

# Oil and the Economic Collapse of the Middle East Hope for Assyrians: a 100 Year Plan

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*Make no small plans: they have no magic to stir men's blood,  
and probably themselves will not be realized.  
Make big plans; aim high in hope, and work,  
remembering that a noble, logical diagram once located will not die.*

Daniel H. Burnham, Chicago City Architect

*They all disappeared from my eyes  
They left and did not return  
Instead of red flowers  
the strangers planted thorns  
They pierced the heart of my land!  
They installed oil wells  
And for the sake of that black blood  
They spilled our red blood  
But I can never forget my country  
I bring it to my mind always  
In the night in my dreams  
In the day in my songs  
I never forget my country*

Evin Aghassi, from the song "Habvaniyya"

## Introduction

Oil is the lifeblood of the industrial world. Oil powers today's civilizations. Oil is the single most important source of non-renewable energy. Oil is the largest source of revenue for the Middle East, with revenues of most countries being 40% of total GDP.

Oil is a finite resource.

This paper asks a simple question: what are the economic and political consequences of oil becoming obsolete or depleted? And what opportunities are there for Assyrians in such a scenario?

The five major oil producers of the Middle East are Saudi Arabia, Iraq, Iran, Kuwait and the United Arab Emirates (UAE). In this paper I shall focus on Saudi Arabia, Iran, Iraq and Kuwait (henceforth collectively known as SIIK). A similar analysis holds for UAE.

## Section 1: The Economy of Oil

### Oil Statistics for the SIIK Group

Table 1 shows oil revenue as a percent of GDP for the SIIK group:

**Table 1: Percent of Gross Domestic Product from Oil Revenue**

	Iran	Iraq	Kuwait	Saudi Arabia
1989		59.1		
1990		51.3		
1991		6.8		
1992			30.9	37.9
1993	9.9		41.6	33.3
1994	18.1		38.4	32.7
1995	19.3		39.5	33.4
1996	16.6		44.3	35.8
1997	16.1		39.9	36.8

(source: The Europa World Year Book, 1997-1999)

Statistics for Iraq are not available for the period after the Gulf War. As can be seen in the table, oil revenue is a significant source of income for the SIIK group, with Iraq being the most dependent, and Iran the least.

The CIA World Fact Book 2000 (<http://www.odci.gov/cia/publications/factbook/index.html>) gives similar statistics. For Iraq, the economy is dominated by the oil sector, which has traditionally provided about 95% of foreign exchange earnings. In the case of Kuwait, petroleum accounts for nearly half of GDP, 90% of export revenues, and 75% of government income. Saudi Arabia is similar, with the petroleum sector accounting for roughly 75% of budget revenues, 40% of GDP, and 90% of export earnings.

Tables 2 and 3 show various oil statistics for the SIIK group.

**Table 2: Middle East Oil Distribution (1995, in billion barrels)**

	Original Oil Endowment	Remaining Oil
Iran	152	108
Iraq	149	126
Kuwait	128	100
Saudi Arabia	377	302

(source: Congressional Research Service Issue Brief, <http://www.cnie.org/nle/eng-3.html>)

**Table 3: Middle East Oil Status (1995, in billion barrels)**

	Current Production	Proved Reserves	R/P Ratio*	Probable Additions	Cumulative Production
Iran	1.30	69.2	53/1	39	44.2
Iraq	0.19	91.0	526/1	35	23
Kuwait	0.74	86.0	116/1	14	28.3
Saudi Arabia	2.92	160	55/1	142	74.4

\* Reserves/Production Ratio; this indicates the number of years production can be sustained at the current levels

(source: Congressional Research Service Issue Brief, <http://www.cnie.org/nle/eng-3.html>)

## Economic Overview of the SIIK Group

Tables 4 to 7 summarize the GDP of the SIIK group by economic activity.

