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THE PERSIAN GULF: WHAT IS AT STAKE

George Stukhart, Jr.

Army War College  
Carlisle Barracks, Pennsylvania

30 September 1970

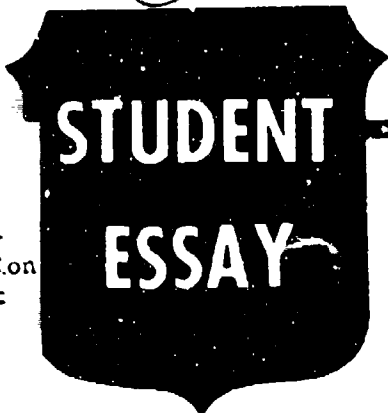
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BY

COLONEL GEORGE STUHHART JR.  
CORPS OF ENGINEERS

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## SUMMARY

The Persian Gulf area is a power vacuum at the heart of the Middle East problem, a region of vital interest to the Free World, yet one of primary concern to the USSR. It is only now coming to the fore as a potential microcosm of all the world's political problems with the ensuing British withdrawal. The struggles for independence, Arab nationalism, and ancient border feuds can all emerge, with vast consequences to the world, since this area contains the greatest known world reserves of that vital resource, oil. The interests of the United States and its objectives in the gulf vis-a-vis the Soviet Union are a matter of increasing concern for the future and are analyzed in this paper.



THE POWER VACUUM

John Marlowe, in *The Persian Gulf in the Twentieth Century*, concluded his work by stating:

A power vacuum may be defined as an area where one or more politically immature, socially backward, or militarily defenseless states, occupying an area which is either militarily important or rich in some vital raw material, or both, provide a standing temptation for intervention by some outside power. The Persian Gulf is a power vacuum, and thus constitutes a continuing menace to the peace of the world and to the security of its inhabitants unless this power vacuum can either be abolished or policed...<sup>1</sup>.

The most intriguing aspect of Marlowe's statement is that it was made in 1961 or 1962, before the 1967 Arab-Israeli war, the Soviet Union's involvement in the Middle East, and the announced British withdrawals from all areas east of Suez. It is certain Marlowe would agree that the Persian Gulf is now a greater "menace to the peace of the world" than before.

The Persian Gulf, as the economic prize of the Middle East, can logically be given an extremely important priority in foreign affairs, but even the Middle East as a whole has not, until recently, received urgent attention in the United States, primarily because of our absorption with the Vietnam conflict.<sup>2</sup> There does not seem to be much doubt that the United States must become increasingly concerned with this area of the world; however, whether involvement should take the form of commitments, especially in the military field, is not at all certain. It is necessary to explore the forces at work in the area and the threats to the peace, stability and independence of the nations concerned to determine the U.S. role.

1. John Marlowe, *The Persian Gulf in the Twentieth Century* (New York: Frederick A. Praeger, 1962), p. 231.

2. Walter Lacquer, *The Struggle for the Middle East; The Soviet in the Mediterranean 1958-1968* (Washington: Georgetown University, Center for Strategic and International Studies, 1969), p. 3

DESCRIPTION OF THE AREA

The Persian Gulf area (see map) consists of those states bordering the Gulf, from the mouth of the Shatt-al-Arab to the Gulf of Oman. The states along this coast are, in clockwise order, Muscat and Oman; the seven Sheikdoms of the Trucial Coast: Fajaira, Ras al Khaima, Umm-al-Qaiwan, Ajman, Sharjah, Dubai, and Abu Dhabi; Saudi Arabia; Qatar; Bahrain; Kuwait; Iraq and Iran.

