CONCLUSION

The oil energy crisis of 1973 marks a major watershed in the history of post-war international relations. It would be no exaggeration to state that the use of oil as an instrument of their foreign policy by the Arabs totally transformed the structure of world politics. At one level this unexpected development administered a traumatic shock which threatened to dislocate disorient hitherto cherished strategic perceptions and upset dangerously the economic calculations of all major actors. At another, but no less significant level the declaration initiated a radical process of drastic socio-economic changes in the oil producing Arab states but elsewhere also - almost all over the world. To adequately analyse the challenge posed by this event and the response it evoked, it is necessary to trace back the roots in history.

The discovery of oil in the Middle East dramatically increased the geo-strategic significance of this area. Developments in oil exploration and refining technology coincided with far reaching wide ranging international political turbulence. Arabs were feudal nomadic people lacking in economic and educational resources to exploit their own natural wealth. A fiercely proud people they did not lack the martial spirit but due to their innate innocence, primitive tribal ways could be easily manipulated by Western capitalists and imperialists to their advantage. The clannish feuds were exacerbated by unscrupulous outsiders in the first three decades of the 20th century. The
Balfour Declaration and the Mandate system in the Palestine sowed the seeds of discord and aggravated the racial divide between the Arabs and Jews. During the Second World War the Nazis perpetrated a pogrom against the Jews and after the holocaust the victorious Allied power found it easy to justify the creation of artificial state of Israel or the "Homeland" for the "displaced" and "persecuted" Jews. This perverted logic overlooked the fact that the myth of Jewish Diaspora was over two thousand years old memory and was revived mischievously by the Zionists. What was most cruelly lost sight of was that the migration of Jews in large numbers would displace the resident Palestinians who themselves are the "sons of the soil". Millions of Palestinians were rendered refugees and exposed to suffer inhuman condition. With passage of time the exigencies of the cold war began to influence the balance of forces in the Middle East and the Arab-Israeli conflict was drawn into super power rivalries. Israel war fortified as the bastion of Western imperialism and it became impossible for the Arabs to redress the injustice imposed on them.

Simultaneously international economic developments added complexity to the situation. The cartel of oil majors, the multinational 'seven sisters' had attained the position of monopolistic control. Cold war served to emphasise that this strategic commodity oil could be used to tip the ideological balance in the volatile third world. It has also to be noted that not all the Arabs were socialistically oriented or inclined for change. Many monarchical and 'theocratic' regimes continued to display a
medieval outlook. The United States for its own strategic reasons found it expedient to support and bolster these as a bulwark against Communism. The Western imperialists skillfully played upon the sense of insecurity among Arab ruling elite and distorted these threat perception. Regime stability became far more important than national security pursuit and protection of vested western interests was prompted and encouraged to take priority over the community interest. Strategic issues were projected at the expense of developmental challenges. The formation of CENTO accelerated this process, availability of oil revenue made it possible for the megalomaniac potentates to fuel their fantastic ambitions. All this was a part of a carefully hatched conspiracy by the Western military industrial complex. The Arab camp ceased to be a joint family acting in concert against common enemy but became a house divided against itself internecine, disputes between Syria and Egypt, Syria and Iraq and the conflict between the monarchist and the radicals illustrates this. To be fair, not all the problems of the Arabs can be blamed on external powers, at times they have displayed an incomprehensible suicidal streak. The case of King Hussain of Jordan seeking to exterminate the Palestinians may be cited in this context. The Palestinian refugees, a highly talented and articulate people, were dispersed in different Arab states which introduced a factor of uncertainty in all decisions related to their future. On one hand the traditional Arab powers became apprehensive of their revolutionary fervour. and on the other they were resorted to terrorism which complicated their bargaining and negotiating position.
This must be added that the effects of humiliation suffered in three successive contest of arms with Israelis. In 1947-48, Suez Crisis of 1956 and in 1967, the Israeli military superiority had been amply demonstrated. The Arabs had been burdened with a sense of hurt, there was strong feeling that the only retribution and vengeance could redeem them.

