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Executive Summary

The four-year war between Iran and Iraq once again raises the question of whether the United States should be the guardian of the Persian Gulf. For many people, including President Reagan and Walter Mondale, it goes without saying that should the war jeopardize oil shipments through the Strait of Hormuz, which connects the gulf and the Arabian Sea, the United States would be primarily responsible for keeping the strait open.

During the 1984 presidential campaign, no candidate ruled out using military force in the gulf. Even Gary Hart's earlier opposition to military action there gave way to a promise to use air and sea support to keep the gulf open. Protection of the gulf is presumed to be part of the role the United States took on after World War II, a role in which the country was cast as protector of the free world.

The Middle East for decades has been a key region for the West because of its vast oil reserves. Keeping the Strait of Hormuz open, therefore, has been seen as an essential element in the defense of the Western world. Although Great Britain and, to a lesser extent, France were accorded the status of custodians of the Middle East immediately after World War II, U.S. policymakers soon began to assert that the United States had responsibilities in the region. U.S. aid to Greece in 1947, for example, was justified in part by its value in stopping communist expansion into the Middle East. By the mid-1950s the United States had gained major concessions in the Middle East for its oil companies at the expense of British interests. In 1956 it opposed what was to be Britain and France's final assertion of power in the area: their attack, with Israel, on Egypt in the Suez crisis.

With respect to the Middle East, the economic, strategic, and ideological threat to the West is said to have two sources, one internal, the other external. The prime internal threat is said to come from the Muslim fundamentalism epitomized by Iran's Ayatollah Khomeini. Other internal threats are attributed to such ambitious rulers as Libya's Muammar Qaddafi, and Syria's Hafez al-Assad. The external threat is said to come from the Soviet Union.

Which of these is the greater threat to the United States? As a congressional report put it in 1977, "The most serious threats may emanate from internal changes in the gulf states." [1] Consequently, although the Soviet threat is often portrayed as the major concern, there is reason to believe that since World War II the primary target of U.S. involvement in the Persian Gulf has been internal upheaval jeopardizing U.S. influence in this highly coveted area. The gulf has long been seen as "a stupendous source of strategic power, and one of the greatest material prizes in world history." [2]

The two perceived threats, of course, are linked. It is often held that the ultimate winner in any gulf upheaval will be the Soviet Union. Thus the Soviets are believed to encourage many of the internal problems in the region. According to one analyst, "Moscow so far has pursued an indirect strategy in the gulf to avoid a direct confrontation with the United States. . . . Moscow seeks to 'subvert the center by radicalizing the periphery.'" [3] In this view, U.S. measures designed

to stanch indigenous change would also help to counter Soviet moves, although additional measures may be needed to deter outright Soviet aggression.

The measures for countering the dual threat include, first, the U.S. Central Command (formerly called the "Rapid Deployment Force"), created by President Carter after the Soviets sent troops into Afghanistan. A second measure is U.S. support for friendly regimes in the region, including those of Israel, Saudi Arabia, and, until the shah was overthrown by Khomeini's supporters in 1979, Iran. The degree of dependence on these methods is a matter of debate both within and without the Reagan administration. Analyst James A. Phillips, for instance, would have the United States rely more on local governments, teaching them "techniques for reducing the success of coups." But he also proposes a "fast reacting American commando force for keeping U.S. friends in power." [4]

These concerns have come to a head with the Iran-Iraq war and the threat it poses to the gulf. In September 1980 a long feud between Iran and Iraq finally broke out into open warfare. When the Iranian revolution occurred in 1979, the radical Shi'ite Muslims who ousted the shah vowed to spread their revolution throughout the gulf area. Iraq saw opportunities for influence by becoming the protector of the Arab gulf states, reclaiming sovereignty over the Shatt al-Arab river and recovering disputed islands held by Iran but claimed by the Arabs. When Iran attempted to stir up the Iraqi Shi'ite majority, Iraq responded by trying to incite the Arabs in Iran's Khuzistan province (called "Arabistan" by the Iraqis), long an area of contention between the two nations. Harsh words turned into border skirmishes, and then Iraq invaded. After Iraq's early successes it called for a ceasefire, which was (and continues to be) rejected by Iran. [5]

The war has been fought with all of the fierceness of the "holy war" that it is. Horror stories abound of Iran's religious leaders urging youngsters to hurl themselves in a human wave at Iraqi troops, promising that dying in a jihad--holy war--will bring immediate ascent to heaven. Iraq has responded with poison gas and attacks on Iran's oil-exporting facilities. Blood and madness currently frame the Middle East, as they so often have.

That this is a classic fight between two undesirables has not stopped the United States from finding a way to get involved. It has openly tilted toward Iraq, despite that country's brutal socialism and friendship with the Soviet Union. (The Soviets, after some wavering, have also favored Iraq.) The United States has led a worldwide arms embargo against Iran and has helped Iraq with nearly \$1 billion in commodity credits and almost \$500 million in Export-Import Bank guarantees for an oil pipeline. Moreover, the United States supported a U.N. Security Council resolution that condemned Iran for attacks on ships in the gulf but did not name Iraq, which has acknowledged responsibility for most of the attacks. [6]

The Roots of the Iran-Iraq War

The roots of the present conflict actually go back to the seventh century, when Persia blocked complete Arab control of Mesopotamia. In 637, the Arabs defeated the Persians at Qadisiya on the Euphrates River and brought Islam to Persia. By the end of the seventh century, Islam had split because there was no agreement over who would succeed Muhammad, who had died in 632. The dispute turned bloody, and among those who died was Muhammad's son-in-law Ali, deposed from authority by the Umayyad dynasty, which ruled until 750. Ali's son Hussein led a rebellion that was unsuccessful, but out of his struggle came the offshoot of Islam known as Shi'ism, which today dominates Iran. [7] The ranks of Shi'ites swelled in the eighth century as resentment against the ruling Arabs grew among non-Arab Muslims, who were treated as second-class citizens. But through the centuries, the Shi'ites were always the minority in the Muslim world, which continued to be dominated by the Sunnis and their Arab leaders.