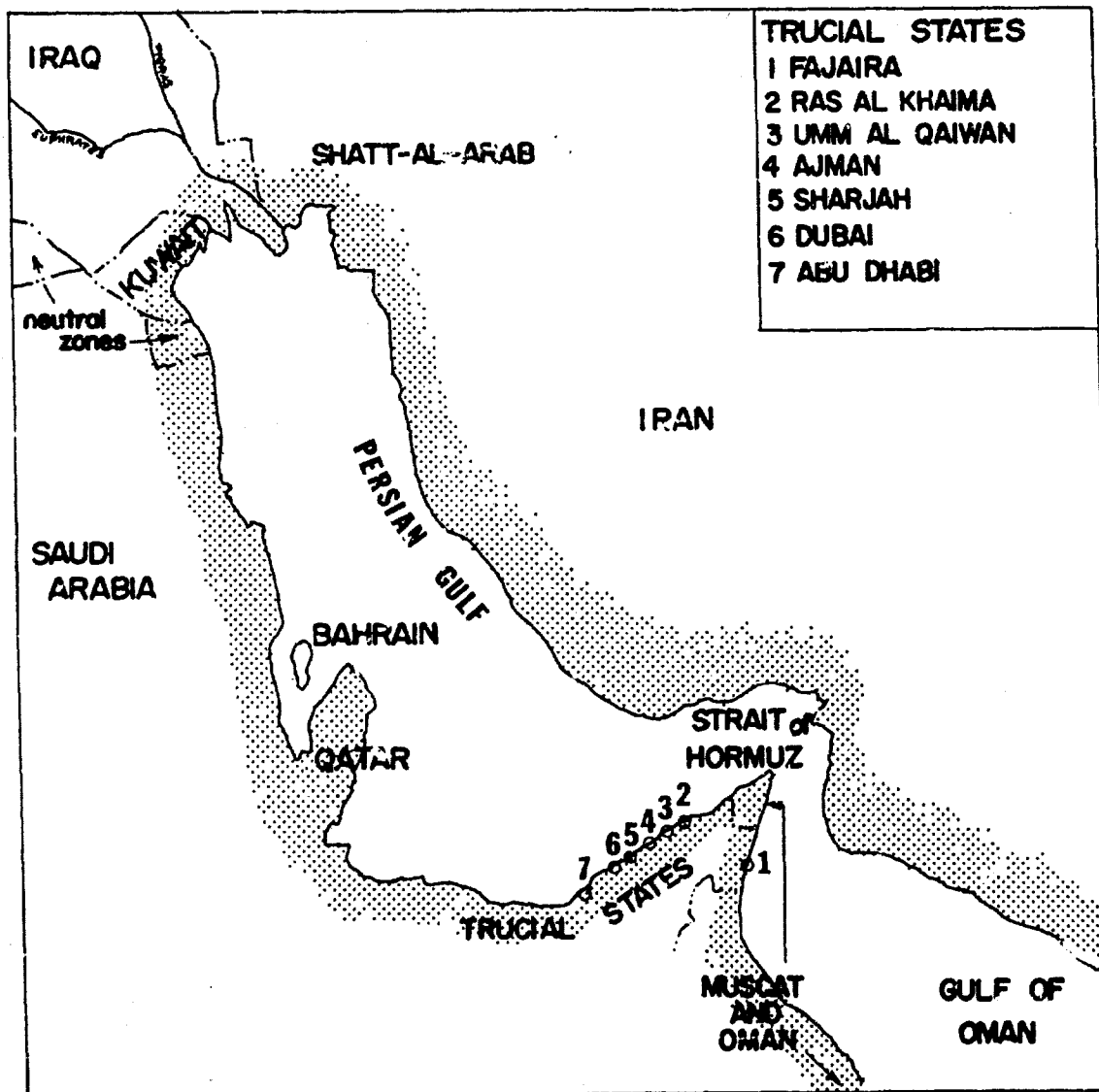


FIGURE 1  
PERSIAN GULF STATES

The states of the area have a population estimated to be between 41 and 43 million, with Iran alone having approximately 27 million people. The population is concentrated in a few habitable areas; most of the landscape is barren, supporting scattered nomads and tribesmen. The coastal areas and the major river valleys are densely populated since agriculture and commerce have in the past, been the main livelihood of the civilization in the area.<sup>3</sup>

Early civilizations were centered around the ancient empires of Mesopotamia and Persia, at the northern end of the Gulf, along the fertile river valleys of the Tigris and Euphrates.<sup>4</sup> The area has historically been a principal highway between the Mediterranean world and South Asia. It served as an access route for the ancient civilizations and as a trading station for the British in India.<sup>5</sup> The Gulf states are now a vital geographic link in air travel between Western Europe and South Asia.

Two principal characteristics are common to most of the people of the area. The Islam religion had its origin in Saudi Arabia and is still the source of unity of the Arab people of the western edge of the Gulf as well as influencing the life of Iran. The Arabic language and Arab culture extend throughout the countries of the area, reaching the Zagros Mountains in Western Iran.<sup>6</sup>

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<sup>3</sup>Etzel G. Percy, The Middle East-an Indefinable Region (Washington: U.S. Department of State Publication 7684, June 1964), p. 7

<sup>4</sup>Marlowe, p. 2

<sup>5</sup>Marlowe, p. 3

<sup>6</sup>Percy, p. 9



Finally, the most renowned characteristic of this area is its natural resources, consisting of the greatest known reserves of oil in the world.

#### THE ECONOMICS OF OIL

The Middle East oil resources comprise approximately 60 percent of the world's known reserves.<sup>7</sup> Of this amount, the Persian Gulf nations alone have 98 per cent, a staggering total of approximately 317.5 billion barrels, and U.S. held concessions account for 65 per cent.<sup>8</sup> Petroleum is the single most important commodity in world trade, worth \$11 billion in 1965.<sup>9</sup> Petroleum products account for more than half of the tonnage carried by merchant ships of the world<sup>10</sup> and oil brings larger profits than any other overseas investments of the Free World.<sup>11</sup>

More than half of Western European oil comes from the Gulf states, and the money used to purchase this oil returns to buy goods from the nations of the Free World.<sup>12</sup> The largest single importer of Persian Gulf oil is Japan, who obtains 82 per cent of her supply from Persian Gulf sources.<sup>13</sup> Western Europe and Japan appear to be the best markets for Middle East oil in the next decade. However, by 1980 it is estimated that the U.S. will con-

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<sup>7</sup>Pearcy p. 8

<sup>8</sup>"U.S. Stake in Mideast Peace", U.S. News and World Report, August 10, 1970, p. 11.

<sup>9</sup>George Lenczowski, et al., United States Interests in the Middle East (Washington: American Enterprise Institute for Public Policy Research, 1968) p. 53.