However it would be grossly unfair to suggest that the Arabs resorted to the oil weapon impulsively, unpredictably and recklessly. They had waited very patiently for decades for international organisations like the United Nations to provide a solution and for their friends in the West to defuse the crisis. It was only after it had become unmistakably clear that they would continue to be disappointed unless this diplomatic stratagem was put to use. It is important to register that the Arabs in 1973, in the aftermath of Yom Kippur war, were not a defeated people. Early in the war they had succeeded in trapping the Israeli army and proved that they were no longer paralysed by fear of 'invincible' Israeli Air Force. The fact that the Israelis were caught by intelligence armour and with their confidence restored the Arab could dare to take an initiative to change the status quo. The use of oil instrument in international political arena was beset with many difficulties. To begin with exploitation and refining of oil in the Middle East had for years been very profitable business for American companies. The American decision makers had complacently got used to treating this strategic commodity like any other profit making opportunity. They were rudely shocked to discover that the situation
was about to change greatly to their disadvantage. It may be recalled here that in the aftermath of the World War II nationalisation of Anglo-Iranian oil Company had seen the fate of Musaddeq who was finally ousted by a CIA engineered coup. While this is true that the Arabs in 1973 were not nationalising their oil assets the US apprehension were understandable. It was reasonably speculated that oil weapon was primarily directed against US consumer/voter. The US after all was the principal most important ally of Israel and the crucial arms supplier. It could be argued that once the average American was made to feel the pinch the mechanism of the Jewish lobby on the Capitol Hill could be undone.

However, the initial US response was unexpectedly harsh, reckless and belligerent. Henry Kissinger's famous remark about blowing up the oil wells in the Middle East rather than addicting control and surrendering them to the enemy was typical. What can not be overlooked is that the US administration did not exert to distance itself from this indefensible and highly objectionable position. The US may have been the largest beneficiary of the Middle Eastern oil and it will be equally true that the American investment in the region is massive unmatched by anywhere else. This cannot be used to offer a justification for extra-territorial national interest and asserting policing rights. The oil wells after all are a natural resource over which the Arabs exercise undisputed sovereign jurisdiction.
The US response to the changed Arab policy was not modified in coming months on the contrary matters were made much worse by detailed discussion of plans to establish rapid deployment force.

The initial reaction of the common man as reflected in the mass media was of a sense of betrayal and panic some of the articles published in seeded conservative journals they were provocatively tilted against the Arabs suggesting the use of force as they saw in it the disintegration of Western civilisation. It is obvious that such fear psychosis was unjustified. The Americans, and only to a slightly lesser extent the Europeans, have become used to a wasteful pattern of energy consumption. However it can not be denied that the American response to the energy crisis of the 1973 initiated far reaching diplomatic repercussions. One increasingly important trend to emerge was the rise of pan-Arab and at a step removed Pan-Islamic solidarity. Although it is impossible to demonstrate one to one correspondence it can be argued with justification that had the Arabs not been bullied so brazenly in the later stage of 1973 war they would not have, as a people, sought refuge in racial pride or religious solidarity.

The other important actor in international politics crucially affected by the Arab policy was Japan. Totally dependent on the Arab oil for sustaining its economic miracle, Japan was hard put to cope with this unexpected calamity in a diversity of ways. The Japanese leaders lost no time in conveying to the Arab nations that their interests were quite separate from the
US interests and that they should not be penalised for American sins. Although the government could not do it, some Japanese groups threw their weight behind the Arab cause. This was the time when the Japanese Red Army perpetrated the terroristic massacre at the Lude airport and at Rome.

The Arabs responded to the Japanese overtures with great sophistication and did not indicate that they were prepared to deal with the Japanese separately.

Like the Japanese the Europeans nations also devised appropriate diplomatic strategies to cope with the changed situation. For the British fortunately the discovery of oil in the North-Sea provided a welcome respite. They could adopt a posture of solidarity with the US and maintain, at least in appearance of not succumbing to blackmail.

France and West Germany were considerably harder hit. The European initiative to import gas from the Soviet Union can be properly appreciated in this context. When the European nations resolve to cut down their petroleum consumption by keeping their cars in the garage one-day-a-week, the auto vans became dramatically disappear. In the European climate the hazards of an unheated winter were more frightening than in America.

Two things need to be pointed out here that the illusion of EEC for the preceding fifteen years was made possible when the European nations forged a unified response to this challenge and take concerted action. Also on the eve of the Helsinki Summit
detente in Europe had become stable enough for the European nations to think of securing the Soviet gas to meet with the unforeseen scarcity of oil. Both these factors indirectly but decisively made possible for the European to bear the oil shock.

In countries like, France, West Germany and Italy there was a remarkable change, increased tolerance towards militant Arab terrorism. This is reflected particularly at least in dealing with Libya.

In the fourth set of nations were non oil producing developing countries of Asia and Africa, cut backs in productions, uncertainty in oil supply and skyrocketing prices all threatened to disrupt the already tardy developmental process in these countries. Their response shows an interesting diversity. Countries like Pakistani began to emphasise and project their Islamic identity and put forward the argument in diversity of ways that if funded adequately they could provide an edge to the Islamic community of nations. This diplomatic strategy could bring about substantial short term gains. On the other hand secular countries like India which could not change their religious complexions sought to secure preferential treatment by reminding their Arab friends India's consistent support to their cause. While the Indians had not been entirely satisfied with the terms secured, it would not be correct either to state that the Arabs had treated them unfavourably. The Arabs did not give a differential price to other Islamic countries also. In certain
exceptional case, the oil rich states might have indulged in a little charitable aid giving but that is quite different.

