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**A POSTCOLONIAL APPROACH TO ANGLO-AMERICAN OIL
POLICIES TOWARDS THE GULF REGION**

DOCTORAL THESIS

BATTAL DOĞAN

Department: Middle East Studies

Supervisor: Assoc. Prof. Dr. Philipp O. Amour

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THESIS APPROVAL

This work headed “ A Postcolonial Approach to Anglo-American Oil Policies Towards the Gulf Region,” which has been prepared by Battal Dođan is approved as a Ph.D. thesis by our jury unanimously.

Date of Acceptance: 12/08/2022

Jury Members	Opinion
Assoc. Prof. Dr. Philipp O. Amour	Accepted
Prof. Dr. Murat Yeřiltař	Accepted
Prof. Dr. Halil Erdemir	Accepted
Assoc. Prof. Dr. İsmail Numan Telci	Accepted
Assoc. Prof. Dr. Mustafa Yetim	Accepted

Approval

I approve that the signatures above belong to the aforementioned teaching fellows.

12/09/2022

Prof. Dr. Tuncay Kardas
Institute Director

DECLARATION

I hereby declare that this thesis represents my own work and the sources of information and materials I have used in this research have been fully identified and properly acknowledged as required in the guidelines. I also declare that this work has not been submitted, in whole or in part, in any previous application for a degree, diploma, or other qualifications.

Battal DOĞAN

12 August 2022

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ÖZET

Sakarya Üniversitesi, Ortadoğu Enstitüsü

Doktora Tez Özeti

Tezin Başlığı: Körfez Bölgesine Yönelik Anglo-Amerikan Petrol Politikalarına Postkolonyal Bir Yaklaşım

Tezin Yazarı: Battal DOĞAN **Danışman:** Assoc. Prof. Dr. Philipp O. AMOUR

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Bu tez, Körfez bölgesine yönelik İngiliz kolonyal ve Amerikan postkolonyal petrol politikalarını siyasi düzen, imtiyaz sistemi, ulusal güvenlik ve çıkarlar, üretilen dış politikalar ve algılanan bölgesel ve küresel tehdit ve rekabet parametreleri üzerinden incelemektedir. Petrolün ekonomik değeri ve stratejik önemi, İngilizleri Körfez petrolünü ulusal güvenlik ve ekonomik çıkarlarıyla ilişkilendirmeye sevk etmiştir. Bu bağlamda imparatorluk petrol politikaları, petrol bölgelerini kontrol etmek, diğer rakip sömürgeci güçleri bölgeden uzak tutmak ve tehditleri ortadan kaldırmak için formüle edilmiştir. Dolayısıyla Körfez bölgesi İngiliz kolonyal petrol düzeni, eşit olmayan imtiyaz şartlarına, rekabetçi olmayan petrol piyasası yapısına ve Anglo-Amerikan petrol şirketleri ile hükümetleri arasında yapılan gizli anlaşmalarla kurulmuştur. İngilizlerin bu kolonyal düzenine önce siyasi, daha sonraları ekonomik dekolonizasyon hareketleri tarafından meydan okundu. Ulusal petrol kaynakları üzerinde egemenlik iddiasıyla yükselen petrol bilinci, petrolün artan stratejik önemi ve ekonomik değerine paralel olarak gelişmiştir. Arapların petrolü aynı dönemde bir silah olarak kullanması, bölgede petrol dekolonizasyon sürecini daha da hızlandırmıştır. Bu arada Amerika Birleşik Devletleri hem Soğuk Savaş hem de devam eden dekolonizasyon talepleri bağlamında, Körfez’de petrol düzenini yeniden yapılandırmıştır. Körfez petrolünü petrol kuyularının başında sömüren *Whitehall*’in aksine, *White House* petrol sömürgeciliğine New York Ticaret Borsası’nda sürdüren politikalar üretmiştir. Bu araştırma, postkolonyal araştırmaların her zaman tarihsel oluşu bağlamında tarihseldir. Bu tezde nitel, teori test eden, (karşılaştırmalı) çoklu vakıa araştırma yöntemi kullanılmıştır. Tez, İngiliz kolonyal ve Amerikan postkolonyal hükümetlerinin Körfez’in petrolünü kendi ulusal güvenlik kaygılarıyla ilişkilendirdiklerini, petrol bilgisini/teknolojisini pazarlık gücü olarak kullandıklarını, bölgenin petrol kaynaklarını kontrol etmek, ulusal çıkarlarını korumak ve sürdürmek için aynı hedefle, fakat farklı araçlara başvurarak sömürdüklerini savunmaktadır.

Anahtar Kelimeler: İngiliz Petrol Sömürge Düzeni, Petrol Dekolonizasyonu, Amerikan Postkolonyal Petrol Düzeni, Petrol Politikaları, Körfez Bölgesi

ABSTRACT

Sakarya University, Middle East Institute

Doctoral Thesis Abstract

Title of the Thesis: A Postcolonial Approach to Anglo-American Oil Policies
Towards the Gulf Region

Author of the Thesis: Battal DOĞAN **Supervisor:** Assoc. Prof. Dr. Philipp O.
AMOUR

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This thesis examines the British colonial and American postcolonial oil policies towards the Gulf region through the parameters of political order, concession system, national security and interests, formulated foreign policies, and perceived regional and global threats and rivalries. The economic value and strategic importance of oil prompted the British to associate the Gulf oil with their national security concerns and economic interests. In this context, the imperial oil policy was formulated to control oil territories, exclude rival colonial powers, and eliminate threats by all means at disposal. Therefore, the British colonial oil order in the Gulf region was based on unequal concession terms, non-competitive oil market structure, and secret agreements between Anglo-American oil companies and governments. However, the British colonial order was challenged first by political and later by economic decolonization movements. The rising oil awareness that claimed sovereignty over the national oil resources developed in parallel with the growing strategic importance and economic value of petroleum. The Arab use of oil as a weapon at that time further accelerated the process of oil decolonization in the region. Meanwhile, the United States restructured the oil order in the Gulf in the context of both the Cold War and persistent demands for decolonization. Unlike the *Whitehall*, which exploited the Gulf oil at the top of the oil wells, the *White House* maintained the exploitation on the New York Mercantile Exchange. In this thesis, qualitative, theory testing (comparative) multiple-case research method is used. The thesis argues that both British colonial and American postcolonial governments associated the Gulf oil to their national security concerns, used oil knowledge/technology as bargaining power, and resorted to all means to protect, maintain and control the oil resources of the region.

Keywords: British Colonial Oil Order, Oil Decolonization, American Postcolonial Oil Order, Oil Politics, the Gulf Region

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ABBREVIATIONS

Aramco	: Saudi Arabian Oil Company
ADPC	: Abu Dhabi Petroleum Company
Aminoil	: American Independent Oil Company
APOC	: Anglo-Persian Oil Company
BP	: British Petroleum
BPC	: Basra Petroleum Company
bpd	: barrels per day (a barrel is 159 liters or 42 US gallons)
Casoc	: California Arabian Standard Oil Company
CFP	: Compagnie Francaise des Petroles
CIA	: Central Intelligence Agency
CNOOC	: China National Offshore Oil Company
CNPC	: China National Petroleum Corporation
EIA	: Energy Information Administration
E&P	: Exploration and Production
GCC	: Gulf Cooperation Council
IEA	: International Energy Agency
IEF	: International Energy Forum
INOC	: Iraqi National Oil Company
IOCs	: International Oil Companies
IPC	: Iraq Petroleum Company
IPE	: International Political Economy

IPEC	: International Petroleum Exporting Countries
IR	: International Relations
KOC	: Kuwait Oil Company
mbd	: million barrels per day
MNCs	: Multinational Corporations
NIOC	: National Iranian Oil Company
NOCs	: National Oil Companies
NYMEX	: New York Mercantile Exchange
OAPEC	: Organization of Arab Petroleum Exporting Countries
OECD	: Organization for Economic Cooperation and Development
OPEC	: Organization of the Petroleum Exporting Countries
PAW	: Petroleum Administration for War
PSA	: Production Sharing Agreement
Socal	: Standard Oil Company of California
SPR	: Strategic Petroleum Reserve
Tapline	: Trans-Arabian Pipeline
TPC	: Turkish Petroleum Company
URR	: Ultimate Recoverable Reserves

INTRODUCTION

Contrary to existing studies on oil politics that based on conventional International Relation (IR) theories, this study is based on critical postcolonial theoretical perspective. Postcolonial theory requires studying oil politics within past colonial and current imperial contexts and orders. Conventional IR theories, on the other hand, have always neglected, ignored, and deliberately overlooked colonial and imperial oil policies and practices. In addition, the concepts of colonialism and imperialism have been neither in the interests nor in the agenda of these conventional theories. Critical International Relations theories, such as postmodernism, de-constructivism, structuralism have also not paid enough attention to the colonial and imperial texts, contexts, and frameworks in their studies. Thus, a proper understanding of current global oil policies, postcolonial theoretical perspective provides a critical, deconstructionist, contrapuntal, and subaltern reading of colonial oil policies and practices.

Oil was discovered in the Gulf region under an informal colonial rule imposed by the British Empire. In this colonial order, the Gulf States were either British protectorate, British mandate or in the British sphere of influence. The British, who had involved in the affairs of the Gulf region for geostrategic objectives long before the First World War, extended their influence during and after the War to all territories they prospected oil deposits. In this informal colonial order, the British used all diplomatic and military means to protect and maintain this colonial oil order, excluding both regional and rival imperial powers from oil territories. The British Empire exploited the Gulf oil resources by using its political, economic and military power, which enforced colonial and monopolistic oil policies in the Gulf region. In this regard, the Royal government committedly involved in oil concessions diplomacy, financially supported British national oil companies, undertook the security of oil operations by establishing military bases near oil territories, and even owned a majority stake in the Anglo-Persian Oil Company (APOC) due to increasing strategic and economic value of petroleum. Under the British informal colonial rule, free and competitive access to oil concessions was not allowed, in contrast, concessions were imposed on the Gulf countries to be granted to the British nationals. Only after long diplomatic pressures, and even threats, American

oil companies and a French national company were allowed to form consortiums with the British oil companies.

After World War II, the United States became more interested and extensively involved in the affairs of the Middle East in general and the Gulf region in particular. In the context of the Cold War and decolonization process, American officials realized that the colonial order the British established in the Gulf could not be maintained, and therefore carefully avoided colonial patterns of policies. However, there was a prevailing opinion in the White House that the Gulf oil resources and its flow to Europe and Japan should be under US control and protection. American officials feared of the Soviet expansion to the oil-rich of Gulf States. Revolutionary-republican Arab countries had already fallen into the Soviet orbit. Arab nationalism thus posed a serious challenge to US policies, which sought to balance between the security of Israel and the security of Arab oil-rich Gulf States. The 1967 and 1973 Arab-Israeli wars proved the failure of American balance-of-power policy and resulted in Arab oil embargos against the United States. In postcolonial American oil order, the Gulf oil order has been incorporated into a wider global oil market established by the US. In contrast to the colonial oil order that was controlled by multinational oil companies and their governments and lacked a transparent market structure, the postcolonial oil order has relied on a global competitive market based in New York and governed from Washington to serve American national interests.

In this context, postcolonial theoretical approach brings a critical perspective to Anglo-American Gulf oil policies, which were formulated to achieve the same goals in different orders and with changing means. From a postcolonial theoretical perspective, the British Empire colonized/exploited Gulf oil resources initially by establishing an informal colonial order that allowed the British to dominate oil concession diplomacy, keep rival colonial powers at distance, eliminate local threats, and pursue monopolistic oil policies. The United States, on the other hand, has restructured the British colonial oil order and maintained the exploitation of Gulf oil through an informal imperial order. While the Gulf oil was exploited at the top of oil wells in the British colonial order, it has been exploited in the oil market established in New York oil stock exchange in postcolonial order. In the colonial oil order, the upstream, the midstream, and the downstream oil industry were all controlled by the Anglo-American oil companies and

backed by their home governments. After the collapse of colonial oil order, the United States has established a new exploitative oil order in the Gulf region. In this American informal imperial oil order, the Gulf oil-producing countries have faced two imported problems. First, the global oil market is governed from Washington and oil is sold in New York oil market, which limited their control on oil prices and production volume. The second problem is related to the national security and even sovereignty and survival of Gulf oil-producers. The colonial policies of divide, rule, and exploit, by which the borders of the Gulf countries were drawn according to oil territories, continued to cause problems. In the postcolonial period, the colonial map of the Gulf States and oil regions have allowed the Americans to control, exploit, and impose its informal imperial order. Thus, the colonial map of the region has emerged as national security, unity, independence and survival in the postcolonial period. This situation facilitated both the political and military intervention of the US in the affairs of the region, and assumed the role of security and order-provider in exchange for oil.

Subject and Importance of the Thesis

Phillip Darby in his article, *Pursuing the Political: a Postcolonial Rethinking of Relations International*, states that the American occupation of Iraq provides a fruitful research topic for postcolonial theorists. The Gulf States had already suffered from British colonization of their oil resources from its discovery in 1908 to its withdrawal from the region in 1971. The American actual occupation of Iraq demonstrates all intentions and goals of old-fashioned colonial control over Iraq's oil resources in particular and of the region in general. Efforts to design the Gulf States according to Anglo-American norms and interests are nothing but colonial, orientalist, and Western-centered discourses that have clearly ignored the rich historical heritage of the peoples of the region. The economic value and strategic importance of oil have been important factors in the formation of the Anglo-American colonial/imperial orders, which have been based on the discourses of power, knowledge, racial superiority, and binary representations.

The fact that since its discovery, oil has been an indispensable source of energy for the economic development of industrial countries and played a decisive role in both great wars as a strategic commodity attracted the British Empire in the past colonial period

and the Americas in the postcolonial to the Gulf region. Before the discovery of oil in the region, British Empire had already imposed its control on the Arabian coasts of the Gulf. Just before the First World War, oil was discovered in Iran and the possibility of oil resources in Iraq was very high. Especially the construction of the Baghdad railway and oil concessions, which the Ottoman Empire granted to the Germans, and subsequently the reports published on the possibility of oil resources in Mosul caused radical changes in the British attitudes towards the Ottoman Empire, Germany and the Gulf region. Britain formed a triple alliance with France and Russia and perceived the Germany and the Ottoman Empire serious obstacles and threats to its political order and economic interests in the region. Therefore, the Triple Alliance made plans how to break the power of the Germans, partition the Ottoman Empire and divide the region. After the war, the British Empire imposed its control over the entire oil territories in the Gulf and established an informal colonial order. This order gave British oil companies an advantage and upper hand in obtaining oil concessions from the Gulf countries.

In fact, both the American government and its oil companies were closely monitoring oil discovery activities in the Gulf region. In this early period, the main policy of the American governments was to open the door of the Gulf oil resources to American oil companies. Although the British officials were reluctant to open the door, the Americans managed to access the oil resources of the region by using all their diplomatic and economic power. In this British informal colonial oil order, the Americans were content with the access of American oil companies to the Gulf oil resources and did not question the British political order, which provided security for oil extraction and production. After World War II, the US would not only replace the British Empire in the Gulf and globally, but would also represent the entire Western world. When the British government announced the evacuation of its military bases and withdrawal from the Gulf in 1968, and its effective withdrawal in 1971, the United States has since assumed responsibility for maintaining regional order and protecting national and Western interests.

The Americans initially thought to fill the security gap left behind by the British with its regional allies, Iran and Saudi Arabia. However, after 1979 Islamic Revolution in Iran, they started to involve closely in the affairs of the region at political, economic, and military levels. The Americans had already stationed at the military base evacuated by the British in Bahrain. However, they needed larger military bases to protect the Gulf from both regional and external threats. In 1990, Iraq's occupation of Kuwait gave the Americans this opportunity to establish its military bases in the Gulf. The invasion of Iraq in 2003 and the order the Americans planned to establish in the Gulf illustrate the basic features of the classic colonial order. With regard to the global oil order, the US made great efforts to establish IEA, an alternative non-governmental organization to OPEC, took control of the world oil market from New York Petroleum Exchange, and made it mandatory the conduct of oil transactions in its own currency, US dollars.

The subject of this thesis is to examine the oil policies formulated by the Anglo-American governments over the Gulf oil. The thesis focuses on both British colonial and American postcolonial oil policies and rereads them in a postcolonial theoretical perspective. It investigates the nature of British colonial order in the Gulf and explores the structure of oil governance established by the British governments and multinational oil companies. In particular, the thesis draws attention to the colonial oil concession system and its terms, which imposed on the Gulf States. Under the British informal colonial rule, which hindered competition and reduced the bargaining power of the oil-producing countries, Anglo-American oil companies shared the Gulf oil resources between them in secret (Acknacarry) and open (the Red Line) agreements. The Gulf oil industry was under complete control of Anglo-American oil companies, which set the prices and volumes of oil production. Oil companies were means of colonial powers' rivalries and diplomatic negotiations for holding oil concessions to gain access to the region's oil resources. The oil companies were able to operate in the oil fields only after the imperial governments determined the share of each company at the negotiation tables. The real owners of oil, the Gulf producer countries, were not part of these negotiations. They were neglected, ignored and subalterned because they were politically dependent, economically underdeveloped, militarily weak, and lacked oil knowledge and technology.

As a consequence of political independence achieved after the Second World War, the rise of oil consciousness, the quest for economic independence, and the demand for full sovereignty over national oil resources led to the foundation of OPEC, which formed a united front for oil-producing countries. OPEC initially launched a diplomatic war against international oil companies to break their control over oil prices and production volumes. It also brought colonial oil concession terms at negotiation table and forced oil companies to reconsider them according to the changing political and economic circumstances. The major oil companies could not resist the demand of producing countries, but were in an urgent support of their home governments. Both British and American governments were reluctant to directly intervene in the conflict between the companies and producer countries. However, both governments realized that the companies lost their power and control over oil prices and production in the Gulf, in particular after the oil embargo of 1973 imposed by OPEC Arab members. The oil embargo reminded the Americans the strategic importance and economic value of the Gulf oil. Therefore, the US found the solution in an establishment of a united front among the major oil consuming countries against OPEC. IEA thus was established to confront OPEC at an organizational level.

In the postcolonial American oil order, Gulf oil has been strongly associated with American national security concerns and economic interests. The order that the American governments established in the Gulf region has demonstrated the features of informal empire, which aimed at controlling oil prices and production volumes from New York oil exchange. In the Gulf region, the US governments have pursued various policies balancing and deterring both regional and global powers to maintain its control over oil resources of the region. Although the informal American empire in the Gulf differs from the previous informal British colonial empire, they share common goals and objectives of domination and exploitation, the exclusion of enemies and the inclusion of friends, the protection of collaborators and the overthrow of opponents.

Finally, the abundant and giant oil reserves of the Gulf States prove the importance of the research topic. Table 1 shows that five countries from the Gulf region are among the top 10 that have the world's largest crude oil reserves. In addition to that, Qatar and Oman have also large amount of oil reserves. Qatar is ranked 13th with a reserve of 25.24 billion barrels and Oman is ranked 21th with a reserve of 5.37 b/b. Saudi Arabia,

which has the world's biggest oil field (Ghawar), was ranked the world's biggest crude oil reserves for several decades, but it is currently ranked second only to Venezuela.

Table 1

World Proven Crude Oil Reserves by Country in 2020 (billion barrels)

Rank	Country	Oil Reserves (billion barrels)
1	Venezuela	303.56
2	Saudi Arabia	258.60
3	Iran	208.60
4	Canada	170.30
5	Iraq	145.02
6	UAE	107.80
7	Kuwait	101.50
8	Russia	80.00
9	Libya	48.36
10	Nigeria	36.91

Source: Adapted from OPEC and the US Energy Information Administration (EIA)

Objectives of the Thesis

This thesis examines Anglo-American oil policies towards the Gulf region from a postcolonial theoretical perspective. The main purpose of the thesis is to investigate untold, neglected and covered facts embedded in colonial/imperial policies registered, documented, and archived and later narrated in the historiography of oil politics, diplomacy, and crises. The first objective of the thesis is to bring a postcolonial perspective to the colonial order established by the British imperial governments, which aimed to exploit the Gulf oil resources, from the discovery of petroleum to its withdrawal from the region. The thesis draws attention to the colonial oil order designed and maintained by the British Empire between the two great wars. The discovery of oil in the Gulf States coincided with the informal colonial rule established in the region by the British Empire immediately after the First World War. Therefore, the British oil companies, which received financial and, when necessary, military support from the Royal governments, could not have found a more suitable basis for exploiting the Gulf oil resources. During this period, the British penetrated the oil region, divided it according to its oil territories, and pursued policies of monopolization, using both diplomatic and military power against any external or internal rival powers. In particular, the British exploited the Gulf oil resources through the establishment of APOC, in which the Royal government controlled 51% of its shares, and later through consortiums established with American oil companies in other Gulf countries. The British officials insisted on adhering to colonial concession terms at both governmental and company levels, rejected the demand of Gulf countries to renegotiate the terms of concessions, and preferred a strict colonial policy. Against this colonial attitude of the British, the Gulf States tended to more moderate American governments and oil companies.

The second objective is to examine how the oil-producing Gulf countries decolonized the British oil order in the region. The increasing economic value and strategic importance of petroleum after World War II led to the formation of radical political, economic and security policies not only in the oil-consuming countries but also in the oil-producing countries. In this context, the increasing oil consciousness in the oil-producing countries and the discourses of economic independence and the demand for full sovereignty over the natural resources were among the main factors that prompted

the decolonization of oil in the Gulf region. The oil-producing countries became aware of acting together and of forming a common front against the domination of foreign countries and companies, which eventually resulted in the establishment of OPEC. The foundation of OPEC constituted a serious challenge to both oil companies and their governments. During the decolonization period, the political events in the region worked in favor of the oil-producing countries. The nationalization of Suez Canal, the Arab-Israeli wars of 1967 and 1973 forced the Arab oil-producing countries to use oil as a weapon, which accelerated the process of decolonization of oil in the region. Particularly, the Arab oil embargo of 1973 caused increasing oil prices, which is first time unilaterally set by the oil-producing countries. During the embargo, the Arab oil-producing countries exercised full control on their oil production volume, or even not to produce, and banned exports to certain countries. Therefore, foreign oil companies were completely disabled when the Arab oil-producing countries took over the control and used their authority to set oil prices, determine production volume, and impose oil embargo.

The third objective is to investigate postcolonial American oil order in the Gulf region. Oil companies' loss of control over oil prices and production volume worried oil-consuming countries, especially the US. The thesis, in this regard, aims to draw attention to what kind of policies the US governments pursued to regain control over the oil market. For this purpose, the US governments worked to form a common front among oil consuming countries and accordingly established IEA as an alternative organization to OPEC. The task of IEA was to form precautionary strategies for the developed oil consuming countries in case of a future oil embargo. After the Second World War, the United States had already replaced the British Empire both globally and in the Gulf region. In the context of the Cold War, the US undertook a task of establishing a new order in the region, avoiding old-fashioned British colonial policies. The pattern of American oil order imposed on the region has demonstrated all feature of informal imperial order, which closely intertwined the Gulf oil with the national security and economic interests of the US and Western world.

Research Design of the Thesis

From the critical perspective of postcolonial theory, the central research question of the thesis is “Why have Anglo-American colonial/postcolonial governments associated the Gulf oil with their national security foreign policy priorities, and how have they exercised power, knowledge, and discourses to exploit the oil resources of the region?” The thesis argues that like the British colonial oil policies, American postcolonial oil policies have chased the same objectives in the Gulf region, but the order and tools of domination, exploitation, and justification have differed notably. While British Empire exploited the Gulf oil resources through policies of colonization and monopolization, American Empire has pursued policies of domination over the region’s oil production and exports and exploited it by governing the global oil market.

Hypothesis 1: colonial and imperial discourses such as “trade follows the flag”, “the white man’s burden”, “the Roman had laid roads; the British now built railroads”, “civilizing mission”, and “democratization” reveal aims and intentions of domination and exploitation, and denote racial superiority of European/Western civilization over the others.

Hypothesis 2: European/Western knowledge over others produced power and power produced knowledge, which justified and maintained colonial and imperial rules. In particular, their knowledge and technology of oil exploration, extraction, refinery, and transportation enabled them to impose unequal concession terms and conditions on the Gulf oil-producing countries.

Hypothesis 3: colonial oil concessions and postcolonial oil market structure served the interests of colonial/imperial powers and their private oil companies.

Hypothesis 4: the pattern of order established by the colonial and postcolonial powers defines the degree of domination and exploitation of oil.

Literature Review

Western-centric theoretical perspectives have dominated much of the recent works on the political history of oil and oil politics. Based on the archival research, these studies relied heavily on British and American public and private, state and oil companies’ archives. The fact is that all these archived public and private records and documents

over oil were recorded by the officials of the colonial powers or by the employees of the oil companies. The history of political economy of the Gulf oil thus reflects Western perspectives. These studies, which narrate oil imperialism, rivalry, diplomacy, and secret agreements over access to oil resources of the Gulf talk rarely about the real owners of these resources, who even were not aware of consortium formations and oil-sharing agreements. In this section, a brief literature review of the most prominent studies on the Gulf oil resources and Anglo-American oil policies will be presented.

The most comprehensive work written on the history of petroleum is undoubtedly Daniel Yergin's *The Prize: The Epic Quest for Oil, Money, and Power*.¹ In his seminal work, Yergin analyzes the research subject at multiple levels. The study analyzes oil politics at individual (oilmen, oil diplomats, oil bureaucrats), organizational (oil companies, oil organizations such as OPEC and IEA), and governmental (oil producing and oil consuming countries) levels and the role each played in the oil history. Yergin offers wide coverage to the Gulf oil and its countries, their national oil companies, and oil bureaucrats. He narrates the history of petroleum in a chronological order focusing on major oil events and introduces a triangular relationship between oil companies, oil producing and consuming countries. While the study deals with the often-conflicting economic relations between oil companies and oil producing countries, it also deals with the security and strategic approaches of oil consuming countries. Yergin explores how oil gradually becomes associated with national security, global economics, and power relations. However, from a postcolonial theoretical perspective, Yergin's work did not go beyond the novel-like narrative facts based on archival facts that registered and documented by the British colonial and American postcolonial public and private officials represented Western-centric perspectives and ignored the facts of dominated, exploited, colonized real owner of petroleum resources. Therefore, from a postcolonial theoretical perspective emerges a very different narrative of oil history.

In her book, *Oil Diplomacy in the Twentieth Century*,² Fiona Venn examines oil history in its political context. The level of analysis is based on the great power interactions over oil resources. According to Venn, oil first entered the field of international

¹ Daniel Yergin, **The Prize: the Epic Quest for Oil, Money and Power**, New York: Simon and Schuster, 1991.

² Fiona Venn, **Oil Diplomacy in the Twentieth Century**, Basingstoke: Macmillan Press, 1986.

relations in the early twentieth century, especially under the British colonial rule, when the imperial powers struggled for oil concessions. Secondly, with the impact of the value and fragility of oil resources, the concept of national security and strategic commodities have formed the core of the foreign policies of Western great powers, which increased the diplomatic and military interventions in the oil regions. The book is primarily concerned with the role of oil in international relations both as a factor that directly affects intergovernmental relations and as a multinational enterprise that is directly affected by the foreign policies of the oil-producing countries. Petroleum diplomacy gained momentum with two important developments in this period. First, a guaranteed supply of oil has become a necessary prerequisite for all major naval powers, and as a result, governments have become actively concerned with the location, control, and security of oil fields. Second, the discovery of new oil reserves in less developed regions of the world such as Latin America and the Middle East has led to intense competition among Western oil companies for access to and control of oil resources. The book seems to lack a serious critique of both British colonial oil order and American postcolonial imperial order established in the Third World countries in general and in the Gulf region in particular. The book thus examines oil diplomacy from a Western-centric perspective, accepting the established Anglo-American colonial/postcolonial oil order in the Gulf region.

In *Collaborative Colonialism*,³ Hussein Askari offers a historical analysis of how the political structure of the Gulf States and their relations with foreign powers have led to the exploitation of the region's oil resources. The book attempts to make a connection between oil, economic development, and political conflicts in the region on the one hand, and the great powers' control and rivalry over the region's oil resources on the other. Askari calls foreign powers that exploited the region's oil as "colonizers" and the local rulers that helped the continuation of this exploitation as "collaborative colonizers". Although the oil resources of the Gulf countries have been systematically exploited by the governments of colonial and neo-colonial powers, the rulers of these countries have not ceased to seek the support of the same foreign governments and their multinational oil companies, which Askari calls "collaborative colonialism". Thus, the

³ Hussein Askari, **Collaborative Colonialism: the Political Economy of Oil in the Persian Gulf**, New York: Palgrave Macmillan, 2016.

exploitation of the region's oil has gradually shifted from the fact of colonialism to collaborative colonialism. Although Askari takes a critical approach in analyzing the colonial and postcolonial oil relations between companies, imperial powers and oil rich countries of the Gulf, he does not mention postcolonial, neo-colonial or any other theoretical perspective in his work.

In her book, *Postcolonialism and Imperialism*,⁴ Barbara Bush introduces a critical investigation to the meanings of empire and imperialism, the link between capitalism, imperialism, and modernity, and the influence of imperialism on the past and the present political and economic structures on both global and national levels. The interaction between postcolonial and classical approaches to imperial history has prepared the ground for important research into the issues of imperial history that was previously marginalized in the historiography. These studies thus have offered a perspective that has challenged the Western-centered paradigms of the imperial past and present. In these studies, greater emphasis is placed on how colonialism was shaped by the struggle of the colonized and how colonial discourse and imperial policies were deeply affected by the actions of the colonized. Finally, the dialectic of race, class, gender, sexuality, the psychology of violence, economic and cultural interaction, and colonial encounter have provided new perspectives on previously neglected or marginalized areas in imperial histories, and a more nuanced understanding of empires. Her basic premise is that imperialism is one of the most influential forces that shaped the world in the past and continues to shape in the present. There was no sharp break, she adds, in the transition from colonies to independence by decolonization. The colonial and postcolonial, Bush argues, must be conceptualized as uninterrupted. Hence, Bush asks, how can the current crisis in the Middle East be explained without reference to colonial and imperial history?

In *Oil Revolution: Anticolonial Elites, Sovereign Rights, and the Economic Culture of Decolonization*,⁵ Christopher R.W. Dietrich analyzes the relations between companies, producers, and consumers at oil bureaucrats' level. While the book covers the decolonization of oil process, it primarily focuses on the struggle of the Third World oil

⁴ Barbara Bush, **Imperialism and Postcolonialism (History: Concepts, Theories and Practices)**, London: Pearson Education Limited, 2006.

⁵ Christopher R. W. Dietrich, **Oil Revolution: Sovereign Rights and the Economic Culture of Decolonization**, Cambridge: Cambridge University Press, 2017.

elites and bureaucrats who initiated and carried out the process. In this context, the author presents a section from the history of oil politics through Arab and South American oil brokers, who aimed to disrupt the colonial structure of oil and defend the struggle for economic independence on both regional and global platforms. The book introduces the ideas and actions of the international anti-colonial elite. It describes what decolonization means and how it relates to international capitalism. In this context, the anti-colonial elite was an internationalist intelligentsia that saw themselves simultaneously as actors and theorists of an incomplete liberation project. The petroleum revolution thus consisted of ideas and actions that formed and worked against the colonial concessions that governed property, production, and prices until 1970s, and against foreign oil companies and their governments that wanted to perpetuate this colonial oil order. The petroleum revolution in this book is a history of a process and phenomenon that refers to the economic culture of decolonization. The dialectic between the state-centered political decolonization and the internationalist language of economic decolonization is one of the main motifs of the book. The tension between heroic expectation of the present and the angry discourse of past victimization, the attempt to look forward and backward at the same time, constitute core a theme of the book.

As a political scientist interested in oil studies, Dag Harald Claes focuses on the intersection between politics and markets, particularly on the attempts of oil-producing countries to gain control of the international oil market. The book, *The Politics of Oil: Controlling Resources, Governing Markets and Creating Political Conflicts*,⁶ presents the connections and interactions of global oil industry and market with regional and global politics. The author underlines that oil and politics are interconnected at many levels and in many ways and that any analysis of oil politics requires extensive studies. The first part of the book examines the governmental domestic and external practices of sovereignty over national oil resources. The second part explores the impact of politics on the oil trade and market, while also questioning the oil factor in political conflicts. On the other hand, the book dwells on the inadequacy of reading or explaining oil politics through a single scientific discipline. For Claes, oil policy takes some

⁶ Dag Harald Claes, **The Politics of Oil: Controlling Resources, Governing Markets and Creating Political Conflicts**, Cheltenham: MA Edward Elgar Publishing, 2019.

understanding of geology, engineering, economics, philosophy, history, and more. Besides politics and economics, the author believes in the value of interdisciplinary collaboration that can make the topic more understandable. However, Claes favors International Political Economy (IPE), which makes internal links between the theories of economics and politics.

In his book, *Oil Politics: a Modern History of Petroleum*,⁷ Francisco Parra analyzes the triple relationships between oil companies, oil producing countries, and oil consuming countries. What sets Parra's work apart is that his long experience in the oil world and his insights and observations as an insider on OPEC activities and challenges. In this context, Parra introduces the constantly changing dynamics between oil producers and oil companies and their relations with major oil consuming countries as a person who closely followed, observed, and guided them. According to him, the international oil industry was developed almost entirely by seven large oil companies originating only in the US and Western Europe. The crude oil, however, was concentrated in a few countries in the Middle East and Latin America and belonged to the governments of those countries. This situation created a peculiar kind of relationship between investor and host country and was full of colonial overtones, as some countries were British colonies or protectorates, or client countries of Britain and the United States. In a narrow legal sense, the relationship itself was embodied in exceptionally long-lasting concession agreements outside the jurisdiction of host countries. First of all, crude oil in these countries was relatively cheaper than other crude oil prices in other countries and indeed other energy sources. Whoever could control oil extraction was in a position to cash out huge economic rents generated by the cost differences. Another advantage of oil is that it is perceived as a strategic commodity. Again, whoever could control oil extraction was in a position to deprive his enemies of a vital resource.

Using empire as analytical framework, Marc J. O'reilly in his book, *Unexceptional: America's Empire in the Persian Gulf, 1941-2007*,⁸ examines US foreign policy orientations towards the Gulf region. The book deals in particular with the establishment and involvement of American informal empire in the affairs of the Gulf

⁷ Francisco Parra, **Oil Politics: a Modern History of Petroleum**, London: I.B. Tauris, 2004.

⁸ Marc J. O'Reilly, **Unexceptional: America's Empire in the Persian Gulf, 1941-2007**, Lanham, MD: Lexington Books, 2008.

countries. US policy has much in common with past colonial policies of occupying a sovereign country, as in the case of Iraq. The prospect of American colonization in the Middle East has frustrated many analysts who believed in decolonization that excluded any renewal of this kind of imperialist remedy. The US had already established an informal empire in the Gulf, which resorted to coercion, cooperation, and occasionally violence, but avoided occupation that was considered the hallmark of a formal empire. Beginning with the Second World War, the US policy makers devised a variety of imperial policies that allowed the country to expand and protect its interests in the Gulf region. Post-war American leading role during the Cold War increased its prestige and influence both globally and at the Gulf region as well. However, political unrests in the region in the 1970s eroded American credibility and jeopardized the sustainability of this vital US sphere of influence. Despite this growing concern, intense American intervention in the Gulf occurred only intermittently until 1991. Prior to operation Desert Shield, Washington was typically involved in conditional or situational imperialism rather than consistent or sustained imperialism. This imperial style was intertwined with American so-called anti-imperialism and exceptionalism. Many of its citizens and policy makers oppose colonialism, but don't view US business efforts as imperial. For this reason, the Americans tend to avoid formal empire. Until the invasion and occupation of Iraq in 2003, the US variant of empire in the Gulf emphasized cooperative diplomatic and other initiatives, often with willing partners and allies. Washington was a part of an oil-centric American corporatist system that provided financial and other rewards to the Gulf elite. It sought to maintain its position through cooperation rather than merely the threat of violence or military intervention. The United States may have increased the odds of its empire surviving in the Gulf region, but its survival was and continues to be dependent on unknown systemic, regional, administrative and individual factors.

Selected Cases and Method

A case study, according to the definition of Vennesson, is a research method based on the empirical investigation of single or multiple phenomena to explore the composition of each case and to explain the characteristics of a similar class of phenomena, by

evaluating and developing theoretical explanations.⁹ Ying defines a case study according to its scope as an empirical research that explores a contemporary phenomenon, mainly where the relationship between event and context is hardly established.¹⁰ A case study, for Bennett, is a well-stated aspect of a historical event that the researcher selects for analysis, rather than a historical event itself. In interpretive cases, theoretical variables are used to make historical explanations of certain cases.¹¹ The historical approach is particularly applicable to contextually relevant case-oriented research designs. Cross-national diachronic studies, according to Donatella, identify the hypotheses developed in historical case studies that aim to compare the situation of country A at time X with that of country B at times of Y and Z.¹²

Data analysis in the case studies depends increasingly on process tracing, which according to Bennett, focuses on whether the intervening variables between hypothesized cause and observed effect act as predicted by the theories under study.¹³ Researchers use process tracing to evaluate a theory by identifying causal chains linking independent and dependent variables. Its purpose is to reveal the relationships between possible causes and observed consequences. This process is used in both theory testing and theory development researches.¹⁴ From an interpretive perspective, tracing the process enable the researcher to explore how this link manifest itself and in which context it occurs. By using process tracing, researchers can also examine the justifications that actors give for their behavior and actions, and explore the relations between behavior and beliefs. Thus, process tracing has become an essential method of empirical case study research, as it provides a frame to empirically explore and evaluate preferences, perceptions, objectives and values of actors.¹⁵

In this thesis, qualitative, theory testing, (comparative) multiple-case research method is

⁹ Pascal Vennesson, "Case Studies and Process Tracing: Theories and Practices", in **Approaches and Methodologies in the Social Sciences: A Pluralist Perspective**, eds., Donatella Della Porta and Michael Keating, Cambridge: Cambridge University Press, 2013, p. 226.

¹⁰ Robert K. Yin, **Case Study Research: Design and Methods**, Thousand Oaks: Sage Publications, 1994, p. 18.

¹¹ Andrew Bennett, "Case Study Methods: Design, Use, and Comparative Advantages", in **Cases, Numbers, Models: International Relations Research Methods**, eds., Detlef F. Sprinz and Yael Wolinsky, Ann Arbor: University of Michigan Press, 2004, p. 21.

¹² Donatella Della Porta and Michael Keating, **Approaches and Methodologies in the Social Sciences: A Pluralist Perspective**, Cambridge: Cambridge University Press, 2013, p. 218.

¹³ Bennett, p. 30.

¹⁴ Vennesson, p. 231.

¹⁵ Vennesson, p. 233.

used. Case studies have been widely used as a qualitative research method in the studies of international relations. The case study method is often used in contemporary set of events, over which the researcher has little or no control, seeking answers to “why” and “how” questions.¹⁶ The study uses a multiple-case design to trace legacies of colonial exploitation of the Gulf oil resources in current postcolonial period. A multiple-case design provides advantages of comparison between cases, by which the theory and the accuracy of propositions are tested. In a multiple-case study, as Yin puts, each case must be carefully selected to predict similar or contrasting results.¹⁷ For this study, British colonial oil policies in the Gulf region is selected as a first case, and American postcolonial oil policies as a second case. The selection of these two cases is ideal to test the accuracy of the postcolonial theory, which argues that the policies and practices of exploitation continue with changing actors, means, discourses, and orders. There are several reasons that encouraging for the selection of these two cases: first, British colonial and American postcolonial oil policies towards the Gulf region show similar patterns of domination and exploitation; second, both colonial and postcolonial great powers consider the control of the Gulf oil among their national security priorities; third, both use military interventions, install military bases and involve in coup d’etat in the region to maintain their established oil order; and fourth, both justifies their colonial/imperial oil order in the region with humanitarian objectives such as ‘civilizing mission’ or ‘democratization’.

This research relies on secondary sources. When a systematic process is followed, conducting secondary data analysis research is a viable method for generating new knowledge. Secondary data analysis thus gives many opportunities to advance research and test new theories through reanalysis and reinterpretation of existing research. The utilization of existing data offers a suitable option for researchers who may not have enough time, financial support, and access to primary sources. However, the most recognized limitation to the secondary data analysis method is that the data have been collected by other researchers and for other purposes.¹⁸ This research draws on the existing studies from a variety of disciplines. Much of the secondary materials used in

¹⁶ Yin, p. 13.

¹⁷ Yin, p. 54.

¹⁸ Melisa P. Johnston, “Secondary Data Analysis: A Method of Which the Time Has Come”, **Qualitative and Quantitative Methods in Libraries (QQML)**, Vol. 3, No. 3, (September 2014), pp. 619-626.

this research are historical and included studies on oil politics, diplomacy, and crises; empire and imperial powers; international relations of Middle Eastern and Gulf countries; and Anglo-American oil policies towards the Gulf region. In sum, from a postcolonial theoretical perspective, these secondary data have been reanalyzed and reinterpreted to reveal the legacies of colonial oil policies in the current postcolonial order.

In this research, the state-level of analysis is used to explore the oil policies of Anglo-American governments. However, in cases where organizational and individual policies are very closely interconnected, intertwined, and identified with the state policies, oil policies produced, for instance, by OPEC, IEA, prominent leaders, presidential doctrines, and oil bureaucrats have also been analyzed. The governance history of Gulf oil can be broadly divided into three phases: (1) the colonial period 1901-1950; (2) the decolonization period 1950-1972; and (3) the postcolonial period, since the mid-1970s to the present. Chronologically, the oil policies of Anglo-American governments are examined in loose temporal and spatial contexts, and each period is introduced in independent chapters, but they are complementary to each other. Finally, the term “Gulf region” is used instead of the Arabian Gulf or the Persian Gulf due to the well-known conflict over the name of the region. Not to mention the Gulf of Basra which has been used in the former Ottoman and modern Turkey’s official historiography.

Structure of the Thesis

This thesis consists of four chapters except introduction and conclusion. The introduction chapter presents a background to the research topic, its importance, objectives and questions. It also describes the method, design, and levels of analysis used to seek answers to central research questions. The conclusion chapter is divided into sections to provide a comprehensive conclusion by comparing British colonial and American postcolonial oil policies.

Chapter 1 aims to define related concepts and draw a theoretical framework for the research subject. In this regard, concepts such as colonialism, imperialism, decolonization, neocolonialism, and oil politics are not only defined but also are compared to reveal similarities or differences in meaning and practices. Furthermore, the chapter examines how postcolonial theory analyzes these concepts both in

theoretical perspectives and historical practices. Postcolonial theoretical perspective has made it easy to establish relationships between colonialism, for instance, and oil policies. Therefore, by introducing conceptual definitions and historical practices of these concepts, postcolonial theory builds its perspective to answer how British colonial and American postcolonial oil policies have been formulated to colonize/exploit the oil resources of the Gulf region. Finally, postcolonial theory contends that the oil order, whether colonial or imperial, determines the patterns of oil policies and the level of oil exploitation.

Chapter 2 examines how British Empire formulated oil policies to control and exploit oil resources in the Gulf region. The discovery of oil in Iran and the Royal Navy's demand for secure oil supply forced Royal government and related offices to formulate the Empire's oil policies. The imperial oil strategy during the First World War was to control oil territories and establish an informal colonial order. Post-war Gulf political map reveals that the British established mandate administration, protectorates and spheres of influence in the region. This informal colonial order helped the British oil companies to monopolize oil resources in the region through concessions agreements. The chapter traces also how the British governments used diplomatic channels, military threat and financial support to keep oil concessions for its nationals and exclude rival powers and its companies from the region's oil resources. In addition, the chapter outlines how Anglo-American governments and their oil companies established a colonial oil order in the Gulf by secret agreements, such as the Red Line and Achnacarry agreements.

Chapter 3 traces the emerging factors and playing actors that laid the groundwork for and accelerated the decolonization process of oil in the Gulf region. The chapter begins with Mosaddeq's decolonization attempt of Iranian oil, and how Anglo-American cooperation prevented the process by diplomatic war, economic sanctions, and eventually a military coup. Both governments wanted to send a clear message to the Gulf States that any nationalization attempt would face the same fate. The chapter deals with Nasser's Suez Canal decolonization attempt, which was also very closely related to the flow of the Gulf oil to the European markets. The chapter thus examines when and how Arab oil countries used oil as a weapon against colonial/imperial powers. Therefore, using oil as a weapon not only empowered the Arabs at negotiation tables,

but also accelerated the process of oil decolonization. Decolonization of oil in the Gulf took different paths and occurred in different times. Some countries preferred outright nationalization and some took the path of state participation. The chapter uncovers the real voices of the Gulf oil countries, which were silenced under British colonial order. It also introduces how the growing oil awareness moved parallel with the growing strategic and economic value of oil, which also led to the establishment of OPEC.

Chapter 4 aims to explore legacies of oil colonization in postcolonial American imperial order. The chapter initially introduces debates on American patterns of foreign policy tendency, which is overwhelmingly labeled as colonialist in the nineteenth century and imperialist in the twentieth century. Regarding the Gulf region, US replaced the British colonial order, but restructured with new means of exploitation. The chapter provides evidences that indicate informal imperial oil order established by the Americans in the Gulf region. In this regard, it examines foreign oil policies and doctrines of the US presidents that identified with their names, such as the Truman containment policy or Nixon's twin-pillar policy. The chapter handles also the means of US control and governance of oil both on global and Gulf region scales. In this regard, the chapter examines how US has established a global oil market structure, over which it exercises its control and uses it as a political leverage to maintain its global power. It introduces recent challenges and threats to American oil order in the Gulf from the regional and global powers. In this regard, the chapter outlines Iraqi invasion of Kuwait, China's growing need for oil supplies to sustain its economic growth, Russia's initiatives to establish multi-level relations with the Gulf countries, and America's response to these developments.

CHAPTER 1: THEORETICAL FRAMEWORK AND DEFINITION OF RELATED CONCEPTS

1.1. Introduction

This Chapter examines postcolonial theory and defines related concepts. In this chapter, the origin of postcolonial theory is reviewed, from its first emergence in the literature departments to its late intervention in international relations. Postcolonial theory travels between the past colonial and the present postcolonial times and spaces to question practices and policies of colonial/postcolonial powers. The chapter constitutes of two sections. In the first section, definitions of concepts such as colonialism, imperialism, decolonization, and neo-colonialism are presented. Postcolonial theory reanalyzes and redefines these concepts according to its theoretical perspective. Postcolonial theory establishes its critical approach from both practical and theoretical explanation or exploration of these concepts. The second section gives a brief historical development of postcolonial theory and its theoretical approach. The chapter demonstrates how postcolonial theory stemmed from commonwealth literature and colonial discourse analysis to an alternative critical IR theory. Postcolonial theory questions European/Western colonial and postcolonial political, economic and cultural practices over the Third World countries. The section also investigates the concept of “oil politics” within the domain of colonial and imperial orders and explores its hidden exploitative purposes and means. Particularly, the concluding section will attempt to establish a theoretical framework on how to analyze colonial and imperial oil policies from the critical perspective of postcolonial theory.

1.2. Definition of Related Concepts

1.2.1. Colonialism

Elleke Boehmer defines colonialism in terms of different forms of imperial power expansionism, which is manifested in the settlement of territories, the exploitation of resources, and the governance of indigenous inhabitants of occupied lands.¹⁹ In this comprehensive definition, Boehmer emphasizes on three important features of colonialism: the settlement of a foreign territory; the exploitation of natural resources;

¹⁹ Elleke Boehmer, **Colonial and Postcolonial Literature**, 2nd ed., Oxford and New York: Oxford University Press, 2005, p. 15.

and the imposition of power structure and forms of the colonizer over the colonized.²⁰ Colonialism, according to Hiddleston, is an act of conquest and control of foreign land that involves the subjugation of the natives and administration of political and economic institutions. Colonization thus is a tangible act of invasion and practical seizure of control; a designed political and economic project; and a larger discourse of hegemony and superiority.²¹

Colonialism signifies domination and hegemony, classically in the form of political rule and economic control on the part of European state over territories and peoples outside Europe.²² The aim of colonialism, according to McLeod, was to seize lands, attack and deprive the native inhabitants from those lands, and change the function, purpose and meanings of the colonized territory.²³ Osterhammel draws attention to a definition of colonialism that is independent from “the colony”. His definition of colonialism contains three decisive elements: domination, interest, and superiority. Colonialism, he defines, is an order in which minority foreign invaders dominate an indigenous majority; protect and maintain the interests of metropolis; and are convinced that they have superiority, authority, and justification to rule.²⁴

The process of colonization involves forming a new community in a new land, which meant un-forming or re-forming the native communities. The colonization process thus refers to a wide range of practices, such as trade and plunder, negotiation and warfare, genocide and enslavement, rebellion and oppression. Colonization practices generated a variety of writings including public and private records, letters, trade documents, government papers, fictions, and scientific literature.²⁵ Boehmer makes a distinction between colonial and colonialist writings. Colonial literature was primarily concerned with colonial perceptions and experiences, which was written not only by the metropolitans, but also by indigenous peoples. Colonialist literature, however,

²⁰ John McLeod, **Beginning Postcolonialism**, 2nd ed., Manchester: Manchester University Press, 2010, p. 18.

²¹ Jane Hiddleston, **Understanding Postcolonialism**, Stocksfield, UK: Acumen Publishing Limited, 2009.

²² Nicholas B. Dirks, “Colonial and Postcolonial Histories: Comparative Reflections on the Legacies of Empire”, **Human Development Report Office**, (July 2004), p. 2.

²³ John McLeod, ed., **The Routledge Companion to Postcolonial Studies**, London and New York: Routledge; Taylor & Francis, 2007, p. 1.

²⁴ Jürgen Osterhammel, **Colonialism: a Theoretical Overview**, trans. Shelley L. Frisch, Princeton: Markus Wiener Publishers, 1999, p. 16-7.

²⁵ Ania Loomba, **Colonialism/Postcolonialism**, 2nd ed., Oxon: Routledge, 2005, p. 8.

concerned with colonial expansion, written by colonizing Europeans about the colonized lands and peoples. The colonialist literature, which embodies an imperialist point of view, concerns with superiority of European culture and justification of imperial expansions.²⁶

On the other hand, the Marxist perspective makes distinction between pre-capitalist and modern colonialism. The main features of the pre-capitalist colonialism based on the extraction of tribute, goods and wealth of the conquered nations. Modern colonialism, however, reconstructed the economies of the conquered lands and formed an unequal relationship between the colonized and colonialist countries. Such exploitative relationship provided flow of human and natural resources in both directions: slaves, indentured labor forces, and raw materials were transported to produce goods for metropolitan consumption. Slaves, for example, were moved from Africa to Americas to produce sugar for European consumption. Raw cotton was moved from India to England to be manufactured into cloth and then sold back to India whose local traditional cloth production nearly collapsed as a result. In both directions of human and material movements, the profits and wealth flowed back into the colonial metropolis.²⁷

These movements of people, natural resources and profits involved settlements, plantations and trade by Europeans in distant lands. Between the metropolis and colonies, the colonized moved as slaves, indentured labors, and servants, while the colonizers moved as administrators, soldiers, merchants, settlers, travellers, missionaries, writers, teachers, and scientists. European colonialism, with its variety patterns and forms of domination on these foreign lands, produced economic imbalance in favor of European colonial nations, which led to the emergence of capitalism and, accordingly, the development of industry.²⁸ Colonialism, Loomba describes, was like the “midwife” that helped give birth to European capitalism, and without it the transition to capitalism could not have taken place in Europe.²⁹

Colonization of distant foreign lands and peoples by European nations was in part motivated by their commercial venture. The seizing of foreign lands for settlement and exploitation, through controlling human and natural resources of the colonized lands,

²⁶ Boehmer, p. 15.

²⁷ Loomba, p. 9.

²⁸ Loomba, p. 9.

²⁹ Loomba, p. 10.

provided colonial nations with opportunities to create wealth and control international markets. Colonialism, thus, as realized by the Europeans, was big business and the profits to be made were unimaginable. Economic exploitation of new discovered lands brought wealth and richness to European nations. As John McLeod points out, colonialism and capitalism were in a mutually dependent relationship. The birth of European modernity was in many ways a result of this partnership of capitalism and colonialism.³⁰

The colonized lands, with their human and natural resources, were dragged into European capitalist order, which enabled European colonial nations to accumulate vast fortunes and wealth. While the surface and ground natural resources of the colonies were exploited by mass plantations, productions, and extractions, the native populations were deprived of all the wealth. Colonialism could not have achieved its objectives without the Atlantic slave trade, the South and East Asian indentured labor, and dislocation and destruction of indigenous people. In other words, colonial wealth could not have been achieved without enslavement, expulsion, exclusion, exploitation, and worse, genocide of colonized populations.³¹ European colonialism thus established an imaginative and alienating distinction between the colonizer and the colonized. While the colonizers were introduced as civilized, rational, reasonable, cultured and learned, the colonized were perceived as barbaric, illogical, awkward, naive, and ignorant.³²

Two major forms of colonialism are distinguished. French theorists distinguish between colonization and domination, which are called by the British as dominions and dependencies. Modern historians, however, distinguish between settlement and exploitation colonies. This distinction depends on the practice of colonization, whether colonies were established for foreign settlement or for economic exploitation.³³ A third form of colonialism was added by Jürgen Osterhammel, who names it as “maritime enclaves”, which are occupied islands, harbors, and strategic points for the purpose of mainly military and naval operations and also for the commercial interactions with

³⁰ McLeod, **Beginning Postcolonialism**, p. 17-8.

³¹ McLeod, **Companion to Postcolonial Studies**, p. 2.

³² McLeod, **Companion to Postcolonial Studies**, p. 2.

³³ Robert Young, **Postcolonialism: An Historical Introduction**, 15th Anniversary Edition, West Sussex: Wiley and Blackwell, 2016, p. 17.

colonial metropolis.³⁴ Settler colonies were in part a product of institutionalized policy of forced emigration of potential population surplus by colonial governments. Settlement of surplus population was regarded as a means of exporting social conflicts from metropolis to colonies. Exploitation colonies, on other hands, were motivated by the desire for wealth and commercial profits. Although colonization was not primarily concerned with transporting European cultural values, settlement and exploitation colonization embraced and later forced European values. Cultural colonization thus came as an inevitable consequence of economic exploitation and surplus population settlement.³⁵

Both French and British colonial powers established two different colonial administrations according to whether they were settlement colonies or exploitation colonies. French colonial administration based on the doctrine of assimilation, which integrated colonies within France by oversea departments and were not perceived colonies at all. However, although the assimilation doctrine assumed fundamental equality for all human beings regardless of native peoples' "natural" or "backward" state, the French model had the least respect and sympathy from the colonized people. The notion of "civilizing mission" as a justification of colonization presupposed racial superiority and assumed an essentialist difference between the colonizers and the colonized.³⁶ British colonial system, on the other hand, based on a racist assumption that the natives needed colonial rule. However, the British colonial rule seemed more liberal in practice, as it did not interfere with local cultures. The idea and discourse of 'civilizing mission' was also used by the British to justify their imperial mission.³⁷

Colonial conquests primarily relied on political centralization, economic and military powers, but also generated greater conditions and opportunities in these aspects. Nevertheless, these aspects of military, political and economic powers were based on European cultural dynamics. Therefore, colonialism was also a European project of cultural hegemony. Colonial knowledge not only made colonial conquest possible, but also produced colonial power practices. Cultural codes and norms in newly colonized societies, for Dirks, were constructed and transformed by and through colonial

³⁴ Osterhammel, *Colonialism*, p. 11.

³⁵ Young, *Postcolonialism: An Historical Introduction*, p. 24.

³⁶ Young, *Postcolonialism: An Historical Introduction*, p. 32.

³⁷ Young, *Postcolonialism: An Historical Introduction*, p. 33.

interventions, creating new categories or binary oppositions between the colonizer and the colonized, European and the other, modern and traditional, and even male and female.³⁸

Colonial policies varied from region to region, as well as on the part of European colonial powers. The nature of colonial rule also was shaped by the response of the colonized peoples, demonstrated itself in resistance or accommodation. Despite these differences, however, colonialism shared similar futures in different parts of the globe.³⁹ The colonization of Africa, Asia and America took place at different time span and different patterns. The European colonial powers in each case encountered different level of institutions and resistance. Asian cultural, political and economic settings, for example were comparable to the Europeans. The spread of great religions, which promoted writing and reading, developed agricultural techniques and institutionalized states were among many other features of the Asian societies. Therefore, settler colonies were not possible for Europeans in the case of Asia, but there they set up colonial direct/indirect or formal/informal exploitation order. The powerful Arab and Turkish empires, in fact, for a long time had prevented European nations to expand down to the southern coast of Mediterranean Sea.⁴⁰

In the new world of America, Europeans were confronted with two emerging Aztecs and Incas empires and Indian tribal societies. The Native Americans' harsh confrontations could not prevent Europeans to settle down in a large numbers and form colonies. In Africa, although coastal areas of the continent were colonized in earlier paths of the colonization, the depths of the continent was delayed to the end of the 19th century. The white European settlement colonies accounted for the majority of population only in Canada, the United States, Australia, and New Zealand. Even in colonies where the white settlers represented small portion of population, they had the economic and political advantages of the colonial rule. Colonial institutions were built to serve white European settlers and protect their interests.⁴¹

³⁸ Dirks, p. 3.

³⁹ Dirks, p. 2.

⁴⁰ Denis Cogneau and Charlotte Guenard, **Colonization, Institution, and Inequality: A Note on Some Suggestive Evidence** (Göttingen: Iberoamerika Institut für Wirtschaftsforschung der Universität Göttingen, 2006), p. 8.

⁴¹ Cogneau and Guenard, p. 9.

In countries where the Europeans built a colonial order, they relied on administrative bureaucracies and military forces to rule. In such colonies, European colonial administrators invented a form of indirect rule, whereby they relied on a few native mediators. In order to maintain their supremacy, European colonial administrators played similar games with the local powers. The first strategy was to passivize previous kings or most powerful leaders and select allies among the less reluctant customary chiefs and landlords. The second strategy was to promote a middle class of indigenous civil servants through formal education. Colonial indirect rule always depended on “divide and rule” strategy, which relied on enumeration and classification of ethnic and linguistic division of the indigenous society and transformed such divisions into the permanent enmities.⁴² In colonies where the white European settler population did not make the majority, the colonial power avoided education and industrialization process to not lose control and authority. Consequently, most postcolonial countries have suffered from “larger ethnic, racial and social divides, a highly dualistic economic structure, small and weak state redistribution systems and a scarce supply of public goods.”⁴³

Finally, it is worth to mention it here the critical link between colonialism and European enlightenment, the age of discovery and reason. In the eighteenth century, Dirks reminds, European science flourished not merely because of curiosity of individual studies, but because of the colonial expansion that facilitated and necessitated these scientific works. The discovery of new regions and their siting, surveying, mapping, naming, and ultimately possessing by Europeans opened as well new territories for scientific conquests, such as cartography, geography, botany, philology, and anthropology. European discoveries of distant parts of the world were also justified and supported by scientific explorations. The world was shaped by cartographers and parceled into clusters to be colonized by their powerful European conquerors.⁴⁴

1.2.2. Imperialism

Imperialism, according to the definition of Ashcroft et al., refers to the formation of an empire that extends its sovereignty and domination over neighboring or distant

⁴² Cogneau and Guenard, p. 10.

⁴³ Cogneau and Guenard, p. 10.

⁴⁴ Dirks, p. 3-4.

nations.⁴⁵ Boehmer defines imperialism in terms of authority assumed by an empire over another authority or territory expressed in military and economic power, as well as in glory and symbolism. The term in particular is associated with the expansion of the European nation-state in the nineteenth century.⁴⁶ Quoted by McLeod, Peter Childs and Patrick Williams define imperialism in terms of order that provides political, military and legal protection for the expansion of trade and commerce.⁴⁷ Imperialism, they argue, is an ideological project, which manifests itself in justification of the economic and military control of one nation by another. According to Baumgart, imperialism refers to a wide variety of relationships of domination, subordination, and dependence that have different theoretical, historical, and organizational characteristics.⁴⁸ Imperialism is thus characterized as a form of domination whether it exercises power through a formal rule or through an informal political and economic influence. Both formal and informal dominations involve the exercise of power through facilitating institutions and ideologies. Imperialism, according to Young, is a designed consequence of a political order that rules from the center and extends its hegemony and domination to the periphery.⁴⁹

The concept of imperialism, according to Osterhammel, refers to all forces and practices that contribute to the establishment and maintenance of trans-colonial empires. Imperialism, he adds, assumes the will and ability of an imperial capital that determines its imperial interests to impose them worldwide within the anarchic international order. Imperialism, therefore, refers not only to the colonial policies, but also to international politics in which the colonies are not only the ends in themselves but also are pawns in global power games. Contrary to the imperialist position that emphasizes the use of colonies in compensatory deals between great powers, the colonialist attitude emphasizes the virtues of justification, permanence, and responsibility and regards colonial subjects as entrusted to the care of the colonialists.⁵⁰ Therefore, imperialism and colonialism, for Osterhammel, are not the same in both theoretical and practical

⁴⁵ Bill Ashcroft, Gareth Griffiths, and Helen Tiffin, **Key Concepts in Post-Colonial Studies**, 2nd ed., London and New York: Routledge, 2007, p. 111.

⁴⁶ Boehmer, p. 2.

⁴⁷ Quoted in McLeod, **Beginning Postcolonialism**, p. 18.

⁴⁸ Quoted in Young, **Postcolonialism: An Historical Introduction**, p. 25.

⁴⁹ Young, **Postcolonialism: An Historical Introduction**, p. 27.

⁵⁰ Osterhammel, **Colonialism**, p. 21.

contexts. Imperialism is in some aspects a broader concept. Colonialism, on the other hand, seems like a particular manifestation of imperialism. Because imperialism presupposes a worldwide protection of interests and capitalist penetration of vital economic regions, he adds, only the Great Britain and the United States have been, in the literal sense of the term, imperialist powers.⁵¹

The political connotations and histories of the concepts of ‘empire,’ ‘imperial,’ and ‘imperialism’ have different references and meanings. The first modern European empire was created by Spaniards whose imperial project based on the possession of the conquered lands by means of military power and occupation. This form of imperial rule was pre-capitalist, highly bureaucratic, based on Roman and Ottoman model of direct taxation of people, and governed by military and political tools. The word ‘imperial’, on the other hand, was used to refer to sovereign and the ultimate source of authority. Accordingly, ‘imperialism’ has been used as (a) a description of a political order of an actual conquest and occupation, and (b) a general order of economic and political domination. There is a distinctive feature between an empire that is bureaucratically controlled by a central government and an empire that is established and developed for ideological or financial reasons. Thus, an empire that expands for settlement or for commercial purposes is called a colonial empire.⁵²

Colonization until the nineteenth century, in this regard, is described as pragmatic and developed in a haphazard way. Imperialism, by contrast, is driven by an ideology from metropolitan centers concerned with expansion and assertion of its power over the periphery. If colonialism functions from a periphery and economically driven, then imperialism is politically driven and operates from a center as a state policy.⁵³ Edward Said uses the term ‘imperialism’ in the context of practices and policies of a metropolitan center that dominates a periphery, while he uses the concept of ‘colonialism’ in terms of implantation of settlements and control of distant territories.⁵⁴ The concepts of imperialism and colonialism, for Said, bear meanings beyond the practices of accumulation and acquisition. Ideological formations and forms of knowledge, he adds, supported and impelled both imperialism and colonialism, such as

⁵¹ Osterhammel, *Colonialism*, p. 22.

⁵² Young, *Postcolonialism: An Historical Introduction*, p. 26.

⁵³ Young, *Postcolonialism: An Historical Introduction*, p. 17.

⁵⁴ Edward W. Said, *Culture and Imperialism*, New York: Vintage Books, 1993, p. 9.

claims and notions that certain nations and territories need to be governed or dominated.⁵⁵

The differences between colonialism and imperialism are defined according to their historical practices, patterns, and transformations. Imperialism is often distinguished from colonialism in terms of spatial rather than temporal. In this regard, what is practiced in the colonies as a consequence of imperial expansionism and domination is considered colonialism. The imperial state is the 'metropole' where power originates, while the 'colony' is where power is exercised. Unlike colonialism, imperialism can function, operate, and dominate without formal colonies and direct control of a colony. In other words, imperialism does not need formal colonial rule, because the economic dependency provides markets and labor for the core/metropolitan industry. Imperialism is also distinguished as the highest stage of colonialism that contributed to European industrial development and capital accumulation.⁵⁶

Colonialism, on the other hand, is distinguished from imperialism in terms of occupying and seizing distant territories, appropriating material resources, exploiting labor, and interfering and changing the political and cultural structures of other nations. However, ambiguity remains between the economic and political connotations of the word 'imperialism,' whether it refers to a global political order or an economic order. If Imperialism were solely a political system in which an imperial center ruled the colonies, then it would have collapsed with the political independence of these colonies. On the other hand, if imperialism were an economic system, then a political change would not have undermined its structure.⁵⁷ Imperialism thus functioned and still functions as political, economic and cultural system dependent on power, knowledge, and racial superiority.

Imperialism gained a new meaning in the early twentieth century by critical definitions of Marxist theorists. In *Imperialism: The Highest Stage of Capitalism* (1947), Lenin pointed out how the growth of European industry and finance-capitalism created a surplus of capital. The limited labor force at home forced European finance capitalists to invest in the colonies where they lacked capital, but were abundant in human resources.

⁵⁵ Said, **Culture and Imperialism**, p. 9.

⁵⁶ Loomba, p. 11.

⁵⁷ Loomba, p. 12.

To sustain their industrial growth Europeans moved out to subordinate non-industrialized countries.⁵⁸ Thus, Lenin predicted that European finance capitalists would absorb and exploit the rest of the world. Imperialism was the name of this global system and perceived by Lenin as the highest stage of capitalist development. Capitalism, for some theorists, according to this Leninist definition of imperialism, has been considered a distinguishing feature between colonialism and imperialism.⁵⁹

The discourse of “civilizing mission” was a common moral justification and frequently used to deflect the real objectives of European imperialism. The initial goal of French imperialism, for instance, was based on the expansion and extension of French culture, including language, religion and lifestyle, to the “backward” nations of the world. Over time, the concept was embraced by other European colonial empires and used as a moral argument for their imperial strategies and interests. Both civilizing mission of French imperial ideology and its colonial doctrine of assimilation were based on the common belief in liberty, equality, and fraternity that the European Enlightenment supposedly introduced to humanity. Nevertheless, French colonies offered more educational and cultural facilities to the colonized people than other European colonial powers. However, such assimilationist policies forced the colonized subjects to renounce their own culture and religion to benefit from these opportunities.⁶⁰

On the other hand, the British justification for imperialism, as Boehmer puts it, established moral ideals that matched their economic needs: they linked duty to imperial interests, Christianity to mercantile profits.⁶¹ Commerce and Christianity were believed to provide salvation and prosperity for primitive tribes steeped in “barbarism”. Imperialists’ discourses such as “trade follows the flag”, “the white man’s burden”, and “the Roman had laid roads; the British now built railroads” constituted the British imperialist ideologies and emphasized its racial superiority who were responsible and benevolent best rulers for the backward people of the earth.⁶²

⁵⁸ Vladimir Ilich Lenin, **Imperialism, The Highest Stage of Capitalism**, Sydney: Resistance Books, 1999, p. 119-120.