<sup>10</sup>Lenczowski, p. 53.

<sup>11</sup>James Chace, et al., Conflict in the Middle East, (New York: The H.W. Wilson Co., 1969), p. 90.

<sup>12</sup>Ragaei El Mallakh, "The Challenge of Affluence: Abu Dhabi", The Middle East Journal, Vol 24, No. 2, Spring 1970, p. 138.

<sup>13</sup>Georgetown University, The Gulf: Implications of British Withdrawal, Special Report, Series No. 8 (Washington: Center for Strategic and International Studies, Georgetown University 1969) p. 64.

sume 18 million barrels per day and may well become dependent on Persian Gulf oil towards the end of the century, despite the Alaska deposits.<sup>14</sup>

Half of the oil in the Persian Gulf is produced by American-owned companies, and ARAMCO (Arabian-American Oil Company) reserves alone are over 86 billion barrels.<sup>15</sup> In 1967, the balance of payments or net inflow of dollars to the United States from Arab World oil sales was approximately \$1 billion.<sup>16</sup> In the same year, total U.S. investments in Middle East oil were 1.56 billion dollars.<sup>17</sup>

Oil affects both the producer and consumer alike. The United States, Western Europe, and Japan are becoming increasingly involved in the fate of Persian Gulf nations. The Arab world is one of the best markets for U.S. goods; U.S. exports to Arab Nations in 1969 amounted to \$845 million.<sup>18</sup> The recent extensive investments of the Japanese in oil exploration and marketing indicate Japanese interests in profiting from oil sales; Japanese firms are aggressively developing sources of petroleum in Kuwait, Saudia Arabia, Qatar and Abu Dhabi.<sup>19</sup> Britain has always been heavily involved in all activities in the Gulf, she gets 60 per cent of her crude oil from the Gulf<sup>20</sup> and her oil investments in the Gulf alone net over \$450 million a year in favorable exchange balances.<sup>21</sup>

<sup>14</sup>William F. Coghill, "North Slope - Problem or Opportunity?" U.S. Army War College Commentary, March 1970, p.73.

<sup>15</sup>Arabian-American Oil Company, ARAMCO 1969 (Dhahran, Saudi Arabia, 1969), p.9.

<sup>16</sup>Lenczowski, p.39.

<sup>17</sup>Lenczowski, p.41

<sup>18</sup>U.S. News and World Report, August 10, 1970, p.11.

<sup>19</sup>Mallakh, p.138.

<sup>20</sup>Harry Dunphy, "British May Keep Troops in the Persian Gulf Area", The Junction City Union (Junction City, Kansas), August 1, 1970, p.1.

<sup>21</sup>Alvin J. Cottrell, "British Withdrawal from the Persian Gulf", Military Review, Vol 1, No. 6, (June 1970), p.16.

In other areas of commercial investment in Gulf, Europe and Japan are competing with the United States in the sale of industrial products and consumer goods. In Bahrain, Qatar, Abu Dhabi, and Dubai, each in various stages of economic development, incentives are being offered to local and foreign investors. Opportunities for the U.S., however, are limited by competition from European as well as Japanese firms. Oil has created a class of managers and workers who are consuming foreign goods, and becoming very knowledgeable in their commercial relationships. In Kuwait, for instance, fifteen years of wealth have brought their local managers considerable sophistication in the commercial world.<sup>22</sup>

The affect of oil is primarily felt in the region itself. The most striking examples of oil wealth are Kuwait, Saudi Arabia, Abu Dhabi and Dubai.<sup>23</sup> Although the rulers of most Gulf states were once known for their personal wealth and fabulous living, the last decade has seen oil revenues increasingly administered for the benefit of the country.<sup>24</sup>

In Kuwait, revenues are distributed to the benefit of most of the populace through public works, education, free health services, and other benefits. In Saudi Arabia, numerous public works projects has been completed or underway. In 1970, King Faysal plans 6,000 miles of highway construction, rebuild of the nation's railroads and a fourteen million

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<sup>22</sup>"Near East Markets Today", International Commerce, February 20, 1967, p.36.

<sup>23</sup>Marlowe, p.181.

<sup>24</sup>Marlowe, p.237.

dollar desalinization plant at Jeddah.<sup>25</sup> Oil revenues have brought many other worthwhile benefits, primarily in free medical care and education.

A spectacular example of the effect of oil revenues on a state is Abu Dhabi. The level of oil revenues in this small state of less than 70,000 people rose from two million dollars in 1962 to 190 million in 1969.<sup>26</sup> Abu Dhabi has the world's highest per capita income, with Kuwait and the U.S. in second and third place respectively.<sup>27</sup> The city of Abu Dhabi is a vast building site, with hotels, neon-lit dual highways, and a new port. The country has an expansive electrification program, a desalinization plant, and is rapidly developing its agricultural and fishing industries. The estimates of oil in Abu Dhabi are constantly increasing; they were estimated at \$12.5 million barrels in 1966, which should provide a continued high level of revenues for the future.<sup>28</sup> The population has benefited significantly. Citizens of Abu Dhabi are given preference in jobs, and their income enables them to buy many consumer goods which were beyond their dreams a decade or two ago, when Abu Dhabi was a small backward nation.

