

The Great Simplification

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[00:00:00] **Nate Hagens:** Good morning. It is Thursday, April 2nd. There are many more unknowns about the situation in the Persian Gulf than there are knowns, and there are probably unfortunately, many unknown unknowns that we are going to learn about in coming months. And as this situation is evolving. One can give whipsaw from reading the headlines and rebuttals and explosions and tweets and analyses.

[00:00:33] but I have another set of uncomfortable questions that I think are worth considering. In fact, I'm, suddenly full of uncomfortable questions, with respect to, what's going on in, in the, Iranian Persian Gulf.

[00:01:02] as usual, I will queue each of these up with some backdrop and context. But first, here's some general questions about this situation that I think are quite relevant and not being discussed widely in the media. How many wells and fields in the Middle East that are currently shut in, due to lack of export capacity are experiencing water flood damage that will reduce future production?

[00:01:32] How much equipment and guidance are Russia and China providing Iran in this war behind the scenes? In a related, question, how might the military response from Iran so far, a much smaller and less militarily powerful country than Russia put internal pressure on Vladimir Putin to escalate in Ukraine and the Baltics?

[00:01:59] What is happening to the millions of migrant workers in the Gulf States who can't leave, who can't work, and whose embassies have limited capacity to evacuate them? How much crude oil has leaked or burned into the ecologically fragile Persian Gulf Marine ecosystem since this war started? And what does that

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mean for desalination plants that Gulf countries depend on for drinking water for tens, maybe a hundred million people.

[00:02:31] How will 2026 crop yields be affected by a best case, average case? Worst case of fertilizer shipments that are now missing, from the Gulf? What is the insurance industry's total exposure to Horus related claims? and could this be an A IG like 2008 scale, concentration of risk? I could probably keep listing sundry questions like this because this situation has been a biophysical face shift for our world, a true.

[00:03:09] See change in our assumptions about how things work, and things we've taken for granted. Okay. onto the uncomfortable questions, for this installment as if what I just, outlined, wasn't uncomfortable enough. The first question is a hard one, and is a three part question. Could the USA and Israel actually lose this war?

[00:03:44] official reports say as of the last time I looked, 13 killed and over 300 wounded. Though I'm hearing the real casualty count may be significantly higher than that. There's damage to, our military ships. The interceptor defensive missiles are running low. the E three AAC radar was destroyed at a Saudi military base and the like.

[00:04:09] I think there's not only, a video game-like mentality around modern war, but the risks also seem video game-like from afar from inside the USA prior military shock and awe successes. Let us. To hubris and risk homeostasis, which I pointed out in a, frankly before the war started, but Iran is not Iraq and 2026, and the technologies that we have today is not 2000.

[00:04:42] Iran is four times the size of Iraq and four times the population and drone technology has fundamentally changed the cost calculus. That brings me to the question. Is it conceivable that the US could lose, the military engagement?

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And if that were becoming true, would such a defeat be accepted? And if the US and or Israel faced a stalemate or worse and want to be done with it, would they use tactical nuclear weapons to reach the deep underground bunkers in Iran?

[00:05:20] I wanna be clear, I'm not inventing this scenario. I have heard it discussed by credible, sources who are unrelated to each other. This follows logically from the decision tree if this war continues and conventional means don't produce a clean outcome. So there's a part two to this question. A single tactical nuclear weapon used in anger, against Iran would be the first since 1945.

[00:05:50] 81 years of taboo broken a. I think the condemnation would not just be diplomatic. It would rewrite the security calculus of every other non-nuclear nation on earth because it would prove that nuclear powers will use these weapons against non-nuclear states. And so the incentive to acquire nuclear weapons would become overwhelming overnight.

[00:06:16] So if the US or Israel were to use a tactical nuke, would there be immediately international condemnation and even further ostracization than we're currently seeing? Or would it trigger a spiral of events that escalate our situation, to a different extreme? Which leads me to part three of this question.