⁵⁹ Loomba, p. 11.

⁶⁰ Young, **Postcolonialism: An Historical Introduction**, p. 30.

⁶¹ Boehmer, p. 37.

⁶² Boehmer, p. 40-1.

In its more recent sense, imperialism, according to Ashcroft et al., has been associated with Europeanization of the world, which came in three major successive ages of discovery, mercantilism, and imperialism.⁶³ This process of Europeanization of the globe was initiated by hundreds of thousands of colonists, merchants, missionaries, travellers, and explorers, rather than governments and states. This European imperial rhetoric and representation of the globe developed continuously with believe in European cultural dominance and believe in a superior right to exploit the world's human and material recourses.⁶⁴

1.2.3. Decolonization

In *Decolonization: a Short History*, Jansen and Osterhammel define the concept of decolonization in two perspectives: structurally, decolonization refers to the concurrent fall of world empires and the building of nation-states in colonies; and normatively, decolonization means de-legitimization of colonial rule experienced as a relationship of subjugation and considered by the native population as foreign.⁶⁵ In other words, structurally decolonization marks the end of imperial system in the world order, and normatively it seals the end of racial hierarchy. According to Ashcroft et al., decolonization is the process of dissolution and dismantling of colonial order, whether it is formal or informal. Decolonization aims to remove not only the hidden aspects of institutional and cultural forces that maintained the colonial structure of power, but also the economic colonial structures that remained after political independence.⁶⁶

Jansen and Osterhammel distinguish five models by which they analyze the causes and factors that ended the colonial order: (1) the power or authority transfer model puts emphasis on the metropolitan policies, decisions and plans as the actor of the transformation of the rule;⁶⁷ (2) the national liberation model focuses on native liberation movements which topples foreign colonial rule by broad spectrum of means, from peaceful negotiations to boycott and armed struggle; (3) the neocolonial model assumes that decolonization was allowed by the imperial centers seeking to perpetuate

⁶³ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 112.

⁶⁴ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 114.

⁶⁵ Jan C. Jansen and Jürgen Osterhammel, **Decolonization: a Short History**, trans. Jeremiah Riemer, Princeton: Princeton University Press, 2017, p. 14.

⁶⁶ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 57.

⁶⁷ Jansen and Osterhammel, **Decolonization**, p. 47.

the economic exploitation of colonies without a formal or an informal colonial order; (4) the unburdening model presumes that decolonization is deliberately planned effort by the colonial powers who have become doubtful over their overseas military, political positions and economic interests;⁶⁸ and (5) the world politics model draws attention to the changing patterns of global power structure that leaves no room for former colonial/imperial policies, practices, and institutions.⁶⁹

Decolonization, for Young, was triggered by three main developments in both colonies and metropolises: the resistance and struggle of the colonized people against the colonial order; the inability of colonial powers to maintain this costly order to defend and maintain; the pressure from the United States, which saw colonial trade barriers as obstacles to its oversea economic expansion.⁷⁰ According to McLeod, decolonization gained momentum for three reasons: the rise of anti-colonial nationalist liberation movements, from passive resistance to armed struggle; the decline of European imperial powers after World War II, and the dominance of the United States and the Soviet Union in world power structure; and changes in production technologies and international finance that enabled imperialist and capitalist ambitions to be pursued without a need for colonial order.⁷¹

In the literature, point out Jansen and Osterhammel, different analytical perspectives refer to different context and factors that shaped decolonization process: the imperial perspective draws attention to the political strategies and developments in the imperial centers, the interaction between decision-makers in the imperial core and those in the colonial periphery, and the reaction of the imperial decision-makers to the anti-colonial independence movements and changing circumstances overseas. The imperial perspective tends to link the end of the empires to the weakness of the metropolitan center. The local perspective, on the contrary, focuses on the local histories of the liberation movements in the periphery, on biographies of their leaders and their anticolonial resistance. The international perspective emphasizes not only the patterns of relationships between core/periphery, colonizer/colonized but also “third party” states and international institutions. However, these three perspectives can be complementary

⁶⁸ Jansen and Osterhammel, **Decolonization**, p. 48.

⁶⁹ Jansen and Osterhammel, **Decolonization**, p. 49.

⁷⁰ Young, *Postcolonialism: An Historical Introduction*, p. 44.

⁷¹ McLeod, **Beginning Postcolonialism**, p. 19.

to each other in understanding and describing specific decolonization cases and processes.⁷²

Decolonization aimed at dismantling European imperial power structure across the globe. Therefore, the decolonization writings not only question the superiority of Western rationality but also the universality potential of this rationality.⁷³ Therefore, most decolonizing movements sought to deconstruct the imperial narratives of European humanism, secularization, internationalism, and modernization.⁷⁴ In this context, Ngugi argues that decolonization must start from the language that carries European colonial values and systems, which also dominates “the mental universe of the colonized”.⁷⁵ Decolonization, as McLeod puts it, is not just about driving colonial powers out of the colonies, but also is a process of changing the dominant Western ways of seeing the world. If colonialism involves colonizing the mind, then meaningful resistance to it requires decolonizing the mind, which also requires decolonizing the language.⁷⁶

The struggle for decolonization occurred in three different periods in world political history. The liberation war of American colonies against the British colonial rule that gained independence in 1776 represents the first period of decolonization. The second period concerns the creation of “dominions”, the term used to describe nations of Canada, Australia, New Zealand and South Africa, where white European settlers formed the majority. The third period of decolonization occurred in the decades immediately following the Second World War.⁷⁷ A complete decolonization never happened, as argued by some commentators. However, the political independence of the colonized nations has not changed the economic and cultural dominance of the former Western colonial powers.

1.2.4. Neocolonialism

The term neo-colonialism, according to Ashcroft et al., has been widely used to point out political, economic, and cultural control over former colonies after political

⁷² Jansen and Osterhammel, **Decolonization**, p. 39-41.

⁷³ Boehmer, p. 238.

⁷⁴ Boehmer, p. 161.

⁷⁵ Ngugi Wa Thiong’o, **Decolonising the Mind**, Harare: Zimbabwe Publishing House, 1994, p. 16.

⁷⁶ McLeod, **Beginning Postcolonialism**, p. 26.

⁷⁷ McLeod, **Beginning Postcolonialism**, p. 18.

independence. In particular, it has become to refer the attempts of the Third World countries to develop independent economic policies under the pressures of globalization.⁷⁸ Recently neo-colonialism has been associated more with the global power of the United States and its past and present hegemonic policies, which is called a new form of imperialism. Especially, as Ashcroft et al. point out, after the collapse of the Soviet Union and the penetration of capitalism in China, the United States has been accused of maintaining the classic form of imperial control under the banner of globalization.⁷⁹ The term “empire” has been recently used to distinguish it from the classic imperialism of the era of formal colonization. Instead of neo-colonialism, the term neo-imperialism has been used to imply American hegemony identified as globalized capitalist economy exercised over developing countries.⁸⁰

The neo-colonial order is perhaps the worst and most dangerous order of exploitation in which imperialism operates. The classical colonial order has not been completely deconstructed, but it has been reconstructed to maintain any and all forms of imperialist control. Neo-colonialism in theory, according to Kwame, means that a neo-colonial state has all the features of the international sovereignty, but in reality its political and economic system are directed from and dependent on an imperial center. Kwame explains how a neo-colonial state is directed through new and various forms and methods of exploitations. In an extreme case, an imperial state may militarily control both territory and government of a neo-colonial state. However, the contemporary imperial state more often exercises its control through economic order, with its institutions and ideologies on neo-colonial states.⁸¹ According to Young, much of Kwame’s analysis still corresponds the basic understanding of the term neo-colonialism, which uncovers the assumed parameters of economic exploitation argued by postcolonial theory.⁸²

Neo-colonialism, as Young defines, refers to an economic order in which a postcolonial state remains dependent on its former colonial power, which also continues to act in a colonialist manner towards this formerly colonized state.⁸³ Kwame’s argument of neo-

⁷⁸ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 146.

⁷⁹ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 147.

⁸⁰ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 147.

⁸¹ Kwame Nkrumah, **Neo-Colonialism: The Last Stage of Imperialism**, New York: International Publishers, 1966, p. 2.

⁸² Young, **Postcolonialism: An Historical Introduction**, p. 46.

⁸³ Young, **Postcolonialism: An Historical Introduction**, p. 45.

colonialism, Young adds, refers to a continuation of classical colonial order in another form that also correlates with Hobson's definition of imperialism. In this order of economic dependency, the neo-colonial center exploits the natural resources of the periphery while simultaneously encourages the latter to consume the manufactured products in an unequal system of exchange.⁸⁴ Boehmer agrees with many other theorists in the field that the collapse of colonial order immediately after the Second World War led to the rise of a "less overt" and "more insidious" form of exploitation called new imperialism or neo-colonialism. Neo-colonialism, as she outlines, refers to the continuing economic control of the once-colonized states by the West under the banner of political independence.⁸⁵

Dependency theory reexamines the economic purposes of colonialism, which made three main contributions to the economic development of the imperialist powers. First, colonialism controlled access to the colonial markets where European manufactured goods were sold. Secondly, colonialism captured and exploited raw material sources in colonies to meet the needs of metropolitan industry. Thirdly, colonialism provided cheap labor force to the metropolitan industry.⁸⁶ The main argument of dependency theory was based on modernization theory, which assumed that underdevelopment was a transitional stage that could be overcome by the supposed common process of development. Such development process thus foresaw involvement of foreign capital investment, technology transfer, and integration into the world market. The dependency theory, therefore, argues that underdevelopment was a deliberate policy on the newly liberated countries of the South by the dominant countries of the North; that underdevelopment or unequal development constituted an essential part of the world capitalist order; and that the underdevelopment in the countries of the South was a consequence of their integration into the world order. Because a successful economic development in the global South would undermine the economic prosperity of the North, which for centuries has been built on the exploitation of the South.⁸⁷

In the views of the dependency theorists, economic development in the former colonial countries would undermine the core-periphery economic order established by and

⁸⁴ Young, **Postcolonialism: An Historical Introduction**, p. 47.

⁸⁵ Boehmer, p. 9.

⁸⁶ Norrie Macqueen, **Colonialism**, Harlow: Pearson Longman, 2007, p. 141-2.

⁸⁷ P. J. James, **Imperialism in the Neo-colonial Phase**, Kerela: Massline Publication, 2015, p. 517.

worked in favor of the North. Such development would mean the end of dependent markets for European manufactured goods, as newly developed Southern countries would produce for their own markets. The development of the South would mean the end of the cheap raw material supplies, because a newly developed country would need them for its own industry. The development would also mean the end of cheap labor force, as the labor pool in the former colonies would be depleted by the growing new local economies. Therefore, it was necessary for the North to maintain its colonial dominance and dependency relationships with the South at any costs and in any forms.⁸⁸

Political independence was the ultimate objective of the anti-colonial struggle with the assumption that it would fully realize national liberation from the colonial order. The reality was that these postcolonial nations achieved the political independence, but could not gain control over their national economy. As Young states, the underdeveloped or developing countries may have natural resources such as cocoa, coffee, diamonds, gold, oil or natural gas, but markets for these commodities have been established in and controlled from London and New York.⁸⁹ The ruling class in postcolonial states on the other hand, operates as the local representative of this global neo-colonial order for its own interests and in complicity with the needs of international capital.⁹⁰ In fact, this ruling class brought to power by the political independence were educated and trained by the colonial powers.⁹¹ Actually, they did not represent their own people, but acted willingly or unwillingly as the agents of former colonial powers. As McLeod notes, the new ruling class kept postcolonial state economically dependent on the former colonial European powers; could not set up new industries and did little to develop national economy; allowed foreign companies to secure profitable contracts; turned their own country into a tourist destination for former colonial nations; and failed to improve the economic needs and conditions of their own people. The collaboration of the national middle class with former colonial powers both underdeveloped the postcolonial states and impoverished the people who remained weak, powerless and in poverty.⁹²

⁸⁸ Macqueen, p. 142.

⁸⁹ Young, **Postcolonialism: An Historical Introduction**, p. 45.

⁹⁰ Young, *Postcolonialism: An Historical Introduction*, p. 45.

⁹¹ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 147.

⁹² McLeod, **Beginning Postcolonialism**, p. 70.

The struggle against neo-colonialism, states Nkrumah, aims to prevent the use of financial power of the developed countries, which impoverishes the less developed countries; otherwise, the aim is not to prevent the capital of the developed world from operating in the less developed countries.⁹³ The failure of development projects in many Third World countries has led to criticism and reassessment of European basic development and modernization assumptions. The fundamental aim here is need to localize any politics and economics through constructive dialogue to accommodate the particularities of local conditions through the critique of European modernization assumptions.⁹⁴

The establishment and maintenance of neo-colonial order was consolidated by trade agreements, foreign aids, and the operations of international organizations, whether financial (WB, IMF) or cultural (Christian Evangelism and the Peace Corps). This analysis, according to Young, closely overlaps with Latin American dependency theory, which supports Nkrumah's arguments. While achieving its economic objectives, Neo-colonial order relies on technological superiority; increasing number of NGOs funded by US foundations; pressures for and impositions of population control; and the incomparable imbalance in the consumption of global natural resources between the West and the rest.⁹⁵

The concept of neo-colonialism emphasizes the concerns and importance of relentless pressures and resistance within and against global imperial oppression and exploitation. Despite anti-imperial movements and developments, despite the apparently subversive energies of neo-colonial and postcolonial writings, it would be premature to claim that colonialism is not a thing of the past in a world order powered by imperial interests, ambitions, and competitions.⁹⁶ Having achieved political independence, postcolonial states remained under indirect control of former colonial powers and the newly emerging superpowers, which continue to play decisive roles especially in their economies through new governmental and non-governmental organizations. UNESCO, for instance, operates in the less developed countries through practices very similar to

⁹³ Kwame Nkrumah, **Neo-Colonialism: The Last Stage of Imperialism**, New York: International Publishers, 1966, Introduction.

⁹⁴ Young, **Postcolonialism: An Historical Introduction**, p. 45.

⁹⁵ Young, **Postcolonialism: An Historical Introduction**, p. 48.

⁹⁶ Boehmer, p. 10.

colonial-era organizations such as missionaries. It is arguable therefore that contemporary NGOs are the missionaries of the colonial period.⁹⁷

1.3. Theoretical Framework

1.3.1. Postcolonial Theory

Postcolonial theory, according to Young, makes a political analysis of the cultural history of colonialism, investigates contemporary cultural legacies and traces of colonialism both in Western and former colonized nations, and reveals the extensions and connections between the politics of the past and the present.⁹⁸ Postcolonial theory, as an outcome of intellectual and cultural tradition of colonized nations, relies on a body of knowledge that challenges the cultural and political hegemony of the West. Postcolonial theory is thus utilized to decolonize the theoretical and practical legacies of colonialism both in the colonized societies and in the West.⁹⁹ It is concerned with the past only to the extent that history of the colonized peoples were often ignored or damaged under the colonial rule. It reexamines colonial history in the context that colonial empires established the power structures of the present. On the other hand, postcolonial theoretical perspective is inspired by the success of anti-colonial liberation movements. If the nineteenth century witnessed the imperial expansion and exploitation of the world, the twentieth century witnessed the decolonization of the same world.¹⁰⁰

Postcolonial theory has established its worldview from the political perspectives and experiences that emerged in the context of resistance to political, economic and cultural domination of colonialism over the past two centuries. Postcolonial theory, Eagleton notes, is not only a product of decolonization and multiculturalism, but it is also a product of a historic shift from revolutionary nationalism to post-revolutionary condition in which unbreakable power of transnational corporation have decisive role. Postcolonialism, as an example of a pervasive culturalism, emphasizes the cultural dimension of human life and challenges previous colonial understandings and impositions of humanism, biologism, and economism. Culture is beyond questions of

⁹⁷ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 147.

⁹⁸ Young, **Postcolonialism: An Historical Introduction**, p. 6.

⁹⁹ Young, **Postcolonialism: An Historical Introduction**, p. 65.

¹⁰⁰ Bill Ashcroft, Gareth Griffiths, and Helen Tiffin, **The Empire Writes Back: Theory and Practice in Post-Colonial Criticism**, 2nd ed., London and New York: Routledge, 2002, p. 151; Young, **Postcolonialism: An Historical Introduction**, p. 4.

language, skin color, and identity; but it is also about questions of economic development, military power, and political order that shape relations between rich and poor nations.¹⁰¹

Postcolonial theory has developed within a multiple theoretical formation; an interconnected some of critical approaches; a mixed web of related notions; and a global historical course of imperialism and colonialism.¹⁰² Postcolonial theory works from a number of different axes: the nineteenth and twentieth-century national liberation movements; the achievement of political and cultural independence; the economic and cultural critiques of neo-colonial world order; and the cultural and economic consequences of the past/present and the forced/voluntary migrations. It offers its perspective by drawing on wide, often contested set of theories from various disciplines.¹⁰³ Postcolonial theory has borrowed its conceptual vocabularies from different disciplines and theoretical agendas and has been inspired by both radical Third World and dissident Western thinkers.¹⁰⁴

The Origins and Development of Postcolonial Theory

Postcolonialism has its origins in multiple forms and movements of resistance to foreign colonial rule and to the domination of imperial powers. The success of decolonization movements owes much to these early resistance and challenge to the political and economic structures of imperialist exploitation. In its early years, much of the postcolonial theoretical insights were drawn from the Francophone system of critical materials and thinkers such as Louis Althusser, Jacques Derrida, Frantz Fanon, Michel Foucault, Albert Memmi. However, later Anglophone intellectual environment has predominantly produced the bulk of the work in the field led by Edward W. Said, Homi K. Bhabha and Gayatri C. Spivak.¹⁰⁵ Postcolonial theory, according to Ashcroft et al., emerged primarily from departments of English literature and was principally concerned with literatures in the English language. Since its emergence, postcolonial theory has

¹⁰¹ Terry Eagleton, **Literary Theory: An Introduction**, 2nd. ed., Minnesota Press, 2003, p. 205.

¹⁰² Robert Young, "Postcolonial Remains," **New Literary History** 43, 10 (2010), p. 20.
<http://newliteraryhistory.org/articles/43-1-young.pdf> (accessed June 17, 2019).

¹⁰³ Young, **Postcolonialism: An Historical Introduction**, p. 60-1.

¹⁰⁴ Young, **Postcolonialism: An Historical Introduction**, p. 67.

¹⁰⁵ McLeod, **Companion To Postcolonial Studies**, p. 10.

brought new perspectives to various disciplines such as politics (Ahluwalia, 2000), international relations (Darby, 1998), and economics (Kennedy, 2017).¹⁰⁶

Commonwealth literature and theories of colonial discourses have been important sources of formation of postcolonial theory and development of its studies. The emergence of Commonwealth literature dates back to its separation from English studies as an independent discipline in the early 1960s. In this early formulation of the field, neither American nor Irish literature was included, because commonwealth literature was exclusively associated with selected countries that had a history of colonialism.¹⁰⁷ Commonwealth literature is a term that critics use to describe the literatures in English originating from countries with a colonial history. The term also refers to literatures written in native local languages. Commonwealth literary studies, thus, included the works of writers predominantly from European settler colonies and as well as writers from non-settler colonies. The term aimed at a common literary inheritance among colonial nations and sought a unity in diversity. However, that shared literary inheritance has been used to reinforce the primacy of Britain among the commonwealth nations.¹⁰⁸

Commonwealth literature dealt with national and cultural differences, but nationalist purposes of the literature remained in a secondary position. It dealt with timeless and universal concerns, which were assumed to across national borders. Commonwealth literature thus became a part of colonial literature and was evaluated according to conventional norms of English studies that emphasized the values of timelessness and universality. National issues were considered important, but were secondary to the universal meaning and objective of the works. Commonwealth writers, like the liberal humanists, believed that a good literature is not limited by temporal and spatial concerns. For liberal humanist, literary texts always pass the local contexts, limitations and peculiarities of the age, dealing with moral concerns about people of all times and places. For many critics of Commonwealth literature, however, these texts were not considered as dissident nor did they challenge the Western reading criteria.¹⁰⁹ Loomba notes that the critics of Commonwealth literature, for a long time, ignored the

¹⁰⁶ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 199.

¹⁰⁷ McLeod, **Beginning Postcolonialism**, p. 19; Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 45.

¹⁰⁸ McLeod, **Beginning Postcolonialism**, p. 20.

¹⁰⁹ McLeod, **Beginning Postcolonialism**, p. 22.

relationship between colonialism and literature. This is because humanist literary studies have been long resistant to the idea that literature has nothing to do with politics, on the grounds that the former is either subjective and individual or too universal and transcendent to be distorted.¹¹⁰

In the late decades of the twentieth century, the liberal humanist perspective, which was predominantly accepted by many critics of the Commonwealth literature, was discarded by the attempts of some critics, and a new way of reading the literature was created: postcolonialism. This new way of reading literature, namely postcolonial criticism, paid attention to historical, geographical and cultural particularities; and was more natural, national, oppositional, and challenging the Western criteria of excellence. Postcolonial critics paid attention to the contexts of the texts rather than their alleged abstract qualities. While Commonwealth literature focused on and dealt with the philanthropic spirit and universal values, postcolonial criticism dealt with occupation, exploitation, dependence, and local values.¹¹¹

In contrast to the liberal, humanist and universal readings of Commonwealth literature, postcolonial literature has introduced local, cultural and national perspectives. On colonial frontiers, postcolonial literature posed direct challenges to the imperial centers and offered the colonized nations a voice and space for self-expression.¹¹² Reading cultural texts of colonial discourses have several purposes, states McLeod. First, colonial discourse analysis refuses the humanist approach that claims the literary texts exist beyond their historical contexts. Second, this reading approach suggests that the supposedly superior Western culture is caught up in the miserable history of colonial domination and exploitation. Third, identifying the past machinery of colonial discourses may help to resist the continuation of neo-colonial representations and realities, which remain after the end of formal colonialism.¹¹³

Colonial discourse theories, which constitute the bedrock of postcolonial theory, analyze the discourses of colonialism and colonization, the underlying political and economic objectives of colonization, and the binary constructions of colonialist and colonized subjects. They investigate how representations and forms of perceptions are

¹¹⁰ Loomba, p. 63.

¹¹¹ Loomba, p. 22.

¹¹² Loomba, p. 37.

¹¹³ Loomba, p. 38.

used as tools of colonial power to control and subjugate colonized nations to colonial rule. Colonial discourse is deeply embedded in Eurocentric perspectives, which works by convincing people to adopt and internalize its logic and speak its language. It is an order of knowledge and belief in which the colonization takes place and is justified. Colonial discourse demonstrates how European value system is thought as the truest worldview. Colonial discourses have always ignored issues and statements about the exploitation of human and natural resources of the colonized nations. Furthermore, the colonized people are considered uncivilized and their culture is perceived as lacking value. It is the “burden and duty” of imperial power to develop “barbaric” colonized societies through administration, trade, culture and moral improvement.¹¹⁴

Postcolonial theory frequently appeals to discourse analysis and traces the connections between ideas and institutions, the dominant and the subjugated, and the visible and the hidden. Discourse analysis seeks how power operates through language, literature, culture and institutions that regulate daily lives. Said avoids thus a narrow understanding of colonial authority and demonstrates how authority works in producing a discourse on the Orient. Consequently, colonial authority produced “structures of thinking” embodied in literary and artistic production, political and scientific writings, which eventually led to the foundation of Oriental Studies.¹¹⁵ Colonial discourse analysis thus represents a new method of conceptualizing the interaction of intellectual, economic, political, and cultural processes from the formation and maintenance of colonial order to its eventual elimination.¹¹⁶

Said’s seminal work, *Orientalism*, is commonly accepted as the main source and foundational text of postcolonial theory. Rather than dealing with the history and ideas of anticolonial resistance or with the ambivalent state of colonial aftermath, *Orientalism* engages directly with “the discursive and textual production of colonial meanings” and “the consolidation of colonial hegemony”.¹¹⁷ The success of *Orientalism* encouraged new kinds of studies and advent of term postcolonialism in critical circles. Inspired by Said’s colonial discourse analysis, a new generation of critics focused more on

¹¹⁴ McLeod, **Beginning Postcolonialism**, p. 23-4.

¹¹⁵ Loomba, p. 45.

¹¹⁶ Loomba, p. 50.

¹¹⁷ Leela Gandhi, **Postcolonial Theory: A Critical Introduction**, Crows Nest, Australia: Allen and Unwin, 1998, p. 64.

theoretical materials in their studies, contributing to the emergence of postcolonialism as a discipline.¹¹⁸

In *Orientalism*, Said analyzes European colonialism as discourses that represent, imagine, translate, contain, and manage the Orient through textual codes and symbols.¹¹⁹ According to Gandhi, Said unveiled orientalist discourse that manifested itself as an influential system of ideas rooted in the social, political, and institutional contexts of colonial order.¹²⁰ The orientalist thus laid the groundwork for the colonization of the Orient by assuring the superiority of the West and making the Orient an object of West's desires, oppressions, investments, and expectations.¹²¹ According to Young, Said's use of discourse analysis allowed him to clarify how forms of knowledge were constructed within a particular type of language. Said analyzed these forms of knowledge as ideological productions across different types of historically produced texts from a wide variety of different institutions, disciplines, and geographical regions.¹²²

Orientalism, as Gandhi states, is devoted to exploring the unbalanced relationship of the Islamic world in particular and the Orient in general with European colonialism and American imperialism over the last two centuries.¹²³ Edward Said uses the concept of orientalism in three closely related meanings. First, orientalism refers to the academic studies on the Orient. Second, orientalism is a method of research based on ontological and epistemological comparison between the East and the West.¹²⁴ Third, orientalism reflects a Western pattern of power and authority that reconstructs the Orient.¹²⁵ Said discursively examines orientalism to reveal the systematic discipline by which the Orient is managed and reproduced scientifically and imaginatively by European culture.¹²⁶

Orientalism, as Loomba points out, has brought a new perspective to the study and history of colonialism by using colonial discourse analysis method. It analyses the study

¹¹⁸ McLeod, **Beginning Postcolonialism**, p. 27.

¹¹⁹ Edward W. Said, **Orientalism**, London: Penguin Books, 2003, p. 3.

¹²⁰ Gandhi, **Postcolonial Theory**, p. 142.

¹²¹ Gandhi, **Postcolonial Theory**, p. 143.

¹²² Young, **Postcolonialism: An Historical Introduction**, p. 387-8.

¹²³ Gandhi, **Postcolonial Theory**, p. 66.

¹²⁴ Said, **Orientalism**, p. 2.

¹²⁵ Said, **Orientalism**, p. 3.

¹²⁶ Said, **Orientalism**, p. 3.

of the Orient and reveals how it consolidated certain ways of thinking which supported the functioning and maintenance of colonial order.¹²⁷ According to Loomba, Said uncovered forms of Oriental representations in European literary texts that created opposing dichotomies between European and non-European. Such forms of representations helped not only the formation of European culture but also the extension and maintenance of European hegemony over the Orient. Orientalism particularly fostered binary opposition that constructed European identity and self-perception. In these binary oppositions, colonized people were considered irrational, barbaric, sensual, lazy, static, and feminine, while Europeans were regarded rational, civilized, developed, and masculine.¹²⁸

Homi K. Bhabha in *The Location of Culture* bases his postcolonial perspective on Said's *Orientalism* and Fanon's *The Wretched of The Earth*. However, unlike Said and Fanon, Bhabha focuses on mutual relationships and interactions between the colonizers and the colonized. While Said uncovers the binary oppositions between the colonizers and colonized, Bhabha draws attention to the similarities between them. However, both Said and Bhabha base their perspectives on Foucault's concept of knowledge and power. Bhabha also incorporates both psychoanalysis and deconstruction approaches into his postcolonial perspective.¹²⁹ For Bhabha, the complexity of describing the relation of the colonized with the colonizer stems from the fact that it oscillates between attraction and impulsion or rejection and acceptance. The colonized subject is neither completely opposed nor completely submissive to the colonizer. The colonizers, in the same way, exercise both power and moral duty towards the colonized.¹³⁰

Colonial discourse, Bhabha argues, involves legitimation and imposition of the colonial systems of administration and instruction on colonized subject, which were racially considered inferior. However, the same colonial text may be read and interpreted by alternative thinking patterns. Thus, the possibility of alternative ways of reading colonial texts, for him, causes ambivalence. Therefore, to show the ambivalence in colonial texts and to describe the patterns of relationship between the colonizer and the

¹²⁷ Loomba, p. 42.

¹²⁸ Loomba, p. 43-5.

¹²⁹ Rahul Rao, "Postcolonialism", in **The Oxford Handbook of Political Ideologies**, eds., Michael Freeden, Marc Stears and Lyman Tower Sargent, Oxford: Oxford University Press, 2013, p. 328.

¹³⁰ Homi Bhabha, **The Location of Culture**, London and New York: Routledge, 2004, p. 138-294.

colonized, Bhabha has brought the term ambivalence in postcolonial discourse. According to Bhabha, the relationship between the colonizer and the colonized is ambivalent because the colonized subject has neither completely opposed nor completely accepted the practices of the colonizer. Thus, ambivalence exists within the colonial subject in a fluctuating mode between resistance and collaboration.¹³¹

The concept of mimicry in Bhabha's colonial discourse analysis reveals that the colonized subject was reproduced as almost the same, but not exactly the same. That is, colonial discourses encouraged the colonized subject to imitate the cultural values and norms of the colonizer as part of the latter's civilizing mission. However, mimicry contains both mockery and menace, leading to a profound disturbance of the authority of colonial discourse.¹³² Mimicry, for Bhabha, does not mean hiding identity behind its mask, but exposes the ambivalence of colonial discourse and undermines its authority. In Bhabha's analysis, the relationship between the colonized and the colonizer is interdependent and the subjectivities are mutually constructed. All cultural spaces and systems, according to Bhabha, are constructed in a contradictory and ambivalent "third space" of expression where cultural identity emerges. The term hybridity thus has been used to refer to such cross-cultural identity formation in postcolonial discourse.¹³³

The critical exploration of Gayatri Chakravorty Spivak has contributed much to postcolonial theory. Her textual analyses and theoretical engagements rely on deconstruction theory. Her critical interventions cover a range of theoretical perspectives such as Marxism, feminism, deconstruction, postcolonialism and globalization. For Spivak, deconstructionist perspective helps to voice what is silenced and to critique the binary approach of thinking which was employed by the colonial powers to legitimize their rule. While trying to understand the economic structures of international capitalism, Spivak bases her perspective on Classical Marxism.¹³⁴

One of the most important theoretical contributions of Spivak into postcolonial theory is the usage and meaning she ascribed to the term of subaltern. The term was first used by Antonio Gramsci to refer to certain classes in society that were subjugated to the hegemony of the ruling classes and were denied access to the center of power. Gramsci

¹³¹ Bhabha, p. 101.

¹³² Bhabha, p. 126.

¹³³ Bhabha, p. 162-3.

¹³⁴ McLeod, **Beginning Postcolonialism**, p. 129.

interested in the history of the subaltern classes, because the history of the states, he believed, is already written and represented by the ruling classes.¹³⁵ Spivak drives the term from the Subaltern Studies group of historians who used it to name the general sub-ordination expressed in terms of class, caste, age, and gender in South Asian societies. The Subaltern Studies aimed to rebalance a tendency to and focus on elites' dominant culture in academic works on South Asian historiography. The historiography of Indian nationalism, they argued, was dominated by both colonialist and nationalist bourgeoisie elitism. The development of a nationalist consciousness, according to this historiography, was the achievement of either colonialist or nationalist elite. Quoted by Ashcroft et al., Guha asserts that the contribution of people to the nationalist consciousness cannot be acknowledged or interpreted independently of elite in such writings.¹³⁶

In her article *Can the Subaltern Speak*, Spivak criticizes the assumptions of the Subaltern Studies' works and questions whether this voice could be considered the voice of the subaltern, or whether this distinctive expression was indicative of the silenced voice of the subaltern. She is concerned with the voice of the subaltern, which has been under-represented and kept silent by the colonialist and nationalist elites. Since the history/voice of the subaltern has not been recorded, it has to be retrieved by reading in-between lines of the colonial texts, which ignored and minimized their voices. The difference between the elite voice and the subaltern voice is to read in-between lines and explore what has been left unheard.¹³⁷ Thus, she deploys the term subaltern to make the silenced and ignored voices to talk.¹³⁸

Addressing feminist concerns from postcolonial perspective is considered another important contribution of Spivak to the discipline. Her critical perspective is directed towards the female subaltern and introduced the question of gender into the debate of postcolonial critical perspective. For Spivak, women in colonial societies were doubly colonized by the colonizers and by their own patriarchal societies. Her argument about the Western intellectual speaking for the subaltern is worth to be mentioned here. She illustrates how the European assumed the position of a liberator by constructing a figure

¹³⁵ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 198.

¹³⁶ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 199.

¹³⁷ McLeod, **Beginning Postcolonialism**, p. 128.

¹³⁸ McLeod, **Beginning Postcolonialism**, p. 130.

of a native woman after the ban of *sati*¹³⁹ practice. Saving Hindu women from “barbaric” practice of patriarchal system reinforced the “civilized” image of the colonial authorities and “justified their rule over both the native women and as well as the men who oppressed them.”¹⁴⁰

Postcolonialism

Robert Young defines postcolonialism in terms of social, political, economic, and cultural resistance and response to European colonization, which dates back to the sixteenth century and ends in the post-World War II period. While analyzing the ontological and epistemological conditions of postcoloniality, postcolonialism calls upon to resist the continuing politics of imperialist orders of economic, political and cultural domination.¹⁴¹ According to Leela Ghandy, postcolonialism is a disciplinary study devoted to academic inquiries of re-examining, remembering, and questioning the colonial past.¹⁴² Postcolonialism, Ato Quayson underlines, is a studied relationship with the past and present effects of colonialism both at the level of once-colonized societies and global developments.¹⁴³ Jane Hiddleston defines postcolonialism as multiple political, economic, cultural and philosophical responses to colonialism and its past and present multifaceted effects and implications.¹⁴⁴

Postcolonialism, for McLeod, is a “hinged concept” that expresses specific historical and material cases along with often-consistent forms of representing, knowing and transforming such cases. The concept thus defines and evaluates to reconstruct the relationship between reality and representations, thought and actions, and ontology and methodology.¹⁴⁵ Postcolonialism, in a broad sense, studies European colonialism, its various institutions, discursive operations, and its subject construction on the one hand, and the resistance and responses of the colonized peoples to such subjection and incursions and their contemporary legacies on the other. In its most recent accounts,

¹³⁹ A practice of bride burning that was prevalent in India.

¹⁴⁰ Gayatri Chakravorty Spivak, “Can the Subaltern Speak?”, in **Colonial Discourse and Post-Colonial Theory: A Reader**, eds. Patrick Williams and Laura Chrisman, New York: Colombia University Press, 1993, p. 93.

¹⁴¹ Young, **Postcolonialism: An Historical Introduction**, p. 57-8.

¹⁴² Gandhi, **Postcolonial Theory**, p. 4.

¹⁴³ Ato Quayson, **Postcolonialism: Theory, Practice or Process?**, Cambridge: Polity Press, 2000, p. 2.

¹⁴⁴ Jane Hiddleston, **Understanding Postcolonialism**, Stocksfield: Acumen Publishing Limited, 2009, p. 1.

¹⁴⁵ McLeod, **Beginning Postcolonialism**, p. 9.

postcolonialism has been concerned with the investigation of processes and effects of resistance and responses to various patterns of European colonialism.¹⁴⁶

Postcolonial Studies

Postcolonial Studies, over the last decades, has emerged from interdisciplinary theoretical interactions and debates. Departed from Foucault's notion of 'discourse', Gramsci's 'hegemony', Derrida's 'deconstruction', and Marx's 'class struggle' and 'imperialism', postcolonial studies emphasizes the role of literary and other texts on the colonial history. It investigates how these texts construct and then justify the superiority of the colonizer and the inferiority of the colonized. It seeks to disclose the nature of the encounter between the colonizers and colonized in terms of identity formation.¹⁴⁷

Postcolonial Studies, according to McLeod, by the common political and ethical commitment of networks of people, challenges and questions the practices and consequences of domination and subordination.¹⁴⁸ It produces forms of writing that aim to reveal the dominant structure of relations between the colonizer and the colonized. Postcolonial Studies thus explores, articulates and represents subaltern views and their marginalized knowledge from a non-European perspective.¹⁴⁹

Postcolonial Reading

Postcolonial reading, according to Ashcroft et al., is a critical reading and rereading the texts of both colonizing and colonized cultures to uncover profound effects of colonization on literary works, anthropological accounts, historical records, administrative and scientific writings. It is a deconstructive form of reading that seeks to demonstrate the contradictions of the text to its assumptions and to reveal its unconscious colonialist ideologies. Postcolonial reading, they add, reveals how literature distorts the realities of the colonized people when used by the colonizing culture. Postcolonial reading thus aims to articulate the identity of the colonized people and reclaim their past.¹⁵⁰

¹⁴⁶ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 169.

¹⁴⁷ Hans Bertens, **Literary Theory: The Basics**, London and New York: Taylor & Francis e-Library, 2002, p. 214-5.

¹⁴⁸ John McLeod, **Companion to Postcolonial Studies**, p. 3.

¹⁴⁹ Robert J.C. Young, "What Is the Postcolonial?", **ARIAL: A Review of International English Literature**, Vol. 40, No. 1, (January, 2009), pp. 13-25.

¹⁵⁰ Ashcroft, Griffiths, and Tiffin, **Key Concepts**, p. 169.

Emphasizing on the importance of forms and sources of reading, McLeod draws attention to the importance of what is read and how is read. What is read in postcolonial studies, according to McLeod, are: (1) cultural texts produced by people of countries, which have history of colonialism; (2) rereading of the texts produced during the colonial times by the members of colonialist nations; and (3) cultural texts produced by those who migrated from colonies to metropolis. The act of reading and analyzing in postcolonial context, McLeod adds, is not only restricted by written materials, but also includes creative endeavors such as visual arts, film, music, etc.¹⁵¹

Readings of imperial texts, underlines Boehmer, reveal how a world order that dominated over the lives of millions could have legitimized itself through myth and metaphor while at the same time concealing sufferings of these people. Colonial writings therefore are important for revealing the ways in which that world order represented the degradation of other human beings as an inherit part of their natural, degraded or barbaric state.¹⁵² Postcolonial literature, according to Boehmer, is a critical or deconstructive writing that studies the colonial relationship. Postcolonial writing that emerged to resist colonialist perspectives demands decolonization, revision and reframing dominant concepts.¹⁵³

Postcolonial Critique

Postcolonial critique, according to Young, (1) investigates European culture and knowledge as part of colonial practices and its continuing consequences; (2) identifies means and causes of continuing international exploitation and its epistemological and psychological effects; and (3) transforms such epistemologies into new forms of cultural and political production encouraging resistance to the degradation and material injustice. Postcolonial critique rereads colonial history from the perspective of the colonized people who suffered from its practices.¹⁵⁴

Postcolonial critique aims at a common political and moral response to the history and legacy of European colonialism. It presupposes that European expansion, occupation and exploitation of the most of the globe was more than just any old oppression,

¹⁵¹ McLeod, **Beginning Postcolonialism**, p. 33-4.

¹⁵² Boehmer, p. 3.

¹⁵³ Boehmer, p. 2.

¹⁵⁴ Young, **Postcolonialism: An Historical Introduction**, p. 68.

injustice, wars, and occupation. Postcolonial critique draws on political and theoretical practices that seek to resist the legacies of the colonial past and challenge the assumptions of postcolonial present. Postcolonial critique marks the stage at which the marginalized periphery has completed its development of political and cultural experience, and theoretically it is in a capable position of resisting the political, intellectual, and academic hegemony of the West and its patterns of objective knowledge.¹⁵⁵

The postcolonial has always intervened to question the interrelated histories of colonization, violence, domination, inequality, exploitation and injustice, addressing why and how the colonized people have been exploited. Postcolonial critique, according to Bart Moore-Gilbert, is concerned with forms that mediate, challenge, or reflect upon the economic, cultural and political relations of subjugation, domination and subordination among nations, races and cultures.¹⁵⁶ Postcolonial critique, for Homi Bhabha, draws attention to the unequal forces of cultural representation involved in the attainment of political and social power within the global world order. Postcolonial perspectives, Bhabha adds, emerge from the colonial experience of the Third World countries and articulate the discourses of minorities arising from geopolitical divisions of the world, peoples and cultures.¹⁵⁷

Postcolonial criticism, according to Bertens, focuses on the tension between the imperial centers and their colonies. It emphasizes the cultural displacements, and its effects on individual and communal identities, which inevitably followed colonial occupation and rule. Postcolonial critique radically investigates and questions the expansionist imperialism of European colonial powers and their system of values that supported this expansionist imperialism. Therefore, postcolonial critique departs from non-Eurocentric perspectives and sees such values are still dominant in Western world. Postcolonial critique questions the patterns of relationship between the metropolis and its colonial subjects, aiming at deconstructing the prevailing imperialist perspectives.¹⁵⁸

Postcolonial critique focuses on the role of culture in both imperialist practices and nationalist resistance formation; on the past and present liberation struggles; on the role

¹⁵⁵ Young, **Postcolonialism: An Historical Introduction**, p. 65.

¹⁵⁶ Bart Moore-Gilbert, **Postcolonial Theory: Contexts, Practices, Politics**, London: Verso, 1997, p. 12.

¹⁵⁷ Bhabha, p. 245.

¹⁵⁸ Bertens, p. 200-2.

of religions and culture in new nationalism; on the state violence; on the contemporary identity politics; on the race, gender, and sexuality; on anti-racism and liberal multiculturalism; on the disempowerment and the economics of neocolonialism; and on the suppression of native Fourth-World cultures.¹⁵⁹

1.3.2. Postcolonial International Relations Theory

Philip Darby in *From International Relations to Relations International* asks how to rework knowledge conventions about international politics that has contributed to the neglect of Southern perspectives and the marginalization of most of the world's nations.¹⁶⁰ In this context, he introduces three propositions that determine a postcolonial critical intervention into the field of international relations. First, postcolonial perspective challenges the colonial mindset that dominates European/Western thinking about former colonial world and the assumptions that the West constitutes a model for the rest of the world. Second, postcolonial perspective opens new horizons for non-European people to author their own politics and form alternative future. Third, postcolonial perspective proposes a rethinking of established approaches to order, violence, and change by integrating non-European cultural traditions and political experiences into the discipline of IR.¹⁶¹

The recent engagement of postcolonial theory with contemporary political issues and the questioning of material and structural inequalities has paved the way for its transition from the departments of literature and cultural studies to the departments of politics and international relations. Postcolonial analysis method has offered an alternative understanding of international politics by challenging conventional IR theories. Postcolonial perspective, in particular, has become voice of peoples and countries of the South in IR and attracted the attention on Western-centric forms of analysis. Postcolonial analyses assert that understanding contemporary IR needs a careful reading of the colonial past and postcolonial present.¹⁶² Postcolonial perspective

¹⁵⁹ Young, **Postcolonialism: An Historical Introduction**, p. 66.

¹⁶⁰ Philip Darby, ed., **Postcolonial Politics: From International Relations to Relations International**, Abingdon, Oxon, Routledge, 2016, p. 1.

¹⁶¹ Darby, **Postcolonial Politics**, p. 3.

¹⁶² Rita Abrahamsen, "Postcolonialism", in **International Relations for the Twenty-First Century: An Introduction**, ed. Martin Griffiths, Abingdon, Oxon: Routledge, 2007, p. 121-2.

contests rationalist, humanist and universalist views that claim and attribute the finer forms of reason, morals, and law to Europe.

The global dominance of neo-liberal economics and the misleading notion of “the end of ideology” by the end of the Cold War have obscured the workings of power in a global capitalist political economy, which led to the marginalization of the South in economic, political, social and cultural areas. In their introduction chapter *Power in a Postcolonial World: Race, Gender, and Class, in International Relations*, Geeta Chowdhry and Sheila Nair argue that conventional IR limits its research scope and interest by narrow reading of and focus on power politics and security, neglecting the issues of race, gender and class. However, postcolonial theoretical insights, they note, offer different perspectives than conventional IR and bring these concerns into international relations.¹⁶³ Postcolonial IR theory, like other critical theories such as postmodernism, post-structuralism and feminism, has made significant contributions to the international politics. However, these critical IR theories have not adequately addressed the cultural politics of colonial past and postcolonial present.¹⁶⁴

In his article, *Postcolonial Theory and the Critique of International Relations*, Sanjay Seth examines three aspects of the postcolonial critique of IR. First, postcolonialism problematizes the centrality attributed to Europe as the sole historical source of international relations. Second, postcolonial theory questions the universality attributed to Western legal and moral principles and values that reconstruct the power relations similar to colonial encounters. Third, postcolonialism challenges the epistemological privilege attributed to the conventional IR theories.¹⁶⁵ He argues that the origins and structure of contemporary international order has been ignored by the mainstream IR theories. A proper understanding of international order, according to Seth, dates back to its colonial origins. Therefore, Seth questions the Eurocentric nature of mainstream IR theories, both in their historical interpretation of the contemporary international system and in their explanation of the functioning of this system.¹⁶⁶

¹⁶³ Geeta Chowdhry and Sheila Nair, **Power Postcolonialism and International Relations: Reading Race, Gender and Class**, London: Taylor & Francis e-library, 2004, p. 1.

¹⁶⁴ Chowdhry and Nair, p. 2.

¹⁶⁵ Sanjay Seth, ed., **Postcolonial Theory and International Relations: A Critical Introduction**, Abingdon, Oxon: Routledge, 2013, p. 15.

¹⁶⁶ Seth, **Postcolonial Theory**, p. 15.

The expansion of international society, for Seth, has not yet been seriously questioned. He argues that the development of capitalism with the colonial expansion and trade, the colonization of Americas with the Peace of Augsburg and the settlement of Westphalia, the rise of the slave trade with the establishments of British and Dutch East India Companies could not be coincidental developments. The race for colonies or colonial mapping of Africa, the practices of various political forms of rule such as mandates, concessions, spheres of influence, and protectorates were all colonialist productions of the nineteenth and early twentieth century European international order. Thus, the emergence and development of modern international system or society, Seth argues, was shaped by the interaction between European colonial powers and those they colonized.¹⁶⁷

In *International Relations Theories, Postcolonialism* chapter, Siba Grovogui questions same basic concepts of IR and asks theorists to not simply embrace concepts such as international order, international society, and international ethics. For Grovogui, these concepts represent European colonial practices and experiences. He notes that Western universalism and morality obscure Western-originated forms of political violence concealed by the promotion of modernization and liberalization. Postcolonialism, for Grovogui, embraces reason, universalism and pragmatism, but remains skeptical of their colonial institutional narratives and Western-centric objectivity.¹⁶⁸

In their article, *The New Middle East, ISIL and The 6th Revolt Against the West*, Murat Yesiltas and Tuncay Kardas analyze Hedley Bull's concept of "revolt against the West". While analyzing the concept, which was coined to describe the phases of former colonies' legal, political, racial, economic, and cultural struggle against Western colonial/imperial powers, Yesiltas and Kardas refer to the emergence of a new sort of revolt against postcolonial Western order in the Middle East.¹⁶⁹ The sixth revolt, according to them, challenges international society and its Western-centric values and poses serious troubles. The Islamic State of Iraq and Levant (ISIL), they argue, poses four challenges to the Westphalian principles of sovereignty, territoriality, and

¹⁶⁷ Seth, *Postcolonial Theory*, p. 19.

¹⁶⁸ Siba N. Grovogui, "Postcolonialism", in *International Relations Theories: Discipline and Diversity*, eds. Tim Dunne, Milja Kurki and Steve Smith, Oxford: Oxford, 2013, p. 251-2.

¹⁶⁹ Murat Yesiltas and Tuncay Kardas, "The New Middle East, ISIL and The 6th Revolt Against the West", in *Non-state Armed Actors in the Middle East*, eds. Murat Yesiltas and Tuncay Kardas, Cham: Palgrave Macmillan, 2018, p. 156.

secularism. First, ISIL undermines secular sources of rules, whether states or institutions, and instead promotes divine rule. Second, it introduces a radical religious model of governance and world society. Third, it challenges the concept territoriality and does not recognize colonial borders based on nationalist and regionalist divisions. Fourth, ISIL promotes the idea of *Ummah*, which calls for unity among Muslim communities, rather than nationhood.¹⁷⁰

Postcolonial theoretical approach to IR, according to Rita Abrahamson, has largely emerged through its critique of mainstream theoretical approach and its focus on great power politics, states, and the balance of power. As ‘the discourse of the powerful’, the discipline of IR promotes a Western worldview and fails to capture the viewpoints of non-Western countries. Contrary to the postcolonial concern about the marginalized people of the South, the mainstream IR is characterized as elitist, statist, and universalist. The anticolonial works of Third World intellectuals are important sources for postcolonial perspective. They often write about contradictions and inconsistencies between actual colonial policies and claims of “civilizing mission”. The subaltern historiography, which suggests rereading of history from the “counter-hegemonic” perspective of the colonized people, is also a significant source of knowledge production for postcolonial theory.¹⁷¹

The knowledge production in international relations is largely based on the studies of power, which is closely related to the concepts of state, sovereignty, anarchy and order. The construction frame of these concepts and their relationship to the power production are considered central analytical concerns in conventional IR theories. Chowdhry and Nair make three claims about definition, perception, and situation of power in international relations. First, the conventional perspective of power privileges hierarchy, rationality, and Eurocentric worldview. Second, despite questioning many of the conventional IR assumptions, critical theories have failed to answer the question of race, gender and class in disciplinary power production. Third, while feminist theory has questioned the gendered assumptions of conventional and critical IR, it has also failed to question the issue of gender in a neo-imperial context.¹⁷²

¹⁷⁰ Yesiltas and Kardas, p. 158-159.

¹⁷¹ Abrahamsen, p. 112.

¹⁷² Chowdhry and Nair, p. 3.

A postcolonial analysis of IR, for Chowdhry and Nair, focuses on central issues such as power of representation, intersection of race and gender; global capitalism, class, and postcoloniality; and recovery, resistance and agency. Regarding the power of representation, they argue that the question of representation might have been ignored by mainstream IR. Representation, according to postcolonial scholars, refers to the interactions between Western knowledge and power, in which race, class, and gender are constructed.¹⁷³

Binary representations of Occident and Orient, us and them, civilized and backward, essentializing identity and difference have ensured the perpetuation of Western hegemony. Thus, an engagement with the question of representation, for Geeta and Nair, will uncover practices of power in IR. The cognitive authority of mainstream IR and its hegemonic influence on global politics has not only neglected the problem of representation, but also asserted the universality of its language, speaking for and about others. Furthermore, originated from Western humanist notions of universality and rationality, the grand narrative of conventional IR and its disciplinary boundaries have been sustained by the marginalization of certain “others”.¹⁷⁴

Postcolonial theorists argue that the Western economic, political and cultural hegemony over the Third World has been established through the construction of race that was formalized under colonial rule. The forms of colonial encounter between foreigners and native societies constructed colonial discourses that described Europeans as intellectually and morally superior and the natives inferior.¹⁷⁵ Racial binaries, states Sheila, was constructed as ‘different’, ‘opposite’ and ‘other’ and have maintained even after the end of the colonial rule. “Racialized othering” did not just frame colonial history, but also postcolonial debates such as culture, national security, nuclear politics and so on. Contemporary discourses on nuclear non-proliferation give clear example of “racialized othering”. The Third World countries and their leaders in such discourses are treated not to be trusted with nuclear weapons. Their countries accordingly were constructed by these hegemonic discourses as dangerous, unpredictable, unaccountable and as violating basic norms and human rights. In US foreign policy discourse, for

¹⁷³ Chowdhry and Nair, p. 15.

¹⁷⁴ Chowdhry and Nair, p. 16.

¹⁷⁵ Chowdhry and Nair, p. 18.

instance, both North Korea and Iran, which have pursued nuclear proliferation, have been portrayed as “axis of evil” and rogue states.¹⁷⁶

Postcolonial scholars such as Shampa Biswas, quoted in Sheila, argues that the notion that some states, in particular Western countries, can be trusted to possess nuclear weapons, while others cannot be trusted because they are less developed, less rational, and less mature regarding human life is a racialized discourse.¹⁷⁷ Postcolonialism, in such debates, does not question, “who can be trusted,” but rather asks, “who determines who can be trusted and why cannot be trusted?” It is worth to remind that the nuclear debates often miss or ignore the fact that the United States is the only power to have ever used nuclear weapons.¹⁷⁸

Regarding global capitalism, class, and postcoloniality, Geeta and Nair state that both classical and neo-Marxist writings pay attention particularly to imperialism, colonization and neo-colonial relations, but often neglect interconnections between the material with the discursive and cultural. Postcolonialism, in contrast, not only questions the imperial patterns and forms of power, but also takes into account the intersections between culture, discourse, and material practices that construct North-South relations.¹⁷⁹ According to Abrahamsen, Western discourses that construct regimes of truth and exclude others are most evident in contemporary discourses of development and underdevelopment. These hegemonic discourses thus demonstrate many of the structures and relations of colonial discourses. Namely, rather than questioning the stated aims and assumptions of development policies, postcolonial perspective seeks to explore its consequences and questions its accepted key concepts and categories. The discourses of development and underdevelopment, from a postcolonial perspective, are rejected as “self-evident” and “preordained” categories. However, since they are considered discursive constructs, their institutions and value systems can be reformed to address contemporary communities.¹⁸⁰

¹⁷⁶ Sheila Nair, “Postcolonialism,” in **International Relations Theory**, eds., Stephen Mcglinchey, Rosie Walters and Christian Scheinplflug, Bristol: e-International Relations Publishing, 2017, p. 71.

¹⁷⁷ Nair, p. 72.

¹⁷⁸ Nair, p. 72.

¹⁷⁹ Chowdhry and Nair, p. 21.

¹⁸⁰ Abrahamsen, p. 116; Grovogui, p. 249.

Postcolonialism asserts that the standards and measures of development are set up by the industrialized countries; that the development discourses legitimize interventions in economic policy and affairs of poor countries; and that Western norms of progress, growth and efficiency define level of poor countries' development. The concept of development thus has become a source of power construction in international relations, through which the underdeveloped subject is categorized and incorporated into statistics, models, and graphs, and also becomes justifiable field of practice for the developed subject.¹⁸¹

For many postcolonial scholars, past colonial and present postcolonial practices of domination and exploitations, counter-narratives, the self-recovery of the colonized and marginalized nations constitute the core themes of postcolonial analysis.¹⁸² The invasion of Iraq, for postcolonial theorists, has represented a turning point and required a radical shift in the conceptual frameworks and intellectual perspective of the discipline. Iraqi occupation thus has illustrated that the world order has not changed and that new forms of imperialism emerge from the structural depths of this order.¹⁸³

Euro-centric pattern and perspective of conventional IR theories have thus attracted the attention of postcolonial scholars, who have accordingly argued that the hierarchical relationship between the West and the rest of the world has been shaped by Western concepts and understandings. Therefore, intellectual efforts of decolonization are required to liberate IR from Western dominance.¹⁸⁴ Postcolonial critique of Euro-centrism has initially focused on mega narrative of European concepts of enlightenment. It is suffice to read the near history of Europe to explore that Europe was not only source of modernity, enlightenment, and progressive development, but also a land of conflicts and wars. History of European state building exhibits massive violent conflicts and exterminations. The propagation and glorification of liberal values of freedom and equality was rather late occurrence in European history, which also embraced non-liberal ideologies such as fascism and Nazism in the twentieth century. The West,

¹⁸¹ Abrahamsen, p. 116.

¹⁸² Chowdhry and Nair, p. 23.

¹⁸³ Darby, **Postcolonial Politics**, p. 6.

¹⁸⁴ Robert Jackson and Georg Sorensen, **Introduction to International Relations: Theories and Approaches**, 5th ed., Oxford: Oxford, 2013, p. 239.

according to postcolonial scholar, needs to be deconstructed as the sole subject of world history.¹⁸⁵

Mark Laffey and Jutta Weldes' analysis of the Cuban missile crisis reveals that the majority of IR scholars read the crisis as a major confrontation between two superpowers. Thus, a myth of missile crisis was created in the context of the Cold War, in which the Americans and the Soviets bravely faced off. Laffey and Weldes pay attention to the Cuban position on the crisis, which has been almost entirely ignored. The missile crisis could be more understandable if the Cuban historically subordination position to the United States was considered. For Americans, Cuba had threatened its security by aligning itself with the Soviets. The United States, in this sense, constructed a Cuba whose interests and concerns could be ignored. Thus, if the Cuban voice, view and approach were taken into account in the crisis, there would be more pressure on the US.¹⁸⁶

Postcolonialism analyzes these issues from the vantage point of view of those who lack the power and questions a world order shaped and dominated by powerful state actors and their ways of reading the world. Postcolonialism has distinctive approach that is profoundly concerned with histories of colonialism and imperialism in which inequalities and marginalization are embedded in race, class and gender relations on global scale.¹⁸⁷ Postcolonial world order, as Viotti and Kauppi point out, continues to demonstrate neo-colonial forms of cultural, economic, and even political and military dominance. Political independence thus has not been sufficient for a complete liberation from colonial powers. The main trading partners of newly independent states, for instance, have usually been their former colonial countries. The main traded products, the administrative units, and even territorial border were usually developed, established and created under colonial rule. Therefore, no change has been realized in the peripheral position of the postcolonial states in the world order. Thus, to explore neocolonial patterns of dominance in contemporary world politics, postcolonial theory investigates

¹⁸⁵ Quoted in Jackson and Sorensen, p. 241.

¹⁸⁶ Jackson and Sorensen, p. 240.

¹⁸⁷ Nair, p. 75.

power relations between core and periphery, North and South, First and Third World countries.¹⁸⁸

Postcolonial theory, however, remains as a marginal perspective in the discipline of IR. As a heterogeneous critical approach, postcolonial theory questions the hegemonic and represents the powerless. Postcolonial theory has limited influence in the discipline of IR because of its critical approach to the discourses and actions of hegemonic powers. The postcolonial primary engagement with culture, identity, resistance and complex patterns of power has weakened its position when compared with conventional theories of IR, which preoccupied with states, military and economic power. Nevertheless, in an increasingly globalized, interdependent, hybrid and vastly exploitative world order, postcolonial theory introduces alternative explanations, understandings and perspectives. Postcolonial critique of international relations not only poses a theoretical challenge to conventional IR approaches by deconstructing and revealing their complicity with power, but also challenges contemporary political and economic world orders by representing the voice of the periphery in the domain of discipline.¹⁸⁹

1.3.3. Oil Politics

Oil is a source of power and wealth, but it requires advanced technology. The processes of exploring, extracting, refining, transporting and consuming oil bring together people, companies and governments, who/which often have different agendas and interests. “It is unavoidable”, as Tim Hague asserts, “oil is political.”¹⁹⁰ Because of its importance as a primary source of energy for economic development, oil is commonly considered a political commodity and governments are concerned for its continued accessibility and availability.¹⁹¹ Mabro describes the increasing oil interdependence between the consumers and the producers where the former desires to purchase at the lowest affordable price that is continually available over time and space, while the latter desires

¹⁸⁸ Paul R. Viotti and Mark V. Kauppi, **International Relations Theory**, 5th ed., Boston: Longman & Pearson, 2012, p. 211; Joshua S. Goldstein and Jon C. Pevehouse, **International Relations**, 10th ed., New Jersey: Pearson, 2014, p. 251.

¹⁸⁹ Abrahamsen, p. 122.

¹⁹⁰ Tim Hague, “The Geopolitics of Oil”, **Toron AMI, International Asset Management**, p. 2. <https://paperzz.com/doc/9302318/geopolitics-of-oil>

¹⁹¹ Giacomo Luciani, "Oil and Political Economy in the International Relations of the Middle East", in **International Relations of the Middle East**, ed. Louise Fawcett, Oxford: Oxford University Press, 2005, p. 82.

to supply at the highest possible price and satisfy the demands at the lowest costs.¹⁹² Yergin explains oil interdependence by concept of “energy security”, which for the consuming countries means “the availability of sufficient supplies at affordable prices” and for the producer countries “the security of demand” and its maintenance, which generate the biggest share of governmental revenues.¹⁹³

Energy security, according to Yergin, will depend much on how producer and consumer countries manage their bilateral or multilateral relations with one another.¹⁹⁴ According to Hague, the politics of oil is about a struggle and negotiation that determines who gets how much, where it is supplied, and how it is consumed or used.¹⁹⁵ It is a political negotiation with economic calculations between oil-producing country, oil company, and oil-consuming country. For the producer country, the value of oil depends on its extraction and sale; for the oil company, its success depends on access to oil resources; and for the consuming country, its objective is realized by availability and continuity of supply at affordable price. The oil politics, according to Hague, consists of efforts that determine the terms of access to oil resources and the rate of revenue-sharing agreements.¹⁹⁶

Bernard Mommer divides the governance of international oil market into three periods, each of which is dominated by one of the three primary actors: international oil companies, oil-producing states, and oil-consuming states. The dominant actors in each of these periods changed the rules of governance to their advantages. They have formulated their oil policies on two levels: tactically they worked within the existing oil order, but strategically they sought to replace this order with a new one.¹⁹⁷

The first oil governance structure was established by international oil companies, which dominated and monopolized the oil market during the interwar period. The second structure of the governance began to emerge when the oil-producing countries formed the Organization of Petroleum Exporting Countries (OPEC). The collapse of the first

¹⁹² Robert Mabro "On the Security of Oil Supplies, Oil Weapons, Oil Nationalism and all that", **OPEC Energy Review**, Vol. 32, No. 1, (March 2008), p. 2.

¹⁹³ Yergin, **The Prize**, p. 70.

¹⁹⁴ Yergin, **The Prize**, p. 82.

¹⁹⁵ Hague, **The Geopolitics of Oil**, p. 4.

¹⁹⁶ Hague, **The Geopolitics of Oil**, p. 4.

¹⁹⁷ Bernard Mommer, “The Governance of International Oil the Changing Rules of the Game”, **Oxford Institute for Energy Studies**, 26 (2000), p. 5.

governance structure provoked oil-consuming countries to establish a third governance structure by forming International Energy Agency (IEA).¹⁹⁸ The Great Britain and the United States, besides the dominant role of international oil companies, were actively involved in the first international oil governance structure. They involved either directly as shareholders or indirectly by supporting their private companies. Both the British and American governments concerned themselves mainly with the strategic issue of security of supply and left the business of oil to the companies.¹⁹⁹

Oil-producing countries, however, realized the potential riches of their oil resources and claimed their sovereign rights. International oil companies were forced either to renegotiate the terms of concessions or to suffer nationalization.²⁰⁰ Following the Second World War, the wave of decolonization in the Third World resulted in political independence for many nations. Some oil-producing countries were already politically independent or pseudo-independent and some others were under formal/informal colonial rule. They all agreed on the necessity of economic independence and full sovereignty over their natural resources. These early colonial concessions were either modified or terminated by sovereigns in two principal methods: renegotiation and expropriation. A request to renegotiate the terms of concessions often contained some explicit or implicit political threats, so where negotiations failed, the process ended in expropriation.²⁰¹

The process oil decolonization in the Gulf States began first when the Arab governments used petroleum as a weapon to reach their political goals. The formation of OPEC coordinated the process of decolonization and gradually converted the position of international oil companies to operating companies.²⁰² As Mommer describes, the oil producing countries freed from foreign oil companies' imposition of fixing production volumes, prices, royalties, and income taxes.²⁰³ The governments of oil-consuming countries intervened the process when they realized that their international oil companies had lost authority on oil supply security and affordable prices. To counter

¹⁹⁸ Mommer, p. 4.

¹⁹⁹ Mommer, p. 4.

²⁰⁰ Mommer, p. 13.

²⁰¹ Ernest E. Smith, "From Concessions to Service Contracts", *Tulsa Law Journal*, Vol. 27, No. 4, (December, 1992), p. 499.

²⁰² Mommer, p. 14.

²⁰³ Mommer, p. 15.

OPEC's growing power over oil supply and prices, the developed oil consuming countries established the International Energy Agency (IEA) in February 1974. Not surprisingly, the foundation of the IEA came immediately after the 1973 Arab oil embargo and OPEC's multiplied prices.²⁰⁴ The current energy security system, according to Yergin, was established (a) to deter any future use of oil weapon by oil producing Third World countries; (b) to coordinate the OECD countries in the event of possible supply disruptions in the future; (c) and to work in close cooperation on energy policies.²⁰⁵ The current energy security system, he adds, focuses not only on ensuring continuity of oil supply, but also on protecting and controlling the entire energy supply chain and infrastructure.²⁰⁶

1.4. Chapter Conclusion

This study has been conducted within the postcolonial theoretical framework. The study investigates how, to what extent, and for what reasons the Anglo-American governments have exploited the Gulf oil; how they have protected and maintained their oil interests in the region; by what means they have prevented rival powers from access to the region's oil resources; and what sorts of supports they have provided for their national oil companies to operate in the region. Therefore, understanding British colonial and American postcolonial oil policies towards the Gulf region, the study has initially introduced concepts that are closely related to both the subject of the thesis and its theoretical approach. The section has briefly introduced the definition of these concepts and their similarities and differences both in meaning and practices.

The study draws theoretical frame by exploring interconnected implications and intersected spheres of postcolonial theory with concept of "oil politics" and other concepts such as colonialism, imperialism, decolonization, and neo-colonialism. Unlike much of previous works, which limited oil policies to the relations between oil companies, oil-producing countries and oil-consuming countries, the postcolonial theoretical approach in this study examines oil policies within colonial/postcolonial orders in which these policies are produced and implemented. Otherwise, how could British oil policies towards the Gulf oil countries be accurately analyzed without taking

²⁰⁴ Mommer, p. 17.

