CHAPTER IV
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THE ROLE OF THE ARAB OIL IN THE
US FOREIGN POLICY TOWARDS THE MIDDLE EAST
DURING PRESIDENT FORD'S PERIOD

Gerald Ford hardly thought that he would become
the President of the United States. In October 1973 his
ambition as a Congressman was to become the Speaker of the
House of Representatives. Richard Nixon selected him as his
Vice President and in early August of 1974, the water gate
scandal saw the replacement of Nixon by Ford as the President
of the United States.

As a Congressman, Ford had almost always toed a
pro-Israeli line in the Arab-Israeli dispute. As Richard
Nixon's second term Vice President, he may or may not have
been aware of how the pro-Israeli stand had complicated the
President's efforts to protect the US long term interests
in the Middle East. He came to power in one of the most
delicate periods in the history of the United States.
During the early part of his Presidency many top Middle
East's Officials had visited Washington to get the US
support to proposals which might bring long term peace to
the region. King Huessin of Jordan had visited Washington
on August 15 and had lengthy discussion with Ford regarding the Middle East problems. On September 10, the Israeli Prime Minister, Yatzhak Rabin arrived in Washington and informed Ford that his country would not take risks for the US sponsored peace process in the Middle East. In fact, President Ford had mentioned Rabin's tough stand when he said: "In toasting me at a state dinner on September 12, he indicated that he wasn't going to make concessions readily. Unfortunately, at the end of two days of talks, we hadn't made much progress towards solving the issues that still divided us". The Middle East problems also was the main issue discussed during the Soviet Foreign Minister, Andrai Gromykko visit to Washington on September 20. Four Foreign Ministers representing, Israel, Egypt, Syria and Saudi Arabia also flew into Washington to discuss the Middle East problems with the new administration.

President Ford faced many unsolved questions. Notable among them were the question of oil price and what should be the US attitude towards the Palestinian issue. After the Arab oil embargo, the prices of oil increased


2. In fact, Ford become the US President during, what many American news papers called it the Middle East Months, i.e., between July 28 and September 20, 1974, (New York Times, December 13, 1974).
dramatically and the US administration was much concerned about whether the conditions which had led to the disengagement could be sustained to bring about lasting peace in the Middle East. Therefore, when it came to US foreign policy in the Middle East, President Ford had to hit the ground running. As foreign policy was not President Ford's field of expertise, the American foreign policy was molded by the Secretary of State Henry Kissinger.

THE OIL PRICES AND THE FEAR FROM SECOND OIL EMBARGO

The oil embargo which was imposed by the Arabs in the latter part of 1973 had brought many advantages to the oil-producers. The posted price of oil increased by 83.5 per cent between 1973 and 1974, i.e., from $2.90 to $11.25. The typical sales price increased by 81.5 per cent, i.e., from $2.30 in 1973 to $10.45 in 1974. And the hosted government share of production, royalty rate and tax rate increased between 1973 to 1974 by 35 per cent, 75 per cent and 30 per cent respectively. The following table shows the cost and profitability for the Middle East oil between 1973 to 1974.
### TABLE-1

**Middle East Oil: Cost and Profitability 1973-74**

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Host Govt. share of production</td>
<td>25</td>
<td>60</td>
<td>35</td>
</tr>
<tr>
<td>Host Govt. royalty rate</td>
<td>12.5</td>
<td>20</td>
<td>75</td>
</tr>
<tr>
<td>Host Govt. tax rate</td>
<td>55</td>
<td>85</td>
<td>30</td>
</tr>
<tr>
<td>Posted price ($ per barrel)</td>
<td>2.90</td>
<td>11.25</td>
<td>83.5</td>
</tr>
<tr>
<td>Typical Sales ($ per barrel)</td>
<td>2.30</td>
<td>10.45</td>
<td>81.5</td>
</tr>
<tr>
<td>Operating costs explore and production</td>
<td>0.15</td>
<td>0.15</td>
<td>0</td>
</tr>
<tr>
<td>Profit ($ per barrel) to the oil companies</td>
<td>0.35</td>
<td>0.20</td>
<td>-15</td>
</tr>
</tbody>
</table>

Source: Derived from EXXON, Background Services: Middle East Oil (New York, 1976).

After the sudden increase in the prices of oil and the subsequent economic consequences on the consuming countries, upon a request from them, the OPEC members had an extraordinary meeting in Geneva in January 1974 and decided to freeze the posted prices until April 1 in order to give its Economic Commission time to examine the price policy.

However, the meeting did not call for any reduction in the posted price. On 16-17 March, 1974, the 38th OPEC extraordinary meeting held in Vienna recommended 20 per cent increase in the posted price for 34 Arabian light
crude over the existing price of $ 11.657 per barrel. The decision had the support of all the members except Saudi Arabia which opposed it on the ground that it was a threat to world economic stability. The 40th meeting of the OPEC was held in Quito, Equator, from 15 to 17 of June 1974 and decided to refrain from increasing the posted price for the third quarter of the year and allowed the governments of the industrialized countries another royalty and tax rates applicable to the companies. At the same time it decided to increase the tax and royalty rates on equity crude marketed by the major international companies to 85 per cent and 20 per cent respectively. OPEC Economic Commission had also recommended an increase in the profit share from 55 per cent to 87 per cent. Saudi Arabia argued for lowering the posted price even more. The Saudi Oil Minister stated that the net posted prices must be reduced by $ 2 per barrel. He added that the current level of oil prices was ruinous to the international economy and that it gave an unfair advantage to the socialist countries which were less dependent on imported oil. Therefore, he decided to disassociate his

4. Ibid.,
5. Ibid., November 15, 1974.
country from the decision to increase the royalty rates on equity crude oil which were marketed by the major oil companies.

The OPEC members had a meeting in September, 1974 and despite the Saudi opposition, decided to increase the royalty percentage from 14.5 to 16.7 per cent and the tax rate from 55 to 65 per cent. Saudi Arabia refused to abide by the outcome of this meeting and instead it had a meeting with Qatar and UAE in November in Abu Dhabi and decided to lower the posted price from $11.65 to 11.25, increased the royalty to 20 per cent and increased the oil posted prices. However, their oil revenue had increased due to the increase in the royalty and tax rates. In fact, after this decision, the average government revenue to Saudi Arabia, Qatar and UAE increased from $9.41 to $11.12 per barrel.

To resolve the difference between the OPEC members on the percentage of the increase in the posted oil price, the OPEC Oil and Foreign Ministers held a meeting on January 26, 1975 in Algeria and approved the Algerian plan which called for the maintenance of the posted oil prices at the same level till the end of 1975. According to this plan.

6. Ibid.,
the oil prices for the year 1976-77 were to be increased at the same level with the inflation rates in the industrialized countries.

After the 1973 Arab oil embargo and the subsequent demands for higher oil prices from most of the OPEC members, the relationship between the oil-producers and the oil-consumers, particularly with the US became very sensitive and tense. And whenever, the oil-consumers expressed their anti-Arab attitude a specter of a second oil embargo was raised. In fact, this was perhaps the main reason why the US did not make any counter action against the continuous increase in the oil prices.

The first one to voice the possibility of another oil embargo was President Geral Ford. He stated that the Arabs may reimpose an embargo if their demands were not met. The representatives of the major oil companies also expressed their fear that they would not be able to stop a possible oil embargo. Many Arabs officials, on the other hand, did not rule out the possibility of imposing another embargo if their political and economic demands were not

met. In October 1976, Commissioner-General of the Arab Boycott of Israel, threatened the US and Western countries of another oil embargo unless their firms apply the boycott regulation. The Arabs applied the same tactics to force the US oil companies to submit to the Arab demand for higher oil prices.

The possibility of a second oil embargo was used by President Ford to his advantage by imposing certain conditions on Israel. He announced that Israel should show some flexibility in dealing with the disengagement negotiation with the Arabs. Israel's rigidity would harm the US interest if the Arabs reimposed the embargo, he added. The same tactic was used also to prevent the Congress from enacting measures which would antagonize the Arab oil-producers. Indeed, during the period 1975-76, the Congressional support to Israel had declined, though was ostensible in certain security issues. On the other hand, the Congress authorized arms sales to the Arab countries, but with certain restriction.

9. Ibid.,
Due to the instability in the dollar exchange rate in the international market, many Arab countries started showing their dissatisfaction with the use of the dollar as the basis for oil price. In June 1975, an OPEC meeting held in Gabon decided to abandon the use of US dollar as the currency payment and to increase the posted priced from October. All OPEC members pledged to abide by that decision with the exception of Saudi Arabia and Iran. The US officials, were worried about OPEC carrying out the decision. On July 1, 1975, President Ford stated that if OPEC members increased their oil prices in October, their action would be regarded as a blackmail to US and, therefore, the US would be free to take measures to protect its interests. However, the OPEC countries made it clear to the US that they had to increase their oil prices purely for economic reasons. They argued that many of projects had to be carried out and that the prices of imported goods too had increased. In reply to the Arab arguments, Secretary of Treasury, William Simon stated that an oil price increase could not be justified on economic grounds as the Arab countries were having enough liquidity to cover all their imports and to finance their projects. And in a tough


language, Secretary Kissinger warned of a drastic action if the OPEC decided to increase the oil price level. In an address to the UN General Assembly, Kissinger argued:

"Any increase in the oil price would slow down or reverse the recovery and development of nearly every nation represented in this Assembly. It would erode both the will and the capacity in the industrial world for assistance to developing countries. It would, in short, strike a blow at the hopes of hundreds of millions around the world".

Saudi Arabia like the US was against any increase in the prices of oil. The Saudi Oil Ministers el-Yamani promised that Saudi Arabia would apply its pressure on the other OPEC members to prevent any further increase in the oil prices on condition that the US and Western countries lowered the prices of their export commodities. On August 14, 1975, the Saudi Oil Minister strongly criticized the OPEC members who were asking for higher prices when he said,

"not all the members of OPEC are reasonable, not all are concerned that the world economy should not collapse. We realize that if we don't want to ruin the world economy we must oppose policies of some OPEC members. To ruin the other OPEC countries we would just need to produce as much as we could".


On September 19, 1975, a OPEC conference was held in Vienna with the participation of the Oil Ministers of all the thirteen members and the conference decided to increase the prices of oil by 10 per cent from October 1 until June 30, 1976, when the decided price would be recommended. According to the new prices, the Arabian light oil price per barrel would be $12.81.

The high oil prices had adverse effects on the US and Western economies. It had imposed heavy burden on the US ability to continue the arms-race with Soviet Union and decreased the US ability to carry out international pledges. In addition, the huge amount of oil revenue in the hands of unstable regimes in the Middle East, the US thought, would constitute a serious threat to its power and prestige in world affairs.

