CHAPTER II
FOREIGN POLICY PATTERNS AND REGIONAL CONFLICTS

Like most regions of the world, the Gulf is also characterized by striking asymmetries of size and power among its component states. Clearly, the interactions of Gulf States are not relations among equals. Historically, the strongest countries on the Gulf lay in the north – Iran and Iraq – As the Gulf’s importance grew in the mid to late 1960s and the British were reaching a decision to withdrew, American policymakers were concerned about the resulting “power vacuum”, consequently the American government opted for a “twin-pillars” policy that envisaged US encouragement and support of Iran and Saudi Arabia in order that they might assume the mantle of policemen of the Gulf. The twin-pillar policy naively assumed that Iran and Saudi Arabia would cooperate on the basis of common interests rather than coming into conflict as a result of divergent interests. The policy overlooked the disparity between Iran and Saudi Arabia. Washington underestimated and misread Iraq. The nature of and limits on the power of the “pillars” were never understood.

The United States’ programmatic efforts to upgrade Saudi defensive capabilities, showed results in the Kingdom’s ability to absorb greater quantities of more sophisticated weapons systems in the latter half of the 1970s.

The Iran-Iraq war has been portrayed as merely a contemporary version of a conflict that has endured for over millennium between Persian and Arab, Shia and Sunni. There are a number of other elements – disputes over the role of each country in the Gulf rivalry between sectarian and secular ideologies; and clash between the personalities of the ruling elites. It is quite clear that Iran and its revolution constitutes fundamental challenge to the existing system of relations is the Gulf. The virulent revolutionary ideology and uncompromising political tactics of Iran had placed Iraq in the unaccustomed position of defending the status quo in the Gulf.
The government in Iran has made no secret that its ultimate target is not Iraq, but Saudi Arabia. And in fact the Iranians have already perpetrated a large number of subversive acts in the Kingdom. Meanwhile, Saudi Arabia, for its part, concluding that the weakness of the Gulf is its own weakness, has moved quickly and decisively in recent years to broaden and strengthen the security resources in the Gulf, stressing regional cooperation rather than simply arms acquisition. Saudi Arabia enjoys close and cooperative relations with all the smaller Gulf countries, and has worked assiduously to develop better and more effective exchange of information with the Gulf sheikdoms on all security threats, internal and external. Saudi Arabia has also taken the lead in rationalizing oil prices, and to this end has taken the lion’s share of the production cuts in the glut.\textsuperscript{52}

The Saudis have a number of advantages which their smaller neighbours do not, and they realize it. They have size, which provides a certain strategic depth unavailable to the smaller Gulf States. (However, from a security point of view, the oil fields, lie close to the borders and to international waters) the Saudi government has also had a degree of stability foreign to some of the smaller Gulf states, and benefits from a level of legitimacy within the country that probably exceeds that of all of the other Gulf nations and of most countries in the region.

Saudi Arabia also benefits from a position of regional leadership conferred on the kingdom by virtue of its oil resources which are thought to provide influence in the West, its financial strength, its subventions to a number of other countries, and from its religious stature amongst Muslim nations as the guardian of the Muslim holy places at Mecca and Medina. Ever since the reign of the late King Faisal, Saudi Arabia has also had a reputation of moral leadership in policy, a position Iran’s new leadership has tried, so far in vain, to attack.

\textsuperscript{52} In late 1985, Saudi Arabia was forced to abandon its long held role of swing producer as a result of repeated violations of quota agreements by other OPEC members. The present Saudi policy is expected to be temporary, and is intended to restore discipline within OPEC.
In the years following the British withdrawal from east of Suez, the smaller Gulf countries – Bahrain, Kuwait, Oman, Qatar and UAE – appeared to many as the artifacts of a previous era, short-lived anachronisms in a turbulent area. The five smaller Gulf countries are often lumped together by outsiders for matters of convenience, leaving the impression that they are all similar. In fact, of course, their differences are as great as those of other countries in the Middle East. Apart from the obvious geographical propinquity, and the fact that they are all Muslim states, the smaller Gulf countries have in common only the shared external threat from the larger Gulf states to the North and East, a tradition of social conservatism, and a history of isolation from the processes of world politics.

These small countries vary greatly, but, take together, share a number of common interests, principal among which is high vulnerability and therefore, a shared and profound concern about the stability and security of the Gulf they all share. They all depend upon petroleum commerce, even if in different ways and to different degrees. They all look to Saudi Arabia to take the leadership role in the Gulf, despite past conflicts with the kingdom in some cases because of its size, resources, and links to the West.

Thus the politics of the Gulf operate at several levels. At one level are the political dynamics of each individual states. At a broader level are the regional gulf politics. And finally the gulf in the world politics.

All Gulf political regimes, whether radical or conservative operate with roughly the same raw materials traditional societies and small but growing number of educated elites. Thus, tribal family, and technocratic relationships have been as important in the operation of government in Ba’thist Iraq as in Wahhabi Saudi Arabia. Another common factor among all the gulf states is shortage of qualified participants in the governmental decision-making process. Modern political ideologies play a relatively minor role in domestic politics. Political actions are based more on personalities than on abstract political ideas.
The politics of the region is primarily the product of internal relationships. Inherent in these relationships are a number of striking contrasts that on occasion erupt into open confrontations and even hostilities. The greatest contrasts lie among conflicting political ideologies and between the two nationalisms which collide head on in the gulf.

Nevertheless there are distinct ideological differences among the gulf political systems. Iraq in the north and the People’s Democratic Republic of Yemen (PDRY) of South Yemen to the southwest of the gulf region have radical regimes. Iran, Saudi Arabia, Kuwait, the Gulf emirates and Oman, despite differences in their political outlook and development, all have basically conservative regimes. The arena for ideological differences among them is primarily in the field of foreign affairs, both regionally and in gulf relations with the rest of the world.

Despite the desire of Iran and Saudi Arabia and the other gulf states to cooperates, particularly in the area of regional security, their capacity to do so is inhibited by the collision of Iran and Persian nationalisms in the gulf. Divided by language culture, and historical traditions, there has rarely been a great affinity between the Persians and the Arabs. They do share a common religion, but even that is tempered by religious schism. The Iranians are predominantly Shia, while most of the Arabian Peninsula Arabs are Sunnis. The Wahhabi Saudi particularly find some of the Shia practices repugnant to their strict interpretation of Islam. Thus Arab nationalism is increasingly running counter to Iranian national aspirations in the gulf. One of the best illustrations of the conflict is the dispute over the name of the gulf: the Iranians insist that it is the Persian Gulf and even take umbrage over the neutral term, “the gulf”; the Arabs have been just as insistent that it is the Arabian Gulf.\(^53\)

There are other factors of differences of size, population, and political-military power. Iran, Iraq (before the fall of Saddam Hussein) and Saudi Arabia are the “big powers” of the gulf.

