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Congressional Briefing

The Geopolitics of Middle East Oil: Historical Perspectives on the Current Crisis

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The recent attacks on oil tankers in the Persian gulf and Saudi oil refineries serve as a stark reminder of the global economy's dependence on petroleum from this politically unstable region. This briefing, which brings together several leading historians of the subject, will explain how the Middle East oil industry assumed such importance in international affairs and American foreign policy.

David S. Painter teaches international history at Georgetown University, where he has a joint appointment with the School of Foreign Service and the Department of History. His research focuses on oil and geopolitics, and his publications include *Oil and the American Century: The Political Economy of U.S. Foreign Oil Policy, 1941-1954*; *The Cold War: An International History*; and articles and chapters in the *Cambridge History of the Cold War*; the *Journal of American History*; the *Encyclopedia of U.S. Foreign Relations*. He is currently working on a study of oil and world power in the twentieth century and an analysis of the 1951-54 Iranian oil crisis.

Nathan J. Citino is the Barbara Kirkland Chiles Professor of History at Rice University. His published articles have appeared in various journals including: *Diplomacy & Statecraft*, *Diplomatic History*, the *Journal of Cold War Studies*, and *Cold War History*. Dr. Citino is the author two books. The first is *From Arab Nationalism to OPEC: Eisenhower, King Sa'ud, and the Making of U.S. - Saudi Relations*. His second book, *Envisioning the Arab Future: Modernization in U.S.- Arab Relations, 1945-1967*, was awarded the Robert H. Ferrell Book Prize by the Society for Historians of American Foreign Relations.

Anand Toprani is an Associate Professor of Strategy & Policy at the U.S. Naval War College. He is a graduate of Cornell, Oxford, and Georgetown, and has held fellowships at Yale and Harvard, as well as from the Smith Richardson, George C. Marshall, and Stanton foundations. Dr. Toprani is the author of *Oil and the Great Powers: Britain and Germany, 1914-1945* and has published articles in several journals, including *Diplomatic History*, the *Journal of Military History*, and *Political Science Quarterly*. He previously served as a visiting assistant professor at Brown, an intelligence analyst at U.S. Central Command, and a historian at the Department of State, and is currently a term member of the Council on Foreign Relations.

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Historical Perspectives on Geopolitics of Middle East Oil

Postwar Petroleum Order

- Major U.S. corporations formed the Arabian American Oil Company (Aramco)
- Aramco-Saudi relations were based on 50/50 profit-sharing but also conflict over revenues and Aramco's labor policies
- U.S. recognition and support of Israel complicated the U.S.-Saudi relationship

Politics of Reform in the Kingdom

- The U.S. government and oil companies were involved in domestic Saudi politics
- Aramco workers engaged in labor strikes, which led to demands for political reform, the nationalization of Aramco, and ending the U.S. military presence
- A movement for a constitutional monarchy was defeated in the early 1960s

The Post-Embargo Relationship

- The U.S.-Saudi relationship was re-established after the 1973 oil embargo on the basis of recycling of petrodollars and Saudi financial support for anti-communist causes
- Saudi Arabia nationalized Aramco in a planned take-over culminating in the early 1980s
- Following announcement of the Carter Doctrine in 1980, the U.S. dramatically increased its military presence in the Gulf
- The U.S. troop presence during the Gulf War provoked resistance in Saudi Arabia

Role of Mid-East Oil in U.S. Strategy

- Control of Gulf oil has been at the center of U.S. strategy since 1945
- Gulf oil has only been significant for U.S. consumption between 1973 and the oil shale boom
- Secure supplies fueled the reconstruction of Europe and Japan after 1945 and discouraged them from relapsing into economic nationalism.
- Development of the Gulf as the center of world oil production encouraged (with a few exceptions) price and supply stability, which in turn promoted American prosperity/power
 - Western prosperity facilitated containment of the Soviet Union, curtailing communism

U.S. Aims

1. Control of oil trade
2. Secure oil for U.S. and allies at a reasonable cost
3. Assist friendly local governments
4. Enhance U.S. economic position in the region
5. Prevent domination by internal or external rivals

Can We Leave the Gulf?

- Continuing Importance of the Gulf – Supplier of Last Resort/Slack Capacity
- As the leader/defender of international system, the United States will always have an interest in Gulf oil whether or not it is energy self-sufficient
 - Only question worth asking: **NOT** can we afford to leave the Middle East? **RATHER** do we still want to play the role of hegemon?