

The political economy of the U.S.-Iran crisis: Oil hegemony, not nukes, is the real issue

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Just as the true reasons for the U.S.-British invasion of Iraq were not “weapons of mass destruction” or “links to Al Qaeda,” so too, the true reason for the present U.S.-Iran crisis is not the ostensible “nuclear threat” posed by Iran. Rather, the American push against Iran’s nuclear program and for “regime change” is about maintaining American hegemony in the oil-rich Persian Gulf Region.

The Iranians are nowhere near to developing highly-enriched uranium for nuclear weapons. In fact, they appear to be far from even producing sufficient low-level enriched uranium to use in fuel rods for their Russian-built nuclear power plant. But, even if they were near to building a nuclear bomb, Iranian nukes would not, per se, be why Washington is out to remove the mullahs from power. Just this February, Bush was very pleased to recognize India as a nuclear power (a country which has actually done what Washington is accusing Teheran of trying to do). He did this after India sided with the U.S. against Iran at the I.A.E.A. So too, Bush hasn’t insisted that Pakistan, a country which admits to having proliferated nuclear weapons, and which has powerful Islamic fundamentalist movements, give up its illegally developed nuclear weapons – rather, he called Pakistan a “close ally” of America.

No, the reason for U.S. hostility to Iran can neither be explained by nukes nor by Islamic fundamentalism, nor, for that matter, by any Iranian support for terrorist organizations. Rather, the uncompromising first principle for Washington when it comes to Iran, or to any other state in the Persian Gulf Region, is that the U.S. and the U.S. alone shall remain the regional hegemon – which is purely about oil.

The majority of the world’s oil reserves are in the Persian Gulf Region. According to the International Energy Agency, about 60% of the world’s conventional oil reserves are located there in essentially five countries. Whoever has predominant influence in this region has their hand on “the global oil spigot”³ – a prize which brings enormous power and leverage far beyond the region itself, reaching over every country and enterprise that needs the region’s oil. Washington has worked since the Iranian Revolution of 1979 to keep Iran of the mullahs from once again

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3 David Harvey, *The New Imperialism*, 2005.

becoming the oil-producing powerhouse it was under the shah. Indeed, gradually, especially in the years just after the Iran-Iraq War, Washington came to an absolutely firm, bi-partisan consensus, that, no matter what promises the mullahs might make, the mullahs simply cannot be trusted. Even when the mullahs have offered quite stunning compromises – Washington has rejected these. The reasoning is that, if Iran's production were allowed to rapidly climb (and indeed, it has the potential for very significant growth), the mullahs would become rich and powerful players in the Persian Gulf Region and OPEC, and would surely use this position to undermine the U.S.-backed Saudi royals and the Kuwaiti emir – and thereby U.S regional hegemony. Therefore, the Americans have actively blocked Iran from developing its oil and natural gas sector since 1996 by imposing sanctions. And, as I explain below, these sanctions have been devastatingly successful against Iran. They have preserved U.S. hegemony in the Gulf Region from any significant threat by Iran, and, as a bonus to the U.S., have greatly weakened the Iranian economy and the mullahs' domestic position.

However, blocking the development of Iran's oil potential and, with it, the regional ascendancy of the mullahs, has thus far been essentially a defensive maneuver for the U.S. Whatever the various ideological-political rationalizations embraced by various elements of the bureaucracy and the political elite, the persistent, material-economic impetus for this evolving crisis, is that the global oil order is facing a growing demand crisis. This demand crisis requires that new sources of oil to be actively developed and brought to market to meet the skyrocketing consumption of especially India and China. And, within Iran there lay large oil fields ripe to be upgraded or brought into new production. According to the U.S. EIA, Iraq and Iran together have almost 20% of the world's proven oil reserves, respectively the third and fourth largest in the world.⁴ This is the material-economic basis for Washington's urge to now go on the offensive, proceeding to the next phase of regime change.

The U.S. is intent on bringing Iranian oil production up to its full potential; but only under a new regime, one which it trusts to protect foreign investments and property rights in oil, and which, like Saudi Arabia, Kuwait and the UAE, will not use its oil prowess as a weapon. The new regime must accept a status for Iran as a protectorate of the U.S., just as have these three other Persian Gulf oil-producing states. (This is also, of course, what the U.S. requires of the new government in Iraq, if it wishes to be allowed to once again become a major oil-exporting state).