As a result of the new oil prices the additional cost to the consumer-countries had increased by $110 billion a year. It was feared that the oil-producers could not spend or recycle the huge amount of surpluses nor the oil-consumers could offered to pay for their oil needs. Experts warned that a protracted imbalance of payments would inevitably further slow down the economic growth in the industrial countries, bankrupt the less developing countries,
cause the banking system to collapse and throw the world into a massive recession.

The violation of the price agreements by some OPEC members made Iraq to ask the OPEC members to convene an immediate meeting to discuss the implementation of the price agreements. On April 25, 1976, the OPEC members agreed to the Iraqi demand and met at Geneva where the Iraqi Oil Minister accused some members of systematically undercutting the OPEC price level. On May 25, at the OPEC conference which was held in Bali, Indonesia, the UAE Oil Minister, Mana Said Al-Otaiba, asked for freezing oil prices for the remaining months of the year and charged Iraq of reducing their own market prices. He said: "We cannot understand the position of some OPEC member countries which reduce their own market prices, while often simultaneously calling for a general OPEC increase." Iraq was also accused by the Saudi Oil Minister of dumping its oil at cheap prices. On the other hand, the Iraqi Oil Minister accused the Saudi government for playing into the hands of the imperialist monopolies and enabling them to export their inflation.

17. Ibid., pp.201-202.
19. Ibid.,
20. Ibid.,

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In the next OPEC conference which was held in Doha, Qatar, on December 15, 1976, three views were put forward with regard to the percentage of increase in the oil prices. Saudi Arabia, called for freezing the prices for a period of six months starting from January 1977. Iraq, called for 25 per cent increase in the oil prices. The other OPEC members, called for a minimum of 10 per cent increase. However, after a heated debate, the OPEC members decided to increase the oil prices by 10 per cent from January 1, 1977 and an additional 5 per cent from July.

Saudi Arabia which had taken a leading role in the memorable oil embargo, had been trying its best to influence the other OPEC members ever since the embargo was lifted, to reduce the oil prices. Ahmed Zaki el-Yamani, the Saudi Oil Minister was of the view that the oil prices should be determined by the market forces and no artificial price should be fixed.

On October 14, 1974, King Faisal of Saudi Arabia, in a letter to the Shah of Iran expressed the importance of lowering the oil prices. He warned that if the oil prices continued to increase the OPEC might disintegrate. He urged

21. Saudi Arabia and UAE disassociated themselves from the OPEC decision and decided to increase their prices by 5 per cent only.
the Shah to join Saudi Arabia in its efforts to lower the oil prices. However, the Shah refused to cooperate with Saudi Arabia and said that his country even would seek for a higher price. The Shah advised the OPEC members not to reduce the oil prices. King Faisal, however, emphasized the need to maintain the unity of OPEC whose unit brought a political and economic influence to his country and to the other members. The major Saudi concern was due to its belief that the existing oil price level was too high to bear. A further increase would lead to a world wide economic depression, monetary instability, high unemployment, and inflation which in turn would adversely affect the Arab countries too and that the high oil prices would give advantage to the communist world particularly Saudi's adversary, the Soviet Union, which was self sufficient in energy. Indeed, while the non-communist world had been struggling against the impact of the soaring prices of oil, the Soviet Union had welcomed the oil price increase. In addition, Saudi Arabia was having close relations with the US and other Western countries and hoped that the West could provide the Kingdom with the technology needed for its modernisation.
THE IMPACT OF THE HIGHER OIL PRICE

Any increase in the oil prices would have an impact on all the countries of the world, but in different magnitude. The main direct impact stems from the transfer of wealth which affects both the welfare and income of a country. If the price of oil is increased, net oil importers would lose and net oil exporters would benefit. The opposite would be true in case of a decrease in the oil price. The intensity of the impact of oil price increase would be constrained by the structural relationship between energy consumption and Gross Domestic Product. The main variations in the ratio of imported oil bill to gross domestic product between one country and another stems from the availability of domestic energy supply and the state of economic development. It is true that this relationship is physical and not monetary as oil import bill is, but price elasticities of demand, of substitutions and of import would ensure that the monetary relationship is tied to the physical one. Table No.2 shows the ratios of imported oil bill to gross domestic product for major industrial net oil-importing countries.


23. Ibid., p.46-47.
### TABLE - 2

Ratios of Imported Oil Bill to GDP for Major Industrialized Net Oil Importing Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>1975</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>4.2</td>
<td>5.5</td>
</tr>
<tr>
<td>Italy</td>
<td>4.3</td>
<td>5.1</td>
</tr>
<tr>
<td>Germany FR</td>
<td>2.8</td>
<td>4.3</td>
</tr>
<tr>
<td>France</td>
<td>2.8</td>
<td>4.0</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>1.7</td>
<td>3.0</td>
</tr>
</tbody>
</table>


From Table-2, it can be seen firstly, that the ratio of imported oil bill to Gross Domestic Product did not exceed 4.3 per cent in 1975 and did not exceed 5.5 in 1980 for all the mentioned countries which means that despite the increase in the oil price there were countries which were paying relatively low price; and secondly, that the difference in the ratios among the above mentioned countries can be attributed to a large extent to the availability of their domestic supply. Using the ratio of oil import to total energy consumption as an indicator of the availability of domestic energy supply, William W. Hogan points out that,
this ratio was very high in 1975, above 50 per cent in the case of Japan and Italy and on the other hand this ratio was below 20 per cent in case of United States.

The impact of the increase in the oil price on the US economy was less than that on the West European and Japanese economies mainly because of its less dependence on imported oil and its huge arms sales. But even then the US was having a trade deficit of $12 billion with OPEC countries. The combined deficit for Western countries rose from $7.6 billion in 1973 to $23.8 billion in 1974. Japan had taken $1 billion loan from Saudi Arabia to finance its oil import. Italy, Spain and Greece had asked for large credits from the EEC and IMF.

In early 1975, the US tried to persuade the moderate leaders of OPEC members to take a lead in cutting down their oil prices and influence the other OPEC members to reduce the OPEC oil prices. Kissinger asked Saudi Arabia and Iran in more than one occasion to influence the other OPEC members to reduce the oil price. Saudi Arabia, agreed to Kissinger demand for reducing the oil prices, but Iran strongly rejected the idea of cutting down the prices. The

OPEC countries also rejected the idea of an increase in the oil production, instead of an increase in the oil prices, to sustain a constant oil revenue for financing their social and economic development projects. They argued that such strategy would exhaust the oil reserve within a short period.

Thus, the US efforts to halt the oil price increases had been aborted by OPEC solidarity. Abdul Rahman Khene, the OPEC Secretary General, emphasized the need for a continuous increase in the oil price. He argued that the increase in the oil price should always be matched by the increasing inflation rate in the industrialized world.

With the unchangeable position of the OPEC, the US began to worry about the repercussion on the world economy. Many American economists showed that the increase in the unemployment, inflation and the slow growth of US and Western economies, could be well linked to the high oil prices. It was also pointed out that the oil price had caused the worst recession since the great depression and

that barring the OPEC's debt to the foreign countries, the world was transferring $100 billion a year to the OPEC.

Associated with the waves of the increases in oil prices, many American officials warned that the US might use force in order to protect its interests. On November 25, 1974, William Simon, the US Secretary of Treasury stated that the US might be compelled to change some of its policies toward the oil-exporting countries in order to force a price reduction and to break the power of the international oil monopoly. On January 1975, President Ford maintained that the high oil price tossed serious financing and management problems for the oil-importing countries and was a major disruptive element in their development process. Kissinger in the meanwhile, was trying to mobilize the US and Western public opinion against the high oil prices and his strategy was to get public support for counteractions against the Arab countries including the use of military force.

27. Ibid., January 10, 1975, p.61.
THE US THREAT OF MILITARY INTERVENTION

At the outset of the oil crisis, many threats were made by the US including a military invasion of the Arab oil fields in order to ensure the flow of oil at acceptable prices. However, the initial threats did not specify the means or ways of carrying the possible invasion. It was meant to convince the US and world public opinion that the military option was reliable and practically possible. In the early period of the crisis, a Congressional Committee was formed to study the most reliable options of invasion. The Committee reported that the military invasion of Saudi oil fields, of the smaller Gulf States and the Iranian coastal fields would be the option likely to be taken because the volume of production from that area alone could supply the requirements of the US, Japan and Western countries.

In his tour to the Middle East in the first week of October 1974, Kissinger had pledged to the Arab States that the US had no intention to threaten them. He stated that the US-Arab economic and political relations should be based on mutual respect. During his visit he promised Saudi Arabia and other Gulf States, the US help to their indus-

trial projects. However, in late November he warned the Arab countries from increasing the oil prices. He said: "US could never tolerate any use of oil to exhort change in basic American Policy... The US will never permit itself to held hostage, politically or economically. What has gone up by political decision can be reduced by political decision."

Meanwhile, in the press media, campaign was going on in the US against the Arab oil interests, including the call for military interventions. The columnist Jack Anderson, who is reputed to have excellent contacts in the corridors of power in Washington, observed in the Washington Post (November 8) that a military takeover of the Libyan oil fields would not require more than a couple of US Marine divisions. He also claimed that Israel could easily seize Kuwait's rich oil fields. According to Anderson seizing the Arab oil field was considered the utmost necessity for defending US and Western economy.

32. AL-Nahar, November 25, 1974.
However, other Americans were against the US military intervention in the Gulf. George W. Ball, a former US Under Secretary of State was of the opinion that the option of military seizure of the oil fields was clearly not viable. He noted that such talk:

"is a rhetoric fantasy, for this is no longer the nineteenth century. It is a period of nuclear parity... There is a powerful Soviet fleet in the Mediterranean, USSR clearly has a compelling interest in the Middle East. That a military move by one super power in that area would automatically be countered by the other was vividly demonstrated last October at the time of the American worldwide military alert... Great nations should not even hint at threats they have no intention of carrying out."

The US administration justified its intention of intervention in the Middle Eastern oil fields by arguing that going for a war for depriving a country from its basic resources has been historically a common phenomenon. In a speech before the World Energy Conference on September 23, 1974 President Ford stated: "Throughout history, nations have gone to war over natural advantages such as good or convenient passages on land or sea... exorbitant prices can only distort the world economy, run the risk of worldwide depression and threaten the breakdown of world order."


However, whether the US threat was real or tactic did not make any different in the Arab world. The Arab producers stood firmly for the principle of non-intervention in the affairs of others. Even the Saudi Oil Minister, who was supposed to be a moderate, stated that the era of using military force had gone and warned the Americans that the risk could be great for them and for the West. Other Arab intelligence described such American statements as a new form of economic imperialism.