Iraq's modern-day problems with Iran did not begin with the Ayatollah Khomeini. Iraqi president Saddam Hussein had his troubles with Shah Reza Pahlavi as well, mainly with regard to a river boundary, the Shatt al-Arab. The 120-mile river flows from the confluence of the Tigris and the Euphrates to the Persian Gulf. Both countries have regarded it as important because of the access it provides to trade routes and defensive vantage points. The Persians also vied with the Ottomans over it. In 1847, the Treaty of Erzerum set the boundary on the Persian side, putting the shipping channel entirely in Ottoman territory. After World War I, Britain got control of Mesopotamia, and an independent Iraq was set up in 1932. Under a 1937 treaty, the river's Persian (east) bank was set as the boundary between Iraq and Persia, and Iraq was given exclusive navigational rights up to the Iranian shore, rather than to midstream as is customary. Persia, which had formally become Iran in 1935, was permitted to use the waterway near its three ports. Iraq, however,

believed it was entitled to charge shipping royalties, board ships, and close the river.

Iran's rulers long objected to the treaty, charging that it had been imposed by Britain. In 1969, the shah unilaterally renounced the treaty, and the two countries almost went to war. But in 1975, Saddam Hussein (then Iraq's vice president) and the shah signed a new treaty, placing the boundary down the middle of the river. In return the shah promised to stop aiding the revolt of the Kurds, an ethnic group in oil-rich northern Iraq that the Iraqis have long suspected of wanting to secede. Under the treaty the border between the countries was shut and the shah stopped sending help to the Kurds, whose revolt subsequently collapsed. Despite the new treaty, neither country felt the other was an ally. When Iran fell into disarray during its revolution, Iraq abrogated the 1975 treaty.[8]

The Iran-Iraq friction is over more than just territory, however. The Iranians believe that Saddam Hussein, a Sunni, rules the Shi'ites in Iraq only because of Arab capitulation to the British after World War II. In fact, no Iranian ruler in the twentieth century has regarded the Iraqi leadership as legitimate. This is one reason why the shah helped the Kurds.[9] For their part, the Iraqis resent the degree of influence the Iranians--Persians rather than Arabs--have had in the region. Iran has tried to use its religious identity to gain influence at the expense of Iraq's secular government, while Iraq has tried to use ethnicity--its Arab identity--to overshadow Iran and establish itself as the major power of the gulf area. In the words of one observer:

For Iraq, then, it is a war of survival: a military response to a political, psychological and sectarian challenge from a religious zealot who has always proclaimed a mass uprising against the "godless" rulers of Baghdad, pawns of the American "great Satan," as one of the first priorities of his Islamic Revolution. But it is a war which cannot be dissociated from broader geopolitical ambition.[10]

There is also something of a personal feud between Khomeini and Saddam Hussein. It was Hussein who, at the shah's urging in 1978, forced Khomeini from the Iraqi town of Najaf, where the ayatollah had spend 16 years in exile. When Khomeini finally triumphed, he tried to encourage the Iraqi Shi'ites to revolt against Hussein. He had not forgotten how he left Iraq.

The Gulf War and the Oil Supply

If Iran and Iraq were situated somewhere other than on the Persian Gulf, perhaps their nasty war would not command the attention that it does. That is where they are, however, and the bombing of tankers has renewed thoughts of U.S. military action in the gulf.[11] Iraq started the tanker war by attacking the area around Kharg Island, Iran's main oil terminal. Iran responded, as it had promised, by striking at ships traveling to and from Iraq. (Since early in the war, Iraq has been denied access to the Strait of Hormuz, and has instead exported its oil through an overland pipeline. Iran continues to ship exports through the strait.)

The tanker war caused a temporary rise in the price of oil and insurance rates on tankers. Despite the attacks on dozens of ships and various doomsday predictions, however, the consequences for the world petroleum market have been far from cataclysmic. A study by the Senate Foreign Relations Committee, completed in August 1984, found that the attacks on tankers have had "remarkably little effect" on oil exports.[12] According to the Middle East Economic Survey (Cyprus), total gulf exports were about 9.8 million barrels a day in early June 1984, a higher than normal rate for the second quarter.[13] London oil sources were quoted as saying that a world glut of about three million barrels a day had depressed the spot price.[14] Business Week reported that in the month following the OPEC meeting in mid-July, spot prices for crude oil dropped as much as \$2 a barrel.[15] Wrote Business Week: "Even before Iranian and Iraqi attacks on oil shipping eased up, OPEC members were pumping more crude than consumers could possibly use." [16]

Oil exporters have managed to compensate for the rise in insurance rates and the disruption of delivery schedules. Iran, for example, offered a discount of up to \$3 a barrel, more than offsetting the \$2.33 hike in insurance rates. Moreover, the discount continued even when insurance rates fell.[17] Members of the Gulf Cooperation Council have offered to compensate shippers for oil lost to bombing. Bahrain, Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, and Oman announced they would replace any lost oil to prevent insurance premium increases.[18] The U.S. Department of Energy says it does not know if any such compensation has been requested or awarded.

Although Western fear that the gulf would be closed has eased, the return of a sense of crisis is always possible. With at least 42 commercial vessels having been attacked in 1984 and the military balance having shifted toward Iraq, further disruption of oil traffic could be in the offing.[19] Iran's promised ground offensive, which could prompt renewed Iraqi strikes on tankers, has not occurred. (The delay is attributed to internal discontent over the war.)[20] Nevertheless, Iran is sufficiently unpredictable that the worst may not be over.

This being the case, key questions remain: Does the war present a threat to the United States? Should the United States regard intervention as its duty if such action is deemed necessary to keep the Strait of Hormuz clear? Finally, is there a critical threat from the Soviets?

There is little reason to fear that even fiercely renewed fighting would substantially interfere with oil traffic in the gulf. First, Iran has no interest in closing the Strait of Hormuz; its own exports must pass through the strait. Iraq's interference, on the other hand, would hurt its own allies, Saudi Arabia, Kuwait, and other gulf countries, which have given Iraq some \$35 billion since the war started. Second, if the strait were, in fact, closed, the threat to the West would hardly constitute a disaster; at most, the price of oil and gasoline would rise moderately.

