MEDITERRANEAN SECURITY:
STRATEGIC ASPECTS, ECONOMIC ASPECTS
Council for the United States and Italy
Roma, Palazzo Barberini, 7-8/XI/1983

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3. "Political security problems of the Mediterranean: the central area and North Africa: synopsis"/ Antonio Armellini
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(1)

THE COUNCIL FOR
THE UNITED STATES AND ITALY

CONSIGLIO PER LE RELAZIONI
FRA ITALIA E STATI UNITI

Convegno su

LA SICUREZZA NEL MEDITERRANEO

Aspetti strategici, aspetti economici

Roma, Palazzo Barberini, 6-8 Novembre 1983

PROGRAMMA

Domenica, 6 novembre

- Arrivo partecipanti

- Pranzo con membri del Comitato Direttivo del Consiglio per le Relazioni fra l'Italia e gli Stati Uniti, offerto dal dr. Auletta, presidente della Banca Nazionale della'Agricoltura. Hotel Bernini Bristol

Lunedì 7 novembre

Presidente: Harold Brown, ex ministro della difesa, USA

- 9.30: Sessione introduttiva. L'area Mediterranea.
  Relatore: Stefano Silvestri, giornalista, l'Europeo.
  Respondent: M. Nimetz, ex vicesegretario di Stato, USA.

- 11.30: Aspetti strategici: il Mediterraneo orientale.
  Relatore: gen. J. Thompson, ex vicecomandante della Nato Sud-Europa, USA.
  Respondent: Gen. L. Caligaris, giornalista, La Repubblica.

- 13.30: Colazione-buffet.

- 15.00: Aspetti strategici: il Nord Africa.
  Relatore: Antonio Armellini, Ministero Affari Esteri
  Respondent: David Newsome, Institute for the Study of Diplomacy, Gergetown University, Washington

- 17.00: Aspetti strategici: il Medio Oriente.
  Relatore: Philip Gelin, giornalista, Washington Post, USA
  Respondent: A. Levi, giornalista, La Stampa.

- 20.00: Pranzo offerto dal Ministro della Difesa. Oratore On. Prof. Giovanni Spadolini, Ministro della Difesa. Palazzo Barberini

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Martedì 8 novembre

- 9.30: Aspetti economici: energia, commercio, industrializzazione.
  Relatore: Giuseppe Sfligiotti, consigliere per l'Energia del presidente dell'ENI.

- 11.30: Aspetti economici: sviluppo, cooperazione, integrazione.
  Relatori: Roberto Aliboni e Massimo D'Angelo, Istituto Affari Internazionali
  Respondent: P. Rodmon, Dipartimento di Stato, USA.

- 13.30 Colazione- buffet.

- 15.00: Conclusione dei lavori.
  Relatore: Harold Brown.
  Respondent: Cesare Merlini Consiglio per le Relazioni fra l'Italia e gli Stati Uniti.

- 16.30: Chiusura.

Traduzione simultanea italiano-inglese

Tutte le sessoni e le colazioni hanno luogo a Palazzo Barberini

THE COUNCIL FOR
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CONSIGLIO PER LE RELAZIONI
FRA ITALIA E STATI UNITI

ALCUNE NOTIZIE SUL COUNCIL

Il Consiglio per le Relazioni fra l'Italia e gli Stati Uniti è una istituzione bilaterale a carattere privato che ha per scopo l'ampliamento e l'approfondimento dei contatti tra italiani e americani al di fuori della sfera governativa. Creato per iniziativa privata verso la fine del 1982, gli obiettivi del Council sono:

- migliorare la conoscenza reciproca dei due paesi
- aprire nuovi canali di comunicazione tra individui e gruppi diversi
- ampliare contatti e scambi già esistenti qualora non siano sufficienti
- istituire un foro di scambio di informazioni ed idee su problemi di grande rilievo per le due società e per le relazioni tra l'Europa e l'America in generale
- incoraggiare contatti personali e professionali che possano diventare duraturi al dilà degli incontri organizzati.

A questo fine il Council organizza e finanzia seminari, conferenze, viaggi di studio e scambi di persone di varie età e ambienti, del mondo industriale, bancario, dell'informazione, del lavoro, della politica, dell'istruzione e dell'arte.
Nell'organizzazione dei suoi programmi il Council cerca di individuare problemi ed argomenti per i quali i due paesi abbiano qualcosa da imparare l'uno dall'altro in modo che le sue iniziative provochino un effetto immediato e positivo per entrambe le parti.
Nato nel febbraio scorso il Council ha iniziato le sue attività con la prima riunione del suo Comitato Direttivo a Venezia il 7 ottobre. Il Comitato Direttivo è composto da cinquanta membri e comprende presidenti e alti dirigenti di importanti società e isituti bancari, rettori di prestigiose università, personalita del mondo economico e culturale. L'elenco del Comitato Direttivo è allegato. Co-presidenti ne sono Carlo De Benedetti, presidente della Oilvetti e Edward Acker, presidente della pAn American. John Gregory Clancy è il direttore generale e Cesare Merlini il presidente del Comitato Esecutivo.

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THE COUNCIL FOR
THE UNITED STATES AND ITALY

CONSIGLIO PER LE RELAZIONI
FRA ITALIA E STATI UNITI

Conference on

Mediterranean Security

Strategic aspects, economic aspects

Roma, Palazzo Barberini, 7 e 8 novembre 1983

Antonio Armellini:

Political security problems of the Mediterranenan: the central area and North Africa.

SYNOPSIS

For conference participants only

Not for citation or quotation

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7th nov. 1983

ITALY-USA Council

"Political security problems of the Mediterranean: the central area and North Africa"

Synopsis

1) No such thing as a Mediterranean "identity" exists: the countries bordering on this sea are extremely diverse, both in terms of socio-political systems, and of economic development. The traditional East-West and North-South cleavages criss-cross and overlap, making the attempt at common definitions impossible.

From the geo-strategic angle on the other hand, the Mediterranean can be visualized as a prime factor in the global balance of power. The growth in tensions in the area is a function of the fundamental nature of the interests that confront themselves within - and across- the Mediterranean, as well as of the changing perception of the threat in East-West relations. Following conventional wisdom amongst political analysts, we could say that we are facing here a conflictual intersection between East-West and North-South "dimensions", the impact of which is enhanced by growing Super-Power involvement.

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2) Egypt, through the Suez Canal, provides the key to all important communications links with the Indian Ocean and South East Asia for the US, in addition to energy supplies. Lybia's importance can be viewed both in global terms, through the impact of Soviet penetration on Western security interests, as well as from a regional angle and, once again, from the standpoint of oil supplies to the West, but mainly to Europe. The Maghreb countries, are again relevant: were they to pass under direct Soviet control, defense of South-Western Europe would become virtually impossible.

Regional factors interact closely with the broader picture "au niveau planétaire", and should be viewed in this context.

3) Egypt appears somewhat in a state of flux. Mubarak's succession has been skilfully carried out but the problems left by Sadat's legacy are still present, and the shift of emphasis in Cairo's policies is being implemented very cautiously.

For all the shortcomings of his last years, Sadat is to be credited for the Israeli accords. Peace is far from consolidated however: the recognition of Israel was meant to be but a first step in a process which relied heavily on active American involvement.

Pressures on Israel have been insufficient or ineffective, or both. The stalemate in the peace progress and the

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actual deterioration brought about by the lebanese crisis have left Egypt further exposed in the Arab context. It is true that no Arab country has come up with a viable alternative, and that Egypt - in pointing out to the central issue of the Palestinans - has given an indication nobody has been able to disprove, namely that the Arab states should no longer "deny the statehood of other people.... (and should) conduct the conflict within the assumptions, the restraints, and the language of the State system".

Mubarak in his cautions search is locked in inescapable contradictions. American support is essential to the political stability of the country, as well as to its economic survival (hopefully development will follow). At the same time, increased visibility of Cairo's Super-Power links - with their obvious Israeli implications - makes the search for inter-arab policies difficult, and Saudi Arabia has in some ways "stolen the show" in this respect. Long term stability for Egypt must therefore remain an open question: bolstering uncertain allies, such as Sudan, cannot provide the answer, as the threat increases both from the East (Syria, the Palestinians, Israel) and from the West (Lybia) with the ensuing implications both in respect of the USA and the USSR.

4) Lybia, long considered as the villain of the piece, is in many ways a question mark. In its traditional function of counterbalance to Egypt (but the perspective has been reversed from Nasser's days) it gives cause for considerable concern,

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although the Egyptian "buffer" has probably been influential in eliminating not only physical proximity, but also excessive ideological "contamination" with the arab world.

For all the vagaries of Gheddafi's Islamic revolution, there are no real signs of a waning of internal consensus for the regime. Hostile rumblings have occasionally come from sectors, such as the Army, which are largely unknown and could provide the West with some nasty surprises in comparison even to the present mercurial leader. Things could change should: a) the economic crisis continue and produce widespread discontent b) the regime increase repressive measures in anticipation of possible revolt. At the present stage, however, speculation on such alternatives seems pointless.

Lybia's relations with the USSR are closely scrutinized in the West, and conclusions sometimes differ. Basically, however, one could still subscribe to the opinion that we are in presence here of an "objective convergence" of interests, and not of a proxy-type relationship. The situation is advantageous to the USSR, but not in the structured way that a puppet might warrant. The Colonel must baffle Moscow more often than not.

The issue of arms supplies is somewhat confusing. The large surplus accumulated by Lybia could be explained albeit not always rationally, in a Lybian perspective. Whether on the other hand we are looking here to a large entrepôt for imperial Soviet designs, is much more diffucult to say.

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"Convergence of views" has not spared Moscow some disappointments. The Lybian-Maltese entente could have served the USSR's geo-strategic interests very well; it was terminated for reasons totally removed from such considerations. In fact, one could argue that the peculiar mix of nationalism, islamic idealism, tribal austerity and pragmatism which shape Libia's policies are at the basis both of Gheddafi's internal success and of his external undoing. Support for "revolutionary" causes everywhere must preoccupy Third World leaders whose authoritarian regimes could be easily shaken; the expansiomist approach of lybian foreign policy in Africa has also been resented; finally the eccentricity of decisions - which are probably coherent from Gheddafi's pan-arab and islamic point of view, but not from much else - have considerably tainted his credibility.

This being said, there still would not seem to be a case for increasing pressures aimed at promoting a fall of the regime. There is a lack of suitable successors, first of all, and those who exist in the background could prove a turn for the worse . Secondly, the risk of further radicalizing Gheddafi into "irreversible" links withthe Soviet Union must be viewed in the general context of the region, and especially of Egypt. Finally,Lybia is more economically interdependent than is commonly assumed, and constant insistence from the West on the advantages of adhering to correct rules of international behaviour might not go entirely lost.

This does not mean that Lybian intractability will be reduced in the short term. To the contrary, economic

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difficulties might encourage greater intolerance, as some recent indications could warrant. The underlying trend is still different, however.

5) Tunisia and the Maghreb are also influenced by Lybian attitudes. In Tunisia, the aftermaths of the Gafsa affair play an important role, in a country about to face a difficult transition in its internal power structure. Algerian-Moroccan rapprochement in the wake of the easing of the Saharoui question, has also been linked to Tripoli's diminished role in the conflict. National considerations of self-interest are obviously predominant here, but the lybian connection should not be underrated.

In Algeria, the woes of a recent colonial past are probably over. Interdependence in economic relationships is a factor of growing importance: in this respect the gas pipeline deals, for all their economic cost, might prove a sound political investment after all.

Morocco's contradictions are to a large extent tied to its southern war, which made Western - i.e. American - support essential. The political future is once again unclear here, and a total de-fusing of the Polisario issue could well herald an era of internal political change for which the West could be caught unawares. In the medium term, the problems of Gibraltar and of Ceuta and Melilla will probably play a greater role in moroccan policies. This approach is currently rejected by all parties concerned, but the sheer force of things will make it inevitable one day. It is to be hoped

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that, at that time, the West will be able to take care of its own security interests through some kind of cooperative arrangement spanning both sides of the Strait.

6) Given the preceding considerations, what are the options for the West? Controlling the rise in tensions involves close monitoring of developments in the area: a) Egypt should be helped in its quest for a more balanced relationship with the Arab World. Ideally, this would pre-suppose a solution (or rather, acceptance in principle of the beginning of a solution) to the Israeli-palestinian issue: Mubarak's Arab policy cannot wait for so long however, and he should be able to count on Western support in the process. b) Keeping Lybia in check will involve greater caution in economic cooperation, but even more attention at avoiding useless radicalization in political relations. Concern over soviet presence and lybian arms supplies for Western security should be made apparent whenever suitable. c) Economic and technical cooperation with the Maghreb finally, are probably the best alternative while the medium term political scenario sorts itself out.

There is room here for a quasi-perfect division of labour among US and Western allies, following respective influence and interests. The idea of "division of labour" has often been advanced within the Alliance but seldom, if ever, put into effect, mainly because of inter-allied suspicions of each others' motives. Will it be possible to do something different this time?

(4)

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STRATEGIC SECURITY: THE MIDDLE EAST AND THE PERSIAN GULF

Philip Geyelin

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STRATEGIC SECURITY: THE MIDDLE EAST AND THE PERSIAN GULF

Lebanon: Exhibit A of the Current State of Security

As these words are written, the U.S. Marines are digging their dead out of the rubble of their barracks at Beirut Airport. And so are the French, at their bombed out compound by the sea. Henry Kissinger is advancing a grand design for redressing the balance of power in Lebanon, by a larger American force and closer coordination with Israeli forces, in the interest of a comprehensive Middle East settlement. On the other hand, leading Democrats (and some Republicans) in the U.S. Congress are calling for a unilateral removal of the U.S. contingent in the multi-national peacekeeping force -- with scant mention of what the rest of the force should do. There is no joint command of this enterprise, even though its individual members, including Italy and Britain, profess to have roughly comparable purposes for the deployment of their forces in Lebanon: a symbolic, non-combatant reinforcement for the political effort to reconstitute a government in Lebanon capable of fielding an effective and responsive national army which, in turn, would restore order and sovereignty within Lebanon's natural borders. This, in turn, would reinforce diplomatic efforts to negotiate the withdrawal of all foreign forces from Lebanon (the Israelis, the Syrians and the fighting units of the Palestine Liberation Organization).

That was not the original mission, which was far more limited in time and scope: the international peacekeepers were to escort the PLO forces out of Beirut by way of ending the Israeli siege of that city. When the

PLO forces had been embarked, the peacekeepers withdrew. There followed in swift succession, the massacres in the Sabra and Shatilla refugee camps and the death of President Bashir Gemayel in a terrorist bomb explosion. Still without any joint expression of a clear and finite purpose, the international peacekeepers returned. The President of the United States formally advised Congress that insofar as the U.S. Marines were concerned:

> "Their mission is to provide an interposition force at agreed locations and thereby provide the multinational presence requested by the Lebanese armed forces. In carrying out this mission, the American force will not engage in combat (emphasis added) . . . Our agreement with the Government of Lebanon makes clear that they will be needed only for a limited period to meet the urgent requirements posed by the current situation. Although isolated acts of violence can never be ruled out, all appropriate precautions have been taken to ensure the safety of U.S. military personnel during their temporary deployment in Lebanon."

