

America Benefits From Unstable Energy Markets

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For almost a half-century, the Persian Gulf's energy infrastructure was treated as untouchable. The assumption was that because it was so crucial to the global economy, no country would disrupt it deliberately. That assumption is eroding. The U.S., whatever its public posture, has shown a growing tolerance for instability in the region—particularly when that instability reinforces American advantages.

The liberal order was built on the theory that economic interdependence restrains conflict. Countries that traded together would avoid confrontation. Infrastructure would be protected because everyone depended on it. That theory is under strain. America, the system's architect, is also the actor best placed to benefit from its selective erosion.

As rivalry between the U.S. and China intensifies, interdependence is no longer seen by Washington's strategic class as mutual restraint. It is a map of vulnerabilities. China's industrial model depends on imported hydrocarbons. Around a fifth of global oil consumption passes through the Strait of Hormuz. If a competitor's growth depends on stable energy access, introducing uncertainty imposes costs that tariffs and sanctions can't match.

Washington didn't invent this dynamic but has learned to operate within it. Recent U.S. policy shows a greater tolerance for instability, particularly when it reinforces American advantages in energy production, capital attraction and alliances. This is less doctrine than instinct—a preference for a system in which disruption falls unevenly.

That logic intersects with Iran's approach. Tehran doesn't need a decisive military victory. Its leverage lies in calibrated disruption: pressure on shipping lanes, targeted strikes on infrastructure, activation of proxy networks. The aim is to impose costs while preserving the regime.

The record is clear. On Sept. 14, 2019, a coordinated drone and cruise missile attack—which the U.S., Saudi Arabia, France, Germany and the U.K. attributed to Iran, though Tehran denied involvement—struck Saudi Aramco’s Abqaiq processing facility and the Khurais oil field. The strikes knocked out 5.7 million barrels a day, roughly 5% of global supply—the largest single oil supply disruption ever recorded. Oil prices surged nearly 15% when markets opened the following Monday. Full production was restored within two weeks, though the infrastructure was still under repair.

The episode demonstrated something the market couldn’t unlearn: The world’s most critical energy node could be disabled in a single night by a swarm of low-cost drones. Recent disruptions in the Red Sea—Houthi attacks that have raised insurance costs for commercial shippers, forced vessels to reroute around the Cape of Good Hope, and added weeks to supply chains—have compounded that vulnerability. The architecture of globalization is more fragile than it appeared.

Since roughly 2019, the system has entered a managed phase. Iran probes. Gulf states absorb and harden. China adapts. The U.S. is positioned to benefit, as the economy best able to absorb shocks and attract capital seeking stability.

That positioning reflects underlying structure. America is the world’s largest oil and gas producer. It has robust capital markets and strong legal protections. When volatility rises, capital gravitates toward systems that can contain it. Supply tightens globally; American production and financial inflows strengthen in relative terms.

This isn’t a stable equilibrium. It is one in which the gains from disorder accrue unevenly—and in which restoring stability isn’t always the dominant strategy. Shaping the terms of instability can be more advantageous.

Three actors will determine how long this dynamic lasts.

The first is Iran. Its strategy, which has a narrow margin for error, depends on sustaining pressure without provoking overwhelming retaliation. A miscalculation could shift the system from controlled disruption to open conflict, in which infrastructure becomes a target rather than a signaling device.

The Gulf states face a different constraint. Their economic transformation depends on stable revenue. Their security requires managing persistent threats. Coordination with

Washington has held. Its durability will determine whether volatility remains contained.

China has maintained distance from the region's security architecture while managing its exposure through diversification, reserves and diplomacy. A sustained escalation would force Beijing to make a choice: either expand its presence or accept a vulnerability that can no longer be managed externally.

Even without escalation, the effects are visible. Energy markets show persistent volatility, with prices increasingly driven by geopolitical signals rather than supply and demand alone. The consequences propagate outward—first into food systems, then into fragile states, then into migration pressures at the borders of more-resilient economies. Financial markets adjust accordingly. Risk reprices more frequently. Capital concentrates where liquidity is deepest and legal protections are strongest. The gravitational pull toward the U.S. strengthens. What appears as market logic is often geopolitical positioning expressed in price.

There is a further step, seldom discussed but increasingly plausible. The U.S. could move from passive beneficiary to active participant in shaping energy flows. Existing law allows restrictions on crude exports on national-interest grounds. Even limited use of that authority would tighten global supply while easing domestic conditions, widening the spread between American and international prices.

Such a move would be contested. Producers would resist. Allies would object. In a system already strained by disruption, control over where supply clears becomes a source of leverage. The option itself shifts expectations.

The deeper change concerns the order that governed the past half-century. The architects of the liberal order are now using it as it always could have been used—as an instrument of pressure by those who designed it, directed at those most dependent on it.

For the U.S., the direction is clear: Consolidate advantages in energy, capital and alliance networks, while tolerating more global disorder. For others, the conclusion is less comfortable. The infrastructure that enabled their growth was never neutral. It was contingent.

The question isn't whether the system is changing. It is whether those who relied on the old one can adapt before the new one hardens around them.

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