

CHIFLEY

The Strategic and Defence Studies Centre

WORKING PAPER NO. 16

BLUEPRINT FOR A CATASTROPHE

Conducting Oil Diplomacy by 'Other Means'
in the Middle East and the Persian Gulf

by

Mohammed Ayoob



UA23.A96.

G160907



A.N.U. LIBRARY

The Research School of Pacific Studies
Australian National University, Canberra

BLUEPRINT FOR A CATASTROPHE

WORKING PAPER NO. 16

BLUEPRINT FOR A CATASTROPHE

Conducting Oil Diplomacy by 'Other Means'
in the Middle East and the Persian Gulf

by

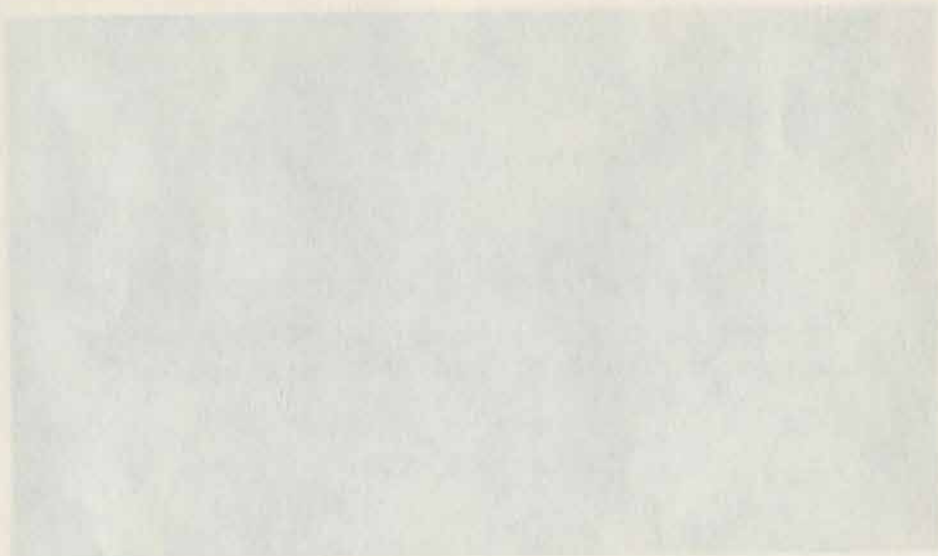
Mohammed Ayoob

Canberra

August 1979

This working paper is the first draft of an article to be published later this year in the United States. It is NOT TO BE QUOTED or CITED without the permission of the author.





Number
August 1972

This working paper is the first draft of an article
to be published later this year in the United States.
It is NOT TO BE QUOTED OR CITED without the permission
of the author.



BLUEPRINT FOR A CATASTROPHE

The recent debate in the higher circles of the US Administration and the 'authoritative' statements emanating from that quarter regarding plans for a 110,000-strong 'Unilateral Corps' for intervention in 'hot spots' outside NATO are remarkably reminiscent of the threats against Arab oil-producers by the then Secretaries of State and Defense in late 1974 and early 1975. The recent spate of statements and speculations, as was the case in 1974-75, have a clearly stipulated target area, viz., the oil-rich regions of the Middle East and the Persian Gulf. In fact, Secretary of Defense, Harold Brown, has made this target area quite explicit by stating that given the fact that America's allies, Western Europe and Japan, depend to a great extent on Middle East oil, 'the Middle East, therefore, becomes a vital area to us; and because it isn't a stable area, we would be drawn into conflict there.'

