

**THE PRICE OF OIL, THE ISRAELI ELECTIONS,
AND THE COMING OF THE NIGHT OF THE LONG KNIVES**

The suggestion that oil prices could rise again, following a crushing defeat of Israel's Prime Minister Ehud Barak by General Ariel Sharon, is being pooh-poohed by TARGET's Middle Eastern sources.

'It will not happen. Oil prices will be unaffected,' a high-ranking Israeli Government officer told our man in Tel Aviv.

Oil, it appears, will continue to flow as normal from the Middle East with little to no disruption; and, with no immediate further price escalation, notwithstanding, of course, The Organisation of Petroleum Exporting Countries (OPEC), determining to turn the screws on the rest of the world, once again, in order to grow richer.

But such a move, as OPEC, raising the price of crude oil by another 5 percent or so, would be a move that was predicated by greed; not by political necessity; and, not by an attempt to win any perceived political brownie points.

According to TARGET's source, who recently visited Israel where he spoke to some high-ranking members in the Israeli military and, also, to important members of the Knesset (the Israeli Parliament), the thinking is that it would be unwise for the Arab, oil-producing States to try to use oil as a bargaining chip in order to achieve their goals, whatever they might be.

An Arab move, such as reducing, or stopping the normal flow of oil to the West, would be to commit seppuku since Israel and its staunch ally, the United States, would not take kindly to any suggestion of interference in Israeli politics.

In any event, since the Arabs did not try to use this *'oil card'*, prior to the elections, it would appear to be too late to use it, now.

US President George W. Bush, only last Sunday, made it abundantly clear that the policy of the US was to allow the Israeli people to determine their own political future and, though former President Bill Clinton might have made known his partiality for the outgoing Government of Israel, the present US Administration would not intimate its preference for the man, or woman, to lead Israel, now or in the future.

The US Government's stance of non-interference in Israeli politics, however, cannot be taken as meaning that the US would allow Arab States to blackmail Israel.

President Bush has shown that he will take a proactive approach to problems, domestic and foreign, rather than allow the US to be reactive to them.

The US, it has been demonstrated, cannot allow its position in the world to be compromised by anybody, or any foreign power.

Israel sees itself as having been bullied for the past few months and, in spite of it, offering various concessions to the Palestinians, it continues to be viewed, to its dismay, as the bad boy on the block.

Only last week, Palestinian leader Yasir Arafat let it be known, during his address at the Davos Conference in Switzerland, that Israel was not to be trusted; the country did not want or was seeking peace.

This was diametrically opposed to that which Prime Minister Ehud Barak had stated in his many public statements on the Palestinian Question, statements which had raised the ire of many an Israeli since, as Prime

Minister at the Camp David meetings, he had offered numerous concessions to the Palestinians in exchange for peace, concessions that many Israelis thought were outrageous.

Having nowhere to go, politically, Israel will hold tight: It cannot be intimidated by any threat of an oil embargo.

Further, General Ariel Sharon is not a man, who is known to be an avid pacifist, in spite of claiming that that is his preference: His military history is that of being unwilling to kowtow to anybody at the first signs of pressure.

He has stated, publicly: *'I know how to deal with the Arabs.'*

Such a statement can only be interpreted as meaning that he would, as Prime Minister, deal with the Arabs by force of arms.

If anything, he will deploy Israeli troops at the drop of a yarmulke, if he thinks that the historic land of the Jews is at risk.

His military past has shown that he views threats as being either perceived or real, but, in any event, he is a man, known to be of immediate and definitive action.

And many Israelis believe that such a strong man is the ideal man to lead the country.

For certain, General Ariel Sharon is unlikely to shrink from an invasion from Arab neighbours.

With spring just around the corner, the requirement for Arab oil will start to wane and the West will only top up its partially depleted oil reserves when need be.

Supply-demand factors will come to the fore as fears of shortages fade into the background.

For the largest, single exporter of Arab oil, Saudi Arabia, it is clear that that government does not want to interfere with the delicate balance in that part of the world since it could provoke problems, down the line.

Saudi Arabia must take care not to become embroiled in the Israeli-Palestinian confrontation for fear that its involvement could lead to a strengthening of the hand of the Muslim Fundamentalists, those resident within its own boundaries.

Egypt and Jordan, likewise, fear the prospects of awakening their respective Muslim Fundamentalists. These 2 Arab countries abut Israel's borders.

That being the case, Saudi Arabia, if it is seen to be siding, openly, with the Palestinians by employing the oil weapon, it could open up the Arab version of Pandora's Box.