That was the mission as stated on Sept. 29, 1982. On Oct. 23, President Reagan re-stated it in the aftermath of the terror-bombing of the Marine compound: "I think we should all recognize that these deeds make so evident the bestial nature of those who would assume power if they could have their way and drive us out of that area; that we must be more determined than ever that they cannot take over that vital and strategic area of the earth, or for that matter, any other part of the earth."

The President didn't say precisely who "they" were. But clearly he had more in mind than the suicidal Shiite extremists, linked somehow to Iran, who were the initial prime suspects in the bombing, for at another point he declared that the Marines "must stay until the situation (in Lebanon) is under control" -- an open-ended mission if there ever was one. He added: The stability of Lebanon is "central to our credibility on a global scale . . . If Lebanon ends up under the tyranny of forces hostile to the West, not only will our strategic position in the Eastern Mediterranean be threatened, but also the stability of the entire Middle East, including the vast resources of the Arabian Peninsula."

You were probably wondering when this recital of current events would get to the subject at hand: Strategic Security: the Middle East and the Persian Gulf. Now you know. Some part of the mission of 1,200 U.S. Marines in Beirut includes the preservation of what is, at once, the region's principle resource, and also its principle strategic significance for the security of the Atlantic Alliance and what is loosely referred to as the Free World: Persian Gulf oil.

Or so the present American administration says. There is no evidence that the European members of the international force would agree. From the debate now going on in the United States, it is obvious that this perception of U.S. interests and obligations -- of the requirements they impose -- is also not shared by a large part of the public, if not an absolute majority. Still less has it anything resembling bi-partisan support by the political leadership.

If it can be stipulated that the role of the United States is central to the safeguarding of Western strategic security in the Middle

East and the Persian Gulf, it thus becomes necessary to begin any examination of the problem and its solution by taking note of the domestic political constraints at work against a coherent and consistent U.S. policy. If it can also be accepted that the United States cannot play the role of guardian effectively without the support of allies, then it next becomes necessary to take note of the constraints at work against collective, concerted efforts by those many nations, including almost all of the industrial nations and most of the developing nations, who have allowed themselves to become heavily dependent on Persian Gulf oil.

That is why the current condition in Lebanon is worth laboring. For nothing better illustrates the many constraints at work against a sound and enduring Western approach to the whole mosaic of inter-related conflicts and interests in the Middle East and the Persian Gulf than their various manifestations in Lebanon.

Let us suppose that the U.S. administration is right in its judgment that the Soviet Union and Syria are the source of almost all evil in Lebanon -- an analysis advanced also by Henry Kissinger. Then simple logic would lead the U.S. government to Dr. Kissinger's conclusion: that the balance of power at present works against an agreement for the withdrawal of Syrian forces, comparable to the agreement reached between Lebanon and Israel; that it works, as well, against the broader brokerage of a comprehensive settlement of the Arab-Israeli dispute over the Palestinian issue; and, finally, that it works by extension against the exercise of American influence just about everywhere in that part of the world -- including the Persian Gulf.

To right the balance of power Kissinger (and the administration, without being quite prepared to say so) would add more American troops, and liberalize the rules of engagement -- "If all they are going to do is defend themselves they can do that in North Carolina." He would add the weight of Israel to American weight by coordinating American and Israeli military pressure on Syria. Only from such a position of strength, could the United States be generous in its negotiating position, which would not necessarily be limited to the terms of Syrian withdrawal. Syria would be approached in the larger context of not just a Lebanese settlement but a settlement of the Palestinian question and finally a comprehensive peace, which would offer Syria the inducement of an agreement to return all or a significant part of the Israeli-occupied Golan Heights.

The Strategic Security Lessons From Lebanon

There are at least five things wrong with the Kissinger approach. In theory, it would seem to be a constructive -- and supportive -- contribution to the Reagan administration's own strategic thinking about the security of the Middle East and the Persian Gulf. In practice its assumptions are flawed in the same way that the administration assumptions are flawed.

First, the issue in the United States is not whether the peacekeeping force should be enlarged; only a few voices, mostly from outside the world of real politics, have spoken up for that course; the debate is over whether to maintain any force -- with much tighter security -- or to remove the Marines altogether. Kissinger was probably right in arguing that a force that is too small and made as nearly as possible invisible is

"a contradiction in terms"; it will impress nobody. But that appeared to be the most that American public opinion would tolerate. Without putting the American body politic on a psychiatrist's couch, it is enough to say that, yes, there remains a very real Vietnam Syndrome -- an instant reflexive opposition to the commitment of American forces on foreign soil. The Grenada adventure, in its way, confirmed the existence of this political fact of life by establishing the outer limits of what is tolerable; swift and seemingly successful intervention, with a clear terminal date, for a limited purpose of protecting U.S. citizens. The post-Vietnam American public reluctance to "get involved" is an element that has to be taken into account in any realistic consideration of how American military power might be brought to bear in the interest of maintaining Western access to Persian Gulf oil.

Second, the notion the Reagan administration brought into office -- that Israel is a "major strategic asset" to the United States -- has lost, in Lebanon, whatever validity it had. You will recall the original concept of a "strategic consensus" somehow triangulating Israel, Saudi Arabia and Egypt. That formulation would have foundered out of fundamental incompatibilities even if Anwar Sadat had survived. But the U.S.-Israeli relationship is special, the American sense of obligation and responsibility runs deep; so the "strategic asset" concept dies hard. The Israeli performance in Lebanon should lay it to rest. That Israel will act in its own security interests, as it perceives them, was made plain by its deepening push into Lebanon over U.S. protests -- and never mind the ambiguity that Israel may rightly have read into the U.S. stance when the initial, stated Israeli objective gave every evidence of being limited to the clearing of a 25-mile buffer strip in Southern Lebanon.

The point was underscored when Israel, once again in its own interests, and over U.S. protests, partially withdrew from Lebanon, abandoning the Chouf to bloody conflict in which the Marines were ultimately involved. Former Defense Minister Ariel Sharon has his own design for an Israeli Rapid Deployment Force, to be put to the service of U.S. interests as some sort of vanguard to repel boarders in the region -- presumably Soviet boarders. But the same internal political pressures that forced the Israeli government to cut its losses and retreat behind the Awali river would have to be taken heavily into American and/or Western calculations before looking to Israel as a reliable instrument in any contingency planning of means or measures for keeping the oil flowing from the Persian Gulf. It is difficult to conjure up the war game that would have Israel coming to the rescue of any Arab state, however moderate or desperate for help from one form or another of de-stabilization. It is difficult to imagine Israel taking up arms against an Arab state -- however radical and under whatever heavy Soviet influence -- simply on grounds that it posed a threat to moderate regimes in the Persian Gulf; the threat would have to directly affect Israel's own security and territorial security. Israel's policy is not "coordinated" with that of the United States in Lebanon, in a concerted power play against Syria, as Kissinger would have it, precisely because Israel does not wish to run the risks of further casualties by tangling, for no immediate security purpose of its own, with Syria.

Third, the management -- or lack thereof -- of the multinational force in Lebanon in any cohesive military way for any clearly stated, concerted diplomatic objective -- is a perfect commentary on the ability of the closest Atlantic Allies to concert their policy towards the region as a whole. The allies are clear in their minds about what they don't want to have happen in Lebanon -- as they are in the Gulf. But only after

the terror-bombing of the French and American compounds was some effort even begun to work out a common view on how to proceed. The inability of the allies -- demonstrated vividly in Lebanon -- to work in harness outside of the strict confines of the NATO theatre (it is difficult enough within) is yet another element that has to be weighed heavily in any calculation of how the West's strategic interests in the Middle East and the Persian Gulf can best be secured.

Fourth, the Americans in a very real sense have met the enemy in Lebanon and it is us. The fact that the French compound was also the target of terrorist attack does not alter the circumstances; increasingly the United States carries the "imperialist" burden wherever it seeks to make its influence felt around the Arab World. There are plainly those on the scene that would like to drive the French as well as the Americans and the rest of the multinational force out of Lebanon. But for those arrayed against Western interests, the United States is not just the number one power, but public enemy number one, on a number of counts.

In its distinctly careless presentation of its mission, the administration seemed not simply to be seeking security for the government of Lebanon; it left the plain impression that it was seeking the security of the government of Amin Gemayel. It lost its credentials as an honest broker, even among those who might be said to be honestly seeking brokerage. That was not the case in 1958, when American troops came to Lebanon at the invitation of President Camille Chamoun and then mediated a settlement which denied Chamoun his bid to retain the presidency. Rightly or not, the Moslem majority in Lebanon does not see in the United States a champion of

their grievances; as a friend of Israel's friends (the Lebanese Christians), the U.S. is a suspect promoter of "national reconciliation". Thus, for the United States to make open, common cause with Israel in a power play against the Syrians, as Kissinger suggests, would only confirm the worst suspicions of Lebanese Moslems and Arabs almost everywhere that the Israeli invasion was a U.S.-Israeli collaboration from the start.

That the United States has come to be seen as irredeemably pro-Israel is nothing new; the Lebanese experience merely offers further evidence of how this perception weakens the American hand. Indeed, the inability of the United States to bring influence to bear on Israel in Lebanon may perhaps not be the most telling evidence in Arab eyes of American unreliability as a protector of Arab interests or as a trustworthy intermediary. Israel's defiance of President Reagan's request for a moratorium on West Bank settlements and its flat and immediate rejection of his September, 1982 initiative may well weigh more heavily with, say, Jordan's King Hussein, Egypt, or the nations of the Persian Gulf.

Whatever the case, whether we are talking about resolving the issue of the West Bank or -- getting closer to the basic security concern of the region -- the prepositioning of American military supplies on the territory of friendly Arab states in the interest of their own security, the U.S.-Israeli connection makes any Arab cooperative connection with the United States less and less an asset and more and more a political liability.

Fifth, the Lebanese "peacekeeping" effort, while of a special sort, raises profound questions about the effectiveness of U.S. or joint allied

intervention of any kind if only by underscoring its limitations and dramatizing its vulnerability to unconventional counter-measures. If the United States Marines cannot adequately maintain security within their own compound, by what means could they be expected to safeguard the complex and relatively fragile machinery and facilities necessary to the free flow of Persian Gulf oil?

All this is not to suggest that Lebanon is a perfect metaphor for every aspect of the larger problem of strategic security in the Middle East and the Persian Gulf. But it looms so large and its outcome is so uncertain at this critical stage that it is difficult to see around it to the wider regional concerns. It also demonstrates all too vividly and violently a characteristic of the region that gives the most thoughtful planning a short shelf-life. The Middle East at any given moment is a mosaic. But over any protracted period of time it more closely resembles a kaleidoscope; one cruel turn (and they come with regularity) and you are dealing with an altogether different mosaic. One day Iraq and Iran are more or less at peace; the next day they are savagely at war. Sadat is murdered, giving way to a new Egyptian government with distinctly different policies and orientation. Early last year there was one state of affairs on which one could hope to build towards greater Middle East security: a cease-fire across the Israeli-Lebanon border had held for 11 months; a special U.S. envoy was enroute to begin another diplomatic effort to secure the withdrawal of Syrian forces and begin the reconstruction of a stable, sovereign Lebanon. Perhaps then the Palestinian issue could be addressed. But then came the Israeli invasion and now no aspect of the problem of Lebanon -- or the Arab-Israeli conflict -- looks the same.

If events can so transform the problem -- and the available solutions -- in so short a time, how much is there to be safely said about long-range planning for strategic security in the Middle East and Persian Gulf? Quite a lot by way of identifying contingencies and plans to deal with them -- and quite a lot by way of consciousness-raising. We will not find sound solutions until there is a general recognition of this fundamental fact: There is a perilous disproportion between the Free World's dependency for its security on access to Persian Gulf oil, and the Free World's current ability to safeguard that access.

The Dependency

This won't take long, but it may hurt. No matter how you add it up, or spread it around, what it all comes down to is that oil is the life blood of not only the advanced industrial societies of the United States, the Atlantic Alliance, and Japan but the developing countries all over the non-communist world. Much of it, to varying degree as the case may be, is imported. And a huge proportion of what is imported comes from the Persian Gulf, some of it by pipeline but most of it by tanker through the Straits of Hormuz.

According to the most recent figures available from the U.S. Department of Energy, crude oil from the Persian Gulf accounts for 23 percent of U.S. oil imports, 73 percent of Italian imports, 59 percent of French imports, 54 percent of those in West Germany, 68 percent for Japan. Looking at it another way, oil imports from the Gulf account for 53 percent of total energy consumption in Japan, 31 percent for Western Europe as a whole, 49 percent for France, 51 percent for Italy. There is little comfort in the fact that the figure for the United States is only 6 percent.

For this is a global problem; oil shortages, or merely the threat of shortages, have obvious and immediate "shock" effects on the world economy. The two oil shocks of 1973-1974 and 1979-1980 resulted in a six-fold increase in oil prices in real terms, with all the self-evident impact on inflation, debt burdens, and industrial growth. The United States cannot remain isolated, then, from the effects of an international oil crisis. Not only the economic health and welfare of friends and allies are at stake -- not only their industrial power. The security forces of the West are fueled by oil, large amounts of which come from the Persian Gulf: So we are talking about military power as well.

And we are talking about the indefinite future. Through this decade, at the very least, it is estimated that one-quarter of the non-communist world's oil will come from the Persian Gulf or its environs -- half of its total imports. No less an authority than our Chairman has written of the importance of Persian Gulf oil:

> "To ensure the continued availability of such vital resources, the United States, the other industrialized democracies, and developing countries must make major technological, economic and political changes. But such changes will be difficult and time-consuming. The oil-importing nations began the 1980's in a weakened condition, so future supply difficulties will have even more serious effects. Only if the industrialized democracies -- and especially the United States -- build upon, expand and accelerate the plans drafted during the late 1970's to ease this problem can a similar state

of dependence and risk be avoided through the 1990's. The longer the dependence and political instability continues, the greater the likelihood of an economic catastrophe or of a war breaking out in a struggle over these resources."

The Multiplicity of Threats

The cover of the London Economist, at the time of the outbreak of the Iraq-Iran war, consisted of a map of the Persian Gulf. Across it, in large, black type, were the words: What is a nice thing like oil doing in a place like this? Precisely so. It is probably possible, but certainly difficult, to think of a place more vulnerable to external or internal menace of one sort or another. The main oil artery runs through the Straits of Hormuz which can be blockaded, mined, or brought under artillery fire. As that possibility has become more real in recent days, with the Iraqi brandishing of those mysterious still un-delivered French Etendard fighters with their Exocet capability and the Iranian warning of reprisal in the form of a forceful clamping off of oil shipments in the Gulf, American experts have been at pains to minimize the threat of a prolonged closure of the sea route.

They may be right. But the resulting cross-fire of a U.S. or allied effort to keep open the Strait of Hormuz, through which passes roughly six million barrels of oil a day (roughly 20 percent of the imported oil of the United States, Europe and Japan) would, at the very least, make insurance rates prohibitive. Not everybody agrees that this industrial life-line could not be systematically harassed if not cut completely. In any case, the Iraq-Iran war is an example of the sort of threat to the Gulf that

doesn't fall neatly into the formulations of the United States Government under either Ronald Reagan or Jimmy Carter whose focus has been largely on the threat from the Soviet Union, or its radical Arab surrogates and/or agents.

