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# The War for Oil or the American Dilemma of Hegemonic Nostalgia?

Cyrus Bina

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The War for Oil or the American  
Dilemma of Hegemonic Nostalgia?

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*Faculty Center for Learning and Teaching  
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# **THE WAR FOR OIL OR THE AMERICAN DILEMMA OF HEGEMONIC NOSTALGIA?**

*(Please do not quote without the permission of the author.)*

***Presented at the UMM Faculty Seminar: October 2, 2003***

Cyrus Bina

*“As soon as the dominant social group [i.e., the hegemon] has exhausted its function, the ideological bloc tends to crumble away; then ‘spontaneity’ may be replaced by ‘constraint’ in ever less disguised and indirect forms, culminating in outright police [i.e., military] measures...”*

Antonio Gramsci  
*Prison Notebooks*, 1971, pp. 60-61.

## INTRODUCTION<sup>1</sup>

The issue of war and the loss of American hegemony are now more apparent than during the second Persian Gulf War (1990-1991). At the same time, the building of the so-called coalition, which was troublesome then, is now unworthy of the name, particularly given that neither the region’s friendliest client-states nor the spirited “partners” of the exclusive imperialist club of the now defunct *Pax Americana* have had any desire to join the slaughter. Britain, of course, was an aberration in this and in the

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<sup>1</sup> The author is Professor of Economics at the University of Minnesota, Morris, USA. This paper is based on his public lectures, on the issues of war, oil, and U.S. foreign policy, given at the Center for Near Eastern Studies, UCLA, Los Angeles, California (December 3, 2002); Marygrove College, Detroit, Michigan (April 5, 2003); International Law Society, New York Law School, New York (April 9, 2003); and the Graduate Faculty, New School University, New York (April 10, 2003).

previous Persian Gulf War. The mirror image of all this was the deepening of the differences in the United Nation Security Council and the widening of the cleavage within the ranks of NATO itself. This, however, was not entirely unexpected in the view of lingering contradictions that were evidently simmering in the period between the quiet implosion of the *Pax Americana* and the loud burst of the Soviet Empire. The objective conditions of the emerging polity and subjective tendencies of American unilateralism did not find mutual congenial ground on the epochal plane of globalization. The loss of American hegemony prompted undisguised belligerence, culminating in outright aggression. The war against a weak symbolic enemy seemed inevitable.<sup>2</sup>

I shall argue throughout this paper that the oil scenario is a popular myth that contradicts the very globalization of the oil sector since the 1970s. First, it ignores the analytical periodization of oil history into (1) the era of the cartelization of oil, (2) the transitional period of 1950-1972, and (3) the globalization of the entire oil industry since the mid-1970s. Second, it overlooks the regime of “administrative pricing” as opposed to pricing according to *value theory* and objective conditions of the market. Third, it neglects the nature of property relations and the formation of differential oil rents, and the characteristics of OPEC in the new-found post-1974 oil production. Fourth, by focusing on OPEC alone, it discounts the pivotal role of the least productive U.S. oilfields that are key to the worldwide pricing of oil. Fifth, it is unaware of the fact that OPEC prices are constrained by worldwide competitive spot (oil) prices, and thus OPEC oil rents are subject to global competition. Finally, given the above points, it does not grasp the fact that the unqualified usages of words, such as “access,” “dependency,” “control,”

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<sup>2</sup> Saddam Hussein was an ideal enemy and Iraq was an easy target, which lost nearly two-thirds of its forces and more than eighty percent of its infrastructure and civil society to the Second Persian Gulf War (1990-1991), and if that is not enough, the country was subjected to twelve years of stringent sanctions and daily American and British bombings. See, for instance, “Cakewalk in Iraq,” *The Washington Post*, February 13, 2002, p. A27, in which Kenneth Adelman, a neo-con, describes the invasion of weakened Iraq as “cakewalk,” yet, for the purpose of misinformation, he calls Hussein “the number one threat against American security and civilization.” That is why the U.S. policy makers, particularly the Wolfowitz-Berle group in the Pentagon, engaged in an extensive campaign of *puffing up the enemy* with the *not-yet-found* weapons of mass destruction in order to justify the invasion of Iraq. For the post-1991 economic conditions of Iraq see Abbas Alnasrawi, *Iraq’s Burden: Oil, Sanctions, and Underdevelopment*, Westport, CT: Greenwood Press, 2002.

etc., in the context of a globalized oil industry, is usually the sign of a great poverty of analysis.<sup>3</sup>

In June 1991, in the aftermath of the second Gulf war, I expressed my concerns about the consequence of U.S. military intervention and the new posture associated with the presence of 'victorious' U.S. forces in the Persian Gulf.<sup>4</sup> I detected an emerging contradiction: "After all, this colossal military power was unleashed against a junior partner which was an active participant in U.S. (Persian Gulf) policy for a good number of years" (Bina, 1993, p.2).<sup>5</sup> Then I conjectured:

While these days it is fairly easy to be dazzled by the shining armor of U.S. military capability, I wish to argue that obtaining such a military "victory" is a very expensive proposition that has been largely motivated by the United States' dim view of its future role in the New World Order. *It is expensive not so much for its direct costs, but for the future repercussions that will be brought to bear on the region as a whole.* Beneath this magnificent and unwavering show of force,

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<sup>3</sup> For the theoretical basis of these and other assertions on the question of oil see Cyrus Bina, *The Economics of the Oil Crisis*, New York: St. Martin's Press, 1985; Cyrus Bina, "Internationalization of the Oil Industry: Simple Oil Shocks or Structural Crisis?" *Review: A Journal of the Fernand Braudel Center*, Vol. 11, No. 3, 1988; Cyrus Bina, "Some Controversies in the Development of Rent Theory: The Nature of Oil Rent," *Capital & Class*, No. 39, Winter 1989; Cyrus Bina, "Competition, Control and Price Formation in the International Energy Industry," *Energy Economics*, Vol. 11, No. 3, July 1989; Cyrus Bina, "Global Oil and the Transformation of OPEC," *Review of Radical Political Economics*, Vol. 21, No. 3, 1989; Cyrus Bina, "Limits of OPEC Pricing: OPEC Profits and the Nature of Global Oil Accumulation," *OPEC Review*, Vol. 14, No. 1, Spring 1990; Cyrus Bina, "The Political Economy of Global Oil," *The World & I*, December 1990; Cyrus Bina, "War Over Access to Cheap Oil, or the Reassertion of U.S. Hegemony?" in G. Bates (ed.) *Mobilizing Democracy: Changing the U.S. Role in the Middle East*, Monroe, Maine: Common Courage Press, 1991; Cyrus Bina, "Global Oil and Inviability of *Pax Americana*," *Economic and Political Weekly*, 11 July 1992; Cyrus Bina, "The Law of Economic Rent and Property: Applied to the Oil Industry," *American Journal of Economics and Sociology*, Vol. 50, No. 2, April 1992; Cyrus Bina, "Global Oil and the Oil Policies of the Islamic Republic," in C. Bina and H. Zangeneh (eds.) *Modern Capitalism and Islamic Ideology in Iran*, London: Macmillan, 1992; Cyrus Bina, "The Rhetoric of Oil and the Dilemma of War and American Hegemony," *Arab Studies Quarterly*, Vol. 15, No. 3, Summer 1993; Cyrus Bina, "Oil, Japan, and Globalization," *Challenge*, Vol. 37, No. 3, May/June 1994; Cyrus Bina, "On Sand Castles and Sand-Castle Conjectures: A Rejoinder," *Arab Studies Quarterly*, Vol. 17, Nos. 1 & 2, Winter/Spring 1995; Cyrus Bina, "World Oil: Who is in Control Now?" *URPE Newsletter*, Vol. 27, No. 1, Fall 1995.

<sup>4</sup> I have spoken at the Twenty-Third annual meetings of the Association of Arab-American University Graduates (AAUG), Northwestern University, Evanston, Illinois, June 1991.

<sup>5</sup> Cyrus Bina, "The Rhetoric of Oil and the Dilemma of War and American Hegemony," *Arab Studies Quarterly*, Vol. 15, No. 3, Summer 1993.

therefore, is an intensified and accumulating political weakness of clumsily clinging to the status quo (Ibid. 1993, pp. 2-3, emphasis added).

Moreover, I was explicit then as I am now that neither the rhetoric of democracy nor the purported “access” to “cheap” oil is the cause of the U.S. intervention in Iraq, the rest of the Middle East, and possibly in other parts of the world. Rather, these unilateral and semi-unilateral interventions, particularly since the fall of the Soviet Union, are the latent consequence of the implosion of *Pax Americana* and the epochal loss of American global hegemony in the late 1970s (Ibid. p. 3).<sup>6</sup> As I pointed out more than a decade ago:

In the past [i.e., during the era of *Pax Americana*], the United States had sufficient [epochal] hegemony to maintain the world [according to its historical mission.] Now, it is striving to maintain [the nostalgic impression of] that hegemony. Hence, we now see the type of military intervention that neither serves American interests nor substitutes for political [and economic] weaknesses. Thus, at this historical juncture, attempting hegemonic reassertion through aggression proves contradictory and self-limiting, thereby bringing to the open the most critical aspects of U.S. participation in [escalating] the present global disorder (Ibid. p. 4).

## THE CONTOURS OF HEGEMONY AND MEDIATION

The concept of hegemony, both in its national framework and its epochal *international* configuration, is indivisible and “organic” in respect to its constituent economic, political, and ideological counterparts. And, it is due to the *consensual* internal dynamics and intrinsic ideological power of the whole that there remains minimal application for exerting *external* and antagonistic power projection. This, in broad measure, reflects

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<sup>6</sup> The tragic events of September 11, 2001 are but the reflection of outward political and ideological forces, and chains of events that have long been accumulating in the American political outposts and were waiting to be internalized at some point within the U.S. heartland. There is hardly any distinction between “inside” and “outside” in the dialectical trajectory of the present era of globalization. See also Immanuel Wallerstein, “The Eagle Has Crash Landed,” *Foreign Policy*, July/August 2002: [http://www.foreignpolicy.com/issue\\_julyaug\\_2002/wallerstein.html](http://www.foreignpolicy.com/issue_julyaug_2002/wallerstein.html).

