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ABOUT THE ISSUE

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Editors-In-Chief Erica Liu & Stephen Chankov / **Design Editor** Danielle Zhuo /
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SARTAJ JAVED

is a senior at Western University studying political science. His research focuses on exploring the nexus between Islamic extremism, national security issues and foreign policy. Outside of class, Sartaj works as a Political Risk Analyst with the Leadership & Democracy Lab and hopes to pursue a career as a Canadian public servant.

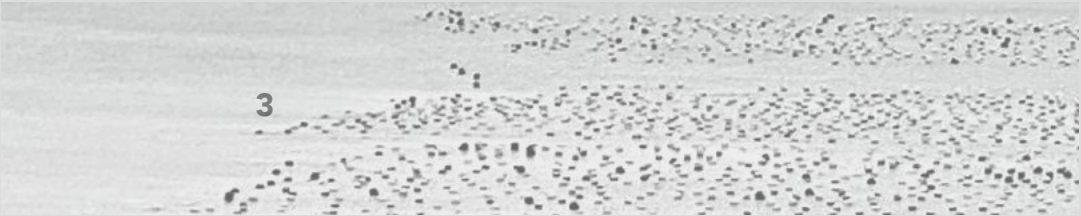
Read his work *Deconstructing American Foreign Policy: Energy Insecurity & America in the Middle East* on page 4



STEPHEN CHANKOV is in his fourth year pursuing a major in International Relations and double minor in Political Science and Contemporary Asian Studies. His areas of interest include demographic challenges (such as population ageing), health and fiscal policy, preservation of cultural heritage, and sustainable development, with a regional focus on the languages, cultures, and histories of Eastern Europe and East Asia. From 2019-2020, he deepened his understanding of these areas through a year-long exchange at the University of Tokyo, where he earned two interdisciplinary certificates in law, finance, economics, languages, and sustainable development with a Japan focus. Outside of the classroom, Stephen has worked extensively in promoting international exchange at the University of Toronto's Centre for International Experience and School of Continuing Studies. In his free time, he enjoys learning languages, cooking (and eating), playing guitar, and writing poetry.



ERICA LIU is in her fourth-year studying Human Geography, Political Science, and Environmental Geography. Her research interests focus on the decolonization of dominant narratives and Indigenous resurgence through storytelling and land-based pedagogies. Erica contributes significantly to both POLIS and UTU-CR, the undergraduate journals of Political Science and Criminology, respectively. She also works as a Research Assistant to examine environmental issues from both a sociological perspective. Beyond the realm of scholarship, Erica has volunteered with the Humanities for Humanity program, the Royal Ontario Museum's Schad Gallery of Biodiversity, and the Toronto Wildlife Center. During her personal time, Erica can be found writing poetry, hiking through old-growth forests, and reading high-fantasy novels. Her favourite book is *Braiding Sweetgrass: Indigenous Wisdom, Scientific Knowledge, and the Teachings of Plants* by Robin Wall Kimmerer.



Deconstructing American Foreign Policy:

ENERGY INSECURITY & AMERICA IN THE MIDDLE EAST

EXAMINING THE IMPACT OF OIL DEPENDENCY
ON SAUDI-AMERICAN FOREIGN POLICY DURING
THE COLD WAR & THE GULF WAR

BY: SARTAJ JAVED

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Introduction

There is arguably no alliance more curious in the world than the bond shared between the Kingdom of Saudi Arabia and the United States of America. Religious, economic and political differences are only cosmetic disparities when considering that each state has its own perspective on how the world should function.¹ Despite the conspicuous dichotomy between the Republic and the Kingdom, successive bipartisan administrations and generations of kings have sought to preserve the robust relationship. The force that forged a diplomatic, trade and security nexus between the two disparate countries that exists in harmonious symbiosis to this date is the petroleum trade.²

As colonial struggle gave way to Cold War rivalry, the world needed energy to fuel its reconstruction after World War II. American administrations were very prescient about the energy needs of an industrializing nation. Thus, Saudi Arabia became a cornerstone of prudent security, energy and foreign policy for the United States. The new global America, which shed its image as an insular nation in the aftermath of WWII, needed to ensure a steady supply of oil for its allies. The US placated its new Arab allies through security and diplomatic guarantees but did not foresee the lopsided nature of its relationship until decades after its genesis.

During the Yom Kippur War of 1973, the Organization for Petroleum Exporting Countries (OPEC), led by Saudi Arabia, launched an oil embargo against the United States over its support of Israel.³ In an address to the nation, President Richard Nixon noted:

¹ Benjamin Medea, *Kingdom of the Unjust: Behind the U.S.-Saudi Connection* (New York; London: OR Books, 2016), 120-151.