²⁰⁵ Yergin, **The Prize**, p. 75.

²⁰⁶ Yergin, **The Prize**, p. 78.

into account British informal colonial order in the region? Thus, postcolonial theoretical approach requires an analysis of oil policies dependent on the oil order established in the Gulf region, be it British informal colonial order or American informal imperial order.

Unlike recent studies, which approach to the topic in historical, political and diplomatic perspectives, this study uses postcolonial theoretical approach. Postcolonial theory is a critical reading or rereading of colonial and postcolonial policies and practices. It is a deconstructive form of reading that scrutinizes the colonial/imperial relationships between the hegemon and the dominated. Postcolonial theory rereads colonial history of petroleum from the perspective of the colonized people and exploited national resources. It questions the interrelated histories of petroleum colonization, violence, domination, exploitation, and injustice. Postcolonial critique interrogates the relationship between imperial centers and their peripheral colonies and attempts to deconstruct the imperialist perspectives and practices. Postcolonial theory investigates power relations between core and periphery, colony and metropole, oil-consuming countries and oil-producing countries to explore colonial patterns of exploitation in contemporary oil politics. Postcolonial theory questions not only colonial exploitations, but also its knowledge and system of values which supported such exploitations. Postcolonial theoretical insight reveals how and why imperial studies maintain to normalize European/Western colonial history of oil via containment, and desire to rationalize, elide, and efface the details of these encounters.²⁰⁷

²⁰⁷ Bill Ashcroft, Gareth Griffiths, and Helen Tiffin, **The Empire Writes Back**, p. 151; Gandhi, **Postcolonial Theory**, p. 4; Chowdhry and Nair, **Power Postcolonialism and International Relations**, p. 16; Boehmer, **Colonial and Postcolonial**, p. 2; Young, **Postcolonialism**, p. 65; Bart Moore-Gilbert, **Postcolonial Theory**, p. 12; Abrahamsen, "Postcolonialism," p. 116; Bertens, **Literary Theory**, p. 200-2.

CHAPTER 2: BRITISH COLONIAL OIL POLICIES IN THE GULF

2.1. Introduction

This chapter examines the formation of British imperial oil policy and its implementation in the oil-rich Gulf region. In particular, the chapter investigates how British Empire in the Gulf constructed an informal colonial order, dominated oil concession diplomacy, built a monopolistic oil structure, and excluded colonial rival powers. Four factors motivated the British Empire to formulate its oil policy: first, the conversion from coal to oil-firing warships in the Royal Navy; second, the discovery of oil in Persia by a British private company; third, the rivalry among colonial powers over controlling oil territories and obtaining oil concessions; and finally, the British imperial diplomacy and private oil company's investments and their oil business experiences in Russia and Latin America. Later, during the First World War, when oil transformed the art of the war and its fate for the advantage of the belligerents, which had sufficient oil supplies, oil became a strategic commodity for the national security of the great powers. By the end of the war, the British Empire pursued a policy that aimed at controlling all prospected oil territories in the Gulf region.

Regarding the Gulf region, the chapter briefly presents the pattern of the British colonial order prior to the discovery of oil. The chapter investigates general objectives of British colonial rule and its extension to and application in the Gulf region. In this regard, the British Empire did establish an informal colonial rule in the Gulf and its main objective was strategic, rather than economic. The British Government of India was in charge of Gulf affairs, which mainly concerned with the safety and security of British merchant vessels and citizens in the Gulf; the prevention of Russia's access to the warm waters of the Gulf; and, more importantly, the protection of naval, land, and air routes connecting Britain with India. However, British informal colonial rule in the Gulf implemented 'divide, rule and exploit' principle. Unlike Ottoman Empire rule, which established administrative units on the Arabian coast of the Gulf, British Empire divided the region and ruled to protect its assets and position in India. Therefore, the British established separately diplomatic and economic relations with each tribal sheikh and gave them a sort of independent status.

The chapter also examines how the British established an informal colonial rule in the Gulf and tried to achieve their strategic and economic objectives. The Chapter primarily aims to shed light on British colonial policies after discovery of oil in the Gulf region. The first and second sections of the chapter briefly explore the foundations of the British presence in the Gulf. How did Britain establish colonial rule in the Gulf and what was the pattern of this rule? Thus, the British established its hegemony in the Gulf first by using naval military power and later by building diplomatic relations with the rulers of the region. The third and the fourth sections of the Chapter explore British colonial oil policies and oil concessions in the Gulf region. These two sections investigate how Britain did control oil-rich areas in the region through oil concessions. In this regard, it can be argued that British Empire exploited oil wealth of the region through mutual agreements, which were imposed on the rulers of the Gulf. These agreements gave the rights of exploration, extraction and development oilfields to the British oil companies, and prevented the rulers to seek alternative oil companies.

2.2. Patterns of British Colonial Rule

The nature of British imperialism has long been the subject of debates among the scholars of Empire Studies. These debates were ultimately driven by two dominant theories developed by Ronald Robinson and John Gallagher, and P. J. Cain and A. G. Hopkins.²⁰⁸ The Robinson-Gallagher theory emphasizes that the nature of British colonial order was not a result of changing interests, priorities, or policies in London; on the contrary, it was an arrangement forced by overseas rivalries that threatened the British global interests.²⁰⁹ The concern for economy and the necessity of direct control to protect its interests were the main two factors, which shaped the form of British imperial overseas activities. Robinson and Gallagher summarized this guiding principle of imperialism as “informal control if possible, formal control if necessary.”²¹⁰ The pattern of imperial control the British practiced was largely shaped by its success in

²⁰⁸ James Onley, **The Arabian Frontier of the British Raj: Merchants, Rulers, and the British in the Nineteenth-century Gulf**, Oxford: Oxford University Press, 2011, p. 29.

²⁰⁹ John Gallagher and Ronald Robinson, “The Imperialism of Free Trade”, in **The Rise and Fall of Modern Empires**, Volume III: Economics and Politics, edited by Sarah Stockwell, London and New York: Routledge; Taylor & Francis Group, 2016, p. 102.

²¹⁰ Gallagher and Robinson, “The Imperialism of Free Trade”, p. 103.

attracting local collaborators. Thus, it was imperial and its peripheral conditions, rather than London's economic interests, determined the nature of British imperialism.²¹¹

On the other hand, the Cain-Hopkins theory is based the view that economic factors were the main driver of British overseas expansions. It was finance and service sectors in London that drove the British overseas political and military activities.²¹² British colonial expansion was motivated by the necessity to protect overseas markets from rival colonial powers. Both theories assert that economic interest was primary motivating factor shaping the nature of British imperialism²¹³ and that the guiding principle was "informal control if possible, formal control if necessary."²¹⁴ However, they disagree on whether London or periphery, metropole or colony determines the nature of the imperial order. According to Cain and Hopkins the financial interests of London determined the nature of British imperial activities.²¹⁵ Robinson and Gallagher, on the contrary, assert that conditions in the Empire or its periphery shaped the pattern of the British rule.²¹⁶

Robinson and Gallagher used the concept of "informal empire" in their article, *The Imperialism of Free Trade*, in which the concept is used to refer to economically dependent overseas colonies.²¹⁷ However, Cain and Hopkins argue that the finance and service sectors in the city of London drove Britain to exercise informal political order.²¹⁸ On the other hand, the British officials perceived formal and informal empires differently at that time. The distinction between formal and informal rule depended on terms of sovereignty and suzerainty. The formal empire, in their view, was a British colonial land where Britain exercised full sovereignty. Whereas the informal empire consisted of lands where Britain gained a certain degree of sovereignty by treaties.

²¹¹ Gallagher and Robinson, "The Imperialism of Free Trade", p. 96.

²¹² Peter J. Cain and Antony G. Hopkins, **British Imperialism: 1688-2015**, London: Routledge, 2016, p. 6-9.

²¹³ Peter J. Cain and Antony G. Hopkins, "Gentlemanly Capitalism and British Expansion Overseas: I. The Old Colonial System, 1688-1850", in **The Rise and Fall of Modern Empires**, Volume III: Economics and Politics ed. Sarah Stockwell, London and New York: Routledge; Taylor & Francis Group, 2016, p. 42, 45.

²¹⁴ Gallagher and Robinson, "The Imperialism of Free Trade", p. 103.

²¹⁵ Cain and Hopkins, "Gentlemanly Capitalism", p. 32.

²¹⁶ Gallagher and Robinson, "The Imperialism of Free Trade", p. 97.

²¹⁷ Onley, **The Arabian Frontier**, p. 30.

²¹⁸ Cain and Hopkins, "Gentlemanly Capitalism", p. 522.

Thus, protectorates, condominium, mandates, and protected states were all various degree and practices of British informal empire.

According to these definitions of the formal and informal order, the British informal empire in Gulf consisted of Arab sheikhdoms in the Gulf and the mandate of Iraq, while the southern Persia was under the British sphere of influence.²¹⁹ These foreign lands, over which Britain exercised varying degrees of influence, were incorporated into the British imperial system, as were the British protectorates. State infrastructures, from military to civil institutions, were often installed and run along the British lines. The military units and governmental departments in these countries were often directed and supervised by the British officers and advisors.²²⁰

However, there was one major difference between informal territories of the Empire and its spheres of influence. The presence or absence of rival imperial influence in a foreign territory determined whether it was informal or sphere of influence. Where Britain had informal imperial relations, rival imperial power had no influence, whereas where Britain had spheres of influence, other rival imperial power had influence as well.²²¹ That is, under the British spheres of influence, significantly in southern Persia, the presence of ambassadors of other imperial powers limited to some extent British influence. However, in the Gulf Sheikhdoms of Kuwait, Bahrain, Qatar, and the Trucial States, where there was no presence of rival powers, the British officials enjoyed and exercised full control.²²² In case of a foreign challenge to British supremacy in a particular colony or an internal security failure in that colony, the imperial authorities intervened directly to secure their interests.²²³

Imperialism, according to Gallagher and Robinson, refers to a political practice or function appropriate to the process of integrating new regions into an expanding economy.²²⁴ The forms of imperialism are largely determined by the varied and changing relationships between the political and economic objectives of expansion across time and places. Gallagher and Robinson mention two features of imperialism:

²¹⁹ Onley, **The Arabian Frontier**, p. 34.

²²⁰ Onley, **The Arabian Frontier**, p. 31.

²²¹ Onley, **The Arabian Frontier**, p. 32.

²²² Onley, **The Arabian Frontier**, p. 32.

²²³ Gallagher and Robinson, "The Imperialism of Free Trade", p. 94.

²²⁴ Gallagher and Robinson, "The Imperialism of Free Trade", p. 95.

first, imperialism may not be directly connected with economic integration, but expands for strategic protection; second, economic expansion, which is a primary function of imperialism, may not be a necessary function. In other words, political and social functions may bring regions into the orbit of an expanding empire.²²⁵

Consequently, in any particular region on the periphery, if political order fails to provide appropriate conditions for commercial or strategic integration; if economic opportunities seem great but political influence low; and if the weakness of the region allows, then imperial power intervenes, controls, and adjusts those conditions according to its political influence, economic interests and strategic importance. On the contrary, if political security, economic exploitation, and strategic integration are provided in a periphery, then the possibility of imperial intervention reduces and imperialist control is correspondingly loosened. In contrast to “mercantilist imperialism”, which used power to obtain commercial monopoly and supremacy by the establishment of formal/informal political order, “capitalist imperialism” of free trade limited the use of power to establish security for the flow of trade.²²⁶

From this vantage point, British formal and informal orders were only parts of a whole expanded by mercantilist and capitalist imperialism. This means that formal and informal empire were interconnected and, to some extent, interchangeable according to the interests in the metropolises and responses in the colonies. Formal and informal forms of imperialism, for Gallagher and Robinson, emerge as dependent variables to political functions of extending overseas commercial, migration and cultural patterns.²²⁷ Emphasizing on economic and political interaction in the informal empire, they examine how political power helped to achieve commercial superiority, and how that superiority in turn empowered political hegemony.²²⁸ In practice, such interrelation was relied on the economic importance of a region, the power of its political and military structures, the tendency of local collaboration with the British rulers, and finally, the level of political and commercial competition with other colonial powers.²²⁹

²²⁵ Gallagher and Robinson, “The Imperialism of Free Trade”, p. 96.

²²⁶ Gallagher and Robinson, “The Imperialism of Free Trade”, p. 96.

²²⁷ Gallagher and Robinson, “The Imperialism of Free Trade”, p. 96.

²²⁸ Gallagher and Robinson, “The Imperialism of Free Trade”, p. 97.

²²⁹ Gallagher and Robinson, “The Imperialism of Free Trade”, p. 97.

The free trade treaties and strategic integrations made with and imposed upon weaker natives or states were perhaps the most common political method of British imperial expansion.²³⁰ The British Empire often imposed treaties on local rulers that would open up trade and prevent rival colonial powers. In return, the local rulers were offered subsidies, protection, and portions of trade revenue.²³¹ In the case of refraining from signing treaties or violating its terms, the imperial action was to overthrow local rulers and appoint new allies, clients, or collaborators instead.²³²

Along with political protection and economic incentives that offered to colonies, the use of physical force helped Britain to sustain its informal imperial network. From 1857 to 1861, for instance, consular, traders, or governors in colonies around the world called upon the Navy gunboats at least 116 times. Colonies were often encouraged Britain's friendship, advised to avoid its enmity, and threatened with its ships and cannon.²³³ British imperial policy thus adopted the principle of "informal control if possible, formal rule if necessary". "Trade not rule" aphorism of the free trade empire is usually summed up as "trade with informal control if possible; trade with rule when necessary".²³⁴

The political map of the nineteenth century global system, according to studies on the expansion of the international system, is basically divided into three political units: (1) independent nation-states, (2) colonies of these independents, and (3) unrecognized territories that have not yet been colonized by the independent Western nation-states.²³⁵ The first category included European nation-states, which emerged from the Westphalia system and constituted members of international society. They recognized each other as equal sovereigns and engaged in formal treaties with each other. The second category contained dependencies or colonies that were controlled or possessed by the sovereigns.²³⁶ The third category was unrecognized territories, which were considered untapped, untouched, and not yet controlled by European empires.²³⁷ For Britain, Go

²³⁰ Gallagher and Robinson, "The Imperialism of Free Trade", p. 103.

²³¹ Julian Go, **Patterns of Empire: the British and American Empires, 1688 to the Present**, New York: Cambridge University Press, 2013, p. 128.

²³² Go, p. 129.

²³³ Go, p. 130.

²³⁴ Gallagher and Robinson, "The Imperialism of Free Trade," p. 13.

²³⁵ Go, p. 136.

²³⁶ Go, p. 136.

²³⁷ Go, p. 137.

argues, Colonial control or possession was necessary to secure conditions for economic extraction, production, and trade. Colonialism, according to him, was inevitable to seize land, protect settlers and planters, and employ local labors for production export.²³⁸

2. 3. British Informal Colonial Rule in the Gulf

A few general points need to be clarified before moving on to the British formation of an informal colonial order in the Gulf region. First, the British Empire did not establish any settlement colonies in the Gulf region. Second, a wide variety of imperial instruments-colonies, mandates, protectorates, and unequal treaties-regulated and defined Britain's relations with the region. Thirdly, Britain had relatively sizeable economic interests in the Middle East, but had no actual imperial presence.²³⁹ British imperial policies with regard to the Gulf up to the Second World War was mainly and closely formulated and implemented by the governments of British India rather than the Whitehall. This is because the Gulf region emerged as peripheral security concerns of India rather than imperial strategic calculations of Britain.²⁴⁰ However, London did not refrain from intervention to pursue and achieve its colonial policy objectives, often using its military and diplomatic power.²⁴¹

The prevailing view regarding the pattern of British order in the Gulf region reveals that the British Empire enforced its order coercively from above through the "gunboat diplomacy". James Onley asserts, that the rulers of the smaller Gulf Arab states willingly sought British involvement and protection. British involvement, he notes, aimed to secure, arbitrate, and enforce peace settlements between the local rulers, and protect the Sheikdoms from foreign maritime and land attacks.²⁴² The longevity and success of the Pax-Britannica in the Gulf, according to him, depended on collaborative relationship between Britain and the rulers committed to their rights and duties as

²³⁸ Go, p. 144.

²³⁹ Peter Sluglett, "Formal and Informal Empire in the Middle East", in **The Oxford History of the British Empire**, Vol. 5: *Historiography*, ed. Robin W. Winks, Oxford: Oxford University Press, 1999, p. 423.

²⁴⁰ J. E. Peterson, "Britain and the Gulf: At the Periphery of Empire", in **The Persian Gulf in History**, ed. Lawrence G. Potter, Basingstoke: Palgrave Macmillan, 2009, p. 279.

²⁴¹ Peterson, p. 278.

²⁴² James Onley, **Britain and the Gulf Sheikdoms, 1820-1971: the Politics of Protection**, Doha, Qatar: Center for International and Regional Studies, Georgetown University School of Foreign Service in Qatar, 2009, p. 1.

protector.²⁴³ Eventually, British protection incorporated the Gulf Sheikhdoms into the British Indian Empire and isolated them from outside world by controlling their foreign affairs. Britain conducted its relations with Oman and the Gulf Sheikhs through numerous governmental departments over years. Previously, the Gulf affairs were under responsibility of the Indian Office in Bombay (1858-1947). When India gained its independence in 1947, the affairs of Gulf sheikhdoms fell under the responsibility of the Foreign Office in London.²⁴⁴

British interests in the Gulf before the nineteenth century were limited to the commercial interests of the East India Company in Persia, Basra and Oman, and the security of maritime trade line between Bombay and Basra.²⁴⁵ The primary objective of the British Empire in the Gulf was to provide security for land, sea, and later air routes to India.²⁴⁶ Britain's interests in the Arabian Peninsula were primarily strategic and oriented towards control of the coastline²⁴⁷ arising from the need to provide security and protection to its trade and subjects in the Gulf region.²⁴⁸

A search for new markets and prevention of European colonial powers were principle impetus for the initial British involvement into the Gulf.²⁴⁹ Later on, the importance of Eastern Arabia to Britain dramatically increased as a communication and shipping route and later as the location of large oil reserves.²⁵⁰ Britain's establishment of underwater and overland telegraph lines through the Gulf in 1865 increased the strategic value of the Gulf as communication corridor. Later in 1869, the completion of the Suez Canal, cutting the normal shipping time from months to weeks between Britain and India, placed the Gulf and Egypt among the priorities of the British imperial strategic plans.²⁵¹

The Gulf region, according to the British view and interests, consisted of two separate regions: the northern region included Persia and Iraq, and the southern region included Eastern coast of Arabian Gulf. Early British interests in the Gulf were economic and

²⁴³ Onley, **Britain and the Gulf Sheikhdoms**, p. 1.

²⁴⁴ Onley, **Britain and the Gulf Sheikhdoms**, p. 3.

²⁴⁵ Onley, **Britain and the Gulf Sheikhdoms**, p. 4.

²⁴⁶ Glen Balfour-Paul, "Britain's Informal Empire in the Middle East", in **The Oxford History of the British Empire**, Vol. 4: ed. R. Louis and J. Brown, Oxford: Oxford University Press, 2001, p. 490.

²⁴⁷ Francis Robinson, "The British Empire and the Muslim World", in **The Oxford History of the British Empire**, Vol. 4: ed. R. Louis and J. Brown, Oxford: Oxford University Press, 2001, p. 402.

²⁴⁸ Onley, **The Arabian Frontier**, p. 30.

²⁴⁹ Peterson, p. 278.

²⁵⁰ Onley, **The Arabian Frontier**, p. 40.

²⁵¹ Peterson, p. 280; Onley, **The Arabian Frontier**, p. 40.

existed in the northern region.²⁵² Britain's main interest in the Gulf for the past 17th and 18th centuries had been Persia, which had better infrastructure and safer coastal shipping lanes than the "pirate coast" of Arabia. The Gulf sheikhdoms of Trucial Coast and Bahrain were included under the British protectorates due to commercial security concerns in the Gulf waters.²⁵³

British hegemony in the Arabian Gulf dates back to naval expeditions against al-Qawasim tribe, which provided the security of the Strait of Hormuz until the first decade of the 18th century. The family's main source of income came from the taxes they received from merchant ships in the Gulf waters. When the British merchant ships refused to pay taxes, they became targets of al-Qawasim raiders in the Gulf waters.²⁵⁴ From 1797 to 1819, the control and activities of al-Qawasim in the Gulf, which the British called "piracy", threatened the safety of maritime trade. In 1809 and 1819, al-Qawasimi ports were subject to the British naval attacks, which eventually imposed on al-Qawasimi and later on other rulers an "anti-piracy treaty" known as the General Treaty.²⁵⁵

After the last expedition, which ended the maritime power of al-Qawasimis in the Gulf, Britain imposed the terms of the Treaty on all rulers and governors of the Coast of Oman. A post of political agent was created on Qishm Island to manage relations between British India and the Gulf sheikhdoms, watch the implementation of the Treaty, and protect shipping lanes in Arabian waters. In 1822, the Political Agent was combined with the post of Bushire Resident, taking charge of British imperial relations with the entire Gulf.²⁵⁶ To support the political resident and patrol the Gulf waters, a naval squadron was assigned, which was based at the entrance of the Gulf, first on Qishm Island and then on Henjam Island (1911-35). The squadron, after reassertion of Iranian sovereignty over the northern tier of the Gulf, was moved to Ras al-Juffair, Bahrain (1935-71). In 1971, when Britain withdrew from the Gulf region, Ras al-Juffair became a military base for the US Fifth Fleet.²⁵⁷

²⁵² Onley, **The Arabian Frontier**, p. 36.

²⁵³ Onley, **The Arabian Frontier**, p. 39.

²⁵⁴ Onley, **The Arabian Frontier**, p. 39.

²⁵⁵ Onley, **Britain and the Gulf**, p. 4.

²⁵⁶ Onley, **Britain and the Gulf**, p. 4.

²⁵⁷ Onley, **The Arabian Frontier**, p. 31.

After the Treaty of 1820, the British Indian government signed a series of maritime truces with the Gulf Arab rulers. The first Maritime Truce, signed by the rulers in 1835, aimed to ensure security and peace in the Gulf waters during the pearl season, while also established Pax-Britannica in the Arabian coast of the Gulf. After its success, the short term followed the long term and finally a Perpetual Maritime Truce was signed in 1853. The British had recognized signatories of the Maritime Truce as independent entities and referred to them as the “Trucial States” and the region as the “Trucial Coast”.²⁵⁸ Under the terms of the Truce, the Arab rulers of the Gulf accepted the British protection against any foreign naval attack, and thus Britain undertook the role of protector, mediator, arbitrator, and guarantor in the affairs of the Sheikdoms.²⁵⁹ Subsequently, Bahrain (1861), Kuwait (1899), and Qatar (1916) signed the Truce. Although Oman had enjoyed British informal conditional protection since 1829, Oman never signed the Maritime Truce.²⁶⁰

The Gulf Arab rulers later signed Exclusive Agreements establishing a relationship that forced to leave the control of their foreign affairs to the British Empire.²⁶¹ Bahrain signed the exclusive agreement in 1892, the Trucial States in 1892, Kuwait in 1899, and Qatar in 1916. Although Saudi ruler of Najd and Hasa signed the agreement in 1915, it was annulled in 1927. A conditional agreement with the Sultan of Muscat was signed in 1891, which prohibited the transfer, sale, or lease of the Sultanate domains to foreign governments, companies or individuals other than the British nationals.²⁶² After all these general and exclusive agreements, Britain consolidated its hegemony over the Gulf Arab Sheikdoms and placed them informally within its imperial sphere of influence. Thus, the international political status of the Gulf Sheikdoms came under partial sovereignty of the British Empire, known as the “British Protectorate States”.²⁶³ This state of affair only came to an end with the independence of Kuwait in 1961 and the Trucial States in 1971.²⁶⁴

²⁵⁸ Onley, **The Arabian Frontier**, p. 31.

²⁵⁹ Onley, **The Arabian Frontier**, p. 32.

²⁶⁰ Onley, **Britain and the Gulf**, p. 9.

²⁶¹ Onley, **The Arabian Frontier**, p. 32.

²⁶² Onley, **Britain and the Gulf**, p. 10.

²⁶³ Onley, **Britain and the Gulf**, p. 10.

²⁶⁴ Onley, **The Arabian Frontier**, p. 32.

At the turn of the twentieth century, the British economic interests and strategic plans in the Gulf region changed completely with the discovery of oil in Iran (1908), Bahrain (1932), Kuwait (1938), Qatar (1940), Abu Dhabi (1958), and Oman (1964). The discovery of oil would force London to reformulate its policy towards the Gulf, which would bring the region to the center concern of imperial policy.²⁶⁵ Thus, London would prioritize securing Empire's oil supply sources and accordingly expand its military deployments for the land defense of the Gulf region.²⁶⁶

2.4. Colonial Powers Rivalries over the Gulf Oil

Before the discovery of oil in the Gulf, the geopolitical importance of the region had already caused conflicts of interests between European colonial powers-Britain and France, Britain-Russia, Britain-Germany and later Britain-the United States. The Gulf had no strategic value for Britain until the French launched a military expedition to Egypt (1798-1801) and formed a military alliance with the Shah of Persia (1807-1809).²⁶⁷ French challenged Britain in Oman, where French arms dealers and wares moved freely and openly in Muscat markets and reached to the Northwest frontier of India. In the 1860s, Russian expansion and occupations in Central Asia, for the British, began to pose a threat to its interests in India. The British concerned more with protecting its commercial interests in India and worked to block Russian expansion further into the Gulf region. At the beginning of the twentieth century, Germany posed serious threats to the British interests in the Gulf region. Especially, the Berlin-Baghdad railway project could change all economic and political advantages in favor of the Germans. After the discovery of oil in the Gulf, British Empire made all efforts to eliminate its rivals in the region. British oil interests required cooperation with some countries and confrontation with the others. This section thus examines colonial powers' rivalries over the control of oil resources in the Gulf region.

2.4.1. Britain and the United States

The oil rivalry between the United States and Britain, in the course of the war, became evident in the debate on war aims, and would develop thereafter. For the Americans, the British struggle for control of oil resources was nothing more than an old imperialist

²⁶⁵ Onley, *The Arabian Frontier*, p. 38.

²⁶⁶ Onley, *Britain and the Gulf*, p. 11.

²⁶⁷ Onley, *The Arabian Frontier*, p. 39.

diplomacy. To the British, on the other hand, the Americans were pursuing a policy of seizing opportunity without taking responsibility.²⁶⁸ Prior to the First World War, the American government was reluctant to become involved in the overseas operations of American oil companies.²⁶⁹ The Middle East, for the Americans, was an imperial extension of Europe, and thus they preferred the traditional non-intervention policy in European affairs.²⁷⁰ However, this traditional position was soon abandoned in response to the prospect of domestic oil depletion, prompting the government to seek alternative oil sources around the world. When the American IOCs sought to bid for oil concessions in the Gulf region, they confronted barriers erected by the British colonial administration.²⁷¹ Both the American government and its oil companies argued that Britain was pursuing a monopolist policy to control oil resources in the Gulf and denying access of US oil companies. The US government thus initiated the “Open Door” doctrine, which advocated equal rights for American oil companies.²⁷²

The main battlefields of the Anglo-American oil rivalry were Mesopotamia and the Gulf region. In response to the British monopolist oil policy, the American Senate rejected the Treaty of Versailles and refused to become a member of the League of Nations. Both decisions, no doubt, had caused delays to the ratification of the Mesopotamian mandate for the British.²⁷³ Furthermore, the Americans denounced the San Remo Agreement of 1920 as old-fashioned European imperialism and reminded Europeans that the principle of ‘equal rights’ was violated.²⁷⁴ Meanwhile, the British concern grew when they realized that the Standard Oil Company was financing anti-British activities in Mesopotamia, and that the delay in the issue of mandate increasing the threat of nationalists in Turkey, who were insisting to regain control of Mosul.²⁷⁵

When the Lausanne Conference opened to renegotiate a Treaty of Peace with Turkey, the British government hoped to settle the validity of Turkish Petroleum Company’s (TPC) concession claim and the question of Mosul. However, American observers, with

²⁶⁸ Fiona Venn, *Oil Diplomacy in the Twentieth Century*, Basingstoke: Macmillan Press, 1986, p. 52.

²⁶⁹ Leonardo Maugeri, *The Age of Oil: the Mythology, History, and Future of the World's most Controversial Resource*, Guilford, Conn: Lyons Press, 2008, p. 29.

²⁷⁰ Timothy C. Winegard, *First World Oil War*, Toronto: University Of Toronto Press, 2018, p. 23.

²⁷¹ Maugeri, p. 29.

²⁷² Yergin, *The Prize*, p. 195.

²⁷³ Venn, *Oil Diplomacy*, p. 55-7.

²⁷⁴ Yergin, *The Prize*, p. 195.

²⁷⁵ Venn, *Oil Diplomacy*, p. 60.

the Conference in progress, appeared to be supporting Turkey's case. Meanwhile, the American companies issued an ultimatum to call off negotiations if they did not receive twenty percent participation in TPC oil concession.²⁷⁶ The British Foreign Office, therefore, put great pressure on the members of the TPC to give the Americans the guarantees they were seeking for. Consequently, the Anglo-Persian Oil Company agreed to give up half of its stake to the American consortium. According to this new arrangement, each would become a partner to the concession with a % 23,75 percent share.²⁷⁷

During the interwar period, the American government provided all means of support to American oil companies to ensure that they were treated equally in terms of access to the Gulf oil resources. By the Second World War, they had achieved a strong position in highly lucrative oilfields of Arabian Peninsula. Insisting on the "Open Door" doctrine, the Americans succeeded in expanding their oil shares, from the British mandate of Iraq to the British protectorates of the Gulf States.²⁷⁸ As Yergin outlines, the British needed American cooperation on many other economic and strategic considerations. Blocking America's access to the Gulf oil resources was nothing more than making Anglo-American relations even worse. The British, by contrast, sought that American capital and oil technology would develop the petroleum resources of the region and provide revenues to the British-backed governments thus reducing pressure on its Treasury.²⁷⁹

Thus, political and economic concerns and developments immediately after the war forced both the British and American governments to design a new strategy. For the British, even though they withdrew from India, the Gulf oil became a national security issue and a vital economic interest. British major sources of oil in the Gulf became under the Soviet threat, and secure access and flow of oil required military protection. To the Americans, the oil resources of the Gulf had to be protected from Soviet expansionism to ensure the economic development of the entire Western world.²⁸⁰

²⁷⁶ Venn, **Oil Diplomacy**, p. 60.

²⁷⁷ Venn, **Oil Diplomacy**, p. 61.

²⁷⁸ Venn, **Oil Diplomacy**, p. 72.

²⁷⁹ Yergin, **The Prize**, p. 196.

²⁸⁰ Yergin, **The Prize**, p. 427.

2.4.2. Britain and Russia

The early rivalry between Britain and Russia intensified over Persia, which became a stage of great power diplomacy. After persistent moves of annexation and expansion in Central Asia, Russia did not hide its intention and plan of reaching warm-water ports of the Gulf. Britain perceived Russian extending influence on Iran in the Gulf as a serious threat to its commercial interest in India. At the turn of the century, two colonial rival powers fought for influence over Iran through providing loans, holding concessions, and other means of political and economic diplomacy. Thus, Iran was caught between the British and Russian strategic and economic interests. On the one hand, Russia sought to build a seaport on the Gulf coast, and on the other hand, Britain made every effort to prevent this Russia's ambitious expansion into the Gulf.²⁸¹

Although Persia remained outside British Indian government control, political and economic weakness of Qajar Shah and growing Russian influence enforced British involvement in Persian affairs.²⁸² For Britain, Russia's establishment of a commercial port or a naval base in the Gulf would pose a serious threat to British commercial interests and security order in India.²⁸³ Meanwhile, a British private entrepreneur had received an oil concession from Persia and strengthened the British interests and presence in the country. To Britain, Persia meant more than a strategic sphere of influence, its economic value would grow more and more with the discovery of oil. Russia, however, showed no interest to secure oil concessions in Persia, but was interested in building a pipeline extending to warm water of the Gulf to have an exportation port for its own oil production.²⁸⁴

The British and Russian rivalry over Iran ended finally with the division of the latter into two spheres of influence prevented a possible physical conflict with the 1907 agreement between the two countries. As Yergin points out, both the Russians and the British had their own strategic reasons for reaching such an agreement. Russia was weakened by the defeat in the war with Japan and by the turmoil of the 1905 revolution. Meanwhile, Britain was becoming more concerned about the increasing German

²⁸¹ Yergin, **The Prize**, p. 136.

²⁸² Peterson, p. 281.

²⁸³ Onley, **The Arabian Frontier**, p. 41.

²⁸⁴ Venn, **Oil Diplomacy**, p. 27.

influence towards the Gulf region.²⁸⁵ Thus, in accordance with the Anglo-Russian treaty of 1907, Persia was divided into two spheres of influence: the Russian sphere of influence in the north, the British sphere of influence in the southeast, and the neutral zone in the central part.

2.4.3. Britain and Germany

In the decades before the First World War, reports heralding the future potential petroleum deposits made Mesopotamia the target of colonial powers' diplomatic rivalry for holding oil concessions. On the one hand, the Deutsche Bank group represented the German government and worked for their economic and strategic interests in the Middle East. On the other hand, there was a rival Anglo-Persian Oil Company financially and politically backed by the British government.²⁸⁶ The Berlin-Baghdad railway, which was projected to extend into the Gulf of Basra, formed the cornerstone of the Germans ambitious venture to the East. The existing continental railway line extended from Hamburg through the Balkans to Istanbul. The line in Anatolia had already connected Istanbul to Konya in the South, and works were underway to connect the line to Baghdad. Meanwhile, the Germans were negotiating with the Ottomans to secure oil concessions along the railway lines. Thus, a prospected oil concession would accompany the railway concession across Mesopotamia and bring Germany into the oil-rich areas in the Gulf. In addition to Germany, Britain, France and Russia had also submitted bids for railway construction in Ottoman Empire. However, Britain had constructed only eighty miles along the interior coast of Aegean Sea, connecting İzmir to Aydın.²⁸⁷

All these oil-related developments forced the British to recalculate their interests in the region. Therefore, the British classical pro-Ottoman and anti-Russian alliance strategy changed to pro-Russian and anti-German and Ottoman alliance strategy.²⁸⁸ Thus, the concession granted for the construction of a railway that connecting continental Europe to Baghdad had caused conflict and competition between Britain and Germany and completely worsened their bilateral relations. Britain, therefore, created a web of

²⁸⁵ Yergin, **The Prize**, p. 145.

²⁸⁶ Yergin, **The Prize**, p. 185.

²⁸⁷ Winegard, p. 29.

²⁸⁸ William Engdahl, **A Century of War: Anglo-American Oil Politics and the New World Order**, Palm Desert, CA: Progressive Press, 2012, p. 29.

alliances encircling Germany to eliminate its threat. Following the consolidation of “Triple Entente Strategy” between Britain, France and Russia, successive crises and wars broke out between the Balkan countries.²⁸⁹ Prior to the war, the British demonstrated no objection to the construction of the railway unless it passed through Baghdad or the port city of Basra.²⁹⁰ Meanwhile, behind the scenes they had received commitment of loyalty from the emir of Kuwait in exchange of protection and financial support. Meanwhile, the railway construction had made little progress in the direction of Adana due to the Balkan wars and financial difficulties.²⁹¹ With the outbreak of the war, the British Empire would review its position on Mesopotamian oil and make new political and military calculations.

A senior British military adviser to the Serbian army had warned that if the Berlin-Baghdad railway construction were completed, a huge land area, far enough away from a sea power attack, would generate all kinds of economic wealth and be linked together under German authority.²⁹² Thus, it is conveniently enough to claim and expect that the wars in the Balkans would weaken the Berlin-Istanbul alliance and delay or perhaps prevent the completion of the Berlin-Baghdad railway construction.²⁹³ Meanwhile, the Deutsche Bank had already negotiated concession terms with the Ottoman Empire and obtained 20 kilometers of oil and mineral concession rights on either side of the railway line.²⁹⁴ The Berlin-Baghdad railway line was, not coincidentally, projected to pass right through the area that was reported to contain large oil deposits. Britain, therefore, used every known device to obstruct construction progress of the railway.²⁹⁵ In May 1914, the *London Petroleum Review* published a map entitled “the Petroleum Deposits of Mesopotamia” describing the region “a second Baku in making”.²⁹⁶ Eventually, during the war, Britain made all possible military and diplomatic efforts to gain control of oil-rich Mosul.

²⁸⁹ Engdahl, p. 34.

²⁹⁰ Winegard, p. 30.

²⁹¹ Winegard, p. 30.

²⁹² Quoted in Engdahl, p. 23.

²⁹³ Engdahl, p. 24.

²⁹⁴ Engdahl, p. 25.

²⁹⁵ Engdahl, p. 25.

²⁹⁶ Quoted in Winegard, p. 31.

2.4.4. Britain and France

The emergence and formulation French oil policy began in the San Remo negotiations. In San Remo, ministers of the Allied Supreme Council negotiated the details of which country would acquire how much oil in the former Ottoman Middle East. In these negotiations, in which the Americans did not participate, the British and French premiers formalized the San Remo meeting, giving France a 25 percent share in Mesopotamian oil that would be produced by the British. In return, the French would support the British mandate of Mesopotamia.²⁹⁷ In fact, the French seized the 25 percent German Deutsche Bank stake in TPC. The remaining 75 percent Mesopotamian oil concession went to the British government through APOC and Royal Dutch Shell.²⁹⁸

The French government promptly established a state-backed oil company, Compagnie Francaise des Petroles (CFP), to operate in oil fields of Mesopotamia.²⁹⁹ France thus became the first European country to decisively pursue the British oil exploitation policies in the region.³⁰⁰ Attracted by access to oil in Mesopotamia, the French government promoted the establishment of a national oil company. Although it hardly persuaded private investors to invest in Mesopotamian oil, the government eventually managed to set up a national oil company. CFP (later Total) was founded in 1924 under the auspices of the French government and its share in the TPC was transferred to the newly formed company. In 1928, the government acquired 25 percent stake in the CFP to avoid any foreign interference in the affairs of its new national oil company.³⁰¹

2.5. British Oil Policies in the Gulf

In the period before the First World War, British imperial policy towards the Gulf was formulated taking into account the strategic, commercial and power balance of the region. Britain's basic aim was to maintain its strategic influence and protect its commercial interests. However, in order to secure these two aims, the Empire pursued a policy of maintaining Ottoman Empire's territorial integrity and achieving peace

²⁹⁷ Engdahl, p. 58.

²⁹⁸ Engdahl, p. 75.

²⁹⁹ Engdahl, p. 58.

³⁰⁰ Maugeri, p. 39.

³⁰¹ Maugeri, p. 39.

between the Great Powers.³⁰² According to Sluglett, Britain's main objective in the Gulf was to limit French and Russian influence and concerned for the defense of India, rather than economic considerations.³⁰³ He argues that economic interests were not the Empire's high priority for most of the nineteenth century. However, the Reuter concession in 1872 and the foundation of the British Imperial Bank of Persia in 1889 changed its attitude towards the region.³⁰⁴

Another important development that increased the British interest towards the region was the opening of the Suez Canal in 1869.³⁰⁵ The British imperial decision makers well calculated the functions that the Canal could perform in the future between London and colonies in terms of spatial, temporal and security. Britain's imperial objectives in the Gulf were very closely connected to the defense and protection of its position and possessions in India.³⁰⁶ Prior to the discovery of oil, the strategic importance of the Gulf region for London was to maintain peace and security, protect its trade and citizens, secure the route to India, and prevent rival powers from having a foothold in the region.³⁰⁷

The formation of British oil policy dates back to the discovery of oil in Burma and the British West Indies in the late 19th century and in Persia in the early 20th century.³⁰⁸ The discovery of oil in Persia and the decision to convert the Royal Navy from coal to oil increased the strategic and commercial value of the Gulf for Britain.³⁰⁹ According to Jones, the formation of British oil policies and its expansion of enterprise were the consequence of free enterprise capitalism and individual entrepreneurial decisions.³¹⁰ Therefore, he states, the British government entered the petroleum business for three separate reasons. First, by the turn of the twentieth century, the Royal Navy began to use fuel oil instead of coal for its warships. Thus, oil became a vital strategic

³⁰² Marian Kent, **Oil and Empire: British Policy and Mesopotamian Oil, 1900-1920**, New York: Barnes and Noble, 1976, p. 8.

³⁰³ Sluglett, p. 416.

³⁰⁴ Sluglett, p. 419.

³⁰⁵ Venn, **Oil Diplomacy**, p. 27.

³⁰⁶ Venn, **Oil Diplomacy**, p. 27.

³⁰⁷ Onley, **Britain and the Gulf**, p. 13.

³⁰⁸ Venn, **Oil Diplomacy**, p. 26.

³⁰⁹ W. Taylor Fain, **American Ascendance and British Retreat in the Persian Gulf Region**, New York: Palgrave Macmillan, 2016, p. 3.

³¹⁰ Geoffrey Jones, **The State and the Emergence of the British Oil Industry**, London: Macmillan, 1981, 7.

commodity for the security of the Empire and control of its colonies. Second, oil discovery in several British colonies began to attract the attention of oil companies, which forced the Empire to produce and regulate petroleum policies and legislation. Third, the oil-rich regions of the Middle East and Latin America, which attracted British oil companies, were politically sensitive. Thus, rivalries among multinational oil companies over access to and control of oil resources, points out Jones, ultimately turned into international political rivalries.³¹¹

2.5.1. The Formation of Imperial Oil Policy

For British Empire, the transition from coal-fired warships to the oil-fired meant a shift from a self-sufficient source of energy to an almost entirely dependent energy source. While the British Empire supplied about half of the coal traded worldwide and had a *de facto* monopoly of the smokeless hard coal that had become the maritime choice of fuel, it had neither domestic sources of oil nor sufficient sources in its colonies.³¹² Consequently, the Empire lost its energy self-sufficiency leading role as a supplier, and thus the search for secure and stable oil sources became a vital necessity for the Empire.³¹³ The availability of fuel oil thus became vital concern of the officials both in the imperial government and Admiralty.

The domestic demand for oil was still little and, therefore, there was no commercial supply organization in the Empire. The Admiralty supplied its fuel oil demand from the United States and Russia, which were leading oil-producing countries at that time and had growing domestic demand for the product. Dependent on distant foreign countries, the Admiralty preferred British-controlled sources for the security of its oil supplies.³¹⁴ The problem Britain faced was that it lacked oil resources. The Empire was predominantly dependent on America, Russia, and Mexico to meet its oil demand, which was considered an undesirable condition in peace times and an impossible condition in great wars.³¹⁵

The Royal Navy's decision to switch from coal to oil is therefore considered a turning point not only in the making of the British oil policies, but also in the emergence of the

³¹¹ Jones, p. 7-8.

³¹² Maugeri, p. 22.

³¹³ Maugeri, p. 23.

³¹⁴ Jones, p. 11.

³¹⁵ Engdahl, p. 20.

British oil industry. The decision increased the interest and involvement of the Royal government in the business of oil companies, which became not only suppliers of petroleum products but also strategic partners.³¹⁶ In other words, fuel oil according to the Admiralty was more than “an article of general consumption”, but it was “special articles of warlike material”.³¹⁷ For the oil companies, the Empire became a very large oil consumer, a situation that brought both the private and public officials into close contact.³¹⁸

These interactions and network of relationships between the Royal government and its oil companies led the latter to seek diplomatic and financial support to secure access to oil concessions.³¹⁹ The Royal government, for oil companies, became an attractive oil market, a source of financial support and diplomatic backing versus of other foreign oil companies.³²⁰ Thus, the fear from the rival IOCs and the desire of the Admiralty to see the British oil produced by the British oil companies prompted the imperial government and the colonial administrations to seek for ways of supporting British oil companies to have the upper hand over oil concession diplomacy within the imperial borders.³²¹

2.5.2. The Royal Navy, Churchill and Oil Business

At the turn of the twentieth century, British imperial oil policy was formulated to exercise political influence in territories where oil was discovered or thought likely to be discovered. As Sluglett points out, oil became “a policy axiom” that the Empire, with the largest navy in the world, should be in a position to secure access to oil resources. This perception and formulation of ‘access to oil resources’ required direct British intervention in the affairs of the Gulf States.³²² In this regard, the Imperial Oil Regulations formulated the outlines of imperial oil policies as follows: British control of oil supplies within the Empire to secure priority if required; financial support and control of the existing policy of operating through private commercial interests aimed at access to foreign oil supplies; and physical or political control enabling access to oil-

³¹⁶ Jones, p. 9.

³¹⁷ Jones, p. 24.

³¹⁸ Jones, p. 9.

³¹⁹ Jones, p. 8.

³²⁰ Jones, p. 79.

³²¹ Jones, p. 122.

³²² Sluglett, p. 419.

rich territories.³²³ The British oil policies towards the Gulf oil resources thus reflect the general principles of this regulation.

The ‘British control’ clause meant that any oil company held a concession on imperial territories must be a British company, with its headquarters, chairman, managing director, a majority of the other directors, and must be protected against direct or indirect foreign control.³²⁴ The “physical or political control” clause was formulated to increase imperial military and political domination on the Gulf oil-rich territories. The British Empire had already exerted its hegemony on the Gulf Sheikdoms through exclusive agreements before the First World War. The wartime British imperial policies towards the Gulf States, its overt and covert alliances, military fronts and deployments indicate that the strategy was oil-motivated. By the end of the war, the British Empire would establish its military control over the Gulf the region and would seek to transform that physical control into a political hegemony.³²⁵

As oil became a strategic and commercial commodity, statements such as “the greatest Empire on earth” and “the largest navy” were articulated to describe unusual dependency of the Empire on foreign sources for oil supplies. The Admiralty’s interests in and need for fuel oil moved the imperial government and oil companies to invest in and control oil industry. Furthermore, the Admiralty’s main concern was to control foreign oil resources, and its strategy was to provide a safe source of oil production within the Imperial territories.³²⁶ Churchill, the chief advocate of the emerging British oil lobby, carefully devised the final draft of a plan that would officially establish a strategic linkage between oil, national security, and world power.³²⁷

Churchill, in his presentation to Parliament on the national oil interests on July 17, 1913, noted the advantages of the oil-powered warships and recalled that oil gives much greater speed and provides a definite advantage on the battlefield without prolonged refueling.³²⁸ In addition, Churchill warned member of parliaments that unless the Empire had access to and control of oil resources, it would not be able to get “a

³²³ Venn, *Oil Diplomacy*, p. 44.

³²⁴ Venn, *Oil Diplomacy*, p. 45.

³²⁵ Venn, *Oil Diplomacy*, p. 47.

³²⁶ Jones, p. 86.

³²⁷ Maugeri, p. 24.

³²⁸ Engdahl, p. 28.

thousand and one commodities” needed to sustain its economic development.³²⁹ Churchill must have thought of Arab oil when he used the phrase ‘a thousand and one commodities’. The admiralty, according to Churchill, should engage in oil business, possess or control the source at any costs, build up oil reserves and develop its ability to deal in the market, and even be able to refine crude oil.³³⁰

A year later, on June 17, 1914, Churchill proposed to the House of Commons a bill which, according to Yergin, had two key points: first, the Royal government would invest 2.2 million in APOC and in return would acquire 51 percent shares of the company; second, the government would appoint two executives to the company’s board of directors who would have power to veto matters pertaining to Admiralty petroleum contracts and vital political issues, but would not interfere in the company’s commercial activities.³³¹ Although Churchill’s proposal for the government’s majority stake in APOC was strongly criticized inside and outside the parliament, however, the oil proposal was approved by 254 votes to 18.³³² As a consequence, the Royal Navy’s full commitment to and dependence on oil and the government’s acquisition of APOC’s majority shareholders placed oil at the core of British strategic interest³³³ and made it an instrument of national policy.³³⁴ In course of time, notes Onley, oil security became an imperial strategy and a vital affair of British foreign and defense policies, due to the substantial investment by the Royal government in the development and construction of the APOC and the Abadan refinery.³³⁵

APOC, according to Jones, needed financial and diplomatic support, and most importantly, a market. The Royal Navy, on the other hand, was in an urgent need of a secure and reliable oil supply and had already sought for a permanent relationship and rather than temporary buyers and sellers.³³⁶ In fact, from the very beginning the imperial government and the Admiralty had cooperated with the company, providing diplomatic and financial support. The British ambassador, for instance, provided his assistance for D’Arcy in holding oil concession in Persia. The Admiralty had also saved the company

³²⁹ Quoted in Yergin, **The Prize**, p. 160.

³³⁰ Quoted in Yergin, **The Prize**, p. 160.

³³¹ Yergin, **The Prize**, p. 161; Jones, p. 154.

³³² Yergin, **The Prize**, p. 162.

³³³ Engdahl, p. 28.

³³⁴ Yergin, **The Prize**, p. 163.

³³⁵ Onley, **Britain and the Gulf**, p. 14.

³³⁶ Jones, p. 150.

from bankruptcy by urging Burma Oil Company for financial assistance. Even military support had been provided by imperial Indian troops to protect the company's early field operations in Persia.³³⁷

2.5.3. The First World War

With the outbreak of the First World War, oil not only became a reason for war but also completely transformed the art of war.³³⁸ Secure and abundant oil supplies were becoming increasingly vital for land, air, and naval warfare.³³⁹ The war made it clear that oil products had moved people, armies, airplanes, and naval fleets and reinforced a perception that the development of modern economies and mechanized war based on mass mobilization could only be maintained with access to and control of oil resources.³⁴⁰ The First World War proved that oil would become a strategic and indispensable commodity vital to the national security of the Great Powers.³⁴¹ Studies on the main fronts and scenes of the 1914-1918 war demonstrated that access to and control of oil supplies was already among the priorities of military strategists.³⁴²

The First World War, according to Jones, forced the establishment of closer relationships between the states and oil companies. Therefore, oil became a high policy and concern of various departments of governments. Ministers and oil bureaucrats began actively to interfere in structural affairs of companies, proposing or preventing mergers between oil companies or state participation, whereas oil companies were trying to create channels for obtaining financial and diplomatic supports from states.³⁴³ In London, oil had become a common interest and business for the Cabinet, the Foreign Office, the Admiralty, the War Office, the India Office, and the Board of Trades, and all were involved in the affairs/business of government/company relations. However, British government, he argues, had no clear imperial oil policy. Each of the abovementioned imperial offices followed contradictory policies regarding the oil matters.³⁴⁴ For instance, the details of the 1916 Sykes-Picot secret agreement that

³³⁷ Jones, p. 155.

³³⁸ Winegard, p. 17.

³³⁹ Engdahl, p. 37.

³⁴⁰ Maugeri, p. 25.

³⁴¹ Winegard, p. 17.

³⁴² Engdahl, p. 38.

³⁴³ Jones, p. 177.

³⁴⁴ Jones, p. 194.

promised France the Ottoman oil rich province of Mosul revealed these contradictory imperial oil policies.³⁴⁵

In 1915, at the very beginning of the war, the British government had set up a committee to map British territorial objectives in the event of a possible partition of the Ottoman Empire. The Mosul oil fields were also included in the envisaged British sphere of influence. However, when France insisted on the inclusion of Mosul in its sphere of influence, no serious objection was made to keep the province. According to Jones, oil initially was not a major issue on the negotiation table. Neither the French nor the British paid much attention to the oil potential of Mosul.³⁴⁶ Moreover, oil was not mentioned in the lists of reservations sent to the Foreign Office by the British governmental offices, which had voice of objections to agreements, such as Naval Intelligence and India Office. It was the War Office and its strategic arguments that projected Mosul as a French buffer zone between the British sphere of influence in Mesopotamia and Russian sphere of influence in the North.³⁴⁷ Similarly, Kent argues that strategic motives, rather than economic motives, played a major part in British interests in the region. Therefore, the oil-rich Mosul Province was ceded to the French control for strategic reasons.³⁴⁸

However, the reason behind Britain's giving up Mosul to France, according to Kent, was the need a buffer zone against Russia, who was promised the Eastern Anatolian territory of the Ottoman Empire in the same secret agreement.³⁴⁹ When Russia withdrew from the war and the agreement, Britain had realized that the boundaries, which were defined in the Sykes-Picot Agreement, specifically of Mosul, were a serious mistake. In the immediate aftermath of the war, British policy-makers launched an intensive Mosul diplomacy with France to realize its territorial and oil ambitions in the region.³⁵⁰ As Kent describes, the British government launched intensive diplomacy to reach an agreement that would regain Mosul for Britain and persuade France to take a stake in Mosul's oil.³⁵¹

³⁴⁵ Jones, p. 194.

³⁴⁶ Jones, p. 194.

³⁴⁷ Jones, p. 195.

³⁴⁸ Kent, p. 157.

³⁴⁹ Kent, p. 14.

³⁵⁰ Kent, p. 14.

³⁵¹ Kent, p. 157.

On November 7, 1918, a new Anglo-French declaration was issued four days before the European Armistice, which ended the war between Germany, Britain and France. The declaration claimed that Britain and France fought for the liberation of the indigenous populations and for the formation of national governments that would drive their authority from their own initiatives and free choices. Contrary to the official pledges of the declaration, Britain established its military supremacy and political power in its spheres of influence as well as in the French sphere of influence. Consequently, the noble promises of the declaration made by the British and French governments would not happen.³⁵² On the contrary, Britain had realized that after the war in Europe, France could not deploy the required troops to its spheres of influence in the Middle East. Britain, therefore, acted as the sole supreme military and administrative guardian over the Middle East, including the French spheres of influence.³⁵³

The Sykes-Picot Agreement uncovered Britain's intentions to control the undiscovered oil potential of the Gulf region. While France was in a bloody and inconclusive war along the Maginot Line and occupied by Germany, Britain had deployed 1.4 million soldiers on the Middle Eastern front.³⁵⁴ Even after the war, Britain continued to keep about one million soldiers in the Middle East. According to Winegard, the British government deliberately delayed the Armistice Treaty with the Ottoman Empire until the British forces occupied Mosul in October 1918 and its oil fields. The Armistice of Mudros was signed on 30 October, but British forces occupied Mosul on 2 November on the grounds of the "right of conquest."³⁵⁵

Similarly, Fiona notes that Mosul oil potential cannot be separated from the Britain's intention and decision to occupy Mosul after signing the Armistice of Mudros.³⁵⁶ On the other hand, Winegard argues that the central place of oil in the calculation of British strategy and war aims during the war in Mesopotamia and Persia has been overlooked in most of the relevant studies. According to him, the protection of British oil interests was the main impetus for the deployment of military forces in the oil territories of the

³⁵² Engdahl, p. 44.

³⁵³ Engdahl, p. 44.

³⁵⁴ Engdahl, p. 40.

³⁵⁵ Winegard, p. 12.

³⁵⁶ Venn, *Oil Diplomacy*, p. 40.

Gulf and Mesopotamia. Astonishingly, the decision of deployment had already been made on 5 November, before the de facto declaration of war on the Ottoman Empire.³⁵⁷

In April 1920, premiers of the Allied Supreme Council met in San Remo to renegotiate and formalize oil shares of each country in the Middle East. In San Remo, it was agreed that France would have 25 percent share of oil that the British would extract from Mesopotamia, and in return, France would support the British mandate over Mesopotamia.³⁵⁸ In addition to that, France gave British oil companies the right to build and operate oil pipelines through Syria to oil ports in the Mediterranean. With the San Remo Agreement, Britain would establish its monopoly on the discovered and not-yet discovered oil resources of the Middle East. The agreement also closed the doors of holding oil concessions to foreign oil companies on territories under imperial political control.³⁵⁹

The First World War, as Yergin outlines, proved that petroleum became primary and key element in the strategy of nations. The war also made clear that postwar world would require more oil for economic wealth and national power.³⁶⁰ The First World War, whether in its wartimes or peace talks, witnessed imperialist powers seeking to control petroleum-rich regions of the Middle East Gulf through military power or diplomatic negotiations.³⁶¹ According to Fiona, petroleum products, during the war, played unprecedented role as military resources. Therefore, during the interwar years, governments and national oil companies preoccupied with adequate and guaranteed oil supplies in the event of another war. By 1939, she points out that most belligerent nations had already contingency plans for their oil requirements.³⁶²

In this interwar period, governments paid more attention than ever to the activities and operations of oil companies. The proven strategic importance and economic value of oil for states and firms made the commodity an inevitable subject of international diplomacy.³⁶³ Post-war British oil concerns and policies demonstrated that the Middle East Gulf oil and national security and interests became closely associated. The outlines

³⁵⁷ Winegard, p. 9.

³⁵⁸ Engdahl, p. 58.

³⁵⁹ Engdahl, p. 59.

³⁶⁰ Yergin, **The Prize**, p. 185.

³⁶¹ Winegard, p. 11.

³⁶² Venn, **Oil Diplomacy**, p. 83.

³⁶³ Jones, p. 203.

of British colonial oil policy necessitated the Empire to control both oil sources and its suppliers as much as possible. British Control over oil sources, according to Kent, was limited to the areas of informal empire, which the British had already established in the Gulf before the discovery of petroleum.³⁶⁴

2.5.4. The Red Line Agreement

The Agreement emerged as a consequence of the first intergovernmental and big oil companies' competition over the Gulf oil. The agreement included the complementary content and objectives of the oil issues envisioned by the political order that the British established in the region. By the agreement the victorious Allied colonial powers established a colonial oil order in the Gulf region. It was the US that forced and brought European colonial powers to sign the agreement. Indeed, the US government reminded its allies that they fought together and won the war, so all citizens and companies of the victorious countries should have benefited equally from the spoils of the war. However, the British and French governments had excluded the US government from oil negotiations before and during San Remo Agreement. The US government protested the agreement, claiming that its companies were deprived of the rights of free and competitive environment in the oil-rich Gulf region. Therefore, the US government and its oil companies started intensive oil diplomacy by invoking the "Open Door" policy. The doctrine demanded equal treatment for all nationals in all mandated territories; rejected exclusive and large concessions in these mandated territories; and denounced monopolistic oil concession in the region.³⁶⁵

For this purpose, the US government exerted diplomatic pressures on the British government and worked to destabilize the order the British intended to establish in the Gulf. In this regard, the Americans initially questioned the validity of the concession rights of the Turkish Petroleum Company (TPC).³⁶⁶ The TPC was founded to reconcile and bring competing interests of the British and the German governments in Iraq. However, postwar rearrangements gave France the German share of the TPC, in which British oil companies, APOC and Royal Dutch Shell, owned 75 percent of the share and

³⁶⁴ Kent, p. 155.

³⁶⁵ Dag Harald Claes, **The Politics of Oil: Controlling Resources, Governing Markets and Creating Political Conflicts**, Cheltenham: MA Edward Elgar Publishing, 2019, p. 130.

³⁶⁶ Valérie Marcel and John V. Mitchell, **Oil Titans: National Oil Companies in the Middle East**, London: Chatam House, 2006, p. 18.

the remained 25 percent possessed by the French company, Compagnie Francaise des Petroles (CFP).³⁶⁷

The second diplomatic move the Americans made was to oppose the post-war British mandate over Iraq. In particular the Mosul question had not been solved according the demand of the government in Ankara. The Americans, Winegard argues, secretly encouraged Ankara to retake Mosul, which posed a serious threat to the British oil order and future oil interests. He also states that the British knew that both the French and the Americans would not feel sorry for the British to see the Turks come back to Mosul,³⁶⁸ unless it did not compromise or share or open the door for their oil companies. The British were convinced that the Americans would not cease to cause troubles for them in the region and therefore they decided to give up a 25 per cent of its share in TPC to the American oil companies.³⁶⁹ All these negotiations and oil diplomacy took place before the discovery of oil in Iraq, and ironically, the real owner of the oil was never represented in these self-interested relationships.

The discovery of oil in Kirkuk on October 14, 1927 intensified the negotiation between American, British, and French governments, and an agreement was finally reached on July 31, 1928. In Oostende, Belgium, a consortium was formed between APOC, Royal Dutch Shell, CFP, and the American Near East Development Cooperation, each holding 23.75 shares in TPC, with the remaining 5 percent going to Gulbenkian (see Table 2). In 1929, the name of the company was changed to the Iraq Petroleum Company (IPC), leaving behind the debates and controversies over TPC's concession rights. The consortium would be valid on and applied to all oil resources to be discovered within the former borders of the Ottoman Empire and would be binding all its members. Thus, the boundaries of the colonial concession areas were drawn with a thick red line on the map, giving the agreement its name, the Red Line Agreement. The agreement included all the Gulf States except Kuwait and Iran (see Map 1). The IPC thus became the main concessionaire oil company not only in Iraq but also in Qatar, Bahrain, the Trucial Emirates, and Oman in course of time. All these countries at that time were under British formal or informal colonial rule. Therefore, the British used its political

³⁶⁷ Winegard, p. 257; Marcel and Mitchell, p. 17.

³⁶⁸ Winegard, p. 256.

³⁶⁹ Winegard, p. 257.

influence to promote exclusive concessions to its oil companies and favored concentration of control in the hands of British nationals.³⁷⁰

Table 2
The Division of the Turkish Petroleum Company According to the Red Line Agreement in 1928

Owner	Subsidiary	Share
Anglo-Persian Oil Company, in which the British government owned 51% stakes	D'Arcy exploration Co. Ltd	23.75
Royal Dutch Shell (Royal Dutch 60%; Shell 40%)	Anglo-Saxon Petroleum Co. Ltd	23.75
Campagne Francaise des Petrole (CFP), in which the French government held 35%		23.75
Standard Oil Co., New Jersey: 25% ; Standard Oil Co. of New York: 25%; Gulf Oil Corp. 16.66%; Atlantic Refining Co.: 16.66%; Pan American Petroleum and Transport Co.: 16.66%	Near Eastern Development Corp.	23.75
C.S. Gulbenkian	Participation and Investment Co.	5

Source: Marcel and Mitchell, *Oil Titans*, 18.

³⁷⁰ Marcel and Mitchell, p. 18.

The signatories of the agreement committed themselves to not compete for oil concessions in countries inside the red line borders. The agreement also stated that all shareholders of IPC should work only jointly inside the drawn borders and pursue joint concessions to avoid competition between them.³⁷¹ In addition to that, the agreement arranged the supply of crude oil and the distribution of the refined products.³⁷² The purpose of this arrangement was to control oil prices and production volume for the Gulf oil. The colonial powers and their oil companies thus established the first oil order in the Gulf region. This order was colonial in all senses that it aimed exploitation of the region's oil resources; prioritized the interests of the victorious countries; neglected the real owner of the oil resources in these negotiations and agreements; imposed all agreements, terms of concessions under the shadow of military power; forced an oil order, in which the Gulf States lacked technology and capital to explore, extract and develop their oil resources.

The Red Line Agreement was a consequence of diplomatic initiatives and rivalries of colonial powers over the Gulf oil resources. After years of negotiations, they divided the oil wealth of the region in certain proportions between themselves and provided all political, legal, and secure conditions for their national oil companies to operate in the oil fields of the Gulf region. The Red Line Agreement, Roncaglia argues, was an organizational structure and created a formal framework to coordinate operations of the major oil companies that jointly interested in and competed over the Gulf oil.³⁷³

³⁷¹ Claes, **The Politics of Oil**, p. 130.

³⁷² Alessandro Roncaglia, **The International Oil Market**, London: Macmillan, 1985, p. 54.

³⁷³ Roncaglia, p. 54.



Map 1: Red-lined Map of the Agreement between Anglo-American Oil Companies

Source: Calouste Gulbenkian Foundation

2.5.5. The Achnacarry Agreement (As- Is)

The Achnacarry Agreement is rarely mentioned as a supplement of or complement to the Red Line Agreement.³⁷⁴ The agreement largely shaped the colonial pattern of oil order and incorporated the Gulf oil into the global oil market. The main objectives of the agreement were to arrange world crude oil production level, stability of its price, and to institutionalize forms of co-operations among themselves.³⁷⁵ The agreement was beyond an inter-company co-operation but rather was very closely observed by the

³⁷⁴ Winegard, p. 259.

³⁷⁵ George D.E. Phillip, **Oil and Politics in Latin America: Nationalist Movements and State Companies**, Cambridge: Cambridge University Press, 1982, p. 44.

governments of these involved oil companies. In September 1928, just two months after signing the Red Line Agreement, the representatives of the major Anglo-American oil companies, APOC (BP), Royal Dutch Shell, Standard Oil New Jersey (Exxon) met in secret, but under observation of their governments, met at Achnacarry Castle in Scotland. The meeting was secretly arranged and not veiled until 1952.³⁷⁶ The French company CFP was not invited to the meeting, but it would later adhere to the rules of the new oil order. After the Second World War, four more American oil companies, Texas Petroleum, Gulf Oil, Standard Oil of California and Mobil, would join to the signatories of the Achnacarry Agreement to make up “Seven Sisters”.³⁷⁷

While the Red Line Agreement arranged the proportion of oil companies operating in the Gulf oil fields, the Achnacarry Agreement aimed at controlling oil production level for each companies and countries and global oil prices. At Achnacarry, the representatives of Anglo-American oil companies discussed the market sharing of each companies and oil pricing system. They agreed to maintain their current production volume and market shares. They also agreed on the “Gulf Plus” price setting system, by which the price of crude oil would be set as if it was produced in the Gulf of Mexico, regardless of the country of production.³⁷⁸ The main objective of the agreement was to balance and control crude oil supplies in line with market demand to avoid downward pressure on oil prices. At Achnacarry, oil companies pledged to collaborate to maintain the current market shares and preserve the existing situation *as is* at the agreement time. The oil companies were only allowed to increase their production volumes at the rate of the demand and growth of the world oil market.³⁷⁹

The Achnacarry Agreement also established a unique pricing system for crude oil, regardless of the country of origin, and set a single standard for world oil prices. Crude oil prices were calculated on the basis of crude oil prices at Texas export points in the Gulf of Mexico, plus transportation costs to the country of destination. This base point pricing system was known as the “Gulf Plus System” and was practiced by the Americans. It meant that the price of crude exported, for instance, from Kuwait to Turkey would be equal to the price of Texas crude, inclusive transportation costs from

³⁷⁶ Winegard, p. 259.

³⁷⁷ Phillip, p. 44.

³⁷⁸ Claes, **The Politics of Oil**, p. 131.

