we want to solve this—we have to go back to basic principles, and they're not to rely on Pakistan and China to save our bacon. So, we have to go back to saying, "We want to negotiate. Here's a clear strategy." If we believe the Iranians are not negotiating in good faith, then we have to address that. And I

think, again, while I have plenty of criticism for the United States' behavior here, to somehow suggest that the Iranians haven't screwed up almost every opportunity over the last several years to reach a deal, not recognizing what the political reality that they live in, in the neighborhood and the United States, would be also sinning to the current condition. Iran has made plenty of mistakes here, and they are not a good faith actor. But I think that we have to come up and decide, do we want to solve this, and how do we get there and come up if we need a mediator, which we've always had someone to go in between but it tended to be, I don't know, the Europeans and a few others. And that door is still there. We can still walk through that door. The fact that we haven't treated them very well, if we suggested to the Europeans to come back to the table and join us in this effort to resolve it, they will, despite all the rhetoric. They absolutely will.

**Nancy Youssef** 42:12

So I want to jump in. Let's say, Ali, that a member of the Iranian government has great taste and knew to watch this panel discussion. They might watch and say, "Well, great. If we just wait this out a little bit, we got this. Look at all this chaos. We just have to wait this out." What if they're wrong? First of all, do you think that that's an assessment, that they're looking at some sort of period that they can wait out, that they can take that economic strain?

**Ali Vaez** 42:25

They don't need to watch this panel to come to that conclusion. They have—

**Nancy Youssef** 42:28

—Well, it's so succinct here, though.

**Ali Vaez** 42:29

Yeah.

**Nancy Youssef** 42:30

But let's say they're wrong. Let's say Trump decides to hold out through the midterms and beyond. What's Iran's next move? What will lead them to become better in terms of bringing negotiation terms that would make a deal over its nuclear ambitions, or at least to some sort of resolution that creates a potential off that everybody is seeking?

**Ali Vaez** 42:39

Right. So, look, there are two clocks ticking, right? As you said, it's a US threshold and it's an Iranian threshold, and they know that they have a much higher threshold for pain than we do. That's just a fact, right? It's the country that has been under sanctions for 47 years, has lost several trillion dollars as a result of just nuclear-related sanctions. Now, as a result of war. They're used to it, and they also have no hesitation to transfer the pain to the population. Right? It's not a democracy. They don't care about public opinion. It is, again, a military regime now. It's no longer a theocracy, really. So, I don't think there is any limit to how far they are going to go, because for them, as I've already said, this is the battle of the century. It's not a stumbling block on their way towards the midterms, right? The question is, and if you look at what the administration has—and the President tweeted about this—is whether logistically, physically is actually doable for them, right? The pipes are going to explode, that they will run out of storage capacity. And this is why the information space in DC or around the President, I think, is so important. And I think a lot of these faulty assumptions are because the President doesn't get the right information, right? When he says the pipes will explode in three days, which was 10 days ago, and they haven't yet, is because he doesn't even remember that in his first term, he succeeded in 2019 in bringing down Iran's oil production exports from 2.5 million barrels a day to under 100,000. China was cooperating with US sanctions at the time. But what the Iranians did to adapt was that they brought down output from about 5 million to 2.5 million. And people forget, half of Iran's oil production is used domestically. So, you don't have to shut down the wells, and you will no longer be able to recover. You just bring down the output, and again, you can survive for a long period of time. Second thing, which goes to a question about resilience that you asked before, and I tell my students at Georgetown, half of the battle is understanding your enemy. If you don't, you make mistakes. And by the way, this is not, again, unique to this administration. I would say it's a bipartisan problem. What Amos said, why didn't the Iranians give a deal to Trump that he couldn't refuse? Well, they put a deal on the table on February 26th in Geneva. I was there—

**Nancy Youssef** 45:32

—And the war started on the 28th, just to give people a sense of perspective.

**Ali Vaez** 45:37

And Oman's foreign minister said, this was in a way, and if you know the details, the president could sell this as a better deal than the JCPOA. But at that point, because he believed that Iran is in a historic position of weakness, this is a plastic moment when he can change history, he had a hot hand coming out of Venezuela. He thought he would go for bombing. But if you're Iranians and you've put something more attractive than the JCPOA on the table, and the US bombs you, then after the bombing, you put something even more attractive on the table. How does that make any sense, right? Plus, take a step back. They had a deal with us. They complied with it. The president reneged that agreement in 2018. They stayed in it even a year after we withdrew and imposed sanctions, right? They had a deal with the Biden administration on a prisoner exchange deal, which had a humanitarian channel attached to it, monitored by the Treasury Department. So, as you know, food and medicine, medical equipment are exempt from sanctions. You don't need a mechanism, really. They should be able to use their own money to buy food.