² Madawi Al-Rasheed, "U.S.-Saudi Relations: A Deadly Triangle?" *Diplomatic History* 31, no. 3 (2007): 595-98.

³ Dina Rezk, "Six-Day War," in *The Arab World and Western Intelligence: Analysing the Middle East* (Edinburgh: Edinburgh University Press, 2017), 175-99.

As America has grown and prospered in recent years, our energy demands have begun to exceed available supplies. In recent months, we have taken many actions to increase supplies and to reduce consumption. But even with our best efforts, we knew that a period of temporary shortages was inevitable...We have an energy crisis, but there is no crisis of the American spirit. Let us go forward, then, doing what needs to be done, proud of what we have accomplished together in the past, and confident of what we can accomplish together in the future. ⁴

Nixon's oration outlined what the public had speculated for long: America, which had singlehandedly turned the tide of two world wars in its view, was today humbled by an emerging nation sprung from the wasteland of the Arabian desert. In perhaps one of the most explicit displays of American insecurity, Saudi Arabia would not only shape American foreign policy but would, instead, craft it to Saudi interests.

When examining key events during the Cold War and the Gulf War, the capacity for Saudi Arabia to use its oil exports as a medium of leverage over American foreign policy is on stark display. The struggle for great power hegemony between the United States and the Soviet Union led the US to seek allies with disparate ideologies, such as Saudi Arabia. In order to preserve these unorthodox alliances, the US harmonized its foreign policy with Saudi objectives through the Arab Oil Embargo, the petrodollar recycling program, and the Gulf War. In retrospect, many of the foreign policy decisions undertaken by the US in the past backfired spectacularly. This essay

⁴ Richard M. Nixon, "The Energy Emergency." The President's Address to the Nation Outlining Steps, To Deal With the Emergency. November 7, 1973.

examines how energy security impacted American foreign policy during the Cold War and the Gulf War, often by undermining other longstanding American priorities.

II. The Geopolitical History of American Policy in the Hejaz & the Nejd

Since its genesis, Saudi-American ties were premised on oil, or the United States' lack thereof. Saudi Arabia as a state is intrinsically linked to the Saudi clan, which had existed in various forms in the Ottoman-administered Arabian Peninsula from the 18th century. ⁵ The Arabian Peninsula consisted of the Hejaz province, where a thriving cultural and commercial life was centered around the cities of Mecca and Medina, the holiest sites of Islam. Nejd was considered to be a backwater, where civilization remained unchanged for centuries, and whose citizens lived a simple, nomadic lifestyle. Whereas Hejaz was considered a prize for any imperial authority, from the Sharifian dynasty, the Ottomans or the British, Nejd was largely ignored. When Ibn Saud, the progenitor of the modern royal family, unified the Kingdom of Hejaz and the Sultanate of Nejd in 1932, Saudi Arabia desperately needed international recognition. ⁶

The establishment of Saudi-American diplomatic ties was cemented by oil concessions. ⁷ As early as 1933, merely a year its establishment, Saudi Arabia granted oil concessions to the Standard Oil Company

⁵ Alexei Vassiliev, *The History of Saudi Arabia* (London: Saqi Books, 2000).

⁶ Barbara Bray and Michael Darlow, *Ibn Saud: The Desert Warrior Who Created the Kingdom of Saudi Arabia* (London: Collins Harvill, 1986).

⁷ Benjamin Medea, *Kingdom of the Unjust: Behind the U.S.-Saudi Connection* (New York; London: OR Books, 2016), 120-151.

IN PERHAPS ONE OF THE MOST EXPLICIT DISPLAYS OF AMERICAN INSECURITY, SAUDI ARABIA WOULD NOT ONLY SHAPE AMERICAN FOREIGN POLICY BUT WOULD, INSTEAD, CRAFT IT TO SAUDI INTERESTS.

of California, a predecessor to Chevron. Commercial deposits would not be exploited until 1938, when the scale of petroleum reserves was ample enough to merit the formation of Arabian American Oil Company, now known as Aramco. ⁸ As the onset of World War II drove nations across the world to increase their industrial output, the scale/importance of Saudi oil reserves became eminently clear. In order to power the war effort, the United States knew it would need to secure its energy sources throughout the war and in its aftermath. Assistant Secretary of State William L. Clayton noted in a 1944 diplomatic cable to President Roosevelt that:

Our foreign oil policy should seek the development of Middle Eastern oil for peacetime commercial purposes in order to promote, for our national security, the relative conservation of strategically located Western Hemisphere supplies... Accordingly, we should endeavor to (1) safeguard Middle Eastern concessions now held by American companies, and (2) encourage the companies to expand Middle Eastern production. ⁹

⁸ Loring M. Danforth, "Can Oil Bring Happiness?," In *Crossing the Kingdom: Portraits of Saudi Arabia*, (Oakland: University of California Press, 2016), 17-58.