**Table 4: Iran: Gross Domestic Product by Economic Activity**

	1993	1994	1995	1996	1997
Agriculture, Hunting, Forestry and Fishing	15392.0 (23.9%)	19466.1 (20.82%)	27272.8 (21.08%)	40091.0 (22.17%)	48911.0 (20.93%)
Mining and Quarrying	6189.4 (9.61%)	16990.0 (18.17%)	25069.3 (19.38%)	29952.2 (16.57%)	37541.1 (16.07%)
Manufacturing	9218.0 (14.31%)	12681.6 (13.56%)	17725.5 (13.7%)	25877.2 (14.31%)	33882.4 (14.5%)
Electricity, Gas and Water	834.3 (1.3%)	1079.0 (1.15%)	1321.6 (1.02%)	2430.4 (1.34%)	3465.8 (1.48%)
Construction	2550.7 (3.96%)	3134.3 (3.35%)	4428.8 (3.42%)	6386.3 (3.53%)	10345.8 (4.43%)
Trade, Restaurant and Hotels	11308.0 (17.56%)	14535.7 (15.54%)	19978.4 (15.45%)	28988.7 (16.03%)	36902.6 (15.79%)
Transport, Storage and Communications	5273.9 (8.19%)	6582.0 (7.04%)	8166.8 (6.31%)	11368.2 (6.29%)	13721.4 (5.87%)
Finance, Insurance and Real Estate	7578.5 (11.77%)	9698.0 (10.37%)	12273.0 (9.49%)	17053.5 (9.43%)	23872.3 (10.22%)
Government Services	5326.7 (8.27%)	8576.0 (9.17%)	11689.1 (9.04%)	15686.8 (8.68%)	20910.5 (8.95%)
Other Services	1403.4 (2.18%)	1754.3 (1.88%)	2420.9 1.87%)	3706.4 (2.05%)	4729.4 (2.02%)
Totals	64400.8	93518	129350.8	180800.1	233650.6

(source: The Europa World Year Book, 1997-1999)

**Table 5: Iraq: Gross Domestic Product by Economic Activity**

	1989	1990	1991
Agriculture, Hunting, Forestry and Fishing	3,346.1	4613.3	6047.0
Mining and Quarrying	3894.8	3330.6	149.4
Manufacturing	2694.2	2058.7	1273.9

Electricity, Gas and Water	269.0	247.5	162.4
Construction	1417.8	1693.2	812.4
Trade, Restaurant and Hotels	2376.4	3454.7	3608.2
Transport, Storage and Communications	1533.3	2103.9	2645.9
Finance, Insurance and Real Estate	2384.8	2781.2	3150.4
Government Services	3599.1	3823.5	4845.7
Other Services	305.0	292.2	489.8
Totals	6491.8	6492.9	2199.8

(source: The Europa World Year Book, 1999)

**Table 6: Kuwait: Gross Domestic Product by Economic Activity**

	1992	1993	1994	1995	1996	1997
Agriculture, Hunting, Forestry and Fishing	15 (0.26%)	20 (0.28%)	31 (0.42%)	34 (0.43%)	37 (0.4%)	39 (0.42%)
Mining and Quarrying	1801 (30.91%)	2969 (41.62%)	2830 (38.35%)	3137 (39.58%)	4127 (44.34%)	3684 (39.99%)
Manufacturing	523 (8.98%)	644 (9.03%)	784 (10.62%)	889 (11.22%)	1104 (11.86%)	1230 (13.35%)
Electricity, Gas and Water	-75 (-1.29%)	-58 (-0.81%)	-44 (-0.6%)	-32 (-0.4%)	-7 (-0.08%)	10 (0.11%)
Construction	210 (3.6%)	241 (3.38%)	238 (3.22%)	244 (3.08%)	246 (2.64%)	247 (2.68%)
Trade, Restaurant and Hotels	631 (10.83%)	517 (7.25%)	587 (7.95%)	619 (7.81%)	633 (6.8%)	651 (7.07%)
Transport, Storage and Communications	271 (4.65%)	288 (4.04%)	364 (4.93%)	362 (4.57%)	391 (4.2%)	425 (4.61%)
Finance, Insurance and Real Estate	752 (12.91%)	819 (11.48%)	871 (11.8%)	901 (11.37%)	957 (10.28%)	1057 (11.47%)
Community, Social and Personal Services	1777 (30.5%)	1767 (24.77%)	1797 (24.35%)	1868 (23.57%)	1933 (20.77%)	2060 (22.36%)
Totals	5827	7134	7380	7925	9307	9212

(source: The Europa World Year Book, 1997-1999)

