



Political Dimensions of the Gulf Crisis

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The series extends significantly the work presented at a very early stage of the crisis (mid-August) in the Institute's study *The First Oil War*. Many new topics have been researched, and those addressed in *The First Oil War* developed in greater depth.

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POLITICAL DIMENSIONS OF THE GULF CRISIS

1. INTRODUCTION

The Middle East holds a very large proportion of the world's proven oil reserves. More importantly, the region has been the major potential source of *incremental* supplies since the 1940s, and will retain this role in the foreseeable future. Other oil regions that played this role in the past, such as the North Sea and Mexico, have not been able to sustain it for very long.

Yet, the Middle East is unstable politically. Its troubled history has been punctuated with crises since the end of the Second World War; crises that were associated with either a threat to or an actual disruption of oil supplies. The list of these events is long but familiar: Mosaddeq in 1951, Suez in 1956, Arab-Israeli wars in 1967 and 1973, the Iranian revolution in 1979, the Iraq-Iran war in 1980-88, and now, in 1990, the new Gulf crisis induced by Iraq's invasion of Kuwait.

Some of these crises, particularly in 1973 and 1979, involved an interruption of oil supplies that caused significant price increases. Others affected oil production and trade while failing to cause prices to rise. But even these "mild" crises induced important structural changes in the oil industry. The role and behaviour of oil companies changed after Mosaddeq; the pattern of oil transport changed after Suez with the introduction of VLCCs and the diversion of tanker traffic around the Cape; and the Iraq-Iran war, which was not associated with oil price increases, prepared nevertheless the grounds for the emergence of a very tight oil situation in the 1990s - a development which would have occurred in any case, even if Saddam Hussein had not invaded Kuwait.

Political instability in the Middle East has not yet negated the importance of the region for world oil. To be sure, many industrialized and developing countries made strenuous efforts in the 1970s and 1980s to reduce their dependence on oil imports from the Middle East. And for a short period in the 1980s, the view that "the Middle East may not matter after all" emerged and gained some currency. But oil-import dependence is on the rise again despite the initial successes of conservation and fuel-substitution policies. The complacency which characterized the second half of the 1980s has been devastated soon after by the new Gulf conflict.

In fact, the world's response to the long sequence of Middle East crises has not robbed the region of its significance. On the contrary, every new crisis seems to reveal over again the vulnerability of the world oil system to political developments in the region. Every crisis brings out in sharp relief all the features of the world's dependence on Middle Eastern oil.

For these reasons, any serious understanding of major petroleum issues - supply security,

market performance, prices, industrial structure, investment patterns, the future place of oil in the energy demand-mix etc - involves an assessment of Middle Eastern political problems. Oil, in some fundamental sense, is a commodity subject to the normal *economic* laws of supply and demand. But oil, also in a fundamental sense, is a *political* commodity.

Politics influences supply and demand, fiscal regimes, investment decisions, profits and losses. It generates and alters expectations, these powerful determinants of oil price movements in volatile and nervous markets. It determines policies. And more importantly, we can now see once again, as on so many occasions in the past, that oil is a cause and an instrument of war.

In the old days the international oil industry took pride in its understanding of the politics of oil. Major oil companies devoted resources to maintain an expertise on the Middle East, following developments and analysing their implications. They were a source of information and knowledge on these issues. In recent years, a new philosophy that emphasizes almost exclusively the economic and commercial aspects of oil has taken over. The old relationship stemmed from the nature of the relationship between companies and governments in the pre-1973 era. Oil companies were concessionaires that owned assets on the ground. In the late 1970s and 1980s the relationship changed, and the companies became mere buyers of oil from OPEC countries, traders engaged in arm's length, short-term commercial deals. They probably thought that this changed relationship dispensed them from studying the politics of the region. Why should a trader care about his commercial partner's politics. Now, the perceptions have become totally different. The current Gulf crisis has brought back politics to the forefront.

For this reason we decided to incorporate a study of the political dimensions of the Gulf crisis in our new series of papers on oil issues. Our purpose is to identify and analyse the main features and causes of political instability in the Middle East. Although this paper is about politics, and rarely mentions oil explicitly (except in this Introduction), its main aim is to enhance the understanding of oil, the foremost political commodity.

2. POLITICAL INSTABILITY IN THE MIDDLE EAST

The causes of political instability in the Middle East are many. We do not propose to draw a comprehensive list however, for this would go well beyond the scope of this essay and cause confusion. The approach followed here is highly selective and focuses entirely on the few factors which have played the most important part in destabilizing the region.

To begin with we consider three factors which Middle Eastern countries share with the rest of the third world. The first is economic underdevelopment. All countries in North Africa, the Levant, the Arabian Peninsula and the rest of Western Asia are underdeveloped. Oil wealth has not removed this feature. It may have raised standards of living in parts of the region and created a small number of very rich families. But even those Gulf states where per capita incomes are higher than anywhere else in the world are still underdeveloped. Their manpower resources are limited and poorly endowed with technical and professional skills. Their institutions are bureaucratic and inefficient. These economies depend entirely on a single commodity, and lack therefore the diversified productive structures capable of sustained economic growth.