Iran reportedly said at the start of the war that it would not block the Strait of Hormuz.[21] Subsequently, however, Iran did interfere with Iraq's ability to use the strait. In response, Iraq made strikes in the vicinity of Kharg Island. This prompted Iran to declare that if Kharg were damaged, Iran would close the strait. But Iran clearly would not welcome such a circumstance. In fact, a Western oil analyst has attributed the lack of disruption in the gulf to Iran's "underresponse" to Iraq's attacks: "They don't want to bring the gulf to the flash point." [22] The strait has not been closed, notes another observer, because "a large part of the cost of closing the strait would have been borne by Iran and Iraq themselves." [23]

It is unlikely that Iran could close the strait even if it wanted to do so. Milton R. Copulos, director of energy policy studies at the conservative Heritage Foundation, likens those who warn of such a threat to Chicken Little. He notes that since the strait is 30 miles wide at its narrowest point, blocking it by sinking a tanker is "simple fantasy." Nor could Iran effectively mine the strait: it has neither the mines nor the minelayers. Finally, the threat of Iranian navy interdiction of tanker traffic is grossly overstated. As Copulos states, "According to U.S. naval officers . . . the Iranian fleet, such as it is, is in such a state of disrepair that none of its ships can stay on patrol for more than a few days at a time without breaking down and having to be towed back to port." [24]

The question arises, however, as to what would happen if Iran had both the will and the ability to block the strait. It is safe to say the result would be far less noticeable than that of the oil shocks of the 1970s. The international oil market is very different now than it was then. In 1977 the United States received an average of 28 percent of its oil imports from Persian Gulf countries. Today less than 10 percent comes from those countries (see table below). Most U.S. oil imports come from Mexico, Canada, Venezuela, Great Britain, and Indonesia. The domestic production picture has changed too. Domestic oil now accounts for 69 percent of total U.S. consumption, a significant increase over conditions in the 1970s.[25]

U.S. Oil Imports: Average Volume per Day (1000 barrels)			
	1977	1983	1984*
Total Gulf	2,438	440	520
Saudi Arabia	1,380	337	359
United Arab Emirates	335	30	108
Iran	535	48	11
Iraq, Qatar, Kuwait	188	25	42
Total OPEC	6,193	1,862	2,055
Total Non-OPEC	2,614	3,189	3,408
Total U.S. Imports	8,807	5,051	5,463

Source: Energy Information Administration, Petroleum Supply Monthly (June 1984). *First six months of year.

One cannot look at the United States in isolation, of course, because the oil market is a true world market. Japan and Western Europe use far more oil from the gulf than does the United States. A sudden supply disruption would prompt them to bid up the world price of oil. In 1982, according to the American Petroleum Institute, Japan imported almost two-thirds of its oil from the gulf, and Western Europe imported more than one-third of its oil from the gulf.[26] They have hedged, however, by diversifying their supply sources and are not as vulnerable as it may seem. According to the Economist (London), the United States and its allies could more than cover a total loss of gulf oil, 2 million barrels a day, for 300 days because of the current glut.[27] Japan and Western Europe have four months' worth in storage, and the U.S. government has almost 400 million barrels in its strategic petroleum reserve.[28] By one estimate, the industrial countries have enough oil for 26 days if all production stops, and this figure does not assume increased conservation. The gulf area now contributes only 20 percent of world oil output, as compared with 33 percent in 1979

Ironically, despite Japan's dependence on Persian Gulf oil, the Japanese seem calm in the face of the "impending crisis." It may be argued that their calm is a result of relying on the United States to keep the strait open, but more likely it may have something to do with Japan's good relations with both Iran and Iraq. Japanese officials also point out that the nation has 120 days' worth of oil stockpiled and that Japan has recently diversified its sources of supply. Japan could also increase its purchases from Mexico and other nations, should the gulf supply be disrupted.[29]

Moreover, a gulf-created shortfall would be cut in half by other producers.[30] Furthermore, the Saudis presently have some 70 million barrels of oil in berths outside the gulf.

The United States and 20 allies also have an oil-sharing agreement dating back to 1974, requiring member countries to provide oil to hard-pressed fellow members in emergencies. The agreement may give some people a sense of security, but it is in fact superfluous and academic. As energy analyst S. Fred Singer has pointed out, oil is fungible and will be allocated in the world market by supply and demand. Nations hard hit by a disruption will bid oil away from those that are less hard hit.[31] In addition, to invoke the agreement not only must a nation anticipate a supply shortfall of at least 7 percent, but it must cut consumption by 7 percent, according to a spokesman for the Department of Energy. Unsurprisingly, the agreement has never been invoked.

David Henderson, former senior economist with the Council of Economic Advisers, estimates that the worst possible disruption of gulf oil supplies would deprive the market of 5 million barrels a day, a 9 percent loss. Under the most pessimistic demand assumptions, says Henderson, the price per barrel would jump to \$65 from the current \$30. Under more optimistic assumptions, it would go to only \$45--with a per-gallon gasoline price of \$2 the consequence in the United States.[32] This would be an inconvenience, but surely not a major disruption of the American way of life or of U.S. industry.

It is hard to see how U.S. military intervention in the gulf would alleviate a disruption there. Notions of a quick, clean surgical strike by Central Command forces seem simplistic. The entry of U.S. forces would likely cause a backlash of resistance fired by bitter resentment at what would be seen as imperialism. Guerrilla warfare and terrorist tactics could destroy vital oil-export facilities, hampering oil flow more severely than before. Rather than restore oil traffic, U.S. intervention would so increase uncertainty that tanker insurance rates could climb prohibitively.

In 1979 a Congressional Research Service (CRS) study of the feasibility of U.S. military occupation of the gulf oil fields concluded that such a full-scale operation would be immensely difficult.[33] While a full-scale occupation is different from an operation limited to keeping the Strait of Hormuz open, some of the CRS findings are relevant. The report, for instance, stated:

Successful saboteurs could impede, or perhaps even stop, the flow of oil at its source in the field, at pipeline checkpoints, at terminal facilities, or after products have been pumped aboard tankers. . . . Restoration requirements would exceed U.S. capabilities, unless damage was quite restricted. . . . Constant security against skullduggery would still remain a challenge. . . . Onshore wells, for example, are easy to incapacitate. One well-blown pumping station can shut down a pipeline for 90 days. . . . Fire in an oilfield, tank-farm, or refinery can be fearsome.[34]

The suicide bombings of the U.S. embassy and Marine Corps barracks in Beirut are indications of how likely oil

sabotage would be were the United States to send forces to the gulf. Although the CRS report was written before the establishment of the Central Command, it is hard to see how the Command could make any difference. The Command is intended to serve as a tripwire to greater U.S. involvement, so as to deter Soviet moves in the Middle East. But a \$4 billion-a-year tripwire with at best a "tenuous network of bases" does not address the reservations of the CRS.[35] As the CRS warned, "Conflict conceivably could escalate beyond U.S. control." [36]

Those concerned over the threat of even a minimal disruption of the oil market could do better than propose U.S. readiness to enter the gulf militarily. Measures designed to protect, and thus encourage, entrepreneurs in private planning for oil emergencies would mean far more than a threat to go to war.

