

The control over the global flow of oil is the 21st century

by Lars Schall

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***Michael T Klare:** The control over the global flow of oil is the 21st century equivalent of nuclear supremacy in the 20th century*

Michael T Klare is the Five College Professor of Peace and World Security Studies (a joint appointment at Amherst College, Hampshire College, Mount Holyoke College, Smith College, and the University of Massachusetts at Amherst), and Director of the Five College Program in Peace and World Security Studies, a position he has held since 1985. Before assuming his present post, he served as Director of the Program on Militarism and Disarmament at the Institute for Policy Studies in Washington, DC (1977-84). Professor Klare has written widely on US defense policy, the arms trade, and world security affairs. He is the author of numerous books including *The Race for What's left: The Global Scramble for the World's Last Resources* (Metropolitan Books, 2012), *Rising Powers, Shrinking Planet: The New Geopolitics of Energy*, (Metropolitan Books, 2008), and *Blood and Oil: The Dangers and Consequences of America's Growing Dependency on Imported Petroleum* (Metropolitan Books, 2004). Professor Klare received his BA and MA from Columbia University in 1963 and 1968, respectively, and his PhD from the Graduate School of the Union Institute in 1976.

***Lars Schall:** Michael Klare, why are oil and geopolitics so close aligned?*

***Michael Klare:** It began because oil is crucial for warfare, that was how the link with geopolitics began, and this happened during World War I. When oil-powered weapons first made their appearance on the battlefield with oil-powered tanks, airplanes, submarines, and war ships it proved decisive in many ways, and leaders understood that the future of warfare would be decided by oil-powered weapons. Therefore, it was essential for any major power to have a secure supply of oil in order to supply their armed forces. So a lot of the diplomacy during and after World War I was aimed at securing a supply of oil for the military. This is the beginning of oil geopolitics.*

After World War II, it became clear that oil was also essential for the economy of most countries, and therefore it acquired an economic as well as a geopolitical dimension. This is expressed most clearly, I think, in the Carter Doctrine of 1980, which says that the flow of oil from the Middle East is a vital national interest of the United States, not just in military terms, but also in economic terms, and to protect that flow the United States will use any means necessary, including military force. It was on that very basis that US president George Herbert Walker Bush legitimized the US intervention in the Persian Gulf War of 1990/91.

LS: And you think it remains a dominant factor in US foreign policy today?

MK: Absolutely. Not only for America's own requirements, although that is very important. The US also seeks to be the most powerful player in controlling the global flow of oil because oil is so crucial to the world's economy; by controlling the flow of oil the US has control over the world economy in a sense. As I see it, this is the 21st century equivalent of nuclear supremacy in the 20th century.

LS: Yes, and in fact, in *Rising Powers, Shrinking Planet* you are talking about the equation between oil exporters and oil importers, and you are talking in that respect explicitly about a specific kind of New World Order. What do you mean by that?

MK: I think in a world where energy is essential for economies and where energy is never going to be sufficient to meet growing needs, countries that have a surplus of energy to export are going to be in a privileged, powerful position, and countries that have insufficient energy to meet their needs and are dependent on energy imports are in a disadvantaged situation. The world power hierarchy will be shaped by those with energy-to-export countries; those countries will be in a more dominant position. And countries that are dependent on energy imports are in a more subordinate position.

LS: Do you think that oil exporters like Russia are, related to the high oil price, in a better position than China in the sense that a high oil price is bad for China, and the United States is somewhere in between?

MK: Well, both China and the United States do produce some of their own energy, they are not wholly dependent on imports, they are both in an in-between position. But they do have vulnerabilities because for their liquid fuel, for their oil, they depend on imports from places that are at risk. So their economies will always be hostage to what happens in other places that they cannot control, and it's that vulnerability that has shaped the foreign policy of the US ever since the Carter Doctrine.

China is now becoming like the United States in a position of vulnerability, and its foreign policy increasingly is being governed in the same way by efforts to get better control over its dependence on foreign suppliers. So this puts it at a disadvantage.