\(^{53}\) Chapter I of the thesis documents the details of the controversy.
The smaller states of the gulf – Kuwait, Bahrain, Qatar, the seven UAE Shaykhdom, Oman and Yemen have little political or military power and could scarcely resist political ultimatums from any of the three big gulf states. Nevertheless, the ideological and nationalistic confrontations in the gulf balanced each other in restraining any of the larger gulf powers from seeking to impose its will on the smaller states. For example, Iraqi aspirations in the gulf are checked by Saudi Arabia and Iran, whereas Iranian national aspirations are restrained by Arab nationalist sentiments which were shared by the Saudis and the radical Iraqis alike. The resulting political equilibrium allowed the smaller gulf states some scope for independent political decision making, probably much more than they otherwise would have.

The domestic concerns and priorities of the smaller Gulf States, coupled with their interaction with each other and the larger Gulf States forms the basis of their foreign policy formulation in the region.\(^5^4\)

The Gulf States of Bahrain, Qatar and the United Arab Emirates act independently in their domestic policies but consult with Saudi Arabia before taking any actions in the realm of foreign policy, where their priorities follow those of the Saudis. Bahrain’s ruling Al Khalifa family needs and gets economic and political support from the Saudis. Qatar’s Al Thani dynasty and various sheiks of the UAE – particularly the ruler of Abu Dhabi and the ruler of Dubai, whose emirate has good economic relations with Iran – are not dependent on the Saudis economically. They nevertheless almost always wait to see what Saudi policies will be before moving politically themselves.

The Lower Gulf States, in addition to their solicitude to Saudi concern over security issues, are attuned to the Middle East peace process and the Iranian revolution, both of which directly concern their large Palestinian, Iranian and/or Shites populations.

There are over 1,500 Palestinians in Bahrain, where over half the country's population of 360,000 are Shiites, approximately 40,000 Palestinians and 50,000 Iranians Shiites in UAE, whose population is around 1,00,000; and approximately 20,000 Palestinians and 40,000 Arabs of Iranian extraction in Qatar, whose population is about 2,30,000.

As a result of these figures, the Sheikdoms are necessarily sensitive to Palestinian radicalism. They are concerned about Islamic pressure and apprehensive about nationalist claims such as Ayatollah Rouhani's reassertion of Iran's claim to Bahrain in 1979. Islamic pressures, some fear, could radicalize not only Shiites or Palestinians but also the Gulf's large, mostly male expatriate populations and thereby seriously threaten the position of the ruling families. Their fears acquire credibility when one considers that in the UAE expatriates outnumber the indigenous population by a ratio of approximately five to one.

Kuwait, with a larger Palestinian population (almost 25% of 1.4 million) than any Gulf state, a sizable Shiite population (30% of the total), and an extremely vulnerable position at the head of the Gulf, is forced to manage a complex array of conflicting forces in order to ensure its survival. As a result the Kuwaitis do not necessarily follow Saudi guidelines. Regarding themselves as more enlightened than the Saudis and possessing a freer press as well as a National Assembly that provides at least the semblance of political participation, the Kuwaitis frequently question Saudi predominance. They also pursue their own foreign policies and maintain diplomatic relations with a number of socialist non-Arab states. While they are sensitive to Iraqi designs on their territory, which they were forced to contest (with outside help) in 1961, 1973, 1976 and 1990, they also recognize the fact that Iran's military power has to be reckoned with, and that there is relatively little the Saudis can do for them. For this reason, although Saudi Arabia is their most important regional ally and their diplomacy is generally coordinated with Saudi Arabia, they are aloof from US policies.

55 Various metaphors used to describe Kuwait's geopolitical position include that of "a nut in a nutcracker" and "between Iraq and a hard place" Kuwait borders Iraq and is only 12.5 miles from Iran at its nearest point.
Oman is more favorable in its attitude toward US policies in part because of its geographical isolation from the other Gulf states and in part because of its negligible Palestinian and Shiite population. Most of Oman’s relatively small number of expatriates, who do not amount to more than 20% of its 800,000 inhabitants, are from the subcontinent. Oman was the only Gulf state to support Egyptian President Anwar Sadat’s peace initiative and the Camp David accords, to distance itself from the decisions of Baghdad Summit, to Grant the US Access to facilities, and to invite a joint military exercise on its territory. Hence until recently, when the Gulf States began to give increasing attention to their security concerns, Oman (which had been fighting the Dhofar rebellions since the mid-1960s), was relatively isolated in its relationships with its neighbours.

This brief review of the relationships between the smaller states of the northern Arabian peninsula littoral and Saudi suggests that, in spite of longstanding historical quarrels, there is natural alliance between them. The alliance, which transcends some extremely bitter territorial and boundary disputes, is based on belief in common ancestry and reinforced by threats from without. In conjunction with events of the last decade common bonds have contributed to a common concern that beyond a desire of economic integration. The concern for political and military integration has been reinforced by a series of events, the Israeli bombing of Iraq’s nuclear reactor, Iran’s bombing on three different occasions of Kuwaiti oil installations, the tripartite agreement signed in August 1981 by Libya, the PDRY, and Ethiopia which formalized their rivalry with Iraq, Saudi Arabia, and Jordan; Iranian support for the December 1981 coup attempt in Bahrain and subsequent coup attempt in Qatar, the Iranian counteroffensive against Iraq, and the bombing of the American Embassy in Kuwait in December 1983 and above all the Iraq-Kuwait war. These events, progressively, have helped to bridge differences among Gulf States. In May 1981 Saudi Arabia, Kuwait, the UAE, Bahrain, Qatar and Oman (conveniently excluding both Iran and Iraq because of the war between them), were able

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56 See Roger Nye, “Political and Economic integration in the Arab states of the Gulf”, *Journal of South Asian and Middle Eastern Studies*, Vol. 2, No. 1, 1978, pp. 3-21, who cites eight examples of regional cooperation for economic ends, Political integration since it involves a loss of national sovereignty and since the benefits are less visible, has (until recently) less overt commitment.
to form the Gulf Cooperation Council (GCC). Subsequently, the states of GCC were able to agree on basic principles of collective security and take concrete steps to implement those principles. In October 1983 the GCC conducted its first joint military exercises in the United Arab Emirates western desert – a development whose importance was underscored by Iranian threats to close the Strait of Hormuz. While joint military exercises were more symbolic than functional, the United States should encourage this trend and support it in every way possible.

The rapid successes in the Horn of Africa, the people's Democratic Republic of Yemen and Afghanistan, has dismayed the Gulf States. These destabilizing events coupled with the revolution in Iran, the subsequent war between Iran and Iraq, and the revolutionary fervor of Iran, have dramatically heightened Gulf fears over vulnerability to attack or subversion. The Gulf States view American capabilities as immense. As a result the Gulf states perceived United States as the only power capable of deterring Soviet inroads into the region and look to the United States for fundamental protection, although they want to keep the US out of the Gulf and “over the horizon” because a United States presence could bring the Soviets in as well.

Consequent upon the “loss” of Iran, the demise of America’s “two-pillar” policy and the problems posed by the Iran-Iraq war, a closer relationship with Saudi Arabia and the smaller gulf states became the only real option left open to the United States. The Carter Doctrine, to which President Reagan has added his corollary (i.e., the United States will not permit Saudi Arabia “to be an Iran”) provides a general framework for continuing “special relationship” between the United States and Saudi Arabia. The essence of this relationship, at its most fundamental level, revolves around the exchange of security for oil. This exchange was evident most recently in two episodes: (1) Saudi willingness to make up for the world’s short-fall in oil production after the Iranian revolution and the onset of the Iran-Iraq war; and (2) President Reagan’s personal

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58 International Herald Tribune, September 24-25, and November 7, 1983. While the symbolic role should not be discounted, the functional role cannot be totally ignored either. As one American official in the Gulf put it, “until recently, the GCC RDF consisted of 27 Rolls Royces filled with bedu”.