Stockpiling oil for future disruptions seems an obvious expedient, but much of what has happened to date discourages such activity by the oil industry. There is little incentive to stockpile large amounts of oil at relatively low prices during a glut, if when one does not expect to be free to charge the higher market price during a disruption. Nevertheless, it is likely that during the next oil crisis the "profiteers and speculators" will be denounced and price and allocation controls will be proposed. A major reason why private stocks of oil are probably now too small

is that [speculators] anticipate the possibility that government will not allow them to sell accumulated stocks at market prices during severe supply disruptions. Even with the elimination of price controls on crude oil and petroleum products in January 1981, firms will include in their calculations the probability that controls will be reinstated during future oil price shocks. As a result, firms will hold lower levels of speculative stocks than they otherwise would.[37]

Even with today's glut, there is congressional support for standby oil controls. In early 1984 Republicans and Democrats on the House and Senate energy committees drafted such legislation. President Reagan's veto of the Standby Petroleum Allocation Act of 1982 was nearly overridden.[38]

This sort of activity can only undercut private emergency planning. The best thing the U.S. government could do to ease any disruption would be to create, in advance of a crisis, an atmosphere of entrepreneurial confidence, specifically the certainty that those who put oil away for an emergency will not be punished in effect for doing so. Such a proposal is bound to be criticized as favoring speculation, but the repression of speculation is based on ignorance.

The process of speculation is critical to mitigating the uncertainty of everyday life. Speculators stockpile when supplies are plentiful and (relatively) cheap, and they sell when supplies are scarce and expensive. Their activities tend to even out supplies and prices over time. In times of plentiful and secure supplies, for example, entrepreneurs may buy up inexpensive oil and hold it off the market in anticipation of higher prices in the future. Should a major oil region come under threat, the price of oil from that region will tend to rise in response to the increased danger. The higher price, in turn, encourages stockpilers to bring their supplies to market. This has the effect of putting a lid on price increases and channeling oil buyers away from the less secure source of supply. If the speculators' guesses about the future are accurate, they of course profit. Their profits, however, are rewards for the valuable services they render. Squelching speculation to deprive someone of profits is a clear case of cutting off one's nose to spite one's face, in that if the rewards are outlawed, the services will not be rendered. In such an instance, who gets hurt?

Aside from planning for--and thus helping to prevent-- future emergencies, a free energy market would provide the best early warning of potential supply interruptions. Suspicion that one source of supply is precarious would send signals through the pricing system, inducing producers, traders, and consumers to act accordingly. The absence of trade restrictions (such as those on the export of Alaskan oil) would maximize the entrepreneurs' ability to adjust to new conditions and to maintain the flow of oil, regardless of its source, to the American people.

Would the market stockpile enough oil? Some analysts, including some who otherwise favor the free market, believe it would not on the grounds that the incentives are not great enough.[39] However, such arguments seem founded on the dubious notion of "social costs" and posit some objective test of what a sufficient stockpile would be. They thus neglect the principle that to the individual decision maker the costs are subjective, rather than objective and "social." The decision to stockpile entails foregoing present sales and consumption in favor of expected future need. There is no objective or "social" way to decide how much should be consumed today and how much saved for later. That can be decided only by individuals, whose decisions are affected by current prices and estimates of future prices, and whose actions in turn affect those prices.

Of course, governments also try to estimate future conditions. The estimates of private investors and entrepreneurs are inherently more credible, however, in that their personal wealth rides on their decisions. This puts them under a strong incentive to forecast reasonably, in contrast to government forecasters, who do not face the profit-and-loss test. The incentives of bureaucracy make it likely that government forecasters, will shape their predictions in ways that will yield them more power and influence.

Some people argue that government stockpiling is good politically because its visibility may prevent panic-buying at the beginning of a crisis and perhaps even obviate the perceived need for controls.[40] The problem with this argument is that a government stockpiling program would likely change the calculations of private stockpilers. This is because private stockpilers would anticipate different future price changes owing to an expectation that the government would draw down its reserves.

There is also the problem of how much the government would stockpile, that is, withdraw from current consumption. Because the government's cost constraints are different from those of market participants, there is likely to be a difference between the amount the market would withdraw from consumption and the amount the government would withdraw. Regardless of whether the government stockpiles more or less than the market, a cost would be imposed on a majority of people.

The Iran-Iraq war, even if it were to markedly intensify and interfere with oil traffic, has little capacity to harm the American people, apart from causing a rise in the price of oil and gasoline. There is simply no good economic reason for the U.S. government to be the policeman of the gulf, promising or threatening to use military force to counter interference by others. It seems especially presumptuous for the United States to stifle change in Iran and the Arab countries in order to keep U.S. gasoline and oil prices from rising. This is true even if change in those countries is of a repugnant nature, stemming, as it often does, from barbarous and intolerant practices carried out in the name of religion.

The costs of military intervention would be high not only in war casualties, but also in terms of resentment directed at the United States. One of the strongest components of the fundamentalist Muslim reawakening is anger at Western interference in Muslim countries, epitomized by U.S. conduct in Iran. U.S. military intervention in the gulf would confirm the fears of anti-American factions there and likely launch a campaign of violence against the U.S. presence.

The effects of a supply disruption can be best minimized by freeing--and keeping free--the domestic energy market, which includes oil and any substitutes, so that it can provide maximum service to American consumers.

The Soviet Threat

The foregoing analysis could be readily accepted were it not for what is regarded as the looming threat to the Middle East in the form of the Soviet Union. It is often argued that however incapable a chaotic Middle East is, in itself, of disrupting the West, such disorder only furthers the Soviet Union's designs on this long-coveted region. Thus, the United States has an interest in keeping order in the Middle East.

The prima facie case for this argument is perhaps strong: The Soviet Union is a totalitarian superstate that shows no regard for individual rights. It borders the oil-rich Middle East and historically has shown interest in the region for, among other things, the warm-water ports it would provide. In spite of this, the Soviet Union took no overt military action in the Middle East from 1944 to 1979. Thus, its invasion of Afghanistan in 1979 was a departure from its former conduct. It does not necessarily follow, however, that the Soviet Union is either willing or able to expand into the Middle East or that such a development would be of proportions catastrophic enough for the West that military force would be required--even at the risk of global nuclear war--to stop a Soviet move.