The US threat campaign appeared to be surprising if we take it in the context of the well planned moderate Arab policy. OAPEC members, specially Saudi Arabia had learnt a lesson from the geopolitical and energy changes which were resulted from the October war. As mentioned in other place, Saudi Arabia, UAE and Qatar in a meeting held in November, 1974 had decided to lower the oil prices, though it did not succeed in preventing the OPEC raising the oil prices. They also started recycling their petrodollars through economic development programmes with international cooperation, aid programmes and heavy defence expenditure.

Nevertheless, the US and the Western media did not recognize the Arab moderate's co-operation. It persisted in its overheated anti-Arab campaign supported by the officials in Washington both directly and indirectly. The US media campaign went to the extent of suggesting that the Arab petrodollars could be made available in form of financial aid to Israel. Gerald L. Parsky, the US Deputy Secretary of Treasury supported this idea and called for providing Israel with Arab oil money under a three-party agreement.

THE SERIOUSNESS OF THE US THREATS

Worldwide, any attempt at military intervention would raise disapproval from the Western countries because such an action would not secure for them a reliable access to the oil at a price lesser than the existing one. The Arab oil fields and pipelines were not well protected from sabotage attacks. Indeed, the Arab oil-producing countries stated that they would blow up their oil fields and pipelines before the American could seize them. In addition, the European countries would not agree to such a plan.

38. Daily Star (Beirut), September 6, 1974, p.6.
because it would cut off the Middle Eastern oil supplies for them, which constituted over 80 per cent of their oil imports, for at least six months to one year.

In late December 1974, the US threat of seizing the oil fields seemed imminent. The aircraft carrier Constellation escorted by two guided missile destroyers was seen in the Gulf (for the first time since 1948) in what the American officials described it as a familiarization tour. In addition, it was reported that US military troops were undertaking desert war training for the first time since four decades. Associated with these tangible moves, the press in the US continued its verbal offensive against the Arabs and outweigh the possibility of military action against the Arab oil-producing countries.

In an interview with the Business Week on January 13, 1975, Kissinger did not rule out the possibility of using force and set condition for its use. He said "I want to make it clear, however, that the use of force would be considered only in the gravest emergency." He then said: "I am not saying that there is no circumstances where we

could not use force. But it is one thing to use it in case of a dispute over price, it's another where there is some actual strangulation of industrialized world". Regarding the possibility of another oil embargo, Kissinger noted "I don't anticipate an oil embargo in the absence of war. I am not even sure of an oil embargo in the event of a war. It would now be a much more serious decision than it was the last time". When President Ford was asked by group of journalists about the possibility of an American use of force against the Arab oil-producing countries, he replied, "I stand by the view that Kissinger expressed in the Business Week" .... He added: "If there is some actual strangulation in the industrial world due to the oil prices what matters in the final analysis is the United States National Security interests".

The US military strategy which was supposed to be followed in the event of using the military option can be summarized in the following way: One marine division of about 14,000 men would be sent to the Persian Gulf; simultaneously a second task force consisting of nine infantry

41. Ibid.,
42. Ibid.,
44. Ibid., p.28.
battalions of the 82nd Airborne Division, would be flown to the airbase in the Northern part of Nagev desert in south Israel. It was also planned that American C-5A and C-141 jet transport planes after refueling at Israeli bases, would carry paratroops, escorted by phantom fighters, proceed to key air field installations and airports, especially Dhahran airfield in the north east of Saudi Arabia. The mission of the paratroops would be to capture the Dhahran airfield, evacuate Americans from the area and capture the oil tankers at Ras Tanura port at the Persian Gulf east of Saudi Arabia. After that, the paratroops would head to occupy the largest oil field in the world at Ghawar and the Abqaiq oil fields. The US marine contingents would assist the paratroopers and send patrols to south Kuwait and to the strait of Hormuz. American troops by using boats and helicopters also could occupy small oil fields in UAE, Qatar and Bahrain. All in all, the number of the US forces which would be involved in such an operation was 40,000 men. The US could also depend heavily on the military bases in Oman to run such operation. The US could use Masirah air base which is within 400 miles of the entrance of the Gulf, Rhasib and Aum Al-ghanam to counter any retaliation from the

Soviet Union from the Indian Ocean and the Arabian Sea. It could also use the Salalh and Bail Falij bases to launch an attack on UAE and Saudi Arabia.

The US tactics of making it known to the Arabs that the US had such a contingency plan elicited sharp reaction from the Arab leaders. The Algerian President, Hoari Boummedienne in a speech to the nation in January 19, 1975 asserted,

"The World is at present going through the stage of eliminating direct occupation and ridding itself of imperialism. I don't know how the Americans can go against the line of history because intervention, if it is carried out, can only be considered as imperialism... In case of aggression, it is very easy for us to destroy all the oil installations, very few means are required for doing so.'

PLO Chairman Yasir Arafat, accused the US of being guided by the Zionism to destroy the Arab land. Arafat stated that there might be a coordinated plan between Israel and US to establish what is called Great Israel. Libyan Prime Minister, Abdual Salam Jalloud, warned the US of under

46. The raw materials and the Western Industrialised Countries: Oil - A Case Study, (in Arabic) (Beirut, Paper prepared by Department of Economic and Strategic study in the Arab Development Institute, 1976), p.97.
47. AL-Nahar, January 20, 1975.
48. Ibid.,
estimating the Arab will. Kamal Abdul Magid, the Egyptian Information Minister described the American campaign as unwarranted, untimely, unacceptable on its own merits and not serving the cause of peace in the area.

However, inspite of the material evidence which strongly made the military intervention imminent, William Quandt, an expert on Middle East, ruled out the possibility of the US military intervention; he described the statements made by the American officials regarding the intervention option either irrelevant or a gambit in a bit of psychological warfare. In a lecture sponsored by the Political Science Department of the Lebanese University in Beirut, Quandt stated,

"I think that there is a small element of psychological warfare involved in statements of this sort. I personally don't think these are to be taken very seriously. If the US had in mind the resort to force, it certainly would not be advertising it. Therefore, I think it is either simply an irrelevant statement of an empty reality... or a gambit in a bit of psychological warfare which probably is ill considered".

49. Ibid., February 15, 1975.
50. Ibid.,
51. Monday Morning, (Beirut), January 13-19, 1975, p.34.
ARAMCO's Chairman, Frank Junger, pointed out how risky the military operation would be. He estimated that if Saudi oil fields were destroyed, one-fourth of oil exports of the world would be out of commission for at least two years.

In the US Senate there were many criticism to Ford's intended policy of military intervention. On January 21, 1975, Senator Mark Hatfield reacted sharply to Kissinger's mounting military intervention campaign against the oil-producing countries. He said:

"I will not stand before you today and pretend to understand the nuances and subtleties of Dr. Kissinger's moral juxta-position, or what possible purpose he hope to achieve by threatening overtly the countries of the Middle East and the fragile peace of a troubled world. For I can sense little reason for hope in the Secretary's remarks. Let me speak plainly. As every American realizes, Dr. Kissinger is not talking in the abstract about imaginary crisis, or hypothetical situations. He is talking and threatening military action".

On January 23, Senator Jesse Helms had denounced both Ford's and Kissinger's repeated statements regarding the use of military forces in the Middle East. Helms warned about the Arab reactions to the American moves. He underlined the

52. John Collins and Clude Mark, Oil Fields as Military objectives: A feasibility study, op.cit., p.17.

53. Congressional Record (Senate) January 21, 1975, p.529.

Arab reactions to the Americans moves when he said "Egypt saw them (the American threats) as undermining American-Arab relations and the cause of peace and the Algerian President Howari Boummedinne declared that the occupation of one Arab state would be regarded as an occupation of the entire Arab world''.

Senator McClure felt that the idea of seizing the Arab oil fields reflected moral bankruptcy. He said:

"It is disturbing to me personally that it is even necessary for an American to stand up and publicly state he is opposed to invading an Arab Nation and stealing their oil. The immorality of such a proposal is so evident that I would have expected an outpouring of protests from government leaders and those in private life who have so violently protested against war in the past. That such an outpouring has not occurred is a serious disappointment".

By May 1975, the military threats campaign against the Arabs, came to an end. On May 23, reversing his earlier stand, President Ford announced that even if the Arab were to impose another oil embargo, the US would not respond by using force. According to Emile Nakhleh, President Ford

55. Ibid., p.S.792.


realized that Kissinger brinkmanship policy had not broken OPEC, forced price down or helped to fashion a consumer's block. By the third quarter of 1975, Kissinger's anti-OPEC policy was softened. This created a good atmosphere to sort out the differences between the oil-producers and oil-consumers. On February 9, 1975 commenting upon the oil prices, Kissinger was on a low key. He said:

"That it will be considerably below the current world price, but high enough to encourage long-range development of alternative energy resources... OPEC would have a choice, they can accept a significant price reduction now in return for stability over a long period, or they can run the risk of a dramatic break in prices when the programme of alternative energy sources begins to pay off... The longer OPEC waits, the stronger our bargaining position becomes".

However, this early statement seemed to be some kind of a conciliation by the US administration to the OPEC members in order to get some concession from them in the coming Tripartite Conference which was to be held in Paris. But, on the contrary, the Paris conference was a total failure as far as the US was concerned as the OPEC members as well as the other developing countries called for a


discussion of the whole economic relations between the developed and developing countries which would include the prices of all the key commodities. The real change in Kissinger Policy is noticeable in his September 1, 1975 message to the Seventh Special Session of the United Nations General Assembly. This message did not show any anger or threats to OPEC. He merely emphasized the importance of a commodity price agreement and he called for consumer-producer forums for every key commodity.

The determination of the Arab countries to destroy their oil fields and oil installations in the event of any military intervention possibly made the US administration to revise its policy in the region. Another factor that contributed to such a change in US policy was the American public opinion. A study conducted by Bruce Russett and Miroslav Nincic in early 1975 and published in 1976, concluded that the American public opinion was much less favorably disposed towards the use of American military force than at any time since the beginning of the cold war. In January 1975 a Gallup Poll showed only 10 per cent of those

60. Ibid., September 2, 1975.

interviewed supported military action in the Middle East.
Another opinion survey was sponsored by New York Times
magazine and published on April 6, 1975 indicated that 58
per cent of the Americans were opposed to the seizure of the
Arab oil fields, while only 25 per cent approved.

However, the US administration had reasons for
creating the story of economic strangulation and then
threaten to take military action to prevent it. This tactic
would shift the responsibility of the oil crisis to another
party. Further, Kissinger's favorite tactic was to heighten
apprehension and disorientation among the parties in order
to get, in his view, more productive negotiations. The
Jewish lobby in the US was also pushing toward military
escalation. The American Jewish lobby had been emphasizing
the importance of Israel as an American ally in the region.
However, the so-called strategic value of Israel was greatly
diminished, mainly due to the detente in the US-Soviet rela-
tions. So the best way to restore the strategic credibility
of Israel, the lobby thought, was to give currency to the
policies of confrontation and the idea of seizing the Arab
oil fields offered a chance. As rightly put by Michael

62. Quoted by Emile Nakhleh, the United States and Saudi
Arabia, op. cit., p.59.
64. AL-Nahar, February 10, 1975.
Hudson, "The recent far-fetched attempts to argue why the United States should invade the Arab oil fields, now look like self-serving attempts to revive this furnished perception of Israel's strategic value".