The poorer Middle Eastern countries, which account for a very large share of the region's population, suffer from both these and other problems. High rates of population growth have caused, and continue to cause, greater impoverishment and social tensions. Internal migration, the inevitable consequence of a galloping demography in countries where the rural resource base is exceedingly narrow, is a source of social dislocation and economic frustration. In these countries the educational system and the health and social services are all failing to keep pace with population pressures. And governments are becoming increasingly unable to manage their economy. They are finding themselves squeezed between the problems arising from the servicing requirements of their foreign debt and those posed by their country's poverty.

Continuing underdevelopment is perceived as a failure by populations which harbour expectations of betterment, expectations sown in by education, the lure of the town, the money remitted by migrants working in oil countries, the television image and the all-intruding symbols of the consumers' society.

The frustrations born of a sense of economic failure, which in the eyes of the frustrated means political and social failure, are one of the many ingredients of extremism and instability. Underdevelopment is also a fertile ground for the emergence of dictatorships.

The second factor of political instability in the Middle East, as in Africa and in the Indian subcontinent for example, relates to the drawing of political boundaries by the imperial powers either at the time of colonization or at the time of independence. In the Levant, the British and the French divided parts of the Ottoman Empire into countries - Syria, Lebanon, Iraq, Transjordan, Palestine - in ways which reflected partly local historical realities and partly compromises between the rival ambitions of the European powers. In the Arabian Peninsula the British drew peculiar, and almost everywhere, very imprecise boundaries between the small emirates of the region, and between the emirates and their big neighbours - Iraq and Saudi Arabia.

Once a new country has been created, be it with artificial or very ill-defined borders, it tends to acquire very quickly all the features and attributes of a nation-state. Lebanon, Syria, Jordan, Iraq, Kuwait, Qatar, all of these countries are nation states. The native populations that live within the borders identify themselves as Lebanese, Syrians etc. even if some ethnic or religious communities have been artificially divided between two countries.

Both Iraq and Iran recently learned this truth to their chagrin. Iraq thought that the "Arab" populations of Khuzestan in Iran would rally to them at the beginning of the war. They did not, and fought the Iraqi invaders instead. The Iranians thought that the vast Shia population of Iraq would welcome their Shia brothers from Iran. They did not, and fought the Iranians instead. The people of Khuzestan were Iranian first, the Shia of Iraq were Iraqi first. And when Iraq invaded Kuwait this year, all Kuwaitis whether in opposition to their government, or alienated from their country because of its divisive nationality laws, rallied around the Emir as a symbol of the unity and integrity of Kuwait. It is always important to remember that the Middle East now consists of nation states which provide populations with their first identity. It is not possible to divide these countries up, it is not possible to merge them into larger entities without much bloodshed and destruction. This is now visible to all with the annexation of Kuwait by Iraq which is in fact a process of wanton devastation. This has been visible for a while to those who want to see, with the Syrian presence in Lebanon, a presence which aims at annexation but which has turned out to be for more than ten years a very degraded form of military occupation. And there is a lesson there relating to the long-run prospects of Israel's survival in the region.

Although a country, once established, quickly sets hard and becomes a nation state, the artificial features of its creation do not usually die away. They constitute, and for a long time, potential sources of both internal unrest and conflict with neighbours. The problem of ill-defined borders is also a dangerous cause of trouble. Border disputes have plagued relationships between pairs of neighbouring countries in the Middle East, particularly in North Africa and the Gulf, since their emergence as independent states. The problems tend to be more acute when oilfields straddle these imprecise boundaries. Recall the longstanding disputes over Buraimi between Saudi Arabia and Abu Dhabi, recent military incidents involving Qatar and Bahrain, to give just two examples out of lists involving dozens of cases. The Iraq-Kuwait border dispute which played such an important role in the August 1990 events is but one instance of a very widespread problem which is at the root of much regional instability.

The third factor of political instability, in this set of causes that is not specific to the Middle East but extends to most of the third world, relates to the role of the superpowers in the post Second World War era. The USA was determined to prevent the spread of communist parties and regimes in the third world, and favoured therefore military dictatorship or right-wing traditional governments. The USSR also supported communist dictatorships as well as non-communist strongmen who happened to be allies. For almost half a century all the important outside powers (for Britain, France and others have much to answer on this score) have reinforced, if not positively induced, non-democratic tendencies that arise from social and economic underdevelopment, the domestic conflicts that plague the post-colonial third world state, and a host of other

internal factors.

Democracy does not blossom easily in a third world country. The first step in the very long process that leads to the establishment of democratic institutions is the emergence of a national consensus on important political issues and of rulers or leaders legitimized by public support. It is worth noting that the great powers have always reacted antagonistically, if not violently, to any leader who embraced national causes. Any leader who legitimized his rule with his people by embracing deep national aspirations was confronted at the very time when he was enjoying legitimacy. The honeymoon between an emerging dictator and his own people may be a fleeting moment. It is during this moment that the great powers usually tried to remove or vilify the leader - Mosaddeq in 1951, Nasser in 1956, King Feisal in 1973, Khomeini in 1979. But the dictators who never enjoyed the support of their people were never seriously challenged. They only incurred the powers' wrath when they embarked on foreign adventures without the support of their people - like Qaddafi after twenty years of unpopular rule when he pushed his luck too far with terrorist attacks, and Saddam Hussein, cajoled so long as he was fighting Iran, when he turned his guns onto Kuwait.