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intervention with Congress to ensure the sale of Airborne Warning and Control system (AWACS) planes to Saudi Arabia in the Fall of 1981.59

The US interests in the Gulf region although boil into a single major factor – oil, there are in fact a wide variety of US interests in the Gulf, some deriving from its location, others from its resources, and yet other from the prominence of the Gulf in international politics. For the United States as a superpower more so as hegemonic power in the post cold war period, it is certain that events which take place in the region inevitably affect American standing, power, and efficacy as a principal member of the global community; and American standing power, and efficacy in turn directly affect the direction and course of events, stability peace and security of the Gulf region. American economy, which is increasingly international, remains dependent upon petroleum supplies from the Gulf. It is not merely the economy, but also the defense of US that require Gulf oil in order to function. As Richard Nixon has pointed out “Now its oil is the lifeblood of modern industry, the Persian Gulf region is the heart that pumps it, and the sea routes around the Gulf are the jugular through which that lifeblood passes”.60 In another book, Nixon argued that because the Persian Gulf is likely to continue as “the only source of significance exportable oil in the world for the next twenty five years – we have no choice but to remain engaged in the area”.61 Addressing a republican fund-raising luncheon during the election campaign in October 1975, former US President Gerald Ford said in San Francisco: “American concern for the Middle East is not a strategic part of the world and the source of a significant and growing portion of our energy resources and those of Western Europe and Japan”.62 Outlining the US policy toward the Gulf in the post 1990 era Defence Secretary Dickcheney had pointed out in April 1991 that “given the enormous resources that exists in that part of the world, and given the fact that these resources are going to rise in the years and the US and our major

partners cannot afford to have these resources controlled by somebody who as fundamentally hostile to our interest".\(^{63}\)

The Americans came to the Gulf area only in the late 1920s when Exxon and Mobil bought an interest in the Iraq Petroleum Company. Later ‘Gulf’ through Kuwait, so Cal Texaco through Saudi Arabia and Bahrain get their piece of the oil pie. But their entry into the Middle East was not smooth; it was accompanied by acute competition from the British old-times. A conglomerate thus resulted in Saudi Arabia consisting of four US-led companies – so Cal, Exxon, Texaco (30 per cent interest each) and Mobil (10 per cent). They jointly owned the Arabian American Oil Company ARAMCO. So all Seven Sisters,\(^{64}\) who had dominated the world oil market until the mid-50s, had their share of the rich Arab concessions. The ‘seven majors’ accounted for an estimated 90 per cent of crude production and refining.

They owned a smaller portion of the tanker fleet, but total control through ownership and time charters also amounted to over 85 per cent. Concentration is marketing varied somewhat more. In some countries as few as three suppliers sold 90 per cent of all petroleum; in others the number of large sellers might be as many as seven”.\(^{65}\)

John M. Blair, a leading American authority on oil economics, states, “it was of course the fabulous profits arising from extraordinary low costs that induced the major oil companies to go much lengths to control oil in the Middle East”.\(^{66}\) The cost of extracting crude oil in this region was, in fact, very low. In 1947, it was estimated to be $0.19 per barrel in Saudi Arabia and $0.1 in Bahrain while the consumer at that time paid $1.05 per barrel. Payments to the government of Saudi Arabia and Bahrain were $0.21 and $0.15 barrel, respectively. It is easy to calculate how much money went into the companies’ pockets as net profits. The organisation OF petroleum Exporting Countries (OPEC)

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\(^{64}\) Exxon, soCal, Texaco, Gulf, Mobil Royal Dutch Shell and British Petroleum Company.


reported that typical Middle East production costs were about $0.25 per barrel while they were $0.50 and even $0.80 in Venezuela and $1.45 to $1.75 in the United States.\(^{67}\)

The US has attempted to secure its economic interests in the Gulf by fostering the already strong financial and commercial interdependence between the US and the area. This interdependence is evidence by the flow of funds into US investments; the repatriation of US oil companies’ profits and dividends; and US exports of goods and services to Arab states. Of additional importance, the $75 billion exported from the US to the Arab Gulf states in 1983 provided nearly 3 million jobs for American worker by the US government’s own reckoning that every $1 billion in exports pays for 40,000 full-time jobs. Still more weight is given to US-Gulf interdependence, and concern for regional security is justified by the fact that another 754,000 US citizens live and work in the Gulf. In Saudi Arabia alone, there are 1,000 US firms conducting business, making profits and providing jobs.\(^{68}\)

While oil remained the factor in US economic interest so is generation of revenue by arms sales which had an enormous impact upon American society and economy since world war – II. Though usually underplayed, the fact remains that reduction in arms sales would mean closure of some production lines which, in turn, would adversely affect the employees and the economics of the areas in which these companies are located.\(^{69}\)

The end of the Cold War had seen thousand of workers being laid off by defence companies. If the Cold War had shattered the economy of the Russians, its end nearly did so far the “free world”. In their desperate search for markets amidst the shrinking demands and reduced defence budgets, the Western weapon suppliers came across the brilliant idea of sustaining themselves by supplying vast quantities of arms to the ultra-rich had highly insecure regimes of Gulf. In order to sell arms, they had to create a demand for enhanced securing in the region. Americans have usually succeeded in hard-

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selling “their” threat perceptions to the recipient states. If earlier it was the Communist hordes and fanatic Islamists whom the Gulf monarchs had to be scared about, the end of the Cold war saw the western media build up Sandman Hussein as a devilish clone of Hitler beat upon annihilating the Gulf regimes. This image of Saddam was to prove to be worth nearly $20 billion to the US in terms of arms sales to the region.

The US Congressional Research Service estimated that during the period 1984-91, the former Soviet Union and the United States accounted for 27.3 per cent and 26.7 per cent of arms sales to the Middle East. France accounted for 12.9 per cent, the UK for 9.4 per cent China trailed behind with 5.8 per cent. Compared to the above, the US alone, world arms worth $32 billion to Middle East countries between August 1990 and September 1992. Significantly, out of this total sale, about $25 billion work of equipment was sold to one single recipient – Saudi Arabia.70

Currently, the US objectives are to prevent any single power from gaining control over the bulk of Gulf oil reserves and to prevent the use of revenue from oil sales by a hostile power to undermine the regional order. Also involved is the interest of having “captive” arms markets in the Gulf. In order to safeguard these interests, the policymakers of the US are of the opinion that the “presence of an outside power is needed to maintain a stable balance of power in the (unstable) region; and to do so, the United States, in conjunction with its Western allies, is best placed to play the balancing role.”71

Addressing the joint Session of the US Congress on March 6, 1991, President George Bush suggested the following steps to promote stability in the Gulf region; “First, the GCC states should improve their overall defensive capabilities and accelerate the integration of their plans and programmes for the defense of their territory. Second, the United States should strengthen its military ties with the GC states and maintain a limited military presence on the peninsula. This presence would take the form of propositioned equipment, training missions, periodic deployments of air and naval units for joint