³⁷⁹ Roncaglia, p. 55.

the Gulf of Texas to Turkey. The application of such a pricing system reflects the monopolistic control and colonial pattern of the seven sisters' oil market structure.³⁸⁰ After the Second World War, the "Gulf Plus System" was questioned as a consequence of increasing oil production in the Gulf region. However, the actual reason was to provide cheap oil to Western European countries according to the Marshall Plan. Thus, Anglo-American oil companies and their governments agreed on the establishment of a system with two base points: the base point of the Gulf of Mexico; and the base point of Ras Tanura, Saudi Arabia.³⁸¹

2.5.6. The Second World War

The Second World War reiterated the importance and necessity of petroleum for the national security and interests of the Western powers. As Fiona points out, the British Admiralty had always argued that political control of oil fields and its transport routes were more important than its commercial control in war times. Regarding oil control and its supply during the war, the Allies were in a better position than the Axis Powers. More than two-thirds of the world oil production was still supplied by the United States. In addition, Anglo-American oil companies also dominated virtually the entire world's oil supply, transportation, markets, and distribution chains.³⁸² The Axis Powers, on the other hand, had neither indigenous oil resources nor major oil companies, which could supply their petroleum needs during the war. Therefore, the oil factor was decisive in military strategies of the war and consequently forced the Japanese to invade the Dutch East Indies, and the Germans to seek control of the Russian and Romanian oil fields.³⁸³

British Empire pursued traditional imperial concerns and desired to protect the Gulf oilfields controlled by its national companies. This is because the post-war predictions suggested that the Gulf region would become one of the major centers of the oil production and foresaw the need for political and military intervention in preserving the existing informal political control of the Gulf region. The British had already established an informal political order in Iraq, Kuwait, the other Gulf sheikhdoms, and relatively Iran. Therefore, maintenance of oil concessions held by British oil companies

³⁸⁰ Roncaglia, p. 55.

³⁸¹ Roncaglia, p. 55.

³⁸² Venn, *Oil Diplomacy*, p. 83.

³⁸³ Venn, *Oil Diplomacy*, p. 84.

and retention of pro-British governments in these countries were perceived very crucial for the protection of British economic interests.³⁸⁴

The British government, therefore, would intervene militarily in Iraq and Iran as the war proceeding. It was feared that the Germans might attack Iraq and Iran and control the oil fields.³⁸⁵ Keeping friendly governments in these two countries was important to Britain and the Allied powers because of their oil resources and logistic locations. Moreover, Iraq was bordering to Iranian oilfields and its Abadan refinery, and Royal Air Force bases were located there and linked the air route from Egypt to India. Therefore, Iraq was closely tied to the Empire by a bilateral treaty. In April 1941, when pro-Axis “Golden Square” army officers seized the power in Iraq, Britain did not hesitate to send its troops, reoccupy Iraq, and restore the pro-British government.³⁸⁶

The Middle East and Mediterranean regions witnessed vital war scenes of the Second World War, largely because of their oil resources and communication routes.³⁸⁷ According to Fain, the oil production capacity of the Gulf States and the strategic location of the region were central to the military strategies of British and Allied forces.³⁸⁸ In determining defense lines and priorities, the British General Staff gave a primary significance to Anglo-Iranian oilfields and Abadan refinery. When the Soviet Union was attacked by Germany in June 1941, the prospect of an Axis attack on the Gulf prompted Britain to tighten its control in Iran. Britain, probably doubted in the pro-German tendencies of the Iranian government, demanded the deportation of thousands of German citizens living in Iran. However, when the government refused to deport the Germans, British troops from India moved to the southern oil fields. This British military action resulted in the fall of the Iranian government and the Shah’s abdication in favor of his son, who declared his willingness to cooperate with Britain and Russia. Even these developments would not change the British and Russian strategies to occupy Iran. The occupation of Iran by the Allied forces ended only in the context of post-war peace settlements.³⁸⁹

³⁸⁴ Venn, *Oil Diplomacy*, p. 95.

³⁸⁵ Sluglett, p. 420.

³⁸⁶ Venn, *Oil Diplomacy*, p. 96.

³⁸⁷ Sluglett, p. 420.

³⁸⁸ W. Taylor Fain, *American Ascendance and British Retreat in the Persian Gulf Region*, New York: Palgrave Macmillan, 2016, p. 3.

³⁸⁹ Venn, *Oil Diplomacy*, p. 96.

The Second World War, as the First, proved the significance of petroleum to the modern warfare and the vulnerability of the industrialized states to disruption of its supply. Wartime oil shortages caused new crises conditions, which led to a greater political interest and involvement in exploitation, domination, and control of oil resources. Much of these interests, no doubt, concentrated around the Middle Eastern Gulf, which was recognized as the largest oil reserves in the world.³⁹⁰ The postwar Gulf region, points out Fain, became of vital strategic and economic importance to the British policymakers. Therefore, British strategic planners considered the security of the Gulf oil states as the most important priority of British foreign policy after the security of Europe.³⁹¹

The British presence and position in the Gulf eventually became a connecting chain that served London's communication and supply lines to the Asian, African, and Pacific colonies. British policymakers thus relied on their political position in the Gulf region to maintain their imperial political influence and economic interests. In addition, the Gulf oil continued to supply the postwar British economy and fuel and lubricate the British military. British dependency on the Gulf oil supply had dramatically increased in the wartime. In 1938, for instance, Britain imported less than a quarter of its oil demand from the Gulf region. By the 1950s, this share reached more than half, and by the early 1960s, two-thirds of British oil imports came from the Gulf. Moreover, the business transactions of the Gulf oil Sheikdoms, points out Fain, were conducted in British Sterling and the profits were invested through the city of London.³⁹²

The Second World War, in conclusion, once again demonstrated the vital role of petroleum as a strategic and commercial commodity for the modern warfare states in both warfare mobilization and economic development.³⁹³ According to Fiona, two vitally significant postwar policies converged in the national security objectives of the Western powers: managing the Cold War against the Soviet Union; and maintaining Western hegemony over the Middle East.³⁹⁴ However, for the British Empire, postwar financial and political constrains in London, and nationalist and independence

³⁹⁰ Venn, *Oil Diplomacy*, p. 103.

³⁹¹ Fain, p. 3.

³⁹² Fain, p. 3.

³⁹³ Venn, *Oil Diplomacy*, p. 104.

³⁹⁴ Venn, *Oil Diplomacy*, p. 109.

movements within the imperial periphery obliged Britain to relinquish its empire in the Middle East.³⁹⁵

In the 1950s, when Britain realized that its imperial interests were vanishing, it attempted to reorder and recalculate its colonial priorities. Therefore, London formulated a new strategy around a more profitable world oil empire and control of strategic raw materials, rather than maintaining the costly and extensive formal empire.³⁹⁶ While withdrawing from India in 1947, Britain was calculating how to take strategic and oil-rich areas in the Middle East and the Gulf under its strict control. Thus, the Suez Canal, through which the two-thirds of the Gulf oil flowed to Europe, became a British strategic priority in line with the protection of its economic interests in the Gulf States.³⁹⁷

2.6. Colonial Oil Concessions in the Gulf

The early oil concessions map of the Gulf region demonstrates all characteristics of colonial political, strategic, and economic interests of the great powers.³⁹⁸ The 20th century history of the Gulf witnessed the efforts and struggles of the European (later American) powers to secure control over oil resources of the region. The British and later American control of the Gulf oil was achieved through colonial concessions granted to their oil companies. However, the need or necessity to control the Gulf oil did not become a vital element of Western politics until the First World War. The industrial economies of Europe, up until then, depended on their coal resources. By the outbreak of the war, colonial powers, notably Britain, realized the growing significance of oil as an indispensable strategic military commodity imperative for motorized land transportation, emergent air forces, and swifter and powerful navies.³⁹⁹

The crude oil reserves were concentrated in a small number of the Gulf states, which some of them were either protectorates or clients of British Empire. As Parra points out, this established a sort of relationship between oil companies and host countries, full of colonialist overtones.⁴⁰⁰ In addition to that, the crude oil in the Gulf region was not only

³⁹⁵ Sluglett, p. 420.

³⁹⁶ Engdahl, p. 91.

³⁹⁷ Engdahl, p. 92.

³⁹⁸ Marcel and Mitchell, p. 17.

³⁹⁹ Joe Stork, **Middle East Oil and the Energy Crisis**, New York: Monthly Review Press, 1975, p. 7.

⁴⁰⁰ Francisco Parra, **Oil Politics: a Modern History of Petroleum**, London: I.B. Tauris, 2014, p. 1.

cheaper than other sources of energy, but also cheaper than other sources of crude oil. Therefore, whoever could control the Gulf oil would profit huge economic rents from this cost difference. Probably more importantly, however, control of these oil resources would deprive its enemies from a vital strategic commodity.⁴⁰¹

British Empire kept all diplomatic channels and military options on the table to maintain Gulf oil concessions in the hands of its national oil companies. The Foreign Office, for instance, effectively shaped imperial policy towards the Gulf oil concessions. The Admiralty intensively involved in formulating and directing imperial oil policy, and stated its oil needs to be met from the Gulf resources. The Gulf oil thus would ensure supply security and price stability. The Board of Trade, on the other hand, offered advice and information on more commercial and technical aspects of the oil concessions for negotiations. These extensive governmental involvements meant that the Empire used all its power to support British concession chasers in the Gulf region.⁴⁰²

British Empire was, as Marcel and Mitchell point out, “king-maker” in Iran, mandate power in Iraq and protector in Kuwait and the Trucial States. Thus, the imperial oil policy was carefully designed to support oil concessions for British oil companies in the Gulf States. The Anglo-Persian Oil Company (APOC) in Iran and the Iraqi Petroleum Company (IPC) in Iraq were diplomatically and financially supported to gain oil concessions.⁴⁰³ Furthermore, the IPC became the principal concessionaire, in British Gulf protectorates such as Bahrain, the Trucial States, and Qatar. The Empire, thus, used its political influence to promote and grant oil concessions only to companies under British control.⁴⁰⁴ To secure similar concessions for its oil companies, the US government penetrated into the region under the banner of the “Open Door” policy.⁴⁰⁵

However, before and after concessions negotiations between oil-rich countries and Western oil companies backed by their governments were not between the equals. All terms of oil concession agreements were therefore determined and dictated by concessionaire oil companies. From the processes of oil exploration and production to refinery, marketing and transportation, these foreign oil companies controlled all these

⁴⁰¹ Parra, p. 1.

⁴⁰² Kent, p. 5.

⁴⁰³ Marcel and Mitchell, p. 17.

⁴⁰⁴ Marcel and Mitchell, p. 18.

⁴⁰⁵ Marcel and Mitchell, p. 17.

down-stream and up-stream business. The concessionaires refrained from sharing essential business information, such as profit and loss data, with the host countries.⁴⁰⁶ The authority to set oil production volumes and prices were in the hands of the concessionaires, and the host countries were just recipient of low oil revenues.⁴⁰⁷

In order to weaken the bargaining power of the host countries and avoid renegotiating the terms of the colonial oil concessions, the threats of oil sanctions and military interventions were always considered deterring options on the table of the concessionaires. Because, points out Askari, these oil companies operated in the fields with all political, financial and military support of their imperialist governments.⁴⁰⁸ Foreign oil companies under the British informal colonial rule and influence exploited literally the oil-producing countries of the Gulf. In other words, Britain was, by all intents and purposes, an imperial power in the region and the Gulf countries were treated as colonies.

2.6.1. Iran

The prospects and potential of discovering oil in Persia attracted many European concession chasers in the last quarter of the nineteenth century. In 1872, and later again in 1889, Baron Julius de Reuter, founder of the Reuters News Agency, obtained a concession for seventy years in Persia, which granted the right to develop all mineral resources, especially petroleum. However, both concessions were soon terminated by the Persian government due to great protests within Persia, considerable opposition from imperial Russia, and unsuccessful efforts to discover oil.⁴⁰⁹ In 1891, Jacques de Morgan, a French mine engineer, geologist, and archaeologist, published reports based upon his investigation in Persia, indicated at considerable oil potential. These reports were well known to oil adventurers such as Antoine Kitabgi, a former Persian Director of Customs, who convinced William Knox D'Arcy of the existence of rich oil resources in Persia and the search for concessions.⁴¹⁰

⁴⁰⁶ Hossein Askari, **Collaborative Colonialism the Political Economy of oil in the Persian Gulf**, Basingstoke: Palgrave Macmillan, 2013, p. 48.

⁴⁰⁷ Askari, p. 34.

⁴⁰⁸ Askari, p. 48.

⁴⁰⁹ Yergin, **The Prize**, p. 135; Jones, p. 128.

⁴¹⁰ Yergin, **The Prize**, p. 135.

The concession was signed by Muzaffar al-Din Shah on 28 May 1901, giving the exclusive rights to D'Arcy for exploration, production, and exportation of petroleum for sixty years. However, the country's five northern provinces, Azerbaijan, Gilan, Mazandaran, Khorasan, and Astarabad, were excluded from the concession agreement to avoid a possible Russian objection. In return, D'Arcy would pay £20,000 in cash, £20,000 as worth of shares, and a royalty of 16 percent from the annual net profits after starting a company.⁴¹¹ In addition to exemption from comprehensive taxation and customs, the concession authorized D'Arcy to build pipelines in the concession area, which blocked Persia's ability, points out Askari, to grant concessions to other oil companies in northern country.⁴¹²

Prospecting that a British oil concession would help to restore the balance against Russia in Persia, the British government supported D'Arcy venture. Meanwhile, the Russians worked against the awarding of the concession to a British company, but they only slowed the process. The rivalry between Britain and Russia over Persia and the Gulf was not over yet. The Russians had already plans to construct a pipeline connecting Baku to the Gulf and eventually expand their kerosene exports into the Indian market. Thus, they would create spheres of influence in the Gulf region and extend to the Indian Ocean shores. Britain overtly opposed against the project and intentions of Russia and warned Iran also for a possible pipeline concession. The British representative in Tehran threatened covertly both sides with a military occupation of southern Persia. Due to the British opposition and threats, Russia gave up its plan of building the pipeline.⁴¹³ The establishment of a naval base or of a fortified port in the Persian Gulf by other powers thus was perceived by the British Empire a serious threat to its interests in the Gulf and committed to oppose such attempts by all diplomatic and military means.⁴¹⁴

In 1905, after protracted negotiations, mediation and support from the government and Admiralty, D'Arcy merged with Burma Oil Company, which agreed on providing financial and technical support for exploration and production of petroleum in Persia. According to the Agreement, a concession syndicate was established and D'Arcy's

⁴¹¹ Yergin, **The Prize**, p. 137; Jones, p. 130; Askari, p. 29.

⁴¹² Askari, p. 30.

⁴¹³ Yergin, **The Prize**, p. 137.

⁴¹⁴ Quoted in Yergin, **The Prize**, p. 140.

operation company became a subsidiary. Burma Oil, thus, provided D'Arcy not only capital, but also management and expertise to carry on oil business in Persia.⁴¹⁵ Burma Oil thus became the Syndicate's largest shareholder, with an initial capital of two million pounds. Between 1907 and 1909, the British government not only gave its official and financial support to D'Arcy, but also provided military protection for the company and its employees.⁴¹⁶

Finally, on May 26, 1908, oil was discovered in commercial quantities at Masjed al-Sulaiman, in southwestern Persia. A year later, Anglo-Persian Oil Company (APOC) was established to take over the concession and develop oil production in Persia. To refine extracted oil, APOC built Abadan refinery in 1913, the world largest integrated refinery at that time. The company needed additional capital for a construction of pipeline from oil fields to Abadan refinery, which was also provided by the British government. The government thus acquired 51 percent controlling stake in the company, with an additional £2.2 million investment in the company's capital, making it the largest shareholder.⁴¹⁷

Recognizing the commercial and strategic importance of oil, APOC took concrete steps in transforming itself from a crude oil producer to an integrated oil company aimed at controlling both down-stream and up-stream oil transactions. To this end, the company purchased British Petroleum (BP), which had the largest oil distribution network in the Empire, from the British government. BP was a subsidiary company set up in London by the Deutsche Bank to undertake the distribution of Romanian oil in Britain. The German-controlled BP was taken over by the British government at the outbreak of the First World War.⁴¹⁸

Postwar economic depression and nationalist motives led the Iranian government to improve the terms of the 1901 concession. Iranian officials argued that the concession violated national sovereignty and demanded more profits out of the concession.⁴¹⁹ In response, the British government enforced an "interpretive agreement", which restricted the Iranian entitlement to profits and blocked its sales of oil abroad. In order to maintain

⁴¹⁵ Yergin, **The Prize**, p. 142.

⁴¹⁶ Askari, p. 29.

⁴¹⁷ Askari, p. 30.

⁴¹⁸ Yergin, **The Prize**, p. 174.

⁴¹⁹ Yergin, **The Prize**, p. 269.

and protect its economic interests, Britain began to play more effective role in Iranian internal politics. According to Marcel, The British government involved in the dethronement of Ahmad Shah by General Muhammad Reza Khan in 1925.⁴²⁰

In 1932, however, Reza Khan unilaterally cancelled the concession agreement due to falling oil prices, which reduced the Iranian government's revenue. By the end of April 1933, both sides came to a new agreement, which increased loyalty of four shillings per ton and reduced the concession area by three-quarters. In addition, the Iranian government's share in the company's annual profits was increased to 20 percent, and the minimum annual payment was raised to 750,000 pounds. According to the new agreement, the royalties for 1931 and 1932 would be recalculated and the employment of Iranian workforce would be considered. The expiration date of the oil concession, meanwhile, was extended from 1961 to 1993.⁴²¹

In 1941, at the height of the World War II, the British and the Soviet troops occupied Iran, claiming the eastward advance of the German. However, the war ended and the Allied powers were forced to withdraw their troops in 1946. Postwar oil developments, especially in Latin America, encouraged the Shah to demand fifty-fifty profit share. In order not to set a precedent for other concession agreements in the region, The British government was determined not to renegotiate the terms of the 1933 concession. Moreover, it responded by imposing embargo on Iranian oil sale and stopped all company's activities in the oilfields and Abadan refinery. Meanwhile, the British decision makers were planning for an alternative military occupation of petroleum fields and facilities, a decision that American strategists strongly opposed. When the Shah gradually lost control of policy, the government of Mossaddeq cancelled the Anglo-Iranian concession and announced the nationalization of APOC in 1951. Iranian oil decolonization, thus, constituted an example for its Gulf neighbors, which would achieve nationalization some twenty years later.⁴²²

2.6.2. Iraq

Intergovernmental concession diplomacy, competition between individuals and private oil companies over Mesopotamian oil intensified with the establishment of the Turkish

⁴²⁰ Marcel and Mitchell, p. 21.

⁴²¹ Yergin, **The Prize**, p. 271.

⁴²² Marcel and Mitchell, p. 21.

Petroleum Company (TPC) in 1912.⁴²³ Rivalry over Mesopotamian oil among Western powers –British, German, French and American- required reconciliation and agreement, rather than conflict and stalemate. Thus, the establishment TPC was a consequence of competition between Deutsche Bank, Royal Dutch/Shell, and the National Bank of Turkey (TNB) that turned into cooperation. The first two equally owned half of the shares and the latter owned the other half of the total equity. Ironically, TNB appeared to be a British-controlled bank established in the Ottoman Empire to protect British economic interests. It was Calouste Gulbenkian, who owned 30 percent share of TNB and also orchestrated concession negotiations between the British and the Germans.⁴²⁴

The British government directed its efforts to amalgamate APOC with TPC and form a consortium with the German government. On March 19, 1914, the British and German governments signed the Foreign Office Agreement, according to which the Anglo-Persian group (APOC and TPC) had a 50 percent stake in the newly formed Anglo-German consortium, while Deutsche Bank and Shell were each given 25 percent stake.⁴²⁵ However, this Anglo-German cooperation established on Mesopotamian oil ended with the outbreak of the First World War. The oil potential of the region was not forgotten, however, and would dominate the course of negotiations in the 1916 Sykes-Picot secret agreement, the 1919 Paris Peace Conference, and the 1920 San Remo Agreement. In San Remo, the British and French governments reached an agreement that France would give up its territorial claim on Mosul, and in return would receive 25 percent share of the oil extracted in Mesopotamia. The French had acquired the German share, which was seized by the British with the outbreak of the war. The TPC, meanwhile, remained as the vehicle for oil concessions diplomacy in the region.⁴²⁶

The postwar arrangements, however, excluded American oil companies from Iraq, Iran, Kuwait and the other Gulf states under British protection. The Americans challenged not only the validity of the TPC concession in Iraq, but also all postwar European arrangements about the imposition of mandates in some former Ottoman provinces.⁴²⁷ Meanwhile, the discovery of oil in commercial quantities in Kirkuk in 1927 would force

⁴²³ Askari, p. 34.

⁴²⁴ Yergin, **The Prize**, p. 185.

⁴²⁵ Yergin, **The Prize**, p. 187.

⁴²⁶ Yergin, **The Prize**, p. 189-190.

⁴²⁷ Marcel and Mitchell, p. 18.

Britain, France and the United States to reach a formal agreement in 1928 and open the door to the exploitation of Iraq's oil resources.⁴²⁸ Eventually, this transatlantic conflict between the British and American governments led to the establishment of a new oil company, and redistribution of concession shares for each company in the newly established the Iraq Petroleum Company (IPC).⁴²⁹ Accordingly, APOC, Royal Dutch Shell, French CFP, and the American group (the Near East Development Company) would each hold 23.75 percent of the shares in IPC. The remained 5 percent share would go to Gulbenkian, who could immediately sell its oil share to the French at market price.⁴³⁰

In this new petroleum arrangement, the concessionaire companies “committed themselves not to compete for concessions” in the former Ottoman Empire territories. This broad oil agreement, the so-called Red Line Agreement, set new rules for oil exploitation in the region. The new oil borders, like many national borders in the postwar Middle East, were drawn as a consequence of cooperation and mutual interests between colonial powers and their oil companies.⁴³¹ The agreement covered all major oilfields in the Gulf except for Iran and Kuwait. It also created a framework for future oil colonization and forced cooperation rather than competition on all oil operations in the region.⁴³² IPC subsidiaries also held concessions in two oil-rich Iraqi governorates: Mosul Petroleum Company (MPC) in 1932 and Basra Petroleum Company (BPC) in 1938 were granted similar concessions terms for 75 years. Thus, Anglo-Persian, Royal Dutch/Shell, French CFP, and the American group held equal shares of 23.75 percent in these three oil companies in Iraq.⁴³³

2.6.3. Saudi Arabia

The discovery of oil in Bahrain in 1932 attracted the attention of concession chasing oil companies to Saudi Arabia due its proximity to the former. Unlike many other small states in the Arabian Peninsula, Saudi Arabia, albeit relatively under British influence and pressure, was an independent country. However, it was inside the Red Line

⁴²⁸ Askari, p. 34.

⁴²⁹ Marcel and Mitchell, p. 18.

⁴³⁰ Yergin, **The Prize**, p. 204.

⁴³¹ Marcel and Mitchell, p. 18.

⁴³² Yergin, **The Prize**, p. 205.

⁴³³ Askari, p. 34.

Agreement, which forced joint venture and banned competition between the IPC partners. In the same year, the IPC made an initial offer to keep out competitors from Saudi Arabia, but its offer fell far short of that made by the Standard Oil of California (Socal, later Chevron). In 1933, Socal succeeded in obtaining a sixty-year oil concession from the Saudi King for the eastern province of Hasa.⁴³⁴ Under the concession terms, the King granted Socal oil exploration, extraction and exportation rights, and in return the company agreed on paying 50,000 pounds in gold, an annual rent cost of 5,000 pounds, and royalties of four shillings per ton of oil produced. Once oil was discovered in commercial quantities, Socal would pay the Saudi government an advance of 50,000 pounds in gold.⁴³⁵

The Saudi grant of concession to an American oil company, according to Askari, sounded meaningless, but at the same time brave because the United States had no previous experience of bilateral relations with Saudi Arabia and was a new foreign power to the Gulf. Whereas, Britain had been a colonial power and established its informal empire in the Gulf. The Saudi King, however, was not satisfied with the British postwar design in the Arabian Peninsula. They had backed the Hashemite to become rulers in Iraq and Jordan, which posed a threat to the Saudi Kingdom. Therefore, King Abdulaziz believed that the United States could provide better protection for the newly formed Kingdom and would also balance the British Empire in the region.⁴³⁶

When the United States became aware of the future economic and strategic importance of oil, specifically during the course the Second World War, the Saudi oil concession in the hands of American oil companies attracted more attention and support of the government. Realizing the growing strategic importance of oil for its national security, President Roosevelt declared that the defense of Saudi Arabia and protection of its interests was equal to that of the United States.⁴³⁷ While King Abdulaziz favored American oil companies to protect Kingdom's economic and strategic interests, the United State built a military airbase in Saudi oil region to demonstrate its commitment to securing its oil concession areas.

⁴³⁴ Marcel and Mitchell, p. 22.

⁴³⁵ Askari, p. 38.

⁴³⁶ Askari, p. 38-9.

⁴³⁷ Quoted in Askari, p. 39.

Oil was discovered in Saudi Arabia in 1938. Socal brought another American oil company, Texaco, into the concession to form a joint venture. In 1944, these two American oil companies established the Arabian-American Oil Company (Aramco) to develop the Saudi oil resources. However, the war would interrupt Saudi oil developments. In 1946, Aramco sought to expand its partnership, because oil capacity of Saudi Arabia and its marketing needed enormous capital.⁴³⁸ Officials in the State Department and Navy encouraged Aramco to seek new partners with sufficient capital and market capacity to keep the Saudi concession under the control of American companies. For the Americans, it did not matter which American companies were operating in Saudi oil fields as long as they were American.⁴³⁹ Socal started talks with Standard Oil of New Jersey and negotiations continued on how Jersey could join Aramco. At the same time, Jersey opened side talks with Socony about their participation formula. However, Jersey and Socony faced formidable bars before their partnership in Aramco. Indeed, both were members of the IPC and restricted by self-denying clause of the Red Line Agreement.⁴⁴⁰

Socony and Jersey sought to find a way out of their oil operation from the restrictive Red Line Agreement. They proposed the concept of “supervening illegality”, by which they claimed that the French CFP and Gulbenkian resided in a country under Nazi control during the war and were therefore considered “enemy aliens.” American companies thus argued that under changing world conditions and American law, the old IPC concession and the Red Line Agreement were no longer valid and a new agreement had to be negotiated.⁴⁴¹ The American companies thus would have to persuade Anglo-Iranian, Shell, CFP, and Gulbenkian, and bring them all to the negotiation table. Eventually, Anglo-Persian and Shell implied that an agreement could be reached on the basis of mutual interests.

The French vehemently denied this Americans’ claim because the IPC concession and the Red Line Agreement were its sole open door to the Gulf oil. Meanwhile, the four American oil companies agreed in principle on a joint venture and participation in Aramco. Socony and Jersey initially planned to share the 40 percent equally. However,

⁴³⁸ Marcel and Mitchell, p. 22.

⁴³⁹ Yergin, **The Prize**, p. 412.

⁴⁴⁰ Yergin, **The Prize**, p. 413.

⁴⁴¹ Yergin, **The Prize**, p. 414.

due to security and market reservations, Socony decided to take only 10 percent. Jersey thus took 30 percent and joined Aramco with Socal and Texaco in equal share venture. On the other hand, French political agenda with America outweighed its opposition and reached an agreement with the American companies, which in return improved the position of CFP in IPC.⁴⁴² In 1948, the Red Line Agreement was consequently cancelled and the old IPC concession was renegotiated to compensate the European oil companies for their exclusion from Aramco.⁴⁴³

In 1948, the fifty-fifty formula introduced by the oil contracts in Venezuela would shape the entire oil industry. As soon as King Abdulaziz became aware of the new formula, he asked Aramco partners to renegotiate the old concession. The American companies initially resisted renegotiating the terms of concession, fearing that it might open a door to the endless demands of producing countries. However, the priority of keeping Saudi pro-American stance, the entry of independent American oil companies into the region on generous concession terms, forced Aramco partners to accept the fifty-fifty profit-sharing formula.⁴⁴⁴

A year earlier, points out Yergin, the Saudi officials made it clear to American officials that they had information what exactly Aramco earned, how much was paid to the US government in taxes, and how that compared to the royalties paid to the Saudi government.⁴⁴⁵ In 1949, Aramco profited from Saudi oil three times more than Saudi earnings. Moreover, the sum of the \$43 million in taxes that Aramco paid to the American government was \$4 million higher than the royalty paid to the Saudi government. In 1951, according to the new fifty-fifty profit sharing formula, Saudi Arabia earned \$110 million from Aramco, and the American Treasury received only \$6 million.⁴⁴⁶ The Saudi fifty-fifty agreement of 1950 was described as a “revolution” for the Middle Eastern oil industry. It also heralded the collapse and decolonization of the British colonial oil order in the Gulf region.

⁴⁴² Yergin, **The Prize**, p. 416.

⁴⁴³ Marcel and Mitchell, p. 22.

⁴⁴⁴ Maugeri, p. 58.

⁴⁴⁵ Yergin, **The Prize**, p. 446.

⁴⁴⁶ Yergin, **The Prize**, p. 447.

2.6.4. The Gulf Sheikdoms

The discovery of oil in Bahrain indicated the existence of rich oil deposits in this part of the Gulf, which intensified the concession diplomacy between the competing interests of colonial powers and their oil companies.⁴⁴⁷ In 1925, Major Frank Holmes, *Abu al-Naft*, obtained an oil concession from the Sheikh of Bahrain, who was actually not interested in oil, but was interested in discovering fresh water. Holmes established a headquarters in Bahrain for the Eastern and General Syndicate to manage his oil concession ventures. By 1926, due to the financial crisis, the Syndicate offered to sell its concession rights to APOC, but the company was not interested in this offer.⁴⁴⁸ In 1927, while in America, Holmes finally found an American company that interested in oil concessions in Bahrain and Kuwait. It was Gulf Oil Company (GOC) that agreed on taking over the Syndicate's concessions rights. But in 1928, GOC became a partner to the American group in the IPC and one of the signatories of the Red Line Agreement. GOC then offered its Bahrain oil concession rights to Standard of California (Socal), which had no affiliation with the IPC and therefore was not subject to the restrictions of the Red Line Agreement. Socal accepted the offer and retained the concession, forming a Canadian subsidiary, the Bahrain Petroleum Company (BPC).

In Bahrain, Socal had to confront the British opposition, which pursued a policy of blocking foreign oil companies' access to the oil resources of the Gulf region. Britain had already signed agreements with the local Sheikhs, by which the management of both oil and foreign affairs was entrusted to the British concerns. Thus, the 'British nationality clause' in any concession agreement required that Socal could not develop its concession in Bahrain.⁴⁴⁹ A rather tough series of negotiations started at governmental level between the British and Americans. Although the British government struggled to maintain its position, it had to reconsider the 'British nationality clause' before the American power and determination. In addition to that, the development of oil in the region would need much more capital and the Royal Navy demanded reliable oil supplies. In 1929, the British government allowed Socal to enter Bahrain, provided the company respect Britain's political supremacy and its economic

⁴⁴⁷ Askari, p. 35.

⁴⁴⁸ Yergin, **The Prize**, p. 282.

⁴⁴⁹ Yergin, **The Prize**, p. 283.

interests in the country. The company thus accepted the British request that all communications with the Amir be through the British political agent in Bahrain.⁴⁵⁰

In Kuwait, Oil concessions diplomacy began in the early 1920s when Holmes obtained an oil concession from the Sheikh of Kuwait.⁴⁵¹ The concession diplomacy reached its peak when Holmes offered to the American GOC. The British government developed policies to maintain its political influence and protect its economic interests in the region by granting oil concessions to the British oil companies. In the case of Bahrain, London had renounced the “British nationality” clause, but reasserted the same condition for the Kuwaiti concessions. Therefore, Britain objected GOC’s joint venture with Holmes’ Syndicate in Kuwaiti oil exploration and production. The exclusionist policy of the British government was not acceptable, and therefore, GOC demanded diplomatic support from the State Department.⁴⁵²

The real fear, for the British, was to lose influence and position to a wealthier and powerful nation in a region critical to its imperial interests.⁴⁵³ According to Yergin, the British officials in the Foreign, Colonial, and Petroleum Offices were all prepared to relinquish the nationality clause. According to the statements of these British officials, getting into an oil war with the Americans would be the last option.⁴⁵⁴ In April 1932, the British government relinquished the nationality clause and allowed GOC to operate in the development of Kuwaiti oil.

In 1933, Anglo-Persian and GOC reached an agreement laying down the details of joint venture for exploration and extraction of Kuwaiti oil. In 1934, both companies formed a British-registered company, the Kuwait Oil Company (KOC), in which they held equal shares. The concession was awarded for 75 years and covered the entire territory of Kuwait, which granted the company the right of onshore and offshore oil exploration and production. Under the terms of the agreement, KOC would pay the Kuwaiti government 3 Indian Rupees per ton of crude oil produced, which was the lowest

⁴⁵⁰ Yergin, **The Prize**, p. 283.

⁴⁵¹ Askari, p. 40.

⁴⁵² Yergin, **The Prize**, p. 294.

⁴⁵³ Quoted in Yergin, **The Prize**, p. 294.

⁴⁵⁴ Quoted in Yergin, **The Prize**, p. 294.

royalty payment in the Gulf region at that time. When the Rupee depreciated in 1949, the royalty was approximately equivalent to 9 US cents per barrel of oil.⁴⁵⁵

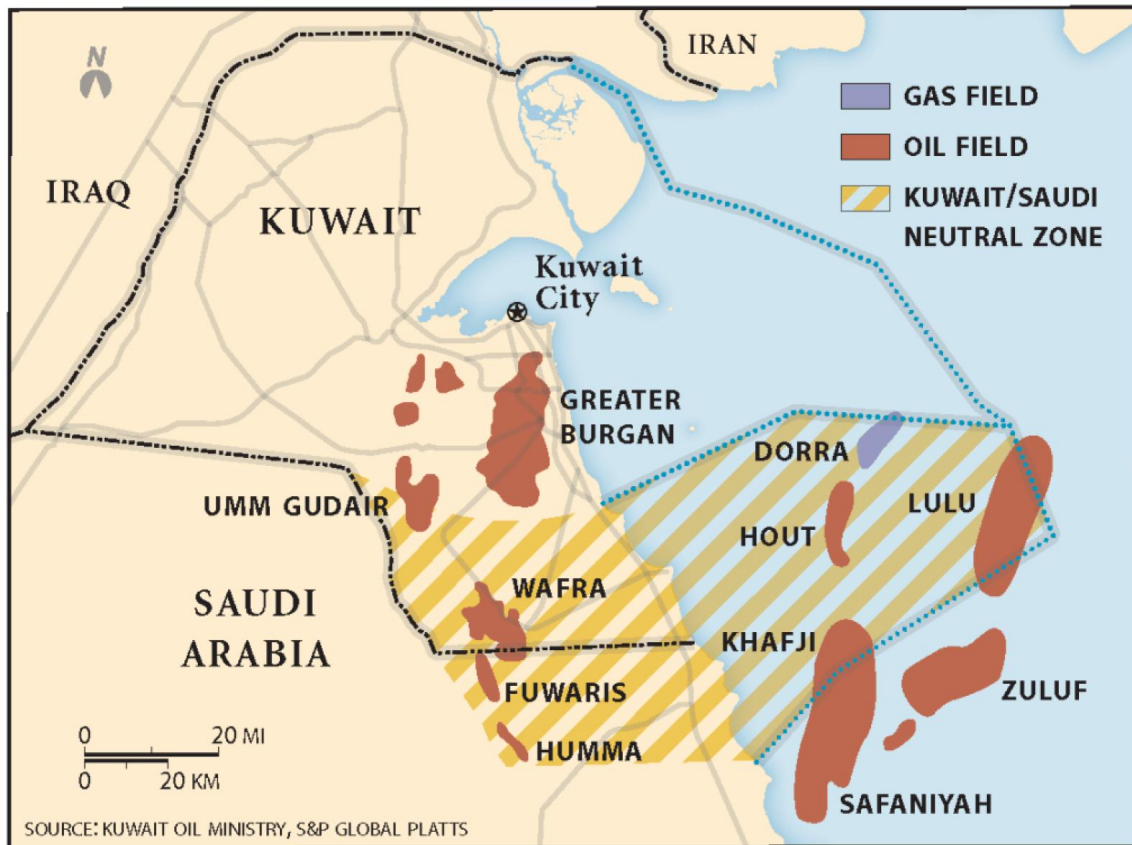
In 1947, Aminoil, a consortium of American independent oil companies, obtained a concession from Kuwait covered the Neutral Zone (see the Map 2). The concession undermined the terms of the previous concessions, which offered the Kuwaiti government \$7.5 million in cash, a minimum annual royalty of \$625,000, 15 percent of the profits, and a million-dollar yacht as a gift for the Sheikh of Kuwait.⁴⁵⁶ In 1951, the terms of the 1934 concession were revised to comply with the fifty-fifty profit-sharing arrangement formulated between the Saudi government and Aramco a year ago.⁴⁵⁷ The Sheikh of Kuwait, thus, renegotiated the terms of the concession with KOC, and both sides agreed on fifty-fifty profit sharing arrangement. In addition to that, the government imposed corporate income tax on the earnings of the company and the royalty was raised to 52 cent per barrel. Meanwhile, the concession period was extended from 75 years to 92 years.⁴⁵⁸

⁴⁵⁵ Askari, p. 40.

⁴⁵⁶ Yergin, **The Prize**, p. 438.

⁴⁵⁷ Marcel and Mitchell, p. 22.

⁴⁵⁸ Askari, p. 41.



Map 2: The Neutral Zone between Saudi Arabia and Kuwait

Source: The Arab Gulf States Institution in Washington

On May 17, 1935, Sheikh Abdullah Ibn Qasim of Qatar granted a 75-year oil concession covering the entire onshore to APOC. In return, APOC was committed to pay a royalty of 2 Indian rupees (IR) per ton of oil produced, IR400, 000 on signature, and annual payment of IR150, 000. In 1937, the concession was transferred to Petroleum Development (Qatar), an IPC subsidiary.⁴⁵⁹ In Qatar, the exploratory drilling did not begin until 1938 due to the excess supply of crude oil in the market. However, oil was finally discovered in commercial quantities in 1939. In 1940, the oil production in Dukhan reached 4,000 barrels per day, but the Second World War interrupted the production. Therefore, oil export from Qatar would resume in 1949. In 1953, Petroleum Development (Qatar) was renamed the Qatar Petroleum Company (QPC).⁴⁶⁰ In 1952, Shell Company of Qatar, a Royal Dutch Shell subsidiary, was granted a concession for offshore oil exploration. The concession, similar to the 1935 concession terms, was for

⁴⁵⁹ Askari, p. 45.

⁴⁶⁰ Anthony Toth, "Qatar", in **Persian Gulf States: Country Studies**, edited by Helen Chapin Metz, Washington, D.C.: Federal Research Division, Library of Congress, 1994, p. 167-8.

seventy-years and gave the company the right to explore, produce, refine, transport, and marketing all oil discovered. In 1952, Qatar renegotiated the terms of the concessions with oil companies, which finally accepted the demand of the 50-50 profit sharing formulation that increased the oil revenues of Qatar.⁴⁶¹ In 1961, Qatar became member of OPEC to gain some leverage over the concessionaire oil companies regarding oil revenues, prices and production.⁴⁶²

Before the Emirates federated in 1971, each ruler acted independently to grant concessions for oil exploration in his own territory. The Emirate of Abu Dhabi awarded its first oil concession in 1939 to the Petroleum Development (Trucial Coast) (PDTC), a subsidiary of IPC. The concession covered the entire territories of the Emirate and was contracted to last seventy-five years. Although the Second World War halted oil exploratory operations, the drilling operations resumed in 1946 after the war and intensified in the 1950s. In 1953, the Emirate granted an offshore oil concession to Abu Dhabi Marine Areas Ltd. (ADMA), which was jointly owned by British Petroleum (BP) and French CFP (later Total). In 1958, the ADMA enterprise discovered oil on Das Island, in the Umm Shaif, a giant 300-km² field in size. In 1959, onshore oil also was discovered by PDTC at Murban field. Offshore and onshore oil production and export only commenced in 1962 and in 1963.⁴⁶³

In 1962, PDTC withdrew from much of its Trucial Coast concession areas and was renamed Abu Dhabi Petroleum Company (ADPC). In 1965, ADPC accepted Sheikh Shakhbut's 50-50 profit sharing demands, and a year later ADMA also signed the same agreement. In 1971, the Emirates of the Trucial Coast united and established an independent state, the United Arab Emirates. In the same year, the Emirates established a national oil company, Abu Dhabi National Oil Company (ADNOC), to control the development of national oil resources. Consequently, ADNOC acquired 60% of shares in ADPC and ADMA in 1974, which were reincorporated as the Abu Dhabi Company for Onshore Oil Operation and Abu Dhabi Marine Operating Companies.⁴⁶⁴

⁴⁶¹ Askari, p. 45-6

⁴⁶² Toth, p. 170.

⁴⁶³ Michael Quentin Morton, "The Abu Dhabi Oil Discoveries", **Journal of Geoexpro**, Vol. 8, No. 3, (2011), p. 53-54; Askari, p. 43.

⁴⁶⁴ Morton, p. 56.

The Sultanate of Oman granted its first oil concession in 1937 to the Petroleum Development (Oman Dhofar) Ltd., an IPC subsidiary in the Sultanate. In 1951, the concessionaire company was renamed as Petroleum Development Oman (PDO). In 1960, after nearly two decades of unsuccessful exploratory operations, three of five IPC partners withdrew from the concession area, while the Royal Dutch Shell acquired %85 of interests in PDO and Participation and Explorations (Partex) %15. In 1967, the French Total (former CFP) purchased 10% of Partex's share. In 1973, following the participation agreements negotiated between the foreign oil companies and the Gulf countries, the Sultanate initially acquired 25% share in PDO. In 1974 its share raised to 60%, and the share distribution has not changed since then: the remaining 40% stake was divided between Royal Dutch Shell (34%), Total (4%), and Partex (2%).⁴⁶⁵ In addition to PDO, several other foreign oil companies carries out oil exploration and production operations in the Sultanate. In the 1970s, French Elf Aquitaine Oman (15,000 bpd), the Occidental Oman (28,000 bpd), and the Japan Exploration Company, Japex Oman (8,000 bpd) had similar concession terms from the Sultanate.⁴⁶⁶

⁴⁶⁵ Fareed Mohamedi, "Oman", in **Persian Gulf States: Country Studies**, ed. Helen Chapin Metz, Washington, D.C.: Federal Research Division, Library of Congress, 1994, p. 274-5.

⁴⁶⁶ Mohamedi, p. 277.

Table 3
Colonial Oil Concession Terms of Anglo-American Companies imposed on the Gulf Countries

Country	Concessionaire	Year/ renegotiation	Duration	Royalty per ton; annual profits; annual payments	Concession Area
Iran	William Knox D'Arcy, later APOC	1901/ 1933	60+32	1 Shilling, later 4 Shillings per ton; 16% to 20%	Entire onshore, (excluding 5 northern provinces); reduced
Iraq	TPC/IPC	1925; 1931	75	4 shillings; 20% annual profit	Entire onshore
Kuwait	Gulf Oil Co. and APOC	1934	75+17	3 Indian rupees per ton; £18,800	Entire onshore
Bahrain	The Holmes' Syndicate/ later Standard Oil of	1925/ 1929	55	3 Indian rupees per ton; 10,000 Indian rupees	100,000 acres
Saudi Arabia	Standard Oil of California (SOCAL)	1933	60	4 Shillings per ton; 21% annual profit; 50,000	Hasa Province
Qatar	APOC, (transferred to IPC in 1937)	1935	75	2 Indian Ruppies per ton; 20% annual profit;	Entire onshore
UAE	IPC	1939	75	3 Indian rupees per ton	Abu Dhabi, onshore and offshore
Oman	IPC	1937	75	3 Indian rupees per ton	Entire onshore

Source: adapted from Yergin, 271; Askari, 27-47; Zebari, 218-222; Obai and Hasan, 3262-3.

2.7. Chapter Conclusion

This chapter has sought to establish a relationship between the pattern of British colonial policies and the level of oil exploitation in the Gulf region. The chapter has revealed that the pattern of political order the British established in the region also defined the level of oil exploitation. The research has come to conclusion that the more political control paved the ground for more oil exploitation. British colonial oil policies in the Gulf thus took shape by the establishment of an informal colonial rule; the prevention of colonial rival powers by diplomatic or military means; and the financial and diplomatic support of national oil companies, which under unequal and forced terms of concessions exploited the oil wealth of the region. The discovery of oil in the Gulf necessitated urgent formulation of imperial oil policies. In the Gulf region, British Empire established an informal colonial order, which varied in forms but served the British interests. The discovery of oil in the region and right after the efforts the British made to establish an informal colonial order does not seem to be a coincidence. Thus, the pattern of the British political order also defined the level of its oil exploitation. In other words, the more British control of territories or oil resources, the more they exploited oil.

Britain's establishment of informal colonial rule in the Gulf was inspired by its nineteenth century doctrine of "informal control if possible, formal control if necessary". The British presence, expansion, and policies in the Gulf show all features of imperial patterns. The British was drawn into expansion in the region by both strategic and commercial interests and by rivalry with other imperial powers. Studies on the Gulf region generally narrate great power's relations, their mutual perceived threats and diplomatic and military engagements. In these narratives, the British Empire is located at the center of the story and the British perceptions of threats towards the Russian expansionism or the German penetration into the region are narrated from the British perspectives. No doubt, Said's contrapuntal reading of events and subaltern perspective would tell a different story. For the Gulf nations, Arabs and Persians, the British were a serious threat to their millennia old commercial relations with India. The British military presence in India and later in the Gulf was a real threat to their political and economic independence. Al Qawasimi were not pirates, but they sought to protect their commercial interests, provide security in the Gulf waters, and eliminate a foreign

threat. The unitary political structure of the Arabian Peninsula and in particular of the Gulf region was disrupted by the British Empire, which sought its strategic and economic interests in a divided unity.

The Empire Studies maintain to normalize British colonial presence in the Gulf via strategies of containment, and desire to rationalize, elide, and efface the details of its policies. The method and strategy of abstraction, in this regard, make knowledge practices possible. Studies on British informal order in the Gulf often use a systematic forgetting or a deliberate amnesia approach. Thus, reading between lines, abstraction, contrapuntal, and subaltern analytical approaches of postcolonial theory reveal what aspects of reality are brought under scrutiny and what are literally left out of it. The reality in these studies is that British imperial expansion is explained by either formal or informal control. In case of the Gulf region, they explain how the British established its informal order in economically underdeveloped, politically disintegrated and militarily weak Gulf States. Furthermore, finding and supporting collaborators in the region made their task easier. However, what is left in this narrative was the military power, which threatened, forced, and imposed control and collaboration. All agreements with the Gulf rulers were signed under the shadow of colonial military power. What could be the real intention of the British while drawing neutral zones between Saudi-Kuwait and Saudi-Iraq borders? Free movements of camels in the grasslands! Or sowing seeds of enmity between two countries, which would always need to the British arbitration. Thus, to establish its control and maintain its rule with less efforts and costs, the British divided the Arabian Peninsula between tribal sheikhs, family members, and even for camel herds.

The discovery of petroleum in the Gulf shifted the imperial interests in the region from strategic to economic and national security concerns. British Empire used all diplomatic and military options to control oil rich-areas in the Gulf. From secret Sykes-Picot and San Remo agreements to the occupation of Mosul and the establishment of mandate system, the British made all efforts to bring the Gulf oil resources under its control. The British officials launched a ruthless oil rivalry with the French and Americans. All these events, wars, diplomacy, negotiations, agreements over the Gulf oil was narrated in a taste of novel or in a form of political historiography. Thus, all British imperialist

hegemony on colonization/exploitation of oil in the Gulf was softened and introduced to the readers in a novel taste or historical facts.

Regarding oil concession policies, the British policy was monopolist and reluctant to share oil wealth with even its allied powers. Only in French case, the British granted the German's %25 shares to the French, and in return added Mosul province to its projected mandate administration. The French, at that time, had no oil company, no oil technology, no oil experience, and no definite imperial oil policy. For Britain, the French could not compete with the British over the Gulf oil exploitation. The main threat came from diplomatic initiatives of the American governments and the concessions seekers of the American oil companies. Unlike the French, the Americans had the most developed oil technology and experienced oil technicians. Moreover, the British did not want to allow the American oil companies to obstruct a competition, which could offer better concession terms to the host countries. However, American diplomatic pressures and British financial and oil dependency forced the British to accept American access in the Gulf oil exploitation. It was not coincidence that the Red Line Agreement (July 31, 1928) and the Achnacarry Agreement (AS-IS) (September 17, 1928) were successively signed, the former by the British, French, American oil companies, and the latter by the British and American oil companies. The main objective of the Red Line Agreement was to share Mesopotamian oil and prevent competition between European and Americana oil companies. The Achnacarry Agreement, on the other hand, regulated the price and levels of oil production in the region. Thus, there was no room/say left for oil-producing countries, neither in the setting of oil prices nor in the levels of oil production.

Because it has been perceived as a strategic commodity for both national and economic securities, the states have become unavoidably involved in oil industry. Their involvement in oil business, thus, was explained by their economic and military capabilities and powers. Studies on oil politics, oil diplomacy, oil crises or oil wars have focused on these aspects of power relations. Postcolonial theory rarely concerns with the notions of power, capability, and state interests. Postcolonial understanding of power relations depends on concepts of power as representation and power as knowledge. The question of representation as a universal language has been assumed by mainstream IR to have authority to speak for and about others. Thus, the study of

international relations has discursively constructed, mapped, and managed the others, who have been excluded, marginalized, and silenced by the grand narrative of conventional IR theories rooted in Western humanist notions of universality and rationality.

CHAPTER 3: DECOLONIZATION OF OIL IN THE GULF

3.1. Introduction

By the decolonization of oil is meant deconstruction of colonial petroleum order constructed by the British and American oil companies and their governments. It is a process aimed at bringing oil resources under national control and achieving economic independence. Many oil-producing Third World countries have previously gone through process of political decolonization. Oil decolonization, Mabro outlines, required confrontations with foreign oil companies and governments, nationalization of foreign oil companies' assets, formulation of nationalist objectives and policies, which caused revolutions, coup d'états, and in some instances internal or external wars.⁴⁶⁷ Decolonization of oil, he adds, was "sometimes violent, always troublesome and destabilizing"⁴⁶⁸ process between foreign oil companies, Western consuming governments, and nationalist movements in oil-producing countries.⁴⁶⁹

Oil nationalism, according to Mabro, rose in producing countries, because oil was and has been main economic resource and, unavoidably, exhaustible. And the national interest principle required that oil resources should not be left under control of foreign oil companies. However, these countries lacked knowledge, technology, and experience to explore, extract, develop, and refine the crude oil. Moreover, they lacked human, managerial and financial resources at the early stage of oil industry. Thus, the recourse to foreign oil companies was inevitable.⁴⁷⁰ According to Stevens, there were three crucial drivers which accelerated the decolonization process: the claim of national sovereignty over natural resources; the unequal concessions terms imposed under formal or informal colonial rule; and the increase of oil demand in industrialized countries.⁴⁷¹

⁴⁶⁷ Robert Mabro, "The Political Instability of the Middle East and its Impact on Oil Production and Trade", **Energy Studies Review**, Vol. 4, No. 1, (March 1992), p. 48.

⁴⁶⁸ Mabro, "The Political Instability", p. 48.

⁴⁶⁹ Christopher R. W. Dietrich, **Oil Revolution: Sovereign Rights and the Economic Culture of Decolonization**, Cambridge: Cambridge University Press, 2017, p. 20.

⁴⁷⁰ Robert Mabro, "On the Security of Oil Supplies, Oil Weapons, Oil Nationalism and all that", **OPEC Energy Review**, Vol. 32, No. 1, (March 2008), p. 4.

⁴⁷¹ Paul Stevens, "National Oil Companies and International Oil Companies in the Middle East: Under the Shadow of Government and the Resource Nationalism Cycle", **The Journal of World Energy Law and Business**, Vol. 1, No.1, (May 2008), p. 10.

The concept of ‘permanent sovereignty’ over natural resources voiced by anticolonial nationalists aimed at validating nationalization of oil resources. In 1952, the United Nations issued its first resolution recognizing the right of nations to freely use and develop their natural resources, which were considered inseparable from the exercise of national sovereignty.⁴⁷² In 1966, the UN resolution explicitly advised oil-producing countries to secure the development of their natural resources and acquire full control over oil extraction operations, management and marketing.⁴⁷³ As Dietrich points out, the assertion of sovereign rights opened the door to end subjugation of the colonized nations at the hands of the colonizers and regain control over their natural resources.⁴⁷⁴

According to Marcel and Mitchell, the assertion of permanent sovereignty over natural resources emphasized three basic national objectives: to declare the economic and political integrity of the country; to change the unjust and unequal terms of concessions that the colonial powers imposed; and to realize economic development by using the revenues from the exploitation of petroleum resources.⁴⁷⁵ The claim of sovereign rights over natural resources, according to Mommer, developed with the ‘petroleum awakening’ of the oil-producing nations. They all became aware of the potential riches of their oil resources and adopted collectively the viewpoint that foreign oil companies must be subordinated to national development.⁴⁷⁶

The unfair terms of oil concessions signed during the formal or informal colonial rule prompted anticolonial oil elites to question the legitimacy of these concessions. They challenged the concession regime with the concepts of ‘equity’ and ‘changed circumstances’.⁴⁷⁷ Historically, as Smith outlines, rights in oil exploration, development, and marketing were granted by means of concessions. These early and mostly colonial grants covered the entire country, lasted several decades, and transferred all managerial and operational decision-making rights to a foreign company or consortium of companies. In return, host countries received an initial payment

⁴⁷² Dietrich, p. 36.

⁴⁷³ Stevens, p. 10.

⁴⁷⁴ Dietrich, p. 14.

⁴⁷⁵ Marcel and Mitchell, p. 25.

⁴⁷⁶ Mommer, p. 13.

⁴⁷⁷ Judith Rees and Peter Odell, **The international Oil Industry, An Interdisciplinary Perspective**, Oxford: Macmillan, 1987, p. 109.

(royalty) and a right to receive a defined percentage of the value of oil produced.⁴⁷⁸ According to Stevens, mainly four issues caused dissatisfaction with the oil concessions: the long duration of the concessions; the huge areas covered by the agreements; the unequal fiscal terms; and operational or managerial freedom within the concession areas.⁴⁷⁹ The early exploration and development of oil in the Third World countries, Rees and Odell note, was enforced within the context of a legal framework known as the concession system, which favored the concession-holding company and granted it broad privileges. The host countries received only symbolic displays of control and a meager share of income.⁴⁸⁰

It seemed inevitable to establish a link between the increasing demand for oil and the decolonization of oil. Decolonization of oil thus became inevitable phenomenon, when this increase for oil demand was observed in colonial Western countries. As Dietrich simply puts, oil accelerated the process of decolonization, because it differed from other traded commodities on a global scale. Moreover, oil penetrated deeper into the inner working of the modern global economy than any other natural resource. Especially after the Second World War, energy consumption soared and economic growth of the industrialized nations became dependent on oil supply.⁴⁸¹

The 1960s, for instance, witnessed an unprecedented rate of growth in industrialized countries. World oil demand between 1958 and 1972 grew from 16.5 million b/d to 46.3 million b/d, with an annual average growth rate of 8.1 per cent between 1965 and 1970.⁴⁸² With the growing importance of petroleum as a new and cheap source of energy and industrial raw materials, oil-producing countries forced foreign oil companies to sit at negotiation table. They demanded equitable share in produced oil.⁴⁸³ Taken together, concepts and assertions of permanent sovereignty, unfair concession terms, changing circumstances, and increasing demand for oil were mobilized by anticolonial oil elites in the course of decolonization.

⁴⁷⁸ Ernest E. Smith, "From Concessions to Service Contracts", *Tulsa Law Journal*, Vol. 27, No. 4, (December 1992), p. 493.

⁴⁷⁹ Stevens, p. 10.

⁴⁸⁰ Rees and Odell, p. 109.

⁴⁸¹ Dietrich, p. 10.

⁴⁸² Stevens, p. 11.

⁴⁸³ Rees and Odell, p. 109.

The conditions of oil decolonization came with the end of European empires and the rise of nation-states that lacked economic independence. After the Second World War, Mommer points out, formal and informal colonial nations fought for independence, nationhood and sovereignty.⁴⁸⁴ According to Marcel and Mitchell, the post-war geopolitical context and conditions had changed in favor of the colonized nations: the dissolution of British and French empires; the US moderate policies towards nationalist movements to balance the Soviet threat; and the strategic play off politics of Third World countries on US and Soviet interests.⁴⁸⁵ Political justification based on permanent sovereignty and economic nationalism therefore provided an important opportunity to mobilize state policies both at national and international levels in the service of oil decolonization.⁴⁸⁶ Thus, sovereign oil-producing countries had two principle methods to accomplish oil decolonization: renegotiation or nationalization. Usually a request to renegotiate concession terms, according to Smith, posed an implicit political threat, which, in case of failed negotiations, destined to lead to nationalization.⁴⁸⁷ The colonial concession regime was gradually weakened by national legislation⁴⁸⁸ and by establishment of national oil companies.⁴⁸⁹ Later, the decolonization process followed either by state participation or outright nationalization.⁴⁹⁰

This chapter thus introduces major events, crises, prominent national leaders, and governmental policies that contributed to the decolonization of oil in the Gulf countries. In this regard, the chapter begins with Mosaddeq's nationalization attempt of Iranian oil. Although the nationalization attempt was not successful, it revealed all imperialist intentions and purposes of Anglo-American governments and exploitation of their oil companies. The successful nationalization of Suez Canal has been examined here because it is closely related to the flow of Gulf oil to European markets and visualized decolonization of oil in Arab oil-producing countries. Meanwhile, the establishment of a Jewish state on Palestinian land had already triggered successive wars between Arabs

⁴⁸⁴ Mommer, p. 13.

⁴⁸⁵ Marcel and Mitchell, p. 24.

⁴⁸⁶ Stevens, p. 13.

⁴⁸⁷ Smith, p. 499.

⁴⁸⁸ Rees and Odell, p. 109.

⁴⁸⁹ Stevens, p. 4.

⁴⁹⁰ Rees and Odell, p. 109.

and Israel and eventually led to the use of oil as a weapon. The chapter deals in details how Arabs used oil as a weapon in their wars against Israel and states that supported the case of Israel. In addition to that, the establishment of OPEC by oil-producing Third World countries has been studied due to its contributions to the decolonization of oil in the region. Finally, the chapter examines two models of decolonization, outright nationalization and state participation, to shed light on which country adopted which model.

3.2. Mosaddeq and Decolonization of Iranian Oil

Iran was the first Gulf country confronted an international oil company to regain control of its oil resources.⁴⁹¹ The development of new agreements between some oil-producing countries and their foreign concessionaires consisted a new formula for other countries to adopt. The other oil-producing countries immediately adopted the Venezuelan formula, the fifty-fifty profit-sharing deal with the American Standard Oil Company. In Iran, Mosaddeq demanded a similar profit-sharing agreement from the Anglo-Iranian Oil Company (AIOC).⁴⁹² Engdahl notes that Iran calculated that the AIOC produced 23 million tons of Iranian oil in 1948, profited from that production \$320 million, while it received only \$36 million in royalties.⁴⁹³ Between 1947 and 1950, Leonardo points out, AIOC paid 40 percent of its net profits to the British government in taxes, and an average of 20 percent went to the Iranian treasury.⁴⁹⁴ In the light of presented data, the Iranian government proposed renegotiating the original concession terms with the principle of justice and fairness.⁴⁹⁵ However, the Iranian renegotiation proposal was not welcomed in London. The talks about altering the terms of old concession lasted until 1949 without significant change in concession terms by the British side.

The British strategy, according to Engdahl, was to stall and delay a final concession deal, which could strengthen the position of Iranian government.⁴⁹⁶ According to Leonardo, the British reluctance towards fifty-fifty formula was based entirely on deceitful accounting and argumentation, so they claimed that the Iranian government

⁴⁹¹ Askari, p. 58.

⁴⁹² Dietrich, p. 31; William Engdahl, p. 93.

⁴⁹³ Engdahl, p. 94.

⁴⁹⁴ Maugeri, p. 65.

⁴⁹⁵ Engdahl, p. 94.

⁴⁹⁶ Engdahl, p. 95.

received already about 50 percent of the company's net profits.⁴⁹⁷ In 1949 elections, Mosaddeq seized the opportunity and campaigned on the issue of unfair oil concessions. His National Front Party won six seats in the parliament, and most importantly, he was appointed as the head of Parliamentary Oil Commission.⁴⁹⁸ The debates on the nationalization of oil eventually became part of national policies with the rise of Mosaddeq, who utilized the growing anticolonial sentiments and popular discontent with AIOC.⁴⁹⁹

According to Leonardo, the Oil Commission changed the nature of governments demand and the issue became no longer renegotiating the terms of old concession, but to free Iranian life from domination of a foreign country and its company's oil exploitation and control.⁵⁰⁰ Hence, the oil commission led by Mosaddeq proposed the parliament to nationalize AIOC's assets and operations in Iran.⁵⁰¹ The commission's recommendation apparently forced the company's chairman and chief executive to fly Tehran to negotiate a Supplemental Agreement to the former oil concession.

In November 1951, the parliament rejected the Supplemental Agreement, which, according to Heiss, proposed a nominal but not substantive Iranian control over its oil industry through symbolic and financial incentives.⁵⁰² A month later, when American oil companies granted the Saudis the fifty-fifty profit-sharing formula, the Iranians also demanded profit sharing with AIOC on a fifty-fifty sharing basis.⁵⁰³ Even the British ambassador was to recommend London and AIOC to offer the same terms to Iran. Once again, neither London nor AIOC leaned towards the fifty-fifty profit-sharing formula.⁵⁰⁴ On March 15, the recommendation of the Oil Commission, which foresaw the nationalization of AIOC assets with fair compensation, was approved by a majority vote in the parliament.⁵⁰⁵

⁴⁹⁷ Maugeri, p. 65.

⁴⁹⁸ Engdahl, p. 95.

⁴⁹⁹ Kabreya Ghaderi, "In Defense of the Great Satan: The Role of Colonialism in Iranian and Saudi Arabian Oil Governance", **Journal of Georgetown University-Qatar Middle Eastern Studies**, issue 1, (2015), p. 3.

⁵⁰⁰ Maugeri, p. 65.

⁵⁰¹ Maugeri, p. 65.

⁵⁰² Mary Ann Heiss, "The United States, Great Britain, and the Creation of the Iranian Oil Consortium, 1953-1954", **The International History Review**, Vol. 16, No. 3, (August 1994), p. 512.

⁵⁰³ Dietrich, p. 32.

⁵⁰⁴ Maugeri, p. 65.

⁵⁰⁵ Engdahl, p. 94.

For the Great Britain, AIOC was the largest overseas investment and symbol of British power in the Gulf. If the company's assets and operations in Iran were nationalized, not only would British power and prestige be damaged, it would set also a precedent for its other overseas investments. Therefore, the British government and AIOC were determined to maintain their control and position in Iran.⁵⁰⁶ By the 1951, the AIOC (renamed BP in 1954) owned 100 percent of Anglo-Iranian Oil, 25 percent of Iraqi Petroleum, 25 percent of Kuwaiti Oil, 25 percent of Qatar Petroleum, 34 percent of Anglo-Egyptian Oil, and 55 percent of Consolidated Refineries Ltd. in Israel.⁵⁰⁷

The act of nationalization in British eyes, Engdahl describes, was an unforgivable sin committed by Iran. It was also meant to assert Iranian national interest over British interests. The hypocrisy of the British came to light when they threatened retaliation after arrival of its naval forces near Abadan. The British Foreign Office initially refused to interfere in negotiations between a private company, AIOC, and Iranian government, although the Royal government held the majority stake in AIOC.⁵⁰⁸ However, with the announcement of nationalization decision, the British government not only intervened into private affairs of the company, but also sent military units of the Royal Navy to the Gulf and threatened to occupy Abadan.⁵⁰⁹

The British response was not only to impose full economic sanctions and boycott Iranian oil, but also to blockade Iran from all aspects.⁵¹⁰ Following the declaration of economic sanctions, Iranian oil shipments were embargoed; all Iranian assets in British banks abroad were frozen; prospective buyers of Iranian oil were warned by legal actions; land and air military forces were dispatched to Basra, close to the Abadan refinery complex; and the British warships were stationed just outside Iranian coastal waters.⁵¹¹ In addition to that, all American oil companies joined the British oil embargo, and together with AIOC they formed a common front in the "oil blockade".⁵¹² The British imposition of an embargo on Iranian oil, according to Askari, had been implemented despite the International Court of Justice's (ICJ) dismissal of the British

⁵⁰⁶ Heiss, p. 512.

⁵⁰⁷ Ghaderi, p. 4.

⁵⁰⁸ Engdahl, p. 94.

⁵⁰⁹ Engdahl, p. 95.

⁵¹⁰ Maugeri, p. 66.

⁵¹¹ Engdahl, p. 95.

⁵¹² Maugeri, p. 66.

appeal to the nationalization act.⁵¹³ According to Engdahl, when the British brought the case before the ICJ, Mosaddeq himself, educated in law in Switzerland, defended “his country’s case successfully, and the court, on July, 1952, denied Britain’s jurisdiction, referring to the matter back to Iran’s jurisdiction.”⁵¹⁴

The oil blockade, according to Leonardo, achieved its goals, because the crude oil production in Iran fell from 650,000 bpd in 1950 to 20,000 bpd in 1953, while oil export revenues dropped from 400 million in 1950 to less than 2 million from 1951 to 1953.⁵¹⁵ Engdahl states that British secret intelligence bribed collaborators within the Iranian Central Bank and other governmental departments to read the exact effect of economic sanctions on Iranian economy.⁵¹⁶ Although the embargo damaged Iran’s economy, Heiss notes, it failed to change its commitment to nationalization. In October 1951, the AIOC was forced to withdraw from Iran; negotiations doors between AIOC and Tehran were closed; and diplomatic relations were suspended.⁵¹⁷

At the beginning, the British government favored a covert operation to bring down Mosaddeq and his government. This opinion became even more predominant when Winston Churchill, “the most aggressive proponent of a coup d’état against the Iranian government”, re-elected to the premiership in 1951. However, the British conspiracy to overthrow Mosaddeq was mismanaged and uncovered shortly after. In response, the British Embassy in Tehran was closed, all British officials were expelled, and the diplomatic relations between London and Tehran severed.⁵¹⁸ Despite effective blockade of Iranian oil, points out Askari, the British government “leaned hard on the United States for support”.⁵¹⁹

However, the attitude of US officials towards Iran’s oil nationalization and the subsequent British response to the act of nationalization varied according to the approaches of the two presidents, Truman and Eisenhower. President Truman, as Leonardo points out, felt always discontent with unacceptable claims of the British and other colonial powers and was concerned more about “the accountability and honesty”

⁵¹³ Askari, p. 58.

