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XVI^TH ANNUAL CONFERENCE

"THE MIDDLE EAST AND THE INTERNATIONAL SYSTEM"

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"THE MIDDLE EAST AND THE INTERNATIONAL SYSTEM"
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European Security in an Era of Detente and Cooperation
Report of the Third Study Group Meeting, July 10-11, 1974

First Session: Long-term proposals for Security in Europe.

An exposition was given of the need to move towards a new relationship between the states of Europe and of the means by which this might gradually be achieved. It was important to begin in Europe since two world wars had started there, but a new system should certainly not be confined to Europe. The proposals put forward at theConference on Security and Cooperation in Europe should be regarded as a beginning together with the bilateral treaties and agreements already made between eastern and western countries and the multilateral negotiations now taking place. The whole process should be regarded as dynamic. Resulting from the agreements already made and the contacts already taking place, both bilateral and multilateral, it should be possible to build up a confidence which would make further evolution easier. Political agreement should provide the framework for the process; economic, social and cultural cooperation would indicate the advantages to be gained by further steps in the same direction. The ultimate objective might be to see the diminution of the military character of the two Alliances and greater emphasis on their political function, leading perhaps eventually to their withering away. The process would be helped by reaching agreements on the reduction of forces and on finding the right institutional framework to be installed after the conference on Security and Cooperation had come to an end.

The question was raised as to how a security system could at the same time provide for stability and the recognition of the status quo and also provide for peaceful change, which it would presumably have to do if it was to remain dynamic. In eastern Europe for example emphasis was laid both on the purpose of security negotiations being to formalise and give final recognition to the situation resulting from the Second World War and at the same time on the doctrine of peaceful coexistence which meant that there should continue to be active competition between two social and economic systems in Europe, which presumably introduced a dynamic factor. There was some support for the view that the objectives might be defined in terms of establishing machinery and agreed rules for the relationship between states. This would include the

building up of a network of relationships and improved forms of cooperation in various spheres all of which would serve to confirm that intentions were not agressive and thereby help to deter the use of forceful means to bring about change but without inhibiting all peaceful change. In the course of this process the countries of Europe would learn better to live together. New methods and new objectives would be evolved in the course of the process. A formulation of this kind helped to overcome the dilemma that a security system embracing all the countries of Europe would only become possible if relationships were so good that no system was necessary.

There was no clear agreement between various definitions of what security meant. Some suggested that in order to achieve it a measure of insecurity was necessary, for example the limitation of ballistic missile defences in the SALT agreement meant an apparent reduction in the power of the Soviet Union and the U.S. to defend themselves against nuclear attack. The resultant insecurity however led to a clearer appreciation of mutual deterrence, which was still necessary for maintaining peace. Similarly in another sphere increased cooperation would lead to increasing social, personal and intellectual contacts and this might appear to be dangerous for the stability of the respective systems in eastern and western Europe. Against this point of view it was argued that the main requirement of security was that it should provide against the imposition of external will and the loss of control by a state of its own policy. Insecurity was therefore not a necessary or desirable attribute of a security system. The limitation of ballistic missile defences had been due to desire for economy rather than a wish to introduce an element of insecurity into the relationship between states. What people in all parts of Europe wanted was an assurance that there would be no further war.

There was discussion of what was meant by a collective security system and what would be the limits of such a system in Europe. Was it intended to be a kind of European United Nations? What was the value of mutual guarantees between the countries of Europe other than those which the Super-powers could exercise? The participation of the U.S. was essential to provide a balance with the participation of the Soviet Union but there were various ways in which this participation could be imagined. Were the two Super-powers to provide external guarantees or were they to be integral members of any European system? Or were they to be regarded as continuing to lead two blocs as now? The collective nature of the system would depend on the participation of all European states and on the gradual creation of a network of agreements between them.

Second Session: Institutional Arrangements for East-West Relations in the Longer Term

There are arguments for and against the creation of an East-West institution of a longer-term nature than the Conference on Security and Cooperation in Europe and the negotiating bodies set up for other current negotiations. Those who are against such an institution believe that it would duplicate other existing institutions or that it would be used by the other side to disrupt existing alliances or groupings on one side of Europe or the other. Those in favour believe that a more general and more permanent institution will be necessary from the very nature of the contacts which will exist and as a convenience for those who are negotiating them, and that it would be desirable, since it will produce new possibilities of informal contact and so help the process of mutual understanding. Even those who are against the deliberate creation of a new institution tend to believe that some more or less agreed and established means of general communication will be necessary. It is therefore in any case useful to discuss what kind of institution might be set up and what would be its purposes and functions. It should not be so narrowly defined at the outset that it will rapidly become ill-adapted to new functions which may arise. It can be a depository of reports on progress or lack of progress in negotiations following on those now current and it could provide a forum in which new negotiations could begin and in which the relations between different sets of negotiations could be given an overall view. To begin with, its structure should not be elaborate: it might be handled by the existing Ambassadors at the agreed place of meeting and its procedure and rules of action should be allowed to evolve according to the tasks which fell to it.

It was suggested that while continuing institutions or at least means of contact would be required for certain individual matters, such as MBFR, it might be premature to set up an overall permanent East-West institution until it was possible to see whether as a result of current negotiations and other factors there was going to be a real possibility of forward movement in relations between all the countries of Europe on security and other matters, or whether, as might be inferred from the views of some participants the main object was to register and sanctify the status quo and the possibility of progress towards a positive improvement of relations in many spheres was illusory. In the latter case to set up an institution prematurely might only serve to confirm a situation which was inadequate in the eyes of many participants.

A continuing institution would be valuable in maintaining the participation of all states of Europe as in the CSCE. On the other hand, small countries find it burdensome to send qualified representatives to existing international meetings and to add another high level institution of this kind might make the burden intolerable.

While there was general agreement that procedures would have to be left until a later stage, it might be necessary from the outset to discuss whether the institution would be expected to remain entirely consultative or if not how decisions would be reached. For example, would one member be able to hold up decisions which were otherwise acceptable to all the rest? There might also be a question on the representation of sub-systems such as the CMEA, the European Economic Community, Benelux, etc.

If it was thought that there were likely to be a number of conferences following on the CSCE, an important part of the role of a permanent institution would be to help prepare for these.

Other possible forms of institution were mentioned, e.g. that it might in effect be nothing much more than a secretariat or that it might follow the pattern of political cooperation in the EEC, that is to say, a group of senior officials from each participating government who would meet from time to time in different places.

Third Session: The Evolution of NATO

The evolution of NATO had been influenced by three factors: the changing perception of threat which had originally been military and was now largely felt to be in the form of political pressure arising from military preponderance on relations between states or in crisis management; secondly, the increasing disinclination of most of the members to participate in an alliance which appeared to be purely military in its aims and which did not provide for a contribution to the process of detente and to the lowering of the costs of defence, to both of which public opinion in western countries attach great importance; thirdly, the gradual emergence of a European identity, at present only marginally represented in the field of defence, and the growing importance of the direct relationship between the United States and the Soviet Union, which sometimes seemed to be of greater importance than the relationships within the Alliances. Among the questions for discussion would be whether these trends were likely to continue and what was the NATO view of the goal of further evolution: how far could the process of politicising the Alliance go; were the force reductions proposed in the MBFR negotiations likely to be significant or would it be possible to think in much more far-reaching terms, perhaps incorporating the idea that a degree of insecurity might in fact promote security. It might in this and other contexts be possible to envisage much closer and more significant contact between the two Alliances in Europe including a move in the direction of accepting that a large measure of disclosure of the capabilities of each might be a better means of preserving security than the present attempt to keep such matters secret. There would be an analogy in this process with much of the discussion which had taken place in SALT.

In discussion it was suggested that there was still a reality in the defence aspect of NATO and that this was appreciated by governments and public opinion but there were many ways in which a defence posture could be improved and brought more into line with existing political and other realities and be more obviously designed to meet realistic contingencies rather than those which had given rise to the creation of the Alliance 25 years ago, and some of which might not be so relevant today. Much could also be done to increase the efficiency of the military posture without increasing expenditure.

In addition to meeting the perceived threat, one of NATO's main purposes was to provide the instrument for United States participation in European security. On the other hand, the Eurogroup represented a first beginning of the affirmation of the European position within the Alliance and some thought that this should be developed into a thorough-going defence organisation representing the European Community. According to one scheme, this might provide the European tier of the the Alliance with a second tier dealing with the defence of the Atlantic area as a whole in which the United States, Canada and the European defence organisation should take part together. In the eyes of Eastern Europe it was unrealistic to think in terms of a separation of the United States from the Atlantic Alliance and it was inconceivable that the European part of this Alliance should adopt positions contrary to United States' interests.

The increasing cost of defence presented a serious problem in Eastern as well as in Western Europe. Any major reductions of force levels in the West would be felt in the East as a constructive factor helping the process of moving towards a new and better security relationship.

Fourth Session: The Evolution of the Warsaw Pact and the CMEA

The present state of both these organisations represented an evolution from the hegemonial situation of the Stalinist era. The Warsaw Pact was seen as providing for the integration and rationalisation of the defence forces of the participating countries, and as a guarantee of security in peacetime as well as with regard to external threat. Since 1969, the Warsaw Pact had given greater representation to East European countries other than the Soviet Union: at the same time it remained true that a series of bilateral agreements between the Soviet Union and the other members of the Pact could provide a security structure even in the absence of the Warsaw Treaty Organisation. The fairly high level of Soviet presence in some of the other countries was seen as a guarantee of security, but added to defence costs considerably and had in some cases been accompanied by an increase in national aspirations.

The CMEA had been expanded to take in Cuba and Mongolia. About 60% of the trade of the participating countries was within the system (compared with about 50% within the European Community). The structure of the CMEA had reflected the changes in the terms of trade with the increased prices of commodities. It represented the objective of all the participating countries for a higher standard of economic activity and, within limits, for a tendency to move towards the use of market forces in determining economic policy. In this as in other respects there was some appearance of convergence between the systems in Eastern and Western Europe, since Western Europe was attaching more importance to forward economic planning, which had always been an inherent part of the Eastern European economic system.

There was discussion of other points of similarity and dissimilarity between the Eastern and Western Alliance systems. Both were subject to pressures for the reduction of defence expenditure, even though these might express themselves in different ways. Each had a military industrial complex which exercised considerable influence in favour of maintaining a reasonably high level of armament. In the East there was perhaps more difference in the technological level between these industries and the rest of the industrial structure of the countries concerned. Nevertheless in both parts of Europe there was a wish to devote greater production resources to meeting the needs of the citizens.

There was a difference in the perception of threats by each side with regard to the defence organisation of the other. NATO was still seen in the East as a potential threat, largely because it represented and incorporated the participation of the United States and its military presence in Western Europe. The disintegration of NATO would cause a very significant difference in the whole security structure. The Warsaw Pact on the other hand was not in itself seen in the West as adding to the perception of threat or insecurity which was attributed almost entirely to the great preponderance of Soviet forces, and the lack of knowledge of Soviet intentions and methods of policy-formation.

Fifth Session: The balance of the Alliances and the Position of the Super-powers

At various points throughout the meeting there were references to the position of the United States and the Soviet Union with respect to their allies and to each other, the difficulty of finding a symmetrical relationship between the Alliances in this respect. There was from time to time talk in the United States of a progressive withdrawal of the U.S. military presence in Europe and sometimes even of its withdrawal from the Alliance altogether. The Soviet Union on the other hand was more closely connected by geography with its allies in Europe and had not had any disposition to question the belief that the presence of its forces in Eastern Europe was necessary for its own security as well as for the security of the Eastern Alliance as a whole. However, in the Soviet Union as in the United States there was clearly growing importance attached to the bilateral relations between the two super-powers as affecting the world security situation generally, of which Europe was now only a part and probably not the area in which the greatest causes of tension and dangers to security now resided.

Was it to be expected that as a result of these pressures the two Super-powers would adopt a position more external to the Alliances in Europe than before and would support them or give guarantees to them from outside? There were various reasons why it seemed unlikely that this would happen to any very significant degree. The U.S. on the whole still recognised that the security of Western Europe was essential to the security of the U.S. The Soviet Union would not wish to dissociate itself from the countries of Eastern Europe, and if it did so there would be considerable imbalance between the economic and military strength of the countries of Western Europe and those of Eastern Europe other than the Soviet Union.

The question could be asked what were the limits of symmetry in the disposition of the two Alliances. For example, if tension was very greatly reduced and the level of forces confronting each other in Europe was also reduced even more than would follow from existing negotiations, would this mean that Western Europe would feel sufficiently secure without a direct U.S. presence at all, even if the Soviet Union continued for the time being to have a more evident presence in Eastern Europe, even apart from its geographical propinquity?

It was suggested that a relevant consideration was the degree of change that could be accepted within each system without necessarily having adverse effects on relations with the other systems. In this connection reference was made to the doctrine of peaceful coexistence which in the West often appeared to include the aim of influencing the development of the Western system in a direction more like that in the East. It was suggested that it should be generally acknowledged that every state had the right to develop its social system in the way that it wished, that if there was a considerably lower level of forces on either side the difficulties perceived as arising from an active policy of peaceful coexistence would be diminished, and that it should be accepted that peaceful coexistence could work two ways. Part of the argument over Basket III in the CSCE was about the Western desire to communicate Western views on political and economic organisation in Eastern countries in parallel to the greater freedom which was already available in the West for the propagation of doctrines coming from the East.

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European Security in an Era of Detente and Cooperation
Report of Second Study Group Meeting, June 27, 1974

First Session: Military Balance as a Factor in the Security Relationship in Europe: Priority of Political or Military Detente

A military balance perceived to be such by both sides can contribute to political stability. An imbalance of forces perceived by one side in a given area, or globally, creates instability or insecurity, not because it leads to an expectation that there will be an act of military aggression but because of the possibility that a military preponderance of force can be used as a political means of pressure in the event of political negotiation or crisis. The West believes that in central Europe there is a significant imbalance in favour of the Soviet Union in a comparison of the forces which confront each other, and that this is intensified by the geographical and other advantages of the Warsaw Pact with regard to this area. The Soviet Union maintains that there are particular reasons, partly historical, for the maintenance of large Soviet forces in this area through which Russia has been many times invaded. In the Soviet view also the global balance of forces between the Warsaw Pact and NATO is in favour of the latter. Against this it is alleged that many of the forces of the Soviet Union in Asia and of the United States in the Pacific are not relevant to the balance of forces which affects European security and should be disregarded for this purpose.

The West hopes that the negotiations on mutual force reductions could be used to lead to the creation of a more equal balance of forces in central Europe. It was suggested on the other hand that restriction of the force reduction negotiations to the area of central Europe might have undesirable political effects in emphasising a separation of the defence structure for this area from that of other areas which were at least equally vulnerable. It was moreover in any case difficult to isolate this area in negotiations. A good deal of the general defensive position of the West with regard to central Europe consisted in reliance on United States support coming from outside the area, e.g. the whole American nuclear effort and the 6th Fleet.

It was suggested that it would be impossible to establish an exact correlation or priority between political and military detente. The two

were necessarily interlocked. Some general improvement of relations was no doubt necessary before significant force reductions could be made. Equally, force reductions of a balanced character could contribute to general detente and could be a useful yardstick as to whether detente was genuinely taking place. Mention was made of a Soviet view that there could be a regular succession of stages in this process in which improvements of political relations and the creation of greater means of contact and agreements on various subjects could lead to force reductions and these in return could lead to greater progress towards a multilateral political relationship which could justify force reductions which would be so great as to change the character of the relationship between the two Alliances.

With regard to the threat posed by superiority of force, it was suggested that to a large extent this depended on the opinion of the country or group of countries who felt themselves to be in a militarily inferior position. If they thought that this constituted a significant threat to their freedom of action this might mean that they might accept 'Finlandisation', but their decision would depend just as much on the lack of coherence within their group and internal or political uncertainties as on a comparison of the exact levels of forces. It was in any case particularly difficult to measure the respective levels of force since so many imponderable factors should be included, such as the quality and morale of manpower and the respective military doctrines with regard to dependence on conventional or nuclear forces. Nevertheless, there was value in continuing the force reduction negotiations since these gave each side an insight into the thinking of the other and might lead in the direction of some mutual understanding of concepts such as had happened in SALT.

In assessing the overall politico-military relationship it was necessary to have in mind factors other than military, such as that of economic potential and the relative positions held by either side in areas outside Europe, for example the shifting pattern of political influence in the Middle East in recent years and the extent of political influence which one side might be able to exercise on the other through the movement of ideas and the exchange of information. The situation which to one side could appear to represent a military preponderance with political implications in a certain area could appear to the other as part of the status quo, looking at the relative positions globally and taking account of factors other than military. It might also be necessary to take account of what could be the political objectives of either side in relation to the numbers of forces which they held in particular areas, for example the great preponderance of force of the United States compared with Canada was not seen by the latter as a threat or a means of political influence because of the general historical, political and economic relationship between the two states. If this kind of relationship could be introduced into Europe, the perceptions of threat or political pressure deriving from the size of military forces on either side would be drastically changed.

Second Session: Military Confidence Building; Measures against Surprise Attack

A description was given of the measures which are under discussion at the Conference on Security and Cooperation in Europe or at the negotiation of mutual force reductions. These include the following: - greater openness of military budgets; the exchange of military missions and secondment of personnel to military academies in other countries; abstention from military activities near frontiers; prior notification of military movements and of military manoeuvres; the exchange of observers at military manoeuvres.

In the MBFR context, proposals have been put forward for verification and to provide against circumvention of agreements which would be included in a specific legal agreement.

The most active discussion has related to the prior notification of manoeuvres on which various points of definition are outstanding, e.g. whether agreements should be legally binding or voluntary; what size manoeuvres should fall within the provision where there is a Western suggestion for notification of manoeuvres involving a division as contrasted with the Eastern proposal for notification relating to army corps; what area should be included, e.g. a Western proposal that this should be the whole of Europe including European Russia and an Eastern proposal that the area should be confined to 100 kms. from frontiers; who should receive the notification, neighbours only or everyone participating in this agreement; what should be the time limit, ranging from a Western proposal for 60 days before manoeuvres to an Eastern proposal for five days?

In the course of discussion about these points it was widely felt that a long time limit before manoeuvres would be valuable since this would allow time for diplomatic action to be taken in the case of manoeuvres which seemed to have a political purpose of putting pressure on another state. It was recognised that measures of this kind, while useful so far as they went, would not necessarily make a decisive contribution to the prevention of surprise attack or of the use of military force to exert political influence. For these purposes it would be necessary to interpret the political content of proposals to hold manoeuvres and the general objective should be to find means of making any use of military force, whether by means of manoeuvres or otherwise, less politically potent. In order that notification of manoeuvres or movements might be accepted as genuine and made with good intention, it would be necessary first that there should be mutual feelings of goodwill and confidence. Confidence building measures could therefore be a useful adjunct to the process of improving mutual relations in the security field but might not in themselves be enough to bring about such improvement.

Sympathy was expressed for the Swedish proposal with regard to greater openness in military budgets, but it was recognised that this would run into serious problems of definition and verification.

Third Session: Political Confidence Building
1) with particular reference to non-intervention and freedom of information
2) other proposals including declarations, cultural and educational exchanges, movements of people

The discussion related largely to the subject of the negotiation in the CSCE on Basket III, the relative opportunities for the two political systems in Europe to influence opinion within each other's areas and the question whether pressure for an increase in the freedom of movement of people and ideas was likely to produce changes within the Eastern part of Europe or would be more likely to delay progress in this direction. Soviet resistance to the degree of loosening of controls on freedom of information, etc. was ascribed by them largely to the wish to avoid the entry of pernicious influences from the West related to the overpermissiveness of Western society, the prevalence of violence and in general to resistance against what appeared to be attempts to bring about social and political changes in another society. At the same time, emphasis was laid on the doctrine of coexistence, which, according to some definitions, contained a large element of ideological competition and rivalry. The difference between the social systems in either group in Europe resulted in there being greater freedom for the East to spread its doctrines in the West than vice versa. This was the origin of much of the insistence by the West on trying to use the present negotiations to obtain greater freedom of movement of people and ideas.

There was some argument whether pressure from outside could be effective in modifying governmental attitudes or whether time had to be left for a more gradual evolution of thinking in influential circles. A rapid increase in freedom of political expression, etc. would not necessarily lead to stability in the short term, as examples from 1956 and 1968 were alleged to prove. On the other hand, if no obligation was felt to express objection to social and political systems which were repugnant to those held by oneself, there would be no basis for objecting to systems such as that of Nazi Germany or of South Africa at the present time, which were obviously objectionable to very wide circles of opinion in all parts of Europe. The solution might be that it was necessary to discover empirically what level of debate and controversy on this issue could be maintained without an undesirable increase in tension and without hindering the growing belief that it was necessary to find ways in which all parts of Europe could learn to live together peacefully.

It was suggested that social and cultural interchange might grow in relation to the development of economic interchanges. Greater freedom of access, which genuinely grew out of greater economic contacts would be more acceptable in the East, since they would be more clearly related to areas

in which the state could remain in control. The relationship of economic and socio-political matters expressed itself also in another way in attempts to establish a link between Basket II and Basket III and to use economic pressure to bring about social changes in the system of the other group. It appeared that some results could be obtained by this kind of method, but it was suggested that it would be more generally productive to concentrate on building up a wider network of contacts of all kinds, leading to a mutual recognition of interdependence and mutual acceptance of certain rules of the game to govern intercourse of all kinds.