**Table 7: Saudi Arabia: Gross Domestic Product by Economic Activity**

	1992	1993	1994	1995	1996	1997
Agriculture, Hunting, Forestry and Fishing	28785 (6.24%)	30224 (6.81%)	31131 (6.92%)	31598 (6.71%)	32162 (6.29%)	33127 (6.05%)
Mining and Quarrying						
Crude Petroleum and Natural Gas	174942 (37.92%)	147703 (33.28%)	146984 (32.66%)	157233 (33.4%)	183018 (35.79%)	201280 (36.77%)
Other	1936 (0.42%)	2013 (0.45%)	2104 (0.47%)	2114 (0.45%)	2172 (0.42%)	2270 (0.41%)
Manufacturing						
Petroleum Refining	18673 (4.05%)	15765 (3.55%)	15689 (3.49%)	16877 (3.59%)	19535 (3.82%)	21703 (3.96%)

Other	20580 (4.46%)	22021 (4.96%)	23783 (5.28%)	25805 (5.48%)	28117 (5.5%)	30535 (5.58%)
Electricity, Gas and Water	701 (0.15%)	727 (0.16%)	754 (0.17%)	795 (0.17%)	853 (0.17%)	898 (0.16%)
Construction	39039 (8.46%)	41186 (9.28%)	42730 (9.5%)	43499 (9.24%)	44447 (8.69%)	46314 (8.46%)
Trade, Restaurant and Hotels	31239 (6.77%)	32332 (7.28%)	32978 (7.33%)	33143 (7.04%)	34258 (6.7%)	35114 (6.41%)
Transport, Storage and Communications	28432 (6.16%)	29569 (6.66%)	30456 (6.77%)	30913 (6.57%)	31507 (6.16%)	32610 (5.96%)
Finance, Insurance and Real Estate						
Ownership of Dwellings	6983 (1.51%)	7227 (1.63%)	7516 (1.67%)	7591 (1.61%)	7804 (1.53%)	8168 (1.49%)
Other	18973 (4.11%)	19542 (4.4%)	20098 (4.47%)	19888 (4.23%)	20198 (3.95%)	20804 (3.8%)
Government Services	74466 (16.14%)	78783 (17.75%)	80100 (17.8%)	86243 (18.32%)	90402 (17.68%)	97232 (17.76%)
Other Community, Social and Personal Services	12595 (2.73%)	12973 (2.92%)	13362 (2.97%)	13562 (2.88%)	13800 (2.7%)	14352 (2.62%)
Totals	461398	443842	450025	470702	511332	547412

(source: The Europa World Year Book, 1997-1999)

If we disregard the infrastructure and essential services (electricity, water, construction), we see that these four countries have not significantly developed any other industry, not in manufacturing and not in services. Given this, they are particularly vulnerable to disruptions in oil revenue since they would not be able to substitute other revenues to offset such losses. I shall argue below that these countries will *not be allowed* to have any substantial industry other than oil.

## Section 2: Three Scenarios for the Abandonment of Oil

### Scenario 1: The Finite Oil Supply

Oil is a finite resource. The world's original oil endowment is estimated at 2.33 trillion barrels (<http://www.cnie.org/nle/eng-3.html>). OPEC controls 58% of this, with the SIIK group controlling 35%. Table 8 shows the sustainability of oil production (1995 production levels). The significant fact shown is that the world will deplete it's oil reserves in approximately 100 years.

**Table 8: Sustainability of Current Oil Production (1995)**

< 100 years	> 100 Years
Iran	Iraq
Saudi Arabia	Kuwait
World	

(source: Congressional Research Service Issue Brief, <http://www.cnie.org/nle/eng-3.html>)

### Scenario 2: The Greenhouse Effect

Evidence in support of the Green House Effect is steadily accumulating. The Greenhouse Effect is the warming of the planet caused by the industrial activities of Man. The specific industrial activities contributing to the Greenhouse Effect are almost exclusively related to the use of fossil fuels, particularly oil. For example, in the United States, oil provides about 40 percent of the energy Americans consume and 97 percent of transportation fuels ([American Petroleum Institute](#)). If the Greenhouse Effect becomes a cause of danger to the world, it could spur the development of alternative, cleaner, sources of energy.