THE US's FEARS FROM THE SOVIET UNION

It is possible that the Soviet Union, which is only a couple of miles away from the Gulf would intervene in case the US intervenes in the region. The Middle East was strategically important for the Soviet Union because most of its oil fields which were situated in its south would be easily attacked by American forces from the Middle East. There was also a long history of Soviet interest of access to the warm water of the Mediterranean. Therefore, Soviet Union might not tolerate the US control of the Middle East. The Soviet Union could in turn seize Iran's oil fields.

Professor Tucker in his study "Oil the Issue of American Intervention" dismissed the possibility of Soviet counter intervention. He argued that the Soviet Union do not have the naval capabilities to counter any American

action in the Gulf. He said, "The Soviet Union did not have the over riding interests that the American had in the area". Miles Ignotus (presumably the pseudonym of Dr. Edward Luttwak, according to William Quandt) supporting Tucker arguments, stated that the risk of intervention was more to the Soviet Union than that to the US and that to seize the oil fields the United States should seize some tracts of desers and to deny the oil to the US, the Russians had to defeat the American troops. But, if the Russians did nothing at all, their prestige and influence, according to him, would immediately increase all over the Middle East, and beyond. Though Ignotus advised that "let the Russians have the influence, and let us (the US) have the oil".

For some other Americans the intervention in the Middle East would be very risky. Admiral Thomas H. Moorer, former Chairman of the Joint Chiefs of Staff, and Admiral


68. Ibid.,

69. Ibid.,
Elmo Zumwalt, the former Chief of Naval operations argued that it was dangerous for the US to get involved, in a bilateral confrontation with the Soviet Union in the Eastern Mediterranean because the US fleets would be defeated in a conventional war. Secretary Kissinger himself also had expressed his concern over the possibility of Soviet counter action. Other American Officials including James Schlesinger voiced their concerns over the extensive presence of the Soviet Union near the Gulf region. He said 85 per cent of the Soviet naval activities in the Indian Ocean centred around the Gulf of Aden, from where it would easily interrupt the oil tankers coming from the Gulf in case of any eventuality.

In retrospect, it appears that the US policy of any possible military intervention in the Gulf was dampered also by an adverse response from the Soviet Union.


71. In his interview with the Business Week on January 13, 1975, Kissinger said, "I do not think this is a good thing to speculate about. Any President who would resort to military action in the Middle East without worrying what the Soviet would do would have to be reckless. The question is to what extent he would let himself be deterred by it. But you cannot say you would not consider what the Soviet would do".

US AND THE FORMATION OF INTERNATIONAL ENERGY AGENCY

In response to the producers' solidarity, which was represented by OPEC, the US tried to form a consumer block to face the growing strength of OPEC. On January 9, 1974, the US President invited the Foreign Ministers of eight major consuming-countries to a conference in Washington to discuss the possible solutions for the energy crisis. The US invitation for a conference in Washington created much anxiety among the EEC members. Four days after the invitation, in the EEC Foreign Ministers meeting in Brussels, the French Foreign Minister, Michel Jobert, said that the US idea of creating a consumer block would put the consumers and the producers in a direct confrontation which would promote the Arab oil-producing countries to retaliate and impose another oil embargo. This, he argued, would cause serious energy crisis to West European countries, but would only marginally affect the US as it was less dependence on Arab oil. France instead proposed a conference under the auspices of the UN wherein both the oil-producing and consuming countries would be represented. However, in case the Washington conference was held, France desired that the

73. These countries were: France, Britain, West Germany, Italy, Norway, The Netherlands, Canada and Japan.

topics of discussion should be confined to the formulation of general guidelines on the energy crisis without considering the measures to be taken against the oil-producing countries. This stand of France strained the US-French relations.

France announced that it had completed a unilateral deal with the government of Saudi Arabia for purchasing 800 million barrels of Saudi oil over the coming twenty years and that France would satisfy some of the military needs of Saudi Arabia. The US voiced its concern over the French arms deal with Saudi Arabia and blamed the French government for not informing the US about it. On January 24, 1974, France declared that it would continue to sell arms to the Arab countries without any restraint from any third party.

Soon after the US invitation for a conference in Washington, the Arab countries strongly resented the American move. The OPEC Secretary General noted that the proper forum for dealing with the energy problem was the United Nations not the United States. The Algerian President

75. Ibid., p.125.
Houria Boumedience described the proposed conference as a plan designed to prevent contacts between the oil-producing and oil-consuming countries. The Libyan Premier, Abdul Salam Jaloud, called for an Arab solidarity to face the oil-consuming threats.

However, Kissinger made it clear that the US had no intention to form a bloc against the oil-producing countries. He said:

"the US has called this conference for one central purpose to move urgently to resolve the energy problem on the basis of co-operation among all nations. Failure to do so would threaten the world with a vicious cycle of competition, atrocity, rivalry and depression such as that which led to the collapse of world order in the thirties."

On February 11, 1974 the Washington conference was held with the participation of thirteen countries. The US wanted to achieve oil price stability through the formation of a defensive consumer organization wherein it would have a

78. Middle East Economic Survey, February 8, 1974.
81. The Participants were: West Germany, Denmark, France, Britain, Italy, Belgium, Ireland, Luxembourg, Norway, the Netherlands, Canada, Japan and the United States.
leading role. The US did not rule out the possibility of negotiation between the consumers and the producers, but it had pointed out that such negotiation would be possible only after the consumers had strengthened themselves in a consumer's organization. France rejected the American proposal arguing that such a proposal would antagonize the oil-producers and lead to retaliation from them. In addition, France accused the US of having a desire to dominate Europe and Japan. The French Foreign Minister, said: "Energy matters had been a pretext, and the conference's real purpose has been the United States political desire to limit Europe's and Japan's freedom of action and keep them under American control". During the conference Kissinger presented the following seven-point programme: (1) the co-operation in the field of oil conservation; (2) the development of alternate energy resources; (3) research and development; (4) the sharing of oil in emergencies; (5) international financial co-operations; (6) an invitation to less-developing to joint the major consumers of oil and (7) co-operation between consumers and producers.


Kissinger maintained that the energy problem was indeed a field for co-operation and stressed:

"The energy situation poses severe economic and political problems for all nations. Isolated solutions are impossible, even those countries like Canada and the US, capable of solving the energy problems by largely national means, would still suffer because of the impact on them of a world economic crisis... This challenge can be met successfully only through concerted international 84 action".

The participants in the conference, with the exception of France, agreed on the need for a comprehensive action programme that would co-ordinate national policies in the following areas: (i) conserving energy and restraining demand; (ii) allocating oil supplies during an emergency or severe shortage; (iii) supporting national developments of additional energy sources to enable the diversification of supplies and (iv) accelerating energy research and development programmes through international co-operative efforts.

The conference adopted Kissinger's seven-point programme and decided to set up action plan to work out a

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programme for a conference of oil-consumers and oil-producers, to be convened at the earlier possible time. France rejected Kissinger's proposal. It argued that solving the problems which faced the European countries should be either by the member themselves or in co-operation with the other countries but within the European Economic Community. France stressed the need for opening negotiations with the oil-producing countries. The French Foreign Minister in a speech before the conference warned of taking any step without co-operation from the producers as it, in his own words, "would lead to a confrontation or a conflict with the producing countries and may be with all the developing countries... Let us not seek to establish or improve a new world energy order". In his view, West European countries should create an atmosphere which would be conducive to develop a special relationship with the oil-producing countries, thus, enable them to play a political role at the end. Therefore, a new conference should be held to initiate dialogue between the oil-consumers and oil-producers and not to ignore any party. In the words of the French Foreign Minister,

"We must seek a world consensus regarding the organization of relations between energy importers and energy exporters. In our opinion, this can

only be done to a useful end at a conference held under the auspices of the United Nations, a framework in which all countries may defend their interests and express their point of view on energy problems".

Thus, France tried to break rank from the US and convince the common market countries to have economic and technical co-operation with the oil-producers independent of the United States. But French efforts did not succeed. Two weeks after the Washington Conference, the twelve countries met in Washington and decided to organize a co-ordination Committee. On March 13, the committee met in Brussels and decided to set up three special sub-committees; the first one to deal with the role of international oil companies working in OPEC countries, the second one to examine the state of research in other sources of energy, and the third one to deal with issues concerned the atomic energy. They also agreed that in case of any new oil embargo against any member, the others would consider it as an embargo on all of them, thus, they would share their energy resources with the affected country. The member states decided to co-ordinate their oil price and supply policies in away that it would not affect the world economy. They also decided that the

87. Ibid., p.5.

members of oil-producers were to increase their production and all the members to increase their strategic oil stockpiles in order to be prepared in case of new oil embargo. In July 1974, the twelve nations had reached a tentative agreement on an International Energy Programme at their meeting in Brussels and had set up an Energy Coordinating Group (ECG). On October 30, the Belgium Foreign Minister, who was acting as temporary secretary of the coordination committee, declared that the US and nine other countries of the twelve had decided to establish the International Energy Agency (IEA) and he indicated that six other countries—Spain, Sweden, Switzerland, Austria, Australia, and New Zealand would join the organisation. On November 15, 1974 the US, Canada, Japan, Turkey and twelve European countries had formally launched the International Energy Agency at Paris. The main feature of IEA were: (i) the establishment of an energy sharing agreement among the major consumers in case of new embargo; (ii) the setting up of cooperative conservation and energy development programme; (iii) the establishment of a $25 billion fund to recycle petromoney into deficit countries; and (iv) the convening of a conference among producer and consumer countries.

89. Ibid., p.115.
IEA was created in November, 1974 with sixteen member countries, and with France as an observer. Henry Kissinger viewed the IEA as an agency for a long term power struggle with OPEC. He wanted through this agency to encourage the development of alternative sources of energy and to reduce the dependence on oil in general and on the OPEC oil in particular.

On December 14-16, 1974 a summit meeting between the US President and the French President was held in the Island of Martinique. During the meeting France did not agree to the American demand to join IEA but it did, however, recognize the importance of joint actions by the common market nations which had called for energy conservation, to develop the alternative sources of energy and create new mechanism of financial solidarity. France also agreed to participate in Kissinger's proposal to set up a $25 billion emergency fund to help the industrial oil-importing countries which have balance of payment deficit.

