

MODERN ARABIC HISTORY

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Colonialism, World War I, and Independence

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Conflicting promises. World War I and its aftermath determined many of the national boundaries found in the Arab World today. Because the Ottoman Sultan sided with the Germans in the War, the Allies were determined to dismantle the Ottoman Empire once and for all, wresting from it the remaining Arab territories—Syria, Palestine, Iraq, and Western Arabia—in addition to territories in the Balkans and in Anatolia itself. Called “the Sick Man of Europe,” the Ottoman Empire had had its demise delayed by the rivalry and mutual suspicion and balance of power among Britain, France, and Russia, but World War I provided an excuse to break the *status quo*. During the war, the British government made three contradictory promises concerning the post-war political geography of the region. First, in the Hussein-McMahon Correspondence (1915-16), a promise was made to the Sherif of Mecca that if the Arabs were in rebellion against the Ottomans, they would receive control of the Ottomans’ Arab provinces—essentially all of Syria, Palestine, Iraq, and most of Arabia. The Arab Revolt was successful, for the rebels ended up taking Damascus from the Ottomans. (This is the story told in the classic film *Lawrence of Arabia*.) At the same time, the British and French drew up a secret treaty, the Sykes-Picot Agreement (1916), detailing how the Ottomans’ Arab territories would be divided up: the French would get Syria, including what is not Lebanon, while the British would get Palestine, Iraq, and Western Arabia. In addition, the Balfour Declaration of November 2, 1917 expressed support for the formation of a Jewish national territory in Palestine. The key passage of the document reads as follows:

His Majesty's Government view with favour the establishment in Palestine of a National Home for the Jewish people, and will use their best endeavors to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine, or the rights and political status enjoyed by Jews in any other country.

The Shaping of the Modern Arab States. The British could obviously not honor all these commitments simultaneously because they were mutually contradictory. At the end of the War, Faysal (Omar Sharif in the movie) was declared King of Syria, his brother Abd Allah became King of Iraq, and his father Sherif Husayn became King of the Hejaz. The French, furious and determined to get what was rightfully theirs according to the Sykes-Picot agreement, expelled Faysal from Syria. Scrambling to make amends and to uphold their end of the bargain, the British made Faysal King of Iraq and Abd Allah King of Trans-Jordan (now Jordan), which they conveniently carved out of their Palestinian territory. Sherif Husayn’s Hejaz fell to the Saudis in 1924, the monarchy in Iraq ended in 1958, and Jordan now is the only remaining monarchy that resulted from the fascinating historical episode of the Arab revolt. The other nation that was created as a project by the European powers was Lebanon. France divided its territory in Syria into two parts, Lebanon and Syria, expressly in order to create a Middle-Eastern nation with a Christian majority. A political system was

devised that divided up power along confessional lines: the president would be a Maronite Christian, the prime minister would be a Sunni Muslim, and the speaker of the parliament would be a Shiite Muslim.

Exceptional states. In some cases, nations were formed against the plans of the colonial powers. The Saudis conquered most of the Arabian Peninsula, ousting Sharif Husayn from the Hijaz. If it were not for the presence of the British, the Saudis probably would have gained control of the entire Arab Peninsula, including all the Gulf nations and perhaps Oman and Yemen as well. Only Atatürk's dramatic military campaigns in the years between 1918 and 1923 prevented the allies from carving up what is now modern Turkey into pieces divided between Britain, France, Italy, and Russia.

Colonization. The nations of the Arab world all share the experience of colonization, in the nineteenth and twentieth centuries, and independence, mostly in the decades after World War II. Algeria was colonized by France 1830-1962, Tunisia 1878-1956, and Morocco 1912-56; Italy controlled Libya from 1908 until 1942; Britain occupied Yemen 1937-1961, Egypt 1882-1952, and Sudan 1882-1956. After World War I, the Arab provinces of the Ottoman Empire in the Middle East were put under the control of Britain and France; Palestine, Jordan, and Iraq to the British, and Lebanon and Syria to France. Because of Woodrow Wilson's influence at the Conference of San Remo in 1920, these territories were not termed colonies but rather "mandates," a term that recognized the intention to grant them independence eventually, after a suitable period of tutelage. Iraq gained independence in 1932, Syria, Lebanon, and Jordan in 1946. When the British left Palestine, the state of Israel was established as a result of the war of 1948, and the remaining parts of Palestine came under the control of Egypt (the Gaza Strip), Jordan (the West Bank), and Syria (the Golan Heights). Israel would occupy the latter territories in the 1967 War. The only nations not colonized by European powers were North Yemen, Saudi Arabia, Oman, and the Gulf countries.

