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## Media Blackout: The Armada in the Gulf

by [Gary North](#)

by Gary North

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The media have covered such recent events as the Olympics, the selection of Joe Biden as the Vice Presidential candidate for the Democratic Party, and what John McCain is going to do about the selection of the Vice President of the Republican Party. Now the media will focus on the national convention of the Democratic Party.



The most important news for the month of August was the fact that President Bush has quietly sent the largest armada into the Persian Gulf since the Iraq war began in 2003, when there were six carrier groups. This is a huge number of ships to be concentrated in one location in peacetime.

This story has been completely ignored by the news media all over the West. The only coverage is from special-interest websites. It was only on Saturday morning, August 23, that I learned what was going on.

I spent most of Saturday in an attempt to verify the basic story. Some of this story is easily verifiable. Other parts of it are circumstantial, but nevertheless compelling. I posted the story on my site late in the afternoon. [You can read the details here.](#)

Here is the basic story. Two aircraft carrier task forces, the Abraham Lincoln and the Peleliu, are already in the Persian Gulf. This is verifiable on the Websites of the carriers. A third task force, the Iwo Jima, was dispatched to the Gulf on August 22. This has been verified by a naval

source. Two more – the Theodore Roosevelt and the Ronald Reagan – are said to be sailing to the Gulf, but I was unable to verify this from official sources. The *Jerusalem Post* reported this, as did at least one Egyptian newspaper cited by the *Post*. The Arab world is aware of all this. Western audiences are not.

We do know from naval sources that in July, the Theodore Roosevelt was involved in joint naval maneuvers with the French Navy. Think about this for a moment. When was the last time you read of joint naval operations between the United States Navy and the French Navy? In 2007, in the [North Arabian Sea](#).

Third-party sources report that French ships, along with British ships, are accompanying the Theodore Roosevelt to the Gulf. This would indicate a joint military venture.

### ***THE BLACKOUT***

This is receiving no coverage by the media of the Western nations. It is a non-event. Yet if I know about it, and if I have been able to verify three-fifths of the story by official sources, then there is no question in my mind that any of the major news media that wanted to assign one lone individual to tracing down the details of this story would be able to do this without a great deal of difficulty. Yet the media have remained absolutely silent about this.

This sounds fishy to me. It sounds as though there is a coordinated effort among Western owners of the media to make certain that the voters are kept in the dark.

Why should this story not be front-page news? Two very good reasons are the fragility of the economy with oil under \$130 a barrel, and what could happen if it goes to \$400. Nobody wants to trigger bank runs. The existence of an armada of this size raises an obvious question: Against which nation in the Persian Gulf is such an armada to be used? The answer is obvious: Iran.

If this armada is to be used against Iran, the next question arises: What will happen to the price of oil if Iranian exports of oil are cut off by an armada whose purpose is to stop all trade with Iran? Second question: What would happen to the price of oil if Iran sinks two oil tankers in the Strait of Hormuz?

Third question: What would happen to maritime insurance rates for oil tankers in the Persian Gulf?

This raises a fourth question: Is the fleet's purpose to police the Strait of Hormuz, to make certain that the land-based anti-ship missiles that may have been installed by Iran can be stopped?

Fifth question: Why would Iran sink oil tankers, apart from wartime?

These questions relate to the supply of oil. The price of oil, as with the price of all other commodities, is set at the margin. The problem with the price of oil is that it is so volatile. There are no short-term supplies of oil

that can come on-stream in response to rising prices. Because increased supplies do not respond to an increase in the price of oil, prices rise very fast and very high whenever there is a major interruption of oil production or delivery.

### ***IRANIAN RETALIATION***

If Iran is attacked by either the United States or the Israeli Air Force, there will be retaliation by the Iranians. Iranian leaders have made it clear repeatedly that an attack on Iran by the Israeli Air Force will be regarded as an attack by the United States. At that point, the Middle East will begin to unravel.

If the Israeli Air Force attacks Iran, this will create an instant unified resistance movement by Muslims throughout the Middle East. This will include Sunni Muslims. The hatred of the Israelis by Muslims in the region is so intense that even though the Israeli Air Force attacks at Shi'ite nation, Sunni leaders will not be in a position to publicly justify such an attack. They would risk a revolution in their own countries if they did this. The best that the Israelis could expect would be silent neutrality. Retaliation on the part of Iran will be expected by all Muslim nations in the Middle East.