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exercise and the continued deployment of the US Navy’s Middle East Force in the Persian Gulf and the Arabian sea. Third, the United States should work with the GCC in developing a greater role for regional and extra-regional actors, principally Egypt, Britain and France."72

In a statement before the House Foreign Affairs Subcommittees during hearings in summer 1973, Joseph Sisco, assistant Secretary of State for Near Eastern and South Asian affairs, referred to the Gulf as an area in which “we have very, very significant political-economic-strategic interests”.73 Earlier in the statement Sisco defined those interests as being:

1. Support for indigenous regional collective security efforts to provide stability and to foster orderly development without outside interference.
2. The peaceful resolution of territorial and other dispute among the regional states and the opening up of better channels of communication among them.
3. Continued access to Gulf oil supplies at reasonable prices and in sufficient quantities to meet our growing needs and those of our European and Asian friends and allies.
4. Enhancing of our commercial and financial interests.74

In the same heritage, James Noyes, deputy assistant secretary of defence for Near East, African and South Asian affairs, described United States security interests in the Gulf as follows:

1. Containment of Soviet military power within its present borders.
2. Access to Persian Gulf oil; and
3. Continued free movement of United States ships and aircrafts into and out of the area.75

72 Ibid, p.81.
74 Ibid, p.2.
75 Ibid, p.39.
Consequently American strategy concentrated on developing pacts and alliance along the south-western flank of the Soviet Union and forging close bilateral cooperation with the key states of the region. It was motivated by a desire to safeguard the oil producing states against Soviet encroachments. The policy of ‘containment of communism’ and encroachment of USR clearly aimed at forming a Cordon Sanitaire to arrest the expansion of Soviet power in the direction of the Gulf. The Lend-Lease programme, the Truman Doctrine (1947) and the formation of Baghdad Pact including Turkey, Iran and Iraq (besides Britain and Pakistan) had all been the part of American strategy to ‘defend’ its oil interests in the Gulf region. Soviet Union, in turn promoted the Arab nationalists and socialists against the western supported states and by utilizing the anti-imperialist and anti-colonialist sentiment among the non-aligned Arab states, tried to out-maneuver the US sponsored military alliances in the region. The Suez War (1956), crisis in Lebanon and Jordan and military revolution in Iraq (1958) could to some extent be attributed to the rising wave of Arab nationalism. The Dhofor Insurgency in Oman (1962) and armed confrontation between the royalists and leftist in Yemen (1962) should also be seen as a reaction of the nationalist forces to Eisenhower Doctrine 1957) of the United States which empowered the President to send American troops to foreign countries, particularly to West Asia in defence of America’s vital interests.76

In the presence of building a strong hold over the Gulf region America developed a vested interest in the protection of Iran and Saudi Arabia, which between them accounted for about two thirds of the Middle East oil production. Iran’s geographic proximity with Soviet Union, its geo-strategic importance in the protection of the oil rich states of the Gulf and its being free from the anti-Zionist obsessions were considered useful in the advancement of America’s economic and military interests in the region. With the establishment of bilateral military relationship between the two, America increased the arms supplies to Iran which turned the latter into a strong ‘bulwark’ against the Soviet pressures from the north.

Saudi Arabia’s unwavering loyalty towards American was also considered an asset to be guarded covetously. The oil kingdom applied its diplomatic skill in emasculating the demand for using oil as a political weapon against the industrialized world on the issue of partition of Palestine (1948), during the Suez War and again during the June 1967 Arab-Israeli war. In cognizance of the Saudi solidarity with the interests of the United States and its total apathy towards the radical and nationalist ideologies propagated by the frontline Arab states made it an extremely dependable ally of the United States.\textsuperscript{77}

US-Saudi relations, however, are much more complex than the simple exchange of security for oil. As a result of the relationship’s complexity and, perhaps, because of cultural barriers the two countries have occasionally experienced serious misunderstanding. At the heart of these misunderstandings are the US government’s imperfect notions about the royal family’s room for maneuver and American tendency to overestimate its own importance in Saudi calculations. During the Carter presidency, for example, Washington expected that the Saudi regime could and would support, or at least would not actively oppose, the 1978 Camp David agreement. This expectation precipitated, in March 1979, the visit to Saudi Arabia of a high-powered U.S. team under Zbigniew Brzezinski to pressure the Saudis to support the agreement. The administration’s failure to understand what the Saudis told that delegation, and a previous delegation under Secretary of Defense Harold Brown in February 1979, was mirrored in an unintentionally ironic editorial in the Washington Post that hailed Saudi support for Camp David.\textsuperscript{78}

The Reagan administration, when it took office, expected that the Saudi regime could and would provide bases for the Rapid Deployment Force. According to one Saudi Prince, Riyadh was concerned that the United States would come to them with great hopes: “Ronald Reagan will offer us weapons in return for ports and bases in Saudi Arabia. We will say no, and he will be disappointed because he expects too

\textsuperscript{77} Ibid, p.99.
\textsuperscript{78} Baghdad II, April 1, 1979. (See also the editorial for April 2, 1979).
much." Other disappointments followed over Saudi failure to support the Hussein-Arafat rapprochement in the Spring of 1983, and over Saudi failure to exert pressure on Syria to withdraw its forces from Lebanon in the Summer of 1983. Saudi behavior, in short, has created puzzlement in U.S. official circles about what the Saudi want.

The primary cause of puzzlement in U.S. official circles about what the Saudis want is to be found in the Saudi sense identity with other Arabs. They have sense of obligation as the protectors of Arabism. A primary goal of the Saudis on any major international issue is to obtain a consensus that will enable the Arabs to function as one nation. Even those Arabs who are philosophically opposed to the Saudis are not rejected; instead, they are considered errant members of the larger Arab family who must be brought back into the fold. More typical of Saudi practice is the royal family’s care in keeping open its ties with the Baathists in Damascus and in continuing financial aid to Syria’s friendship treaty with the Soviet Union and Syria’s differences with Jordan, Iraq and Lebanon. After the Arabs, other Muslims are of greatest concern to the Saudis. The Saudis view themselves as, and most Muslims consider them to be guardians of the Islamic holy places and protectors of the faith. As such, they feel a great obligation to ensure that Muslim interests in the international arena are protected. The pattern of Saudi financial assistance reflects this priority; whereas Muslim nations have received generous financial assistance, non-Muslim Asian and African states have obtained relatively little.