More directly relevant to the question of security, it was suggested that a greater openness in the process of decision-making was a necessary adjunct of a relaxation of tension, since it gave each side a better means of judging the intentions of the other and being satisfied that these intentions were not likely to change in a secret manner. There were difficulties, however, since the habits of political discussion were different in the West and in the East. In the West there was a tendency for conflicts of opinion to be resolved in public: the East saw this as a weakness and conducted such debates in private in order to preserve the supremacy of the state towards all aspects of public life and they would regard public debate as a weakening of the state's power on which the internal stability of their system depended.

NOT FOR PUBLICATION OR QUOTATION

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INTERNATIONAL INSTITUTE FOR STRATEGIC STUDIES

SIXTEENTH ANNUAL CONFERENCE

THE MIDDLE EAST AND THE INTERNATIONAL SYSTEM

Sunday, 15 September — Morning

RESOURCES AND SECURITY

Professor Richard Cooper

September 1974

Natural Resources and National Security

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Prepared for the 16th Annual Conference, International Institute for Strategic Studies, Brighton, England
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The topic "resources and security" is a vast one, much more than can be encompassed satisfactorily in a paper of this length. What I can hope to do, however, is to put the topic into historical context, going beyond the immediate reasons for raising the issue at the present time, and to discuss and evaluate some of the various ways open to our nations for reducing the impact on our security of uncertainty of supply of materials.

First of all it is necessary to define terms. I take "national security" to refer to the capacity of a society (nation) to enjoy and cultivate its culture and values. This broad definition implies security not only from external but also from internal threats, and it also implies the maintenance of a standard of living consistent with the society's cultural values. Moreover, it implies that the needs of national security have not been met if to protect itself from physical harm, the nation must abandon its values for those of a garrison state.

"Natural resources" refer to all those inputs into the processes of production that derive from sources other than human inputs, direct or indirect. Labor represents a direct human input; capital and technical know-how represent indirect ones, the products of past labor and deferred consumption. Natural resources thus include the contributions of land (both for agriculture and for living space), of climate (for agriculture), of minerals of all types, of forests and fish. But we will be concerned here mainly with minerals, for external sources of other resources are either much more secure or our dependence on external sources is much less than it is for minerals.

Certain propositions about natural resources are incontrovertible. First, modern industrial societies are heavily dependent on a wide range of raw materials--mostly minerals of various kinds, including fossil fuels, but also agricultural products such as cotton and wood pulp. Second, these raw materials are widely and unevenly scattered over the globe, and we have gone far afield and deep underground and under water in search of them.

As a result of these two facts, modern industrial economies have become heavily dependent on external sources of supply of their crucial inputs. It follows that to the extent these sources of supply are insecure and lack close substitutes, national security, as broadly defined above, depends in some measure on developments elsewhere in the world, and especially developments at the locus of these external sources of supply and along the shipping routes that bring them to the processing plants.

These days there is much doomsday talk about exhaustion of the world's resources, especially as the less developed parts of the world become more industrialized and begin to compete seriously for the already limited supplies of raw materials. Food production is not keeping up with population growth, metals are becoming scarcer, energy sources are controlled by countries unwilling to provide them in adequate quantity, and so on. At the risk of being pollyannish, I am going to put a more optimistic view of the problem of natural resources.

It is worth first of all recalling that a version of the present dismal perspective was advanced over 150 years ago by the great English economist, David Ricardo. He argued that as population grew and as the output of manufactured goods, being mainly dependent on labor, increased correspondingly, the price of food and raw materials must gradually rise and the rents accruing to the owners of land and mines must gradually absorb an ever larger portion of the national income. It was this prognostication, along with the closely related views of Malthus on population, that prompted Thomas Carlyle to dub economics the "dismal science." Ricardo thought that the "terms of trade" must inevitably turn against the urban worker and shopkeeper, and in favor of the landowner.

But Ricardo's prediction did not come to pass. Why not? Because it did not give cognizance to the geographic and technological extension of man's reach for resources when adequate incentives are present. In the presence of looming or actual scarcity, enterprising individuals went out in search of new sources of supply, and enlargement of the economically relevant geographic area has been abetted not only by growing resource scarcity in the old industrial centers of Europe and, more recently, of North America, but also by steady improvements in the quality (e.g. refrigeration) and reduction in the cost of transportation. One is of course

tempted to say that this process of geographical extension is intrinsically limited, since the world is finite, and in a literal sense that is surely true. But vast realms remain to be explored and exploited for their mineral resources: the polar areas and the oceans are only the most recent frontiers; the earth's mantle has barely been touched.

In any case, technological frontiers have been more important than geographic frontiers in the escape from resource scarcity, and undoubtedly they will be at least as important in the future. One historical anecdote will make the point. It is pertinent at the present time and it simultaneously illustrates the role of academic research in technological discovery (it also incidentally gives a plug for my university and town). In mid-nineteenth century America whale-oil was far and away the predominant source of lighting, and New England whalers steadily improved their equipment and extended their range in the search for whales. Despite their efforts, or perhaps in part because of their success, whale oil became scarcer and scarcer, so that between 1859 and 1865 its price nearly doubled to $2.55 a gallon. Demand had been stimulated by the Civil War in the United States, and the usual charges of profiteering were heard. In the mid-fifties, however, Benjamin Silliman, Jr., the first professor of chemistry at Yale University, had written a report on the possible commercial value of "Pennsylvania rock oil," and in 1858 a group of New Haven businessmen financed Drake's drilling expedition to western Pennsylvania. The first well was struck in 1859 and after three years of intensive drilling the price of crude petroleum dropped from $20 a barrel to 10 cents a barrel. By the mid-seventies kerosene (paraffin in English) had largely displaced whale oil as a source of lighting and interior heating.

Similar stories can be told for many products: rayon and nylon for silk, nitrogen fixation from the atmosphere for natural nitrates, plastics for Trochus shell buttons, and so on. Indeed, the process of induced innovation has been so general that spokesmen for less developed countries, and most notably the Argentine economist Raul Prebisch, turned Ricardo's hypothesis around and argued that because of rapid and anti-resource biased technical change, the terms of trade were bound to turn steadily against primary products and in favor of manufactures. This alleged long-term trend has been used as justification for policies of industrialization in less developed countries, if necessary behind tariff walls for protection against cheap imports from

industrialized countries. One does not have to go that far to credit modern economies with great innovative capacity in the face of any scarcity, whether it be labor, land, or natural resources. When raw materials are cheap, there is little incentive to find substitutes or otherwise to conserve their use; but when their prices rise relative to other goods and factors of production, man becomes a creator as well as a consumer of raw materials.

In fact there is little empirical justification either for the Ricardian view that agricultural products and raw materials must become ever more expensive in terms of manufactures, or for the opposite Prebisch view that they will become ever cheaper in terms of manufactures. Interestingly enough, the "terms of trade" between manufactured goods and non-manufactured goods were virtually the same in 1970 as they were in 1900. But they have undergone substantial movements up and down during the intervening years: falling toward the First World War, rising sharply after the War, falling during the twenties, rising sharply during the Great Depression (when the prices of goods and raw materials fell much more than the prices of manufactured goods), falling again until the early fifties, rising gradually and undramatically but substantially until the early seventies, and then falling sharply within the past two years.*

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*See United Nations, Handbook of International Trade and Development Statistics, 1972, p.43; and recent issues of the U.N. Monthly Bulletin of Statistics. Selected data, on an index 1963 = 100:

1900 - 115	1938 - 138	1960 - 97
1913 - 93	1948 - 85	1965 -102
1929 - 102	1955 - 87	1970 -110

The present concern with materials dates from the sharp rise in price during the past two years, which in turn reflects inability of supply to keep up with rapidly growing demands, and in particular to the steep increase in petroleum prices in late 1973, which in some degree reflected a contrived scarcity. It is worth recalling, however, that the last steep increase in raw materials prices, the Korean War boom of 1950-51, also evoked great public interest in possible scarcity of raw materials,

in the possibilities of being cut off from leading sources of supply, and in the governmental actions that might be taken to deal with these contingencies. After a series of hasty and somewhat panicky reports, President Truman appointed the Paley Commission in January 1951 to study the "broader and longer range aspects of the nation's materials problems as distinct from the immediate defense needs." The Commission published a thoughtful report in June 1952, after the Korean commodity boom had subsided.* Because the report was done with care, with much staff work

*Resources for Freedom, A Report by the President's Materials Policy Commission, five volumes, Washington: U.S. Government Printing Office, 1952.

and without being dominated by the short-run scarcities of 1950-and 1951, it is interesting today to compare the projected needs of the United States economy for mineral resources in a representative "1975" with the actual requirements of the U.S. economy in 1972, a year of moderately high economic demand ninety percent of the distance between the base year of the Paley Commission (1950) and the year of its projected needs. Detailed comparisons are shown in Table I. The year 1950 was of course a year of exceptionally high demand, but the Paley Commission knew that and took it into account. The striking feature of Table I is that for fifteen of the 24 commodities covered (divided into the ferrous metals, the non-ferrous metals, and the non-metallic minerals) the Paley projections were too high, often by a very substantial amount. There was a tendency to exaggerate future needs. For the remaining nine commodities, however, the Paley Commission under-estimated the needs of the economy, although generally the discrepancy was less than in the case of over-estimation. It is clear that the Paley Commission did not fully anticipate the great growth in the use of fertilizers, for instance. In most of the cases of under-estimation, and notably for the important commodities bauxite and natural gas, prices rose less over the projection period than was true for other commodities, such as iron and coal. In other words, where commodities remained relatively cheap,

Actual and Projected Increases in U.S. Consumption of Minerals

	U.S. Consumption			Paley Commission Projected Increase 1950-1975 (percent)
	1950	1972	Increase	
	(Thousands of Tons, except as noted)		(percent)	
Iron (millions)	106.6	126.9	19	54
Chromium	980	1140	16	100
Cobalt	4.1	7.0	71	344
Manganese	1650	2331	41	50
Molybdenum	13.0	31.3	140	170
Nickel	100.0	159.3	59	100
Tungsten	4.2	14.1	233	150
Antimony	15.2	16.1	6	81
Bauxite	3325	15,375	362	291
Copper	1424	2239	57	43
Lead	1238	1485	20	53
Magnesium	18.1	99.5	45.1	1845
Mercury ('000 flasks)	49.2	52.9	7	25
Platinum ('000 ounces)	496	1560	214	30
Tin (primary)	71.2	53.5	-25	18
Titanium and Cadmium	358	467	31	324
Zinc	967	1418	47	39
Fluorspar	426	1352	217	187
Phosphate	8581	29,535	244	150
Potash	1412	4815	241	
Sulfur (incl.pyrites)	4652	6363	37	110
Coal (millions)	494	523	5	54
Crude Petroleum (bil.bbl)	2.1	4.3	104	109
Natural Gas (bil.cu.ft.)	6.0	23.0	282	142

Sources: U.S. Department of the Interior, Mineral Yearbook, 1954 and 1972 and Paley Commission Report, vol.1, p.24

or even cheapened relatively to other goods and services, demand expanded rapidly; in other cases it expanded less rapidly. Aluminum and cardboard were substituted for iron and tin, and natural gas and petroleum products were substituted for coal. Both results were predictable, given what we now know about relative price movements (which in turn partly reflected technological innovation, e.g. in the use of paper products for preserved foods, and partly discovery of new resources).

It should be added that the overall U.S. economy during the period 1950-1972 grew at a rate in real terms of about 3.6 percent per annum, compared with a rate of growth assumed in the Paley Commission of about 2 1/2 percent a year. Given its higher rate of growth (which over a 25 year period means that the economy was about 30 percent larger than that assumed by the Paley Commission), the economy should have absorbed resources in even greater volume than the Commission's projections suggest, not in the lower volume actually observed.

Adjustment of an economy to new scarcities does not of course just happen. It requires action on many fronts. But much adjustment will occur in capitalist economies under the dual spur of the profit motive and the need to keep budgets within defined limits. The first force will bring forward new sources of supply and new substitute materials; the second will lead to conservation of the scarce material and will create an attitude receptive to alternative ways for accomplishing the same objective. Sales of storm windows and building insulation increased greatly in the United States following the sharp rise in prices of home heating oil, for instance, and building temperatures were lowered. Even after we allow for these adjustments, however, government action may be required in the interests of security. The possible means are discussed below.

Most of the discussion above has referred to medium and long-term adjustment to scarcity. But are we not vulnerable in the very short run, perhaps to the point of threatening our security? To some extent we are: drastic curtailment of supplies to which we have geared much of modern production obviously will cause major dislocations in a modern economy. But even the short-run adaptability of modern economies is surprisingly great, especially when a crisis is widely perceived to be a crisis and thereby evokes cooperative behavior, as the period of the British coal strike and the oil shortage everywhere in early 1974 illustrate. Vulnerability to interruptions in external sources of supply of course vary greatly from country to country, with Japan among modern industrial economies perhaps

being the most vulnerable, and the United States the least.

What can we do to reduce our vulnerability to interruptions in external sources of supply? Two broad courses of action are possible: to increase security of supply, and to increase our adaptability on the side of demand. We will discuss each of these in turn.

There are three methods for increasing security of supply: through greater control, through diversification, and through hoarding needed materials. Greater control is presumed to be exercised when supplies reside within the national economy, and to the extent this is true security can be increased by increasing the degree of self-reliance in supply. The British coal strike of last winter, however, should offer a stark reminder that even domestic supplies are not always assured, even under the extreme circumstance of a (contrived) world oil shortage. One can ask the question: what degree of national emergency would have been required to bring the miners back to work on something less than the terms they were demanding? A major war, presumably. Anything less? Societies with important internal cleavages cannot escape uncertainty of supply.

A second mode of securing control over supply was through the building of empire, although the historical importance of this technique has been greatly exaggerated by neo-Marxists. It never was very important in fact--the talk of the need for resources and for markets was never much more than public justification for jingoistic adventurism--and it is now thoroughly outmoded, at least in its traditional forms.

Foreign investment with government support offers a third mode for securing control over foreign sources of supply, and indeed has been perceived as a kind of neo-colonialism. The U.S. government in the early fifties did lay considerable stress on the importance of foreign investment in the context of developing new sources of raw materials. The events of last winter show both the strengths and the weaknesses of foreign investment as a mode of control over resources. The large oil companies, mostly American and British owned, could exert little influence over the level of output of crude oil once the OPEC decisions had been made. But through their control of distribution facilities they could influence the distribution of the limited output of oil, and thereby could mitigate the impact of the embargo on shipments of oil to the Netherlands and the United States.

However one looks at it, securing control in today's world, apart perhaps from the development of (often high cost) domestic sources of supply, does not seem to be a very promising route to take. Diversification of sources of supply is more promising, and here foreign investment does have a role to play. Drawing on a number of sources of supply, or having a variety of close substitutes readily available, reduces the impact of the failure of any single source of supply. Thus if through strikes, bad weather, war, civil strife, or embargo a single source of supply is cut off, the country can at slightly greater cost turn to its other sources to make up the difference. And this very prospect of course reduces the probability of embargo or even of strikes.

But what if all or most sources of supply, realizing their common economic interests, act collectively? This is what the petroleum exporting countries did through OPEC, and this is what some observers foresee for other raw materials as well.* Bauxite, coffee, tin, copper, bananas,

*See especially C. Fred Bergsten, "One, Two, Many OPEC's...? The Threat is Real," in Foreign Policy, No. 14, Spring 1974, and "The New Era in World Commodity Markets," Challenge, Sept/Oct 1974. The contrary view is taken by Stephen Krasner, "Oil is the Exception," Foreign Policy, No. 14 by Bensson Varon and Kenji Takeuchi, "Developing Countries and Non-fuel Minerals," Foreign Affairs, April 1974, and by Hans H. Landsberg, statement before the Subcommittee on Foreign Economic Policy of the House Committee on Foreign Affairs, U.S. Congress, May 15, 1974.

and even iron ore have been mentioned as possible candidates for cartelization and restriction of supply. There were, after all, many and diverse sources of oil, so why should we not expect the same in other areas, especially now that the way has been shown? Significantly, however, at the margin there were not many sources of oil; expansion of production on any scale could take place only in Saudi Arabia, Kuwait, and several of the Persian Gulf states. Moreover, strong bonds of religion and a common relationship to the Arab-Israeli conflict meant that, again at the margin, there was very little diversity among the oil producers. There is considerable controversy over whether the appropriate conditions for cartelization exist also for other commodities, or whether because of the catalyst of the Yom Kippur war, the relative homogeneity of the leading (marginal)oil suppliers, and the financial capacity

if necessary of those suppliers to do for awhile without any earnings at all (thereby increasing their boldness) the circumstances of oil were not unique. Table II lists a number of important commodities, estimated known reserves in the United States and in the rest of the world, and the three principal locations of known reserves.* (Relation to current U.S. consumption,

*Reserves here mean proven and economically extractable with existing technology. U.S. "reserves" of manganese and tin include some low-grade ores to which this definition does not apply. Minerals in sea-water and on the ocean floor are not included.

about a third of the world's totals can be seen by comparing the second column of Table I.) It is noteworthy that for only three of the eighteen minerals listed--tin, sulfur, and bauxite--are over half of world reserves located in less developed countries. Both sulfur and aluminum ores are available in large quantity in developed countries at somewhat greater cost, and tin is a metal whose importance is gradually declining.

These figures, while suggesting that cartelization will be difficult, do not rule out attempts to cartelize various commodities, nor do they address the question of marginal supplies--i.e. those that can be readily expanded on relatively short notice--that was so important in the case of oil. The dependence of many less developed countries on their mineral industries for local employment--another contrast with the situation in oil--and for government revenues and foreign exchange earnings will make cartelization more difficult, and the position taken by such countries such as Canada and Australia will often be crucial. My guess is that a number of attempts will be made, but that they will peter out relatively quickly. Downward movements in world demand, such as those at present, will make cartelization simultaneously more urgent for producers but also more difficult to achieve. Those attempts that show some degree of success, moreover, are likely to be those that raise prices gradually and by relatively modest amounts, by failing to allow new production to grow quite as rapidly as world demand. While such successes will erode the standard of living in the resource-consuming countries, they will hardly represent a threat to national security.

Table II –U.S. and World Reserves of Selected Non-Fuel Minerals, ca. 1968

RESERVES, BY LOCATION

Mineral	Unit[a]	U.S.	Rest-of-world	World	Three principal locations	
Iron	Bil. tons	2	95	97	USSR	31
					So. America	18
					Canada	12
Aluminum (bauxite)	Mil. tons	9	1,159	1,168	Australia	400
					Guinea	240
					Jamaica	120
Copper	Mil. tons	86	222	808	United States	86
					Chile	59
					USSR	39
Lead	Mil. tons	35	60	95	United States	35
					Canada	12
					Australia	10
Zinc	Mil. tons	34	90	124	United States	34
					Canada	25
					East/West Europe, ea.	14
Manganese	Mil. tons	68 ~~(ore basis)~~	729	797	Rep. of S. Africa	300
					USSR	200
					Gabon	96
Chromite	Mil. tons	2	773	775	Rep. of S. Africa	575
					S. Rhodesia	175
					USSR	15
Nickel	Mil. tons	0.2	73.3	73.5	Cuba	18.0
					New Caledonia	16.5
					Canada/USSR, ea.	10.0
Tungsten	Thous. tons	95	1,317	1,412	China (mainland)	1,050
					United States	95
					So. Korea	51
Molybdenum	Thous. tons	3,150	2,265	5,414	United States	3,150
					USSR	1,000
					Chile	875
Vanadium	Thous. tons	115	10,000	10,115	USSR	6,000
					Rep. of S. Africa	2,000
					Australia	1,500
Cobalt	Thous. tons	28	2,377	2,405	Congo (Kinshasa)	750
					New Caledonia	440
					Zambia	383
Tin	Thous. tons	58 ~~(ore basis)~~	4,851	4,909	Thailand	1,570
					Malaysia	672
					Indonesia	616
Magnesium	Mil. tons	15	2,565	2,580	China (mainland)	1,370
					No. Korea	820
					New Zealand	165
Titanium	Mil. tons	25	122	147	Norway	30
					U.S./Canada, ea.	25
					USSR	25
Sulfur	Mil. tons	342	2,425	2,767	Near East & So. Asia	1,226
					East. Europe	437
					United States	342
Phosphorus	Bil. tons	6.8	15	21.8	Morocco	3.2
					United States	6.8
					USSR	2.6
Potassium	Bil. tons	.8	109	110	USSR/Canada, ea.	41.5
					E. Germany	8.3
					W. Germany	7.9
Nitrogen	Mil. tons	In limitless supply from atmosphere, provided energy for recovery is available.				

Source: Leonard L. Fischman and Hans H. Landsberg, "Adequacy of Nonfuel Minerals and Forest Resources," in Population, Resources, and the Environment, Ronald G. Ridker (ed.), Vol. 3 of Research Reports of the Commission on Population Growth and the American Future (Washington: Government Printing Office, 1972), pp. 87-88.