A thorough look at the record of Western and Soviet conduct in the Middle East leads to other conclusions. It would be foolish, of course, to deny that the Soviets would like to have major influence in, or even dominate, the Middle East--if it could be done at low cost. But such a bargain is not available to the Soviets. Further, they apparently have been aware for quite some time of the high cost such dominance would demand, in that their conduct in the Middle East has arguably been restrained. As Jonathan Steele of the Guardian writes:

With few exceptions, the Soviet Union has not tried to stir up local tensions. In the wars between Ethiopia and Somalia or Iran and Iraq it either sought to prevent them by finding a diplomatic settlement or adopted a hands-off policy. The Soviet Union discouraged the three most recent Arab-Israeli wars and has imposed limits on its arms deliveries, often at the risk--as in the case of Egypt--of incurring Arab displeasure. On the central aspect of the Arab-Israeli dispute, the existence of Israel, Moscow has consistently urged the Arabs to recognize the Jewish state. Most important of all, it frequently put its hopes for detente with the United States above the chance of local advantage in the Middle East. . . . [It] supplied the Arabs with aircraft and weapons but never seemed able to use this as leverage in the vital decisions about going to war. The Arabs mainly ignored their advice. . . . Soviet policy, and indeed the whole Soviet strategy, in the Middle East began and continued as damage-limitation. The primary goal was to prevent the region from becoming a safe asset for the West in its policy of encircling the Soviet Union. That meant that Western political and economic influence should be challenged where feasible.[41]

The history of Soviet involvement in the Middle East bears these observations out. In 1944 Soviet leader Joseph Stalin proposed that the Iranian railways and a free port on the Persian Gulf be operated under an international trusteeship. The United States rejected that plan, a State Department paper stating that British policy for more than a hundred years has been pointed towards preventing any other great power, and especially Russia, from gaining a foothold on the Persian Gulf. . . . If we proceed on the assumption that the continuance of the British empire in some reasonable strength is in the strategic interest of the United States, it might be considered wise, in protection of vital British communications in this important area, to discourage such a trusteeship.[42]

Apparently U.S. opposition to Soviet influence in the Middle East was not out of concern for indigenous self-determination.

Soviet troops entered northern Iran in World War II, but left shortly afterward under pressure from the United States and because of overt opposition from internal Iranian forces (including future prime minister Muhammad Mossedegh, whom the United States branded as a communist and helped to overthrow in favor of the shah in 1954). While in Iran, the Soviets sought oil rights in the north, but to no avail. They withdrew after Iran agreed to give them a share in a special Soviet-Iranian oil company, an agreement annulled by Iran soon after the withdrawal. Tempting as it may be to conclude that only U.S. resistance kept the Soviets from staying in Iran and expanding further in the region, George Kennan, a former U.S. ambassador to Moscow, has nevertheless written that what motivated the Soviets was not oil so much as "apprehension of potential foreign penetration in that area." [43] If this interpretation of Soviet conduct as defensive is correct, one cannot argue that the Soviets would have moved in had the United States practiced nonintervention. Their own postwar conservatism and the indigenous Iranian resistance, such as Mossedegh's, might have been a sufficient barrier. The Soviet attempt to gain influence in Turkey foundered just as badly. Both Iran and Turkey (the latter joining NATO) tilted toward the West after vigorous courting and "dollar diplomacy," confirming Soviet suspicions that the United States had designs on the territory along the Soviet Union's southern borders.

One of the Soviet Union's major bids for influence in the Middle East was its courtship of Egypt under Gamal Abdul Nasser. Before Nasser came to power in 1954, the Soviets had shown little interest in Egypt, even voting in the United Nations for the establishment of the state of Israel. Nasser looked to the United States for arms, but hesitated when Secretary of State John Foster Dulles conditioned the arms agreement on Egypt's acceptance of U.S. advisers. The United States then withdrew the offer (under British influence), and Nasser turned to the Soviet Union instead; Moscow responded by sending arms, but through Czechoslovakia to avoid upsetting Washington. According to Nasser's friend, author Mohamed Heikal, the Russians "were sucked into the Middle East by events. It was not they who started the great offensive, but Egypt who had forced it upon them." [44]

This did not make Egypt a terribly close Soviet ally. For example, Nasser failed to consult the Soviets before nationalizing the Suez Canal. When Israel, Britain, and France attacked Egypt in 1956, the Soviets proposed to President Eisenhower that the United States and the Soviet Union enter jointly to stop the fighting and submitted a cease-fire draft to the United Nations. Eleven years later, after the Six-Day War, the Arabs accused the Soviets of sitting on the sidelines while Israel dealt them a major blow. The president of Algeria, Houari Boumedienne, went to Moscow to complain, according to Heikal. Boumedienne reportedly told the Russians, "The worldwide national revolution is receiving successive blows from American neocolonialism, and your friends feel that the slogan of

peaceful coexistence has turned into fetters restricting your movements. We sincerely wish to know where your dividing line is." The Soviets promptly replied, "What is your view of nuclear war?"[45] This friction led eventually to the biggest blow against Soviet pretensions in the region: the expulsion of thousands of Soviet personnel from Egypt by Egyptian president Anwar Sadat in 1972.

In general, the Middle East has not been hospitable to communists, including home-grown communists. Iraq, for example, has suppressed its Communist party.[46] In 1978, 21 members of the Iraqi Communist party were executed after allegations of infiltration into the army. Continued persecution of the communists drove them underground, and in 1980 Iraqi president Saddam Hussein called them "a rotten, atheistic, yellow storm, which has plagued Iraq." Moreover, Iraq's formerly close friendship with the Soviet Union has been badly strained by the Iran-Iraq war. When Iraq went to war with Iran the Soviet Union, which opposed the invasion, tilted toward Iran and refused an Iraqi arms request. At around the same time the Soviets entered into a new relationship with Saddam Hussein's chief Arab rival, President Hafez Assad of Syria.[47] The Soviets shifted course again in 1982, tilting back toward Iraq. Iran, for its part, has lately made overtures to the Soviets.