Subsequently, the US had taken its IEA partners into confidence and slowly built mutual independence between their economies and energy policy. Thus, if there was a

93. Ibid.,
deterioration in the situation in the Middle East which could result in another oil embargo, the IEA members would evolve a mutually beneficial war strategy and might even invade the oil fields and installations in the Middle East. This option was risky, but the IEA members could use it as a last resort to prevent the strangulation of their economies. Thus, the US efforts to create an organisation to coordinate the activities of the oil-importing countries vis-a-vis the oil producing nations has succeeded.

US AND THE PALESTINIANS

The Rabat summit of the twenty Arab Heads of States, held between 26-28 of October, 1974, once again proved that the Arab's first concern was the protection of the Palestinian rights and that their oil policy would be employed towards that end. The summit was a major triumph for Yassir Arafat as the Arabs had voted unanimously to recognize the PLO as the sole legitimate representative of the Palestinian people. The summit resolution called for "support for the Palestinian people to establish an independent national authority under Palestinian Liberation Organisation leadership, as the sole legitimate representative of the Palestinian people on any liberated Palestinian territory. The Arab states must support this authority when it set up in all fields and all levels."

Rabat summit called the Arabs to map a coordinated strategy to deal with Israel and the United States. It was also agreed to establish a multi-billion dollar programme of financial assistance to the three Arab belligerent states—Jordan, Syria and Egypt—and the Palestine Liberation Organization. The programme was to be financed by all the Arab oil-producing countries with the exception of Iraq and Libya. According to this programme Jordan was to receive $300 million a year, Egypt and Syria $1 billion annually over a four year period and the PLO $5 million annually.

The Rabat Summit decisions were not in consonance with the then existed US-Israeli consensus on the conduct and substance of peace negotiation with the Arab countries. The US and Israel had agreed that they should not invite the PLO to any peace negotiation. But the Arab decision to recognize the PLO as the legitimate representative of the Palestinian people did not lessen the hope for future peace negotiation. On October 23, 1974, Kissinger had said "I did not believe that the door to all negotiations in the Middle East is closed, but in what framework there can be negotiations that will have to be seen". After the Rabat summit

95. Ibid.,

there were heavy pressures from the Arab oil-producing countries on the US to change its attitude towards the Palestine Liberation Organization. Yasir Abid Rabbo, a member of the PLO's executive committee said that the Rabat summit would not suit America because it simply rejected a four-point peace plan proposed by Kissinger which called for a limited Israeli troop pull back from the Sinai Peninsula in exchange for Egyptian declaration of non-belligerency; and Israeli agreement with Jordan that would give King Hussein administrative controls over the principal towns of the West Bank, except Jerusalem, while Israel would maintain control of the West Bank country-side; a minor Israeli withdrawal from the Golan Height in the Quneitra area with continuation of the Israeli occupation of the strategic highlands; and visualized unanimous agreement by Arab oil-producing states to reduce their oil prices.

On November 13, 1974 the PLO chairman Yasir Arafat, who was invited to the UN General Assembly debate on the Question of Palestine to deliver the opening address, declared that his organisation goal was to have one democratic state where Christians, Jews and Muslim would live in justice, equality and fraternity. He added: "When we

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98. AL-Ahram, November 14, 1974.
speak of our common hopes for the Palestine of tomorrow we include in our perspective all Jews now living in Palestine who choose to live with us there in peace and without discrimination". He called on the Jews to turn away from the illusory promises made to them by the Zionist ideology and the Israeli leadership.

On November 14, 1974, a group of 13 US Senators and House of Representatives had an informal meeting at the UN head quarters with members of the PLO to discuss the organisation's aims. The meeting had been arranged by Senator James G. Abourezk, a Senator of Arab origin and Clivis Maksound, the representative of the Arab League in the United Nations. But the Congressmen did not show much sympathy to the cause of the Palestinians. This is an indication of the fact that from the US Congress the Palestinians could not expect much support.

The US assured Israel that its policy in the Middle East was not shifting towards recognition of the Palestine Liberation Organization. On November 14, President Ford denied the reports that he favor negotiations

99. Ibid.,

100. Ibid.,

between Israel and the Palestine Liberation Organization.

On November 20, the Under Secretary of State Joseph Sisco said that the US administration had not recognized the PLO as a Party to Middle East negotiations. In April 1975, when President Ford was asked whether the Palestinian representatives would be included in the proposed Geneva Peace Conference, he replied,

"I don't see how because the Israelis in the first place, don't recognize the Palestinians as a proper party and the PLO doesn't recognize the existence of Israel. So I think that is an impasse right there, and it will be one of the most difficult things that will have to be worked out".

Moreover, the Secretary Kissinger had promised the Israeli Prime Minister that the PLO would not be invited to the negotiating table or to the Geneva Peace Conference without the Israeli agreement. This pledge was made public on September 17, 1975. It was reported that a secret memorandum given to Israel provided the assurance that:

"the US will continue to adhere to its present policy with respect to the PLO, whereby it will not recognize or negotiate with the PLO as long as the PLO does not recognize Israel's right to exist and does not accept the Security Council resolutions 242 and 338. The US Government would consult at the Geneva Peace Conference on this issue with the

102. Ibid.,
103. Ibid.,
Government of Israel and seek to concert its position and strategy with Israel with regard to the participation of other additional states as the participation at a subsequent phase of the conference of any possible additional state, group or organisation would require the agreement of all the initial participant."

The leaking of this secret memorandum in the American press spurred the Arabs to object to the US regarding the PLO representation. The Arabs stated that no peace agreement could be reached without the participation of the legitimate representative of the Palestinian people— the Palestinian the Palestine Liberation Organization. To calm the Arab sentiment over the memorandum, the US State Department legal counsel issued on October 6, a statement indicating that the memorandum was not legally binding. Secretary Kissinger also noted that the memorandum was not an international commitment, so it is not binding on the US government. The US might go contrary to the memorandum if it was necessary, he added. However, he stressed that the US was not morally or politically free to act as if the memorandum did not exist. In his view, "it was an important statement of diplomatic policy (which) will engage the good faith of the US so long as the circumstances that gave rise to it continue."

105. Ibid., September 18, 1975.
107. Ibid., October 27, 1975, p.613.
In November 1975, Daniel P. Maynihan, the US Ambassador to the UN stated that the US government recognized the legitimate rights of the Palestinians as an important element in the Middle East peace negotiation process. He added that, however, the US objected to any PLO participation in the deliberations of the UN since the PLO did not recognize Israel and that the General Assembly, or the Security Council were not considered by the US as a proper framework for negotiation with the Palestine Liberation Organization. However, the US did not rule out the possibility of the PLO participation in the peace process if the PLO changed its policy towards Israel. On November 12, 1975 Kissinger maintained that if the PLO accepted the Security Council resolution 242 that would still leave as much room for bargaining as there was between the Arab States that had accepted the resolution and Israel.

In the end of November 1975, Syria conditioned its renewal of the UN disengagement observer forces on the Golan Heights with a Security Council debate on the Palestinian issue. The genesis of the Syrian condition was set down in President Hafiz Assad's speech on October 6 wherein he noted

108. Ibid., December 1, 1975, pp.795-796.
109. Ibid., p.774.
that his government would not hold any negotiations with Israel or the US on possible disengagement agreement in the Golden Heights unless the PLO was recognized as the representative of the Palestinians. Saudi Arabia, Kuwait and Libya supported Assad's condition.

Subsequently, the Arab delegations to the UN submitted the draft resolution number 381 regarding the Palestinian problem. The US favored the resolution and it was adopted by the Security Council. According to this resolution the Security Council was to reconvene a meeting on January 12, 1976, to continue the debate on the Middle East problem including the Palestinian question with PLO participation, taking into account all relevant UN resolutions.

However, the US officials informed Israel that their stand on the PLO remained unchanged and promised the Israelis to do their utmost in the UN to protect the Israeli interests including its right to exist within secured borders. They argued that the US did not veto the resolution because it dealt with procedural matters, to which the veto did not apply. It was also reported that Kissinger had sent a

110. AL-Thoura, October 7, 1975.
letter to his Israeli counterpart on November 30, stating that the US vote in favor of the resolution was aimed at ensuring the continuation of the UN buffer zone on the Golden Heights. Some American analysts argued that the tension in the Middle East during that period was mounting and there was strong possibility that the countries of the region might go for a war, thus the best way to halt the tension was to fulfill the Syrian condition and to have the UN disengagement observer forces renewed. It was in the interests of both Israel and the US that the US had to avoid a situation were it would be isolated from the Arab world, thus it could have the ability to play a middleman in the peace negotiation process in the region. Another argument in defence of the US vote for the PLO participation in UN Security Council debate was that the US had learned from the mistake it had made when it vetoed a Egyptian-sponsored resolution that would have modified the interpretation of the Security Council resolution 242. This argument also stated that the resolution number 381 had invited the PLO to debate in the security Council not to negotiate.

113. Ibid., p.103.
115. Ibid.,
However, despite the US assurance to Israel that it would not recognize the PLO unless the later recognized the Israeli right to exists, Israel announced that it would not join the UN Security Council debate on the Palestinian issue in January. On December 3, 1975, the Israeli Foreign Ministry spokesman stated that Israel would not negotiate with the terrorist organisation in any form and would not participate in the Geneva Conference, if a representation of that organisation is invited to the conference.

The US tried to convince Israel to change its decision regarding the PLO participation in January debate. Kissinger restressed that his government would not urge Israel to deal with the Palestine Liberation Organization. He also confirmed that the US had indicated to the Israeli government that its interest would be better served if it participated in the Security Council debate. On January 5, 1976 Robert Funseth, the US State Department spokesman, stated that the US would veto any resolution which was found to be harmful to the peace process in the Middle East. The US warned that it would veto any resolution


which called for PLO participation in the Geneva talks or change the contents of resolution 242. It also warned that it would veto any resolution that called for setting new condition for the settlement in the Middle East. The US warned the Arab states and indirectly the PLO from attempting to use the Security Council forum for the purpose of changing the framework of the proposed Geneva negotiations.

On January 12, 1976 the Security Council debates on the Palestinian problem had commenced without Israel's participation. The US representative to the UN reemphasized that the US would veto any resolution that mentioned the Palestinian rights and called on Israel to withdraw from all occupied territories. The debate had ended on January 26, with the US veto to an Arab sponsored resolution on the Palestinian issue asserting that the question of Palestine was the core of the conflict in the Middle East.


119. The resolution stated that (a) the Palestinian people were entitled to exercise their inalienable national right of self-determination, including the right to establish an independent state in Palestine; (b) the Palestinian refugees had the right to return to their homes, and... those choosing not to return had the right to receive compensation for their property; (c) Israel should withdraw from all the Arab territories occupied since 1967; and (d) all states in the region should be guaranteed their sovereignty, territorial integrity and political independence... and their right to live in peace within secure and recognize boundaries. (AL-Ahram, January 27, 1976).
In defending the US decision to use its veto on the resolution the American Ambassador to the UN said that the resolution would change the existing negotiating framework of resolution 242 and 338 and impaired the future of the peace making process. The US States Department spokesman said that this resolution if passed would open the way to a settlement in favor of one party and such a procedure would not have worked.