The effect of oil on neighboring Dubai, where construction is underway on highways, buildings and the largest harbor in the Middle East, is at least as striking. The city of 60,000 has at least 30 millionaires in

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<sup>25</sup>Chace, p.38.

<sup>26</sup>Mallakh, p.135.

<sup>27</sup>Stephan Harper, "Twentieth Century Ali Babas", Mid-East VIII, No. 6 November/December 1968, p.6.

<sup>28</sup>Mallakh, p.139.

sterling.<sup>29</sup> Sheikh Zaid of Abu Dhabi and Sheik Rashid of Dubai have learned that the benefits of wealth must be given to the common citizens. Ironically, with rising incomes, the people are becoming more educated and wise to the ways of the western world. They no longer look with gratitude to their rulers for the wealth which they consider theirs.

Oil does not necessarily increase the lot of the ordinary citizen, however; former rulers in Kuwait, Saudia Arabia, and Qatar once lavished oil royalties on palaces and other personal luxuries.<sup>30</sup> In Iraq today, disproportionate revenues spent on the Army, security, propaganda, and ill-fated revolutionary schemes cause that country to have one of the lowest per capita incomes despite large oil reserves and the potential for great income from the oil industry.<sup>31</sup>

The Persian Gulf oil revenues dominate and influence every activity in the life of its citizens. It is hardly likely, therefore, that any of the countries would voluntarily halt the supply of oil to consumer nations. The economics of oil are such that the fates of the producer and consumer are interwoven and influence each other. We have seen that the countries of the Gulf are unique investment opportunities for many enterprises, despite political risks involved. Nevertheless, political instability and hostile nationalism are most likely to be directed against

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<sup>29</sup>Paul Maubec, "Arab Sneiks go it Alone", Washington Post (Washington), July 26, 1970, p.85.

<sup>30</sup>Marlowe, p.225.

<sup>31</sup>Marlowe, p.226.

U.S. interests, although there will be fall out on all the Western World.<sup>32</sup> An oil boycott would have serious effect on Western Europe and Japan; however, the futility of this course of action was demonstrated in the short-lived boycott of the Six-day War in 1967. Similarly, nationalization of oil interests is not a wise course; the oil-policy officials in the Gulf are too shrewd to fail to realize that the income from royalties on oil depends on the marketing and distribution organizations of western countries.

The real danger is that uncontrollable, emotional radical movements, directed at stable governments and the West will sabotage oil sources, pipelines, and cause havoc with local labor sources.<sup>33</sup> There is a difference between rational economic policies and political power. In times of stress, passionate appeals to ancient hatreds and grievances can and do overcome economic interests.<sup>34</sup> This has been amply demonstrated in the tragedy of the Middle East to date.

#### THE BRITISH WITHDRAWAL

Stability in the Persian Gulf has historically been maintained by the presence of British troops and ships. The British have been on the scene since early in the seventeenth century, an outgrowth of their interests in supporting the East India Company.<sup>35</sup>

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<sup>32</sup>Middle East Institute, The United States and the Middle East, (Washington: The Middle East Institute 22d Annual Conference, October 1968), p.9.

<sup>33</sup>"Worldgram", U.S. News and World Report, April 20, 1970, p.89.

<sup>34</sup>Lacquer, p.118.

<sup>35</sup>Nicholas Herbert, "Federation and the Future of the Gulf", Mid-East VIII, No. 6, (November/December 1968), p.11.

British activity in the early days was devoted to reducing piracy along the coasts of the gulf; this started their career as international policeman for the area.<sup>36</sup> In 1853, the rulers of the various coasts recognized the existence of a British presence over their sheikhdoms.<sup>37</sup> From that date on, the pirate coast became known as the "Trucial Coast" and, in 1892, the sheikhs of the Trucial Coast agreed not to "enter into agreement or correspondence" with any power but Britain, nor to "allow representatives of any other power to reside in their states except with British permission".<sup>39</sup> The British rarely intervened in the domestic affairs of the sheikhs, but assumed responsibility for their external relations.<sup>40</sup>

In the early 1920s, British victory in World War I had destroyed virtually all other challenges to their power in regions adjoining the Gulf. This supremacy lasted, for all purposes, until 1951, when the Iranian government of Dr. Mossadeq nationalized the Anglo-Iranian Oil Company, a vital British interest, and no retaliation followed.<sup>41</sup> In 1954, British evacuated the Suez, starting a series of withdrawals which were due to terminate the end of 1971.

On January 16, 1968 Prime Minister Wilson announced that all British troops would be withdrawn from areas east of Suez by the end of 1971. He simultaneously announced Britain's intention of cancelling the 1892 "exclusive agreement".<sup>42</sup> The key factor in Mr. Wilson's withdrawal decision was

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<sup>36</sup>Marlowe, p.11.

<sup>37</sup>Marlowe, p.13.

<sup>38</sup>Maubec, p. B1.

<sup>39</sup>Maubec, p. B1.

<sup>40</sup>Herbert, p.11.

<sup>41</sup>Marlowe, p.158.