Yet another result of the use of the Arab oil weapon in diplomatic arena was to lend greater urgency to the quest of a new international economic order in the special session of the UN General Assembly, the Commonwealth and Non-Aligned summits began to attach greater importance to this topic in their deliberations. At the time it needs to be underlined that these diplomatic efforts failed to crystallise any useful idea. UN or any other multinational agency could not suggest any satisfactory modality to deal with Arab intransigence.

What is transparent is that the different nations were trying to adjust and accommodate to the oil prices in the light of individual -their own- national interest. It was almost like each man for himself in a desperate situation. There was no sense of perception of a community of interest. Individual reactions ranged from badgering and bullying to supplicating.

This was only one aspect of the Arab challenge and the international response of securing the availability of oil. The other no less important dimension was the economic one. The billion dollar question was what would the Arabs do with their enormous petro-dollars. Merely by switching their account from one bank to another the hitherto insignificant Arab states could jeopardise the economic stability of major European nations. By investing them in one or the other line of production they could on the other hand guarantee long years of prosperity and ensure
employment in the industrialised world. A fraction of their riches could accelerate economic development in the third world.

Yet another aspect was the unexpected diplomatic sophistication displayed by the Arabs. In the first phase Sheikh Zaki Yamai played the crucial role in the oil parleys. The Iranian Oil Minister provided effective support to him. These two presented a reasonable moderate profile and used an idiom easily comprehensible in the Western world. And of course King Faisal, a shrewed behind the scene operator played his cards well.

The Amerians and the British as well as the French succeeded in ensuring that the major part of increased oil revenue was expanded in purchase of unnecessary military hardware or conspicuous status symbols. A few other things need to be pointed out, it is easy to seek an explanation of these events in Arab temperamental weakness and inherent profligacy, but it would be wrong to do so. As a matter of fact the real malice lies in the inegalitarian and feudal social structure of the many of the oil rich Arab states. In such nations the issue of regime stability assumes paramount importance which results in and massive expenditure on weapon system, emphasis on threat perception becomes a political necessity.

If the potential of the oil weapon was squandered much too easily, it was due to the fact that the Arab negotiators, however skillfull or sophisticated they may have been, were not true agents. They were 'governed' by the will of their principals.
which greatly obtained their political stability, credibility and maneuverability from the West particularly the United States.

Another difficulty which could not be easily overcome was the lack of homogeneity and consensus among the Arab oil producers. Baathist Iraq, revolutionary Libya and traditional Saudi Arabia could barely manage to reconcile fundamental difference and chronic divergences for the duration of international conventions. At one level this reflected a genuine conflict of economic interest. Large producers like Saudi Arabia could afford to cut production for a while and watch the fluctuations in the spot prices of the oil with comparative equanimity. Others less fortunately placed found it difficult to resist the temptation of dealing with the devil. It is common knowledge that Qaddafi's Libya had broken ranks during the oil embargo imposed on America in 1973. Such actions proved detrimental to the solidarity of the Arabs and gave others to understand that Arab weaknesses mutual incompatibilities could be played upon.

The major Arab failure was the inability to keep the other OPEC members sympathetically aligned with their diplomatic campaign. Countries like Nigeria, Venezuela, Mexico and Indonesia saw no reason why they should throw their lot with the Arabs. Only months after the initiative it became identified as something exclusively tied with the intractable Middle East problem. The global dimension dissipated and both the super powers and other major actors responded to Arab initiative accordingly.
Formerly the differences regarding dealing with Israel, the Americans were confined to the varying approaches of the front line, war ravaged states and others. After 1973 the economic disparity were accentuated and the cleavages became deeper. On the whole it may be suggested with some justification that the less affluent, in the post energy crisis context, became militant. Syria provides a good illustration. The expectations perhaps were that greater the unpredictability of the behaviour the better the price received from the better off Arab brethren. It is not being suggested that such a calculation was reasonable. What is intended to be emphasised is that in the wake of oil energy crisis the Arab states remained like ever before a house divided against itself. It is not surprising that the challenge posed by them lost much of its sting and impact.

With few exceptions like Japan and India, the energy requirements of the many of the smaller, third world Afro-Asian countries could not be met with by making bilateral readjustments with their respective Arab trading partners.