Colonization in the Arab World:

Morocco 1912-1956 (France South; Spain North) (Spain retains Ceuta, Melilla, Western Sahara)

Algeria 1830-1962 (France) 132 years; 1958-62 War of Independence

Tunisia 1878-1956 (France)

Libya 1908-1945 (Italy) British defeat Italians in 1942, administer Libya 1942-45

Egypt 1881-1956 (Britain) revolution in 1952, British troop withdrawal in 1956

Sudan 1898-1956 (Anglo-Egyptian Condominium)

Palestine 1918-1948 (British Mandate)

Lebanon 1918-1946 (French Mandate)

Syria 1918-1946 (French Mandate)

Jordan (Transjordan) 1921-1946 (British Mandate)

Iraq 1918-1932 (British Mandate)

Aden/Southern Yemen 1839-1967 (Britain)

Independence. The Arab nations all gained their independence in the decades after World War II, the only exception being Iraq, which became officially independent in 1932. A few of the independent states retained a monarch: Morocco, Jordan, Saudi Arabia, Kuwait, Bahrain, Qatar, and the United Arab Emirates until the present, and Iraq until 1958. Most of the states created a republican government controlled by a single party. The president had sweeping powers, and the checks and balances instituted in the constitutions were weak. Presidents stayed in office for many successive terms, even life, and maintained control through the military and oppressive state security systems. Lebanon, with a confessional system, was something of an anomaly. The Arab nations embarked on

ambitious projects of modernization, expanding infrastructure that had been begun in the colonial period: roads, railroads, airports, electricity, water and sewer systems, and so on. Most nations emphasized the education of the population and the control of the media, establishing state radio and television, as well as state-controlled newspapers and state security apparatuses. Arab nationalism, the ideal of uniting the Arab peoples into one great and powerful nation, was a powerful ideology in the mid-twentieth century and reached a peak in the 1960s. It led to the formation in 1945 of the Arab league, the Arab version of the United Nations. Gamal Abd al-Nasser, president of Egypt from 1954 until 1971, promoted Arab nationalism by founding 'The Voice of the Arabs', a radio station that broadcast throughout the Middle East and North Africa. He sent Egyptians to teach in public schools all over the Middle East, particularly in Algeria after its independence in 1962, when it had adopted a policy of the Arabicization of education but did not have teachers who had been educated in Arabic. The short-lived Union of Egypt and Syria between 1958 and 1961 was the closest Arab nationalism came to being implemented in practical terms. The Egyptian invasion of North Yemen in 1962-67 was also viewed as part of the broader strategy of spreading Arab Nationalism. However, most Arab nations promoted their individual nationalisms and often came into political and economic rivalry with their Arab neighbors. While paying lip service to Islam as a source of inspiration, these nationalist ideologies were essentially secular.

Frustrated expectations. While many of the Arab nations made progress toward creating a middle class and mitigating some of the disparities between the pre-independence elite and the common people, their promises of prosperity and progress held good for one or two generations. The nationalization of the Suez Canal, land reform designed to break up the huge landholdings of the wealthy landlord class, and the nationalization of foreign companies all provided opportunities for Middle class Egyptians. Similar programs were undertaken in other Arab nations. Taha Hussein, the minister of education, famously stated that education should be like air and water, available to all free of charge. Gamal Abd al-Nasser instituted a law that guaranteed employment to all university graduates. Again, many Arab nations tried to institute similar policies. Such promises soon faltered, however, as the people's expectations and aspirations rapidly outstripped the government's ability to provide employment and opportunities. Unemployment rose rapidly, particularly among the youth, including new cadres of university graduates. In addition, many states experience the continued influence of the former colonial powers, as they did not have the technology or experience necessary to run certain sectors of the economy, or because corrupt government officials benefited from arranging lucrative foreign contracts.

