
**The Hebrew
University of
Jerusalem**



**The Leonard Davis Institute
for International Relations**

Persian Gulf Oil in Middle East and International Conflicts

Mordechai Abir

**JERUSALEM PAPERS
ON PEACE PROBLEMS**

1976

20

Leonard Davis Institute for International Relations

The Leonard Davis Institute for International Relations at The Hebrew University of Jerusalem is dedicated to the development and support of theoretical and applied research in all branches of international relations, with special emphasis on Israel's foreign policy and on the Middle East. Research findings will be published in the form of occasional papers, monographs, and the Jerusalem Journal of International Relations.

Executive Committee

Nissan Oren (Chairman)

Yehoshua Arieli

Ellis Joffe

Claude Klein

Ruth Lapidot

Moshe Ma'oz

Dov Weintraub

Founding Chairman, Saul Friedländer

Jerusalem Papers on Peace Problems

Jerusalem Papers on Peace Problems are designed primarily to analyze various dimensions of the Arab-Israel conflict, including its causes, intensity, crisis and non-crisis phases, specific facets of the conflict, and obstacles to peaceful resolution. In that context the Jerusalem Papers, a referee publication, will serve as a forum for the presentation of contending approaches and policy options about problems of peace and war in the Middle East.

The Jerusalem Papers will also provide a vehicle for the publication of research on other important issues, policy problems, and conflict situations in the contemporary international system.

Publishing Committee

Nissan Oren (Chairman)

Yehoshua Arieli

Yehuda Zvi Blum

David Lazar

D.V. Segre

Production Editor, Ruth Gelman

Prospective contributors are asked to submit manuscripts in duplicate to the Publishing Committee.

Persian Gulf Oil in Middle East and International Conflicts

Mordechai Abir

Jerusalem 1976

Mordechai Abir is a graduate of The Hebrew University and the recipient of a Ph.D. from the London School of Oriental and African Studies. He has served as Associate Professor of History (Middle East and Africa) at Haile Selassie University in Ethiopia, as Associate Professor and Chairman of the Department of African Studies at the Hebrew University, and as Visiting Professor (Fellow) at the Centre of International Studies, London School of Economics. He has recently assumed the position of Provost of the School for Overseas Students at The Hebrew University.

© 1976 The Hebrew University
All rights reserved

The views expressed in this paper are
the sole responsibility of the author.

Printed in Israel
at The Jerusalem Post Press, Jerusalem

INTRODUCTION

Until recently, the Persian Gulf was among the backwaters of Western (mainly British) influence. As that influence declined and the importance of Gulf oil — which accounts for more than one-half the world's proven oil reserves — grew, the Gulf took an increasingly significant place in regional and power politics. Two interrelated factors are immediately responsible for the recent acceleration of this process. The first is Britain's 1968 declaration of intent to evacuate the Gulf by the end of 1971 and the resultant repercussions on local and power politics; the second is the growing strength of and cooperation between the member countries of the Organization of Petroleum-Exporting Countries (OPEC) and the Organization of Arab Petroleum-Exporting Countries (OAPEC) after 1970.¹ When OPEC began to flex its muscles in 1971, it was only a question of time until it (and OAPEC) would begin to dictate terms to the consumers. Once this happened — as it did in 1973 — and the weakness of the consumers vis-à-vis the producers was realized, a rapid process of change began in regard to both the local and the international balances of power. Consequently, we can no longer speak of a bipolar — or tripolar — system, because we must take into account a new factor: OPEC, through OAPEC or, more precisely, 'the Arabs.'

GULF OIL AND POWER POLITICS

Some scholars have claimed that Soviet activity in the northwestern part of the Indian Ocean after 1968 resulted from the American development of the Polaris A-3 missile, which can be ideally deployed against Russia's soft underbelly by nuclear-powered submarines in the Arabian Sea. The Soviet naval presence and its other activities in the region are thus seen as defensive in character.² It is contended here, however, that Soviet long-

1. In 1970, the United States became a net importer of oil; until then, it had been a net exporter.

2. Geoffrey Jukes, *The Indian Ocean in Soviet Naval Policy*, Adelphi Papers, no. 87 (London: International Institute of Strategic Studies [hereafter IISS], May 1972); *The Defense Monitor*, vol. 3, no. 3 (Washington, D.C.: Center for Defense Information, April 1974); Stanley Karnow, "Confrontation in the Gulf," *The New Republic* 170 (no. 18, 4 May 1974):15-17.

range strategy concerning the role of Persian Gulf oil for the West's economy and power is what really motivates the Soviet presence in the Indian Ocean.³ Moreover, the new Poseidon and other MIRV missiles (with about twice the range of the Polaris A-3) since developed by the United States, as well as the character of the Soviet Indian Ocean navy, tend to undermine the argument of defensive purposes on the part of the Soviets.

Anticipating the reopening of the Suez Canal and the feasibility of fleet rotation, the Soviet Union has been preparing a strategic infrastructure stretching from the Red Sea through the Gulf of Aden and Somalia to Indian Ocean island-states as far east as Chitagong in Bangladesh and as far north as Umm-Qasr at the head of the Persian Gulf. In the last two years Soviet activities and facilities in the Indian Ocean and its environs have substantially expanded. Aircraft carriers of the Kiev class, designed to pass through the Suez Canal for service in this area, are hurriedly being completed (the second is due for completion within a year). No less impressive is the Soviet presence (mainly air force) and its stockpiling of arms and munitions to an extent far beyond its apparent needs in Somalia and Iraq.⁴

Without intending to interfere directly with the flow of Gulf oil to the West, the USSR has forced the West to contend with the Soviet presence in the region and with the new balance of power there. The nuclear balance of fear and the policy of détente have limited the superpowers' freedom of action even in the 'gray zones' not considered to be within the spheres of either power. However, this does not inhibit the Soviet Union from interfering *indirectly* with the West's oil supply by proxy (e.g., through Iraq, which has become an important centre of Soviet activity) or by subverting the authority of rulers 'friendly' to the West. The Soviets'

3. Mordechai Abir, *Red Sea Politics*, Adelphi Papers, no. 93 (London: IISS, December 1972); idem, *Oil, Power and Politics* (London: Frank Cass, 1974), pp. 124-29; U.N. Doc. A/AC 1959/1, May 1974: Report to the Secretary General; Peter Hess, "The Indian Ocean: A Zone of Peace?" *Swiss Review of World Affairs* 24 (no. 6, September 1974):10-11; *International Herald Tribune* (hereafter *IHT*), 30 June 1975. See also Sen. Bartlett's report and many other reports on Soviet bases in Berbera in *The Washington Post* (hereafter *WP*) and *IHT*, 20 and 30 July 1975; and Robert F. Ellsworth on Diego Garcia in *WP*, 7 August 1975.

4. In addition to naval facilities, the Soviets are reported to have in Iraq a squadron of TU-22s ("Blinders") capable of carrying long-range SAMs, several squadrons of SU-20s, Mig-23s and Mig-25s, all flown by Soviet pilots: see *The New York Times* (hereafter *NYT*), 3 October 1973; *Swiss Review of World Affairs*, September 1974; *Kayhan International* (Iran), 3 April 1974; and *IHT*, 7 October 1974. On stockpiles in Iraq and Russian-piloted Mig-23s overflying Iran and other Gulf states, see Drew Middleton in *NYT*, 22 January 1975.

very presence in the region has ruled out the possibility of the West using 'gunboat diplomacy' in the Gulf and has further facilitated the process of change in the oil industry.

Soviet attempts to erode the power of the traditional Gulf rulers and to expand its influence in the area have generally misfired (with the exception of the 1972 friendship and defence treaty with Iraq). But Soviet presence near the region, in and of itself, no doubt contributed to OPEC's aggressive price policy and its determination between 1971 and 1973 to gain control of the major oil companies.⁵ Without lifting a finger, the Soviet Union gained a tremendous strategic and economic advantage, while the West suffered an enormous strategic and economic blow whose repercussions are still being felt. Moreover, the Soviet Union's revenues from oil exports, though not dramatic, have grown considerably in real terms, reaching about \$5 billion in 1974. The new oil prices made the exploitation of Western Siberia's fuel resources economical in a period when the Soviet Union's European sources were drying up. Even eastern Siberia's resources, technologically difficult and economically prohibitive to exploit, are now attracting the attention of Japan and the United States, who wish to diversify their sources of fuel.⁶

Over the last two years, developments in the oil market have led the United States to re-evaluate its policy in the region. When local governments refused to grant it base facilities during the Yom Kippur War, the correlation between Gulf politics, Middle East politics and, especially, the Arab-Israel conflict became clear. The United States, which had sent a naval task force to the environs of Bab al-Mandeb, was rudely awakened to the difficulty of operating in the region with its nearest base 7,000 miles away in Subic Bay. Now no longer satisfied with merely strengthening the position of its Gulf allies, the United States seems to be trying to establish a presence of its own in the Indian Ocean and to build a strategic infrastructure reaching from western Australia to Africa.⁷ At present these plans revolve around the admirably suited island of Diego Garcia in the Indian Ocean, opposite the Gulf.⁸ In addition to its strategic value vis-à-vis

5. See, for instance, *Falastin al-Thawra* (Beirut), 14 August 1974.

6. On eastern Siberia's oil, see *The Jerusalem Post* (hereafter *JP*), 26 January 1975 (citing Reuters, Moscow: "Russia Becomes World's Biggest Oil Producer"); *ibid.*, 30 January 1975 ("Japan to Help Soviets to Drill Oil"). On offshore exploration in the Bering Sea, see *Radio Voice of Israel*, 18 August 1975. See also *Financial Times* (hereafter *FT*), 8 July 1975 ("Soviet Oil Output Up").

7. On America seeking a base in Pakistan, see *FT*, 19 February 1975. On American intentions to use Masirah Island's facilities, off Oman, and Malagasy occupying the U.S. space tracking station, see *JP*, 13 July 1975 (citing Reuters and AP).

8. See *FT* and *IHT*, 21 January 1975.

the Soviet presence in the region, Diego Garcia would be especially useful if the United States found itself forced to protect either the flow of oil to the West or the innocent passage of shipping through international waterways. Should it become necessary, a site on Diego Garcia could also supplement (or reduce the necessity for) a massive air lift from the Mediterranean to the Gulf. This would eliminate, or at least greatly diminish, American dependence on Israeli airfields or on Israel's cooperation in other areas. Soviet activities in Iraq, Somalia (Berbera) and certain island-states in the Indian Ocean, together with the growing belief in America that the Soviets were building up their naval power to gain control of the sea routes from the Gulf, probably lent urgency to the Diego Garcia project.