Gramsci's notion of hegemony and its relevance, for instance, to international relations during the rise and fall of *Pax Americana* (1945-1979). Similarly, the historical and institutional reasons for the erosion of such a measure must be carefully considered in view of the *mediating* imperatives and inescapable epochal necessity of a potential multi-polar polity in our present *era of globalization*. Gramsci, nevertheless, focuses on the "organic intellectuals" in modern society and studies their relationship with the "world of production" *mediated* through the complex intricacies of "civil society" and "political society" (Gramsci, 1971, p. 12).<sup>7</sup> He argues: "The hegemony will be exercised by a part of the social group over the entire group, and not by the latter over other forces in order to give power to the movement [i.e., to revolutionize the system]" (Ibid. p. 106). Gramsci then goes on to comment on the qualitative distinction of one historical period from another via the concept of "passive revolution":

Studies aimed at capturing the analogies between the period, which followed the fall of Napoleon and that, which followed the war of 1914-1918. The analogies are only seen from two viewpoints: territorial division and, the more conspicuous and superficial one, of the attempt to give a stable legal organization to international relations (Holy Alliance and League of Nations). However, it would seem that the most important characteristic to examine is the one, which has been called that of "passive revolution"—a problem whose existence is not manifest, since an external parallelism with the France of 1789-1815 is lacking. *And yet, everybody recognizes that the war of 1914-18 represents an historical break*, in the same sense that a whole series of questions, which piled up individually before 1914, have precisely formed a 'mound,' modifying the general structure of the previous process.... [This] reflects the fact that a *new social force* has been constituted... (Ibid. p. 106, emphasis added).<sup>8</sup>

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<sup>7</sup> Gramsci is also explicit on the "interests" and "compromise" associated with hegemony. He points out: "Undoubtedly the fact of hegemony presupposes that account be taken of the interests and the tendencies of the groups over which hegemony to be exercised, and that a certain compromise equilibrium should be formed—in other words, that the leading group should make sacrifices of an economic-corporate kind" (Gramsci, *Selected from the Prison Notebooks*, New York: International Publishers, 1971, p. 161).

<sup>8</sup> Here, parallel with Marx's Preface to *The Critique of Political Economy*, Gramsci relies on the conditions of socioeconomic change and their political manifestation in order to define the concept of "passive

In contrast, the pervasive notion of hegemony popularized in the *orthodox International Relations* literature is nothing short of *unmediated* imposition and more often than not constitutes the coercive action of the opposing counterparts in the polity, particularly international polity.<sup>9</sup> Indeed, the remarkable journalistic replication of such an interpretation is so widespread in the media that, regardless of its lack of critical justification, it is duly accepted and internalized by the popular culture of today. Therefore, it is often painstakingly difficult to get through an intelligent discussion without a great deal of digression and considerable shift of focus when, for instance, it comes to the hegemonic rise and eventual hegemonic fall of the post-Second World War international polity. The concept of hegemony, so perceived, remains an ad hoc, ahistorical, tautological, and externally imposed category that is readily available for consumption of the left and the right alike. Consequently, it is not surprising that the primary measure of hegemonic position depends on the scale and scope of external force (i.e., economic, political, and/ or military) toward the annihilation of one's enemy. For instance, according to this persistent measure, the U.S. positions in (1) the First Persian Gulf War (1980-1988)<sup>10</sup> [which was relegated to Saddam Hussein], (2) the

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revolution," in which the departure of the old and arrival of the new are concurrent. (See also Gramsci, *Ibid.* pp. 106-120.)

<sup>9</sup> Therefore, speaking of 'military hegemony,' as opposed to 'political' or 'economic hegemony,' would not be theoretically sound; it is rather contradiction in terms.

<sup>10</sup> See, for instance, U.S. Congress, Senate Committee on Foreign Relations, *War in the Persian Gulf: The U.S. Takes Sides*, Washington, D.C.: U.S. Government Printing Office, November 1987; U.S. Congress, House Committee on Foreign relations, Hearing before the Subcommittee on Europe and the Middle East, *United States-Iraq Relations*, Washington, D.C.: U.S. Government Printing Office, April 26, 1990; The National Security Archive, "Shaking Hands with Saddam Hussein: The U.S. Tilts Toward Iraq, 1980-1984," *National Security Archive Electronic Briefing Book* No. 82, ed. Joyce Battle, February 25, 2003: <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB82/index.htm>. It is important to point out that the failure of Saddam Hussein (and, by proxy, the U.S. government) to accomplish his mission and nip Iran's militant Islamic government in the bud, led to a somewhat broader strategy that was first "theorized" by Samuel Huntington, an arch-Zionist and long-time advisor to the Israeli government, in "The Clash of Civilizations," *Foreign Affairs*, Summer 1993. This, in my opinion, is the preamble to the Wolfowitz-Berle project that is now seemingly in the driver seat of "permanent war," for redrawing the map of the Middle East, in the Pentagon.

Second Persian Gulf War (1990-1991)<sup>11</sup>, and (3) the Third Persian Gulf War (2002-2003)<sup>12</sup> are all considered to be hegemonic.

The conception of hegemony, in my view, has four characteristics. It must be (1) organically consensual, (2) internally driven, (3) historically endowed, and (4) institutionally mediating. The focus here is upon the rise and fall of *Pax Americana*, a historically specific inter-state transnational system that rose immediately after the Second World War (1945) and fell in the late 1970s. Although the phrase *Pax Americana* refers to an American-centered Western system, the latter had included several dozen countries that were extended across the vast geographical area of five continents. The matter of hegemony and hegemonic structure were the mutual characteristic of the *system as a whole*, and *not* a separate property of the hegemon.

Thus, U.S. hegemony may not be seen as one-sided but *dialectical*.<sup>13</sup> In other words, hegemony thrives through the reflection of the whole, not the exertion of the part. To be organic, the (subjective) hegemonic power of a “social group,” “a national entity,” etc., presupposes the material objectivity of the *whole*. Otherwise, the claim to hegemony may erroneously rely on the sum total of the constituent elements, which becomes the source of entanglement in the *fallacy of composition*. Therefore, in this historical period (1945-1979), the United States has been a hegemonic power by the virtue of the hegemony of *Pax Americana*. Now, if the latter historical system is said to have reached the end of its historical period, then speaking of U.S. hegemony, both theoretically and empirically, resembles the story of a king that has lost his throne.<sup>14</sup>

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<sup>11</sup> See, for instance, Simon Bromley, *American Hegemony and World Oil*, University Park, PA: the Pennsylvania University Press, 1991, and my review of it in *Harvard Middle Eastern and Islamic Review*, Vol. 1, No. 2, 1994, pp. 194-198.

<sup>12</sup> “Today, however, in the absence of any alternative or countervailing power, American hegemony has for the first time been able to impose its self-description as a global norm.” In a nutshell, this is Perry Anderson’s rather explicit position on the existence of “American hegemony.” See Perry Anderson, “Internationalism: A Breviary,” (Editorial), *New Left Review*, 14, March/April, 2002.

<sup>13</sup> For an implicitly contrary example, for instance, see Perry Anderson, “Force and Consent,” (Editorial), *New Left Review* 17, Sep./Oct. 2002. One has to be reminded that speaking of hegemony, Gramsci does not define “force” in an arbitrary manner. He is rather keen on the reflectivity of “organic” social relations.

<sup>14</sup> This is where my analysis of globalization reveals the epochal (internal) contradictions of the *Pax Americana* and its demise. Historically, the transnationalization of social capital, which is more than the summation of the transnationalization of individual capitals (in terms of transnational corporations,

## THE ASCENT OF THE PAX AMERICANA

In order to see the concrete manifestation of hegemony in the then ascendant *Pax Americana*,<sup>15</sup> one has to focus on the application of the (tripartite) Doctrine of Global Containment after the Second World War. This doctrine embodied (1) the containment of the Soviet Union, (2) the containment of democratic/nationalist movements in the “Third World,” and (3) the containment, co-option, and molding of the social, political, and intellectual atmosphere in the United States.<sup>16</sup> The example of the first kind of containment is the task of confining the Soviets behind the ideological divide of the iron curtain and, then, unilaterally subjecting them to the protracted years of Cold War

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transnational markets, and transnational financial institutions), played the role of a Trojan horse that ultimately led to the implosion of Pax Americana. This is what Gramsci identified as “passive revolution” (Gramsci, 1971, pp. 106-120) that in a dynamic epochal sense has to do with a loss of American hegemony. Contrary to Bryan, it is insufficient to simply argue for the retention of the traditional meaning and structure of the state, based on a claim that the role of the latter has always been necessary in the accumulation of “international capital.” See Dick Bryan, *The Chase Across the Globe*, Boulder, CO: Westview Press, 1995. For the analysis of postwar economic transformation, and the theoretical examination and epochal significance of what I have called, the era of globalization (since the 1970s), see Cyrus Bina, “Globalization: The Epochal Imperatives and Developmental Tendencies,” in D. Gupta, ed. *Political Economy of Globalization*, Boston, MA: Gluew Academic Press, 1997, pp. 41-58; Cyrus Bina, “Oil, Japan, and Globalization,” *Challenge*, Vol. 37, No. 3, May/June 1994, pp. 41-48; Cyrus Bina and Behzad Yaghmaian, “Import Substitution and Export Promotion within the Context of the Internationalization of Capital,” *Review of Radical Political Economics*, Vol. 20, Nos. 2 & 3, 1988; Cyrus Bina and Behzad Yaghmaian, “Postwar Global Accumulation and the Transnationalization of Capital,” *Capital & Class*, No. 43, 1991; Cyrus Bina and Chuck Davis, “Wage Labor and Global Capital: Global Competition and Universalization of the Labor Movement,” in C. Bina et al., eds. *Beyond Survival: Wage Labor in the Late Twentieth Century*, Armonk, NY: M. E. Sharpe, 1996, pp. 19-47; Cyrus Bina and Chuck Davis, “Globalization, Technology, and Skill Formation in Capitalism,” in R. Baiman et al., eds. *Political Economy and Contemporary Capitalism*, Armonk, NY: M. E. Sharpe, 2000, pp. 193-202; Cyrus Bina, “Globalization: Uniqueness and Universal Omnipresence of Capitalism,” Paper presented at *Congres Marx International III*, Universite de Paris X – Nanterre, 26-29 septembre 2001; Cyrus Bina and Chuck Davis, “Dynamics of Globalization: Transnational Capital and the International Labor Movement,” in B. Berberoglu (ed.) *Labor and Capital in the Age of Globalization*, New York: Rowman & Littlefield Publishers, 2002, pp. 163-178. For global trade and law of value see Anwar Shaikh, “Foreign Trade and the Law of Value,” Part I & II, *Science & Society*, Vol. 63, No. 3 and Vol. 64, No. 1, Fall 1979 and Spring 1980, pp. 281-302 and pp. 27-57.