The third approach to securing supplies involves hoarding, or stockpiling, the critical materials. Indeed, this is the only way of assuring supply in the very short run against a wide range of possible disruptions. To some extent prior purchase and storage is done routinely by business firms, as part of working capital and in anticipation of seasonal requirements (e.g. the stockpiling of coal during the summer months). But such commercial stockpiles do not really serve the purpose of securing the nation's economy against major unexpected interruptions, for they are carried out for more limited purposes. Some form of official action or encouragement is therefore necessary to achieve stockpiles of the required magnitude. During the 1950s the United States built up a substantial stockpile of critical materials on recommendation of the Paley Commission. National security, however, is defined,rather narrowly, for purposes of release from the U.S. stockpile, and does not include avoidance of economic dislocation. Given the likely changing nature of war, a recent review of the American stockpile found its contents excessive on the narrow concept of national security, and recommended extensive reductions in holdings. I would suggest rather that the concept of national security should be broadened to include major economic dislocation by interruption of supply, and that the stockpile should be re-evaluated on that standard. Undoubtedly some holdings would still be found to be excessive, but others would be deficient. Table III gives the most important eight (out of 91) commodities held in this stockpile, along with the number of months of U.S. consumption that they would cover (the number of months of imports would be substantially greater in all cases but tin and chromium). The new targets would cut the stockpile down to one to five months' consumption (eight months for tin, zero for copper and aluminum.) Already the holdings at the end of 1973 represented substantial reductions from ten years before. In view of the number of prospective attempts to withhold supplies for the sake of higher prices, the stockpile authorities should be authorized to release commodities for the purpose of moderating price increases, and the existence of this authority would itself cause would-be cartelizers to hesitate.

Table III

Major Contents of U.S. Strategic Stockpile
December 31, 1973

Commodity	Thousand Tons	Months' Supply
Tin	231	50
Chromium	1953	17
Aluminum (exc. bauxite)	457	1
Tungsten	40	61
Manganese	3705	23
Lead	829	6
Zinc	639	4
Copper	259	1

Source: The Morgan Guaranty Survey, March 1974

Each of these approaches, except when they occur naturally, involve some cost. As with the defense budget, it comes to a question of how much we are willing to pay to buy greater security--that is, there is some trade-off between our standard of living and our security in enjoying that standard of living. For years the American public paid high costs for its oil on the (dubious) grounds that that was necessary in order to encourage domestic exploration and to maintain an extensive domestic production of crude oil. Imports were under quota from 1959 to 1973, on grounds of national defense.

Consciously diversifying sources of supply will also generally involve higher costs, if only higher transport costs to the more remote sources. But in this case there may be some compensation in the form of greater competition, depending upon the structure of the domestic industry and which firms are in control of imports.

Finally, stockpiling involves additional costs of three types: storage costs, interest on the capital tied up in the stockpile, and (possibly) a deterioration in the terms of trade during the period in which the contents of the stockpile are being purchased. To give a rough idea of the magnitude involved, the OECD countries together imported $40 billion worth of mineral

raw materials (including fuel and semi-fabricated metals) from non-OECD countries in 1972. Therefore to hold stockpiles equivalent to one year's imports at 1972 prices would cost roughly $2 billion in (real) interest costs alone, and storage costs would bring the total to above $3 billion. This is an annual cost, the reducation in consumption required, not the initial set-up cost. It is large, but it remains small compared with defense budgets. If the contents of such a stockpile were purchased over a long period of time and at the right moments, the terms of trade cost could be negligible and indeed such purchases would generate good will with producer countries if they were made when world markets were weak. But stockpiles are like leaky roofs; there never seems to be a right time to build them. When commodity markets are weak, officials argue that is a long-term condition and it is not necessary to build up stockpiles against economic dislocation; when they are strong, building a stockpile only adds further to the demand and creates even tighter market conditions, driving prices up.

A tricky problem in economic management is when and how rapidly to use stockpiled materials when economic dislocations threaten or become a reality. In this respect they are somewhat similar to foreign exchange reserves, which also require the proper combination of use and husbanding for future use.

Among these various approaches, I would favour the maintenance of larger stockpiles, financed if necessary through modest duties on imports of raw materials; the duties would themselves serve to a modest degree to discourage reliance on imported raw materials. I would also favour government actions to foster diversification, especially through research into technological improvements in the use of lower grade ores and substitute materials.

The discussion so far has focussed on influencing supply. But we should not forget the demand side. Modern industrial economies should increase their adaptability to short-run changes in the availability of materials. I have in mind more than the installation of burners for steam-generated electricity that can use either coal or oil; that is a form of divefsification. Rather, I believe we should attempt to increase the psychological resiliency of modern democracies. With the marked and welcome progress we have made in reducing insecurity in the lives of individuals - through health care, old age pensions, maintenance of full employment and provision of unemployment compensation - a loss of resiliency to unexpected adverse developments has settled in. The public has come to expect a steady and uninterrupted growth in its real income, and when an interruption occurs, from whatever source, the public blames the government and calls for offsetting or compensatory action. I do not hanker after a return of the security - and the resiliency that went with it -

that has afflicted farmers and peasants through the ages, arising from weather and pests. But I do believe governments can make it credibly clear that in our interdependent world not all matters are under government control. The public cannot be insulated from all shocks, but rather will have to take some knocks from time to time.

In summary the problems we are likely to face in the area of natural resources are human in origin, not physical. Limits to Growth notwithstanding, we are not likely to have to forego output because of shortages of any critical material. Induced technical change, which so far has thwarted the forecasts of Ricardo and Malthus is likely also to thwart the gloomy projections of Meadows and his co-authors.

The human sources of difficulty are (1) attempts at collusion by producers to restrict supply and raise prices, (2) a developing brittleness in the publics of modern democracy, an unwillingness to accept set-backs in levels of income, especially in the face of a slow squeeze as opposed to a full embargo, and (3) political subversion by Russia or other antagonists to reduce supply of raw materials or open interference with transport of such raw materials, such as would occur with the outbreak of hostilities.

Russia is likely to be the only major country broadly self-sufficient in natural resources. This fact may increase Russian self-confidence and lead to bolder, more aggressive actions. Development of a large and wide-ranging Soviet navy is consistent with this fact; Russia is developing the military capacity to threaten resource 'lifelines'. This new capacity is not likely to be exercised, but the existence of this capacity alone may be thought to strengthen Russia's hands. There is nothing quite like an aircraft carrier to loom on the horizon.

There is another side to the human problem. Trade in minerals, especially that associated with foreign investment, is one of the most sensitive economic issues in less developed countries. Foreign investment in minerals seems much more 'exploitative' than investment in manufactures; (indeed, we speak of 'exploiting' natural resources); it involves the alienation of irreplaceable patrimony, and has colonial overtones. Moreover, a new feature has been added to the debate: (unwarranted) concern about an exhaustion of materials by buyers in developed countries, thereby impeding growth of less developed countries. (There is a curious and paradoxical ambivalence here, since industrial countries are also charged with developing substitutes for primary products, thereby depriving less developed countries of their legitimate earnings !). For these psychological reasons trade in natural resources is especially subject to political disruption country by country.

To conclude I would return to the question of natural security and military power. The possibility of using military intervention to assure overseas supplies is raised from time to time. One can certainly imagine circumstances in which the Western countries would go to war, or threaten it, to secure supplies. Japan once did it. But the provocation would have to be severe indeed, for the risks are high. Overt military actions could very well bring Russia into the picture ex post, and for that reason military action is likely to be considered only if Russia is heavily involved in creating the problem. One can more readily imagine subtler forms of intervention: 'police action' on appeal from a local government against indigenous disrupters or even a CIA-type overthrow of a recalcitrant government. All such manoevures are tricky to execute successfully, and are generally ill-advised.

As I have indicated above, the problem of resource scarcity is not so serious as has often been supposed lately, in the wake of the oil shock; and, second, there are relatively conventional means to increase our capacity to deal with possible short-run scarcities. These means, notably stockpiling and research into substitutes, invole some cost, but they remain much cheaper, much less dramatic, and much less risky than direct or indirect military intervention.

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INTERNATIONAL INSTITUTE FOR STRATEGIC STUDIES

SIXTEENTH ANNUAL CONFERENCE

THE MIDDLE EAST AND THE INTERNATIONAL SYSTEM

COMMITTEE STREAM A

Oil and Strategy

STRENGTHS AND WEAKNESSES OF THE OIL WEAPON

Mr Fuad Itayim

Background to the Use of the Oil Weapon

The use of Arab oil as a political weapon has been a recurring theme in Arab political thought since the early forties - a symptom, as it were of the Arab states' failure to contain by diplomatic and military means, what they unanimously saw as Israeli expansionism. Prior to the October 1973 Arab-Israeli war, there had been two main attempts by the Arabs to use their oil as a political instrument, both of which failed to produce significant or lasting results, though they did cause temporary disruptions in the world oil trade.

The first attempt took place following the Anglo-French-Israeli attack on Egypt in 1956, when the flow of oil from North Iraq to the Mediterranean coast was interrupted as the result of the blowing up of one of the pump stations of the IPC pipeline system transiting Syria. Significantly, the decision to cut off the oil in this instance was taken by a transit country, Syria, without prior consultations with the source country, Iraq.

The second attempt occurred when several Arab oil producing countries imposed an embargo on oil supplies to the US, Britain and West Germany following Israel's attack on Egypt on 5 June 1967. On both these occasions, the Arabs were engaged in hostilities with the Israelis and were on the verge of defeat. Their resort to the use of oil as a political weapon was an attempt, unsuccessful in the event, to stabilize a rapidly deteriorating military situation through the application of economic pressure on third party states which were deemed to have a special relationship with Israel. These efforts were reflex actions sparked off by the war, and not the result of a studied plan of action. And, in the case of the 1967 war, it is likely that the imposition of an oil embargo by certain Arab states was considered as a desirable alternative to sabotage of installations by a frustrated and emotionally volatile public.

It is pertinent to look into some of the causes of the failure of the 1967 Arab oil embargo.

1. The Arab states lacked sufficient monetary reserves to withstand the economic effects of even a limited oil embargo.

2. The Arab states were divided by economic and ideological conflict and were not well predisposed to make sacrifices on behalf of each other. Syria had dealt a painful blow to Iraq's economy by preventing the flow of land-locked Kirkuk oil to the Mediterranean over a period of several months in 1966. Saudi Arabia was still at loggerheads with Egypt over the latter's intervention in the Yemeni War, and the North African states generally remained aloof from the quarrels of the East Mediterranean Arabs.

3. The US - Israel's main benefactor and hence the prime target of the Arab oil weapon - was immune to the Arab oil embargo because it was at that time almost totally self-sufficient in terms of Western Hemisphere supplies.

4. The international oil companies did an outstanding job of making up the short-fall in Arab oil supplies to the embargoed countries from other sources despite the closure of the Suez Canal.

5. No quota ceilings were imposed on production, with the result that no actual physical shortage of oil was created.

6. There was no uniform interpretation of the coverage of the embargo. One of the North African oil countries did not in fact withhold supplies from West Germany.

By 1973, seven years later, the Arab situation had changed in several ways. The succession of President Sadat in Egypt in 1970 led to a real improvement in Egypt's relations with Saudi Arabia, a fact which encourged the latter to abandon its isolationist policies of the sixties and assume an active and positive role in Arab affairs. Furthermore, growing Saudi disillusionment with US Middle East policy, which was becoming more and more inconsiderate of Washington's "Arab friends", had prompted King Faisal to abandon his publicly ennunciated principle that oil should not be used as a negative - i.e. political - weapon. The fact that Saudi Arabia had voluntarily announced its intention to employ its oil as a political weapon on behalf of the Arab cause as early as April 1973, long before hostilities broke out, was no doubt a major factor influencing the radicalization of Arab attitudes on the question of using oil for political ends. Other factors which strengthened the Arab resolve to apply the oil measures and contributed to their success include the following:

1. By mid-1973, most, if not all of the Arab oil exporting countries had reached a position of economic strength where - owing to rising prices and oil incomes - they could, if necessary, cut back their oil production without seriously damaging their economies.

2. Arab unanimity regarding the deployment of oil as a political weapon had become less critical a condition for its successful application in view of Saudi Arabia's prior decision to employ this weapon unilaterally. At the outbreak of hostilities, Saudi production of 8.3 million b/d accounted for more than 40 percent of all Arab oil moving into the market, and the combined production of Saudi Arabia and Kuwait amounted to about 56 percent of total Arab oil production.

3. Because of the general tightness of supplies, and the absence of significant shut-in capacity outside the Arab world, the Arabs did not need to cut back their oil output by more than 25 percent at any time during the embargo to make an impact on the world economy.

4. The fact that the two principal Arab combatants - Egypt and Syria - had taken the initiative for the first time since 1948 in waging a war of liberation against Israel created the necessary moral pressure for the deployment of the oil weapon by the non-combatant Arab states. (The circumstantial evidence suggests that one and possibly two of the Arab oil states had some fore-knowledge of Egypt and Syria's intentions and had drawn up their oil plans accordingly.) Furthermore, the relative success of the Arabs in the October war, measured in terms of an improved Arab-Israeli casualty ratio, the Arab armies' relative staying power, not to mention the impact of their military performance on world opinion, in turn contributed to the prolongation of the oil embargo and cutback measures.

5. One of the many drawbacks in the attempt to use oil as a weapon in 1967 was that the Arab countries concerned were unable to agree on any precise political target. This shortcoming was remedied in 1973 in that the declared aim both of war and of the oil measures was not the elimination of Israel but the implementation of Security Council Resolution 242 calling for the removal of Israeli forces from the Arab territories occupied in 1967 and a just settlement of the Palestine problem.

6. The United States, the power with the greatest direct leverage on Israel, had become significantly more dependent on Arab oil supplies by September 1973, during which it imported some 2-2.5 million b/d of crude oil and products either directly from Arab countries or from Arab-supplied refineries in Europe and elsewhere.

7. Learning from earlier abortive attempts to apply the oil weapon, the Arabs realized that selective embargoes which are not backed by overall cutbacks in production cannot be effective because they are difficult to police.

The Supply-Price Relationship

The decision by the Gulf countries of OPEC (including Iran) on 16 October 1973 - the day before the Arabs decided to enlist oil in the service of their battle against Israel - to raise the posted prices of their crude oil exports by 70 percent, or somewhat over $2 a barrel, was the culmination of a price momentum initiated well before the October war and it would therefore be inadmissible to

postulate any direct causal connection. However, the subsequent rocketing increases in spot market prices for crude oil - which provided the justification for the decision of the OPEC members to put up posted prices by a further 130 percent in December - may certainly be attributed in large measure to the shortfall in supplies created by the Arab oil measures. And this was a point later stressed by Saudi Arabia - which had never been happy about the magnitude of the December price increases - when arguing at OPEC conferences, alone and in vain, for a partial roll-back in posted prices once the Arab measures had been relaxed.

Modalities of the Oil Weapon

When the Arab Oil Ministers met in Kuwait on 17 October to determine how to deploy the oil weapon in support of the military initiatives undertaken by Egypt and Syria, they agreed to cut their oil production "by a minimum of 5 percent forthwith, using the September 1973 level as a base, and thereafter by a similar percentage each month, using the previous month's reduced output as a new base, until such time as total evacuation of Israeli forces from all Arab territory occupied during the June 1967 war is completed and the legitimate rights of the Palestinian people are restored, or until the production of every individual country reaches the point where its economy does not permit of any further reduction without detriment to its national or Arab obligations".

In the course of the next few weeks - having first escalated their cutbacks ahead of schedule to an impressive 25 percent - the Arab oil states were to discover that the sheer power of the oil weapon imposed equally powerful constraints on the method of its use, and that if they were to apply the letter of the Kuwait decision, the industrialized world would be pushed to the brink of ruin long before any significant progress was achieved towards the fulfillment of their objectives.

The Arab oil states reacted to this realization with remarkable flexibility by both moderating their oil measures and by easing the deadline for the implementation of the political objectives underlying their use.

The shortfalls in Arab oil supplies in relation to the September 1973 production, which averaged 20,142,000 b/d, were as follows:

November 1973	4.2 million b/d
December	3.9 million b/d
January 1974	2.4 million b/d
February	2.0 million b/d
March	1.5 million b/d
April	0.75 million b/d
May	0.50 million b/d

Partial or total exemptions from the oil measures were extended to many friendly states or those states which had demonstrated a willingness to move to a more even-handed position on the Arab-Israeli conflict. These included France, Britain, Spain, Belgium, India, Japan, and most of the African and Islamic countries. In March, the Arab states concerned* after much argument and with Libya dissenting, decided to lift the embargo on shipments to the US, and in July Holland was removed from the blacklist as well.

As regards the political objectives of the oil weapon, it was explicit in the 17 October decision of the Arab oil states that the oil cutbacks would continue, with progressive escalations, until Israel completed its evacuation of the Arab territories occupied in the 1967 war etc... By December, the relaxation of the oil measures was no longer being predicated on the completion of troop withdrawals.

When last March the embargo on the US was lifted and the cutbacks eliminated for all practical purposes, all that had been measurably achieved was the conclusion and partial implementation of the disengagement of forces agreements on the Egyptian and Syrian fronts. Why then did the Arab oil states climb down so steeply from the ambitious political objectives they set for themselves last October? There were, in my opinion, several good reasons for the early relaxation of the oil weapon.

1. Notwithstanding the apparent toughness of their stand last October, the Arab oil producing countries were well aware that the real strength of the oil weapon lay in its employment as a deterrent rather than a penalty. The price increase that followed upon the curtailment of oil supplies had exacerbated the effects of the oil measures, and the combined burden of the two on the economies of the consumers was approaching the threshold of maximum tolerance beyond which it was unwise - even dangerous - to allow matters to progress.

2. As the search for a settlement dragged on month after month, with no real progress achieved, the Arabs realized that the quick and incisive settlement they were hoping for was not going to materialize. By February, it seemed preferable to switch over to a "stop-go" tactic for the oil weapon - i.e. to resume supplies for a while on the understanding that they would be curtailed again if no real progress was achieved towards a peace settlement. This flexible approach had two advantages: it would provide some relief to the economies of the countries whose support the Arabs were seeking, and at the same time it would give those countries time to adjust to the reality of the oil weapon and to the possibility that it might be reimposed again in future.

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* Which included all the major Arab oil producing countries with the exception of Iraq, which dissociated itself from the very beginning from the measures decided upon in Kuwait on 17 October. Iraq opposed the idea of across-the-board cutbacks in production and instead advocated the nationalization of oil and other interests held by hostile nations in the Arab world.

3. The credibility of the Arab oil weapon had been established beyond any doubt, which greatly enhanced its deterrent capability. This is of great importance if the oil weapon is to be employed again in future, which is a possibility that cannot be ruled out.

4. Because of various factors beyond the control of the Arabs, the United States was more able to withstand the shock of the effects of the oil embargo than were Europe, Japan or indeed the developing world. The Arabs became deeply concerned that the continuation of the oil embargo and cutbacks for a prolonged period of time would leave the US in a relatively stronger position vis-à-vis Europe than it was before the war which would drastically limit the Arab world's political manoeuverability in future*. In fact something of this has already happened, as is evidenced by the EEC's failure so far to evolve an independent energy and foreign policy on the Middle East.

5. The insistence of Egypt, as the principal combatant, that the US should be given an opportunity to prove the sincerity of its new even-handed posture in the Middle East, was another reason for the Arabs' de-escalation of the oil weapon.

The Oil Weapon's Achievements so Far

Seen in the light of the foregoing arguments, the oil weapon was deployed as effectively as possible without inviting boomerang reactions. Very briefly, its main accomplishments can be stated as follows:

1. The Arab oil embargo was probably the major cause of the change towards a more realistic US policy in the Middle East, represented by the administration's current initiative to promote a peace settlement. And although this change of policy has so far been limited to the executive branch of government, without filtering down to Congress in any measurable way, there is no doubt that US public opinion, particularly the business sector, has become more aware of the Arabs' new economic power and its future bearing on the US economy.

2. During and after the October war, there was considerable movement on the part of the EEC countries and Japan towards a closer identification with the Arab interpretation of UN Security Council Resolution 242. But since then both Europe and Japan have been content to allow the US to monopolize the peace-maker role in the Middle East without attempting to participate in this initiative in any meaningful way. The European-Arab dialogue which began in Paris early in August may provide the two communities with a very real opportunity to cement their relations in the economic, technological and political fields.

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*In this context, the idea of a West European Community of Nations as an independent political force in the world is of importance to the Arab States because it would enable them to steer clear from too deep an involvement with either of the superpowers.

3. Largely as the result of the war and the growing international weight of the Arab world, some 30 African countries have severed diplomatic relations with Israel. The Islamic community of nations have declared their full support for the Arab cause, as has the recently reactivated non-aligned bloc of nations. These are impressive diplomatic gains which can be greatly consolidated in the new era of Arab affluence.

4. These policy shifts towards the Arab position have greatly aggravated Israel's political isolation, and are having an effect on Israeli morale and bargaining power.

Future Applications of the Oil Weapon

The crude oil price increases resulting from the curtailment of supplies have introduced a complex new factor which, while greatly enhancing the Arab's' bargaining power and manoeuvering capability in various fields, is less amenable to control and regulation than the supply aspect of the oil weapon. It is also clear that no single oil producing country, even if that country is Saudi Arabia, can hope to bring about a general reduction in these prices without at least one other major producer in the Gulf cooperating with it in this undertaking. Furthermore, most of the OPEC countries are not only determined to defend the present level of oil prices but to increase them periodically to compensate for world inflation. In this perspective, then, let us look at the possible political applications of the new financial and political power of the Arab oil producers.

1. Since the energy situation varies from importing country to importing country, the trend towards bilateralism, especially in those countries whose long-term energy outlook is bleak, will be substantially strengthened. We have already seen how France, Italy, Britain and Japan, in an attempt to secure long term oil supplies and to create new markets in the oil countries for their goods, have concluded or are currently negotiating billion-dollar deals with the oil producing countries. Straining under the burden of huge balance of payments deficits, countries of this category are going to find it difficult to withstand the temptation to sell modern weapons to their trading partners.