We can war-game the possibilities almost limitlessly. The most horrendous -- but, happily the least likely -- possibility would be a Soviet military power grab, sweeping down through the Zagros Mountains. This would be an extraordinarily difficult exercise for the Soviets, logistically and in terms of the terrain; it would be also a difficult thrust to contain given the U.S. military capabilities in the region. In the last analysis, the best defense is probably deterrence -- the clear presentation to the Soviets of the threat of counter-measures not necessarily confined to the Gulf.

This, Jimmy Carter tells us in his memoirs, was what was intended by the Carter Doctrine. But if that is so, it was not exactly made explicit at the time; not being explicit robbed it of much force -- and the Doctrine as well, for it was as hard then as it is now to imagine how the United States could mobilize and deploy, in a timely fashion, the forces that could make good on the promise to resist external threats to the Gulf. If the Soviet supply line is long, the U.S. supply line is a lot longer and the welcome mat for stockpiling beans and bullets in the area is severely circumscribed by the internal political risks to those who would make such common cause with the United States. Such pre-positioned supplies, what's more, would be the logical first target of any external resort to force to seize control of the oil facilities.

Ronald Reagan's Doctrine is even more ambitious; he has promised U.S. resistance to internal threats as well. If there is more to this than bluff, it is hard to find anybody who can explain how the United States would come to the rescue of a government of any of the oil producing states threatened by subversion from within. We would not, in that part of the world, be dealing with prolonged insurrections. We would be more likely to be dealing with the tanks that encircle the palace at dawn -- the 1958 Baghdad model -- and with a fait accompli long before the United States could react.

The Soviets, on the other hand, would be free to inspire, foment and materially assist the forces most likely to topple friendly governments in the oil producing countries. Or they might not need to. There are many other ways to radicalize the Arab World: Islamic Fundamentalism, for example, feeding on the Palestinian cause, on pro-Western connections, on social and economic grievances. But the Soviets would be well-placed to exploit the results of any upheavals, with economic or military aid, with a view, not so much to gain access to Persian Gulf oil for its own needs, as to control or even deny access to adversaries in the West.

If the Iraq-Iran war is one example of a conflict unrelated to the East-West struggle that could endanger the flow of Persian Gulf oil, the Arab/Israeli/Palestinian conflict is another. It has its own dynamics. But it has accounted for more than one oil shock, if we go back to 1956, and it remains always capable of engaging the emotions and, accordingly, provoking reactions from Arab states well removed, physically, from any likely theatre of operations of another Arab-Israeli war; its resolution has to be a continuing high priority for the United States and its allies.

The Multiplicity — And Inadequacy -- of Responses

The West will be working at the margins in almost anything it does to lessen its vulnerability to the fragility of the Persian Gulf. Military deterrence is one element, however difficult it may be to make it credible. It can be made more credible by the way the West conveys to any potential adversary the absolutely vital importance it attaches to free access to Persian Gulf Oil. This means a valid military presence, however uncertain its actual capability to forestall or redress any physical or political action threatening oil production or delivery. This probably means a larger presence than now exists, and a far better coordinated means of command and control by the oil-consuming allies, whose present arrangements convey something less than a shared sense of purpose or even a common perception of the threat.

It means concerted diplomatic efforts to deal with the various active or incipient conflicts that could menace the oil fields or effect the political will of the oil producers to make oil available at a stable and tolerable price. It means discretion, as the better part of any valorous Western impulses to guarantee protection by one form or another of high-profile presence.

It almost certainly argues, for example, against the latest brain-child of the Rapid Deployment Force devotees: a not-so-secretly U.S. trained Jordanian contingent of shock troops supposedly equipped and designed for a rush-to-the-rescue somewhere, somehow, in some troubled, friendly oil producing state. That we know about it apparently courtesy of the Israelis tells us all we need to know about its feasibility --

and Israeli reliability. It is now an embarrassment to King Hussein of severe propositions, according to those who have heard him on the subject recently, and understandably; he has survived, with the loss of only the West Bank of his kingdom, by avoiding external adventurism. In the rough and tumble of Middle East politics, a Jordanian force might not be much more useful or welcome than an Israeli RDF. And Israel's friends in the U.S. Congress would not welcome it, as well; military aid to Jordan has not found much favor, of late, even though Jordan has been markedly more receptive to the Reagan administration's peace proposals to deal with the Palestinians than has Israel.

There are, in short, no quick or easy fixes. This is not to say that there is not ample scope for quiet, patient, constructive efforts to strengthen relations with moderate Arab regimes and with those, obviously, that produce oil. The non-producers of oil are destitute, for the most part, over-populated and vulnerable on that account; economic aid will be necessary at ever-higher levels to sustain the Egyptian economy, to take the most conspicuous example. We probably can't avoid answering the demands of the oil producers for military aid — though, again, the U.S. Congress will inevitably resist.

But the real answer over the long pull has to lie in lightening our dependency -- by stockpiling and by the development of alternative energy sources. Here again, the West has been sadly indifferent to the urgent need for acting in concert. Some countries, notably the French, have moved energetically to develop nuclear power; others have been hampered by powerful environmentalist opposition. As in all common Western concerns, there is an inate unwillingness to surrender sovereignty in pursuit of prudent, preventive, collective measures against a threat that is always

hypothetical -- or can be dismissed as such -- until it materializes. An alliance that is galvanized only by shock treatment into constructive cooperation will almost certainly require still more shocks before it is ready to rouse itself to deal concertedly with a dependency that clearly constitutes a threat to its strategic security.

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THE COUNCIL FOR
THE UNITED STATES AND ITALY

CONSIGLIO PER LE RELAZIONI
FRA ITALIA E STATI UNITI

Conference on

Mediterranean Security

Strategic aspects, economic aspects

Roma, Palazzo Barberini, 7 e 8 novembre 1983

Stefano Silvestri:

Strategic aspects: the Mediterranean area

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For conference participants only

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(212) 880-6265
200 PARK AVENUE NEW YORK, NEW YORK 10166

319·806/315 892
VIALE MAZZINI 88 00195 ROMA

Stefano Silvestri

The Mediterranean is a strategically important and intractable area. The Atlantic Alliance's southern flank faces the Mediterranean, devoid of territorial continuity between its western and eastern sectors. A considerable amount of the West's energy supplies passes through the sea. The Near East, too, faces the Mediterranean. And through this sea transits the Soviet Union's Black Sea fleet.

The Mediterranean has traditionally been decisive in controlling the European balance of power. World War II was won first in the Mediterranean and then in Europe. The Mediterranean is also the meeting place of and, at times, the scene of conflict between the Islamic and Christian worlds. It cannot be defined as a unitary region in political-cultural or economic terms; the strongest links of the single countries of the Mediterranean basin are with their respective 'hinterlands', either Western Europe or the Arab world and Africa. The Mediterranean is a borderland area where the frontiers between the East and the West and between the North and the South of the world intersect.

The Mediterranean is also an area abounding in tensions and instability. The crises which explode in the region are often internal (coups d'état and revolutions) or nationalistic conflicts between neighboring states for control over certain territories (the Arab-Israeli wars, the crises in Lebanon, the Greek-Turkish conflict and Cyprus, the war in Chad, the war over the Moroccan Sahara, and so on). Both regular and irregular forces and groups are involved in

these conflicts. The Mediterranean is the area in which internal and international terrorism has exploded with the greatest virulence. In the Mediterranean there have even been crises at the nuclear level (the best-known instance is that of 1973, during the Yom Kippur war).

From the military point of view the Mediterranean area is dominated by the forces of the Atlantic Alliance; and this dominance has recently been strengthened with the entry of Spain into NATO. The Western forces enjoy a distinct advantage both at sea and in the skies; their superiority is virtually absolute in the western Mediterranean and is only slightly more limited in the eastern Mediterranean (where Greece and Turkey, both members of NATO, do not collaborate with each other, and which is vulnerable to attacks by Soviet warplanes).

This strategic dominance is being challenged by the Soviet Union in various ways: with a naval presence (but one which, instead of growing in recent years, seems to have reached a ceiling from which a modest build-down has begun) and through alliances with a couple of littoral countries. The alliances established are by no means certain or simple, however. With Syria, the USSR signed a treaty proper, on the basis of which it has supplied its ally with both important weapons (surface-to-air and surface-to-surface missiles) and a number of military advisers. No specific military treaty has been concluded with Libya, but there is no lack of Soviet arms and military personnel in the country (among the weapons are Foxtrot submarines and MiG-25 fighters). It is not clear what freedom of maneuver the Soviets have in these two countries; it is not known, for instance, whether they would readily be allowed to

use Syrian and Libyan air and naval bases to support their forces in the event of war.

NATO's real problems derive, however, not so much from the Soviets' direct or indirect military presence in the region, as from the West's difficult relations with almost all the countries bordering the Mediterranean Sea. Many of these countries seem to be in the throes of a complex process of redefinition of their national roles and their friendships and alliances. This is largely a consequence of the political and social evolutions these countries are experiencing, about which there is little or nothing the Alliance or the United States can say or do.

But it is also hard to remain indifferent in the face of [redacted] major changes, since almost all the states of the Mediterranean region are of manifest strategic or political importance. Changes in the politics of Greece or Yugoslavia or Egypt or even Malta could seriously upset the current balance, casting doubt on the West's strategic supremacy in the region. This is why internal crises in the region inevitably arouse the concern of the two superpowers and their respective military alliances, involving them in situations over which they have very little control.

A typical example is the continuing Lebanese crisis. Never have we witnessed such an imposing military presence (not only on land but also at sea and in the air) of no less than four Alliance countries (United States, France, Great Britain and Italy) remain so powerless, serving in practice as a stationary and nearly defenseless target for forces which, from a military perspective, could be considered totally irrelevant and negligible.

It is hard to alter this situation. The most recent Arab-Israeli wars have already demonstrated how difficult it is, for both the United States and the Soviet Union, not to do whatever their allies or friends have asked them to do. Even when there is no open warfare, the extent to which the external powers hang on the political and diplomatic initiatives of the Mediterranean countries is astounding. The care with which the words of the Saudi or Egyptian government are taken into account is entirely out of proportion to the actual weight of these countries in international politics.

The paradox is that while, on the one hand, the superpowers are unable to impose their will on the local actors, at the same time, the local authorities are incapable of creating an autonomous regional system of security and stability and are therefore obliged to continually turn to the superpowers for help. The relationships rest on mutual weaknesses that make it ultimately impossible, or extremely difficult, to judiciously and effectively manage the local crises which flare up so frequently in the area surrounding the Mediterranean Sea.

Because of these circumstances the West tends to oscillate between two equally negative extremes: the lure of complete withdrawal from the area and the temptation to intervene heavily and forcefully. These are two extremes the Europeans are very familiar with; I am thinking, for example, of the British withdrawal from Aden and the Gulf, on the one hand, and the Anglo-French intervention in Suez in 1956, on the other. To these two inclinations the United States has added a third of its own: 'simplification' of the crises of the

area surrounding the Mediterranean by reducing their complexity to the parameter of East-West relations. This is the course which seems to be tempting Ronald Reagan most at the present time, in view of the fact that he seems to be treating Lebanon as if it were the border between the West German Federal and the East German Democratic Republics. Jimmy Carter, too, was tempted in a similar direction when he tried to resolve the Arab-Israeli conflict by convening a conference 'directed' by the United States and the Soviet Union. Both attempts have failed. In Lebanon, the United States finds before it [illegible] local political problems and nationalistic aspirations (of the Israelis, Palestinians, Syrians, Iraqis and Iranians) which cannot be resolved by adopting a tougher stance toward the Soviet Union. The Geneva conference, on which Carter had pinned his hopes for a resolution of the Arab-Israeli conflict, never took place thanks to the clever initiative of Sadat, who preferred a direct agreement with Begin to a joint Russo-American protectorate.

Unfortunately, in the Mediterranean,there seems to be no alternative to the complications which exist. It is therefore legitimate to wonder if it is wise to react to the crises there exclusively with military instruments and if it would not be advisable to utilize economic and poli political instruments more and better.

This is of particular relevance for the countries of southern Europe. Many of these countries are already quite firmly linked to the West. Those which are neutral tend to prefer to maintain good relations with the West and fear an expansion of Soviet influence in the Mediterranean region.

These countries are, however, characterized by grave economic crises and processes of deep political transformation. It has become almost commonplace, today, to speak of a belt of 'Mediterranean socialism' which runs from Portugal and Spain to France, Italy and Greece (and in a certain sense and to a certain degree, including Yugoslavia and Romania as well). There are few common elements in the policies of the governments of these Socialist-belt countries, however. Some are pro-American, others are quite critical of the United States, some are absolutely faithful NATO allies, others display strong neutralistic tendencies, still others have links with the East bloc. What they do have in common are difficult economic situations (on the brink of recession in most cases) and a growing drive toward nationalism, evident especially in Spain, France, Greece and Romania. There is the risk that these governments, driven by their internal difficulties and their ideological preferences, instead of contributing to the stability of the area, will end up complicating the conflicts, by introducing strictly nationalistic assessments and interests.

In the past, many of these countries (and many of the parties now in power) were helped in order to keep them in the West European orbit and, in some cases, were able to preserve their democratic institutions thanks to European political and financial support (particularly German and German Social Democratic).

Today, this element of stability (which was at work in Portugal, Spain and Greece, in particular, but also had its importance for Italy and in helping moderate the Turkish military regime, keeping it within 'acceptable' limits)

In any case, it is evident that the West's relations with the Mediterranean countries cannot be restricted to those established through the Atlantic Alliance or bilateral diplomacy. ~~alone.~~ This limitation has too often put the United States in a position of objective weakness and powerlessness (I am thinking, for example, of the Turkish invasion of Cyprus). It might therefore be opportune to try and work, gradually, toward a greater integration of the Mediterranean region into the political-economic sphere of Western Europe.

It is obvious that such a policy implies both enormous economic costs and certain military risks. In both respects, Western Europe has neither the strength nor the capacity to act alone; it needs active American support.

In the 1950s an important strategic change took place: the Europeans passed the scepter of command over the Mediterranean to the United States. The Americans' dominance over the region lasted, for good or evil, for about fifteen to twenty years, but is now being rapidly undermined. This process cannot be reversed with a return in force of a European hegemony over the region. In fact in the interval, the once great European powers have become more powerful, and the countries of the Mediterranean have become interlocutors countries of the Mediterranean have become interlocutors in the first person on the international stage.

Perhaps, though, the time has come to start seriously thinking of a joint effort which would accord to the Europeans the room and the means to bring into action the instruments at their disposal, alongside the US presence. It is not an easy task. In fact, although Washington seems to be fully aware of this necessity, in principle, the Americans

construe the problem in terms of the existence of a leader (the US) in need of followers (Europeans). Such a simplification of the situation is obviously unreasonable and has already proved to be counter-productive. A common policy cannot exist if it not jointly elaborated and if Washington does not, agree to pay part of the price, not only in military terms, but also, directly and indirectly, in economic terms.

