

The Real Reason Why Trump Cancelled The Iran Deal

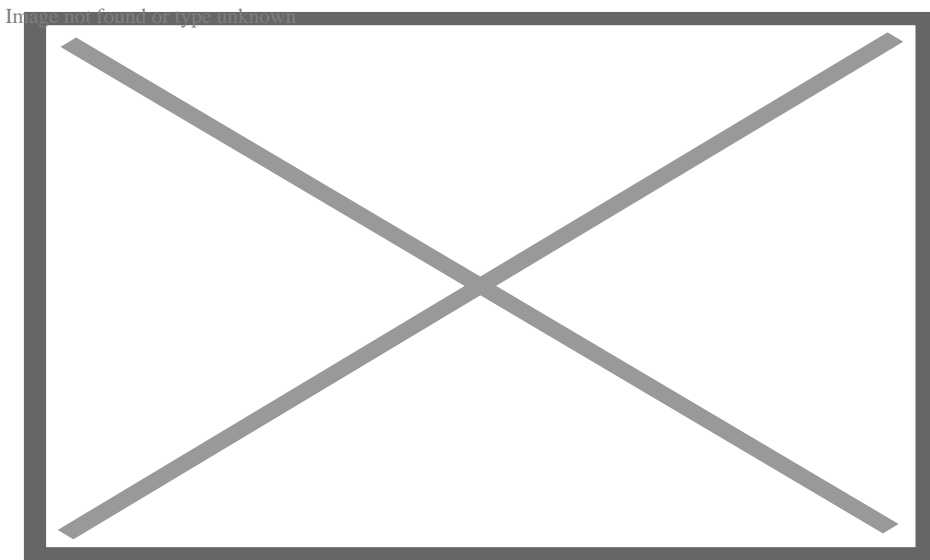
Description

[Authored by Eric Zuesse via The Strategic Culture Foundation,](#)

Editor's note: *The article puts the Saudis in the driver's seat and Israel doing the bidding of the Saudis – obviously this is an inversion of the real relationship between the two. We recommend reading the article with this in mind.*

The following is entirely from open online sources that I have been finding to be trustworthy on these matters in the past. These sources will be linked-to here; none of this information is secret, even though some details in my resulting analysis of it will be entirely new.

It explains how and why the bottom-line difference between Donald Trump and Barack Obama, regarding US national security policies, turns out to be their different respective estimations of the biggest danger threatening the maintenance of the US dollar as the world's leading or reserve currency. This has been the overriding foreign-policy concern for both Presidents.



Obama placed as being the top threat to the dollar, a breakaway of the EU (America's largest market both for exports and for imports) from alliance with the United States. He was internationally a Europhile. **Trump, however, places as being the top threat to the dollar, a breakaway of Saudi Arabia and of the other Gulf Arab oil monarchies** from the U.S. Trump is internationally a Sunni-ophile: specifically a protector of fundamentalist Sunni monarchs — but especially of [the Saudis themselves](#) — and they [hate Shia and especially the main Shia nation, Iran](#).

Here's how that change, to Saudi Arabia as being America's main ally, has happened — actually it's a culmination of decades. Trump is merely the latest part of that process of change. Here is from [the US State Department's official historian](#), regarding this history:

By the 1960s, a surplus of US dollars caused by foreign aid, military spending, and foreign investment threatened this system [the FDR-established 1944 [Bretton Woods gold-based US dollar as the world's reserve currency](#)], as the United States did not have enough gold to cover the volume of dollars in worldwide circulation at the rate of \$35 per ounce; as a result, the dollar was overvalued. Presidents John F. Kennedy and Lyndon B. Johnson adopted a series of measures to support the dollar and sustain Bretton Woods: foreign investment disincentives; restrictions on foreign lending; efforts to stem the official outflow of dollars; international monetary reform; and cooperation with other countries. Nothing worked. Meanwhile, traders in foreign exchange markets, believing that the dollar's overvaluation would one day compel the US government to devalue it, proved increasingly inclined to sell dollars. This resulted in periodic runs on the dollar.

It was just such a run on the dollar, along with mounting evidence that the overvalued dollar was undermining the nation's foreign trading position, which prompted President Richard M. Nixon to act, on August 13, 1971 [to end the convertibility of dollars to gold].