Of course, the problem is that the legitimacy of a ruler in a post-colonial state begins with the issues that top the national political agenda. These issues always relate to the colonial heritage: the ownership of assets such as oil (Mosaddeq) or the Suez Canal (Nasser), removal of pro-Western or pro-Soviet regimes (Khomeini, Afghanistan), the conflict with Israel (all Arab states). By definition these issues involve major confrontation with the West, and in some cases with the Soviet Union. Thus the moment of internal legitimacy is inherently and inseparably the moment of confrontation with the outside world.

Dictatorships may achieve, at the cost of coercion and at the expense of basic human rights, a period of apparent internal stability. But dictatorships are like lids tightly secured on the top of boiling pans. The pressures are only contained for a while. When the lid can no longer hold securely, explosions (like the Iranian revolution) with considerable side effects occur. Dictators also cause instability because their power tends in the end to affect their judgement and their wisdom. Power becomes very quickly absolute power; absolute power becomes arbitrary power. The exercise of power shuts the dictator's ears: he does not listen to advice, and even if he wishes to listen he will rarely find an adviser or a messenger willing to convey bad news or to contradict the master. The exercise of power by unchallenged individuals can lead to adventurism and therefore cause considerable instability.

The West and the Soviet Union have encouraged and supported unpopular and illegitimate regimes in the Middle East. They have been paying and will pay in the future a very heavy price for this policy. They did it because of the cold war, and because they have economic and political interests in the region which go against the national aspirations of the countries and their population. The cold war has ended but the interests which induce great powers, continuing interference in Middle Eastern affairs are still there. Their names are Israel, oil and the market for arms. This leads us to the discussion of two major causes of instability which are specific to the Middle East.

The existence of Israel is a fundamental cause of instability. Israel is a small foreign body artificially inserted in a large living organism, and kept there with the application of tremendous force. The organism wants to reject it but has consistently failed to do so for more than forty years. This failure has traumatized the organism. Hence the deep political frustrations which cause extremism and terrorism on both sides of the conflict, in the Arab world and in Israel. Everybody may unite in condemning terrorism and political extremism and their excesses. Everybody, you and I, could become one day the innocent victims of an incident. But this should not blind us to the real and deep significance of the phenomenon: it is an expression, sick as it may be, of despair. More tragically it is the brutal expression of the fundamental nature of the Arab-Israeli conflict: that the Arab world cannot destroy Israel but can deny it forever true recognition; and that Israel can ensure its immediate security with the force of arms and the exercise of violence, but cannot through these means obtain the true and permanent security that derives from mutual recognition. There is no solution to this impossible state of affairs. And in their mad ways the terrorists on both sides are merely telling us that the contradictions inherent to the Arab-Israeli conflict do not appear to have a rational solution. Madness often involves the revelation of some unpalatable truth.

The existence of Israel has destabilized the region both through the emergence of extremism and through open wars. It has provided further excuses for the establishment of dictatorships and coercion (the argument being that strong regimes are needed to stand up to the outside enemy). It has frustrated very deeply every Arab because of the failure of the Arab nation and all its governments to solve the Palestinian problem and because of repeated military defeats in the confrontation with Israel. This has resulted in alienation on two important counts. Alienation of the people from their "incompetent" governments, alienation of the self from the self. The former has made most, if not all, governments in the region illegitimate in the eyes of their people; the latter has induced a search for a new basis on which to build self esteem and reconcile through a solid bridge of values the alienated parts of the self. Hence, the delving in the past in a search for roots and values in religion and the culture. Hence the emergence of fundamentalism which is not the initial cause of instability and frustrations but its consequence. In its extreme forms (see above) fundamentalism at the fringes may also become destabilizing in turn. This is how vicious circles emerge and trap those involved in developments where nobody gains.

The factor that deserves a final mention is oil. Oil has been a source of both wealth and corruption. It has induced, after 1973 and 1979, rising expectations for rapid and significant betterments which the oil economies could not deliver. This phenomenon has played a partial role in the events leading to the Iranian revolution. To be sure, oil wealth has benefited more people in the Middle East than generally recognized but it has caused considerable social tensions between those who obtained a little and those who acquired a lot, be it countries or different groups in the same country.

Because it is a major source of wealth, oil elicits envy and calls therefore for protection. The arms race in the Middle East, which recycled very wastefully a large part of the oil income, was not entirely due to the Arab-Israeli conflict. Many countries also wanted to protect their oil assets from neighbours. The Iraqi aggression on Kuwait was partly motivated by the oil factor.