Russia is the only great power of the major powers today that has sufficient domestic energy to supply all of its needs, and it does give it a swagger in international relations that it wouldn't otherwise enjoy. When the Soviet Union collapsed, if you look at the literature, the assessments made at that time, people thought that Russia would be a declining, disappearing power, it would be reduced to a Third World country; that's how people spoke about it. That is not true today. And the reason is not because it has a strong military or a strong economy, it doesn't, it's because it has tremendous energy resources that puts it in a disproportionately powerful position in the world economy.

LS: Would you say that at least one of the reasons why the Soviet Union collapsed was linked to the low oil price that was coordinated between Washington and Riyadh?

MK: I think there is good evidence that that was part of it, yes. But it was also the fact that the [Ronald] Reagan administration embarked on a military expansion at that time which was very expensive, and the US economy at that time in the Reagan period was capable of a massive military expenditure, which had the calculated intent of forcing the Soviets to keep up. They had then to divert tremendous amounts of money from domestic spending and their foreign clients in order to match US military expenditure, and they couldn't. The system collapsed under the weight of diminished oil income and higher military expenditures and declining capacity to satisfy their own citizens' expectations.

LS: One result of the collapse of the Soviet Union was the new republics in Central Asia. They see for two decades now a race by different foreign powers to establish pipelines.

MK: Exactly.

LS: Will this continue?

MK: Absolutely. The struggle for Central Asian energy is still very much an active struggle. What's different from where it was 10 years ago is that China has emerged as a major competitor in this game. China is now investing vast amounts of money to build pipelines from the edge of the Caspian Sea all the way across Central Asia to China. These are some of the most ambitious pipeline projects ever undertaken anywhere in the world. This was not anticipated even a few years ago, but China now is building large pipeline projects.

LS: Why is this the case?

MK: As I see it, this is a response to China's vulnerability to dependence on sea-borne trade in oil. As China becomes more dependent on oil imports, more and more of it comes by sea from the Middle East and Africa via sea lanes that are dominated by the US Navy, and the Chinese have come to understand that this is a double strategic vulnerability: on one hand they are dependent on imported oil which could be cut-off because of conflict or whatever, on the other hand they can't even protect their own sea lanes because the US Navy is so much more powerful. So China is very keen to expand its internal lines of communication, the overland lines of communication with pipelines to Central Asia and Russia – if they can work out the arrangement with the Russians for oil and gas coming from Siberia to minimize their vulnerability to sea-borne oil and gas imports.

LS: For the time being it seems that the most dangerous flash point in the world is the Strait of Hormuz, but in the long run the really most dangerous flash point is the South China Sea, correct?

MK: Yes. At this moment in time the most dangerous place is the Strait of Hormuz because if the current negotiations between the West and Iran fail there is the likelihood that either Iran will close the Strait of Hormuz as a response to tightened economic sanctions, which will then lead to US military action, or the US itself or Israel will initiate military action to destroy Iranian nuclear facilities. I see a high likelihood that military action will occur in the Persian Gulf. But if that happens that

will be a rather limited conflict in most likely outcome.

The South China Sea I don't think is going to produce in the short-term a violent conflict, but it is indeed more dangerous over the long-term because it poses the risk of a conflict between the two greatest powers of the day, China and the United States, because China claims the South China Sea as its national territory, and that claim is contested by other countries – the Philippines, Vietnam, Malaysia, Indonesia – and those countries are allied to the United States; and the United States has said that it will support its Allies in a confrontation with China, and therefore emerges the possibility of naval clashes occurring that will bring both major powers into conflict.

LS: Which role will the energy issue have for the presidential campaign in the US?

MK: I believe that energy will be a dominant, if not the dominant, issue in the presidential campaign because the Republicans with strong support from the oil industry are making this a central feature of their campaign to push for the maximal production of domestic oil and gas resources; pushing energy independence as a national security objective, claiming that this will create jobs, creating the false impression this will lead to cheaper energy prices, [They are] also using all kinds of emotional appeals to a vision of a America of the past when oil was cheap, when suburbia was in bloom, when America was more powerful, claiming that the Obama administration is dominated by environmentalists who want to put their environmentalist agenda ahead of the well-being of ordinary Americans who will benefit presumably from the unlimited exploitation of domestic oil and gas.