Many forces are looking to develop Iran's oil riches. If the U.S. does not want the mullahs to be the beneficiaries and custodians of this new oil wealth, then they have to get on with removing the mullahs sooner rather than later. As they learned in Iraq, they cannot maintain sanctions forever. At a time when U.S. and U.N. sanctions on Iraq's oil development were rapidly losing support in the international community, the events of 9/11 unexpectedly gave the U.S. a

⁴ See, for Iran: <http://www.eia.doe.gov/cabs/Iran/Oil.html> , and for Iraq: <http://www.eia.doe.gov/cabs/Iraq/Oil.html>

pretext to remove the Ba'ath Party from power, In the case of Iran, for now, the American's hook is the ostensible "Iranian nuclear threat."

Effects of U.S. sanctions

The U.S. has been enforcing unilateral sanctions to block foreign direct investment (FDI) in Iran's oil and natural gas sector for eleven years, with devastating effect on Iran's output and Iran's internal economy. One hears very little about this in the mainstream press, but it can be readily seen in the relevant data.

Today, Iran produces a little over 4 million barrels of oil per day. This makes it the world's fourth largest producer after Saudi Arabia, the United States, and Russia. In this sense, of course, Iran is an important player; however, we need only look a little closer to see what the effects of American sanctions have been on Iran's place in the global oil order. As far back as 1974, under Shah Reza Pahlavi – put in power by a British and American organized coup – Iran was producing 50% more oil than today. This means Iran's production is actually now well below its potential. According to the U.S. Energy Information Agency (EIA), while Iran has 10% of the world's proven oil reserves, it is producing only 5% of the world's total output (which is 85 million barrels per day). How can this be? Just look at the miserable situation inside Iran's oil industry.

The EIA's latest report on Iran's oil sector, says "[Iran's oil] fields are in need of upgrading, modernization, and enhanced oil recovery efforts ..., with current recovery rates at just 24-27 percent (compared to a world average of 35 percent)." And, although Iran is believed to be rich in offshore oil, it had "only a few exploration wells being drilled in 2005."⁵ In fact, Iran's domestic oil-refining capability has deteriorated to the point that it now actually has to *import* about one-third of the gasoline its citizens consume. This widespread degradation of what was a world-class oil infrastructure under the Shah is the intended result of U.S. sanctions starving Iran of investment and denying it up-to-date technology. The American sanctions have methodically reduced Iran's oil sector to this miserable state in order to prevent Iran from gaining influence in the Gulf, from undermining U.S. hegemony there or in the larger global oil order.

Let me just make it perfectly clear that this lack of foreign investment in Iran is not a case of Iran refusing to accept FDI based on some progressive, anti-neo-liberal stand, or to preserve the sovereignty of its nationalized oil fields by refusing to re-privatize them. Hardly – the Majlis first passed a law in 1987 loosening up restrictions on FDI, and took significant steps towards allowing foreign ownership and operation of its oil fields (albeit in a rather contorted form, know as "buy back"). And, Iran does receive some FDI from companies and states outside the reach of U.S. sanctions, and this has caused its oil sector to show some growth over time; however, it remains in fundamentally poor shape. Further openings to foreign investment and private-ownership schemes have recently been considered by the Majlis. While some forces in Iran

⁵ EIA Iran Outlook, updated in January 2006; <http://www.eia.doe.gov/emeu/cabs/Iran/Background.html>

oppose further openings to FDI, this is certainly not a case of Iran refusing to take FDI. Rather, it has been U.S. sanctions which have blocked Iran from re-attaining its former oil-producing prowess.

Economic warfare

But, the sanctions have had an added benefit for the U.S. Oil export revenues are central to Iran's economy; according to the EIA they account for: "around 80-90 percent of total export earnings and 40-50 percent of the government budget."⁶ Thus, not only have sanctions depressed Iran's potential production, undermining Iran's ability to challenge U.S. influence in the region, sanctions have also created a chronic economic crisis within Iran, posing a very serious problem for the regime. The U.S. likes to focus on how the incompetent economic policies and corruption of the clerical government have caused economic hardships for the Iranian people. This is a case of one thief yelling at another "Stop thief!" to avert attention from one's own crime. The mullahs are indeed incompetent and corrupt; but, to somewhat greater or lesser extents, so are the other, royalist regimes of the Persian Gulf Region famously corrupt. Nevertheless, those other Gulf regimes are all presently enjoying an unprecedented economic boom due to the high price for oil over the last three years, while Iran is suffering huge budget deficits. The real difference which explains the economic problems Iran is having – problems so bad that it can't even afford subsidies for bread and gasoline – is the fact that Iran's oil and natural gas (hydrocarbons) sector has suffered U.S. sanctions for eleven years.

