[fueling hostility]

Oil for War

After invading one of the most petroleum-rich countries on earth, the U.S. military is running on empty.

By Robert Bryce

NAPOLEON FAMOUSLY SAID that an army marches on its stomach. That may have been true for his 19th-century force. But the modern American military runs on jet fuel—and lots of it.

Today the average American G.I. in Iraq uses about 20.5 gallons of fuel every day, more than double the daily volume consumed by U.S. soldiers in Iraq in 2004. Thus, in order to secure the third-richest country on the planet, the U.S. military is burning enormous quantities of petroleum. And nearly every drop of that fuel is imported into Iraq. These massive fuel requirements—just over 3 million gallons per day for Operation Iraqi Freedom, according to the Pentagon's Defense Energy Support Center—are a key reason for the soaring cost of the war effort.

Controlling Iraq's oil has historically been a vital factor in America's involvement in Iraq and was always a crucial element of the Bush administration's plans for the post-Saddam era. Of course, that's not how the war was sold to the American people. A few months before the invasion, Secretary of Defense Donald Rumsfeld declared that the looming war had "nothing to do with oil, literally nothing to do with oil." The war was necessary, its planners claimed, because Saddam Hussein supported terrorism and, left unchecked, he would unleash weapons of mass destruction on the West.

Nevertheless, oil was the foremost strategic focus for the U.S. military in Iraq. The first objectives of the invading forces included the capture of key Iraqi oil terminals and oilfields. On March 20, 2003, Navy SEALs engaged in the first combat of the war when they launched a surprise invasion of the Mina al-Bakr and Khor al-Amaya oil loading terminals in the Persian Gulf. A few hours later, Marine Lt. Therral Childers became the first U.S. soldier to die in combat in the invasion when he was killed fighting for control of the Rumaylah oil field in southern Iraq.

Oil was also the first objective when U.S. forces reached Baghdad on April 8. Although the National Library of Iraq, the National Archives, and the National Museum of Antiquities were all looted and in some cases burned, the oil ministry building was barely damaged. That's because a detachment of American soldiers and a half-dozen assault vehicles were assigned to guard the ministry and its records.

After all, the war's architects had promised that oil money was going to rebuild Iraq after the U.S. military took control. In March 2003, Paul Wolfowitz told a Congressional panel, "The oil revenues of that country could bring between $50 and $100 billion over the course of the next two or three years. Now, there are a lot of claims on that money, but … we are dealing with a country that can really finance its own reconstruction and relatively soon." As Michael Gordon and Bernard Trainor explained in their 2006 book, *Cobra II*, "The Pentagon had promised that the reconstruction of Iraq would be 'self-financing,' and the preservation of Iraq's oil wealth was the best-prepared and -resourced component of Washington's postwar plan."

After the invasion, when inspectors failed to find any weapons of mass destruction, Bush and his supporters changed their story, claiming that the U.S. had invaded Iraq to spread democracy in the Middle East. When democracy failed to materialize, the justification for the invasion turned to oil. During an October 2006 press conference, Bush declared that the U.S. could not "tolerate a new terrorist state in the heart of the Middle East with large oil reserves that could be used to fund its radical ambitions or used to inflict economic damage on the West."

The U.S. military and the new Baghdad government have failed, however, to secure Iraq's tattered oil sector. As A.F. Alhajji, energy economist and professor at Ohio Northern University, has said, "whoever controls Iraq's oil, controls Iraq." For the last five years, it's never been exactly clear who controls Iraq's oil. That said, the country's leading industry is slowly increasing output. In January, daily production hit 2.4 million barrels per day, the highest level since the U.S. invasion.

But America's presence in Iraq isn't making use of the local riches. Indeed, little, if any, Iraqi oil is being used by the

American military. Instead, the bulk of the fuel needed by the U.S. military is being trucked in from the sprawling Mina Abdulla refinery complex, which lies a few dozen kilometers south of Kuwait City. In 2006 alone, the Defense Energy Support Center purchased $909.3 million in motor fuel from the state-owned Kuwait Petroleum Corporation. In addition to the Kuwaiti fuel, the U.S. military is trucking in fuel from Turkey. But some of that Turkish fuel actually originates in refineries as far away as Greece.