Oil also aggravates the separation between governments and their subjects because it provides governments directly with all their required revenues. The oil state has no need to tax citizens or residents; the absence of taxation removes a possible instrument of accountability. Much worse, the population becomes dependent on the largesse, direct or indirect, of the state. The citizens become intermediaries, rentiers or courtiers. Deep down they may despise and resent those who govern their destiny and on whom they depend for handouts.

In these societies there is dependence but no real allegiance. Oil corrupts, not only because many deals and most contracts and activities arising from the expenditure of oil revenues involve bribes and commissions, but because the basic nexus between work and reward is broken throughout large segments of society in an oil economy.

Finally oil brings in foreign intervention. So long as the Middle East remains the major source of incremental oil supplies it will live under the threat of foreign military incursions. Foreign troops may well be called in by Middle Eastern states themselves. The fact remains that these calls would not be heeded if oil, among other things, were not at stake. Compare, for example, the level and nature of US military intervention in the Lebanon in the early 1980s with the scale of their response to the current Gulf crisis.

The destabilizing forces which operate in the Middle East originate both from within and from outside. There are important interactions between external and internal factors. There is much that the West can, but most probably will not, do to unlock the vicious circle. The essential items on the agenda are the settlement of the Palestinian question, the encouragement of democracy, a disarmament plan for the whole area, including Israel, and substantial economic aid. This is a tall order indeed. Furthermore, this set of actions constitutes the necessary, but by no means sufficient, conditions of stabilization. Much has to be done at the same time by the Middle Eastern countries themselves.

3. IRAQ AND KUWAIT

The Iraqi invasion of Kuwait cannot be justified. Very few Arabs, if any, really approve of the forceful annexation of an Arab country by another. Where Arabs differ is in their assessment of the greater evil: is it Saddam Hussein's aggression on Kuwait or the massive return of foreign forces on Arab soil for, as many think, a future aggression on Arab countries?

Although it is impossible to justify the rape of Kuwait, one still needs to understand the phenomenon and explain the actions and motivations of all participants. Moral outrage does not dispense us from the duty to analyse.

Clues to President Saddam Hussein's objectives and behaviour may be found in his formative years when he was a young political exile in Cairo in 1959. It is said that he used to avidly read any book in Arabic he could find on Stalin and his regime and that he developed an admiration for Nasser's pan-Arab aspirations. Readings about Stalin provided many of Saddam's ideas on how to rule and control Iraq. And the ambition of becoming the leader of the Arab nation explains much of his foreign policy.

In 1979 he led the Arab campaign to ostracize Egypt after Camp David. This was his first bid for the leadership of the Arab nation. But he had little to offer then. The fact that Egypt's defection created a vacuum was not sufficient to consecrate him as the recognized leader of all Arabs.

The Iranian revolution provided him with an important opportunity. He thought that a quick and victorious war against Iran would establish him as the saviour of the Arab Gulf countries threatened, as they saw it, by the hegemonic intentions of the Shia revolution. He was told by exiled Iranian generals, and probably by the Americans, that the Iranian army was in a very poor state and could be destroyed in a few weeks. The war lasted eight years and ended with a very ambiguous Iraqi victory.

After the Iraq-Iran war Saddam Hussein, always pursuing the dream of Arab leadership, probably thought that he needed a wider resource base to achieve his ambition. Hence the temptation to attack and annex Kuwait.

He may also have been prompted in this direction by a sentiment of defiance towards the West. Saddam Hussein, as indeed many Iraqis and some Arabs, began to believe soon after the end of the Gulf war that the West, having contributed to the defeat of Iran, was going to turn its attention to Iraq and try to weaken it. In 1988 the West suddenly became outraged about the use of gases (nobody had mentioned in the past their earlier use against Iranians and Kurds); in 1989, there was much talk about the dangers of Iraq's military power; in 1990 much fuss was made about a strange device which may or may not have been a super-gun, an unlucky journalist who may or may not have been a spy, and some little clocks which were supposed to detonate nuclear bombs that Iraq, by all accounts, would not be ready to manufacture for many years. More worrying for Saddam Hussein was the state of Iraq's economy burdened with a large foreign debt; the stern refusal of bankers, sovereign creditors, foreign investors to help; and the continuing weakness of the price of oil caused, as then widely alleged, by over-

production in Kuwait and the UAE.

There is no doubt that, rightly or wrongly, Saddam Hussein believed that he was the victim of a plot. It is said that a typical trait of his character is to confront and kick when he feels threatened or insulted. The invasion of Kuwait was therefore a complex act involving a gesture of defiance, an attempt to grab riches for redistribution to other Arabs in a bid for leadership, and a hope that by shattering the status quo in one part of the Middle East forces would be set in motion to shake the stalemate on another front, that of the Arab-Israeli conflict.

An analogy may help to understand Kuwait's situation. Kuwait is a Switzerland without mountains. Like Switzerland, Kuwait is a small country completely surrounded by three regional powers (Germany, France and Italy in one instance; Iran, Iraq and Saudi Arabia in the other). Switzerland succeeded in keeping them at bay partly because of a neutrality pact and largely because it was able to defend itself by resisting with guerrilla warfare in the mountains.