It was King Faisal, the architect of Saudi foreign policy who gave concrete shape to the country’s Islamic policy in the 1960’s. Apart from Faisal’s commitment to Islamic cause and advancement of Muslims, there were also certain domestic and regional compulsions that forced Riyadh to pursue and Islamic foreign policy. This was the

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81 While statistics vary, most analysts believe that well over 90 per cent of Saudi Arabia’s foreign aid (which in recent years has run close to $3 billion per year, goes to the Arab and Muslim world. See, for example, Ralph Braibanti, The Recovery of Islamic Identity in Global Perspective, Durham, N.C. Duke University, Islamic and Arabian Development Studies, Reprint Series. No. 1, 1979, Ralph Braibanti and Fouad Al-Faray, Saudi Islamic and Arabian Developmental Studies. Reprint Series. No. 2, 1979, and Adeed Dawisha, “Saudi Arabia in the Eighties: The Mecca Siege and After a paper presented at the Wilson Center, Smithsonian Institution, Washington, D.C. November 6, 1980.
challenge posed by radical Arab nationalism, let loose by the Egyptian revolution in 1953 and the emergence of Abdul Nasser as a charismatic leader and voice of the Arabs. This led to defection in the House of Saud, the most celebrated instance bagging that of Princes Talal, Badr and Fawwz all sons of King Abdul Aziz. In 1962 they formed an Arab Nationalist Front whose aim was to create a 'Free Saudi Arabia'. Faisal quickly moved to blunt the Pan-Arab attack from Cairo by advancing the cause of Pan-Islam and by encouraging the development of Islamic institutions.

The rivalry between Cairo and Riyadh found an expression in the Yemeni civil war in 1962. The Yemeni crises and the subsequent development in the region posed serious threat to the very survival of the Saudi monarchy. As thousands of Egyptian troops started arriving in Yemen, Faisal thought it appropriate to call for Islamic solidarity. Consequently during the 1962 Hajj, delegates from 43 countries agreed to establish the Muslim World League which could combat the serious plot by which the enemies of Islam were trying to destroy the unity and brotherhood of Muslims. Saudi Arabia has also used the Arab-Israeli conflict to promote Pan-Islamism and assert its leadership in the Muslim world. The crushing defeat in the June 1967 war not only incapacitated Riyadh’s principal enemy Egypt but also blunted its ideological thrust. For the Saudis and other oil-rich States it meant not only the discomfiting of their rivals but the chance to devalue secular radical notions and promote an Arab solidarity based on the most prominent feature of Arabism-Islam. In the words of Vatikiotis “the balance of power shifted in their favour as financiers of the new solidarity and brokers of inter-Arab-power”. At the Khartoum Arab summit held in the August-September 1967, Nasser made a tactical commitment to accept Saudi Arabia as the guardian of Arab interest in the Gulf. This met Saudi Arabia’s condition for the grant of an annual subsidy of $50 million to be shared by Egypt and Jordan until such time as the effects of Israeli aggression were eliminated.

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82 For details see James N. Cordata, The Yemen Crisis, Los Angeles, 1965.
84 P.J. Vatikotis, Arab and Regional Politics in the Middle East, Ne3w York, 1984.
85 M.S. Agwani, Politics in the Gulf, New Delhi, 1978, p. 104.
Having eliminated opposition to its Islamic policies at the regional level, Riyadh geared itself up to champion the cause of Islam at the global level and seek vindication of its Islamic policies among the comity of Islamic nations. The first opportunity for global Islamic leadership to come its way was the incident of the burning of Al Aqsa mosque in occupied Jerusalem 1969 which aroused religious passions of Muslims everywhere. King Faisal was quick to seize this opportunity and subsequently an Islamic summit was convened at Rabat in 1969 with the active help and initiative of Saudi Arabia. Thus Riyadh was largely successful in imparting religious overtones to a conflict that was essentially political. The fact that Saudi Arabia had been trying to islamise the whole issue Arab-Israel is evident from the following statement of Saudi foreign minister who said, “the Pan-Arab attitude to Israel has failed. What is needed is Pan-Islamic approach”.

Nonetheless, after 1973 the Saudis moved, without abandoning their traditional subtlety, from a rather passive and defensive regional role to one that is more active and complex. They have patched up Egyptian-Syrian differences over the disengagement agreements, mediated in more than one inter-Arab dispute (Algeria versus Morocco, Iraq versus Syria, Syria versus Jordan and other) and contributed more than once (and as recently as 1981) to calming down the Lebanese civil war. Saudi Arabia is also believed to have played an active role in encouraging President Anwar al-Sadat to expel the Soviet from Egypt and to liquidate his relationships with the Soviet Union in the years after 1972, in containing the radical People’s Democratic Republic of Yemen (PDRY) throughout the 1970s, and in attracting to the anti-Moscow camp such countries as Sudan and Somalia. In short, as Balgat Korany has noted, Saudi Arabia has added petropower to its traditional Islamic influence, and spiritual Mecca has become also a political Mecca, where many of the diplomatic meetings of Arabs and Muslims convene.

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87 Indian Express, New Delhi, 20, August 1980.
Although the Saudis are certainly more active than they were a decade ago, domestic limitations as well as international dependency cannot but constrain Saudi Arabia's possible role as the leader of the Arab world. As John Campbell has explained, "the oil and wealth that given country the means for regional leadership also make it a target. There is a fragility about Saudi Arabia, both in its internal order and in its position within the Arab world, that belies the wide-spread impression of impregnable power."

The take a position on the Iranian Revolution—with its important Shiite dimension and its embrace of the Palestinians—however, was not a matter of choice for the Saudis. Both they and, in particular the smaller Gulf states, had significant numbers of shias and Palestinians among their populations. Some 200,000 shias live in Saudi Arabia's oil-producing eastern region, and although the Palestinian residents number only 10,000, they are believed to represent a good percentage of Aramco's total labor force. Shias account for some 30 to 40 percent of the population in Kuwait, 20 percent in Abu Dhabi, 30 percent in Dubai, 30 percent in Qatar, 50 percent in Oman and nearly 75 percent in Bahrain. About half a million Palestinians reside throughout the entire Arabian Peninsula, and they are estimated at 240,000 – 260,000 (or 20 percent of the population) in Kuwait, 456,000 (22 percent) in Qatar, where they outnumber the native-born Qataris, and 40,000 (30 percent) in United Arab Emirates, where expatriate workers of all nationalities outnumbers the native workers by eighteen to one.

More seriously, however, the Iranian Revolution is a threat by virtue of presenting a vigorous, militant alternative to the formalistic state wahhabism of Saudi Arabia, a threat that was brought still closer by the Iran-Iraq War. These uneasy times also challenged seriously the fragile compromise that had been struck with great difficulty between the “pro-U.S. position” and “the Arab Nationalist poison”, and the familial and organizational networks that underlie those positions.

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The situation of Saudi Arabia and the smaller Persian Gulf states is indeed so vulnerable that one can argue that any conflict on their doorsteps – regardless of who might win or lose is likely to harm them, the radical Islamism of Iran and the Arab socialism of Iraq both have the potential to equally destabilizing to the status quo and the interests of the ruling elites, while Iraq in Arab and should naturally be supported, it was also precisely because of this that Iraq had a more realistic claim to leadership of the Arab states of the Gulf, thus challenging in one way or another the existing Saudi role. Iran is also a Muslim country, and it would not have looked at all proper if Saudi Arabia had tuned completely against Iran in a war that, after all, was not launched by Teheran. Saudi Arabia has therefore held to the formalistic pattern of condemning war between Muslim countries, claimed to observe a position of neutrality (though clearly leaning towards Iraq) and tried to mediate and bring the conflict to a halt. Saudi Arabia's position in the spring of 1980 was described by Adeed Dawisha as. The Saudi may have tacitly condoned Iraq’s invasion of Iran in the hope that a quick Iraqi victory might lead to a substantial diminution of Khomeini’s disruptive influence among the Gulf’s Shia Moslems...but the Saudis now think that the war has gone on long enough and could itself become a disruptive agent. Moreover, they realize that the major Saudi oil terminals, concentrated on the Eastern province just across the Gulf from Iran, are very vulnerable to the Iranian Phantoms which have already proved their effectiveness Iraq.  