<sup>15</sup> See Ronald Steel, *Pax Americana*, New York, 1977.

<sup>16</sup> Truman Doctrine started with Greece and then Greece was “universalized” as a policy. For a quick look, see Theodore Draper, “American Hubris,” in M. L. Sifry and C. Cerf, eds. *The Gulf War Reader*, New York: Random House, 1991, pp. 40-56. For further examination see, for instance, Harry S. Truman, *Memoirs: Years of Decision*, Vol. I, New York: Doubleday, 1955; Harry S. Truman, *Memoirs: Years of Trial and Hope*, Vol. II, New York: Doubleday, 1965; George F. Kennan, *Memoirs: 1925-1950*, Boston: Little, Brown and Company, 1967; I. F. Stone, *The Truman Era 1945-1952*, Boston: Little, brown and company, 1953.

attrition.<sup>17</sup> The Cold War was a multidimensional hegemonic phenomenon, spanning the economy, polity, and the entire realm of culture and ideology worldwide.

Evidence of the second type of containment is the declaration of an anti-colonial policy, on the one hand, and subversion of the democratic national movements in the “Third world,” on the other hand. This doctrine often led to covert campaigns and coup d’états mediated through the selection of handpicked regimes—beyond the boundaries of advanced capitalist states—whose contradictory material existence and their discursive mirror image were nevertheless an embodiment of Pax Americana itself.<sup>18</sup> At the same time, America’s deliberate attempt at the speedy economic transformation of these social formations, for instance, via the introduction and forceful implementation of universal land reform programs, etc., led to their hasty inclusion within the sphere of transnational capitalist exploitation and transnational markets.<sup>19</sup>

Finally, the third containment strategy was channeled through U.S. domestic thought control and the attempt at expulsion of the independent institutions within “civil society,” such as militant labor unions and political and professional institutions of the real or imaginary left, in search of a “hegemonic model” of intellectual emulation that would carefully distort the epochal relevance of the *real* political spectrum for a long, long time to come. McCarthyism is only the tip of the iceberg in this regard. As I pointed out in the early 1990s, “America itself has become a prime casualty [of these Doctrines]

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<sup>17</sup> See Melvyn P. Leffler, “The American Conception of National Security and the Beginning of the Cold War, 1945-1948,” *American Historical Review*, 89, April 1984, pp. 346-381; Walter Lippmann, *The Cold War*, New York: Harper, 1947; D. F. Fleming, *The Cold War and Its Origin*, 2 vol., New York: Doubleday, 1961; David Horowitz, *The Free World Colossus: A Critiques of American Foreign policy in the Cold War*, New York: Hill and Wang, 1965.

<sup>18</sup> The 1953 coup d’état against the democratically elected government of M. Mossadegh in Iran (see Stephen Kinzer, *All the Shah’s Men: An American Coup and the Roots of Middle East Terror*, John Wiley & Sons, 2003) or the 1954 coup d’état against the democratic government of Arbenz in Guatemala are the two prime examples of the American subversion of democracy, early on, during the ascending years of Pax Americana. See also David Green, *The Containment of Latin America*, Chicago: Quadrangle Books, 1971.

<sup>19</sup> See Cyrus Bina and Behzad Yaghmaian, “Import Substitution and Export promotion Within the Context of the Internationalization of Capital,” *Review of Radical Political Economics*, Vol. 20, Nos. 2 & 3, 1988; Cyrus Bina, “Postwar Global Accumulation and the Transnationalization of Capital,” *Capital & Class*, No. 43, Spring 1991, pp. 107-130.

that has yet to recover from its prolonged [intellectual] timidity, its chronic insecurity, and above all, the injuries sustained to its collective consciousness.”<sup>20</sup>

From the standpoint of economic hegemony, Pax Americana elevated the U.S. dollar to the status of *universal* currency through the newly devised international monetary arrangement, known as *Bretton Woods* (1945-1971). This arrangement—coupled with the Marshall Plan for postwar reconstruction of Europe, and the Agency for International Development (AID) for the “Third World”—exponentially increased U.S. power during the formative years of Pax Americana. Institutionally, powerful U.S.-dominated international entities, such as the International Monetary Fund (IMF) and the World Bank, came to direct and influence the *modus operandi* of particular development strategies that paved the way for the hegemonic ascent of the system as a whole. Indeed, the socioeconomic restructuring of the system was preconditioned upon the eventual *absorption* of nearly two-thirds of the Earth’s inhabitants who originated from the previously colonial and/or semi-colonial regions, known metaphorically as the Third World. Such an absorption was, of course, contingent upon what Gramsci called “passive revolution,” which, in turn, demanded the need for the separation of immediate producer from the land and the creation of an internal market for the propagation of transnational capital exploitation.<sup>21</sup>

By way of digression, this is contrary to the colonial system of *Pax Britannica*, which *essentially* lived and died by the swords of (1) *direct* administration of the colonies, (2) *direct* plunder of the natural wealth and economic resources of the colonies, (3) *direct* and unmediated repatriation of surplus from the colonies, (4) universal rule of *gunboat* diplomacy as foreign policy, and (5) “ethics” of physical segregation and cultural *separation* within the empire, with a few *mediating* institutions

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<sup>20</sup> Bina, 1993, *op. cit.*, p. 6. See Murray B. Levin, *Political Hysteria in America: The Democratic Capacity for Repression*, New York: Basic books, 1971; D. Caute, *The Great Fear: The Anti-Communist Purge Under Truman and Eisenhower*, London, 1978.

<sup>21</sup> Adapted, in part, from Bina (1993). See the sources in note #14 for the significance of the land reform programs, import-substitution and export-platform strategies in the 1950s and 1960s. It goes without saying that many of these programs were neither successful nor adequate for the construction of the new social formation. And, to the extent that they were successful, their impact was lopsided and uneven vis-à-

conducive to development of social relations and integral development. Historically, therefore, *Pax Britannica* had become a defunct system by early in the twentieth century. The death of *Pax Britannica*, however, removed Britain from its hegemonic seat, while the corpse of the Empire was long left unburied. The proper burial of the British Empire came much later, perhaps, with the graceful assistance of people like Gandhi of India and Mossadegh of Iran. Therefore, although, both *Pax Britannica* and *Pax Americana* did produce their own qualitatively distinct “passive revolutions,” they nevertheless exhibited similarities in terms of their respective epochal accomplishments.<sup>22</sup>

Now, given the brief characterization of *Pax Americana* above, the hegemony embedded in this system can be measured by its *underpinning* social relations, on the one hand, and the *mediating* economic, political, and ideological institutions within its global reach, on the other hand. In other words, both *necessary* and *sufficient* conditions must be satisfied in order to speak of hegemony in any historically specific system: (1) the quality of existing social relations and (2) the potential capacity of mediating institutions. In the case of *Pax Americana*, during the height of its hegemony, social relations, combined with international economic institutions, led to the further transnationalization of capital.<sup>23</sup>

At the same time, *Pax Americana*’s mediating social, political, and ideological institutions, in conjunction with its tripartite containment strategies, provided a hegemonic network for the international polity and economy, and accordingly articulated

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vis the transformation of these social formations, within the larger picture of global capital accumulation. Yet, in my opinion, these programs were mightily successful for their irreversible destruction of the past.

<sup>22</sup> I argue that the *Pax Americana* has developed similar, yet qualitatively different, internal contradictions vis-à-vis the present era of globalization. As history has shown, a singular point of departure here is that the empires become more belligerent in their descent than in their ascent. A case in point is the nationalization of oil in Iran (1951) and the bizarre behavior of the British government, given the *nominal* status of the British Empire. See, for instance, Mostafa Elm, *Oil, Power, and Principle: Iran’s Oil Nationalization and Its Aftermath*, Syracuse, NY: Syracuse University Press, 1992.

<sup>23</sup> Here my emphasis is upon the transnationalization of social relations that had led to the sustained patchwork of deteriorated “Third World” regions within the “First World,” (i.e., plant closings, etc. in the U.S.) in the 1980s and the developed regions within the “Third World” (i.e., NICs). Subsequently, after the fall of the Soviet Union in the late 1980s, the significance of this tripartite category has been lost to *globalization*.

the long-term ideological objectives of the system. To be sure, by design, the conduct of the post-war coup d'états was far from naked aggression. They were hidden aggressions behind the back of the "Third World" masses rather than being in their face. It might be argued that the covert nature of these political and ideological operations is indicative of the need to keep them hidden from watchful eyes in the Soviet camp. Yet, given the nature, extent, and depth of intelligence gathering and counter-intelligence reaction during the Cold War, it would not be reasonable to assume that these covert activities, by either side, would have remained hidden from the attention of the other. Indeed, the success of these political interventions by the US is evidence of the hegemonic capability of the US over the seemingly non-hegemonic Soviet Union. The Vietnam War, however, was the watershed, the beginning of the end, i.e., the unmistakable commencement of the decline of Pax Americana and U.S. global hegemony. This desperate, anachronous gunboat diplomacy did not work. The result was an intensive political crisis that ended with a remarkable defeat, combined with an extensive political and economic upheaval, which was then followed by a historic international monetary crisis that eventually, in August 1971, buried the Bretton Woods system.