In 2007 alone, the U.S. military in Iraq burned more than 1.1 billion gallons of fuel. (American Armed Forces generally use a blend of jet fuel known as JP-8 to propel both aircraft and automobiles.) About 5,500 tanker trucks are involved in the Iraqi fuel-hauling effort. That fleet of trucks is enormously costly. In November 2006, a study produced by the U.S. Military Academy estimated that delivering one gallon of fuel to U.S. soldiers in Iraq cost American taxpayers $42—and that didn't include the cost of the fuel itself. At that rate, each U.S. soldier in Iraq is costing $840 per day in fuel delivery costs, and the U.S. is spending $923 million per week on fuel-related logistics in order to keep 157,000 G.I.s in Iraq. Given that the Iraq War is now costing about $2.5 billion per week, petroleum costs alone currently account for about one-third of all U.S. military expenditure in Iraq.

Soaring fuel costs are largely a product of the fact that U.S. forces have been forced to defend themselves against improvised explosive devices. The majority of American casualties in Iraq have been due to IED attacks, primarily on motor vehicles. The U.S. military has spent billions of dollars on electronic countermeasures to combat the deadly devices, but those countermeasures have largely failed. Instead, the troops have had to rely on old-fashioned hardened steel. Since the beginning of the war, the Pentagon has introduced numerous programs to add armor skins to its fleet of Humvees.

But even the newest armored Humvees, which weigh about six tons, haven't been enough to protect soldiers against the deadly explosives. Last year, Congress, the White House, and the Pentagon agreed on a four-year plan to spend about $20 billion on a fleet of 23,000 mine-resistant ambush protection vehicles or MRAPs. Last August, the Pentagon ordered 1,520 of the vehicles at a cost of $3.5 million each.

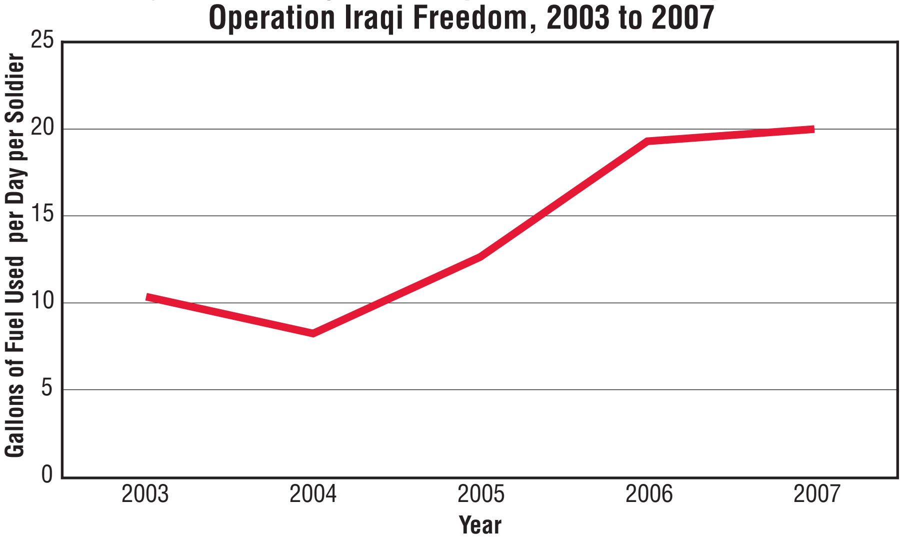
The MRAPs mean even greater demand for fuel from U.S. troops in Iraq. An armored Humvee covers perhaps 8 miles per gallon of fuel. One version of the MRAP, the Maxxpro, weighs about 40,000 pounds, and according to a source within the military, gets just 3 miles per gallon. The increased demand for fuel for the MRAPs will come alongside the need for an entirely new set of tires, fan belts, windshields, alternators, and other gear.

This swelling of the logistics train creates yet another problem for the military: an increase in supply trucks on the road, which demands yet more fuel and provides insurgents with a greater range of targets to attack.

While the U.S. military chases its own fuel tail in Iraq, a country that sits atop 115 billion barrels of oil—about 9.5 percent of the world's total—the global energy industry is racing forward with new alliances and deals, many of which would have been unthinkable before the invasion. Those alliances have far-reaching significance for America's foreign and energy policy. The world's oil market is no longer shaped by U.S. military power. Markets are trumping militarism. As one analyst put it recently, dollars are replacing "bullets as shapers of the geopolitical picture."

The importance of this point is obvious: as the effectiveness of militarism in controlling global energy trends is declining, the U.S. is spending billions of dollars a week in Mesopotamia on a war effort that—if John McCain is right—could drain the American treasury for decades to come. Meanwhile, America's key rivals, China and Russia in particular, are using their influence to forge economic alliances that are realigning the global balance of power. They are creating a multipolar world in which America's influence will be substantially diminished.