Although Western military intervention in the Gulf is probably not seriously contemplated (despite the allusions to such intervention in the event of "economic strangulation" made by American leaders in early 1975), it has become evident that for the West to protect its economy and power it must show its determination to guarantee the flow of oil from the Gulf at acceptable prices. The new American plans have, at least for the time being, convinced most Gulf producers of the need for moderation, as witnessed by the OPEC meetings in Algiers in January and March 1975, when radical proposals were rejected and oil prices were not increased. They have also prompted the Soviets to lower their profile in the region — perhaps only temporarily.⁹

Obviously, were the Arab countries to use the oil weapon again, or were OPEC to substantially increase oil prices and further erode the West's economy and power, the United States would face a grave dilemma. On the one hand, the United States literally cannot afford to appear weak; its economy and its position in global politics would be drastically undermined by either of the two possibilities mentioned above. On the other hand, any American use of force would increase the likelihood of super-power confrontation — perhaps to a dangerous level indeed. Moreover, American military intervention in the Gulf could seriously weaken U.S. relations with most Arab countries (precariously hinged as they are on America's continued 'checking' of Israel), conceivably leading to a strong

9. See *The Christian Science Monitor*, 26 November 1974; *WP*, 30 December 1974 ("The Price of Oil: Achilles Heel"); *Business Week*, 3 January 1975; *IHT*, 4 and 5 January 1975; *Der Spiegel*, January 1975 ("Flames in the Desert"); Jens Friedmann in *Die Zeit*, 24 January 1975; *FT*, 3 February 1975 ("Kuwait Demands..."); *JP*, 27 April 1975 ("Soviet Naval Strategy Seen Aimed at Western Tankers"); Secretary Schlesinger's statement before the Senate Armed Services Committee, 10 June 1975; Admiral Elmo Zumwalt in *The Wall Street Journal*, 1 July 1975.

anti-West backlash that could be exploited by the Soviets for their own re-establishment in the region. The United States would prefer to use its influence and other means to prevent facing that dilemma. The American policy is therefore directed at strengthening ties with the 'conservative' Gulf regimes and assisting them to build up their military power and economies and coordinate their policies.

The time element is essential for the policy of the U.S. administration. It had hoped that an appropriate energy policy and the development of substitute sources of energy in the coming decade would eventually free the West from OPEC's stranglehold. In the meantime, to ensure the supply of oil to the West at a reasonable price and to counter Soviet strategy, the Americans have become convinced that they must cultivate their relations with Iran and the 'moderate' Arab countries. Thus the idea of the Teheran-Riyadh-Cairo axis which would serve as a lever and a buffer against Soviet influence was born. At the same time, the United States has come to the conclusion that in order to support such a process and to prevent the remote possibility of direct Soviet intervention in the Gulf, it must have a permanent and a far more extensive presence in the region and take a more active role in its politics (the linkage with the Arab-Israel conflict becomes even more apparent at this point).

Although most of the Gulf producers claim that they fear the influence of communist Russia, they have few qualms about using its presence in the region to further their own economic and political interests. Despite their dependence on the protective Western umbrella, they are determined to bring about a redistribution of 'free world' wealth at the expense of the Western economy, although they must realize that this process may not only lead to the decline of the West, but could also have grave repercussions on their own safety and economy. Notwithstanding constant professions of concern about the state of the West's economy, Saudi Arabia, for instance, has done nothing to lower the price of oil; on the contrary, when a Saudi oil auction threatened to lower prices in mid-1974, it was cancelled. Despite a saturated market, OPEC members, led by Saudi Arabia, have gradually been reducing production to maintain the present artificially high price of oil. (The importance of the services of the oil companies here is well-recognized.¹⁰) Indeed, the Saudi minister of petroleum, Shaykh Yamani, has openly declared that his country would rather cut production than the price of oil.¹¹

10. See, e.g., *IHT*, 17 June 1975 ("Aramco Seen as Here to Stay").

11. *FT*, 5 June 1975; *IHT*, 10 June and 14 August 1975. See also *WP*, 9 January 1975 ("The Oil Lobby: Image of Vast Power"); *Der Spiegel*, January 1975 ("Flames in the Desert"); *FT*, 18-19 February 1975 (expressing doubts about recent promises

In reality, Saudi Arabia is no longer apprehensive of the influence of the USSR and its local allies. Since 1973 the Soviets have ceased all subversive activity in the Gulf, realizing that whatever the nature of their regimes, the policy of the oil producers benefits the USSR because it erodes Western economy and power. The United States still believes in traditional allegiances and alliances and has undertaken to train the forces that protect the oil fields and the huge quantities of Western arms procured by the Gulf countries to safeguard themselves against the Soviet Union — ironically enough, arms that could be used in certain circumstances against the West.¹² Be that as it may, it is evident that both the Soviet Union and the oil-producing countries now consider ideological factors and traditional allegiances of little importance (the Saudis are even reported to be financing Egyptian and Syrian arms purchases in the USSR). The ‘conservative’ producers, however, are still manipulating the fictional Soviet ‘threat,’ partly to maintain their freedom of action in determining their oil policy, partly to build up their influence and military power, and partly to drive a wedge between the United States and Israel.

Considering the crisis Western economy and leadership is undergoing, the ability of the industrial countries to cooperate in economic and energy fields is doubtful. It is an open question whether the West’s economy will be able to withstand periodical increases in fuel prices, still recuperating as it is from the initial shock of 1973–74 and with the rate of unemployment still growing. Since American attempts to align consumers and bring about measures leading to the conservation of energy have met with little success, the West’s economic and strategic situation will continue to deteriorate — the decline of Western capitalism predicted by Marx and

given to Dr Kissinger in Riyadh and his being blamed for oil crisis); *JP*, 15 June 1975 (citing Jack Anderson and Les Whitten).

12. On multi-billion-dollar arms deals with Iran, Saudi Arabia, Kuwait and Abu Dhabi, see Dale R. Tahtinen, *Arms in the Persian Gulf* (Washington, D.C.: American Enterprise, Inc., 1974); *The Military Balance 1975–1976* (London: IISS, 1976); *al-‘Usbu al-‘Arabi* (Beirut), 18 November 1974; *Ma‘ariv* (Tel Aviv), 5 December 1974; *Newsweek*, 12 January 1975; *FT*, 31 January 1975; *JP*, 17 June 1975 (citing Reuters report by Joseph Sisco). On the Kuwait deal specifically, see *al-Ra‘i al-‘Amm* (Kuwait), 29 March and 19 April 1974; *Ma‘ariv*, 17 April 1974; *FT*, 31 January 1975. On Abu Dhabi see *Le Monde*, 25 April 1974; *JP*, 13 December 1974; *Yediot Ahronot* (Tel Aviv), 16 January 1975 (citing *London Times*). On weapons sales to Gulf countries, see Congressman Les Aspin, citing document supplied by the Office of the U.S. Secretary of Defense, 17 and 20 July 1975. On the possibility of Western arms being used against the West, see *Der Spiegel*, 27 January 1975. On the American firm that will train the Saudi national guard, see *FT*, 29 January 1975. See also U.S., Congress, House, Committee on International Relations, *The Persian Gulf, 1975: Debate on Arms Sales*, June-July 1975.

Lenin, the Soviets claim. Indeed, there are signs that Europe and the United States are gradually adjusting to the new situation and are, in a way, accepting OPEC as a new 'superpower.' The United States is more than willing to help with the development of the economy of the oil producers and is becoming increasingly involved in the build-up of their military power. By that assistance, and through the large number of advisers they are dispatching, the Americans hope to strengthen the regimes friendly to the West, as well as their own influence in the region.¹³

The recent rapprochement between the Gulf countries (see below) received the blessing of the United States, who hoped that it would contribute to stability and lead to the erosion of Soviet influence in Iraq, where it is strongest. But the extension of that rapprochement in the form of a Gulf defence treaty is at present unrealistic; nor is the Soviet Union particularly apprehensive at the prospect. In fact, it might even welcome such a move, since further rapprochement would tend to strengthen OPEC in its aggressive price policies, pushing the price of oil — including Soviet oil — even higher. The United States and the West in general would stand to lose a great deal economically and industrially in that case, and might be tempted to resort to military intervention. To ensure the process of the West's decline, the Soviet Union is strengthening and expanding its strategic infrastructure around the Gulf, rather than within it, in that way making its influence felt and bringing to bear on the political decisions made within and between the Gulf nations. Since 1973 it has impressed on its Arab friends the need to maintain solidarity and to refrain for the time being from inter-Arab subversion and ideological rivalries.¹⁴ Nonetheless, the combination of U.S. policy and Saudi influence seems to be making an impact, since both Iraq and the People's Democratic Republic of Yemen (PDRY) have been improving relations with the 'moderate' Arab camp, seemingly at the expense of relations with the Soviets. But this factor should perhaps be viewed within the context of inter-Arab relations and judged on the basis of the fluidity and uncertainty of those relations.

13. U.S. sources estimate the number of Americans in the Gulf by 1980 to reach 150,000. See Edward Kennedy, "The Persian Gulf: Arms Race or Arms Control?" *Foreign Affairs* 54 (no. 1, October 1975):14-35.

14. See *Der Spiegel*, 27 January 1975; *JP*, 23 April and 22 May 1975 (citing AP); Muhammad Jaber al-Ansari on the new approach of the Soviets and their allies in *Al-Sayyad* (Beirut), 10-17 April 1975; *FT*, 11 July 1975 ("Worse Slump Feared"); William Shannon in *NYT*, 24 July 1975; *IHT*, 14 August 1975; Thomas O. Enders, "OPEC and the Industrial Countries," *Foreign Affairs* 53 (no. 4, July 1975): 625-37.

SAUDI ARABIA AND INTER-ARAB RELATIONS

British imperialism in the nineteenth and early twentieth centuries is responsible for the creation of today's anomalies in eastern Arabia. The socio-political dynamism that had begun to make itself felt, under the impetus of religious reformation, was halted and the tendencies towards unification under the leadership of the Saudis were cut short, leaving a sparsely populated and artificially divided region with no strong sense of peoplehood in any of the principalities established.¹⁵ Today, Saudi Arabia looms like a giant in the region. And one of the most dramatic changes in the Arab camp is the position of leadership that Saudi Arabia has gained in the last decade. Just over ten years ago, panarabists led by Jamal 'Abd al-Nassir tried to storm the Arabian Peninsula. But Saudi Arabia showed surprising resilience and was partly instrumental in the eventual downfall of Nassirism.

Though continuously challenged by the 'progressive' regimes, after 1967 'conservative' Saudi Arabia's King Faysal smoothed over his differences with the 'moderate' camp led by Egypt. Far from suffering from the propaganda and subversion of the Soviet Union's Arab allies, he actually succeeded in enticing the Yemen Arab Republic (YAR) into the 'moderate' camp and thus formed a *cordon sanitaire* around the PDRY.¹⁶ In cooperation with Iran, Saudi Arabia stymied Iraq's attempts to expand toward the Gulf and to subvert the weak rulers of the Gulf states.¹⁷ Faysal's leadership in the Arab camp was thus established, aided by his role in the successful exploitation of the oil weapon, his country's enormous financial resources and its control of about one-third of the world's proven oil reserves. Since 1973, Faysal's growing self-confidence (and possibly also his suspicion and jealousy of Iran) led him to encourage attempts to 're-arabize' the PDRY and to lower its Marxist profile, at the same time improving his relations with Iraq.¹⁸ Arab pragmatic cooperation and 'unity

15. See J. B. Kelly, *Eastern Arabian Frontiers* (London, 1964); J. Marlowe, *The Persian Gulf in the Twentieth Century* (London, 1962); H. St John Philby, *Saudi Arabia* (London, 1955); A. T. Wilson, *The Persian Gulf* (Oxford, 1954).

16. M. Abir, *Oil, Power and Politics*, p. 106.

17. *Le monde diplomatique* (hereafter MD), 4 October 1973 ("Crise pétrolière"); *al-Anwar* (Beirut), 16 September 1974; Foreign Broadcasting Information Service (hereafter FBIS), Middle East, 4 December 1974, monitoring Radio Riyadh, 3 December 1974; *Ma'ariv*, 6 December 1974 (citing *FT* on the Saudi military infrastructure built on Iraq's border). On Faysal's visit to Syria, see *Ha'aretz* (Tel Aviv), 2 January 1975.