## HEGEMONIC REVERSAL AND HEGEMONIC NOSTALGIA

The dominant reason for the implosion of Pax Americana was due to both the quantitative and qualitative transformation of global social relations, i.e., in terms of Gramsci's "passive revolution."<sup>24</sup> At a more fundamental level, since the 1970s, it is through the particular dialectical relationship of state and the manifold geographical integration, disintegration, and re-integration of global capital, that one may speak of the demise of the U.S.-dominated hierarchy and thus loss of hegemony. In political terms, such reflections are apparent in European unification and the political and ideological upheavals that have taken place in many strategically located ("Third World") client

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<sup>24</sup> The claim here is *not* that the fundamental social relations of capitalism have changed. But the fact that, due to the "passive revolution" toward the global "victory of the mode of production," in Marx's sense, the postwar *hierarchy* of the inter-state international system (i.e., Pax Americana) has lost its hegemonic significance.

states within Pax Americana. A case in point the so-called U.S. two-pillar foreign policy in the Persian Gulf which was lost to the Iranian revolution and become eventually redundant in respect to Saudi Arabia.<sup>25</sup>

I also argue, in passing, that the rise of so-called political Islam, since the late 1970s, should not be interpreted as an independent competing alternative to liberal democracy, despite the rhetoric of Islamic movements and the frightful and exaggerated claims of governments and media in the West. To be sure, as the Iranian experience demonstrates, Islam is not a viable “third way.” I argue that the “rise” of political Islam, particularly in several client states within the presently defunct Pax Americana, is the mirror image of political failure in the West. Given the collapse of ‘state capitalism’ in the former Soviet states and the crises of liberal democracy in the West, neither of these models can be seen as viable alternatives in the eyes of Islamists. Nonetheless, the rise of political Islam, being itself the unintended consequence of U.S. imperialism itself, for good measure, is a reflection of loss of American hegemony.<sup>26</sup>

Among the ideological characteristics and institutional imperatives of postwar U.S. containment doctrines, the containment of the Soviet Union had its own manifold objectives; the most important of which was nuclear deterrence and retreat from first strike. The containment of democracy and independence in the Third-World chunk of Pax Americana had, nonetheless, recognized some degree of formal, i.e., nominal, national and territorial sovereignty. Finally, postwar containment of people’s thought, and their ideological and political behavior in U.S. domestic “civil society,” nonetheless,

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<sup>25</sup> For instance, challenges from the European side led to the crisis of the Bretton Woods System (1968-1971). Challenges from the “Third World” component of Pax Americana, included Iran (1979), Nicaragua (1979), etc. These are among the subjective elements of loss of American hegemony due to dismemberment or outward resentment of a substantial part of the now-defunct Pax Americana. However, for those whose *Euro-centric* vision has no room for any analysis other than U.S.-Europe relations, loss of hegemony is hard to grasp in its entirety. See, for instance, Perry Anderson, “Force and Consent,” 2002, *op. cit.* Also, for these writers globalization is simply equivalent to Americanization. For instance, despite the fact that more than eighty-five percent of products are produced beyond the boundaries of any one nation-state, Anderson is convinced that “... American firms like American films [are] exportable and reproducible across the world” (Ibid. p. 25).

<sup>26</sup> See Cyrus Bina, “Toward a New World Order: U.S. Hegemony, Client States and Islamic Alternative,” in H. Mutalib and T. Hashmi, eds. *Islam, Muslims and the Modern State*, St. Martin’s Press, 1994, pp. 3-30; Cyrus Bina, “Farewell to the Pax Americana: Iran, Political Islam, and the Passing of the Old Order,” in H. Zangeneh, ed. *Islam, Iran, and World Stability*, New York: St. Martin’s Press, 1994, pp. 41-74.

has not led to the establishment of a police state (or a garrison state, vis-à-vis the world), with arbitrary, preemptive, and systematically totalitarian objectives against its own citizens. In other words, historically, such instruments of hegemonic rule were reflective of the outward dynamics of a worldwide structure that constituted the very essence of Pax Americana from its splendid inauguration to its paradoxical conclusion.

Now, the examination of the desperate and discursive reversal of these and many other mechanisms of U.S. hegemony, particularly since the beginning of the Bush administration in January 2001—in the context of epochal continuity and change—reveals a vivid historical loss of hegemony in terms of the full replacement of “spontaneity” and complete resort to belligerent, unilateral, and reckless domestic<sup>27</sup> and foreign policy. Hence, methodologically, any analysis of current inter-imperialist rivalries must be calibrated against the quality of these epochal shifts.<sup>28</sup> In December 2001, the Bush administration unveiled its “National Strategy to Combat Weapons of Mass Destruction.”<sup>29</sup> This was following its earlier pronouncement of the “Axis of Evil” policy against a handful of so-called “rogue” states in the Middle East and elsewhere. The Bush administration used the unfortunate events of September 11, 2001 as a convenient cover in order to advance toward its “permanent war” policy.<sup>30</sup> This was a

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<sup>27</sup> See, for instance, Geoffrey Neale, “A Patriot Attack on America,” *Counterpunch*, April 10, 2003, <http://www.counterpunch.org/neale04102003.html>.

<sup>28</sup> On the notion of inter-imperialist rivalry or what is known popularly as *geopolitics*, one has to address the transformation of the whole (i.e., the entire global relations as a whole), before coming to the recognition and thus analysis of the parts and their relations. The phenomenon of “inter-imperialist rivalry,” therefore, is tied to the dynamics and historical specificity of a particular era. For instance, analytically, the inter-imperialist rivalry within the Pax Americana must be treated differently from the “inter-imperialist” rivalry in the era of globalization and post-Pax Americana.

<sup>29</sup> We have to distinguish between the epochal and the temporal reflections of the Bush administration at this turbulent juncture in U.S. history. Therefore, it would be misleading to attribute these belligerent policies and utterances to the Administration’s political preparation for the 2004 campaign against the Democrats. It is particularly noteworthy that, on the issue of the invasion of Iraq, the Democrats have remained “non-partisan” and, perhaps, until election time, will remain in the hip pocket of the Republicans.

<sup>30</sup> The Wolfowitz-Perle project of permanent war, particularly for redrawing the map of the Middle East, was formulated long before September 11, 2001. Consequently, the September 11 tragedy was used by the neo-conservative cry-wolves to push their agenda beginning with Iraq. Paul Wolfowitz is Undersecretary of Defense and Richard Perle was Chairman of the Pentagon Policy Board before his resignation due to a conflict of interest scandal in March 27, 2003. The Pentagon Policy Board, rather than the Secretary of State, is nowadays in charge of U.S. foreign policy. This Board, which is stacked up with hardcore neo-conservative lobbyists include Kenneth Adelman, Richard Allen, Martin Anderson, Gary S. Becker (the seemingly harmless author of “Human Capital”), Barry M. Blechman, Harold Brown, Eliot Cohen, Devon Cross, Gen. (Ret.) Ronald R. Fogleman, Thomas Foley, Tillie Fowler, Newt Gingrich, Gerald Hillman, Gen. (Ret.) Charles A. Horner, Fred C. Ikle, Adm. David Jeremiah, Henry Kissinger, Adm.

formal annunciation of the *Doctrine of Preemption*, a fundamental policy break from the *Doctrine of Containment*, as follows:

An effective strategy for countering WMD [Weapons of Mass Destruction], including their use and further proliferation, is an integral component of the National Security Strategy of the United States of America. As with the war on terrorism [i.e., invasion of Afghanistan, etc.], our strategy for homeland security, and *our new concept of deterrence, the U.S. approach to combat WMD represents a fundamental change from the past...* (p. 1, emphasis added). Because deterrence may not succeed, and because of the potentially devastating consequences of WMD use against our forces and civilian population, U.S. military forces and appropriate civilian agencies must have the capability to defend against WMD-armed adversaries, including in appropriate cases *through preemptive measures*. This requires capabilities to *detect and destroy an adversary's WMD assets before these weapons are used* (p. 3, emphasis added).<sup>31</sup>

As we have seen so far, following the full-scale invasion of Iraq by the American and British forces<sup>32</sup>, no weapons of mass destruction have yet been found. However, in the 1980s, while Saddam Hussein was gassing the Iranian troops and Iraq's own Kurds, the U.S. government, with full knowledge of these activities, showed no apparent concern about the use of the weapons of mass destruction.<sup>33</sup> The following passages are illuminating:

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(Ret.) William Owens, Dan Quayle, Henry Rowen, James Schlesinger, Gen. (Ret.) Jack Sheehan, Kiron Skinner, Walter B. Slocombe, Hal Sonnenfeldt, Ruth Wadgwood, Chris Williams, Pete Wilson, James Woolsey, Michele A Flournoy and George P. Shultz. See:

<http://www.cooperativeresearch.org/organization/profiles/defensepolicyboard.html>

<sup>31</sup> White House, *The National Security Strategy of the United States of America*, September 17, 2002.

<sup>32</sup> See Mickey Z, "The Coalition of the Unindicted," *Counterpunch*, April 18, 2003: <http://www.counterpunch.org/mickey04182003.html>; John McMurtry, "Understanding the U.S. War State," *Globalresearch*, March 25, 2003: <http://www.globalresearch.ca>.