Really, this is a form of economic warfare. Iran is in such internal economic difficulties due to the effects of sanctions undermining the oil sector, that, at a time when their neighbors in Saudi Arabia have a national stock market which actually exceeds the size of the Chinese stock market,⁷ the mullahs have been forced to dip into the state's long-term oil-emergency funds, taking out almost \$3 billion which was set aside for times when the price of oil might collapse. This they have had to do just to maintain food and gasoline subsidies for the people. Paradoxically, another indicator of the effectiveness of the American oil sanctions in wrecking the Iranian economy is that a major aspect of President Mahmood Ahmadinejad's electoral victory this past June, was his expansive, populist promises to alleviate these economic burdens on ordinary Iranian.

6 EIA Iran Outlook, updated in January 2006; <http://www.eia.doe.gov/emeu/cabs/Iran/Background.html>

7 For example: "Across the Middle East, the oil influx has made local stock markets— which barely existed during previous oil booms—among the best performers in the world. The United Arab Emirates' primary composite index is up 108% so far this year [i.e., 2005 – TO'D], while Saudi Arabia's Tadawul All Share index has risen by 81%". "Having more than doubled since 2003, Saudi Arabia's stock market is now one of the largest emerging markets in the world by value -- larger than China's or India's." Oil Producers Gain Global Clout From Big Windfall; As Prices Soar, Exporters Are Saving, Investing More, Easing Economic Damage; Gregory L. White and Andrew Higgins. Wall Street Journal (Eastern Edition). New York, N.Y.: Oct 4, 2005.

So, the American sanctions have been devastatingly effective. Iran is in a miserable state; a country practically floating on oil which is unable to pump sufficient oil to finance its domestic economy during one of the biggest oil booms in history—all to assure Iran cannot assume the role of a major player in the Gulf Region, in OPEC or in the international oil order. Sanctions have succeeded in preventing any significant Iranian challenge to U.S. oil hegemony. Removal of these sanctions is the fundamental aim of the mullahs in pushing their nuclear program forward, hoping to trade the threat posed by the Iranian nuclear program (quite an empty threat for the present) for the Americans lifting sanctions.

Origins of American sanctions

It is interesting to see how these sanctions came about and how broadly they are supported by the American political elite; this history is sobering story of the depth of bi-partisan support for regime change. They were imposed in two steps.

Sanctions on FDI from U.S. firms were first imposed by Clinton, by Executive Order in 1996, prohibiting U.S. companies and their foreign subsidiaries from conducting business with Iran, and from financing any oil or gas development there.⁸ This order was imposed in direct reaction to an announcement that Iran's then-prime minister, Rafsanjani, desperate for foreign investment in the oil sector, had pushed aside whatever remaining Islamic-revolutionary sentiments members of the parliament, the Majlis, still harbored (i.e., foreign investments in oil are actually outlawed by the 1979 constitution; yet, the 1987 law manages to get around this), and accepted a \$600 million contract with the U.S. firm ConocoPhillips to develop a new offshore field.⁹

Normally, the U.S. has actually pushed countries to accept FDI – so this reaction to a major deal by Iran and a U.S. oil company is a complete anomaly in that regard. The crucial difference here is that when Kuwait, or Algeria, or Libya, and others have recently announced that they will now accept FDI, the U.S. has seen this as an opening for foreign capital, as an important achievement which will enhance the global neo-liberal agenda within the oil sector. However, a pre-condition for this welcoming attitude, is that the governments which have accepted FDI be judged by the U.S. as being “reliable” to guarantee the interests of the investors, and that the new oil-producing capability it will create in the country will not be used by its government against American geo-strategic interests. If, however, the country is judged “unreliable” or a “rogue” regime, then the American state will emphatically oppose the investments. (For example, Cuba falls into the second category. So, earlier this year, when the U.S. Justice Department “caught” representatives of ExxonMobil meeting with Cuban government officials at a Mexico City hotel, to

8 *ibid*, EIA

9 Kenneth R. Timmerman, *Countdown to Crisis: The Coming Nuclear Showdown with Iran*, Crown Forum, 2006.

discuss FDI in Cuba's newly found offshore oil fields, they forced the hotel management to expel the delegations, to stop the meeting.)