In the early 1960s Kuwait sought to protect its independence by emphasizing both neutrality and friendship with all Arab countries. The enlightened Kuwaiti government of the 1950s and early 1960s understood that some form of internal democracy and a wide network of good relationships with other Arab countries were their best protection . . . in the absence of mountains. Kuwait's Arab and foreign policy did not maintain this same direction in the late 1970s and in the 1980s. Those in power grew tired of the claims made by neighbours and many others on their wealth. The dictum that there is no security for Kuwait outside the framework of Arab security, interdependence and alliances ceased to be understood. Kuwait was successful both in its financial and oil policies and grew confident, despite the disaster of the Souq al Mannakh. The new generations in power did not have direct experience of the poverty and difficulties of the pre-oil era. Oil wealth shielded them from immediate problems and probably obscured their perceptions about the nature of their situation and its structural weaknesses.

It is possible that even the old wisdom would not have protected Kuwait from Saddam's ruthless ambitions and from aggression. But now that the tragedy has occurred the question of how best to protect Kuwait's independence, how to ensure its survival and prosperity in the long run, is posed in very stark terms. Kuwait will always be the object of a neighbour's envy. Today it just happens to be Iraq, but only recently Iran was perceived as a threat. And on the other side lies quiet and friendly but powerful Saudi Arabia.

In this tragic affair both Iraq and Kuwait miscalculated. Saddam thought that he could get away with a blatant act of aggression. Or perhaps he thought that he was soon going to be attacked by Israel backed by the USA and decided to kick first where it was the easiest. Both cases imply huge miscalculations.

Kuwait perhaps believed that it was stronger and better protected than warranted by its situation. Alternatively, it may have known its weaknesses and decided to conceal them and bluff its way through by bargaining very hard. It may have felt that concessions to blackmail would incite further blackmail. The miscalculation lay in discounting the

possibility of an all-out invasion.

The purpose of this analysis is not to apportion blame; there are no blames to be apportioned. Its main aim is to describe the situation in which Iraq and Kuwait found themselves, and their respective perceptions of the situation in which they found, or had put, themselves.

4. THE UNITED STATES AND IRAQ

The first stage of the Gulf crisis involved a conflict between Iraq and Kuwait, or rather an Iraqi aggression against Kuwait. The second stage which began soon after became a conflict between the USA and Iraq.

The USA entered the scene at the request of Saudi Arabia to protect it against possible Iraqi aggression. The United Nations then properly condemned the invasion and annexation of Kuwait and imposed an embargo which is being militarily enforced by a number of countries that have sent vessels to the region, but in reality and to the largest extent by the USA.

The USA appears therefore to be involved in the region in two capacities. It is there to defend Saudi Arabia (an action which arose in the context of a bilateral relationship) and to implement United Nations resolutions (a multilateral operation). These two roles, although related in some ways, are essentially distinct. The commitment to defend Saudi Arabia would have been honoured whether the United Nations had succeeded or failed in agreeing sanctions and the sanction resolutions, as such, do not call for a huge military build-up in Saudi Arabia.

The United Nations and the USA have *one* common objective: the restoration of Kuwait's independence, which means a total withdrawal of Iraqi troops from the whole territory of the invaded country. There may be, however, even on this point a difference of views on methods. The United Nations, at this stage at least, appears to be relying on economic sanctions only to achieve its objectives; the USA, supported explicitly on the issue by the UK, is reserving the right to engage in hostile military action without further recourse to the United Nations. The argument put forward by the USA and the UK is that military action would be justified by Article 51 of the Charter.

The US stated agenda is itself wider than that. It includes the return of the ruling al Sabah family, and naturally the release of all foreign hostages. There also appears to be a semi-explicit set of objectives relating to Iraq's military strength and its weaponry. The USA favours an outcome of the crisis which would leave Iraq without chemical weapons, without capabilities to build nuclear weapons in the future and with much reduced air and ground forces.

There is also an unstated agenda which involves the removal from power of Saddam Hussein.

It was clear from the outset of the crisis that all these stated and unstated goals cannot be achieved without war. One may construct a scenario in which Saddam Hussein suddenly decides to withdraw from Kuwait. The worry is that he can justify the move to his people in a way that would increase his political support and make him a hero. If this were to happen, the USA would find it very difficult to engage in military hostilities in order to destroy, or weaken, the military capabilities of Iraq. Saddam Hussein, having withdrawn from Kuwait, would have settled by the same token his dispute with the United Nations, obtained the removal of sanctions, and re-established relations with many countries round the world. Why should he then offer to disarm?

In this scenario Saddam Hussein would prevent the USA from achieving one of their unstated objectives.

If Saddam Hussein gracefully withdrew from Kuwait, he would expose the contradiction between what the USA are admitting and what they really want to achieve. It is certain that this point is well understood in Washington. The hawks will therefore want to preempt this "I am withdrawing" scenario. If they could have their way, war would be very imminent indeed.

There are probably some doves in Washington. More importantly, there are US and western hostages in Iraq and Kuwait. This may cause some hesitation and delays. But after some waiting the war option will reassert itself, unless an unscheduled event should remove Saddam Hussein from the scene and replace him by a leader willing to compromise.