The Arabs severely criticised the American decision to veto resolution. Jordan announced that the decision contradicted the US call to preserve the peace process. Egypt said that the US position was not only an isolated one but also untenable. Yasir Abid Rabbo, a member of the PLO's executive committee declared that the veto gave a clear evidence of the World Zionism guiding the United States. The Syrian delegate to the UN, Mowaffak al-Allaf said, "Who is really conducting the foreign policy of the US? Is it President Ford or the Israeli Premier Yitzhak

122. AL-Dostour, January 27, 1976.
123. Ibid.,
124. Ibid.,
Rabin?" He added that the veto demonstrated that the US lacks any quality of fairness, an quality which would make it a neutral and acceptable mediator in the Middle East crisis. He stressed that the US should free itself from the world Zionist to be acceptable as a peace mediator in the region,

During Yitzhak Rabin's visit to Washington in late January, President Ford stressed the need for finding an early solution to the Palestinian problem. Ford expressed the view that Israel should withdraw from most of the West Bank and Gaza strip along the lines proposed by King Hussein of Jordan in 1972. According to King Hussein's proposal the West Bank and the Gaza strip and the East Bank should be made a federation under the name of United Arab Kingdom and he should be the King.

On February 13, 1976 the UN Commission on Human rights charged Israel of having committed war crimes, and its continued grave violations of international law in the occupied Arab territories was an affront to humanity. A resolution had been initiated by the Arab members of the 32

125. Ibid.,
nation commission and was sponsored by Yugoslavia, India, Cyprus, Pakistan, Cuba, Upper Volta and Senegal. The vote on the resolution was 23-1 and eight nations abstained. The US was the only country to vote against the resolution. The important part of the resolution condemned Israel for its mass arrests, detention of the Arabs population, moves to annex parts of the occupied territories, destruction of Arab houses, confiscation of Arab property, interfering with religious freedom and denying the population of the occupied territories of their rights to national education and cultural life.

In early January 1976, Israeli magistrate court decreed that the Jews could be permitted to pray in the Temple Mount where two holy Mosques (AL-Aqssa and the Dome of Rock) were located. Towards the mid of March, as a result of this decision, the situation in the occupied Arab territories had deteriorated. On March 19, 1976, Pakistan and Libya called for an urgent meeting of the Security Council with the participation of the Palestine Liberation Organization. Accordingly, the Security Council was convened on March 23, and the representatives of Israel and PLO addressed the Council. On the first day of discussion, the

127. Ibid., p.134.
US Ambassador to the US in his speech in the Council criticized Israel's policy of establishing settlements in the occupied Arab land. He said, "The presence of these settlement is seen by my Government as an obstacle to the success of the negotiation for a just and final peace between Israel and its neighbors". However, on March 25, 1976, the US vetoed a Security Council resolution because it was, in its view, an anti-Israeli resolution. The resolution deplored Israel's failure to put a stop to the actions and policies rendering to change the status of the city of Jerusalem. It urged Israel, to speedy terminate its occupation, to refrain from all measures against the Arab inhabitants of the occupied territories. The resolution also called on Israel to respect and uphold the inviolability of the Holy places and to desist from the appropriation of or encroachment upon Arab lands and property or the establishment of Israeli settlements in the occupied Arab territories and to desist from changing the legal status of Jerusalem. Justifying the veto decision, the US Ambassador to the UN said that the resolution did not

129. Ibid., p.104.
130. Ibid., p.104.
131. Ibid.,
correspond to the realities of the Israeli occupation and that it was untrue that Israel was attempting to alter the religious character of Jerusalem.

On May 26, the Security Council adopted a statement deploring the Israeli measures to change the status of the occupied Arab territories, particularly the establishments of new Israeli settlement in the occupied areas. The US Ambassador criticized the text of the statement because, in his view, it lacked balance as it failed to recognize the many areas in which the Israeli occupation had been responsible and just. However, he warned Israel that it would be a mistake to dismiss all the points contained in the Council statement as products of blind partisanship. The US preferred not to exercise any pressure on Israel to have direct negotiation with the Palestine Liberation Organization.

In fact, the US was having only low level contact with the Palestine Liberation Organization. The only high level contact between the US and PLO was during the second

133. Ibid.,
134. Ibid.,
half of March 1976 when L. Dean Brown, the US Ambassador was sent to Beirut to calm the explosive situation emerged out at the PLO's intervention in the Lebanese civil war on the side of the Muslim factions against the Christian factions. It appeared that there was a strong possibility of a Syrian intervention leading to a possible Israeli involvement from the south to counter the PLO and the Syrian threats. Such a scenario would bring about an all-out war in the region, and lead to the Arab employing their oil weapon in the war. Thus, the US was put in a position where it had no alternative but to initiate talks with PLO to ease the tense situation.

On June 29, 1976, the US vetoed a Security Council resolution calling on Israel to withdraw from the occupied Arab territories in the 1967 war and calling on the UN to hand over the evacuated land to the Palestine Liberation Organization. After casting the veto, the US delegate Albert W. Sherer stated that the US had vetoed the resolution because it was totally devoid of balance. He added: "The political interests of the Palestinians and their role in a final Middle East Settlement constitute a matter that must be negotiated between the parties before it

can be defined in revolution of this Council". On November 11, 1976, the US supported a consensus statements on the occupied Arab territories. It was the first time that US had supported a Security Council statement critical of Israel.

The above narration shows clearly that the US almost always had taken pro-Israeli stand, whenever the Palestinian problem was discussed inside and outside the UN forum and that though the US was in need of the Arab oil, Israel continued to be America's closest ally in the region.

THE US PEACE MEDIATION

The Arab oil played an important role in speeding the peace process in the Middle East. Saudi Oil Minister, Sheik Ahmed Zaki el-Yamani had mentioned categorically that all the Arab wealth including that of oil would be at the disposal of any effort to solve the Arab-Israeli conflict. He warned that if the Arab-Israeli conflict was not solved and Israel did not withdraw from the occupied Arab territories, then a war might break out and that would have a very

dangerous effect on the oil prices as well as on the supply of oil. According to el-Yamani any solution to the Arab-Israeli conflict was in the hand of the American government. The Arab leaders on many occasions declared that the problem of oil prices and recycling of petrodollar were linked with the political issues especially with the progress made towards Israeli withdrawal from the occupied Arab territories and the recognition of the legitimate rights of the Palestinian people. The Americans also recognized the linkages between the Arab oil prices and the peace process in the Middle East. Senator J.W, Fulbright, who was the Chairman of the Senate Foreign Relations Committee, said that for domestic political reasons the US was exceedingly reluctant to acknowledge the close relationship between the Arab-Israeli conflict and the price and availability of oil. In fact, the Jewish lobby's pressure forced the US government from recognizing such a nexus because the lobby realized that if the American public opinion to know was convinced that the oil crisis was mainly the result of the

138. Ibid.,

139. Ministry of Information, Kingdom of Saudi Arabia, Yamani’s Interviews, 1976, p.139.

Arab-Israeli conflict then it might force the government to exert much pressure on Israel to make certain concessions to the Arabs.

Following the Syrian-Israeli disengagement agreement, two attempts of negotiation had failed; one between Jordan and Israel and another between Egypt and Israel. However, in the Summer of 1975 an Israeli-Egyptian agreement was reached under the auspices of the United States.

During the October war of 1973, there had been no military engagement between Jordan and Israel. The US tried to separate the forces along the Jordanian-Israeli line between Jordan and Israel so that the possibility of Jordan and Israel involvement in a war was lessened. In fact, Kissinger wanted to achieve an accord on the Jordan frontier that would match the disengagement agreements reached on the Egyptian and Syrian fronts with Israel. King Hussein also wanted to demonstrate to his people that he too, like Sadat and Assad, could get back at least part of the Arab territory occupied by Israel. In addition, the need of the King to show some political success was great, as the PLO's claim for recognition of the sole legitimate spokesman for the Palestinians was gaining gradual acceptance, thus undermining Jordan's claim to the West Bank.

141. Ibid., p.142.
The Israeli government, on the other hand, wanted to postpone any discussion on the Jordan front since it wanted first Israel's concessions in the West Bank. Israel was of the opinion that the October war and the subsequent Arab oil embargo had encouraged the Arab countries to believe that the situation had turned into their favor and they would use the industrialized world's fear of facing another oil embargo to press for an Arab-Israeli settlement based on the 1967 boundaries. Therefore, Israel wanted to work out an agreement with Egypt which required less concessions compared to an agreement with Jordan which would cost Israel the West Bank.

King Hussein met Ford in Washington immediately after Ford assumed office. He also met with Secretary Kissinger and Secretary Schlesinger. During his visit to Washington the King warned that his government would boycott the proposed Geneva Peace Conference unless Israel withdrew from at least part of the West Bank. He also stated that his government would not participate in the peace conference, if the PLO got the responsibility at the outset to negotiate for the return of lost territories. He also

insisted that under no condition his country would negotiate with Israel for the return of the West Bank only to turn it over to the Palestine Liberation Organization. President Ford promised King Hussein that the US would give priority to search for a Jordanean-Israeli agreement and explore the possibility of further improvement in the Egyptian-Israeli front.

Israel refused to withdraw from the Jordan river area though the King wanted Israel to pull back from the entire length of the Jordan Valley to the hills lying at the Western edge. Instead, Israel proposed the restoration of the authority of Jordanian civilian administration in Jericho and Nablus city, though the territory would be under Israeli military control.

Thus, Kissinger had to resume his shuttle diplomacy to the region in order to persuade Jordan and Israel to alter their positions. But since Jordan was losing its position with the PLO, Kissinger decided to support Jordan in its endeavors to halt the PLO's popularity. During his visit to the region, Kissinger met the

143. AL-Ahram, August 17, 1974.
Egyptian Foreign Minister, Ismail Fahmy in an attempt to get Egyptian support for Jordan in the forthcoming Arab summit conference in Rabat.

Kissinger was trying his best to exclude the PLO from the Middle East Peace process, but Egypt and Syria were against it. Egypt, Syria and PLO met in Cairo on September 21 and declared that PLO was the sole representative of the Palestinian people and thus it should have a role in any peace negotiation.