When Nixon [ended the gold-basis of the dollar](#) and then in 1974 secretly switched to the current oil-basis, this transformation of the dollar's backing, from gold to oil, was **intended to enable the debt-financing (as opposed to the tax-financing, which is less acceptable to voters) of whatever military expenditure would be necessary in order to satisfy the profit-needs of Lockheed Corporation** and of the other US manufacturers whose only markets are the US Government and its allied governments, as well as of US extractive industries such as oil and mining firms, which rely heavily upon access to foreign natural resources, as well as of Wall Street and its need for selling debt and keeping interest-rates down (and stock-prices — and therefore aristocrats' wealth — high and rising). This 1974 secret agreement between Nixon and King Saud lasts to the present day, and has worked well for both aristocracies. It met the needs of the very same "military-industrial complex" (the big US Government contractors) that the prior Republican President, Dwight Eisenhower, had warned might take control of US foreign policies. As Bloomberg's Andrea Wong on 30 May 2016 explained the Nixon system that replaced the FDR system, ["The basic framework was strikingly simple. The US would buy oil from Saudi Arabia and provide the kingdom military aid and equipment. In return, the Saudis would plow billions of their petrodollar revenue back into Treasuries and finance America's spending."](#)

This new system didn't only supply a constant flow of Saudi tax-money to the US Government; it supplied a constant flow of new sales-orders and profits to the military firms that were increasingly coming to control the US Government — for the benefit of both aristocracies: the Saudis, and America's billionaires.

That was near the end of the FDR-produced 37-year period of US democratic leadership of the world, the era that had started at Bretton Woods in 1944. It came crashing to an end not in 1974 (which was step two after the 1971 step one had ended the 1944 system) but on the day when Ronald Reagan entered the White House in 1981. The shockingly sudden ascent, from that moment on, of US federal Government debt (to be paid-off by future generations instead of by current taxpayers) is shown, [right here, in a graph of "US Federal Debt as Percent of GDP, 1940-2015"](#), where you can see that **the debt had peaked above 90% of GDP late in WW II between 1944-1948**, and then plunged during Bretton Woods, but in 1981 it started ascending yet again, until **reaching that WW II peak for a second time, as it has been ever since 2010**

, when Obama bailed-out the mega-banks and their mega-clients, but didn't bail out the American public, whose finances had been destroyed by those banksters' frauds, which Obama refused to prosecute; and, so, economic inequality in America got even more extreme after the 2008 George W. Bush crash, instead of less extreme afterward (as had always happened in the past).

Above 90% debt/GDP during and immediately following WW II was sound policy, but America's going again above 90% since 2010 has reflected simply an aristocratic heist of America, for only the aristocracy's benefit — all of the benefits going only to the super-rich.

[Another, and more-current US graph](#) shows that, as of the first quarter of 2018, this percentage (debt/GDP) is, yet again, back **now to its previous all-time record high of 105-120%%, which had been reached only in 1945-1947** (when it was justified by the war).

Currently, companies such as Lockheed Martin are thriving as they had done during WW II, but the **sheer corruption in America's military spending is this time the reason**, no World War (yet); so, this time, America is spending like in an all-out-war situation, even before the Congress has issued any declaration of war at all. Everybody [except the American public knows that the intense corruptness of the US military is the reason](#) for this restoration of astronomical 'defense' spending, even during peacetime. A major poll even showed that 'defense' spending was [the only spending by the federal Government which Americans in 2017 wanted increased; they wanted all other federal spending to be reduced](#) (though there was actually [vastly more corruption in military spending than in any other type](#) — the public have simply been hoodwinked).

But can the US Government's extreme misallocation of wealth, from the public to the insiders, continue without turning this country into a much bigger version of today's Greece? More and more people around the world are worrying about that. Of course, Greece didn't have the world's reserve currency, but what would happen to the net worths of America's billionaires if billionaires worldwide were to lose faith in the dollar? Consequently, there's intensified Presidential worrying about how much longer foreign investors will continue to trust the oil-based dollar.

America's political class now have two competing ideas to deal with this danger, Obama's versus Trump's, both being about how to preserve the dollar in a way that best serves the needs of 'defense' contractors, extractive firms, and Wall Street. **Obama chose Europe (America's largest market) as America's chief ally (he was Euro-centric against Russia); Trump chose the owner of Saudi Arabia (he's Saudi-Israeli centric against Iran) — that's the world's largest weapons-purchaser, as well as the world's largest producer of oil (as well as the largest lobbies).**

The Saudi King owns Saudi Arabia, including the world's largest and most valuable oil company, Aramco, whose oil is the "sweetest" — the least expensive to extract and refine — and is also the most abundant, in all of the world, and so he can sell petroleum at a profit even when his competitors cannot. Oil-prices that are so low as to cause economic losses for other oil companies, can still be generating profits — albeit lowered ones — for King Saud; and this is the reason why his decisions determine how much the global oil-spigot will be turned on, and how low the global oil-price will be, at any given time. He controls the value of the US dollar. He controls it far more directly, and far more effectively, than the EU can. It would be like, under the old FDR-era Bretton Woods system, controlling the exchange-rates of the dollar, by raising or lowering the amount of gold produced. But this is liquid gold, and King Saud determines its price.

Furthermore, King Saud also leads the Gulf Cooperation Council of all other Arab oil monarchs, such as those who own UAE — all of them are likewise US allies and major weapons-buyers.