⁵¹⁴ Engdahl, p. 96.

⁵¹⁵ Maugeri, p. 66; Engdahl, p. 96.

⁵¹⁶ Engdahl, p. 95.

⁵¹⁷ Heiss, p. 512.

⁵¹⁸ Maugeri, p. 66.

⁵¹⁹ Askari, p. 58.

of the major oil companies.⁵²⁰ He and his government leaned towards rising national movements in the Third World countries and therefore refused and prevented the British proposal to overthrow Mosaddeq in a covert operation.⁵²¹ According to Heiss, US officials initially played a role of honest mediator between British and Iranian governments and advised a reasonable settlement, avoiding economic collapse of Iran and its fall into the Soviet orbit.⁵²² The nationalization of oil, for US officials, was not a vital event to be prevented. They were more concerned about the availability of oil for the Western world and not being used as a weapon against it. The Truman government tended to recognize the right of sovereign states to nationalize their oil industries provided they paid fair compensation.⁵²³

After the election of Eisenhower in 1952, the US attitude towards the dispute dramatically changed. According to the new administration, Iran was the target of old and new Russian/Soviet ambitions and the natural passageway of the rich oil deposits in the Gulf. The Gulf oil for the US government was essential sources of its rivalry for world power, especially in the Cold War era.⁵²⁴ The American perception of the Soviet threat prompted the British to exploit the new political climate and convince the new government that the main cause of the oil nationalization crisis was the growing Soviet influence on the Iranian government.⁵²⁵

According to Heiss, Great Britain, which imported ninety per cent of its crude oil from the Gulf, was more concerned with maintaining and protecting its status and oil interests in the region. Therefore, the British were not expected to jeopardize their regional position and interests by accepting Iran's oil nationalization that might set a precedent for other oil-producing nations. Unlike the Whitehall, Whitehouse officials saw Iranian oil crisis in global Cold War terms and could easily compromise its oil interests for the sake of political objectives.⁵²⁶ However, reading the Iranian crisis through the Soviet lens, according to Leonardo, was a big mistake for American officials, who tarnished

⁵²⁰ Maugeri, p. 67.

⁵²¹ Maugeri, p. 67.

⁵²² Heiss, p. 513.

⁵²³ Maugeri, p. 67.

⁵²⁴ Maugeri, p. 67.

⁵²⁵ Maugeri, p. 68.

⁵²⁶ Heiss, p. 527.

their reputation and credibility as anti-colonialist advocates who defended the rights of the colonized nations.⁵²⁷

In May 1953, President Eisenhower, persuaded by British officials, refused Iran's request for economic aid.⁵²⁸ Thereafter, the British and American governments worked to overthrow Mosaddeq, who advocated Iranian oil nationalization.⁵²⁹ In this regard, British and American intelligence, SIS and CIA, cooperated how to stage a military coup. With a script quite similar to Hollywood movies, Sr. General Norman Schwarzkopf arrives in Tehran to see his old friends. In fact, he was close to the Shah and key army generals he had earlier trained. He promised them power after a successful military coup against Mosaddeq. Under code name operation AJAX, Anglo-American intelligence, with the assistance of royalist officers in the Iranian army, staged a military coup in August 1953.⁵³⁰ In consequence, Mosaddeq was arrested, economic sanctions were lifted, and Iranian oil was put back on the negotiations table. As pointed out by Engdahl, Anglo-American oil interests prevailed over the interests of the Iranian people, and they demonstrated their determination to do the same in the future to anyone who attempted to challenge their domination over oil resources.⁵³¹

Despite failure of Iran's oil decolonization attempt, the British also could not get what they wanted. Only the Americans were to profit in this crisis. According to Leonardo, American officials had always demonstrated their discontents and disapproval of British colonialist attitude in world affairs. They were against monopolist British control of Iranian oil, fearing that it might cause a permanent instability for Iran. Therefore, the US Department of State promoted the formation of a multinational consortium to develop Iranian oil industry and bring back to the market.⁵³² It became difficult for the British and AIOC to maintain colonial structure and governance of Iranian oil. According to Askari, to maintain the development and production of Iranian oil, the British had no choice but to accept the formation of a consortium that would include

⁵²⁷ Maugeri, p. 70.

⁵²⁸ Engdahl, p. 96.

⁵²⁹ Mary Ann Tétreault, "The Political Economy of the Middle Eastern Oil", (2004), p. 2. (Access 24 March 2022) <https://people.ucsc.edu/~rripsch/migrated/Pol177/Tetreault.pdf>

⁵³⁰ Engdahl, p. 96-7.

⁵³¹ Engdahl, p. 97.

⁵³² Maugeri, p. 70.

rival oil companies.⁵³³ Heiss also points out that AIOC and the British knew that they could not recover their previous position in Iran and therefore they had to allow other international oil companies that could satisfy the Iranians.⁵³⁴ In addition to these factors, the Shah had also insisted on American companies to participate in the National Iranian Oil Company (NIOC), which was established in 1949.⁵³⁵

The consortium was officially named as the Iranian Oil Participants Ltd., which included: (British) BP 40 percent, (American oil companies) Exxon, Mobil, Texaco, Gulf, Chevron 40 percent in equal shares, (Dutch-British) Shell 14 percent, and (French) Total 6 percent.⁵³⁶ It was also agreed on the basis of fifty-fifty profit sharing formula, which was earlier accepted by Aramco upon the demand of the Saudi government.⁵³⁷ More importantly, the Iranian government would retain official ownership of all Iranian oil resources through NIOC.⁵³⁸ However, despite the recognition of underground oil ownership for Iran, NIOC was not allowed to review the consortium's book. Moreover, it was not represented on the board of directors and all operational decisions were left in the hands of the consortium.⁵³⁹

Table 4

The Shareholders in the Iranian Oil Participants Consortium

Nationality	Company	Percentage
British	British Petroleum	40
British-Dutch	Royal Dutch Shell	14
American		40
French	Compagnie Francaise de	6

Source: Adapted from Maugeri, *The Age of Oil*, 70; Askari, *Collaborative Colonialism*, 59.

The agreement of Iran with multinational oil companies and its relations with their governments up to the overthrow of Mosaddeq, according to Askari, provide a roadmap

⁵³³ Askari, p. 59.

⁵³⁴ Heiss, p. 515.

⁵³⁵ Tétreault, p. 2.

⁵³⁶ Maugeri, p. 70; Askari, p. 59.

⁵³⁷ Askari, p. 59.

⁵³⁸ Heiss, p. 530.

⁵³⁹ Askari, p. 59.

for understanding and evaluating the development of political economy of oil in the Gulf region. First, the major Anglo-American oil companies were in absolute control of the world oil industry.⁵⁴⁰ All up-stream, (exploration and extraction) mid-stream (transportation and pipelines), down-stream (refinery and marketing) oil transactions were dominated by the major oil companies. Their governments used all available means to provide conditions for the exploitation of foreign oil resources. Even worse, the threat of using military force and economic sanctions were always on the table. Second, the oil-producing countries were poor, weak, underdeveloped, and needed oil revenues to develop, survive, and rule. Moreover, oil prices and production volume were out of their control; they had no market networks and customers; and they were divided. Political power and oil market power thus worked in favor of these international oil companies.⁵⁴¹ Third, the resort to military coups and military interventions in protection of national oil interests proved that oil and international politics were indisputably entangled.⁵⁴² Fourth, the home governments of the majors sent a strong message to all oil-producing countries in the region over the consequences of oil nationalization initiatives.

3.3. Arab Oil Weapon

The use of oil as a means of pressure to achieve political objectives was a popular demand in the Arab world. In the 1950s, Arab nationalist revolutionary governments began to talk about using “oil weapon” to reach their goals regarding Israel, which, according to Yergin, ranged from forcing it to give up occupied territories to its total elimination.⁵⁴³ As Mabro points out, the colonization of “oil and the implantation of Israel” were considered main causes of instability specific to the region, which at the same time triggered the process of decolonization. Oil was controlled by foreign oil companies and was a target for nationalization, and “Israel was and is still perceived as a colonial incursion, which has paradoxically occurred at the time of decolonization.”⁵⁴⁴

⁵⁴⁰ Askari, p. 62.

⁵⁴¹ Askari, p. 62.

⁵⁴² Askari, p. 62.

⁵⁴³ Yergin, **The Prize**, p. 593.

⁵⁴⁴ Mabro, “The Political Instability”, p. 48.

The idea of using oil as weapon dates back to the 1948 Arab-Israeli war, in which saboteurs damaged oil installations and pipelines in some Arab countries.⁵⁴⁵ In 1956, the first Arab oil embargo was imposed during the Suez war, and it was against Britain, France and Israel.⁵⁴⁶ The second oil embargo was imposed in the course of the 1967 Arab-Israeli War. The embargo was imposed on the United States, Britain, and West Germany, which were accused of aiding Israel.⁵⁴⁷ The third and most effective Arab oil embargo was imposed during the Arab-Israeli War in 1973. The Arab oil producers suspended oil exports to the United States and the Netherlands, reduced their total oil production, and demanded that Israel withdraw from the occupied Arab territories and recognize the legitimate rights of Palestinian people.⁵⁴⁸ Thus, Arab use of oil weapon was entirely related to their wars against Israel and the countries that aided Israel.

The potential impact of the oil weapon was previously predicted in the Arab world. As Licklider points out, oil was powerful and effective commodity for sanctions; indispensable for industrial economies; cannot easily be replaced by substitutes; and hard to be stockpiled.⁵⁴⁹ Since Arab oil producers could not threaten the industrial countries militarily, the oil weapon could provide an effective case of economic coercion. Moreover, as a cheap source of energy, the industrial countries heavily depended on Arab oil. Economically, oil was imported in large quantities, resulting a tight world market for petroleum. Geographically, almost two-thirds of the proven oil reserves were discovered in the Arab world. Politically, a military takeover of the oil fields was not an attractive option in the Cold War context.⁵⁵⁰

Arab oil producers thus were in an unusual position to practice economic pressure on the target states. According to Licklider, at least two theoretical reasons were assumed to think that oil weapon would achieve the objectives of the Arabs: oil sanctions could have seriously damaged Western economy while costing them much less; and if the

⁵⁴⁵ Tétreault, p. 6.

⁵⁴⁶ M. S. Daoudi, and M. S. Dajani, "The 1967 Oil Embargo Revisited", **Journal of Palestine Studies**, Vol. 13, No. 2, (Winter 1984), p. 65.

⁵⁴⁷ Tétreault, p. 6; Daoudi and Dajani, p. 66.

⁵⁴⁸ Roy E. Licklider, **Political Power and the Arab Oil Weapon: the Experience of Five Industrial Nations**, Berkeley: University of California Press, 1988, p. 11.

⁵⁴⁹ Licklider, **Political Power**, p. 25.

⁵⁵⁰ Licklider, **Political Power**, p. 15.

Arab demands were relatively modest.⁵⁵¹ In terms of the scope of demands, the Arab governments asked for “rhetorical concessions” from the target states. Their demands were limited and only related to Arab-Israeli conflict, which was not among the priorities of foreign policy of some targeted states, such as Western Europe and Japan.⁵⁵² In foreign policy, Licklider states, different types of sources used: verbal symbols; military assistance or equipment; financial aid; and the lives of citizens may be at risk, especially in military warfare. In this regard, the Arabs, according to Licklider, just demanded for verbal statements.⁵⁵³

However, it was American foreign policy that was more concerned with Arab-Israeli issue, and it was also the least vulnerable country to the sanctions. The central problem, according to Licklider, was that Arab countries had no direct influence on the real target, Israel. In fact, neither The United States nor Western Europe and Japan were the real target countries of the Arab oil embargo.⁵⁵⁴ The Arabs might have had more influence on Western Europe and Japan, but these countries had little influence on the political objectives that the Arabs sought to achieve. On the other hand, the United States was the only country that could persuade or force Israel to accept what the Arab demanded. The Arabs, Licklider states, established an “indirect power relationship”, in which they expected Europe and Japan to influence the United States, and the latter to influence or force Israel to do what the Arabs demanded.⁵⁵⁵

3.3.1. 1956 Suez Crisis and Arab Oil Embargo

The oil geography in the Arab world bestowed some countries with production and some with transportation. The oil production in these countries, as Leonardo points out, was growing at incredible rates, while non-oil Arab countries benefited from oil pipelines crossing through their territories (e.g., Syria, Lebanon, Jordan) or from straits and channels through which oil tankers pass (Yemen and Egypt).⁵⁵⁶ However, downstream and upstream oil industries in the Arab world were controlled by international oil companies, which also received political, economic and military

⁵⁵¹ Roy E. Licklider, “The Failure of the Arab Oil Weapon in 1973–1974”, *Comparative Strategy*, Vol. 3, No. 4, (January 1982), p. 367.

⁵⁵² Licklider, *Political Power*, p. 26.

⁵⁵³ Licklider, “The Failure of the Arab Oil Weapon,” p. 369.

⁵⁵⁴ Licklider, “The Failure of the Arab Oil Weapon,” p. 370.

⁵⁵⁵ Licklider, “The Failure of the Arab Oil Weapon,” p. 371.

⁵⁵⁶ Maugeri, p. 94.

support of their home countries.⁵⁵⁷ The emergent Arab nationalism and oil awakening in the 1950s began to confront the postwar oil order established by Anglo-American governments and their oil companies. Meanwhile, political leaders, oil ministers, and intellectuals in the Arab world had realized that how much power had been placed in the hands of Western multinational oil companies.⁵⁵⁸

In his book, *Philosophy of a Revolution*, Gamal Abdel Nasser gave insights to Arab oil producers to use oil as a weapon to free Arab nations from Western colonial domination.⁵⁵⁹ According to Nasser's perception of power, besides civilizational and geopolitical position of the Arab world, petroleum was the third fundamental sources of Arab power. Petroleum, according to Nasser, was "the vital nerve of civilization," without which there would be no means of production and communication, nor weapons of war. Without petroleum, all these would become mere "pieces of iron, rusty, motionless, and lifeless."⁵⁶⁰

The British Empire ruled Egypt, and hence the Suez Canal, initially by military occupation and later by political and economic influence over successive client regimes. In 1952, a group of military officers staged a successful coup and exiled King Farouk, who was the last link of the British client regime in Egypt. In 1954, Nasser, who emerged as the undisputed leader of Egypt and later the Arab world, toppled the leader of the 1952 coup. Nasser was a nationalist dedicated not only to the independence of Egypt, but also the to the independence of whole Arab world.⁵⁶¹

Nasser's pan-Arabism called for the rejection and expulsion of Western colonial powers from the Arab world; the establishment of a new Arab order based on the principles of Nasserism; and the abolition of the State of Israel settled in the center of the Arab world; and the rectification of what he called "the greatest international crime" in history.⁵⁶² Incorporated by the French and British, the Suez Canal represented an embarrassing symbol of former nineteenth-century colonialism right in the middle of what would become Nasser's independent Egypt. More importantly, the earnings of the

⁵⁵⁷ Maugeri, p. 94.

⁵⁵⁸ Maugeri, p. 94.

⁵⁵⁹ Maugeri, p. 93.

⁵⁶⁰ Gamal Abdel Nasser, *Falsafatu-s Savra*, al-Kahira: Baytu-l Arab lit-Tawsiq al-Asri, 1996, p. 107-111.

⁵⁶¹ Yergin, *The Prize*, p. 480.

⁵⁶² Yergin, *The Prize*, p. 481.

Canal Company were going to European shareholders, including the British government, the largest among them.⁵⁶³ The Canal Company, according to Leonardo, was an important source of income for both British and French governments and it was also a strategic geopolitical garrison.⁵⁶⁴

Up until 1948, the British emphasized the geostrategic importance of the Suez Canal. The Canal was the main waterway of the British Empire, connecting London to India and the Far East. Ensuring commercial and logistic links with formal and informal colonies in the Pacific Ocean, Yergin notes, the Canal became an indispensable subject of the imperial security strategies, which accordingly led the British to establish a permanent military base in the Canal Zone.⁵⁶⁵ Although the Suez Canal seemed momentarily to have lost its strategic rationale for the British after the independence of India, the Canal had already gained new economic, transport, and strategic roles as the highway for the flow of oil to Europe and Britain as well.⁵⁶⁶ For the postwar structure of the international oil order, the Suez Canal was the critical link between the Gulf oil and Western Europe that became heavily dependent on petroleum. By 1955, two-thirds of European oil supply from the Gulf countries passed through the Suez Canal.⁵⁶⁷

Nasser's program was to rebuild Egypt as a model for rapid economic development and regional political power. In this regard, he sought financial support from the British and American governments for the construction of the Aswan High Dam.⁵⁶⁸ However, when Nasser realized that both governments stalling him, he did not hesitate to seek assistance from the Eastern Bloc. The arm deal with Czechoslovakia demonstrated that Nasser had changed his agenda for the future of Egypt and the Arab world. The Suez Canal thus was nationalized on July 26, 1956 as a consequence of Nasr's foreign policy reorientation. The British regarded the nationalization as damaging to its prestige and still regarded the Middle East a British sphere of influence. On October 31, 1956, the British, French and Israeli officials met in Paris and agreed to intervene and take control over the Suez Canal by force. The plan of "the Tripartite Alliance," according to Fiona,

⁵⁶³ Yergin, **The Prize**, p. 481.

⁵⁶⁴ Maugeri, p. 94.

⁵⁶⁵ Yergin, **The Prize**, p. 479.

⁵⁶⁶ Yergin, **The Prize**, p. 480.

⁵⁶⁷ Yergin, **The Prize**, p. 480.

⁵⁶⁸ Venn, **Oil Diplomacy**, p. 118.

was carried out without any prior consultation with the US government.⁵⁶⁹ In response, the Egyptians blocked the Canal, cutting off the passage of Western oil supplies from the Gulf. While Saudi Arabia imposed oil embargo on Britain and France, Syria shut down the transit IPC oil pipeline to the Mediterranean ports.⁵⁷⁰

The British and French governments had calculated that the United States would supply them with oil in case of an oil embargo or interruption. However, the United States refused to supply oil to “the Tripartite Alliance” for several reasons. First, in the first decade of the Cold War, the US officials avoided from being accused of colonialist and imperialist power.⁵⁷¹ Second, Saudi Arabia, which had good and strong relations with the US, led the oil embargo imposed on Britain and France. Third, the vulnerability of the region to the spread of Soviet influence was a significant reason that forced the US government to support nationalization of the Canal. Eventually, in the face of prospected oil shortage, “the Tripartite Aggression” was ended and their forces were compelled to withdraw from Egypt. In 1957, the Egyptian government opened the Suez Canal as a demonstration of its complete control.⁵⁷²

The nationalization of the Suez Canal not only marked the collapse of European imperial powers, but also would pave the way for the decolonization of oil in the oil-producing Arab countries.⁵⁷³ According to Marcel and Mitchell, Euro-American relations entered a new era after the Suez crisis. On major foreign policy issues, the United Kingdom would refrain from confronting the United States. And France would give priority to building an independent Europe.⁵⁷⁴ According to Fiona, the Suez crisis demonstrated the oil vulnerability of the Great Britain; enforced the power of the United States; and replaced the British power with the American power, both on a global scale and in the Gulf affairs.⁵⁷⁵ The Suez crisis, notes Licklider, proved also that oil-consuming governments could be defied by oil-producers.⁵⁷⁶ The diminishing power of European empires in the Middle East as a consequence of the Cold War era power

⁵⁶⁹ Venn, **Oil Diplomacy**, p. 118.

⁵⁷⁰ Roy Licklider, “Oil and World Politics,” in **Encyclopedia of US Foreign Relations**, Vol. 3, New York and Oxford: Oxford University Press, 1997, p. 313.

⁵⁷¹ Venn, **Oil Diplomacy**, p. 117.

⁵⁷² Licklider, “Oil and World Politics”, p. 313.

⁵⁷³ Yergin, **The Prize**, p. 13.

⁵⁷⁴ Marcel and Mitchell, p. 24.

⁵⁷⁵ Venn, **Oil Diplomacy**, p. 119.

⁵⁷⁶ Licklider, “Oil and World Politics,” p. 313.

balances would continue to offer new opportunities to the regional states in the future. More importantly, for the first time the Arab world embargoed oil on hostile countries, blocked oil passages and shut down oil pipelines, which had profound consequences for oil importing countries.

3.3.2. 1967 Arab-Israeli War and the Arab Oil Embargo

The second effective Arab oil embargo was part and consequence of the 1967 Arab-Israeli war. On May 22, 1967, Nasser ordered the removal of UN observers from Sharm el-Sheikh, and declared the Gulf of Aqaba an Arab *mare clausum*.⁵⁷⁷ He launched a blockade against Israeli ships in the Gulf of Aqaba, cut off entry to the port of Elliot in the south and thus blocked the flow of oil to Israel.⁵⁷⁸ Nasser made this decision at the time when five Liberian-flagged oil tankers were transporting 300 million tons of oil per year from Iran to Israel.⁵⁷⁹ Indeed, the military mobility in the region was recognizable: Nasser had deployed Egyptian troops back in Sinai; King Hussein had placed the Royal armed forces in command of Egypt; and other Arab states had been on the alert to give military assistance to Egypt. The circle was narrowing for the Israelis, who watched the mobilization of the Arab army across the border.⁵⁸⁰

In the meantime, these military activities in the region were closely monitored by Israel and the United States. However, The Arab world was caught off guard by Israel's unexpected military offensive tactic. On June 5, 1967, Israel launched a comprehensive war against Egypt, Jordan, and Syria. In just six days, Israeli army occupied the East Quds, the West Bank, and the Golan Heights. Worse still, Israeli troops advanced as far as the Sinai Peninsula and the banks of the Suez Canal.⁵⁸¹ On June 4, the day before Israel launched the war, oil ministers of Arab countries met in Baghdad to discuss the issue of oil embargo in case of a war. Following the meeting, they stated that the oil embargo was to aim at countries that would take part in aggression against Arab states, provide military assistance to Israel, and violate security in the Arab territorial waters.⁵⁸²

⁵⁷⁷ Dietrich, p. 139.

⁵⁷⁸ Yergin, **The Prize**, p. 554.

⁵⁷⁹ Dietrich, p. 139.

⁵⁸⁰ Yergin, **The Prize**, p. 554.

⁵⁸¹ Maugeri, p. 99.

⁵⁸² Dietrich, p. 142.

The main objective of the meeting, according to Dajani, was to deter Western countries from providing military assistance to Israel in case of a war.⁵⁸³

On June 6, the day fighting began, Arab oil ministers announced from Baghdad that they would impose oil embargo on countries providing military support to Israel. The time had come, notes Yergin, for using oil as weapon that had been subject of talks among Arab leaders, oilmen and diplomats for more than a decade.⁵⁸⁴ According to Parra, it was no longer possible for oil to be excluded from politics and the US support for Israel to be ignored and forgiven.⁵⁸⁵ The Arab world, on the other hand, responded with an unprecedented solidarity and, according to Leonardo, oil embargo would play a decisive role in this response.⁵⁸⁶ Dajani also points out that the necessity of Arab solidarity against Israel had muted the internal revolutionary/reactionary antagonism among Arab states.⁵⁸⁷ As a consequence, the oil ministers from Iraq, Saudi Arabia, Libya, Kuwait, Algeria, Bahrain, Qatar, and Abu Dhabi, and the representatives from Egypt, Lebanon, and Syria agreed to impose an oil embargo on the United States and Britain. The US and Britain were accused of providing air cover to Israel and even of bombarding Arab targets, in particular by the British air planes.⁵⁸⁸

The oil awakening that developed during the past two decades became more closely attuned to politics than ever before.⁵⁸⁹ As of June 8, the flow of Arabian oil to world markets had decreased by 60 percent. Oil production in Saudi Arabia and Libya was completely suspended. The Abadan oil refinery in Iran was closed because Iraqi ship pilots refused to work in the Shatt al-Arab waterway. Moreover, the Suez Canal in Egypt and the transit oil pipelines from Saudi Arabia and Iraq to the Mediterranean ports were also shut down.⁵⁹⁰ On the other hand, The International Confederation of Arab Trade Unions urged oil workers to sabotage oil wells and pipelines and leave their workplaces.⁵⁹¹

⁵⁸³ Daoudi and Dajani, p. 67.

⁵⁸⁴ Yergin, **The Prize**, p. 555.

⁵⁸⁵ Parra, p. 162.

⁵⁸⁶ Maugeri, p. 100.

⁵⁸⁷ Daoudi and Dajani, p. 70.

⁵⁸⁸ Daoudi and Dajani, p. 68.

⁵⁸⁹ Dietrich, p. 124.

⁵⁹⁰ Yergin, **The Prize**, p. 555.

⁵⁹¹ Dietrich, p. 124.

In the course of the ‘Six Day War’ in 1967, Fiona outlines, the security of Western oil supplies was almost completely at stake. First, oil exportation was stopped to selected Western nations. Second, the Suez Canal was completely closed, and remained closed until 1975.⁵⁹² Arabian oil exportation and transportation gates were closed to selected Western countries. Indeed, the flow route of Arabian oil and the collective response of Arab nations proved that the “petro-retaliation” against some key Western countries accused of aiding Israel would lead to serious consequences. Suffice to note that the Middle East supplied about 80 percent of Western European and 90 percent of Japanese oil demands. However, the Arab oil embargo failed to produce the intended and expected effects.⁵⁹³

The Arab oil weapon, according to Claes, failed to achieve its objectives for several factors. First of all, the United States, the prominent Israeli ally, supplied only five percent of its total oil imports from Arab oil producers. Second, non-Arab members of OPEC such as Venezuela and Iran increased their production as Arab producers cut back.⁵⁹⁴ The 1967 Arab oil embargo, as pointed out by Tétrault, was a turning point in the political economy of Middle Eastern oil.⁵⁹⁵ While the Arab oil embargo of 1967 has often been labeled with a failure, Tétrault mentions its partial successful effects. The embargo forced at least one European country to change its foreign policy towards the Middle East. France moved closer to Arab countries while loosening its relations with Israel. The European Community sought an independent energy policy, rather than being dependent on the United States. Consequently, the closure of the Suez Canal coasted the oil-consuming European countries more money and time.⁵⁹⁶

3.3.3. 1973 Arab-Israeli War and the Arab Oil Weapon

On October 6, 1973, Egypt and Syria launched unexpected military attacks on Israeli troops and military facilities to recapture territories occupied in the 1967 war. The territorial goal for Egypt was to retake the occupied Canal Zone and Sinai Peninsula, and for Syria it was the Golan Heights. Both countries, according to Fiona, aimed not

⁵⁹² Venn, *Oil Diplomacy*, p. 131.

⁵⁹³ Maugeri, p. 100.

⁵⁹⁴ Dag Herald Claes, *The Politics of Oil-Producer Cooperation*, Boulder, Colorado: Westview Press, 2001, p. 218.

⁵⁹⁵ Tétrault, p. 7.

⁵⁹⁶ Tétrault, p. 7.

the ultimate defeat of Israel, but rather the liberation of occupied territories. Their war plan was to make initial military gains and then seek the possibility of superpower intervention and international pressure.⁵⁹⁷ In case of failure, then the oil weapon would be used as a means of pressure on Western countries, in particular the United States. The October Arab-Israeli war, according to Yergin, was more destructive and intense than its predecessors. The armaments of Egypt and Syria had been supplied by the Soviet Union and of Israel by the United States. However, one of the most powerful weapons used in the October War, Yergin notes, was the oil weapon used by the oil-producing Arab countries.⁵⁹⁸

In fact, the course of the war and the decision to use oil weapon were closely related. If Egypt and Syria were able to keep their first day gains of the war, perhaps the use of oil weapon would not be necessary. On 6th of October, within few hours, the Egyptian army managed to cross the Canal and break the Israeli defense line on the eastern bank, the Bar-Lev line. However, Egypt halted its military operations in the Sinai Peninsula from 7 to 14 October. This cessation allowed Israeli army to concentrate on the northern front, the Golan Heights, where the Syrians had made substantial gains in the first day of the war. On 8 October, the Israeli army began to recapture its positions on the Golan Heights. On 9 October, when Israel asked the United States for more arms, the Soviets on the same day had already begun supplying arms to Egypt and Syria by air and sea. On 13th of October, the first American arms lift began and within that week the Americans conducted 550 flights. American arms deliveries to Israel exceeded Soviet supplies to the Arab belligerents. On 14th of October, the Egyptian army launched a heavy offensive in the Sinai Peninsula. After two days, when the Egyptian offensive failed, Israeli troops began to reoccupy the Canal Zone. Egypt, like Syria, lost its first day war gains and victory on the battlefield.⁵⁹⁹ On 16th of October, Saudi Arabia requested the US government to halt all arms shipments to Israel. Consequently, the time to put the oil weapon into action had come.

On October 17, 1973, Arab oil ministers met in Kuwait and agreed on reducing oil production by 5 percent each month until complete evacuation of all Israeli forces from

⁵⁹⁷ Fiona Venn, **The Oil Crisis**, London: Longman, 2002, p. 11.

⁵⁹⁸ Yergin, **The Prize**, p. 588.

⁵⁹⁹ Venn, **The Oil Crisis**, p. 11-13.

the occupied territories was complete.⁶⁰⁰ On 18th of October, the Saudi Arabian Royal Cabinet announced its decision to reduce oil production by 10 percent until the end of November. Furthermore, the Cabinet made a clear warning about complete oil stoppage to the US, if the latter did not modify its stand vis-à-vis the ongoing war and military assistance to Israel.⁶⁰¹ On 19th of October, despite Arab ministerial decision of cutbacks and the Saudis warning, the US government proposed a \$2.2 billion military aid package for Israel. That same day, Libya announced stoppage of all oil shipments to the United States. On 20th of October, in retaliation to the Israeli military aid proposal, Saudi Arabia announced that it stopped all oil shipments to the United States. The other Arab oil producing states followed the path of the Saudis. As pointed out by Yergin, the Arab producers determinedly employed the oil weapon in battlefield.⁶⁰² On 22th of October, the UN Security Council called for a cease-fire, which promptly accepted by Israel, Egypt, and later Syria. However, the oil embargo continued to put pressure on the United States and Israel for a satisfactory settlement. In this regard, Arab oil ministers met again in Kuwait and announced that they agreed on cutting oil production by 25 percent below the September level.⁶⁰³

The Arab oil embargo, according to Yergin, showed unpredictable features in terms of content and target. The first feature consisted of the staged production restrictions targeting the entire oil market. The second feature was the total suspension of oil shipments to the United States and the Netherlands.⁶⁰⁴ According to Shihata, measures applied by Arab oil producers included oil embargo on selected countries, oil production cutbacks, and nationalization of foreign assets.⁶⁰⁵ As outlined by Licklider, the 1973 oil embargo marked the transfer of control on oil production from IOCs to the producer states, the nationalization of IOCs assets, and the rise in oil prices, also by the oil-producers.⁶⁰⁶

The 1973 oil embargo or the Arab use of oil weapon, according to Licklider, has been recognized a watershed event in modern international affairs. In terms of politics, it

⁶⁰⁰ Parra, p. 180.

⁶⁰¹ Ibrahim Shihata, "Destination Embargo of Arab Oil: Its Legality under International Law", **American Journal of International Law**, Vol. 68, No. 4, (October 1974), p. 594.

⁶⁰² Yergin, **The Prize**, p. 608.

⁶⁰³ Parra, p. 181.

⁶⁰⁴ Yergin, **The Prize**, p. 613.

⁶⁰⁵ Shihata, p. 598.

⁶⁰⁶ Licklider, "The Failure of the Arab Oil Weapon," p. 365.

altered the perceptions of the international balance of power by giving the oil-producing countries bargaining power. Economically, it changed the international distribution of wealth in favor of the oil-producing countries.⁶⁰⁷ However, the real purpose of the Arab oil weapon, he states, was neither to raise oil prices nor to damage Western economies, but rather to persuade the international community to force Israel to withdraw from the Arab lands it occupied in the 1967 war.⁶⁰⁸

The 1973 oil crisis, according to Fiona, was born out of four separate crises that intersected with each other in short period of time: the waning control of international oil companies over prices and production; the fourth Arab-Israeli war; the imposition of oil embargo on selected countries; and the oil production cutbacks.⁶⁰⁹ The oil crisis of 1973, according to Licklider, consisted of a series of separate but interrelated events. First, Arab oil producers imposed a strict and firm oil embargo on the United States and the Netherlands. Second, they decided to reduce their total oil production and accordingly oil exports to prevent the embargoed countries from supplying oil from other importers. These two events, he notes, caused (1) an apparent oil shortage in the world market and (2) a fourfold increase in oil prices. The embargo and the production cutbacks differed from the price increases driven by non-Arab OPEC oil producers. On the other hand, the embargo and the production cutbacks were carried out only by Arab members of OPEC and had certain political objectives.⁶¹⁰

3.4. OPEC and Decolonization of Oil in the Gulf

In the 1950s, the first decade of decolonization, international oil companies governed both the upstream (exploration and production) and downstream (refinery, transportation and marketing) petroleum industry. Although the oil-producing countries renegotiated the terms of the old concessions and signed the fifty-fifty profit-sharing agreements, setting the price and the level of production was still under the control of the foreign oil companies. Thus, the Gulf oil order established by Britain and America, according to Tariqi, was an undisputable form of economic colonialism.⁶¹¹ Therefore,

⁶⁰⁷ Licklider, **Political Power**, p. 1.

⁶⁰⁸ Licklider, **Political Power**, p. 1.

⁶⁰⁹ Venn, **The Oil Crisis**, p. 7.

⁶¹⁰ Licklider, **Political Power**, p. 11.

⁶¹¹ Quoted in Dietrich, p. 117.

the post-war movements of political consciousness⁶¹² responded to the shades of both colonialism and neo-colonialism with political and economic decolonization.

Thus, the threat of military intervention and economic sanctions from powerful consuming countries on the one hand, and the lack of technical capacity of the producers to extract, transport, refine and marketing oil on the other, demonstrated that unilateral action to control national oil industry was fruitless. As noted by Roncaglia, the weakness of the oil-producing Gulf countries appeared in the 1950s, particularly after failure of Mosaddeq's attempt to nationalize the Iranian oil industry.⁶¹³ Moreover, the failure of Mosaddeq's nationalization attempt was demonstrated as a sample lesson for other oil-producers in the Gulf.⁶¹⁴ However, individual nationalization actions failed to bring an end to the domination of the foreign oil companies.

The oil-producer countries of the Third World, as Fiona points out, were heavily dependent on oil revenues to meet governmental expenditure on social and economic reform programs. This eventually forced these governments to retain a greater/full control over the operations of national oil resources.⁶¹⁵ In addition to that, the abundant oil supplies in the fifties due to the low costs of the production and the increasing role of the independent oil companies, had caused a gradual decline in both nominal and real terms of the posted price of crude oil.⁶¹⁶ Thus, the oil companies unilaterally cut twice the oil prices in 1959 and 1960, resulting a decline in oil revenues for the producing countries.⁶¹⁷ In sum, the formation of OPEC was motivated by two important factors: the first and most important of all was the political factor emerged with the nationalization of oil industry; and the second was the economic factor triggered by unilateral cuts of posted prices by the oil companies.

3.4.1. OPEC and Arab Politics

In the age of decolonization, self-determination and nationalism, according to Yergin, the original oil concessions were doomed to belong to the age of colonialism and imperialism. The main goal and desire of the oil-producers was to retain full

⁶¹² Rees and Odell, p. 11.

⁶¹³ Alessandro Roncaglia and J. A. Kregel, **The International Oil Market: A Case of Trilateral Oligopoly**, Armonk, N.Y.: M.E. Sharpe, 1985, p. 82.

⁶¹⁴ Rees and Odell, p. 11.

⁶¹⁵ Venn, **Oil Diplomacy**, p. 130.

⁶¹⁶ Roncaglia and Kregel, p. 83.

⁶¹⁷ Askari, p. 63.

sovereignty over their oil industries, and every step to be taken and every decision to be made would be measured against that objective.⁶¹⁸ Under British informal colonial rule in the Gulf, the oil companies had established a corporate control over the region's oil industry. The position of the host countries was weak and under economic and military threat of oil-consuming countries. However, post-war oil order structured by Anglo-American governments and their oil companies began to break due to growing demand for oil, increasing share of the Gulf region in the world oil production, the entry of independent oil companies into the international oil markets⁶¹⁹, and most importantly the rising oil nationalism. The rhetoric of common problems and objectives provided oil-producing countries a *lingua franca* that could strengthen their position. The concepts of permanent sovereignty, unequal exchanges, changing circumstances, legacy of colonialism, political and economic emancipations prepared the ground for oil decolonization.⁶²⁰

The foundation of OPEC in 1960 represented an act of sovereignty by the oil-producing countries against the waning power of postwar colonial European countries and their oil companies.⁶²¹ The collective action, according to Mommer, was relatively easy to achieve because all of the Third World oil producers were subject to similar concession terms with same international oil companies. In addition to that, they had been in contact with each other since a Venezuelan oil commission visited the Middle East in 1949, promoting fifty-fifty profit-sharing formula.⁶²² Institutional petroleum awareness in the Arab goes back to the creation of Oil Experts Committee by the Arab League in 1951. Despite being a small oil producer, Nelida points out, Egypt embraced the Arab oil cause in the Arab League and promoted the Nasserist anti-imperialist view of oil as an absolute right of the Arabs.⁶²³

In 1954, the League established the Petroleum Bureau, which was commissioned to study the oil concessions of Saudi Arabia, Iraq, Iran, Kuwait, the Trucial states and

⁶¹⁸ Yergin, **The Prize**, p. 583.

⁶¹⁹ Askari, p. 48.

⁶²⁰ Dietrich, p. 81-86.

⁶²¹ Yergin, **The Prize**, p. 523.

⁶²² Mommer, p. 13.

⁶²³ Nelida Fuccaro, "Oilmen, Petroleum Arabism and OPEC: New Political and Public Cultures of Oil in the Arab World, 1959–1964", in **Handbook of OPEC and the Global Energy Order: Past, Present, and Future Challenges**, eds., Dag Herald Cleas and Giuliano Garavini, Abingdon, Oxon; New York, NY: Routledge, 2020, p. 16.

Libya. According to oil elites, knowledge about terms of concessions, which had been kept secret, would provide them reasons and means how to defend and protect Arab oil wealth and rights. Therefore, collective knowledge about the production, price and profit provisions of each concession was essential to the decolonization of the Arab oil industry. After two years of work and travels, the oil elites of the Bureau concluded that the terms of concessionary contracts in the region had remarkable, if not entirely uniform, similarities. Each concession had granted to oil companies for long period of time, covered almost entire territory, and contained clauses that did not allow renegotiation.⁶²⁴ Moreover, the concessions had also granted the oil companies control of setting oil prices and level of production. The study provided a common knowledge base for the oil experts who did not waste time to organize an Arab Petroleum Congress to discuss these imposed unfair and unequal terms of concessions.⁶²⁵

The first Arab Petroleum Congress, organized by the Arab League in 1959, was held in Cairo. The invitation of the non-Arab oil producers who share similar conditions was a further contribution to the importance of the Congress. The Director of Mines and Hydrocarbons of Venezuela, Juan Pablo Perez Alfanso accepted the invitation of the Arab League and attended the Congress as an observer. As pointed out by Dietrich, the Latin American oil elites played important role in the emergence of oil consciousness and the development of anticolonial ideas and policies in the Arab world.⁶²⁶ The closing statements of the Congress emphasized on the establishment of “a joint advisory board” to work on common problems and objectives. Another important development found its place outside the corridors of the Congress, at a yacht club in Maadi, Cairo. The Saudi and Venezuelan ministers together with representatives from Iran, Kuwait and Iraq held a secret meeting in which they signed the Gentlemen’s Agreement. At the meeting, they agreed to take action to defend oil prices and establish national oil companies.⁶²⁷

After the second unilateral cuts of the posted price in 1960, the members of the Gentlemen’s Agreement met in Baghdad. On September 14, 1960, representatives from Saudi Arabia, Iraq, Kuwait, Iran, and Venezuela announced from Baghdad the establishment of the Organization of Petroleum Exporting Countries (OPEC). The

⁶²⁴ Dietrich, p. 68.

⁶²⁵ Dietrich, p. 69.

⁶²⁶ Dietrich, p. 77.

⁶²⁷ Dietrich, p. 78.

principle objective of the organization, according to its first statement, was to identify the best means for the convergence of petroleum policies for member states and the protection of the interests of the member states individually and collectively.⁶²⁸

The interaction between oil-producing countries and the Arab League, and the shared common platform between oil elites created a new political and economic culture of decolonization both in the region and internationally. This culture, as noted by Fuccaro, developed around petroleum discourse that was integrated into the “oil nationalism”, an expression called for new policies to control oil industry and promote oil consciousness formed by “the knowledge-based petroleum public sphere.”⁶²⁹

According to Miqdasi, the increasing need for petroleum as the vital source of energy in industrial countries, the emergence of developing countries as the major oil exporters, and the rise of petroleum consciousness in these countries prompted them to mobilize opportunities for collective action.⁶³⁰ Primarily oil ministers and diplomats, who devoted their efforts to emancipate their national resources from the legacy of colonialism, established OPEC. The reason, according to Miqdasi, was the lack of technical and managerial staff in the national oil industry. Therefore, political matters have always been distanced from the scope and purview of the organization in order to avoid being labeled as a political entity.⁶³¹

3.4.2. OPEC Oil Production and Price Policies

The structure of the individual oil companies was based on vertical integration, in particular the integration of upstream activities (exploration, production) with the downstream activities (refining, distribution). The oil companies were also integrated horizontally at all levels across national borders. Thus, the structure of oil industry was governed by very small number of big oil companies operating internationally on a large scale. Until the late 1960s, there were only seven majors international oil companies⁶³², popularly known as the “Seven Sisters”. They had full control on all upstream to downstream oil activities. They regulated the level of production, set the

⁶²⁸ Dietrich, p. 80.

⁶²⁹ Fuccaro, p. 27.

⁶³⁰ Zuhayr Mikdashi, “The Oil Crisis: In Perspective: The OPEC Process”, *Daedalus*, Vol. 104, No. 4, (Fall 1975), p. 214.

⁶³¹ Mikdashi, p. 206.

⁶³² Rees and Odell, p. 12.

price of the crude oil, and exported it to the third parties. They were partners and the shareholders in all oil consortium companies in the Gulf.⁶³³

By the end of the fifties, the majors controlled over 90% of production, refining, and marketing facilities in the world oil industry outside the United States and the Soviet communist bloc. Along with economic power and petroleum technology and proficiency, the majors at crucial historical junctures were backed by their home governments, in particular the Great Britain and the United States. The entire colonial concessionary system in the Gulf emerged and maintained under the political/military shadow of Western imperialism.⁶³⁴

The determination of prices for crude oil and production levels were completely under the control of the majors. They determined both the posted prices for the host countries and the actual prices for the third parties. In most of the colonial concession agreements in the Gulf countries, Seymour notes, payments to host governments were set as a fixed royalty per ton of oil produced and exported – usually four gold shillings per ton, which at that time was equivalent to about \$1.65 per ton, or 22 cents per barrel.⁶³⁵ After the Second World War and according to the Marshall Plan, European economic recovery became entirely dependent on the flow of oil from the Gulf region. Increasing demand for economic development brought along an increase in oil prices. Thus, these inadequate and unsatisfactory payments to the oil-producing governments came into serious question, eventually forcing the majors to renegotiate the terms of the concessions.

The Venezuelan 50-50 division of profit-sharing formula was reluctantly accepted for the Gulf oil producers. The formula had dramatic impact on oil revenue of the Gulf oil producer countries, which raised eventually the royalty rate to 80 cents a barrel.⁶³⁶ However, the oil market expansion was not as fast as the oil production capacity. In addition to that, oil supplies from the independent oil companies and Russia led the majors to cut the delivered price of oil to compete for markets.⁶³⁷ The oil companies'

⁶³³ M. Ramady and W. Mahdi, **OPEC in a Shale Oil World: Where to Next?**, Switzerland: Springer International Publishing, 2015, p. 35.

⁶³⁴ Ian Seymour, **OPEC: Instrument of Change**, London: Palgrave Macmillan, 1980, p. 1-2.

⁶³⁵ Seymour, p. 13.

⁶³⁶ Seymour, p. 14.

⁶³⁷ Rees and Odell, p. 11.

price cuts in 1959 and 1960 reduced the government's revenue from crude oil by about 14 cents per barrel, from 84 cents in 1957 to 70 cents in 1960.⁶³⁸ Consequently, the unilateral price cuts by the majors was a sufficient justification for the oil-producing governments to unite on a politically already prepared ground and form a common bloc, OPEC.

The foundation of OPEC, according Parra, developed among its members a sense of commonality. Its second achievement for member countries was its contribution to the growing knowledge of the industry and awareness of their crucial role. He states that OPEC's most important achievement was its remarkable stand outside political issues.⁶³⁹ According to Yergin, OPEC could achieve only two objectives: first, it could prevent the majors from taking unilateral steps on oil prices and production volumes; second, it would ensure that the oil companies would not dare to cut posted price again. He further explains the reasons why OPEC could achieve only little for its first decade. First of all, according to colonial concession agreements, the underground oil reserves were owned by the concessionaires, which limited control of the producers over oil production and prices. Moreover, the oil market was overwhelmed with oil surplus and the producers were competitors. Therefore, they had to continue to hold on to the markets controlled by the majors for the flow of their oil revenues. They could not easily and completely exclude the Western international oil companies on which they depended to maintain access to markets of also Western oil-consuming countries.⁶⁴⁰ Although the oil companies did not take the creation of OPEC seriously and refused to recognize it as a representative of the producer countries, OPEC would play important roles regarding oil prices and production levels in the next decade.⁶⁴¹

A number of simultaneous developments were enough to draw OPEC to the attention of the world. First of all, the postwar global oil consumption witnessed a rapid increase from 11 million b/d in 1950 to 53 million b/d in 1970. Second, the share of OPEC members in world oil production increased from 24 percent in 1946 to 50 percent in 1970. Third, the share of OPEC in world oil exports increased from 40 percent in 1946 to 70 percent in 1970. Finally, the bargaining power of oil companies waned in dealing

⁶³⁸ Seymour, p. 25.

⁶³⁹ Parra, p. 106-7.

⁶⁴⁰ Yergin, **The Prize**, p. 523-4.

⁶⁴¹ Rees and Odell, p. 12.

with the OPEC members.⁶⁴² In 1968, OPEC issued a Declaration Statement on Petroleum Policy, which formulated the objectives and long-term policies of the organization. According to the Declaration, concession terms were to be modified regarding to changing circumstances; the producers, not the companies, were to control posted prices; member countries were to obtain equity participation in the operating oil companies; and all oil exploration and production were to operate through national oil companies.⁶⁴³

Table 5

Percentage Share of OPEC Crude Oil Exports by Regions (per cent)

Regions	2016	2017	2018	2019	2020
OECD Americas	12.33	12.36	10.81	5.45	4.29
OECD Europe	17.83	18.78	18.65	16.62	15.89
OECD Asia Pacific	19.34	20.08	19.17	20.56	19.52
China	17.54	18.60	20.98	24.21	27.29
India	14.24	14.08	15.02	13.87	14.39
Other Asia	11.55	10.29	9.99	11.32	12.03
Latin America	3.45	2.43	1.51	1.96	0.74
Middle East	1.14	0.88	1.19	2.03	1.31
Africa	2.31	2.31	2.55	2.74	4.06
Russia	0.00	0.00	0.00	0.00	0.00
Other Eurasia	0.00	0.00	0.00	0.73	0.01
Other Europe	0.25	0.18	0.14	0.50	0.47
Total world	100.00	100.00	100.00	100.00	100.00

Source: OPEC, Oil Trade

⁶⁴² Askari, p. 65.

⁶⁴³ Rees and Odell, p. 13.

3.5. Decolonization of Oil in Arab Gulf Countries

The pattern of oil concessions in the Gulf States were set up by a network of major oil companies in different collaborative ventures.⁶⁴⁴ This concession regime, as Mommer points out, depended on formal and informal colonial domination of oil-consuming countries over oil-producing countries.⁶⁴⁵ The discovery of oil in most of the Gulf States, thus, was realized under British informal colonial rule. Although both Iran and Saudi Arabia were never formal colonies, they fell under British and later American spheres of influence and monopolization of oil resources, which established pseudo-colonialism.⁶⁴⁶ Early oil concessions, thus, were granted to British and American oil companies, while the Gulf nations were both politically and economically in weak positions. After about three decades, the anticolonial oil nationalists were to claim that the old oil concessions that controlled production rates and prices were granted under pressure and were fundamentally illegitimate.⁶⁴⁷ Hence, the first structure of oil governance in the Gulf was established by Anglo-American oil companies and backed by their governments. The control of large oil resources in the Gulf, accordingly, allowed them to reap extraordinary profits.⁶⁴⁸

Oil decolonization in the Gulf States, besides concepts of permanent sovereignty, unfair terms of concessions, and rising demands for oil, was further triggered by Arab nationalism. According to Luciani, Arab nationalism emerged as a reaction to the partition of the Arab nations. Although pan-Arabism was not directly related to oil, it soon became intertwined with it.⁶⁴⁹ Pan-Arabism, thus, played an important role as an inevitable expression of decolonization drive. Therefore, oil concessions and the establishment of Israel in the Arab world were perceived as a foreign and colonial outpost.⁶⁵⁰ Moreover, each Arab-Israeli war demonstrated the political power of the petroleum for Arab exporting countries, and its economic dependency for consuming countries. The deployment of oil as weapon for political objectives, on the other hand, strengthened the hands of Arab oil-producing countries in the process of oil

⁶⁴⁴ Venn, *Oil Crisis*, p. 68.

⁶⁴⁵ Mommer, p. 1.

⁶⁴⁶ Ghaderi, p. 2.

⁶⁴⁷ Dietrich, p. 310.

⁶⁴⁸ Luciani, p. 82.

⁶⁴⁹ Luciani, p. 97.

⁶⁵⁰ Robert Mabro, "The Political Instability of the Middle East and Its Impact on Oil Production and Trade", *Energy Studies Review*, Vol. 4, No. 1, (March 1992), p. 49.

decolonization. With all these anticolonial sentiments and driving forces of decolonization, attempts to nationalize oil by Mosaddeq and the Suez Canal by Nasser were the first waves of political and economic independence and liberation from colonial rule.⁶⁵¹

The history of oil colonization in the Gulf demonstrates that Anglo-American oil companies and their governments dominated the petroleum industry in the region. This is quite evident, as Luciani points out, that both the British and American governments' attitudes towards the region have been shaped by their preoccupation with the region's oil resources. Almost all policies of the major foreign actors towards the region, he adds, have been mainly evaluated in terms of their intersections with oil.⁶⁵² The state system dictated by the British in the region was aimed at maintaining the control of oil resources. In line with this objective, the British divided the region into several competing states, preventing the concentration of power and oil resources in the hands of a single state.⁶⁵³ The British and American governments perceived Gulf oil as indispensably crucial to their national security and economic interest and saw their oil companies in the region as more than just economic agents.⁶⁵⁴

The Cold War order fortunately worked in favor of oil-producing countries and made decolonization of oil possible and easier. Therefore, reading decolonization of oil in the Cold War context allows better understanding how this process worked. According to Yergin, the Cold War years witnessed fierce battle among international oil companies, oil-producing states and oil-consuming states for control of oil, which was a major outcome of emergent nationalism and decolonization.⁶⁵⁵ The Soviets' close links with the revolutionary Arab Republics was perceived a great threat, because the former provided military equipment and advisers to Egypt, Syria, and Iraq. While the Soviet military support enabled the revolutionary Arab states to advance their military power against Israel, it deeply disturbed the Americans.⁶⁵⁶ Iraq, a major oil producer in the Gulf, after revolution of 1958 began to develop strong economic relations with the Soviets, which provided financial and technical assistance for the state development of

⁶⁵¹ Mabro, "The Political Instability," p. 48.

⁶⁵² Luciani, p. 89.

⁶⁵³ Luciani, p. 86-7.

⁶⁵⁴ Venn, **Oil Crisis**, p. 68.

⁶⁵⁵ Yergin, **The Prize**, p. 14.

⁶⁵⁶ Venn, **Oil Crisis**, p. 71.

oil fields.⁶⁵⁷ However, during the Cold War years, oil-rich Arab conservative monarchies had become heavily dependent first on the British and later on the United States for their economic, political, and security affairs. In fact, they needed Anglo-American oil companies for their oil production and marketing. They also needed British-American political support and military protection against the powerful revolutionary states in the region. Meanwhile, the oil-poor revolutionary Arab Republics were dependent militarily and economically on the Soviet bloc. In sum, decolonization of oil in the Gulf region was an outcome of both new global political order and economic imperatives.

3.5.1. Outright Nationalization

Outright nationalization, according to Yergin, had become an inevitable solution for some oil-producing countries such as Russia after the Bolshevik Revolution and later Mexico and Iran. The possibility of oil nationalization, according to Mahdawi, increases dramatically after the first-mover reduces the risk of international retaliation and paves the way for further nationalization.⁶⁵⁸ Another likelihood of oil nationalization is based on state's perceptions of "unfairness" in the shared profits of produced oil between the host country and operating foreign oil company. Both cases mobilize government and public sentiments of oil nationalism and, ultimately, pave the way for nationalization.⁶⁵⁹

Iraq signed its first oil concession under British mandatory rule in 1925. The British mandate, argues Dietrich, prepared Iraq for independence in 1932 as a way to avoid League of Nations' supervision over that and subsequent unfair terms of concessions.⁶⁶⁰ Prior to the 1972 oil nationalization, the Iraq Petroleum Company (IPC) and its affiliates, Mosul Petroleum Company (MPC), and Basra Petroleum Company (BPC) controlled the upstream and downstream Iraqi oil industry.⁶⁶¹ The emergence of oil awakening in the 1950s, such as the agreement of the fifty-fifty profit-sharing formula between the Saudis and Aramco, and Iranian oil nationalization attempt prompted Iraq

⁶⁵⁷ Venn, *Oil Crisis*, p. 80.

⁶⁵⁸ Paasha Mahdavi, "Why Do Leaders Nationalize the Oil Industry? The Politics of Resource Expropriation", *Energy Policy*, 75 (January 2014), p. 4.

⁶⁵⁹ Mahdavi, p. 4.

⁶⁶⁰ Dietrich, p. 174.

⁶⁶¹ Abbas Alnasrawi, *The Economy of Iraq: Oil, Wars, Destruction of Development and Prospects, 1950-2010*, Westport, Conn: Greenwood Press, 2006, p. 4.

to renegotiate the terms of old concessions with IPC, MPC and BPC.⁶⁶² In 1952, the Iraqi government also managed to reach an agreement on a fifty-fifty profit-sharing formula with the these oil companies.⁶⁶³

Prior to the 1958 Revolution, the relationship between Iraqi government and IPC reflected Iraqi foreign policy orientation. First of all, the Hashemite Monarchy was pro-Western in its foreign policy and was militarily aligned with the West by the Baghdad Pact. Therefore, negotiations between IPC and Iraqi officials culminated in relatively swift and mutually acceptable solutions. The main points of contention, according to Brown, concerned with the level of crude oil production, the incorporation of more Iraqi nationals into production operations and processes, and, above all, the amount of royalties paid to the government.⁶⁶⁴ Thus, at the negotiating tables, the pre-1958 revolution governments took more compromising and accommodating attitudes towards the IPC.

In 1958, the Hashemite Monarchy established by the British was overthrown by a military coup supported by Arab nationalists and socialists.⁶⁶⁵ The revolutionary government of General Abdul Karim Qassem, according to Dietrich, defiantly confronted the foreign oil companies after seizing power.⁶⁶⁶ However, considering the Iran's failed nationalization attempt and the fate of Mosaddeq, the Iraqi leader favored not to take unilateral action against the operating foreign oil companies.⁶⁶⁷ According to Brown, Qassem was critical of the distribution of oil benefits between the Iraqi government and the IPC, and the latter's monopoly and domination over Iraqi oil sector. However, the economic realities prevented Qassem from taking oil nationalization path.⁶⁶⁸

General Qassem demanded more crude oil production, increase in share of the profits, and renegotiation of unfair concession terms. Particularly, he demanded 20 percent

⁶⁶² Michael E. Brown, "The Nationalization of the Iraqi Petroleum Company", *International Journal of Middle East Studies*, Vol. 10, No.1, (1979): p. 107.

⁶⁶³ Alnasrawi, p. 2.

⁶⁶⁴ Brown, p. 107.

⁶⁶⁵ Marcel and Mitchell, p. 27.

⁶⁶⁶ Dietrich, p. 174.

⁶⁶⁷ Askari, p. 63.

⁶⁶⁸ Brown, p. 108.

IPC's ownership and 55 percent from the company's profits for Iraq.⁶⁶⁹ In response, the IPC refused Qassem's demands and offered similar terms to those accepted by Iran following a failed nationalization attempt.⁶⁷⁰ Qassem pursued then a policy of putting the IPC under economic and legal pressure. In this regard, as pointed out by Brown, the increase of transit rates in 1960 and the promulgation of Public Law 80 in 1961 reflected this confrontationist policy.⁶⁷¹ Thus, contrary to the compromising and accommodating attitudes of the old regime, Qassem pursued a policy of confrontation through unilateral action and negotiation in its relations with the IPC.

Post-revolution Iraqi oil policy was fueled by the economic culture of decolonization and the sovereign rights program on natural resources.⁶⁷² The twelvefold rise of the transit rates at the port of Basra, which was considered unjustifiable on economic grounds,⁶⁷³ actually reflected the ultimate goal of Iraqi oil policy: putting the IPC under economic pressure to accelerate the process of nationalization. The IPC's response was to stop production in the oil fields that used the port of Basra for oil shipping. However, negotiations between Qassem's government and the IPC over the oil stoppage and the demands of the government failed to achieve any results. In December 1961, the Iraqi government then passed Public Law 80, which expropriated all concession areas where the concessionaires had not started yet oil operations.⁶⁷⁴

The Law covered 99.58 percent of the 1925 concession area, which had not been developed yet by the IPC. Meanwhile the company, as Leonardo indicates, operated only in eight of the thirty-five oilfields that it had previously discovered.⁶⁷⁵ Although the IPC protested the content and implication of the law and claimed that it was invalid according to the previous concession agreements, it complied with the law and did not attempt to develop oil fields in the expropriated concessions areas.⁶⁷⁶ The Iraqi government, according to Leonardo, had not formally nationalized the IPC's assets or the oil resources of the country, but it had revoked the company's rights for it failed to

⁶⁶⁹ Askari, p. 63.

⁶⁷⁰ Dietrich, p. 174.

⁶⁷¹ Brown, p. 108.

⁶⁷² Dietrich, p. 174.

⁶⁷³ Brown, p. 109.

⁶⁷⁴ Dietrich, p. 175.

⁶⁷⁵ Maugeri, p. 87.

⁶⁷⁶ Brown, p. 109.

meet its obligations.⁶⁷⁷ However, the expropriated lands remained undeveloped until 1972, because the Iraqi governments did have neither financial nor technical capabilities.⁶⁷⁸

The post-1958 revolutionary governments, as pointed out by Brown, were by all means anti-Western in orientation and explained the presence of the foreign oil companies in imperialistic terms. Therefore, the IPC was accused of exploiting Iraq's oil resources for its own interests and ignoring Iraq's legitimate interests.⁶⁷⁹ Qassem could have nationalized the IPC in 1961, but he knew that they lacked the technical and managerial capabilities to run oil operations and did not have a market network to sell the oil produced. He also predicted that the world oil market controlled by the majors would boycott the nationalized Iraqi crude oil, as they did when Mosaddeq attempted to nationalize the Iranian oil. Therefore, Qassem opted for a more modest legal route rather than outright nationalization.⁶⁸⁰

In 1964, a year after removal of general Qassem from power, the Iraq National Oil Company (INOC) was established by the new revolutionary government. That same year, the Iraqi government granted INOC rights of all expropriated oil acreages and shortly after it brought the company under the direct control of the state. While the confrontation and negotiations with the IPC continued in 1960s, INOC initiated policy of diversifying oil markets and development contracts.⁶⁸¹ In this regard, Iraq signed a service contract with French oil company, the CFP, and received financial and technological support from the Soviets for developing the Rumailiah oil field.⁶⁸²

The conflict over the ownership and control of oil in Iraq, according to Dietrich, had already crossed the boundaries of the relationships between the host government and the multinational oil consortium. Namely, oil companies and their home governments from both Eastern and Western blocks crossed the Cold War lines and competed to sign an oil contract with the INOC.⁶⁸³ Meanwhile, the Iraqi government was making every effort to seize full control over its national oil resources, asserting the principle of

⁶⁷⁷ Maugeri, p. 87.

⁶⁷⁸ Brown, p. 109.

⁶⁷⁹ Brown, p. 108.

⁶⁸⁰ Brown, p. 109.

⁶⁸¹ Marcel and Mitchell, p. 27.

⁶⁸² Askari, p. 64.

⁶⁸³ Dietrich, p. 180.

sovereignty over natural resources in the context of decolonization. Their main target was to weaken oil monopolies of the foreign companies in Iraq. In 1967, the Iraqi and Soviet governments signed a protocol involved economic, financial and technical cooperation in the oil sector.⁶⁸⁴ According to the protocol, the Soviet government committed itself to providing the INOC with financial and technical assistance necessary for the development of Iraqi oil industry. The Soviet assistance mainly covered the extraction, transportation, and marketing of Iraqi crude oil.⁶⁸⁵

On June 2, 1969, the protocol went into effect and the Soviets announced a loan of \$72 million in equipment, technical assistance, and training for the exploration and development of oil fields in southern Iraq. On July 4, an additional \$70 million loan was provided for drilling materials, equipment, pipeline construction, and transportation facilities. The Soviet financial and technical assistance continued to loan Iraqi government in 1970 (\$12 million) for the development of Rumailiah oil fields, and in 1971 (\$78.8 million) for the development of oil industry in Iraq.⁶⁸⁶ The increasing Soviet-Iraqi cooperation in the oil industry further strengthened relations between the two countries when the Soviet Prime Minister Aleksey Kosygin visited Iraq in 1972 for the purpose of signing a treaty of friendship. Kosygin announced from Baghdad that the Soviet Union would provide financial and technical support for Arab states in their struggle until the true masters regain their sovereignty over their national oil resources.⁶⁸⁷ In response to Kosygin's statement, Iraqi President Ahmad Hassan al-Bakr emphasized the importance of the visit and considered the signing of the treaty as a victory for the people of Iraq over imperialism in achieving their legitimate goals.⁶⁸⁸

In April 1972, oil production started in the Rumailah field. Without the Soviets economic, technical and financial aid, notes Brown, the INOC could not have reached the level of development in its oil industry. The Soviet assistance was particularly vital to the success of oil production in the Rumailah field, given the failure of Iranian oil industry to transport and market its nationalized crude oil two decades ago. The Soviets' vocal support of the INOC and Iraqi oil policy strengthened the government's position

⁶⁸⁴ Dietrich, p. 177.

⁶⁸⁵ Brown, p. 120.

⁶⁸⁶ Brown, p. 121.

⁶⁸⁷ Brown, p. 121.

⁶⁸⁸ Brown, p. 122.

vis-à-vis the IPC. Before nationalization of the IPC, a market for Iraqi crude oil had to be secured. And that market was guaranteed by the Soviet Union. Brown assumes that alongside the financial and technical assistance, the Soviets must have assured the Iraqis of political and diplomatic support for nationalization process.⁶⁸⁹ Eventually in June 1972, Iraq nationalized IPC's remaining holdings in Iraq, with compensation given on the basis of the book value of the company's assets.⁶⁹⁰ After all, the establishment of the INOC, the developed technical expertise of the INOC staff, a guaranteed oil market for Iraqi crude oil after nationalization, and the Soviet political and diplomatic support made the nationalization of the IPC possible.⁶⁹¹

3.5.2. State Participation

The concept of 'state participation', according to Yergin, was deliberately introduced by some of major oil exporters as an alternative to 'outright nationalization' because it was more in line with their interests. Therefore, immediate nationalization not only would disrupt relations with the international oil companies, but also would lead to direct competition with other oil exporters for the markets. Rather than a radical destruction of the colonial oil order, a gradual change seemed more appropriate to the political, economic and technical situation of Saudi Arabia and other Gulf sheikhdoms.⁶⁹² The concept and practice of participation, Smith notes, was consciously and alternatively proposed and aimed at partial ownership that was considered more appropriate to the interests of some oil exporters.⁶⁹³ According to Smith, some countries such as Mexico and Iran made all efforts to regain control over their oil resources by resorting to a single act of nationalization; others such as Saudi Arabia and Gulf Sheikhdoms preferred to alter the original concessions.⁶⁹⁴

The renegotiation of old concessions between the Saudis and American oil companies not only established the notion of equal sharing of oil revenues, but also granted the Saudis 50 percent stakeholder in Aramco.⁶⁹⁵ In 1952, the former agreement was revised and the Saudis received accordingly a percentage of their share of the profits before any

⁶⁸⁹ Brown, p. 122.

⁶⁹⁰ Askari, p. 64; Marcel and Mitchell, p. 27.

⁶⁹¹ Brown, p. 123.

⁶⁹² Yergin, **The Prize**, p. 583-4.

⁶⁹³ Smith, p. 493.

⁶⁹⁴ Smith, p. 495.

⁶⁹⁵ Ghaderi, p. 6.

payments were made to the US in the form of income taxes. Thus, the Saudi oil policy in the 1950s reflected successful negotiations to fill the revenue gap between host government and foreign oil companies.⁶⁹⁶ In the age of petroleum awakening, decolonization, and oil nationalism any concession agreements did not provide for satisfactory profit sharing was at risk of outright nationalization. Unlike AIOC in Iran, Aramco did not refuse to renegotiate the terms of old concessions, and accordingly avoided nationalization crisis by accepting fifty-fifty profit-sharing demand of the Saudis.⁶⁹⁷ For oil exporting countries, participation meant the acquisition of partial or proportional ownership of the underground oil resources. However, not all foreign oil companies were as pragmatic as Aramco to give up their privilege economic position and monopoly over oil industry in the Gulf countries. Therefore, a collective action was needed by the oil exporters to kneel down the international oil companies.