What could Iran do to impose negative sanctions on the United States? The first thing it can do is to stop all oil exports. This would create an economic depression in Iran. But if the armada is controlling the flow of goods into Iran anyway, then why not stop the export of Iranian oil? If Iran cannot buy the goods that revenues from the sale of the oil would provide, then Iran's leaders might as well get some credit with their people for having stood up to the Americans. Iranian leaders will be able to say, accurately, that since United States has gone to war with Iran by creating an embargo around Iran, the smart thing to do is to inflict great economic damage on the United States. The leaders will be able to tell the people to buckle down, cut expenses, and suffer because this is the price of war with the Great Satan, which has indulged in an act of war against Iran. All the bad effects can be blamed on the United States, and all the tough talk will strengthen the regime that is in power at the time that the embargo is first announced. This will wipe out any so-called moderates in Iran. The nation will come together against the United States.

Next, Iran can begin to create havoc for American troops by supplying small arms to Shia militias inside Iraq and by supplying resistance fighters inside Afghanistan. There is nothing that the United States can do to stop the flow of low-cost, low-intensity arms out of Iran. The American death toll in both Iraq and Afghanistan would increase. The surge would find itself facing a much greater counter-surge.

NATO forces in Afghanistan will begin to suffer a series of defeats. This will certainly please Vladimir Putin. This will advance Russian hegemony in the region. All the Russians have to do is tell the world that they oppose this unauthorized embargo on Iran, and that it opposes any air strikes inside Iran by the United States or the Israeli Air Force. At this point, Russia will become a verbal ally of the Islamic world. This will be an enormous diplomatic advantage for Russia. It will be an extraordinary diplomatic disadvantage for the United States.

Because imposing an embargo was an act of war, and because Iran would have no particular reason to settle with the United States on terms that are in any way favorable to the United States, the Iranians need only bide their time. At some point, if the armada is removed from the Strait, the Iranians will again be in a position to sabotage oil tankers going through the Strait. So, once this embargo is imposed, it has to become permanent.

The tactic that would impose the greatest financial loss on the United States would be to sink oil tankers in the Strait. If the Iranians can sink as few as two tankers, this will result in huge increases in maritime insurance premiums for oil tankers sailing through the Strait. This would reduce the supply of oil reaching the West. Whether Iran can attack oil tankers in the Strait when the Strait is protected by American warships is a tactical question that I am not capable of answering accurately. It may be that Iran's land-based missiles can be taken out by naval air power. But this would mean that the armada must remain inside the straight permanently.

If Iran ceases to export oil, this alone would be sufficient to drive the price of oil into regions that will push the West into a recession. Thus, it is ominous that President Bush, as Commander-in-Chief of the Armed Forces, has ordered the five carrier task forces into the region. I realize that the price of oil has not responded yet to this strategic move. The best thing we can say at this point is that the oil markets do not appear to regard this strategic move of the United States Navy as a serious threat to the supply of oil from the Middle East.

Given the high-risk situation that has been created by the failure of subprime mortgages in the United States, an oil shock that drives oil above \$200 a barrel is likely to create bankruptcies in major banks all over the West. Depositors are already jumpy. If it appears that the Western economies are going to go into a simultaneous recession, because of a sharp increase in the price of oil that is likely to become permanent, the West's banking system, and surely its capital markets, will be at risk. The Iranians understand this. There is no reason why the rest of us should not understand this. Hence, there is a blackout on all information of the assembling of the armada all over the Western world.

### ***A UNITED FRONT***

Islamic societies do not tolerate military activities of non-Islamic nations against Islamic nations except in support of one Islamic nation against an invasion by another Islamic nation. It was possible for President George H. W. Bush to mobilize support from Sunni Islamic nations in the first Gulf War because Saddam Hussein had invaded Kuwait. This was perceived as an attack by a secular national leader against an Islamic nation. President Bush understood that this did not authorize the conquest of Iraq by the West. This is why he stopped American troops from capturing Baghdad. The capture of Baghdad and the overthrow of Saddam Hussein were not part of the agreement by which the United States received financial and logistical support from oil-exporting Islamic nations in the Gulf.

The United States since 2003 has been able to gain grudging support by Sunni nations in the region only because the official justification for the

invasion was to fight Al Qaeda. Al Qaeda is perceived by the oligarchies of the region as a threat to their own existence. Also, Saddam Hussein was perceived, not as a practicing Muslim, but as a secular autocrat. The United States was able to gain support from Pakistan, but this has created such resistance inside Pakistan that Musharraf has finally been forced out of office.

The thing that oil-exporting Muslim nations worry most about is the possibility that Iran will retaliate by sinking oil tankers that pass through the Strait of Hormuz. On this issue, oil-exporting Muslim nations may be willing to accept the presence of a Western armada in the Middle East. If the justification of the armada is to keep open the Hormuz Strait, oil-exporting nations may cooperate with the United States. They will not be able to say anything favorable toward Israel, but they may keep quiet about the use of the armada as a way to maintain revenues for themselves.