For the Arab states bordering Israel or Iran, the diversification of their sources of military hardware is of the highest priority, especially in view of the US's reluctance in the past to supply them with sophisticated arms. Bilateral deals may also facilitate the transfer of military technology to some Arab countries who are interested in acquiring it, which would help the supplier countries to recover part of the research and development costs they have incurred. With money not lacking, and the restrictions on the flow of arms and military technology to the Arabs from non-traditional sources relaxed, there is no reason why the Arab world as a whole should not be able substantially to increase its combined military capability within the next few years.

At the same time the Arabs will have a golden opportunity to trade their oil for a preferential supply of technology and scarce goods from the West in order to accelerate their own economic and industrial development.

2. The placement of Arab capital in foreign countries, whether for long-term borrowing or investment, may in future carry, in addition to the normal investment guarantees, political conditions which will have to be met if the money is to be made available. The clients of Arab money may find that they will have to subordinate certain aspects of their foreign policy to their economic self-interest.

The preliminary talks in the Arab-European dialogue which took place in Paris early in August indicate that the Arabs will be insisting that the dialogue cover both economic and political relations, and that this is likely to be their attitude to every type of relationship from now on, be it collective or bilateral. In future, the European countries and Japan will find it more difficult to hide behind the stock excuse that they are powerless to influence Israel's policies in any way. It is likely that questions such as Israel's association with the Common Market, the supply of loans and credits to Israel by EEC countries and Japan and other related questions will be raised by the Arab community in its dialogue with the EEC.

3. While it is just conceivable that the industrialized countries will eventually be able to adjust to the effects of higher oil prices on their economies and current account balances, there is no such hope for a majority of the developing nations, especially the poorest among them, comprising some 40 countries with a combined population of 1 billion. It is estimated that the oil imports bill of the developing countries will this year amount to a minimum of $15 billion, up from $5.2 billion last year and $3.7 billion the year before. In addition, these nations will have to pay substantially higher prices for food and fertilizers imported from the developed countries which have more than doubled in the past year.

A quick and adequate Arab response to the plight of the developing countries would not only be commendable in itself, but would also place other oil producing countries and the industrialized countries under a strong moral obligation to match Arab aid to these countries. Such an initiative would create a large measure of economic and political interdependence between the donor and the receipient, with applications in the Arab-Israeli conflict or in any confrontation between the industrialized countries and the raw material producers. The capital surplus Arab oil producing countries have already allocated large sums, aggregating several billion dollars, to development funds established to assist the developing nations, but this should clearly be followed up by emergency aid to provide short-term relief for these countries. The Arab oil states are participating in a number of overlapping power blocs grouping essentially developing countries and comprising the Arab League, the Islamic bloc, the non-aligned bloc, and the Organization of African Unity, and it is through these organizations that they can develop strong political relations with fellow developing countries.

4. The possibility that Arab oil supplies might be cut back again should be taken very seriously. This is likely to happen if hostilities break out again in the Middle East, or the US abandons its peace-making role, or the peace-making drags on for too long. Oil production may also be frozen or even cut back by certain Arab or non-Arab countries for non-political reasons such as protecting the level of government take in the face of a downward pressure on prices brought about by what they consider to be "unnatural methods". Both Kuwait and Iran have issued such warnings in recent weeks. In the meantime, it is unlikely that there will be further growth in Arab oil production, which now stands at about last September's level, until a final settlement of the Arab-Israeli problem is signed and sealed.

5. In time, and after they adapt to the new bargaining power that they have acquired as a result of the oil price increases, the oil producing countries, Arab and non-Arab alike, are likely to press ahead jointly with other raw material producers with initiatives to overhaul the world economic system so as to bring about a more equitable relationship between the prices of commodities expected by the developing countries and the prices of goods which they import. This implies that the raw material producers will also claim the right of greater participation in international decision-making as it affects economic and monetary relations between the industrialized and developing nations.

Postscript

One of the main conclusions that I am inclined to draw from the use of the oil weapon during and after the October war is that, in the longer term, the Arabs may find it less desirable, or indeed necessary, to resort to restriction of oil supplies as a means of making their political weight felt in the world. With the massive revenues now accruing to them, they will be able to press ahead with the task of industrialization and modernization, develop and equip large armies and assume a role in world affairs to which their new wealth entitles them. As the Arabs develop new capabilities in almost every field, the oil supply weapon will no doubt gradually recede into the background as it becomes just one of a number of potent armaments in the Arab arsenal.

But this is of course projecting some way into the future. In the meantime, because of its great immediate efficacity, the oil supply weapon will doubtless continue to be employed in crisis situations, whether independently of, or as an adjunct to, an Arab military effort.

Naturally, the use of the oil weapon entails certain risks. A curtailment of oil supplies for political reasons at the present time would pose the question of containing the effects that these measures would have on the existing levels of oil prices, which are already considered excessively high by the industrialized countries. The Arab states could of course agree among themselves to hold down

prices at their previously prevailing levels during the period of supply restriction. This would be a positive step, but there would be no way of ensuring that the non-Arab members of OPEC would follow suit.

The onset of a general recession in the industrial world would also tend to discourage the re-employment of the oil weapon, because to impose supply restrictions under such conditions would have grave implications for the rate of economic development of the oil producers themselves and for the stability of the currencies in which they are paid for their oil, not to mention the security hazards that such action may involve.

It has been suggested that recourse to the oil weapon imposes unequal burdens on the various Arab participants, with countries like Iraq and Algeria, which have a relatively small production and large populations, suffering the most from reduced revenues. In principle, this is of course true. However, it should be borne in mind that in today's conditions deferred production is better than money in the bank and could therefore be used as collateral for securing fairly sizable loans either from other capital-surplus Arab countries or from prospective buyers and Iraqi crude. Furthermore, the fourfold increase in the unit revenue of these countries since last October should help offset the effects of a temporary reduction in oil revenues.

In the medium term, the discovery of new oil reserves outside the Arab world could affect the operation of the oil weapon but of course this would depend on the size of these discoveries, how soon they can be brought into production and whether they would be channelled into the international oil trade or pre-empted for domestic use by the country or countries in whose territories they are located. In any case, because of equipment hold-ups, ecological considerations, and other related factors it is doubtful whether existing or prospective oil discoveries outside the Arab world could damage the effectiveness of the oil weapon before the early 80s. Of course, as one looks to the mid-80s and beyond, the gradual phasing in of other energy alternatives will start to have an impact on the potential of the oil weapon. However, such a prospect could merely serve to lead the Arabs to the conclusion that they had better make use of their oil as quickly as possible before its maximum effectiveness is eroded.

In conclusion, switching back to the short term, it should be pointed out that Arab expectations of an early settlement to the Middle East conflict have clearly proved over-optimistic, and while all hope has not as yet been abandoned as regards the US's ability to pressure Israel into accepting the full implementation of the UN Security Council Resolution 242, there is growing doubt in the Arab world about Washington's willingness to do so.

The fact is that the US has chosen to assume the full responsibility for peace-keeping in the Middle East - to the virtual exclusion of the USSR and the main European powers - which implies thatit will have to accept the full blame if these efforts fail. Should the US peace initiative break down, the renewal of hostilities in the Middle East would become a foregone conclusion, and in this scenario it is difficult to exclude the possibility of fresh recourse to the oil weapon. In the interim, it is hard to see what incentive there could be to encourage the Arabs to relax their existing curbs on production growth or to commit large portions of their unemployed revenues on a long-term basis to countries - like the US - upon which they may have to impose oil sanctions in the not-too-distant future.

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THE MIDDLE EAST AND THE INTERNATIONAL SYSTEM

COMMITTEE STREAM B

Middle East - Lessons and Prospects

ARMS CONTROL AND ARMS TRADE

Dr Geoffrey Kemp

The Dimensions of the Problem

Over the past twelve months, the quantities of military equipment transferred to the Middle East or negotiated for future transfer has reached what can only be described as staggering proportions. The estimated value of transfers and orders has been put at about $13 billion. Of this total, by far the largest proportions have resulted from U.S. aid and sales to Israel, Iran and Saudi Arabia (about $8.5 billion) and Soviet transfers to Egypt and Syria (about $4 billion).

The magnitude of these transactions can be explained by two separate phenomena. First, the October 1973 War between Israel, Egypt and Syria which drastically depleted weapons inventories and required major U.S. and Soviet replenishment programmes. Second, the decision by the oil-producer nations, especially Iran, Saudi Arabia and Kuwait to embark upon major re-armament programmes designed, in part, to bolster their security in a region beset with political and military conflict. In terms of defence expenditure, the proposed outlays for 1974 by the Gulf states now equal, if not exceed, the proposed outlays for those countries most directly involved in the Arab-Israel dispute. Iran now ranks in the top 15 nations in the world defence expenditure league. In 1966 it did not rank in the top 30.

The quality of the weapons ordered or requested by the major consumers parallels the quantitative aspects of the build-up. Iran has ordered the very latest generation of U.S. air superiority fighters (80 F-14 Tom Cats and the Phoenix missile system at the time of writing). The Iranian air force already has in service or on order over 100 F-4 Phantoms, and 200 F-5's as well as several 707-320 Boeing air tankers and many of the latest U.S. avionic systems. Soon Iran will have one of the world's largest inventories of modern tanks (800 Chieftains are on order from Britain) and helicopters (over 500 U.S. helicopters are on order, including 200 Sea Cobra gunships). In terms of naval

forces, the Shah will soon possess the world's largest hovercraft fleet (supplied by Britain), as well as two of the very latest British FRAM II destroyers.

The proposed Saudi Arabian and Kuwaiti programmes, although less spectacular, are replete with extremely modern weapons, including the U.S. F-5E fighter, French Mirage III, possibly U.S. F-4 Phantoms. The Soviet Union is reported to have made available the MiG-25 to Kuwait, and would almost certainly sell such weapons to the Shah if he wanted them. The latest Israeli shopping list contains requests for the most advanced U.S. air systems, including the F-14 Tom Cat and more F-4 Phantoms, plus dozens of the most advanced armaments and support systems, including "smart" bombs and ECM aircraft. However, unlike the oil-rich countries, Israel and its immediate Arab adversaries -- Egypt, Syria and Jordan, and Lebanon -- cannot afford to be choosy about their suppliers since none of them has the foreign exchange to buy on the open market. Both the U.S. and Soviet Union have so far turned down Israeli and Egyptian requests for very advanced systems such as the U.S. Lance surface-to-surface missile and the Soviet Tu-22 Blinder supersonic bomber.

Thus, while the quantitative and qualitative dimensions of build-up are impressive throughout the Middle East, there is an important difference between those recipients who are operating in what can only be described as a "buyers' market", and those, like Israel and Egypt, who are becoming more and more dependent upon their friends and allies to provide them with weapons at highly subsidized rates.

In addition to the build-up of advanced conventional arms, Egypt, Iran and Israel have all recently negotiated for the sale of U.S. and French nuclear power plants. Such negotiations suggest a potentially ominous linkage between the growing availability of nuclear fuel and the conventional arms race, which includes weapons easily adapted to nuclear delivery systems such as the F-4 and F-14.

As suggested, these weapons are being sent to an area replete with sources for military conflict. The potential for interstate war remains high between Israel and its Arab neighbours, between Iran and Iraq, Iraq and Kuwait, and between the countries surrounding or adjacent to the southern Arabian peninsula and the Horn of Africa. Serious intra-state military conflict continues in Iraq, Ethiopia and Oman. If peripheral regional conflicts such as those between India and Pakistan, and Greece and Turkey are taken into account, it can be appreciated that the scope for violence in an area of crucial importance to the West is probably on the ascendency rather than on the decline. However, whether the propensity for violence is increased or decreased by the transfer of

advanced arms remains an open question, despite many views to the contrary.

Strategic Issues and Perspectives

What are the most important strategic implications of the military build-up? Are the major supplier nations engaged in competitive policies which are feeding the fires of existing conflict -- as in the case of U.S. and Soviet transfers to those countries directly involved in the Arab-Israeli conflict -- and also paving the way for future conflict -- as in the case of U.S., British, and French arms sales to the oil-rich countries of the Gulf? Is this behaviour likely, in the long run, to increase the risks of war and the disruption of oil supplies, or are the supplier countries acting rationally given the uncertainties of political trends in such a highly volatile area? If the former proposition is believed, what steps should the supplier countries in general, and the NATO countries in particular, take to defuse or moderate the dangers of the military build-up? Should not Britain, France and the United States explore the possibility of more stringent regulations on the transfer of arms?

Alternatively, if it is believed that current supplier policies reflect the realities of power in the region, should unrestricted arms transfers be further encouraged, or should informal limits be placed upon the issue of export licences or upon credit for sales? For instance, should the United States sell the Shah of Iran any non-nuclear weapons he wants, or should some attempt be made to impose qualitative constraints on his growing arsenal?

In searching for answers to these questions, it should be remembered that our understanding of the dynamics of regional, non-nuclear arms races is exceedingly primitive. The Western strategic and arms control communities have devoted far more study to the analysis of the U.S.-Soviet nuclear balance than to the nuances of the Arab-Israel or Iran-Iraq-Saudi Arabia military equation. Why? First, in spite of its undoubted complexities, the parameters of the bipolar nuclear arms race are easier to define and, therefore, easier to analyze, than the parameters of multipolar conventional arms races. Second, there has been much more government sponsorship and private funding of arms control research directly relating to nuclear issues. Third, the initial impetus for studying the control of nuclear weapons came from scientists who had personally been involved in the Manhattan Project: this community has not, by and large, had the same personal stake in questions relating to conventional conflict.

As a consequence of this lack of study, a great many of the general strategic propositions put forward to explain the role of arms in the Middle East are highly subjective and are rarely based on empirical analysis. The most frequently used arguments are presented within the framework of two

opposing propositions. The first proposition advocates what might be called the arms control perspective. It holds that a continuance of the status quo or "free market" in arms transfers is not likely to serve the long-run interests of either the suppliers or the recipients. In contrast, the second proposition argues that the present "free market" is the only viable alternative and that arms control measures are likely to be either useless, discriminating, dangerous, or all three, and, for that reason, are not likely to be supported by suppliers and recipients of arms. The key arguments in both propositions can be summarized as follows:-

Proposition 1 -- The Case for Arms Control

1. If massive U.S. and Soviet military aid to Israel and the Arab countries continues, and if a "free market" for arms sales persists in the Persian Gulf area, the numerous sources for political conflict between the many recipients will be intensified as a result of the escalating arms race. This, in turn, can only increase the long-run risks of military conflict. Military conflict anywhere in the Middle East cannot be in the interests of the major arms suppliers and is unlikely to be in the long-run interest of the major recipients. However, disruptive military conflict is in the interests of the revolutionary forces who believe they can only benefit from growing international chaos.

2. Recent wars in the Middle East (and elsewhere) have demonstrated the importance of deception, speed, and surprise in achieving successful military victories. Such strategems require good planning and modern weapons. In particular, those weapons systems that emphasize mobility and rapid firepower are essential. Given the international political environment in which all Middle East conflicts take place, there are strong incentives on the part of the local powers to use blitzkrieg tactics to ensure quick success. However, the political dangers of such tactics are high, and, if military success is not forthcoming within a very short timeframe, the prospects for international intervention and a possible escalation of the conflict will increase.

3. If unrestricted transfers of very advanced long-range weapons, such as the F-14 Tom Cat, the F-4 Phantom, the MiG-23/25, and modern destroyers, were to continue, the strategic implications would soon spread beyond traditional regional boundaries. For instance, India cannot remain indifferent to major procurement programmes in Iran, especially if they are accompanied by large-scale construction

programmes for new air, land, and naval bases such as the facility Iran is developing on the Gulf of Oman at Chah Bahar. The combined Iranian and Pakistani defence programmes could eventually pose a serious threat to India's western front and western maritime approaches. Likewise, Israel will eventually have to include the military potential of Saudi Arabia, Kuwait and Libya, and even Sudan, Somalia and the Yemens in its calculations of the Arab-Israel balance of power. This would be particularly relevant if the major Arab nations were ever to standardize their weapons programmes and agree to confront Israel at strategic choke points far away from Israel's borders, such as the Bab-el-Mandeb Straits at the southern entrance to the Red Sea.

4. An unrestricted arms build-up throughout the Middle East, although initially limited to "conventional" weapons, albeit of a highly sophisticated variety, might soon whet the appetites of some of the major recipients, especially those with a lot of money, for the most prestigious of all instruments of military power -- nuclear weapons. Appetites could also be stimulated by the example of India's nuclear programme and the renaissance of nuclear proliferation as an important international issue. The introduction of nuclear weapons into the Middle East would not be paralleled by the emergence of politically stable regimes. Aside from Israel -- who may have the bomb already -- and Lebanon, political leadership in the Arab countries and Iran is based upon the rule of individuals such as Sadat or the Shah, conservative dynasties such as those headed by King Faysel, and volatile political elites such as the Baathist parties in Iraq and Syria. Leadership changes in many of these countries are frequent and men such as the Shah, Faysel, and Hussein, who have shown a remarkable proclivity to survive, could be victims of coups d'état. For example, the ouster of the Shah would have serious implications for the West and the Soviet Union, especially if he were replaced by a Gaddafi-type radical. For this reason, a highly armed, or even a nuclear, Iran, which became "radical", would be more dangerous to Western interests than a militarily weaker, "radical" Iran.

5. For those who support Israel, a continuance of the current arms supply policies can only work in favour of the Arabs. They have more money, more manpower, and more friends. Their performance in October 1973 suggests that their capacity to coordinate joint military operations has improved. Over time, they could establish an effective high command and even a "common market" for arms procurement. This could lead them

to develop a capability that would almost certainly ensure that any future war with Israel would be as protracted and as bloody as the October 1973 encounter. Although Israel might still "win" the war, its military and civilian casualties would be high, perhaps higher than in 1973, and the domestic political and psychological repercussions would be traumatic, to say the least.

6. Those who argue that the flow of arms cannot be controlled or regulated, given the conflicting goals of the suppliers and recipients, ignore the experience of the past and prefer, instead, to adopt excessively pessimistic and negative postures. Between 1950 and 1954, Britain, France and the United States were successful in regulating the flow of arms through the machinery of the Near East Arms Coordinating Committee (NEACC) which was set up as a result of the 1950 Tripartite Declaration. This policy only began to fail when the Soviet Union, which was not a party to the Declaration, decided it was in its interests to supply Egypt and Syria with modern weapons. Clearly, any proposed regulations would have to include Soviet participation, but this is not out of the question, especially if Soviet co-operation on this matter were linked to the broader issues of détente diplomacy. If the big four arms suppliers reached accord to impose greater restrictions, starting, perhaps, with long-range surface-to-surface missiles, no other country or group of countries would be able to replace them in terms of credit and equipment, certainly not the other major arms producers such as Germany, Poland, Czechoslovakia, Italy and Sweden. Furthermore, Secretary Kissinger's recent diplomacy has shown that limited forms of arms control can be implemented on the battlefield as witnessed by the Sinai and Golan cease-fire arrangements between Egypt, Israel and Syria. There is no reason why these arrangements could not be augmented and improved to cover wider areas and more specific types of force structures.

Proposition 2 -- The Case for a "Free Market" in Arms

1. The demand for arms by Middle East countries is based upon genuine security requirements. To suggest that the external powers can either determine or dictate these requirements to less powerful sovereign states has overtones of patronage and colonialism that are all too familiar to the population of the region. For this reason, arms control proposals will certainly not be greeted with enthusiasm by the local powers, and will probably be regarded with amusement or hostility, depending upon how serious they are. If any Middle East

arms control agreement were to be negotiable, it would probably have to be restricted to weapons systems which had either not yet been transferred (e.g., aircraft carriers) or those weapons already in the area whose utility was low (e.g., sub-sonic, low payload interceptors). Hence the most "controllable" weapons would not cover those which are currently regarded as essential for national security (air superiority weapons, deep interdiction aircraft, armoured fighting vehicles, helicopters, and small warships and their associated missile systems). Furthermore, all this assumes that it would be possible to delineate the boundaries for a regional arms control agreement. Which countries would participate? Turkey and Algeria as well as Egypt and Israel? Pakistan and India as well as Iran and Iraq? Once the linkages between the strategic balance in different specific areas are taken into account, it becomes exceedingly difficult to foresee a workable, acceptable agreement that had teeth.

2. If the external powers, acting alone, could agree upon effective arms control measures to certain countries (e.g., major limitations on the supply of Mach 2.0 aircraft and heavy armour), it is doubtful whether they could be fair to all recipients. The fundamental geographical, demographic, and cultural differences among the local states in terms of their preferred military-political doctrines would seem to ensure that a universally-agreed standard of military requirements would be impossible to achieve. For example, how would one trade off Israel's technical skills for her small population? A suppliers' agreement to place qualitative restrictions on armaments would have more disadvantages for Israel since her ability to defeat the Arabs in the last four wars has depended upon the possession of modern armaments, as well as upon the skills of her armed forces. Reductio ad absurdem, an arms control agreement that limited everybody to small arms would ensure eventual Arab victory in battle. Consequently, a suppliers' agreement that was regarded as unfair by one or more of the recipients would undoubtedly lead to strong counter-reactions. In extremis, it might encourage preventive war and the expansion of local armament production, or, equally serious, it might encourage the development of indigenous nuclear weapons, which, in turn, might lead to preventive war. Thus, it is not at all clear that well-meaning but discriminatory regulations would serve the three usually-stated goals of arms control — to reduce the risks of war; to reduce the level and intensity of war, should it occur; to reduce the costs of military programmes.