In the case of Iran, Clinton's Executive Order blocked U.S. companies from developing Iran's oil-sector prowess; however, there were still plenty of companies from other countries who were perfectly happy to invest in Iran's oil. So, Congress passed the U.S. Iran-Libya Sanctions Act (D'Amato Act) of 1996, which Clinton also signed, and it was renewed for five more years in July 2001. Initially, the Iran-Libya Act was widely opposed by European countries, by Japan and others, as an outrageous, and, under international law and the rules of the WTO, an illegal extraterritorial extension of U.S. domestic law over the investments of other countries. But, the American law has prevailed. Violators face mandatory and discretionary sanctions imposed by the U.S. government on non-U.S. companies investing more than \$20 million annually in the Iranian oil and natural-gas sectors.¹⁰

Now, of course, these U.S. sanctions were presented as necessary to stop either Iran's nuclear aspirations, or to block Iran's support for terrorist groups in the Middle East, or to support democracy in Iran, or whatever. And, of course, there is no doubt that the Iranian clerical regime has had aspirations for spreading Islamic revolutions throughout the Middle East, that it might wish for having nuclear weapons to threaten the U.S., Israel and whatever other enemies it identifies, and that the regime has its own self-serving definition of democracy, etc. However, to assess the *true* intent of U.S. sanctions, one has only to look at the particular tool the U.S. chose to use and its clear effects. That tool was comprehensive sanctions on investments in Iran's oil industry, and the clear effect has been to keep the clerical regime from being a significant player in the oil-rich region, unable to challenge U.S. hegemony and its client states there. Furthermore, it has weakened the regime economically to the point that the U.S. is now ready to move to the next phase, to the use of force against the regime, and prepare for its removal. Only after it has removed the regime, and replaced it with one which accepts the U.S. as the regional hegemon, will the U.S. allow FDI to again flow into Iran's oil sector. (Note, this is precisely the sequence it has followed with Iraq, a country whose oil potential is roughly equal to or somewhat greater than Iran's, also under cover of a plethora of complaints about Iraq's nuclear program, terrorism, etc., to mask the oil-hegemony issue.)

Aims of the Iranian mullahs

Given the devastating effects of the U.S. sanctions, the most fundamental aim of the mullahs' regime, their bottom line in the present confrontation, is removal of the U.S. sanctions on FDI in oil and natural gas, along with U.S. security guarantees, (i.e., that the U.S. will not attack or pursue regime change). Of course, the standard press story is that the Iranian government, at

¹⁰ Energy Information Administration (EIA) of the U.S. DoE, Country Profile: Iran. Updated January 2006. See: <http://www.eia.doe.gov/cabs/Iran/Oil.html>.

present under President Ahmadinijad, has been dogmatically inflexible, especially when it comes to its nuclear program, its dedication to Islamic revolution, its support for terror groups, etc. However, this is not the case. The facts show that the mullahs' regime is now quite desperate to simply maintain itself in power, even if it means surrender of all its supposed sacred principles. The most striking proof is that, in 2003, it offered a "grand bargain" to the United States. According to Flynt Leverett, then the National Security Council's Senior Director on Middle East Affairs, and others, the Iranian government offered to end its support of Hamas and Islamic Jihad in Palestine, and to transform Hezbollah into a social-political organization. In return, it wanted an end to the sanctions; it wanted security guarantees, and U.S. assistance in joining the WTO. It also was willing to meet with U.S. ambassador Khalilzad – then in Afghanistan – to hold negotiations, and to reveal the names of Al-Qaeda leaders it had detained in Iran, in exchange for the names of members of the MEK the U.S. had restricted to a base in Iraq. Needless to say, these are stunning concessions for the Iranian leadership, whose entire self-identity is bound up with being the center of Islamic, and especially Shi'ia, fundamentalist struggle against the U.S. and Israel. But the U.S. refused this grand bargain, and actually reprimanded its ambassador in Vienna for passing along the "grand bargain" offer from the Iranian government.¹¹ What more could the U.S. want?