In an extraordinarily fine recent article by Pepe Escobar at Asia Times, [“Oil and gas geopolitics: no shelter from the storm”](#), he quotes from his not-for-attribution interviews with “EU diplomats,” and reports:

After the Trump administration’s unilateral pull-out from the Iran nuclear deal, known as the Joint Comprehensive Plan of Action (JCPOA), European Union diplomats in Brussels, off the record, and still in shock, admit that they blundered by not “configuring the eurozone as distinct and separate to the dollar hegemony”. Now they may be made to pay the price of their impotence via their “outlawed” trade with Iran. ...

As admitted, never on the record, by experts in Brussels; the EU has got to reevaluate its strategic alliance with an essentially energy independent US, as “we are risking all our energy resources over their Halford Mackinder geopolitical analysis that they must break up [the alliance between] Russia and China.”

That’s a direct reference to the late Mackinder epigone Zbigniew “Grand Chessboard” Brzezinski, who died dreaming of turning China against Russia.

In Brussels, there’s increased recognition that US pressure on Iran, Russia and China is out of geopolitical fear the entire Eurasian land mass, organized as a super-trading bloc via the Belt and Road Initiative (BRI), the Eurasia Economic Union (EAEU), the Shanghai Cooperation Organization (SCO), [and] the Asia Infrastructure Investment Bank (AIIB), is slipping away from Washington’s influence.

This analysis gets closer to how the three key nodes of 21st century Eurasia integration – Russia, China and Iran – have identified the key issue; both the euro and the yuan must bypass the petrodollar, the ideal means, as the Chinese stress, to “end the oscillation between strong and weak dollar cycles, which has been so profitable for US financial institutions, but lethal to emerging markets.” ...

It’s also no secret among Persian Gulf traders that in the – hopefully unlikely – event of a US-Saudi-Israeli war in Southwest Asia against Iran, a real scenario war-gamed by the Pentagon would be “the destruction of oil wells in the GCC [Gulf Cooperation Council]. The Strait of Hormuz does not have to be blocked, as destroying the oil wells would be far more effective.”

And what the potential loss of over 20% of the world’s oil supply would mean is terrifying; the implosion, with unforeseen consequences, of the quadrillion derivatives pyramid, and consequentially [consequently] of the entire Western financial casino superstructure.

In other words: it’s not the ‘threat’ that perhaps, some day, Iran will have nuclear warheads, that is actually driving Trump’s concern here (despite what Israel’s concerns are about that matter), but instead, it is his concerns about Iran’s missiles, which constitute the delivery-system for any Iranian

warheads: [that their flight-range be short enough so that the Saudis will be outside their range](#). (The main way Iran intends to respond to an invasion backed by the US, is to attack Saudi Arabia — Iran's leaders know that the US Government is more dependent upon the Saudis than upon Israel — so, Iran's top targets would be Saudi capital Riyadh, and also the Ghawar oil field, which holds over half of Saudi oil. If US bases have been used in the invasion, then all US bases in the Middle East are also be [within the range of Iran's missiles](#) and therefore would also probably be targeted.)

Obama's deal with Iran had focused solely upon preventing Iran from developing nuclear warheads — which Obama perhaps thought (mistakenly) would dampen Israel's (and its billionaire US financial backers') ardor for the US to conquer Iran. Israel had publicly said that their concern was Iran's possibility to become a nuclear power like Israel became; those possible future warheads were supposed to be the issue; but, apparently, that wasn't actually the issue which really drove Israel. Obama seems to have thought that it was, but it wasn't, actually. Israel, like the Saudis, want Iran conquered. Simple. The nuclear matter was more an excuse than an explanation.

With Trump now in the White House, overwhelmingly by money from the Israel lobbies (proxies also for the Saudis) — and with no equivalently organized Jewish opposition to the pro-Israel lobbies (and so in the United States, for a person to be anti-Israel is viewed as being anti-Semitic, which is not at all true, but Israel's lies say it's true and many Americans unfortunately believe it) — Trump has not only the Saudis and their allies requiring him to be against Iran and its allies, but he has also got this pressure coming from Israel: both the Big-Oil and the Jewish lobbies drive him. Unlike Obama, who wasn't as indebted to the Jewish lobbies, Trump needs to walk the plank for both the Saudis and Israel.

In other words: Trump aims to keep the dollar as the reserve currency by suppressing not only China but also the two main competitors of King Saud: Iran and Russia. That's why America's main 'enemies' now are those three countries and their respective allies.

Obama was likewise targeting them, but **in a different priority-order**, with Russia being the main one (thus [Obama's takeover of Ukraine in February 2014 turning it against Russia, next door](#)); and that difference was due to Obama's desire to be favorably viewed by the residents in America's biggest export and import market, the EU, and so his bringing another member (Ukraine) into the EU (which still hasn't yet been culminated).

