

# Thinking Out Loud



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Forty days into the 2026 Iran war, with a fragile two-week ceasefire barely holding and the Islamabad peace talks set for Friday. At the time of drafting this note, the S&P 500 is down about 1.2% since the war started. Oil is trading roughly \$100 a barrel and the 10yr Treasury has increased by over 30bps to almost 4.3%. Setting aside the capital market reaction, Sun Tzu's 2,500-year-old treatise reads less like ancient philosophy and more like an after-action report. Thirteen chapters. Thirteen lessons. Not all of them learned.

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## THE FIRE YOU CANNOT UNLIGHT

*"A kingdom that has once been destroyed can never come again into being; nor can the dead ever be brought back to life. Hence the enlightened ruler is heedful, and the good general full of caution."*

**Chapter 12.** Sun Tzu's most somber warning – and the one President Trump unknowingly paraphrased on April 7 when he told Iran *"a whole civilization will die tonight and will never be brought back."* Over 3,400 are dead, including more than 1,600 Iranian civilians. Schools, hospitals, and a UNESCO World Heritage site have been struck. Thirteen U.S. service members have been killed. The Gulf's economic architecture – shipping lanes, oil infrastructure, desalination plants – has been shattered. Sun Tzu's question is not whether you can destroy. It's whether the destruction serves any purpose you can recover. The chapter also warns against wars launched from emotion rather than calculation. The administration's shifting justifications – preemption, regime change, oil security, nuclear prevention, protecting protesters – are not the marks of a coordinated deception. They are symptoms of unclear objectives.

## TWENTY-ONE MILES OF LEVERAGE

*"The natural formation of the country is the soldier's best ally."*

**Chapter 10.** Sun Tzu classifies *"narrow passes"* as decisive terrain – whoever holds them controls the battle. Iran didn't need a carrier strike group. It needed 21 miles of water through which 20% of the world's oil transits. The IRGC's closure of the Strait of Hormuz drove crude from \$67/barrel to as high as \$110 and U.S. gasoline to over \$4.00/gallon, nationally. The International Energy Agency released 400 million barrels of emergency reserves. As of this morning, despite the ceasefire, over 400 tankers remain anchored in the Persian Gulf. Vessel traffic is negligible. Iran initially re-closed Hormuz within hours of the deal taking effect, citing Israeli strikes on Lebanon as a violation. Terrain-based leverage can be toggled like a switch. No amount of B-2 sorties changes the geography of the Persian Gulf.

## THE WAR THAT DIDN'T HAVE TO HAPPEN

*"The supreme art of war is to subdue the enemy without fighting. He will win who knows when to fight and when not to fight."*

**Chapter 3.** Sun Tzu ranks strategic priorities: first defeat the enemy's strategy, then disrupt his alliances, then attack his army – and only as a last resort, besiege his cities. The U.S. and Israel went straight to options three and four. Nearly 900 strikes in 12 hours. The Supreme Leader killed. Two thousand targets destroyed. The Muscat and Geneva talks were abandoned despite the Omani mediator reporting significant progress and Iran signaling nuclear concessions. The coalition knew Iran's military dispositions with extraordinary precision – the decapitation strike required intelligence of remarkable granularity. But did they know Iran's strategic resilience? Within days Mojtaba Khamenei was installed as Supreme Leader. The regime did not collapse. Its 10-point counterproposal is not a surrender document. It's a set of demands.

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## THE TREASURY BLEEDS

*"There is no instance of a country having benefited from prolonged warfare."*

**Chapter 2.** Sun Tzu obsesses over the cost of keeping armies in the field. Forty days in: 50,000 U.S. troops deployed, two carrier strike groups, nearly 20 warships, a dozen-plus air squadrons. The USS Gerald R. Ford has been on station since mid-February. Saudi Aramco's Abqaiq facility shows satellite imagery of massive black smoke plumes after Iranian drone strikes. Global shipping has rerouted away from both Hormuz and the Red Sea. Flights across the Middle East were halted. The ceasefire brought oil back to ~\$94 – still 40% above pre-war levels. Sun Tzu's prescription: *"Bring war material with you from home, but forage on the enemy."* By weaponizing Hormuz, Iran forced the coalition to bear the economic cost of its own energy dependency. Iran forages on the enemy's economy.