18. On Saudi attempts to maintain Arab solidarity, see *al-Ahram* (Cairo), 21 March and 20 September 1974; *al-Sayyad*, 22 August and 2 November 1974; *al-Jadid*

of action' proved most rewarding since the Yom Kippur War, but Faysal realized that its future credibility depended to a great extent on the situation in the Gulf. There, religious, social and political asymmetries are a constant source of instability. Faysal's policy, and that of his heirs today, was to preserve this pragmatic 'unity of action' among the Arabs despite all such differences.

The widely publicized conflict between Saudi Arabia, Abu Dhabi and Oman over the area of Buraymi in the 1950s was the cause of constant tension. The Omani-Saudi differences were settled in 1972, Oman beginning to receive increasing financial, logistic and military aid (with Jordan's cooperation) from Saudi Arabia.¹⁹ The resolution of the Saudi conflict with Abu Dhabi was more complicated, as it involved a good part of Abu Dhabi's territory. Nevertheless, it came about in August 1974 in the wake of political developments in the Gulf. After Saudi Arabia relinquished its claim to Buraymi proper, Abu Dhabi agreed to Saudi Arabia's annexation of Khor Udayd (between Abu Dhabi and Qatar), thus gaining for the Saudis an unquestionably important military, political and economic outlet to the 'lower Gulf.' This led to bettered understanding and to the consolidation of the conservative front in eastern Arabia, which functions as a mutual protection organization against internal subversion and external intervention, mainly from Iran or Iraq.²⁰

Iraq's tiny share of the Gulf coast and the presence of Kuwaiti islands blocking its approaches there have led Iraq to consider the annexation of Kuwait a political and strategic necessity. If it were to control Kuwait, Iraq could become the second-largest oil-producing nation in the world, with revenues approaching those of Saudi Arabia. Iraq's position in the

(Beirut), 20 September 1974; *al-'Usbu al-'Arabi*, 4 November 1974; *Afro-Asian Affairs* (London), 15 January 1975; *FT*, 29 January 1975. On Saudi relations with the PLO, see *JP*, 17 December 1974 ("Sinai Pact..."). Other indications of the new trend include PDRY willingness to establish relations with the Gulf countries, and the change of name from Popular Front for the Liberation of Oman and the Arab Gulf (PFLOAG) to the Popular Front for the Liberation of Oman (PFLO): see *al-Anwar*, 10 February 1975. On the high-ranking delegation sent from Saudi Arabia to Iraq, see *FT*, 20 March 1975.

19. See M. Abir, *Oil, Power and Politics*, p. 106; *Beirut* (Beirut), 2 and 8 April 1975; *al-Huriyyah* (Beirut), 7 April 1975; *al-Hadaf* (Beirut), 4 August 1975.

20. See *al-Ra'i al-'Amm*, 24 January 1974; *al-Hawadith* (Beirut), 23 June 1974; *al-Hadaf*, 29 June 1974; *Middle East Economic Digest* (hereafter *MEED*), 2 August 1974; *Ha'aretz*, 22 August 1974; *al-Sayyad*, 22 August and 19 September 1974 (on the importance of the outlet to the sea). On growing suspicion between Saudi Arabia and Iran see below. On Egypt's instrumentality in bringing about the reconciliation, see *al-Sayyad*, 22 August 1974.

Arab camp and in the world would change dramatically, as would the balance of power in the Gulf. Hence, claiming rightful ownership, Iraq tried to annex Kuwait in 1961 and was prevented from doing so only by British intervention.

Following the friendship and defence agreement with the Soviet Union in April 1972, Iraq began, with Soviet aid, to expand the port of Umm-Qasr, where facilities were granted to the Soviet navy. However, this port was strategically handicapped by its proximity to the Iranian and Kuwaiti borders and to several Kuwaiti islands. When it became apparent that its attempts to subvert the Gulf regimes and to exploit socio-economic tensions in Kuwait were unsuccessful, the Iraqi army marched into Kuwait in March 1973. Although Kuwait had refused (and still refuses) to sign a defence agreement with Iran or Saudi Arabia, both countries were ready to intervene should matters grow out of hand. Under increasing international and Arab pressure, the Iraqis heeded Soviet advice and returned to their own territory; but they have not given up their claim to Kuwait.²¹

Since the traumatic experience of the 1961 Iraqi attempt at intervention, Kuwait's rulers have followed a policy which, with some variation, was later adopted by most east Arabian rulers. First of all, the armed forces of the east Arabian countries are all rapidly being built up.²² Attempting to imbue its citizens with a sense of national peoplehood that would encourage strong popular feelings against any possible foreign intervention, the Kuwaiti government channeled part of its oil revenues to the population through an extensive network of social and other services, at the same time instituting a development fund to help the economy of sister Arab countries. Moreover, together with other Arab oil producers, at the Khartoum conference Kuwait undertook to subsidize the 'confrontation states' involved directly in the Arab-Israel conflict. These subsidies have

21. *JP*, 22 March 1973; *FT*, 30 March 1973; *Ha'aretz*, 1 April 1973 (on Saudi division moved to the Kuwaiti border); *al-Sayyad*, 5 April 1973 ("Iraqi Foreign Minister Claims Kuwait's Territory") and December 1974 ("Is Iraq a Gulf Country?"). On the Kuwaiti islands, see *Ma'ariv*, 8 April 1973. On Kuwait's continuing fear of Iraq's ambitions, see *al-Qabas* (Kuwait), 11-14 April 1976. On Iran's attitude to Iraqi expansionism, see *FT*, 31 May 1973; and *IHT*, 3 December 1974.

22. *FT*, 31 May 1973; *al-Ra'i al-'Amm*, 28 March and 19 April 1974; *Yediot Ahronot*, 16 January 1975 (citing *London Times*); *The Military Balance 1975-1976*. Tables on growth of armies and military budgets appear in *al-Gumhur* (Beitut), 29 May 1975. See also *al-Anwar*, 20 June 1975 (Congressman Les Aspin quoting U.S. Secretary of Defense); *al-Siyassah* (Kuwait), 22 March 1975; and *al-Gumhur*, 5-11 June and 17 July 1975.

been considerably increased in recent years and include grants to the Palestine Liberation Organization (PLO).²³

As they must still buy the goodwill of their sister Arab states, the east Arabian countries grant substantial sums for procuring arms for the confrontation states and for development funds and other economic aid to poorer Arab countries. But Arab solidarity has only partially been enhanced by these and other 'aid programmes.' The asymmetries in the Gulf, the rapid social upheaval in their societies that resulted from modernization, education and urbanization, and the tensions building up within their large immigrant communities make them especially vulnerable to pressure and liable to extremism in matters connected with Arab solidarity. This is most evident in Kuwait, where more meaningful progress towards constitutional democracy has been achieved than in, for example, Bahrayn (although the process began there much earlier), under the influence of the 1961 affair and because of Kuwait's huge oil revenues and equally significant internal pressures. This progress finds expression in Kuwait's relatively free press and especially in its vociferously anti-Western, anti-Iranian and somewhat anti-Saudi parliament. Middle-class nationalists and intellectuals are gradually gaining power at the expense of the traditional ruling aristocracy. Together with their leftist counterparts and the proletariat, they support the use of the oil weapon and are an important factor in Kuwait's extremist policy in Arab politics, in OPEC and in OAPEC.²⁴ Undoubtedly, this policy, as well as the process of 'controlled democracy,' is influenced by the presence of a huge immigrant community in which the Palestinians form a sizable element.

The oil boom in eastern Arabia attracted immigrants from many countries, including Pakistan, Iran and India, but above all from the poorer Arab countries (especially Yemen) and, most important, it drew many Palestinians. This influx and its concomitant cultural and political influences have already threatened the stability and 'Arab character' of the tiny Arab principalities of the lower Gulf. Kuwait has an immigrant community surpassing a half-million persons, while its native population

23. See *Ruz al-Yusuf* (Cairo), 29 May 1972; *al-Ra'i al-'Amm*, 19 April 1974; *al-Siyassah*, 3 and 25 May, and 11 June 1974; and *Ma'ariv*, 16 September 1974.

24. See *Ruz al-Yusuf*, 29 May 1972; *FT*, 14 June 1973 and 12 February 1975 ('Kuwait Parries...'); *al-Siyassah*, 13 May 1974; *MD*, 16 June 1974; *al-Hadaf*, 30 November 1974; *Ma'ariv*, 13 January 1975; *JP*, 27 and 30 January 1975 (citing Reuters, Kuwait, on new elections to the parliament and its composition); *al-Anba* (Jerusalem, Arabic), 3 May 1975. On the United Arab Emirates (UAE), see Dr Salah al-'Akkad in *al-Siyassah al-Dawliyyah* (Cairo), April 1975. See also *al-Tali'ah* (Kuwait), 20 April 1976.

is just over 400,000. Although relatively well-paid, the immigrant population, even Arabs, were only recently granted the privileges and social benefits of citizens; and only a chosen few are permitted to become Kuwaiti citizens.²⁵ Although not monolithic in its composition, the Palestinian immigrant community is probably Kuwait's largest and most cohesive element. As such, of all the Gulf immigrants, both Arab and non-Arab, the Palestinians are the most feared, despite their important contribution to the economy.

The number of Palestinians in the Gulf began to grow with the development of the oil industry in the early 1950s. Their skills and willingness to perform manual labour in relatively primitive and remote areas made them a useful 'commodity' in the Gulf. The high pay in the oilfields enticed more and more people from the urban centres and the refugee camps in Jordan and, more recently, from the territories occupied by Israel. Today they number about 300,000 persons, some 180,000 of them in Kuwait. There the PLO is allowed some control over the Palestinian community, including the right to levy taxes. Palestinians also serve as ministers and high officials in the administration of the Gulf countries. This is typical of the ambivalence in the Gulf rulers' attitudes towards the Palestinians: all pay lip-service to their cause and contribute to their struggle against Israel; but the Palestinians are the first to lose their jobs or even be deported when local or non-Palestinian manpower is available.

To some extent this attitude can be explained by events in Jordan between 1967 and 1970 and in Lebanon since 1971, together with the fear of a radical Palestinian or Palestinian-inspired government on Arabia's door-step. Moreover, most of the Gulf's subversive organizations are related to Marxist-oriented Palestinian organizations and include Palestinian members.²⁶ Fear of the Palestinians and other radicals occasionally coerces

25. John Duke Anthony, *Political Dynamics of the Lower Persian Gulf States* (Washington, D.C., forthcoming), pp. 28-31 (manuscript); Bilal al-Hassan, *al-Falastiniyun fi al-Kuwait*, PLO Information Research Centre, Beirut, 1974. On 30,000 Palestinians in Saudi Arabia, see *FT*, 5 March 1973. On the Palestinian community in Kuwait, its size, occupations and history, see *Falastin al-Thawra*, 19 June 1974. On the policy restricting citizenship for Palestinians, see *JP*, 24 May 1972; *Ha'aretz*, 25 September 1974; and *Yediot Ahronot*, 16 January 1975 (citing *London Times*). On problems of Arab and non-Arab foreign communities in the UAE, see *al-Siyassah al-Dawliyyah*, April 1975; and *FT*, 10 May 1976 (special supplement). On non-Arabs in Bahrain see *al-Hadaf*, 22 March 1975. On the status of the PLO, see *al-Siyassah*, 21 March 1974. On citizenship problems in Kuwait, see *al-Anba*, 8 May 1975. On labourers in Kuwait and the problems involved, see *al-Tali'ah*, 4 May 1976.