In late September, Jordan rejected the Syrian Foreign Minister, Abdul Halim Kahaddam's invitation to attend another meeting in Cairo. Jordan considered the tripartite statement reached by Egypt, Syria and PLO as a reversal of Egypt's pledge to support Jordan's position. In fact, there was an agreement in mid July 1974 between Jordan and Egypt that Jordan would represent the interests of the Palestinian people in Jordan. Subsequently, the Jordan government spokesman announced that Jordan had frozen its participation in the Geneva conference on the Middle East, but intended to raise the issue at the Arab Summit Conference in Morocco in October, 1974. Therefore, King Hussein and Kissinger agreed to wait till the 144. Ibid.,
outcome of the Arab Summit at Morocco on October 28. However, the Arab Heads of States who met in Rabat came out with a decision contrary to what Jordan had expected. The summit decided that the PLO was the sole legitimate representative of the Palestinian people on any liberated territory. This meant that PLO was the sole political entity which could negotiate for the West Bank and the Gaza Strip. Therefore, King Hussein lost his right to negotiate with any party on behalf of the Palestinians to secure the Israeli withdrawal from the West Bank. So, King Hussein ceased to pursue disengagement agreement with Israel.

To implement the Rabat summit decision, Jordan planned to rewrite its constitution. In an interview with New York Time, King Hussein maintained that as a result of the Summit decision, "the situation has altered very basically. A new reality exists and Jordan must adjust to it. The West Bank is no longer Jordan and we have no place to negotiate over its future".

The Rabat Summit decision regarding the status of PLO had placed the PLO at the centre of the Middle East negotiation process and subsequently created difficulties.

for Kissinger's peace efforts. In fact, the Summit decision was considered as a symbolic failure of Kissinger diplomacy in the Middle East. The setback to the US caused by the failure of Kissinger endeavors to reach a Jordanian-Israeli disengagement agreement spurred the US administration for taking an urgent move to prove to its allies that it was capable and willing to take further steps towards a peace settlement. What alarmed the US to go for another peace mission was the improved relationship between Egypt and Soviet Union; Brezhnev was to visit to Egypt in January 1975, the visit was canceled later. Therefore, Kissinger had to try once again to collect the broken pieces of his Middle East policy by moving to the Egyptian front. His main objective was to bring the Egyptian and the Israelis to the negotiating table for a second disengagement agreement in Sinai.

On January 15, 1975 the Israeli Foreign Minister, Yigal Allon met President Ford and Secretary Kissinger in Washington and discussed the possibility of the US help for negotiating a second stage disengagement with Egypt. On January 16, it was reported that President Ford had stressed the seriousness of the Middle East situation and repeated his commitment to assist Israel and the Arabs for reaching a settlement.

However, Israel wanted to delay the completion of the negotiation process till the election of a new President in the US in 1976. The Israeli Prime Minister said that due to the existing energy crisis, if any negotiation were done then it was going to put Israel in a position where it had to give much concession. On the other hand, Egypt was interested in obtaining another agreement with Israel which would lead to Israeli withdrawal from Sinai. In Fact, President Sadat wanted to defuse the growing criticism in the Arab world over his policy of co-operation with the United Stated. So there was an urgent need for Sadat to justify his policy by demonstrating that it was still practicable. Syria objected to Egypt taking a second step in the disengagement negotiation with Israel. President Assad knew that such a step would isolate Egypt and Syria, thus leaving Syria alone to confront the Israeli superior military force. Soviet Union was also opposed to the American initiative in working out another disengagement agreement between Egypt and Israel. The Soviet saw that the American aim was to undermine the Soviet influence in the Middle East, especially in Egypt.

147. Ibid., November 5, 1974.
On February 9, 1975, Kissinger flew to the Middle East in what he described as an exploratory mission to determine the possibility of negotiating a further interim troop disengagement agreement between Egypt and Israel. During his visit, Kissinger met the officials of Israel, Egypt, Syria, Jordan and Saudi Arabia separately, and briefed them on his peace effort. Kissinger held similar discussions with the Soviet Foreign Minister Andrei Gromyko in Geneva on February 16-17 and with the Shah of Iran Mohammad Reza Pahlevi in Zurich on February 18.

Kissinger's discussions in Jerusalem and Cairo centered on efforts to narrow the differences between Egypt and Israel over the conditions for further Israeli withdrawal from Sinai. Israel had insisted in securing an agreement which would bring to an end the state of belligerency between Egypt and Israel and the Egyptian propaganda and economic warfare against Israel. Israel was willing to pull out its troop from Sinai by twenty to thirty miles, but desired to keep control over the oil fields and the Sinai passes. But Egypt refused to accept the Israeli demand of termination of belligerency without Israeli withdrawal from the greater portion of Sinai and Israel giving up its control over the passes and returning the Abu Kudeis oil fields to Egypt.

149. Ibid.,
On February 13, Kissinger briefed the Syrian president Assad in Damascus about his talks in Egypt and Israel. And on February 14, Kissinger met King Hussein in Aqaba. King Hussein expressed his support for Kissinger's endeavors to achieve a new Israeli-Egyptian agreement. The King reiterated Jordan's refusal to participate in the proposed Geneva peace conference as long as the PLO had the sole responsibility for recovering the West Bank from Israel.

On 16-17 February, Kissinger had discussion with the Soviet Foreign Minister in Geneva again, to narrow down the US-Soviet differences over the Middle East. A statement issued after the discussion stated that both sides believed that the Geneva Conference should play an important part in establishing peace and that the Conference should resume its work at an early date. After his talk with Gromyko, Kissinger flew to Zurich on February 18, and met the Iranian Shah Mohammed Riza Pahlevi. The Shah agreed to send Israel additional quantity of the Iranian oil if it relinquished the Abu Redeis oil fields as a part of a peace settlement with Egypt. The Shah said: "Our policy is to

150. Ibid., p.11.
151. Ibid.,
152. AL-Ahram, February 15, 1975.
sell oil to those who buy it. Once the tankers are loaded, where it goes is of no importance to us... because it is a purely commercial transaction for my country. The Shah also promised Kissinger that Iran would not join with the Arabs in any oil embargo against the US or the West. Following his 10-day tour, Kissinger said that his discussion with the Middle East leaders had made some progress for establishing a framework for negotiation.

On March 8, 1975, Kissinger began another shuttle diplomacy which took him to Israel for the eighth time and to Egypt for the fifth time; he also visited Syria, Saudi Arabia and Turkey. During his visits to Jerusalem and Cairo, Kissinger tried to bridge the differences between the two parties. Israel insisted that before any withdrawal from any part of Sinai, Egypt should declare publicly the state of non-belligerency. It also emphasized that the Sinai oil fields and the strategic passes of Mitla and Gidi should remain under its control. On the other hand, President Sadat of Egypt asserted that his country could not renounce belligerency while Israeli army still occupied parts of the Egyptian land. In fact, Sadat felt that a

partial agreement with Israel would cultivate a lot of criticism from the Arab world, especially from Syria. Kissinger came to the conclusion that it was very difficult for Sadat to formally accept the Israeli demand of ending the state of belligerency unless substantial demands of Egypt were met.

On March 21, Kissinger flew to Israel with Sadat's conditions for ending the state of belligerency and put them before the Israeli leaders, but the Israeli cabinet met in the same day and rejected Sadat's conditions. On March 23, Kissinger concluded that it was not possible to bring the two parties to an agreement. Kissinger said: "This is a sad day for American, which has invested much hope and faith and it is a sad day also for Israel, which needs and wants peace so badly... a period of reassessment is needed so that all concerned can consider how best to proceed towards a just and lasting peace."

The break down of the US mediation effort created a new phase in the US relations with Israel. Kissinger felt that Israel was mainly responsible for the deadlock, but despite his failure to bring Egypt and Israel to the

negotiation table, he was optimistic. He said: "The search for peace must continue, although we will now have to look for different methods and new forums."

On March 24, the Ford Administration announced that it was undertaking a total reassessment of its Middle East policy after the breakdown of Kissinger's peace efforts. According to the White House and the State Department announcements the reassessment would cover all aspects and countries of the region. In fact the reassessment was part of an effort to bring about a more Israeli negotiating flexibility and to review the US objectives and options in the region.

During the period of reassessment the arms sales to Israel was suspended. Israel announced that it was not the cause for the Middle East impasse; therefore it asked the US not to use any tactic to impose any change on its position. It argued that Egypt alone was responsible for the failure of Kissinger's efforts to solve the crisis. In the US, the Major American Jewish organisations decided not to criticize directly Ford or Kissinger. Betram Gold, the Executive Vice-President of the American Jewish Committee

157. Ibid.,
stated "There is an apprehensive feeling that the administration's reassessment is being used as a form of pressure on Israel. If 1975 turns out to be the year of intense pressure on Israel, there will be a very serious reaction among American Jews. We will go directly to the Congress, and 1976 (Presidential election) is not far away." However, some local Jewish organisations were more outspoken. For example, an adhoc group called American Jews Against Ford (A.J.A.F.) proclaimed in a newspaper advertisements that the "American Jewish is called upon to work tirelessly to change the administration and the kind of thinking that leads to sell outs... Learn what you can do to oust Kissinger and Ford by joining A.J.A.F."

Kissinger made it clear that the reassessment did not necessarily mean a matter of cutting off any aid or reduce the freedom of any country to change its policy. He did not blame publicly any country for the deadlock, although there were reports that he had privately indicated his disappointment that Israel had not been flexible, especially in view of the more complex negotiations in the offing. On March 26, Kissinger emphasized that neither

158. Ibid.,
159. Ibid., march 25, 1975.
Egypt nor Israel should be blamed for the breakdown but the
domestic political situation in each country did not allow
the leaders to give concessions necessary for an agreement
satisfactory to all. On March 26, Kissinger stated that
the reassessment of the US policy was not directed against
Israel and was not designed to alter any particular policy.
The reassessment, according to Kissinger, was
designed to develop a position that the US should take in
order to prevent an increasing radicalization and increasing
tension in the area and, above all, in order to avoid a war
in which inevitably the US would be involved at least
indirectly, given the international circumstances.

However, President Ford had publicly accused
Israel for the failure of the peace negotiation. On March
27, President Ford asserted that the chances for peace in
the Middle East would have been improved if Israel had
displayed more flexibility in the negotiations with Egypt.
Defending his process of reassessment, Ford stated on April
22: "The possibility of war is certainly a serious one.

161. Ibid.,
162. Ibid., p.105.
Since a new conflict in the Middle East could bring another oil embargo, I think we have to be very cautious in our process of reassessment."

It appears that in reassessing his policy towards the Middle East, President Ford was left with two choices. The first choice was to return to the Geneva Peace conference option, where Israel and the US might face all the Arab countries at a time, instead of one by one under the US auspices. In addition, the question of the PLO participation in the negotiation in Geneva would create many problems. The Geneva option, would also include the Soviet Union as a co-chairman; thus the bargaining structure would be rigid, and subsequently, the American effort to persuade the Arab countries to moderate their position were likely to be countered by Soviet support for a solid stand. The second option was to resume Kissinger's step-by-step diplomacy. So Ford naturally chose the second option.