In July 1971, OPEC member states passed a resolution to take urgent steps to effectively implement the principle of participation as an alternative formula to the existing oil concessions.⁶⁹⁸ The OPEC Ministerial Committee formulated recommendations for member countries, individually or in groups, in their negotiations with the oil companies. The Committee made recommendations, including provisions for participation in the existing concessions to be paid to companies at net book value, and for companies to repurchase all or part of the government share of crude oil for a temporary period.⁶⁹⁹ Although the Committee did not specified a certain percentage for the participation, but it was implicitly understood at the outset that 20 percent would be the minimum and that it should rise to 51 percent.⁷⁰⁰ Participation, considering the changing circumstances, was a reasonably just formulation for redistribution of oil revenues and a safe route for the member states to exercise their rights to participate in the existing oil concessions.⁷⁰¹

Ahmad Zaki Yamani, the architect and chief proponent of participation formula, was empowered to negotiate with the oil companies on behalf of the Gulf countries. He had

⁶⁹⁶ Mahdavi, p. 34.

⁶⁹⁷ Mahdavi, p. 38.

⁶⁹⁸ Parra, p. 155.

⁶⁹⁹ Parra, p. 156.

⁷⁰⁰ Parra, p. 156.

⁷⁰¹ Dietrich, p. 238.

already privately discussed the formula of participation with Aramco in 1964.⁷⁰² Yamani continued to stress the importance of relations between oil exporting countries and the majors and always avoided the formula of outright nationalization. Otherwise, he assumed that the oil producing countries would have to sell their crude oil into the markets themselves, which would lead to competition with each other, and eventually oil prices would fall. Yamani's alternative to outright nationalization therefore was the state participation formula. The governments of the oil producing countries would be proportional owners and market their share of the oil by selling back to the majors, or selling directly to other refineries, independents, or state companies.⁷⁰³

The state participation was thus introduced as an alternative reasonable solution to meet the interests of the producers and the companies; safeguard the balance between oil supply and price; and avoid the outright nationalization.⁷⁰⁴ Participation, according to Yamani, would create a mutual relation of interest that "would be indissoluble, like a catholic marriage."⁷⁰⁵ In the meantime, while negotiations between Yamani and the majors were still taking place, the British withdrawal from the Gulf led Iran to seize some of islands near the Strait of Hormuz. Accusing the British with "collusion" with Iran, the revolutionary governments nationalized BP's holdings in Libya, and IPC's assets in Iraq. Yamani warned the oil companies about the trend towards oil nationalization in the region and advised them to come to the terms of participation formulated by OPEC.⁷⁰⁶

In contrast to its earlier moderate approach, the US government initially took an uncompromising stance towards participation demands. Like their British counterparts, many American officials, according to Dietrich, perceived state participation formula as an expression of permanent sovereignty, an imperative of decolonization, and a loss of control for their national oil companies and governments.⁷⁰⁷ Both British and American governments argued that the demand for participation undermined the stability established in Tehran and Tripoli agreements. However, changes in the international

⁷⁰² Parra, p. 154.

⁷⁰³ Parra, p. 155.

⁷⁰⁴ Maugeri, p. 106.

⁷⁰⁵ Yergin, **The Prize**, p. 584.

⁷⁰⁶ Yergin, **The Prize**, p. 584.

⁷⁰⁷ Dietrich, p. 238.

monetary system, the devaluation of the US dollar,⁷⁰⁸ the rising oil nationalism, and the insistence of oil-producing countries on the participation formula placed an unprecedented pressure on the oil companies and their governments. The State Department therefore acknowledged that there was no longer room for a formal diplomatic approach.⁷⁰⁹

After all these meetings, negotiations, and threats, the fears of oil companies came true, threw in the towel, and two sides finally initialed a draft General Agreement on Participation on October 5, 1972.⁷¹⁰ The terms of the agreement on government participation demonstrated that an initial agreement was reached on 25 percent. The agreement would take effect from January 1, increasing by 5 percent each year for four years starting in 1978, and the state participation, with a final increase of 6 percent, would finally reach total to 51 percent on January 1, 1982.⁷¹¹ Regarding compensation, payment for initial 25 percent participation to be based on updated net book value adjusted for inflation. Accordingly, compensation for the 25 percent was featured as follows: Saudi Arabia (Aramco) \$500m; Kuwait (KOC) \$150m; Iraq (IPC) \$68m; Qatar (QPC and Shell) \$71m; Abu Dhabi (ADPC and ADMA) \$162m.⁷¹²

Saudi Arabia and Abu Dhabi signed the definitive General Agreement on 20 December 1972, followed by Qatar and Kuwait in early January 1973. Contrary to Yamani's expectations, the other members of OPEC did not accept the Agreement. Iran and Iraq stood outside the Agreement because they had already taken initiative towards outright nationalization.⁷¹³ Kuwait also withdrew from the Agreement because the parliament did not ratify it. And the three remaining signatory countries and their concession-holding oil companies were supposed to prepare detailed implementing agreements to the General Agreement. However, due to the outbreak of the Arab-Israeli war in 1973, all processes and negotiations were suspended.⁷¹⁴

Saudi Arabia preferred a gradual nationalization of its oil industry, therefore acquired 60% of Aramco under participation agreement. In December of the same year, the Saudi

⁷⁰⁸ Dietrich, p. 239.

⁷⁰⁹ Dietrich, p. 240.

⁷¹⁰ Parra, p. 158.

⁷¹¹ Parra, p. 158.

⁷¹² Parra, p. 158.

⁷¹³ Yergin, **The Prize**, p. 584.

⁷¹⁴ Parra, p. 159.

government informed American companies that it planned to gradually nationalize the company. Due to political instability in the region and example of outright nationalization in Iraq and Iran, the four American companies accepted Riyadh's proposal. In 1976, both parties agreed in principle on how to transfer the oil industry. In 1980, the Saudi government acquired 100% Aramco's interests and the nationalization process was finally completed. The government established the state-owned Saudi Arabian Oil Company (Saudi Aramco) in 1988, taking over American Aramco's activities.⁷¹⁵

Qatar's OPEC membership in 1961 and its independence in 1971 strengthened its hand against foreign oil companies. In 1973, Qatar started decolonization of concession terms by accepting 25% state participation agreement in Qatar Petroleum Company and Shell Company of Qatar. In 1975, the government established the Qatar General Petroleum Corporation (QGPC), and signed new agreements with foreign oil companies, granting QGPC 60% ownership. Finally, in 1977, all onshore and offshore oil operations were completely nationalized and new postcolonial service contracts were signed with former concessionaires.⁷¹⁶

The United Arab Emirates launched negotiations on November 20, 1972 with operating oil companies, ADPC and ADMA, on participation agreement. ADNOC represented the UAE government in negotiations, and accordingly reached an agreement, acquiring 25 percent of ADPC' and ADMA's assets. On December 2, 1974, a further agreement concluded with foreign concessionaires, according to which ADNOC became a partner and raised its interests to 60 per cent in the concession. This majority shareholding for ADNOC gave the government more comprehensive control and management over national oil industry.⁷¹⁷ However, the UAE, unlike most of Gulf states, has not claimed 100 percent ownership of its national oil industry, rather it has preferred to maintain participation agreement with foreign oil companies.⁷¹⁸ The Sultanate of Oman also followed the path of the UAE and has not claimed full ownership of its oil industry. The

⁷¹⁵ Marcel and Mitchell, p. 29; Maugeri, p. 118; Parra, p. 194.

⁷¹⁶ Toth, p. 171.

⁷¹⁷ S.N. Asad Rizvi, "Oil Concession Agreements and the Evolution of the Oil Industry in the UAE", **OPEC Review**, Vol. 17, No. 4, (December 1993), p. 493.

⁷¹⁸ Eric Hooglund and Anthony Toth, "United Arab Emirates", in **Persian Gulf States: Country Studies**, edited by Helen Chapin Metz, Washington, D.C.: Federal Research Division, Library of Congress, 1994, p. 221.

government after negotiations with foreign oil companies signed a participation agreement and accordingly acquired a 25 per cent share of PDO. In July 1974, the stake of the government was raised to 60 per cent and the remaining 40 per cent held by Shell, CFP, and Partex.⁷¹⁹

3.6. Chapter Conclusion

The oil decolonization efforts by anticolonial political leaders, bureaucrats, and oil elites aimed eventually to deconstruct colonial oil order established by Anglo-American oil companies and their governments. It was a process aimed at bringing national oil resources and industry under the state control. Decolonization of oil thus was a struggle between foreign oil companies, oil-producing countries and oil-consuming countries to maintain/establish control over oil resources. There were many crucial drivers that accelerated the decolonization process of oil in the Gulf region: the claim of “permanent sovereignty” over national resources; the unequal concessions terms contracted under British informal colonial rule; and the growth of oil demand in the developed countries. In addition to that, the condition of oil decolonization came with the end of European empires and rise of nation-states in the region.

Oil decolonization efforts in the Gulf countries emerged effectively during the transition process from British colonial order to American imperial order. The political and military power vacuum left by the withdrawal of the British Empire in the region laid the groundwork for the countries of the region to act more independently. The establishment of OPEC, the Arab use of oil as a weapon, and even an imposition of oil embargo on the US were the advantages of this transition process that enabled these countries to formulate independent oil policies.

From a postcolonial theoretical perspective, decolonization process at both individual and state’s levels revealed the real, but previously silenced, oppressed, threatened, and ignored voices and demands of the oil-producing countries. The process of decolonization actually began when Iranian and Saudi officials reminded the Anglo-American oil companies that they knew how much they profited from oil production and that they also knew how much their governments earned in taxes. Thus, knowing

⁷¹⁹ Fareed Mohamedi, “Oman”, in **Persian Gulf States: Country Studies**, edited by Helen Chapin Metz, Washington, D.C.: Federal Research Division, Library of Congress, 1994, p. 275.

how much oil was produced, what was oil price in the market, and who earned how much uncovered the facts about colonial oil order. Therefore, the oil-producing countries began to question not only the terms of concessions imposed by the oil companies, but also the colonial oil order established by the Anglo-American governments. Thus, when the oil companies knew what the producer countries knew, the power of knowledge shifted to the latter, making decolonization of oil an inevitable solution.

CHAPTER 4: POSTCOLONIAL AMERICAN OIL POLICIES IN THE GULF

4.1. Introduction

This chapter examines American oil policies towards the Gulf region in the postcolonial period. The concept of postcolonialism in this chapter is used to refer to a temporal periodization and also to provide a theoretical perspective. Postcolonial theory, beyond any analysis levels of oil company, oil producer or consumer relations, primarily requires defining a political order in which these relations are established. The fact is that the orders established in the Gulf region, whether formal/informal colonialism or formal/informal imperialism, determines also the course and pattern of these tripartite relations. In this context, the order established by the United States in the Gulf region determined also the pattern of its oil politics. By the same token, this order is closely related to the foreign policy orientations of the US governments.

The chapter investigates American colonial and imperial foreign policy tendencies and how these orientations are reflected in the Gulf region. After the Second World War, the US governments formulated more active and decisive oil policies towards the Gulf region. These policies were produced in parallel with global Cold War context and regional crises in Middle East. On the one hand, the Soviet threat, the Arab-Israeli wars, the Arab oil embargoes, and on the other hand, the oil resources of the Gulf, and the operation of these resources by the Anglo-American oil companies together shaped contradicting US governmental policies toward the region. In the postcolonial period, American oil policy-makers worked to regain the control of oil industry in the Gulf region, which the Anglo-American oil companies had lost to the producing countries. The foundation of IEA to balance OPEC, the establishment of New York oil stock exchange and the enforcement of US dollars in oil transactions are all the US attempts to control global oil markets.

This chapter investigates American foreign policy tendencies in a chorological order from its independence to the late involvement in the Gulf affairs. The chapter explores how American expansionist/colonial foreign policy tendency in the Western Hemisphere turned into an informal imperialist policy in the Gulf region. In this regard, the chapter first examines theories and doctrines that defined the early patterns of

American empire, and later its presidential doctrines that established, maintained and protected its informal imperial oil order in the Gulf region. To explore the governmental and non-governmental means of oil exploitation, the chapter seeks answers to a central question of how these presidential doctrines and policies have established an American regional and global oil order.

4.2. Patterns of American Empire

The history of the United States began when the early thirteen colonies united and raised the flag of revolution against the Great Britain. Other neighboring European colonial powers (France, Spain, Russia) were gradually expelled from the north of the continent either by force and treaties, or by purchase. After the westward continental expansion reached its final limits, the United States extended its hegemony to Caribbean and Asia Pacific regions. Scholars of imperial history have different views over this early American expansionist tendency.⁷²⁰ At the most extreme levels of condemnation and celebration of American foreign policy, Hardt and Negri note, opponents argue that the United States repeats former European imperialist tendencies, while proponents praise the United States as a more competent and humanitarian world leader, doing the right what the Europeans did wrong.⁷²¹ The conceptual analysis of empire and imperialism was in detail given in the second chapter. However, avoiding repetition as well, I will briefly make some necessary reminding accounts on both concepts.

For many contemporary social scientists, Doyle notes, metro-centric and periphery-centric explanations of empire are not convincing. They believe, he adds, that systemic approach, which stems from the theory of international power politics, best explains imperial establishments. Disparities in power, they argue, motivate the establishment of empires.⁷²² Empires, according to Waltz, are motivated by surpluses of people, goods, and capital that lead to the imperialisms of swarming, free trade, and monopoly capitalism.⁷²³ Great powers, O'Reilly explains, expand because of economic and political imperatives, strategic necessities, civilizational pride, and social learning. Established on conquest and colonialism, classic empires, he adds, achieved territorial expansion

⁷²⁰ Edward M. Bennett, "Colonialism and Neo Colonialism", in **Encyclopedia of American Foreign Policy**, ed. Alexander De Conde, New York: Scribner, 2002, p. 285.

⁷²¹ Michael Hardt and Antonio Negri, **Empire**, Cambridge, MA: Harvard University Press, 2000, p. xiii.

⁷²² Michael Doyle, **Empires**, Ithaca, NY: Cornell University Press, 1996, p. 26.

⁷²³ Quoted in Doyle, **Empires**, p. 27.

and economic exploitation.⁷²⁴ In the twentieth century, however, economic penetration has become a new form of resource exploitation and capital control.⁷²⁵ The common nature of imperial expansion, according to Barbara, was the economic exploitation of the colonized nations through collection of taxes, expropriation of land, control of trade, and exploitation of raw materials. Military power and technological superiority, according to her, has been a fundamental component of imperial power. In other words, the colonial ‘armed trade’ and postcolonial technological advances and financial institutions have consolidated European/Western global systems of power.⁷²⁶

An empire can pursue different strategies, methods, and tactics to establish, expand, and maintain itself. It might combine both formal and informal control across different regions, establishing a formal control in a region while an informal in another. An empire might even decolonize a colony to replace the formal with an informal.⁷²⁷ The formal and informal classification of imperial rule, according to Go, stems from different power practices. Formal imperialism involves direct territorial rule, annexation of foreign land, and subordination of native population. The occupied territory becomes a colony or dependency and accordingly a part of the metropolitan state, but the native population is deprived of rights and privileges of imperial citizenship.⁷²⁸ The difference between formal and informal imperialism, according Doyle, lies in the pattern of control, in which the periphery is directly controlled by the metropole in the former, whereas in the latter a nominally independent but actually subordinated periphery is forced to collaborate with the metropole. In formal imperialism, he adds, imperial bureaucrats control internal and external political, economic, security, and social institutions of subordinated periphery from foreign policy and trade to security and education.⁷²⁹

Informal imperialism, on the other hand, refers to decisive exercises of power over domestic and foreign affairs of nominally independent states. In this case, the imperial

⁷²⁴ Marc J. O'Reilly, **Unexceptional: America's Empire in the Persian Gulf, 1941-2007**, Lanham, MD: Lexington Books, 2008, p. 3-5.

⁷²⁵ Bennett, p. 290.

⁷²⁶ Barbara Bush, **Imperialism and Postcolonialism (History: Concepts, Theories and Practices)**, London: Pearson Education, 2006, p. 31.

⁷²⁷ Julian Go, **Patterns of Empire: the British and American Empires, 1688 to the Present**, New York: Cambridge University Press, 2013, p. 11.

⁷²⁸ Go, p. 9.

⁷²⁹ Doyle, p. 39.

state does not declare sovereignty over these subordinated states, but keeps them in line with its interests. The relationship between metropole and periphery in informal imperialism is not of colony and metropole, but a relationship of dependency, a weak ally, or client. The methods and tactics of imperial domination over periphery are multiple and diverse. Depending on the attitude of the periphery, imperial strategy is either financial aid or economic sanctions; political collaboration or military intervention; military alliance or threat.⁷³⁰ In informal imperialism, Barbara notes, the imperialized state keeps its sovereignty, but its political freedom is restricted by the presence of civil and military personnel of imperial state.⁷³¹

In the twentieth century, the call for self-determination (World War I), decolonization (World War II), and most importantly determination of national liberation movements brought an end to European overseas formal imperialism.⁷³² In the postcolonial era, the power exercises of the United States over former colonized nations have led to polarized debates over the legacy of colonialism expressed in terms of neo-colonialism and neo-imperialism. For traditional historians, imperialism ended with the decolonization and the independence of colonies. However, anti-imperialist critics argue that informal imperial relations are sustained by practices of economic exploitation and political subordination of the former colonial nations.⁷³³ Legacies and similar power practices of formal colonialism and imperialism in postcolonial era have recently been questioned whether globalization is just a new stage in Western imperialism. Particularly political, economic, cultural problems rooted in the imperial ages maintain in forms of political domination, economic exploitation, and cultural oppression lends support to arguments of neo-liberal globalization critics.⁷³⁴ The question is whether US foreign policy trends and practices represent patterns of formal or informal imperialism.

4.2.1. American Exceptional Empire

Historically, in the period between the late nineteenth century and early twentieth century, there is a widespread consensus that US foreign policy had imperialist

⁷³⁰ Go, p. 10-1.

⁷³¹ Bush, p. 45.

⁷³² O'Reilly, p. 6.

⁷³³ Bush, p. 46.

⁷³⁴ Bush, p. 189.

tendencies and practices.⁷³⁵ According to realist and traditionalist historians, the United States initially practiced ‘colonization business’, but realized that it was embarrassing and contradicting American anti-colonialist struggle. For the New Left historians, colonialism has been conscious expression and expansion of capitalism, which has always been the decisive force in American foreign policy. Motives behind nineteenth century American colonialist tendencies were mainly as the results of American industrial revolution, colonial rivalry over world markets and resources, security concerns, social Darwinism, and racial superiority.⁷³⁶ In the rest of the twentieth century to the present, US foreign policy has been characterized by the extension of control (informal) rather than open and direct annexation of territories (formal).⁷³⁷ However, any analysis of American imperialism, formal or informal, would encounter exceptionalist claim.

The concept of American exceptionalism, according to Barbara, assumes that the United States has been a unique and distinguished empire. Proponents of this view, she notes, acknowledge that the continental, Caribbean and Asia Pacific expansions of America reveals imperialist tendencies, but they claim that post-war American administrations were anti-imperialist and promoted self-determination of colonized nations.⁷³⁸ American exceptionalism, according to Go, presumes the uniqueness and peculiarity of the United States in the sense that it represents the most perfect model of liberal democracy. Exceptionalist view assumes that the US and its people have the privilege of making and directing history. Go sees American exceptionalism as the equivalent of Euro-centrism⁷³⁹, which constructs power, knowledge and representations. The question is to what extent the United States is a special, unique and exceptional empire.

Revisionist historians, Go points out, base their approach on America’s similarity or difference with European empires, particularly the British, and reveal its past and present imperial practices.⁷⁴⁰ They argue that America’s continental expansion, subjugation of the natives, establishment of overseas colonies, and military

⁷³⁵ Bruce W. Jentleson, **American Foreign Policy: the Dynamics of Choice in the 21st Century**, New York: W.W. Norton and Company, 2014, p. 112.

⁷³⁶ Bennett, p. 289-90.

⁷³⁷ David Healy, “Imperialism”, in **Encyclopedia of American Foreign Policy**, ed. Alexander De Conde, New York: Scribner, 2002, p. 220.

⁷³⁸ Bush, p. 200.

⁷³⁹ Go, p. ix.

⁷⁴⁰ Go, p. 3.

interventions around the world have already shown that the United States has been an empire. Furthermore, neo-revisionist brought a new perspective by examining not only America's imperial history, but also how that history has been erased in popular consciousness. According to this line of scholarship, attempts to cover up imperial history are nothing more than expected manifestations of "historical amnesia".⁷⁴¹

Exceptionalist view argues that American empire has been mostly informal and less territorial than European empires. The informal or non-colonial nature of American empire makes it unique and an American way of empire, which has been established on political control and economic exploitation, rather than outright annexation. The informal nature of American empire stems from its unique democratic values that act against formal colonial rule. Economic exploitations, thus, are allowed, but colonialism is avoided.⁷⁴² By comparing American empire with European empires, exceptionalists focus on differences rather than similarities to discover the uniqueness of the former. In contrast to tyrannical and exploitative nature of European empires that suppressed liberties, rights, and democracy, they argue, American empire has been preoccupied with promoting and spreading them around the world.⁷⁴³

In analyzing and challenging the concept of exceptionalism, Julian Go underlines that he was inspired by postcolonial theory. He further acknowledges that the postcolonial critique of imperial knowledge production and archive led him to examine 'the provinciality of American empire' and 'the agency of colonized populations' from the perspective of postcolonial theory.⁷⁴⁴ Postcolonial criticism of traditional approaches to imperial history, Barbara notes, has opened up new areas of research that were previously neglected and marginalized in imperial history. Challenging these Western-centric paradigms of imperial history,⁷⁴⁵ postcolonial theory has brought anti-colonial/anti-imperialist voices, movements, and culture of former colonized nations into imperial historiography.

Unlike metro-centric and systemic approaches that write imperial history according to power practices of empires, postcolonial approach focuses on anti-imperialist voices

⁷⁴¹ Go, p. 2.

⁷⁴² Go, p. 17.

⁷⁴³ Go, p. 16.

⁷⁴⁴ Go, p. ix.

⁷⁴⁵ Bush, p. 4.

and actions of colonized nations that shaped imperial policies. In this context, postcolonial theory may seem to share a similar approach with the periphery-centric approach in the sense that both approaches draw attentions on periphery. For periphery-centric approach, however, the periphery is examined as a factor determining whether metropolitan rule is formal or informal, while for postcolonial approach, the periphery is examined to bring the struggle of the colonized nations into the imperial history. Finally, Barbara points out that postcolonial perspective and focus on race, gender, representations, power, knowledge, and cultural and economic interactions have provided a more accurate understanding of empires.⁷⁴⁶

4.2.2. Turner's Frontier Thesis and American Continental Expansion

The founders of the United States, according to Hardt and Negri, were inspired by classic European imperial model. They believed they were establishing a new empire on the other side of the Atlantic.⁷⁴⁷ Their blood ties with English speaking peoples and common Anglo-Saxon heritage, Herring notes, were enough to make them proud of the glory of the British Empire. Their position at the top of racial hierarchy was explained by their intellectual, industrial and moral superiority. This racist Anglo-Saxon notion rationalized discrimination of African American at home and promoted the idea of extending Western civilization abroad.⁷⁴⁸ The root of American imperialist tendency, Hardt and Negri note, traces back to the country's early history, the genocide of Native Americans and black slavery. The exploitation of black labor, they further argue, perpetuated European colonial labor system regarding labor division, working conditions, and wage system represented an internal example of American imperialist tendency.⁷⁴⁹

American continental expansion that was justified by conceptualization of "manifest destiny" is considered another example of its internal imperialist tendency.⁷⁵⁰ According to Lafeber, American economic and political institutions depended on economic power of free continental land. Therefore, the frontier thesis of Fredrick Jackson Turner

⁷⁴⁶ Bush, p. 5.

⁷⁴⁷ Hardt and Negri, **Empire**, Preface.

⁷⁴⁸ George C., Herring, **From Colony to Superpower: U.S. Foreign Relations since 1776**, New York: Oxford University Press, 2008, p. 305.

⁷⁴⁹ Hardt and Negri, **Empire**, p. 177.

⁷⁵⁰ P. J. James, **Imperialism in the neo-Colonial Phase**, Kottayam, Kerala: Massline Publication, 2015, p. 88.

envisaged continental extension stating that the existence of free land secures the existence of competency, and economic power secures political power. Continental expansion, thus, became unavoidable central factor of American progress.⁷⁵¹ The concept, according to Jentleson, referred to the right for the white Americans to expand and possess the continent for the “development of liberty” and “federated self-government”.⁷⁵² Further continental expansion was maintained either by force and treaties or by purchase: the Louisiana Purchase (1803), which negotiated with France and took advantage of Napoleon’s need for money to fund his venture to conquer Europe, multiplied the country’s land size; the Alaska Purchase (1867) from Russia. The war of 1846-48 with Mexico resulted in the annexation of Texas and the acquisition of California and New Mexico. The prevailing belief of that time, thus, was that this frontier expansion was “manifest destiny” of the United States.⁷⁵³ However, whereas territorial annexation may have been welcomed by white settlers, but native Americans, blacks, creoles and other various Hispanic and Mexican populations were forced to accept US hegemony.⁷⁵⁴

4.2.3. Mahan’s Sea Power Thesis and American Pacific Ocean Expansion

The American westward continental expansion was to stop when it reached the shores of the Pacific Ocean. Turner’s “frontier thesis” was followed by Alfred Thayer Mahan’s “sea power thesis”, which foresaw naval commercial expansion beyond the continental limits. To become a great power like Britain, the United States had to control the seas and global commerce. Americans, thus, had to acquire colonies for both commercial and military purposes, and construct warships fleet to control and keep commercial sea lines secure and open.⁷⁵⁵ Mahan’s sea power thesis was based on a premise that industrial development would lead to over-sea markets and raw material competition. This prospected industrial expansion, according to him, would require both commercial and military sea power and stepping-stones colonies.⁷⁵⁶

⁷⁵¹ Walter Lafeber, “The American New Empire”, in **American Foreign Policy: the Dynamics of Choice in the 21st Century**, ed., Bruce W. Jentleson, New York: W.W. Norton and Company, 2014, p. 259.

⁷⁵² Jentleson, p. 101.

⁷⁵³ Bush, p. 20; Jentleson, p. 91; James, p. 93.

⁷⁵⁴ Go, p. 53.

⁷⁵⁵ Herring, p. 303.

⁷⁵⁶ Lafeber, p. 260.

By the end of the 19th century, Mahan's sea power thesis and the spirit of the Monroe Doctrine had already inspired the US to acquire colonies and semi-colonies in the Pacific and the Caribbean.⁷⁵⁷ This American imperialist overseas expansion could only be achieved by declaring war against Spain. The Spanish-American war of 1898-1900, therefore, arose out of these expansionist designs of US imperialism.⁷⁵⁸ At the end of the war, the Spanish colonial rule in the Caribbean and Asia Pacific was replaced by American colonial rule. Namely, the former Spanish colonies of Cuba, Puerto Rico, Guam, the Philippines, and Moro Islands were ceded to the United States. Later on, half of Samoa and the entire Panama Canal Zone fell under American control.⁷⁵⁹ Cuba, for example, was liberated from Spain, but American occupation continued for decades. Although officially recognized as an independent state, Cuba was *de facto* a US colony.⁷⁶⁰ The Platt Amendment attached to the Cuban constitution had granted US the right of intervention to protect the interests and assets of US corporations; and the power to veto treaties signed by Cuba with other countries.⁷⁶¹

Similarly, the economic value of Panama Canal, as well as the passage and linking of the Atlantic and Pacific sea power of the US Naval forces motivated such imperialist expansion. The construction and control of the Panama Canal secured American hegemony over the strategic Central American strait, which also enabled the US naval defense of continent's west coast. The acknowledgement of Panama as a US protectorate by European colonial powers confirmed the growing global power of the US.⁷⁶² In addition to the use of military power, the United States sought to maintain a monopoly of lending where Caribbean governments could borrow money only from the United States. The single-crop economies of the Caribbean countries made them heavily dependent on the American market, which penetrated the region through private investments. Thus, the nominally independent states of the Caribbean region were subjected to both formal and informal American colonial rule.⁷⁶³

⁷⁵⁷ Jentleson, p. 108.

⁷⁵⁸ James, p. 93.

⁷⁵⁹ Go, p. 55.

⁷⁶⁰ Bush, p. 21.

⁷⁶¹ Jentleson, p. 93.

⁷⁶² Bush, p. 20.

⁷⁶³ Healy, p. 220-1.

4.2.4. Monroe's Open Door Doctrine

The Monroe Doctrine, on the other hand, is seen as an example of outward expansion of American imperialist tendency. Proclaimed by James Monroe in 1823, the doctrine was projected to protect American continent from European colonialism. The doctrine revealed that the American continent would no longer be a site of European colonialism and that the US would not intervene in the existing European colonies.⁷⁶⁴ The Monroe Doctrine, according to James, marked a new form of colonialism for independent Latin American countries caught in the network of American economic and political dependency.⁷⁶⁵ For Jentleson, the doctrine was used to justify US hegemony and interventions while warning European colonial powers to stay out of Americas' affairs. Contrary to the prevailing view, he adds, the United States was never completely isolationist, but avoided to stay out of European rivalries, intrigues and wars. Isolationism for the US, thus, meant staying out of the nineteenth century European wars.⁷⁶⁶

The Monroe Doctrine, on the one hand, closed the door of Latin America to European colonial powers (the closed-door policy), and on the other hand, it opened the door of Asian continent/market to the United States (the open-door policy). The politics and ability of opening and closing the doors illustrates the imperialist tendency of the United States. Moreover, the open/closed door strategies allowed the US to practice informal colonialism, or imperialism without colonies.⁷⁶⁷

By the turn of the twentieth century, the technological superiority of the British in iron, steel, textile production and its leadership in coal and maritime transportation gave way to the US domination. During the First and Second World Wars, the US was the biggest supplier of not only war materials but also agricultural and industrial products to its allies.⁷⁶⁸ The two great wars affirmed the military, technological, and logistic superiority of the US and turned the course and outcome of the wars in its favor. By the end of the Second World War, the US had already begun to design world order promoting the process of decolonization on the one hand, and developing necessary

⁷⁶⁴ Hardt and Negri, p. 177.

⁷⁶⁵ James, p. 88.

⁷⁶⁶ Jentleson, p. 100-1.

⁷⁶⁷ James, p. 89.

⁷⁶⁸ James, p. 97-114.

institutions to keep the former colonial world in the new imperialist network, on the other.⁷⁶⁹ The US and its allies through establishment of Bretton Woods' institutions the United Nations, and NATO reconstructed the post-war neocolonial world economic, political, and military order.⁷⁷⁰

In the context of the Cold War, as Negri and Hardt point out, the United States re-drew the lines of hegemony for the (Western, capitalist, democratic) imperialist world; accelerated the collapse of the former colonial powers; and subordinated these old colonial powers to its neo-colonial global order.⁷⁷¹ The Socialist World, on the other hand, was isolated by the "containment" doctrine of Truman⁷⁷² that rationalized American informal neo-imperial expansion. International relations analysis, Barbara notes, interpreted American Cold War foreign policy, the containment of communism, as a response to the Soviet threats, rather than its imperialist strategy of power expansion.⁷⁷³ The Western perception of the Soviet threat essentially goes back to the October Revolution. The Soviet Socialist Revolution, according to James, inspired national liberation movements, was a threatening factor for the maintenance of the classical European colonialism.⁷⁷⁴ The Wilsonian anti-imperialist principles, he adds, essentially aimed at protecting the colonies from the Soviet influence. The introduction of the mandate system thus gave European powers a rationale to maintain their colonial rule, and a hope to the colonized nations for independence.⁷⁷⁵

At the end of the Cold War, the United States emerged victorious, owed much to its imperial/global power networks.⁷⁷⁶ The twentieth century US global spread of military bases, security alliances, economic investments, multinational corporations, foreign aid programs, open and covert political diplomacies have illustrated the expansionist, exploitative, and hegemonic nature of US imperialism. Overall, American foreign policy tendency has been labeled as an "open door empire", which keeps

⁷⁶⁹ James, p. 127.

⁷⁷⁰ James, p. 132-8.

⁷⁷¹ Hardt and Negri, p. 179.

⁷⁷² James, p. 137.

⁷⁷³ Bush, p. 201.

⁷⁷⁴ James, p. 126.

⁷⁷⁵ James, p. 126.

⁷⁷⁶ Hardt and Negri, p. 179.

underdeveloped countries in a permanent state of economic colonialism, a condition necessary for the penetration of American exports and enterprise.⁷⁷⁷

4.2.5. American Imperium in the Gulf

The United States has followed imperialist policies over the abundant and strategic oil resources in the Gulf region since 1941. The creation, evolution, and existence of the US informal empire in the Gulf can be explained by regional context, economic exploitation, and strategic imperatives. This American Gulf imperium serves to expand, consolidate, and maintain American hegemony both at regional and global levels.⁷⁷⁸ American imperialism, according to Orielly, differs from classical European patterns in a sense that the former intermittently involves in the region. Therefore, he describes American imperium in the Gulf as “contingent imperialism”. A contingent imperialism, according to him, arises whenever an imperial power defends its hegemonic and strategic interests in a foreign land against both internal and external threats by using political, economic and military means. Thus, “the level of threat, regional constraints, domestic reaction, and bureaucratic impediments,” Orielly underlines, explain “when, why, and in what form contingent imperialism occurs”.⁷⁷⁹ Contingent imperialism, he argues, can explain why and how the United States established a mostly informal empire in the Gulf that used coercive diplomacy, economic sanctions, and military forces.⁷⁸⁰

Initially, the United States supported the British colonial structure in the Gulf rather than deconstructing it. The British informal colonial rule provided political and economic stability, and as long as American oil companies were treated equally, the US economic interests could be protected through coordination and cooperation with Britain. The US policy thus was to maintain the British imperial order in the Gulf region. The colonial relationship between Britain and its dependencies was still useful and necessary in many places. The United States thus favored reliance on the well-

⁷⁷⁷ Healy, p. 223.

⁷⁷⁸ O'Reilly, p. 23.

⁷⁷⁹ O'Reilly, p. 24.

⁷⁸⁰ O'Reilly, p. 26.

established British order in key regions such as the Gulf as a cold front against the Soviet influence.⁷⁸¹

Maintaining British colonial order was also important for the US military base needs. Indeed, the American military advisers and policy-makers took advantage of the use of territorial domains already established by the British colonialism. After the war, while the US loans helped the British to reestablish its overseas empire, in return the Americans were granted the use of Britain's overseas colonies for military bases and commercial transport. Keeping British colonial order thus provided the Americans to establish its vast network of global military power.⁷⁸² The American informal empire gradually replaced the British informal colonial empire in the Gulf through economic coercion, client-ruling classes, and covert or overt military interventions.⁷⁸³

From 1945 to the late 1960s, the United States relied on the political order and military control established by the British Empire in Gulf region to achieve its imperial goals. With Britain's announcement of its intention of withdrawal in 1968, and the *de facto* withdrawal in 1971, the colonial order that the Americans tried to maintain and benefited from a lot collapsed. The Americans were aware of the gap that the British would leave behind regarding the security of the Gulf region. However, they established a new order instead of maintaining traditional colonial order.⁷⁸⁴

American postcolonial empire, unlike the British colonial empire, has been more readily and easily adjusted to the changing conditions. What made the Gulf region invaluable on the geopolitical and economic levels in the eyes of the American policymakers was the region's ample and affordably extractable oil. To achieve its geopolitical, economic and strategic goals, the US depended on its economic and military power, by which it coerced its enemies and coopted its allies in the region. The American empire building in the Gulf coincides with the era of decolonization that followed the Second World War. The Americans were well aware of the patterns of traditional empire and therefore introduced a postcolonial imperial model that was framed to be more flexible, polite, rational, and adjustable to various regional circumstances. However, the postcolonial patterns of American empire in the Gulf demonstrated over time the same features of

⁷⁸¹ Go, p. 130-140.

⁷⁸² Go, p. 141.

⁷⁸³ John Rees, **Imperialism and Resistance**, New York: Routledge, 2006, p. 79.

⁷⁸⁴ Go, p. 145.

traditional empires, which usually desired to expand, control, and maintain its hegemony through military, economic and diplomatic responses.⁷⁸⁵

To establish and maintain its empire in the Gulf, Orielly underlines, the United States utilized alliance, proxy, and unilateral forms of contingent imperialism. These forms and strategies of imperialism enabled the US to involve intermittently to the affairs of the Gulf, rather than continuous involvement; allowed calculation of objectives and tools; and permitted policy alteration whenever US interests are threatened or its influence is declined in the region. Parallel to the growing geo-economic and strategic importance of the Gulf, the interest of American decision-makers and presidents in the region increased at the same rate that eventually paved the way for the formation of an American informal empire in the Gulf.⁷⁸⁶

American neo-imperialism, according to Odennel, has never been a neo-colonial protection of concessions or British and US oil companies. In contrast, it has been about domination on market-centered global oil system, which has been maintained by regime changes, military interventions and economic sanctions. The US involvement in the British-backed military coup against the nationalization of Iranian oil in 1953 not only saved Britain but also guaranteed 40% stake for its IOCs in the Iranian oil consortium. The invasion and occupation of Iraq, however, has not been carried out for its own oil consumption or for the interests of its IOCs. Rather, the United States acts as the sole protector of global oil market, providing oil security not only for itself but also for its allies; achieves power and influence that go beyond oil; and positions itself at the center of oil market and governance.⁷⁸⁷ Regardless of the name of the American postcolonial order, whether neo-colonial or neo-imperialism, the Americans continued to exploit petroleum resources of the region from where the British left off. The theory that has brought the colonial and postcolonial exploitation into view most clearly has been the postcolonial.

Although the postcolonial order established by the Americans in the Gulf has often been described as an informal or neo-imperialism, the 2003 Iraqi occupation introduced a

⁷⁸⁵ O'Reilly, p. 181-2.

⁷⁸⁶ O'Reilly, p. 182.

⁷⁸⁷ Thomas W. O'Donnell, "The Political Economy of Oil in the U.S.-Iran Crisis: U.S. Globalized Oil Interests vs. Iranian Regional Interests", **International Affairs Working Paper**, (October 2009), p. 21-2. www.gpia.info/publications

completely different pattern. According to Noreng, the occupation of Iraq represents a colonial pattern in an imperial venture. The United States, he adds, intended and purposed to make from Iraq a *de facto* colony as a cornerstone of its new imperium. The design of this new empire, according to Noreng, was introduced by the Project for a New American Century in the late 1990s, which foresaw US control of Gulf petroleum supplies through a proxy in Baghdad. The short-term objective was a military occupation with political and economic control.

The long-term strategic goals were the control of the Gulf and the flows of oil, money, and arms, not only to serve US petroleum interests, but also to empower its position against rival oil and arms exporters, particularly China, Russia, Japan, and Europe.⁷⁸⁸ However, American formal empire in Iraq, according to O'Reilly, has not worked for several reasons. First, occupation of a country in postcolonial era was both unpopular and counter-productive. The occupation of Iraq led to a global anti-Americanism, not to mention the Arab world. Second, despite its military technology and conventional power that may be formidable in inter-state warfare, the US superiority vanished in front of intra-state counter-insurgency. Third, reforming Iraqi politics through nation busting and power reversing fostered vicious ethno-sectarian conflict. In other words, the US has disrupted the ethnic and sectarian balance of power in Iraq, which has led to a political stalemate.⁷⁸⁹

On the other hand, Philipp Amour describes the Gulf region as one of three different subregions of the Middle East, in addition to the Fertile Crescent and the North Africa. Since the formation of the regional system, he adds, the Fertile Crescent has been the power center of this system due to regional and transnational conflicts, wars, ideologies and beliefs. However, for several factors this power center has shifted to the Gulf region: the increase of conflicts caused by both regional and global powers, the rich oil and natural gas reserves, and the great powers competition over the access and control of the these natural resources.⁷⁹⁰ In addition to these factors, Ismail Numan draws attention on the traditional regional powers that have lost their influence in regional

⁷⁸⁸ Øystein Noreng, **Crude Power: Politics and The Oil Market**, London: Tauris, 2007, p. xix.

⁷⁸⁹ O'Reilly, p. 289.

⁷⁹⁰ Philipp O. Amour, "Introduction: The Regional Order in the Gulf Region and the Middle East", in **The Regional Order in the Gulf Region and the Middle East: Regional Rivalries and Security Alliances**, ed. Philipp O. Amour, Cham, Switzerland: Palgrave Macmillan, 2020, p. 8.

politics due to political turmoil caused by the Arab Spring, economic crises, and international developments.⁷⁹¹ The Gulf region in the broader Middle East regional order is represented by two effective power systems, which led by KSA/UAE and Iran. Since the 1980s, these two centers of the power have produced conflicting politics on both regional and global levels, which have been based on tension rather than aggression.⁷⁹²

4.3. American Oil Policy in the Gulf

The discovery of oil in the Gulf did not go unnoticed by the US government and its oil companies. However, the region was under British informal colonial rule and therefore US involvement was minimal. Although the Americans acknowledged the British political and military supremacy in the Gulf, they wanted to share the economic benefits of the region's oil wealth.⁷⁹³ Therefore, the State Department made every effort to ensure that American oil companies had access to the oil resources in the Gulf region.⁷⁹⁴ The access to foreign oil reserves thus has been at the top of the foreign policy agenda of the United States since the early twentieth century. In the wake of the First World War, the State Department used all diplomatic channels to support the efforts of American oil companies to gain oil concessions from the Gulf rulers.⁷⁹⁵ The diplomatic efforts and pressures gave its fruits and US oil companies gradually gained access to the Gulf oil resources despite the reluctant approval of European colonial powers.⁷⁹⁶

Prior to World War II, the US, economically getting what it wanted from the oil resources in the Gulf, displayed indecisive and reluctant attitudes to involve in the politics of the region. The United States entered the Gulf for the first time during the Second World War to protect the supply lines of the Allied Powers to the Soviet Union. After the War, it withdrew almost all its military forces from the region, leaving the oil

⁷⁹¹ İsmail Numan Telci, "Ortadoğu Siyasetinde Körfez'in Artan Rolü", **Ortadoğu Analiz**, Cilt 10, Sayı 89 (Eylül-Ekim 2019), p. 36.

⁷⁹² Philipp O. Amour, "Regional Rivalries and Security Alliances", in **The Regional Order in the Gulf Region and the Middle East: Regional Rivalries and Security Alliances**, ed. Philipp O. Amour, Cham, Switzerland: Palgrave Macmillan, 2020, p. 410.

⁷⁹³ Gary Sick, "The United States and The Persian Gulf in The Twentieth Century", in **The Persian Gulf in History**, ed., Lawrence G. Potter, Basingstoke: Palgrave Macmillan, 2010, p. 296.

⁷⁹⁴ F. Gregory Gause, **The International Relations of the Persian Gulf**, Cambridge: Cambridge University Press, 2010, p. 13.

⁷⁹⁵ David S. Painter, "Oil", in **Encyclopedia of American Foreign Policy**, ed. Alexander De Conde, New York: Scribner, 2002, p. 1.

⁷⁹⁶ Noreng, **Crude Power**, p. 62.

business to its companies and the region's security tasks to its British ally.⁷⁹⁷ Following the World War I, Great Britain had further extended its informal colonial control in the Gulf by dividing people of the region, drawing its borders, and with the collaboration of the enthroned kings and emirs.⁷⁹⁸ For the US, getting involved in the affairs of the Gulf complicated for variety of reasons, namely the remoteness of the region, the involvement of rival colonial powers, and the rising anti-colonial nationalist movements.⁷⁹⁹

After the Second World War, Cold War strategies toward the Gulf were designed to protect Anglo-American oil interests. The United States, in this regard, pursued a containment policy against the Soviet Union and its regional allies to prevent them from accessing and controlling oil resources in the Gulf.⁸⁰⁰ On the other hand, US wanted to leave the old-style European colonialism behind and subordinate European powers to its neo-colonial order. Confrontation and cooperation with European powers were dominant approaches of American foreign policy in the 1950s. The contradictory attitude of Americans towards the European powers in the crisis of nationalization of the Suez Canal and Iranian oil was in line with these policies and approaches.

In the decade following World War II, the United States consolidated its control of world oil that established and maintained its supremacy in the post-war international system. In all great oil-producing countries, except the Soviet Union, US oil companies were granted oil concessions either exclusively, or through equal partnerships, or by joining consortiums. After the British withdrawal from the East of Suez in 1971, the United States was not in a position to assume the Gulf security responsibilities, but instead reached an unusual proxy agreement with Iran and Saudi Arabia. When this regional security order collapsed with the Islamic Revolution in Iran, the United States sought to build military infrastructure and consolidate its military capabilities in the region. This militarization of the Gulf was further accelerated by the Soviet occupation

⁷⁹⁷ Sick, p. 295.

⁷⁹⁸ Philippe Le Billon and Fouad El Khatib, "From Free Oil to Freedom Oil: Terrorism, War and US Geopolitics in the Persian Gulf", in **The Geopolitics of Resource Wars: Resource Dependence, Governance and Violence**, ed. Philippe Le Billon, London: Frank Cass, 2005, p. 109.

⁷⁹⁹ Painter, p. 2.

⁸⁰⁰ Gause, p. 13.

of Afghanistan and Iran-Iraq war in the 1980s.⁸⁰¹ The end of Cold War, however, did not change the military objectives of the United States. The American military bases and presence in the Gulf was justified by citing the “hostile states” in the region.⁸⁰² The United States and the countries of the region perceived the Iraqi invasion of Kuwait and Iranian efforts to export its revolution in the region serious threats to the oil security.

Therefore, securing oil supplies, reasonable prices, transportation routes, and the interests of Western oil companies have become imperatives of the US policy in the Gulf. On the other hand, diplomatic pressures, economic sanctions, military interventions, coups d'état, and overseas naval bases have all been used to control oil resources in the Gulf.⁸⁰³ The economic and strategic significance of the Gulf oil has always motivated the United States to contain external or regional rival powers that threatened its oil interests.⁸⁰⁴ The control and protection of oil interests are closely linked to the political, economic, and military objectives of the United States in the Gulf. All the major US twentieth-century presidential doctrines-the Open Door policy, the Cold War Containment Policy, the Twin Pillars policy, the Carter Doctrine, and the Double Containment policy- are thus explicitly or implicitly concerned with the protection of American oil interests in the region.⁸⁰⁵

4.3.1. The Open Door Policy

The Open Door policy offered the United States trade opportunities around the world without taking on political and military responsibilities.⁸⁰⁶ The policy was first announced by the State Department officials in diplomatic notes to Britain, Russia, and other great powers and stated that the US would not tolerate any discrimination against its trade or investment initiatives in China. This American open-door initiative has become a lodestar for successive generations of diplomats and businessmen who associated economic opportunities abroad with domestic prosperity. When the Open

⁸⁰¹ Steve A. Yetiv and Katerina Oskarsson, **Challenged Hegemony: the United States, China, and Russia in the Persian Gulf**, Stanford, California: Stanford University Press, 2018, p. 30; Painter, p. 5; Sick, p. 295.

⁸⁰² Gause, p. 13; Le Billon and El Khatib, “From Free Oil to Freedom Oil”, p. 110.

⁸⁰³ Philippe Le Billon, **The Geopolitics of Resource Wars: Resource Dependence, Governance and Violence**, London: Frank Cass, 2005, p. 327.

⁸⁰⁴ Le Billon, **The Geopolitics of Resource Wars**, p. 331.

⁸⁰⁵ Painter, p. 1.

⁸⁰⁶ O'Reilly, p. 4.

Door policy was announced, Standard Oil Company was among the US Companies doing business in China, supplying most of the kerosene demand of Chinese market.⁸⁰⁷

At the turn of the twentieth century, reports on potential oil deposits in Mesopotamia turned the region into a theatre of diplomatic and commercial competition for oil concessions. On the one side of the stage was the Deutsche Bank group, which aimed to maintain German influence and represent its interests in the region, and on the other, the Anglo-Persian Oil Company supported by the British government to balance the German group.⁸⁰⁸ American oil companies had already launched a campaign to gain access to new oil resources around the world that would inevitably lead them to the Gulf region. American diplomats and oilmen had no intention to allow European oil companies to monopolize the Gulf oil. Both the US government and its oil companies believed that Britain would pursue protectionist policies to block oil resources in the Gulf before the American Open Door initiatives. When the US oil companies landed on the field to obtain oil concession in the region, the doors had already been closed.⁸⁰⁹ Although the United States acknowledged Britain's supremacy in the Gulf, the State Department and oil companies engaged in a fierce competition with Britain for access to the region's oil resources. The US government insisted on the Open Door policy and consistently supported its private oil firms to gain concessionary rights and access to the region's oil resources.⁸¹⁰

The Wilson administration predicted a post-war oil shortage and exerted diplomatic pressure on Britain to open the door for US oil companies to join the Turkish Petroleum Company (TPC) consortium. However, Britain ignored these US pressures and negotiated with France in San Remo in April 1920, signing an agreement that officially excluded the US from Mesopotamian oil.⁸¹¹ The San Remo agreement launched a fierce diplomatic battle between British and American interests over the control of Gulf oil

⁸⁰⁷ Douglas Little, **American Orientalism: the United States and the Middle East since 1945**, Chapel Hill: The University of North Carolina Press, 2008, p. 45.

⁸⁰⁸ Yergin, **The Prize**, p. 183.

⁸⁰⁹ Yergin, **The Prize**, p. 194-5.

⁸¹⁰ Thomas A. Bryson, **American Diplomatic Relations with the Middle East, 1784-1975: A Survey**, Metuchen, N.J.: Scarecrow Press, 1977, p. 96; Painter, p. 6; Noreng, **Crude Power**, p. 73.

⁸¹¹ Little, **American Orientalism**, p. 46.

and played a decisive role in shaping the future of British diplomatic and commercial relations with the United States.⁸¹²

The Anglo-French oil accord, according to American officials, had manifestly violated the principles of the Open Door and the equal rights among the victorious Allies. Furthermore, the State Department questioned the validity of the British claims that IPC had oil concession from the Ottoman government. According to the statement of the Department, the Ottoman government did not grant any concessions to the IPC, but only promised a concession that had no validity in international law. They also claimed that the accord excluded the United States that contributed to the Allied victory. Finally, they intimidated Britain, reminding that they had the right to debate issues related to the mandate rule over Mesopotamia. On the other hand, the Harding administration worked closely with the executives of the major American oil companies to seek access to Mesopotamian oil resources. They realized that the British oil monopoly in the region could only be broken by forming a united front and under the roof of a consortium company.⁸¹³

American diplomatic pressure eventually forced the British to compromise for a number of reasons. First of all, they realized that the legal case was unclear as to whether the IPC was officially granted a Mesopotamian oil concession or just a promise of a concession. Second, the British needed American cooperation in many other economic and strategic areas. Third, the accord had evoked anti-British sentiment in the United States. While congress spoke of an oil embargo against Britain, the press denounced British action as an old-fashioned imperialism. Finally, American participation in the development of Mesopotamian oil with its capital and technology would certainly accelerate the process of oil revenues for both British Treasury and Iraqi mandate.⁸¹⁴ On December 12, 1922, Whitehall was to offer American oil companies a substantial share in Iraqi oil, but negotiations to form a consortium and signing the final contract would continue until July 31, 1928.⁸¹⁵ According to final division of shares, the American consortium received 23.75 percent share from multinational TPC consortium. This

⁸¹² Little, *American Orientalism*, p. 60.

⁸¹³ Bryson, *American Diplomatic Relations*, p. 98.

⁸¹⁴ Yergin, *The Prize*, p. 196.

⁸¹⁵ Little, *American Orientalism*, 47; Bryson, *American Diplomatic Relations*, p. 100; Yergin, *The Prize*, p. 204.

23.75 percent share was divided among the American oil companies in the American consortium as follows: Jersey Standard and Socony 25 percent each; Gulf Oil, the Pan-American Petroleum & Transport Company, and Atlantic Refining 16.66 percent each.⁸¹⁶

In the meantime, diplomatic negotiations at the governmental level continued and two important agreements were signed between the Anglo-American oil companies. In 1928, at Achnacarry, the executives of major Anglo-American oil companies met under the cover of a “hunting party” to formalize the governance structure of the oil market. At Achnacarry, Anglo-American oil companies consolidated their existing oil market shares and divisions, and agreed to control and monopolize oil pricing and production levels to avoid destructive oil production and price competition.⁸¹⁷ In 1928, after the discovery of oil, the TPC’s multinational consortium signed a 75-year oil concession contract with the Iraqi government. The multinational consortium also signed on a self-denying clause that prohibiting its members from independently seeking for oil concessions inside the former Ottoman territories, which was marked by a red line. In 1929, TPC was renamed as Iraqi Petroleum Company (IPC), and oil flow from Iraqi fields could not begin until the completion of Mediterranean pipeline in 1934.⁸¹⁸ The State Department closely observed both the Achnacarry and the Red Line agreements negotiations and seemed content to leave American foreign oil policy in the hands of its private oil companies.⁸¹⁹

The Open Door policy of the State Department continued to provide other American oil companies with access to the Gulf’s oil resources. Standard Oil of California (SOCAL), which was not a party to the Red Line Agreement, acquired extensive oil concessions in Bahrain in 1930 and in Saudi Arabia in 1933. Meanwhile, Gulf Oil Company (GOC) equally shared Kuwaiti oil with Anglo-Persian Oil Company. Although Kuwait was located outside borders of the Red Line Agreement, the British government had no intention of opening the doors to the American oil company. However, as a result of US

⁸¹⁶ Bryson, *American Diplomatic Relations*, p. 102.

⁸¹⁷ Engdahl, *A Century of War*, p. 74.

⁸¹⁸ Bryson, *American Diplomatic Relations*, p. 102; Painter, p. 6.

⁸¹⁹ Little, *American Orientalism*, p. 47.

diplomatic pressure and GOC's connections in both governments, access to Kuwaiti oil was eventually allowed.⁸²⁰

4.3.2. Roosevelt's National Security Doctrine

The link between oil and American national security was first established during the Second World War, when American political and military leaders realized their rapidly increasing oil need. For this purpose, the government established Petroleum Administration for War (PAW) in the late 1942 to pursue and secure strategic oil policies during the war. The Roosevelt administration perceived American oil interests in the Gulf as a national security issue and was reluctant to leave it entirely to the initiatives of the private oil companies.⁸²¹ American policymakers first introduced the doctrine of securing Gulf oil supplies in 1943, when President Roosevelt approved of military assistance to the Saudi Kingdom. The State Department predicted that Western powers would become heavily dependent on the Gulf oil after the war, and believed that the United States should take more effective initiatives in the region's affairs. This approach paved the way for the American officials to establish close diplomatic relations with Saudi Arabia and to a historical meeting between President Roosevelt and King Abdel-Aziz Ibn Saud in 1945.⁸²² In December 1942, the State Department had already considered the development, control, and protection of the Kingdom's oil resources in the framework of broad national interests. Thus, the future and security of the Kingdom was linked to the doctrine of American national security.⁸²³

The PAW won Roosevelt's approval to provide a US aid package to Saudi Arabia under the wartime Lend Lease Act on February 18, 1943. With the aid package, the Roosevelt administration aimed at bringing Saudi Arabia to the axis of American oil interests. Thus, American and British rivalry for Saudi oil ended in favor of the former, partly due to Roosevelt's moderate diplomatic approach.⁸²⁴ However, Saudi Arabia was not among belligerent states, so in order to bring it within the Lend Lease Act provisions, Roosevelt had to declare that the Kingdom was part of the defense front of the US and

⁸²⁰ Painter, p. 6; Little, *American Orientalism*, p. 48.

⁸²¹ Little, *American Orientalism*, p. 48.

⁸²² Michael T. Klare, *Resource Wars: the New Landscape of Global Conflict*, New York: Henry Holt and Company, 2013, p. 146-7.

⁸²³ Engdahl, *A Century of War*, p. 88.

⁸²⁴ Little, *American Orientalism*, p. 49; Engdahl, *A Century of War*, p. 88.

Allied powers.⁸²⁵ Moreover, Roosevelt personally advised the Lend Lease manager that Saudi Arabia's security was important to the US oil security and that funds should be provided. The approval of the aid package thus opened a new passage for the American diplomacy toward the Gulf States. The President's move, on the other hand, reiterated the commitment of the US government to protect its oil interests in the Kingdom, especially against the British rivalry. In addition to that, the aid package consolidated American prestige in Saudi Arabia, which was escaped from Britain's hands, demonstrated American goodwill, and brought economic and political stability to the Kingdom.⁸²⁶

The Roosevelt administration believed that securing access to the Gulf oil needed to win the war and required control of the ambitions of both the Wall Street and the Whitehall in the Gulf. In addition to the establishment of PAW, Roosevelt was persuaded to create a government agency, the Petroleum Reserves Corporation (PRC), authorized to expand American oil supplies by seeking concessions abroad. Under the pressure of the wartime oil shortage and for the future of national oil security, the state officials in both PAW and PRC advised the Roosevelt government to purchase an official stake in the Gulf oil similar to the British government's stake in APOC. Two months later, the SOCAL and Texaco executives were offered to sell their Saudi subsidiary to PRC.⁸²⁷ Both oil companies refused the establishment of a state-owned oil company in the American oil industry. For the same purpose, another ambitious plan was introduced whether Britain would be willing to transfer its oil stake in the Kuwait Oil Company as a repayment in exchange for the Lend Lease assistance. Neither the British government nor the Gulf Oil Company, which was equal partner of the concession, accepted the proposal.⁸²⁸

4.3.3. Truman Containment Doctrine

The World War II proved the centrality of oil for American national security and global power, and that the domestic production could no longer meet the country's oil needs. US officials realized that they needed a broader definition of national security that reflects both the Cold War concerns and decolonization outcomes. The Soviet threat,

⁸²⁵ Rees, *Imperialism and Resistance*, p. 74.

⁸²⁶ Bryson, *American Diplomatic Relations*, p. 113.

⁸²⁷ Little, *American Orientalism*, p. 50.

⁸²⁸ Little, *American Orientalism*, p. 49.

expansion, strategic and economic interests, and proximity to the region brought the Gulf and its potential oil resources to the center stage. To this end, President Truman announced the Truman Doctrine committing the United States to assume responsibilities in the Gulf region beyond its traditional foreign policy boundaries.⁸²⁹ The announcement of the Truman Doctrine and the participation of the four major American oil companies in the development and exploitation of Saudi Arabian oil indicated the long-standing political and economic American presence and interests in the Gulf region.⁸³⁰ Saudi Arabia became a center of gravity for both American oil companies and politicians. In this regard, Truman did not hesitate to renew the assurances given to Saudi King and reiterated the US commitment to preserve the independence and territorial integrity of the Saudi Kingdom.⁸³¹

The Truman Doctrine aimed at preventing the strategic, political, and economic ambitions of the Soviets over the Gulf rich oil resources. The possibility of the Soviets expansion into the Gulf and controlling its oil resources was the perceived fear in the West. American military planners even worked on a plan how to damage, if needed, the oil fields in the Gulf to prevent a Soviet control. Therefore, the Gulf region was identified strategically important for national security of the United States and strong diplomatic relations with the regional states were encouraged to prevent the Soviets access to the region.⁸³² The Truman “containment doctrine” emphasized the vulnerability of the Gulf oil supplies and envisaged the support of the American oil companies in their attempt to exploit the oil production in the Gulf and maintain good diplomatic relations with the host governments. More importantly, Americans wanted to extend the life of strategically vital Western hemisphere oil reserves by depending on Saudi oil for their peacetime needs.⁸³³ In this regard, the Cold War in the Gulf sparked an opening in American national security thinking on the protection and control of oil supplies. Industrial power, economic development, and wealth production in Western

⁸²⁹ Bryson, **American Diplomatic Relations**, p. 135.

⁸³⁰ Yergin, **The Prize**, p. 416.

⁸³¹ Yergin, **The Prize**, p. 428.

⁸³² Yetiv and Oskarsson, **Challenged Hegemony**, p. 18.

⁸³³ Venn, **Oil Diplomacy**, p. 109.

block become key components of the Truman's containment strategy during the Cold War.⁸³⁴

The notions of national security and corporate profitability had reached up to the establishment of an informal partnership between the Truman administration and the US multinational oil companies aimed at expanding America's access to the Gulf oil reserves. The first step taken towards the achievement of such free access was the termination of the Red Line Agreement, which had blocked the activities of some of the US oil companies in the region.⁸³⁵ In this regard, the State Department announced that the Red Line Agreement or any other oil agreement based on restriction of competition would be considered contrary to the US economic foreign policy objectives. While the overseas barriers before free access of American companies to the Gulf oil resources were removed, the American national Antitrust Law continued to restrict the activities of the oil companies. Therefore, Jersey Standard and Mobile, which sought infusion of capital with Socal and Texaco to expand their oil operations in the Saudi oil fields, declared that they had no intention of joining the Aramco cartel. However, the Truman administration would abandon prosecution under Antitrust Law, and in March 1947, the Department of Justice was to declare that it would have no legal objections to American oil companies' joint ventures abroad.⁸³⁶ Since both Aramco and the Mediterranean oil pipeline were critical to US national security and Europe's economic recovery in the early years of the Cold War, the Truman administration renounced antitrust laws and accepted the cartelization of Saudi Arabian oil by the American oil companies.⁸³⁷

Washington worried that Europe would become dependent on cheap, abundant, and nearby Soviet oil. They recognized that Europe had to go through a rapid recovery and that only the Gulf oil could provide such a rapid industrial and economic restructuring of Europe.⁸³⁸ For the American officials, Gulf oil resources meant economic independence, recovery, and development for Western Europe. Therefore, the Gulf oil resources had to be preserved and protected from the Soviets and local threats for the

⁸³⁴ Christopher R. W. Dietrich, **Oil Revolution: Sovereign Rights and the Economic Culture of Decolonization**, Cambridge: Cambridge University Press, 2017, p. 143.

⁸³⁵ Little, **American Orientalism**, p. 52.

⁸³⁶ Little, **American Orientalism**, p. 53.

⁸³⁷ Little, **American Orientalism**, p. 53.

⁸³⁸ Maugeri, **The Age of Oil**, p. 55.

economic survival of the Western world.⁸³⁹ In this framework, the Secretary of State, George Marshall, announced his plan for the reconstruction of Western Europe. The US Congress approved the plan on the basis of the self-sufficiency of oil for both two hemispheres and recommended that European energy needs should be met from oil sources outside the US as much as possible. The Gulf oil reserves that could guarantee Europe's primary and America's alternative energy needs were a direct result of this proposal already envisioned by American strategists.⁸⁴⁰

For the implementation of the Marshall Plan, the Truman administration relied on Saudi crude oil that Aramco would soon pump through the Trans-Arabian Pipeline (Tapline). Emphasizing the strategic and economic importance of the Tapline project, the Truman administration assumed that the Tapline would carry the Gulf oil to Europe and significantly relieve the American burden.⁸⁴¹ Aramco executives worked closely with US officials to obtain the necessary passage rights from Jordan, Syria, and Lebanon, where the Tapline would cross. The pro-Western government in Lebanon signed an agreement that granted Aramco the right to build a pipeline terminus and refinery complex at Sidon for an annual fee of \$150,000. Likewise, the Emir of Jordan allowed Aramco's Tapline to cross through his Kingdom for an annual transit fee of \$ 60,000. In Damascus, American diplomats and oilmen failed to reach an agreement with Syrian President Shukri al-Quwatli, whom they believed to be a "militant Arab nationalist". After two years of unsuccessful negotiations, the Truman administration opted to overthrow al-Quwatly regime as a solution. Syrian Army Chief of Staff Husni Zaim, who overthrew al-Quwatly on March 31, 1949, granted Aramco the right of passage within six weeks. Aramco completed the Tapline with the support of Washington in December 1950. Every day 320,000 barrels of Saudi crude oil passed through 1,100 miles of steel pipelines from Dhahran to Sidon, and transported by tankers to refineries in France and Italy.⁸⁴²

The oil policy of the Truman administration attempted to imitate Churchill's imperial oil policy, which brought the Royal government into oil business and a partner in APOC. Similar to British colonial "pirates" discourse used to eliminate native

⁸³⁹ Yergin, **The Prize**, p. 428.

⁸⁴⁰ Maugeri, **The Age of Oil**, p. 55-6.

⁸⁴¹ Little, **American Orientalism**, p. 53.

⁸⁴² Little, **American Orientalism**, p. 54.

merchants in the Gulf waters, American postcolonial discourse of “militant nationalist leader” justified a military coup to remove al-Quwatly, who was reluctant to serve the American interests.

4.3.4. Nixon Twin Pillar Doctrine

In the early Cold War era, the United States maintained a relatively low political and military position in the Gulf. Washington had long depended on the British dominant presence in the region as an important part of its Soviet containment policy.⁸⁴³ In this regard, the Americans were in close cooperation with the British in protecting their oil interests in the region through strategic pacts, economic and military aid packages. However, this situation changed in 1968, when the British Prime Minister announced that London had no longer intention to maintain its military presence in the East of Suez.⁸⁴⁴ The Nixon administration, which took the office in 1969, reconsidered US policy in the Gulf, taking into account the gap that would occur by the withdrawal of the British military forces in late 1971.

In fact, American strategists were convinced that the British withdrawal would create a serious security vacuum in the Gulf and Washington should take primary responsibility for maintaining the stability. After an intense examination of American interests in the region by the National Security Council, headed then by Henry Kissinger, President Nixon approved the Resolution, which mandated the expansion of American presence in the Gulf.⁸⁴⁵ However, the decision to expand American presence in the Gulf created a serious dilemma among top policymakers. Considering that the war in Vietnam reached its peak and the American public was unwilling to support another overseas military responsibility, the Nixon administration could not send large numbers of American troops to the Gulf. Instead, the administration embraced what became known as the “Surrogate Strategy”, a policy of reliance on friendly regional states to protect American/Western interests with significant military assistance and strategic guidance from Washington.⁸⁴⁶

⁸⁴³ Sick, p. 296; Klare, **Resource Wars**, p. 147.

⁸⁴⁴ Klare, **Resource Wars**, p. 148.

⁸⁴⁵ Klare, **Resource Wars**, p. 148.

⁸⁴⁶ Klare, **Resource Wars**, p. 148-9.

