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The Oil Weapon in America's Hands

BY PAT BUCHANAN
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In July of 1941, after Japan occupied French Indochina, the Roosevelt administration froze Japan's assets in the United States.

Denied hard cash, Japan could not buy the U.S. oil upon which the empire depended for survival. Seeing the Dutch East Indies as her only other source, Japan prepared to invade.

But first she had to eliminate the sole strategic threat to her occupation of the East Indies — the U.S. battle fleet at Pearl Harbor.

FDR's cutoff of oil to Japan was thus a primary cause of WWII in the Pacific, which led to hundreds of thousands of U.S. war dead, the destruction of Japan, Mao's triumph in China and a U.S. war in Korea.

A second stunning use of the oil weapon came in 1973. Arab members of OPEC imposed an embargo in retaliation for Nixon's rescue of Israel with an airlift in the Yom Kippur war. Long gas lines helped to bring Nixon down.

Now the oil weapon appears to be back in America's hand.

Due to the substitution of natural gas for oil in heating homes and buildings, horizontal drilling, and hydraulic fracking, which enables us to bring oil and gas out of shale rock in places like North Dakota, U.S. production has exploded. We now produce more oil than Saudi Arabia and the benefits are not only economic, but geostrategic.

Cuba excepted, there is no more hostile regime in Latin America than Venezuela's Nicolas Maduro, the successor to Hugo Chavez. Oil accounts for 95 percent of his nation's exports. Iran is almost wholly dependent upon oil sales for hard currency. Russia is the oil and gas supplier for much of Europe.

With the price of oil having fallen from over \$100 a barrel to below \$80 this week, all three nations are suffering plunges in revenue. The United States and Europe are also punishing Russia and Iran with sanctions on their energy sectors.

Iran's production has fallen sharply. Oil-drilling equipment and the latest U.S. drilling technology that Russia has sought to bring on stream its vast Arctic reserves are being denied to her.

As the oil weapon was used by us against Imperial Japan and by the Saudis against us, we are now wielding this sword.

We should remember that it is double-edged.

While it would seem natural for Saudi Arabia, the largest producer in OPEC, to cut production to tighten the oil market and let prices firm up and rise, the Saudis have continued to pump as the price has fallen.

What is Riyadh's game?

Is the Saudi strategy to let prices fall to where it is no longer profitable for Americans to begin new fracking? Are the Saudis thinking of doing to the new oil-producing champion, USA, what we are doing to Venezuela, Russia and Iran?

Riyadh may want to let the price of oil sink below where it makes sense for energy companies to prospect for new sources of oil or invest more billions in expanding production.

Are the Saudis out to cripple us with an oil glut?

Today, not only are Iran and Iraq producing below potential, so, too, is Libya. And we have been bombing ISIS' oil facilities in Syria.

A contrarian's question: Would we not be better off if these countries not only restored oil production, but also expanded production and put more oil on the market than they do today?

Demand creates supply, and a world oil market where there is more supply than demand would seem to be to America's benefit. For we remain the world's largest consumer of petroleum products.

And surely it is to our benefit to enlarge both the reserves and production of oil and gas in North America.

Price plays a huge role in creating, and shrinking, supply. And price, Adam Smith notwithstanding, is something we can control and manipulate, even as China manipulates its currency.

In "America's New Oil Weapon" in National Review, Arthur Herman of the Hudson Institute urges the United States to take bold steps to increase our supplies of oil and gas.

We should relax the rules on drilling in Alaska's Arctic National Wildlife Refuge, which has 10 billion barrels of oil locked up. We should use as an economic weapon against OPEC the 700 million barrels in the Strategic Petroleum Reserve. We should allow the export of oil from the United States to enable us to cope with OPEC cutbacks. We should build the Keystone XL pipeline, and the other oil and gas pipelines between us and Canada now sitting in limbo.

What Herman is urging upon us is a new nationalism, a new way of thinking about international economics that puts the U.S. and its allies first, and uses our economic leverage to advance national rather than global interests.

Something the GOP Congress might think about when Barack Obama asks them to surrender their right to amend trade treaties with fast track.

Patrick J. Buchanan is the author of the new book "The Greatest Comeback: How Richard Nixon Rose From Defeat to Create the New Majority."