On May 21, seventy six out of the one hundred Senators signed a letter to President Ford urging him not to let the military balance shift against Israel, and called upon him "to be responsive to Israel's urgent military and

economic needs". The letter also stressed that any Israeli withdrawal should be accompanied by meaningful steps toward peace by its Arab neighbors and any settlement should be on the basis of secured and recognized boundaries that would be defensible for Israel.

Therefore, Ford was under much pressure to find a viable policy satisfactory to all parties. He was exerting pressure on the Arab countries to offer meaningful concessions in exchange of his commitment to secure worthwhile concessions from Israel. Meanwhile, he was running contests of wills with Israel. He blamed the Israeli Prime Minister for his lack of flexibility, especially after the latter had stated that he was not going to make concessions readily.

Subsequently, President Sadat started showing his willingness to reach an agreement with Israel with the help of the United States. He announces that Suez Canal would be reopened on June 5 and that the mandate of the United Nations Emergency Force would be extended. During his meeting with President Ford at Salzburg on June 1 and 2,

President Sadat appealed to Ford to make a commitment that he would persuade Israel to withdraw from the lands occupied during 1967. As a response to Sadat's pledge of reopening the Suez Canal, the Israeli government ordered on June 2, a partial withdrawal of some of its military personnel and equipments deployed in the limited force zone of the Suez Canal area and the withdrawal was completed on June 4.

On June 5, when Sadat formally opened the Suez Canal, he said:

"Egypt presents this step as a gift to the world in order to help the lives of all friendly and peace-loving peoples. While making this initiative as a contribution to peace, Egypt reminds friendly nations that parts of its dear soil are still under foreign occupation and that an entire people are still suffering the consequences of suppression and homeless. Egypt reiterates its determination to do its holy duty toward its own and other Arab lands - in the Goland Heights, Sinai and Palestine and towards usurped Arab right".

On June 11-12, the Israeli Prime Minister had talks with President Ford and Secretary Kissinger and had initially agreed to resume the negotiation process. On June 25, Israeli Ambassador to the US met President Ford and

169. Ibid., June 6, 1975.
Secretary Kissinger and he was told that Israel should change its negotiation position. This was followed by Kissinger's announcement on July 5, that the US support for Israel would be linked to Israel's positive response to Egypt's negotiating position.

On August 21, Kissinger resumed new round of shuttle diplomacy under the growing pressure on the US administration for a second interim Israeli-Egyptian troop disengagement agreement in Sinai. This time the shuttle diplomacy took Kissinger seven times to Egypt and Israel, with side visits to Jordan, Saudi Arabia, Syria and Algeria.

Kissinger's efforts to bring Israel and Egypt together succeeded and on September 4, 1975 the Sinai II agreement was signed in Geneva by Egypt and Israel. The following are the major points of this agreement: (a) Israel would withdraw its troop back to fronts varying from 12 to 16 miles, including Mitla and Gidi Passes and returning the Abu Rudeis oil fields to Egypt; (b) Egypt should allow non-military cargoes to pass through the Suez Canal to and from Israel and not to blockade the Strait of Babel Mandeb; (c) the two countries agreed that the disputes between them

would be resolved by peaceful means and that they would not resort to the use of force during the three years of the agreement; (d) creation of a new UN Emergency Force for deployment in the buffer Zone in the area evacuated by the Israeli forces, except for a small strip south of Suez city, where the Egyptian army would move in; (e) a United States civilian force of no more than 200 men would have control of the early warning systems in the Mitla and Gidi passes in the UN buffer Zone; and (f) a joint Israel-Egyptian commission would be established to consider problems arising from the agreements and would meet under UN Emergency Force sponsorship.

The Sinai II agreement was supplemented by annex which gave detailed guidelines for the implementation of the agreement. The agreement was also followed by separate American-Israeli and American-Egyptian agreements. According to these agreements the US was to guarantee each side against violations of the agreement, to provide both sides with economic and financial compensation and insurance against all risks which might arise from the implementation of Sinai II agreement.


172. Ibid., p.98.
One of the main reasons for the success of Kissinger's new round of disengagement negotiations, was the failure of his March round of negotiations as this put Israel under constant pressure to make tangible concessions. In fact, Egypt had been adopting a flexible stand, and the US was deeply committed to achieve an agreement in order to improved its position in the region and to prevent another Arab-Israeli war which might be followed by an Arab oil embargo.

THE LEBANESE CIVIL WAR

In early 1975 the relative peace in the Middle East was halted when the situation in Lebanon deteriorated and resulted in a civil war. According to a census conducted by the French government on the eve of Independence, the Christians were 55 per cent of the total population in Lebanon. Accordingly, the Lebanese constitution divided the powers between the Christians and the Muslims on the basis of their population. However, the Christian-Muslim ratio had decreased over the time as the birth ratios among the Muslim population were more than that of the Christians and more Christians than Muslims had emigrated from the country. And after the arrival of over 400,000 Palestinians, mostly Sunni Muslims, to Lebanon the Muslim population
became apparently more than that of the Christians. Subsequently, a struggle for power had erupted mainly between the heavily armed leftist Palestinians and the conservative Lebanese Christian Moronite militias in Beirut and the struggle gradually expanded to become a full fledged civil war in the whole of Lebanon.

What intensified the Lebanese civil war was the foreign interventions. Each country in the Middle East had an interest in the conflict and backed one waring party or the other with money, arms and manpower. The right wing Christian groups were also supported by Israel and the Western countries. The US reportedly accepted Israeli assistance to Lebanese Christian forces, which at that time were working with Syria against the Palestine Liberation Organization. The benefiting parties from the Lebanese civil war were perhaps Israel and the United States. For Israel, the civil war weakened the threat from its northern border as the Palestinian militias were busy fighting an internal war in Lebanon. The US wanted to reduce the PLO influence so that it would pave the way for Egypt, Jordan and Syria to enter into peace talks with Israel under its auspices.

By April 1975, it became apparent that the PLO and the Lebanese left factions were impeding military victory over the right factions. The left's victory was not advantageous to the US because such a situation would facilitate the Palestinian militias to carry out attacks from south Lebanon on the northern Israeli settlement, which could eventually lead to a war between the Arabs and Israel wherein Syria and Egypt in one way or another would be involved. In such a scenario the US and other Western countries for many reasons would side with Israel, leading them to become a target for a possible Arab oil embargo.

In late May, the Syrian government changed its policy in Lebanon and started preparing for a battle with the Christians and rightists against the Palestinians and leftists. The US and Israel supported the presence of the Syrian army in Lebanon because in their view the Syrian army would stabilize the situation and restore security by eliminating the Palestinians and the left factions. However, Syrian intervention in Lebanon was opposed by Iraq, Egypt, Libya and the Palestine Liberation Organization. Egypt described the Syrian move as a conspiracy between Assad and Ford in which Syria would force out the PLO from Lebanon in return for Israel relinquishing the Golan Heights. By

October, the Christian rightist gained full control over a coastal strip between Beirut and the northern city of Tripoli. The Syrians, had played an important role in removing the Palestinian militias from the eastern border of the area controlled by the Christian forces and subsequently pushed them to the south in Sidon. Then Saudi Arabia intervened diplomatically, arranging for an agreement in which the fighting would stop and Arab peace keeping force, mostly composed of Syrians, would guarantee order. The agreement led to a reconciliation between Egypt and Syria and the Egyptian approval of Syria's influence in Lebanon. Few days later, an Arab Summit meeting was convened in Cairo and ratified all the provisions of the agreement. Consequently, Lebanon came under the Syrians military control, ending the Lebanese civil war.

The Lebanese civil war had effectively ended the Arab pressure on the US administration to solve the Arab-Israeli conflict. Therefore, by the time of the US elections year all the efforts to solve the Arab-Israeli dispute by the US and the UN were suspended.

During the period when Ford was the President of the US, the OPEC members, especially the Arabs, were very nationalistic in their outlook and believed that they had a right to increase the oil prices. They argued that the international oil companies had exploited them earlier when the companies were having full control over the land fields, quantity of oil to be produced and fixing the prices. The governments of OPEC felt that the time had come for them to revert back to full control over their natural resources. So they decided to increase the oil prices without giving much consideration to its impact on the world economy. They wanted to maximize their profit through selling oil at a higher price rather than increase oil production. Their goal was to earn short-term profit as much as possible before the alternative sources of energy become a reality.

With the lifting of the Arab oil embargo and the achievement of the disengagement agreement in the Syrian front, the pressure on Kissinger shuttle diplomacy had eased considerably. By the winter of 1974, the US administration tried to convince the American public that the then existed oil prices which was set by the OPEC were too high and if the prices were not reduced it would lead to economic disaster of unprecedented magnitude not only for the US but also for the entire capitalist world. This concern over the high
oil prices was a thorny domestic issue for the Ford administration, but it was also magnified and used as a cover for the failure to develop an effective energy policy combining energy conservation and the search for alternative sources. Missing from the US policy during this period were the incentives necessary to ensure OAPEC's cooperation in terms of supplies and prices, and to persuade Arab producers to charge less than the market price for their depletable reserves and increase the oil production.

BY 1975 the prophecies of doom for the US and other Western economies spread by the political and economic alarmist in the West did not materialise. There was no real chaos in the US and other Western economies and in fact an even higher rate of oil prices eventually led to recovery in certain sectors, helped by a massive recycling of petrodollars. Yet the US administration had adopted a strategy of extreme pressure, including direct threats of military intervention against OPEC, and especially against OAPEC for forcing down price levels.

Rabat Arab Summit of late October 1974 had upset the American plans and calculations. The unanimous Arab consecration of the PLO as the sole legitimate representative of the Palestinian people was a blow to the then existing American-Israeli consensus on the conduct and substance
of negotiations. Moreover, the growing recognition of the PLO by the international community, symbolised by the historical appearance of its chairman at the UN General Assembly on November 13, 1974, (which the US opposed) was a further embarrassment. Therefore, the US administration moved urgently to strike at the heart of Arab steadfastness and break the oil weapon as an effective factor in the Arab nation's battle through the threat of the possible military invasion of the Arab oil fields. In fact, initially the US threats had had considerable success, but consequently one of the priorities of the Arab nation was to re-establish the oil weapon as a decisive one. Therefore, it is clear that the campaign of military threats by the US was a punitive measure directed particularly against the Arab moderates for failing to toe the Kissinger line. The seriousness of these threats were very doubtful not only because of their feasibility but because of the counter measures which the Soviet Union might have taken.

The Israeli position had a bearing on the evolution of American strategy. For Israel the cardinal principle was to gain enough time till the world can dispense with Arab oil. Therefore, Israel was put in a position where it had to pay a reasonable price, another interim settlement with Egypt in order to gain time to ensure the break-up of the solidarity of the Egypt-Syrian front and to keep Egypt
away from the Soviet camp. In this respect, differences between Israel and the US were almost imperceptible, and the road to Sinai II was being paved.