## STRIKE WHERE THEY ARE EMPTY

*"Military tactics are like water – for water in its natural course runs away from high places and hastens downward. So in war, avoid what is strong and strike at what is weak."*

**Chapter 6.** Iran couldn't match stealth bombers and carrier groups. It didn't try. It struck U.S. bases across four Gulf states simultaneously, forcing the coalition to defend everywhere at once. It hit Abqaiq. It closed Hormuz. The IRGC blew up ten commercial vessels in the strait. It launched drones at desalination plants, airports, and oil terminals. Iran couldn't defend Tehran. But it made the entire Persian Gulf indefensible.

## THE CORNERED ANIMAL

*"Throw your soldiers into positions whence there is no escape, and they will prefer death to flight. Place your army in deadly peril, and it will survive."*

**Chapter 11.** Sun Tzu's concept of "death ground" – where survival requires total commitment – describes Iran precisely. Its leader assassinated, its military shattered, its economy already crippled by sanctions. Nowhere to retreat to. The result was exactly what Sun Tzu predicted. Iran struck in every direction: Israel, Bahrain, Kuwait, Qatar, UAE, Saudi Arabia, Cyprus, and allegedly as far as Diego Garcia. It closed Hormuz. It blew up commercial shipping. The 10-point proposal reads not as capitulation but as defiance. The U.S., by contrast, fights from what Sun Tzu calls "dispersive ground" – far from home, allies fractured, no existential threat to the homeland. His prescription for dispersive ground is blunt: "Fight not."

## FOREKNOWLEDGE AND ITS LIMITS

*"What enables the wise sovereign to strike and conquer is foreknowledge. Be subtle! Be subtle! And use your spies for every kind of business."*

**Chapter 13.** The U.S.-Israeli intelligence achievement on February 28 was extraordinary: locating and killing Khamenei in his residential compound during a meeting with senior officials. But intelligence is not omniscience. The coalition did not anticipate the speed of Iran's Gulf-wide retaliation, the regime's ability to install a new Supreme Leader within days, or the IAEA's finding that there was no evidence of a structured nuclear weapons program when the war began. Tactical foreknowledge was superb. Strategic foreknowledge was incomplete.

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## LEAVE AN OUTLET FREE

*"When you surround an army, leave an outlet free. Do not press a desperate foe too hard."*

**Chapter 7.** This may be the most violated principle of the entire war. The campaign sought to destroy Iran's military, kill its leadership, dismantle its nuclear program, and induce regime change — simultaneously. No off-ramp was offered. The 15-point U.S. peace proposal was presented as an ultimatum. Pakistan's mediation — which ultimately produced the ceasefire — was the first genuine outlet offered in 40 days. Sun Tzu would argue it should have been offered on day one.

## WHAT SUN TZU WOULD SAY TODAY

**To the United States:** You achieved tactical brilliance and strategic incoherence. You released the crossbow bolt with devastating accuracy and but then had no plan for what came next. You cornered a desperate enemy, ignored terrain, fractured your own alliance, and now negotiate from a position weakened by your own ally's actions in Lebanon. Define victory. Now. Before the ceasefire collapses.

**To Iran:** You survived death ground — which is itself a victory. Your asymmetric methods validated every principle in this text. But your economy is shattered, your infrastructure damaged, your people exhausted. The Islamabad talks begin Friday. You've earned the right to try the supreme art: subduing the enemy without fighting.

**To Both:** "Anger may in time change to gladness; vexation may be succeeded by content. But a kingdom that has once been destroyed can never come again into being; nor can the dead ever be brought back to life." The dead — on all sides — are already beyond Sun Tzu's help. The living still have a choice.

**We'd love to hear your thoughts.**

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