26. On Saudi pressure on the PLO to purge its radical elements, see *FT*, 5 March 1973 and 29 January 1975 (Sinai Pact...); *al-Muharrir* (Beirut), 8 September 1973;

some of the Gulf rulers into adopting a more extremist policy than they might otherwise adopt, even in matters unrelated to Israel. The new accord in eastern Arabia and the greater cooperation among the rulers therefore contribute to their ability to withstand internal and external pressures. This, *inter alia*, explains the decision of Bahrayn's rulers to challenge the powerful trade unions and to dismiss the extremist parliament in June 1975, two of several repressive measures that continue until today.²⁷ However, the future of the fragile east Arabian front has now become related to the tension around the proposed 'greater defence alliance' supported by Iran and Iraq, and even more so to the stability of Saudi Arabia.

Although he was no revolutionary reformer, Faysal realized that the character of his regime had to be changed. He gradually replaced most of the representatives of the ruling aristocracy in the government with members of the new educated élite and the growing Saudi middle class. This 'white revolution' broadened the base upon which the regime rested without alienating the old aristocracy and 'ulama (religious scholars). Indeed, while some dissatisfaction remains among the conservatives and frustrations exist among the new élites, attempts to subvert the regime are usually confined to the small radical element which is harshly suppressed. Yet education, rapid development and urbanization are bound to encourage the demand for even more rapid changes. Adding its own weight to the political instability is the fact that the kingdom's population numbers only some five million, more than one-fifth of whom are immigrant workers (mainly from Yemen) performing all manual labour. The number of foreigners (mostly Arabs) may double if Saudi Arabia's ambitious multi-billion-dollar five-year development plan is even partially carried out.²⁸

MD, 4 October 1973 (p. 4); *al-Siyassah*, 3 February, 4 March and 22 May 1974; *al-Sayyad*, 21 February and 29 August 1974; *Shu'un Falastiniyah* (Beirut), July 1974, pp. 126–29; *Newsweek*, 21 October 1974; *al-Hadaf*, 30 November 1974 and 22 March 1975; *Ha'aretz*, 8 December 1974; *al-Hawadith*, 1 February 1975. On attempts to sabotage oilfields, see *Ma'ariv*, 6 February 1975; J.L. Price, "Oman," *Conflict Studies*, no. 53 (London, Institute for the Study of Conflict, January 1975), p. 7. On connections between subversion in Al-Hasa (Saudi Arabia), Bahrayn and the Palestinians, see *al-Hadaf*, 20 March 1976. As this paper was going into press, at the end of August 1976, the government of Kuwait dispersed the parliament, curtailed freedom of the press, and curbed activities of the radical elements in the country—actions possibly related to current events in Lebanon.

27. See Dr Abdul Lateef, "A Security Pact in the Gulf?" *Middle East International* (London), January 1976, p. 22. See also *al-Tali'ah*, 13 April 1976.

28. *Al-Anwar*, 12 April 1975; *al-Dustur* (Beirut), 8 July 1975. The Saudi government has conceded that the five-year plan is unrealistic: the Saudi economy lacks the

In addition to the factionalism within the royal house, which in fact represents the as-yet unbated Saudi regionalism that 'Abd al-Aziz Ibn Saud tried to eliminate by means of his many marriages, the real danger to the government lies mainly in the modernization and expansion of the armed forces. For nearly a half-century the Saudi government has succeeded in maintaining the balance between the aristocratic (Najd) tribal national guard ('white army'), the mainstay of the regime, and the regular army that drew recruits from lesser tribes and urban elements. Saudi Arabia's new position in the Arab world, developments in the Gulf and changes in the armies of Saudi Arabia's neighbours have necessitated the expansion of its armed forces and the sophistication of its equipment. Consequently the regime has been drawing heavily upon elements never previously considered loyal. The quantitative and qualitative growth of the regular army was the determining factor in the 1974 U.S. decision to sell substantial quantities of 'simple' sophisticated arms to the national guard and to undertake its training. But changes in the character of the 'white army' are also inevitable as an outcome of its modernization. That process could threaten the very existence of the Saudi regime, a point made clear in the struggle for power within the royal family that surfaced after Faysal's murder.²⁹

King Faysal was assassinated on 25 March 1975. The succession to the throne was relatively smooth since it was agreed upon by the three most powerful factions within the royal family and the *Majlis al-Shura* (Consultative Assembly, composed primarily of princes of the royal blood and

infrastructure needed to absorb the proposed annual investment of about \$30 billion called for by the plan. On dissatisfactions among the Saudi bourgeoisie and workers with the foreign community and some aspects of the government, see *al-'Ukaz* (Saudi Arabia), 1 March and 2 May 1976; *al-Tali'ah*, 30 March 1976; and *al-Huriyyah*, 3 May 1976.

29. William Rough, "Emergence of New Middle Class in Saudi Arabia," *Middle East Journal* 27 (no. 1, 1973):7-21. For substantial material on the factions in the Saudi royal house, see *al-Fajr* (Jerusalem, Arabic), 10 May 1975. See also *Ma'ariv*, 10 May 1973 (citing the *Guardian* correspondent in Riyadh); *Newsweek*, 1 July 1974; *Ha'aretz*, 2 December 1974; *Afro-Asian Affairs*, 15 January 1975; M. Abir, *Oil, Power and Politics*, pp. 43-62. On modernization of the tribal army, see FBIS, 15 April 1974, monitoring Radio Riyadh, 14 April 1974; *MEED*, 19 April 1974, p. 456; *FT*, 31 January 1975 ("Arms Sales to the Middle East"); *JP*, 9 February 1975; *al-Muharir*, 28 March 1975. On the Saudi army and the United States, see *The New Republic*, 29 March 1975. On the Saudi armed forces, see FBIS, 23 October 1974, monitoring Radio Baghdad (INA), 22 October 1974; *al-'Usbu al-'Arabi*, 23 December 1974; *JP*, 14 February 1975; *FT*, 10 February 1975; *al-Difa' wa al-'Amman* (Beirut), April 1975, p. 34. On dangers of rapid modernization and deployment of the national guard, see *al-Hadaf*, 20 March 1976.

important tribal and religious leaders). Prince Fahd (the real power behind King Khalid), who is heir to the throne and prime minister, represents the more pragmatic and relatively liberal element; his half-brother, Prince Abdallah, commander of the national guard, represents the conservatives, the orthodoxy and part of the tribal leadership; the king himself, though considered weak, is supported by the powerful Jiluwi family. This triumverate (nicknamed 'Troyka' by the Arab press) at least temporarily smoothed over its differences and prevented a civil war. The difficulties, however, still exist and the superficial stability, enhanced by a growing American presence, could collapse any day. This is bound to be accelerated by the rapid changes which the economy, society and army are undergoing, by extensive contact with the outside world, or by outside intervention. Were another successful attempt on the life of the ruler to take place, it is doubtful whether its repercussions would be as mild as in the last case; a far more radical change of regime and its political orientation might well be expected. This could touch off a chain reaction that would not only bring down all the conservative governments of eastern Arabia, but might also change the entire balance of power in the Arab world to the point of affecting power politics. The superpowers are cognizant of this danger; the United States is thus committed to upholding the strength of the present regime and its military power and is intent on ensuring that its own Middle East politics please — so far as possible — Saudi Arabia.

Saudi Arabia's rise to prominence was accompanied by Egypt's decline. The present pluralistic leadership of the Arab camp is composed of Saudi Arabia, Algeria, Syria and, since its agreement with Iran and the collapse of the Kurdish rebellion, Iraq. It is now Saudi Arabia rather than Egypt that is *primus inter pares*. To maintain its position, Riyadh must walk the tightrope between 'moderate' Egypt and the 'extremist' camp (Syria, Iraq and Algeria). Since Faysal's death, indications are that Saudi Arabia has gradually been changing its policy — or at least the style of its diplomacy, which is now far more pragmatic and subtle. Saudi Arabia may improve relations with the Soviet Union and may take a far harder line regarding the price of oil. Consequently, its moderation and pro-Western attitude should be examined more carefully in the light of commitments, activity and declarations in Arab, Muslim and OPEC circles.³⁰ Its new realism is partly expressed in the substantial efforts expended to diversify its economy

30. On the 'new style' in Saudi relations with the Soviets, see *JP*, 12 May 1974; *al-Sayyad*, 29 May 1975; *FT*, 28 August 1975. The most recent example of such a change is Saudi Arabia's support of Jordanian policy regarding Russian weaponry and relations with Syria.

without undermining the Western economy by over-extremism in oil pricing. The rulers of Saudi Arabia are careful to preserve their position of leadership and to maintain the respite gained by the conservative regime through its political and economic power; they refrain from over-committing themselves to any side or faction in the Arab camp. Saudi Arabia's special position of leadership and the new Arab 'ideology' of cooperation give the Saudi regime a certain amount of immunity against Arab radicals and 'have-nots,' as well as against Iran's ambitions in the Gulf.

Modern panarabists, dreaming of the revival of Arab glory, have worked for the unification of all Arab countries from the Atlantic Ocean to the Persian Gulf. That dream envisaged, in addition to a vast area and a substantial population, Arab control of considerable oil revenues and strategic waterways. But even leaders with great vision, like Jamal 'Abd al-Nassir, did not foresee the amount of power and wealth that oil would bring the Arabs in the 1970s. The successful use of the oil weapon and the ability to flex their muscles in the community of nations led the Arabs, drunk with power, to temporarily lose their sense of proportion.³¹ Eventually, Faysal and other leaders realized that their retention of control over the oil and their new power depended to a great extent on maintaining Arab cooperation and 'unity of action,' the importance of which was made clear during and after the October war. Thus, for the last two years ideological differences and traditional rivalries have been largely shelved. In the process, Saudi Arabia was (surprisingly) able to overcome its antipathy for Marxist/socialist-oriented Arab countries. The recent agreement between Iran and Iraq has greatly accelerated this rapprochement. It has become extremely important (although increasingly difficult) for the Arabs to impress the world with Arab solidarity, at least in connection with oil-pricing and with conflicts between Arabs and non-Arabs and, above all, the Arab-Israel conflict.

TENSIONS BETWEEN ARAB AND NON-ARAB COUNTRIES

IRAN AND THE ARABS

Relations between Iran and Arab nationalists have been, at best, merely correct. Iran's historical claims to parts of eastern Arabia and to islands in the Gulf are countered by Arab nationalist claims to Khuzistan (Arabistan), with its largely Arab population, and other parts of north-western Iran. Modern panarabists not only envisage the borders of the

31. Bernard Lewis, "The Palestinians and the PLO," *Commentary*, January 1975, p. 42; *Forbes Magazine*, 20 July 1975 (on Kuwait). See also *al-Musawar* (Cairo), cited in *Yediot Ahronot*, 25 July 1975 (King Khalid on 'Arab power').

Arab union on the Iranian side of the Gulf, but also insist that the historical term 'Persian Gulf' be replaced by universal usage of 'Arab Gulf.'

Egypt's defeat in the Six-Day War led Iran to reorient its policy in the Middle East and to refocus on the Gulf. With the decline of Nassirism, Iraq became Iran's main antagonist in the Arab camp. By far the most irritating factor in Iran's relations with Iraq was the 1937 agreement by which their mutual border along the Shatt al-'Arab ran along Iran's coast rather than down the centre or deepest part of the waterway, as is customary when a river separates countries (*Thalweg*). This left navigation in the Shatt under Iraqi control, thus affecting Iran's oil industry (then centred around Abadan) and hence its economy. On the ideological plane, revolutionary Iraq supported extremists in Iran, while the Iranians supported the Kurdish rebellion in northern Iraq. Compounding the political and ideological rivalries are religious tensions: Iran follows the tenets of the Shi'i Muslim sect; the most important Shi'i shrines are in Iraq, where a Sunni (Arab) minority dominates the government, although the Shi'is constitute the majority of the population.