[00:06:41] How does the USA even define winning? Lower oil prices, free transit of ships through the Gulf, or at least ships not related to the USA or Israel proof of loss or capture of enriched uranium, A weakened Iran. To be fair, those metrics of victory would have to be weighed against the negatives of a global economy, about to slip into recession or worse, a soon to be ginormous global printing press turned on again.

[00:07:14] And an intermediate or permanent loss of trust in the USA as a rational, trusted ally. And what does ally even mean? And who's defining winning? Because the definition of winning, coming from the White House, from the Pentagon, from

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Wall Street, from the families of deployed soldiers, from. Other countries are five very different definitions.

[00:07:46] Okay. on a related note, is International trust depleting faster than oil Trust is essentially a limited geopolitical resource. Before this war started, Oman brokered a breakthrough and Iran agreed to everything, and then the bombing started. So what does that teach every country watching? Russia is watching.

[00:08:12] China's watching. North Korea is watching. Every non-aligned nation is drawing conclusions from this. The US pulled out of J-C-P-O-A and then bombed Iran during active negotiations twice in June of 2025 and last month. At what point does the US become what Russians, term agreement incapable in the eyes of the rest of the world?

[00:08:40] And I wanna point out, this concept existed before President Trump took office. I am told the US prioritized protecting Israel over even its own bases, much less the, Gulf monarchies. And it moved assets from the Pacific that were facing off against the pacing threat of China. Even before the Iran war, the US started trade wars against nominal allies.

[00:09:09] So with all that, what does being an ally of the US now even mean? And I don't mean to bash the United States as this is where I live and all my family and friends are here. Well, most of my friends are here. But if I fly up high enough and look down dispassionately and observing, I do wonder if trust is depleting faster than oil.

[00:09:37] So my question, I guess, is what does global order look like when the Anchor Nation, in this case, the USA, can't be trusted to honor its own diplomatic processes? Which brings me to a related and, deeper question. I've talked a lot about the global economic Superorganism and it's approaching 20 terawatts, energy metabolism.

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[00:10:06] Could this situation in Iran cause the Superorganism to calve? To split into two largely independent organisms like a cellular mitosis, east and west. I think the evidence is, accumulating fast. Russia is feeding Iran's satellite targeting data to hit American bases. They couldn't do that without it.

[00:10:31] China's restricting fertilizer exports to stockpile for itself. Iran is letting Indian and Chinese ships through the Horus while blocking Western alleys. swift alternatives in the financial, banking world are being built and used to not use, to bypass dollars. and the Western banking system, energy trade is rerouting in real time using other currencies than the dollar.

[00:11:02] These all aren't unrelated things. I think we could consider them. As the nervous system of a second organism forming. So the question is, can two competing superorganisms coexist on one planet? They would share an atmosphere and shared oceans and shared planetary boundaries, even though they're not discussed at these high levels.

[00:11:28] But competition for energy in a world of tightening physical constraints. is this bifurcation stable or would it inevitably, result in a zero sum contest ending in a bigger war?

[00:11:47] Next uncomfortable question. does energy security redraw the global map faster than political ideology? Taiwan semiconductor fabs require enormous energy inputs, and they are hella dependent on LNG from the Persian Gulf as one example. And if energy increasingly flows through supply chains, that China influences the military question.

[00:12:14] USA supporting Taiwan could become secondary to the thermodynamic one. Meanwhile, Iran is selectively letting ships through Horus creating a defacto two-tier energy system. Countries aligned with Iran's enemies get blocked and

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the rest get passage. And if energy access becomes contingent on geopolitical alignment.

[00:12:42] All the nations in the world are gonna face a choice. And given the centrality of energy to basic needs, many are gonna choose energy over ideology. So the wide boundary question, if who controls the energy controls, the chips, the food, and the industrial base, then what good is the petrodollar If people in countries can't buy the.

