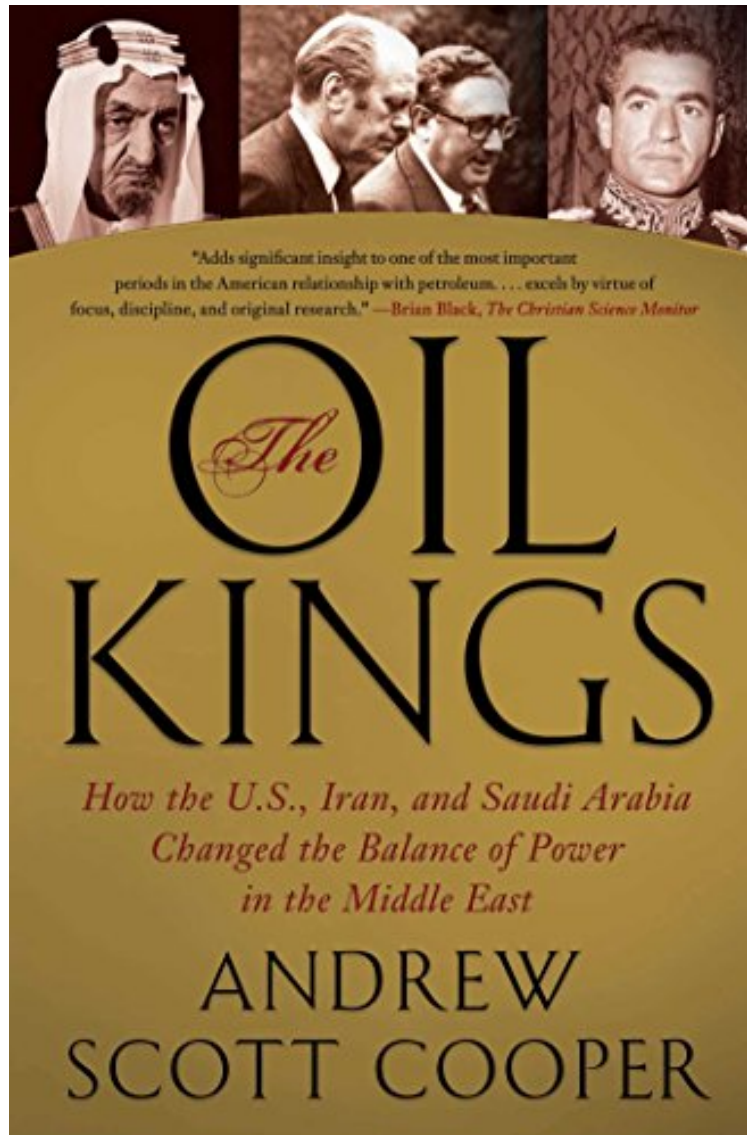


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## The Oil Kings: How the U.S., Iran, and Saudi Arabia Changed the Balance of Power in the Middle East

Andrew Scott Cooper

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**Andrew Scott Cooper : The Oil Kings: How the U.S., Iran, and Saudi Arabia Changed the Balance of Power in the Middle East** before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Oil Kings: How the U.S., Iran, and Saudi Arabia Changed the Balance of Power in the Middle East:

7 of 7 people found the following review helpful. A Nixon-Kissinger circular firing squad. By Eric C. Petersen  
First rate - Cooper has done a great job assembling this story (one most of the senior U.S. officials involved seem to have