Average Fuel Use by U.S. Troops Stationed in Iraq as Part of Operation Iraqi Freedom, 2003 to 2007



This realignment is particularly advantageous for major energy exporting countries such as Russia, Abu Dhabi, Saudi Arabia, Qatar, and of course, Iran. These states are taking advantage of higher energy prices caused by ever-increasing global energy demand and tightening supplies. And while the Bush administration has tried to diminish the influence of countries like Iran and Russia, there's little, if anything, the U.S. can do to slow the trend. The myriad of energy exploration and production contracts that the Iranians have signed in recent months proves the point.

Meanwhile, Russia's state-controlled behemoth, Gazprom, has consolidated its hold on the European natural gas market. Add the massive financial power of the sovereign wealth funds of just three countries—Abu Dhabi, Saudi Arabia and Kuwait, who hold a combined $1.4 trillion in assets—and the shift in power becomes even more apparent. Higher energy prices are the main difference between the first Iraq War and the second, says Jeff Dietert, a managing director at Simmons & Company International, a Houston-based investment banking firm that focuses on the energy sector. "It's a completely different result from the first Iraq War, which was really a demonstration of military prowess. It was quick and decisive versus the current situation in Iraq, which is slow, expensive and drawn out."

The Kurds have been quick to exploit new opportunities in the fast-changing oil market. In direct defiance of the weak central government in Baghdad, the Kurdistan Regional Government has signed 15 oil exploration deals with 20 companies from 12 countries. Increasing oil production benefits the Kurds. It also helps Turkey, which stands to reap more revenue from the Kirkuk to Ceyhan pipeline, which will carry much of the new production. A Norwegian company, DNO ASA, has already built a pipeline from their Tawke oil field north of Mosul to an interconnection point immediately next to the Kirkuk-Ceyhan pipeline.

Geneva-based Addax Petroleum is another big player in Kurdistan. During a presentation at an oil and gas conference in Connecticut in September, the company's chief financial officer, Michael Ebsary, said that Addax's potential reserves in Kurdistan may be as large as 2.7 billion barrels of oil. (Addax's partner in the project is a Genel Enerji, a subsidiary of the Cukorova Group, one of Turkey's biggest conglomerates.) "Everyone sees the Kurdish region as an area that has to be developed. There's tons of oil there," Ebsary told me. "It has to get out."

The same can be said for Iranian oil and gas. One of the unintended consequences of the Iraq War has been the strengthening of Iran's influence in the region. In 2007 alone, the Iranians cut deals—worth perhaps $50 billion over the next few decades—with companies from Britain, Spain, Brazil, China, Austria, Turkey, and Malaysia. In addition to those projects, the Iranian government is still negotiating the pricing formulas for the long discussed, much-delayed Peace Pipeline, the $7 billion, 1600-mile conduit to carry Iranian gas to Pakistan and India. In 2005, Susil Chandra Tripathi, the secretary of India's ministry of petroleum and natural gas, promised that the deal would eventually go through. He told me that the U.S. may "want to isolate Iran, but that doesn't mean Iran will quit producing crude oil and gas, or that we will stop buying it."

Another indication of the shift in power can be seen by looking at the new the Dubai Mercantile Exchange, which last June began trading the Oman Crude Oil Futures Contract. By getting into the energy futures business, Dubai is assuring that the crude oil coming out of the Persian Gulf has its own benchmark price—one that is not reliant on Western crude oil standards such as West Texas Intermediate and North Sea Brent. It also puts Dubai in competition with the traditional trading hubs in New York and London. In July 2006, Gary King, the CEO of the Dubai exchange, told me that the emergence of the exchange and the new futures contract indicates that the Persian Gulf is "the center of the world's biggest hydrocarbon province. Most of the growth in oil consumption is in Asia-Pacific. So it's a natural shift in gravity. Our timing is very opportune to be in that center of gravity."

This change cannot be stopped or ignored. In today's multi-polar world, economic interests, not military force, predominate. "It used to be that the side with the most guns would win," says G.I. Wilson, a recently retired Marine Corps colonel, who has written extensively on terrorism and asymmetric warfare and spent 15 months fighting in Iraq. Today, says Wilson, the side "with the most guns goes bankrupt."