Haves and Have-nots. In the decades after World War II, oil began to become a decisive factor in the politics of the Arab world, dividing the Arab nations into haves and have-nots. The oil-producing nations were able to modernize incredibly rapidly, while those that did not have oil revenues had to pursue much more modest programs. The haves imported labor, and the have-nots exported labor to the oil-producing nations, Europe, and elsewhere.

Questions

Compare and contrast French and British styles of colonialism using examples from the Arab World.

How did the European powers shape the nations and borders that we see in the Arab World today? Are there any nations that would not have existed or would have differed radically from their current state had the French and the British had their way without any resistance from the Arabs themselves or from outside powers?

What role did the United States play in the peace conferences after WWI?

Describe the workings of the one-party system of government in any Arab nation. What were the advantages and disadvantages of such a political system? What has been the subsequent history and legacy of these systems?

Describe the relations of the newly independent Arab nations to their former colonizers. Did they reject ties with the colonizing power and attempt to forge relations with other powers, or did they continue to have a close relationship with them? What effects did these ties have on economics, culture, education, and politics?

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Zionism. Zionism is a form of Jewish nationalism, the idea that Jews should have a national homeland. It developed in Europe in reaction to the historical situation of Jews in the majority-Christian states of Western and Eastern Europe, in which Jews were often prevented from owning land and restricted to certain professions. With the Haskalah or "enlightenment" movement of the late eighteenth and nineteenth centuries and the foundation of reform Judaism by Abraham Geiger in the nineteenth century, there developed the idea that Jews should naturally form a nation like the other nations of Europe and that this would be a crucial step in removing the various forms of discrimination the Jews suffered. The strongest proponent of Zionism was Theodor Herzl, who published *Der Judenstaat* (The Jewish State), the key document of political Zionism, in 1896. In 1897, the First International Zionist Congress was held in Basel, Switzerland, and the attendees agreed to work toward the establishment of a homeland for the Jews in Palestine and to encourage the colonization of Palestine by Jewish agricultural and industrial workers.

Jewish settlement in Palestine. As with Christians, Jews from all parts of Europe, the Middle East, and North Africa, made pilgrimages to Jerusalem throughout the Islamic period. Some decided to settle in the region, close to the holy sites, in what is called *aliyah*, "ascent, going up," becoming known as *olim* "those who go up." Zionism produced new waves of such settlers, with the difference that many of them were not religiously motivated, but rather leftists with anti-religious ideologies who sought to create utopian communities based on egalitarian labor and work toward eventual Jewish nationhood. The first Aliyah occurred in the late nineteenth century, and the second Aliyah occurred 1905-14, particularly after failed revolution in Russia, and created cooperative agricultural settlements termed *moshav* (settlement) and *kibbutz*. These waves of immigrants created what is called the *Yishuv*, the collective Jewish presence in Palestine before the establishment of the State of Israel.

The British Mandate. Following WWI, the British took control of Palestine and neighboring Trans-Jordan as mandates or colonies-in-training. The Balfour Declaration of 1917 had committed the British government to assisting Zionist aspirations for a Jewish homeland in Palestine, but they found themselves in a difficult situation, for they had also promised that this homeland would not interfere with the rights of anyone else. From early on, conflicts arose between the Jewish settlers and local Arabs, and these escalated throughout the mandate period. WWII and the Germans' attempt to annihilate European Jewry made the Zionist cause more urgent, and Jewish groups tried to smuggle more Jews into Palestine while the British tried to maintain the status quo, and some Palestinians, including the *mufti* al-Hajj al-Amin, expressed sympathy for Nazi ideology and even cooperated with the Nazis. The three-way conflict between the Jews of the Yishuv, local Arab communities, and the British would continue until the British withdrawal in 1948.