3. Therefore, greater controls on the flow of arms to the Middle East might not be in the interests of the external suppliers, let alone the recipients. While it might be possible for all parties to reach accord on the principles of conventional arms control, and also agree to keep nuclear weapons out of the area, any serious proposals to control non-nuclear weapons would require as careful study as the problems of strategic nuclear arms limitation and mutual and balanced force reduction in the European theatre. Both the SALT and MBFR negotiations have shown that the process is painfully slow even when there are strong incentives to reach accord.

4. Those who point to the 1950 Tripartite Declaration as a model for possible suppliers' agreements ignore the most important lessons from that period. The restrictions on arms supplies did not eliminate or significantly reduce tensions within the Middle East. Egypt and Iraq continued to vie for leadership of the Arab world; Israel and the Arab countries continued to engage in low-level hostilities culminating in the raids and counter-raids across the Sinai and Gaza in 1955-1956. Furthermore, the Western arms regulations made it possible for the Soviet Union to enter the Middle East in the guise of providing arms to Egypt. Similarly, those who point to the Kissinger cease-fire agreements between Egypt, Israel and Syria base their optimism on the most spurious of evidence. The sources for conflict between the Arabs and Israel have not been significantly reduced. A new war is a distinct possibility, and, for this reason, neither the Arabs nor Israel are going to accept willingly externally imposed restrictions on their military capabilities.

5. In terms of the oil-rich countries, it is beyond the bounds of credibility to think that Britain, France, the United States, or even the Soviet Union would turn down multi-million and even billion dollar arms deals which guaranteed future oil supplies. Not only does it make good business sense to sell arms, since Iran, Saudi Arabia and Kuwait have huge shopping lists for commercial products, ranging from supersonic airliners to soft drink factories, but it is also a political necessity. The economic power of the OPEC countries is such that they can get what they want, at least for the next ten years. Furthermore, the largest of them can buy significant shares in the industries of the advanced world, including, conceivably, Western armaments industries. The Shah of Iran's recent acquisition of about 25 percent of the Krupp empire may be a sign of things to come.

Strategic Realities

How does one weigh the arguments presented in these two conflicting perspectives? As suggested, the issues are complex, and precisely because there are so many uncertainties in the Middle East situation, elements of both arguments have merit. My own inclination is to avoid dogmatic judgements as to what will or will not happen as a result of the continuing military build-up. Nevertheless, there are certain strategic realities which, it can be argued, transcend the extreme positions portrayed in the two propositions. The first reality is that the prospects for armed conflict between Israel and its neighbours, between the countries of the South Arabian peninsula, and among the countries on the littoral of the Persian Gulf remain high irrespective of the magnitude and nature of the arms flow. This suggests that the effect of arms transfers or arms control measures by themselves upon propensities for violence will be marginal. In some cases, these effects could make all the difference between peace and war; on other occasions, they might have no discernible effects.

The second reality is that the October War of 1973 has dramatically changed the overall balance of power in the Middle East. Although, from a military perspective, Israel won that war in a very impressive way, the economic and political effects of the oil embargo have isolated Israel and have made it totally dependent for the time being upon the United States for its military survival. Thus, the United States is more directly involved in the Arab-Israel conflict than at any time in the past 25 years. This, in turn, suggests that the United States has much more control of the relationship between arms and conflict in the context of the Arab-Israel dispute than in the Persian Gulf.

The third reality is that, apart from Iran, the oil-rich states presently have very small, poorly-educated populations. There will be severe constraints over at least the next decade upon their capacity to absorb and operate effectively the endless supply of advanced arms which they seem to want to buy. Thus, it can be expected that the current boom in sales will soon peak, and thereafter the annual value of transfers will decline.

The fourth reality is that although the transfer of advanced arms may not exacerbate conflict and in some circumstances may even help to deter it, if, for whatever reasons, conflict occurs, the existence of large, modern inventories of weapons will most certainly influence the nature, scope and intensity of the war. It is difficult to see how F-14 Tom Cats and Chieftain tanks can protect highly vulnerable installations such as oil fields, oil refineries and loading piers if war breaks out. It is very easy to see how they could destroy them. This suggests that the stakes in Middle East conflicts -- as distinct from the risks of those conflicts occurring -- are growing commen-

surate with the magnitude of the military programmes. Also, it is becoming more difficult to insulate conflict in, say, the Horn of Africa or the Persian Gulf from the wider strategic environment in the Eastern Mediterranean and the Indian Ocean.

The fifth reality is that new trends in highly effective, small non-nuclear weapons technology may alter some of the basic tactics and doctrine of non-nuclear warfare. At least for the next few years, the delicate infrastructure of modern industrial societies will become more vulnerable to attack by man-portable weapons. Oil extraction, production and distribution is one of the most vulnerable targets. A radical government or a well-trained group of revolutionaries equipped with modern weapons could attack oil factories on the Gulf and close the Bab-el-Mandeb Straits for periods of time. Provided they possessed heavy firepower weapons, they might even be able to interfere with sea traffic through the Straits of Hormuz. In the latter case, the ability to close those Straits would have catastrophic implications for the West, especially Japan and Western Europe. It is the Shah's intention to prevent this possibility by using whatever military force is required, and it was for precisely this reason that he annexed the islands of Greater and Lesser Tumb and Abu Musa in 1971. In the absence of any Western initiatives for managing the sources for conflict in the Gulf, the Shah's policy has clear political attractions despite the risks involved. However, it does presume that Iran will eventually play the role of a regional superpower and will require the necessary weapons to be one. To this extent, the destiny of the Gulf, and for the next ten years, of the West, may be in the hands of the Shah, a man who has numerous enemies.

In contrast, the destiny of the countries in the Arab-Israel conflict lie in the hands of the United States, the Soviet Union, and King Faysel. In other words, external powers have much greater control over events along the Arab-Israel border than they do along the shores of the Persian Gulf. In the former case, the United States and the Soviet Union could dictate a settlement including far-reaching arms control proposals. They and the other industrial powers are far less able to influence the trends in the Gulf. The fact that neither the Soviet Union nor the United States could easily justify intervention in the Gulf may, in a perverse way, increase the risks that a war might continue long enough to interfere physically with the oil supplies. Despite all the talk of Iran's growing military power, its forces are untested in major battle.

The sixth reality is that we do not know what to do about the military build-up. We do not know whether the arms control approach or the free market approach will best serve the long-run interests of an extremely heterogeneous group of nations. We assume that major military conflict in the Middle East is not in the general interest because it could lead to nuclear war and the disruption of oil supplies. For this reason, it is in the interests of the strategic community to treat the problem of military power and regional conflict with the seriousness and detail it has so far reserved for the bipolar U.S.-Soviet arms race.

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16

THE MIDDLE EAST AND THE INTERNATIONAL SYSTEM

PLENARY SESSION

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THE IMPACT OF THE MIDDLE EAST CRISIS ON SUPER-POWER RELATIONS

Mr Malcolm Mackintosh

The subject of this presentation - the impact of the Middle East crisis on the super-powers' relations - within the framework of the theme of this Conference on the Middle East and the International System, may perhaps be dealt with under two broad headings. The first is the way in which the crisis has affected relations between the Soviet Union and the United States in the Middle East itself; and the second is the effect of this relationship on the attitudes of the super-powers towards each other, and on the international scene as a whole. In order to place both parts of this study in perspective, it is worth while recalling, in broad terms, the situation and attitudes of the two super-powers before the recent Middle East crisis broke out, so that we can make some valid comparisons when we come to look at the relationship as it now stands.

Acknowledging the element of oversimplification in this analysis, the United States may be described as the long-established super-power, which is strong economically and technologically, has a wide range of military capabilities, and has been used to exercising its authority as a super-power for several decades, but particularly since the foundation of NATO in 1949. Yet the broad aim of the United States in recent years has been to hold the line in international affairs. The United States has "levelled off" its active involvement in different parts of the world, accepting the Soviet Union as a super-power (though behind the United States in economic and technological achievement), and also China, Japan and perhaps Western Europe as potential super-powers. While the United States has been anxious to strengthen and develop its influence and commercial dealings with the rest of the world, its philosophy has been to consolidate, to conserve, to make situations safe, and, in some cases, to withdraw from exposed positions; especially those which led to doubts, heart-searching, and unrest at home.

There is, of course, plenty of dynamism in American foreign policy, but it is, in general, directed towards securing the best for the United States and its friends within the status quo, minimizing the risks of instability and the effects of what it sees as excessive ambition in others.

The outlook and philosophy of the Soviet Union is radically different. The Soviet view of history is dominated by a concept according to which great nations in the past have risen and fallen in a kind of cyclical pattern. The Russians believe that the Soviet Union and its allies, however, are in a position to break this pattern by maintaining the impetus of their advance indefinitely. According to this view, the Soviet advancement towards world power has been brought about by developing and controlling political forces capable of organizing the military, economic and human resources of the USSR along "scientifically and ideologically correct" lines. This is how the present Soviet leaders see the efforts of the Communist Party of the Soviet Union and, in particular, their own guidance of the Soviet Union from Great Power to Super Power status. Having achieved super-power status, they ask themselves: how can this status be used and exploited to improve the security and influence of the Soviet Union in what its leaders still regard as a hostile world? For the Soviet Union feels that it has enemies everywhere: in the United States, Western Europe, China, and Japan and in pro-Western or pro-Chinese forces in the Third World. This enmity also expresses itself in dissaffection in Eastern Europe, dissent among Soviet intellectuals, and in purely political terms, social-democracy, Tito-ism, Mao-ism, anarchism and the extreme left everywhere. All these have to be combatted in the interests of Soviet security and influence. But the Soviet leaders also think that super-power status should be exploited to further other Soviet aims: to build an advantageous relationship with the United States, to acquire Western know-how and tap Western economic achievements; to weaken Western political and economic alliances, and undermine Western societies; and to lay the foundations of a future Soviet Russian (I use the two words advisedly in this context) sphere of influence in Europe (West as well as East) - the traditional area of Russian foreign policy. The Russians are of course at least as careful planners as anyone else in the world and have to consider what their minimum aims should be in the case that their maximum ones are temporarily or permanently baulked, and to these I will return later.

The Soviet Union's view of the advantages, responsibilities and duties conferred upon it by super-power status includes the avoidance of nuclear war with the West, but it also includes a dynamic drive to match the United States in as many aspects of its political, military and economic might as possible and to work actively for a fundamental change in the balance of power in key areas of

the world in favour of the Soviet Union. The main Soviet target is the acquisition of real political influence in countries regarded as important by the Soviet Union. Soviet military power serves to impress these countries with Soviet strength, while Soviet foreign policy seeks to build up the right environment for the development of the Soviet Union's current foreign policies.

Oversimplification is, of course, unavoidable in drawing such broad sketches of super-power aims and outlooks. But it seems likely that the underlying forces at work in the formulation of each country's foreign policy can be observed in their respective policies in the Middle East. For almost 20 years the United States and the Soviet Union have been actively involved in the Middle East, taking sides in the primary confrontation in the area: that between Israel and the Arab states, and planning their policies with an eye to the strategic and economic importance of the Middle East. For the United States the issues became clear-cut by the early 1950s; to provide the financial and military aid to Israel that would enable Israel to defend itself within its chosen territory and to build up its military strength and skills to the point where the Israeli armed forces could deal with all foreseeable combinations of Arab military power. Later the United States also tried to limit the expansion of Soviet influence in the area, and to support friendly Middle Eastern states, Saudi Arabia, Jordan, Iran, and the members of NATO and CENTO in the area, especially those providing the greater part of the West's oil supplies. United States' influence with the other Arab countries: Egypt, Syria and Iraq waned after the 1967 Middle East war. However, the aim of the United States in the Arab-Israeli conflict was to work for an agreed political settlement broadly within the status quo; that is, a settlement reached through a change of heart in the confrontation-Arab states about the acceptance of a State of Israel within frontiers which recognised some of Israel's views of her security needs, and a change of heart in Israel on the justice of the moderate Arab case. While the United States put forward plans from time to time for the settlement of the Arab-Israeli dispute, both unilaterally and through the United Nations, it seems that her main hope lay in promoting a gradual change in the climate of opinion in Cairo, Damascus and Amman. In formulating American policy the United States took very much into account the accepted view of Israeli military superiority, which led the United States and most other countries to assume that a major Arab attack on Israeli forces was very unlikely, and would not succeed if it was launched.

The Soviet Union, in the period from 1955 to 1973, had a different view of the Middle East from that of the United States. The Russians had long regarded the Middle East as a neighbouring area important to their security in strategic terms, over which it would be desirable to extend some form of influence or, if possible, even control. As early as 1945-46 they had tried to set up a puppet

state in Northern Iran, and to annex territory from Turkey. In the 1950s and 1960s the Soviet Union came to see the Middle East also as an area of emerging nationalism where the West (especially the former colonial or mandate powers) would be vulnerable to the results of skilful Soviet diplomacy and the encouragement of local nationalist ambitions against the West. The pattern of Soviet policy towards the Middle East suggests a combination of measures to weaken Western influence, and actions designed to replace it by reliable pro-Soviet political and possibly, military influence. Beginning in 1955, under Khrushchev, with programmes of much-needed and valuable Soviet economic aid to a number of Middle Eastern countries, and embracing a firm Soviet political and propaganda commitment to the Arab cause in the Arab-Israeli dispute, Soviet policies evolved through military aid to Egypt, Syria, Iraq, Sudan, South Yemen and Somalia to the deployment of Soviet combat forces in Egypt, and the creation of a joint Egyptian-Soviet air defence system along the Suez canal. At the height of direct Soviet involvement in this most important of all Middle Eastern countries - in the last year of President Nasser's life, 1969-70 - Soviet air defence troops were stationed along the Suez Canal, and would have been involved in any outbreak of hostilities on that front. Moreover the deployment of Soviet naval air squadrons at Cairo and Aswan which carried our air surveillance of the Mediterranean meant that Egyptian soil had been made available to the USSR for purely anti-NATO activities. President Nasser seemed to be more and more ready to accede to Soviet demands in the field of protective security (many major roads in Egypt were closed to ordinary traffic on Soviet orders), and Soviet political penetration of the Arab Socialist Union was already under way. It was clear that the Soviet Union was in a position to exercise increasing control over the conduct of the Arab-Israeli dispute by Egypt, at least in the military sphere. Soviet policy appeared to be to keep the dispute at the "no-peace, no-war" level while working to increase Soviet influence in all walks of Egyptian, Syrian and Iraqi life, with oil issues and the problems of the Gulf assuming particular importance in the case of Iraq.

Another dimension in the Middle East problem appeared with the growing influence of the various Palestinian organizations, and the first Soviet contacts with some of their leaders. It is true that Jordan clamped down on the armed Palestinians within her bofders in September 1970 in a crisis which led to a display of American power in the Eastern Mediterranean, while the Soviet Union remained inactive. But on the whole it looked, by late 1970, as though the growth of Soviet political and military influence in Egypt, Syria and Iraq was, as the Soviet Union proclaimed it to be: irreversible. At that point, President Nasser died.

Although at first little seemed to change in the Soviet Union's involvement in the Middle East, Egypt under her new President, Sadat, introduced a relatively new element into the super-power relationship in the area: a readiness to make decisions in foreign policy which forced one of the super-powers, the Soviet Union, on to the defensive. In April 1971, Sadat halted Soviet penetration of the Arab Socialist Union by arresting the leading pro-Soviet group of Egyptian politicians under Ali Sabry, and just over a year later expelled almost all Soviet military personnel in Egypt, including those deployed in combat units at Cairo West and Aswan airfields. In spite of her treatment of the Soviet Union's vested interests in the country, Egypt continued to press the Soviet Union for more and improved arms supplies, exploiting her leverage over the Soviet Union through Moscow's need to retain as much of its threatened position in Cairo as possible. The arms (except for some very advanced aircraft) were supplied, and Sadat made the most of the Soviet dilemma. For the supply of arms was now the only way open to the Soviet Union to retain its position in Egypt; yet in political terms, even the arms failed to produce the influence the Russians wanted. The United States stood by, somewhat incredulous that Nasser's relatively unknown successor should have proved himself so artful a practitioner of power politics towards his country's main benefactor and ally. There was, however, one other factor which affected Egypt's relations with both super-powers. Soviet-American summit meetings began to arouse President Sadat's suspicions about the possibilities of super-power deals at Egypt's expense, and made the Egyptians look warily at the developing relationship between Moscow and Washington.

This seemed to be the essence of the super-power relationship in the Middle East at the time the leaders of Egypt and Syria undertook their most momentous initiative: the decision to launch a major combined attack on Israeli positions on the Suez Canal and the Golan Heights in October 1973. Opinion is still divided over Soviet responsibility or fore-knowledge of this decision. But on the whole it seems likely that the Russians, while obviously aware that something unusual was afoot, were not privy to the decision to go to war, and did not know of the date of the attack beforehand.

The course of the fighting in the Middle East in October 1973 is well known, as are the major decisions taken by the super-powers in reaction to it and to each other's policies during the crisis. For our purposes the most important factor to note is that both super-powers, in hurrying to the practical support of their respective friends (the Soviet airlift of arms to Egypt and Syria began on 10 October, the American to Israel on 13 October) were reacting to, rather than controlling events. The pattern of the war was established by the initial achievements of the Arab armies, and then changed by the success of the Israelis in recovering the military initiative which led their forces across the Suez

Canal, and, against Syria, to within 22 miles of Damascus; it was not established by American or Soviet policies. The decision of the Soviet Union to turn to the United States for a joint crisis control action through the United Nations was taken in Moscow because of Israel's military successes. The apparent Soviet readiness to despatch troops to Egypt on a unilateral basis, which escalated the conflict to a direct US-Soviet confrontation for the space of a few hours on 24-25 October, originated in the movement of events outside Soviet control. The American response, which took the form of a world-wide alert of US strategic forces, was accepted and acted upon in Moscow as a warning not to proceed with the Soviet plan. But both were hurried decisions arising out of circumstances over which neither the United States nor the Soviet Union had effective control. The speed with which the crisis escalated to a direct US-Soviet confrontation probably contributed to the pressure which both powers brought to bear on their friends (especially that of the United States on Israel, whose forces were on the road to a resounding victory) in order to ensure acceptance of the final United Nations' resolutions.

The first impact of the October crisis, therefore, on the relations between the super-powers in the Middle East itself must be contained in the lessons they both learnt from the crisis. A number of these lessons arise from the fact, already underlined, that both super-powers were dealing with smaller countries capable of taking their own decisions on peace and war, overriding considerations of escalation for the super-powers who supported them and supplied them with arms. This, together with the success of the Arab countries in concealing their intentions from their patrons, should weigh in favour of some kind of improved collaboration between Moscow and Washington on crisis control. However, it is not quite as simple as that. It is part of the American case on the Middle East crisis and Soviet behaviour during it that the US-Soviet Summit Agreements of 1972 and 1973 contained an understanding that each side should inform the other if it obtained prior information about a dangerous crisis likely to lead to war. Even if the Russians, who still had a military presence in Syria and some influence in Egypt, had known about Arab intentions only a few days beforehand, they should, according to the American point of view, have contacted the United States - which they did not do. A feeling therefore grew in the United States that the Soviet Union cannot expect to reap the benefits of crisis control collaboration with the United States and avoid its responsibilities. The impact of the October crisis on the super-power relationship in the field of crisis control suggests that the Soviet Union will try to improve both its unilateral crisis control capabilities and those to be used in collaboration with the United States. But the United States, while recognising the need for collaboration with the Soviet Union in similar circumstances, may well insist that the Soviet Union should in the future

observe the ground rules more effectively than in October 1973.

Perhaps the most striking impact of the events of October 1973 on super-power relations is likely to be their reaction to the brief direct confrontation between their two countries on 24-25 October. Clearly the Soviet Union, which had alerted a number of its airborne divisions early in October, presumably as a potential intervention force along with troops from the United States (thus echoing Marshal Bulganin's offer to President Eisenhower at the end of the Suez crisis of 1956), would only consider such a potentially dangerous unilateral action if (a) they believed that a vital interest of the Soviet Union was at stake; or (b) it was their assessment that they could "get away with" the unilateral return of Soviet combat troops to Egypt at a time when the United Nations seemed to be paralyzed and the United States hesitant about using troops abroad after their experience in Vietnam; or (c) that the Russians believed that by making such a military threat (perhaps largely a bluff) they could somehow regain some of the initiative in the crisis diplomatically. What little evidence there is suggests that while some elements of all these considerations may have been present, the main Soviet fear at that moment was an Israeli military demonstration against Cairo. The Russians may have calculated that such a move by the Israelis could have led to a collapse of the Egyptian regime and a total loss of Soviet prestige, influence or power in that important country. The Soviet leaders may not have believed American assertions that the United States was urging restraint on Israel. In any event, the American declaration of a world-wide alert of her strategic nuclear forces put an end to the confrontation immediately; but the impact of those few hours is bound to affect the development of their future relationship.

I would like to pause at this point as we move into the field of direct Soviet-American relations, to define two of the terms which I wish to use. We often find the word "détente" used to describe a number of aspects of the current relationship between East and West, but in this paper I want to restrict it (quite arbitrarily) to the general atmosphere of relaxation which has developed in East-West relations in recent years. For the bilateral relationship which, against the background of détente, has grown up between the United States and the Soviet Union, particularly since 1969, as between the world's only two super-powers, I propose (equally arbitrarily) to use the phrase "the special relationship" between Moscow and Washington.

