

# Impasse in Israel-US Relations

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Theme: [US NATO War Agenda](#)

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*An insincere and evil friend is more to be feared than a wild beast; a wild beast may wound your body, but an evil friend will wound your mind. - Buddha*

America's relations with Israel has always been explained by politicians on both sides as 'friendship'. Today, more than any other time in the course of their 'friendship', this relationship brings to mind the story of "Blockhead and the Judge".

According to English folklore, Blockhead complained to the Judge of being annoyed with flies. The Judge granted Blockhead permission to strike them wherever he saw them. Observing a big fly on the judge's nose, Blockhead delivered a powerful blow with his fist, smashing the fly - and the Judge's nose.

Israel, annoyed at Iran's refusal to abrogate its rights granted under international law and treaties, and for resisting injustice, has demanded that the United States not only impose crippling sanctions on Iran, but place an embargo on Iran's crude oil. America's compliance with such irrational and harsh demands has in turn raised the prospect of retaliation which could halt the flow of oil from the Strait of Hormuz, depriving the world of an estimated 35% of its total oil needs.

As Ted Koppel wrote rather candidly in *the New York Times* (February 24, 2006) "Keeping oil flowing out of the Persian Gulf and through the Strait of Hormuz has been the bedrock of American foreign policy for more than half a century."<sup>1</sup> In complying with Israel's wishes, not only has America acted contrary to its long-standing foreign policy, violated international treaties, but it has also inflicted harm on its national interest by creating a shortage which has sent gas prices skyrocketing setting back the economy.

A [March, 2012 Gallup Poll](#) is indicative of the dire effects of this decision on the US economy. The poll shows that 85% of Americans want the President and Congress to "take immediate actions to try to control the rising price of gas." Ironically, it is the President and Congress, hedged on by Israel and its lobbies in the U.S. that have caused the gas price increase.

A simple equation determines the price of oil: supply and demand (granted, at times other variables factor in such as speculators, specifically at times of political crisis, and oil refinery related issues, bearing in mind that much of the oil refineries in America and elsewhere are Israeli owned - see footnote<sup>1</sup>). There is ample empirical evidence pointing to price increases whenever oil supplies are disrupted.

The Iranian revolution and the 1980-88 Iran-Iraq war is estimated to have cost the US a total of \$355 billion in higher oil prices (T. Stauffer, 2003)<sup>2</sup>. The oil strikes leading up to the

1978-79 Iranian revolution reduced Iranian oil production by 3.8 million barrels per day for 3 months. Although outside production increased by 1.8 million barrels to make up for the loss, the net loss to the world was 150 million barrels of oil, this fact alone had a compounding result which resulted in a net loss to U.S. economy of an estimated billions of dollars in 1979 and 1980 (Deese & Nye 1981)<sup>3</sup>. It is crucial to note that in this period China was a net exporter oil and became a net importer in 1993.

Ignoring such statistics, they have placed an oil embargo which without a doubt will have far graver repercussions than those periods. This dire situation is of no concern to the Israelis – thanks to America having “their back”. The burden is America’s due to the renewable 1975 [15-year Memorandum of Understanding](#) it signed with Israel which costs American taxpayers billions of dollars a year in oil subsidies.

Point (b) of Annex to the MoU stipulates:

*“If the oil Israel needs to meet all of its normal requirements for domestic consumption is unavailable for purchase in circumstances where quantitative restrictions through embargo or otherwise also prevent the United States from procuring oil to meet its normal requirements, the United States Government will promptly make oil available for purchase by Israel in accordance with the International Energy Agency conservation and allocation formula, as applied by the United States Government, in order to meet Israel’s essential requirements. If Israel is unable to secure the necessary means to transport such oil to Israel, the United States Government will make every effort to help Israel secure the necessary means of transport.”<sup>4</sup>*

The 85% Americans who demand “immediate action” from Congress and the President, should remind the government of the 2008 research developed by economists [Dean DeRosa and Gary Hufbauer](#) which makes a clear case for the United States to lift sanctions on Iran, arguing that this would drop the world price of oil by 10 percent, translating into an annual savings of \$38-76 billion for the United States.

As Americans are being crushed under the weight of sanctions and oil embargo, in demanding action from the government, they should bear in mind that Israel is no friend, and Iran is no fly.

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Some recent examples of Israeli oil refinery takeovers include a 2006 takeover – Alon USA Energy Inc. gained a foothold in California’s lucrative gasoline market Monday, announcing plans to buy Paramount Petroleum Corp. and Edgington Oil Co.” (**Alon Buys 2 Refiners in State: Elizabeth Douglass. Los Angeles Times.** Los Angeles, Calif. :May 2, 2006. p. C.8, 2008- Alon Israel Oil had multiple transactions resulting in acquisition of 100,000 shares of stock. The company now owns 36.07 million shares of stock directly” (US Fed News Service, Including US State News. Washington, D.C. : Sep 3, 2008).

Notes

1 [Cited in “Resource Wars”, William K Tabb. Monthly Review.](#) New York:Jan 2007. Vol. 58,

Iss. 8, p. 32-42

2 [Thomas R. Stauffer, Washington Report on Middle East Affairs, June 2003, pages 20-23](#)

<http://www.wrmea.com/archives/june2003/0306020.html>

3 [Deese, David A. and Joseph S. Nye, ed. Energy and Security.](#) Cambridge: Ballinger Publishing Co.: 1981.

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