In 1969, no longer willing to tolerate the situation on the Shatt, Iran unilaterally terminated the 1937 agreement. Under normal circumstances Iran's high-handed action would have brought down on it the wrath of the Arabs. But Iraq's extremist Ba'ath regime was generally disliked by the Arab countries and feared in the Gulf, so that for the most part the Arabs ignored the incident. Preoccupied with the war of attrition and dependent on subsidies from Gulf countries, Egypt did not want Arab attention diverted from its own conflict with Israel. In fact, after Sadat's rise to power, Egypt quickly improved relations with Iran. In 1971 Iran relinquished its long-standing claim to Bahrain and further ingratiated itself with the Arabs by supporting OPEC's hard-line policy. Thus when Iran captured three islands it claimed in the Straits of Hormuz (but which actually belonged to the shaykhdoms of Ras al-Khaymah and Sharjah), Arab criticism of the action, with the exception of the 'progressive' states, was surprisingly mild. Indeed, there are indications that the whole affair was previously coordinated with the 'moderates,' including Egypt.³²

When in 1968 Britain declared its intention to evacuate the Persian Gulf, Iran determined to replace it and to maintain stability in the region, preferably in cooperation with Saudi Arabia. With U.S. help, Iran accelerated the expansion and modernization of its armed forces so that by the end of 1972 its military power already inspired apprehension among its Arab neighbours. Iran's size and population (the latter exceeds that of

32. M. Abir, *Oil, Power and Politics*, p. 20.

all other Gulf countries combined) and the number of its nationals flocking to the other Gulf countries, together with its high-handed policy, awakened old fears and concerns for the 'Arab character' of the Gulf.³³ As Saudi Arabia failed to live up to its allies' expectations and did not emerge as the local 'policeman' of the region, but rather concentrated on its own territorial and other quarrels with neighbouring shaykhdoms, Iran abandoned its low profile. The Shah reiterated his intention to intervene in eastern Arabia in the event of a radical upheaval there. The Shah's declarations irritated even 'moderate' Arab rulers, especially Faysal. The former's sincerity was demonstrated at the end of 1972 when a small Iranian task force sent to fight Marxist rebels in Oman was continuously expanded (eventually equalling two brigades by 1975). That and Iran's control over the Strait of Hormuz evoked a growing concern on the part of the entire region.³⁴

Taking its role as a local power seriously, Iran has been developing an impressive strategic infrastructure for its armed forces in the Gulf and in the Indian Ocean. After the blockade of Bab al-Mandeb during the Yom Kippur War, airfields capable of handling Phantom jets were constructed on both sides of Hormuz and several islands in the environs. An agreement was reached with Sultan Qabus of Oman concerning the use of the strategically located area of Ras Musandam and control of the straits. Iran's growing navy is expanding the bases and facilities acquired in Oman, as well as on Indian Ocean island-states and even in South Africa.³⁵

33. See *Ma'ariv*, 17 December 1970 (citing *al-Balagh* [Kuwait]). See also *al-Risalah* (Kuwait), 21 June 1972.

34. *FT*, 31 May 1973 ("Iran and the Gulf States"); *al-Siyassah*, 8 January, 12 February, 7 April and 16 June 1974; *al-Ra'i al-'Amm*, 23 February 1974 ("Iran: What is it Doing in Muscat?"); *MD*, 18 June 1974; *FBIS*, 12 June 1974, monitoring Radio Baghdad (INA), 11 June 1974; *ibid.*, 25 June 1974, monitoring Voice of Palestine, Baghdad, 24 June 1974; Sharam Chubin, "Iran Between the Arab West and the Asian East," *Survival*, July-August 1974, pp. 180-81; *idem*, *Recent Trends in Middle East Politics* (Tehran: The Institute for International, Political and Economic Studies, 1975), pp. 66-71. The control of Hormuz became essential after the blockade of Bab al-Mandeb: see *al-Ra'i al-'Amm*, 8 January 1974 (interview with the Shah); and J.L. Price, "Oman," p. 9.

35. *JP*, 9 January 1973 (on the Shahbahar naval complex); *Newsweek*, 21 May 1973. On the military infrastructure on both sides of the Gulf, see Ibrahim Sus in *MD*, 4 October 1973, and J. P. Viennot in *ibid.*, 16 June 1974. On control of Hormuz, see *FT*, 30 May 1973; Jim Hoagland in *WP*, 25 June 1973 and 31 January 1975. On the secret Omani-Iranian agreement concerning bases and Ras Musandam, see *al-Sayyad*, 22 August 1974 (pp. 26-27). On the Iranian navy, see *The Military Balance 1975-1976*; D. R. Tahtinen, *Arms in the Persian Gulf*, p. 14; *Newsweek*, 14 May 1973 and 12 January 1975; *South African Digest*, 15 and 29 November 1974. On the question

There is no question of Iran's determination and ability to guarantee its freedom of navigation through Hormuz. In pursuing this policy it gained control over the navigation of the Arab Gulf oil producers, whose only practical outlet to the high seas is through Hormuz. Apprehensive of the Shah's policy and power, the east Arabian states closed ranks in 1974 under Faysal's leadership and even began to bridge their differences with 'progressive' Iraq and Marxist PDRY. Steps were taken to build up their military power to match, or at least approach, that of Iran. This policy was carried out quietly to avoid an open split with Iran or within OPEC and to prevent the great powers from exploiting such a situation.³⁶

Since the early 1960s, when Iran and the USSR improved relations, Iran's concern about the Soviet threat to its northern border has diminished and its politics has become more Gulf-oriented. The easing of Iranian-Soviet tensions centred on their common interest in removing British influence in the area. In the mid-1960s Russia even sold Iran weapons, which gained Iran a certain leverage over the United States. But the Soviet Union and Iran are far from being close allies. Soviet interests in the Gulf are bound to clash with Iranian interests there. Notwithstanding the improvement in Iran's bilateral relations with the Soviets in the late 1960s, Iran's present strategy has become particularly concerned with the Soviet presence in Iraq and in the Indian Ocean.³⁷ Although the USSR

of the impact of Iran's control of the Strait of Hormuz, see *al-Siyassah*, 12 February 1974; *South African Digest*, 1 November 1974. The Iranian relationship with South Africa has not been formalized, although South African Prime Minister Vorster plans to visit Iran, and Iranian warships have occasionally visited Simonstown in South Africa.

36. *FT*, 31 May 1973 (David Housego on the question of Saudi and Kuwaiti decisions to strengthen their respective armed forces). See also *al-Ra'i al-'Amm*, 24 January and 23 February 1974; S. Chubin, "Iran Between West and East," p. 180; *al-Muharrir*, 18 September 1974; *al-Anba*, 3 October 1974 (citing *al-Nahar* [Beirut] on the inevitability of a clash between Iranian and Arab nationalisms if Iran continues its political and economic tactics in the Arab Gulf). On the growing suspicion of Iran in Saudi Arabia, see *MD*, 4 October 1973 and 17 June 1974; *Ma'ariv*, 13 June 1974 (citing the *London Observer*); *FT*, 8 January 1975; *NYT*, 2 February 1975. On a Saudi-led Gulf front aimed against Iran's expansionism, see *al-Sayyad*, 22 August 1974; *FBIS*, 4 December 1974, monitoring Radio Riyadh, 3 December 1974; *Afro-Asian Affairs*, 15 January 1975. On the proposed Saudi-Iraqi alliance to preserve the Arab character of the Gulf, see *WP*, 23 February 1975. On the build-up of Arab military power in the Gulf, see *al-Gumhur*, 29 May 1975.

37. See S. Chubin, "Iran Between West and East," p. 181; *al-Nahar*, 23 December 1974; *Christian Science Monitor*, 23 December 1974; *FT*, 24 December 1974; *NYT*, 22 January 1975 (Drew Middleton); *Der Spiegel*, January 1975 (interview with the Shah).

has tried to maintain a policy of scrupulous neutrality in the Iraq-Iran conflict, since 1973 it has supplied the former with vast quantities of sophisticated weaponry, including Mig-23s and SCUD SSMs, valued at some \$2 billion. Iran has no illusions about the Soviet attitude, should a common anti-Iran front emerge on the Arab scene. Growing Arab hostility encouraged the Shah to take a stronger anti-Israel stand and to render financial and some military assistance to 'moderate' Arab confrontation states, such as Jordan and Egypt. But Iran's motivation in providing financial and moral aid is no less an attempt to divert attention away from its activities in the Gulf and the Indian Ocean than it is a means of buying Arab (and Soviet) goodwill.³⁸

Although a Muslim state, Iran's relations with Israel are motivated more by *Realpolitik* than by religious fervour. Israel was seen as Iran's 'shock absorber' since it served to draw the bulk of Arab hostility away from Iran. The continuation of the Arab-Israel conflict is important for Iran, who is also interested in Israel's ability to withstand pressure. Israel's 1967 victory was thus counter-productive to Israel-Iran relations in that Iran's apprehension of the Arabs, especially of Egypt, was diminished. Israel's importance for Iran receded, and Iran's policy became more concerned with Gulf and Arab relations. Between 1967 and 1973 Iran's formal attitude towards Israel became increasingly critical. During the Yom Kippur War, Iran rendered logistic support to Saudi Arabia, allowed Soviet cargo planes to overfly its air space, and enabled Iraq to send two divisions to the Syrian front.

Naturally, Iran supports the American 'peace by stages' policy and the return of territories occupied by Israel in 1967. It believes that such a policy, in addition to eroding Soviet influence, prevents the outbreak of a new Arab-Israel war; that possibility would threaten the renewal of the Arab oil boycott, possibly leading to Western intervention — or even Soviet intervention against Iran.³⁹ However, assuming that the American policy will be successful, and in view of the fact that Iran is dependent upon Arab cooperation for maintaining its aggressive oil policy, Iran must

38. On twenty-four F-5As given by the Shah to Jordan, see *JP*, 10 January 1975. The Jordanians later handed over their old Hunter fighter-planes to Oman; see S. Chubin, *Recent Trends*, p. 71. On Iranian activities to consolidate control over the Gulf and the Strait of Hormuz, see *WP*, 3 January 1975; *FT*, 4 January 1975; *Le Monde*, 4 February 1975 (on the intensification of Iranian activity in Dhofar). See also n. 31. above.

39. See S. Chubin, "Iran Between West and East," pp. 172-74; Chubin claims that a new escalation in Arab-Israel tensions may accelerate the radicalization of some of the Gulf states. On Iran's apprehensions concerning U.S. policy, see *al-Diyar* (Beirut), 5-11 May 1975.

strengthen relations with the Arabs to avert the possibility of a united Arab front, freed from preoccupation with Israel, turning against Iran. The American attitude towards Israel, and the decline of U.S. credibility as an ally, has made the Shah fearful that in certain circumstances his oil policy or relations with the Soviets or the Arabs might lead America to consider Iran dispensable. Consequently, the upgrading of Iran's armed forces and its control of the Persian Gulf, while maintaining good relations with the Arabs, are essential.