The answer is that Washington, and the neo-cons in particular, will accept nothing short of the complete removal of the clerical regime, and to reduce Iran to the status of an American protectorate alongside other oil-producing states of the Persian Gulf Region. It would appear that this decision has been made some time ago.

There is no "oil weapon"

The mullahs are being pushed up against the wall. What can they do? Many believe that the Iranian government can use the oil weapon to deter an American attack. But, the oil weapon has long ago been removed from their arsenal. Iran's oil production is simply too small at present – precisely as a result of the years'-long U.S. sanctions – to enable Iran to threaten to cut off oil exports as an effective weapon against Washington's regime-change plans. This might seem a preposterous statement, given the present tight global oil market. But, again, we have to examine the facts: Iran now exports only about 2.5 m barrels of oil per day.¹² For purposes of comparison, the amount of oil the U.S. needed after Katrina, to temporarily replace its domestic Gulf-Coast output, was 2 million barrels per day, or 80% of the total exports of Iran. Two things are important to understand here: first, the U.S. was able to effortlessly pump this amount of oil from its Strategic Petroleum Reserves (SPR), which are part of the larger oil stockpiles

¹¹ Gareth Porter, "Neocon Cabal blocked 2003 nuclear talks," Asia Times, March 30, 2006.

¹² *ibid.*, EIA, 2006.

maintained by the International Energy Agency (IEA)¹³ for First-World states. The second relevant fact is that there are now over 4 billion barrels stockpiled in the First World's combined strategic petroleum reserves.¹⁴ What this means, is that there is now so much oil stored in the First-World's SPR, that the U.S. could have continued to withdraw oil at the post-Katrina rate – a rate greater than the entire daily needs of France (1.9 million barrels) – for over five years! In any case, the leader of the International Energy Agency, Claude Mandil, recently said that there was at least enough oil in its SPR to keep supplies going for 18 months if Iranian exports completely stopped, and he specifically reassured those states now negotiating with Iran over its nuclear program, saying to them that they "did not have to worry about an eventual loss of Iranian oil because you have the means to deal with it."¹⁵

So, America has managed to so reduce Iran's output via sanctions that, not only can't Iran challenge U.S. hegemony in the Gulf, it can't even significantly hurt it by cutting off its oil. In this state of affairs, if the mullahs are foolish enough to cut off oil exports, undoubtedly the U.S. would allow the press to foment hysteria about "economic warfare" and "oil blackmail," etc., and the price of oil would soar due to the panic. If and when there is any real need for oil for civilian or military consumption, the IEA could order the necessary release from its huge stockpiles with no more trouble than after Katrina. Iran would achieve no real leverage whatsoever against either the U.S. sanctions or a military assault. Rather, President Ahmadinejad and (Supreme) Leader Ayatollah Ali Khamenei would have handed the U.S. precisely the sort of "emergency" it requires in order to mobilize domestic public opinion and to recruit fresh manpower for hostilities against Iran. (The American state is, however, endeavoring to manufacture some "emergency" to do with nukes, and, of course, might also utilize "links to terrorism," etc. as required.) The mullahs seem to realize that this is the situation, as they have quickly denied all the rumors or statements which periodically emerge to the effect they are considering using "the oil weapon."¹⁶

Mullahs' nuclear impotence

Now, what has this left the mullahs to pressure the Americans to remove sanctions? They have seen North Korea masterfully wield the threat of nuclear weapons to force the big powers of Asia and the U.S. to negotiate with it. However, if the nuclear threat has been a masterful performance on the part of the North Koreans, it has been an impotent act of desperation on the part of the mullahs.

13 The IEA was founded on the recommendation of Henry Kissinger in 1974, and is today composed of all 27 member states of the Organization for Economic Cooperation and Development or "OECD" (a.k.a. the "First World").

14 Data on SPR files ...

15 Guy Dinmore, "Support for Iran embargo losing ground," Financial Times, March 14, 2006.

16 See, for example, the Iranian oil minister's reassurances that Iran will not use the "oil weapon," reported on the front page of the Wall Street Journal, April 26, 2006.