<sup>33</sup> National Security Decision Directive (NSDD 99), July 12, 1983, November 21, 1983 memo ("Iraqi Use of Chemical Weapons") sent by Jonathan T. Howe to Lawrence S. Eagleburger, December 10, 1983; cable, concerning "Rumsfeld Visit to Iraq," to the State Department from U.S. Interest Section in Iraq; December 21, 1983 cable from U.S. Embassy in U.K. to the State Department concerning Rumsfeld meeting with Saddam Hussein. See Joyce Battle (ed.), "Shaking Hands with Saddam Hussein: The U.S. Tilts Toward

The U.S., which followed developments in the Iran-Iraq war with extraordinary intensity, had intelligence confirming Iran's accusations, and describing Iraq's "almost daily" use of chemical weapons, concurrent with its policy review and decision to support Iraq in the war. *The intelligence indicated that Iraq used chemical weapons against Iranian forces, and according to a November 1983 memo, against "Kurdish insurgents" as well.*<sup>34</sup>

[When] Donald Rumsfeld ... was dispatched to the Middle East as a presidential envoy ... [h]is December 1983 tour of regional capitals included Baghdad, where he was to establish "direct contact between an envoy of President Reagan and President Saddam Hussein," while emphasizing "his close relationship" with the president. Rumsfeld met with Saddam, and the two discussed regional issues of mutual interest, shared enmity toward Iran and Syria, and the US's effort to find alternative routes to transport Iraq's oil; its facilities in the Persian Gulf had been shot down by Iran, and Iran's ally, Syria, had cut off a pipeline that transported Iraqi oil through the territory. *Rumsfeld made no reference to chemical weapons, according to detailed notes on the meeting.*<sup>35</sup>

On the flip side, some twenty years and two Persian Gulf wars later, the U.S. government, after intense arm-twisting, disdainful bribery, and frantic illegal wire-tapping at the U. N. Security Council, did not manage to get what it asked for. This time, contrary to the Iran-Iraq war interlude, the U.S. insisted that Saddam Hussein must have been developing weapons of mass destruction. This claim, however, was incompatible with the various U.N. inspection reports and U.N. team under Dr. Blix and Dr. ElBaradei. Dr. Blix also challenged the United States for being unreasonable and, perhaps, unserious about the adequacy of time for thorough U.N. inspection. The heavyweight members of the Security Council, aside from the U.S. and U.K, did not want to be

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Iraq, 1980-1984," *The National Security Archive*, National Security Archive Electronic Briefing Book No. 82, February 25, 2003: <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB82/index.htm>.

<sup>34</sup> The National Security Archive, *Ibid.* P. 3, emphasis added.

<sup>35</sup> The National Security Archive, *Ibid.* pp. 3-4, emphasis added.

rushed into a premature conclusion. They all preferred a peaceful resolution to a war option in this case. It was the United States, which was anxiously looking at its preemptive watch—a bloody watch that was set according to the Wolfowitz-Berle timetable. Now, given ample opportunity for inspection in post-war occupied Iraq, no weapons of mass destruction have been found.<sup>36</sup>

Finally, Colin Powell's U. N. presentation turned out to be a hoax. It was a clumsy blend of outright plagiarism (carbon-copied from three different sources, including a decade-old graduate student thesis, portrayed as new intelligence)<sup>37</sup> and some unsubstantiated claims based on the recorded conversation of "two senior [Iraqi] officers". These two officers were allegedly speaking of "modified vehicles," "forbidden ammo," and the need for alleged destruction of some kind of message. In his presentation, Powell also named an Iraqi business enterprise, which was allegedly "involved in prohibited weapons system activity." Finally, in a haphazard manner, Powell showed several satellite pictures from the selected sites that allegedly were centers for the production of weapons of mass destruction. Powell, who himself clearly realized that there is not much evidence on the table, was quick to declare: "I cannot tell you

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<sup>36</sup> The allegation of "weapons of mass destruction" was the ploy since the U.S. government has not been interested in the U. N. inspection process from the very beginning. One has to remember that, knowing well in advance about the flimsiness of this argument, the neo-cons in charge of the *new* U.S. foreign policy invented another *deceptive justification* for the invasion Iraq. They invoked the buzzword of "democracy" for Iraqi people and let organizations such as the Washington Institute for Near East Policy or the American Enterprise Institute, and their Orwellian loud speakers within the corporate-driven, browbeaten media to devour the American intelligence. The clever parlance of the Bush-Sharon Doctrine of Preemption so far seems to have worked on the mind of either the doctrinaire or gravely unread. Yet, the intermittent confusion did the trick.

<sup>37</sup> According to BBC, when Powell delivered his melodramatic speech on Wednesday, February 5, 2003, at the U. N. Security Council, he subsequently recommended reading a dossier of evidence released by British intelligence earlier in the week. He indicated: "I would call my colleagues' attention to the fine paper that United Kingdom distributed yesterday, which describes in exquisite detail Iraqi deception activities." Reportedly, the "authors" of British report, copied (including the typos) from Ibrahim al-Marashi's article: 'Iraq's Security and Intelligence Network: A Guide and Analysis' in the *Middle East Review of International Affairs* (Vol. 6, No. 3, Sep. 2002) and, according to *The Guardian*, relied rather heavily on a 1997 article by Sean Boyne and Ken Gause in *Jane's Intelligence Review*. It is instructive to note that Al-Marashi's article has nothing to do with current allegation of the existence of WMD in Iraq. Al-Marathi attempted to examine the Iraqi documents captured in the 1991 liberation of Kuwait and the ones obtained from subsequent Kurdish raids in the North during the same time frame. This is a moral story about the level of intelligence of the U.S. policy makers and their outright lie to the public at large as to what is fact and what is fiction. The possession of "new" intelligence or any intelligence, in a double sense of the term, was clearly lacking. See Tom Regan, "Intelligence: Brits plagiarizes student's work for evidence dossier," *Daily Update, An online roundup of a post-Sept. 11 world*, csmonitor.com.

everything that we know. But what I can share with you, *when combined with what all of us have learned over the years, is deeply troubling.*"<sup>38</sup>

No Council member with any integrity had the stomach to allow the addition of this last insult to an already deep injury. Therefore, the United States had to isolate itself from the U. N. in order to do it alone. Aside from the peculiar position of the British government on the war, it would be absurd to use the term *coalition* for the U.S. aggression and its unfolding crisis of hegemony. For, the measure of a coalition, aside from its quantitative composition, is that it should hide the unilateral nature of US actions? Finally, American *unilateralism* is the subjective reflection of the objective forces of "passive revolution" within today's global polity and economy. This, in turn, provides both necessary and sufficient conditions for the unmistakable loss of hegemony and the U.S. tumultuous reaction against it. The Wolfowitz-Perle project and the manifold political and ideological reaction of post-Nine-Eleven, therefore, are compatible with my theoretical argument concerning the epochal loss of American hegemony, without resorting to a conspiracy theory.

## THE OIL SCENARIO AND ITS CRITIQUE<sup>39</sup>

The popular oil scenario appears to have roots in the anachronism of the now defunct administrative oil system that, long before the current globalization of the world economy, once ruled the entire oil industry, from its inception through to the 1950s and 1960s. Direct physical access, prearranged inter-company allocation, and the necessity of geographical control were among the requirements of the old cartelized framework that has produced, priced, and distributed oil in the world, in the absence of a fully developed transnational oil market. Institutionally, the traditional petroleum cartels must be viewed as a precursor to, and not a substitute for, the highly developed contemporary global oil market. Today's oil market is very competitive, despite the fact that it has no

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<sup>38</sup> See *Secretary of State Addresses the U. N. Security Council*, February 5, 2003: <http://www.whitehouse.gov/news/releases/2003/02/20030205-1.html> (emphasis added).

<sup>39</sup> Substantial part of this section has been directly adapted from my "Oil, Japan, and Globalization," *Challenge*, May/June 1994, pp. 41-48.

resemblance to the Procrustean world of neoclassical (textbook) competition.<sup>40</sup> Here, contrary to the bourgeois reading of the term, competition is neither benign (perfect) nor imperfect. The integration of business and the centralization of capital bear no similarity to the neoclassical notion of monopoly either. Real competition in capitalism reflects the coercive aspect of capital accumulation; thus, the merger, acquisition, downsizing, and the process of technological change (in general) constitute the particular forms of this competitive struggle. Given the evolution of global oil, the historical phenomenon of cartel (and cartelization) served as an intermediate stage in the promotion of the task of universal competition and globalization. Today, no oil region of the world remains exempt from the above evolution.

Before dealing with the transformation of the world oil industry into its present institutional form, one has to ask once again whether oil has anything to do with the last two American involvements in the Persian Gulf. Admittedly, it is hard to remain indifferent to the popular and tempting justification of the oil scenario. After all, many on the right, and many more on the left, vigorously argue that the real reason for the deployment of U.S. forces in both the 1990-1991 and 2002-2003 Persian Gulf Wars was none other than "O.I.L." On the right, in an interview, James Schlesinger remarked: "The United States [Bush, the father] has gone to war now, and the American people presume this will lead to a secure oil supply. As a society we have made a choice to secure access to oil by military means. The alternative is to become independent to a large degree of that secure access."<sup>41</sup> On the left, Michael Klare declared: "Two key concerns underlie the Administration's [Bush, the son] 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

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<sup>40</sup> See, for instance, Anwar Shaikh, "Marxian Competition Versus Perfect Competition: Further Comments on the So-called Choice of Techniques," *Cambridge Journal of Economics*, Vol. 4, No. 1, pp. 75-83, and Cyrus Bina, *The Economics of the Oil Crisis*, London: The Merlin Press, 1985 (Ch. 6: "Theories of Pure Competition and Competition in Capitalism,"), pp. 55-65.