**OPEC Policies**

OPEC provided a strong source of bond between Iran and the Arabs. Saudi Arabia, Iraq and Iran took the lead in setting up this universal organisation to unite oil producers against the oil companies.

The decision in August 1960 by the major oil companies to reduce oil prices caused five oil exporting countries (Saudi Arabia, Venezuela, Iraq, Iran and Kuwait) to meet in Baghdad on 14 September and establish the Organisation of Petroleum Exporting

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Countries (OPEC). OPEC was completely ignored during the 1960s by the seven sister (Exxon, Texaco, Standard oil of California, Mobil, Gulf, BP and Royal Dutch/Shell), who refused to discuss substantive issues with it collectively and insisted on dealing with individual producing countries. A similar attitude was adopted by the industrialized countries. Both groups did realize, however, the potential threat OPEC represented to their dominant position in the production, transportation, refining and sale of oil in the international market. OPEC, while not achieving much in practical terms during the 1960s, was able nevertheless to consolidate its unity, strengthen the political and diplomatic links among its members and pave the way for recruiting other Third World Oil- producing states such as Qatar, Indonesia, Libya, Algeria, the United Arab Emirates, Nigeria, Ecuador and Gabon. The organization was also able to draw up Declaratory statement of Petroleum Policy in 1968 which laid the foundation for many of the changes that have occurred since.

Iran’s friendship with the US under the Shah and accommodation of oil companies and the Shah’s carrot ands stick policy towards the Arab states contributed to Iran’s continuing linkages with the OPEC. However, things changed swiftly following the revolution in Iran and in 1986 during the Iran-Iraq war when a Saudi oil glut helped by Kuwait and UAE reduced oil prices from around 28 US dollars P/B to below 10 dollar P/B in less than two months. Iran considered this act as a ‘treason’ on the part of Saudi Arabia.  

The Shah had made it known as early as 1968 that following the British withdrawal, the region’s stability and security was to be henceforth preserved by Iranian military might. With the approval of the Western powers, especially the United States, the Shah proceeded to establish himself as the defender of the peace in the gulf and to a mass by far the largest arms arsenal in the history of the region. The concerted builduo of Iran’s new armed forces began after 1968 and has accelerated at an astonishing pace.

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Not only were Iranian warships constantly visible in the Indian Ocean and the gulf view of the Arab states. Iran’s military operation in Oman occurred on 30 November 1971 when the Iranian navy stormed the three gulf islands of Abu Musa and the two Tunbs. The timing of this operation was significant in the sense that December 1971 signaled the dismantling of the British military presence in the area.

From a regional perspective, the Shah’s naval operation against Abu Musa and the Tunbs warranted three things:

a) He was on his way to becoming a leader of international stature.
b) He made it clear to his neighbours that he considered Iranian military hegemony a serious matter.
c) He was intent on establishing this hegemony through every means at his disposal, military and diplomatic, Arab protests notwithstanding.

The Arab states, including Saudi Arabia, rejected the Shah’s self-assumed role of gulf policeman. The Arabs feared Iran’s territorial ambitions. These fears have a three-pronged base:

2. The extensive and costly buildup of the Iranian armed forces especially the navy and air force.
3. The often-repeated statement of Iranian officials pointing out the Shah’s ordained role as the protector of “60% of the world’s oil”.

The Arab minds were agitated with questions like: Why does the Shah need such a military machine? If Iran feels insecure on its northern frontier with the Soviet Union, why would it concentrate on its naval buildup? Can the shah ever really hope to create a credible military capability against the Soviet Union? Or in this military machine designed to spread the Iranian view of regional stability over both sides of the gulf and to

maintain the type of ideological purity which is to the Shah’s liking? Could the Shah be engaged in some contingency planning which would, future situations permitting, include an Iranian occupation of oil resources on the Arab side of the gulf?

Iran’s ambition to control the Gulf coincided with America’s need for strong and dependable allies in the Gulf region. Saudi Arabia and Israel had been the main pillars of American military strategy in this region but the June 1967 Arab-Israeli war exposed the Saudi capability of countering the opposition of the radical Arab states and America started looking for an alternative. Iran being non-Arab and free from the anti-Zionist obsession was considered important. In 1967, Iran increased its oil production and supplemented the Arab cut-backs. Besides, its importance for oil, its tacit strategic alliance with Israel could also be counted on to sabotage and neutralize any Arab oil offensive. Thus, developed a close and intricate relationship between the United States, Iran and Saudi Arabia. Under Nixon’s Guam Doctrine Iran came to be treated as a key country along with Saudi Arabia and Israel and became a recipient of massive arms supplies from the United States.

In the post-revolution era Khomeini, after establishing himself firmly in power gave first priority to the elimination of Western influence from the entire Muslim world by exporting his Shia revolution to them. The rulers of the neighbouring Muslim states – especially the monarchies having pro-western orientation were put on the defensive. Initially, by expressing support of for the revolution they tried to cultivate good relations with the new regime but they dreaded the growing impact of this revolution on their own Shi’its population which started showing signs of unrest. The Shi’its disturbances in the Gulf countries during 1979-1980 including the incidents of November-December 1979 which happened to coincide with the seizure of the Holy mosque in Mecca caused sufficient alarm in these countries and they felt compelled to draw a common strategy to counter the threat coming from the international objectives of the Iranian revolution. Iraq became the immediate target of Iran’s revolutionary campaign. A major cause of the armed confrontation between Iraq and Iran is Khomeini’s personal grudge against Saddam Hussein, who on being persuaded by the Shah expelled Khomeini from Nejaf in
1978 where he had established his headquarters to conduct the anti-Shah activities”. Khomeini declared in September 1980: “It is the duty of all Muslims to struggle against the Baghdad regime and help the Iraqi people to free themselves from the Bathist oppression. Condemning Saddam as a ‘megalomaniac’ he called him an agent of American imperialism.

From the beginning of the revolution, Iran initiated fundamental changes in her foreign policy, especially with the regional states, particularly Iraq. A propaganda war between Iran and Iraq erupted shortly after the revolution. In February 1980, Ayatollah Khomeini stated: “We will export our revolution to the four corners of the world, because our revolution is Islamic”.

On another occasion, Khomeini stated: “We should try to export our revolution to the world. We should set aside the thought that we do not export our revolution, because Islam does not regard various Islamic countries differently and is the supporter of all oppressed people of the world. If we remain in an enclosed environment, we shall definitely face defeat”. In Khomeini’s words, “Islam is a sacred trust from God to ourselves and the Iranian nation must grow in power and resolution until it has fed Islam to the rest of the world”.