There are important differences between North Korea and Iran. First is that the North Koreans actually have a bomb, and they have shown it to visiting foreign scientists, and they fired a missile from North Korea over Tokyo, to land in the ocean beyond (needless to say, the North Koreans' nuclear program is not exactly what you might call an "empty threat"). On the other hand, the Iranians clearly do not have a working nuclear power plant, much less a bomb. Further, the North Koreans have no oil, nor, at present, anything else that the U.S. particularly wants to control, while Iran is one of the richest oil and natural gas states on earth. This means that the U.S. really isn't interested in investing much in a regime change for North Korea, they really don't want a regime change there right now, thank you. On the other hand, the Americans are actually looking for any excuse they can find to go on the offensive against Iran, and to change the regime. This means that the empty Iranian nuclear threats are not much of a bargaining chip for the Iranians (as has been demonstrated by the past two years of intensive negotiations with the U.S. indirectly – via the E.U.-3 and Russia). In fact, if the U.S. is actually looking for an excuse to bomb Iran, and move onto the regime-change offensive, the mullahs are merely handing the Americans precisely the sort of excuse they want. What is more, Iran's nuclear threats, along with Ahmadinejad's demagogic denial of the Holocaust and threats against Israel, have given the Europeans and others cover to side with the U.S. Once again, as during the Iran-Iraq War, the fate of the Iranian nation is in the hands of this corrupt, reactionary and incompetent strata of mullahs and their adherents.

No illusions

It is important not to harbor illusions as to the possible outcomes of the present crisis. The people of the U.S. need to know the truth of the matter. The issues at stake for the American state in the present confrontation with Iran are absolutely central to the maintenance of the American empire; they go to the heart of its hegemony in the Persian Gulf Region, to the heart of its hegemony in the global oil order. The U.S. has invested considerable effort and political capital in preventing Iran under the mullahs from attaining the Iranian nation's natural position of influence in the Persian Gulf Region and in the larger oil order. Moreover, the U.S. has not only undercut Iran's ability to challenge American regional hegemony, the U.S. has waged economic warfare against Iran, systematically breaking down Iran's ability to support its rapidly growing population and causing a chronic internal economic crisis, one which is shaking the regime. In all this, the U.S. has been so far successful. But, this American-engineered state of affairs is not sustainable.

Let's look at the political-economic facts here. Both the International Energy Agency (IEA) and the U.S. Energy Information Agency (EIA) have been consistently warning of continued global oil-demand growth. The IEA projects that the total global oil output must increase by two-thirds from 2001 to 2020, and that this will require some \$3 trillion of investments, mainly in the

Persian Gulf Region where world oil reserves are concentrated. This imperative led to a concerted push by the U.S., beginning with the Clinton Administration, to have OPEC states begin to accept FDI in their nationalized hydrocarbon sectors. The constitutions and laws of many of these states have prohibited foreign ownership of, or investments in, their hydrocarbon sectors since 1974 when OPEC states nationalized their oil. The 2001 National Energy Plan (a.k.a. Cheney Plan, see Chapter 8), lauds the broad success till then in opening up a long list of “friendly” states to FDI in the Persian Gulf and North Africa. However, there is considerable distress in the global oil industry, and among oil-consuming states generally, that this investment is not proceeding rapidly enough to prevent productive capacity from falling decisively behind demand by the oft-cited 2020 deadline. And, it takes from seven-to-ten years before investments in new capacity actually come on line.

[In particular, the E.U. Commission, in March 2006, issued a comprehensive, geo-strategically orientated report (Green Paper). Amongst other things, it raised the concern that investments are not proceeding rapidly enough in the Middle East oil states, partially because the U.S. occupation of Iraq has not gotten Iraq’s oil on line quickly enough, and, because political uncertainty there is causing states to retreat from opening their oil sectors to FDI as quickly as had been hoped.]

