

Provoking Iran Could Start a War and Crash the World Economy

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Global Research, June 23, 2019

[Strategic Culture Foundation](#)

Region: [Middle East & North Africa](#)

Theme: [Global Economy](#), [US NATO War](#)

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Tensions in the Persian Gulf are reaching a [point of no return](#). In recent weeks, [six oil tankers](#) have been subjected to [Israeli sabotage](#) disguised to look like Iranian attacks to induce the United States to take military action against the Islamic Republic. Some days ago Iran rightfully shot out of the sky a US Drone. In Yemen, the Houthis have finally started [responding](#) with cruise and ballistic missiles to the Saudis' indiscriminate attacks, causing damage to the Saudi international airport of Abha, as well as blocking, through [explosive drones](#), Saudi oil transportation from east to west through one of the largest pipelines in the world.

As if the political and military situation at this time were not [tense and complex](#) enough, the two most important power groups in the United States, the Fed and the military-industrial complex, both face problems that threaten to [diminish Washington's status as a world superpower](#).

The Fed could find itself defending the role of the US dollar as the world reserve currency during [any conflict](#) in the Persian Gulf that would see the cost of oil rise to [\\$300 a barrel](#), threatening [trillions of dollars in derivatives](#) and toppling the global economy.

The military-industrial complex would in turn be involved in a war that it would struggle to contain and even win, destroying the United States' image of invincibility and inflicting a mortal blow on its ability to project power to the four corners of the world.

Just look at how surprised [US officials](#) were about Iran's capabilities to shot down an advanced US Drone:

"Iran's ability to target and destroy the high-altitude American drone, which was developed to evade the very surface-to-air missiles used to bring it down, surprised some Defense Department officials, who interpreted it as a show of how difficult Tehran can make things for the United States as it deploys more troops and steps up surveillance in the region."

The Fed and the defense of the dollar

The US dollar-based economy has a [huge debt problem](#) caused by post-2008 economic policies. All central banks have lowered interest rates to zero or even negative, thus continuing to feed otherwise dying economies.

The central bank of central banks, the Bank for International Settlements, an entity hardly known to most people, has [stated](#) in writing that “the outstanding notional amount of derivative contracts is 542 trillion dollars.” The total combined GDP of all the countries of the world is around 75 trillion dollars.

With the dimensions of the problem thus understood, it is important to look at how Deutsche Bank (DB), one of the largest financial institutions in the world, is dealing with this. The German bank alone has assets worth about 40 trillion dollars in derivatives, or more than half of annual global GDP.

Their solution, not at all innovative or effective, has been to create yet another bad bank into which to pour at least 50 billion dollars of long-term assets, which are clearly toxic.

Reuters [explains](#):

“The bad bank would house or sell assets valued at up to 50 billion euros (\$56 billion) – after adjusting for risk – and comprising mainly long-dated derivatives.

The measures are part of a significant restructuring of the investment bank, a major source of revenue for Germany’s largest lender, which has struggled to generate sustainable profits since the 2008 financial crisis.”

Thus, not only has Deutsche Bank accumulated tens of billions of dollars in unsuccessful options and securities, it seeks to obtain a profit that has been elusive since 2008, the year of the financial crisis. Deutsche Bank is full of toxic bonds and inflated debts kept alive through the flow of quantitative easing (QE) money from the European Central Bank, the Fed and the Japanese Central Bank. Without QE, the entire Western world economy would have fallen into recession with a chain of bubbles bursting, such as in public and private debt.

If the economy was recovering, as we are told by soi-disant financial experts, the central-bank rates would rise. Instead, rates have plummeted for about a decade, to the extent of becoming negative loans.

If the Western financial trend is undoubtedly heading towards an economic abyss as a result of the monetary policies employed after 2008 to keep a dying economy alive, what is the rescue plan for the US dollar, its status as a global-reserve currency, and by extension of US hegemony? Simply put, there is no rescue plan.

There could not be one because the next financial crisis will undoubtedly wipe out the US dollar as a global reserve currency, ending US hegemony financed by unlimited spending power. All countries possessing a modicum of foresight are in the process of de-dollarizing their economies and are converting strategic reserves from US or US-dollar government bonds to primary commodities like gold.

The military-industrial complex and the harsh reality in Iran

In this economic situation that offers no escape, the immediate geopolitical effect is a surge of war threats in strategic locations like the Persian Gulf. The risk of a war of aggression against Iran by the Saudi-Israeli-US axis would have little chance of success, but it would

probably succeed in permanently devastating the global economy as a result of a surge in oil prices.