Egypt is the cornerstone of Iran's Arab policy and hence Iran supports Egyptian pragmatic policy and is willing to provide relatively generous economic aid to it.⁴⁰ Both countries fear developments that could threaten the stability in the Gulf and thereby divert attention away from the Arab-Israel conflict. The two countries may also have grounds for further co-operation because of possible future rivalry between oil 'haves' and 'have-nots,' in which rivalry Egypt and Saudi Arabia could find themselves in opposing camps. Relations between Iran and Saudi Arabia were strained until Faysal's death (and still are not completely free from animosities). Iran considers the character of the Saudi regime dangerous to the Gulf's stability and views Saudi activities in the Gulf as a challenge to its own hegemony in the region, not to mention its concern for the Saudi stand in OPEC, which often frustrates Iran's policy. One prominent Iranian scholar, who obviously has easy access to the Shah, classifies Arab regimes as either "corrupt," "democratic nationalist" or "extremist." His attitude to Saudi Arabia is obvious. In considering possible Iranian intervention in eastern Arabia, he differentiates between "Arab nationalist-inspired revolution," which should not be opposed, and "Soviet-inspired Marxist" revolution, which should.⁴¹

OAPEC members have always considered Iran the weak link in OPEC, despite its militant oil-price policy. But the combination of Western threats

40. See S. Chubin, "Iran Between West and East," p. 174; idem, *Recent Trends*, pp. 70-71; *FT*, 8 January ("End of an Estrangement") and 23 January 1975 ("Sadat's Military Tightrope"). On Iran's aid to Egypt, see *al-Ahram*, 26 April 1974; *al-Siyassah*, 27 May and 5 June 1974; *FT*, 29 November 1974 and 8 January 1975.

41. See S. Chubin, "Iran Between West and East," pp. 173-74. Dr Chubin is a member of the Tehran Institute for International, Political and Economic Studies. With its director, Dr Abbas Amirie, he visited several Arab countries in order to compile a report on the Middle East following the October war before writing this article. It is evident from Chubin's article that Iran's sympathy is with the democratic nationalist regimes. He also recommends that Iran not oppose nationalist-oriented revolutions in the Arabian Peninsula (p. 181). See *Ma'ariv*, 16 February 1975 (citing Gadafi's interview with the *Vienna Daily Courier* in which he accuses Iran of meddling in Arab affairs). See also S. Chubin, *Recent Trends*, pp. 60-61, 70-71.

to use force in the Gulf and the saturated oil market have brought the producers closer together. Thus, since the end of 1974, efforts at conciliation have been exerted between Iran, Iraq and Saudi Arabia. During the March 1975 OPEC conference, President Boumediyan of Algeria — one of the most militant members of OPEC — succeeded in bringing Iran and Iraq together. He convinced the other members of OPEC that a united front was essential for maintaining a common price policy and resisting American pressure, and that this common need by far outweighed differences between countries. The resultant agreement solved all outstanding problems between Iran and Iraq. For Iran, it was a natural projection of its new policy vis-à-vis the Arabs and the Gulf. For the Arabs, it meant a stronger OPEC and greater flexibility towards the United States and Israel. At least temporarily, a new chapter was opened in the relations between the countries of the region, whatever their ideologies, to the extent that an Iraqi proposal for a Gulf defence agreement was discussed, although practical implementation has been thwarted because of suspicions between Iran and the Arab regimes of eastern Arabia.

The reconciliation between Iran and Iraq accelerated cooperation between Saudi Arabia and Iraq and eventually led to the settlement of all their outstanding differences. After Faysal's death, relations between Riyadh and Teheran seemed to improve. But efforts to strengthen cohesion within the Arab camp and to build up its common military power continue, as do attempts at pressuring Iran to remove its forces from Oman. Adjusting to the new situation, Kuwait is also ready to meet with Iraq and discuss concessions relating to its strategically located islands opposite Iraq's narrow coast. In the lower Gulf, efforts are being made to strengthen the United Arab Emirates (UAE) and possibly to expand it to include Qatar and Bahrayn. The 're-arabization' of the PDRY has been relatively successful and relations between its regime and the conservative governments of Arabia were established, among other things, to annul the *raison d'être* of Iranian intervention in Oman.

This rapprochement has strengthened the hand of OPEC and of the Gulf countries in global and regional politics. A number of Arab leaders and journalists have openly stated that the proposed Gulf defence pact will in fact be directed against possible American intervention. With the Shah now committed to cooperation with his neighbours, it is even less likely that the United States would use Iran as a Trojan horse. Since Iran permitted the Kurdish rebellion to fail, Iraq can participate more fully in a war against Israel. Saudi Arabia no longer feels compelled to even pay lip-service to the need to reduce the price of oil, while undoubtedly the new 'front' that emerged in the Gulf is aimed, *inter alia*, at bolstering the

self-confidence of the Gulf producers and their ability to withstand pressure. It is also being exploited by them to obtain very large quantities of sophisticated weapon systems from the United States — weapons which could be used against Israel or Iran⁴² — and to drive a wedge between Israel and the United States.

THE ARAB-ISRAEL CONFLICT, THE WEST AND THE GULF

Until the early 1970s, the involvement of the Gulf oil producers in the Arab-Israel conflict was marginal. Since 1973, however, it has become evident that Arab control of a large part of the world's proven oil reserves and growing Arab financial resources are increasingly relevant to the Arab struggle against Israel. Since 1967, the Arab oil-producing countries have provided subsidies to the confrontation states; the amounts involved increased substantially after 1973. The term 'oil weapon' (*silāh al-batrol*) has received frequent mention in the Arab press since 1971–72. Those years marked the beginning of attempts by OAPEC to put pressure upon consumers to support the Arab cause against Israel.⁴³

The tremendous psychological effect of the energy crisis in the United States and Europe at the end of 1972 blinded the West to the fact that the crisis was largely the outcome of the oil companies' shortsighted policy. Because OAPEC had openly used the oil weapon during the Yom Kippur War, the war was viewed as the major cause of the energy crisis, in which the price of oil more than quadrupled in the course of a year. In fact, the war did present OPEC with the perfect opportunity for a unilateral and substantial price increase. By that time, the industrial countries were ready to pay any price and, in most cases, to accept any conditions set by the Arabs in order to ensure their oil supply.

Coming as it did in connection with the Yom Kippur War, this new development in the oil industry had an immediate and dramatic effect on the Arab-Israel conflict. Many Third World nations severed diplomatic relations with Israel. NATO's European members refused to cooperate with the United States in its efforts to supply Israel with war materiel. All of Western Europe adopted the Arab interpretation of Security Council Resolution 242. Eventually, when it became clear that the oil market was saturated despite the Arab embargo, Europe returned to sanity. But notwithstanding the fact that stock-piles for at least sixty to ninety days exist, the West still fears the Arabs' ability to wield the oil weapon. This affects

42. See U.S., Congress, *The Persian Gulf*, 1975.

43. See *Ha'aretz*, 5 July 1972; *JP*, 4 and 9 December 1972; *Arab Report and Record*, 16–30 June 1973, p. 282; *FT*, 22 March 1974 ("How the Arabs Took Stock"); *Business Week*, 13 January 1975 ("OPEC").

bilateral relations between Israel and most countries, and also influences attitudes towards Israel in international forums.⁴⁴

Unable to absorb their vast oil revenues themselves, the Arab oil producers (particularly Saudi Arabia, Kuwait and Abu Dhabi, as well as Libya) have managed to accumulate currency surpluses that make them dominant in the field of international finance.⁴⁵ The accumulation is expected to continue into the 1980s, by which time OPEC surpluses are estimated to reach between \$200 and \$600 billion. The currency surpluses can be used as a direct economic weapon (e.g., the boycott of Jewish businesses) or can be translated into political influence on the industrial and developing nations who are anxious to get back some of the funds they previously paid for oil. The decline of the West's economy and the rate of unemployment in Europe and the United States make trade with Arab oil countries very attractive and, consequently, this weapon is even more effective.

Today, almost all technology is available for a price. During the Yom Kippur War, Arab producers paid the Soviet Union some \$2 billion for arms supplied to the confrontation states. Since then, substantial additional sums have been paid to the Soviet Union, France, Great Britain and other countries for sophisticated weapon systems which they now supply to Syria, Iraq, Egypt and Jordan. Western countries, including the United States, are competing for contracts to supply the vast quantities of armaments, valued at \$4–6 billion, sought by Arab Gulf governments.⁴⁶ A portion of these weapons has already reached Egypt, where they are intended to gradually replace Soviet weaponry, considered inferior. A close examination of the inventory of weapons purchased or ordered from the West by the oil producers creates the impression of a master plan aimed, at the least, at standardizing major systems. Obviously, the Gulf countries have been drawn into an arms race to build up their military capabilities and to ensure their safety against neighbours and outside intervention. But Arab Gulf rulers are openly declaring that their armies and the weapons they are purchasing will be used in a new war against Israel.⁴⁷ Moreover,

44. See the Common Market declaration of 6 November 1973 in *Ma'ariv*, 19 November 1974.

45. This made it possible for the Arabs to use financial leverage against Jewish-owned banks and other concerns in Europe; see *FT*, 8–11 February 1975.

46. See *Ha'aretz*, 18 January 1974 (on \$2 billion paid to the Soviet Union during the Yom Kippur War); *Ma'ariv*, 3 October and 5 December 1974; *FT*, 5 and 17 December 1974; 30 and 31 January, 1 and 3 February, and 10 June 1975; *Le Monde*, 29 January 1975; *WP*, 17 July 1975 (citing U.S. Office of the Secretary of Defense). See also U.S., Congress, *The Persian Gulf*, 1975.

47. On Mirage fighter-bombers, see *al-Ra'i al-'Amm*, 17 April 1974; *FT*, 17 July and

four Gulf countries, including Saudi Arabia, have already contributed \$1.4 billion towards the creation of the infrastructure of an arms industry in Egypt to be aided by France and Great Britain. And this is only the first stage in a five-year multi-billion-dollar plan.

It is evident that American policy has already been influenced by apprehensions of the oil boycott that could ensue in the wake of a new Arab-Israel war. America feels a responsibility towards its European allies — not to mention a need to regain the credibility lost in southeast Asia and elsewhere. With the slow recovery of its economy, the United States has also resigned itself to the fact that it must continue to import an increasing proportion of Arab oil, although its dependence upon such imports is, for the time being, still limited.⁴⁸ The need to prevent an oil boycott and to ensure a constant supply of Gulf oil to the West has been reiterated time and again by President Ford.

Some opinions hold that America's 'reassessment' of its Middle East commitments began over two years ago when the Nixon administration became convinced of the need to improve relations with the Arabs.⁴⁹ Whether or not this is so, today most American policymakers believe that America's Middle East policy should be more 'realistic': a synthesis of traditional friendship to Israel and the hypothetical commitment to its survival, together with the new and important economic and political interest America is developing in the Arab states.⁵⁰ Hence it is ready to support Israel's existence within its 1967 borders, but not claims to what Israel considers 'secure' borders or the concept of the exchange of territories for peace, both of which are unacceptable to the Arabs. Ignoring the true aims of the new pragmatic and flexible Arab cooperation front, the American administration assumes that the 'moderate' Arab leaders have come to accept — albeit not publicly — the idea of coexistence (but not peace) with Israel. Indeed, America's insistence on 'arrangements' and positive steps which would promote the dynamics of peace in the future also serves the short-term interests of the United States admirably,

5 December 1974, 31 January, 9 June, 12 and 21 July 1975; *Ha'aretz*, 24 July 1975 (citing Drew Middleton in *NYT*); *al-Akida* (Saudi Arabia), 26 June 1975; *al-Ahram*, 24–25 July 1975. See also *al-Siyassah*, 17 April 1974 (quoting Kuwaiti defence minister on coordination of arms purchases); *Christian Science Monitor*, 23 December 1974; and *Ha'aretz*, 20 February 1975.