To return now, to the effect of the Middle East crisis on the super-powers in the Middle East context. In the first place, the United States became aware as a result of the crisis that in broad terms the present Soviet leadership is prepared to put the special relationship with the United States ahead of what might be called "targets of opportunity" specifically in the Middle East. At the same time, since the Soviet leaders see no contradiction between détente and the special

relationship on the one hand and at least the threat of unilateral military action to defend important Soviet state interests in areas far from the borders of the Soviet Union on the other, the United States has to consider the most effective way of dealing with such deviations from the spirit of the relationship if and when they arise. In the case of this Middle East crisis the United States learnt that the most effective way to warn the Soviet leaders off such a course is still the despatch of a direct politico-military signal to Moscow: a kind of up-dated version of the Cuban missile crisis solution of 1962. I realize at this point that many Western observers believe that the American response in alerting the strategic nuclear forces was an over-reaction to the Soviet threat, in whatever form, in fact, the threat was presented. But from the point of view of this study I want to stress that, over-reaction or not, the American initiative achieved an immediate result.

The overall impact of these factors must be to inject further elements of caution in the United States' assessment of the meaning of détente and the special relationship in Moscow, and to give the Americans a practical demonstration of the present Soviet leaders' behaviour when acting under stress on a critical issue. But it may also strengthen the belief that in the last resort the Soviet Union can still be deflected from risky policies by an indication that the United States has the willpower to use its military strength in this way, which presupposes that American strength and willpower is retained undiminished by the present and succeeding administrations.

To the Soviet Union, these few hours of direct confrontation probably suggested that the United States' view of détente (as interpreted in Moscow) is not very different from that practised, though not preached, by the Soviet Union. The Russians, who realized that the United States has a stake in the Middle East because of Israel and the energy problem, were anxious to act in concert with the United States and within the framework of the United Nations in bringing the war to an end when the tide of military success began to run against Egypt and Syria. If such collaboration could include the re-introduction of Soviet troops into Egypt, so much the better. Then the Russians become aware that the kind of collaboration which they had in mind - including the despatch of a joint Soviet and American force to the Middle East - did not form part of American thinking. However, the Soviet Union continued to press for such action during the bilateral exchanges with the United States and was rebuffed. The most likely Soviet reaction to this American behaviour would be to assume that the United States is still not prepared to countenance one-sided Soviet gains in the Middle East under cover, as it were, of détente and the special relationship. The Russians probably realize that if they try to adopt such tactics in the future they will be

challenged by the United States using traditional methods of power politics. This interpretation of American actions may, in fact, colour Soviet attitudes to forthcoming negotiations on the Middle East and to the next crisis in which the two super-powers are involved.

So much for the impact of the war itself. Of equal importance to our subject is the effect on the super-power relationship of Soviet and American diplomacy carried on since the end of the war. The original intention of the powers involved was to hold multilateral talks in Geneva to settle the problem, but as it turned out, it fell to the United States to mediate directly between first Egypt and Israel and then Israel and Syria, and to conduct negotiations which led to successful disengagement agreements on the two main fronts. At first the Soviet Union was content to stand aside from this mediation: the Soviet leaders probably believed that it would not succeed, and did not wish to be associated with a potentially serious diplomatic failure; but when Dr Kissinger brought about the Egyptian-Israeli disengagement the Russians hurried to get in on the act. Wherever the American Secretary of State went, Mr Gromyko followed, accompanied by calls from Moscow for a transfer of the negotiations to the Geneva Conference. The pattern which emerged from this process was of a dynamic and successful American policy of negotiations with the warring countries, all of whom accepted American mediation; while no one, not even the Syrians, seemed anxious to involve the Soviet Union in their diplomacy or to seek Soviet support. It was hardly surprising in the circumstances that Soviet diplomacy, in this period of apparent rejection, concentrated their attention again on Iraq, and also turned to the Palestinians in their search for some participant in the crisis who would appreciate Soviet support.

In fact, the widespread acceptability of the Americans to Egypt and Syria, as well as to the traditionally pro-western states of Jordan and Saudi Arabia, in spite of America's record of support of Israel, was the main unpredictable element in the situation. Of course there were good practical reasons for it: the Americans could bring some pressure to bear in Israel while the Russians could not; Dr Kissinger, it was believed in Arab capitals, was the man most likely to move the Israelis from their long-standing positions; he also represented a country anxious to put an end to the recurring crises in the Middle East on terms acceptable to the confrontation states as well as to Israel. But what was unpredictable, and seemed so unfair to the Soviet leaders, was the evident enthusiasm with which President Sadat greeted and supported the American conduct of the negotiations, and the readiness of the Syrian President ultimately to play his part in their success. That American diplomacy also led to a resumption of formal links between Syria and Egypt and the United States, and the appointment of an American Admiral to command the naval forces clearing the Suez Canal only

added to Soviet discomfiture and resentment.

There can be no doubt that American diplomacy in the Middle East since the October war has raised the prestige and reputation of the United States in the area to a high level, and there might well have been some temptation (the Soviet Union would fear) to exploit this advantage to squeeze the Soviet Union out of the Middle East, at least in terms of diplomacy. But this has not happened. It has been American policy, while welcoming the warmth of the new Arab attitudes to the United States, to try to bring the Soviet Union along with it as American diplomacy has evolved: this was again stressed at the Moscow Summit in July 1974. No doubt the United States does not want to carry the burden of a Middle East settlement alone, especially as the problems become more intractible: further Israeli withdrawals, the future of Jerusalem and the claims of the Palestinians. No doubt these are shrewd American calculations on possible quid pro quos to be sought in the United States/Soviet bilateral relationship. But the United States does appear to want to involve the Soviet Union in the next stages of the Middle East negotiations. The United States, therefore, is reluctant "to score" a total "victory" over the Soviet Union in the Middle East. Such a policy would have a number of potential disadvantages for the United States: it would deprive interim or permanent peace settlements in the area of Soviet support, and perhaps lead the Soviet Union at a later stage to work against them. It would also create and intensify further Soviet resentments against the United States and make future efforts at crisis control more difficult. The American decision not to go all out for "victory" over the Soviet Union (even if this was feasible) is a practical recognition of the more permanent elements in the special relationship.

What, then, do the two super-powers hope for the Middle East? Without underestimating the enormous difficulties ahead, it seems likely that the United States cautiously believes that a break-through has occurred in Arab-Israeli relations, and that with patient negotiation a long-term solution will be found which would involve Arab acceptance of the State of Israel with agreed borders, uninterrupted oil supplies for the United States, and a Soviet presence in the area which would be limited to activities unlikely to place the United States' political, economic or strategic interests in danger.

The Soviet Union, on the other hand, is faced with what might be called the "tactics of recovery". Since the death of President Nasser Soviet influence in Egypt, and to a lesser extent in Syria, has been on the wane. The Russians have probably learnt all sorts of hard lessons about the uncertain role of military and economic aid and the presence of combat forces as purveyors of reliable political influence. They must also have learnt some lessons about the unacceptability to most of their client states of Soviet methods of operation,

such as excessive secretiveness and suspicion of their clients' motives. However, it is not in the nature of the Soviet Union to give up when they believe that their setbacks are temporary. They are convinced that their achievements in the Middle East are more impressive and long-lasting than their setbacks, and they must go on building on the former to protect and justify their enormous investments in the area. It is at this point that the Soviet leaders must consider how far their "tactics of recovery" can develop, and what results may be achieved in practice in pursuit of their main aims in the Middle East. Their maximum goal is likely to be to promote, by political action and economic and military aid, a return to pro-Soviet policies by the Egyptian government, with the consequent weakening and, hopefully, elimination of American and Western influence in Cairo and the rest of the Arab world. The Russians would probably like to see the fall of President Sadat, and his replacement by a leader ready to accept Soviet political and military advice, and perhaps the return of Soviet anti-NATO forces to Egyptian soil. The Soviet Union's maximum goals probably also include the exploitation against the West of the energy factor, the political isolation of Israel, and the achievement of Arab goals in the Arab-Israeli dispute under Soviet auspices. The Russians would also hope for the strengthening of Soviet influence in Iraq and in Iran, as well as Syria, the Gulf and Sudan, and the emergence of a unified Palestinian organization responsive to Soviet wishes and policy recommendations. And all this should, in Soviet planning for maximum goals, take place alongside the re-opening of the Suez Canal, and the break-up or serious disruption of NATO in the Eastern Mediterranean through the problems created by the Cyrpus crisis.

At the other end of the scale, the minimum aims of the present Soviet leadership involve the retention of existing Soviet gains in the Middle East and the defensive protection of Soviet vested interests - political, economic and military - in the area. The Soviet Union would hope to hold its influence in Egypt, Syria and Iraq at its present level in the short term, while seizing any opportunities which might appear to improve it. Action in pursuit of the USSR's minimum goals would probably be restricted to undermining the current improvement in American-Arab relations, promoting, through propaganda and political action, the isolation of Israel, and the maximum involvement of the Soviet Union in bargaining on the future of the Middle East. These minimum goals would also probably include exploitation, where possible, of the West's vulnerability to the effects of the rising cost of energy; and, when the Suez canal has been re-opened, developing the strategic advantages for Soviet military power of the restored link between the Mediterranean and the Indian Ocean - to which the recent Soviet-Somali treaty has particular relevance.

What is particularly hard to envisage is any kind of Soviet readiness to cut their losses in the Middle East and embark upon a pragmatic policy of collaboration with the United States designed to put an end to tension in the area. Even the Soviet Union's minimum aims contain too strong an element of political competition and confrontation with the West for that to be a realistic hope.

In fact, the Soviet Union will probably adopt policies which fall between these two extremes of maximum and minimum aims. In practice, the Russians are unlikely to want a final settlement of the Arab-Israeli dispute, which in the Soviet view would probably lead to the elimination of their influence altogether. Nor do they want, in the foreseeable future, another major round of hostilities. They would like to lessen the possibilities of Middle East countries displaying their independence in decision-making. It seems that their best hope lies in continuing their economic and military aid, on a selective basis, to Arab countries, and their demonstrative support for the Arab cause (including even more specific support for the Palestinians) while working for collaboration with the United States in the field of crisis control in the area on the most favourable terms for the Soviet Union. This would, of course, commit the Russians in American eyes to the broad concept of a final political settlement in the Middle East agreeable to the confrontation Arab States, Israel and the United States. The Russians accept that this would be the American interpretation. But it would be entirely consistent with current Soviet thinking if the Russians also believed that Soviet diplomacy is likely to have opportunities to work towards some of the Soviet Union's maximum goals in the difficult period ahead. Taking into consideration possible further crises in the West's energy supplies, the problems facing the new American administration and the possibility of favourable governmental changes in Middle Eastern countries, the Russians no doubt hope that they will be able to pursue effective "tactics of recovery" and restore a significant measure of Soviet influence in the key capitals of the Middle East.

Moving now from the Middle East itself to the wider impact of the crisis on Soviet-American relations, the most important conclusion we can probably draw is that in spite of strains, difficulties and a momentary confrontation, the special relationship between the two super-powers in the atmosphere of détente survived, and was used to solve the crisis. As Dr Kissinger said on 21 November 1973, reviewing the crisis, "very frequent, very confidential exchanges" took place between President Nixon and Mr Brezhnev. Security Council resolutions 338, 339 and 340 were sponsored jointly by the Soviet Union and the United States, and consultation has taken place at Geneva and elsewhere to keep the two governments in close touch. It has long been a Soviet aim to get the relationship with the United States institutionalized and irreversible, and

operative particularly in areas of the world regarded as important by the Soviet Union, such as Europe, the Middle East and East Asia. To some extent the fact that the machinery of the special relationship functioned - however imperfectly - in the Middle East crisis, together with the Moscow Summit of July 1974, may have gone some way to improve the chances of the institutionalization which the Russians want.

The crisis also taught each super-power how the relationship tends to work under stress, and at what points it might break down. For example, it may seem to both sides that during a crisis the power whose interests are most threatened tends to call the relationship into play, while the side whose friends are winning may prefer to leave the relationship aside for the time being. Thus, in spite of early military setbacks, it seems clear that the Americans still had great confidence in Israel's ability to recover and seize the initiative on the battlefield; Dr Kissinger's arrival in Moscow, after all, coincided with Israeli military successes. But when a really critical situation developed, such as the apparent and imminent collapse of part of the Egyptian Army, and when the Americans declined to participate in a joint Soviet-American military intervention, for a few hours confrontation took the place of the special relationship. Undoubtedly, both sides have taken this lesson to heart. The special relationship between them may be on the road to becoming institutionalized, but it still has its limitations and is not yet approaching irreversibility.

This leads to a consideration of the factors which come into play when the special relationship does begin to waver, and these must include, first and foremost, the two powers' military strength and capabilities. In this instance it was the Soviet Union which appeared to be ready to use conventional, that is, airborne, forces, and the Americans who appealed to strategic nuclear forces: but it might have been the other way round. This could suggest two courses of action to both sides, neither of which are mutually exclusive. It could lead to an awareness in Moscow and Washington of the need to make more rapid progress in SALT II, assuming that both governments seriously believe that there is enough common ground between their proposals to justify a new effort to break the deadlocks in the negotiations. At the same time, the brief super-power confrontation could independently lead both governments to ensure that work on weapons systems now under development or projected is speeded up, so that they can be included in the list of "established" systems if, for example, a freeze on offensive strategic weapons is eventually agreed in a delayed SALT II treaty. Neither side would accept the risk of needing to call on their military strength in any future crisis in which the special relationship broke down - even momentarily - only to find that the forces to which it was appealing were inferior to those of its adversary. On the whole, it seems likely that both trains of thought will be discussed in Moscow and Washington and both policies may be put into effect by the two governments.

But perhaps the most intriguing, and possibly the most important, impact of the crisis on super-power relations for the future is the evidence it provided for each country of the other's view of the role and limitations of the relationship between them. They both welcome and use it because it helps to defuse international crises and, as long as it is operative, it enables each to pursue its policies with a degree of mutual consultation rare in previous eras of diplomacy. Both super-powers did pursue their policies in this way during the Middle East crisis, and both learnt something more in practice of the other's concepts of this new aspect of Soviet-American relations.

The lessons both may have learnt bring us back to our original interpretation of the different aims and attitudes of the two super-powers. The United States seems fundamentally ready to accept the realities of the status quo, and, while anxious to improve American influence in various parts of the world by diplomacy, economic aid and alliances, believes that each crisis contains elements supporting its resolution on satisfactory lines without a basic alteration in the political, social and ideological alignment or convictions of all the important participants in the crisis. This does not mean to say that the United States would not welcome or work for a change in outlook or in the balance of power in crisis areas where the current alignment is anti-American or anti-Western. But it does not regard such a change as historically inevitable, or that it is the duty of the United States, before history or political truth, to work unremittingly towards it, using all methods short of war.

It seems likely that this is precisely the framework within which the Soviet Union views its relationship with the United States. Few observers would deny that since the Soviet Union achieved super-power status its leaders have followed active and confident policies abroad, and even when, as in the Middle East crisis, Soviet policy has suffered setbacks, the fundamental resilience of the Soviet Union's foreign policy is still much in evidence. It is possible that this confidence is partly due to the acquisition by the Soviet Union of super-power status and, in particular, to the effect on its leaders of the impressive nature of their country's military power. It may also reflect recent Soviet interpretations (such as that attributed to Boris Ponomarev earlier this year) of the growing crisis in "capitalist" economies and social structures: and the opportunities this offers to pro-Soviet communist movements in the West. It could also be based on hopes that the West's energy and financial problems might prove to be crippling for many Western countries.

Whatever the basis for this sense of Soviet confidence, real or misguided, recent Soviet experience in their foreign policy still seems to allow the Russians to present their understanding of the special relationship to the Americans in something like the following terms: "we welcome détente and a special relationship with you, and we want them to cover a wide variety of international activities, and to become institutionalized and irreversible. We also want you to accept our definitions of parity in military strength. But you must recognize that we believe that our policies and outlook are scientifically based and historically correct; that if we seek a change in the balance of power in our favour and a move in individual countries towards regimes favourable to us, we are justified in doing so before history and our political beliefs; and you, whose policies fly in the face of history, cannot match the soundness of our views or the forward march of our influence. If you want to play the power game within the relationship, and we believe you do, we will play it too: and you may win temporary successes. But our successes will turn out to be the irreversible ones: we shall never give up our attempts to change the political alignments of countries we regard as important. If you think that détente or our new relationship will lessen the intensity of the ideological (i.e. political) struggle between us, you are making a great mistake."

Soviet statesmen have, of course, been proclaiming this doctrine to the faithful for many years, and its importance in Soviet thinking should not be minimized in the West simply because it is described as "ideological" in Soviet material. But we should recognize that one of the fundamental differences between the Soviet and American concepts of the special relationship and détente is precisely their views on the role these two factors have to play in the future development of the East-West balance of power. I believe that the experience of the two super-powers in the Middle East crisis of 1973 underlined this basic difference and indeed spelt it out: crisis control with stability for the Americans; opportunities for a change in the balance of power for the Russians. Perhaps recognition by the super-powers of this aspect of their relationship may lead to increasing difficulties in developing their contacts in the future. Perhaps, on the other hand, the more realistic assessment it involves can help the relationship and détente to move forward with fewer illusions and more attention to its practical possibilities.

INTERNATIONAL INSTITUTE FOR STRATEGIC STUDIES

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THE MIDDLE EAST AND THE INTERNATIONAL SYSTEM

COMMITTEE STREAM B

Middle East - Lessons and Prospects

FUTURE ARAB OPTIONS

Herr Hanns Maull

Introduction

With its application of the oil weapon and its initial military successes against Israel, the Arab world has finally left the era of post-colonial struggle against the economic and political remnants of Western control over the Middle East. An underlying theme of Arab politics during this period has been nationalism directed against Western influence (symbolized, above all, in the superiority of Israel and the international oil companies).

Now things seem to be changing. Egypt's declared intention to turn inwards (and westwards) and to solve her vast economic and social problems, together with the sudden enhanced riches of the Arab oil producers, have introduced a new theme which may well characterize the next decade: the theme of economic and social development, which now seems to have top priority among Arab decision-makers.

This shift in emphasis is not least the consequence of vastly increased financial resources, and 'the great leap forward' now seems a distinct possibility. Expectations in the Arab world are rising, and the hopes pinned on oil money are high. Emphasis on development therefore appears to be fundamental to the survival of present regimes, but, on the other hand, development poses difficult problems of managing and controlling economic and social change without endangering these regimes. There is a contradiction between modernization and political stability, between the mobilization of human resources essential for development and the denial to new groups of participation in the decision-making processes (or its restriction). However, it now appears virtually impossible for any Arab regime to pursue political stabilization through the sort of isolationism practised by Saudi Arabia and North Yemen well into the last decade. Social and economic progress can, therefore, be postulated as the main objective of Arab policies in the next decade.

Whether this objective can be achieved in the years ahead will depend on the prevailing patterns of co-operation or, alternatively, confrontation. Confrontation, involving instability, would seriously disturb social and economic development, especially since strong linkages exist between the international, regional and internal levels of politics. Internal changes might lead to different regional policies and international alignments, regional conflict could lead to both internal confrontation and international repercussions, and international confrontation could lead to retaliation on a regional level, as well as causing internal radicalism. Social and economic development needs co-operation and consensus, implying compromises and the pursuit of limited (as opposed to extreme) objectives. Success will therefore depend on how far elements of confrontation can be eliminated and the proponents of extreme objectives isolated. If successful, modernization could lead to greater stability on all levels - and moderate policies could have a self-perpetuating effect.

The Israeli-Arab conflict

The Israeli-Arab conflict is the main remnant of the period of nationalism and the main disturbing factor from the point of view of social and economic development. The strong linkages between the Israeli-Arab conflict, inter-Arab politics and the internal position of a regime require a settlement sufficiently beneficial for the Arabs to defuse the conflict's potential for disrupting both domestic and inter-Arab politics.

This explains the active stand of Saudi Arabia. Though the 'moderates'' ultimate aim is a settlement of the conflict, they had to trigger off an escalation of that conflict to break the political stalemate, for the linkage between the Israeli-Arab conflict, inter-Arab politics and domestic politics did not allow countries like Egypt and Saudi Arabia to accept the pre-October status quo. To illustrate this, let us look at possible Saudi motivations and objectives in applying the oil weapon (an analysis of Egyptian objectives in launching the October war would follow similar lines):

1) If Saudi Arabia had not applied the oil weapon, confrontation between 'progressive' and 'conservative' regimes would have followed. Egypt would probably have turned towards Libya, which raised the prospect of increasing radicalization.

2) Such a confrontation would have posed a serious threat to the stability of conservative regimes in the Persian Gulf, alienating large sectors of politically important groups (such as the officer corps and the bureaucracy) and creating a definite danger of a coup d'état. Refusal to support the front-line states with the oil weapon would

have incensed public opinion, leading to a high risk of violence, strikes and subversive action against oil installations, directed from outside with the help of the large Palestinian community in the Gulf.

3) On the other hand, the swing towards the mainstream of Arab public opinion and towards Egypt allowed King Faisal to point out that he backed pan-Arab aspirations more effectively than radical regimes like Libya and Iraq: Saudi prestige was thus greatly enhanced at home and throughout the Arab world.

4) Co-operation with Egypt, once Saudi Arabia's most dangerous adversary, dramatically weakened the forces opposed to the Saudi regime and isolated them from the mainstream of Arab politics.

5) The lead taken in applying the oil weapon, together with the influence which financial support can enlist, have greatly strengthened Saudi Arabia's control over the Arab environment and for the time being practically eliminated domestic opposition and outside threats to Faisal's regime.