The Nixon doctrine was the result of this reassessment of how best to protect American interests around the world in general and in the Gulf region in particular without deploying large numbers of American soldiers. The Doctrine was primarily based on security cooperation with the regional states, where American interests needed protection. Regarding the security of the Gulf, the doctrine assigned Iran and Saudi Arabia the responsibility to protect American interests in the region, a strategy later known as “Nixon Twin Pillars Policy”.⁸⁴⁷ From the outset, Iran’s size, military capacity, physical location between the Gulf and the Soviet Union, and Shah’s willingness to collaborate with the Americans on security issues were considered important factors for such strategic relationship. Washington and Tehran reached an agreement in May 1972, when President Nixon and his National Security Adviser Henry Kissinger visited Iran. According to the agreement, Washington agreed to increase the number of military advisers and Iran’s access to American advanced non-nuclear military technologies. The Shah, in return, pledged to protect American interests in the Gulf.⁸⁴⁸

The Twin Pillars Policy, according to Yetiv, was promoted shortly after the Soviet-Iraqi treaty. Washington sought to balance against Moscow-Baghdad alignment by Twin Pillars Policy with Tehran and Riyadh. Clearly, the aim was to achieve a balance both at the global and regional levels. Thus, Washington’s strategy balanced Moscow’s power at the global level, and Iraq’s threat at the regional level in the Gulf.⁸⁴⁹ In line with Nixon doctrine, Iran closely checked Iraq and South Yemen, which were perceived as a serious threat to the security of the Gulf due to their connections with Moscow and their regional ambitions. For the same purpose, Iranian military forces were deployed in Oman to quell the Dhofar Marxist rebellion in 1975, and to maintain order thereafter.⁸⁵⁰ Iran did not participate in the 1973 Arab oil embargo, but rather increased the level of oil production to secure oil supply for Western countries. Thus, Iran had become the primary and indispensable axis of American strategy in the Gulf.⁸⁵¹ Saudi Arabia, on the other hand, was concerned about the Shah’s growing military power and his regional

⁸⁴⁷ Sick, p. 296.

⁸⁴⁸ Sick, p. 296.

⁸⁴⁹ Steve A. Yetiv, *Absence of Grand Strategy The United States in the Persian Gulf, 1972—2005*, Baltimore: Johns Hopkins University Press, 2008, p. 41.

⁸⁵⁰ Yetiv, *Absence of Grand Strategy*, p. 34.

⁸⁵¹ Sick, p. 297.

ambitions, but shared the same goals with Iran in controlling Soviet influence and ensuring regional stability.⁸⁵²

Nixon and Kissinger, according to some historians, deliberately designed increases in oil prices not only to meet Saudi and Iranian defense spending, but also to affect economic development of Western Europe and Japan by withdrawing surpluses to the oil producers. While the United States, a self-sufficient oil producer, would be marginally affected and increase its competitive position against its allies.⁸⁵³ Their main goal was to enable Iran and Saudi Arabia to pay for all advanced military technology needed for their new role. The American government would remain the ultimate profit maker in the petroleum-dollar and dollar-arms trades.⁸⁵⁴

4.3.5. Carter Doctrine

The Carter administration initially continued the twin-pillars policy of the Nixon administration in the Gulf region. Although Carter moved away from balance-of power realpolitik that Nixon practiced at the global level, he maintained balancing policies against Iraq and the Soviets in the Gulf.⁸⁵⁵ When Carter took office in 1977, he made energy policies one of his top priorities. For him, the energy problem was the biggest challenge the US would face in the future.⁸⁵⁶ However, as Parra points out, energy security had not been an issue that required an urgent action when Carter took office, neither during the election campaign nor on the global scene. What made Carter to take urgent action regarding energy security was the rising US oil demand and declining its domestic oil production. This meant, for Carter, increasing dependence on the Gulf oil, as it meant dragging American oil security concerns into new ventures. Fear of oil embargoes in particular forced Carter to reduce reliance on the Gulf oil as a short-term objective.⁸⁵⁷

The American strategic framework for Gulf oil security collapsed in 1979 when the shah of Iran, who had defended American interests in the region, was replaced by an anti-American regime. The overthrow of the Shah thus marked the end of the Twin

⁸⁵² Yetiv, **Absence of Grand Strategy**, p. 38.

⁸⁵³ Jeffrey R. Macris, **Imperial Crossroads: the Great Powers and the Persian Gulf**, Annapolis, MD: Naval Institute Press, 2012, p. 164.

⁸⁵⁴ Macris, p. 149.

⁸⁵⁵ Yetiv, **Absence of Grand Strategy**, p. 35.

⁸⁵⁶ Venn, **Oil Crisis**, p. 128.

⁸⁵⁷ Parra, **Oil Politics**, p. 253-4.

Pillars Policy of the Nixon administration. Contrary to Shah's extraordinary military expenditures, Iran's spiritual leader, Ayatollah Khomeini, severed these extensive arms relations with Washington, closed its military facilities on Iranian soil, and, moreover, refused the Soviet arms offers.⁸⁵⁸ The overthrow of the Shah, as Painter points out, caused the second oil crisis that disrupted markets and doubled oil prices. In addition to fall of the Shah, fears of civil unrest in Saudi Arabia convinced American policymakers that the policy of relying on regional powers to protect their oil interests in the Gulf is no longer credible.⁸⁵⁹ The collapse of oil production in post-revolutionary Iran threatened American oil interests in the Gulf and led Washington to seek alternative policies to protect its oil interests in the region.⁸⁶⁰

The Iranian revolution, for the United States, equally represented an ideological threat as well as a political threat to US positions and oil interests in the Gulf.⁸⁶¹ Moreover, the 1979 Soviet occupation of Afghanistan forced key decision makers in the State Department to reconsider the stability and security of Gulf oil and read the Soviet occupation as part of a grand strategy that could result in an invasion of the Gulf region.⁸⁶² Similar to the British response to Russia's expansion into the Gulf during the colonial period, the US warned the Soviets and emphasized the strategic and economic significance of the region for national and Western interests. The Carter Doctrine, in this regard, was a response of American Gulf policy to both the Islamic Revolution in Iran and the Soviet invasion of Afghanistan.⁸⁶³ Carter, in his State of the Union Address, warned that "an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force."⁸⁶⁴

The Carter Doctrine had remarkable similarities with the Lansdowne Doctrine in terms of protecting national interests and deterring rival powers. In 1903, when drawing a red line for the British colonial policy in the Gulf, Lansdowne stated that the British Empire

⁸⁵⁸ Yetiv and Oskarsson, **Challenged Hegemony**, p. 20.

⁸⁵⁹ Painter, p. 14.

⁸⁶⁰ Yetiv, **Absence of Grand Strategy**, p. 39.

⁸⁶¹ Noreng, **Crude Power**, p. 78.

⁸⁶² Yetiv and Oskarsson, **Challenged Hegemony**, p. 20.

⁸⁶³ Rees, **Imperialism and Resistance**, p. 82.

⁸⁶⁴ Venn, **Oil Crisis**, p. 93.

would “regard the establishment of a naval base, or of a fortified port, in the Persian Gulf by any other power as a very grave menace to British interests” and that such a move would be prevented “with all the means at our disposal.”⁸⁶⁵ The Carter Doctrine thus clearly indicated to a future American military involvement into the Gulf affairs and completed the transfer of political and military control of the Gulf from Britain to the USA. The first attempt to operate on the Carter Doctrine was not successful for the President. The hostage crisis had already put Carter’s presidency at risk despite his decision to launch a military operation to rescue the hostages. The fate of the operation had determined also the fate of the President. When American rescue helicopters crashed into their supply planes in a desert storm, Carter had to halt the operation.⁸⁶⁶

The establishment of the Rapid Deployment Force (RDF) by Carter proved the intent and determination of the doctrine. The RDF was based in the USA and made available as a group of combat unit for use in the Gulf to protect American oil interests in cases of regional or external threats. In this regard, Carter sought for new accesses for US military bases, restored existing bases, and approved a more powerful navy presence in the Gulf.⁸⁶⁷ However, the Gulf Arab countries, for several reasons, were reluctant to the establishment of American military bases on their soils. The tragic fate of the Shah, the avoidance to confront Iraq and Iran, and Arab opposition to camp-David peace factored the reluctance of the Gulf Arab states to engage in a military cooperation with the US. With the exception of Oman, it was the only Gulf country to adopt the new American strategy in the region and sign a military facilities agreement with the US. As early as 1975 Americans had access to the British airbase on Masirah Island in the Arabian Sea. The naval force at Bahrain would also form the core of the US Fifth Fleet.⁸⁶⁸

The Carter Doctrine was adopted by the Reagan administration, which succeeded in forming more military power and organizational structures. In 1983, the RDF was reorganized and renamed as the U.S. Central Command (CENTCOM) with additional tasks. The initial intent and purpose of the CENTCOM was to assure secure access to Gulf oil and prevent the Soviets from gaining direct political and military control or

⁸⁶⁵ Sick, p. 299.

⁸⁶⁶ Rees, **Imperialism and Resistance**, p. 82.

⁸⁶⁷ Klare, **Resource Wars**, p. 151.

⁸⁶⁸ Gause, **The International Relations of the Persian Gulf**, p. 57.

through its client states in the region.⁸⁶⁹ However, in the late 1980s Iraq and later Iran would threaten the Gulf order established by the United States. Therefore, the Carter Doctrine was restated by Reagan to include regional threats. In October 1981, President Reagan stated that the United States would not “stand by” and watch threats against Saudi Arabia to endanger its flow of oil. The Reagan administration committed itself to protect the Saudi Kingdom against external threats to the Gulf region and against domestic threats to the monarchical regime.⁸⁷⁰

4.3.6. Clinton’s Double Containment Doctrine

On May 18, 1993, the Clinton administration publicly announced that America needed new policies and approaches to protect and maintain its interests in the Gulf. Two months after Clinton took office, Martin Indyk, a member of National Security Council, stated the outlines of the containment policy of the new administration. He proclaimed that the previous policies of twin-pillars and balance of power bankrupted and that the United States did not need to rely on some or one state to balance the other to maintain the regional stability.⁸⁷¹ Conventionally, the Americans have pursued power-balancing policies against Iraq and Iran to protect the oil-rich Arab states in the Gulf and provide safe oil flows. Following the 1991 war, the United States became the predominant power in the Gulf, Indyk declared, and had all means to check both Iraqi and Iranian regimes.⁸⁷² The United States had previously pursued the strategy of containment to control a particular aggressor threatening its interests in a particular region or seeking world domination. However, dual containment policy differed from the containment and certainly from the balance of power in the sense that the former intended, albeit implicitly, regimes change in Iran or Iraq or both.⁸⁷³ Unlike balance-of-power politics that is primarily concerned with the relative position of states and assumes a balance against the stronger actor, dual containment policy aims to contain both states, regardless of which is stronger.⁸⁷⁴

⁸⁶⁹ Klare, *Resource Wars*, p. 152; Sick, p. 299.

⁸⁷⁰ Yetiv and Oskarsson, *Challenged Hegemony*, p. 21.

⁸⁷¹ Sick, p. 302.

⁸⁷² Sick, p. 303.

⁸⁷³ Yetiv, *Absence of Grand Strategy*, p. 91.

⁸⁷⁴ Yetiv, *Absence of Grand Strategy*, p. 105.

The objective of Clinton containment policy with regard to Iraq was to provide support to the international coalition that defeated Iraqi army in Operation Desert Storm and to assure that Iraq obeyed all UN resolutions. For Washington, the Iraqi regime was criminal and the sanctions to be continued until Saddam Hussein was removed from office.⁸⁷⁵ Although Iraqi conventional military power had been weakened, from Washington, Iraq was still strong and threatening its oil interests in the Gulf. Washington also claimed that Iraq had intellectual infrastructure to produce weapons of mass destruction.⁸⁷⁶ The Clinton administration used all diplomatic channels to contain Iraq and was generally successful in gaining the support of some of its allies and the UN Security Council. However, by mid-1998, the containment policy began to lose support from Arab countries, which believed that the Iraqi people were punished because of misgovernment of their rulers, and from countries that had oil interests and investments in Iraq, such as Russia, France and China.⁸⁷⁷

Iran was another target of Clinton dual containment policy, which perceived Iran as causes and sources of different set of problems to American oil and strategic interests in the Gulf. The containment policy thus aimed to force Iran to cease its support for international and regional terrorism; soften its hard opposition to Arab-Israeli peace processes and initiatives; and halt efforts to acquire weapons of mass destruction.⁸⁷⁸ In April 1995, Clinton signed sanctions bill that banned US companies and their foreign subsidiaries from doing business with Iran. In 1996, a broader sanctions bill was approved and extended the ban on foreign companies that invest in Iran, which denounced by Germany and France as a barrier to international trade. The law particularly targeted foreign oil companies that invested more than \$40 million in oil and gas sectors in Iran.⁸⁷⁹

In fact, when Clinton took office in January 1993, Iraq was already under political pressures, economic sanctions, and military siege. In particular, even before the dual containment policy was announced, Iraq had already faced American containment policy and sanctioned by the UN under resolution 687. Iran, on the other hand, was also

⁸⁷⁵ Sick, p. 303.

⁸⁷⁶ Yetiv, **Absence of Grand Strategy**, p. 92.

⁸⁷⁷ Sick, p. 303.

⁸⁷⁸ Sick, p. 304.

⁸⁷⁹ Yetiv, **Absence of Grand Strategy**, p. 100.

under many military and economic restrictions that extended to the hostage crisis and imposed by the Carter administration. By the 1980, all military exchanges, most economic forms, and diplomatic relations with Iran were prohibited. Over and above, in 1984 the State Department placed Iran on the list of state sponsors of terrorism.⁸⁸⁰ The dual containment policy of both Iraq and Iran made Saudi Arabia more important to Washington for the security of oil and stability of the Gulf. However, although the Saudis were reluctant to support overt American military operations in Iraq, both acknowledged their interests to contain “a revisionist Iraq and a potential ascendant Iran.”⁸⁸¹

Clinton dual containment policy, Yetiv outlines, had several purposes. First, it was projected to prevent Iran and Iraq from becoming axis of threat to their oil-rich neighbors. Therefore, the Doctrine targeted both states’ ability to build conventional and nonconventional military capabilities. Unlike deterrence, containment policies were thought to disable their offensive abilities and behaviors. Second, it was carried out to prevent any future aggression against the security and integrity of the states in the Gulf, the United States, along with all EU and GCC states. Third, the United States and its allies, particularly Saudi Arabia, worked politically to isolate Iraq. Forth, dual containment rejected critical dialogue, which encouraged by Europeans in dealing with Iran and its problematic behaviors. Both the French and the British reminded that critical/political dialogue is possible and useful with Iran and better than other harder approaches.⁸⁸²

4.3.7. The Old-Fashioned Colonial Policies of George Bush Junior

The 1991 Gulf War prepared the grounds for important strategic changes in the international politics and relations of the Gulf States. The most important was that the US seized the opportunity to establish new infrastructures for its military power in the region. Two key developments strengthened this US military presence in the Gulf, transforming from a temporary to a permanent presence. The first was a predicted outcome of the US Gulf oil policies. The Bush administration made a long-term commitment to contain Iraq militarily. The Clinton administration pursued dual

⁸⁸⁰ Yetiv, **Absence of Grand Strategy**, p. 99.

⁸⁸¹ Yetiv and Oskarsson, **Challenged Hegemony**, p. 33.

⁸⁸² Yetiv, **Absence of Grand Strategy**, p. 101.

containment policy, adding Iran to its military mission. The United States would not only contain Iraq, but would seek to contain Iranian influence in the region. Dual containment, thus, required the deployment of American naval, air, and ground forces in the Gulf on a long-term basis.⁸⁸³ The second change occurred in the politics of the Gulf monarchies. Before the Gulf war, these states were reluctant to host American military forces on their soil. They were all closely dependent on the United States, but were wary of hosting American military bases. This reluctance, however, was eliminated by the Gulf war.⁸⁸⁴

After the war, Kuwait eagerly approved the deployment of American military forces in the country. At any given time during the 1990s, Kuwait hosted about 5,000 American troops served both in air and ground forces, including prepositioned heavy equipment. In Bahrain, the Americans built a new ground headquarters for its naval force, which was upgraded to fleet status as the fifth fleet in 1995. In Qatar, they built a major military airbase at al-Udaid. Qatar also allowed the deployment of heavy equipment for a mechanized brigade. The United Arab Emirates permitted American forces access to its airbases and ports. Oman had already allowed the Americans access to its airbases and ports early in 1980s. Saudi Arabia was the only Gulf monarchy that did not have an official military accord with the United States. However, Saudi-American military cooperation continued in the 1990s. More significantly, the Americans used Saudi air bases to patrol the southern no-fly zone in Iraq. In 1995 and 1996, American military bases in Saudi Arabia became the target of the Islamists, both from Shia and Sunni groups. The Khobar Towers attack was the most dramatic of all, forcing the Saudis and Americans to move the Operation Southern Watch military base to a remote Prince Sultan Airbase in the desert.⁸⁸⁵

When Iraq occupied Kuwait, a further threat perceived in both oil producing and oil consuming countries that Iraq could occupy the bordering oil-rich eastern province of Saudi Arabia.⁸⁸⁶ It should be noted that the oil reserves of Iraq and Kuwait together accounted for at least 20% of the OPEC oil production and 20% of the world's oil

⁸⁸³ Gause, **The International Relations of the Persian Gulf**, p. 127.

⁸⁸⁴ Gause, **The International Relations of the Persian Gulf**, p. 127.

⁸⁸⁵ Gause, **The International Relations of the Persian Gulf**, p. 127-8.

⁸⁸⁶ Thomas W. O'Donnell, "The Political Economy of Oil in the U.S.-Iran Crisis: U.S. Globalized Oil Interests vs. Iranian Regional Interests", **International Affairs Working Paper**, October 2009, p. 18. www.gpia.info/publications.

reserves. Iraq's possession of Kuwaiti oil resources would mean that it would become the world's largest oil producer country and would have a decisive power over the global oil market.⁸⁸⁷ In the logic of globalized oil market, had Saddam Hussein owned Iraqi plus Kuwaiti oil, the balance in the oil market would have shifted at the expense of oil-consuming countries, especially the United States. For this reason, the US immediately moved troops into Saudi Arabia and led the international coalition to end Iraq's occupation of Kuwait.⁸⁸⁸

Unlike other oil-producing countries in the Gulf, Iraq for a long time remained outside the US political and economic orbit. On the contrary, Iraq was known for its radical opposition to US Middle East policies. Under the Hashemite Kingdom, the oil industry in Iraq had been built and developed to a large extent by British oil companies and British investments. During the Cold War, particularly after the 1958 Revolution, Iraq established close relations with the Soviet Union and France. Both countries were important sources of capital, technology, and arms to Iraq. The Soviets and the French provided Iraq with an alternative access to capital, technology, and experts for oil exploration, extraction and exportation. Iraq soon became an important military power in the region, threatening not only its neighbors but also Israel and US interests in the region.⁸⁸⁹

During the Cold War, Iraq was the only Gulf oil-producing country that allied with the Soviets. On the other side, Islamic Revolution in Iran not only would undermine its relations with the United States but also with the neighboring Gulf countries. When the Iraq-Iran War broke out, the Reagan administration supported Iraq to counter the Iranian threat. However, Iraq's unpredicted occupation of Kuwait was a turning point for US policy towards Iraq.⁸⁹⁰ The Bush administration had no intention of watching when Saddam Hussein closed the door of the Gulf oil that US oil companies and diplomats had opened seventy years ago. On September 11, 1990, he stated that the United States would not allow Iraq to own Kuwaiti oil to become economic and military power and threaten its neighbor countries, which possess two-thirds of the petroleum resources in the world. Eventually, the Bush administration would send more than half a

⁸⁸⁷ Mary Kaldor, Terry Lynn Karl, and Yahia Said, eds., **Oil Wars**, London: Pluto, 2007, p. 19.

⁸⁸⁸ O'Donnell, p. 19.

⁸⁸⁹ Noreng, **Crude Power**, p. 78.

⁸⁹⁰ Yetiv and Oskarsson, **Challenged Hegemony**, p. 39.

million American troops to the Gulf, secure UN approval for economic sanctions against Iraq, and impose highly effective sanctions on Iraq's oil exports.⁸⁹¹

The US-led coalition drove Iraq back to its borders in 1991, and US and its allies kept Iraq in a state of political, economic, and military containment, which lasted until the latter's occupation in 2003. The Containment policy enforced by the Bush administration after the 1991 Gulf War turned into a dual containment policy under the Clinton administration in the 1990s.⁸⁹² The sanctions imposed on Iraqi oil during this period not only prohibited foreign investments in Iraqi oil industry, but also banned its export to world markets. To prevent Iraq from rebuilding its military power, the United States and Britain imposed import sanctions, enforced inspections and no-fly zones, and furthermore bombed Iraqi military installations until an opportunity arose for occupation. The ultimate purpose of the occupation was to establish an American-friendly government that would allow the exploitation of the country's tremendous oil resources.⁸⁹³

An American-friendly government in Baghdad would not only satisfy the demands of Washington's strategic oil interests and those of oil companies, but would also provide a source of pressure for its foreign policy on a global scale. By opening the door to investment in Iraqi oil sector, the US aimed to regain the confidence of world economy and its dependence on oil; reinforce its position as the guarantor of oil security and order both on regional and global levels. Washington thus has built close relations with major oil-producing countries, established military bases, protected oil sea-lanes, and forced oil transactions in US dollars.⁸⁹⁴

Iraq possesses the second-largest proven oil reserves in the region and has the potential in the future to become the largest oil exporter.⁸⁹⁵ According to Noreng, the low cost of Iraqi oil in proven reserves was a key feature that made it attractive. Therefore, there was no need for a high return on investment. Its close location to Asian markets was another advantage of Iraqi oil. Most of big oil companies were short of crude oil and wanted to increase their shares of supplies. The development of Iraqi oil, however,

⁸⁹¹ Little, **American Orientalism**, p. 73-4.

⁸⁹² Yetiv and Oskarsson, **Challenged Hegemony**, p. 39.

⁸⁹³ O'Donnell, p. 20.

⁸⁹⁴ Le Billon and El Khatib, "From Free Oil to Freedom Oil", p. 123-4.

⁸⁹⁵ Kaldor et al., **Oil Wars**, p. 1.

needed a stable and legitimate regime that would have strong bargaining position. Legitimacy was prerequisite for the property rights and the resolution of related disputes. Law and order were indispensable conditions for facilitating oil operations. Otherwise, investors would unlikely to invest and pay. Investment, therefore, needed investors and investors wanted political stability, legitimacy, law and order.⁸⁹⁶

Oil has been the primary concern and continuous involvement of the United States in the Gulf affairs since the discovery of oil in the region. America's "war for oil" argument, for Gause, depends on two assumptions. The first argument assumes that America went to the war to secure access to Iraqi oil resources for its oil companies. Russian and French oil companies had already signed oil development agreements with Iraqi regime, but were unable to operate due to UN sanctions. It turned out that American oil companies would lose the opportunity to exploit Iraqi oil resources. Through war and occupation, the US could provide its oil companies with the conditions necessary to exploit Iraqi oil, break OPEC power in the oil market, and accordingly control the oil prices.⁸⁹⁷

The second assumption of the "war for oil" argument is based on more general strategic and economic objectives. As long as the Baath regime remained in power, Iraq would not be a reliable oil supplier and would continue posing a serious threat to the flow of Kuwaiti and Saudi oil to the global oil markets.⁸⁹⁸ The United States, according to Noreng, pursued a policy that imposed its will to wage war against Iraq regardless of practices and principles of international institutions. The Iraq war, he states, marks a turning point in US foreign policy in terms of resorting a unilateral violence. The choice of war in the event of diplomatic failure represents another break in US energy policy.⁸⁹⁹

The Iraq war, for Gause, reflects the long-term logic and approach of American policies in the Gulf. Two important factors have been influential in determining US oil war policies and strategies towards the Gulf: the region's rich and vast oil reserves and the desire to maintain its global power through control of these oil resources.⁹⁰⁰ However,

⁸⁹⁶ Noreng, **Crude Power**, p. xxiii.

⁸⁹⁷ Gause, p. 233.

⁸⁹⁸ Gause, p. 235.

⁸⁹⁹ Noreng, **Crude Power**, p. xii.

⁹⁰⁰ Gause, p. 238

the official statements over the causes and justification of the war tell a completely different story. As Yetiv outlines, the United States gave officially three causes for waging war against Iraq: concerns about Iraq's Weapons of Mass Destruction, Iraq's ties to terrorist organizations, and bringing democracy to Iraq.⁹⁰¹ Considering the enormous profits oil would generate immediate aftermath of the war, it was not surprising that the initial military objective of the Operation Iraqi Freedom was to secure control over the southern Iraqi oilfields and refineries. When arrived in Baghdad, US military forces occupied the Ministry of Oil building, allowing looters to seize all other governmental buildings, libraries, and museums, thus making their intention very clear that the petroleum was the real cause of the Iraq War.⁹⁰²

Dual containment, according to Yetiv, sought to simultaneously contain Iraq and Iran to protect American oil interests in the Gulf. Later, regime change was added to the official American containment policy. The events of September 11, however, changed American view of the world and the Gulf, heralding a new world order in which neither containment nor regime change by political means was seen as sufficient to maintain American oil interests in the Gulf. Under the administration of George W. Bush, however, the regime change by use of military force would become the most violent policy of all. Bush administration thought that Saddam Hussein would no longer be simply contained or targeted for regime change, but instead must be eliminated by force of arms.⁹⁰³ Containment policy, for Bush administration, was widely viewed as a passive approach and a failing policy, and the United States needed a much more active policy to protect its oil interests in the Gulf.⁹⁰⁴

4.3.8. The Trump Doctrine: America First

The United States has longstanding interest in Gulf affairs, which is built on ensuring energy security and maintaining its global power.⁹⁰⁵ Although it produces 12 million barrels of oil a day, the US is not self-sufficient in oil as it consumes about 20 million

⁹⁰¹ Yetiv, **Absence of Grand Strategy**, p. 120-3.

⁹⁰² Kaldor et al., **Oil Wars**, p. 6.

⁹⁰³ Yetiv, **Absence of Grand Strategy**, p. 115.

⁹⁰⁴ Yetiv, **Absence of Grand Strategy**, p. 126.

⁹⁰⁵ Ariel Cohen, "America's Global Retreat and the Ensuing Strategic Vacuum", **Center for Global Policy**, (September 2020), p. 8

barrels of oil a day. Saudi Arabia and Iraq still accounts for 11% of US oil imports.⁹⁰⁶ Therefore, postcolonial oil order that Washington has established must be maintained not just for securing its oil supply, but also for the sake and control of global oil market. The strategic importance and economic value of oil, the crude oil global share of the Gulf region make the region one of the centers of global competition. This strategic value of the Gulf has always forced the US presidents to produce policies aimed at maintaining American hegemony on the region's oil. Accordingly, each president has his own doctrine, which is determined by both external necessity and internal political preferences. As Friedman underlines, the US presidential doctrines reflect patterns of foreign policy imposed on the presidents either by reality or by their will.⁹⁰⁷

Friedman summarizes the Trump Doctrine as a policy that defuses military actions and instead engages in offensive economic policy, while ignoring the opinions of foreign governments and global public. The Doctrine thus reduces military risks, uses economics as power leverage and disregards the opinions of foreign governments and international institutions.⁹⁰⁸ Unlike Obama Doctrine, which is described as “Leading from Behind”, the Trump Doctrine is known with “America First” approach.⁹⁰⁹ While the Obama Doctrine based on strategies of negotiation, compromise and agreement, the Trump Doctrine resorted to strategies of sanctions and deterrence.⁹¹⁰ Throughout the presidential campaigns, Obama promised to withdraw American troops from Iraq and to negotiate with Iran concerning its nuclear program and economic sanctions, whereas Trump threatened Iran with more economic sanctions and withdrawal from JCPOA.⁹¹¹

The “Trump Doctrine” is based on an amalgamation of the dominant traditions of post-Cold War American foreign policy thought, which combines a materialistic understanding of power with a civilizational agenda going back to the neo-conservative doctrine of George W. Bush. In addition, the transactional trend of the doctrine

⁹⁰⁶ Energy Information Administration (EIA), “Oil Imports and Exports”, <https://www.eia.gov/energyexplained/oil-and-petroleum-products/imports-and-exports.php>

⁹⁰⁷ George Friedman, “The Trump Doctrine”, **Geopolitical Futures**, (July 11, 2018), <https://geopoliticalfutures.com/the-trump-doctrine/>

⁹⁰⁸ George Friedman, “The Trump Doctrine”

⁹⁰⁹ Sadia Fayaz and Nasrullah Khan, "Comparative Analysis of Us Presidents' Barak Obama and Donald Trump Foreign Policies", **Global Social Sciences Review**, Vol. 6, No. 1, (Winter 2021), p. 289.

⁹¹⁰ Boaz Ganor, “Back to The Persian Bazar”, **International Institute for Counter-Terrorism, Reichman University**, (January 20, 2021), <https://www.runi.ac.il/en/research-institutes/government/ips/activities/newsletter/boaz-24-1-21/>

⁹¹¹ Fayaz and Khan, "Comparative Analysis of Us Presidents", p. 289-90.

combined with an isolationist foreign policy program undermines and even rejects rhetorically multilateral rules and institutions of global trade. These civilizational and racial rhetoric as components of the Trump Doctrine not only risk internal division but also categorize international as civilized and uncivilized.⁹¹² The “Trump Doctrine” promotes an “America First” foreign policy approach built on preserving peace by power, which accordingly would keep a necessary military and economic presence in the Gulf to maintain stability and provide support for vulnerable allies in the region against Iran.⁹¹³ The Trump administration has shown a clear inclination towards Saudi, Israeli and UAE’s views regarding Iran, which accordingly led the latter’s withdrawal from JCPOA.⁹¹⁴

The less aggressive military strategy of the Trump Doctrine, according to Stowell, did not mean that the Trump foreign policy retreat from American intervention, but offered the 21st century pattern of American imperialism. Trump simply and boldly explained his strategy on lucrative oil fields in the volatile regions of Iraq and Syria by circling those areas with American troops, bringing American companies there and taking the oil.⁹¹⁵ The Trump Doctrine reflects emotions of a businessman, who likes and dislikes for peoples, nations, institutions, agreements and protocols, rather than behaviors of a diplomat, who bases his strategy on a view of history, the world order and the realities of American power. Therefore, Trump’s foreign policy has been overwhelmingly characterized as mercantilist foreign policy, which dealt international issues at the margins of domestic economic, social and political issues. Trump’s statements regarding the Gulf States served to damage strategic relations, especially when he claimed that Saudi Arabia and Kuwait would not exist without US protection.⁹¹⁶

In Washington, two different American foreign policy paradigms have recently competed for supremacy regarding the Middle East affairs. These are the paradigms of Obama and Trump. The Obama foreign policy, in fact, based on the Baker-Hamilton

⁹¹² Ville Sinkkonen, “Contextualizing the Trump Doctrine: Realism, Transactionalism and the Civilizational Agenda”, **Finnish Institute of International Affairs**, 10 (November 2018), p. 17.

⁹¹³ Cohen, “America’s Global Retreat”, p. 5.

⁹¹⁴ Muhammad Ali Baig and Syed Sabir Muhammad, “Trump’s False Realism”, **International Bulletin of Political Psychology**, Vol. 20, Issue 1, (January 2020), p. 4.

⁹¹⁵ Joshua Stowell, “The Trump Doctrine: Madman Theory, Oil, and Imperialism”, **Philanthropy, Politics, and Foreign Affairs**, (December 15, 2016).

⁹¹⁶ Greater Pacific Capital, “The Trump Doctrine and the Future of American Power”, (May 2016), <https://www.greaterpacificcapital.com/thought-leadership/the-trump-doctrine-and-the-future-of-american-power>

Report, which was encapsulated in the work of the Iraq Study Group to fix American policy in Iraq. The study recommended that the State Department pull the troops from Iraq, reach out to Damascus and Tehran, and work for Arab-Israeli peace, which all constitute the blueprint for Obama Middle East foreign policy.⁹¹⁷ While the Trump paradigm differs dramatically due to his strong association with business and media, many of his views are based on Republican's mainstream views of the Middle East.⁹¹⁸ However, the current Biden administration is expected to work on including the Gulf Arab oil producers in the climate adaptation debate and, in return, address security concerns of the region and provide more effective protection against Iran and its militias in the region.⁹¹⁹

4.4. Postcolonial Oil Governance

By the governance of oil is generally meant the set of rules and organizations that regulate how decisions are made over oil. The primary objectives of these rules and organizations are to control price volatility, balance demand and supply, secure access to oil resources, and search for a transition to a less harmful and more diversified energy system.⁹²⁰ The current oil governance, according to Yergin, has been formulated to respond to energy security concerns. The concept of energy security has been expanded to indicate the control and protection of entire energy supply chain and infrastructure at both local and global levels. Therefore, current oil governance is mainly concerned with how to respond to any disruption in oil supply from producing countries.⁹²¹ Energy security, according to Claes, is a fundamental concept for analyzing behavior and policies of oil-consuming countries. By energy security it is meant to provide adequate

⁹¹⁷ Michael Doran, "The Trump Doctrine in the Middle East", in **The Trump Doctrine and the Emerging International System**, eds., Stanley Allen Renshon and Peter Suedfeld, Cham, Switzerland: Palgrave Macmillan, 2021, p. 269-70.

⁹¹⁸ Wassim Dagherir, "Trump's Foreign Policy of Uncertainty", **E-International Relations**, (June 29, 2020), <https://www.e-ir.info/2020/06/29/trumps-foreign-policy-doctrine-of-uncertainty/>; Doran, "The Trump Doctrine", p. 270.

⁹¹⁹ Bilal Saab and Karen E. Young, "How Can Biden Rebuild U.S. Ties with the Gulf States", **Foreign Policy Magazine**, (April 4, 2022), <https://foreignpolicy.com/2022/04/04/how-biden-can-rebuild-u-s-ties-with-the-gulf-states/>

⁹²⁰ Le Billon, **The Geopolitics of Resource Wars**, p. 481-2.

⁹²¹ Daniel Yergin, "Ensuring Energy Security", **Foreign Affairs**, Vol. 85, No. 2, (March/April 2006), p. 78.

and reliable energy supply at reasonable prices and to protect national interests in this matter.⁹²²

The governance history of Gulf oil can be broadly divided into three phases: (1) the colonial period, 1901-1950; (2) the transformation period, which is called in this study the decolonization period, 1950-1972; and (3) the globalization period, which is also called in this study postcolonial era, since the mid-1970s to the present.⁹²³ The colonial oil governance (chapter 3) and decolonial oil governance (chapter 4) have been covered in detail in previous chapters. In this section, postcolonial oil governance, with all its actors and organizations, shall be covered from a postcolonial theoretical perspective.

The formation of postcolonial oil governance began to take shape with the 1973 Arab oil embargo. It was an American-led initiative and a response to oil supply interruption. At that time, the main objective of this oil system was to ensure coordination among industrialized oil-consuming countries in case of supply interruptions, encourage cooperation on common oil policies, avoid contention over supplies, and deter any future use of oil as a weapon by oil producing countries.⁹²⁴ According to Le Billon, the developed oil-consuming countries sought to play an active role in oil governance aiming at breaking power of OPEC by coordinating and maintaining large stockpiles of oil supplies.⁹²⁵ The International Energy Agency (IEA) was established to take preventive measures, introduce information, and provide solutions to oil-related issues for the developed oil-consuming countries. From the perspective of oil-consuming countries, key elements for oil governance and security are provided by the Paris-based IEA, strategic petroleum stocks, monitoring oil markets, analyzing oil policies, and current energy conservation initiatives. This emergency system has been created to prevent disruptions that threatened the development and stability global economy, which depends on secure oil supply and affordable prices.⁹²⁶

The international distribution of power, as Noreng refers, depends largely on availability of oil supplies and stability of oil prices. A good example of this, he adds, is

⁹²² Claes, **The Politics of Oil Controlling Resources**, p. 117.

⁹²³ Cyrus Bina, **A Prelude to the Foundation of Political Economy Oil, War, and Global Polity**, Basingstoke: Palgrave Macmillan, 2013, p. 100; Le Billon, **The Geopolitics of Resource Wars**, p. 532; Mommer, "The Governance of International Oil", p. 5.

⁹²⁴ Yergin, "Ensuring Energy Security", p. 75.

⁹²⁵ Le Billon, **The Geopolitics of Resource Wars**, p. 3.

⁹²⁶ Yergin, "Ensuring Energy Security", p. 75.

the use of oil weapon by Arab oil-producing countries to achieve their foreign policy goals. Another example is the establishment of IEA, in which US assumed the task of guardian of Western oil interests in the Gulf region. This is because oil has always been considered vital to economic development, strategic for national security, and accordingly as a tool of political control. In retrospect, oil-producing countries, Noreng argues, were more successful than the Soviet Union in inflicting economic and political damage to the United States through selective embargoes and oil price increases.⁹²⁷

Current postcolonial oil governance is market-based that differs greatly in terms of institutions and practices from the previous colonial and decolonial governance, both of which lacked open market structures. Today's globalized oil order, according to O'Donnell, has five key components. (1) The oil market itself, which constitutes a single and common global market, consisting of spot and futures markets where all exported oil is circulated and traded in US dollars. (2) Saudi surplus production capacity, which is supposed to be put on the market in the event of supply shortage. (3) The Strategic Petroleum Reserve (SPR) is an IEA organization established to provide surplus reserves to the market during an acute oil supply crisis. (4) The International Energy Forum (IEF) is established to incorporate organizations of the major oil consuming and oil-producing states, the remaining consuming states, and the representatives of the major oil companies. (5) The regional hegemony of the United States in the Gulf, which has been imposed to prevent any producing country from having sufficient power to control production of any other country, thus threatening the global oil market.⁹²⁸

The governance structure of oil market is often described as a tripartite oligopoly, reflecting the nature of the interactions and relations between oil-producing countries, international oil companies, and oil-consuming countries. Any internal or external cooperation and conflict among group members has caused changes in market power of these actors. The purpose and reason of such cooperation was to reinforce group's position vis-à-vis other market players.⁹²⁹ Earlier cooperation among IOC, such as AS-IS and Red Line Agreement, aimed at preventing competition among themselves and

⁹²⁷ Noreng, **Crude Power**, p. 50.

⁹²⁸ O'Donnell, p. 4.

⁹²⁹ Claes, **The Politics of Oil Controlling Resources**, p. 110.

thus weakening bargaining power of the producing countries. The establishment of OPEC by the producers, on the other hand, initially aimed at gaining national sovereignty over oil resources and breaking the market power of the IOCs and their governments. The oil-consuming developed countries created IEA to break OPEC's market power and regain control of oil market taken from the IOCs.⁹³⁰

The conflicting relations between the consumer and producer countries date back to the political history, of which many oil-producing countries were former colonies or semi-colonies of the oil-consuming countries. The main causes of conflicts between oil producing and consuming countries today are associated with disruptions in oil supplies as a result of political conflicts in the region. The relationship between the consumers and international oil companies (IOC) has always been cooperative. In the colonial order this cooperation was more important and evident. The IOCs had always received political and military backing of the consumers in their oil operations in producer countries. Beyond cheap oil interests, the consumer countries have also established good political relations with the oil-rich countries in the Gulf through ICOs.⁹³¹ The relationship between the producing countries and IOCs, on the other hand, has been both cooperative and conflicting. They have cooperated in oil exploration and production, but disputed over oil prices and production volume.

Two perspectives dominate the literature on global oil governance. The first is the realist perspective, which assumes that global oil governance depends primarily on the will, interest, and behavior of powerful states and that the international system is anarchic. The second is the liberal-institutional perspective, which claims that cooperation can take place with the help of international institutions when the politics and interests of the international actors are coordinated.⁹³² However, these perspectives based on the state-centered IR discipline are not sufficient to explain the institutional structure of oil market governance. Beyond geopolitical and international institutional perspectives, governments and oil companies play vital roles in the governance of the oil market. International political economy (IPE), according to Claes, can make an important contribution to understanding oil market governance. In this context, Susan

⁹³⁰ Claes, **The Politics of Oil Controlling Resources**, p. 110-1.

⁹³¹ Claes, **The Politics of Oil Controlling Resources**, p. 111-2.

⁹³² Claes, **The Politics of Oil Controlling Resources**, p. 164.

Strang draws attention to the interaction between politics and markets and proposes an analytical framework that can explore the effects of states' behaviors on oil markets and the effects of oil markets on states' policies, behaviors, and interests.⁹³³ Claes thus strongly suggests a combination of political and economic analysis of oil market and reminds that the international oil market cannot be isolated neither from international economy nor from international relations.⁹³⁴

An accurate analysis of the distribution of power in global oil markets will certainly help to understand developments in these markets. Market players such as IOCs, NOC, and powerful states may resort to tangible power to exercise control over up-stream and down-stream processes and facilities; hold oil concessions or contracts to operate at the different phases of oil extraction and production chain; and monopolize marketing and distribution channels. Actors might also possess intangible power resources that can provide information about methods and technologies of oil exploration, production, marketing, and distribution.⁹³⁵ The history of world oil market shows that each actor has controlled the oil market at different period, depending on its sources of market power and the nature of cooperation or conflict among themselves.⁹³⁶

In the colonial era, both upstream and downstream oil production chain were vertically integrated and under control of international oil companies. The governments of consuming countries provided political and military support for IOCs whenever needed. The security of oil supply and reasonable prices were provided by IOCs, while the access and protection of oil resources were ensured by the consuming governments. However, during and after oil decolonization, IOCs lost their control on upstream oil production chain. While oil-producing countries gained full sovereignty over national oil resources, they accordingly retained the authority to determine oil production volume and oil prices. IOCs thus had lost their power and domination over secure oil supply and reasonable prices for their home oil-consuming countries. The defeat of IOCs, as Mommer points out, was also a defeat for oil consuming countries.⁹³⁷

⁹³³ Claes, *The Politics of Oil Controlling Resources*, p. 97.

⁹³⁴ Claes, *The Politics of Oil Controlling Resources*, p. 164.

⁹³⁵ Claes, *The Politics of Oil Controlling Resources*, p. 117.

⁹³⁶ Claes, *The Politics of Oil Controlling Resources*, p. 104.

⁹³⁷ Robert Mabro, "The Changing Nature of the Oil Market and OPEC Policies", *OPEC Review*, Vol. 6, No. 4, (December 1982), p. 325; Mommer, "The Governance of International Oil", p. 17.

The structure of the oil market is usually identified with five stages of the value chain: exploration, production, transportation, refining, distribution or sales. Exploration and production are named the upstream segments that occur only at the location of oil reserves. The reserve location of oil thus is considered the primary determinant of the oil market structure. The last three stages of production chain, transportation, refining and distribution, are the downstream sectors.⁹³⁸ In the colonial era, IOCs exercised full control over both upstream and downstream sectors. From the 1970s, oil decolonization era, the producer countries took control of upstream sectors of the oil market, exploration and production, while IOCs continued to dominate the downstream sectors, transportation, refining, and distribution.

In the 1980s, some of the leading oil producing countries made significant investments in the developed oil-consuming countries. In these countries, they invested in the construction of petroleum refineries and petrochemical plants; became shareholders in oil distribution companies; and bought oil tankers, harbors and storage facilities.⁹³⁹ In the 1990s, the global oil market witnessed a new order emerged from the convergence of objectives and interests between IOCs, which provided technology and financial resources, and the oil producers that controlled access to the resources. These joint ventures between IOCs and NOCs from the OPEC countries secured the crude oil supply for the former, and provided technological and financial support for the latter.⁹⁴⁰

The current global oil market structure emerged in 1983 when the New York Mercantile Exchange (NYMEX) began trading oil futures.⁹⁴¹ This oil market is located in New York and London, where the world crude oil is traded in dollars on the spot and future markets. In this order, producer and consumer countries, without dependencies of the former systems and mediation of IOCs, are joined via the market. All producers supply oil to this global market and all consumers draw their needs of oil from it.⁹⁴² If for some reasons a major supplier withdraws from the market - be it revolution, natural disaster, war, or US sanctions- the entire market drops a little, and all consuming countries share equally the burden of higher prices. No state becomes selectively targeted or a burden

⁹³⁸ Claes, **The Politics of Oil Controlling Resources**, p. 116-7.

⁹³⁹ Claes, **The Politics of Oil Controlling Resources**, p. 105.

⁹⁴⁰ Claes, **The Politics of Oil Controlling Resources**, p. 106.

⁹⁴¹ John Llewellyn, Betsy Hansen, and Preston Llewellyn, **The Changing Face of the Oil Industry**, London: Llewellyn Consulting, 2013, p. 11.

⁹⁴² O'Donnell, p. 9.

for the others. If the global market is not supplied with sufficient oil to meet the demand and this causes a real oil shortage in the market, there are currently two options to rescue the global oil market. The first is the excess capacity of the Saudi Arabia and the second is the Strategic Petroleum Reserves (SPR). If the Saudis spare production fails to end the shortage, SPR stockpiles are released onto the market. This seems undoubtedly a new collective framework of global energy security⁹⁴³ established and governed from Washington.

This single global oil market constitutes the basic structure of energy security in the postcolonial era. The IEA, OPEC, IEF and other institutions play their roles to insure daily confidence in the market and security of oil supply to consuming countries.⁹⁴⁴ All of these structural changes in the global oil market and changing role of market actors demonstrate how New York and Washington control and govern the global oil market to secure the accessibility, availability, and affordability of oil supplies.⁹⁴⁵ It should come as no surprise how vital the Gulf region, which holds two-thirds of the world's oil reserves, is to the national security of the United States, which consumes a quarter of the world's oil supply.⁹⁴⁶ While US control and dominance over global oil markets is a fact, defining the pattern of this dominance has been controversial. American hegemony in the postwar era, according to Stokes and Rapheal, has been to a large extent dependent on Washington's capability to control Gulf oil resources and ensure the safe flow of oil to international markets.⁹⁴⁷

The Anglo-American colonial oil order, which allowed the Seven Sisters to monopolize the world oil market, only lasted until the early 1970s. While international oil companies focused on how to exploit the Gulf oil, the US governments focused primarily on how to establish its political and military hegemony in the region. Between 1945 and 1970, having established a stable international monetary system and liberal trade regime, the United States played a dominant role in controlling oil market, aiming prices stability and open access to oil supplies. Meanwhile, the need for oil led both the Seven Sisters and the United States to monopolize the Gulf oil and ignore the 'laissez

⁹⁴³ O'Donnell, p. 11-2.

⁹⁴⁴ O'Donnell, p. 4.

⁹⁴⁵ Claes, **The Politics of Oil Controlling Resources**, p. 165.

⁹⁴⁶ Claes, **The Politics of Oil Controlling Resources**, p. 184.

⁹⁴⁷ Quoted in Claes, **The Politics of Oil Controlling Resources**, p. 183.

faire' principle they advocated at home.⁹⁴⁸ The structural changes in the oil market that emerged with the decolonization of oil and the use of oil as a weapon by AOPEC members in the 1970s demonstrated that the US lost control over events in the region. After the 1973 oil crisis, the US oil policy focused on how to create coordination and solidarity among the oil consuming countries on the one hand, and separate the moderates from the radicals within the OPEC on the other.⁹⁴⁹

A self-defining geostrategic imperative of the United States has been to prevent any oil-producing Gulf country from being able to project enough power to influence the production of another country in the region. It has aimed so by maintaining itself as the dominant power in the region, and keeping the core OPEC countries of Saudi Arabia, Kuwait, the United Arab Emirates, and Qatar as protectorates.⁹⁵⁰ Particularly, Iran after Islamic Revolution and Iraq after invasion of Kuwait posed main threat to postcolonial American oil order in the Gulf region. The oil-rich of the Gulf countries have attracted hostile attention from the poorer and populated Iran and Iraq, thus forcing them to rely on foreign protection. The Gulf countries thus needed foreign protection, and the foreign protector wanted access to oil resources, so that mutual interests overlapped. The protector during the colonial era was the British Empire, and in the postcolonial period the United States continues to exercise the role of the protector.⁹⁵¹

4.4.1. International Energy Agency (IEA)

Faced with OPEC's market and political power and the weakened market power of IOCs, the oil-consuming countries sought to form their own organization to regain control and power in the newly decolonized oil market. In fact, after the 1973 Arab oil embargo, the US government encouraged initiatives at international level to form a common front among the major consuming countries.⁹⁵² To this end, in February 1974, on the initiative of US Secretary of State Henry Kissinger, an international conference was held in Washington to lay the foundations of an organization to break the power of OPEC in the oil market. However, because of their vulnerability to oil supply interruptions from the Arab oil producers, the European countries and Japan opposed to

⁹⁴⁸ Claes, **The Politics of Oil Controlling Resources**, p. 168.

⁹⁴⁹ Claes, **The Politics of Oil Controlling Resources**, p. 173.

⁹⁵⁰ O'Donnell, p. 4.

⁹⁵¹ Noreng, **Crude Power**, p. 69.

⁹⁵² Roncaglia, **The International Oil Market**, p. 108.

a counter-organizational profile of the new formation proposed by the US.⁹⁵³ Indeed, the Arab oil embargo caused strained relations between the US and European governments to such an extent that it jeopardized finding common ground for a coherent action. In particular, the Europeans sought to initiate a new policy of Euro-Arab dialogue aimed at distinguishing themselves from the United States on Arab issues.⁹⁵⁴

International Energy Agency (IEA) was established by the Organization for Economic Cooperation and Development (OECD) in November 1974, with a broader but less explicit anti-OPEC goals.⁹⁵⁵ The initial objectives of IEA were to provide information system on global oil market, to increase cooperation among member states in research on energy conservation and development of alternative sources, and to devise an energy contingency plan to be adopted in the events of oil supply crises such as embargoes, sanctions, revolutions, and wars in oil producing countries.⁹⁵⁶ The Agency would be a technical forum collecting data on energy supply and demand, producing studies and scenarios, and recommending policies and measures for its members.⁹⁵⁷

To this end, IEA immediately adopted an International Energy Program to manage emergencies. The member countries were supposed to have oil stocks equivalent to sixty days (later ninety) of consumption and prepare a program of emergency demand-restriction measures. Furthermore, the Emergency Sharing System was commissioned and the whole arrangement had to work in close cooperation with the international oil companies. In 1976, a Long-Term Program was introduced to reduce dependency on imported oil. The achievement of this objective would only be possible by reducing oil demand through improved efficiency in consumption, conservation, alternative technologies, and higher taxes on petroleum products. The use of alternative energy resources (domestic oil, coal, natural gas, nuclear plants, etc.) would be prioritized and the consumption of petroleum products would be limited to transportation. In power generation, coal was actually the most available alternative to petroleum.⁹⁵⁸

⁹⁵³ Claes, **The Politics of Oil Controlling Resources**, p. 100-1.

⁹⁵⁴ Maugeri, **The Age of Oil**, p. 116.

⁹⁵⁵ Mommer, "The Governance of International Oil," p. 17.

⁹⁵⁶ Roncaglia, **The International Oil Market**, p. 108.

⁹⁵⁷ Maugeri, **The Age of Oil**, p. 116.

⁹⁵⁸ Mommer, "The Governance of International Oil," p. 17.

For IEA membership, an OECD country is required to accumulate an SPR equal to the ninety days volume of its total imports. This is a much larger volume than that was cut off during the first Arab oil embargo. Oil stockpiles in OECD countries' SPRs have deterred OPEC's oil embargo weapon, and none of its members has ever resorted to use oil as a weapon.⁹⁵⁹ However, the institutional restrictive structure of IEA as a subsidiary of the OECD became problematic with the emergence of new large oil consumers such as China, India, and Brazil. Therefore, efforts and solutions seeking cooperation with non-member countries aimed to circumvent these restrictions.⁹⁶⁰ For instance, the IEA has launched extensive bilateral cooperation with China from energy security and energy statistics to energy markets and the IEA Technology Collaboration Programs. At the 2015 IEA Ministerial meeting, China was granted an Association status within the Agency.⁹⁶¹

The US objectives in establishing such an agency were both economic and politic: it aimed to lower oil prices, develop alternative sources of energy, and counter the rising market power of OPEC, which has been perceived as a threat to American postcolonial oil order. However, economic objectives were controversial, since developing alternative energy sources would cost more than the current oil prices. The political objectives contradicted oil interests of European countries and Japan, who were reluctant to compromise their relations with OPEC countries.⁹⁶² Another objective of the establishment of the IEA by the Americans was to protect the position of US-based multinational oil companies in supplying oil to OECD countries. The extensive network of bilateral agreements between other OECD countries and oil producers would likely effect the structure of international oil trade, reducing the role of multinational oil companies and benefiting national oil companies of producing and oil-importing countries. This would obviously reduce the US influence in the Gulf region.⁹⁶³

However, despite the Europeans and Japanese reservations, the United States supported the establishment of the IEA, whose task was to reduce dependency of the OECD members on imported Arab oil by encouraging research, energy conservation,

⁹⁵⁹ O'Donnell, p. 12.

⁹⁶⁰ Claes, **The Politics of Oil Controlling Resources**, p. 101.

⁹⁶¹ Claes, **The Politics of Oil Controlling Resources**, p. 102.

⁹⁶² Noreng, **Crude Power**, p. 48.

⁹⁶³ Noreng, **Crude Power**, p. 48.

exploration of new energy sources, emergency stockpiles, and a program of burden sharing among member countries in case of oil embargoes and shortages.⁹⁶⁴ Although the United States was much less dependent on imported Arab oil than Europe and Japan at the time, it took much more aggressive stance toward OPEC and an active role in speaking out on behalf of all OECD consumer members.⁹⁶⁵

The perception of the IEA as an organization of oil importers in response to OPEC's organization of oil exporters created hostile and competitive relationships between the two organizations. Despite efforts to establish dialogue between oil producers and consumers, the two organizations pursued the interests of their members in different lanes throughout the 1970s and 1980s without much interaction. However, in 1991, a conference between producer and consumer countries was held at the ministerial level in Paris. These biannual meetings between OPEC and IEA eventually prepared the ground for the establishment of the International Energy Forum (IEF) in 2000.⁹⁶⁶ By establishing the IEF, they aimed to protect their common interests in oil price stability, information transparency, and market predictability.⁹⁶⁷ IEF, according to O'Donnell, has institutionalized the collaboration of North-South market and energy security. This institutionalization came after intense North-South confrontation as a consequence of oil decolonization, and transformed the neo-colonial oil order to a new globalized oil order.⁹⁶⁸

4.5. Great Powers Rivalry

The Gulf region has been a scene of great powers rivalry in both colonial and postcolonial times. Across these times, not only the goals and means of the great powers have changed, but the great powers also have changed. The Middle East in general and the Gulf region in particular has long attracted the great powers due to its strategic location on three continents, its importance as a trade route, its religious centrality, and more recently its giant oil resources.⁹⁶⁹ The geostrategic of the Gulf region in Middle East studies has been overwhelmingly linked to political economy of oil. Emphasizing

⁹⁶⁴ Licklider, **Political Power and the Arab Oil Weapon**, p. 16.

⁹⁶⁵ Noreng, **Crude Power**, p. 48.

⁹⁶⁶ Claes, **The Politics of Oil Controlling Resources**, p. 102.

⁹⁶⁷ Claes, **The Politics of Oil Controlling Resources**, p. 110.

⁹⁶⁸ O'Donnell, p. 14.

⁹⁶⁹ Yetiv and Oskarsson, **Challenged Hegemony**, p. 13.

the post-war role of the United States, these studies have given Washington a central position as a partner of the oil-producing Gulf monarchies and as an enemy of Iran and Iraq, which were considered a source of threat to this partnership. The interstate dynamics of the Gulf region have generally been analyzed with the classical theory of balance-of-power. In these analyzes, the attention is often drawn to rival regional powers Saudi Arabia, Iran, and Iraq, or to the conflicts between the Arabs and Israel.⁹⁷⁰

Great powers involvement in the Gulf affairs, according to Amour, has been predominantly due to their dependence on natural resources (petroleum and natural gas), geopolitical and strategic concerns (Strait of Hormuz, Bab el-Mendeb, Gulf of Aqaba, Suez Canal), and the balance of power. Therefore, great powers have closely affected not only the pattern of regional system but also policy choices and strategic behaviors of its actors that formed the regional order. Thus, gaining access to and controlling the energy resources of the region has been subject of rivalry between great powers and a means for the maintenance of their political and economic power. To achieve their objective, great powers have used both soft power tools (diplomacy, intelligence, economic sanctions) and hard power (military coups, interventions and occupation).⁹⁷¹

Since the discovery of petroleum in the Gulf region, the great powers have assumed a decisive and an order-building task in the region, using the regional powers or armed groups to reach their objectives and protect their oil interests. The Gulf States, on the other hand, have occasionally invited and used the great powers to maintain and protect their national security and interests. Indeed, oil has been a common element in the multiple relationships between great powers and the Gulf States' interests and a decisive factor in the nature of regional conflicts. The combination of great powers' games and regional conflicts has caused unprecedented tension in the region, with frequent open conflicts as well as many clandestine national, ethnic, and regional conflicts.⁹⁷² The hegemony of great powers in the Gulf region bears patterns of imperialist policies aimed at exploiting oil resources. Despite being victim of imperialist exploitation, the

⁹⁷⁰ Lars Erslev Andersen, and Yang Jiang, "Is China challenging the US in the Persian Gulf? Oil, Security, and Politics", **Danish Institute for International Studies, DIIS Report**, (2014:29), p. 15. <http://en.diis.dk/en/node/4684>

⁹⁷¹ Philipp O. Amour, "Introduction: The Regional Order in the Gulf Region and the Middle East", in **The Regional Order in the Gulf Region and the Middle East: Regional Rivalries and Security Alliances**, ed. Philipp O. Amour, Cham, Switzerland: Palgrave Macmillan, 2020, p. 22.

⁹⁷² Noreng, **Crude Power**, p. 54.

divided and underdeveloped Gulf states were in urgent need of foreign investment and knowledge to develop their oil industry and great power protection against hostile neighbors.⁹⁷³

To understand great power rivalry over Gulf oil, it is necessary to distinguish levels of analysis whether global actors or regional, competition or cooperation. The global level consists of the major international powers that are also permanent members of the UN Security Council: UK, France, USA, Russia, and China. The first four have used all possible political, economic and military means in both colonial and postcolonial periods to exploit, control, and go to war for the Gulf oil. China has joined them only in postcolonial period. The Gulf regional level of analysis consists of two powerful states, Iran and Iraq, as well as the six members of the Gulf Cooperation Council (GCC), Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, Bahrain, and Oman.⁹⁷⁴

The Gulf regional order in a broader Middle East order beyond the Anglo-American colonial and postcolonial designs emerged more prominently with the decolonization of petroleum in the 1970s. The emergence of Gulf regional system was initially formed as a consequence of rivalry between Saudi Arabia and Iran in the 1980s based on both sectarian expansionism and petroleum interests. Recent regional developments triggered especially by the Arab Spring have paved the way for the emergence of a third bloc led by Turkey and Qatar. According to Yetim, the Turkey-Qatar bloc has not openly opposed the Iranian and Saudi-led blocs, but aims to establish alliance relations with different regional and global actors. Moreover, the transformation of the Turkey-Qatar partnerships into a hard power dimension aims and promises to ensure the stability of Qatar and the Gulf, the balance of power between regional and global powers, and the protection of the Turkey-Qatar bloc's interests.⁹⁷⁵

Since 1970, in particular after oil decolonization, the Gulf countries asserted greater independence over their oil business. Iraq, for instance, established close political, military, and economic relations with the Soviet Union and France. Both provided Iraq oil technology and financially supported development of Iraqi oil industry. Saudi Arabia, on the other hand, maintained close political, economic, and military relation

⁹⁷³ Noreng, **Crude Power**, p. 53.

⁹⁷⁴ Yetiv, **Absence of Grand Strategy**, p. 19.

⁹⁷⁵ Mustafa Yetim, "Türkiye-Katar Ortaklığında Sert Güç", **Ortadoğu Analiz**, Cilt 11, Sayı 92, (Mart-Nisan 2020), p. 24-27.

with the United States. Since 1990, new oil importers, such as China and India, have established commercial and economic relations with the Gulf States, specifically with Iran and Saudi Arabia to secure access to Gulf oil.⁹⁷⁶

The oil-rich regions of the world have witnessed many great powers seeking geopolitical advantage. During the colonial period, many maps were drawn, exchanges were made, countries were divided, and wars were waged over the oil regions of the Gulf between the British Empire, France, Germany, Russia, and the United States. In the postcolonial period, the United States has been the most conspicuous in seeking for geopolitical advantage in oil-producing regions. Where there is oil, there is America. However, America has never been the only great power-seeking control of world oil regions. Since the 1990s, China and India, the two rapidly developing with the world's highest populations, have been hunting for oil.⁹⁷⁷ Objectives and policies of access to and control of Gulf oil regions led the United States to contain the Soviet Union during the Cold War and China since the 1990s. If control of oil has been a cause and consequence of American hegemony, maintaining access to economically vital oil resources has required reliance on strategic forces. In this regard, for US policy-makers, preventing any power and coalition of powers from dominating oil regions has resonated with American conceptions of national security and economic interests that aimed at maintaining American global hegemony.⁹⁷⁸

Three factors, according to Klare, are likely to lead tensions in politics and economics of oil: the expansion in global oil demand, the emergence of oil shortage, and the competition over control of oil resources. The first two factors, he assumes, will inevitably intensify competition between great powers for access to oil resources; the third will cause new sources of competition and conflict. Moreover, each factor will reinforce the destabilizing tendencies of the others: as oil consumption grows, shortages will emerge faster and governments will be under pressure to find solution at any cost; this, in turn, will increase the tendency of great powers to seek more control over contested sources of oil supply, and accordingly increase the risk of conflict between

⁹⁷⁶ Noreng, **Crude Power**, p. 16.

⁹⁷⁷ Michael T. Klare, "The Changing Geopolitics of Oil", in **Handbook of Oil Politics**, ed. Robert E. Looney, London: Routledge, 2011, p. 36.

⁹⁷⁸ Painter, p. 16.

them that share or jointly claim certain resource deposits.⁹⁷⁹ In this case, oil wars will be inevitable. The term oil war, according to Le Billon, refers to wide range of conflicts: colonial wars over control of oil regions; great wars to seize or destroy oil assets and infrastructures; wars for nationalization of oil resources; wars for annexation of neighboring oil regions; and wars aimed at secession in oil-rich regions.⁹⁸⁰

Oil wars, as Kaldor describes, are rent-seeking wars. Whatever the causes of wars, whether religious, ethnic, or other differences, where there is oil, these wars somehow turn into a struggle for control of oil resources. In the colonial era, the oil wars were geopolitical that involved competition between great powers for control of territory and collaboration with local actors to establish a strong central authority often for the purpose of obtaining oil concessions.⁹⁸¹ In the postcolonial era, the level of competition has shifted from the international to the local. In other words, the geopolitical competition is supplemented by conflicts between various state and non-state actors that effectively dismantle the state itself and leads to a state of failure. In this context of failed states, access to oil rents in legal or illegal means associates with violence at every level, making difficult to re-establish authority to control the land.⁹⁸²

4.5.1. US and China

In contrast to the United States, Britain, Russia and France, Chinese policy of Gulf oil has differed in many aspects. First, China had never been a colonial or semi-colonial power in the region. On the contrary, China was colonized by abovementioned powers and Japan, and shared the same fate of the Gulf States. Second, China never had military bases, oil concessions, and access to regional facilities in the Gulf. However, in the decolonization period, China had supported revolutionary movements in the region. In the 1980s, China entered Gulf arms market during the Iraq-Iran war, supplied both sides with arms amounting to more than \$12 billion.⁹⁸³ The Chinese interests in the Gulf region emerged in 1993, when it became a net importer of oil. The growing Chinese economy needed energy that the country lacked sufficient resources to match its demand. The geographic distribution of oil resources, of which the Gulf region

⁹⁷⁹ Klare, **Resource Wars**, p. 69.

⁹⁸⁰ Le Billon, **The Geopolitics of Resource Wars**, p. 336-7.

⁹⁸¹ Mary Kaldor, Terry Lynn Karl and Yahia Said, **Oil Wars**, London: Pluto, 2007, p. 3.

⁹⁸² Kaldor et al., **Oil Wars**, p. 4.

⁹⁸³ Yetiv and Oskarsson, **Challenged Hegemony**, p. 80.

possesses two-thirds, forced China to establish diplomatic and economic relations with the Gulf States.

China, unlike Europe and the United States, has no historical colonial relationship with the Gulf. China hopes to invest in the region's oil sector, but it must compete with deep-rooted Western rivals. Indeed, China has a potential game-changer position in the Gulf region. It has no colonial past in the region. It has never exploited the region's oil resources under unequal concession regimes. Unlike Western countries, it does not have an effective Jewish lobby. It is not interested in direct involvement in the region's various complicated conflicts. Most importantly, it is already the largest oil importer from the region, surpassed both Europe and the United States. The rise of China, indeed, offers the Gulf states an opportunity to rebalance their relations with the United States. The region has long been under pressure from perceived US economic and military hegemony. The Gulf leadership can probably use this rise of China as a means to break the American hegemony in the region. However, it seems highly unlikely that they leave the US entirely. The United States still plays an important role in the security of the Gulf through arms sales and military bases.⁹⁸⁴

China has expanding economic relations with the Gulf States, particularly by exporting manufactured goods in exchange for oil imports. China supplies about half of its oil needs from the Gulf states and has already surpassed the United States as the region's largest oil importer in the past. Although China works to diversify its energy supply sources, its dependence on the Gulf oil seems likely to continue in the near future. Meanwhile, China appears to have realized the necessity of producing policies to protect its assets and citizens in the Gulf, where it has expanded trade, investment, and contract works. Thus, previous low-profile diplomatic strategy of keeping business and politics separate may not work for China. Indeed, China has also learned from the regional crises how to transform its neutral policy to an active mediation. In this regard, China now pursues a policy that supports UN sanctions, contributes to UN peacekeeping missions, and protects peacefully its oil interests in the region. Nor does it

⁹⁸⁴ Macris, p. 323-4.

intend to challenge or replace the US in the security affairs of the Gulf region. However, active pragmatism continues to guide Chinese foreign policy towards the Gulf States.⁹⁸⁵

The limited number of foreign oil producers that can meet the oil demands of China and the US is assumed to cause a relentless struggle and competition between the two countries for access to and influence in these oil-producing countries.⁹⁸⁶ Chinese increased need and emphasis on oil has heralded a major strategic change and opening in Beijing since the 1990s. What worries the United States is not China's competition at global scale with the US for energy resources, but its convergence with few troubled countries such as Sudan, Iran and Venezuela, which have been perceived as sources of threat to the US global interests.⁹⁸⁷ From the perspective of the United States, China's intrusion into traditional American spheres of influence, particularly in the oil-rich Gulf region, Latin America, and Africa is worrisome. Strategically, the US is not comfortable with this new type of "Chinese threat" to and activities in these oil-rich regions where the US has imposed its monopoly since the end of the Cold War.⁹⁸⁸ As a source of oil supply, the Gulf region is of great importance for the Chinese, not for the Americans. Three of the four largest US oil suppliers are located in the Western hemisphere, which meets 48 percent of total US oil imports. Whereas, the Gulf region supplies only about 8 percent of total US oil demand. However, the Gulf region became China's largest oil supplier in the 1990s, meeting about 60 percent of China's total oil demand.⁹⁸⁹

Although China has sought alternative oil suppliers in Central Asia and Africa, its dependence on Gulf oil seems to have increased over time. Therefore, the Gulf region keeps its place and remains China's leading crude oil exporter (see Table 6). Saudi Arabia is China's largest oil supplier, with around 1 million bpd, which accounts for 20% of the Chinese total crude oil imports.⁹⁹⁰ Iraq has become another Gulf country that supplies significant amount of oil to China. In particular after the war, China's oil imports from Iraq grew at a level that surpassed Iran as a second largest supplier of oil from the Gulf region. Chinese oil companies have actively participated in the

⁹⁸⁵ Andersen and Jiang, p. 6.