Then, let blow the winds of war. A Jihad would then, likely, to be suggested, with the Muslim Fundamentalists, adopting the Lewis Carroll chant in his famous book, *Alice in Wonderland*: *'Off with her head!'*

And such prospects could well spell disaster for all concerned.

Further, Saudi Arabia had promised the Palestinians about \$US250 million in aid. This was part of the last Arab Summit, held in the late fall of 2000.

Altogether, the Palestinians were told that they would be receiving about \$US1 billion in aid, but, to date, it appears that little of this money has reached its destination, with suggestions that it has, rather mysteriously, disappeared into the hands of a few.

Only Iraq and Iran, Sunni and Shiite Muslim nations, respectively, stand out as the Arab '*wild cards*'.

Iraq's Saddam Hussein, the pariah in the eyes of the West, has caused a stoppage of Iraqi oil production, following an altercation with the United Nations, last December.

But Iraq still needs oil revenues, regardless of its seeming bravado to the contrary.

Saddam Hussein, if anything, may well attempt to ingratiate himself with other Arab States, but it is unlikely that he would have forgotten the bloody nose that his country received at the hands of the United Nations's forces in the Persian Gulf War of January and February of 1991.

That leaves only Iran.

This country of 41 million Shiite Muslims cannot stand alone, regardless of all the yelps, bluster and thunder of its people in the streets of Teheran.

Finally, the Arabs know full well how their partial oil embargo of 1973 backfired on the Arab States, with countries, such as the United States, the world's largest, single economy, having taken steps never again to be too dependent on Arab oil.

The Alaskan oil fields have never been fully exploited and, should push come to shove, with the Arabs, trying to take the high ground, US President George W. Bush might just tell his people: Turn on the Alaskan oil taps, if you please.

The Israeli Election

In the run-up to the Israeli election, General Ariel Sharon was ahead of his rival, Prime Minister Ehud Barak, by a comfortable 20 percent-plus, according to the polls, last week.

The reason that the polls showed him to be so far out ahead of his rival was not due to him, being the most appropriate person to lead Israel, but rather it appeared to be a possible win by default, if anything: There was nobody else, sufficiently appropriate, to oppose the incumbent Prime Minister.

When Ehud Barak came to power a little less than 2 years ago, he brought with him, in the eyes of many Israelis, a new spirit of hope.

It was a spirit not only for Israelis, but also for various world powers, all of which were tired of the endless fighting between Arab and Jew.

Ehud Barak, like General Ariel Sharon, has a military background, having been highly decorated during his term as a soldier in the Israeli Army.

He promised a peaceful and just solution to the Palestinian question, the removal of Israeli troops from the Lebanon, and economic prosperity for the country.

He only delivered on one of his promises: The removal of troops from the Lebanon.

On the economic front, unemployment in Israel, a country of about 6.10 million people, 82 percent of which are Jewish, with the remaining 18 percent, being Muslim Arabs, all living on a land mass of about 8,473 square miles, still remains at about 9 percent, not unlike the pre-Barak period.

The Israelis, generally, believe that, as Prime Minister Ehud Barak, he had not done that which his electoral platform appeared to promise.

On the peace front, he is being viewed as an abject failure.

Many of the Israeli Right view Ehud Barak as being somewhat of a traitor for contemplating the giving away the Temple Mount in Jerusalem in any peace settlement.

As for the Centre Left and those who see themselves as being the Centre, many of these people are furious with Ehud Barak for being prepared to give away so much.

They see such a move as endangering the very security of the country.

The failure of the peace negotiations in respect of Jerusalem is seen as being Ehud Barak's nemesis, for Jerusalem is the most holy of all places for the Jewish people; it is the spiritual essence of Judaism.

There can be, to many Israelis, no compromise over this disposition of this holy city.

However, it is widely speculated that an Ariel Sharon win at the polls is likely to be a very short-lived, love affair since it is unlikely that his Likud Party would be able to join with Ehud Barak's Labour Party in a Government of National Unity.

It is further speculated that, if the incoming Prime Minister is confirmed to be General Ariel Sharon, his new Government may well have to call a snap election in the summer because it is unlikely that the Knesset will pass a Sharon budget, at least not in its totality, due to a wide divergence of opinions in respect of General Sharon's considered financial priorities.

Such a new election might well see a new Labour Party candidate come out of the woodwork.

And so, it will be another night of the long knives, or, put another way, it will be off to the camel races, again.

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