48. *FT*, 21 January 1975.

49. See Edward Friedland, Paul Seabury and Aaron Wildavsky, *The Great Détente Disaster: Oil and the Decline of American Foreign Policy* (New York: Basic Books, 1975).

50. For a cynical interpretation of this synthesis, see former Senator William Fulbright in *WP*, 7 July 1975.

both in regard to the badly needed stability in the area in the coming decade, and its influence in the Arab world. For the same reasons, America is now supplying sophisticated weapon systems valued at several billion dollars to Saudi Arabia, Kuwait and several other Gulf countries.⁵¹

Israel has become painfully aware of the increasingly important role the Gulf Arab oil producers are playing in changing the balance of power in the Arab-Israel conflict and in affecting U.S.-Israel relations. Israel hopes that the present *Pax Americana* based on temporary arrangements and the avoidance of major issues will truly set the dynamics of peace into motion. Yet the U.S. policy may unfortunately prove not only unrealistic, but also counter-productive. The Arabs' growing political and military power and the apparent deterioration in relations between the American administration and Israel could tempt the Arabs to launch a new war, should the politico-military situation be conducive. Unable to remain indifferent to a drastic change in the ratio of power in the region, Israel may be forced to take necessary measures to protect itself.

CONCLUSIONS

Persian Gulf oil has become the fountainhead of Arab power and pride upon which all hopes are pinned for Arab — as well as Iranian — development. It is of immense strategic value and no less essential to the industrial West (and the Third World), and an increasingly important threat to the survival of Israel. With an arsenal of the most sophisticated weaponry, and more on order, the region and its startling asymmetries are highly vulnerable — and conducive — to violence. Until substitutes are found for Gulf oil, or until OPEC's ability to dictate terms is curtailed, the Gulf area is bound to remain the focus of local and international tensions.

The Yom Kippur War indicated, *inter alia*, that quantity can to some extent substitute for quality. The availability of tremendous financial reserves is now contributing to the qualitative as well as quantitative growth of Arab power. Coupled with the oil weapon, these financial reserves are being translated into political power and influence. Because such capabilities increase with time, and because it is not convinced that the world's acceptance and assertion of change in the Arab attitude towards Israel's existence is true (or honestly motivated), Israel cannot afford to disregard the Persian Gulf, even in short-range strategic plan-

51. *FT*, 10 and 31 January 1975; *Ha'aretz*, 12 and 14 January and 20 February 1975; *al-Gumhur*, 3 April 1975; *JP*, 4 May 1975; *al-Sayyad*, 21-27 July 1975.

ning: If a new Middle East war were to break out, Israel could find itself facing six Iraqi divisions, Saudi and other Gulf forces, as well as the Jordanian and the Syrian armies — all on its eastern front alone.⁵² Israel, moreover, must take into consideration the fact that despite its present military superiority, it has neither the manpower nor the means to compete with the growth of conventional Arab military power. The Arabs estimate that it will take three to five years for their armies to reorganize and to integrate the vast quantities of armaments which they are now acquiring. Obviously, Israel cannot disregard a drastic change that may take place in the regional ratio of power. It has declared its readiness to exchange territories for peace; but the present 'step-by-step' arrangement has not brought about the promised dynamics of peace. Nor is Israel certain that its interests would not be sacrificed by its friends if they felt it necessary to do so to further their own interests. Israel's 'asset value' has fallen; conversely, the importance of Arab oil, money and cooperation has increased and is eroding whatever sympathy and support Israel still has in the West. But Israel is becoming aware of the difference between positive and negative asset value, the latter having contributed significantly to the Arab cause. Unlike the Arabs, it cannot hope to exploit relations with the USSR to challenge the West; but it could develop negative asset value in relation to the Persian Gulf, which is easily within striking distance from Israel, as proven by the 4 July 1976 'Entebbe Operation' in Uganda. Thus a new Arab-Israel war could possibly not only involve the Gulf, but threaten it as well — although one cannot dismiss the possibility of violence erupting in the Gulf simply as an outcome of local conflicts or conflict between the producers and the great powers.

I recently noted that "because deep emotional and psychological factors are involved, the conflicts between Arab and non-Arab countries at present seem to be potentially far more dangerous than inter-Arab issues. A marginal cause, that of Ethiopia, succeeded in rallying a number of Arab countries. . . ."⁵³ This assertion is even more relevant to the relations between Iran and the Arab countries. Despite Iran's attempt to convince itself, on the basis of its temporary successes, that no fundamental differences exist between itself and the Arabs, and that its new policy vis-à-vis the Arab world will ensure it of Arab friendship, Iran cannot change the

52. In a speech following a U.S.-Saudi arms deal, Israel's Chief of Staff General Mordechai Gur stated that Israel would have to take Saudi threats into consideration; see *Ha'aretz*, 10 January 1975. On Israel's protests concerning the flow of U.S. arms to Saudi Arabia and Kuwait, see *ibid.*, 20 February 1975. Saudi forces are already stationed in Syria and Jordan.

53. M. Abir, *Oil, Power and Politics*, p. 208.

realities of the region. Iran will always remain suspect for the Arab countries because of its different culture, political interests, allegiances and aspirations. For the conservatives it is too moderate and represents a challenge; for the progressives it is an anathema — a reactionary pro-Western, non-Arab regime. The Arabs cannot forget that while they manipulated the oil weapon, Iran exploited the situation to increase its production — and the Shah openly announced that he would do so again should Arab producers boycott the West in the future. Many Arabs argue that if its future economic development were guaranteed, Iran would co-operate with the West and probably ‘betray’ OPEC.⁵⁴ If the oil market weakens further, Iran, already in financial difficulty because of overly ambitious development, is even more likely to be the first to abandon OPEC’s ship. Moreover, Iran’s ambitions cannot be reconciled with the Arab pride and craving for power. While professing friendship for the Arab countries, Iran will not relinquish its predominant position in the Gulf and its control of the Strait of Hormuz. Because the Gulf is so important for the revival of Arab power and pride, the Arabs cannot ignore indefinitely either Iran’s attitude or the fact that it controls their oil by virtue of controlling Hormuz and by virtue of its superior military power.⁵⁵

The West has come to realize that it cannot brush off the impact of oil politics and prices on its economy and on the international balance of power. The creation of the International Energy Agency (IEA) and other steps taken to bring about greater cooperation between oil consumers have not been very successful. So long as OPEC is united and strong, the laws of supply and demand in the field of fuel cannot play their natural role; and the producers, especially the Arabs, will retain their power over the community of nations. Ironically, the West’s best hope now lies in a further substantial increase in the price of oil by OPEC. Only such a move would shake the West out of its apathy and accelerate attempts at saving energy and at developing new sources for oil or oil substitutes. Were new countries to join the exclusive club of oil producers, the Arabs would no longer be able to maintain OPEC’s unity.

54. *FT*, 23 January 1975; *al-Nahar*, 2 and 4 June 1975; S. Chubin, “Iran Between West and East,” pp. 173–74. On the Shah’s reaffirmation that he would not participate in future Arab oil embargoes, see *JP* and *FT*, 3 February 1975. Iran’s per capita income is \$800, compared to Kuwait’s \$7,500: see *Fortune*, October 1974, pp. 146–57. Despite the present rapprochement, the Arabs continue to consider Iran a dangerous agent of the West; see *al-Sayyad*, 3 August 1975; *al-Tali’ah*, 13 and 20 April 1976; *al-Siyassah*, 29 April 1976.

55. The Arabs are now planning a pipeline that will lead to southern Arabia and obviate the need for the use of the Strait of Hormuz. See *al-Tali’ah*, 30 March 1976; *al-Sayyad*, 3–10 June 1976.

The current American policy in the Gulf and in the Middle East as a whole is based on several 'optical illusions,' some of which have been discussed in this paper. It disregards the pragmatism, instability and lack of cohesion of the new Arab 'front,' as well as its true aims, and assumes the existence of a 'moderate,' pro-Western, anti-Soviet axis. It has become dedicated to maintaining the stability of the regimes which compose this axis, considered essential for its strategy. Yet when carefully examined, the assumptions of this policy are questionable and ignore the realities of the region. Obviously, the Soviet Union does not need Arab oil for anything but strategic reasons. Though it tends to exploit détente to enhance its own interests in the 'gray zones,' it would not dare trespass on vital Western interests or interfere directly with the flow of oil to the West — unless U.S. credibility is further eroded — although it is establishing options to do so.⁵⁶ Thus it maintains, and will continue to maintain, a common interest with the producers: Soviet pragmatism can afford the issue of the character of their regimes to be left on the sidelines unless internal circumstances, including the dictates of dogma, seriously indicate otherwise. In the light of the shaky relationship within the Arab family of nations, Russia is biding its time.

On its part, the West will continue to depend on imported oil, largely from the Gulf, for the foreseeable future. Thus the chance of a future clash of interests between the Arabs and the West is more likely than one between the Gulf oil producers and the Soviet Union, especially if the latter continues to develop its new ocean-oriented strategy and refrains from interfering in the Gulf. (In fact, in addition to disagreements over oil politics, one can already detect a certain disillusion in Iranian-American relations.)

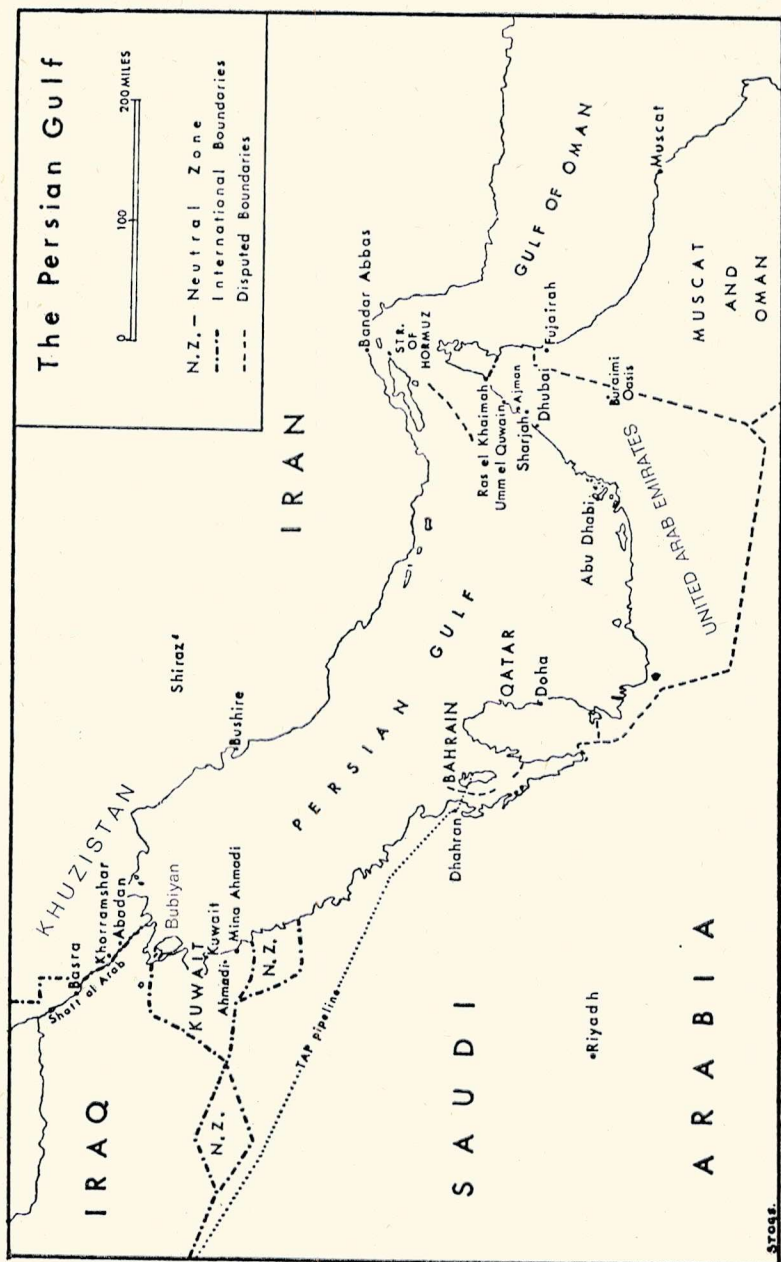
The pragmatic 'front' for cooperation created by the Arabs has succeeded in bridging historical and ideological differences. It is, however, still a weak framework with only a limited ability to withstand pressures. Differences between the Arab countries are surfacing even now (Morocco and Algeria, Libya and Egypt, Syria and Iraq, and the Lebanese tragedy). And it is unlikely that this cooperation will long continue without successes on the Israeli front. The 'have-nots' will not tolerate the present *status quo* in inter-Arab relations indefinitely. The constant decline in Egypt's economy and the fact that, despite its being the largest and most important Arab country, it depends on political and cultural non-entities may swing it back to revolutionary panarabism or to social radicalism.