Since World War II, America has held fast to the idea that controlling the oil flow out of the Persian Gulf must be assured at the point of a M-16 rifle. But the cost of that approach has been crippling. As the U.S. military pursues its occupation of Iraq—with the fuel costs approaching $1 billion per week—it's obvious that the U.S. needs to rethink the assumption that secure energy sources depend on militarism. The emerging theme of the 21st-century energy business is the increasing power of markets. The U.S. can either adapt or continue hurtling down the road to bankruptcy. ■

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Is Brown the New Black?

Assimilating Latinos into the politics of victimhood.

By Steve Sailer

THE SLUGFEST between Barack Obama and Hillary Clinton, in which only the most painstaking analyst can discern any disagreement over policy, highlights the ancient yet growing importance of ethnic identity in politics.

The race didn't start out that way. The 2007 polls showed that blacks favored Senator Clinton, the wife of "America's first black president," over Senator Obama, the preppie from paradise. Yet when the crunch came, four-fifths of black Democratic primary voters rallied to the yuppie technocrat's banner.

Shaken by the defection of an ethnicity Hillary had assumed was hereditarily hers, the Clinton campaign then pointed to the Latino vote as its "firewall." And in the important California primary, Hispanics did vote 67 percent to 32 percent for the former first lady. Elsewhere, however, the vaunted Hispanic bloc didn't quite live up to expectations. Hillary responded to her Super Tuesday woes by firing her Hispanic campaign manager, Patti Solis Doyle, and replacing her with Maggie Williams, who is black. As I write, Mrs. Clinton is left hoping that Latinos will bail her out in the upcoming Texas primary.

The multiracialization of American politics has barely begun. When it comes to identity politics, numbers count. And a new population projection from the Pew Research Center estimates that Hispanics will grow from 42 million in 2005 to a jaw-dropping 128 million in 2050. Meanwhile, African Americans will increase from 38 million to 57 million. (Caucasians will barely creep over the 200 million mark, presumably on the strength of Middle Eastern immigration.)

The relationship between blacks and Latinos will become increasingly central to American life, but it's a murky phenomenon, poorly understood by the white-dominated press.

Despite the hype, the Latino electorate has been growing much less impressively than the Latino population. Although Hispanics comprise about 15 percent of the residents of this country, they only cast 5.8 percent of the votes in the 2006 midterm elections, according to the Pew Hispanic Center's crunching of the raw data from the Census Bureau's big biennial voting survey. That was up from 5.3 percent in 2002—steady growth but hardly the political tsunami that we've been told about over and over. In contrast, blacks accounted for 10.3 percent of the vote, 77 percent more than Hispanics.

Thus it's far better, especially in the Democratic primaries, to get four-fifths of the black vote, as Obama does, than two-thirds of the Hispanic vote, as Mrs. Clinton does. Although Clinton has typically beaten Obama among whites, Obama does well enough that his large margin among black Democrats keeps him competitive. (Clinton's secret weapon has been Asians, who sided with her 71-25 percent in California.)

One reason the black-Hispanic relationship is poorly understood is that class intersects with ethnicity in complex ways. At the bottom of society, among prison and street gangs, race rules. In the Los Angeles County jail, which is 60 percent Hispanic and 30 percent black, the two groups fought murderous battles in 2006. Last October, federal prosecutors accused the Florencia 13 street gang of trying to ethnically cleanse blacks from its unincorporated neighborhood in LA County. (The political impact of this violence shouldn't be exaggerated, though. The respectable folk who do most of the voting don't approve of gangbangers feuding.)

In poorer neighborhoods, black residents feel uneasy about men speaking Spanish around them. Not being able to understand what is being said robs them of their street smarts. Are the two men next to you at the bus stop talking in Spanish about soccer or are they plotting to mug you? Who knows?

At the top of the power structure, in the House of Representatives and state legislatures, blacks and Latinos get along quite well, united by party (92 percent of elected Hispanics are Democrats) and a mutual desire to keep the affirmative action gravy train chugging along. Ward Connerly, a black opponent of ethnic quotas, has noted that when he was a regent of the University of California, the heaviest pressure on the regents to cheat on the anti-preference language written into the state constitution by Prop. 209 came not from the Black Caucus in the legislature but from the larger Latino Caucus. They threatened to cut UC's budget unless more Hispanic applicants were admitted.

Black politicians tend to view Hispanics today much as Irish politicos once saw their fellow Catholic Poles: silent partners in their coalition who should be grateful for their natural leaders' experience and charm. Not surprisingly,