⁹ Foreign Relations of the United States, Diplomatic Papers, 1944, Volume V, Part 6, The Near East, South Asia, and Africa, The Far East, Concern of the United States for

To the American foreign policy establishment, crafting a foreign policy in the Middle East that secured its energy needs beyond WWII was crucial to ensuring American leadership across the globe.

In 1945, President Franklin Roosevelt's historic meeting with Ibn Saud at the Suez Canal affirmed the discovery of Saudi oil and concession of drilling rights. The meeting laid the foundation for the Saudi-American diplomatic contract, whereby American political and military might would guarantee Saudi control over the Hejaz and Nejd in exchange for Arabian oil to power American industry. ¹⁰

The nascent relationship between the two countries burgeoned as they united politically against the looming spectre of the Russian Bear, or 'godless communism'. ¹¹ Religion had bound the Islamic world to Saudi influence as the Guardians of the Holy Cities of Mecca and Medina. ¹² With the link

the safeguarding and developing of petroleum resources in Saudi Arabia; formulation of a foreign petroleum policy for the United States, (Washington: Government Printing Office, 2010), Document 26.

¹⁰ Benjamin Medea, *Kingdom of the Unjust: Behind the U.S.-Saudi Connection* (New York; London: OR Books, 2016), 120-151.

¹¹ Madawi Al-Rasheed, "U.S.-Saudi Relations: A Deadly Triangle?" *Diplomatic History* 31, no. 3 (2007): 595-98.

¹² Muhammed A. Muqtadar Khan, "US Foreign Policy and Political Islam: Interests, Ideas, and Ideology," *Security Dialogue* 29, no. 4 (1998): 449-62.

between religion and state broken in the newly-decolonized Islamic world, American influence, through the conduit of Saudi religious authority, was being severely challenged as nascent states were seduced by the promise of Communist egalitarianism. As secular pan-Arab nationalism and Communism increasingly threatened American influence across the Middle East and the world, the US allied with Saudi Islamic fundamentalists to offer an alternative political ideology that would be palatable to Muslims across the world, yearning for freedom after decades, if not centuries, of imperialism.¹³ Between 1950 and 1960, oil consumption doubled and American policymakers projected that as industrial output grew further over the coming years, imports would need to meet the shortfall.¹⁴ The Middle East was crucial to ensuring US energy security, and as competing ideologies found fertile ground amid resource nationalism and religious tension, the United States needed a partner to whose influence and leadership the Muslim world would be receptive to. Thus, the Saudi-Wahhabi ideology, a strand of Islam known for its puritanical fundamentalist leaning and greater conservatism than mainstream Sunni denominations, emerged and gained prominence.¹⁵ When pan-Arabism and resource nationalism espoused by the likes of Gamal Abdel Nasser in Egypt and Mohammad Mosaddegh in Iran threatened shipping and oil imports, Wahhabism became the perfect American foreign policy instrument to secure energy interests and portray the US as supporting the most influential coun-

try in the Islamic world.¹⁶ While the United States confidently extended its support to Saudi Arabia at the time, today the historic decision carries an aura of dubiety.

American efforts to bring Saudi-Wahhabi foreign policy in line with its own interests were most explicit when the United States was most dependant on oil supplies. In 1977, American imports of Saudi oil peaked at over 1.3 million barrels per day, over 16% of its total imports.¹⁷ Secure energy supplies enabled bold foreign policy exercises in conjunction with the Saudis, such as the arming of Mujahideen rebels to resist the Soviet occupation of Afghanistan, remnants of which came to form the Taliban in the following decades.¹⁸ Despite directly laying the foundation for its disastrous War on Terror, American officials were generally unapologetic. In an interview with *Le Nouvel Observateur*, when probed about the arming of Mujahideen rebels, President Carter's National Security Advisor Zbigniew Brzezinski noted that the decision was unanimous and harboured no regrets:

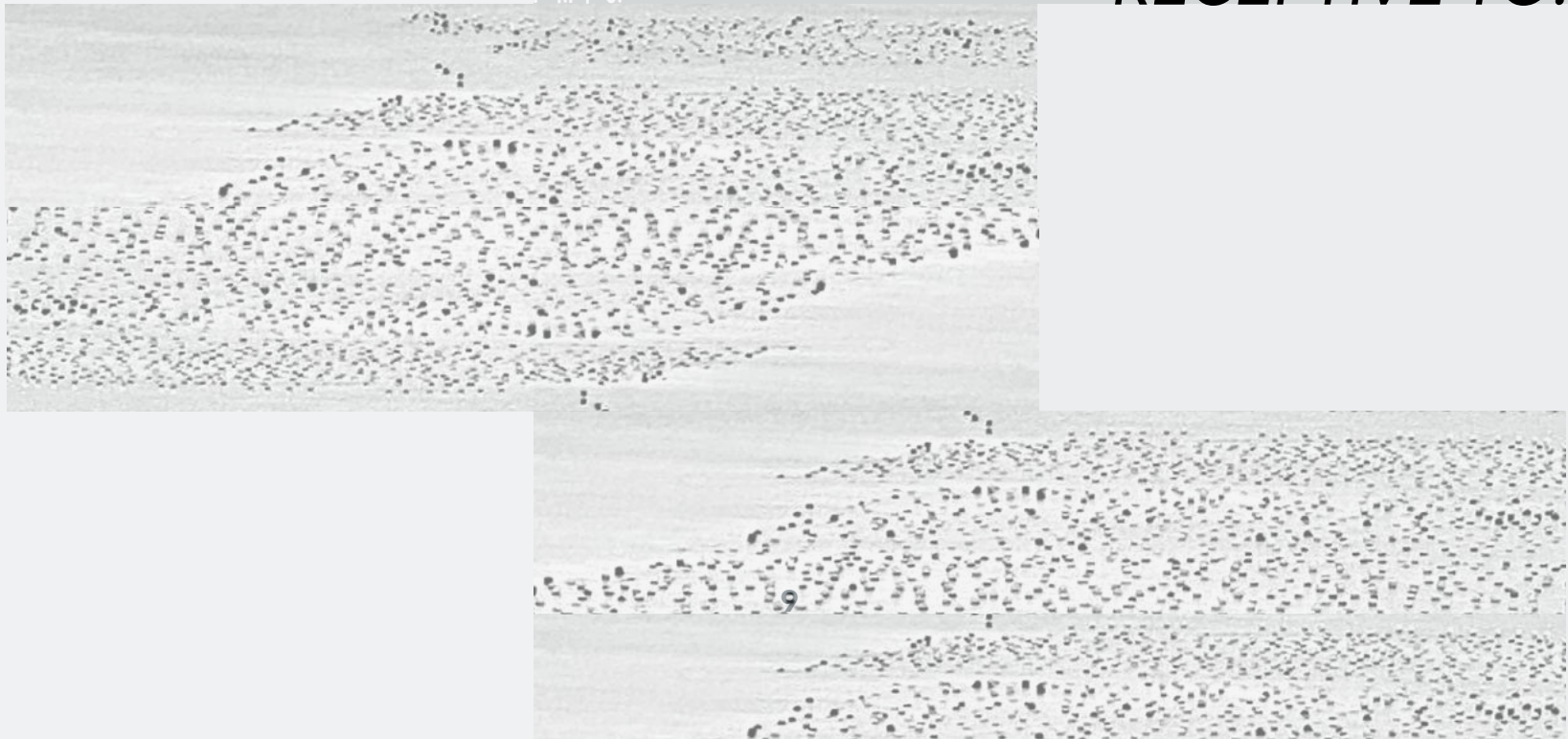
Regret what? That secret operation was an excellent idea. It had the effect of drawing the Russians into the Afghan trap, and you want me to regret it? The day that the Soviets officially crossed the border, I wrote to President Carter: We now have the opportunity of giving to the USSR its Vietnam war.... What is most important to the history of the world? The Taliban or the collapse of the Soviet empire? Some stirred-up Muslims or the

¹³ Muhammed A. Muqtedar Khan, "Nice But Tough: A Framework for U.S. Foreign Policy in the Muslim World," *The Brown Journal of World Affairs* 9 no. 1 (2002): 355-62.
¹⁴ Benjamin Medea, *Kingdom of the Unjust: Behind the U.S.-Saudi Connection* (New York; London: OR Books, 2016), 120-151; U.S. Energy Information Administration, *Annual Energy Review* 2011.
¹⁵ Michael Cook, "On the Origins of Wahhābism," *Journal of the Royal Asiatic Society* 3, no. 2 (1992): 191-202.

¹⁶ Ali Muhsen Hamid, "Sub-Regionalism and Pan-Arabism in Arab World," *World Affairs: The Journal of International Issues* 4, no. 1 (1995): 58-60.
¹⁷ Muhammed A. Muqtedar Khan, "US Foreign Policy and Political Islam: Interests, Ideas, and Ideology," *Security Dialogue* 29, no. 4 (1998): 449-62.
¹⁸ Christian Parenti, "America's Jihad: A History of Origins," *Social Justice* 28, no. 3 (2001): 31-38.