<sup>41</sup> James Schlesinger, "Interview: Will War Yield Oil Security?" *Challenge*, March/April, 1991. By the way, "secure access" by becoming "independent" is the code-phrase for anachronism of a national oil sector and thus an excuse to explore oil from the environmentally unsafe areas, such as the pristine regions of Alaska's wildlife.

petroleum after Saudi Arabia.”<sup>42</sup> As can be seen, the positions of the right (a right wing, Chicago School economist) and the left (a progressive anti-war scholar), on the cause of these wars, are remarkably identical. The question is, why? Is it because of the *correctness* of neoclassical economic theory in revealing the universal truth? Or, is it because of the ideologically *fallacious* economic theory that is uncritically accepted by the theory-less and clueless left.<sup>43</sup>

I contend that, at best, the oil scenario is a text without a context. On a logical level, the oil scenario is a remarkable example of a *post hoc, ergo propter hoc* fallacy, misplacing the real cause of U.S. military intervention. Moreover, by neglecting the depth of the last two decades of global transformation, the protagonists on both the left and the right have adopted a very voluntaristic-functionalist view of the U.S. global role.<sup>44</sup> The left tends to capitalize on a voluntaristic interpretation of the concept of hegemony and the functionalist pivot of U.S. military might. The right, on the other hand, tends to rely on the notion of a “unipolar” world and assorted arguments of the “bound to

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<sup>42</sup> Michael T. Klare, “Oiling the Wheels of War,” *The Nation*, October 7, 2002. The corollary of this scenario is to give legitimacy to the rightwing in pursuit of drilling in the wildlife under the guise of “project independence.” Therefore, the premise of the left is no different from the right on the subject of oil. On the global side, as I have indicated more than a decade ago, “The worst case of distortion [of this oil scenario], in my opinion, is the position of the self-styled leftists who are still playing the familiar song and dance of OPEC-versus-the United States or the U.S.-versus-Europe [oil] scenario. By putting fact and fancy on the same level, these writers do not hesitate to present the public with heavy-sounding populist statements of no theoretical consequence. While there is no shortage of examples in the literature, one, for instance, may see Paul Aarts and Michael Renner, “Oil and the Gulf War,” *Middle East Report*, July/August 1991. Here, the authors explicitly state: ‘A core of Gulf oil exporters is thus pivotal for the supply of oil to the world economy. This is a key reason for Washington’s intervention in the Kuwait crisis (p. 26). A few paragraphs later, the same authors speculate that ‘The U.S. is plying a highly ambivalent role in the game,’ presumably because ‘Japan and Western Europe are much more dependent on oil imports than the U.S.’ (p. 27). To be sure, this is a rehash of the same old conspiracy theory that appeared during the (1973-74) oil crisis. For a critique of this hypothesis, see Cyrus Bina, *The Economics of the Oil Crisis*, *op. cit.*, Ch. 2, Sec. 3: ‘Conspiracy Theories of the Oil Crisis’ ” (Cyrus Bina, *The Rhetoric of Oil and the Dilemma of War and American Hegemony*,” *op. cit.* pp. 18-19). See also Paul Aarts, “The New Oil Order: Built on Sand?” *Arab Studies Quarterly*, Vol. 16, No. 2, Spring 1994, who tried to respond to my criticism above, to which, then, I have written a rejoinder: Cyrus Bina, “On Sand Castles and Sand-Castle Conjectures: A Rejoinder,” *Arab Studies Quarterly*, Vol. 17, Nos. 1 & 2, Winter/Spring 1995, pp. 167-171. For more recent replication of such an ad hoc thesis about oil as motivation for U.S. war against Iraq, see, for instance, James A. Paul, “Oil in Iraq: The Heart of the Crisis,” *Global Policy Forum*, December 2002: <http://www.globalpolicy.org/security/oil/2002/12heart.htm>.

<sup>43</sup> It is delightful to acknowledge that occasionally some scholars depart from this oil scenario. One such instance is the analysis of the 1990-1991 Gulf War in which Robert Brenner articulately rejects oil, as the cause of U.S. intervention, by the process of elimination. See Robert Brenner, “Why is the United States at War with Iraq?” *New Left Review*, No. 185, January/February 1991.

lead” variety, without adequate attention to the existing polarities associated with the globalization process. For both ends of the spectrum, however, the physical access to oil and direct control over its production and geographical location plays an important role. Likewise, for both sides, more or less, the spirit of Pax Americana is very much alive. Some writers, including Simon Bromley, maintained that not only has the U.S. hegemony never been on the decline, but it has also gained further strength, after the fall of the Soviet Union and the recent U.S. military victory against Iraq.<sup>45</sup>

Finally, the *Aspects of India’s Economy*, a militant leftist electronic journal from India, devoted its entire December 2002 double-issue to “What is Behind the Invasion of Iraq.”<sup>46</sup> In this context, the authors raise the question of why the U.S. government is trying to buy friendship from the Government of India and how much of this could be motivated by the desire to block China. The core of the analysis rests on (1) the supposition of colonialism and control, (2) the existence of *Pax Americana* and the presence of U.S. hegemony, (3) the assumption of American quest for oil, (4) the perceived monopoly of OPEC, and (5) the attempted conversion of oil revenue denomination from U.S. dollar to euro by OPEC oil producers. Others have made literally a cottage industry on the Internet out of the last point.<sup>47</sup> I did not find any detectable inaccuracy in exposition of the facts in this volume. However, the question of facts is one thing and their *accurate* interpretation is quite another. To be sure, the oil scenario remains the frame of the mind of the authors, compounded unjustifiably by the question of switching the oil currencies. As Krugman pointed out in his short note, any possible shift from the U.S. dollar to the euro on the part of OPEC will result in a “small change”.<sup>48</sup> However, the authors of “What is Behind the Invasion of Iraq,” given their untenable approach, are not losing any opportunity to grasp this straw.

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<sup>44</sup> See, for instance, Edward N. Krapels, “The Commanding Heights: International Oil in a Changed World,” *International Affairs*, Vol. 69, No.1, January 1993 for a crudely voluntaristic argument.

<sup>45</sup> Simon Bromley, *American Hegemony and World Oil*, University Park, PA: The Pennsylvania State University, 1991, and my review of it in *Harvard Middle Eastern and Islamic Review*, Vol. 1, No. 2.

<sup>46</sup> “Behind the Invasion of Iraq,” *Aspects of India’s Economy*, Nos. 33 & 34, December 2002.

<sup>47</sup> See, for instance, Wilson’s Almanac, “The Real Reasons for the Upcoming War with Iraq,” January 2003: <http://www.wilsonsalmanac.com/euro.html>.

## OIL: IN EVOLUTIONARY STAGES

The history of Middle Eastern Oil, including its subsequent development into a modern industry, can be divided into three distinct stages: (1) the era of international cartelization, 1901-50; (2) the era of transition, 1950-1972; and (3) the era of globalization and unified accumulation since 1974. A slightly different historical periodization can be provided for the U.S. domestic oil industry: (1) the era of classical cartelization and the early oil trusts of 1870-1910; (2) the era of regulated neo-cartelization of 1911-72; and (3) the era of globalization and unified accumulation since 1974.<sup>49</sup> A close examination of the entire 1870-1970 period would reveal that administrative pricing and cartel practices were predominantly the rule in the oil business. These practices, however, began to lose their considerable command and effectiveness in the 1950s and 1960s. Proliferating market forces that gradually, but forcefully, challenged the total administrative control overtook the domain of oil pricing by the international oil cartel, known as the “Seven Sisters.”

The second stage in the development of the Middle Eastern oil industry constitutes a transition to transnationalization and a tendency toward a unified global pricing of oil (1950-1972). This stage saw a transitory coexistence of the declining cartelized institutions and the proliferation of market relations, which were conducive to competitive global pricing. Here, it can be demonstrated that the cartelization of oil belongs to an historical stage in which the institutional framework of global capitalism has not yet been fully developed. The basic identifying features of this period are: (1) the dominance of long-term oil contracts (the concession system<sup>50</sup>); (2) the establishment of “basing point” oil pricing in the Persian Gulf identical to the price of oil

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<sup>48</sup> See Paul Krugman, “Nothing for Money,” March 14, 2003: <http://www.wwsprinceton.edu/~pkrugman/oildollar.html>.

<sup>49</sup> The Oil Crisis of 1973-1974 was precisely the crisis of transformation and globalization of the oil industry. The so-called “OPEC offensive” was indeed a catalyst of de-cartelization and globalization of oil. Globalization of oil, in turn, changed the nature of OPEC from some sort of countervailing power vis-à-vis the “Seven Sisters,” to a rent-collecting entity within the competitive (i.e., spot and futures markets) structure of global oil pricing. See Cyrus Bina, *The Economics of the Oil Crisis*, 1985, *op. cit.*, Ch. 6: “Theories of Pure Competition and Competition in Capitalism,” pp. 55-65.

<sup>50</sup> An oil concession is essentially a colonial contract similar to the arrangements by East India Company.

in the Gulf of Mexico (U.S.); (3) the utilization of “posted prices”<sup>51</sup> for the calculation of exporting country oil revenues; and (4) the formation of OPEC.<sup>52</sup> During this period, given the desire for *stabilizing* the “basing-point” price of oil at the Gulf of Mexico, U.S. domestic oil has also been controlled.<sup>53</sup> This basing-point system, which was based on the wellhead price of U.S. oil at the Gulf of Mexico, had long been used as an administrative yardstick for the pricing of oil anywhere in the world.<sup>54</sup>

Given the new and bountiful discoveries of cheaper oil in the Persian Gulf, oil from the Middle Eastern region has gradually displaced U.S. oil, even in the regional markets close to the Western Hemisphere. This has prompted international oil cartel to cut the Persian Gulf posted prices in order to control the interregional flow of oil vis-à-vis the U.S. oil region. (Since the “posted price” was used as a mechanism for internal transfer of oil, from one company to another, within the cartel, cutting the posted price of Persian Gulf oil leads to reduction of supply from this region, thus reducing the flow of oil to Western markets.) But the very fact that the companies were able to do just that proves how huge the profits of their Middle East Oil operations must have been. It also shows that, in the absence of a fully developed global oil market, how tight the cartel’s grip was over the control of both U.S. domestic and international oil. This transitional period also saw the formation of OPEC, which represented the major rent-collecting oil producers and thus created a potential for the recognition of *oil rent* as a price-determined economic category in the modern oil industry. As a result, the struggle over the magnitude of the “posted prices” has been the focal point of contention between the international oil cartel and the oil-exporting states for the years to come.