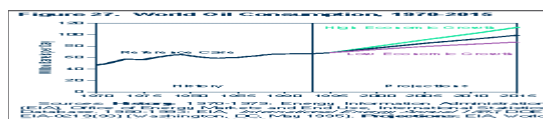
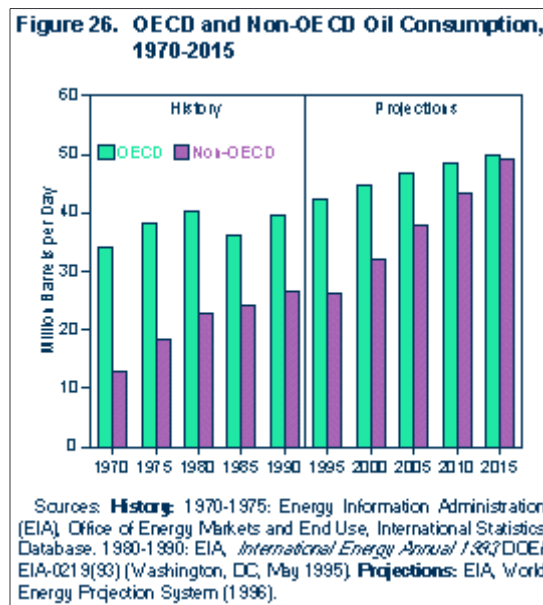
### Scenario 3: Alternative Sources of Energy

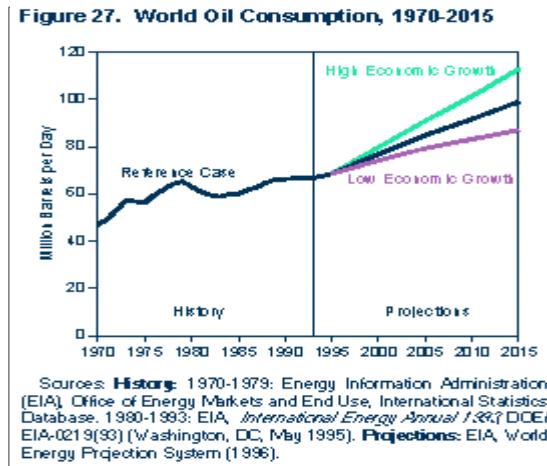
Alternative sources of energy are on the verge of commercial deployment. In particular, two sources of alternative energy, Fusion and Hydrogen fuels, are very promising because of their clean nature. Research in these areas is well under way, and if the Greenhouse Effect becomes a significant threat to the planet, world governments may mandate the use of these technologies in lieu of oil and other fossil fuels (for fusion, see the following: [1](#), [2](#), [3](#). For hydrogen fuel, see the following: [1,2](#), [3](#), [4](#). For a discussion on renewable energy and climate change, see [here](#)).

These three scenarios are not mutually exclusive. In particular, alternative energy sources may rapidly be developed if the Greenhouse Effect threatens the planet. The Greenhouse Effect and alternative energy sources may force the abandonment of oil before it is depleted, but one thing is certain: *oil will be depleted in approximately 100 years because it is a finite quantity.*