conveniently forgotten in their biographies) of how the United States gave the Shah carte blanche to buy any-and-all U.S. weapons (save nukes) to act as a U.S. surrogate in the Persian Gulf area: With things going rapidly downhill in Vietnam around 1970 and the Brits having announced they were pulling out "East of Suez" in 1971, the U.S. found itself with a Navy consisting of two destroyers and a sea plane tender to take care of business in the Persian Gulf and the whole Indian Ocean. Seeing, even after the fiasco in Vietnam, commies lurking behind every rock in the Mid East but with Americans less-than-eager to ramp up our military, Nixon adopted the Twin Pillars strategy - sell lots of armaments to the Saudis and Iran and they would become our friends. The Shah's appetite for ever more money (by attempting to raise the price of crude) and ever more military spending resulted in rampant inflation in Iran, a wealthy elite feeding off the billions being thrown around, and a growingly restive lower class who arguably ended up worse off under the Shah's massive development schemes, the seeds of a revolution. Kissinger is roundly pounded in this book (for good reason), but Cooper leaves out on-background another of Henry's geopolitical screw-ups: Nasser died in 1970; Sadat - like his predecessor - wanted the Sinai back, lost by Egypt in the '67 War. Sadat - unlike his predecessor - was willing to negotiate with the Israelis. Not only were the Israelis feeling invulnerable after their smashing victory in the '67 War (one general said he could hold the Bar-Lev Line on the Suez with 500 men), but Kissinger encouraged Golda Meir not to give an inch, perhaps fostering her quote "We have never had it so good." Endlessly rebuffed by the Israelis, Sadat began to make military threats to take back the Sinai, laughed off as a joke by the Israelis. When the hammer fell in the '73 War, the U.S. instigated the largest military airlift yet seen to aid the Israelis, the proximate cause of the Arab oil embargo against America (and the Dutch). Had Kissinger pushed Meir toward compromise with Sadat, perhaps no '73 War, oil embargo and its attendant price spike that caused the Shah's coffers to explode, money he continually overspent buying even more military toys. Absent this tidal wave of money, the Shah wouldn't have been able to totally screw up Iran's economy; perhaps no '79 Revolution? Quien sabe. After the '73 War, Kissinger met with Sadat and gave him a high five: The Egyptians did know how to fight after all, and they had a lot of cool weapons, most notably Soviet anti-aircraft systems that tore up a good chunk of the IAF. Kissinger welcomed Sadat to the club - we will now sell you a lot of weapons. The Saudis now have the third largest military budget on the planet, are excellent customers of the U.S. military-industrial complex, and ISIS, Al Nusra or whomever all seem well-equipped with heavy weapons. How this insanity all got started with the Shah makes most interesting reading. A real page turner, and congrats to Cooper on his first book; hope there will be many more.

2 of 2 people found the following review helpful. ... and its author Andrew Scott Cooper has done a great job in putting them all together in a fairly ... By mehdi With over 100 pages of notes and bibliography this book is well sourced and its author Andrew Scott Cooper has done a great job in putting them all together in a fairly well written manner, that is mostly based on his factual findings and very little about his own views and biases. Which is in stark contrast with most of the books that have been written regarding this subject. Great book to read for anyone that still thinks that the major culprit behind the fall of Pahlavi dynasty was Jimmy Carter! Or for that matter anyone that thinks Henry Kissinger is as a perfect statesman as both he and his disciples portray him to be. The parts that goes over all the backchannel diplomacy, horse-trading, conversations or misunderstanding that led to certain policies and events are also every interesting. Lastly the book fully explains the all-important role of treasury secretary Bill Simon, and objectively goes over both the pros and cons of Shah's nationalistic agenda and his grand plans for Iran. Well worth a read!

2 of 2 people found the following review helpful. responsible for the terrible situation we now have in the Middle East By Suede Barstow Historical details of the handshake deals Nixon made with the Shah of Iran that are, in part, responsible for the terrible situation we now have in the Middle East. Henry Kissinger a leading character and secret deals abound. Interesting background information, a good read!

struggling with a recession . . . European nations at risk of defaulting on their loans . . . A possible global financial crisis. It happened before, in the 1970s. Oil Kings is the story of how oil came to dominate U.S. domestic and international affairs. As Richard Nixon fought off Watergate inquiries in 1973, the U.S. economy reacted to an oil shortage initiated by Arab nations in retaliation for American support of Israel in the Arab- Israeli war. The price of oil skyrocketed, causing serious inflation. One man the U.S. could rely on in the Middle East was the Shah of Iran, a loyal ally whose grand ambitions had made him a leading customer for American weapons. Iran sold the U.S. oil; the U.S. sold Iran missiles and fighter jets. But the Shah's economy depended almost entirely on oil, and the U.S. economy could not tolerate annual double-digit increases in the price of this essential commodity. European economies were hit even harder by the soaring oil prices, and several NATO allies were at risk of default on their debt. In 1976, with the U.S. economy in peril, President Gerald Ford, locked in a tight election race, decided he had to find a country that would sell oil to the U.S. more cheaply and break the OPEC monopoly, which the Shah refused to do. On the advice of Treasury Secretary William Simon and against the advice of Secretary of State Henry Kissinger, Ford made a deal to sell advanced weaponry to the Saudis in exchange for a modest price hike on oil. Ford lost the election, but the deal had lasting consequences. The Shah's economy was destabilized, and disaffected elements in Iran mobilized to overthrow him. The U.S. had embarked on a long relationship with the autocratic Saudi kingdom that continues to this day. Andrew Scott Cooper draws on newly declassified documents and interviews with some key

figures of the time to show how Nixon, Ford, Kissinger, the CIA, and the State and Treasury departments—as well as the Shah and the Saudi royal family—maneuvered to control events in the Middle East. He details the secret U.S.-Saudi plan to circumvent OPEC that destabilized the Shah. He reveals how close the U.S. came to sending troops into the Persian Gulf to break the Arab oil embargo. *The Oil Kings* provides solid evidence that U.S. officials ignored warning signs of a potential hostage crisis in Iran. It discloses that U.S. officials offered to sell nuclear power and nuclear fuel to the Shah. And it shows how the Ford Administration barely averted a European debt crisis that could have triggered a financial catastrophe in the U.S. Brilliantly reported and filled with astonishing details about some of the key figures of the time, *The Oil Kings* is the history of an era that we thought we knew, an era whose momentous reverberations still influence events at home and abroad today.