[00:13:07] Things with it. If you can't fill your gas tank or heat your home or feed your family, what good is reserve currency status?

[00:13:18] This next one may seem like a tangential question, but it's not. the US administration made climate change a taboo topic, presumably not based on the science, but because accepting the science and its implications would act as a tax on economic growth. Yet this war will have rippling effects on energy, availability, and therefore on economic growth and therefore on our environmental impact.

[00:13:46] The uncomfortable questions here are paradoxically, ironically, might the Iran War indirectly function as a giant carbon tax? Or will nations switch back to cheaper and more readily available coal causing a carbon spike? Or will poor nations, materially resort to burning wood and Haiti like deforestation?

[00:14:18] For most, the climate effects of the war aren't even on the radar. Which brings me to another, uncomfortable question and point. Viewers of this platform are aware the last few years have been highlighting the risks. What I refer to as the four horsemen of the 2020s, financial overshoot, geopolitical shifts, supply chain, fragility from complexity, unraveling, and the erosion of social contracts.

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[00:14:47] It seems to me that complexity is about to rear its head. In this crisis with the Fukushima earthquake, we found out that a seemingly insignificant black paint would shut down the entire Ford manufacturing plant when it became unavailable. So the uncomfortable question is what might be the unknown thing, that gums up the system in the coming month or two?

[00:15:11] What is the Horus version of black paint? I suspect it could be multiple things.

[00:15:21] The situation we're in is either a dress rehearsal or the real thing. if this is a dress rehearsal, which I dearly hope. somehow that peace, and stability in the Gulf, are re attained. but if this is a dress rehearsal, how will the response be different at different scales? This is something I've thought about this week.

[00:15:49] If this is a preview of what energy disruption looks like in a world of depleting resources and geopolitical fragmentation, that lesson will be received very differently depending on who's receiving it, for instance. At the individual level, a family in a large house with a long commute might look at this and choose to learn from this lesson.

[00:16:16] Simplify first and beat the rush. Downsize, insulate, grow some food, reduce their exposure. and this one matters more than people think. Get to know your neighbors. On the other hand, a nation. Paradoxically will do the opposite. Nations embedded in the Superorganism will seek to access more energy, not less.

[00:16:41] They'll drill more, build more pipelines, secure, more supply chains project, more military force to protect energy flows. So loss aversion at the national level would drive expansion, not contraction. So the question is, how will these responses. Actively shrinking at the individual community level or actively growing, hoarding at the nation state level.

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[00:17:10] have a more dominant effect in our world, and how will they shape each other so much to say. I will close on that theme. If you're paying attention, this is a no analog event in human history. The nucleus of the spice generator on our planet has been damaged. This is either a dress rehearsal or it's the real thing.

[00:17:41] If it's a dress rehearsal, what are you learning? What are you talking about with your friends and your family? What behavioral changes are you making? What are you doing today, April 3rd when this comes out, that you weren't doing a month ago? And what have you stopped doing today that you were doing last month?

[00:18:06] If this is a dress rehearsal and the straight opens and somehow peace and stability return even for a time, I would view it as a real gift with respect to society. Preparing for the eventual real thing, AKA, The Great Simplification. If you agree and view this as a gift, what are you doing with it? These are uncomfortable questions.

[00:18:32] But comfortable questions aren't gonna be useful where we're headed, in my opinion. I just recorded a three part video on oil 1 0 1, 2 1 and 3 0 1 that my team is putting together to release next week. It's a summary of what oil is, what it does, what the situation is, what it means for the future, and it's intended to be a primer for the TGS community to share with people who might not have been exposed to this.

[00:18:58] Unfolding an incredibly important story and we plan to release it in parts next week. Despite all this, I hope, you are able to find some joy this weekend. It is freezing rain here and windy, so my joy is likely gonna come from dogs or ducks or puzzles or making soup, maybe a nap. See you soon.