## Section 3: The Prevention of Industrial Development in the Middle East

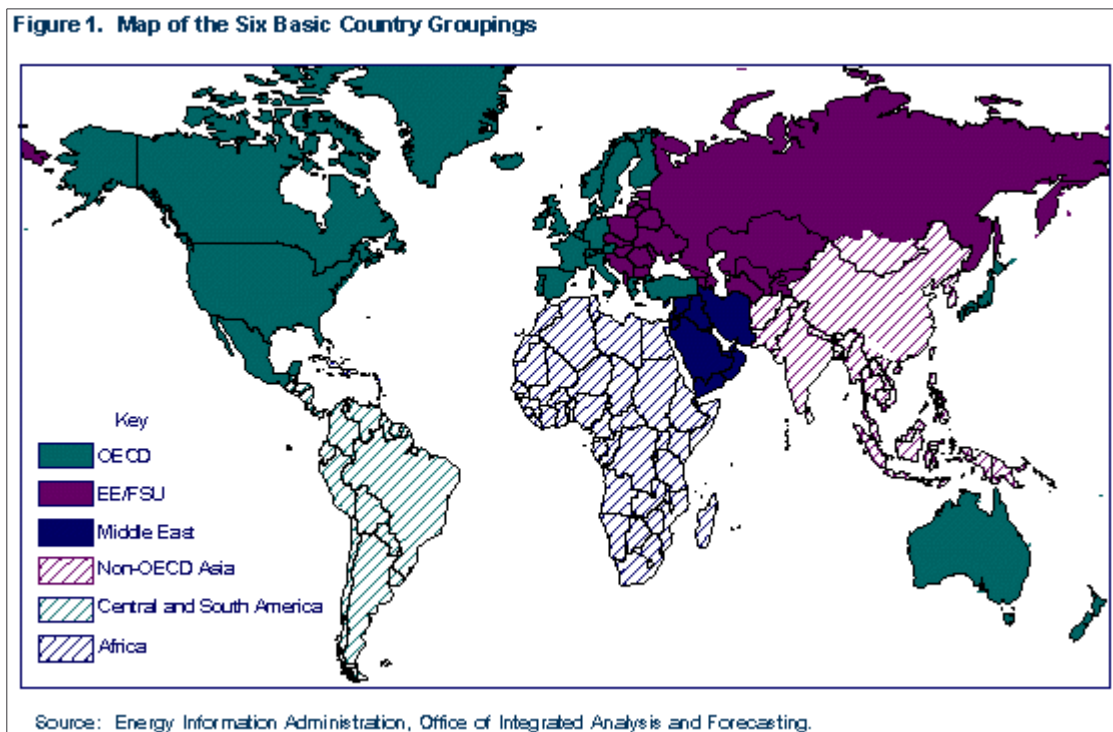
I showed in section 1 how greatly dependent the SIIK group is on oil revenue. Here I wish to show how greatly dependent the World, particularly First World countries, is on oil. The following graphs show oil consumption:





(source: International Energy Outlook, 1996, <http://www.eia.doe.gov/oiaf/ieo96/oil.html>)

OECD countries (Organization for Economic Cooperation and Development) are shown in this map:



(source: International Energy Outlook, 1996, <http://www.eia.doe.gov/oiaf/ieo96/oil.html>)

Oil consumption is projected to rise to greater than 100 million barrels per day by approximately 2015. With so much of the world critically dependent on this fuel, I maintain that the First World countries will not allow the SIIK group to develop any other industrial capability as *an instrument of control of this strategic resource*. Any disruption in the flow of oil would cause severe economic turmoil, as happened in the United States in 1973 when OPEC imposed it's oil embargo. The developed countries will not allow that to happen again, as evidenced by the Gulf War of 1991. By allowing only oil to be the source of revenue for the SIIK group, the west effectively insures that the flow of oil will continue.

Another reason the West will prevent industrial development in the Middle East is the ideological threat of Islam. If industry is allowed to develop, Islamic regimes hostile to the West may indigenously develop weapons of mass destruction and use them against the West. The threat of Islam as an ideological,

anti-Western, force must not be underestimated.

The Gulf War effectively set Iraq back at least 30 years, if not more. The effects of the sanctions, in particular, have been to gravely injure the Iraqi population both physically and psychologically, the effects of which will require perhaps a generation or more to overcome.

Iran was set back by the revolution of 1979, and it is widely known that this was orchestrated by the United States. The Iran-Iraq war set both countries years back. If Iran becomes a threat again, it will no doubt be set back again.

## **Section 4: The Consequences of Zero Oil Revenue For the Middle East**

It is not difficult to deduce the consequences of the loss of oil revenue by the SIIK group. With oil contributing about 40% of revenues, a disruption of this revenue stream will lead to great economic, social and political instability.

A 40% decline in revenue will substantially lower the standard of living in the SIIK group countries, and will render governments unable to provide services to their citizens. In an area with an already low standard of living, this will push the population farther into poverty. Governments will no longer be able to finance their defense apparatus, and may become militarily vulnerable to Turkey. This is discussed below.

The social impact of the loss of oil revenue will be considerable, with populations spiraling into poverty and governments unable to fund social services. For example, Tables 6 and 7 show that Kuwait and Saudi Arabia spent an average of 24% (Kuwait) and 20% (Saudi Arabia) of GDP on government and social services from 1992 to 1997. The loss of these services will lead to social discontent and unrest in the population, and could pave the way to revolutions.

The political effect of the loss of oil revenue is a possible restructuring of the Middle East, with revolutions very likely and an ascendant Turkey taking control of the region. This is discussed below.