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Consiglio per le Relazioni
fra Italia e Stati Uniti

The Council for the
United States and Italy

CONFERENCE ON MEDITERRANEAN SECURITY

Strategic aspects, economic aspects

by

Giuseppe M. Sfligiotti

"Economic aspects: energy, commerce, industrialization"

For Conference participants only
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In the following pages I will briefly touch on a few introductory remarks for the discussion of the theme: "Economic aspects: energy, commerce, industrialization".

1. Ten years ago, exactly in these days, we had - concomitant with the Kippur war - the first oil shock. It is therefore a fortunate coincidence that in a Conference on Mediterranean Security we also discuss the problems of energy, commerce, industrialization. Although at present we are not living an oil crisis of the kind we lived ten years ago (and again in 1979-80), it is more than necessary to review what happened at that time, why it happened, what we have done in the meantime to avoid or reduce the chances of a new oil crisis of that nature, and what remains to be done to achieve this aim.

2. What happened during the 1973-74 oil crisis?

The difficulties in the supplies of crude oil due to the unsteady political situation in the Middle East area, caused a series of price increases that in January 1974 reached a level 4 times higher than that preceding the October 1973 crisis - from less than $3 per barrel to roughly $11 per barrel.

How could such a rapid and heavy increase in oil prices take place, probably a unique example in the history of international commerce of raw materials?

The reason for this must be found, in my opinion, in the extreme rigidity of the energy supplies of industrialized countries and in particular of Western Europe. At the beginning of the '50s, Western Europe was practically self-sufficient regarding energy. The

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great oil discoveries, especially in the Middle-East - that allowed for the production of growing quantities of crude oil at particularly low costs - had made possible and convenient a progressive, strong restructuring of the energy balances of West European countries. Coal - a domestically produced source of energy - gradually started to be replaced by oil.

Industrialized European countries could therefore profit by the enormous availability of oil at extremely advantageous prices, but they began to lose their energy independence. In 1973, in order to cover its total energy requirements, Western Europe depended on oil imports for roughly 60%, which, most of all, came from a particularly delicate geopolitic area. For oil supplies - which in the meantime had become the only source of energy in key economic and military sectors - Western Europe depended practically entirely on imports from the Middle East. And there was no possibility (for technical reasons at the producing end and at the consuming end) of a quick shifting back to coal.

How delicate the situation was, appeared clear in the Kippur crisis - strong worries about oil supplies owing to the embargo imposed by Arab oil producing countries; "scrambling for oil" among industrialized oil importing countries which weakened the western alliance; sky-rocketing increases in oil prices, with a subsequent spur on inflation, unemployment and economic recession.

3. What is remarkable to notice is that, while Western Europe (the same applies to Japan and, to a lesser extent, the United States) was so dangerously dependent for its oil supplies from a very delicate

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geopolitical area, practically nothing had been done, politically and economically, to "ensure" West European oil supplies (or, more in general, oil supplies of the Western industrialized oil importing countries).

On the political side nothing appreciable had been done to solve the delicate Middle East political situation and avoid the many times threatened recourse to the "oil weapon" by Arab oil producing countries.

On the economic-industrial side, while we had no alternative to imported oil, and had to rely completely on the willingness of producing countries, we had never really tried to start up with them a constructive global dialogue on oil production, oil prices, economic cooperation and industrial development.

On the whole we may say that at the beginning of the '70s Western Europe and the other industrialized countries found themselves in a very odd and dangerous energy situation - they had put all their (energy) eggs in the same basket. The most insecure basket one could have chosen and without any concrete effort to make this basket less insecure.

4. The shock caused by the first oil crisis was remarkable. The very serious consequences that fell upon the economies of the various countries - which we will talk about later - forced the consumer-importer countries to take into serious consideration measures for reducing the dangerous level of dependence of their energy supplies on oil imports. But the results achieved were not great and could not aid in avoiding the second oil shock of 1979-80.

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The complexity of these problems; the long technical lead times necessary to obtain appreciable results vis à vis an energy situation that came out throughout more than two decades of "spontaneous" evolution; the absence of a strong determination and political cohesion from the consumer countries; the appearance of a few years of relative "calm"; all this brought about a situation in which the 1979 Iranian crisis, with the consequent repercussions in the international oil industry, found the consumer-importer oil countries still substantially unprepared to face the second oil shock.

Practically - although in a more bland way - the second oil crisis was a repetition of the first. Oil supply difficulties, greatly increased by psychological factors, struggles between consumers to secure oil supplies; strong increase of prices. From the beginning of 1979 to the beginning of 1980 we witness the doubling of official oil prices with even higher prices on the "spot" market.

5. What were the consequences of the two oil crises on world economy?

This is not the right place for a detailed examination of the effects that the above-mentioned two oil crises had on world economy. Moreover it is also difficult to isolate the effect produced by the oil price increases from that due to other factors.

Even with all the uncertainties and inevitable approximations, we could anyhow say that the two crises have brought about a great transfer of wealth from consumer-importer countries to oil producing countries. The latter - and notwithstanding the increased level of their imports - between 1973 and 1980 had accumulated financial surpluses estimated at 370 billion dollars (mainly in Saudi

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Arabia and the United Arab Emirates). The tension in the balances of payments of industrialized countries and the difficulties to invest this enormous amount of financial means by the producing countries are well known.

Another consequence was the increase of the world rate of inflation and the slowdown of the rate of economic development. Although it is difficult to assess precisely the impact of the increases of oil prices on inflation and economic development (evaluations of economists on the subject are not in full agreement), the opinion that, in fact, increases of oil prices did have, directly and indirectly, a bad influence on inflation and economic development is widely accepted.

If the consequences of the two oil crises have been serious for industrialized countries, they have been disastrous for LDCs. It will suffice to point out the enormous indebtedness due to the increase in the costs of oil imports and the reduced demand for their raw material exports, caused by the reduced rate of world economic development.

6. What have the oil importing countries done since the first oil shock to reduce their vulnerability due to the very strong dependence on imported oil coming from particularly delicate geopolitic areas?

First of all, careful attention has been given to the problem of energy saving and of a more rational use of energy. This has brought about a notable reduction of the coefficient of elasticity of energy consumption/income. The coefficient, that for Western Europe was above unit in the '50s and '60s, has today fallen considerably under this value.

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Actions were also taken to make energy balances more diversified. For Western Europe, the weight of oil, which was roughly 60% in 1973, dropped to about 50% in 1982 giving way to coal, nuclear energy and natural gas.

The achievement of a major geopolitical diversification regarding oil has been obtained both through exploration and subsequent development of oil fields in West European countries (example: the North Sea), and by developing exploration and production in other areas outside the traditional OPEC ones. Presently, only roughly 60% of the oil consumed in Western Europe comes from OPEC countries, while in 1973 such value was about 90%. If we bear in mind the above recalled reduced weight of oil in the energy balances of West European countries, there is a notable reduction of energy dependence of Western Europe on OPEC oil - from a little less than 60% of the total consumption of energy in 1973 to less than 30% of today.

The reduction of the weight of oil (in particular of OPEC oil) in energy consumption in Europe - which is in line with the requirements many times expressed in the past by the same OPEC countries - is however today a source of worries for the latter. These countries, in fact, are rather troubled not only about the recent decrease of the prices of crude oil, but also about the heavy reduction of their market share. What has therefore happened whereby a desired fact is now considered with apprehension by the OPEC countries?

I think the answer is the fact that the reduction in the demand of OPEC oil has come about with considerable intensity and rapidity (from 31 million barrels per day in 1979 to about 18 million

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barrels per day at the present time). Moreover such reduction has come about without any agreement between producers and consumers, agreement which would have allowed for a gradual and programmed adjustment, thus making the impact less violent in OPEC countries, and less uncertain the future of their oil industry and income.

7. We are now in a new situation which seems to be a strong one for the industrialized oil importing countries and a weak one for the oil exporting countries. Is this really so? How long is this going to last? Is it a good situation for both producer and consumer countries? Are there reasons and possibilities to improve this situation?

Although as oil importing countries we are at present enjoying a situation of a "buyer's market", we cannot nevertheless forget the dangers of the present situation, due to the financial difficulties of many oil producing countries and the possible repercussions of these difficulties on the economies of our countries, which are exporters of plants, goods and services, and on the international financial system.

The uncertainties about the future development of the present situation are causing trouble regarding energy projects in alternative energies, as well as in the oil sector.

It is true that there is at present a widespread opinion that we should have a few years of stable oil prices and an increase in real terms by the '80s, but who can be sure about the future? In the words of a very well known professor at MIT, "the only certain thing about energy forecasts is that they will always prove to be wrong"! In a situation of uncertainty, companies and governments

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are lukewarm in undertaking financially important, long term energy projects, and in doing so they are going to pave the way for a new oil shock in the future.

Needless to say that the present situation is of great concern for OPEC oil producing countries. Owing to a quick and heavy reduction of demand for their oil, many are running again into financial difficulties with sad repercussions on their standards of living and on their possibilities of social and economic-industrial development. Uncertainties about the future development make the picture even gloomier.

8. From what has been said, it seems clear that in the long run oil crises are not beneficial, neither for the producing countries nor for the consuming countries. Uncertainties about the future may lead either to wrong decisions or to no decision at all.

It is therefore important to quickly get out of this unsatisfactory situation and see what can be done by looking at oil not as a field for confrontation between producing and consuming countries but as an opportunity for cooperation, keeping in mind the very important fact that the economies of the two groups of countries are interdependent and that through cooperation we may maximize the eco-conomic development of the two groups.

On this economic aspect, ENI has completed a study known as the"Interdependence Model" which tries to measure the degree of economic interdependence between the OAPEC countries and the OECD countries and the advantages for the two groups of countries and for the rest of the world of a scenario based on a comprehensive cooperative

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strategy versus a scenario based on the continuation of current strategies. The study will be followed by a second phase - which has just started - and aims, in particular, to assess the future organization of downstream operations in the oil and petrochemical industries in the Mediterranean area.

We have, then, at our disposal a tool of analysis which allows us to be more precise in measuring the self-sufficient advantages of industrial cooperation between oil producing and consuming countries. What has been lacking up to now is the political willingness to go ahead with a comprehensive approach which could translate in to real projects the many "leap services" given since the first oil shock to the problem of economic cooperation between oil producing and consuming countries.

Can we hope that the time has come to start a new era of cooperation?

There are reasons which should give us some optimism - among others, the widespread awareness that oil crises are detrimental for everybody, and the fact that, at present, being the bargaining power between the two groups of countries more in equilibrium, it should be easier to start a serious negotiation and reach some agreement.

On the other hand, having overcome the two previous oil crises and not being faced with immediate problems of energy supplies, it seems that the governments of oil importing countries are not so eager to embark themselves on a difficult dialogue with the oil exporting countries. This mood seems to be particularly present in the United States where energy problems in general are not at this time attracting much attention and it seems that many years

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have passed since the time when energy was "the moral equivalent to war". If energy problems are neglected in the United States, the situation is not much better in Western Europe, where it seems that the prevailing policy is one of "wait and see". But this is a short-sighted policy, a policy which Europe cannot follow because of its still high degree of dependence on imported oil, and because a dialogue with the oil producing countries of the Middle East has not only far reaching political implications, but is also necessary if we are to avoid a disorderly development of industrial activities leading to duplication of investments, overproduction, cut-throat competition, waste of resources.

In order to avoid all this happening, it is essential to resume action. A good occasion could be the publication, due at the end of this year, of the results of the work of the Committee on Long Term Strategies chaired by Saudi Oil Minister Yamani.

THE COUNCIL FOR
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James M. Thompson:

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(212) 880-6265
200 PARK AVENUE NEW YORK, NEW YORK 10166

319·806/315 892
VIALE MAZZINI 88 00195 ROMA

Introduction

In addressing security requirements in the years immediately ahead, no one has been more persuasive than SACEUR, General Bernard W. Rogers. In a speech entitled "NATO in the 1980's: The Way Ahead," he said:

" ... the changed strategic environment, with its increased threat to our vital collective and national interests outside NATO's boundaries, further strains our deterrent posture. ... What I want to convey is that as we construct our response to the new military situation, we must not only strengthen NATO's northern, central and southern regions, but we must also improve the ability of member nations to act individually, or in concert with others,in areas outside the boundaries. ... One of our most important requirements is to strengthen the flanks of the Alliance, the strategic importance of which has become increasingly evident in recent years. ... Bordering as it does on the volatile Middle East, the revitalization of NATO's Southern Region must remain a high priority . ..."

With these words in mind I would like to address my topic, "Strategic Security: Eastern Mediterranean", by reviewing the strategic environment and requirements for forward defense and control of the Mediterranean, concluding with some remarks on out of area considerations and on what needs to be done,as I see it, in both a NATO and a national context to meet the challenges in and beyond the Eastern Mediterranean.

The totality of policy considerations in the Eastern Mediterranean is not limited to NATO matters, but given the direct involvement of key players in that arena in NATO, that seems a good place to start. Of course, subsequent speakers will address security issues from the perspective of North Africa and the Middle East/Persian Gulf, which will presumably factor in more nationally-oriented perspectives, both US and Italian.

The Strategic Environment: Soviet Union

By any measure, the Soviet Union has become a global military power. Even more, she has demonstrated expansionist tendencies which give rise to increasing concern in the West over the security of vital resources in the Middle East and Africa, especially oil in the Persian Gulf. There are new dimensions in the extent of Soviet power and the threats that the Soviets pose for the West.

The Soviets have not only increased their combat capability facing NATO, but have also expanded and modernized their force projection capabilities. Soviet naval forces range far and wide. The Soviets maintain a continuous presence in the Mediterranean and the Indian Ocean, at considerable distance from home waters. Soviet long-range bombers and reconnaissance aircraft routinely transit the Atlantic as far as the Carribean, the entire Med, and deploy to Africa and to the fringes of the Indian Ocean.

In the Mediterranean, Soviet naval forces increased markedly in the 1960's, culminating at the end of the decade with a peak-deployment of some 70 ships and access to bases in Alexandria and Port Said. Routinely deploying from 45 - 50 ships, about

half of which were combatants, the Soviets at the time of the 1973 Arab-Israeli war were able to increase the size of their fleet to nearly 100 ships. They accomplished this feat by careful management of Montreaux Convention declarations through the Turkish Straits and by extending deployment periods for ships already in the Eastern Mediterranean.

Although at the time US officials felt confident that the Sixth Fleet could cope with the Soviet force in the event hostilities occurred, the rapid build-up by the Soviets was an impressive display which did not go unnoticed by governments and publics in Europe, the Middle East and in America. Soviet "presence" in the Mediterranean was clear for all to see. The Soviets were indeed a force to be reckoned with even if, as events showed, their ability to capitalize on their force deployments left much to be desired as far as Moscow was concerned.