The Foundation of Israel. When the British withdrew, a war broke out between the Jewish settlers and the Palestinian Arabs. This is termed the *Nakbah* "Setback" by the Palestinians, but "the War of Independence" by Israelis. Because of the highly contested nature of this history, there are two sets of terms for the various events that have taken place from then until the present day, and two (or more) sets of conflicting interpretations of the historical events. It is often difficult to determine objectively what happened because

everything that is written about the conflict is written from the point of view of one side. Prior to the end of the British mandate, the U.N. had proposed a partition plan, but the Palestinians rejected it, and the significantly expanded borders of the State of Israel were determined mainly by fighting in 1948. Palestinians were displaced to Lebanon, Jordan, the West Bank, and the Gaza Strip. Arab countries refused to recognize the new state, and the Jews in Arab countries experienced harassment and discrimination in retaliation. In a few years, the efforts of Zionists to increase the Jewish population in Israel combined with mistreatment in Arab nations and elsewhere led to a large immigration of Middle Eastern Jews to Israel.

The 1967 War. In the years following 1948, the State of Israel was successful in building infrastructure, governmental institutions, and the military, establishing a stable state. An early display of their military activity was their participation in 1956 with the British and French in the re-occupation of the Suez Canal after Gamal Abd el-Nasser had nationalized it. In the meantime, Palestinian resistance became more organized with the formation of the Palestinian Liberation Organization (PLO), dedicated to the creation of a Palestinian nation, in 1964. The Israeli military were wary of their neighbors and especially of a coordinated attack by Egypt, Jordan, and Syria. In 1967, seeking to pre-empt what was perceived as an imminent attack, Israel attacked its Arab neighbors, and in six days achieved a stunning victory, destroying the air force of Egypt and wresting the Golan Heights from Syria, the West Bank from Jordan, and the Gaza Strip and the Sinai Peninsula from Egypt. From 1967 on, these occupied territories have been the main bone of contention between Israel and Palestine and the Arab World. The war was a tremendous blow to Arab nationalism, for the defeat was humiliating evidence that the overblown rhetoric of Gamal Abd al-Nasser and others was not matched by material progress in military technology or political and diplomatic savvy.

The 1973 War. Tension between Egypt and Israel remained high after the 1967 war, and low-level border fighting continued during the War of Attrition in 1969-70. In 1973, in what Israelis call the Yom Kippur War and Egyptians "the Crossing" or the 10th of Ramadan War, Egyptian forces crossed the Suez Canal, breaking through the heavily armed Bar Lev line and occupying a large part of the Sinai Peninsula. The Israelis eventually turned, and the Israelis occupied a large region in Egypt in retaliation. The overall effect was a restoration of pride in Egypt, something that would eventually lead to a peace treaty. After intense secret negotiations, Sadat made an official visit to Israel in 1977, becoming the first Arab leader to do so. Under the auspices of President Carter, Sadat and Begin signed the Camp David Accords in 1978 and in 1979 the peace treaty between Egypt and Israel was signed. The Sinai Peninsula was eventually returned to Egypt. The peace treaty has been in effect ever since. It is stable but has been described as cold or unfriendly, and it has not necessarily improved the situation of Palestinians.

More recent conflicts. In response to the growing strength of the PLO in Lebanon and to attacks across on Israel's northern border, the Israeli military invaded Lebanon in 1982 and established a security zone in southern Lebanon. This security zone would involve the Israelis in Lebanon until 2000, create a Lebanese Christian proxy militia, the South Lebanon Army (SLA), and spur on the formation of Hizb Allah, a Shiite armed militia and political movement dedicated to ending the Israeli occupation. Though the Israelis withdrew in 2000, they attacked Lebanon again in 2006 in response to Hizb Allah's growing power.

The First Intifada. In 1987-1993 the Palestinians took matters into their own hands and engaged in an ongoing rebellion against Israeli forces in the Occupied Territories. This did something to sway public opinion around the world and in Israel itself and was a major factor in bringing about the Oslo I Accords in 1993, which called for the creation of the

Palestinian Authority, essentially an interim governing body for the Occupied Territories and set out a roadmap or timetable for peace negotiations. Palestine was not a state yet, but this was the closest they had ever come. After the Palestinian Authority was created, Yitzhak Rabin, Yasser Arafat, and Bill Clinton were awarded the Nobel Peace Prize. A second agreement, the Oslo II Accords, were signed in 1995, and negotiations on the status of the West Bank and the Gaza Strip began.