## **Section 5: The Second Ottoman Empire**

A second Turkish empire may sound farfetched, but it is a possibility. There are three reasons why this scenario may unfold. The first is the collapse of the economy of the Middle East as a consequence of the loss of oil revenue. This is *guaranteed to occur* in approximately one hundred years (if not sooner) when the world depletes its oil supply. Middle Eastern states (including the SIIK group) will be left unable to finance military apparatus, and will be vulnerable to Turkish expansion. The second reason is Turkey's control of the waters of the Middle East. Turkey is now engaged in a 32 billion dollar hydroelectric power project, which involves building several dams that will effectively control the waters of the Tigris, Euphrates and other rivers. The Middle Eastern states, particularly Syria and Iraq, will become critically dependent on Turkey for their water needs, and hence become clients of the Turkish state. The third reason is Turkey's diverse economy, which is not dependent on oil revenue, although it is weak by Western standards. Turkey can emerge as the economic powerhouse of the region after the oil revenue disappears.

For these reasons, it is possible for Turkey to take military or economic (or both) control of the Middle East once the oil revenue disappears. At the turn of the twentieth century Turkey lost control of the

Middle East primarily because of oil, and the West's desire to control it. It is ironic that Turkey may once again regain control of the Middle East because of oil, only this time because of its abandonment or depletion.

## Section 6: A Hope For Assyrians: The 100 Year Plan

*"Make no small plans: they have no magic to stir men's blood"* were the powerful words of Daniel Burnham. We Assyrians have a long history, and our patience must be just as long. We must plan for the future, even if it is one hundred years from now. I have outlined a scenario above which may or may not materialize, but it is well within the realm of possibility. How can Assyrians take advantage of it? And if it does not materialize, what can Assyrians do?

### Option 1: Work With Turkey

If we assume that Turkey will gain control of Iraq and Syria (where our ancestral lands are), then we must work with Turkey to insure that Assyrians are allowed to live on their lands and to govern themselves autonomously as a federal state within Turkey. This options would require that we work against Kurds, Arabs (Syria and Iraq), Iranians and Armenians.

### Option 2: Work Against Turkey

If we assume that Turkey will gain control of Iraq and Syria, then we can work against this in the following ways.

Iran: work with Iran to insure that Turkey does not become the economic and military power of the region. Iran would like to take control of the Muslim states in the former Soviet Union, as does Turkey. There is a rivalry here that can be exploited.

Iraq and Syria: There are two issues we can use. The Kurds and water. Regarding the Kurds, we can work with Iraq and Syria on establishing a permanent Kurdish state in Turkey. This would involve *partitioning* Turkey. 20% of Turkey is now Kurdish, and this is projected to rise to 50% in about 40 years. A partitioned Turkey would solve the Kurdish problem for Iraq and Syria, and also solve the water problem, since the headwaters of the major rivers would no longer be under Turkish control.

Kurds: work with the Kurds on establishing a "Kurdistan" in Turkey in exchange for leaving North Iraq for Assyrians.

Under Option 2, there is a natural, southern alliance between Kurds, Assyrians, Armenia, Syria, Iraq and Iran against Turkey. This can be a powerful alliance, with a current combined population of 126 million.

### Option 3: Focus On Iraq and Syria

If we assume that Turkey will *not* gain control of Iraq and Syria, then we can work in Iraq and Syria on establishing an autonomous Assyrian region. An autonomous Assyrian region can survive only if it is economically self sufficient. There are at least two areas in which Assyrians can gain economic control of their lands: agriculture and information services. The plains of Arbel and Nineveh have been the breadbaskets of a number of empires that have originated from the region, and to this day these areas are rich agricultural grounds, producing -- under proper management -- enough crops to feed Iraq and export as well. An Assyrian autonomous region must develop an advanced agrarian economy. The second area is information services. Assyrians must bypass the manufacturing industry and jump directly into an

information services based economy, offering the most advanced computer (hardware and software) services in the area. This kind of economy is extremely robust and is not susceptible to oil prices.