In addition to increasing force deployments in areas such as the Mediterranean, the Soviets have long used conventional arms transfers as a tool of foreign policy, although with only mixed results. In recent decades virtually every Middle East nation, with the exception of Israel and the conservative Arab states, has been the recipient of Soviet weapons, often with accompanying Soviet advisors. More recently, Syria has been the major recipient of large quantities of tanks, aircraft, surface-to-surface missiles, and high performance SA-5 air defense weapons at two locations. The latter weapon systems have been especially troublesome to the Israelis, elements of the Sixth Fleet stationed

off Lebanon, and even Turkey, whose territory falls within the range fans of Syria's SA-5's.

What causes concern is what the Soviets have in mind in supplying Syria with so much equipment. To some, Turkey for example, the large stockpile of ground weapons such as tanks is meant to provide a logistics base for the Soviets themselves, leapfrogging NATO's defenses in Thrace and the Caucasus. To others, supplying Syria, the major Arab actor in the Arab-Israeli confrontation now focused in Lebanon, is intended by the Soviets "to keep the pot boiling" and to put down a marker that the Soviets intend to be major players in an eventual settlement of the conflict.

The third manifestation of Soviet expansionist tendencies is the invasion of Afghanistan. Was this a unique event, reflecting Soviet concern about the growth of Islamic movements on her southern periphery? Or was it the first direct step toward the vital oil resources in the Persian Gulf? Whatever one's interpretation, and we will return to this subject again later, the invasion sent chills down spines in Yugoslavia, also "non-aligned", and in Persian Gulf kingdoms, not to mention those in the West who put the most sinister interpretations on Soviet actions.

Recent turbulence in Iran and disruptions caused by the apparently stalemated conflict between Iraq and Iran have presented the Soviets with yet other potential opportunities for exploitation. Should events transpire in Tehran to cause, for example, a take-over by a communist-oriented movement, then the

Soviets might be tempted to move in to respond to a request for assistance to stabilize the situation. Forces currently deployed in the Caucasus area are readily available and equipped for just such a mission. The West could be faced with an ambiguous challenge if the Soviets came to Iran "to assist" a friendly government rather than invading a neighboring sovereign state. Soviet willingness to move into Afghanistan, admittedly under slightly different circumstances, lends credence to concerns about Iran.

The last point I want to make concerning the growth of Soviet military power has been well-documented in NATO circles: the enormous quantitative and qualitative buildup of Soviet and other Warsaw Pact forces deployed opposite NATO. SACEUR has led the chorus of voices calling on member nations to increase their own contributions to the common defense, thereby improving deterrence and raising the nuclear threshold. Growth of Warsaw Pact forces has also included those opposite the Southern Region, which will be addressed in more detail later as we look at Southern Region requirements.

What all this means as we look at the strategic setting in the Eastern Mediterranean and beyond is that member nations, particularly those in the Central Region, faced with enormous problems in meeting new defense requirements, have little spare capacity to help cope with threats to vital oil resources, even if they were willing to do so.

Strategic Environment: NATO in Disarray

In the Southern Region, despite hopeful sounds to the contrary, NATO is in trouble. This does not mean that defenses are about to fold, for each of the three indigenous nations will fight resolutely to defend its sovereign territory. It means rather that NATO in this area lacks substance and vitality.

For any Alliance to be more than a paper product, there must be at least a modicum of common interest and commitment to the common defense. One need not be a cynic to maintain that such commitment to the common good is hard to detect in the Southern Region. There is, to be sure, considerable rhetoric for NATO as a concept, but deep differences and differing perspectives make effective Alliance cooperation very difficult. It would not be an overstatement to assert that the essence of NATO in the Southern Region lies in its command structure and in the only area-wide force, the US Sixth Fleet.

There is a great deal that needs to be done to make the Alliance a fully functioning entity.

When the Southern Region was created, it was thought to be no more than the southern flank of the main battle area in Central Europe. Perceptions of the Soviet/Warsaw Pact threat varied, with primary emphasis been placed on the huge armies just across the frontiers in Eastern Europe. Despite the growth of Soviet forces in the southern area, especially the Soviet Navy, and Soviet activity in the Middle East and Africa, the threat to the Alliance

and vital resources was not recognized -- or at least not fully appreciated -- until very late. The allies have done very little for the Southern Region over the years, except for the FRG and the US.

With the withdrawal of British and French forces, the main region-wide player became the US, and the embodiment of its policy, the Sixth Fleet. For many, even today, "US" became synonymous with "NATO". If it weren't for the US, there would not in fact be much "NATO" in the Southern Region. There never has been a unifying concept to bind the area together, just individual nations loosely linked together.

Compounding this lack of identity are fundamental differences between Greece and Turkey, which make Alliance cohesion in the Southern Region impossible at present.

The origins of the Greek-Turkish dispute are reasonably well-known, stemming from basic differences over Cyprus and the Aegean. Whatever the rights or wrongs of the situation, the impact has been highly deleterious to the smooth functioning of the Alliance. Further, such divisions provide opportunities for the Soviets to exploit in order to weaken this key area in NATO. Fortunately for the West, the Soviets have not been very successful in recent years, but the potential for trouble remains.

How has the dispute affected Alliance cohesion? First, virtually no significant training exercise can take place which involves both nations, especially if the locus of exercise activity is the Aegean. This means that instead of demonstrating Alliance solidarity, NATO in the Southern Region actually displays

disharmony! Further, essential combined training to practice war-time arrangements does not happen. Greek and Turkish personnel, and Allied staffs at all levels, are denied the experience of working out common problems and developing procedures for war-time application.

Occasionally, these disputes spill over into other activities, thereby denying opportunities to out of region forces to train in the Southern Region; to practice, for example, reinforcement in times of crisis.

Second, planning for war-time operations tends to be blocked by lack of agreement on (e.g.) areas of responsibility and coordination procedures.

Third, the US finds itself frequently at odds with one nation or the other, depending upon the specific issue at stake. This situation tends to undercut the credibility of the US commitment to one or the other NATO partner by forcing the US to take sides -- unwillingly -- in disputes over operational procedures. It is difficult to be even-handed in the face of such pressures and having to choose between valued Allies is highly distasteful.

The Greek demand for a security guarantee against Turkey, by NATO or the US, further reflects the deep distrust that exists, at least on the Greek side. Neither the US nor NATO appears willing to accede to this demand.

What are the specific points at issue? Although Cyprus looms large in the background, specific points of contention on a day-by-day basis relate to the Aegean: naval area command boundaries,

Greek requirements for flight plans for military aircraft in the Aegean, Greece's claimed national airspace (10 nm) around her Aegean islands, and Greece's desires that certain islands which have been fortified despite Turkey's objections be incorporated in NATO exercises and planning. Needless to say, Turkey rejects the Greek positions. Essentially all the issues involve command and control of sea and airspace in the Aegean.

NATO's views, in attempting to get both Greece and Turkey to be fully functioning Alliance partners, is that exercises are designed to practice plans and procedures for war-time situations and that sovereignty is not an issue. ("NATO defense of NATO territory"). Unfortunately, everything becomes precedential and neither side seems inclined to yield in the interest of Alliance solidarity. There is ample scope here for nations, or groups of nations, to step in to help resolve the problems. Few have so far been willing to get directly involved.

From a US national point of view, the dispute winds up in American domestic politics, centering upon the 7:10 ratio for security assistance. As many observers have pointed out, strengthening Greece militarily is as important as strengthening Turkey. Both nations are essential to a credible defense of the Southern Region. But many hold that levels of security assistance should be determined by military requirements and available resources, not by some arbitrary ratio that has little to do with NATO's (or, indeed, the US') needs. This is especially so as both the US and Turkey desire to strengthen defense capabilities

in Eastern Turkey, which incidentally could play a key role in constraining Soviet actions into Iran and toward the Persian Gulf.

Another casualty of Greek-Turkish differences is the lost opportunity for use of Cyprus by Western military forces. It is true that limited use is now being made of facilities on Cyprus to support operations in Lebanon, but the full potential for operations in the Eastern Mediterranean in time of crisis is not being realized. This should be rectified if at all possible.

To end this section on a more hopeful note, one must acknowledge that despite differences of view among the principal Allies concerning the nature of the threats to security beyond NATO's boundaries, the Alliance -- or members of the Alliance, to be more precise -- were able to come together to support the current peace-keeping effort in Lebanon. That US, Italian, French and British forces could be present together in such a complex situation tends to offset concerns about "the Alliance in disarray". It remains to be seen, however, whether the Lebanon experience will be a unique episode or a model for future demonstrations of allied solidarity in meeting challenges to security not directly related to the defense of NATO territory.

Of course, one must also note in passing in connection with the activity in Lebanon that the Arab-Israeli confrontation has long plagued the Alliance, contributing in no small measure to lack of cohesion concerning what to do about the Middle East.

These differnces have also affected member nations' willingness to assist US efforts to bring stability to the situation.

Strategic Environment: Defense Situation in Eastern Mediterranean

Geographical factors also make a cohesive defense in the Eastern Mediterranean difficult. The Southern Region is cut off from Central Europe by the Alpine masses of Switzerland and Austria. Non-aligned Yugoslavia stands between Greece and Italy; and the Caucasus area to the east of Turkey is far removed from the bulk of NATO's forces.

In practice, NATO plans must provide for (land) combat theaters in Northeast Italy, Northern Greece-Turkish Thrace, and Eastern Turkey. The fourth potential combat area, the Mediterranean itself, is the link that binds the other three areas together, insofar as there is any linkage at all. Air links essentially traverse the Mediterranean.

This geographical situation, combined with the previously discussed Greek-Turkish differences, makes mutual support among the combat areas next to impossible. Shifting forces, including the more flexible air forces, to cope with adverse situations in other areas simply cannot be done in practice.

On the other hand, NATO does have certain advantages. Yugoslavia's non-aligned status means (at least at present) that any Warsaw Pact attack toward Italy or through the most favored approaches into Northern Greece would provide considerable strategic warning. For the Soviets to be in a position to attack

in the area of Thrace (and Northern Greece) toward the Turkish Straits, they would have to transit Rumania and Bulgaria -- again providing strategic warning. It should be noted that without direct Soviet support, the forces of Bulgaria and Rumania do not pose a significant threat to NATO territory. The extreme eastern end of Turkey is the only location in the Southern Region where NATO and Soviet forces directly confront each other on land.

One obvious conclusion is that Yugoslavia plays a key role in the ability of NATO to prepare an adequate defense in the Southern Region. Another is the high payoff for NATO in the continuing estrangement between Rumania and the Soviet Union.

The situation in the Mediterranean Sea favors the defense. Allied forces have a much better sustaining capability, given the access to numerous NATO and national bases. The littoral nations in general provide a much more hospitable climate for NATO's forces to operate in; Syria and Libya being the exceptions. And, unless lost somehow, the key choke points of Gibraltar, the Suez Canal and the Turkish Straits are in friendly hands, thus limiting the flexibility of Soviet forces to move in and out of the Med freely in times of crisis. NATO's land-based air can support fleet operations (e.g. maritime surveillance) more easily than can be done from Soviet bases in the Crimea, although Soviet BACKFIRE bombers constitute a formidable threat to NATO's forces at sea. Friendly assistance from both Egypt and Israel for allied forces is also a possiblity. Were Cyprus readily available for naval and air support, Allied capabilities at sea in the Eastern Mediterranean would be considerably enhanced.

As difficult as the defense situation in the Southern Region may appear to Allied planners, the Soviets have their own problems. Turkey and Greece together control the passageways through the Aegean Sea and the Straits into and out of the Black Sea, the home of a significant proportion of Soviet naval combatants and the locus of a very high proportion of Soviet foreign trade. Turkey also sits astride the most direct air routes to the Middle East from the Soviet Union and on the flank of any Soviet encroachment on Iran. The rationale for Soviet efforts to weaken or destabilize NATO's Southern Region is very apparent in terms of geography alone.

Nuclear issues will not be addressed on the basis that primary consideration to defense needs in the Southern Region should be given to conventional forces. Compared with Central Europe, nuclear issues do not appear so pressing.

Forward Defense: Northern Greece-Turkish Thrace

From a strategic point of view, the defensive requirement is to hold the Turkish Straits to control ingress/egress into and from the Black Sea. Should the Straits be lost, a defense in depth through the Aegean Sea would still be possible, with emphasis on holding the island of Crete.

As in Central Europe, however, national policies require that national frontiers be defended, which thereby adds to the defense burden. Sir John Hackett, among others, has observed that defense of a line makes more sense if the line has some geographical significance, such as a major river, mountain range,

or an imposing water barrier such as the Turkish Straits. In both Northern Greece and Turkish Thrace, suitable defensive positions hardly exist, except for the mountain passes at the Greek-Bulgarian border, and these provide little depth to the defense area.

Defending forward imposes in this area a requirement for considerably stronger forces at a high state of readiness to respond quickly to whatever strategic warning the Alliance receives. However distasteful discussions can be concerning any loss of national territory, even if only temporary and for tactical reasons, one must recognize that other options exist and that there are costs involved in electing a particular course of action.

Separated land combat areas, in conjunction with the requirement to defend at national frontiers, virtually ensures that, at least initially, battles will be fought by national forces in defense of national soil, a very different situation from Central Europe which so typifies coalition warfare. One positive aspect from this situation, however, would be the impact upon morale: soldiers and airmen of Greece and Turkey (and Italy, of course, further west) would be fighting to defend their sovereign soil. Deterrence would be strengthened because no one should doubt the determination of Greeks and Turks to defend themselves.

NATO's recent publication on "Force Comparisons" indicates that NATO can deploy some 25 divisions across this potential combat zone against an attacking force of about 33 divisions, comprising Bulgarian, Rumanian, and Soviet forces. On the face of it, this force disparity does not appear too adverse. However,

numbers mask considerable disparities insofar as equipment is concerned.

For example, NATO divisions tend to be lighter, less-heavily armored than the Warsaw Pact's. It is estimated that the combined Greek and Turkish forces can field about 3000 tanks against nearly 7000 on the Warsaw Pact side. Only a small number of Greek tanks mount a modern gun capable of coping with their opponents, and the Turks are just beginning to field their first tanks with modern 105 mm guns. These data are, of course, only indicators of the problem.

Principal deficiencies in both Greek and Turkish forces are a general lack of anti-armor capabilities (of which tanks comprise one element), low-level air defenses such as HAWK, REDEYE or STINGER, protection against chemical attacks (a weakness throughout the Southern Region), and inadequate logistical support, especially for sustained operations.

As far as the air battle is concerned, most experts place NATO at a considerable disadvantage, primarily due to qualitative deficiencies and limited sustaining capabilities. Many aircraft are simply obsolete and are virtually non-supportable, except at very high costs. Modern air-to-air and air-to-ground munitions are in critically short supply. Warning and air control radars need considerable improvement if a devastating WP attack at the early stage of any conflict is to be avoided. NATO aircraft generally lack the range to carry the attack to the enemy, making longer-range interdiction of second echelon forces and attack on

enemy airfields impossible.

In support of maritime operations (which will be discussed in the next section), allied air forces are supposed to provide an air buffer against Soviet BACKFIRE bombers coming out of the Crimea. It is questionable whether NATO's forces can even defend themselves against the expected Warsaw Pact onslaught, let alone seek out high performance BACKFIRES.

The most significant force imbalance across the entire Southern Region, and certainly in this key area, lies in the air and gives the greatest cause for concern. We will address later what is being done about this glaring deficiency.