But Iran too has antagonized domestic communists. In February 1983, for example, the Iranian government under Ayatollah Khomeini arrested Tudeh (Communist) party leaders, banned the Tudeh party, and expelled 18 Soviet diplomats. According to Christopher Van Hollen, former deputy assistant secretary of state for Near Eastern and South Asian affairs, Khomeini renounced a 1921 treaty with the Soviet Union shortly after taking power and "must have infuriated the Soviets at the Second Islamic Conference in Islamabad when [he] included Afghan nationalists in the Iranian delegation. . . . They probably felt much more comfortable with the shah than they do with the Khomeini regime." [48]

David Newsom, former U.S. undersecretary of state, aptly summed up the Soviets' position in the Middle East:

Except in Afghanistan, the Soviets have not made a substantial gain in the Middle East since their departure from Egypt. Sometimes, in our occasional facile discussion of this issue, we give the impression that the Soviets are very much on the march in an area where, for some strange reason, they may even be showing some restraint. Certainly in Iran they do not seem to be making great headway. . . . The leftists there seem to be getting their heads cut off.[49]

But what about Afghanistan? Surely the Soviet invasion and attempted occupation of that country must be interpreted as a Soviet bid for territory and an approach toward Iran. First, however, the Soviets already share a border with Iran and do not need Afghanistan for that purpose. Second, as Steele writes, "The evidence that the Soviet Union is eager to have access to a large part of the region's oil is shaky." [50] The Central Intelligence Agency was wrong when it predicted in 1977 that Soviet oil production would peak and then decline in the early 1980s. In fact, the Soviet Union continues to be the world's largest oil producer. It sells 22 percent of its oil abroad, making oil the Soviets' largest source of hard currency after gold. This export market is the reason the Soviet Union will not sell oil to its Eastern European allies beyond the 1980 level. It prefers to sell it in the most lucrative market, not in the discounted communist-bloc market.

Why, then, did the Soviets invade Afghanistan? It is reasonable to believe that the pro-Soviet ruler there, Hafizullah Amin, had become too disruptive of Afghan society, igniting massive resistance that perhaps could have spread to adjacent Muslim areas in the Soviet Union. According to one observer, Selig Harrison, "[Babrak] Karmal's late predecessor, Amin, attempted to replace the tribal power structure with a communist administrative network, arousing armed resistance that helped set the stage for the Soviet occupation. Karmal has avoided this mistake." [51]

Going back to before the 1978 communist coup, one can find indications that the Soviets and their clients did not make the first move against Afghanistan's tradition of neutrality. Selig Harrison has written that Iran under the shah tried, with U.S. encouragement, to bring Afghanistan into something of an anti-Soviet alliance before 1978. A \$2 billion aid program was to be traded for Iranian influence over the Afghan government. Under Iranian influence, Prime Minister Muhammad Daud ended his formerly good relations with local communists and started eliminating them from government and military posts. The result was apparently Soviet alarm that another neighboring country was being taken into the hostile camp.[52]

The record of the Soviets in the Middle East exists, of course, in the context of substantial U.S. intervention. If the

Soviets have exercised moderation in this context, one cannot say with certainty what they would have done in another context, say, under a policy of U.S. nonintervention. It is conceivable that they would have moved to dominate the area; the value of U.S. nonintervention does not rely on a Pollyannaish view of Soviet intent.

However, even in the worst imaginable case--that the Soviets have designs on Middle East oil and can get it at low cost--the United States cannot conclude that stopping them is worth the cost of war. The Soviets have little choice but to export part of any oil they control; they could not resist selling oil to the West even during the 1973 Arab oil boycott. Dina and Martin Spechler have written that there is evidence the Soviet Union increased its sales to the United States and the Netherlands during that period.[53] Moreover, the Soviets have long sold the United States such strategic materials as titanium and chromium, continuing to do so even when the United States was embargoing grain and equipment for building the Soviet natural-gas pipeline to Western Europe.

The United States in the Gulf

Now let us contrast the Soviet record with that of the United States. We can begin by noting that the United States has had significantly more opportunity to exert its will in the Middle East since the end of World War I.[54] Before the war, the Middle East was the stronghold of the Ottoman Turks, but when the war ended, Great Britain and France assumed control of the region. In 1919 those two countries signed an agreement dividing the Ottoman Empire between them, with the north to be controlled by France and the south by Britain. (Palestine was originally to be international territory.) At the end of the war the two European powers, which were sometimes in conflict with each other, partitioned the area, creating new countries and naming their local proxies as rulers.

This is about the time when the United States staked its claim to oil and influence in the region. Two American firms, Standard Oil of New York and Standard Oil of New Jersey, jointly won a quarter-share of the Iraqi oil-exploration company under the 1928 Red Line agreement. The conference leading to the agreement, arranged by the British Royal Dutch-Shell Company, was called to settle conflicts between American and British oil companies over oil fields in various parts of the world. Under the Red Line agreement, competition and production were to be tightly controlled to avert falling prices and shrinking profits.

It is worth noting that the U.S. government, especially in the person of commerce secretary Herbert Hoover, encouraged U.S. firms to develop overseas petroleum resources. To facilitate this, the government in various ways restricted competition among U.S. firms in order to "stabilize" prices. An array of state and federal energy regulations and restrictions was ushered in during this period to conserve domestic oil reserves. The major impetus for this action was the U.S. Navy.

World War II was not just a conflict between the Allies and the Axis powers; in large measure, it was a conflict between the United States, Great Britain, and the Soviet Union. The issue was oil in the Middle East. In 1944 Secretary of the Navy James Forrestal summed up the official U.S. view in a letter to the secretary of state:

The prestige and hence the influence of the United States is in part related to the wealth of the government and its nation in terms of oil resources, foreign as well as domestic. It is assumed, therefore, that the bargaining power of the United States in international conferences involving vital materials like oil and such problems as aviation, shipping, island bases, and international security agreements relating to the disposition of armed forces and facilities, will depend in some degree upon the retention by the United States of such oil resources.[55]

This concern for foreign oil was manifest in the close relationship between the State Department and the Aramco Company, the American-Arabian oil company formed for Saudi Arabia by major U.S. oil firms.