Taken in conjunction with Brown's other statements and the NATO Military Commander General Bernard Rogers' declaration that the US was preparing plans for a 110,000-strong force, termed the 'Unilateral Corps' (the name is both significant and suggestive!), which would be exempt from military duties in NATO and whose sole purpose would be to fight a war in the Third World, it becomes clear that this is part of a US strategy, among

other things, to conduct oil diplomacy by 'other means'. It also falls into place in the evolving overall US strategy which includes beefing up of the US Task Force in the Indian Ocean (with the possible eventual objective of creating a Fifth Fleet permanently stationed in that Ocean and with a relatively high degree of presence in the Arabian Sea), and planned Air Force deployments around Diego Garcia, south of the Persian Gulf. According to available reports, it appears that at least a part of the impetus for the proposed force has come from the secret 'consolidated guidance' issued by the Pentagon to the services last year. This had suggested a Gulf force consisting of two Army Divisions and one Marine amphibious force. This plan fits in with the proposal for a Fifth Fleet, since the latter, if and when it is established, would have remained without teeth had an interventionist capability now sought under the 'Unilateral Corps' plan not been developed to supplement to complement it.

Recent reports have also suggested that the area experts in the State Department, as well as Secretary of State Cyrus Vance, have opposed the idea of any large increase in the US military presence in or targeted on the Middle East. They feel that such a posture on the part of Washington would be counter-productive from the point of view both of enlarging American influence among the countries of the region and, for that matter, countering Soviet influence in and around the strategic area. However, it appears that the so-called 'activists' in the Carter Administration, who include Brown and Buzinski

(and Schlesinger until he lost his job as Energy Secretary), have won the first round against experienced State Department hands and overcome Carter's initial hesitation regarding the creation of the proposed force.

The recent events in Iran and the accompanying erosion of American influence in the oil-rich Gulf seem to have apparently convinced Carter's political advisers that something should be done, and, even more important, seen to be done to reverse this trend. This obsession with Gulf and Middle East oil has been further heightened as a result of the continuing downward plunge in Carter's popularity as the US approaches another election year. Since this all-time low in the President's standing with the American public is to a large extent the result of the perceptions on the part of the general public that he has failed to 'solve' the 'energy problem' at home, Carter's advisers have come to the conclusion that a bold and offensive policy towards OPEC, primarily the oil producers of the Gulf and the Middle East, backed by an ostentatious display of military might is likely to have beneficial consequences for the President's popularity-rating at home. Domestic compulsions have, therefore, dovetailed neatly with the psychological urge to satisfy America's superpower ego, which has been badly bruised as a result of Washington's failure to control events in Iran on the one hand, and its inability on the other to get even the conservative Arab regimes - particularly Saudi Arabia and Jordan - to endorse President Sadat's treaty with Israel.

The mood in Carter's innermost circle was well reflected in a memo addressed to the President in July by the White House domestic policy adviser, Stuart Eizenstat. In that memo Eizenstat had argued that, given the slump in Carter's popularity over the energy issue, it had become imperative that 'With strong steps we [should] mobilise the nation around a real crisis and with a clear enemy - OPEC'. One can reasonably expect that such advice from this and other sources would have formed an important input into the policy approved by a domestically-embattled President.

However, President Carter's domestic battles are not limited to the energy situation. With a major confrontation with the Senate looming ahead on the question of the ratification of SALT II, the President could not possibly afford to give the impression that he had let his guards down on other issues 'vital' to America's 'security'. The proposal for the 'Unilateral Corps', therefore, could be a part of the Carter plan to prove the 'virility' of his Administration while at the same time defending SALT II which has been criticized by a very vocal minority- which, incidentally, has a sizeable number of advocates in the Senate - as a sell-out. The politics of SALT may well have, in this case, at least partially dictated the politics of oil.

However, in spite of all these apparently 'weighty' reasons which can and have been adduced to justify the establishment of the 'Unilateral Corps' and which, in time,

can be used for its deployment in the Middle East and the Gulf, perceptive observers of the evolving scene in the Third world, and particularly in its Middle Eastern and Gulf component, are bound to be worried about such an American policy posture — both in the realm of rhetoric and planning as well as in the realm of actual intervention in the oil-rich region. In fact, reviewing the history of American foreign policy since the end of World War II, one is struck by the fact that no other decision, except the one which irrevocably committed the US in Vietnam, has had as much potential for catastrophe as a decision regarding the Unilateral Corps and its possible deployment would have.