One may now ask why are the USA so concerned about curbing the military power of Iraq, and possibly about removing Saddam Hussein? There are two answers to these questions, both relating to long-term political and economic interests. The fundamental strategic factors behind the US intervention are not the issue of state sovereignty and the respect of international law. These factors have provided a very convenient framework for the legitimation of the intervention by the international community. Should the USA succeed, the recovery of Kuwait would be the by-product rather than the prime (even less, the sole) objective of the affair.

The strategic factors behind the US intervention are the long-term security of Israel and oil. Iraq has in its possession already a dangerous arsenal; it is determined to acquire some time in the future a nuclear capability. These may constitute a serious danger for the security of Israel, if not immediately, then after a few years. This is unacceptable to the USA. The invasion of Kuwait provides a good opportunity to deal with this problem now rather than allow it to fester in the near future.

The problem of secure access to oil supplies is a complex one. It is essentially an issue of perceptions, the fear that a powerful Middle Eastern government may take advantage of its position to dictate the terms under which the *incremental* barrel may be produced and sold. Had it gone unchallenged, the invasion of Kuwait would have put Iraq in this position of power. This is not so much because of the combined size of the oil reserves of the two countries, but because Iraq would have been able to dictate any policy to a frightened and seriously threatened Saudi Arabia.

The problem is not that the world depends for a large proportion of its oil supplies on the Middle East. One could say here that the Middle Eastern countries depend on the rest of the world for selling their oil and obtaining vital revenues. The relationship is reciprocal. The problem, rather, is that most of the additional oil that may be required during the 1990s will have to come from the Middle East. The power of the Gulf countries lies at the incremental margin. They could exercise this power passively by under-investing in new capacity; or more aggressively by imposing higher prices. Before the invasion of Kuwait, Iraq had already signalled its oil price objectives. The show of military force in Kuwait was partly meant to impose these and other oil policy objectives

onto reluctant Gulf countries. The USA and most western countries, including Japan of course, think that oil is far too important to be left under the control of an unpredictable and aggressive ruler.

Most Arabs are convinced that the US intervention in the region is not motivated by a desire to uphold international law. They would have dearly liked the USA to play this role in the region, to play it in Palestine and in Lebanon as it is now claiming to do in Kuwait. But the USA's consistent failure over decades to uphold international law when Israel's policies and actions are involved leaves very deep doubt in the Arab mind about its true motivations on this occasion.

If the intervention, as many Arabs believe, is for the sake of Israel's security in the long term and for securing access to *our* oil, it constitutes a wrong. It was induced by the actions of an Arab leader committing a wrong, not only against a sister Arab country, but against the Arab world as a whole. Two wrongs do not necessarily cancel each other and return a situation to normality. In fact they merely constitute a sequence of wrongdoings, a sequence in which every element causes untold harm and induces a chain reaction which results in further damage.

5. THE ARAB WORLD

The invasion of Kuwait by Iraq and the US response to this disaster have deeply divided the Arab world. They have divided Arabs on the intractable issue of which of the two developments constitutes the greatest wrong. Not only has it divided Arab regimes into two or three rival blocs, but for the first time in such a significant manner, the Arab people themselves. The resentment and hatred is not only between Saddam and the Sabahs, or Saddam and Mubarak, but between Iraqis, Palestinians, Jordanians on the one hand and Kuwaitis on the other, between Iraqis and Egyptians. And many Arabs, not only intellectuals but any ordinary person with commonsense, are deeply divided in his or her own self.

Divided because the situation involves a clash of values. And the wounds hurt very deeply because the events have revealed once more fundamental weaknesses in the Arab world. A calamity (the invasion of Kuwait) which the Arab countries found themselves unable to prevent or contain has brought in its wake another calamity. The US intervention may be seen in some Gulf countries as a short-term rescue mission. It is perceived elsewhere as a return of covert foreign rule, backed up by military presence and regional security pacts. It is a pity, says the cynic, that Mr Baker so early in the day revealed so much.

But how to understand the varied reactions of Arab governments to the crisis? Kuwait, of course, is the victim. All Kuwaitis want to return home and re-establish their country in its integrity as a full sovereign state. This is both natural and right. And nobody should blame the victim of aggression for seeking help from any persons, whatever their credentials, willing and able to come to the rescue.

Saudi Arabia and the small sheikhdoms felt threatened by Iraq's actions. They sought protection since their own military capabilities are much smaller than Iraq's. Of course, they would have preferred the problem to be solved within the Arab family, but it became clear very early on that an Arab solution, even if possible at all, would have taken a very long time to agree and implement. In matters of security in the face of naked aggression, the speed and timing of a defensive response are of the essence. Saudi Arabia had no choice.