Trump is instead building on his alliance with King Saud and the other GCC monarchs, a group who can more directly cooperate to control the value of the US dollar than the EU can.

Furthermore, both conservative (including Orthodox) Jews in the United States, and also white evangelical Protestants in the US, are strongly supportive of Israel, which likewise sides with the Arab oil monarchs against Iran and its allies. Trump needs these people's votes.

[Trump also sides with the Saudis against Canada.](#) That's a matter which the theorists who assert that Israel controls the US, instead of that the Saudis (allied with America's and Israel's billionaires) control the US, ignore; they ignore whatever doesn't fit their theory. Of course, a lot doesn't fit their theory (which equates "Jews" with "Israelis" and alleges that "they" control the world), but people whose prejudices are that deep-seated, can't be reached by any facts which contradict their self-defining prejudice. Since it defines themselves, it's a part of them, and they can never deny it, because to do so would be to deny who and what they are, and they refuse to change that. The Saudis control the dollar; Israel does not, but Israel does the lobbying, and both the Saudis and Israel want Iran destroyed. Trump gets this pressure not only from the billionaires but from his voters.

And, of course, Democratic Party billionaires push the narrative that Russia controls America. It used to be the Republican Joseph R. McCarthy's accusation, that the ["commies" had "infiltrated"](#), especially at [the State Department](#). So: Trump kicked out Russia's diplomats, to satisfy those [neocons](#) — the neoconservatives of all Parties and persuasions, both conservative and liberal.

To satisfy the Saudis, despite the EU, Trump has dumped the Iran deal. And he did it also to satisfy Israel, the main US lobbyists for the Saudis. (Americans are far more sympathetic to Jews than to Arabs; the Saudis are aware of this; Israel handles their front-office.) For Trump, the Saudis are higher priority than Europe; even Israel (who are an expense instead of a moneybag for the US Government) are higher priority than Europe. Both the Saudis and Israel together are vastly higher. And the Saudis alone are higher priority for Trump than are even Canada and Europe combined. Under Trump, anything will be done in order to keep the Saudis [and their proxy-lobbyists \(Israel\)](#) 'on America's side'.

Consequently, Trump's political base is mainly against Iran and for Israel, but Obama's was mainly against Russia and for the EU. Obama's Democratic Party still are controlled by the same billionaires as before; and, so, Democrats continue demonizing Russia, and are trying to make as impossible as they can, any rapprochement with Russia — and, therefore, they smear Trump for anything he might try to do along those lines.

Both Obama and Trump have been aiming to extend America's aristocracy's dominance around the world, but they employ different strategies toward that politically bipartisan American-aristocratic objective: the US Government's global control, for the benefit of the US aristocracy, at everyone else's expense. Obama and Trump were placed into the White House by different groups of US billionaires, and [each nominee serves his/her respective sponsors](#), no public anywhere — not even their voters' welfare.

An analogous example is that, [whereas](#) Fox News, Forbes, National Review, The Weekly Standard, American Spectator, Wall Street Journal, Investors Business Daily, Breitbart News, InfoWars, Reuters, and AP, are **propagandists for the Republican Party**; NPR, CNN, NBC, CBS, ABC, Mother Jones, The Atlantic, The New Republic, New Yorker, New York Magazine, New York Times, Washington Post, USA Today, Huffington Post, The Daily Beast, and Salon, are **propagandists for the Democratic Party**; but, they **all** draw their chief sponsors from the same small list of donors who are America's billionaires, since these few people control the top advertisers, investors, and charities, and thus control nearly all of the nation's propaganda. The same people who control the Government control the public; but, America isn't a one-Party dictatorship. America is, instead, a multi-Party [dictatorship](#). And [this](#) is how it functions.

Trump cancelled the Iran deal because a different group of billionaires are now in control of the White House, and of the rest of the US Government. Trump's group demonize especially Iran; Obama's group demonize especially Russia. That's it, short. That's America's aristocratic tug-of-war; but both sides of it are for invasion, and for war. Thus, we're in the condition of 'permanent war for permanent peace' — to satisfy the military contractors and the billionaires who control them. Any US President who would resist that, would invite assassination; but, perhaps in Trump's case, impeachment, or other removal-from-office, would be likelier. In any case, the sponsors need to be satisfied — or else — and Trump knows this.

Trump is doing what he thinks he has to be doing, for his own safety. He's just a figurehead for a **different faction of the US aristocracy**, than Obama was. He's doing what he thinks he needs to be doing, for his survival. Political leadership is an extremely dangerous business. Trump is playing a slightly different game of it than Obama did, because he represents a different faction than Obama did. **These two factions of the US aristocracy are also [now battling each other for political control over Europe](#).**