Marcellus Shale Update: Venezuela, Iran and American National Failure

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While President Trump and House Speaker Pelosi bicker about nonsense, two very important parts of the world are on a hair trigger today.

The country with the largest supply of oil reserves, Venezuela, is teetering on the brink of revolution, while the country with the fourth largest oil reserves, Iran, is threatening all out war against Israel over Israeli bombing of Iranian positions in Syria. Both of these situations could spiral out of control any minute, with profound consequences for the world's energy supply, American national interests, and indeed our own security.

Both Iran and Venezuela are led by deeply unpopular governments. In Venezuela, it is the socialist government of Nicolás Maduro. In Iran, it is the theocratic government of Ali Khamenei. Khamenei has as his underpinnings the concept of Shiite Islamic Fundamentalism. Maduro only has his economic system.

Both governments have run their countries into the ground. Khamenei has spent so much of his country's wealth on seeking nuclear weapons and financing military adventures – creating Hezbollah in Lebanon, arming Hamas in Gaza, backing Assad in Syria and supporting the Houthi Rebels in Yemen – that the world slapped sanctions on the country. President Obama, whose foreign policy team was Class D at best, lifted those sanctions in 2015 as part of a multi-party Joint Comprehensive Plan of Action, but President Trump reestablished them in 2018.

Maduro, successor to the socialist revolution of Hugo Chavez, has established government control over the energy sector and many other parts of the Venezuelan economy. In doing so, he has turned what once was one of the richest countries in South America into such an economic basket case that the average Venezuelan has lost over twenty pounds in the last year from malnutrition and starvation.

In a desperate attempt to stave off national default on Venezuela's foreign debt, Maduro has given the Russians large ownership interests in his country's energy industry and raised the possibility of establishing a Russian military base in Venezuela. That would be the first in the Western Hemisphere and a direct challenge to the Monroe Doctrine.

Khamenei at least can fall back on his religious fanatical supporters. Large demonstrations broke out last year in many Iranian cities, but the Iranian Revolutionary Guard put them down. The mullahs use a combination of religious fervor and selective payments to favored political and military supporters to maintain their control.

Maduro has no such religious backing. That he continues to hold power shows two things. First, there remains a deep seated sense of class division in Venezuela to the point that many people will accept the catastrophic state of the economy so long as those who formerly were on the top of the economic and social pyramid no longer remain there. Second, the opposition is so fractured it has been unable to convince the junior officers in the Venezuelan military and the regular soldiers, who after all are the ones that must put down any rebellions, that Maduro is driving the country to ruin and they can provide a better future. Whatever happens, this does not portend well for the future. The Venezuelan energy sector is so rundown it will take time, and massive investment, to rehabilitate.

In the Middle East, Iran has been trying to establish a permanent military presence in Syria, right on Israel's border. Israel, facing Hezbollah in the North and Hamas in the South, has reached its red line. It has begun carrying out continuous military raids against Iranian positions in Syria.

Yesterday, Maduro broke off diplomatic relations with the United States. Also yesterday, Iranian Air Force Commander Brigadier General Azaz Nasirzadeh stated that the Iranian Air Force is "ready and impatient to confront the Zionist regime and eliminate it from the Earth." Of course, both Iran's and Israel's actions are complicated by the large presence of Russia in Syria, another byproduct of incoherent Obama era foreign policy.

So now we have two grave crises happening simultaneously in different parts of the globe affecting the world's largest sources of energy. Attempting to manage this will be an untried President with little respect at home or abroad and with a government partially shut down over a petty squabble between two politicos, each of whom make themselves look smaller by the minute. Fortunately, we have our shale gas and oil to cushion the economic blow sure to come from such international uncertainty, but we still can't move the oil and gas where we need it. Despite an abundance of domestic energy, whole geographic areas of our nation, most notably New York and New England, rely on imports. If President Trump embargoes all Venezuelan oil, who will pick up the slack? Putin?

All of this was foreseeable. That it is happening at the same time may be some bad luck, but anyone looking at the world over the last few years could anticipate these problems occurring. The fact that as a nation we are where we are is an example of national failure. Perhaps it partially explains why both political parties revolted against their establishment candidates in 2016, and why they might do so again in 2020.

ATTORNEYS MENTIONED

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