Egypt's position is more complex. It very quickly joined the coalition against Saddam Hussein and has ever since taken a very strong stand against Iraq's aggression on Kuwait. This behaviour may be explained by the following factors. First, Egypt felt that Iraq was becoming unpredictable and dangerous. Its actions could lead to a confrontation with Israel which will engulf everybody, and Egypt does not want to become the victim of adventurism. Secondly, if Saddam Hussein were left unchallenged after the invasion of Kuwait he would become very powerful and vie with Egypt for the leadership of the Arab world. This is unacceptable. Thirdly, President Mubarak was deeply grieved at having been grossly misled by Saddam Hussein. Personal factors are very important in policy making in Egypt as everywhere else. Fourthly, the USA made it very clear to all countries in the region that on this issue "those who are not with us are against us". Egypt cannot afford to antagonize the USA.

The PLO, and the vast majority of Palestinians in both the occupied territories and in the diaspora, are on Iraq's side. Not that all of them approve of the invasion or annexation of Kuwait. Those who do most probably constitute a minority. They all disapprove of the US military intervention and of the concept of war against an Arab country. In short they reflect very accurately the popular sentiment in the Arab world except in the Gulf countries and in Egypt.

The Gulf crisis occurred at a time when the Palestinians were going through a new and deep phase of despair. For the past two or three years they had witnessed the Intifada continuing heroically but failing to bear the desired fruit; and they let the PLO make all the concessions required by the USA and the West without any result. The much sought solution to the Palestinian problem still remains elusive, and the Palestinians have nothing left to give - they have renounced terrorism and accepted all the relevant UN resolutions - to obtain in exchange this solution. They were also feeling, rightly or wrongly, increasingly abandoned by Arab countries. By Syria, of course; Egypt, to some extent; and, more relevantly to this context, by the Gulf countries.

Iraq at this time (things change in the course of the hectic history) was the only major Arab country providing support; the only Arab country with some strength in the unequal military balance with Israel. Do you abandon and join the enemies of a friend who misbehaved, when he is your only remaining friend and when you have yourself been abandoned in your predicament and lost much hope? You may want to use your good relationship to plead with him and encourage him to compromise.

And politically, albeit in a rather perverse and tragic way, the Gulf crisis appeared to have silver linings for Palestinians. They were in a long and depressing stalemate. The crisis has suddenly introduced movement and the possibility of change. Saddam Hussein seems to have understood all that when he linked the solution of the Gulf crisis with that of the Palestinian problem. Although his proposal was rejected by the USA and others as unacceptable, and although Israel will never voluntarily oblige, the point has been written into the agenda. The idea that the solution of the Gulf crisis, even if not formally linked with that of the Palestinian problem (as this would be too open a concession to Saddam Hussein), must soon be followed by serious attempts at ending the Arab-Israeli conflict is now widely accepted. It was talked about and probably agreed upon in Helsinki. It was included in Mitterand's "four-stage peace plan", mentioned in his speech to the UN annual session this September.

All that does not justify some of the extreme expression of Palestinian support to Saddam Hussein, or the excesses committed by a few in Kuwait since the invasion. Our purpose here is neither to justify nor to condemn but to understand the responses and behaviour of all the main parties concerned. One of the greatest dangers for the Arab soul and Arab intellect in this crisis is to fall in the Manichaeian trap: there is only one evil and one good side and everybody should be put in one of these two pigeonholes. Only compassion can save us from this trap, and bridge the great divide. And the compassion, with the associated sense of outrage for what has been done to them, that one feels for the people of Kuwait today, both the displaced Kuwaitis and non-Kuwaitis, cannot be but the same compassion, with the same sense of outrage, that one feels for the Palestinians now displaced from their homeland for more than forty years.

6. THE MIDDLE EAST AFTER THE CRISIS

The current Gulf crisis is both the manifestation and the result of political instability. The invasion of Kuwait, the failure of Arab countries first to prevent the aggression and then to persuade Iraq quickly to get out, and the nature and features of the US response have all caused some irretrievable damage. Irrespective of the outcome of the current phase - war, voluntary withdrawal by Iraq, peaceful solutions involving compromises - damage, other than material, has been done. This may either be mitigated or aggravated by developments after the crisis; and it is to these issues that we now turn.

The invasion of an Arab country by another Arab country is a dangerous precedent. This is no route to Arab unity. The only way to achieve Arab unity is through the free will and the democratic choices of the people concerned. Past attempts done through political agreements between governments or rulers have never proved durable. And military aggression does not result in unity but in destruction and rape. For these reasons Iraq must be made to withdraw from Kuwait, preferably of course, by peaceful means.

The Arab world has been divided, and as mentioned earlier many Arabs as persons are divided in their own self. The Arab world has survived feuds between rulers because the people do not necessarily identify with them. This time, however, the issues and the emotions have set people against people. The chasm will be difficult to bridge; the wounds difficult to heal.

The weakness of the Arab world faced with an internal conflict, an inability to solve it which was not manifest in the early 1960s when Kuwait was also seriously threatened by Iraq, has been brutally revealed to every Arab - and the frustration will reinforce the search for self-esteem and self-respect in the fundamentalist perceptions of traditional and Islamic values. Fundamentalism will gain both depth and breadth in the aftermath of this crisis. The damage here does not reside in the stronger adoption of religious values but in the introversion and the escape away from an unpleasant and humiliating reality which needs instead to be confronted head on.