THE MIDDLE EAST WAS CRUCIAL TO ENSURING US ENERGY SECURITY, AND AS COMPETING IDEOLOGIES FOUND FERTILE GROUND AMID RESOURCE NATIONALISM AND RELIGIOUS TENSION, THE UNITED STATES NEEDED A PARTNER TO WHOSE INFLUENCE AND LEADERSHIP THE MUSLIM WORLD WOULD BE RECEPTIVE TO.

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UNDER THE ARRANGEMENT, OIL EXPORTING COUNTRIES PRICE THEIR PETROLEUM IN AMERICAN DOLLARS, RATHER THAN A CURRENCY HEDGE SUCH AS GOLD.

liberation of Central Europe and the end of the Cold War? ¹⁹

By effectively framing American support for Saudi Arabian religious expansionism, Brzezinski confirmed what had previously been speculation: America was fully behind Saudi Arabia, despite differences over contentious questions such as religious incongruity. More importantly, diplomatic cover for Saudi Arabia only increased throughout the 1970s, particularly after the tumultuous year of 1973.

III. My Friend's Friend is my Enemy: The Arab Oil Embargo

On October 6, 1973, Egypt and Syria sparked the Yom Kippur War by invading Israel in a bid to restore territory lost during the Six Day War in 1967.²⁰ When President Nixon authorized the US Department of Defense to support Israel with a \$2.2 billion aid package, OPEC under Saudi leadership stopped exports to the United States and its allies that endorsed the Israeli cause.

Prior to the Yom Kippur War, the global petroleum trade had been priced in dollars

and currencies remained stable as the Bretton Woods Accord ensured fixed exchange rates.²¹ Enormous demand for rising oil imports across the United States, Europe and Japan fueled the appetite for greenbacks, but because of their peg to the price of gold, no currency fluctuation occurred. This monetary stability harmonized trade as petroleum exporting states could trade their foreign currency reserves for gold.²² In addition, it also enabled the US dollar to be priced much cheaper than it was, and American exports could be priced as competitively as European or Japanese exports despite their generally higher real prices. This harmonized trading system ended in 1971 in the aftermath of the collapse of the Bretton Woods Accord.

With the American withdrawal from the Bretton Woods Accord in 1971 owing to growing inflation, public debt and a negative balance of payments, other industrialized nations, such as the United Kingdom, soon followed.²³ Given the anticipation of volatile fluctuations as various currencies found a new equilibrium, industrialized oil-importing nations across North America, Europe and East Asia enlarged holdings of their domestic currencies in their central

banks. This had the effect of devaluing the real value of foreign currency reserves that petrostates in the Middle East had accumulated.²⁴ In response, OPEC members began to revert to the previous system by linking crude spot prices to the value of gold, thereby clawing back the real income they had enjoyed in the past and bolstering their foreign reserves once again. However, the potency of oil as a weapon would not be realized until 1973.

When Egypt and Syria launched a coordinated offensive into the Israeli-annexed Sinai and Golan Heights on October 6, 1973, the United States responded with Operation Nickel Grass in a strategic effort to airlift supplies into Israel.²⁵ While the Saudis had previously resisted linking energy policy to foreign policy - even maintaining a strong relationship with the United States during the Six Day War - the Saudi monarchy became unnerved by the popularity of Nasserism and pan-Arabism. The Saudis acquiesced to the demands of Arab factions within OPEC to institute production curbs and an embargo against Israeli allies, notably the Americans.²⁶ While the embargo did not explicitly cause American support for Israel to waver, it did achieve numerous foreign policy objectives. In a memorandum sent to Secretary of State Henry Kissinger, Prince Fahd bin Abdel-Aziz, the future King of Saudi Arabia, asserted the Saudi position despite significant American diplomatic efforts:

In the period following the end of hostilities, when the political phase begins, Saudi Arabia will enjoy very considerable influence within the Arab community because of its position of primacy where oil is concerned.... Saudi Arabia is more than anxious to use this influence in positive and helpful ways to help bring about an immediate ceasefire ... then in the construction of a viable post-war settlement. However... my government is going to be most hesitant and even reluctant to use its influence until and unless we are convinced that the intentions of the United States and the Soviet Union in their joint initiatives is truly to implement Security Council Resolution 242 in all its parts. ²⁷

While the united Syrian-Egyptian front did enjoy early successes, it was largely a tactical failure.²⁸ Syrian advances were largely repelled, and in addition to recapturing the Golan, Israel managed to occupy the Syrian Bashan, thereby bringing Israeli troops within 30 km of Damascus.²⁹ Despite Egypt occupying parts of the Sinai, Israel had managed to encircle the Egyptians and create an enclave by occupying the southwestern part of the Suez, bringing it within 100 km of Cairo.³⁰ While these outcomes may seem like a tactical failure, the effectiveness of the Arab embargo and the impact of Saudi involvement in cutting production reversed these gains to produce an Arab strategic victory.³¹

²⁴ George Lambie, "The Historical Context of the Global Financial Crisis: From Bretton Woods to the Debacle of Neoliberalism," in *From Recession to Renewal: The Impact of the Financial Crisis on Public Services and Local Government*, (Bristol: Bristol University Press, 2011), 25-50.

