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Reprint from Volume 14 Number 25

December 19, 2002

## Black Gold—a Series About Oil

### Oil—backdrop to the looming war - Patrick Cummins

Another war is looming in the Middle East and Canada may be involved. Why is this happening now and what is driving the conflict? There are a multitude of reasons to believe that it has next to nothing to do with the officially proclaimed purpose of eliminating the 'threat' posed by Iraq's (supposed) weapons of mass destruction. The Bush administration is at a loss to explain why Iraq should suddenly be regarded as intolerable danger, particularly since its military capabilities are now much weaker than they were at the end of the Gulf War in 1991. The states neighbouring Iraq have indicated that they are not threatened, and all have expressed their opposition to another war. Even Israeli intelligence has dismissed the threat posed by Iraq at most as minor.

According to Scott Ritter, chief United Nations weapons inspector from 1991-98, Iraq has been 'qualitatively disarmed'. In a Boston Globe article, Ritter mentions that the UN inspections ascertained 'a 90-95% level of verified disarmament. This figure takes into account the destruction or dismantling of every major factory associated with prohibited weapons manufacture, all significant items of production equipment, and the majority of the weapons and agent produced by Iraq.' Its program to develop nuclear weapons was thoroughly dismantled and it's generally accepted that Iraq possesses no nuclear weapons, nor the capability to produce them. To date, no evidence has been produced showing that Iraq has rebuilt any of its biological or chemical weapons.

Occasionally, US officials admit openly that weapons inspections are not the real issue. For example, John Bolton, Under Secretary of State for Arms Control, stated in August that 'our policy... insists on regime change in Baghdad and that policy will not be altered, whether inspectors go in or not.'

The drive to war also has little to do directly with the terrorist attacks of September 11, 2001. It's now widely acknowledged that there is no evidence linking Iraq to these attacks. Less well appreciated is that leading figures within the Bush administration had been advocating military action against Iraq well before these events occurred. An open letter was sent to President Clinton in February, 1999 urging him to implement the Iraq Liberation Act (ILA) passed by Congress in 1998, and to take military measures to effect regime change in

Iraqi. The letter was signed by many of those now leading the charge against Iraq, including Defence Secretary Donald Rumsfeld. During the 2000 election, President Bush also voiced strong support for the ILA. In this light, the 9/11 terrorism should be viewed as having provided this group with a unique political opening to press for war and fulfill their long-standing goal of ousting the Iraqi regime.

#### Multi-faceted Oil Concerns

One common perception is that the drive to war is related in some way to oil, even if the precise nature of these oil concerns is not always clear. Although not the only consideration, oil surely does provide some of the principal long-term motivations for the stance that the US has adopted. The US State Department's assessment of Middle East oil made in 1945, and still valid today, gives us some idea of how important control of this resource is regarded. 'These resources constituted a stupendous source of strategic power, one of the greatest material prizes in world history... probably the richest economic prize in the world in the field of foreign investment.'

Because of the importance attached to oil, it's worth reviewing the situation with respect to Iraq and highlighting some of the factors shaping US policy. Iraq is particularly important because it possesses the world's second largest proven reserves of oil, after Saudi Arabia. Also, it is widely thought to have vast unproven reserves. Iraq's oil is of high quality and inexpensive to extract, making its fields very profitable to develop. American oil companies have been banished from Iraq for over a decade. During this time, Iraq has concluded deals to develop its oil fields with companies from several other countries, especially Russia and France. Work on these contracts is on hold, pending lifting of UN sanctions. One of the reasons that the US and its oil companies have been loathed to see UN sanctions lifted is that development of Iraq's fields would resume, with American oil interests virtually shut out.

However, as the Washington Post noted 'A US-led ouster of Iraqi President Saddam Hussein could open a bonanza for American oil companies long banished from Iraq.' Iraqi opposition leaders have indicated that all existing agreements

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*This article was published (December 19, 2002) in 'Gulf Islands, Island Tides'. 'Island Tides' is an independent, regional newspaper distributing 15,000-20,000 copies in the Southern Strait of Georgia from Tsawwassen to Victoria, BC.'*

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would be void and that US oil companies would have the inside track to developing Iraq's oil fields. This has been one of the levers used to obtain co-operation from Russia and France at the UN.

Former CIA director James Woolsey explained in September 'It's pretty straightforward, France and Russia have oil companies and interests in Iraq. They should be told that if they are of assistance in moving Iraq toward decent government, we'll do the best we can to ensure that the new government and American companies work closely with them.'

Recent developments in the energy sector have given further impetus to the hawks and their drive for war. In short, the US is concerned for its energy future. A comprehensive review of the matter was commissioned by the Bush administration from the Council of Foreign Relations and the Baker Institute, a think tank at Rice University. The April 2001 report, entitled Strategic Energy Policy Challenges for the 21st Century, outlines the crisis in the energy sector. It identifies a 'central dilemma: the American people continue to demand plentiful and cheap energy without sacrifice or inconvenience.'

The root of the present crisis is that production (the rate at which oil is extracted from the ground and brought to market) is failing to keep pace with increasing worldwide demand. This has led to a tight supply with little spare capacity. Consequently, 'The resulting tight markets have increased US and global vulnerability to disruption and provided adversaries undue potential influence over the price of oil. Iraq has become a key 'swing' producer, posing a difficult situation for the US government.'

The problem of insufficient production has been aggravated by the sanctions imposed on Iraq. The downside of lifting the sanctions is made clear: 'Like it or not, Iraqi reserves represent a major asset that can quickly add capacity to world oil markets and inject a more competitive tenor to oil trade. However, such a policy will be quite costly as this trade-off will encourage Saddam Hussein to boast of his 'victory' against the United States, fuel his ambitions, and potentially strengthen his regime.'

Allowing the Iraqi regime the 'victory' of survival would entail a loss of credibility that Washington is unwilling to countenance.

Compounding this situation, US dependence on Middle East oil is on course to increase significantly over the longer term. Saudi Arabia, the most important producer, was viewed as a co-operative supplier, until recently. However, as the Baker Institute study notes, '...things have changed. Gulf allies are finding their domestic and foreign policy interests increasingly at odds with America's strategic considerations. They have become less inclined to lower oil prices in exchange for security of markets...'

By taking effective control of Iraq's oil, Washington expects to ameliorate this situation. Lawrence Lindsey, until recently head of the White House's National Economic Council, told the Wall Street Journal in September, 'When there is a regime change in Iraq, you could add three million to five million barrels (per day) of production to world supply. The successful prosecution of the war would be good for the economy.' As might be expected the US government has quietly established a working group to study options for the future of Iraq's oil.

The Bush administration is determined to wrest control over the world's second largest reserves of oil from an adversarial regime. This is the essence of their policy and they appear prepared to resort to a war of aggression to meet this objective. We can expect that the human cost of such actions will be enormous.

Internal Pentagon studies and a more recent study by the respected British health organization Medact ([www.Medact.org](http://www.Medact.org)) indicate that the immediate number of civilian casualties will be counted in the tens of thousands. The humanitarian crisis following hostilities is expected to produce an even greater number of victims.

The US will look to Canada, both to provide forces and to try to lend legitimacy to its actions. Canadians should send Ottawa a clear message: keep Canada out of this profoundly imperialistic war. ✍