Forward Defense: Eastern Turkey

Turning next to the relatively remote but increasingly important area of Eastern Turkey, one is struck immediately by the difficult terrain and the paucity of modern means of transportation. Generally speaking, such a situation would favor a resolute defender, and certainly the Turks are committed to defend themselves. How they would fare against well-equipped, modern Soviet forces is an open question.

Certainly, in comparing Soviet and Turkish forces in this area, one notes that force disparities are the most adverse in the Southern Region. It can be argued that the 19-26 Soviet divisions in the Caucasus area are not all poised to strike NATO territory. That is a valid argument, but the fact remains that the Soviets possess considerable strength in this area,

far beyond what they could possibly need for defense. This situation lends credibility to discussions concerning Soviet intentions toward Iran and possibly beyond.

NATO's data show some 4000 Soviet tanks opposing less than a thousand Turkish tanks. The Soviets possess overwhelming superiority in artillery and, interestingly enough, they field several hundred heavy-lift helicopters, essential for support of combat operations in this difficult terrain.

In Southeastern Turkey, near to Syria and Iraq, the Turks have an additional four lightly armed divisions. Their mission is to screen and defend their long borders to the South.

The Turks are particularly concerned about developments in Syria which has been heavily armed with the most modern equipment (especially tanks, long-range artillery and missiles, and aircraft) from the Soviet Union. For those who focus only on the threat from the Warsaw Pact, this concern of the Turks must be noted.

Control of the Mediterranean Sea

Since NATO's earliest days, as was mentioned previously, the most significant shift in the military balance between the Warsaw Pact and NATO in the Southern Region has come about because of the marked growth of the Soviet Navy. The fleets of the US, UK, and France totally dominated the entire Med in those early years. The Soviets now maintain a sizeable permanent presence, focused on the Eastern Mediterranean, which has become a major factor in the balance of power in this critical arena.

Deploying fleets to establish a peacetime presence is not quite the same as possessing military forces that are able to prevail in time of conflict. However, there is no doubt that the Soviets derive considerable benefit from their deployments in the Med, not the least of which is to be seen to challenge NATO, and in particular, the US, for control of this vital waterway. Visible support for their clients is an additional factor, although the Soviets have in general been unable to capitalize fully on this potential.

What can be said about the relative combat power at sea between US and Soviet forces?

In the first place, it is very hard to imagine a conflict situation in the Mediterranean between Soviet and US ships that lasted more than a brief period without spilling over into a NATO war. Conflict initiation is conceivable; a war limited to US and Soviet forces is not. Therefore, I propose to assess the maritime balance in a NATO context.

Within the Southern Region, we do not lack for ships. There are a great many. Numbers are not the problem. Basic difficulties faced by NATO in coping with Soviet forces relate more to certain qualitative deficiencies, deployment limitations and cumbersome command and control arrangements. Let us then first look at the forces available and their principal strengths and weaknesses. Following that brief review, we will take a look at Soviet forces, followed by an examination of the operational environment in the Mediterranean.

Both Greece and Turkey possess modest sized fleets, combining a number of old, primarily US origin, destroyers, frigates and submarines and some new construction, emphasizing fast patrol boats (FPB) with anti-ship missiles and small coastal submarines (SSC) of West German origin. The newer craft are especially effective in the shallower, more restricted waters of the Straits area and the Aegean. Plans have been prepared to integrate defensive minefields into overall battle plans.

Qualitative deficiencies are most marked in the older ships which the Greeks and Turks deploy. Key deficiencies are lack of adequate defenses against modern Warsaw Pact aircraft, shortages of modern anti-ship missiles such as HARPOON, obsolescent fire control systems and communications, inadequate ASW capabilities, and sustainability.

Deployment limitations make it very difficult for NATO to focus its efforts on defeating Soviet forces. For example, the Greek and Turkish fleets for a variety of reasons, including lack of long-range support capabilities, tend to be localized near territorial waters and in the Aegean area. Unless Soviet ships come nearby, these two NATO forces are unlikely to make a major contribution to the war at sea, except perhaps in denying access to Soviet ships near to Greece and Turkey and in defending the Turkish Straits from Soviet attack.

The Italian Navy fields an impressive force, comprising a number of new ships with highly effective anti-ship missiles. The full potential of Italian naval forces, however, has not yet

been tapped. Deployment patterns have tended to keep Italian forces close in home waters, except for periodic NATO exercises that focus on either end of the Mediterranean. The Italians recently appear to have been more willing to fulfill the broader role that geography, an improving force structure, and relative national power mandate.

The French fleet, one of the most powerful in NATO's arsenal, remains formally uncommitted. If France's modern ships, including two aircraft carriers, could be made available in time of crisis, then coping with the Soviets would be much easier. In peacetime, French forces do participate in a number of bi-national and NATO exercises which provide a solid basis for war-time cooperation should French forces be available.

Spanish naval forces, not yet committed to NATO's integrated military structure, comprise a small but effective force and are located adjacent to a key terrain feature, the Straits of Gibraltar.

In a time of crisis one should not exclude contributions from other friendly nations, such as ships and shore facilities. Planning for using such assets, however, can only be done on a contingency basis. It is doubtful that NATO at present does much in this regard, but resources from both Egypt and Israel should be factored into Western thinking in the event of hostilities in the Southern Region between NATO and the Warsaw Pact.

This brief review concludes with the Southern Region's principal NATO asset, the US sixth Fleet, known in its NATO role

as Strike Force South. Beyond a doubt, the Sixth Fleet constitutes one of the most formidable assets available to NATO (it would be even more so if the second carrier task group which routinely deploys to the Indian Ocean is returned to the Mediterranean). The Sixth Fleet is the only force capable of operating around the entire Mediterranean, seeking out the Soviet fleet wherever it may be. In terms of modern combatant ships, the Sixth Fleet is the equal of the Soviet fleet. We will discuss operational aspects later in this section.

As was mentioned earlier the Soviets routinely maintain a fleet of 45 - 50 ships in the Mediterranean, about half of which are combatants. They have demonstrated a capability to increase this number relatively quickly. It should be noted that the Soviets could also move their fleet out of the Mediterranean fairly quickly, if hostilities appeared imminent. It is not a foregone conclusion that the Soviets would increase their deployed forces prior to commencement of hostilities.

Western intelligence credits the Soviets with a fleet of very heavily armed ships. In fact, on a ship for ship basis the Soviets outgun, or out-range with missiles, most ships in NATO's fleets. This capability could become especially important during times of high tension, when certain advantages could go to the force that launches the first shot. Being out-ranged presents a considerable problem to the defender.

The Soviets also maintain sizeable submarine deployments, both diesel and nuclear. These forces present NATO with a formidable challenge in that the Mediterranean Sea is a particularly difficult

area for ASW. Varying depths, currents at different levels, and temperature gradients adversely affect NATO ASW forces' ability to locate and destroy Soviet submarines. The fact that most Soviet submarines deploy to the Mediterranean through the Straits of Gibraltar lends considerable importance to NATO's controlling this vital waterway, which would be difficult to do, given current force limitations. Spain's contribution to NATO's defenses could make a great difference in this area.

The third element of the Soviet maritime challenge, in addition to surface and sub-surface weapons systems, stems from the Soviet Union itself: Crimean-based BACKFIRE bombers. These high performance aircraft, armed with long-range air-to-surface missiles, are especially configured to go after carriers. In view of the weakness of allied air forces in the forward area, BACKFIRE bombers constitute a considerable threat.

Lastly, the Soviets may also receive support from a friendly power on the North African littoral, Libya. What role Libya will actually play is uncertain. What is known is that Libya has a number (estimated at 400±) of high performance aircraft which could be of some use against allied fleets. More importantly, Libya possesses a number of airfields that could be used by the Soviets, for reconnaissance or for combat operations. Port facilities, otherwise limited for the Soviets, might also be available. Certainly NATO's planners must factor into their thinking the possibility that the Soviets might use Libyan facilities in time of crisis.

The mission of the Allied naval forces, assisted by land-based air, is to neutralize -- one way or another -- Soviet naval forces in the Mediterranean as soon as possible, thereby securing the sea lines of communication through the Mediterranean and positioning themselves to project power ashore to support critical land battles. This is a considerable task, but one that Allied planners feel comfortable with, given the relative force balance in the Mediterranean and the strategic setting.

The question in the minds of land commanders is how soon all this can be accomplished so that needed support for combat operations ashore can be provided quickly. For maritime commanders, the question is the extent of the risk to the carriers that is acceptable if emphasis is shifted to power projection, possibly before the Soviet forces are totally eliminated. And in the minds of all, can the land forces sustain operations long enough for this additional support to be available and for the eventual arrival of supplies and reinforcements. If not, a great deal needs to be done to improve sustaining capabilities.

In prosecuting the war at sea, Allied forces have a number of advantages. As was mentioned earlier, the Allies control, or could control, if needed forces become available, the key choke points in the Mediterranean: the Turkish Straits, Gibraltar, and the Suez Canal. The Allies would enjoy in general a more hospitable environment, with a number of bases available for logistical support. Land-based aircraft would be able to support NATO's forces in maritime surveillance.

The Soviets would enjoy few of these advantages. In particular, their ability to carry out sustained operations would be very limited. Shortages of fuel and munitions would quickly appear. Estimates are that Soviet forces must win quickly, in the initial stages of combat, or else the Alliance will prevail.

On the other hand, the NATO forces have several handicaps that militate against effective prosecution of the war effort. One handicap was mentioned earlier: localization of national forces near home waters, which means that a large fraction of NATO's maritime capability really cannot be brought to bear upon enemy forces. A second handicap is a cumbersome command and control structure which needs to be streamlined.

The entire command structure in the Southern Region reflects historical rivalries, initially among the US, UK and the French. The US, for its own national reasons, insisted on keeping its principal force in the area, the Sixth Fleet, under firm national control, which carries over into the NATO structure.

What has evolved over the years is a complex structure which incorporates two principal commanders for forces at sea, a format that contributes little to unity of effort. The command structure also contributes to difficulties in achieving effective integration of land-based air and maritime forces, providing yet another challenge to NATO commanders.

Making sweeping changes in command relationships in NATO is never easy, but realignment in the Southern Region is necessary if we desire to focus our extensive capabilities effectively and efficiently upon accomplishing the mission. National sensitivities are involved, which compounds the problem, but something should be done in the near term to streamline the structure, eliminating those elements that detract from efforts to achieve more effective utilization of forces available.

As a final note on control of the Mediterranean, I would conclude that NATO enjoys certain advantages over the Soviets. The Soviets are able to bring to bear a formidable multi-faceted threat: surface, sub-surface and air. But in the absence of a significant sustaining capability, the Soviet fleet cannot hope to hold on for long, provided key ingress/egress points are controlled by NATO. If NATO can straighten out its cumbersome naval command structure, coordinate land-based air and carrier air operations to thwart BACKFIRE assaults on the carriers, and get the Allied fleets working more closely together, then this portion of NATO's defense in the Southern Region can be successfully prosecuted.

Meeting the Challenges to Security in the Eastern Mediterranean

Earlier sections have already touched upon some actions that need to be taken. In this concluding portion I would like to summarize the principal requirements to be met -- and some policy options -- as we seek to enhance NATO's deterrent posture in the Eastern Mediterranean and to meet the challenges posed by Soviet (and other) actions beyond NATO's boundaries, detrimental to

Alliance interests.

Force Modernization

Force modernization in the Eastern Mediterranean accomplishes multiple purposes: improves conventional defense capabilities, considered a high priority in NATO today; impacts positively on morale of the forces in that (to quote a Turkish general) ..."Men are not sent into combat with junk"; and, not the least important, contributes to the ability, confidence and determination of nations to resist pressures from the Soviet Union.

Requirements are many. Estimates of security assistance requirements for Turkey, for example, range from two billion dollars to nearly twenty, with a billion per year being a reasonably sound figure. Such amounts are unlikely to be available, despite the Reagan Administration's request for a sizeable increase in the current fiscal year and Congress' adjustments in favor of Greece.

Much, however, is being done. With assistance principally from the US and FRG, both Turkey and Greece are improving their naval forces in the form of coastal submarines and fast patrol boats, ideally suited for the waters of the Aegean and the Turkish Straits. Greece already possesses a fair capability in modern tanks armed with the 105 mm gun. Turkey has major programs underway to procure a number of Leopard tanks and to upgrade their obsolescent M-48 tanks. Modest programs to improve anti-armor capabilities include various missile systems such as the US TOW.

The most glaring deficiencies, as noted earlier, are in ground-based air defenses and the increasing number of obsolescent aircraft. Quantitative and qualitative deficiencies suggest that NATO's air forces are in grave danger of being overwhelmed in the early stages of combat. A coherent defense of the Southern Region would be impossible, should this happen.

Unfortunately, costs for modernizing airforces are exceedingly high, and for both Greece and Turkey, very expensive in terms of foreign exchange. Both nations have discussions underway with US manufacturers (and with French firms by Greece) to develop suitable programs for aircraft replacement.

What needs to be done? Security assistance funding primarily from the US will be essential if any such programs are to get off the ground. European nations could also assist by making available to Turkey the F-104 aircraft that are being replaced by F-16s. The F-104s are aging, but would still be an improvement over the nearly obsolete F-100s in Turkey's inventory. Very little appears on the horizon as far as providing a low-level air defense capability for airfields and deployed forces in either Greece or Turkey.

One aspect that is often overlooked in concentrating on force modernization is the need to ensure adequate sustainability of existing forces. Forces must be able to hold on until support from (e.g.) carrier-based air or reinforcements can arrive. Sustainability, as is true for readiness of forces, costs a great

deal, and few nations seem willing to devote the resources required. Certainly, much improvement is needed in the Southern Region.

What assessment can be made as far as force modernization is concerned? Although sweeping generalizations are often dangerous, I think it is safe to say that unless more is done by the Alliance to assist Greece and especially Turkey, force disparities in the area will continue to erode confidence in NATO's deterrent capacity in the Eastern Mediterranean.

Reinforcements

Throughout NATO's history, the Central Region has been considered the most important arena, the location of the major opposing armies of NATO and the Warsaw Pact. The bulk of the reinforcements available from outside Europe was destined for deployment to the center.

In two key functional areas, however, the Southern Region has long enjoyed considerable outside support, primarily but not solely from the US: naval and air reinforcements.

The Sixth Fleet, essential to the maintenance of a balance of power between NATO and Soviet fleets, provides in a very real sense reinforcements to support land battles in the Balkans area and in Northeast Italy, as the situation requires. The US is committed to increase Sixth Fleet assets in times of crisis and

NATO should insist upon it. As an aside, efforts to redeploy US carriers from the Mediterranean should be resisted!

The US has for a long time provided aircraft to bolster defenses in the Southern Region. In view of the gross disparities between Warsaw Pact and NATO air assets, the US contribution plays a most significant role in providing high performance aircraft with modern munitions, capable of competing with the best the Soviets can offer. Unfortunately, their numbers are limited and other resources do not appear to be available.

