# The Pentagon and Big Oil: Militarism and Capital Accumulation

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*There is no question that, in the immediate aftermath and for several years following US military conquests, wars, occupations and sanctions, US multi-national corporations lost out on profitable sites for investments. The biggest losses were in the exploitation of natural resources – in particular, gas and oil – in the Middle East, the Persian Gulf and South Asia.*

As a result some observers speculated that there were deep fissures and contradictory interests within the US ruling class. They argued that, on the one hand, political elites linked to pro-Israel lobbies and the military industrial power configuration, promoted a highly militarized foreign policy agenda and, on the other hand, some of the biggest and wealthiest multi-national corporations sought diplomatic solutions.

Yet this seeming 'elite division' did not materialize. There is no evidence for example that the multi-national oil companies sought to oppose the Iraq, Libyan, Afghan, Syrian wars. Nor did the powerful 10 largest oil companies with a net value of over $1.1 trillion dollars mobilize their lobbyists and influentials in the mass media to the cause of peaceful capital penetration and domination of the oil fields via neo-liberal political clients.

In the run-up to the Iraq war, the three major US oil companies, Exxon Mobil, Chevron, Conoco Phillips, eager to exploit the third largest oil reserves in the world, did not engage in Congressional lobbying or exert pressure on the Bush or later Obama Administration for a peaceful resolution of the conflict. At no point did the Big Ten challenge the pro-war Israel lobby and its phony arguments that Iraq possessed weapons of mass destruction with an alternative policy.

Similar "political passivity" was evidenced in the run-up to the Libyan war. Big Oil was actually signing off on lucrative oil deals, when the militarists in Washington struck again – destroying the Libyan state and tearing asunder the entire fabric of the Libyan economy.

Big oil may have bemoaned the loss of oil and profits but there was no concerted effort, t before or after the Libyan debacle, to critically examine or evaluate the loss of a major oil producing region. In the case of economic sanctions against Iran, possessing the second largest oil reserves, the MNC again were notable by their absence from the halls of Congress and the Treasury Department where the sanctions policy was decided. Prominent Zionist policymakers, Stuart Levey and David Cohen designed and implemented sanctions which prevented US (and EU) oil companies from investing or trading with Teheran.

In fact, despite the seeming divergence of interest between a highly militarized foreign policy and the drive of MNC to pursue the global accumulation of capital, no political conflicts erupted. The basic question that this paper seeks to address is: Why did the major MNC submit to an imperial foreign policy which resulted in lost economic opportunities?

**Why the MNC Fail to Oppose Imperial Militarism**

There are several possible hypotheses accounting for the MNC accommodation to a highly militarized version of imperial expansion.

In the first instance, the CEO's of the MNC may have believed that the wars, especially the Iraq war, would be short-term, and would lead to a period of stability under a client regime willing and able to privatize and de-nationalize the oil and gas sector. In other words, the petrol elites bought into the arguments of Rumsfeld, Chaney, Wolfowitz and Feith, that the invasion and conquest would "pay for itself".

Secondly, even after the prolonged-decade long destructive war and the deepening sectarian conflict, many CEO's believed that a lost decade would be compensated by "long term" gain. They believed that future profits would flow, once the country was stabilized. The oil majors entry after 2010; however, was immediately threatened by the ISIS offensive. The 'time frame' of the MNC strategic planners was understated if not totally wrong headed.

Thirdly, most CEO's believed that the US-NATO invasion of Libya would lead to monopoly ownership and greater profits than what they received from a public-private partnership with the Gadhafi regime. The oil majors believed that they would secure total or majority control. In other words the war would allow the oil MNC to secure monopoly profits for an extended period. Instead the end of a stable partnership led to a Hobbesian world in which anarchy and chaos inhibited any large scale, long-term entry of MNC.

Fourthly, the MNC, including the big oil corporations, have invested in hundreds of sites in dozens of countries. They are not tied to a single location. They depend on the militarized imperial state to defend their global interests. Hence they probably are not willing to contest or challenge the militarists in, say Iraq, for fear that it might endanger US imperial intervention in other sites.

Fifthly, many MNC interlock across economic sectors: they invest in oil fields and refineries; banking, financing and insurance as well as extractive sectors. To the degree that MNC capital is diversified they are less dependent on a single region, sector, or source for profit. Hence destructive wars, in one or several countries, may not have as great a prejudicial effect as in the past when "Big Oil" was just 'oil'.

Six, the agencies of the US imperial state are heavily weighted to military rather than economic activity. The international bureaucracy of the US is overwhelmingly made up of military, intelligence and counter-insurgency officials. In contrast, China, Japan, Germany and other emerging states (Brazil, Russia and India) have a large economic component in their overseas bureaucracy. The difference is significant. US MNC do not have access to economic officials and resources in the same way as China's MNC. The Chinese overseas expansion and its MNC, is built around powerful economic support systems and agencies. US MNC have to deal with Special Forces, spooks and highly militarized 'aid officials'. In other words the CEO's who look for "state support" perforce have mostly 'military' counterparts who view the MNC as instruments of policy rather than as subjects of policy.

Seventh, the recent decade has witnessed the rise of the financial sector as the dominant recipient of State support. As a result, big banks exercise major influence on public policy. To the extent that is true, much of what is 'oil money' has gone over to finance and profits accrue by pillaging the Treasury. As a result, oil interests merge with the financial sector and their 'profits' are as much dependent on the state as on exploiting overseas sites.

Eighth, while Big Oil has vast sums of capital, its diverse locations, multiple activities and dependence on state protection (military), weaken its opposition to US wars in lucrative oil countries. As a result other powerful pro-war lobbies which have no such constraints have a free hand. For example the pro-Israel power configuration has far less 'capital' than any of the top ten oil companies. But it has a far greater number of lobbyists with much more influence over Congress people. Moreover, it has far more effective propaganda – media leverage- than Big Oil. Many more critics of US foreign policy, including its military and sanctions policies, are willing to criticize "Big Oil" than Zionist lobbies.

Finally the rise of domestic oil production resulting from fracking opens new sites for Big Oil to profit outside of the Middle East – even though the costs may be higher and the duration shorter. The oil industry has replaced losses in Middle East sites (due to wars) with domestic investments.

Nevertheless, there is tension and conflict between oil capital and militarism. The most recent case is between Exxon-Mobil's plans to invest $38 billion in a joint venture in the Russian Arctic with the Russian oil grant Rosneft. Obama's sanctions against Russia is scheduled to shut down the deal much to the dismay of the senior executives of Exxon Mobil, who have already invested $3.2 billion in an area the size of Texas.

**Conclusion**

The latent conflicts and overt difference between military and economic expansion may eventually find greater articulation in Washington. However, up to now, because of the global structures and orientation of the oil industry, because of their dependence on the military for 'security', the oil industry in particular, and the MNC in general, have sacrificed short and middle term profits for "future gains" in the hopes that the wars will end and lucrative profits will return.