6) One can also assume important economic considerations behind the use of the oil weapon:
   - the need to diversify the Saudi economy away from crude oil production required the technical, management and planning assistance of the Western world, and, since the oil companies were unable to provide this, the producer-consumer relationship had to be changed fundamentally by reducing the role of the companies and bringing in consumer governments directly.
   - Saudi oil production in September 1973 was well beyond economically justifiable limits, and the resulting oil revenues could not be absorbed.
   - Development of oil demand, if unrestrained, would have depleted reserves at a pace which must have been worrying even a country like Saudi Arabia.

The Arab states achieved a high (though essentially negative) degree of solidarity in the last Israeli-Arab war. Such solidarity can be expected again if negotiations on the Israeli-Arab conflict break down, almost certainly resulting in renewed hostilities and the unsheathing of the oil weapon.

As long as the negotiation process continues, however, Arab motivations will most likely differ. Essentially, there are three different groups on the Arab side of the conflict:

1) States with a direct but limited stake in the conflict and/or a strong interest in its settlement so as to reduce the risks and costs of continued hostility.

2) States with no direct interest in the conflict which are involved essentially through pursuit of internal or inter-Arab objectives. These states can afford radical attitudes.

3) The Palestinians, whose attitude to Israel differs fundamentally from that of the Arab states. Israeli and Palestinian interests are difficult to reconcile, and the Palestinians are still in the phase of national assertion and organization. At the moment, they depend heavily on Arab states and outside support, but they possess a considerable potential for undermining the stability of the region and of individual regimes.

The negotiation process now under way makes it necessary to formulate common principles and then translate them into concrete and realistic political objectives. In both phases, splits appear quickly in the Arab ranks:

1) The principles laid down by the front-line states and the oil producers under Saudi Arabian leadership (return of all occupied territories, restoration of Palestinian rights) have not been accepted by Libya and Iraq.

2) The plan for a Palestinian state on the west bank of the Jordan and the Gaza strip still meets with stiff resistance from large parts of the PLO.

If the threat of a shifting balance between moderates and radicals cannot be eliminated, the moderates will probably be forced to retreat. The 'parameters of acceptance' for each phase of the negotiations can therefore be summed up thus: there must be a sufficient majority of support for the moderate line, both within the Arab world and among the Palestinians; and dissenters must be isolated sufficiently to eliminate the risk of large-scale instability.

A drawn-out negotiating process with small but continuous progress might serve stability best, the hope being that during this process Arab preoccupation with Israel could be eliminated to the extent that a final settlement would find sufficient support to open the way to some degree of stability and to concentration on internal development. The key is, of course, the Palestinians: can they be sufficiently isolated to enable a political settlement?

Great Powers

Some conclusions about future Arab objectives vis-à-vis the Great Powers can be drawn on the basis of the arguments developed so far. The group of countries

concerned with internal development, and so having a strong interest in an Israeli-Arab settlement, will essentially steer a pro-Western course. They need the United States and the leverage vis-à-vis Israel to maintain the momentum of the negotiation process, and they need the assistance of Western countries (including Japan) in order effectively to translate oil wealth into economic and social progress. At the same time, the Soviet Union is still needed as a counterweight to provide the Arabs with additional bargaining strength, and above all Soviet arms are necessary to make the threat of renewed hostilities credible. Even the group of countries favouring a political settlement will therefore maintain relations with the Soviet Union - if Moscow finds that in its own interest.

The groups and countries opposed to a settlement will rely heavily on the Soviet Union. As long as negotiations are under way, the Soviet dilemma between maintaining détente with the United States (which implies some support for a Middle East settlement) and regaining and expanding influence in the area (which requires support for the Arab dissenters) can be bridged by advocating and supporting additional Arab demands.

This conclusion can be extrapolated and expanded. The interests of the Arab states (as well as of the Great Powers themselves) will indicate a continued Great-Power presence in the Middle East. This is basically because Arab power is still very fragile and limited - resting mainly on vast financial resources to withhold oil supplies to the consumer nations and the capacity so as to provoke military conflict in the area. However, the Arabs still depend on arms supplies and training from the Great Powers for military muscle. Their oil power has probably already passed its peak, and in any case political power derived from a trade relationship is an exceptional and evanescent phenomenon. To translate oil power into other forms of power the co-operation and assistance of Great Powers is needed. Europe and Japan will be restricted essentially to an economic role: neither in the Israeli-Arab zone nor in the Persian Gulf do they possess any significant political leverage.

Confrontation between the Arab world and the industrialized countries could be caused by either side. The oil consumers might attempt to force the price of oil down and change the terms of trade adversely for the Arab states, while the latter could try to link the Israeli-Arab conflict to their economic relations with Europe and Japan - for example, by attempting to induce the countries to break political and economic contacts with Israel. This would probably lead to tension, since Europe would be caught between the United States and the Arab world. The Arab countries might also use the oil weapon again to secure their political objectives. At present this could only be done by using Europe and Japan as hostages to exert pressure on the United States (most likely in a breakdown of negotiations on the Israeli-Arab conflict). Assuming that the United States

now assumes the role of neutral mediator between the Arabs and Israelis and exerts fully the leverage she has on Israel, a further dramatic alteration in American policies over the Israeli-Arab conflict appears much less likely than prolonged producer-consumer confrontation. But such a confrontation would also go against Arab interests, since it would interrupt the process of transforming oil power into progress in development. Nevertheless it could come about if the complex patterns of foreign policy objectives (Arab objectives resulting from internal and regional requirements and restraints, American objectives born of alignments with both parties to a conflict: Israel and the Arab countries, Iran and Saudi Arabia) simply do not overlap, and there is no freedom of manoeuvre.

Since Europe and Japan cannot be expected to play an influential role in meeting Arab political demands, and since, alternatively, a producer-consumer confrontation would hurt the Arabs, it would seem advisable for the Arab countries to concentrate US-Arab relations on the political aspects and Arab-European and Japanese relations on the economic aspects. This does not exclude some measure of diplomatic support from the latter for Arab political demands, but it would exclude blunt pressure for political reasons.

The Soviet Union offers only a limited alternative to the West in economic terms: she has no comparable economic potential and no sufficient markets for Arab oil. Politically, however, she represents an alternative source of support for a regime and its objectives, an additional card in bargaining and a supplier of arms. One can therefore expect continued Soviet influence not only because of the Israeli-Arab conflict, but also because of inter-Arab rivalries (e.g., that ranging Saudi Arabia and Iran against Iraq) and a functional diversification of the Arab states' Great-Power relationships (Egypt might try to use the Soviet Union as an arms supplier and the United States for projects of economic co-operation and as mediator in the Israeli-Arab negotiations; Iraq could rely for political support on the Soviet Union and for economic development on Europe and Japan).

Third World

The Arab failure to establish a two-tier oil price system and set up large-scale multilateral funds to help the Third World overcome the impact of quadrupled oil prices indicates that the Arab oil producers will essentially follow a bilateral approach in relations with the Third World. From their point of view, such an approach has distinct advantages.

Politically, it provides strong leverage on the recipient country. Concessionary terms for oil supplies (for example, as given to India by Iraq and Iran, or to Pakistan by Iran) can be granted and withdrawn, and credits and investment can be made conditional on political prerequisites. One political demand could

be to cut diplomatic relations with Israel. There could even be competition between suppliers of Third World countries to offset each other's influence (as has apparently happened between Libya and Saudi Arabia in some African countries).

Economically, an analysis of bilateral deals concluded with Third World countries seems to indicate that producer investment in Third World areas aims not only at profitable capital exports with high returns but also to solve the manpower problem in some producer countries (by the importing of foreign, skilled, labour for joint ventures, such as the two car assembly plants to be set up by Arab Gulf states with Pakistani assistance) and at securing supply of raw material and other goods. Developments might head towards a new division of labour within the Third World.

It therefore looks as if Arab objectives in the Third World are to establish bilateral influence and co-operation, sometimes by means of multilateral projects involving several Arab states (e.g., plans to set up a Guinean aluminium industry using Egyptian know-how and manpower and Arab Gulf capital). On the whole, Arab economic aid has fallen far short of offsetting the damage caused to the Third World by oil price increases. It has also been spread unequally according to the political and economic interests of the donors, rather than the needs of the recipients. The Arab states seem to be following the unfortunate example of the industrialized countries.

In the longer run, Arab intentions might focus on the establishment of regional power centres - a development similar to that of Brazil and Iran. To what extent such an objective is realistic, however, is open to question: countries with such potential might include Algeria, Egypt, Iraq and later, possibly, Saudi Arabia. However, Iran will offer strong competition to other aspirants for regional power status, and ensuing economic and political rivalry might aggravate the latent tensions between the Arabs and Iran.

The Persian Gulf

The Gulf is simultaneously the theatre of inter-Arab rivalries and of potential confrontation with a strong non-Arab power: Iran. This confrontation could well assume features similar to the Israeli-Arab conflict - super-power involvement on opposing sides, and a common stand by the Arab world against an outsider. It could dominate the politics of the Middle East in the next decade.

Iran can be considered the initiator of the present arms race in the Gulf, and her policies will largely determine the state of Arab-Iranian relations. In recent years she has established herself as the dominant power in the Gulf, and is now about to expand her influence into the Indian Ocean, partly in order to secure her trade routes in the Gulf and beyond, and partly in order to become a regional super-power, the 'Japan of the Middle East', in political as well as

economic terms.

Iran's foreign policy aims at maintaining the status quo in the Gulf and expanding Iranian influence within this framework. This includes containment and isolation of radical forces in the Gulf (Iraq, South Yemen, the PFLOAG) and attempts to weaken them (support for the Sultan of Oman, the Kurdish rebels and North Yemen). Since the radical threat is perceived as a Soviet-inspired 'encirclement', alignment with the United States can be considered a stable feature of Iranian foreign policy.

Political stability in the region is a precondition for opening the region to Iranian goods and securing raw material supplies; in short for economic penetration, which can in turn serve political stability. Iran's remarkable diplomatic and economic offensive in the Arab world, which has led to major agreements with, for example, Egypt and Syria, can be interpreted as an attempt to preempt an Iranian-Arab confrontation.

The possibility of open reversal of this status quo policy appears to exist in three cases: Iran might seize a chance to overthrow the regime in Baghdad; she could try to gain control of the other shore of the Gulf after internal changes in one or several small sheikhdoms or in Saudi Arabia; or internal weaknesses and opposition to the Shah's regime might induce him to resort to blunt imposition of Iranian hegemony over the whole Gulf. All three cases could lead to an Arab-Iranian confrontation.

The fundamental objectives of Iranian foreign policy would probably not be affected by a change of regime in Tehran.

Both Iraq and Saudi Arabia resent Iranian hegemony in the Gulf, and both have reacted to Iran's vast arms purchases with attempts to build up their own military strength. However, the two countries have different and even contradictory objectives.

Iraq's present regime is a middle-class leadership of army and Baathist party members with a revolutionary and socialist ideology dedicated to radical and rapid social and economic change. The country is in desperate need and has vast potential for a decisive development effort, but her capabilities and resources are heavily strained by internal instability, the past policies of the various military-party regimes, and the Kurdish revolt. There is a real danger of constant frustration of internal expectations.

Iraq traditionally claims a leading position in the Arab world and the regime probably feels that its virtual isolation in Arab affairs unjustly deprives it of the position it deserves. Competition for Arab leadership, as well as the revolutionary ideology of the regime, has led to Iraqi support for

Arab dissenters (PFLP) and a pledge to reverse the status quo both in the Persian Gulf and the Israeli-Arab conflict. In the Persian Gulf, where Iraq's support for anti-status quo policies is founded on a series of concrete problems such as on- and offshore border demarcations, her main opponents are Saudi Arabia and Iran. While Iran and Iraq are in direct confrontation over a common border and various other issues, Iraqi-Saudi rivalry revolves around Kuwait and Yemen.

Given Iraq's opposition to these two allies of the United States, alliance with the Soviet Union is essential for the political support of the present regime. For various reasons this might restrain her: Moscow might not be willing to accept a large-scale confrontation between Iraq and Iran.

Saudi Arabia, to control the external environment and appease the nationalistic aspirations of her people and of relevant political groups, such as officers and administrators, will continue to play an important part in inter-Arab affairs. In the Persian Gulf, her interests and those of Iran thus largely coincide over stabilizing the political status quo and containing radical forces. (recent reports even seem to indicate that Saudi Arabia and Abu Dhabi are about to bury the hatchet over Buraimi oasis). However, the new Saudi posture in the Arab world probably could not be reconciled with blunt attempts by Iran to impose her hegemony on the Gulf.

Should the present Saudi regime be unable to manage the process of modernization, a military coup seems a distinct possibility. A radical regime in Saudi Arabia would change the pattern of Gulf politics into a tripolar relationship, if a strong new order emerges. Internal instability resulting from a coup, on the other hand, would tempt both Iran and Iraq (and possibly also other Arab countries) to intervene, and this could lead to Iranian-Arab or inter-Arab confrontation. A strong Saudi Arabia under a radical regime would probably seek to increase her influence in the Gulf with a different, imperial, attitude towards the smaller sheikhdoms. The balance between Arab moderates and radicals would probably swing with the change in Saudi leadership, and one could expect mounting tensions and confrontation.

Conclusions

Even if the mainstream of Arab policies in the next decade is dominated by a desire to achieve social and economic progress and, as a precondition, to foster stability in the Middle East, there are still ample possibilities for instability and upheaval. The key appears to be the regional setting, especially the Israeli-Arab conflict and the Persian Gulf, since these zones provide both a focus for Arab solidarity and also underline the need to develop realistic objectives if this solidarity is not to be endangered.

The outside world will be drawn into the Middle East both to develop the Arab world (and its capabilities and power) and to assist in the political process of eliminating the regional sources of tension. But again, there is a risk of relationships with outside countries being enmeshed in the dilemmas of regional and inter-Arab rivalries and conflicts.

Finally, we have focused so far on regionally-produced sources of instability, assuming that successful and speedy social and economic transformation is possible. There is, however, a distinct chance of large-scale breakdown in this process. The result would be growing frustration and mounting inequality between the successful few and the multitude of poor. This could lead to large-scale instability, originating inside the Arab countries but spilling over on to the regional and international level. The real power the Arab world now possesses, through Western dependence on its oil, is destructive: it could trigger off economic and social upheaval on an unparalleled scale. This would hurt the Arabs as well, but - out of frustration and desperation - they might nevertheless resort to using their power. It is therefore in the interest of the industrialized world to assist the development of the Arab world as effectively as possible.

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Middle East - Lessons and Prospects

MILITARY LESSONS OF THE OCTOBER WAR

General A. Merglen

Two fundamental military facts emerged from the fourth Israel-Arab War in October 1973: first, the unexpected efficiency of anti-tank and anti-aircraft missiles; second, the incredibly successful launching of a surprise general offensive. These two factors were the main causes of the amazing destruction of material in so short a time. They are likely to alter significantly the balance of forces in the Middle East and in Europe, as well as in other possible theatres of military operations, notably China.

Anti-tank and anti-aircraft missiles were known before the October War and had been integrated in military organizations, just as the machine-gun had been taken into account before the 1914-1918 War. The machine-gun immediately turned out to be the key weapon in land battles in the summer of 1914. The missiles' destructive capacity, when used in large numbers, was spectacular in the 1973 October War.

Of course, anti-aircraft missiles had already proved their worth in the skies of North Vietnam, providing a very testing time for the morale, tactics and technology of the American Air Force. But the impact of anti-aircraft missiles still had to be shown in land battles. This experience was provided by the October War with astonishing effect.

Within the space of two weeks, Israel lost half her armoured force (at least half to missiles) and a quarter of her air force (mainly through missiles) - facts and figures which underline the crucial importance of both anti-tank and anti-aircraft missiles and surprise.

The lesson to be learned about missiles can be summed up as follows: anti-tank and anti-aircraft missiles can be used 'en masse' and have a decisive effect in land battles, in both offensive and defensive operations. Compared with tanks and armoured vehicles of all types and with ground attack, tactical bombing and reconnaissance aircraft, as well as helicopters, missiles are easy

to carry and to train people to use, and simple and reliable to operate - characteristics which add up to formidable effectiveness against an opponent superior in tanks and aircraft. Above all, this can be achieved at relatively lower cost: about 16 missile launchers and 80 missiles can be bought for the present price of a single tank.

This lesson from recent events, relating to conventional-type battles, could be cautiously extrapolated to apply to other types of armed conflict. In a war covering large areas, of a subversive or counter-insurgent nature, anti-tank missiles could be used accurately to destroy command posts, communication centres, material depots, stationary or parked vehicles and industrial areas. Small teams equipped with such missiles could infiltrate rear zones and score accurate hits by guiding their missiles, with minimum risk to themselves due to the long firing range.

Again, when the battle is fought in depth and formations are widely spread and highly mobile over the ground, anti-tank missile units would find useful targets to hit accurately, whose destruction would otherwise require concentrated artillery fire or a considerable or impossible number of aircraft missions. Against airplanes or helicopters, light anti-aircraft missiles could, in the same circumstances, produce results that were not fully anticipated before the 1973 October War.

On the whole, the conclusion seems to be that in warfare between regular forces, the new missilry looks like reinforcing in many ways the potential of the defence more than that of the attack; but that in irregular, insurgent operations it tends to strengthen the concealed rebel against the authorities who have more to lose and protect.

If the new weapons may, other things being equal, strengthen the defender in a conventional battle, nevertheless the lesson to be derived from the element of surprise in the October War is that, in line with so many historical examples (France 1940, Russia and Hawaii 1941, Korea 1950, Czechoslovakia 1968), even today there is no assurance of success against a sudden general offensive by an enemy well prepared beforehand. The wealth and complexity of the clues to his hidden intentions, the difficulties of interpreting them, the effects of diplomatic and psychological manoeuvres, the economic constraints in reacting to every potential threat and sheer errors in reasoning, all combine to produce such an impenetrable opacity that a surprise of the kind which overtook the Israeli and American Intelligence Services and Governments must always be held to be possible.

These two essential military lessons (missilry, surprise) will, in the Middle East, work to Israel's net disadvantage and in favour of war initiatives

by the Arabs. Missiles reduce the advantages of the Israeli Defence Force's trump cards, i.e. its armour and aircraft. Because of their demographic superiority, the Arabs can muster and employ a large number of missile-equipped combatants, and this will seriously restrict the power of action of the better quality crews of the Israeli tanks and aircraft. The Arab armies are able to acquire an impressive number of missiles and quickly to train qualified personnel. In the fairly near future, they may even be able themselves to manufacture these weapons, since they are technologically fairly simple, and easy to store and carry. There are limits still to their offensive usefulness: missiles alone are no substitute for a mix of tanks and missiles in the attack. Nonetheless their power in static warfare makes it possible to impose a war of attrition which basically favours the Arabs with their superior numbers.

The value of this tactical counter to traditional Israeli superiority is increased by the permanent possibility of strategic and tactical surprise, since Arabs, contrary to the Israelis, have a political freedom of movement which makes it far easier for them to launch an attack. Until all occupied Arab lands are completely liberated, and beyond that, until the Palestinian problem has found a suitable solution, the Arab Governments involved possess a strong legal case and psychological excuse for recourse to such action. The thin curtain of United Nations troops or observers will prove no impediment; it may even be used as camouflage. The strength of the Arab oil-related economic arguments will tend to soften any European, Japanese, and even perhaps American reactions, so long as Israel's very existence is not at stake.

Israel, however, seems no longer in a political position to take a similar military initiative. It has neither the motives or justification of the Arab countries, nor the almost complete diplomatic support for all their actions, which is a feature of the present day world. This makes it very dependent on the support, and subject to the restraints, which the United States may apply.

The 1973 October War has disturbed the balance of forces in the Middle East, not so much the numerical balance of the armies and their equipment as their relative worth and the options and actions open to the two adversaries.

This observation takes on new meaning if, following the successes of light missiles, the use of medium missiles is considered, as is entirely probable. These are not anti-tank and anti-craft, but 'ground-to-ground' missiles, used to destroy large human or material targets, such as the American 'Honest John', 'Sergeant' and 'Pershing', or the Soviet 'Frog' and 'Scud' and capable of firing large high explosive or nuclear warheads over hundreds of miles. Israel's geographical position, with its small and densely populated areas, surrounded on all sides by large Arab countries whose vital targets are widely

distributed, is a grave handicap for Israel and an advantage to her enemies. True, for Egypt, the medium-range missile is to a considerable extent a deterrent to prevent the Israeli air force from striking Cairo or Alexandria, which are not covered by anti-aircraft missiles like the Suez Canal zone. Nevertheless, in the last resort, the considerable demographic superiority of the Arabs would enable them to bear much larger losses in human lives than Israel.

The use of missiles would also make it easier to stop all navigation both in the Tiran Straits, at the entrance of the Gulf of Aqaba, and the Bab-el-Mandeb Straits, at the Southern outlet of the Red Sea. If the East Bank and Gaza were to be made into a Palestine State, they would become launching bases inserted into Israel, placing all her vital zones, without exception, within direct reach of medium missiles. This military consideration, arising from the 1973 October War, is one of the reasons for Israel's refusal to accept the creation of such a state until her own existence is guaranteed on a secure and permanent basis.

These observations lead to the conclusion that the Arab countries will probably try to equip themselves with a strong 'ground-to-ground' missile force, while Israel is already in possession of such an arsenal. The next step, that of nuclear armament, must also be considered. India has shown that a country, once possessing nuclear reactors, can manufacture nuclear devices. It is conceivable that Israel already has nuclear weapons; and though it would certainly require a fairly long time before Egypt could also acquire them, the possibility cannot ultimately be excluded, since both Israel and Egypt are peculiarly vulnerable to nuclear attack. Here, however, the element of mutual deterrence would presumably be uppermost.

