

Oiling the Wheels of War

By Michael T. Klare

As the United States gears up for an invasion of Iraq, the great unanswered question continues to be: Why is the Bush Administration so determined to topple a government that has been effectively contained by American power for eleven years?

The White House has offered several reasons to justify an attack on Iraq--Saddam Hussein is on the verge of obtaining nuclear weapons; an invasion is needed to prevent the transfer of nuclear, biological and chemical weapons to international terrorists, and so on. Another factor, however, may be of equal importance--oil. Two key concerns underlie the Administration's thinking: First, the United States is becoming dangerously dependent on imported petroleum to meet its daily energy requirements, and, second, Iraq possesses the world's largest reserves of untapped petroleum after Saudi Arabia.

The problem of growing US dependence on imported petroleum was first raised in the National Energy Policy Report, released by the White House in May 2001. Known as "the Cheney report," after its principal author, the Vice President, the document revealed that imported supplies accounted for half of US oil consumption in 2000 and will jump to two-thirds in 2020. And despite all the talk of drilling in Alaska, the report makes one thing clear: Most of America's future oil supplies will have to come from the Persian Gulf countries, which alone possess sufficient production potential to meet ever-growing US energy requirements. Thus, the report calls on the White House to place a high priority on increasing US access to Persian Gulf supplies.

Growing worries about the stability of Saudi Arabia, principal US supplier there, heightened by revelations of Saudi extremists' involvement in the September 11 terror attacks, have prompted US strategists to seek a backup should future instability lead to a drop in Saudi oil production, which could trigger a global recession. Some strategists have proposed Russia as a backup, others the Caspian Sea states of Azerbaijan and Kazakhstan. But only one country has the capacity to substantially increase oil production in the event of a Saudi collapse: Iraq. With proven reserves of 112 billion barrels of oil (compared with 49 billion for Russia and 15 billion for the Caspian states), Iraq alone can serve as a backup for Saudi Arabia. At the same time, control over Iraqi oil would allow US leaders to more easily ignore Saudi demands for US action on behalf of the Palestinians and would weaken OPEC's control over oil prices.

Iraq has yet another key attraction for US oil strategists: Whereas most of Saudi Arabia's major fields have already been explored and claimed, Iraq possesses vast areas of promising but unexplored hydrocarbon potential. These fields may harbor the world's largest remaining reservoir of unmapped and unclaimed petroleum--far exceeding the untapped fields in Alaska, Africa and the Caspian. Whoever gains possession of these fields will exercise enormous influence over the global energy markets of the twenty-first century.

Knowing this, and seeking allies for his confrontation with Washington, Saddam Hussein has begun to parcel out concessions to the most promising fields to oil firms in Europe, Russia and China. According to the International Energy Agency's World Energy Outlook for 2001, he has already awarded such contracts for fields with an estimated potential of 44 billion barrels of oil--an amount equal to the total reserves of the United States, Canada and Norway (the number-one European producer) combined. At current rates of about \$25 per barrel, that makes these contracts worth an estimated \$1.1 trillion.

And here's the rub: The Iraqi dissidents chosen by Washington to lead the new regime in Baghdad have threatened to cancel all contracts awarded to firms in countries that fail to assist in the overthrow of Saddam. "We will review all of these agreements," said the head of the London office of the Iraqi National Congress (a dissident umbrella group backed by the United States), and those signed by Saddam Hussein will be considered invalid unless endorsed by the new government. Not surprisingly, US oil firms are expected to be awarded most of the Hussein-era contracts voided by the successor regime.

This could prove to be the biggest oil grab in modern history, providing hundreds of billions of dollars to US oil firms--many linked to senior officials in the Bush Administration--and helping to avert a future energy crunch in the United States. But is oil worth spilling the blood of American soldiers and Iraqi civilians who get caught in the way? This is the question Congress must ask if we are to have an honest debate on the merits of invading Iraq.

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