In short, all players in the international oil order agree that Iran’s oil fields (not to mention Iraq’s) need to be opened as quickly as possible to FDI. In this situation, the Europeans, especially the E.U.-3, have decided to throw their lot in with the U.S. in this confrontation with Iran. Neither are the Russians nor the Chinese objecting strenuously. And the world’s second largest economy, Japan, is once again quietly, but firmly, in the U.S. regime-change camp. The imperative to get Iran’s oil online is the main factor behind this multilateral support for the U.S. in confronting Iran. But, one cannot imagine these other powers waiting forever to bring Iran’s oil online. If the Washington doesn’t want to allow the mullahs to develop Iran’s oil, they have to remove the mullahs. It is crucial to recognize that this is not merely a matter of some subjective neo-con ideological bent which is driving the U.S. to forcible regime change in Iran (though, of course, this exists); rather, it is the objective political-economic realities of the oil order today which are impelling the U.S. to take the offensive, and soon, if the oil order is not to be undermined by a demand crisis. Such a crisis could, in turn, spell disaster for global capitalism generally as transportation is universally dependant on oil – oil is the basis for well over 90% of all transportation.

For the record, it should be noted here that, in fact, the present demand crisis in the global oil market would not actually be a crisis – there would be no issue of a narrow world-wide supply cushion, or of record-high prices – if U.S. sanctions had not prevented Iran from developing its full oil potential. (A similar statement can be made about the U.S. sanctions on Iraq’s oil, extending from the Gulf War until the U.S.-British occupation.) Clearly, for Washington

at least, American hegemony in the global oil order has trumped the prevention of the present crisis of the oil order, the inability of supply to stay well ahead of rising demand.

American regime-change tactics

Many assume that the American state does not now have the military forces or the political latitude to attack Iran. This view is understandable, but misinterprets the particular stage of America's regime-change campaign against Iran. Arguments include the continuing difficulties for Washington from its three-years'-long occupation of Iraq, recent polls showing most Americans are now opposed to that occupation, etc. I have addressed others above: regarding the oil weapon, the ability of the U.S. government to generate the necessary "emergencies" to legitimize and mobilize for a military campaign, etc. The key point here is to realize that, at this point, regime change is at the stage of initiating more complete sanctions against Iran (under the U.N.), and beginning to seriously cripple its defensive capacity by violent means. This can be done without the deployment of a significant number of U.S. troops within Iran.

Of course, it is not possible to predict American military tactics with any certainty; however, let us look soberly at the present stage of the U.S. regime-change process vis-à-vis Iran. Iran has a respectable Air Force, and significant amounts of surface-to-surface, anti-ship, and other missiles. In the course of a U.S. bombing campaign against Iran's nuclear sites, it would be likely for the Iranian Air Force to challenge American planes (not to do so would disgrace the regime). The U.S. would likely use this as a pretext to destroy whatever portion of the Air Force it could find, along with Iranian radar and missile-launching facilities, etc. This would be infinitely more significant, in the short run, than the destruction of Iran's nuclear facilities, which are far from producing nuclear power-station rods, much less any high-purity bomb-grade uranium-235.¹⁷ Once Iran's air force is crippled, the country would be susceptible to ground incursions by various forces hostile to the regime. These might reasonably include Kurdish, Azerbaijani and other nationalist separatist forces which have long fought against Iran's central government; it would very likely include also the formerly Saddam-supported Mujahedin-e Khalq organization (MKO/MEK) (which signed a truce with U.S. forces during the occupation of Iraq and which Rumsfeld, Wolfowitz and others have repeatedly expressed interests in utilizing within Iran). In addition, there are royalist or even democratic-opposition groups of various types. One is reminded here of the contra-type war that the U.S. employed against Nicaragua in the 1980's, however perhaps with the addition of U.S. air support, and no-fly zones enforced on the Iranians, like those which were enforced by the U.S. and British Air Forces over Iraq. It was this

17 For example: Joseph Cirincione, Director of the Carnegie Foundation, Non-Proliferation Project has repeatedly stated that this is the level of Iran's program in NPR interviews in April, 2006. See also: Caterina Dutto, "How long will it take for Iran to produce a nuclear weapon?" Published: April 13, 2006, (accessed: <http://www.carnegieendowment.org/npp/publications/index.cfm?fa=view&id=18235#>) on Carnegie website.

which allowed Kurdish forces to establish their de-facto separate state in Northern Iraq. In addition, it should be noted that, in the final stage of the Iran-Iraq war of 1981-89, the U.S. Navy intervened on behalf of Iraq, and sunk essentially the entire Iranian Navy in short order. Any attack on the nuclear facilities may produce a replay of this. In short, this is not intended as a prediction; rather, this scenario is painted solely to demonstrate that a campaign against Iran, which presupposes the deployment of no significant number of U.S. troops within Iran is conceivable, which, together with comprehensive U.N. sanctions against Iran to augment the present U.S. sanctions, could be carried out by the U.S. in the present situation, and be devastating for the mullahs' regime – and the Iranian people..