To begin with, a US interventionist capability of this sort targeted as it would be on the Middle East/Gulf region would unnerve even those oil-rich regimes which are Washington's closest friends in the area. To these regimes, which realise that in certain contingencies, e.g. in the case of another round of hostilities between Israel and its Arab neighbours, even they would have to show the required amount of solidarity with the larger Arab cause or lose legitimacy at home and in the region, the prospect of US intervention at their cost appears very likely as well as most unpalatable. Moreover, since in terms of the quantity of output (which would make an interventionist exercise worthwhile) and the relative feasibility of military takeover, the oilfields of Saudi Arabia and Kuwait would be the foremost candidates for the dubious honour of possible US deployment, it adds to the

nervousness of the Saudi and Kuwaiti elites as well as those of the Gulf Sheikdoms, all of whom incidentally preside over conservative regimes and look upon the US as the final guarantor of the security of the anachronistic power structures within their countries. It is little wonder, therefore, that the leading Kuwaiti newspaper, Al-Rai al-Am, described the proposal as 'tantamount to a declaration of war'.

The proposal, however, suffers from a large number of other defects which cover both the areas of military feasibility and political and economic cost-effectiveness. To take the question of military feasibility first, it appears highly unlikely that a force of the level mentioned in the discussion so far, viz., 110,000-strong, would be able to achieve the minimum objectives which would be essential to render the operation militarily successful. This conclusion is based on the findings of two studies prepared by the Congressional Research Service of the Library of Congress. The first, entitled 'Oil Fields as Military Objectives : A Feasibility Study', which was made public in August 1975, was undertaken in the aftermath of the public controversy earlier that year which was sparked off by statements made by President Ford, Secretary of State Kissinger and Secretary of Defense Schlesinger, which had implied that the US would not be averse to the use of force to secure oil fields in the Middle East/Persian Gulf area if it felt 'strangled'. Robert W. Tucker's article, 'Oil : The Issue of American

Intervention' published in the January 1975 issue of Commentary, and another by Miles Ignotus (reportedly the pseudonym for a 'Washington-based Professor') on 'Seizing Arab Oil' in Harper's of March 1975 gave credibility to the implied US threat by arguing that such an action was both feasible and justifiable.

The feasibility study of 1975, prepared against this backdrop of public debate, came to the conclusion that the 'irreducible minimum' required for such an exercise to succeed even in a localized attack included the following: It should (a) seize sufficient oil fields and facilities intact; (b) secure them for a protracted period; (c) restore wrecked assets rapidly; (d) operate installations without OPEC's assistance; and (e) guarantee safe overseas passage for supplies and products. It further came to the conclusion that success would depend on two essential pre-requisites: first, slight damage to key installations, and, second, Soviet abstinence from armed intervention.

Its examination of the problem in light of these factors led it to the eminently sensible conclusion that such an attempt would

combine high costs with high risks wherever we focused our efforts. This country would so deplete its strategic reserves that little would be left for contingencies elsewhere. Prospects would be poor, with plights of far-reaching political, economic, social, psychological, and perhaps military consequence the penalty for failure.

The feasibility study then went into a rather detailed case-analysis of a projected military take-over

of one compact oil-rich area, viz. the oil-fields of the Saudi core which included Ghawar, Abqaiq, Berri, Qatif and Dammam. It came to the conclusion that for such a venture the US would need two to four Divisions (i.e., 80,000 to 160,000 men according to its computations based on combat troops and support personnel). It further argued that 'Those strengths, however, could suffice only as long as security actions stayed routine. Increases in the scope and/or intensity of military activities would generate greater requirements.' The study went on to conclude that

If essential oil production facilities were severely damaged before we could seize and defend them; if US leaders decided to help allies as well as ourselves; or if Soviet air/ground elements intervened in strength, US requirements for forces-in-being would skyrocket. Ends would fail to match means, even marginally.

In addition, of course, highly skilled civilian man-power and special materials would be required in order to restore damaged oil installations and operate the system.