“[A] compelling chronicle of America's involvement with Middle East petroleum states.” —Michael Hiltzik, *The Los Angeles Times* About the Author Andrew Scott Cooper holds advanced degrees from Columbia University, University of Aberdeen, and Victoria University. Dr. Cooper has worked at the United Nations and Human Rights Watch and is a columnist for PBS/Frontline's Tehran Bureau. Excerpt. copy; Reprinted by permission. All rights reserved. INTRODUCTION “Why should I plant a tree whose bitter root will only serve to nourish poisoned fruit?” —Abolqasem Ferdowsi, *The Persian Book of Kings* On November 25, 2006, U.S. vice president Dick Cheney flew to Riyadh for talks with King Abdullah of Saudi Arabia, the elderly autocrat whose desert kingdom is home to one fifth of the world's proven oil reserves and is the largest producer within OPEC, the Organization of Petroleum Exporting Countries, the oil producers' cartel. The king was evidently in need of reassurance from his American allies. Earlier in the month the U.S. war effort in Iraq had been dealt a setback after voters in midterm elections routed Republican incumbents and turned control of the Congress over to Democrats. Almost immediately, President George W. Bush accepted the resignation of Cheney's partner in power Secretary of Defense Donald Rumsfeld, and offered “to find common ground” with critics of his administration's handling of the war. For the first time in six and a half years the talk in Washington was not of victory in Iraq but of an orderly withdrawal of coalition forces. The Saudis expressed concern that their neighbor and historic rival Iran would take advantage of the U.S. departure to assert its regional ambitions. Saudi Arabia's ambassador to Washington, Prince Turki al-Faisal, bluntly reminded the White House that “since America came into Iraq uninvited, it should not leave Iraq uninvited.” The price of oil also came up in the vice president's meeting with Saudi officials. Over the summer of 2006 world energy markets had tightened, driving prices to record levels. Soaring fuel prices threatened America's prosperity and the economies of its trading partners. Oil as high as \$78 a barrel also posed a challenge to U.S. foreign policy in the Middle East, where oil producers reaped windfall profits. The Bush White House was especially concerned about what the government of Iran would do with its new billions. “Iran's profits from oil rose last year to more than \$45 billion from \$15 billion, surging at a rate not seen since 1974, when the country's oil revenues tripled,” reported *The New York Times*. The surge in Iranian oil profits was accompanied by a marked upswing in regional tensions and violence that included a ferocious month-long war fought in Lebanon between Israel and Hezbollah, the Shi'a group whose leaders received political cover and financial and military backing from Tehran. The prospect of President Mahmoud Ahmadinejad using his country's oil revenues to speed up Iran's nuclear program, strengthen the Iranian military, and arm Hezbollah in Lebanon, the radical Hamas Islamic group based in Gaza, and pro-Iranian Shi'a militias in Iraq, was anathema to officials in Washington and Riyadh. The Saudi royal family had seen this before. Back in the 1970s Shah Mohammad Reza Pahlavi of Iran had been the driving force behind high oil prices that he hoped would transform Iran into an economic and military powerhouse. Only the 1979 Islamic Revolution had put paid to the Shah's ambitions to dominate the Persian Gulf, West Asia, and the Indian Ocean. Although President Ahmadinejad would have never dared admit it, there were striking parallels between his effort to project Iranian petropower under the guise of pan-Islamism, and the Shah's earlier drive to revive Iran's long dormant Persian aspirations. Their strategic visions overlapped in ways that suggested some striking continuities. Both leaders saw Iran as the regional hegemon. They identified oil revenues and nuclear power as the keys to attaining international stature and domestic self-reliance. They relished provoking the same Western powers that at one time had treated Iran like a colonial vassal. Perhaps their most obvious shared trait was a King Midas complex. Like the Shah, Ahmadinejad was a big spender who believed that high oil prices freed him from the need to practice fiscal restraint. “Critics said that his plans for generous spending to create jobs and increase salaries were politically motivated and fiscally unsound,” noted one observer. “His budget relied on high oil profits likely to invite inflation.” The Iranian central bank proposed a \$40 billion fiscal stimulus that included subsidies for families and newlyweds. Ahmadinejad's spendthrift ways presented King Abdullah of Saudi Arabia with a golden opportunity. With petroleum responsible for 80 percent of income from exports, Iran's economy was perilously exposed to an unexpected price fluctuation in the oil markets. Tehran confidently expected consumer demand for oil to stay high, guaranteeing equally high prices. But what would happen to Iran's budget assumptions if oil prices suddenly plunged? Oil-producing countries base their spending plans and financial estimates on oil prices not falling below a certain threshold. If prices do suddenly plunge below that