The Second Intifada. Progress towards peace broke down for many reasons, including the building of Israeli settlements in the Occupied Territories, the Israeli usurpation of land in the Occupied Territories for security reasons, the building of a Security Wall, and various attacks on both sides. From 2000-2005 the Palestinians again engaged in sustained rebellion against Israeli forces, which resulted in the renewed and reinforced occupation of the West Bank and the Gaza strip. The situation was defused for a time after a Peace Summit at Sharm al-Shaykh in Egypt, at which an agreement allowing for self-government of the Occupied Territories by the Palestinian Authority. Elections were held in 2006, but when the militant Islamist party Hamas won a majority, many of the supporters of the Palestinian state were reluctant to fund them and actively undermined them. This created a rift among the Palestinians, and the Gaza Strip, under the control of Hamas, split off from the West Bank, under the control of Fatah. From that time until the present, the Gaza Strip has been the main site of conflict, primarily because the Hamas take a more intransigent stance toward Israel and are viewed by Israeli authorities as more dangerous. The immediate causes of conflict are rocket attacks on Israel, which became the excuse for a full-scale Israeli invasion of the Gaza Strip in 2008-9. The divide between the Gaza Strip and the West Bank continues today, as does the continual conflict between militants in the Gaza Strip and Israeli forces. The construction of Israeli settlements continues to be a bone of contention, but the main obstacle for future negotiations is the status of Jerusalem, for both sides insist that the capital of their state must be Jerusalem.

Chronology:

1948 War
1956 Suez Canal Crisis
1964 Palestinian Liberation Organization (PLO) formed
1967 War
1969-70 War of Attrition
1973 War
1977 Sadat visits Jerusalem
1987 First Intifada
1978 Camp David accords
1979 Egypt-Israel Peace Treaty
1982-2000 Israeli invasion and occupation of southern Lebanon
 Creation of security zone in southern Lebanon
 Creation of SLA (South Lebanon Army)
1987-1993 First Intifada
1991 Madrid Conference
1994 Peace treaty between Israel and Jordan
13 September 1993 Oslo I Accord signed by Yitzhak Rabin, Bill Clinton, and Yasser Arafat
1994 Palestinian Authority created
1994 Yitzhak Rabin, Shimon Peres, and Yasser Arafat given Nobel Peace Prize
28 September 1995 Oslo II Accord—Interim Agreement on the West Bank and the Gaza Strip
July 2000 Camp David Summit
2000-5 Second Intifada begins with Sharon leading a visit to the Temple Mount.
February 8, 2005 Sharm al-Shaykh Summit: Roadmap for peace.

2005 Israeli withdrawal from Gaza
2006 Hamas wins Palestinian elections
2006 Israel-Lebanon War
2007 Hamas takes control of Gaza from Fatah
2008-9 Israeli invasion of Gaza

Questions

Define Zionism and give a short summary of its history.

Analyze the Balfour Declaration. What is it a promise to do? What does it not specify or spell out?

What was the 1947 Partition Plan?

What are the Israeli and Arab interpretations of the conflicts of 1948, 1967, and 1973? How does the relevant terminology differ?

What were the causes and results of the First Intifada?

What were the causes and results of the Second Intifada?

Give an overview of the political issues regarding the status of Jerusalem.

Give an overview of the political issues regarding the Dividing Wall.

Give an overview of the political issues regarding missile attacks on Israel from the Occupied Territories and from Southern Lebanon.

Give an overview of the political issues regarding Israeli settlements in the occupied territories.

Discuss the history of relations between Israel and Egypt, Israel and Lebanon, Israel and Jordan, or Israel and Syria.