On these assumptions, the influence and intervention of the two super-powers, each supporting one party to the quarrel, are hard to assess. One of the secondary military lessons of the 1973 October War - a local conventional conflict supported by the United States and the Soviet Union - is that the small powers - certainly the Arabs - still retain more freedom of manoeuvre than their patrons would wish. It does seem that Egypt and Syria decided on a general offensive against the wishes of their Soviet ally. On the other hand, once the battle was joined, both camps had an overriding need of their patrons' material help. The very high destruction rates on the battlefield, the need for new supplies of weapons and ammunition, and, more important still, of new equipment and arms to counter the enemy's technological innovations, are forcing the Middle East countries to base their military effort on the support of the great industrial nations. It should not be thought, for all that, that a simple ban on this external help would compel these countries to refrain from all war activities. Local manufacture of arms and ammunition, and the large stocks already accumulated,

would enable hostilities to continue on a lesser scale. It would be a less modern war, as regards heavy armament, but would probably be just as violent, and even more destructive in view of the large number of fighting men involved. Israel would hold a technical advantage, because of her more modern armament industries, but the Arabs could throw into battle much larger numbers of fanatical peasant soldiers. One of the other secondary lessons of the October War is that the worth of the Arab field soldiers and officers has considerably improved, both in morale and capacity to use complex weapons. That being said, recent experience shows that the super-powers are able to send adequate supplies to small nations engaged in active land and air operations. In spite of the limited battle zones, the heavy losses incurred in modern and intensive warfare should be emphasized. In 18 days, some 100,000 soldiers of both camps were killed or wounded, 9,000 were taken prisoner and 2,000 tanks and 500 aircraft were destroyed.

Overall, the Arab countries have sharply shifted the balance in the Middle East and restored Arab military honour. Their leaders will certainly, now, carefully assess the causes of their shortcomings and failures during the war, and draw their own conclusions. Both Syria's heavy frontal attack on the Golan on October 6, 1973, and Egypt's cautious immobility east of the Suez Canal, up to October 14, will be reappraised. A more imaginative and lively High Command, mobility in the major units, a more rapid and flexible deployment of anti-aircraft missiles, a more adroit use of the anti-tank missile cover against Israeli counter-attacks, could have led to the recovery of the occupied territories.

Both camps must be expected to draw the strategic and tactical lessons of the October War. But the Arabs are more likely to benefit by it. The Israelis have already brought their armed forces to a very high pitch of military efficiency. The Arabs, whose peoples have been morally encouraged by this first achievement, who possess ten times as many soldiers as the enemy, who are using the Soviet technical advance in simplifying missiles and electronic warfare, have more scope for improving their general military performance.

For Europe, the military lessons to be learned from the 1973 October War seem to go against the Atlantic Alliance if there were to be a conventional war in the near future. The two essential factors, surprise and missiles, are a positive element in favour of the Warsaw Pact countries.

It is unthinkable, both in the present political and psychological context, and in view of its military organization and existing material means, that the West would take the initiative of a surprise attack against the East.

The reverse is possible, however, due to the Eastern bloc's centralization, its military infrastructure, logistic standardization and armed forces, which

are moreover being steadily enlarged and improved. On this hypothesis, the possibility of being surprised by a general offensive should be taken to heart. To rely on a five- to seven-day warning period to deploy large formations, to call up reservists, take civil defence measures, receive reinforcements from neighbouring countries or from across the Atlantic, seems excessive optimism if not self-delusion, due to laziness of mind or unwillingness or inability to act. This is particularly the case as NATO cannot rely on an 'Israeli-type reaction', i.e. a response by a single, quick-moving Government, a single High Command ready for action at a moment's notice, reservists trained over 30 months of military service and 1 to 2 months annual refresher courses, operating over a small territory and on internal lines of communication better than those of the enemy.

Today, if there were a surprise attack, the main Western counter, beyond static and mobile defence, would be based on armoured units and ground attack aircraft. The large number and high quality of the Warsaw Pact forces' anti-tank and anti-aircraft missiles might well nip in the bud such armoured and air counters. Because of the high rate of human and material destruction in battle, the initial advantage held by the aggressor who would have, in any case, more than double the number of tanks, planes, helicopters, artillery and air defences, would be of capital importance and probably decisive. Reinforcements and reserve forces would arrive more quickly and massively by land from the Soviet Union than by sea and air from the United States of America. The efficiency of the American air bridge to the Middle East should not hide the fact that the size of the supplies carried - 23,000 tons in 15 days - would be relatively minute for theatres of operations larger than the 180 kms of the Suez Canal or the 75 kms of the Golan, in which several army groups were involved, or if the air bridge were submitted to air or missile attacks by a powerful enemy.

A surprise general conventional attack from East to West could, in present conditions, hope to achieve its objectives in such a short time as to exclude political intervention and to render any nuclear threat doubtful or inoperative. If the West does not wish to stake its independence and existence on the single card of general nuclear war, the only remaining effective means of resistance, the lessons of the October War should induce it to modify its defensive forces by giving priority to light, anti-tank and anti-aircraft missiles. Their small cost, compared with that of tanks and aircraft, their ease of handling, would make it possible to equip a large number of men who, spread in depth over large territories, would be able to pin down the enemy's motorised advance without themselves constituting suitable nuclear targets. Of course, the soldiers would have to have the will to fight as had both the Arabs and the Israelis in the October War. On these conditions, the new weapons could ultimately improve the relative potential for defence of NATO. But even this would imply sufficient conventional forces, which is not the case today.

For a huge country like China, with its immeasurable population and its industries disseminated throughout the provinces, the proof of the efficiency of light anti-tank and anti-aircraft missiles offers an important lesson. Faced with a highly industrialized potential enemy, armed with sophisticated tanks and planes, its best counter might seem to be the use of a large mass of fighters equipped with machine guns and missiles, rather than expensive armoured divisions and air assault squadrons, which take time to form, age quickly and offer ideal nuclear targets. The Soviet motorized forces, limited in number, would risk being submerged by the Chinese masses who would be transformed by their simple but efficient weaponry combined with a superior national and fighting faith into untamable opponents in a conventional war, and a large number of whom would survive any nuclear conflagration.

The light anti-tank and anti-aircraft missiles which proved themselves in the 1973 October War, as the machine gun did in the summer of 1914, may also prove to be decisive weapons in subversive activities and revolutionary conflict where tanks and planes have always been formidable weapons against isolated insurgents fighting in rural or mountain areas and against rebellious urban concentrations. Light or medium missiles could impede navigation in the Hormuz Straits, at the entrance of the Persian Gulf, just as they could stop any movement by law and order forces in some African or South American countries.

Recent experience is likely to encourage the military leaders of rebels in Kurdistan, the Dhofar, Eritrea, Angola and Mozambique to try and acquire by any means, financial or political, the anti-tank and anti-aircraft missiles which enable a rustic fighter, hidden in the landscape to destroy from a distance, without much risk, a tank, a plane, a helicopter, a lorry, a small fort, a group of enemy soldiers, as well as petrol installations and other industrial sites.

These are potentially portentous developments even if it is very difficult, and risky, to draw all the military lessons of the 4th Israel-Arab October War of 1973 at this early stage.

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THE MIDDLE EAST AND THE INTERNATIONAL SYSTEM

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THE IMPACT OF THE MIDDLE EAST CRISIS ON THE AMERICAN ALLIANCE POLICIES

Mr Paul Nitze

The subject I have been given is 'The Impact of the Middle East Crisis on American Alliance Policies'. There are, however, two perhaps more important, related questions. They are, what the Middle East crisis demonstrated as to the then existing state of western alliance relationships, and the impact of the Middle East crisis on allied policy to the United States.

It may be useful, by way of introduction to these three questions, to say a few words about the evolution of the western alliance structure. Its origin goes back to thirteen weeks in the spring of 1947 which began with the Greek-Turkish crisis, the Greek-Turkish aid programme, the Truman doctrine, and concluded with Secretary Marshall's speech at Harvard setting forth the concept of the Marshall plan. The NATO Treaty, and the other elements of the evolving western alliance structure followed logically from the events and decisions of those thirteen weeks. The essence of these events and decisions are roughly summarizable in the following terms. Prior to those thirteen weeks, the concensus of opinion in the United States had been that the wartime collaboration between the United States, England, France and the USSR must and could be continued into the era of peace; that the U.K. would continue to take a role of leadership in balancing the international balance of power, particularly in the Middle East, South Asia and Africa, and that the principal efforts of the United States could be devoted to political and economic support of the Charter and organs of the United Nations. As a result of the events preceding the thirteen weeks, the growing evidence that Stalin's policy was implacably hostile to the west, that the U.K. was no longer in a position effectively to carry on its pre-war balancing role and that the United Nations system could not function in the absence of active leadership by its principal member nations, the conconcensus in the United States shifted to the side of a much more active U.S. role in support of general economic stability and growth and of the defence of nations threatened by Communist pressure.

It was early recognized that other nations would not concur in and support U.S. initiatives unless those initiatives fully took their interests into account. It was also recognized that there were a host of deep divisions of interest in the non-Communist world that were inherently separate from the Communist/non-Communist confrontation. The object of U.S. policy should be to avoid entanglement in these issues, if at all possible, unless important principles of justice were involved. In practice, the United States found it not always possible strictly to adhere to this precept.

The cornerstone of the formal alliance structure was the NATO Treaty. Its essential content was that within precisely defined geographic limits, an attack on one would be considered an attack on all, and each, pursuant to its constitutional processes, would take appropriate action to support that concept.

The difficulties in successfully maintaining such an alliance structure are obvious. There is an obvious tendency for each participant to place a higher value on its particular interests than on the general interests of the alliance as a whole. In fact, playing against alliance interests for particular interests became a reasonably successful way of life for some of those more recklessly inclined. These tendencies can only be countered if there is in fact a real and perceived threat to general alliance interests. With respect to NATO, there has always been a problem as to the degree to which matters outside the defined area of NATO can affect the basic security interests of NATO members as such and should therefore be the subject matter of prior consultation and co-ordinated advanced planning.

To my mind, the high point of allied consultation and co-ordinated prior planning on a matter outside the immediate area of NATO commitments was in connection with the Berlin crisis in 1961.

In the light of the above general points, what did the Middle East crisis reveal as to the prior state of alliance relationships? With the benefit of hindsight, we can see that during that crisis the interests of each member of the alliance and of the alliance structure as a whole were in as great jeopardy as at the time of the Berlin crisis of 1961. Yet, prior to the event there was little consultation or co-ordinated advanced planning. During the crisis action was often unco-ordinated and conflicting. This led to much recrimination and questioning as to the value of the alliance structure as a whole. How did all this come about and what are its implications for the future?

In my view, the fundamental difference between the Berlin crisis and the Middle East crisis of 1973 was a difference in sensitivity to the evolving threat to common interests. At the time of the Berlin crisis not only Western Germany, the U.K. and the U.S., but also France and the other members of NATO

were fully cognizant that if Khrushchev were to carry out his ultimatum to turn over control of the access route to West Berlin to East Germany and if there were no effective Western response, western security interests would be vitally affected. In the summer of 1973, there was no common appreciation of a comparable threat developing in the Middle East. The mood was one of competition in expressing hopeful sentiments about the implications of détente. In the United States there was a belief that the Israelis could, unassisted, meet any military threat from the Arab states, that the Arab states would therefore be deterred from military action, and that the USSR would not risk détente through unilateral action to upset the regional balance in the area. Even the clear signal given by the evacuation of Soviet personnel two days before the attack was discounted by the U.S. intelligence services because the implications were contrary to their previously hopeful assumptions. I am not aware that the other members of NATO, or Japan, had a sufficiently realistic view of the evolving situation to bring them to consider serious co-ordinated forward planning to be desirable. The circumstances thus did not lend themselves to the type of co-ordination which took place in 1961.

The sequence of events during the Middle East crisis is significant.

At the outset of the October war, the U.S. realized immediately that it was not aligned with the side that best served its economic interests. It was hoped that the U.S. could maintain a low profile in the conflict. Hence, the U.S. publicly regretted the regional conflict, but stated its intention to remain aloof. It was judged that the Israelis could hold their own without U.S. assistance and that the U.S. could thus remain uninvolved. Further, it was assumed that the Soviets would neither become directly involved in the conflict nor take direct action to upset the regional military balance. During the first week of the war there was little difference between the announced positions of the U.S. and the other allies.

The U.S. was forced to reassess its position when on the 10th of October the Soviets commenced the resupply effort to the Arabs. On the 13th of October, the U.S. balanced the massive Soviet effort by beginning a large-scale resupply of Israel. Because their overwhelming dependence on Arab oil overrode any perceived need to join the U.S. in deterrence of expanded Soviet Union influence in the Middle East and because they disagreed with United States' support of Israel, most European countries refused to allow Washington to use facilities under their control to resupply Israel. The U.S. was thus forced to use inefficient routes for Israeli resupply. Washington made public its disappointment with its NATO allies.

On the 17th of October, the U.S. asked its NATO allies to join the U.S. in expressing disapproval of the Soviet behaviour. The U.S. attempted to

convince the allies of the correctness of its new assessment that the Soviets had undertaken to alter the regional balance to the advantage of its clients, that such a result would be to the strategic benefit of the USSR and to the disadvantage of NATO and, hence, that the situation directly involved NATO interests.

Most allies were puzzled at the change in the U.S. assessment of the situation, which seemed in contradiction to the earlier public U.S. position that the Soviets had not strained the limits of détente. Some felt that the U.S. was asking its allies to take a stronger position with the Soviets than the U.S. itself had been willing to take. The overall reaction was one of confusion and suspicion. The situation had evolved too rapidly for the U.S. arguments to overturn the original allied belief that maintenance of their oil-dependent economies was more important that their perceptions of the threat to alliance security.

On October 25th, the U.S., in response to indications that the Soviets had alerted their strategic forces and were preparing to deploy airborne divisions to the Middle East, announced a worldwide alert of U.S. forces. Events had moved too swiftly for prior consultation with the allies. In my view, the U.S. should have apprised NATO of this move concurrently with transmission of the message to U.S. commands. This action would have been consistent with the U.S. judgement that Soviet behaviour in the Middle East vitally affected alliance interests, not only those of the U.S.

Unaware of the rapidly changing situation which had compelled the U.S. to go on alert, the allies were skeptical about the wisdom of such extreme action. They feared that it increased the risks of escalating the Middle East situation to a conflict into which they would be involuntarily drawn.

Looking back, it is evident that some of the later recriminations might have been avoided if the U.S. had been more timely and open in discussions with allies. On the other hand, had the allies been more perceptive about the consequences of Soviet involvement, the recriminations might never have surfaced. By focusing on short-term effects on their oil dependent economies, they lost sight of longer term implications, both economic and in relation to allies security.

This preoccupation with economic aspects, rather than political or military, was emphasized by the method they chose to announce a common position on the Middle East conflict. On November 6th, the European Community ministers called for concessions to Arab demands - Israeli withdrawal to 1967 borders and recognition of the rights of Palestinians. This handling of a security related matter in an economic forum indicated the lack of an effective European

institution for dealing with overlapping economic, political and security matters.

On both sides of the Atlantic, leaders were surprised at the extent of the rift between the U.S. and its allies that was uncovered by reactions to the Middle East conflict. Both recognized the need to repair relations and to minimize long term damage from the episode, although both continued to perceive significant differences of interest between the U.S. and its European allies, particularly in the short term.

As the U.S. began more effectively to communicate its rationale concerning Soviet behaviour in the crisis, the allies became more receptive to the view that NATO interests were affected. They also were reassured about U.S. commitment to defence of NATO, in view of U.S. willingness to support a friendly nation even in the absence of a formal treaty and even when such support was potentially an economic catastrophe.

Nonetheless, the Europeans continued to have difficulty reconciling their security interest in solidarity with the U.S. and their economic interest in continuing oil supplies. These interests were still handled in separate bureaucratic compartments, so that European Community and NATO postures were substantially different in spite of improved understanding of the U.S. rationale, economic interests tended to outweight those of alliance security.

The question remains as to how it was possible, in the circumstances then existing, for Secretary of State Kissinger to work out the withdrawal and ceasefire agreements with Egypt and Syria. To my mind, the essential elements were the following. The success of the original Egyptian and Syrian surprise attacks removed the sense of inferiority which had plagued the Arab states. This removed a bar to their assessing more realistically their vital interests and the long term threats to those vital interests. The action of the United States and the USSR in halting the Israeli counterattack persuaded them that Israel was no longer an unmanageable threat to their sovereign interests. I believe that most Arab leaders have never considered the United States, except for its support of the continued existence of Israel as a sovereign state, to be such a threat. The Soviet Union, whose support was necessary to the Arabs in countering Israel, can, however, in the long run be such a threat to Arab sovereign interests as Soviet presence in the Middle East, the Persian Gulf and the Indian Ocean increases. Furthermore, it was only the United States which could bring sufficient pressure on Israel to bring about a measure of Israeli withdrawal. By virtue of these preconditions and much hard diplomatic work, at least an interim settlement became possible. Whether a permanent settlement, or the evolution of partial measures making possible a continuing modus vivendi, are possible, only the future can tell.

The energy problem, providing the basis for a new and serious form of economic warfare, had been a matter of concern to the U.S. and its European and Japanese allies for several years before last October's Arab/Israeli war. Although there was theoretically a policy of close collaboration among the three, in reality a pattern of separatism was evident. The October Middle East war brought into the open this political divisiveness among the Atlantic allies and precipitated an alliance crisis.

Both NATO's economic and its security interests are served by reduction of Arab/Israeli tensions. Perpetuation of Arab/Israeli tensions at a high level could keep European oil supplies continuously in jeopardy. Only the U.S. has the requisite leverage and effective communication with both sides to promote further adjustment of the dispute. Western Europe, with its eighty-five per cent dependence on the Middle East for oil, has a far greater stake in the success of U.S. diplomacy in the Middle East than does the U.S. with its fifteen per cent dependence. In these circumstances, successful U.S. actions could be considered, in the main, as promoting the long term interests of its allies (in both Europe and the Pacific) and thus its own broader interests.

What is certain is that the oil producing states have learned the benefits to themselves of co-operation in their mutual economic interest and that this development has radically changed the terms of trade against the oil consuming nations. The oil embargo and the increase in oil prices were undoubtedly triggered by the October war. Co-operation among oil producing states might, however, have come about eventually even in the absence of the Middle East crisis. After all, Iran and Venezuela had little interest in Arab-Israeli differences.

In any case, the balance of payments and inflationary difficulties of all members of the alliance have been radically exacerbated. The adverse side of the balance of payments surpluses of the oil exporting nations is necessarily an equal aggregate balance of payments deficits of the oil importing countries. The pressures on each member of the alliance to minimize its economic difficulties even at the expense of other members is direct and immediate. The temptation to further reduce resources allocated to defence has been increased. Concurrently, the limited nature of the restraints which an atmosphere of détente places upon Soviet actions, particularly as its capability to project its military power increases, has once again been pointed up. No one can have confidence that evident situations of weakness will not be exploited by those in a position to gain therefrom.

As you all know, I am not in a position to speak for the United States Government and that for the last five years I have focused my attention on only one aspect of U.S. policy - that of attempting to negotiate effective arms

control measures with the Soviet Union. I, therefore, offer my views on the impact of the events of the Middle East crisis on American policy toward allies with diffidence.

I would make four basic points. The first is that the interests of the United States are now even more crucially involved with the political, economic and security interests of others than at any time in the past, and that the dangers to the interests of others are evident and threatening. The second point is that in a position of increased collective danger the need for pulling together, of mutual co-operation, and of strengthening the alliance is self-evident. The third point is that while the United States is strong, has been less damaged by recent events than have some others, and in fact has significantly increased its internal unity and political self-confidence by the resolution of its constitutional impeachment process, there are limits to its capabilities and to its tolerance; the United States cannot be expected to take a kindly view of those who would trade against the general interests for narrow and particular interests. And fourth, the effort to maintain an atmosphere of détente with the USSR must be continued concurrently with a deep skepticism as to the restraints on Soviet ambitions and actions implied by détente.

Certain more specific questions arise. In recent years, many in the United States have hoped that regional power centers were arising that would substantially reduce the areas where U.S. action is required to help avoid developments adverse to the general interest. In the economic sphere such progress is evident, for example, in German action with respect to Italy's current financial problem. But the pace and effectiveness of comparable developments in the politico-military sphere has not been equally encouraging. It is still true, perhaps increasingly true, that where Soviet political and military power impinges importantly on a serious regional problem, the countervailing power of the United States is necessary to secure a balanced outcome. But for its countervailing power to be effective, alliance support is a prerequisite.

This raises a general question in respect to how the United States should handle its relationships with other members of the alliance system. On the one hand, it is of the greatest importance that concensus and a common will be found in the alliance; to foster this, full and continuing consultation is required. On the other hand, occasions can arise where decisive and timely action are of the essence. It is never easy to reconcile these two requirements. The difficulties can be made less by a continuous process of assessment and reassessment of world developments and potential crisis situations within the alliance. This can, in part, be done through such institutions as the NATO Council. In large measure, however, it is a task for diplomatic channels.

It has been suggested that further organizational machinery would be helpful. To my mind, the prior question is psychological and political. If there is a common appreciation of common objectives and of developing threats and of the importance of placing common and long range interests ahead of particular and short range interests, it is not difficult to find the appropriate machinery for co-ordinated planning and action.

This brings me to the third question of my introductory paragraph - the impact of the Middle East crisis on allied policy to the United States. But this question can best be addressed by other members of the conference. I am sure that the views of other members of the alliance will have a major impact on the evolution of U.S. alliance policy.