²⁵ David Hanna and Kenneth K. Robertson, *Air Power History* 46, no. 4 (1999): 53-54.

²⁶ Gawdat Bahgat, "Managing Dependence: American-Saudi Oil Relations." *Arab Studies Quarterly* 23, no. 1 (2001): 1-14.

²⁷ Foreign Relations of the United States, Diplomatic Papers, 1969-1976, Volume XXXVI, The Near East, South Asia, and Africa, The Far East, Energy Crisis, 1969-1974, (Washington: Government Printing Office, 2010), Document 224.

²⁸ Abraham Rabinovich, *The Yom Kippur War: The Epic Encounter That Transformed the Middle East* (New York: Schocken Books, 2017).

²⁹ Ibid.

³⁰ Ibid.

³¹ Dina Rezk, "Six-Day War." In *The Arab World and Western Intelligence: Analysing the Middle East* (Edinburgh: Edinburgh University Press, 2017), 175-99.

¹⁹ Carl Boggs, *Masters of War Militarism and Blowback in the Era of American Empire* (New York: Taylor and Francis, 2013).

²⁰ A. F. Alhajji, "Three Decades After The Embargo: Was 1973 Unique?" *The Journal of Energy and Development* 30, no. 2 (2005): 223-37.

²¹ David Hammes and Douglas Wills, "Black Gold: The End of Bretton Woods and the Oil-Price Shocks of the 1970s." *The Independent Review* 9, no. 4 (2005): 501-11.

²² Ibid, 508

²³ William Glenn Gray, "Floating the System: Germany, the United States, and the Breakdown of Bretton Woods, 1969-1973," *Diplomatic History* 31, no. 2 (2007): 295-323.

THE PETRODOLLAR SYSTEM SUCCESSFULLY FINANCIALIZED THE ENERGY SECURITY DILEMMA.

The Arab oil embargo succeeded in plunging the world into a recession and sowing discord amongst NATO members, particularly the Europeans and Japanese who were keen to distinguish themselves from American support for Israel. The starkest illustration of the effectiveness of the embargo occurred after the war had ended.³² In the aftermath of the truce, Secretary of State Henry Kissinger negotiated a détente between the Israelis and the Egyptians whereby the Israelis would withdraw east of the Suez and eventually relinquish control over the Sinai. Kissinger also engineered an agreement to return the Syrian Bashan to Damascus but permitted continued Israeli occupation of the Golan.³³ In effect, the Arab Oil Embargo, led by the Kingdom, used the United States as a conduit to overturn Israeli gains during the war, keep pan-Arabism in check without any overt aggression and fostered further American dependency on Saudi oil as imports grew by over 40 times between 1970 and 1980.³⁴ The success of the embargo illustrates the inefficacy of US foreign policy. Nurtured by its oil addiction, America capitulated to the Saudis and overturned an Israeli tactical victory, thereby undermining its standing in the international community.

³² George Lambie, "The Historical Context of the Global Financial Crisis: From Bretton Woods to the Debacle of Neoliberalism," in *From Recession to Renewal: The Impact of the Financial Crisis on Public Services and Local Government* (Bristol: Bristol University Press, 2011), 25-50.

³³ Ibid

³⁴ Muhammed A. Muqtedar Khan, "US Foreign Policy and Political Islam: Interests, Ideas, and Ideology," *Security Dialogue* 29, no. 4 (1998): 449-62.

IV. Kissinger's Epiphany: The Petrodollar System

One of the most prominent covenants of the negotiations that ended hostilities in the Yom Kippur War in 1973 was the advent of the petrodollar recycling program. Secretary of State Henry Kissinger engineered the effort to return Saudi-American trade to the equilibrium it enjoyed during the Bretton Woods era. The denouement of the Bretton Woods era was marked by failing economic policies that forced the United States to abandon the gold standard and inflate its currency holdings of the dollar, thereby effectively devaluing the wealth accumulated by OPEC members, most notably Saudi Arabia. When the Arab Oil Embargo was instituted as a form of retaliation, oil prices spiked and a rapid fourfold increase in the price of oil occurred over a span of months.³⁵ During negotiations to end the embargo, Secretary Kissinger instituted an agreement that would serve the dual purpose of reinstituting OPEC exports to the United States and its allies while offering an economic plan favourable to both economies, thereby creating the petrodollar recycling program.³⁶

To this date, the petrodollar recycling pro-

³⁵ Muhammed A. Muqtedar Khan, "US Foreign Policy and Political Islam: Interests, Ideas, and Ideology," *Security Dialogue* 29, no. 4 (1998): 449-62.