<sup>42</sup>Maubec, p. B1

defense spending and the sad economic situation in Britain in 1966-1967. In 1966, Britain was spending 25 per cent of her budget to support a total of 75,000 troops east of Suez.<sup>43</sup> Although the cost of maintaining the 8,400 troops in the Persian Gulf was only \$35 million,<sup>44</sup> the series of economic difficulties leading to devaluation of the pound in 1967 required drastic measures at that time.

Costs are not the only issue affecting the British decision; the withdrawal has political overtones as well. Strong labor party pressures have long agitated for reduction of military forces, especially in areas where British presence has served to prop up fragile monarchies. With the return of the Conservative Party to power, the political issues have changed. Prior to the recent election, the Tories indicated their intention of continuing the British presence in the Gulf. Despite these campaign promises, political forces in the Gulf have gained momentum since the 1968 announcement, and a complete reversal of the withdrawal policy may be very difficult.<sup>45</sup> A discussion of the forces at work in the area will illustrate the impact of the British decision on the extent of withdrawal.

#### STABILITY IN THE PERSIAN GULF

The Middle East and, in particular, the Persian Gulf, share many of the problems of other nations of the Third World: poverty, economic

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<sup>43</sup>Thomas C. Bird, "British East of Suez Policy, Victim of Economic Necessity, Naval War College Review", April 1970, p.43.

<sup>44</sup>Cottrell, p.16.

<sup>45</sup>Center for Strategic and International Studies, The Gulf: Implications of British Withdrawal, p.44.



and social inequality, lack of freedom and lack of opportunity for advancement.<sup>46</sup> Despite economic progress in the oil-rich nations, most of them have largely archaic forms of government, with disproportionate distribution of wealth, and consequent discontent among the better educated citizenry who no longer accept the favors bestowed on them by their sovereign. In addition, the conservative monarchies are subject to many regional pressures: strong nationalism, militant pan-Arabism, border and territorial disputes, and propaganda broadcasts directed from Cairo, Damascus, Baghdad, or the Soviet Union.<sup>47</sup>

The Gulf monarchies derive their power from the traditional loyalties of their people. Although most of the sheiks are rapidly adapting to the need for public benefit projects and other reforms, there is a disenchantment with the established power structure and there is very little popular representation in the government. The number of revolutionaries is small, but their cause is supported by the rest of the Arab World, because the sheikhs represent an ideal target for radical socialist movements. The most profligate sheikhs have been removed, with the assistance of the British, in Abu Dhabi (1966) and Sharjah (1967), but national liberation fronts are on the increase.<sup>48</sup>

During the late and early 1960s a number of liberation fronts came into existence, mostly with Egyptian help.<sup>49</sup> After the Arab-Israeli war

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<sup>46</sup>Lenczowski, p. 104

<sup>47</sup>Lenczowski, p. 110

<sup>48</sup>Chace, p. 45

<sup>49</sup>Lacquer, p. 116

of 1967, Damascus assumed leadership of the more militant movements, primarily because Nasser was dependent on financial support from some of the governments he was trying to overthrow. Communists are active in these movements, as are ex-Palestineans, especially in the educated classes. In Aden, Cairo, and Damascus, revolutionary organizations have, at one time or another, established secret cells among workers and soldiers throughout the Persian Gulf States.<sup>50</sup>

One can assume that many of the methods which worked well in overthrowing the government of Aden after the British withdrawal have been assimilated for future use in the Gulf States. The ruling National Liberation Front in Aden has a counterpart NLF for the "Liberation of the Persian Gulf".<sup>51</sup> The NLF methods succeeded in establishing the People's Republic of South Yemen (PROSY), overcoming ill-fated attempts by the British to establish a Federation of Arab Emirates of South Arabia.<sup>52</sup> This is significant in that a similar federation is being attempted in the Gulf.

A guerilla base, backed by South Yemen, Iraqi Baathists, and Chinese advisors is now in existence in remote Dhofar, the western province of Muscat and Oman. This organization has as its aim the "Liberation of the Occupied Arab Gulf". In mid-May 1969, the British bombed a small ship shuttling ammunition between Aden and Dhofar, evidence of the seriousness

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<sup>50</sup>Maubec, p. 65

<sup>51</sup>Cottrell, p. 18

<sup>52</sup>Maubec, p. 65

of the situation.<sup>53</sup>

Another source of unrest, closely related to the "liberation movements" is the unrest of the approximately 100,000 Palestinian Arabs in the Persian Gulf. Various groups of Palestinians have resettled throughout the Gulf; their leaders are well-educated and sophisticated in trade and politics. Their sole aim is reestablishment of their homeland, and any course of action in the Middle East which leads to this objective is supported; conversely, pro-western conservative governments which do not support the more extreme Arab causes are labelled as "corrupt", and are targets for revolution.<sup>54</sup> There is strong evidence to indicate that teachers, physicians, and other professionals of the Palestinian Arab movements were instrumental in the overthrow of the conservative regime in Libya in 1969, and the aborted coup in Saudi Arabia.<sup>55</sup> The more militant group of Palestinians threaten to extend their attacks to all "imperialist" targets, such as oil companies and their facilities.