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First commercial production of oil:

Egypt	1911
Iran	1912
Iraq	1934
Bahrain	1932
Saudi Arabia	1938
Kuwait	1946
Qatar	1949
Libya	1960
Algeria	1962
Emirates	1968

Oil a necessity. In the nineteenth century, with advent of the science of refining, oil became a universal product. Its initial use was as a source of kerosene. This flammable substance was excellent for use in lamps. With the first successful oil drilling operation in 1859, petroleum flooded the market. The invention of the gas-powered automobile in 1864 made use of gasoline, a byproduct of the refining process. Many years later, with its improvement and mass production, automobiles would create a major demand for oil. The First World War made oil a commodity of strategic interest. In the years preceding it, England and Germany were trapped in a naval race for dominance of the seas. The British Admiralty, under Winston Churchill, sought new ways to modernize their warships to maintain nautical superiority. One option was to engineer British boats to run on oil instead of coal. Petrol-powered ships could accelerate faster and reach higher speeds than their coal-driven counterparts. Additionally, oil was cheaper, more compact, and required less maintenance than the traditional source of fuel. In 1912, the Admiralty commissioned five oil-fired warships, followed by many more. However, the advantages of oil did not come without a price. While Great Britain possessed large reserves of Welsh coal, it had no immediate access to oil, and the military was reluctant to commit itself to an unreliable source of fuel.

Anglo-Persian Oil Company. Operating in present-day Iran, the APOC struck oil in 1908. Six years later, in an incredible financial maneuver, the British Admiralty purchased a 51% holding in the private company. With its supply of petrol secured, the navy shifted production to oil-fueled ships. Even though naval engagements did not figure prominently in World War I, the Admiralty's decision was momentous. It recognized the strategic importance of petroleum and the attendant need for the state to protect its oil interests. Furthermore, England was now dependent upon the Middle East for its survival. Without Iranian oil, it would be virtually defenseless. Many other countries would follow this precedent of government involvement and reliance in the Middle East throughout the 20th century. After World War I, the great powers recognized the vital importance of oil. After World War I, oil companies scrambled to obtain oil concessions around the world. Of particular interest was the territory of the former Ottoman Empire (comprising what is today Saudi Arabia, Iraq, Syria, Lebanon, Jordan, Israel, Turkey, and the Sinai Peninsula), which had an untapped wealth of petroleum beneath its surface.

United States' involvement. Unlike most European countries, the United States was blessed with internal sources of oil. The relative self-sufficiency of the USA in the first half

of the twentieth century left its government indifferent to the petrol politics in the Middle East. This attitude changed dramatically after 1941. Just as the First World War demonstrated the importance of oil to Europe, so did the Second World War for the United States. American petroleum had proved vital in the war against the Axis Powers, fueling Allied ships, transports, planes, and tanks. This revelation was underscored by the possibility of an oil shortage in the future. In 1948, increased domestic demand led the United States to import more oil than it exported for the first time ever. While the USA had enough oil for its current needs, what if the country and its allies faced another major war?

Aramco

Change of agreements

Seven sisters

The Iranian Coup. One of the first casualties of the Cold War in the Middle East was Mohammed Mossadegh. The populist leader became Prime Minister of Iran in 1951. One of his first acts in office was the nationalization of the Anglo-Iranian Oil Company, the pre-eminent symbol of Western imperialism in the eyes of his constituents. Fearful of the growing power of this popular rival, the Shah of Iran fled his country. For Mossadegh and his followers, the decision to nationalize AIOC was a symbolic, nationalist one. Without the British experts to run the company, its production dropped off dramatically. The Anglo-Iranian Oil Company was its primary source of petroleum for the United Kingdom. Its leaders were both enraged over its loss and determined to retrieve it. Great Britain blockaded Iran's ports to prevent the oil from reaching customers. However, Mossadegh remained popular and even won another term in office. While the United States initially accepted Mossadegh as a bulwark against Communism in the country, it became more suspicious as he signaled Communist leanings. American leaders feared that Iran's defection would create a Soviet bloc out of the entire Middle East. This was an unacceptable risk to President Eisenhower. Consequently, in 1953 the USA, Great Britain, and Iranian royalists launched Operation AJAX to overthrow Mossadegh and restore the Shah to power. The mission succeeded and was soon followed by a new consortium of foreign oil companies in Iran. The lesson learned by many Iranians and their neighbors was that the United States and Europe respected Middle Eastern democracy so long as it served their own economic and political interests.