The more recent study entitled 'Petroleum Imports from the Persian Gulf : Use of US Armed Force to Ensure Supplies' was made public in early June 1979. It came to conclusions which were identical with those reached in the earlier study — the five minimum requirements and the two prerequisites for the success of even a limited operation were repeated verbatim from the earlier study. It went on to state, however, that

Failure to fulfill any step [referring to the five minimum requirements as parts of a five-part mission] despite all opposition would constitute failure.

On the question of force-level required, the 1979 study again came to the conclusion that

The number and type of 'cutting edge' and mobility forces in America's military establishment are not conducive to success in situations of the sort just recommended.

It went on to say that

'Best case' US contingents would defeat OPEC armed forces in the Persian Gulf, while seizing oil-fields and facilities [presumably in one compact area], but that would produce a Pyrrhic victory if our prize were ruined in the process. Presuming sufficient installations initially remained intact to serve US and/or allied petroleum interests, constant security against skullduggery would still remain a challenge. Two to four divisions, with proportionate support on land, sea, and in the air, would be fully employed for an indefinite period [emphasis added]. Day-to-day petroleum operations would be so difficult that US oil workers en masse might have to be drafted to replace OPEC counterparts. Direct Soviet intervention, a distinct possibility [emphasis added], might make our mission impossible ... Conflict conceivably could escalate beyond US control, despite attempts to contain it, until our regional and sea control requirements were comparable to those of a showdown in Central Europe.

Both these reports, which are supported by a wealth of relevant data, distinctly rule out the military feasibility of such a venture even if it is limited to one compact oil-rich area, the Saudi core being the example par. excellence. But if despite all the expert advice the US decides to intervene directly in this fashion in the Persian Gulf/Middle East region, the projected 110,000-strong 'Unilateral Corps' is most likely to end up by providing the thin end of the wedge which could lead to another Vietnam-type involvement (with the difference that in this case the chances for a direct confrontation with Moscow would be appreciably greater) with all its attendant political and social consequences both within the US and

abroad. These would include the reintroduction of the draft which would become necessary in order to meet an escalating force-commitment that would be required to achieve the minimum objective of keeping oil-fields under Washington's physical control.

Moving from the field of military feasibility to the arena of political and economic cost-benefit analysis, one is struck immediately by the fact that this projected utilization of the Unilateral Corps-type force for the ends envisaged is not only highly cost-ineffective, in both political and economic terms, but is likely to unleash a chain of events which may be quite catastrophic as far as the United States' (and the West's) residual (but substantial) interests in the Gulf and the Middle East are concerned. The economically counter-productive nature of such a mission is easily demonstrated by looking at oil output and export figures of the Middle East and the Gulf. For one cannot but assume that even if such an operation is, hypothetically speaking, successful in securing the oil-fields of the Saudi core — the most likely target — its fall-out would be felt far beyond the confines of the Arabian peninsular.

In such an eventuality it is almost certain that Iraq, Libya, Algeria, Iran, and the rest of the Saudi oil-fields, if not the Gulf Sheikhdoms and Kuwait (although the latter would also be under intense domestic and international pressure to follow suit), would in protest shut off their oil supply to the world in general, and the West

in particular. On present rough calculations this would mean that at least 12 million barrels per day (mbd) of oil would cease to flow for a considerable length of time as a result of an American attempt to ensure control of a supply that — in the unlikely event of the operation being an unqualified success — would total approximately $6\frac{1}{2}$ mbd of oil (roughly half of what would be turned off) from the oil fields of the Saudi core. This, one must remember, is only the best-case scenario (from Washington's point of view), and even then, to say the least, is based on extremely bad arithmetic.

Moreover, in terms of the more exclusively political calculations, it would be a God-sent opportunity for the Soviet Union to increase its influence in the Middle-East/Gulf region and that too by geometric leaps and bounds. The US would have accomplished at one stroke what the Kremlin has been unable to achieve for decades, namely to push every Arab ruler worth his salt into Moscow's arms. Such a venture could, in fact, act as the catalyst for deeper social and economic as well as political changes in the Arab world. It may well be the signal for the overthrow of those regimes which are perceived as US allies and friends in the region — irrespective of their stance on this particular American expedition. The House of Saud may well be one of the first casualties even if, paradoxically, the US decides to attempt the occupation of the Saudi oil-fields against Riyadh's wishes or, in fact, in the face of Saudi opposition.