Another major flaw of the Arab strategy was to disappoint their major supporters in the non-aligned camp. These developing countries had consistently backed the Arabs and provided them with the required technological assistance. Had the Arab given an indication that they could consider dual pricing or favourable terms for this set of countries they would have effortlessly strengthened their bargaining position in the international forum.
Let down by the Arabs countries like India were constrained to accept assistance in the form of oil from the Soviet Union. Indian anxiety not to jeopardise its economic developments prompted to seek cordialities with other major oil producers like Iran. The ties up of Kudreamukh, Rajasthan Canal which in a manner put India in an embarrassing debt to an the oppressive, arrogant and unpopular regime of the Shah.

Besides the problem of providing leadership for the resurgent Arab camp, a major challenge was to restrain the accentricities of the members like Libya. With increased affluence and enhanced self confidence, internecine feuds resurfaced and threatened to reach on explosive flash point. The alleged patronage of international terrorist by Libya allowed the US and other West European nations to blur the issue. What could have easily been established as a legitimate economic challenge to the neocolonialist and imperialist powers came to be conferred with a crime against mankind, anarchism and same kind of military strategic issue. On both these counts -to idealise and internationalise the oil issue, the Arabs failed diplomatically. It is not surprising that their challenge petered out soon after being articulated.

It has been suggested with some justification by some analysts that the oil energy crisis of 1973-74 was carefully orchestrated by the US oil companies and the administration to chesticise and discipline their allies the Japanese and the Germans. Although it may seem to be far fetched, there is some substance
in this suggestion. It can not be overlooked that by that time the economic miracle and recovery of Germany and Japan had assumed a threatening aspect for US economic interests. Even if this argument is conceded partially we have to take note of the fact that the Japanese response would have to geared not only towards the Arabs but also towards the Americans.

At this point of time it should not be overlooked that there was lot of speculations whether Japan would assert its sovereign independence by assuring in an era of closer economic interaction with the Soviet Union and the Peoples Republic of China. It is not unreasonable to summarise that it served its interests to indicate that the Japanese prosperity was based on very precarious foundations. It was conveyed effectively that the problem would not be solved by just negotiating with the Arabs. The lines of delivery were long and passed through narrow disputed waterways like the Straits of Malacca. The security of these supply line depended on the deployment of the US naval forces. It was not a coincidence that the Malacca became the centre of attention at about the same time when the Arabs began to talk of the oil weapon.

Another interesting development entangled with the oil energy crisis was eruption and aggravation of territorial disputes between different neighbours. this was primarily due to the possibility of the discovery of offshore oil. The best example of this is the grabbing of the Paracelles and the Spartlays group of islands by the Chinese from the Vietnamese.
Interestingly it does not appear that the Arab oil producers had given any thought to the linkages or wider ramifications of their proposed course of action. Ironically while a challenge was posed by them the response was not directed towards them. Diplomatic interactions amongst the major international actors almost entirely bypassed them.

What is even more distressing is that in course of time the Arabs totally lost sight of their main purpose in invoking the use of oil as an instrument of diplomatic bargaining. In 1973, the major provocation was the Yom Kipper War and the whole idea was to secure justice for the Palestinians as things turned out the plight of the poor Palestinians remained unnoticed in the discourses of international meetings and conventions no conscious efforts were made to correlate the issue of oil energy with the redressal of the grievances of the Palestinians. An insignificant almost negligible fraction of increased oil earnings trickled down to the needy Palestinians as humanitarian relief assistance. Nor is there any evidence to suggest that there was any planning to generate self sustained economic growth or accelerate the process of development in the Arab world.

In the end one more thing remains to be pointed out. What had begun in 1973 as a community, however amorphous, had become fragmented once again within two or three years. Despite massive propaganda no solid political gains were discernible. The inspiration for unity, the rallying point -the Palestinians- had perhaps suffered a net loss. From fellow sufferers they changed into poor cousins destined to exist in hardness, individuals like
Zaki Yamani had to operate under severe domestic and international constraints and limits on their performance were preset. At one level the Oil Minister was responsible to his mentor King Faisal, and at another Faisal himself was not entirely an independent agent, considerations of his own regime's stability and existing security relationship with the US made amenable to Western persuasions. It is worth mentioning that once the shock of surprise were off, the world coped rather efficiently with the challenge posed by the Arabs. The survival was ensured by exacerbating and playing upon the inherent contradictions among the Arab oil producers. Under these circumstances, it was not long before deliberations scheduled to devise oil-diplomatic strategy and forging unified front against the common enemy / aggressor/exploiter were reduced to bickerings a mutual reclamation about price cutting, cheating the embargo, etc.

Instead of managing a community of interest energy was wasted and opportunity lost, on accommodating a conflict of interests. Within a span of two years different Arab states had fallen back to restoring managing their relations with adversaries. The Camp David parlay and Egypt's peace treaty with Israel presents perhaps the most striking example of this. In the ultimate analysis like so many things in dessert, successful use of oil as an instrument of diplomacy remains to date a dangerous mirage.