These threats posed by the Arab Nations and the Palestinian movements have far graver implications than the physical destruction of pipelines or other facilities even though Western Europe is paying higher prices for oil as a result of sabotage of the trans-Syrian pipeline in May 1970.<sup>56</sup> The

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<sup>53</sup>Maubec, p. 85

<sup>54</sup>Don Peretz, "Arab Palestine: Phoenix or Phantom", Foreign Affairs Vol 48 No 2, January 1970, p. 325

<sup>55</sup>Don Peretz, p. 327

<sup>56</sup>U.S. News and World Report, August 10, 1970, p. 11

Israeli question is becoming increasingly more difficult to solve as the Iraqis, Syrians, and Palestinians become more intransigent. Although the recent truce efforts may calm the waters surrounding the disputed area, the waves generated by another conflict could drown all attempts at moderation in the Gulf, consuming the conservative governments. An omen was the rioting in Dubai during the six-day war in 1967, when the populace marched on the homes of westerners and authorities had to call in British troops to restore order.<sup>57</sup>

Unfortunately, the Persian Gulf is also the scene of many feuds involving the more conservative governments. Feuds among the Sheikhdoms, between Iraq and Kuwait, Iraq and Iran, and Saudi Arabia and the Sheikhdoms have surfaced at one time or another in the last decade.<sup>58</sup> The claim of Iraq against Kuwait in 1961 was resolved only by British presence, but similar Iraqi moves are a threat to the existence of the smaller nations.<sup>59</sup> Iraq's conflict with Iran over the Shatt-al-Arab, at the confluence of the Tigris and Euphrates Rivers has caused mutual antagonism and threatens to erupt at any time.

The continued presence of the British has served to postpone many conflicts which could be reopened at a later date. Nevertheless, the unrest is there, and eventual calm will depend on the cooperation of the

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<sup>57</sup>Maubec, p. B5

<sup>58</sup>Lacquer, p. 112

<sup>59</sup>Dunphy, p. 1

nations in the area. The British are evaluating their withdrawal decision carefully, and, after the experience of Aden, are not too hopeful of permanent peace in the long run.<sup>60</sup> They are not alone in their concern, of course; the importance of the Persian Gulf area makes its future a vital concern to all nations of the world.

In the face of the British withdrawal, there are steps being taken by the governments of the area to promote stability. Iran has taken the leadership in this move, resolving their claim to Bahrain through the U.N.,<sup>61</sup> agreeing to a median line in the Gulf demarking Iran and Saudi Arabia interests;<sup>62</sup> arranging personal visits by the Shah to Saudi Arabia and Kuwait, and providing guarantees of the independence of the Sheikdoms.<sup>63</sup> Clearly both Iran and Saudi Arabia intend to exert leadership in the Gulf and Iran is urging the departure of the British,<sup>64</sup> expressing their confidence in future peace and prosperity in the area. The Shah is also pursuing a policy of greater neutrality in the cold war, realizing that he cannot remain close to the west if he is to wield influence in the area.<sup>65</sup>

The survival of the Gulf States monarchies depends on their own steadfast pursuit of common interests, through some sort of federation. The Federation of Arab Emirates has been attempting to achieve unification of

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<sup>60</sup>Maubec, p. 15

<sup>61</sup>"Foreign Policy Cornerstone, Tehran Journal," April 15, 1970, p. 1

<sup>62</sup>Pourdad Mohammed, "Iran, Saudi Arabia Reach Agreement", Tehran Journal, April 15, 1970, p. 1

<sup>63</sup>"Hands Off Persian Gulf, Warns Monarch", Tehran Journal, June 16, 1970, p. 1

<sup>64</sup>"U.K. Can't Stay - Monarch", Tehran Journal, June 28, 1970, p. 1

<sup>65</sup>Center for Strategic and International Studies, The Gulf: Implications of British Withdrawal, p. 94

the Trucial States, plus Bahrain and Qatar, since early 1968. From the first meeting of principals in early 1968 until the end of 1969, a framework of common government has been established. Since five of the Trucial States are very poor, the two wealthy members, Abu Dhabi and Dubai, are assuming the leadership of these states and contributing most of the funds to common development prospects.<sup>66</sup> The role of Bahrain and Qatar is not quite clear yet. In October 1969, the nine heads of state, meeting as the Supreme Council of Gulf Rulers, elected Sheikh Zaid of Abu Dhabi as President of the Federation for a two-year term, with Sheikh Rashid of Dubai and the Deputy Ruler of Qatar as Vice President and Prime Minister respectively.<sup>67</sup> Despite the many problems of federation, the sheiks are prepared to go it alone and have demonstrated reasonable progress. They realize that if the Federation fails after the British withdrawal, many of the old disputes will be renewed. If feuding erupts, and pressures for revolution and pan-Arabism continue, the Sheikhs rule cannot be considered secure.

#### THE USSR AND THE PERSIAN GULF

Although nationalist movements and revolutions pose a threat to the survival of the monarchies in the Gulf, and to the uninterrupted flow of oil, it is not apparent that these disorders create unacceptable long term economic or political conditions to the Western World; that is, conditions requiring urgent political, economic, or military

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<sup>66</sup>Mallakh, p. 140

<sup>67</sup>Mallakh, p. 140

countermeasures to protect interests deemed "vital".