During the war, the center of world oil production shifted to the Middle East. Britain accounted for four-fifths of that output. By 1953, however, the British share had dropped to 31 percent and the U.S. share had jumped to 60 percent. This dramatic change is attributable to President Harry Truman's determination to thrust the United States into world leadership. To this end he created a committee of bankers and businessmen, led by Chase National Bank president Winthrop Aldrich (brother-in-law of John D. Rockefeller), to, among other things, enlarge the U.S. share of oil production. The Truman Doctrine and the Marshall Plan can also be seen as parts of this overall strategy. While the Truman Doctrine (in which aid was sought to protect the regimes in Greece and Turkey from alleged communist

subversion) was being debated, Time magazine commented, "The loud talk was all of Greece and Turkey . . . but the whispers behind the talk were of the ocean of oil "to the south." [56]

Over one-tenth of U.S. aid to Europe between 1948 and 1952 under the Marshall Plan was spent on oil products, and this does not include assistance for the building of refineries. Under the Marshall Plan, Standard Oil of New York and Standard Oil of New Jersey built major British refineries, thereby undercutting independent U.S. refineries in the European market. Additionally, the U.S. government bought Middle East oil, which then cost 50 cents a barrel to produce, from U.S. firms at the Texas gulf coast price of \$2.65. Most revealing is this passage from Walter Levy, who left Standard Oil of New York to head the Marshall Plan's oil division:

Without the Marshall Plan, the American oil business in Europe would already have been shot to pieces. . . Without [Marshall Plan] aid, Europe would have not been able to afford during the last year, and could not afford during the next three years, to import large quantities of American oil--from either domestic or foreign sources controlled by American companies . . . [The Plan] does not believe that Europe should save dollars or earn foreign exchange by driving American oil from the European market.[57]

American noninterventionists charged during the Marshall Plan period that the Aramco oil destined for Europe was priced at the inflated Texas price, with the difference being absorbed by the U.S. taxpayers. The Texas Independent Producers and Royalty Owners Association spoke prophetically in 1953 when it put the subject of Middle East oil in its full context:

Although Middle East oil is so abundant that it can be developed at a fraction of the cost of our own, it is far from "cheap." On the contrary, Middle East oil may already be the most expensive in the world market today when consideration is given to the fact that vast amounts of public funds are spent on the defense mechanism which is intended largely to protect American interests in Middle Eastern oil fields. Moreover, in these troublesome times that oil could become costly in American lives as well.[58]

The Soviet Union, of course, did not miss the significance of U.S. initiatives so close to its own borders. Nor did it fail to appreciate the efforts of the United States to make strong allies out of Israel, Saudi Arabia, and Iran. Within a few years of the Soviets being pressured to leave northern Iran, the CIA overthrew the centrist, anticommunist Mossedegh and restored the autocratic shah to his throne. The United States then proceeded to pour billions of dollars in arms into Iran over the next 25 years.[59] However, the eventual permanent overthrow of the shah, accompanied by violence directed at the U.S. government, did not redound to the benefit of the Soviets.

The Nixon Doctrine, which made explicit the U.S. dependence on regional powers in the post-Vietnam era, had aspects that nearly defy credulity. The most significant was the encouragement of high oil prices in the early 1970s. In 1976 Forbes magazine made the case that U.S. policy was responsible for the oil price shock. "Why did the U.S. so readily surrender to OPEC?" asked Forbes.

It is hard to avoid the conclusion that the State Department was, in effect, sacrificing economics to politics. . . . They [the policymakers] were quite prepared to have U.S. motorists and businessmen--and those of the rest of the world--pay a bit more for oil in order to help the shah of Iran and the Saudis. . . . The State Department realized full well that they could not persuade Congress to tax Americans for that purpose. So they did it by the back door.[60]

Jonathan Kwitny notes that higher oil prices enabled our Persian Gulf allies to increase their military spending from under \$800 million a year to more than \$4 billion a year by 1975.[61]

In sum, U.S. policy toward the Middle East is characterized by an intention to ultimately control the oil there, strengthen key allies to do the United States' bidding, and keep other powers--not just the Soviet Union, but also Britain and France--away, if not dependent on the United States. The fruits of this policy, which took up where earlier French and British policy left off, have been the prolonged Arab-Israeli dispute, the fundamentalist Muslim uprising in Iran, and other assorted conflicts, including the Iran-Iraq war.

It is ironic that during the 1980 presidential campaign Ronald Reagan attributed the war in the Persian Gulf to the "policies this [the Carter] administration has followed during the last 3 1/2 years--a vacillating foreign policy and a

weakened defense capability are largely to blame." [62] In other words, for Reagan recent U.S. problems in the Middle East resulted from too little American domination there. While so far Reagan's response to the Iran-Iraq war has been more modest than might have been expected of him, it should not be forgotten that this president fundamentally believes that hot spots such as the Middle East can best be managed by the unfettered application of U.S. power.

In light of the history of U.S. relations in the Middle East, that would be a recipe for disaster.

FOOTNOTES

[1] Access to Oil--The United States' Relationship with Saudi Arabia and Iran (Washington, D.C.: Government Printing Office, 1977). Robert W. Tucker, in his famous article advocating U.S. seizure of the oil fields--"Oil: The Issue of American Intervention," *Commentary* (January 1975)--wrote that "more likely" than a Soviet move on the gulf is "a threat to access [that] will arise primarily from developments indigenous to the Gulf."

[2] *Foreign Relations of the United States*, vol. 8 (Washington, D.C.: Government Printing Office, 1945) Volume 8, p. 45.

[3] Alvin Rubinstein, "The Evolution of Soviet Strategy in the Middle East," *Orbis* (Summer 1980): 330. See also, James A Phillips, "Moscow Stalks the Persian Gulf," *Heritage Foundation Background*, no. 333 (February 27, 1984), p. 4.

[4] Phillips, p. 14.

[5] "Iraq: The West's Opportunity," *Foreign Policy* 41 (Winter 1980-81): 138; "Iraq Ready to Accept Cease-Fire Call," *Los Angeles Times*, September 30, 1980; "Iraq Planning 4-Day Halt in War with Iran," *Los Angeles Times*, October 2, 1980.

[6] "Military Balance in Gulf War Now with Iraq, Study Finds," *Washington Post*, August 28, 1984, pp. 1, 10.

[7] A.O. Sulzberger, Jr., "Roots of War in the Gulf: Mesopotamia and Persia," *New York Times*, September 24, 1980, p. 4. See also, T. Walter Wallbank, Alastair M. Taylor, and Nels M. Bailkey, *Civilization Past & Present* (Glenview, Ill.: Scott, Foresman and Co., 1975), pp. 158-59.

[8] "Shatt al-Arab: Where Water and Oil Mix," *Los Angeles Times*, October 3, 1980, p. 14; William O. Beeman, "Iran Has Iraq's Number," *New York Times*, October 2, 1984, p. 21; "Iran and Iraq Test Mettle," *New York Times*, September 23, 1980, p. 4; and Daniel Pipes, "Mideast River War," *Wall Street Journal*, September 25, 1980.

[9] See Beeman.

[10] David Hirst, "Has Iraq bitten off too much?" *Guardian*, October 5, 1980, p. 7.