The Arab reaction to the Iran-Iraq war became clear after the first meeting of the Arab League after the outbreak of the war in September 1980. While the Arab Gulf countries of Jordan, Morocco and North Yemen supported Iraq, Syria and Libya for their own reasons, sided with Iran. Algeria, showed neutrality and offered her good will for mediation. Despite this division, the Secretary General of the Arab League was able to announce a cease-fire and normalization of relations and non-interference in the domestic affairs of each other. Immediately, Iran warned the Arab Gulf countries, through various channels, to stay out of the war. In response to this threat, the six rulers of the Arab Gulf states, on May 21, 1981, established the Gulf Cooperation Council (GC) for mutual defence, peace and security in the area.

96 Ibid, p. 5.
The same year, one leading Iranian clergy, Ayatollah Ruhani, threatened to lead a revolutionary movement for the annexation of Bahrain, adopted an Islamic form of Government similar to that or Iran. The Arab leaders protested which promoted Prime Minister Mehdi Bazargan to deny responsibility for such an “unauthorized” statement. Again in 1981, Iran was accused of siding a coup plot in Bahrain and other Gulf states. Iran also was accused of multiple bombings in Kuwait in December 1983. The GCC members sent a strong message protesting that Iran was behind all the sabotage. In a press conference held in Bahrain, the Saudi Interior Minister Prince Naif Ibn Abdul Aziz, said: “I hope that this conspiracy against Bahrain will bring to light matters which might be known to the security apparatuses in the area and will confirm the intentions which Iran’s current ruling regime has. We had hoped that Iran, our neighbour and friend, would not have such intentions. But after what has happened in Bahrain, our hopes have unfortunately been dashed, and it has become clear to us that Iran has become a source of danger and harm to Gulf nations and their security. At the very beginning of their revolutions, the men in power in Iran said that they would not be policeman of the Gulf. Iran previously considered itself to be the policeman of the Gulf, but even in those days there did happen what is happening today, because of the setions of the men currently in power in Iran who have said that they are hoisting the honor of Islam and consider that their policy is being guided by the Islamic faith. But now we find that they have violated Islam by doing harm to (other) Muslims. If they are true Muslims, then let them fight alongside the Afghan people to defend Islam in Afghanistan”.

These words brought the tension much deeper between Iran and GCC. During the closing session of Global Congress of the world’s Friday prayer leaders held at Teheran in May 1983, Khomeini told the leaders, “You should call on people to rebel like Iran”. Also the political demonstrations of about 100,000 or so Iranians on their pilgrimage to Mecca, shouting slogans in 1981, was quite distasteful to Saudi Arabia. Khomeini also charged the Supreme Assembly of the Islamic Revolution in Iraq (SAIRI) on September 20, 1983, “To aim to form an Islamic government and to implement God’s commands in

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97 *Journal of South Asia and Middle Eastern Studies*, Prager Fall Ewinter, 1989, p. 130.
Iraq. Thus the Gulf saw Khomeini as a more formidable threat to them than the Shah of Iran, Muhammad Reza Shah Pahlavi.

For the first time since its revolution, Iran gave a new thrust to its foreign policy in different directions in the Gulf as well as in Central, South and East Asian regions. Iran initiated its diplomatic drive for strengthening its bridges with the Arab Sheikdoms. An envoy of President Rafsanjani toured the Gulf Cooperation Council (GCC) states’ capitals canvassing for the proposal that the Gulf littoral states form a common market as a prelude to some kind of security understanding. The Iranian please that the security of the Gulf region should be the exclusive responsibility of the littoral states and that extra regional powers must withdraw and not meddle in this region’s affair were brushed aside. Although a few states were willing to bolster relations with Iran, most of them also saw a link between such a rapprochement and the extent to which Tehran could be persuaded to live with the embryonic security structure which was essentially pro-West. There was little prospect of breakthrough as even the most “liberal” and “moderate” leaders in Tehran could not reconcile to the idea.

Although their bilateral relations were restored in March 1991, the element of mutual suspicion and apprehension still lingered between Iran and Saudi Arabia which blunted Iran’s moves in the Gulf. The pitch was further queered for Iran when in mid-1992, its long-standing dispute with the United Arab Emirates (UAE) put into cold storage in 1971, beated up again. Two views could be held about it. One that it was a purely bilateral dispute revived because of local factors such as some sheikdoms getting sensitized to Iran’s armaments or Iran attempting to probe into the GCC solidarity, capabilities and intentions after their recent security arrangements and those of their

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100 For the comprehensive essay, see M.E. Ahrari, Iran, GCC and the Security dimensions in the Persian Gulf, in Amirahmadi and Entessar, n.10, pp.193-21.
101 Pradoxically, this was the precise policy the Shah followed for a decade and it was accepted by all the lower Gulf states and even blessed by the United States.
Western allies. The other that it was deliberately precipitated Iran under invisible extra regional prompting. Either view led to different scenarios prospects. While the Arab states adopted a firm position in three for a the US stance seemed equivocal. On the one hand, it described Iran’s action in Abu Musa as “high handed” and, on the other, it advised its GCC partners to exhaust all peaceful means and opposed any resort to military force by either side. Moreover, the Acting Secretary of State, Lawrence S. Eagleburger, made an oblique gesture to Iran when he stated that the United States “would not go into the issue of where sovereignty lies with regard to the disputed island”. It did not cut much ice and the issue again became dormant since 1992.

Not being able to secure a formal endorsement of its position by the GCC states, Iran turned towards cultivating closer relations with the newly emancipated states in its north. Iran also floated the larger idea of coalescence among the three civilizations of Asia, namely China, India and Iran. Rafsanjani emphasized the need for developing friendly relations with outranged states whereas the United States government remained the “villain” and “evil power”, certain other European states were seen as benign with who Iran could cultivate relations on a level of national interest and mutual advantage.

Shortly after the ceasefire agreement with Iraq, Iran embarked on an unprecedented arms acquisition programme, which according to the Foreign Minister, Ali Akbar Vilayati was “for our own defence”. Iran acquired arms from a variety of source. In addition to conventional weapons, Iran showed keen interest in seeking and developing chemical and nuclear weapons as well. Iran’s spree raised the eyebrows of Western powers and the United States in particular created problems for, and put pressure on Iran. Iran’s president efforts to acquire nuclear technology became cause of concern
to the Clinton Administration. Besides, Russia and China, the United States cautioned some other states\textsuperscript{110} against dealing with Iran in this respect. The Administration concluded that the leadership of Iran (Iraq) will remain hostile to the US aims for the foreseeable future and hence certain non-military measure should be taken to isolate and weaken both the countries. Thus, in terms of the policy of “Strategic dual containment”, the new approach was to ensnare both the countries in a tight web of international trade and fiscal restrictions aimed at depriving them of the income and technology necessary for strengthening their economy and boosting armament.\textsuperscript{111}

Thus Iran’s foreign policy in the post revaluation era has to rely on the support of Arab Shiites (in Lebanon, Iraqi cities and Gulf emirates), among the Persian speaking Shiites of Afghanistan and among the Shiites of Pakistan and to a lesser extent, of India even though none of these groups is wholly pro-Iranian. The Gulf States saw their local Shiite communities as in Iranian fifth column.