The Suez Canal Crisis. The United States responded differently to another case of nationalization. Colonel Gamal Abdel Nasser came to power in Egypt in a coup in 1952. Unlike the conservative monarch he deposed, Nasser hoped to maintain neutrality in the Cold War. His other objective was the construction of a dam on the upper Nile to provide electricity and irrigation for Egypt. Unfortunately for him, these two goals conflicted. After he displayed his neutralist tendencies through recognition of Communist China and other diplomatic *faux pas*, the United States rescinded its offer to fund the Aswan Dam. In response, Nasser nationalized the Suez Canal, planning to use the income it generated to pay for dam. This action infuriated and terrified Great Britain. In addition to the loss of profits, the nationalization of the canal gave Nasser a firm grip over Europe's access to oil. Western Europe received two-thirds of its petroleum from tankers that navigated the Suez Canal. Should Nasser close the waterway, the continent would face a major energy crisis. Additionally, British leaders feared that Nasser's successful takeover could set a precedent for further acts of nationalization in other countries. Great Britain conspired with France and Israel to retake the Suez Canal in an armed invasion in 1956. The United States was outraged; fearful that European-Israeli aggression would alienate the entire Middle East and provoke a Soviet response, President Eisenhower demanded a cessation of hostilities. When the three powers refused to comply, Eisenhower placed economic sanctions on France and Britain and threatened an oil embargo. The two European powers complied, and Israel soon joined them in withdrawing from the Canal Zone. The crisis also boosted Nasser's popularity

immensely, making him the undisputed spokesman for Arab nationalism. Just as Washington feared, he drifted closer to the Soviet bloc, accepting military advisors and funding for the Aswan Dam from the USSR.

OPEC. The Organization of Petroleum Exporting Countries was founded by representatives from Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela in 1960. Although the various states had discussed greater collaboration in the oil industry since 1949, these plans remained loose and theoretical until ten years later. Afraid of losing control of their primary source of revenue, representatives finalized plans for an international body to regulate the flow of petroleum. Initially OPEC met with minimal success. While it intimidated the oil companies, the organization itself was divided by political and economic rivalries. Effective cooperation on oil control was beyond its reach at the time. Also, the international environment was not yet ripe for a powerful oil consortium. The world was enjoying an oil surplus, so the ability of the five nations to manipulate its price was severely limited. The embargo against the United States and Great Britain for their support of Israel in the 1967 war failed abysmally. While Saudi Arabia, Kuwait, Libya, and Algeria stopped shipping petroleum, Venezuela, Iran, and Indonesia undercut their efforts by increasing production. In 1973, however, the organization enforced a strict oil embargo on the West for its allegiance to Israel in the Yom Kippur War. First, it unilaterally raised the posted price of oil by 70%. Second, it reduced production of oil among its members by 5%, to be followed by monthly cutbacks of 5%. Third, it declared an embargo on all countries sympathetic to Israel. These three measures limited the global supply of oil and quintupled its market price. Panic struck the citizens of consuming countries, and people lined up for hours to fill up their tanks at gas stations. The embargo ended in March of 1974, when the USA agreed to facilitate a peace between Israel and Syria. However, the high prices remained. The petroleum-producing countries had demonstrated their collective economic might. OPEC capitalized on the panic of the Iranian Revolution of 1979 to spark another price-inflating oil crisis. However, that was the last display of its economic might. OPEC had driven the cost of oil so high that other countries began to explore new energy options. Foreign leaders looked into alternate sources of fuel, such as natural gas. They also instituted nationwide energy conservation efforts. Some countries invested in non-OPEC oil sources, while others began expensive drilling projects at home. Internal divisions also weakened OPEC. Without an Arab-Israeli war to unite them, the individual member countries soon returned to their individual struggles and vendettas. Although OPEC still exists today, it no longer wields the economic force that it possessed in the 1970s.