From the point of view of the United States, the only "unacceptable condition in the Gulf is domination of the area by an outside power, such that the "balance of power" in the world would be decisively shifted against the West. This would imply the denial of the area to the Western World, to include its military bases, oil resources, strategic access, and the subversion of friendly powers such as Iran.<sup>68</sup>

The grim prospect of the Soviet Union achieving such domination of the area does have far-reaching consequences to the U.S. It is necessary to examine the likelihood of this prospect in light of the current Soviet expansion into the Middle East. For over a century, the Russians have been eyeing the Middle East, but there has always, until recently, existed some combination of European power to retard any overt Russian moves. Now, with independence, there is a standing invitation for intervention by some strong outside power.<sup>69</sup>

Soviet objectives, as discerned from their public statements about Persian Gulf countries have been clouded at times. Their attitudes have varied from conciliatory to antagonistic, depending on which side of a feud it was politically expedient to support. It is significant that they have had consistently poor relations with only one nation, Saudi Arabia, because of that nation's consistent opposition to Nasser's designs and because of the Saudi's pro-American interests. The Saudi - Iranian alliance has been denounced by the Soviets, as well as Saudi backing of Yemeni royalists.<sup>70</sup> Attempts by the U.S. to

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<sup>68</sup>Lacquer, p. 189

<sup>69</sup>Marlowe, p. 231

<sup>70</sup>Lacquer, p. 114

organize regional federations have met opposition in the Soviet press. The 1968 speech by Eugene Rostow, which expressed hope for a future security pact in the Middle East with Iran, Turkey, Pakistan, Saudi Arabia, and Kuwait as nucleus, met strong Russian hostility.

The Soviets have long chastised the "capitalistic" oil interests for their crimes and economic domination of the region, the theme of "Arab oil for the Arabs" has been highlighted in their propaganda.<sup>71</sup> Nevertheless, the Soviets themselves are now becoming an economic force in the oil business. They have penetrated the Iraq oil enterprises, signing oil pacts in June and July 69 which provide credits for sale of Soviet equipment, training, and assistance in exploration in return for crude oil.<sup>72</sup> Similar contracts with Syria and Egypt have been negotiated, and it is quite probable that agreements will also be reached with Libya and Algeria for barter oil deals.<sup>73</sup> In each of these cases, the Soviets provide an alternate outlet to western markets, and assist in nationalization of the industry. The Arab States, anxious to go it alone in many cases, can turn to the Soviets for assistance in selling the oil. The fact that the Soviets in turn resell oil to the West indicates Soviet desire for control of the resources

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<sup>71</sup>Lacquer, p. 132

<sup>72</sup>Ruth Sheldon Knowles, "A New Soviet Thrust", *Mid-East IX*, No 6 (November/December 1969), p. 5

<sup>73</sup>Knowles, p. 5



and essential foreign currency.<sup>74</sup> It is significant that these Soviet oil moves have both economic and political benefits, but the political gains are overriding and would be pursued regardless of the economics of oil trading.<sup>75</sup> That is, the Arab nations have an outlet for their oil, if increased nationalization serves their political objectives.<sup>76</sup> The extent of the stranglehold that the Soviets can exert on the Western World is conjecture, but one thing is clear: the Soviets have succeeded in their minimum goal of reducing Western monopoly of oil interests.

The Soviets have also succeeded in establishing a military presence in the area, in consonance with their striving for world power status. Soviet warships have sailed up the Persian Gulf to Iraq, and their submarines have been sighted in the Gulf.<sup>77</sup> They can easily establish and support an Indian Ocean fleet, especially if the Suez is reopened. They have access to refueling bases at Hodeida in Yemen, Berbera in Somalia, and Aden.<sup>78</sup> There is every reason to suspect this course of action will be pursued, using their current actions in the Mediterranean as a guide.

The USSR is generally pursuing their objectives at a moderate pace, because the current state of affairs in the Middle East has many advantages to them.<sup>79</sup> It is not clear how far and how fast the Soviets

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<sup>74</sup> Knowles, p. 5

<sup>75</sup> Lacquer, p. 133

<sup>76</sup> Knowles, p. 6

<sup>77</sup> Knowles, p. 6

<sup>78</sup> "Suez Canal - Key to Soviet Strategy in the Mideast?" U.S. News and World Report, June 22, 1970.

<sup>79</sup> Lacquer, p. 186

will pursue their aims if the political situation changes. Nevertheless, one can draw the following conclusions:

- a. The British withdrawal is creating a power vacuum which no western nation can fill.
- b. There is, and always has been, strong Soviet interest in the area.
- c. Reopening of the Suez will provide a major incentive to Soviet military expansion into the Gulf and surrounding territories.
- d. The Soviets are likely to support revolutionary movements in the area.
- e. There is strong possibility of a major Soviet move in an area thought to be non-vital to the U.S.