What is crucial here is that one must not underestimate the willingness of the present U.S. leadership to take what it sees as necessary, paradigm-altering measures. In this regard, the liberal Op-Ed commentator and Princeton economist, Paul Krugmann, has often made an important observation, one which he says his colleagues in the corporate media are blind to. That is, the Bush Administration and neo-cons see themselves as “revolutionaries”. And, as Henry Kissinger has written about (in his doctoral thesis), if one has the expectation that a political force is acting according to the usual rules, when, in fact, they are revolutionaries, the result for you will be a disaster. What I have been endeavoring to illustrate above, is that the right-wing “revolutionary” sweep of the present Administration in the case of the Iran crisis is not merely a subjective, political-ideological phenomenon (though, of course, it is also that). Rather, it has a material-economic basis in the imperatives of the present global oil order. If this is true, then it is not at all irrational, in fact, from the perspective of maintaining U.S. hegemony, it is perfectly rational, for the U.S. to do as Rumsfeld, Cheney, Rice, and Bush are wont to do: to ignore the “difficulties” of their present Iraq occupation, and lack of military manpower, and American and world public opinion – and proceed on to Tehran. We should have no illusions about this, and begin now to organize against this new reactionary war.

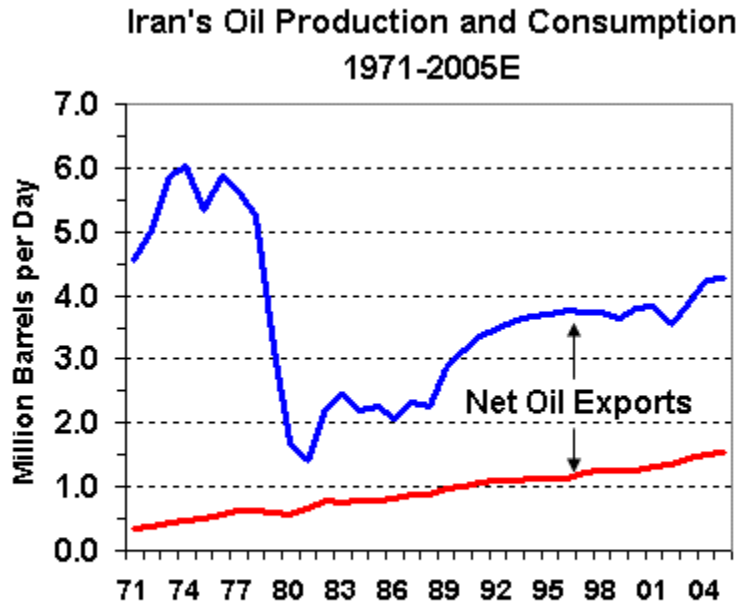
Whether the Iranian people would, in the main, defend the regime so as to defend the nation, or whether they would oppose *both* the regime and the U.S. for together bringing disaster on Iran can not be predicted. One hopes the latter. That is the only path for the long-suffering Iranian people to once and for all take matters into their own hands, to avoid their struggle being co-opted by the nefarious plots of either force, and complete the democratic, national liberation struggle which was derailed by the mullahs in 1979.

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GRAPHIC TO ACCOMPANY ARTICLE:

CAPTION: Note the continued depression of Iranian oil production since the revolution of 1978-1979. Production began to increase after the 1981-1989 Iran-Iraq War; however U.S.

sanctions were then imposed beginning in 1996, and have since greatly restricted FDI. In the last few years, Iran has acquired some new sources of FDI; yet, production was still 50% higher under the shah, in the mid-1970s, than today. If U.N. sanctions are now imposed, this would likely eliminate whatever new FDI has been entering of late in violation of ongoing U.S. sanctions. Depressed Iranian oil production has caused a chronic economic crisis in Iran, while its Gulf neighbors are all enjoying economic boom times at the present time. See over -->



Note: Oil includes crude production and natural gas liquids. Source: EIA