⁹⁸⁶ Klare, "The Changing Geopolitics of Oil", p. 36.

⁹⁸⁷ Zhiqun Zhu, "Petroleum and Power: China, the Middle East, and the United States", **Yale Journal of International Affairs**, Vol. 2, Issue 2, (Spring/Summer 2007), p. 26.

⁹⁸⁸ Zhu, p. 36.

⁹⁸⁹ Zhu, p. 27.

⁹⁹⁰ Abbās Varij Kāzemi & Xiangming Chen, "China and the Middle East: More than Oil", **The European Financial Review**, (February-March 2014), p. 4.

development of Iraqi oil sector, either through product-sharing contracts or as providers of technical service agreements. Chinese national oil companies thus have retained a significant foothold in the Iraqi upstream oil sector, with investment in about 20 percent of Iraqi oil fields projects. Before the outbreak of ISIS crisis, China was able to import 50% of Iraqi oil production. Currently, China has achieved its goal, upgrading import level to 70% at 850,000 bpd and making Iraq the second largest oil supplier of China from Gulf region.⁹⁹¹

Table 6

China's Imports of Crude Oil from the Gulf Countries (million barrels)

Country	2013	2014	2015	2015	2017	2018	2019	2020
Saudi Arabia	1,080.8	997.1	1,015.7	1,022.4	1,047.7	1,138.6	1,671.4	1,700.5
Iran	430.9	536.2	534.2	581.6	515.0	585.4	298.1	78.4
Iraq	470.6	573.1	644.0	724.4	740.8	900.8	1,038.6	1,137.4
Kuwait	186.6	211.5	289.6	326.5	365.6	465.7	454.1	537.9
UAE	212.8	242.3	238.4	227.1	167.8	252.2	242.1	528.0

Source: Adapted from BP

China has displayed a pragmatic attitude and neutral stance on major Gulf issues, despite conflicting economic interests and erupting political crises in the region. Adopting a moderate stance towards the crisis in Syria, China has advocated a political solution. China supports the continuation of negotiations on Iran's nuclear program and has come to a close position to that of UN, making efforts to prevent Iran to develop nuclear program.⁹⁹² Thus, Beijing, has taken more balanced approach to negotiations over Tehran's nuclear program. Because China does not want confrontation with the

⁹⁹¹ Daojiong Zha and Michal Meidan, "China and the Middle East in a New Energy Landscape", **Chatham House, the Royal Institute of International Affairs**, (October 2015), p. 8; Andersen and Jiang, p. 5.

⁹⁹² Kāzemi and Chen, p. 8.

United States over Iran, it supports multilateral sanctions against Iran's nuclear program. Meanwhile, Beijing has always acted as a mediator between Iran and Western countries, thus managed to protect its economic interests in Tehran.⁹⁹³ Thus, China's pragmatic non-interventionist diplomatic approach towards the Gulf region not only avoided conflicts with the United States but also expanded its economic interests under the umbrella of US security in the region.⁹⁹⁴

4.5.2. US and Russia

The proximity of the Soviet Union to the Gulf region, compared to other superpowers, has been an important factor in its interests, concerns, and involvement in the affairs of the region. The Gulf has traditionally been a zone of conflict between the Soviets and Europeans, even before the discovery of oil. The deep-rooted resistance of the Europeans to the Soviet influence increased as the economic value of the Gulf increased.⁹⁹⁵ The Middle East and the Gulf, as geopolitical spheres, have become regions where the Soviet Union has reflected its power globally and confronted the West.⁹⁹⁶ Initially, the anti-imperialism and the anti-West rhetoric of the Soviets had appealed to a number of nationalist Arab governments that launched independence movements against the colonial powers.⁹⁹⁷ The Soviets continued to form closer relations with these revolutionary Arab republics and provide them military equipment, arms, and advisers, which greatly concerned both the United States and Israel.⁹⁹⁸

During the Cold War, Iraq was the only Gulf country that the Soviets established strong economic and military relations. The 1972 Soviet-Iraqi Treaty of Friendship and Cooperation aimed at developing Iraqi oil industry and improving its military capability, at a time when the United States was seeking how to replace Britain as the provider of the regional security. Thus, in the Cold War years, the primary objectives of the United States regarding the Gulf were to limit the influence of the Soviets; assure access and control of the Gulf oil; and avoid any military confrontation with

⁹⁹³ Andersen and Jiang, p. 33.

⁹⁹⁴ Andersen and Jiang, p. 29.

⁹⁹⁵ Venn, **Oil Diplomacy**, p. 108.

⁹⁹⁶ Leonid Issaev and Nikolay Kozhanov, "Diversifying Relationships: Russian Policy toward GCC", **International Politics**, Vol. 58, No. 6, (February 2021), p. 6.

⁹⁹⁷ Gawdat Bahgat, "Russia and the Middle East: Opportunities and Challenges", in **Russia's Global Reach: A Security and Statecraft Assessment**, ed. Graeme P. Herd, Garmisch-Partenkirchen: George C. Marshall European Center for Security Studies, 2021, p. 73.

⁹⁹⁸ Venn, **Oil Diplomacy**, p. 71.

Moscow.⁹⁹⁹ The degree of regional influence imposed by Washington and Moscow in the 1970s was linked to their political ideologies and objectives that exploited and managed the rivalry between Iran and Iraq at regional level, which was also reflected in their rivalry at the global level.¹⁰⁰⁰ As a major oil and gas exporter, the Soviet Union had interests in high oil prices and could profit economically from political instability in the region, as it happened during the 1973 oil crisis. Thus, the Soviets had posed a serious threat to the American positions in the Gulf as an alternative provider of oil technology, supplier of weapons, and supporter of revolutionary regimes, which posed permanent threat to the stability of the oil market¹⁰⁰¹ controlled by the United States and international oil companies.

The collapse of the Soviet Union weakened the power and position of the Russians in the Gulf region and enabled the Americans to pursue unilateral policies regarding the region and its petroleum. However, Moscow remained interested in re-establishing its position in the Gulf and sought to develop political, economic, and military relations with the Gulf States. Unlike Cold War challenging policies, Russians post-Cold War policies tended to be more moderate, assertive but less serious rival interested in economics. Thus, the initial Russian Gulf policy was transformed to reflect more mercantilist and economic tendencies.¹⁰⁰² In fact, Moscow lacked visible or tangible diplomatic relations with the Gulf countries during the Cold War years. However, Putin's Gulf visit to Saudi Arabia, Qatar, and Jordan in February 2007-the first visit by a Russian president to the Gulf- heralded the establishment of closer relations between Russia and the Gulf States.¹⁰⁰³ Moscow's assertive foreign policy approach initiated towards the Middle East in general and the Gulf region in particular stemmed from its strategic and economic concerns and interests. Similarly, regional states have also their own reasons for engaging with Russia.¹⁰⁰⁴

Moscow could not assert its power in the events of the second Gulf War, the Arab Spring, and especially the NATO intervention in Libya, which have changed the fate of the region. Furthermore, Russia also failed to stop the United States through bilateral

⁹⁹⁹ Yetiv, **Absence of Grand Strategy**, p. 30.

¹⁰⁰⁰ Yetiv and Oskarsson, **Challenged Hegemony**, p. 105.

¹⁰⁰¹ Noreng, **Crude Power**, p. 77.

¹⁰⁰² Yetiv and Oskarsson, **Challenged Hegemony**, p. 103.

¹⁰⁰³ Yetiv and Oskarsson, **Challenged Hegemony**, p. 110.

¹⁰⁰⁴ Bahgat, "Russia and the Middle East", p. 73.

relations, the UN Security Council or on the ground. The break and strain in European-Russian relations caused by the Ukraine crisis in 2014 led Putin to reconsider Russian foreign policy objectives, which forced Kremlin to take more effective initiatives in various conflict areas, anticipate and calculate a confrontation with the West. Within this process of reconsideration and triggered by the events on the ground, the intervention in Syria in 2015 is considered an important step taken by Russia towards its return to the Middle East. Moscow acted with a desire to prevent US-backed regime change, demonstrate Russia's power status to regional and global actors, consolidate its military foothold in the region, and expand Russian diplomatic options.¹⁰⁰⁵ In this regard, Kremlin has pursued hard diplomacy, economic incentives, military interventions, and other coercive measures to achieve its foreign policy objectives. Thus, Russia managed to prove to the US, the EU, and the countries in the region that it could play a decisive role in ongoing international conflicts. Therefore, Russia has made itself a key player in Syria and other conflict areas in the region.¹⁰⁰⁶

Russia, through its intervention in the defense of the Syrian Assad regime, managed to create an image of powerful actor ready to engage and be decisive in actions. This image emerged by exploiting the failure or reluctance of the United States and its allies to carry out military operations against Assad regime in 2013. The Russian military deployment in 2015 thus strengthened Moscow's image as a powerful external player in the eyes of the countries in the region. The Russian military presence in Syria not only ensured the survival of Assad regime, but also proved the end of unilateral American or European military interventions in the affairs of the Middle East countries that emerged after the collapse of the Soviet Union.¹⁰⁰⁷ The expansion of Russian military presence in the Middle East has been effective and decisive in terms of regional order. Moscow has made its rising diplomatic, military and economic power felt in all regional conflicts, from Afghanistan to Libya. However, there is a widespread view that Kremlin arranges

¹⁰⁰⁵ Kennan Institute and Institute for Policy and Strategy (IPS), "Russia in the Middle East: National Security Challenges for the United States and Israel in the Biden Era", **Washington Wilson Center**, (2020), p. 10.

¹⁰⁰⁶ Bahgat, "Russia and the Middle East," p. 73.

¹⁰⁰⁷ Issaev and Kozhanov, p. 10.

its action and forms its policies around short-term and often opportunistic interests rather than a carefully designed grand strategy.¹⁰⁰⁸

Russia has three economic objectives regarding the Gulf region. First, arms sales provide important income to the maintenance of military industry and Russian economy. Second, Russia is taking advantage of the conflicts and tensions in the region that cause rising oil prices. As an alternative oil exporter, Russia benefited from the oil sanctions and embargoes applied to Middle Eastern oil producers (Iran, Iraq, Libya), by increasing its oil production volume. Third, Russian oil and gas companies have significant upstream and downstream contracts in the region, where Moscow protects their interests.¹⁰⁰⁹ Issaev and Kozanov explain Russian foreign policy towards the Gulf with “bargaining strategy.” On the one hand, Russia is acting in the region as a global power by taking diplomatic initiatives. Moscow uses its direct or indirect involvement in major Middle Eastern conflicts, such as Syrian, Yemeni, and Libyan civil wars, the Israeli-Palestinian conflict, and Iranian nuclear negotiations. On the other hand, Russia is making efforts to establish economic relations with the Gulf States and attract investments from the Gulf financial institutions for its fragile economy. Furthermore, Kremlin is also making coordinating efforts with OPEC members, particularly Saudi Arabia, for stable oil prices and production volume.¹⁰¹⁰

Oil and gas exports constitute the backbone of the Russian economy, which makes it highly vulnerable to price fluctuations in the oil market. Therefore, Moscow makes every effort to ensure price stability, provided that the prices are high. Indeed, Russia has always been one of the world’s largest oil producers, along with the US and Saudi Arabia, and has a significant impact on world oil production and prices.¹⁰¹¹ There are two important reasons that force Moscow to cooperate actively with OPEC and especially Saudi Arabia: first, the dependence of Russian state budget on oil and gas exports, and second its concerns about long-term low oil prices.¹⁰¹² Therefore, the main objective of Russian cooperation with OPEC was to keep oil prices at around \$60/barrel. For this end, it was necessary to work with Saudi Arabia on oil production

¹⁰⁰⁸ Kennan Institute, p. 11.

¹⁰⁰⁹ Le Billon and El Khatib, “From Free Oil to Freedom Oil”, p. 124.

¹⁰¹⁰ Issaev and Kozhanov, p. 1.

¹⁰¹¹ Aron Lund, “Russia in the Middle East”, **The Swedish Institute of International Affairs**, (February 2019), p. 35.

¹⁰¹² Issaev and Kozhanov, p. 14.

level and prices. By 2018-2019, Saudi-Russian cooperation has advanced to the extent that has alarmed not only the United States, but also Iran and Qatar.¹⁰¹³ However, both countries have entered into a fierce competition over the oil markets in Asia and Europe. In 2018-2019, the decreased Iranian oil exports to China, the rising domestic demand, and Beijing's efforts to diversify its oil imports resources triggered a fierce competition between Russia and Saudi Arabia over the Chinese market. While Russia was China's largest oil exporter in the first half of the 2019, Saudi Arabia took over this position at the beginning of the 2020. Riyadh's decision to further discount oil sold to Europe in 2019 has also alarmed Russia.¹⁰¹⁴

The arms trade has been the most important and remarkable aspect of Moscow's economic relations with the Middle Eastern countries since the Soviet Union era. Unlike Soviet-era arms exports, which often took the form of politically motivated donations or long-term loan sale, Russia's arms exports today purely seeks for profit. The Middle East constitutes a very large market for Russian weapons. However, given the massive purchases of US weapons by Saudi Arabia and other Gulf states, Russia still falls behind the US in total arms deliveries to the Middle East.¹⁰¹⁵ According to Bahgat, human rights concerns and maintaining Israeli qualitative superiority have complicated and restrained arm supplies from the United States and Europe. Although most regional states prefer Western to Russian weapons, these reservations have led them to perceive Western governments as unreliable source of weapons. Russia, on the other hand, does not impose such restrictions on arm supplies to the Middle Eastern countries.¹⁰¹⁶ While the US has reaped significant export profits from arms trade with Saudi Arabia, Russia also has profited from arms sales and transfers to Iran. Unable to purchase Western military equipment during and after its war with Iraq, Iran turned to Russia for modernization of its military in many fields including air defense systems, communications systems, and missile systems.¹⁰¹⁷

¹⁰¹³ Lund, p. 35.

¹⁰¹⁴ Issaev and Kozhanov, p. 13.

¹⁰¹⁵ Lund, p. 35.

¹⁰¹⁶ Bahgat, "Russia and the Middle East", p. 74.

¹⁰¹⁷ Yetiv and Oskarsson, **Challenged Hegemony**, p. 109.

4.5.3. US and European Union

Since its discovery in the Gulf, oil has motivated foreign powers to seek control over oil resources of the region. Western powers Britain, France and the United States not only competed among themselves, but also tried to keep other intruders out of the region, especially Russia and Germany in colonial and China in postcolonial periods.¹⁰¹⁸ The Great powers competition over Gulf oil developed in favor of the British Empire, the dominant power of the colonial period. Britain kept Russia and Germany away from the region and had to cooperate with the United States and France. The United States, which replaced Britain in postcolonial period, has pursued a policy keeping both local and external powers away from oil regions. After the Second World War, as Leonardo points out, the US realized that it had lost its energy independence and therefore could not maintain its traditional role as a supplier of about 80% of Europe's oil demand. However, war-torn European countries needed oil resources for their industrial and economic reconstruction. Marshall Plan served these goals and the Gulf oil was perfect solution for both Europe's future energy needs and the US strategic concerns. More importantly, the US managed to keep Europe away from the Soviet's close and cheap oil trap.¹⁰¹⁹

In the 1970s, specifically right after the Arab petroleum embargo in 1973, US established a powerful consumer cartel, the IEA, as a rival organization to OPEC. However, France refused to join the IEA and worked to develop bilateral relations with the oil-producing Arab countries. Furthermore, France also launched an initiative for a common European energy policy.¹⁰²⁰ On the other hand, Russian oil was too abundant and cheap to ignore. In the 1960s and 1970, the Soviet Union was the second or third largest oil producer and after 1975 it became the largest oil producer in the world. The Soviet's main goal was self-sufficiency, while oil sales to abroad provided much-needed foreign currency. In the 1960s, NATO was persuaded by the United States to oppose any long-term or large-scale oil agreement between the Soviets and Western Europeans, because any possible Europe's dependency on Soviets oil had security implications. However, in an atmosphere of détente, most of Western European

¹⁰¹⁸ Noreng, *Crude Power*, p. 55.

¹⁰¹⁹ Maugeri, *The Age of Oil*, p. 55-6.

¹⁰²⁰ Richard Youngs, *Energy Security: Europe's New Foreign Policy Challenge*, London: Routledge, Taylor & Francis Group, 2011, p. 50.

countries gradually agreed to buy Soviet oil, particularly during and after Arab oil embargo in 1973.¹⁰²¹

The Middle East and North Africa (MENA) is often seen as a legitimate sphere of interests for the European Union (EU). This view is more common and prevalent in Latin Europe, particularly in France, Italy, and Spain. The colonial and imperial tradition of France still reflects strong political and economic interests in the region. Italy and Spain also had and still have economic and political interests in the region. In terms of oil interests and holding economic and political positions in the region, France represents the best-organized oil interests with the strongest government support and the longest history of intervention in the region. Moreover, France and its oil companies have often challenged Anglo-American oil policies and the positions of their oil companies in both colonial and postcolonial periods. In the 1920s and the 1970s, Iraq has witnessed oil interest conflicts between French and Anglo-American governments and their oil companies. In postcolonial American oil order, France has represented the European interests and often challenged openly the United States. However, even with common currency, political, and economic objectives, Europe has not yet been an ambitious and a challenging rival to the US in the Gulf region.¹⁰²²

Europe has clear advantages over the United States in terms of bilateral relations with the Middle East, such as geographical proximity and cautious relations with Israel. Therefore, stability and peace in the Middle East has been primary concern of the Europeans than of the Americans.¹⁰²³ European countries, despite their dependence on Gulf oil, have played a limited role in the events and decision-making processes related to the region. Indeed, the European oil market is very vulnerable to geopolitical factors and to the politics pursued by the oil cartels of exporting countries.¹⁰²⁴

The EU's growing reliance on crude oil and refined fuel imports from geopolitically unstable regions has made the EU economy vulnerable to possible oil supply and price shocks.¹⁰²⁵ This is because crude oil production in the EU has shown a steady decline

¹⁰²¹ Venn, **Oil Diplomacy**, p. 134-5.

¹⁰²² Noreng, **Crude Power**, p. 71.

¹⁰²³ Noreng, **Crude Power**, p. 72.

¹⁰²⁴ Le Billon and El Khatib, "From Free Oil to Freedom Oil", p. 125.

¹⁰²⁵ Cambridge Econometrics, "A Study on Oil Dependency in the EU", **Cambridge Econometrics**, (July 2016), p. 6.

over the last decade. The EU's domestic proven oil reserves currently make up less than 0.5% of global proven oil reserves. Importing 88% of the oil it consumed in 2014, the EU has increasingly become dependent on foreign oil resources. In 2015, about 30% of EU crude oil imports supplied from Russia, 24% from MENA countries, and 16% from Nigeria and sub-Saharan Africa.¹⁰²⁶ In 2019, 26.9% of EU crude oil imports came from Russia, 9.0% from Iraq, 7.9% from Nigeria, 7.7% from Saudi Arabia, 7.3% from Kazakhstan and 7.0% from Norway (see Table 7). Thus, the EU's reliance on Gulf oil is relatively low compared to the regions' proven oil reserves and production volume and to its imports from Russia. However, the EU currently benefits from diversified sources of crude oil imports.¹⁰²⁷

For several reasons Gulf oil has been increasingly drawn from European and American markets to Asian markets. Statistics indicates that while two-thirds of the region's oil went to Europe and the US in 1980, this share reduced to one-third by 2004.¹⁰²⁸ First of all, the rapid economic growth of some Asian countries, primarily China and India, has caused an increase in oil demand in the global market. Secondly, the shale oil and tight oil exploration and extraction technology in the United States and the discovery of oil deposits in the North Sea by the UK, Norway, Denmark and the Netherlands has decreased both hemispheres' dependency on foreign oil. Thirdly, European countries have shown no interest to cooperate with the Gulf States on political issues other than oil and arms sales. This last factor has determined the recent pattern of EU's energy policies with the oil-producing Gulf States. EU policy, according to Youngs, has approached energy security as a separate and disengaged from both broader Gulf security issues and any understanding of how states and societies are changing in the region. The EU has often tended to develop its relations with the Gulf States on the basis of EU-OPEC rather than EU-GCC.¹⁰²⁹

¹⁰²⁶ Cambridge Econometrics, p. 15.

¹⁰²⁷ International Energy Agency, "Energy Policies of IEA Countries: European Union 2014 Review", (Paris: ECD/IEA, 2014), p. 166.

¹⁰²⁸ Youngs, **Energy Security**, p. 53.

¹⁰²⁹ Youngs, **Energy Security**, p. 68.

Table 7

EU Imports of Crude Oil in 2019 (billion barrels)

Rank	Country	Imported Oil (billion barrels)
1	Russia	26.9
2	Iraq	9.0
3	Nigeria	7.9
4	Saudi Arabia	7.7
5	Kazakhstan	7.3
6	Norway	7.0
7	Libya	6.2
8	United States	5.3
9	United Kingdom	4.9
11	Azerbaijan	4.5
12	Algeria	2.4
13	Others	10.9

Source: Adapted from Eurostat

In the Gulf, the EU energy policy has been complicated due to regional instability caused by the US occupation of Iraq and thereafter the emergence of non-state actors.¹⁰³⁰ The EU failed to produce a common policy regarding American occupation of Iraq. Therefore, member states were divided into two camps, those who opposed the occupation and those who supported it. The opposition led by France and Germany

¹⁰³⁰ Youngs, **Energy Security**, p. 78.

warned that the war would have serious destabilizing regional security consequences. They were also skeptical of US arguments that linked Saddam Hussein and al-Qaeda.¹⁰³¹ Although access to Iranian oil has always preoccupied European diplomats and oilmen, the diplomacy of restriction on its nuclear program has dominated bilateral relations since 2002.¹⁰³² While US-European relations have faltered on Iran, both sides share similar goals for Iran: to promote reforms for more open society and less hostile to Western interests, to end its support of anti-Israeli movements, and to prevent Tehran from acquiring weapons of mass destruction technology. However, both sides have different approach to realize such goals. The common European approach to Iran has been in favor of engagement. The US, by contrast, has always opted for isolation and containment.¹⁰³³ If US containment and isolation policies were designed to block development of Iranian oil sector, EU's engagement policy sought to exert pressure on Iran without completely cutting off energy relations. In fact, France and Italy signed bilateral investment agreements with Iran in 2006. Germany and France maintained to be Iran's second and third largest trading partners.¹⁰³⁴

The EU's common initiatives have largely coexisted with a degree of bilateralism. Member states have prioritized their own national access to energy resources. In particular, the national policies and interests of the larger member states prevailed over the EU's common policies in the Gulf. Therefore, the EU's common framework has been more powerful in North Africa than in the Gulf region.¹⁰³⁵ However, the Gulf region has huge oil reserves that contain about 65% of the world proven reserves. Although Europe has diversified its oil import sources that depend mainly on Russia, Central Asia, and North Africa, the Gulf oil also is found its way and drawn by Asian developing countries. Nonetheless, the nature and functioning of global oil market makes the EU dependent oil production and exports from the Gulf States, which are the world marginal oil suppliers.¹⁰³⁶ However, recent Russia's war against and occupation of Ukraine has caused interruption of political and economic relations between Western

¹⁰³¹ Kristin Archick, **European Views and Policies Toward the Middle East**, CRS Reports, Library of Congress. Congressional Research Service, 2018, p. 6. <https://purl.fdlp.gov/GPO/gpo131140>

¹⁰³² Youngs, **Energy Security**, p. 78.

¹⁰³³ Archick, p. 16.

¹⁰³⁴ Youngs, **Energy Security**, p. 71.

¹⁰³⁵ Youngs, **Energy Security**, p. 78.

¹⁰³⁶ Ana Echagüe, "Don't Forget the Gulf", in **Europe in the Reshaped Middle East**, eds., Kristina Kausch and Richard Youngs, Madrid: Fride, 2012, p. 41.

countries and Russia. What worries European countries in particular is its dependence on Russian oil and gas, which have been cut off in the course of the war. Thus, the 2022 Russia-Ukraine war will likely force European countries to seek energy supplies from the Gulf region.

4.5.4. US and Britain

As Britain's ability to maintain its imperial role began to wane in the decades between the World Wars I and II, London recognized that its own interests would be best served by supporting Washington's leadership in promoting and expanding global capitalism, while simultaneously seeking to advance the interests of the British state. In the post-war period, London sought to increase its influence in the US-led new order in several ways. Britain has always secured its place at the table on major global financial and security issues, with maintaining London's global financial center, NATO membership, its role as a major arms exporter, and its status as the second-largest military power. Britain's EU membership and London's proximity to Washington earned it also a reputation among the major capitalist states. In this new American postcolonial order, British Middle East foreign policy has been complementary to US policies and strategies in the region. Of course, Gulf oil has been the common and fundamental Anglo-American interest in the Middle East. For the British and American strategists, oil would play a vital role for any power interested in world domination. Oil structure has been designed to be under control of Western powers to ensure that profits from the sector returned to Western oil companies and invested in Western economies. Britain thus has supported the US-led postcolonial oil order that served the interests of the both and of the broader capitalist-imperial system.¹⁰³⁷

Britain's foreign oil policy has been based on complete dependence on two British oil companies, BP and Shell, to the extent that national and corporate interests have overlapped to achieve common goals. These mutual interests and collaboration have been justified on different grounds: contribution of oil companies to the balance of payments, supply of stable and cheap oil, and in return, diplomatic support for

¹⁰³⁷ David Wearing, "Critical Perspectives on the Concept of the 'National Interest': American Imperialism, British Foreign Policy and the Middle East", in **British Foreign Policy and the National Interest**, eds., Timothy Edmunds, Jamie Gaskarth, and Robin Porter, London: Palgrave Macmillan, 2014, p. 111-2.

companies and protect their interests abroad. This government-company collaboration in the oil business has become almost customary with the invention of periodic and secret ‘oil tea parties’ between public and civil oilmen.¹⁰³⁸ Prior to the invasion of Iraq, several meetings were held in Whitehall, where British oil companies were assured that the government determined to obtain a fair share of oil in post-Saddam Iraq. Using its privileged position as an occupier, Britain also was closely involved in negotiations with post-Saddam officials over the structure of the Iraqi oil industry and its relations with the oil companies.¹⁰³⁹ Indeed, the United States and Britain sought to integrate post-Saddam Iraq economically and militarily into the US-designed regional system. The war was about control of oil supplies on which all of its competitors depend more than it does. Simultaneously, the occupation would establish a strong US military base over the Eurasian mainland to help counter any potential emerging power block. Moreover, any successful regime change would give Washington a large, oil-rich platform at the center of the Arab world.¹⁰⁴⁰

Britain played a pivotal role in the Gulf oil affairs from the World War I to the early 1970s. Although the United States has been a major global actor in the region since the 1950, British military presence and supremacy in the Gulf remained until 1968, when Britain announced its plan of withdrawing from the East of Suez. The withdrawal was completed in 1971 and was motivated by several reasons: rising Arab nationalism and its pressure, waning British economic capability and changing its strategy, and increasing American influence. By 1971, the United States had assumed the responsibility of protecting Western strategic and oil interests in the Gulf and Britain had only a minor role in regional security. Indeed, the British withdrawal left behind a temporary vacuum in the region and jeopardized the security of smaller Gulf States. Nearly for a century, Britain’s hegemony over the Gulf that based on military superiority at sea and political control over the region had deterred expansion of both regional and global powers.¹⁰⁴¹ The perception of oil as an issue of national security and interest, and the use of military force against regional or external enemy of the client oil

¹⁰³⁸ Francesco Petrini, “Oil: Too Important to be Left to the Oilmen? Britain and the First Oil Crisis, 1970-3”, in **The Foreign Office, Commerce and British Foreign Policy in the Twentieth Century**, eds. John Fisher, Effie G. H. Pedaliu, and Richard Smith, London: Palgrave Macmillan, 2017, p. 445.

¹⁰³⁹ Wearing, p. 115.

¹⁰⁴⁰ Wearing, p. 113.

¹⁰⁴¹ Yetiv, **Absence of Grand Strategy**, p. 29; Klare, **Resource Wars**, p. 134.

countries have formed common aspect of Anglo-American policies towards the Gulf.¹⁰⁴² However, although the Cold War encouraged Anglo-American cooperation in Gulf regional security and common oil policy, diplomatic initiatives in oil affairs passed to the United States.¹⁰⁴³

Britain remains heavily involved in the Gulf oil business, not because it depends on Gulf oil supplies, but because its oil companies like BP and Shell are still key operators in the Gulf oil sector. In addition to that, the Gulf has become an important market for Britain since the early years of the oil boom. British nationals are highly visible in the smaller Gulf States as managers, executives, consultants, and instructors in business, government, and military departments. Even in Saudi Arabia, the number of British nationals is no less the number of Americans. Britain continues to provide temporary military personnel to some Gulf States, while other private security firms serve on contracts. Britain also remains the main competitor to the United States in arms sales to the Gulf States. In the period from 2002 to 2005, Britain ranked second just after the United States with 39 percent of total world arms sales to the Middle East.¹⁰⁴⁴

4.6. US Government and Oil Companies

The relationship between the multinational corporates (MNC) and the home governments, according to Nye, is established to serve two main goals. First, the home government often intentionally uses MNCs as an instrument of power to serve its foreign policy objectives. MNCs, according to this theoretical perspective, serve the national interests of the home government as instruments of economic power, as tools for spreading ideologies, as providers of access to vital foreign sources of raw materials, and as a means of diplomacy. Second, MNCs may act independently to influence political structures and political actors, both within the home and host governments, and at the international level. In this case, MNCs serve not only to the national economies of the developed home governments, but also to the national economies of the host governments. As long as these governments keep representative political structure, the

¹⁰⁴² Klare, **Resource Wars**, p. 134.

¹⁰⁴³ Venn, **Oil Diplomacy**, p. 105.

¹⁰⁴⁴ Peterson, "Britain and the Gulf," p. 290.

interests of MNCs and the structural power of business will carry some weight and influence the political process even in the absence of an organized effort.¹⁰⁴⁵

American international oil companies (IOC) were among the pioneers of overseas expansion, initially seeking for oil resources and markets. The US governments facilitated this expansion by pursuing the Open Door policy that insisted on equal opportunity for US oil companies. Since this expansion was defined in terms of access to foreign oil resources, the US national interest coincided with the interests of IOCs, which owned the means of oil exploration, extraction, and transportation. In such cases, IOCs became instrument of home governments and server of national interests in foreign oil fields. In this regard, to maintain an international environment in which IOCs can operate with security and profit, the US governments have been actively involved in the Gulf region, containing economic nationalism and establishing political and military structures to control the region's oil.¹⁰⁴⁶ Bahgat describes the relationship between US governments and US IOCs as a guided "laissez-faire" policy. On the one hand, US governments have secured access to foreign oil resources, either by means of diplomacy and economic gains, or military coups and interventions, while on the other hand, IOCs have invested and operated in foreign oil sectors, from production volume to pricing, in line with state's foreign oil policy. Thus, there has always been some form of coordination or interdependence between the strategic interests of the US governments and the economic interests of the US IOCs.¹⁰⁴⁷

Throughout of the twentieth century, governments have intervened in oil markets, initially to gain access to and control over foreign oil resources, and later to regulate the level of oil production and price in line with their interests. Before the World War I, the British imperial government invested in Anglo-Persian Oil Company, which secured British access to Iranian oil resources for the Royal Navy. After the war, France and the United States, on behalf of their oil companies, engaged in a fierce diplomatic battle with the British Empire over the access to the Gulf oil resources. Since then, the United

¹⁰⁴⁵ Quoted in Vlado Vivoda, "International Oil Companies, US Government and Energy Security Policy: an Interest-based Analysis", **International Journal of Global Energy Issues**, Vol. 33, No. 1, (2010), p. 73, 88.

¹⁰⁴⁶ Painter, p. 16.

¹⁰⁴⁷ Bahgat, **American Oil Diplomacy**, p. 10.

States and its IOCs have gained a decisive control on world oil market and a strong position in the Gulf region.¹⁰⁴⁸

The diplomatic war between the United States and the British Empire over the Gulf oil resources in the 1920s resulted in the formation of a multinational consortium that became the Iraq Oil Company (IPC) in 1929. IPC members signed the so-called Red Line Agreement,¹⁰⁴⁹ which undermined competition over oil resources in the Gulf, regulated oil production volume and prices, and aimed to establish a monopolist petroleum market. Until the decolonization of oil, few MNOCs effectively controlled international oil markets and particularly oil resources in the Gulf region. These companies operated in the Gulf in close cooperation with their home governments, which provided diplomatic, economic and, where necessary, military support. The control of Gulf oil by Western multinationals provided abundant and cheap energy resources to American, European, and Japanese economies that enjoyed decades of stable growth.¹⁰⁵⁰

In foreign oil regions, international oil companies have a role to play; governments have two roles to play. These governments and companies' roles are complementary and necessary for the exploitation of foreign oil resources. What motivates and attracts companies to foreign oil are huge profits. Governments count these profits, or a percentage of profits, in their pockets. Therefore, they are obliged to provide a safe oil production and transportation environment. This security environment is provided either by diplomatic means or by military interventions. The history of Gulf oil is full of examples of concession diplomacy, diplomatic battles, military coups and military occupations. As in the case of Iran immediately after the World War II, the United States transformed its relatively disinterested policy to deep concerned for independence and territorial integrity of Iran when it perceived the threat of Soviet expansion to control access to the Gulf's oil resources and warm water ports. In order to secure Iran's buffer zone and role between the Soviet Union and the oil fields of the Gulf, the US

¹⁰⁴⁸ Noreng, **Crude Power**, p. 12.

¹⁰⁴⁹ O'Reilly, **Unexceptional**, p. 46.

¹⁰⁵⁰ Noreng, **Crude Power**, p. 13.

provided economic and military assistance to Iran and gradually replaced the British to prevent the Soviet expansion and influence in the region.¹⁰⁵¹

In 1950, the American and British intelligence agencies plotted a military coup in Iran, preventing nationalization attempt of Iranian Prime Minister Mosaddeq. The United States not only broke British monopoly on Iranian oil, but also enabled its IOCs to acquire a 40% stake in the post-coup established consortium. Without these diplomatic and intelligence interventions by the US government, it would not be possible for American IOCs to gain access to the Iranian oil fields.

In 1960, Abd al-Karim Qasim hosted the founding conference of OPEC in Baghdad, and made great efforts to enact the Public Law 80 that would regulate the nationalization of the Iraqi oil resources, both of which represented a great threat to Anglo-American oil interests in Iraq. The British and American governments interpreted both developments as Qasim's move towards the Soviet orbit. The proposed expropriation of IPC was also described as a unilateral violation of agreements between Western IOCs and Iraq. US oil companies expected from the Kennedy administration to retaliate against and place further pressure on the Qasim regime. However, the government was reluctant to intervene whenever there was a change in terms of concessions or even in the case of nationalization. However, when negotiations between the government and IPC failed and reached deadlock, the Kennedy administration worked on opposition officers in the Iraqi army, who seized power on February 8, 1963. The deposition and execution of Qasim happened just a few days before the Public Law 80 was to go into effect.¹⁰⁵² The new regime distanced itself from the Soviets, reopened negotiations with IPC, and finally reaffirmed IPC control over the richest oil fields of Iraq.¹⁰⁵³ This was another typical case of the US government and US IOCs' cooperation on foreign oil resources, which was neither the first nor would be the last.

The 2003 US occupation of Iraq has been described as “war for oil” by which major international oil companies and their home governments worked in secret harmony to control Iraq's oil resources and gain influence over other governments and oil companies. Thus, US foreign policy and military interventions in oil-rich regions, such

¹⁰⁵¹ Painter, p. 8.

¹⁰⁵² Little, **American Orientalism**, p. 62-3.

¹⁰⁵³ Little, **American Orientalism**, p. 63.

as the Gulf, are designed to ensure that the US government and US IOCs control the global oil market.¹⁰⁵⁴ Since 2003, Washington has invested \$4.6 billion in the power sector and \$2 billion in the oil sector in efforts to rebuild Iraq's energy sector. In 2012, construction of four oil export platforms were completed in south of Basra, each with capacity of exporting 900,000 barrels oil per day. Notably, Halliburton, an American oil service company, joined Royal Dutch Shell to develop one of the largest oil fields in the world, the Majnoon oil field. In 2010, ExxonMobil, along with junior partner Shell, signed an agreement with Iraqi government to develop the 8.7 billion barrel the West Qorna Phase I in southern Iraq. Other American service oil companies, Baker Hughes, Schlumberger, Weatherford, have also large stakes in Iraq's oil sector.¹⁰⁵⁵ Moreover, there was also a kind of intertwined relationship between governmental officials and multinational oil companies. Many high-profile politicians in the past two Bush administrations were well known to have worked for the oil industry in the past and were closely associated with oil companies while in power. President Bush was a former director of Harken Energy Corporation; Vice President Dick Cheney was CEO of Halliburton; and Secretary of State Condoleezza Rice was a board member of Chevron.¹⁰⁵⁶

The most contradictory relationship between American governments and oil companies was that while the companies were not allowed to cartelize at home, they were allowed to do so abroad. John D. Rockefeller founded Standard Oil in 1870. By 1911, the company had quickly become a *de facto* monopoly, controlling every aspect of American oil industry. It had dominated both upstream and downstream oil sectors, from securing concessions and drilling wells to building refineries and marketing networks.¹⁰⁵⁷ The company transported more than four-fifths of the produced oil; refined more than three-quarters of crude oil; owned more than half of the tank cars; marketed more than four-fifths of domestic kerosene and was responsible for more than four-fifths of all exported kerosene; and met more than nine-tenths of the lubrication needs of railways.¹⁰⁵⁸ In 1911, the Supreme Court dissolved Standard Oil on the grounds that it was too powerful and rich, that it eliminated commercial competition,

¹⁰⁵⁴ Vivoda, p. 80.

¹⁰⁵⁵ Yetiv and Oskarsson, **Challenged Hegemony**, p. 64.

¹⁰⁵⁶ Vivoda, p. 81.

¹⁰⁵⁷ Little, **American Orientalism**, p. 45.

¹⁰⁵⁸ Yergin, **The Prize**, p. 110.

hindered development, and excluded others in the US oil industry.¹⁰⁵⁹ Ultimately, American public opinion, political and judicial system restored free and equal competition and conditions in the extraction, transportation, refining and marketing of oil.¹⁰⁶⁰

In 1947, the Truman administration and American multinational oil companies formed an informal partnership grounded on mutual belief that national security and corporate profitability necessitated expanded American access to the oil resources of the Gulf region. In this line, the State Department unfurled the banner of Open Door policy, free competition, and equal opportunity and particularly targeted the Red Line Agreement and announced that any other petroleum agreements based on competition restrictions would be regarded as incompatible with the oil policy of the United States. In this regard, both the government and multinationals unilaterally abrogated the Red Line Agreement, which had nearly two decades prevented some American oil majors from expanding their operations inside former Ottoman Empire.¹⁰⁶¹

Another obstacle these American IOCs would face in the formation of such cartelization abroad was the Antitrust Law. Jersey Standard and Mobil were planning to join forces with SoCal and Texaco, which needed more capital to expand their operations in Saudi oil fields and build an oil pipeline to transport Saudi oil to Europe as a part of Marshall Plan. The solution was to introduce an oversea exemption to antitrust laws. Therefore, the Justice Department announced that it had no legal objections to such agreements and joint ventures abroad. The Truman administration renounced antitrust laws and allowed the cartelization of American oil companies in Saudi Arabia because both Aramco and Tapline were regarded critically important to American national security and the security of Western European countries during the first years of the Cold War.¹⁰⁶²

¹⁰⁵⁹ Yergin, **The Prize**, p. 109.

¹⁰⁶⁰ Yergin, **The Prize**, p. 110.

¹⁰⁶¹ Little, **American Orientalism**, p. 52.

¹⁰⁶² Little, **American Orientalism**, p. 53.

4.7. Chapter Conclusion

From its foundation years, American foreign policy has been characterized with continental expansionism, which is articulated by the concept of “manifest destiny”. American politicians and policy-makers believed that continental expansion was American destiny and unavoidable. The second stage of American expansionist foreign policy was motivated by the “sea power” theory, which motivated American politicians to become a sea power. They believed that building a sea power was required for both American continental hegemony and worldwide economic interests. Therefore, they announced the “closed door” policy to prevent European colonial powers from American continent. On the other hand, they did not hesitate to announce the “open door” policy for their economic interests in China and Far Eastern markets. Thus, American decision makers and presidents felt powerful enough to open and close doors according to their national interests.

Prior to the First World War, American foreign policy was colonial both in the continent and in the Caribbean. These expansionist foreign policy tendencies were designed by doctrines of “manifest destiny”, “sea power”, and “open door”. Regarding the Gulf oil policy, the United States followed again the open door policy to force European colonial powers, specifically the British Empire, to gain access to the exploitation of oil resources of the Gulf. After the discovery of oil in the Gulf, Britain was reluctant to allow American oil companies to penetrate in the Gulf. However, US diplomatic pressure forced the British to allow American multinationals to sign oil agreements with the British companies and form consortiums first in Iraq, then in Kuwait, Bahrain and finally in Iran. The Kingdom of Saudi Arabia was the only Gulf country that the US oil companies easily accessed, which the British believed to have no oil resources. While the American governments supported its national oil companies to participate in all oil fields in the Gulf with the British counterparts, they closed the door of Saudi oil fields to the British companies.

In the inter-war period, the US governments enjoyed British informal colonial rule in the Gulf. The British military presence, economic interests and needs for oil were far greater than of the Americans. However, Americans oil companies also achieved their goals by accessing the oil resources of the Gulf. After the Second World War, US

emerged as a global power and the leading victor of the War. US proved its military and economic power and substituted Britain in the post-war world affairs. In the Gulf region and in the Middle East in general, the Americans had to wait Suez Canal crisis to replace the British. But still the British military power served as the sole guardian of Western oil interests in the Gulf. For US, its major oil companies were pumping oil to industrial countries and without security/military costs. Decolonization processes and the withdrawal decision of the British Empire from the Gulf region forced the Americans to reconsider and recalculate their strategies for the Gulf region.

A close look at the US oil policies in the Gulf region reveals that the State Department has placed oil interests at the center of American foreign policy regarding the Gulf region. For the protection of American oil interests in the Gulf, American presidents had to express and reiterate the importance of the oil security in the Gulf; the security and defense of Saudi Arabia; and the protection of Western oil interests in the region. Therefore, US presidential doctrines from the Truman Containment Doctrine to the Trump's America First Doctrine have explicitly mentioned the importance of security of oil for the Western world, and were ready to use any and all means to protect these interests.

These American presidential doctrines, whether formulated by the democrats or republicans, have not fundamentally changed American national oil policies towards the Gulf region. With a slight difference, the republican presidents produced oil policies that were more inclined to use tangible power, while the democrats preferred to use intangible power. However, there has been no fundamental change in American national oil policies towards the Gulf region. Nevertheless, not only the Gulf countries, but also all the world's countries, according to their national interests, continue to closely follow the American presidential elections, hoping for their support and avoid their enmity.

CONCLUSION

In this chapter, I would rather work on a more comprehensive and comparative conclusion. The following subtitles will address colonial and postcolonial policies, practices, discourses, and institutions that enabled, underpinned and legitimized the exploitation of the Gulf oil. From a Postcolonial theoretical perspective, I argue that these policies, practices and institutions represented European/Western subjectivity and served their interests. European/Western military superiority, economic power, technological progress, and political institutionalization have justified military occupation, economic exploitation, and cultural imposition on non-European nations.

Divide, Rule and *Exploit*

The “divide and rule” colonial strategy is often mentioned in the studies of British imperial history as policies pursued by British officials to control and maintain their colonies. The colonization strategy was determined by economic value or strategic importance of a colony, whereas London’s economic interests and goals, in addition to the colony’s attitude of resistance or cooperation against it, determined the colonial model. Therefore, while the colonial period British rule pattern emerged as formal and informal, the establishment of these patterns of rule was stemmed from the strategies of “divide and rule”. However, the concept that these studies ignored, neglected, and probably disguised, as a strategy was the concept of “exploitation”. British colonialism had two main goals and patterns: settler colonialism and economic colonialism. This means that the British were not very keen and curious about ruling remote areas or peoples. In other words, the British did not divide to rule, but they had to divide and rule in order to exploit. When it is read from a postcolonial theoretical point of view, the third pillar, concept, or strategy of colonization becomes more visible. Thus, British colonization strategy consists of three phases or strategies that could be conceptualized as divide, rule and *exploit*. One of the contributions that I believe this research will bring to the literature is the addition of the concept of "exploit" to the aforementioned two concepts.

The “divide” strategy therefore was applied to penetrate ethnic, religious, sectarian and tribal social identity units of the colonized people and laid the groundwork for British rule. In doing so, the British were completing the first stage of the formal or informal

colonial order by providing political, military and economic support to the collaborating groups. The “rule” strategy took shape by whether the colonial pattern of a colony was settler or economic. While the settler colonies were considered a part of the imperial lands, economically exploited regions or peoples were attached to the empire as protectorates, mandates or spheres of influence. Economically exploiting a colony became only possible after the groundwork for dividing and ruling processes were completed.

The British Empire carried out the divide, rule and exploit colonial strategy in the Gulf region, especially after the discovery of oil in the most ambitious, ruthless, and hypocritical way. The Arab people in the Gulf region were divided into sheikhdoms, each of them was treated as an autonomous ruler, their borders were determined according to their tribal structures, and consequently they were taken under the protection of the Empire. The Saudi family was allowed to take over the Hejaz in order to balance or even break the power of the Hashemite kingdoms established in the Hejaz, Jordan and Iraq. Thus, the British promise of establishing a powerful Arab kingdom in the Arabian Peninsula was not fulfilled. In southern Iran, the Empire imposed its political influence and kept the Russians away from the Gulf for its imperial interests. In Iraq, the British established a mandate administration using their influence in the League of Nations. In Baghdad, which had served as the capital of the Abbasid Empire for five centuries, the British officials undertook the task of establishing a state for the Iraqis and preparing them for self-administration. The burden of the white man was heavy, he would unite three different provinces, enthrone from outside a king whom people did not know, and rename this new state candidate as Iraq. Soon after, it would pave the way for the independence of Iraq to avoid future League’s monitoring of oil concession terms, price and production. The British, in short, would exploit the Gulf oil through the concession system.

Oil Concessions: legalizing colonization

Colonial-era oil resources were exploited by the concession system. Although concession agreements were based on mutual consent, provided mutual benefit and gain, and were given legal status as a result, it was actually a settlement of two unequal parties. Colonial concession agreements were reached between private oil companies

and oil-producing countries, however, the third party that brought both parties to the table, predetermined the terms of agreements, and applied pressure if necessary, was often overlooked. In the colonial period, this third party was the British Empire. The British were in the process of establishing oil monopoly in the Gulf region, and the way to achieve this goal went through the concession system. Thanks to the informal colonial order the Empire established in the Gulf, through which all necessary steps were taken to grant oil concessions to British oil companies. In this context, the Royal government became a shareholder in APOC and entered the oil industry, owning 51% of the company. In order to break the bargaining power of the oil-producing countries, rival oil companies were not allowed to enter the region. Although the British reluctantly granted permission to the American and a French oil companies, they allowed them to enter only by forming a consortium with the British oil company.

Although oilmen or private oil companies might have oil exploration, extraction, transportation, refining, distribution technology, and technical personnel, however, these conditions in colonial period were not sufficient to embark on an oil adventure in a region or country. British concession hunters and oil companies were granted oil concessions in countries where the British Royal government was politically, economically and militarily influential. In fact, this confirms the 19th century British colonial discourse: the trade follows the flag. In this context, the British Royal governments took effective initiatives in creating vital conditions for monopolizing oil concessions, ensuring security in the stages of oil exploration and extraction, and providing financial support to its nationals. On the other hand, the oil-producing Gulf countries lacked not only the oil technology but also the economic power to invest in oil business. Worse than that, with the exception of Iran and Saudi Arabia, the Gulf countries were not politically independent. The foreign and defense affairs of these countries depended on the British Empire. Thus, the terms of colonial concession were imposed on the Gulf countries as a single package, which was accepted with the hope of economic prosperity and political independence.

The literature on oil exploration and operation rights mentions two legal forms of systems: the old concession system and the modern contract system. However, the subject has been studied with almost without taking into account the colonial order. In this context, postcolonial theory offers a critical view of this old system of concessions.

Postcolonial theory re-reads, re-evaluates and reveals the terms of oil concession rights within the context of the colonial order. It argues that the colonial oil concession system was a legally ascribed order to exploit the oil-producing countries. It was imposed on the Gulf countries within an established informal colonial order, under military threat, and by technological advancement. Because on one side of the table sat the British oil company, which had the political, economic and military support of its home government, and on the other side of the table sat the oil-producing Gulf countries that lacked oil technology and capital to invest in the development of their natural resources.

Military Bases, Occupations and Coups

A dependent relationship has always been woven in the literature between the geostrategic map of oil and military bases, occupations, and coups. The British exploitation of Gulf oil in the colonial period was not possible until after its victory in the First World War. It was no coincidence that the British amassed and occupied territories where oil was discovered and likely to be discovered during and after the war. Therefore, at the very beginning of the war, the British sent troops to Abadan oil refinery facilities to protect their oil interests, and at the end of the war, when the war advanced in their favor, they occupied oil-rich province of Mosul. The Arab Gulf sheikhdoms were already under British protectorates. With the withdrawal of the Russians from the war, the British increased their influence in Iran. This military superiority of the British in the Gulf facilitated the formation of the region according to British interests. Therefore, military power, superiority and victory paved the way for the British to establish an informal colonial order in the Gulf region. This political order also led to the establishment of the colonial oil order. In this British colonial political system, British oil companies were tempted to establish a complete monopolist oil order in the Gulf region.

In Iran, the insistence of Ahmad Shah on the need to renegotiate the old concession terms resulted in a military coup, which ended the Qajar Dynasty, and brought to power Reza Khan, who was supported by the British. During the Second World War, Iran was again occupied by the British troops due to Reza Shah's cooperation with the Germans. Consequently, the Shah left the country and his son was enthroned instead. After the war, Iranian Prime Minister Mosaddak's decision to nationalize Iranian oil ended with

the dismissal of the Prime Minister after a military coup engineered by Anglo-American intelligence agencies. The request to bring the colonial concession terms back to the negotiating table had never been welcomed. In Iraq, Qasim's pressure on Anglo-American oil companies with the same purposes caused oil companies to seek support from their government. It was no coincidence that Qasim was impeached and hanged after a military coup on the eve of the enactment of new laws relating Iraqi oil sector and foreign companies. The involvement of President Kennedy's government in this coup was evident. The conflict between the Iraqi government and Anglo-American oil companies was suddenly forgotten, as the newly formed military and later civilian administration suspended the enactment of these laws.

The military coups file of the Americans in the Gulf region seems quite bloated. Saudi King Faisal bin Abdulaziz's close position on Nasser's Arab nationalism and his appointment of Abdullah al-Tariqi, whom the Americans called "the Red Sheikh", to the Ministry of Oil, disturbed both Aramco and officials in Washington. The assassination of the King at the hands of his nephew who was educated in America and married to an American citizen, the replacement of the pro-American King Khalid as a new king, the dismissal of al-Tariqi, and the replacement of the moderate, the pro-American Ahmad Zaki Yamani, are all pieces of puzzles that pointed to American involvement in these events. It was also no coincidence that Sukru al-Kuvatli, the Syrian prime minister at the time, was removed from the office after a military coup, as American efforts and negotiations regarding the passage of the Saudi oil pipeline through Syrian territory went in vain. The new prime minister's permission to the project also points to an American engineering of the military coup. Perhaps the worst is the military invasion and occupation of Iraq by the Bush administration in 2003. There are many reasons pointing to the oil factor behind the military invasion of America. First, Iraq decolonized its oil sector in 1972 and expelled Anglo-American oil companies from the country by paying compensation. Second, Iraqi governments reactivated their oil sector with the financial and technical support they received from the Soviets. Third, French and Chinese oil companies also began to invest in Iraqi oil sector. Fourth, Iraq had the second largest oil reserves in the Gulf region after Saudi Arabia. Therefore, the US military occupation of Iraq forced the rival oil companies to suspend their operations and eventually withdraw from the field, leaving the ground to

Anglo-American oil companies to return instead. Finally, the security measures taken by the US soldiers only around the Ministry of Petroleum when they occupied Baghdad revealed the real intentions and goals of the occupation.

Piracy, Terrorism, and Democracy

During the colonial period, the British accused the Gulf Arab tribes of piracy, which threatened their strategic and economic interests. Piracy, according to imperial officials, was a major obstacle to free and secure trade in Gulf waters. This required waging war against the pirate tribes, breaking their power and eliminating them completely. However, before the British presence in the Gulf, some Arab tribes were engaged in trade, while others were earning income by securing the trade routes in the Gulf waters. When the same tax was levied on British merchant ships in exchange for the security these tribes provided, British officials perceived such an act as piracy. In fact, there was no piracy situation in the Gulf waters where merchant ships could be plundered. There were centuries-long commercial sea routes and networks between Basra and Bombay. It is also well known that Arab merchants reached the farthest ports of India and the Pacific Ocean, and set an example with their accuracy and reliability. Only after the British eliminated the Qasimis, whom they accused of piracy, they began to establish their dominance in the Gulf and over the Gulf Arab sheikhdoms.

In the postcolonial era, Americans official accused opposition groups of terrorism or supporting terrorism with the same logic in order to protect their oil interests. Especially after the September 11 attacks, the emphasis on America's security and the fight against global terrorism in American foreign policy covered up the real intentions and goals. The accusation of Saddam Hussein of providing support for terrorist groups was one of the reasons that were introduced to justify the US invasion of Iraq. The formation of Iraqi armed groups under the American occupation and the struggle for independence against the American military presence were also accused of terrorism with the same logic. To criticize American foreign policies in the Gulf region, to think of a Gulf without American presence have been sufficient and dangerous stances to be labeled as anti-democratic forces, potential terrorists or terrorists. One of these two propositions may summarize the US connection or relation with terrorism: where terrorist

organizations, actions and threats are, America is there; or where America is, terrorist organizations, actions and threats arise.

Strangely enough, during the colonial period, the British argued that the pirates must be eliminated in order to maintain peace and security. By accusing the people of the Gulf of piracy, it was pointed out that lawlessness, chaos and injustice prevailed in the region. In this case, eliminating the pirates, according to the British officials, would bring law, order and justice to the region. However, the British imposed their own understanding and practice of law, order and justice on the region through the war. The Americans' discourse about bringing democracy to Iraq served as a cover for the same self-interested policies. The main and ultimate goal was not to bring democracy, but to exploit Iraqi oil resources, to control the oil market, and to maintain its global power and leadership. In this context, US governments have insisted to impose democracy from above, by force, and by dividing the country's social structure. The American democracy unfortunately has so far failed to find solutions to Iraq's ethnic, sectarian, political and economic problems.

Colonial and Postcolonial Oil Governance and Market Structure

In the informal colonial order established by the British in the Gulf, Anglo-American oil companies dominated all processes and chains of the oil industry, including oil exploration, extraction, transportation, refining, and distribution to the consumers. The oil-producing Gulf countries, on the other hand, were kept away from all these processes and convinced of a very low profit rate. Oil companies and their home governments were the real profiteers and beneficiaries of this colonial oil order. In this colonial oil order, oil companies refined the oil they produced in the amount they wanted, in the facilities they established in their home countries, and marketed the oil to any consumer country or client oil company they wanted. Meanwhile, the home consumer countries also made huge profits through high taxes on petroleum products. In fact, the profits of the British and American governments from these taxes were higher than the profits of the real owners, Iran and Saudi Arabia for instance.

In the 1960s, the British colonial oil order in the Gulf was challenged by increased oil awareness and consciousness, which led to launch a struggle for national sovereignty over natural resources. In particular, questioning the terms of colonial concessions, the

establishment OPEC, the rising voice of oil-producing countries heralded a new era in the oil market. However, the most important development that accelerated the oil decolonization was the Arab-Israeli wars. In both 1967 and 1973 wars, Arab oil producers used oil as a diplomatic weapon to reach their political objectives. Especially the oil embargo imposed on the US in the 1973 war and the reduction of the production volume caused an oil crisis all over the world both in terms of rising oil prices and oil supply shortages. The 1973 war strengthened the hand of Arab oil producers and enabled them to realize what oil meant to the consuming countries. The use oil as a weapon was a soft power attempt by the Arabs aimed at deterring, sanctioning, and embargoing against Israeli expansionist, settler-colonial policies and American support of these policies. As a cheap source of energy, an indispensable power for military capabilities, and a provider of comfort and luxury for civilian lifestyle, petroleum has deeply penetrated all aspects of the developed consuming countries. After the 1973 Arab oil embargo, the major oil companies lost their power over the oil-producing Gulf countries, ending the colonial era authority to unilaterally set oil prices and production volumes. While the oil-producing Gulf countries had just freed their petroleum from the British colonial order, they found themselves in the postcolonial American imperial oil order.

In the Gulf region, the process of oil decolonization and the construction of postcolonial oil order developed in a parallel course. While oil-producing countries were struggling to decolonize their oil industries, the US was laying the foundations of a new oil order. While the producer countries were, for the first time, using their authority on setting oil prices and production volumes, the US and the developed consumer countries were developing strategies against possible oil embargoes by establishing IEA. However, it would take time for the US to establish its Gulf informal imperial oil order. The US was and remains a major oil-producing country, advanced both in terms of oil experience and technology, represented the West during the Cold War, all of which facilitated the establishment a new oil order in the Gulf region. The US thus had no difficulty in restructuring the institutions it inherited from the colonial era by adapting them to postcolonial conditions.

The American officials aimed to maintain exploitation of the Gulf oil resources with new tools and policies. Even though the oil producing Gulf States gained full

sovereignty over their natural resources in the postcolonial era, they would have to comply with the rules and regulations of the new oil market established by the US. Namely, the oil would be produced in the Gulf, but it would be marketed on the New York oil stock exchange. Oil prices and production volume would also be determined according to stock market supply and demand balance. More importantly, the US would prevent any supply-demand imbalances and sudden price fluctuations in the oil market by taking commitments from Saudi Arabia, which has the world largest proven oil reserves. This forced relationship between Washington and Riyadh may be seen as necessary for the stability of global oil market, but it has been overlooked that there was a dependency and implicit threat behind this relationship. The fact that the US presidential foreign policy statements that the security, independence, and integrity of Saudi Arabia are of primary concern to the US governments indicates to these implicit meanings.

Suggestions for Further Studies

During the reading and writing processes of this thesis, there were issues that attracted attention and deserved to be the subjects of further researches. In order to keep the scope of the research and the level of analysis, these issues were discussed superficially. If future studies focus on these issues, they will shed more light on the history of oil for the Gulf region. The first issue is related to the railway and mines concession that the Germans obtained from the Ottoman Empire. Although the Germans were granted concessions that the British used all channels to obtain but could not, the Ottomans complained of delays and slowness in the construction of the railway and the exploration of petroleum and mines. Meanwhile the German Deutsche Bank participated in a joint venture with the British oil companies, APOC and Shell, and became a shareholder in the Turkish Petroleum Company (TPC). The question is what were common interests that brought the two rival powers together under the roof of the TPC? And why were the Germans behind the schedule in oil exploration operations, despite having oil exploration and production technology and reports on oil presence in Mosul province? The second research subject is related to the British attempt that took Kuwait under its protection in order to prevent the Baghdad railway project from reaching the Gulf waters. How did Ottoman-German alliance so simply lose Kuwait to the protection of the British Empire? What was the purpose of the Ottoman-German

strategy when the British clearly stated their intentions by taking Kuwait under their protection? The third issue is related to a research method. This thesis has been designed to research Anglo-American oil policies with a qualitative method. Any future research that will use a quantitative method for the same subject will also produce a quantitative map of exploitation for the region's oil.

Concluding Remarks

This study that based on postcolonial theoretical perspective has examined British colonial and American postcolonial oil policies towards the Gulf region. Postcolonial theory investigates continuity and legacies of colonialism in postcolonial era. In the case of oil industry, historically the study has focused on colonial era oil order, and come to conclusion that the British Empire exploited the Gulf oil resources. The parameters used in this study have demonstrated that British Empire colonized the Gulf oil. First of all, the informal colonial order the British established in the region helped to dominate oil resources. Second, the strategic importance of oil for Royal Navy motivated the British governments to control oil resources in the Gulf. Third, political and financial support of British international oil companies opened the door for Empire's interventions in oil business. Fourth, the British dominant oil concession diplomacy with rival powers enabled the British nationals to have lion share in the oil wealth of the region. Finally, the lack of oil technology, economic underdevelopment, political disunity and military weakness of the Gulf nations encouraged British Empire and its oil companies to establish an exploitative oil order in the region. Therefore, the British informal colonial order enabled oil companies to dominate and exploit oil resources, excluded rival powers, and reluctantly included allied countries to access to the oil riches of the Gulf.

In a similar way, but with different means and purposes the United States has maintained the exploitation of the Gulf oil resources. Unlike British Empire, the US has been one of the world's major oil-producing countries in both colonial and postcolonial eras. Therefore, with the control of oil resources, the US has aimed to provide a political leverage to its assigned global role representing Western world and protecting its interests. The post-war Cold War and bipolar world order had already assigned such a role to the United States. Over time, the US replaced the British Empire with its political approaches to both global and Gulf region issues. A postcolonial critical

reading of American oil policies and attitudes towards the Gulf region uncovers its institutional and behavioral resemblance to the British Empire. In this context, the transition of foreign oil policy decision-making and governance center from Whitehall to Whitehouse is remarkable.

While the British empire seized opportunities and took control of the Suez Canal, which would provide safer, faster and shorter naval control and private commercial transportation between London and colonies. The US, on the other side of the Atlantic, built Panama Canal for similar purposes, to provide security for its Western coasts and easy access to Asian markets. Neither Egypt nor Panama could escape from Anglo-American occupation for decades. While the British Empire proclaimed Kuwait as its protectorate to prevent the further extension of Ottoman-German influence in the region, the Americans would occupy Cuba for similar concerns. Both Kuwait and Cuba continue to cause trouble or headache for Anglo-American orders. The Gulf oil resources have been associated with the national security and economic interests of Anglo-American governments' concerns and have been included in their foreign policy priorities. Therefore, any external or internal threat to Anglo-American oil orders has been considered a threat to their national security. Both governments did not hesitate to use all diplomatic and military channels to eliminate these threats. Therefore, in order to protect and maintain oil order they established in both colonial and postcolonial eras, Anglo-American governments have resorted military solutions from military coups to occupations. Moreover, in order to justify these military interventions, states, groups, and individuals who posed a threat have been labeled as "pirates" in the colonial era and "terrorists" in the postcolonial era. Nevertheless, the most tangible development that marked the replacement of Britain was the deployment of American Fifth Fleet to the British military base in Bahrain.

In colonial oil order, the British government seized the control of oil resources through oil concession agreements on which its national oil companies signed. Colonial oil concession terms gave oil companies the ownership of discovered oil reserves and absolute authority to set oil prices and production volume. The overlooked fact in the literature is that the terms of concessions contradicted the written and customary law practices of the region. It was well known fact and practice that the ownership of underground resources belonged to the state, and in any partnership agreement costs and

profits were divided equally among the partners. The Gulf rulers accepted the terms of concessions, because they lacked oil knowledge and technology; they were either British protectorates and mandates or under its political influence; and they needed cash money, recognition, and protection. In postcolonial oil order, oil concession system has been replaced by oil contracts, which have based on equal rights, mutual consents and interests of both oil companies and oil producing countries. However, American postcolonial oil order relies on different institutional and discursive tools for controlling and exploiting the Gulf oil. Oil is produced in the Gulf, but it is sold in New York Mercantile Exchange (NYMEX). Oil prices and production volume are also set in NYMEX according to global supply-demand balance.

The Royal government and oil companies used their knowledge and technology in oil exploration, extraction, and refining as a means of exploitation. While British Empire established a mandate administration in Iraq and protectorates in the Arab Gulf sheikhdoms to prepare them for statehood, it actually aimed to exploit oil riches of these countries under the banner of civilizing mission. In a similar manner, the US has assumed a humanitarian mission with a promise of bringing democracy to Iraq, and was supposed to establish a model democratic country in the region. For nearly a century, Anglo-American governments and oil companies have been exploiting the Gulf oil resources with different institutions, tools, and policies. Having based its theoretical perspective, this thesis has aimed to read the mentality of the colonial/imperial powers. Due to its strategic and economic value, colonial/imperial powers devised grand strategies to control and exploit oil resources in the past century. There is no doubt that the same fate waits for not-yet discovered strategic natural resources in the coming centuries.

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CURRICULUM VITAE

Battal Doğan is a PhD candidate in the Department of Middle Eastern Studies at Sakarya University. He holds a MA degree in Middle Eastern Studies from the American University in Cairo and a BA in law from Al-Azhar University (both degrees were recognized by Dutch Higher Education in 20011, NVAO). Doğan worked as a lecturer on Middle Eastern and Islamic Studies in Istanbul, Turkey (2006-2009) and the Netherlands (2010-2019), where he served as Education Coordinator at the Islamic University of Europe. His research interest focuses on religion and oil, which he believes, set the political and identity boundaries of the Middle East, both locally and globally. Doğan analyzes these two main dynamics of the Middle East from a postcolonial theoretical perspective. A postcolonial approach, he opines, traces the origins of the region's contemporary problems to its colonial past. Doğan is currently working on his doctoral thesis titled “A Postcolonial Approach to Anglo-American Oil Policies Towards the Gulf Region”.