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## Oil rulers toy with Armageddon

By Hossein Askari  
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The Persian Gulf has every ingredient imaginable for stoking conflicts, revolutions and wars for all eternity. Just recall the long, though still highly partial, list of conflicts that are the region's inheritance (see [Conflict without end](#), Asia Times Online, October 19, 2012). And don't forget that hardly any of these conflicts are ever reconciled, with the result that about eight out of 10 conflicts are resurrected.

Why is the Persian Gulf so cursed? Although it is the birthplace of Islam, a religion that preaches peace, justice and the unity of humankind, the Persian Gulf has sectarian, tribal and ethnic divides and conflicts that appear timeless and likely to linger until the end of time.

But to our mind what stand out in the region as the fuels for conflicts to come, including Armageddon, are the vast oil and gas wealth under the ground, its highly skewed regional distribution (per capita) and the unimaginable human greed within the region and from much farther afield.

How will the future unfold in the region? Let's start out by stating a number of considerations that we take as almost facts. To begin with, we believe that the Iranian and Saudi regimes will not entertain any talk of pluralism, democratic reform and elected and accountable governments.

The mullahs in Tehran have shown their resolve in the aftermath of their presidential election of 2009. Their brutal crackdowns are etched in the minds of millions in Iran and around the world. More recently, their unashamed support for the criminal actions of their ally Bashar al-Assad in

Syria further confirms the fact that they will do anything to stay in power, even if it means complicity with those that commit crimes against humanity.

The mullahs will not accept any significant change in the constitution that erodes the power of the supreme leader, the leader that they put on the perch without popular participation. For legitimacy, the mullahs point to a constitution adopted in the heat of a revolution (with little time for reflection and ability for revision) and Islam. And they have even discarded this constitution and have ruled in ways that contradict basic Islamic teachings.

In contrast, the regime in Riyadh, while even more repressive than the regime in Tehran, co-opts most dissidents with money and indoctrination, not by force - but not when it comes to dealing with their 10-15% Shia population.

The al-Sauds will do whatever is necessary to limit Shia resurgence anywhere and everywhere, especially in the kingdom and in the rest of the Gulf Cooperation Council (GCC - that is, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates).

In the end, no matter Qatar's protestations, the rest of the GCC will tow the Saudi line in controlling domestic dissent. These family rulers - the al-Sauds in Saudi Arabia, the al-Sabbahs (Kuwait), the al-Thaniis (Qatar), the al-Nahyans (Abu Dhabi) and the al-Maktoums (Dubai) in the UAE, the al-Khalifas (Bahrain), and the al-Saids (Oman) - will not support peaceful transition to constitutional monarchies.

Although the al-Sabbahs (and possibly others) may be disposed to such a transition, the al-Sauds will not tolerate such a change on their doorstep as they see it as an existential threat to the survival of their own absolute rule. Similarly, the al-Sauds will not tolerate any concessions to the Shia majority in Bahrain as it might encourage Shia in Saudi Arabia to fight for their rights.

In support of their goals and policies, the al-Sauds will push for a "stronger" union of the GCC with them at the helm and with financial largesse for the financially less fortunate members of the GCC. The rest of the GCC, with the possible exception of Qatar, will tow the Saudi line and try their best to stay out of the limelight and not be involved in conflict.

In Iraq, the Shia community is destined to rule but conflicts over the division of oil revenues with Kurds and Arab Sunnis will translate to a siege mentality with discrimination and conflict for the foreseeable future. Reconciliation will be difficult after so many years of brutal Ba'athist rule. However, without reconciliation, internal insurgency will continue for the foreseeable future and keep the regime preoccupied.

Turning to the role of the United States, it is safe to say that it has learned nothing from the overthrow of the Shah in Iran or from the more recent overthrow of dictators in the Arab Spring. The US, no matter what it professes, will continue to look the other way in support of its favorite dictators until the bitter end in the name of "stability" and the "free flow of oil".

It will not stray from this policy as long as dictators buy US arms, import other goods and

services from the US, finance US government debt, maintain significant deposits in the US and award contracts to US public relations firms and influential lobbyists.

It continues to sell arms to Saudi Arabia even though Saudi Arabia pushes for, and supports, the al-Khalifas' brutal tactics (in our view constituting crimes against humanity) to suppress the peaceful demonstrations of its Shia citizens who make up more than 65% of its population.

