

Title:

Is War With Iran Imminent?

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Summary:

In November, 2006, in an article that I posted to my blog The Underground Investor, I wrote this : "even if the Iranian conflict eventually materializes, a prior short, surgical strike elsewhere seems much more likely. In fact, Venezuela, or a smaller South American country such as Bolivia or Ecuador would seem to be a prime target if this is the case."

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Article Body:

In November, 2006, in an article that I posted to my blog The Underground Investor, I wrote this : "even if the Iranian conflict eventually materializes, a prior short, surgical strike elsewhere seems much more likely. In fact, Venezuela, or a smaller South American country such as Bolivia or Ecuador would seem to be a prime target if this is the case."

The reason why I believed that a future U.S. military intervention, one that was a quick, surgical strike, but a very powerful one, was inevitable was because as I wrote back then, "History has shown that when the U.S.'s sovereignty and military power has been challenged in the world that the U.S. will engage in an act of war to re-establish her status as a feared power."

However, certain events have since materialized that lead me to believe that instead of a strike preceding Iran, that Iran is now more likely to suffer the strike I believed would happen "elsewhere". As I stated in my first "Nostradamus" article, in May, 1975, Cambodians seized the U.S. cargo ship, the Mayaguez, in route from Vietnam to Thailand. The next day, the U.S. General Accounting Office reported that a Chinese diplomat had filed a report stating that China was using its favorable diplomatic relationship with Cambodia to negotiate on behalf of the U.S. and that all American crewmen were "expected to be released soon." Despite these developments, then U.S. President Gerald Ford

ordered a U.S. marine assault on the Cambodian island that had been holding the American crewmen, mostly as a show to assert American might after the conflict in Vietnam had gravely weakened her global standing.

Does this incidence sound eerily similar to something transpiring today? If it doesn't it should. Currently there is an international row between the U.K. and Iran regarding Iran's seizure of 15 British sailors on a ship that Iran claims ventured into Iranian waters. The British government vehemently denies the Iranian state's official stance regarding this incident, and claims that Iran illegally seized a ship that was still officially in Iraqi waters. In the meantime, the U.S. has intervened, with President Bush stating his unequivocal support for Britain and calling for the unconditional release of the British sailors and Iran's continuing behavior in this matter as "inexcusable."

However, this current international row has much much deeper implications below the surface. This row is about much more than just the seizure of British sailors, and I'll explain what I mean shortly.

Although this incident may seem relatively tame at this point, what elevates its significance of this event in my eyes is its peculiar timing. There is a reason that the phrase "the Fog of War" exists due to the frequent mass deception of the public that precedes declarations of war or military strikes. The timing of this incident is peculiar in my eyes because of the fact that Tehran has publicly launched a campaign to hurt the U.S. dollar and economy. Tehran has officially directed all Iranian business to turn to the Euro to finance their operations, unloaded dollars, and stated a goal of having their economy become 100% free of U.S. dollar dependency ([insert link here](#)). Furthermore, Iran has already started trading oil in Euros with China. A similar arrangement with Russia to steer clear of a petrodollar oil trade is near inevitable, and ditto with Japan. After that, fellow Middle Eastern bloc countries are sure to fall in line as well. All of Iran's recently implemented economic policies are a direct blow to the objectives of the Iraqi war and it is not likely that their economic policies, which barely merit a passing mention in the media, will be tolerated for long.

All these conditions, in conjunction with all the accusations of Iranian weapons-grade nuclear enrichment programs that have never been properly validated, set up the perfect precursor for a military strike. I'm not saying that it will happen, because I think that an invasion of Iran would be pure madness, but I'm saying that conditions exist well below the surface of the British sailor dispute that are the REAL reasons for current U.S. - Iranian tension. The British sailor row is merely the perfect visible event that is necessary to give any executed theater operation the legitimacy it needs in the

court of global opinion. So in the end, a military strike is more likely to happen now than ever before, and it is likely to happen soon if it happens at all.

In any event, what are the implications of this dispute for investors? Politics have deep and serious impacts upon financial markets. A worst case scenario would be a U.S./ U.K joint strike on Iran. In this case oil prices would soar. The best case scenario would be a peaceful resolution of this conflict but given Iran's economic policies of late, any peaceful resolution would still leave an unresolved and extremely tense situation simmering below the surface which still could boil over and erupt at any point. And this situation still bodes well for oil companies. So start looking for oil companies that have corrected a lot recently and have extremely low historical valuations now. Not all oil companies fall into this category, as many have corrected and since then, gained almost all of their correction back. But there still exist a handful out there. Either way this situation blows, oil explorers and oil service companies should benefit.