But the Biden administration put in place a very serious mechanism that Treasury had veto over every single transaction that the Iranians wanted to do. The deal was finalized September 18th. Three weeks later, October 7th happened. The Biden administration pulled the plug on something that had nothing to do with the deal that was done. Right? Two experiences. Then two experiences with this administration now in the middle of negotiations, we bomb them. So, we have to take all of that into account when we talk about—this is why now we're in a situation that the only choices are an unacceptable deal or an unwinnable war.

**Nancy Youssef** 47:33

Do you agree?

**Dalia Dassa Kaye** 47:34

Yeah, it's just bad choices now, which is we're not in a perfect world. This is the dilemma, and absolutely the US is going to be involved, of course. Trump started this, he's going to be—and we are the United States, and we are a combatant. And so, when we say we need other mediators, that's to get out of this war. But I think it's also raising questions of what the second and third order effects of this are going to be. And this war just upended the regional international order and accelerated trends that were already in place, which we need to recognize is diminished American influence. We are not in the world where the US can launch a Marshall Plan and find big workarounds, get the whole world behind us to do all these great things. After a war like this where our credibility is in question to the extent that we've probably never seen, and it's hard to know if we'll recover from that. We're in a world where there's a lot of hedging happening. I was at a dinner last night, and it was only in a women's dinner you talk about situationships, and it kind of describes the world we're in today. Nothing is forever anymore, right? The women are nodding here. Situationship. Look it up. I'm very slow. Apparently, it was a term in the works for like 10 years. But what are situationships, right? It's kind of another less wonky word for transactionalism. Basically, we're not in a world anymore where we can marshal the international community, reshape regions in the way we would like, find these workarounds that kind of serve our interests. We have other global players out there. China—we have middle powers, we have Japan, we have Turkey, we have the other European powers. The Germans talking about this being a humiliation. Yes, they'll come back because they're weaker, but this is not a world in which we lead in the same way that we have in the past. I think this war is accelerating the fracturing and basically the undermining of predictable alliances.

**Nancy Youssef** 49:33

So, whether you agree that the war has a sign that the United States can have almost more influence or less influence, we're all saying in this panel that this is an enduring, consequential war, and that has reshaped the region. And I want to ask you, Dalia, and then Admiral. During the war in Ukraine, we saw the Global South reject Western views towards Russia and make deals that serve their interests. Given that this is going to go on for a while, could we see a similar dynamic with Iran? And if the Strait remains

closed for months, could Europe begin to make its own deals with Iran as well to facilitate trade and lessen the impact on their own economies? Amos wants to say no.

**Amos Hochstein** 50:21

No, I don't buy into—look, as much as everything we said here, I just don't buy in this doomsday about America. We've lost everything. We can never do enough.

**Dalia Dassa Kaye** 50:30

It's not necessarily doomsday, by the way. It's just reality. Your doomsday is my—I'm looking at the world, and we've made so many faulty assumptions that led to such catastrophic results. Gaza, now in Iran. Anyway.

**Amos Hochstein** 50:47

I'm sorry, Dalia. I believe in America at the end of the day, even when I disagree with my own government as strongly as I do—and I think we have this habit where we don't like what we're doing to then forget about all the strengths that we have. And at the end of the day, if you look at the globe right now, everybody wants to be in America economically, right? The American economy, American capital markets, innovation. It's between China and the United States. There are no middle powers in AI, okay? There are none. There are two countries. There's the United States and China, and then there's one company in France, and then there are implementation countries. We are the envy of the world economically, and that's not about the president—the current one, the former one, but it is the reality. So, I think if we put our minds to it, I think that even this administration can turn around tomorrow and say to Europe, "You know what? We got this wrong. We need alliances." Let's have what we used to do in the Biden administration, have the president on the screen during Russia-Ukraine with the five main leaders of Europe and say, "Okay, let's coordinate." They will come running to that table. They will knock everything in between just to make sure they're there on time. All right? So, because the power that we have as the United States is still, as the admiral said before, militarily, nobody will argue. Our economy, our capital markets, our innovation, it's all here. So, I think we do have the power to solve this, to end this. We just have to have a little less hubris, a little less ego, and maybe then we can come up with realistic approaches. I agree with Ali, you got to remember that we got out of previous deals. The Iranians are not exactly ones that live up to their agreements either. They just don't do it as publicly as we do. They do it behind the scenes, and cheat on the nuclear program. Not right now, but they did before. And so, I think we have that capacity. We just have to decide that we want to. And everybody says Marshall Plan, but as far as leading the world in the IMEC that we had proposed, or in building alternatives, and by the way, building those alternatives is in order to weaken Iran and strengthen our strategic strength. So, I just don't buy into, we can't do this. I just think we have to decide. Policies matter. Throw your friends overboard, they may not be so friendly. But I think we can change it.

