

Realpolitik and petroleum economics: the Middle East in crisis

by

L. W. Gertmenian, Professor of Economics

Elizabeth E. Olson, MBA

**George L. Graziadio School of Business and Management
Pepperdine University**

Historical Perspective

The great religions provide powerful, behavioral instructions that ultimately effect economic prosperity. They are replete with tenets that promote and reward materialism, with an equal plethora of maxims that encourage sacrifice and restraint.

Edward Gibbon suggested that the fall of Rome was attributable in some part to the ascendancy of the Christian church and its anti-prosperity teachings. Henri Pirenne argued that the rise of the Islamic empire was generated by the pro-prosperity teachings of Mohammad. And Max Weber credits the protestant ethic as the dominant rationalization for the rebirth of Europe.

The Gathering Storm

If we assume that a change in the promulgation of specific religious principles, from anti-prosperity to pro-prosperity tenets, is a change that takes 200 years, then it could be argued that this process began in the Islamic world with Kamal Ataturk, a century ago in Turkey. Reza Shah Pahlavi made great strides in Iran before his untimely removal reversed the process. And Anwar Sadat continued the metamorphosis in Egypt until he was assassinated for his efforts.

Clearly, American support for Israel must diminish our influence in that process. The U.S. intrusions in Afghanistan and Iraq add complexity. And the election of Barack Obama suggests the possibility of a changing American role.

The Unholy Prophecy

The economies of the Arab-Persian world are largely dependent on the sale of oil, a depleting resource. As the developed world finds alternative sources of energy, the economic risk to the OPEC nations increases. And the region's restriction on the education and participation of women has reduced its capacity to replicate the Phoenix of Egyptian mythology.

As the worship of pertinent religious tenets evolves, and the requisite inclusion of women in the equation of change emerges, the perceived threat to the power of the Imams and Ayatollahs will surely lead to reactionary policies, further retarding the entire exercise of change.