A marked deficiency in air reinforcement planning is the limitation in the support available in nations which restricts full utilization of deployed air assets. Several programs to enhance operations are underway, ranging from NATO's infrastructure program to a bilateral program to make use of existing facilities, the so-called Collocated Operating Bases. Nations, with support from Brussels, should provide needed facilities to permit full utilization of these vital air assets.

As far as ground reinforcements are concerned, very little outside of certain commitments in Northern Italy had ever been made in a NATO context in the Southern Region. However, in the past few years as part of his overall effort to bolster the flanks, SACEUR sought commitment of ground forces from nations able to provide them - and was successful.

Many argued against such a step on the basis that more than enough manpower was available in the Southern Region. On the contrary,

what was needed was modern equipment.

However, given limitations on equipment availability and security assistance funding, force modernization moved (and moves) only slowly.

What was needed, in the view of many, was not only a bolstering of forces but also an affirmation of the Southern Region's importance in NATO strategy. Deeds finally followed rhetoric, and ground forces have been committed to Italy, Greece and Turkey. More than many other steps taken in recent years, this commitment provides solid evidence that NATO forces are prepared to come to the far reaches of the Alliance in fulfillment of treaty obligations. This constitutes an important political statement. It further served notice that the Southern Region had achieved a new status and that concern for stability in the Southern Region and protection of vital oil resources were high on the Alliance's agenda.

Of course, one should not overstate the case. Reinforcement in the Eastern Mediterranean is not yet an accomplished fact. Facilities must be readied, or made available. Response times need to be improved and plans must be tested in exercises. But at least significant steps have now been taken in imparting more substance to Alliance undertakings at a distance from the Central Region, which traditionally has been the focus of NATO's thinking. There is an increasing awareness that threats to Alliance security are not restricted to the plains of Central Europe.

We should not end this portion without also acknowledging other potential sources of support in the Eastern Mediterranean:

Spanish ground forces could contribute to the defenses in Northern Greece - Turkish Thrace, perhaps in a reserve capacity; Italian aircraft, if the threat to Italy does not materialize, could be deployed further forward; and French naval combatants would be most welcome in virtually any capacity.

Cohesion in the Alliance

The principal contributor to the lack of cohesion in the Alliance in the Eastern Mediterranean is the long-standing dispute between Greece and Turkey. There are many points at issue, ranging from Cyprus to control of the Aegean and its potential mineral resources. Under present circumstances, it is doubtful that the Alliance per se can do much to resolve fundamental differences between the two.

However, even if resolution of fundamental differences exceeds NATO's competence, surely the Alliance can play a positive role in searching for ways to relieve tensions. One must observe, in passing, that it is a strange "alliance" in which one of the main purposes served by the alliance is to maintain stability among the allies themselves! Nevertheless, something can and should be done before the fabric of the alliance is rent even further and the Soviets find themselves with a number of golden opportunities to exploit to NATO's detriment.

NATO's contribution to relieving tensions could take several forms. One would be to provide a framework for discussion to

resolve those issues that stand in the way of Alliance cohesion. Another could be a confidence-building approach to develop a pattern of cooperation that could be expanded over time.

In any approach which aims to reduce tensions between Greece and Turkey, either nationsor the military command structure could take the lead. Having observed the problems closely over a number of years, I believe the time has come for nations to lend a hand to military authorities, who did well in bringing Greece back into the integrated military structure after her withdrawal. Several allies whose reasonably good relations with both Greece and Turkey facilitate their playing a helpful role in reducing tensions and developing patterns of cooperation inside the Alliance are Italy, the FRG and the US. They should be called upon.

Basic principles that should be applied are:

- Sovereignty is not at issue. NATO plans and exercises deal with war-time arrangements for the defense of NATO territory.

- The main threat to the Alliance, including to Greece and Turkey, stems from the Warsaw Pact. The threat may not appear, or be, imminent, but the Alliance must remain strong to preclude the Soviets from being tempted to exploit weaknesses, or divisions, in the Alliance in times of crisis.

- Plans and procedures adopted within NATO for (e.g.) exercises are non-precedential. They have nothing to do with the eventual arrangements made between Greece and Turkey for the

Aegean and should not be used to make a case for one particular view or another.

As mentioned earlier, the key issues that affect the conduct of exercises - in fact that preclude full participation in exercises thereby demonstrating publicly the lack of cohesion in the Eastern Mediterranean - are naval and air command arrangements, the requirement for flight plans for military aircraft, claims to national airspace greater than claimed territorial waters, and the fortifying of certain islands in the Aegean. Given cooperative attitudes on both sides of the Aegean, and on the clear understanding that NATO arrangements and procedures do not affect either side's claims in this contested area, then surely some accommodations could be made which would bridge the gap between the Allies. The task will not be easy but the effort must be made, or else Alliance solidarity will continue to erode to the great disadvantage of the West in this key strategic environment.

Beyond NATO's Boundaries

Few issues, other than nuclear, have been more divisive in NATO circles than the Middle East. This is especially so now in view of continuing struggles between the Arabs and Israelis, concern over the threats to Persian Gulf Oil resources stemming most recently from the stalemated Iran-Iraq war, and the ever-present threats from Soviet forces themselves, poised in the Caucasus and in Afghanistan.

NATO has been unable to find a consensus to do much about this situation, other than to agree to offset to some extent those forces now committed to NATO's defense in Central Europe which some allies (i.e., the US) may desire to deploy elsewhere in pursuit of alliance interests.

What is missing in the NATO dialogue is agreement on the threat(s) to be met and on what response(s) would be most appropriate. That the Allies recognize that more needs to be done is reflected in SACEUR's new plans for reinforcing the Southern Region "to bolster deterrence" and "to revitalize the Southern Flank". However, rhetoric is more the vogue than specific plans and commitments to cope with new threats to Alliance security.

In developing an Alliance strategy, these points seem key:

- Threats to major Alliance interests require an Alliance response, or at least a response by one or more members on behalf of the Alliance.

- Protection of interests will most likely require military forces, initially to deter Soviet (or other) actions and if deterrence fails, to defend those interests.

- New formulas and new concepts for military intervention are required. It may be possible to build on the recent Lebanon experience, using it as a model. Exercises provide a useful vehicle for testing concepts and procedures. Perhaps a naval flotilla, comprising US, Italian, West German and British ships could periodically deploy to the Eastern Mediterranean and to

the Indian Ocean. French forces could be invited to participate. A start should be made, even if modest in scope and duration.

- Europeans should accept more responsibility in dealing with the Soviet threat and with Third World problems. The aim should be to dampen sources of instability since force is not a panacea for most issues. Nevertheless, European members must be prepared to contribute maritime and ground forces to any Western operations in the ME/PG.

- Turkey plays a key role in deterring or constraining Soviet actions directed toward Iran and the Persian Gulf. Turkish facilities need improvement not only to bolster NATO's defenses in the Eastern Mediterranean but also to provide the necessary infrastructure for any actions the Alliance may elect to take beyond NATO's boundaries.

- Turkey (and other member nations, for that matter) insists that facilities in Turkey are for NATO purposes and for Turkish national security requirements. The NATO structure must ensure that "NATO" is involved in any "out of area" operation in pursuit of Alliance interests.

- Many facilities exist throughout Southern Europe and the Eastern Mediterranean that could be used by alliance intervention forces (however composed). Plans should be developed accordingly. Every member nation should share the burden, one way or another.

- Facilities might also be available in Egypt and Israel. These should be factored into NATO's planning.

- Some member nations are more exposed to Soviet and other pressures than are other members. For example, Turkey receives the bulk of its oil from Iran, Iraq, Saudi Arabia and Libya. Plans must be prepared to support such vulnerable allies in case of trouble, if the Alliance expects them willingly to cooperate in undertakings in the ME/PG.

- NATO's reinforcement planning (discussed earlier) will contribute to reassuring exposed member nations that the Alliance is willing and able to stand by them in times of crisis with more than just words.

In conclusion, I would note that considerable forward progress has been made in the past few years in bringing the importance of the Mediterranean to the attention of members of the Alliance in the Central and Northern Regions. Resources have begun to flow, but only slowly. A broader vision is needed to recognize the dangers to Alliance interests in and beyond the Eastern Mediterranean - and to do something about it. As one analyst put it, ..."Holding the Middle East may not be essential to winning a war, but not losing the Middle East is important in not losing a war."

NATO should pay heed.

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CO-OPERATION, INTEGRATION AND DEVELOPMENT IN THE MEDITERRANEAN

by Roberto Aliboni(Istituto Affari Internazionali, Director)
and Massimo D'Angelo (Istituto Affari Internazionali, Consultant)

1 Inter-regional vs. regional solidarities

During the last 15 to 20 years the Mediterranean countries, like countries in other regions, have attempted to change the character of their relations from colonial or semi-colonial to normal international relations among peers. Because of oil, change has been particularly sweeping. The strategic importance of this history-old area, both on economic and political grounds, has brought about a multiplicity of actors, including the two superpowers and other external powers. This has made the Mediterranean a highly conflictual area. Nonetheless different networks of cooperation have been created. The European Comunity has set up a number of association agreements with all the riparian countries except Albania and Libya. Arab and West European countries have started the complex exercise they call Arab-European dialogue, while the European Community and the League of the Arab States have continued their regional cooperation. Important bilateral relations, such as that between Yugoslavia and Italy, have finally been evolved, along with specific Mediterranean multilateral undertakings such as the United Nations Environment Programme's "Plan Bleu".

In view of this mixed situation of conflict and cooperation two different attitudes have been worked out by

Mediterranean peoples towards the area. A first attitude - by far the most widespread and active - stresses the common cultural heritage and blames external interferences (especially that coming from the presence in the Basin of the superpowers) for both the outstanding conflicts and the lack of political and economic integration. In this view the Mediterranean is considered a region of its own, cutting accross Western Europe as well as Africa and the Middle East. By contrast, the second attitude stresses existing differences in economic development and political alignments and, without ruling out the potential for cooperation, look at the latter as inter-regional in character. The working of a Mediterranean cooperation is then subservient to respective regional cooperation schemes. It cannot outstep both regional and international interests and alignments.

Although the "Mediterranean" school of thought has been mostly vocal in its rethoric, the evidence is that Mediterranean countries, such as Italy and Egypt, will cooperate at their best but any goal of Mediterranean unity will never supersede, in their eyes, either European or Arab unity. Rivalries between Mediterranean and non-Mediterranean countries within the European Community have been largely responsible for working out such a misleading interpretation of the Mediterranean inter-regional reality. France, and partially Italy, in order to shift the centre of gravity of the European Community have attempted to claim the existence of a regional Mediterranean region. The real meaning of this move is clarified by the fact that the

so-called EC's "global" Mediterranean policy, far from being a multilateral arrangement, is a set of bilateral agreements without any link between them other than the Community itself. This is not to give a negative appreciation of the EC's Mediterranean presence, but only to say that its regional rethoric should not conceal the Mediterranean inter-regional reality.

Once the inter-regional nature of the Mediterranean relations is ascertained, the main consequence - as we hinted at previously - is that whichever scheme for cooperation must be studied (analysis) and prepared (policies) starting from the working of cooperation and integration processes within the various regions bordering the Mediterranean Basin. Another consequence is that conflicts induced from outside cannot simply be played down as alien influences which bother an otherwise cooperative environment. Beside conflicts, cooperation is also coming from outside the Mediterranean. On the other hand, conflicts emerging within the Mediterranean belong to the different regions bordering the basin and not to the Mediterranean itself. All this suggests that international integration and involvement is also an important factor in analysing the Mediterranean regional and inter-regional set.

In order to put all these factors together on the path of a virtous circle, we can envisage the following sequence: the revalorization and the national reappropriation of oil has started a process of growing international interdependence by triggering new patterns of trade anf financial flows all over the world and new processes of industrializa-

tion into both the oil exporting countries and the so-called newly industrialized countries. The financial and real aspects of this evolution are decoupled. Whereas the financial flows have tended to increase interdependence at a worldwide level, interdependence related to the real aspects of trade, industrial development, etc., has largely grown accross the Mediterranean, especially between the Arab and the Western European countries. This enhanced inter-regional interdependence has given way to both dangers of conflicts and opportunities for cooperation. To lessen conflicts and catch opportunities within the inter-regional frame, a significant progress in the respective regional integrative processes is needed. Were the Mediterranean countries to fail in accelerating their respective processes of integration, inter-regional relations would never manage to overcome present conflicts and to evolve a smooth and fruitful economic cooperation. In particular, one as to bear in mind that a factor of Arab integration is at the same time a factor of Arab economic development and a factor which is supposed to allow the European Community and the other West European countries to evolve interdependence into sound international specialization and integration. The key to the working of the virtuous circle is then the deepening of Arab integration.

In the following sections, in order to test such a sequence, we will discuss the Mediterranean industrial growth and the financial Arab integration. Further to this we will conclude by considering the relationship between such developments and the security in the Mediterranean.

2 Industrial Growth in the Mediterranean

At the global level industry grew very rapidly until the beginning of the seventies. In the last decade, however, global industrial growth has slowed down considerably.

These global tendencies are the result of partly divergent national and regional trends. Until the early '70s Japan and most European countries tended to grow faster than the United States and Great Britain, while within the group of developing countries a subgroup experiencing considerable expansion of industry emerged. In the seventies the slowdown of industrial growth affected mostly the industrial nations. Europe ceased to grow more rapidly than the United States, while Japan continued to grow more rapidly than both, although at a considerably reduced pace. Industrial growth continued and was only marginally affected in those developing countries that had begun to industrialize in the previous decade(s), while the oil-producing countries were able to devote increasing amounts of financial capital to investment in industry.

In relation to these global trends, the Mediterranean fared rather well. Industrial growth was more dynamic than the global averages, while at the same time there was a redistribution of industry, which at the beginning was concentrated in France and Northern Italy.

Although the process of industrialization has specific traits in each of the countries under consideration, the data show that there is no country in the Mediterranean which is not experiencing some industrial growth.

This is the result of a determined effort on the part of national governments which have been pursuing an industrialization policy whose primary goal is to find sufficient domestic employment for a rapidly expanding labor force.

Some major aspects qualifying such evolution of the Mediterranean industrial growth deserve elaboration. The first of these is the role of energy in the process of industrialization.

The circumstances under which energy is supplied are going to play a growing role in the Mediterranean context. The Arab oil producers intend to increase the value added to their exports domestically by integrating their oil industry downstream and exporting an increasing proportion of refined and petrochemical products instead of crude oil. This will change the geography of the above two sectors, which in the past tended to concentrate on the Northern shore of the Mediterranean.

A second important element linked to crude oil is the probable evolution in the transportation system, which will bring an ancrease in the role of pipelines and a larger proportion of exports from Mediterranean outlets. This will change the geography of transportation costs, affecting the localization of some types of industrial activity.

A further important development is the valorization of gas resources. This can be pursued through the utilization of natural gas in industrial processes in the producing countries or through exports. Both alternatives will be pursued. As far as exports are concerned, because of persisting problems with the economics of liquefaction, we

might witness the development of a Mediterranean grid of gas pipelines which would become a strong attraction for industrial activities with a high energy content.

Finally, a development could occur of new technologies to utilize coal in liquefied or gasified form in order to take advantage of existing trasportation infrastructure once the supply of hydrocarbons it was originally conceived for starts to decrease.