And there is foreign intervention with an unstated and uncertain set of objectives. Are the allies, led by the USA, just there to restore the sovereignty of Kuwait and protect Saudi Arabia? If yes, for how long will they need to stay there? And if not, what are the other objectives and what do they imply?

There is no evidence that the USA, or any of its Arab and non-Arab allies, have begun to think about the future, the issues involved and their implications.

The first issue is how Gulf regional security is going to be established and maintained. The destruction of Iraq's military capabilities will tip the regional balance of power in favour of Iran. Those interested in the security of the Gulf region will have to ask whether a strong and unchecked Iran can be trusted in the long run not to meddle with the affairs of its Arab neighbours. Iran has claims on Bahrain. There are Shia populations, not only in Iraq, but in all the emirates and in the Eastern province of Saudi Arabia. Iran has already said that its voice should be listened to as that of the strongest

regional power. In short the question is about the Arab-Iranian balance of power, a balance in which Iraq played such an important role.

The second issue is that of the security of liberated and sovereign Kuwait. The resolution of this Gulf crisis will not change the facts of nature: Kuwait geographically will remain surrounded by three regional superpowers. Some Kuwaitis feel that a US presence in their own country will be needed as a perpetual guarantee for their independence. It is difficult to conceive that this solution will really be acceptable in the long run to all the parties involved.

Another solution is a declaration of Kuwait's neutrality guaranteed by its three neighbours. This must involve a commitment that any aggression by one of them will immediately trigger a military response from the other two. It must also involve a very strict concept of neutrality which would bar Kuwait from taking sides in any future Arab-Iranian crisis and limit its room of action on issues of international policy. The Swiss survived and prospered under neutrality, partly because the countries around them were prosperous and therefore free from the destructive instincts of greed and envy, and partly because the Swiss could take refuge, and inflict much damage on an aggressor, in the mountains.

A third solution is an Arab military presence in Kuwait and an inter-Arab guarantee. The Kuwaitis, however, may not feel sufficiently protected in this way. They will point to the discouraging precedent in Lebanon.

Everything that has just been mentioned about Kuwait applies in one way or another to the other emirates. And our earlier points about regional Gulf security involve that of Saudi Arabia. One should not forget that while the invasion of Kuwait started the current Gulf crisis, it is the defence of Saudi Arabia, not the sovereignty of Kuwait, that was invoked *first* to trigger the US military intervention.

All those who design policies for the future of the region, both within and outside the Arab world, need to seriously consider the following proposition. Foreign military interventions, whether under the UN banner or that of a superpower, are only emergency actions. Foreign intervention and long-term military presence are not a remedy but an additional source of instability.

Improving the Middle Eastern political environment in order to enhance the stability and security of the region is a task requiring vision on the part of the superpowers and their great allies. It is a difficult task but much more rewarding than the current messy, short-termist, and sometimes sordid attempts at establishing security through coalitions with dictators (only yesterday accused of terrorism), agreements openly obtained with the inducement of bribes, and through a long-term deployment of foreign forces on Arab soil.

The political health of the Arab world, and the Middle East in general, is the only solid foundation of stability. This health can be improved significantly through:

(a) a resolution of the Arab-Israeli conflict, involving among other things, a significant

reduction of arms levels in the whole region, including Israel;

(b) the encouragement of democratic institutions and of democratic forms of rule in the region, with the same determination and single-mindedness which the West has displayed in these matters when dealing with Eastern Europe over many decades;

(c) a definition of the oil interests of the West (including Japan) and the working out of a scheme which ensures that production capacity in the Gulf always remains in small surplus compared to demand, that prices are kept at reasonable levels, probably at around \$20-22 per barrel in *constant* dollars throughout the 1990s, and that surplus oil revenues are used, not to buy arms (the recent Saudi order for \$20 billion shows that no lesson has been learnt), but to develop the region through a joint development fund.

Too many powerful vested interests stand in the way of the sensible measures that alone can help stability in the Middle East. Israel does not want to solve the Arab-Israeli conflict in ways that could be decently accepted by Arabs, and the USA has consistently shown that it lacks the will or the ability to push Israel towards the acceptance of a reasonable solution. The despotic regimes of the Middle East, now that even Asad is being courted by the USA, might well emerge from the crisis even more confident and more despotic. The arms manufacturers and arms dealers of the world, backed by their governments, will push for more arms sales in the region. All those dealing with oil will refuse to recognize the implications of oil as a political commodity, and nobody will want to design and implement schemes which may serve the general good, lest they should affect in anyway, real or imaginary, their own interest.

If this pessimism is justified, one could conclude that the only certainty about the future is that it will continue to involve crises and fundamental instability. But those who love the region, and those who are wise enough to realize that their self-interests are better served by greater political stability, can and must point out relentlessly that there is a route to the greater good. It is in this spirit that this paper was written, and that our search for solutions to the difficult problems of Middle East politics and oil, and our efforts to explain the behaviour, motives and interests of all the parties involved will always proceed.

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