The future of Soviet moves, and the relative weight to be accorded to their military moves versus political peacemaking efforts is not known. However, the future depends on the U.S. attitude more than anything else. The credibility of the U.S. statements and policies on this area of the world, as well as others, will likely determine the extent of Soviet military expansion. Certainly, if the nations of the Gulf believe there is no alternative to Soviet power in the long run, the area can become a Soviet sphere of influence. On the other hand, as Soviet military pressure becomes more noticeable, and its political moves more obvious, Arab nations may begin to realize the real threat to their existence, and the U.S. may find itself in demand.<sup>80</sup> It is very significant that there are limitations on the power of the U.S. and the Soviets in the Persian Gulf Area. The U.S. must recognize its limitations and seek to develop a policy

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<sup>80</sup>Lacquer, p. 193

which clearly limits Soviet intervention as well.<sup>81</sup>

#### U. S. OBJECTIVES

The basic U.S. objectives in the Persian Gulf area can be stated as:

- a. To maintain access to resources in the area.
- b. To prevent Soviet domination of the area or undue dependence of the area countries on the USSR.
- c. To preclude situations that might lead to U.S.-USSR military confrontation.
- d. To foster governments in the area with sufficient popular support so that its citizens prefer indigenous rule to foreign domination.<sup>82</sup>

Since these are long term objectives, the U.S. should not be overly concerned with popular nationalist movements by themselves. It is of concern, however that the U.S. fear of Soviet domination is not shared by many Arabs, who consider Israel and her allies their primary threat. It is equally clear that the U.S. can subsist without Middle East Oil, although there are serious economic consequences to many nations, especially the U.S., of an interruption in the oil flow. Furthermore, the Arab leaders need the U.S. more than we need them, because they are threatened by a voracious super-power nearby.<sup>83</sup>

In the long run, the political forces at work must be given greater consideration than the economic. Therefore of the objectives listed above, the flow of oil is probably the least important, and the threat of military confrontation with the Soviets the greatest threat to the survival

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<sup>81</sup>Middle East Institute, The United States and the Middle East, p. 33

<sup>82</sup>Marlowe, p. 232

<sup>83</sup>Lacquer, p. 186

of the U.S. In that sense, the Middle East (and Persian Gulf) is no different from any other area in the world.

The U.S. cannot publicly advocate retaining the British presence because we have already encouraged mutual cooperation in the area and have stated that we look to the Iranians to assume the lead in efforts toward peace and security. Nevertheless, we cannot refute the fact that a power vacuum is being created by the British withdrawal, which no outside nation can fill without incurring serious animosities within the gulf.<sup>84</sup>

Military forces are being increased by the several rulers in the area. The Abu Dhabi defense force is being substantially increased at great cost to the Sheik Zaid.<sup>85</sup> However, such forces are no substitute for popular support, and neither are the British. Although a short extension on British withdrawal may be supported, British troops are an anachronism and may eventually be forced to leave under pressure. Today there exists a "natural balance" of power in the Gulf between the major states and any delay in withdrawal is a short term solution, at best, and no substitute for popular local governments.<sup>86</sup>

The term "balance of power" has many connotations in the writings of statesmen and journalists. It is generally applied, today, to the world "balance" between the super powers. In keeping with today's journalistic use of the term, therefore, the domination by the USSR of the Middle East

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<sup>84</sup>Tehran Journal, June 16, 1970, p. 1

<sup>85</sup>Maubec, p. B5

<sup>86</sup>Maubec, p. B5

can permanently alter the geopolitical balance against the U.S.<sup>87</sup> This is undeniably a possibility, and the Persian Gulf must be considered as one of the two or three major elements in maintaining the equilibrium. However, the solution to keeping the Gulf independent lies in a liberal and more modern interpretation of the same "balance of power" concept which was used to preserve the status quo of Europe's many small nations over a century ago. Metternich stated, in 1821:

The great axioms of political science derive from the understanding of real political interests of all states; the guarantee for their existence rests in these general interests.... Modern history, however, shows us the application of the principle of solidarity and the balance of power offers us the drama of the unified efforts of several states in restraining the hegemony of a single state and limiting the expansion of its influence and thus forcing it to return to public law.<sup>88</sup>

In terms of the Gulf (and the Middle East as a whole) today, this implies that a long term solution must be found which permits the states in the area to work out their problems without outside interference. This long term solution must include a "self-denying ordinance on the part of all exterior powers to guarantee the neutrality of the area and refrain from intervention in it."<sup>89</sup> The real point, however, of the "balance of power" theory is that the U.S. "low profile" policy must be followed in the Gulf because the nations of the Middle East must come to recognize that their more immediate threat is the USSR. This implies a less direct role by the U.S., despite the short-term hazards of such a course of action. It implies a greater role for Western Europe and Japan,

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<sup>87</sup>"U.S. Seeking to Oust Soviet Units in Egypt," Washington Post July 3, 1970

<sup>88</sup>Ernest B. Haas, "The Balance of Power, Prescription, Concept, or Propaganda?" Politics and Geographic Relationships, Ed. W. A. Douglas Jackson, (New Jersey: Prentice Hall, 1964), p. 369

<sup>89</sup>Marlowe, p. 232

both of whom have more immediate interests in the Middle East oil. It does not imply a U.S. "hands off" attitude, however, because we must be prepared to meet Soviet military moves and to continue to work towards a peaceful solution to the Arab-Israeli problem.

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