**Dalia Dassa Kaye** 53:28

Yeah. Well, Amos, if America was the America you're describing, absolutely, I would agree. That's just not the America we're living in this moment.

**Nancy Youssef** 53:36

Next year panel topic. Admiral, I want to ask you one last question about second and third order effects, which is: What do you think China has learned about how we fight from this war? And how will that inform how they prepare to either deter us or fight us in the Pacific.

**William H. McRaven** 53:53

Yeah, but before I answer that question, I do want to go back to a couple of things that were raised here. One, I do agree. I've got great faith and confidence in the American people. But let's be honest, this hubris and this ego right now is being driven by one man, and that's the president of the United States. And so we could get out of this problem pretty easily if the president were to take a look, accept a deal, use all of the tools at his disposal to do this. You talk about our allies, well, you can't bring your allies into the Oval Office and humiliate them and insult them and then expect them to be there when you need them.

**Amos Hochstein** 54:30

I agree.

**William H. McRaven** 54:31

And so, yes, it is about policy, but, Amos, you know this very well, as do the rest of us, the policy is built through an interagency process where you have deep experience from the State Department and the CIA and the rest of the three-letter agencies that come in and help you frame and shape the outcome that you want to achieve. That process is not in place anymore. This is a process that is driven by a very small group of people in the White House, which is why we continue to get some of these things wrong. So again, I actually agree on both sides. I think we're in a very difficult situation right now. Do I think that people would come back to us if they believed we were the good guys again? Absolutely. I think they would rally around us for all the reasons you've talked about. But right now, we're in a very challenging situation, and that's going to require the President of the United States to become presidential, to realize that he can drive policy in a way that is thoughtful, that is formative, but you can't be coming out and having memes every day. You can't be texting at two o'clock in the morning. You can't be insulting the Iranians every time you think that they've hacked you off or pick somebody, the Germans, the Spanish, et cetera. This is one of the problems that is driving a lot of this. Now, to quickly answer your question on China and Taiwan, was that the question? Yeah, certainly, the Chinese are looking at this. I'm not concerned that the Chinese

are going to invade Taiwan anytime soon. And the fact of the matter is, yes, we've used a lot of our high-end, our TLAMs, our Patriot missiles, etc. We'll have time to restock that before the Chinese decide to get a little frisky. I think the issue is here, it does get back to, are we in a weakened position vis-a-vis Taiwan? Once again, the President's position, will he go to this summit, and will part of the tactic to get the Iranians to support opening the Straits mean that he provides some sort of quiet concession to Xi? Unknown. I'm not saying that's what's going to happen. I'm saying that's unknown. But there's also going to be three or four more of these meetings in the next coming year, and I think Xi will use potentially some of this leverage to get some concessions on the region.

**Nancy Youssef** 56:54

Ali, I want to give you the last word. I'm sorry, did you want to jump in?

**Ali Vaez** 56:57

Just on China, I wanted to say, I think Bill's idea is brilliant because the Chinese like to take credit for things that they actually have not done the legwork for. For instance, in 2023, they oversaw this normalization of relations between Iran and Saudi Arabia. But if you look at the process, only the signing ceremony happened in Beijing. In fact, the Omanis and the Iraqis had done all the hard work of bringing two sides together and finding common ground and even drafting the text. The Chinese just took the credit. And the president is very good at taking credit.

**Dalia Dassa Kaye** 57:37

Which president?

**Ali Vaez** 57:38

This president. The President of this country. And again, on this point, I also want to say, of course, we all love this country and want it to succeed, but with great power also comes great responsibility, and great responsibility means we learn from our mistakes. Otherwise, we'll repeat them again and again, not just in the case of Iran, again, in a lot of other cases. But my worry is that the flip side of this argument is not that China looks at this war as an opportunity to stop US power in the short run. But my worry is that China and Russia would look at Iran now in the way that the Europeans—it's a reverse of the Ukraine lesson, right? That this, in David versus Goliath's battle, this weaker military could stand its ground against a much superior, mightier military power, and it's an opportunity to basically bog down the United States in the long run in this region. So yes, this war might end at some point, but it might reignite again, right? Because none of the problems are resolved. The proxies are there. Nuclear dust, as the President likes to say, is there. And my worry is that this would just be an opportunity, if we don't resolve it, for getting us bogged down in that part of the world, and that would definitely be to the benefit of Russia and China.

**Nancy Youssef** 58.57

I wish we could keep talking because I've learned so much from this conversation. I just want to thank our panelists for doing such a great job of tackling this very tough world topic.

*Disclaimer: This transcript was reviewed by individuals for accuracy and serves as a reference. However, it may still contain errors or omissions. Please verify any critical information independently.*