56. See, for instance, *Ha'aretz*, 24 January 1975 (citing a *Der Spiegel* interview with a Soviet U.N. official).

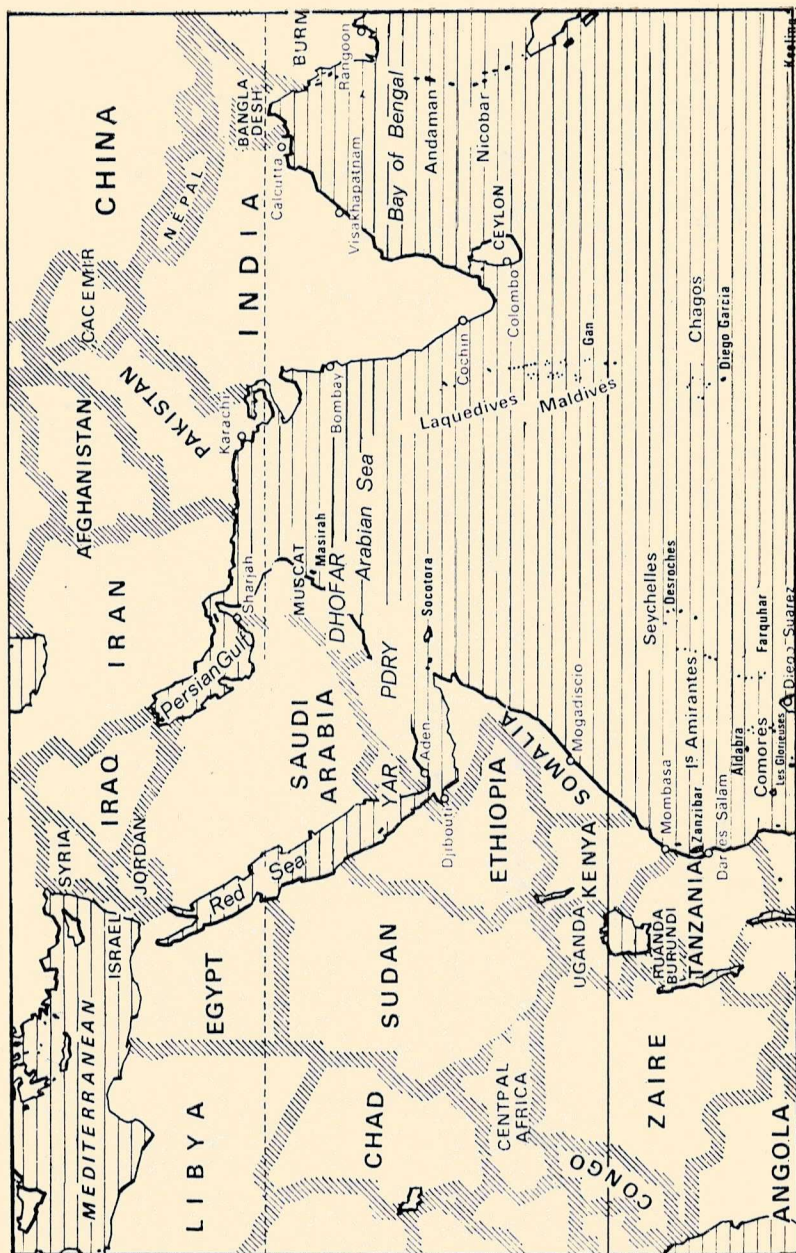
(Some Egyptian scholars already classify Arab countries as either "blood countries," i.e., confrontation states, or "oil countries.") The many asymmetries in the Gulf and the rapid changes which the countries of the region are undergoing are also bound to affect the current superficial stability. Such a development may lead to the overthrow of the present conservative regimes of the Gulf by nationalist-military ones. But it is also bound to affect OPEC as well as the West.

The Gulf oil producers, weak and problematic as they are, today hold in their hands the key to the region's — and possibly the world's — peace, stability and balance of power. Incredible as such a statement may have sounded only a few years ago, this is the reality in an era in which a cartel of backward countries controlling an essential mineral and supported by a superpower can hold the industrial West, short of leadership and determination, for ransom.

APPENDIX I



APPENDIX II



APPENDIX III

Population and Oil Revenues of Persian Gulf Countries

Country	Population (in millions)		Oil Revenues, 1974 (in \$ billions)	Oil Extraction—1974-75* million/barrels/day (m/b/d)		Proven Oil Reserves (thousand million barrels)	Approximate Currency Reserves, January 1975 (in \$ billions)
	Total	Arab and other immigrant communities		September 1974	March 1975		
Saudi Arabia	5.25	1.0-1.25	29.4	8.3	6.5	140.7	18.5
Kuwait	0.95	0.55	11.9	3.2	2.3	72.7	6.0-7.0
Abu Dhabi	0.235	0.20	4.8	1.4	1.15	24.0	1.0
Qatar	0.15-0.2	0.065	1.4	0.6	0.43	6.5	
Iraq	10.1		5.9	2.0	2.1	31.5	2.9
Iran	31.9		18.0	5.9 (1973)	5.5	60.0	6.3
Oman	0.6-0.8		0.95	0.3	0.31	1.0	
Dubai	0.11	0.04	0.3	0.27	0.22		
Bahrain	0.30	0.1	0.05	0.068	0.61		
Yemen Arab Republic (YAR)	9.0-10.0		—	—	—	—	—
People's Democratic Republic of Yemen (PDRY)	1.7		—	—	—	—	—

* Since March 1975, extraction has been further reduced by most of the major producers in the Gulf.
Sources: *FT*, 30 January, 23 March and 5 June 1974; 26 February 1975; and 10 May 1976 (special supplement); *Ha'aretz*, 3 November 1974 (currency reserves); *Harper's Magazine*, November 1974; *Business Week*, 13 January 1975; M. Abir, *Oil, Power and Politics*, pp. 10-11; Middle East News Agency (Cairo), 3 July 1975; *al-Siyassah al-Dawliyyah*, April 1975; *The Oil and Gas Journal*, 26 May 1975; *al-Siyassah*, 19 February 1976.

THE JERUSALEM JOURNAL OF INTERNATIONAL RELATIONS

Published by The Leonard Davis Institute for International Relations,
The Hebrew University of Jerusalem

A significant new quarterly journal reflecting the global importance of the Middle East and dealing with many of the key issues in the study of international relations. Included are papers by internationally recognized scholars writing on major theoretical and practical issues of foreign policy and the effects of international developments on the Middle East.

Articles in the first three issues include:

- | | |
|--|-------------------|
| "The Great Powers, the Indian Ocean, and the Persian Gulf" | William Griffith |
| "Transnational Terrorism and World Politics" | Martha Hutchinson |
| "A Proposal for Peace in the Mid-East" | Morton Kaplan |
| "Nuclearization and Stability in the Middle East" | Steven Rosen |

Appearing in forthcoming issues:

- | | |
|---|---------------------------|
| "Inter-Arab Relations and the Arab-Israeli Conflict" | Gabriel Ben-Dor |
| "The 'Stakes of Conflict': Examination of a Concept" | Alan Dowty and Ran Kochan |
| "Some Proposals to Guide Empirical Research on
Contemporary Imperialism" | Bruce Russett |
| "Chinese Politics and the Soviet Connection" | Gerald Segal |

EDITED BY D. V. SEGRE

Subscriptions:

Institutions \$25.00
Individuals \$15.00

Subscriptions can be ordered from:*

HOLMES & MEIER, Publishers, Inc.

101 Fifth Avenue, New York, New York 10003

* Israeli readers are requested to write directly to:

The Jerusalem Journal of International Relations, The Leonard Davis Institute for
International Relations, The Hebrew University, Jerusalem.

JERUSALEM PAPERS ON PEACE PROBLEMS

1. *Peace Conferences: The Formal Aspects* by Raymond Cohen and Stuart Cohen
2. *The Juridical Status of Jerusalem* by Yehuda Zvi Blum
3. *The Role of Great Power Guarantees in International Peace Agreements* by Alan Dowty
4. *Soviet and Chinese Relations with the Palestinian Guerrilla Organizations* by Moshe Ma'oz
5. *Sharm al-Sheikh—Bab al-Mandeb: The Strategic Balance and Israel's Southern Approaches* by Mordechai Abir
6. *Israel's African Setback in Perspective* by Susan Aurelia Gitelson
7. *The Soviet Union and the Arab-Israel War of October 1973* by Galia Golan
8. *United States-Israel Relations, 1967-1973: A Study in the Convergence and Divergence of Interests* by Shlomo Slonim
9. *American Guarantees to Israel and the Law of American Foreign Relations* by Michla Pomerance
10. *The Limits of Alliance: America, Europe, and the Middle East* by Linda B. Miller
11. *The Demilitarization of Sinai* by Yair Evron
12. *Israel in the Middle East: An Introduction* by Yaacov Herzog
- 13-14. *Freedom of Navigation with Special Reference to International Waterways in the Middle East* by Ruth Lapidoth
15. *Syria Under Hafiz al-Asad: New Domestic and Foreign Policies* by Moshe Ma'oz
16. *Israel's Concept of Defensible Borders* by Dan Horowitz
- 17-18. *U.N. Peace-Keeping in the Israel-Arab Conflict, 1948-1975: An Israel Critique* by Michael Comay
19. *Perception, Deception and Surprise: The Case of the Yom Kippur War* by Michael I. Handel
20. *Persian Gulf Oil in Middle East and International Conflicts* by Mordechai Abir

Papers may be ordered from the Institute at the cost of U.S. \$ 1.00 (or its equivalent in other currencies) per number.

Jerusalem Papers on Peace Problems
The Leonard Davis Institute for International Relations
The Hebrew University
Jerusalem, Israel