³⁶ Dominic Johnson, "The Yom Kippur War." In *Failing to Win: Perceptions of Victory and Defeat in International Politics* (Cambridge, Massachusetts; London, England: Harvard University Press, 2006), 164-204.

gram enables the United States to benefit economically from the oil trade despite being a major importer.³⁷ Under the arrangement, oil exporting countries price their petroleum in American dollars, rather than a currency hedge such as gold. In addition, because many petroleum exporting countries such as Saudi Arabia do not have sufficiently deep capital markets to sustain massive inflows of cash without spiking inflation, countries reinvest their proceeds into American capital markets, most notably into American Treasury bills. Purchasing the debt of the American government on such a scale enables the US to lower interest rates offered on the bills, given the manufactured demand. The scheme further stabilizes the dollar, thereby preserving the value of the store of the currency, removing any concerns of an artificially deflated dollar. Furthermore, the agreement can be complemented by arms purchases with preferred American partners, most notably Saudi Arabia.³⁸ The agreement with the Kingdom supplements the security agreement with the United States as it directly sustains American defence manufacturing. This political concord thus asserts the primacy of the United States and Saudi Arabia as financial and energy superpowers respectively.

The synchronicity between the oil trade and the US dollar has fostered a dependency on Saudi Arabia, undermining dreams of a truly sovereign foreign policy and creating a future covenant to guarantee the Kingdom's security. The petrodollar system successfully financialized the energy security dilemma. Instead of prioritizing diversi-

³⁷ David E. Spiro, *The Hidden Hand of American Hegemony: Petrodollar Recycling and International Markets* (Ithaca, NY: Cornell University Press, 1999).

³⁸ Doug Stokes, "Blood for Oil? Global Capital, Counter-Insurgency and the Dual Logic of American Energy Security" *Review of International Studies* 33, no. 2 (2007): 245-64.

fied petroleum imports, the United States increased its imports of Saudi oil, rendering the Kingdom one of the largest holders of American debt issued by the Federal Reserve.³⁹ Given that most foreign currency holdings, including petro-wealth, are held under sovereign debt, the Saudi monarchy thus became a major creditor to the United States. Saudi influence on American foreign policy further manifested in several events over the ensuing decades, most notably during the Gulf War.

V. Friend in Need: The 1991 Gulf War

While the 1991 Gulf War was distinct from the events of 1973, both the Yom Kippur War and the First Gulf War marked monumental shifts in American foreign policy in the Middle East. Whereas the 1973 crisis saw Saudi Arabia institute an embargo on its American ally, Iraq's invasion of Saudi neighbour Kuwait brought the powerful Saudi-American alliance to the fore of American foreign policy. The event also exposes America's naked dependency on oil and the influence of Saudi Arabia.

Iraq's casus belli for instigating the invasion was Kuwaiti overproduction of oil outside the limit set by OPEC agreements.⁴⁰ In the battered aftermath of the Iran-Iraq War, Iraq's leader, Saddam Hussein, could not afford the \$7 billion that Kuwaiti overreach was costing him. Furthermore, a swift annexation of Kuwait would expose Iraq to the Saudi military bases near Dhahran,

³⁹ Thomas D. Kraemer, *Addicted to Oil : Strategic Implications of American Oil Policy* (Carlisle, Pennsylvania: Strategic Studies Institute, U.S. Army War College, 2006).

⁴⁰ Williamson Murray and Robert H. Scales, "Prologue: The Gulf War, 1991," in *The Iraq War: A Military History* (Cambridge, Massachusetts; London, England: Harvard University Press, 2003), 1-14.

which if occupied could lead to de facto control over the entire Arabian Peninsula. Iraq boasted reserves of over 100 billion barrels, the Saudis 260 billion and the strategically crucial but militarily frail United Arab Emirates and Kuwait roughly 98 billion barrels each. Thus, occupying the Arabian Peninsula would position Iraq to hegemonize over 56% of the world's oil production.⁴¹ Assuring American energy security, particularly after the weak economic growth of the 1980s, hinged on preventing another crisis like the 1973 embargo. For the United States, the Gulf War was a conflict that it could not afford to ignore.