Ever since the revolution of July 1958, Iraq has been steadily moving away from the west. The process started with the Iraqi withdrawal from the Baghdad Pact (1959) culminated in the Soviet-Iraqi Treaty of Cooperation and Friendship in 1972. Correspondingly, in the domestic field also, the Bath developed closer alliance with the left wing parties, namely the Communist Party and Kurdush Democratic Party (KDP). In cooperation with the National Liberation Front of South Yemen, Baghdad envisaged to extend the influence of Arab radicalism right up to the Gulf of Oman by giving active support to the Dhofari insurrectionists in the Sultanate of Oman. Iraq also mounted its pressure on Saudi Arabia against the latter’s closer links with the United States.

Iraq (a relations with Iran also deteriorated in the seventies over Shatt al-Arab when the Shah of Iran unilaterally abrogating the Treaty of 1937 started giving arms and training to Kurdish insurgent in northern Iraq. Baghdad retaliated by claiming sovereignty over the Iranian province of Kußszitan and expelling al large number of Iranian residents from its territory.

\textsuperscript{110} They included the United Kingdom, France, Germany, Italy, Canada, Japan and India.
\textsuperscript{111} The new strategy was disclosed by Martin S. Indyk, senior director for Near East, South Asian Affairs in the National Security Council, \textit{The Times of India}, May 26, 1998.
The massive arms build up in Iran by the United States also contributed to the deterioration in the relations between Iraq and Iran. In December 1974, Iran shot down two Iraqi fighter planes by means of American-made Hawk missiles. This turned the Iraqi fury towards all the pro-American traditional monarchies of the region. The Algiers Agreement of 1975, concluded between the two hostile neighbours was largely an outcome of the effort of the OPAEC members who desired to mitigate Iraq’s anti-westernism by pacifying it through this Treaty. The Algiers Agreement brought about a marked change in Iraq’s attitude towards Iran and other Gulf states but the Shia revolution of Khomeini totally annulled its accomplishments.

The Iraq-Iran war which broke out in September 1980 has restored Iraq’s relations with the Gulf States. The Islamic regimes of the Gulf, notwithstanding Iraq’s radicalism, maintained complete solidarity with the Bath regime by extending financial and political support to it. However, Saddam Hussein ambition to gain an upper hand in the Gulf and his consequent adventure to occupy Kuwait and its oil wealth alienated powerful Gulf States from Iraq.

Thus uncertainties surrounding the behaviour Iraq and Iran, add to the shaky political and security environment in the region. Iraq, under the leadership of Saddam Hussein, has proven to be a source of aggression and instability. Even worse, his departure might result in disintegration within Iraq and more instability in the region. On the other side, Iraq, the largest and most populous country on the Gulf, has not been fully integrated in the regional system since revolution in 1979.

The security dilemma resulted in the Gulf states can be demonstrated by examining the military, economic and demographic constraints, as set out in the Table.\textsuperscript{112}

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<th>GCC States, Demographic, Military Economic Features</th>
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<td>Population in millions</td>
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<td>Iran</td>
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<td>Iraq</td>
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<td>Kuwait</td>
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<td>Oman</td>
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<td>Qatar</td>
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<td>S. Arabia</td>
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<td>UAE</td>
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1 = Population in millions  
2 = Percentage of national  
3 = Percentage of expatriates  
4 = Percentage of Sunni Muslims  
5 = Percentage of Shi’is Muslims  
6 = 1993 Purchasing Power Parities (PPPs are real GDP per capital)

The Table shows the wide gap between the six Gulf monarchies and their two neighbors – Iraq and Iran – in terms of both financial wealth, measured by Purchasing Power Parities, and military Power measured by total number of armed forces. In addition, the figures show the small and divided population pool these Gulf monarchies have. No wonder that security has been significant concern for all the states within and outside the region. For the past several years GCC states have pursued a complex

b. In Oman 90% of the population profess the Ibadi sect of Islam which rejects both Sunnism and Shi’ism.
defense strategy with three interconnected dimension: self-reliance, regional balancing and growing depency on Western Powers.

The Gulf War established the indispensability of U.S. for the security of the GCC states. This belief was reinforced in October 1994, when Iraq mobilized its forces close to the Kuwaiti borders. Saudi Arabia, Kuwait and the other four states have sought to cement their relations with Western Powers, particularly United States, Britain and France. This has been translated into security agreements between the Western Powers and number of GCC states. Another area of cooperation has been regular joint military exercises. Even more important are the huge arms deals which tie the prosperity of Western economics to the security of Gulf monarchies.

Saudi Arabia had led the way. During the 1980s Riyadh was the largest single buyer on the international arms market. From 1989 till 1993, the Kingdom spent US$8,039 million, making it the third leading recipient of major conventional weapons in the world. UAE was number 17, spending US$2,491 million on weapons and Kuwait number 21 spending US$2,308 million. Early in 1993, King Fahd announced that Saudi defense spending would rise by 9% and Kuwait earmarked some US$12 billion for weapons purchases over the next decade.

The Iraqi defeat in the Gulf War moved the balance of power in the Gulf in favour of Iran, which then embarked on ambitious efforts to re-assert itself as an important regional power. In line with this policy, Iran has since 1992 reinforced its claims to three small islands in the Gulf: Abu Musa, The Greater Tunb and the Lesser Tunb. The GCC states rejected the Iranian claims; in response Iran unilaterally extended its territorial waters to a 12 - mile limit, placing all three islands well within its redefined territorial sovereignty. The significance of these islands is that they give Iran more control of the Strait of Hormuz, a waterway that handles one fifth of the world’s oil production. In

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addition, unconfirmed reports of the Iranian nuclear program have increased the uncertainty of security arrangements in the Gulf. Against all the odds, President Saddam Hussein is still in power. Since the early 1990s Iraq, under his leadership has been re-integrated into the Gulf system. The rulers of Saudi Arabia and Kuwait have asserted their distrust of the Iraqi president and have given political and financial support to various opposition groups to overthrow him.

Seventeen years after the revolution, the Islamic republic in Iran shows no signs of collapsing. The regime has survived the defeat in the war against Iraq and the death of its founder Khomeini among other challenges. The ‘dual containment’ strategy has failed to overthrow the Islamic regime in Tehran. In 1994 Japan and the EU countries agreed to reschedule most of Iran’s debts. Both Russia and China agreed to support the Iranian nuclear program in 1995, despite of strong US pressure. In 1994 Exxon, Texaco and Mobil together brought US$3.5 billion worth of Iranian crude oil for resale to customers in Latin America and Asia.

It appears that United States and Britain are moving alone in trying to isolate Iraq and Iran. Russia, China, Japan, France, Germany and other countries are gradually pushing for an approach of ‘constructive engagement’. France, Russia and China are also eager to resume trade with Iraq. To sum up, President Hussein has survived the defeat and is gaining power, or at least is not growing weaker. This is perceived by United States, as well as by other countries, as a threat to the Gulf region.

\[^{115}\] In December 1994 an intelligence analysis prepared by the Clinton Administration concluded that Iran’s Government is durable, and that neither isolation nor embrace by the outside world is likely to overturn it. See David E. Sanger, Fear, Inflation and Graft Feed Disillusion Among Iranians’. New York Times, May 30, 1995, p. 1.