level—and if producers have not left themselves with enough of a financial cushion to absorb the blow from lost export receipts—the potential exists for a fiscal meltdown. Billions of dollars in anticipated revenue would disappear. Tehran would be forced to economize and decide whether to spend money on guns or butter—whether to lavish aid on Hezbollah and Hamas or to prop up the complex system of food, fuel, housing, and transportation subsidies that keeps Iran’s middle class in check. Removing the subsidies would increase the potential for protests and clashes between security forces and opposition groups. Only one country had the means and the motive to engineer a price correction on that scale. With its giant petroleum reserves and untapped production capacity, Saudi Arabia could flood the market by pumping enough surplus crude into the system to break the pricing structure and drive prices back down. The Saudi royal family has always understood that petropower is about more than creating wealth, developing its economy, and preserving power. Oil is also the Saudis’ primary weapon of national self-defense and the key to their security and survival. Flooding the market is economic warfare on a grand scale, the oil industry’s equivalent of dropping the bomb on a rival. A flooded market and lower prices would inevitably result in billions of dollars in lost revenues to the Saudis. However, the threat from Iran was seen as outweighing that loss, and by late 2006 King Abdullah was prepared to tap Saudi oil reserves. “A member of the Saudi royal family with knowledge of the discussions between Mr. Cheney and King Abdullah said the king had presented Mr. Cheney with a plan to raise oil production to force down the price, in hopes of causing economic turmoil for Iran without becoming directly involved in a confrontation,” reported The New York Times. Flooding the market would “force [Iran] to slow the flow of funds to Hezbollah in Lebanon and to Shiite militias in Iraq without getting directly involved in a confrontation.” The Saudis may also have had in mind a second motive. From past experience they knew that if oil prices stayed too high for too long, the United States would be forced to reduce its consumption of foreign oil and take steps to encourage energy conservation and diversification. Less reliance on Saudi oil would translate into a reduction in Saudi strategic leverage over U.S. policy toward Israel and the Middle East. On November 29, 2006, four days after Cheney’s return to Washington, The Washington Post published an essay by Nawaf Obaid, a prominent security adviser to the Saudi government and adjunct fellow at Washington’s Center for Strategic and International Studies. Obaid’s article warned that one of the consequences of a sudden U.S. withdrawal from Iraq would be “massive Saudi intervention to stop Iranian-backed Shiite militias from butchering Iraqi Sunnis.” Obaid reminded his readers that “as the economic powerhouse of the Middle East, the birthplace of Islam and the de facto leader of the world’s Sunni community (which comprises 85 percent of Muslims), Saudi Arabia has both the means and religious responsibility to intervene.” Buried in Obaid’s article was a chilling threat that officials back in Tehran could not have failed to miss: Finally, Abdullah may decide to strangle Iranian funding of the militias through oil policy. If Saudi Arabia boosted production and cut the price of oil in half, the kingdom could still finance its current spending. But it would be devastating to Iran, which is facing economic difficulties even with today’s high prices. The result would be to limit Tehran’s ability to continue funneling hundreds of millions each year to Shiite militias in Iraq and elsewhere. Obaid’s article drew my attention because for several months I had already been studying the impact of an earlier little known and less understood intervention by the Saudis in the oil market. In 1977, one year before the outbreak of revolutionary unrest in Iran, oil markets had been paralyzed by a bitter split among members of OPEC over how much to charge consumers. The Shah of Iran had proposed a 15 percent price hike for the coming year. King Khalid of Saudi Arabia had resisted the Shah’s entreaties and argued that no price increase was warranted at a time when Western economies were mired in recession. The Shah won the day and persuaded the rest of OPEC to join him in adopting a double-digit price increase for 1977. The Saudi response was swift and ruthless. Riyadh announced it would take drastic steps to ensure that Iran’s new price regime never took effect. It would do this by exceeding its production quota, pumping surplus oil onto the market, and undercutting the higher price offered by its competitors. Overnight, Iran...