The Persian Gulf War. Iraq was not on good terms with its neighbor Kuwait. It had long asserted that it had a rightful claim to the small country. More recently, during the Iran-Iraq War, Kuwait had lent Iraq vast amounts of money to help fund its ailing economy. Now the Kuwaiti government wanted to be repaid. There was also the matter of oil. Furthermore, Kuwaiti oil companies had tapped into a large oil reserve which Iraq claimed was under its sovereignty. Kuwait had also been violating OPEC regulations by pumping out more petroleum than it was allotted. Kuwait increased its revenues by selling a larger volume of oil, but its higher production lowered the overall price of oil around the world, including in Iraq. Now more than ever, Iraq was dependent on its petroleum for economic survival. In addition to these frustrations with Kuwait, the Iraqi dictator Saddam Hussein had grandiose visions for his nation. With Iran in shambles, he saw Iraq as the next great power in the region. By seizing the oil-rich Kuwait, Iraq would control a fifth of the world's oil reserves. Hussein would also be in a prime position to invade Saudi Arabia and further consolidate his hold on the oil market. He hoped to translate this newfound wealth of petroleum into a superior military. The invasion of Kuwait was met with nearly universal condemnation. Even the Arab states, on whose behalf Hussein claimed to speak, joined in the placement of economic sanctions. The United States organized a global coalition to

present Iraq with an ultimatum: withdraw from Kuwait or else. Hussein refused, however, hoping that the global coalition would not hold and that the Iraqi occupation would be accepted as a *fait accompli*. He even took action to undermine the solidarity of the coalition by antagonizing Israel with missile attacks. However, the alliance remained firm. In January of 1991, allied aircraft struck at Baghdad. Short-lived ground fighting ensued in Kuwait, resulting in a quick Iraqi rout. The brief Persian Gulf War demonstrated the persisting importance of oil to the world, even after the end of the Cold War.

The U.S. Invasion of Iraq. In 2003, after the Bush administration argued that Saddam Hussein was harboring weapons of mass destruction, the United States invaded and occupied Iraq, toppling Saddam Hussein's government and installing an interim government. Eventually, Saddam Hussein was captured, tried, and executed. A representative government was elected. It later became clear that the case regarding weapons of mass destruction was contrived and that one of the main causes of the war was the desire to control a larger share of the vast Middle Eastern oil reserves. This may be regarded as a key strategic goal of the United States in order to secure fuel for the future. However, it has equally become clear that the greatest beneficiaries of the occupation were major oil companies with ties to Bush and Dick Cheney, Bush's vice president. After the occupation Halliburton, Baker Hughes, Weatherford, and Schlumberger, all four with ties to Texas, were granted access to the most productive oil regions of Iraq. The government planned for them to invest up to 150 billion dollars in the Iraqi oil industry, which is now dominated by foreign firms. Iraqi oil production is now up to the highest pre-invasion levels, and U.S. oil companies are making tremendous profits.

The future. The high prices of oil have led the U.S. and nations around the world to seek alternative energy sources, cut on energy consumption, and step up local drilling. The recession also reduced demand for oil world-wide. The U.S. is producing more oil, and exports are actually going down. The extent of oil reserves in the Arab countries and Iran mean, however, that the region will continue to be a major player in the international oil market, though they will not exert the same level of control over Western nations that they did in the 1970s. The oil-producing nations in the Arab world now face the challenge of diversifying their economy before the production of oil slows down. Dubai, for example, has made itself a world business center in the space of a few decades, but the world recession forced it to seek billions from Abu Dhabi in order to get out of debt. Abu Dhabi's government is seeking to make it a world leader in many areas, including self-sustaining green building. None of these nations have succeeded in establishing significant local industry or innovative businesses, but the oil will not run out very soon.

Questions

When and where did the commercial production of oil begin in the Middle East?

Sketch the origins of the following companies: BP, Shell, Aramco.

Why is oil in the Arab World relatively easy to produce? How did this differ from the production of oil in the United States and other regions?

Where are the major reserves of oil in the Middle East? In the world?

What were the arrangements between the oil companies and the governments of Arab nations originally, and how did they change over time?

Did the large oil companies constitute a cartel or not?

What does OPEC stand for? When was it founded? What have been its major accomplishments? Has it had any failures?

What have some of the economic effects of oil production on the major oil-producing nations such as Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, and so on?

How was oil a factor in the First Gulf War and the United States' invasion of Iraq?

Further Reading

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