Even worse, the US has sold arms to Bahrain to crack down on dissent in the aftermath of these events while simultaneously professing democratic reforms and human rights for the region. It is almost unbelievable that the US can do all this with a straight face and believe that the region does not see through such blatant duplicity. And when it comes to Israel, the US will blindly do as Israeli leaders ask, even though it may turn out to be harmful for Israel, for the US and for the region.

On this basis and given our depiction of the region in previous articles and the region's simmering conflicts, where will we go from here over the decades to come?

Let's look at the easy item first - the global oil and gas market.

When it comes to the world oil and gas market, we believe that the position of the Persian Gulf region will go through a fundamental transformation. First, we, unlike analysts, do not see the region's global oil market importance (market share) increasing significantly in the coming years. We believe that:

- Unconventional oil and oil from the Arctic and very deep sea finds will make important contributions to supply;
- Oil demand will not grow as fast as most expect because of the much slower global economic growth that will be a part of the landscape for years and more conservation, especially in the US and in most emerging markets where the biggest growth in demand has been expected;
- The relative contribution of natural gas, even in transportation, will continue to increase;
- Shale gas will steadily become a major fuel source worldwide; and renewable energy will make a bigger contribution than most project, with solar becoming increasingly competitive as the price of solar panels continue to plunge.

As important, we think that Saudi Arabia's significance in the global oil market is today at about its peak and it will start to decline as the country's domestic oil consumption continues to increase rapidly, its production capacity is at its limit and the production of others in the Persian Gulf increases.

Although Iraq will continue to be besieged by insurgency and instability, we believe that corrupt officials, looking out for their own quick financial gains after years of Ba'athist rule, will offer increasingly attractive terms to international oil companies and investors that will boost its production capacity and enhance its proven reserves well beyond the 200 billion barrel level and approaching Saudi Arabia's level of reserves.

In Iran we expect a major boost to Iran's natural gas output (and a significant increase in oil output capacity), destined for domestic consumption and export, especially to Europe and

Southwest Asia. Still, oil price shocks may become even more pronounced because of increasingly unpopular Persian Gulf governments, US support for oppressive rulers and the resulting conflicts and insurgencies.

Regionally, we believe that the al-Sauds will entertain an enlarged GCC that includes Jordan and Morocco. The al-Sauds, as we have said above, will push for a more unified GCC under their stewardship, with unified military, intelligence services, foreign policy, religious affairs (ie towards Shia Muslims), and currency (single or common), with Saudi fiscal support for Bahrain and Oman and with more financial assistance from Abu Dhabi for the poorer members of the UAE.

Simultaneously, Saudi Arabia will step up its support of Iraqi Sunnis and Lebanese Sunnis and Christians (in opposition to Iranian backed Shia under the umbrella of Hezbollah).

Iran and Iraq will have little choice but to respond to what they would see and brand as Saudi aggression, annexation and expansionism.

Iran will accuse Saudi Arabia of essentially annexing Bahrain (trampling on Iran's historic claim to the island) and the UAE (similarly trampling on Iranian claims to parts of the federation), and stoking up insurgencies in the region and in southwestern Iran among its Arab population.

Iraq will accuse Saudi Arabia for interference in its domestic affairs by fueling its domestic insurgencies among its Sunni tribes. Iran and Iraq will announce a Shia Union. They will launch a joint invasion of Kuwait and annex it all. The US will be powerless to retaliate.

Although the US will continue to be financially strapped and Saudi Arabia and the rest of the GCC will offer to foot the bill, the US will not want to risk a fight with a potentially nuclear-armed Iran (see below) and will not have the stomach to simultaneously take on and fight Iran and Iraq.

The North Atlantic Treaty Organization and the US will publicly threaten Iran and Iraq and demand that they withdraw from Kuwait, but in private discussions they will tell the Shia coalition that they can keep Kuwait but must not cross over into Saudi Arabia or any other part of what remains as the GCC. This will become the red line for a financially weakened US.

All this does not mean that internal revolt will diminish in any of these countries. In fact, we expect the opposite. Demonstrations against rulers will become even more pronounced, with resulting disruptions in the flow of oil and oil price shocks. The gap between rulers and their cronies who support them and the average citizen will continue to widen.