Toward the end of the 1960s, there emerged two major developments, which forcefully undermined the cartelized character of the industry and helped to unify the pricing of oil globally. First, there appeared a sweeping macroeconomic change in

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<sup>51</sup> The “posted price” was the price according to which the transfer of crude oil within the worldwide network of the “Seven Sisters” was accounted for. See also sources in Footnote #3.

<sup>52</sup> The Organization of Petroleum Exporting Countries (OPEC) was formed in 1960. The original founders were Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela. See Cyrus Bina, “Limits of OPEC Pricing: OPEC Profits and the Nature of Global Oil Accumulation,” *OPEC Review*, Vol. 14, No. 1, Spring 1990.

<sup>53</sup> See Robert Engler, *The Brotherhood of Oil*, Chicago: University of Chicago Press, 1977.

OPEC's relationship with the TNOCs<sup>55</sup>; this had to do with further integration of these oil-exporting countries into the world economy. Second, there was a considerable increase in the exploration and development costs of U.S. domestic oil (already among the highest costs in the world). This was due, in part, to the highly fragmented domestic oil leases connected to the new oil exploration activities and, in part, to the exorbitant cost of additional capital investments made by the U.S. domestic producers in the existing and, certainly, aging U.S. oilfields.<sup>56</sup>

Today, contrary to previous historical stages, oil pricing is the outcome of global competition among the existing oil regions of the world. These oil regions exhibit cost structures of varying magnitudes; however, in competition, the leaseholders must obtain an average rate of profit in the long run in order to stay in business. Given the persistence of differential costs (reflecting the differential productivity) among these regions, any low-cost oil region would thus show profits that are above the industry's average. In other words, the low-cost oil regions, in addition to average, would show additional profits that are commensurate with their own differential cost advantage. These excess profits belong to the distinct category of oil rent; which, the lessor, the owner of oil-in-place, is able to appropriate accordingly. The size of the oil rents, therefore, is simply dependent upon the magnitude of differential productivity (and, by implication, the differential profitability) of all competing oil regions globally. Hence, differential profits turn into differential oil rents; and all differential oil rents are price-determined.<sup>57</sup> This universal rule applies equally to both OPEC and non-OPEC producers. This explains, for instance, why OPEC prices are no longer insulated from the determining (and at times, undermining) impact of spot prices in the global oil market.

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<sup>54</sup> See John M. Blair, *The Control of Oil*, New York: Pantheon Books, 1976.

<sup>55</sup> I use TNOCs (Transnational Oil Companies) interchangeably with "Seven Sisters" or International Oil Cartel.

<sup>56</sup> See the sources cited in footnote #3, particularly, *The Economics of the Oil Crisis* (1985).

<sup>57</sup> Footnote #60 contains further discussions on the differential oil rents and the question of "absolute rent." For further examination of the theoretical points raised in this section, the reader is referred to the sources in Footnote #3 above.

The development of global spot (and futures markets) in the oil industry is indeed the consequence of: (1) the extent of globalization of the oil industry and, in turn, the profundity of the integration of the oil-producing nation-states within the global economy; (2) the critical importance of U.S. oil cost structure in setting the price of oil worldwide; (3) the tendential unification of existing oil regions under a unified pricing rule; (4) the replacement of the cartelized arrangements and administrative pricing by the inherently unsettled forces within the global oil market; and, by implication, (5) the development of OPEC as a rent-collecting association, with no apparent immunity from the influence of market forces and constraining oil market fundamentals.

The onset of these post-cartel changes obtained its original form in the oil crisis of the early 1970s, which, in turn, initiated the global restructuring of the entire oil industry. The consequence of all this was the emergence of worldwide competitive prices based on the costliest oil region (namely, U.S. domestic oil) and the formation of worldwide differential oil rents for the more productive oil regions globally. Thus, contrary to popular belief, it is not OPEC, but U.S. domestic oil that is critically setting the price of oil worldwide. Thus, the imagined war-for-oil scenario is actually a throwback to a golden age - a nostalgic plea that interjects the past into the uncertain future. Any oil-related American incentive, however, can be explained in terms of the mere disbursement of the Iraqi oil rents in conjunction with the U.S. Middle East strategic objectives in this "new world disorder."

## THE MISMEASURE OF "BLOOD FOR OIL"

For those who do not wish to bother with the technical details surrounding the value-theoretic issues on the question of oil and its globalization, I have devised a simple exercise for the calculation of Iraqi oil rents. This is intended for a straightforward dialog with the converging millions that are airing their reverberating voice so wonderfully throughout the simultaneity of the *global peace movement*. As we have seen, these global voices are raised in unison against the jingoist attitude of the Bush administration and its war-peddling partners in the British government, symbolically the

coalition of the hegemonic yesteryear. To be sure, this globalizing peace tendency acted against the new U.S. foreign policy based on the preemption and anachronism of Bush's "permanent war scenario," which is contrary to the present era of globalization.

The globalization of oil since the mid-1970s has rendered the *sui generis* categories of "access" and "dependency" meaningless.<sup>58</sup> As I have demonstrated above, the post-cartelization of oil is simultaneous with global competition and, consequently, formation of *differential oil rents* across the global oil industry. Based on my value-theoretic framework, I distinguish between what is "organic" and what is "conjectural" in the pricing of oil.<sup>59</sup> To be sure, the *price of production* of the highly explored oilfields within the U.S. lower 48 states is the global center of gravity of oil prices everywhere. As a result, in competition, the more productive oilfields in the world are potentially able to collect additional profits in terms of oil rents. Moreover, magnitude of such rents mirror the magnitude of the corresponding (differential) productivity of the existing oilfield anywhere in the world.<sup>60</sup> Hence, despite the ideological hold, intuitive

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<sup>58</sup> See, for instance, Michael T. Klare, "Oiling the Wheels of War," *The Nation*, October 7, 2002. He is still singing to the old tunes that are relevant only to the old times.

<sup>59</sup> This is parallel with Gramsci's interpretation of Marx in the realm of politics, which is consistent with appropriate interpretation of *value theory* and its mediating manifestation in the market prices. "A common error in historico-political analysis consists in an inability to find the correct relation between what is organic and what is conjectural. This leads to presenting causes as immediately operative, which in fact only operate indirectly, or to asserting that the immediate causes are the only effective ones. In the first case there is an excess of 'economism,' or doctrine of pedantry; in the second, an excess of 'ideologism' " (Gramsci, 1971, p. 178).

<sup>60</sup> Differential oil rent is not the same as "monopoly" rent. It is, rather, a measure of comparative productivity of the various oilfields in competition. As for the Marxian concept of "absolute rent" and its presumable relevance to the oil industry, I wish to make two points. First, from the standpoint of the dynamics of accumulation, absolute rent belongs to a rent-collecting sector (i.e., an industry entangled in "landed property") whose "organic composition of capital" is below the "average." Therefore, the effect of "landed property" upon the investment of capital, via the appropriation of a portion of surplus value, potentially leads to keeping the "composition of capital" below average. Here, "landed property" creates the category of "absolute rent," regardless of the existing qualities of land. In this connection and in Marxian terms, cost price remains below the magnitude of value (or *production price* is below *value*). Therefore, according to Marx, development of capitalism and the historical limitation of landed property may lead to the increasing "composition of capital" in agriculture beyond the "average," thus removing the material basis of "absolute rent" (see Marx Engels, *Collected Works*, Vol. 31, New York: International Publishers, 1989, pp. 464-477). Secondly, when "individual production price" of the least productive land (or oilfield) is the governing "price of production" of the entire industry, then the production from such a land (or oilfield) may not be possible without the payment of rent to the owner. In this case, "absolute rent" will be a part of the surplus value on all lands, the limit to which is set by the extent of Differential Rent II (DR II). Why? DR II corresponds with the application of varying capital to a specific quality of land already under cultivation, thus bypassing the imposition of additional leasing costs associated with a new

appeal, and the magical portrayal of OPEC as a “monopoly,” a fairly analytical mind would not fall for the ideological underpinnings of the oil scenario. Thus, the left needs to rise above the mere regurgitation of the ad hoc, uncritical, and tautological constructs of corporate media and corporate capitalism.

Let us look at a simple exercise, attempting the calculation of the value of all Iraqi proven oil reserves in today’s prices<sup>61</sup>. According to recent estimates, the Iraqi proven oil reserves are nearly 110 billion barrels of recoverable oil. In two separate scenarios, let us assume two alternative production-schedules of 2.5 and 5 million daily barrels, as follows:

If the rate of utilization of these reserves, *ceteris paribus*, will be set at 2.5 and 5 million average daily barrels, these oil reserves would be exhausted within nearly 120 years and 60 years, respectively. Accordingly, our respective annual production schedules are:

- 1)  $[2.5 * 365 = 912.5]$  912.5 million of annual barrels;
- 2)  $[5.0 * 365 = 1,825]$  1,825 million of annual barrels.

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lease (see Ben Fine, “On Marx’s Theory of agricultural Rent,” *Economy & Society*, Vol. 8, August 1979, pp. 241-278). Yet, this absolute rent is not the same as “monopoly rent,” which is an *ad hoc* category and a point of departure from the fictional notion of competition in the neoclassical economics. At any rate, if there will be any absolute rent in the oil industry, its very source is located in the least productive oilfields of the United States, not OPEC. Moreover, OPEC oil reserves are *not* under the ownership of private sub-surface land. In the context of capital accumulation, these reserves are jointly owned by the capitalist state itself, which also represents the public ownership of the sub-surface land, with no obstruction of the private landed property (see Marx Engels, *op. cit.*, pp. 519-520, when the landowner and capitalist are one). Consequently, it would be incorrect to attribute the formation of “absolute rent” to OPEC as, for instance, Chibuzo Nwoke implies. He explicitly reveals his error by stating that “The ‘monopoly ownership’ of Third World landlord governments would be stronger, and the magnitude of absolute rent exacted by them would be greater, as the demand for minerals expands and the supply of rich mineral deposits becomes more limited” (Chibuzo Nwoke, *Third World Minerals and Global Pricing*, London: Zed Books, 1987, p. 30). Perplexed by the Ricardian decreasing margin, Nwoke claims, mistakenly, that the least productive global oilfields are located in the North Sea and Alaska, rather than the lower 48 states of the United States. Nwoke also makes no references to my *Economics of the Oil Crisis* (1985), which was available some two years before the publication of his own book in 1987.