[11] The last time U.S. military action in the gulf was prominently entertained was in 1975 when OPEC was in the midst of a series of price increases. See Tucker and also a response, I. F. Stone, "War for Oil?" *New York Review of Books*, February 6, 1984, p. 7.

[12] "Iraqi Attack on Iran's Main Oil Terminal Is 'Distinct Possibility,' Senate Study Says," *Wall Street Journal*, August 23, 1984, p. 1.

[13] "Attacks on Tankers Fail to Slow Gulf Oil Exports," *Washington Post*, June 17, 1984, p. 1.

[14] *Ibid.* For example, Arabian light crude that normally sold for \$30 a barrel on the spot market was selling for \$28.15.

[15] "Oil Prices Hit the Skids," *Business Week*, August 13, 1984, pp. 54-55.

[16] *Ibid.*, p. 55.

- [17] "OPEC Overproduction Aggravates World Oil Glut, Analysts Say," Washington Post, August 6, 1984, p. 4.
- [18] Ibid. and "Lost-Cargo Compensation and Discounts Help Ease Fears of Oil Shippers in Gulf," Wall Street Journal, June 14, 1984, p. 35.
- [19] See "Iraqi Attack" and "Military Balance in Gulf War."
- [20] "On 'Final' Assault: Dissension in Iran?" New York Times, June 12, 1984, p. 12.
- [21] "Will Not Block Oil Supplies Through Strait, Iran Says," Los Angeles Times, October 2, 1980. This, however, was contradicted in Continued War Has Arab, Big-Power Repercussions," Middle East Economic Survey 23, no. 52 (October 1980): 6. Iranian president Bani Sadr was quoted there as having "warned that Iran would close the Hormuz Strait if any Gulf Arab state helped the Iraqis in any way." Quoted in James L. Johnston, "Not So Dire Straits," unpublished paper, October 19, 1981, p. 5. Ian Davidson (in "The strategic game goes out of control," Financial Times, October 6, 1980, p. 3) agreed with the Los Angeles Times account. See Johnston, p. 6.
- [22] "Attacks on Tankers Fail."
- [23] Johnston, p. 7.
- [24] Milton R. Copulos, "Hearing It Straight About the Strait," Heritage Today (May/June 1984): 5.
- [25] American Petroleum Institute interview. Domestic production's share of U.S. consumption, as of May 1984, dropped five points over last year for various reasons.
- [26] "Response," (Washington, D.C.: American Petroleum Institute, May 30, 1984), p. 1. This is the last year for which comprehensive annual data are available.
- [27] "Oil and the Gulf: A Survey," Economist, July 28, 1984, p. 7.
- [28] This is the amount as of January 1984. George Horwich and David Leo Weimer, Oil Price Shocks, Market Response, and Contingency Planning, (Washington D.C.: American Enterprise Institute, 1984), p. 111.
- [29] Interview with H. Hosada, general manager, Japan National Oil Corporation, December 1984.
- [30] "Oil: An attack of nerves," Economist, May 19, 1984, p. 86.
- [31] Letter, New York Times, June 14, 1984, p. 23.
- [32] Personal interview, June 27, 1984.
- [33] Congressional Research Service, "Petroleum Imports from the Persian Gulf: Use of U.S. Armed Force to Ensure Supplies," May 1, 1979.
- [34] Ibid., pp. 14, 15.
- [35] See Robert A. Manning, "America's Newest Tripwire," Inquiry (January 1983): 22-25. The Pentagon's estimate of the RDF's cost was \$4.3 billion. Private analysts have estimated the full cost of the commitment at as much as \$59 billion for FY 1985. See Earl C. Ravenal, Defining Defense (Washington, D.C.: Cato Institute, 1984), p. 17.
- [36] "Petroleum Imports from the Persian Gulf," p. 16.
- [37] Horwich and Weimer, p. 113.
- [38] Ibid., p. 6.

[39] See Horwich and Weimer.

[40] This argument has been made by an economist who generally advocates the free market. See Benjamin Zycher, "Emergency Management," in *Free Market Energy*, ed. S. Fred Singer (New York: Universe Books, 1984), p. 95.

[41] Jonathan Steele, *Soviet Power* (New York: Simon and Schuster, 1983), pp. 180-81.

[42] Quoted in *ibid.*, p. 183.

[43] Quoted in *ibid.*, p. 184.

[44] Quoted in *ibid.*, p. 187.

[45] *Al-Ahram*, August 25, 1967. Quoted in Steele, p. 191.

[46] Phillips.

[47] Adeed I. Dawisha, "Iraq: The West's Opportunity," *Foreign Policy* 41 (Winter 1980-81): 138. Pravda quoted the late Soviet leader Leonid Brezhnev as calling the war "absolutely senseless" in 1981. See Steele, p. 199. One can find tension between the Soviets and Iraqis back in 1973 when the Soviets quietly objected to Iraqi seizure of a narrow strip of Kuwaiti territory. During the period of close relations Iraq never offered the Soviets base facilities in the Gulf of Umm Qasr. (See Steele, p. 202.)

[48] *Conversations with Harold H. Saunders*, (Washington, D.C.: American Enterprise Institute, 1982), p. 69.

[49] *Ibid.*, p. 67.

[50] Steele, p. 202.

[51] Selig S. Harrison, "The Soviets Are Winning in Afghanistan," *Manchester Guardian Weekly*, May 27, 1984, p. 17.

[52] See Jonathan Kwitny, *Endless Enemies: The Making of an Unfriendly World* (New York: Congdon & Weed, 1984), pp. 214-16.

[53] "The Soviet Union and the Oil Weapon," in *Limits of Power*, ed. Yaacov Roi (London: Croom Helm, 1979), p. 98. Cited in Steele, p. 204.

[54] Much of this account draws on Leonard P. Liggio, "Oil and American Foreign Policy," *Libertarian Review* (July/August 1979): 62-69.

[55] Quoted in Liggio, p. 65.

[56] *Ibid.*, p. 66.

[57] *Ibid.*, p. 67.

[58] *Ibid.*, p. 69.

[59] For a detailed account of the overthrow, see Kwitny, pp. 152-78.

[60] *Forbes*, April 15, 1976. Quoted in Kwitny, p. 194.

[61] Kwitny, p. 195.

[62] "Iran-Iraq War Would Not Have Occurred if Carter Had Aided Shah, Reagan Says," *Los Angeles Times*, September 25, 1980, p. 20