American dependence on Saudi oil imports was not a transient concern among senior White House personnel since the Nixon and Carter administrations. Prior to the Iran-Iraq War, the Reagan administration had prudently taken steps to prepare for the possibility of it spreading beyond the two belligerents and into Saudi Arabia and Israel. Reagan's National Security Council, led by Vice President George H.W. Bush, concluded that oil reserves would need to be bolstered, an arms embargo should be instituted on the belligerents and lastly, friendly Arab states in the region should be offered a security guarantee, particularly Saudi Arabia.⁴²

We cannot insulate ourselves from the international economic impact as oil prices rise and available supplies are redistributed. If we are to win public support for our policies, we must not let it appear the US is paying for all the costs and making the sacrifices. We are currently

⁴¹ Robert J. Lieber, "Oil and Power after the Gulf War," *International Security* 17, no. 1 (1992): 155–176.

⁴² United States National Security Council, Presentation on Gulf Oil Disruption, 1984.

consulting with our allies to forge commitments to policies that will share the burden of a major oil supply disruption.

In the months leading up to the Iraqi invasion of Kuwait in August 1990, the Kingdom had only lobbied for a security guarantee through the staging of 500,000 coalition soldiers, composed mainly of Americans near the Saudi-Iraqi-Kuwaiti border. Furthermore, the Saudis also committed to refunding the United States for costs associated with staging troops in the Kingdom.⁴³

Despite ample preparation for the conflict and measured actions taken to prevent any disruptions to the oil market, the war plunged the United States into a brief recession. However, the Kingdom increased its oil production by over 3 million barrels per day and affiliated OPEC members further complemented this increase, thus raising production beyond the amount taken off the market by the loss of Iraqi oil.⁴⁴ Furthermore, the International Energy Association, a clique of industrialized economies formed in the midst of the Arab Oil Embargo of 1973, coordinated to release their petroleum reserves onto the open market to further tame prices. Despite these measures, fervent speculation led to a tripling of oil prices and a spike in inflation, triggering a recession for the American economy. The fragility of the American economy and its reliance on low oil prices for its growth aptly illustrates the precarious nature of the Saudi-American relationship. Even a judicious American effort to prepare for the Gulf War and subsequent

⁴³ Steven Hurst, "The Persian Gulf War, 1990–1991," in *The United States and Iraq Since 1979: Hegemony, Oil and War* (Edinburgh: Edinburgh University Press, 2009), 83–113.

⁴⁴ Robert J. Lieber, "Oil and Power after the Gulf War," *International Security* 17, no. 1 (1992): 155–176.

spike in oil prices could not prevent a recession in the early 1990s. The conflict illustrates the pivotal role of Saudi Arabia in American foreign policy. The question of ensuring economical energy prices led the United States to its first direct conflict in nearly 30 years. Furthermore, it directly set the stage for its disastrous foray into Iraq in 2003 and bound it ever closer to an ally with whom it harbored an uncomfortable relationship at best.

VI. Conclusion

On July 15, 1979, during the Second Energy Crisis, President Jimmy Carter addressed the nation in a speech later dubbed "the Crisis of Confidence." In his oration, Carter outlined the gravity of American national security as the United States could not meet its energy needs amid rising oil prices in the wake of the 1979 Revolution against the Pahlavi regime. As oil production in Iran collapsed, prices spiked and the US economy fell into recession. In his address, Carter noted:

Our people are losing that faith, not only in government itself but in the ability as citizens to serve as the ultimate rulers and shapers of our democracy. As a people we know our past and we are proud of it. Our progress has been part of the living history of America, even the world. We always believed that we were part of a great movement of humanity itself called democracy, involved in the search for freedom; and that belief has always strengthened us in our purpose. But just as we are losing our confidence in the future, we are also beginning to close the door on our past.⁴⁵

⁴⁵ Robert A. Strong, "Recapturing Leadership: The Carter Administration and the Crisis of Confidence," *Presidential Studies Quarterly* 16, no. 4 (1986): 636–50.

Carter's speech affirmed the crucial link between preserving the American dream as measured in dollars per gallon. Low oil prices were as American as Texas barbeque and democracy, as Carter aptly framed the narrative on conserving energy consumption in 1979.

What President Carter's words truly suggested was that the United States of America was vulnerable, an uncomfortable reality with which administrations prior had also struggled. Energy security formed the crux of American foreign and economic policy. Carter acknowledged that the United States, and by extension its allies across the industrialized world, were dependent on foreign oil to ensure the livelihoods to which their citizens had grown accustomed. Energy insecurity and the dependence on oil had evinced themselves through the events of the Arab Oil Embargo, the petrodollar system and the Gulf War. Despite its military bravado and claim to the ascendancy of the world, America was and is vulnerable. The nation's oil dependency is the clearest illustration of this fact for the world to see.

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