### ***IF NOT OIL, THEN WHAT?***

I have three other questions.

What is it that oil investors believe is a legitimate role for these carrier groups in the Persian Gulf that is not in some way related to the export of oil?

What is it that these carrier groups will do for the stability of oil exports from the region?

Why is it that these carrier groups are required to do what one carrier group was expected to earlier in the year?

There is no question that this is a major military show of force in the region. President Bush has decided to make this show of force. He has done so without informing the American media regarding the reason for this show of force. If the reason has nothing to do with Iran, he should say so. If the reason has something to do with Iran, then he should publicly discuss the question of the supply of oil exported from the Middle East. He should discuss how he intends to enable Iran to continue to export oil to the West, yet at the same time persuade the Iranians to change their policy on nuclear development. What is it that five carrier task forces in the Persian Gulf can do to persuade the Iranians to change their policies, other than by interdicting oil trade with Iran? If this armada does this, how will Iranian oil exports not be affected? If these carrier forces are to interdict goods coming into Iran, what motivation does Iran have for continuing to export its most vital commodity, when Iran will not be able to use the proceeds from the sale of this commodity in order to buy Western goods?

If President Bush imposes an embargo on shipping in and out of Iran, and he does so after the November election but before the inauguration of a new President, he will deliver to the new administration a third war. The surge in Iraq will prove to have been a short-lived operation that succeeded only because Shia militias and the Shia-run government of Iraq decided to let the Americans alone. Meanwhile, Afghanistan will become a disaster zone, and will remain a disaster zone for as long as Western troops are in the country.

Iran need only sit and wait. The new administration will find that the world economy is disintegrating, that oil prices have moved up to such an extent that American voters will demand action, and the only action that will make any sense will be to withdraw all forces from the region.

At that point, the Western economy will be completely dependent upon the good will of the Iranians. If Iran stops the flow of oil by sinking tankers in the Strait of Hormuz, the price of oil will become astronomical. The greatest winner in such a scenario would be Russia. Russia would be in a position of almost complete monopoly over the oil markets.

Under such a scenario, the new administration would have one problem to deal with, and that problem is war in the Middle East. All other issues, domestic and international, would fade into insignificance on the day oil goes over \$200 a barrel. Yet this could happen after the election but before the inauguration. President Bush will depart, and his replacement will be saddled with an economic disaster, a military disaster, and a domestic political disaster.

There will not be a thing that the newly elected President can do prior to January 20 to deal with this problem. President Bush will be in absolute control because he is lawfully the Commander-in-Chief of the Armed Forces.

There could be a move to impeach him, but Congress has proven so utterly impotent over the last two years, and so utterly fearful of challenging the President on the issue of the war, that it is unlikely that Congress could mount a successful impeachment and trial by the Senate during the two-month period between the election of a new President and his inauguration. If you think the price of oil would be astronomical under the conditions I have already described, add to this an impeachment attempt by Congress. That would tie up the Bush administration, which would mean that its policies in the Middle East will be set in concrete until January 20, 2009.

All of this may seem hypothetical. But, as Forrest Gump's mother might say, hypothetical is as hypothetical does. What is not hypothetical is the presence of this many carrier task forces in the Persian Gulf. If the carriers sailing in are merely to replace carriers which will soon be sailing out, the Defense Department's public affairs spokesman could say so. He could also cite the Joint Chiefs of Staff. With the Middle Eastern press warning of an invasion, and rhetoric against Iran escalating, and Pakistan falling apart, now is not the time for silence. Business as usual is for times as usual.



The media have been completely successful in blocking all information about this, not just in the United States, but in the Western countries generally. Nobody is paying any attention to this, except in the Middle East press. This includes oil investors. My opinion is that this blindness is going to result in a military disaster before the end of 2009.

If President Bush goes on national television this week to explain why he ordered this armada into the region, and this explanation is plausibly unrelated to Iran, oil, and the Strait of Hormuz, then I am willing to consider the possibility that the scenarios that I have outlined here are simply hypothetical. There may be a cogent explanation for why this many ships should be in the Persian Gulf. But in the middle of a tinder box, it is unwise to light matches.

### **CONCLUSION**

You should think carefully about the implications of \$400 oil on your family's finances. You should also think carefully about \$400 oil's effect on your employer's finances. You should then think very carefully about what might be a plausible explanation for five carrier task forces in the Persian Gulf that do not point to \$400 oil by January 20, 2009.

*August 27, 2008*

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