<sup>61</sup> I wish to stress that this is a rough exercise for the sake of illustration and approximation of order of magnitude of the value of Iraqi oil rents. For obvious reasons, any change in the assumptions involved in this exercise results in different figures. My intention is to show the rough order of magnitude of the

Assuming \$20.00 per barrel for the price Iraqi oil (viz. the 1990s average market price) and about \$10.00 for the Persian Gulf differential oil rent (see Bina, 1985 for meaning and approximate magnitude of oil rents).

Let's further assume:

- 1) 8% real discount rate;
- 2) 3% annual inflation rate;
- 3) 3% annual growth rate of addition to the proven reserves.

**SCENARIO I:** Given the annual production volume of 912.5 million barrels within 120 years and \$10.00 of differential oil rent per barrel, the value of differential oil rents for 120 years is as follows:

$$912.5 \text{ million} * 120 = 109.5 \text{ billion barrels}$$
$$109.5 \text{ billion barrels} * \$10 = \$1.095 \text{ trillion.}$$

Given 8% annual discount rate, 3% annual rate inflation, and 3% annual growth rate of addition to the proven reserves, we have applicable rate of discount of 8 percent ( $8\% + (3\% - 3\%) = 8\%$ ).

Thus, Present Value of \$1.095 trillion at 8% discount rate to be received in lump sum after 120 years is **\$106.8 million**.

**SCENARIO II:** Given the annual production volume of 1,825 million barrels within 60 years and \$10.00 differential oil rent per barrel, the value of differential oil rents at the end of 60 years is as follows:

$$1,825 \text{ million} * 60 = 109.5 \text{ billion barrels}$$
$$109.5 \text{ billion} * \$10 = \$1.095 \text{ trillion.}$$

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cumulative value of Iraqi oil not simply for 10 or 12 years of occupation but for the longer period near to

Given 8% annual discount rate, 3% annual rate inflation, and 3% annual growth rate of addition to the proven reserves, we would have applicable rate of discount of 8 percent ( $8\% + (3\% - 3\%) = 8\%$ ).

Thus, Present Value of \$1.095 trillion at 8% discount rate to be received in lump sum after 60 years is **\$10.81 billion**.

Based upon the second scenario (the much larger figure of the two), the price tag for differential oil rents in Iraq is slightly less than \$11 billion. Now, let's assume that the Iraqi oil reserves are underestimated, say, that they are five times the reported figures. Thus, *ceteris paribus*, one would arrive at \$11 billion \* 5 = \$55 billion. Now, let's double our reasonable figure of \$10 for differential rent per barrel. Again, we would never ever arrive at a figure much larger than \$110 billion for the present value of all differential oil rents to be paid to the Iraqis. In other words, the "Iraqi oil price tag" does not exceed \$110 billion to be received in lump sum at the end of the period. This is indeed chump change, given the staggering costs associated with the prosecuting the war and the unanticipated financial and incalculable human costs of the subsequent occupation of Iraq.

Let's further assume that the proceeds from differential oil rents in Iraq will be received on an annual basis for, say, 55 long years. In other words, assume that the Bush administration and its future successors are able to invent a pill that tranquilizes, not only the people of Iraq but also the people of the entire world in order to calmly and comfortably steal the Iraqi oil rents for 55 years, till 2058. Now we need to calculate the summation of the present value of annuitized annual Iraqi oil rents for the period of 55 years. This scenario is more realistic since the payments of oil rents are made on an annual basis. Again, for the sake of argument, I have chosen a much larger average figure of 5 million daily barrels, assuming a very optimistic production schedule:

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the estimated time of the exhaustion of reserves in Iraq.

5 million \* 365 = 1.825 billion annual barrels,  
1.825 billion \* \$10 = \$18.25 billion.

The Present Value of \$18.250 billion annual payment, to be paid for 55 consecutive years is equal to **\$224.8 billion**.

Now, let me ask: Given the limited magnitude of these figures, would it be justified to mask the real cause of this war and disguise the real epochal reasons behind it? According to Nordhaus estimates, the direct and indirect costs of forceful occupation of Iraq would range somewhere between \$120 billion and \$1.6 trillion over a 10-year period.<sup>62</sup> Should my estimated value of Iraqi oil warrant such a huge undertaking? Finally, why do people find it necessary to appeal to anachronistic and misleading phrases, such as “No Blood for Oil”? Would it not be better for the Left, and for the global peace-movement in general, to re-examine the meaning of their actions and slogans? Isn’t it worthwhile for the Left to study the stigma of *commodity fetishism* behind this phrase? It is apparent that some of us are the victims of our own tautological pronouncements, particularly when it comes to the assessment of oil.<sup>63</sup> For instance,

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<sup>62</sup> William D. Nordhaus, “Iraq: The Economic Consequences of War,” *New York Review of Books*, Vo. 49, No. 19, December 5, 2002; see also Dean Baker and Mark Weisbrot, “The Economic Costs of a War in Iraq: The Negative Scenario,” December 9, 2002: <http://www.cepr.net/Costs%20of%war.htm>. The figures resulted from my calculation are tentative and thus intended for illustration of the *order of magnitude* for the estimated lifetime of Iraqi oil deposits. Reference to Nordhaus’ figures for a decade of involvement in Iraq is just for a rough comparison. I had no intention of critically examining his assumptions. It is my contention that, in reality, neither appealing to epochal misconceptions, such as “access,” “U.S. dependency,” nor resorting to the “strategic” and “metaphysical” portrayal of oil as an object of occupation, nor capitalizing on the plunder alone would render oil as the cause of the U.S. aggression. Rather the cause is the *epochal* dismantling of American hegemony and the desperate U.S. reaction.

<sup>63</sup> Others who have faith in the “oil scenario” may argue differently that this war may not be for oil in the interests of the U.S. as a whole but rather in the interest of “oil corporations in the U.S.” As a result, they propose that the cost of war must be a huge subsidy that is paid by the entire society to the oil industry alone. Replacing the cause of the war with its effects, this argument reduces the material interest of the entire capitalist class and U.S. capitalism to the interest of a tiny fraction. This reduction is twofold: (1) on the ontological and material side, it reduces the entire American capitalism to oil; (2) on the epistemological side, it is a reduction of the whole to one of its constituent parts. At the same time, this “popular belief” is often silent on the purported reasons behind the “priority” of oil interests, other than echoing the news from the Iraqi oilfields and the departure of oil service contractors for “rebuilding” Iraq. Methodologically, of course, this amounts to a *cardinal sin*. Why? Because it is tautology: the proposition that has yet to be examined has been *deceptively* turned into a foregone conclusion in the argument.

Michael Klare wants us to believe that “It’s the Oil, Stupid.”<sup>64</sup> His appeal is apparently to *causal observation*, without the benefit of mediating epochal analysis. For him, business seems as usual: the present polity is the continuation of the past. The American hegemony remains intact, if not enhanced. To prove the oil scenario, he thus refers us to the news from the Iraqi oilfields, just like a cute observer who points to the sunrise and sunset and has us believe that the Sun rotates about the Earth. Then he adds an insult to the injury and tells us, “It’s the oil, stupid”. To conclude my argument, given the above analysis, let me ask Professor Klare graciously: is it really the oil, stupid?

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<sup>64</sup> See Michael T. Klare, “It’s the Oil, Stupid,” *The Nation*, May 12, 2003; Gore Vidal. “Blood for Oil,” *The Nation*, October 28, 2002.

## CONCLUDING REMARKS

It has been argued that, on three separate occasions since the 1980s, the United States intervened in the Persian Gulf. The first was the Iran-Iraq war (1980-1988); the second and third have been the 1990-1991 and 2002-2003 Persian Gulf Wars against Saddam Hussein. The way that the last two wars were fought, however, is an unfortunate throwback to the good old colonial days of *gunboat diplomacy*, an anachronism similar to the Pax Britannica's unmediated political and economic engagements. As we have learned from the tumultuous history of Pax Britannica, this golden rule of unmediated and belligerent domination did not survive the "passive revolution" and the political challenges of its time. The gunboat diplomacy did not work then.

On the other hand, the ascent of Pax Americana was predicated upon the hegemony of its mediating institutions and the *epochal* capacity for internalizing the post-Second World War "passive revolutions." However, as the objective forces of globalization, and the subjective political challenges—from within and from without—exceeded its internal capacity and structure in the mid-to-late 1970s, Pax Americana collapsed under its own weight. The collapse of Pax Americana is, therefore, the precursor of *eventual* loss of the U.S. global hegemony.

In this context *ipso facto* one may view the dismantling of the postwar Doctrine of Containment and the installment of the post-Pax Americana Doctrine Preemption as the end of the end of U.S. global hegemony. And, it is in this context alone that the belligerent reactions of the U.S. are severely self-limiting—and self-defeating. The adventurous foreign policy of the Bush administration, in general, and its specific application to the recent slaughter in Iraq, constitute the *subjective* reaction to the *objective* loss of the U.S. global hegemony. I have argued at length that such nostalgic acts of conquest and control are the *real underlying motivation* behind the war, *not the oil*. This is not to suggest an idealist (psychological) rather than materialist explanation for the war in Iraq. Rather, it is to argue that these nostalgic acts represent a discursive reaction to the material transformation and epochal forces of globalization. As I have

demonstrated throughout this paper, this motivation is of an *epochal* nature and, as such, it is a million times more dangerous for the global peace and stability than the flimsy argument of the purported oil motive.

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Minnesota, USA.

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