The risk of war on Iran by this triad seems to be the typical ploy of the bad loser who, rather than admit defeat, would rather pull the rug out from under everyone's feet in order to bring everybody down with him. Tankers being hit and then blamed on Iran with no evidence are a prime example of how to create the [plausible justification](#) for bombing Tehran.

Upon closer examination, it becomes apparent that the actions of Bolton and Pompeo seem to be aligned in prolonging the United States' unipolar moment, continuing to issue diktats to other countries and failing to recognize the multipolar reality we live in. Their policies and actions are accelerating the dispersal of power away from the US and towards other great powers like Russia and China, both of which also have enormous influence in the Persian Gulf.

The threat of causing a conflict in the Persian Gulf, and thereby making the price of oil soar to \$300 a barrel, will not save US hegemony but will rather end up accelerating the inevitable end of the US dollar as a global reserve currency.

Trump is in danger of being crushed between a Fed that sees the US dollar's role as the world's reserve currency collapse, and the need for the Fed to blame someone not linked to the real causes of the collapse, that is to say, the monetary policies adopted through QE to prolong the post-crisis economic agony of 2008.

At the same time, with Trump as president, the neocon-Israeli-Saudi supporters see a unique opportunity to strike Iran, a desire that has remained unchanged for 40 years.

As foolish as it may seem, a war on Iran could be the perfect option that satisfies all power groups in the United States. The hawks would finally have their war against Tehran, the world economy would sink, and the blame would fall entirely on Trump. The Donald, as a result, would lose any chance of being re-elected so it makes sense for him to call off possible strikes as he did after the US drone was shot out of the sky.

While unable to live up to his electoral promises, Trump seems to be aware that the path laid out for him in the event of an attack on Iran would lead to his political destruction and probably to a conflict that is militarily unsustainable for the US and especially its Saudi and Israeli allies. It would also be the catalyst for the collapse of the world economy.

In trying to pressure Iran into new negotiations, Trump runs the risk of putting too much pressure on Tehran and giving too much of a free hand to the provocations of Pompeo and Bolton that could end up triggering a war in the Strait of Hormuz.

Putin and Xi Jinping prepare for the worst

Our current geopolitical environment requires the careful and considered attention of relevant heads of state. The repeated meetings between Putin and Xi Jinping indicate that Russia and China are actively preparing for any eventuality. The closer we get to economic collapse, the more tensions and chaos increase around the world thanks to the actions of Washington and her close allies.

Xi Jinping and Putin, who have inherited this chaotic situation, have met at least a dozen times over the last six months, more recently meeting at least three times over two months.

The pressing need is to coordinate and prepare for what will inevitably happen, once again trying to limit and contain the damage by a United States that is completely out of control and becoming a danger to all, allies and enemies alike.

As Putin just recently said:

“The degeneration of the universalistic model of globalization and its transformation into a parody, caricature of itself, where the common international rules are replaced by administrative and judicial laws of a country or group of countries.

The fragmentation of global economic space with a policy of unbridled economic selfishness and an imposed collapse. But this is the road to infinite conflict, trade wars and perhaps not just commercial ones. Figuratively, this is the road to the final struggle of all against all.

It is necessary to draft a more stable and fair development model. These agreements should not only be written clearly, but should be observed by all participants.

However, I am convinced that talking about a world economic order such as this will remain a pious desire unless we return to the center of the discussion, that is to say, notions like sovereignty, the unconditional right of each country to its own path to development and, let me add, responsibility in the universal sustainable development, not just its own.”

The spokesman of the Chancellery of the People’s Republic of China, Hua Chun Ying, echoed this sentiment:

“The American leaders say that ‘the era of the commercial surrender of their country has come to an end’, but what is over is their economic intimidation of the world and their hegemony.

The United States must again respect international law, not arrogate to itself extraterritorial rights and mandates, must learn to respect its peers in safeguarding transparent and non-discriminatory diplomatic and commercial relations. China and the United States have negotiated other disputes in the past with good results and the doors of dialogue are open as long as they are based on mutual respect and benefits.

But as long as these new trade disputes persist, China informs the government of the United States of America and the whole world that it will immediately impose duties on each other, unilaterally on 128 products from the United States of America.

Also, we think we will stop buying US public debt. It’s all, good night!”

I wonder if Europeans will understand all this before the impending disaster. I doubt it.

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