Rulers and regime insiders will live in luxury, while the average citizen in Iran, Iraq and even Saudi Arabia will suffer from economic deprivation. Unemployment will continue to be high in Iran, Iraq and Saudi Arabia with limited opportunities for advancement. These three big Persian Gulf countries will have large inefficient public sectors, depleting oil reserves and wasted foreign financial reserves accumulated in the "good times". The population at large will be faced with a bleak future.

Political repression will go hand in hand with economic deprivation in the three big countries, while countries such as Egypt and Tunisia will make slow but steady progress, in fits and starts, towards political participation and liberalization. The citizens of the Persian Gulf will become increasingly aware of their deprivation and the support of foreigners for their corrupt rulers, further fueling insurgencies.

Rulers will follow the lead of the US and brand anyone and everyone who fights for human rights as "Islamists" and "terrorists". Resentment towards rulers and the West will increase to new highs with more popular rebellion and military crackdowns. While Egyptians will continue to be more concerned with economic justice and prosperity, the citizens of the Persian Gulf will be as concerned with political rights and participation.

In parallel, we believe that Iran will complete its enrichment cycle to the point that it could develop a bomb, if needed, in less than three months (becoming another Japan as far as enrichment and nuclear weapons are concerned). The Iranian people have been, and will continue to be, behind this policy because of the world's support of Saddam Hussein in the aftermath of his invasion of Iran and the West's shameful export of weapons of mass destruction to Iraq used in its war with Iran, killing and maiming thousands of Iranians.

At the same time, we expect that in time it will be revealed that Saudi Arabia has already purchased five nuclear warheads from an "unconfirmed" country, rumored to be Pakistan, for an estimated US\$20 billion. With its previously confirmed acquisition of Chinese long-range missiles capable of carrying nuclear warheads, Saudi Arabia overnight becomes a threat to Iran, Iraq and Israel. Egypt and Turkey accelerate their plans to acquire nuclear warheads.

In retrospect, US reluctance to force an end to expansion of Israeli settlements into the West Bank and to push for a totally verifiable nuclear-free Middle East will be seen as the most shortsighted and greatest policy blunder of all time.

As events unfold, all observers will question what good nuclear arms have done for Israel? Israel had always enjoyed conventional military superiority and US support. Israel's nuclear arsenal will be seen as only encouraging others to acquire similar weapons and pose an existential threat to Israel.

Although we may be tempted to continue and speculate on how this will play out, it is better that we stop this line of speculation here. We would just add one thing. Yes, a disenfranchised nut could rule in Iran, Iraq, Egypt, Turkey, and Saudi Arabia or in Israel. And nuts with a nuclear bomb are a bad mix, at any time and anywhere.

Can the political, economic and energy outlook for the region be very different the one we have described above? Yes, but it will take a lot on a number of fronts, especially on the part of international non-government organizations, the US, China, Russia and the UN Security Council.

Essentially, what is required is a broad-based initiative that promotes regional peace, economic justice, economic development and growth in the region, encourages good institutions and political liberalization, and forces the US, the rest of the West, China and Russia to take a longer-

term policy approach to the region and give more credence to what they espouse.

Let's briefly elaborate on what will be seen as naive and wishful thinking by any realist.

- Increase the price of all acts of aggression, political crimes, human rights abuses, plunder of national wealth, and more.
- The UN Security Council guarantees the borders of each and every country in the region. All acts of intrastate aggression are treated fairly and justly at the Security Council.
- If the US truly wants to practice what it preaches, it should join the International Criminal Court and expand the court's reach, powers and effectiveness; intrastate and interstate crimes - the price to be paid for aggression - can be best reduced through support for the ICC.
- International NGOs, along with Western governments, should expose the egregious acts of Persian Gulf rulers and their wrongfully acquired wealth (and that of their cronies). This should be much easier in an increasingly wired world. Rulers, without exception, must be convinced that they will be prosecuted at the ICC for their crimes with all illegally acquired wealth clawed back to their country, thus reducing the incentives for autocratic rule and plunder. NGOs, international institutions and Western governments should publicize the fact that oil belongs to the people and that elected accountable governments should be transparent and manage it a way to benefit members of all generations equitably and equally.
- The rest of the world can further support this transition to better governance and peace by placing a total embargo of weapons to the region. The US could push Israel to accept a nuclear-free Middle East. Yes, the drift towards the apocalypse could be avoided but it will take unprecedented vision, statesmanship and international cooperation. It is not the availability of oil at a reasonable price that matters, it is the survival of humanity that's at stake.