On the other hand, if the US intervenes, either in Saudi Arabia, in the Sheikhdoms, or in Kuwait at the invitation of a ruling clique that is faced with internal insurgency, the final outcome will not be very different. The regime would lose its residual legitimacy almost instantly, there would be widespread sabotage in the oil-fields and oil installations and a crippling shortage of oil would result on the world market. On balance, it would be better for the US to act by the time-honoured dictum of discretion being the better part of valour; for as the Libyan experience has demonstrated, revolutionary regimes are not particularly averse to selling oil to the US or its allies, especially when they have to keep their economies functioning as well as respond to the higher standard of living expectations of politically-aroused populations in their countries.

Since a great deal of furore is created in this context about the Arab and/or Iranian use of oil for non-economic ends, a word needs to be said here on that score. In a world which functions on the basis of national sovereignties, one cannot really object to the use of economic instruments to achieve political ends or to further preferred political values, particularly if one has been indulging in the art — as Washington has done — all the time oneself. Moreover, if the logic of the Unilateral Corps were to be extended beyond the Middle East and the Gulf, then the strategic and potentially strategic resources of other countries, from Moroccan phosphate to

Australian uranium, would be open to similar degrading moves by those who have, or can acquire, the required military muscle in time to come.

One final point: The entire logic behind this concept of the Unilateral Corps is rather frightening, especially to sensitive citizens of the third world. This is so because it implies that if there are certain events in third world countries, the Iranian revolution for example, which are not to the liking of one of the superpowers (even if these events are the result overwhelmingly of indigenous factors), then the latter has the right to go around carrying the big stick (the Unilateral Corps in this instance) threatening the smaller states into submission. In this particular case, it is also based on false reasoning; for it assumes that the problem of the Middle East can be brought nearer solution and the uninterrupted supply of oil thereby insured not by exerting pressure on the guilty party (Israel) to withdraw from areas it has acquired by force, but by forcing the aggrieved (the Arabs) not to use the only potent weapon (oil) they have in their armoury. This is not only strange logic it is also bad political calculation on the part of a power (the US) that has a vital interest in preserving a modicum of order within the international system. It is a sure recipe for an explosion in the Middle East which might well shake the post-World War II international system, which the US has presided over for the last three and one-half decades, to its very foundations.

LIST OF SDSC WORKING PAPERS

Working Paper No.	Title	Author
1	The Defence of Continental Australia	R.J.O'Neill
2	Manpower Alternatives for the Defence of Forces	J.O.Langtry
3	Structural Changes for a More Self- Reliant National Defence	R.J.O'Neill
4	Australia and Nuclear Non-Proliferation	D.J.Ball
5	American Bases: Some Implications for Australian Security	D.J.Ball
6	The Political Military Relationship in Australia	T.B.Millar
7	The Two Faces of Political Islam: Pakistan and Iran Compared	Md. Ayooob
8	Cost-effectiveness and Alternatives to the B-I Strategic Bomber	R. Huisken
9	Limiting the Use of Conventional Weapons: Prospects for the 1979 UN Conference	P.A.Towle
10	The Structure of Australia's Defence Force (Superseding Working Paper No. 1)	R.J.O'Neill
11	Australia as a Regional Seapower: an External View	McMccGwire
12	The Indian Ocean Littoral: Projections for the 1980s	Md. Ayooob
13	The Australian Tactical Fighter Force: Prologue and Prospects	D.J.Ball
14	Non-aligned Criticisms of Western Security Policies	P.A.Towle
15	Aggression and Annexation: Kampuchea's Condemnation of Vietnam	M. Osborne
16	Blueprint for a Catastrophe: Conducting Oil Diplomacy by 'Other Means' in the Middle East and the Persian Gulf	Md. Ayooob