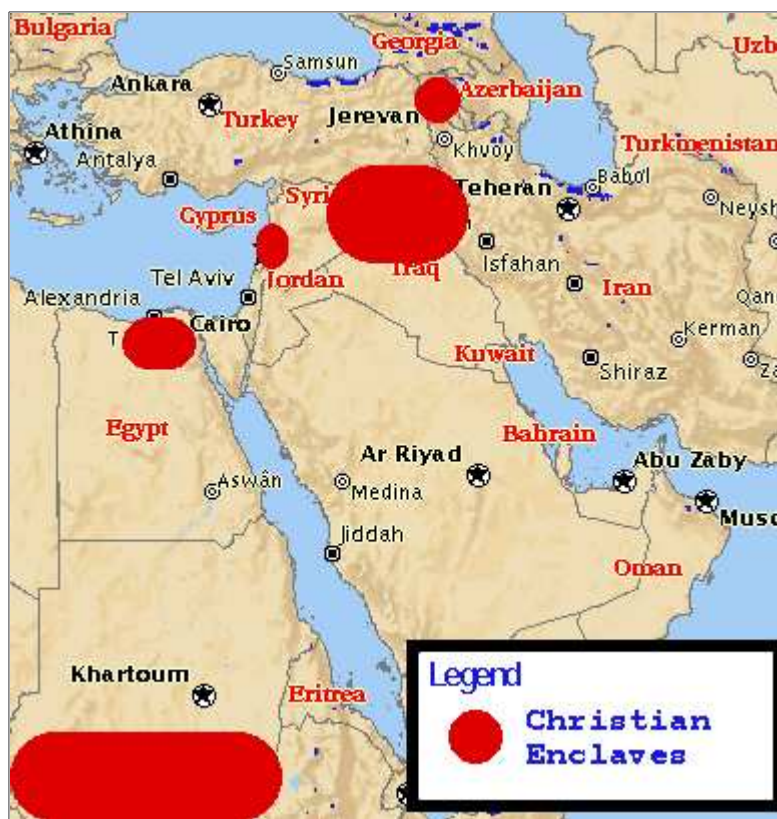
These three options are but a few of many possible scenarios and require extensive study.

Assyrians would expect an autonomous, federal state within Iraq in return for their help. What can the Assyrians offer? There are a few things. First, Assyrians can be the neutral mediators between these groups. Second, Assyrians can use the strength of their Diaspora in the West (surpassed only by the Armenians and Jews) to guide the West into realizing this scenario. Arabs, Iranians and Kurds can never blend into Western society as Assyrians can, and hence can never be as effective in influencing Western policy. Third, Assyrians can use their superior intelligence to guide this process to fruition.

## Section 7: The Christian Corridor

Even if Turkey is partitioned according to our plan, and an Assyria is established, Assyria would face tremendous obstacles, pressures and instability because of the Muslim population surrounding it. We must establish a Christian corridor that effectively bisects the Muslim Middle East and Africa. Beginning with Armenia, already a Christian nation, this corridor would include Assyria in north Iraq, a Christian region (if not a state) in Syria, Lebanon as a Christian entity, Egypt with its Coptic Christian population, and Sudan with its Christian population in the south. This Christian corridor will be an axis that will support the Christian populations against Islamic aggression. It only need to do this until Islam begins to wane (for without oil revenue, there will no longer be support for Islamic fascist activity).

The Christian Corridor



## Section 8: What is the Next Step?

### What Should Assyrians Do?

How should Assyrians prepare for this? At minimum, we must purchase all the land that we can in Assyria so that it will be under our control -- we must literally buy our country back. We must attain the highest levels of education and wealth wherever we are, so that we will be in a position to influence events and policies in our favor.

### Where Do We Go From Here?

A plausible scenario for the attainment of our homeland has been presented here. There are many details to work out, but at least there is a hope of somehow wresting our land back from the occupiers, a hope that we have lacked since 1918. How can we proceed? I suggest we form a group of Assyrians, call it the Bnai Ashur Society, with about 25 individuals, to study these scenarios. The Bnai Ashur Society should have economists, scientists, political scientists, and military strategists as its members. Once this plan is fleshed out in detail, we can approach the Kurds, Armenians, Iranians and Arabs and present them with it. I recommend that we set a time limit of 5 years to completely work out the details of this plan. The Bnai Ashur Society should meet twice a year to present scholarly papers on this oil revenue scenario.

We have 100 years until the next major shake-up in the Middle East. We can take our time and fully prepare for what we know may be coming, and strike at the opportune moment to re-establish Assyrian control of our lands.

With the help of Ashur, we can do anything.