The second remarkable aspect is the widespread importance in all the Mediterranean countries of basic industries. This feature is due to the crucial role played by the State in the industrialization of typical latecomer countries.

This creates both dangers of conflict and opportunities for cooperation; the outcome will depend on the total installed capacity in some crucial sectors. The two sectors in which conflict is most likely are petrochemicals and steel. In both cases the increase in the production capacity of the Arab and European NICs cannot be singled out as a relevant cause of the overcapacity plaguing the European countries including some Mediterranean ones. Yet the problem remains because of the essentially regional nature of these markets, which is a consequence of global conditions of excess capacity and of widespread protectionism.

Altogether, steel production and industrialization "downstream" from oil production represents additional productive capacity in sectors where the Western European countries are already strongly present; hence, it could take place only if there were a shift of such activity to the

developing Mediterranean countries (MCs), with a simultaneous liberalization by the EC and the other West European countries with respect to imports of those products from the new Mediterranean plants.

A third crucial aspect is witnessed by the fact that the current processes of industrialization, based on the exploitation of the MCs' natural resources and on the development of substantial basic industry, ordinarily state-owned, create economic and social tensions within each of the industrializing countries, with evident imbalances between the rise in incomes and the limited productive capacity for consumer and intermediate goods. In the more populous countries, such imbalances tend to be covered in the short run by virtually exclusive recourse to imports. The only way to avoid greater and greater dependency on imported manufactures is to induce a parallel growth of light industry integrated with the basic industries already established, and for the most part this course is only open to the more heavily populated nations. However, this type of intermediate industrialization can no longer be based on simple import substitution under policies of autarky. Rather, to be sustainable and to constitute a driving force for each individual economy, it must be open to international competition, trying to find new outlets at the regional level, particularly in the markets of the "new" countries with rising incomes.

In all we have just said it would be easy to pick up indications for cooperation in the energy field, among public firms and in trade and investment policies. However,

these problematic aspects of industrialization assume a situation of rivalry among the various economies, inasmuch as efforts by any individual country or group of countries to obtain a new position in the industrial division of labor can always be interpreted simply as threats to the other countries. The industrial policies of the oil-producing MCs are in fact founded upon just such conflictual confrontations, thanks to the powerful weapon of energy supplies, which has shown itself to be an extremely effective tool for producing accelerated growth. If we posit such conflictual mechanisms as the only factors that generate industrializing drive, however, it would appear that the MCs' industrial growth "trail" cannot go much further than a conflict-ridden expansion of productive activity connected with energy resources.

Of course, we must ask whether there is an alternative to this conflictual scenario. Actually, we can imagine a "concerted" process of industrial transformation for the Mediterranean economies, by means of a policy of interregional cooperation, which could produce more positive results for all the countries of the Mediterranean area.

The substantial role of the state in the MCs' industrial policy has already been underscored. What is imaginable, now, is the end of the strictly "national" outlook that rules the activity of the MCs' public industrial enterprises, to establish regional cooperation among the various publicly owned industrial groups. Such an arrangement would provide a framework of natural economic and social interest in which compromise agreements could be

reached on exploitation of natural resources, "downstream" industrialization, marketing, and regional division of production.

Obviously, such concerted action would not necessarily exclude private firms. But the main thing is to establish a framework of cooperation - necessarily a public one - within which all countries' economic and social problems can be properly considered.

Essentially, this hypothesis means getting over the "spontaneous" confrontation between Mediterranean economies, with oil-price rises, protectionist measures, and deflationary tight-money policies, that has so far dominated economic relations within the Western European Mediterranean macro-region. Oil price policies and the industrial countries' trade policies would thus be put in a new context - sidestepping the world economic slowdown, it would spur growth in all the countries of the macro-region. Only in conditions of rising income for all the economies concerned, indeed, can we imagine the development of new manufacturing activities in the industrializing MCs together with an accompanying rise in industrial exports from the advanced economies.

The recession in the OECD area cannot help demaging the Third World's prospects for industrialization, relegating industrial development in the emerging MCs to the more modest status of growth hyper-concentrated in a few energy-based products.

Thus, the alternative - more dynamic cooperation between the less developed MCs and the Western European coun-

tries is undeniably attractive. In conditions of rising world demand, it will be easier to make the needed production adjustments gradually, through a subsequent relocation of some energy-intensive production activities to the developing MCs, just as it will be possible to understand the benefits of creating new market-oriented manufacturing plants once the economic geography of the Mediterranean Basin becomes more decentralized.

In our view, however, the prerequisite to make this path of inter-regional cooperation possible is the strengthening of both the European and the Arab processes of regional integration . This is the point we must now revert to.

3 Arab Financial Integration

The West European area is certainly well integrated by average standards. The European Community integration process, however, is lagging behind for it does not manage to enlarge itself to the full range of Southern European countries - particularly Spain - and to implement a significant financial and monetary union. What is making impossible any further progress of the economic integration is the European inability to set up an integrated set of political institutions. Despite these difficulties, Western Europe and especially the European Community are so economically integrated as to allow a fruitful inter-regional cooperation anyway. An important point, however, is that the possible presence of a growing integration in the Arab,

region may be an incentive to go ahead with the European integration. The two processes may be interrelated and sustain one another. This would be helpful for both the process of regional and inter-regional cooperation and integration. As we said in the first section of this paper , the starting of an integration process in the most dynamic Arab area today may offer Western Europe opportunities for cooperation which would translate present interdependence into a more articulated and flexible inter-regional integration. For this reason any progress in the integration of the Arab area is presently the key to start a viable inter-regional cooperation accross the Mediterranean.

The state and most of all the prospects of the Arab economic integration is very diversely appreciated by the people concerned. In that appreciation the historical experience of the European integration, successfully based on trade liberalization and increase, weighs very heavily. As the literature on economic integration among developing countries has widely shown, different situation require different instruments. In the Arab case it is the development of a large range of financial flows that is the engine of the Arab incoming integration. For capital movements may lead the way to the movement of goods and - as they already have done - labor. Development of banking, both domestically and internationally, is supposed to play a key role in that evolution.

The present expansion of Arab banks may be considered the fourth echelon of national banks on the international

markets after the American banks in the 50s and 60s, the European banks in the 70s and the Japanese banks quite recently. The factor behind the first three echelons has to be identified in the necessity for the national banks to help the international projection of their clients or to capture it in cooperation or competition with the parallel tremendous growth of the xenocurrency markets. As for the Arab banks, their international development is predicated on the plain necessity to invert financial surpluses coming from oil. In other words, while the OECD's banks would have pegged their international financial integration to the real development of the national entities they were based in, the Arab banks would be experiencing a purely financial international integration with no or few links with the national economies they are an expression of.

In our view this evaluation does not take into account a number of important features which are emerging in the evolution of the Arab financial system. Although the size of such emerging features may appear limited in relation to the size of the international integration of the Arab banks, the tendencies are supposed to have a dynamic impact on the real aspects of the Arab economies and on their integration.

The first aspect to consider is the implementation of development plans, particularly in the less populated oil-exporting countries. Altogether they have been succesful and as a result these countries have began to recycle domestically a much larger proportion of their financial surpluses than was supposed possible. A crucial aspect of

this domestic recycling is the large transfers to individuals, families and firms which have been operated as public expenditures in the form of housing allowances, low or free interest loans, and subsidies designed for diverse purposes. This development is preparing a new significant balance between international and domestic uses of available financial resource. In any case the industrial growth stimulated by the implementation of the development plans has triggered a tremendous increase in the inter-Arab migration flows. This in turn has been translated into significant flows of remittances. These particular financial flows, along with aid extended for political and military reasons - to Jordan for example - is creating an Arab use, as opposed to the international use, of available financial resources and is working as a potent element of Arab integration. In fact remittances are initiated today in the building of private houses in the countries of origin and will be invested tomorrow in the productive activities of migrants who have returned home. Another way in which resources are recycled into the Arab world as a whole is the setting up of public and private joint ventures. For cultural as well as for political reasons these joint ventures - very often linked to the intergovernmental network - have grown based in populated Arab countries, such as Jordan, Egypt and Tunisia. This is very helpful in maximizing the Arab-wide recycling of financial resources. In this framework the role of the banks and of other financial institutions is becoming increasingly important. As was said by an Arab economist: "The regional and national financial institutions which

have been established have acted as a channel for the multilateral transfer of Arab funds among the Arab countries, in addition to direct bilateral transfers which have taken place for economic and non-economic reasons. This is an important form of cooperation because the flow of capital has been induced generally in accordance with certain criteria designed for this purpose. In the absence of such institutions these flows may not have occurred, at least their level and geographic and investment pattern would have been different, being then governed by autonomous decision based on a calculus of private costs and benefits" (1).

The second aspect which tends to be misinterpreted or overlooked in the observation of the Arab international integration is the evolution of the institutional banking structure in itself. To get a significant synthetic idea of the evolution we are talking about one must refer to the total financial activities to GDP ratio and to the domestic to international ratio of such activities. According to the most recent available figures (end of 1970s) Arab countries can be divided into three categories: a) countries with a high ratio of total financial activities to GDP, i.e. Lebanon (172%), Jordan (122%), Egypt (98%), Algeria (182%), Syria (67%), Tunisia (66%), Morocco (62%); b) countries with a low ratio, i.e. Iraq (34%), Sudan (43%), Arab

(1) Samir A. Makdisi: "Arab Economic Co-operation: Implications for the Arab and World Economies", in Roberto Aliboni (ed.), Arab Industrialization and Economic Integration, Croom Helm, London, 1979, pp. 94-95.

Republic of Yemen (56%); c) oil-exporting countries, i.e. Bahrein (119%), Kuwait (75%), Libya (49%), Saudi Arabia (122%). While the second category needs a case by case explanation, the first and third categories correspond to different absorbing capacities and different roles of the financial institutions. This is more evident when considering the second ratio, namely that of domestic to international financial activities. For the countries of the third category domestic activities on GDP are about one third of total activities, whereas for the other countries it is about two thirds. The first category countries are clearly developing a financial market to serve their economic development by recycling resource from international to Arab uses. The second category countries are more integrated in the international matket, in forms and with roles as different as those of Saudi Arabia (plainly investing abroad) and Bahrein (an off-shore center). The overall (Arab) picture is one of an incipient organic financial system with all its specialization of functions to cater for different requirements and demands. Historically one may maintain that this ability to specialize while growing is the mark of the birth of a unitary system. On the same historical ground one has to say that, as international as their projection may be today, their national base will not remain without effect in the future.

Both these remarks speak for a strengthening of Arab integration along the path to a successful economic development. If this is correct it is up to the Western European countries to take up the opportunities for cooperation and

growth this process may offer. This would be the starting point of a sound inter-regional cooperation favouring the industrialization of the Mediterranean countries beyond the problems it presents today.

4 Security and Economic Development

Provided there is an inter-relation between European and Arab economic growth and that that brings about both dangers of conflict and opportunities for co-operation, what is the relationship between economic development and security in the Mediterranean? Three main pojts are to be raised in relation to this question: a) the East-West vs. North-South dimension in the Mediterranean relationship; b) the Southern enlargement ef the European Community; c) the hydrocarbons' production and transportation within the basin.

a) East-West vs. North-South dimension in the Mediterranean

The Mediterranean inter-regional relationship is affected by a number of political factors which reflects both regional conflicts and the presence of the Superpowers. Among these factors, East- West confrontation exerts a considerable role. From this point of view inter-regional co-operation in the area may be seen as an instrument utilized by both groups of industrialized countries to achieve their goals of influence within the framework of the East-West conflict. However, a completely different view may also be taken into account: the setting up of

inter-regional economic links may be alternatively seen as a way to lessen too immediate interferences from the East-West conflict evolution.

These two different views underline that the relevant issue on this matter might be the relationship between economic co-operation and non-alignment. To what extent will inter-regional economic co-operation allow for non alignment? Will alignment or non-alignment permit the setting up of significant forms of inter-regional co-operation?

The question under discussion seems to be the consistency between possible schemes for inter-regional economic co-operation - which belongs to the North-South dimension - and the "alignment/non-alignment" dilemma - which on the contrary belongs to the East-West dimension.

Even if Western European countries are close allies of the USA, a divergence within the Atlantic Alliance was apparent in several occasions on this matter.Although the former countries perceive the relentless Soviet attempt to gain advantages in the Mediterranean, they may sometimes disagree with the Americans as for the means to stop the Soviet influence in the area. Average Western European opinion holds that the most efficient East-West policy is to permit the Mediterranean developing countries to remain non-aligned. Their non-alignment might be the basis of a fruitful co-opeation to sustain the development of their backward productive patterns. The growth prospects through a successful Euro-Arab economic co-operation might be a good argument for the

Mediterranean developing countries to prevent the Soviets from exerting a significant political influence in the area. This implies, however, a working European Community.

b) Southern enlargement of the European Community

The inter-regional setting of the Mediterranean is subject to continuing changes which might be playing a substantial role in the development of economic co-operation in the future. Among these changes, the process of Southern enlargement of the European Community has often been considered as a crucial one. The EC acquired its 10th member, Greece, on January, 1981. A request for admission to membership has been tabled by Portugal and Spain. Turkey has also expressed the intention of requesting admission, but it is unlikely that it will formally do so until political conditions become more favorable.

Even though the most immediate consequences of these changes have been often envisaged as related to trade and capital and labour movements, the political consequences on the ground of the Mediterranean inter-regional co-operation are not to be neglected. The Southern enlargement of the European Community to such countries as Greece and Spain, traditionally friendly to the Arab States, is bound to mark a positive effect on Euro-Arab co-operation and to stir a shift in the European Community policy towards the area.

c) Hydrocarbons' production and transportation

A few facts - such as those mentioned in section 2 of this paper - in the realm of hydrocarbons' production and transportation are changing the most traditional picture of the Mediterranean basin from the point of view of security. As shown by a set of studies edited by the Istituto Affari Internazionali within the frame of a Ford Foundation funded research project (2), off-shore exploration in the Mediterranean, not economically attractive before 1970, is rapidly increasing because of a strong improvement in production expectations. More active exploration in the deep plains below 3,000 ft. is considered interesting but is presently prevented from lack of co-operation and political obstacles. A second change is due to the redirection of oil logistics in the area. A number of new developments in the pipelines network (SuMed; the reversible North-South Iraqi pipeline; the enlarged Iraqi-Turkish pipeline; the Saudi East-West pipeline) along with the re-opening of the Suez Canal are bound to reduce oil dependence on the Gulf in case of crisis and at the same time to increase the importance of the Mediterranean both in normal conditions and in an emergency. Finally, the shift from gas liquefaction to gas pipelines, such as that linking Algeria to Italy, is bound to be followed by other countries.

All these developments make clear that the inter-regional Mediterranean relationship is becoming more and more one of increasing interdependence. For this reason security will also be affected. In this frame the strengthening of both the regional integration processes in the European and the Arab countries and their inter-regional co-operation is an

important factor for reinforcing security in the area.

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(2) Giacomo Luciani(ed.), The Mediterranean Region, Croom Helm, London, to be published in January 1984