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**RESEARCH PAPER**

**Oil Politics in the Middle East: Understanding the Genesis of Petrodollar Strategy**

Ghulam Fareed <sup>1</sup>, Dr. Zahid Yaseen <sup>2</sup> & Dr. Muhammad Imran Ashraf <sup>3</sup>

1. Assistant Professor , Political Science , Government College Depalpur, Punjab Pakistan
2. Assistant Professor, Department of Political Science GC Women University Sialkot, Pakistan
3. Assistant Professor, Department of International Relations, NDU Islamabad Pakistan

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**ABSTRACT**

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**Corresponding Author:**

zahid.yaseen@gcw.us.edu.pk

WWII evidenced the blockade of oil supply is the synthesis of the defeat and self-sufficiency of energy has the victorious outcome. Oil ensures the life of industrial economy. The developed could never be sustained developed if energy defaults. US and the allies post WWII technically and diplomatically suzerain the M.E oil reservoirs. US/UK/French oil companies maintained the monopoly from exploring/surveying/ drilling/exploiting the regional oil wells up-to fixing the prices. For the sustenance of oil companies contractual assignments the regional authoritarian/dictatorial regimes were fit to the realist interests' augmentation of imperialist/capitalist actors. The regional politics amalgamated the world's necessity of oil into oil politics. The exterior profound penetration in regional political cores fueled the regional rivalries and generated the oil anarchy to protect the Jewish state and to rule diplomatically/economically on regional entities. Hegemony on IPE the US dollar leading status was strategized with petrodollar: no oil with no dollar

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**Introduction**

Socialization Twentieth Century' second half was the crucial period of novelty of world economic and political strategies of International Relations with the emergence of policy modalities of decision makers'

impressive strategic options during the travel from WWII to Post-WWII. To make competitively compatible the economic criteria in the changing phenomenon the time was exceeding the pace of currencies' values in the World economic race by harnessing the political and military power and superseding the suzerainty on energy resources as it was emerged the testimony amidst the Axis and the Allies during the war period. To accelerate the warfare machination and to achieve victory the empiric outcome the thoroughgoing supply of tonnage of oil and occupation on reservoirs was understandingly ensured. (Parra F.,2004: 7). The vital contingency for state-development the industrial mass-production, geo-political survival, dominant lead on IPE and emerging as preponderant the World political and economic hegemonic power the oil increasingly appeared the soul source of energy for geo-human/geo-political/geo-strategic/geo-economic/geo-social and geo-cultural development and advancement of states akin to mercury in the horizon to crystallize and energize overwhelmingly the cosmos.

40 percent in the World total, the Middle East oil was in exploited/explored account as tangible power of minerals/material. The developed states' energy dependency journeyed annually from coal to oil with increased ratio: 13.7 to 15 percent. The vertical and horizontal progress in competitive relative power of Imperialist and neo-imperialist political and economic war-zones was turning to higher escalation proportionately. (Levy W.J.,1982: 172). The hovering power vultures the developed western nations and Japan lacerated to rip the Middle East flesh the oil to make compatible their strategic stomach in world political realm. The industrial power engines in these countries had to quench their thirst of oil with maintenance of energy autarkies. The rival power balancing organizations NATO (-,-) WARSA with their leading God-Fathers: US versus USSR respectively had apparent directions of ideologically containing each other's influence and strategic aggrandizing moves for super-race of power (military, economy, technology, prosperity, cultural and social) through oil self-sufficiency.

### **Evolution of Oil Politics in the Middle East**

Physically comprised on 0.5 million square miles the Middle East territory and the regional location' significance as been the vital cross-roads of three continents: Europe, Africa and Asia. Sub-Saharan Africa bordered the South, Eastern Europe and Greece the North, Afghanistan, newly

independent Central Asian States and the Russia encompassed its Northern East boundary. (Cressey G. B. ,1960: 322). Telescopic glimpses in historical evidence as *recherché*, there any empire in three continents did never decamp her stamp on the regional socio-economic and geo-political lexicons and still manifested in state and societal character.

In geographic picturesque, it embraces the total parts of Asia's West and some in North Africa. (Herzig E., 1995: 22). The Horn of Africa, the Somalia, Djibouti and Eritrea, the states Arabized partially literally enlisted in the M. E. region by the Arab-League. (Monte Palmer M., 2007: 147). Modern and the contemporary period have done the same as it emerged the battleground of bipolar powers: USA (-,-) USSR.. 'Post-bipolarity the unipolar power the USA apparently is not the colonial but in actions seemed the same' (Winrow, G. M, 1995: 17).

Oil reservoirs in abundance a strong variable and the key factor changed the political phenomenon into oil politics. (Gillespie K., Henry C.M. 1995: 75). Oil constructed the neo-political World Order. It was statistically measured that the region possesses 68 percent of the total World explored oil. The larger and calculated amount of oil found 8.5%, 9%.11% and 25% in Iran, Kuwait, Iraq and Saudi Arabia respectively. Incredibly the minerals and wealth of oil have bestowed the region with world political and economic concentration. The situation evolutionarily constructed the region a critical subject to the International conflict and political intrigues.

To explain the oil politics the questions to differentiate and interpret that what is politics and what is oil politics the complex paradox would have to be examined. To understand the terminology in its real essence, the Hans Joachim Morgenthau (1948) defined the Politics; "Politics, like society in general, is governed by objective laws, that have their roots in human nature." (Morgenthau H.J., 1948: 35). And human is always seeking ambitiously the power. Further Hans says; "International politics is struggle for power". (Baylis J., Smith S., 2001: 143). Where was power in oil politics? Was that Oil, so the relationship between oil and society which is domestic chapter of the politics of OPEC of M.E. And Oil as commodity is the power of mineral and the World finite need of this commodity. The hyper essentiality lined up the World to struggle for commodity as power. "Who gets what, when and how" (Lasswell H.D., 1958: 112) elucidated in his famous invention and defined intuitively and empirically. Whether the study of oil politics is the study of power at domestic and global levels!

Samuel P. Huntington American political analyst espoused in his definition of “Three ‘Waves’ of Democratization” and transition to democracy in his authored volume, “*The Third Wave: Democratization in the Late Twentieth Century*”(Huntington S.P.2012:18) that the exceptionalism in persistence of authoritarianism is the particularity of Mid. Eastern’s inherent traditional and hierarchical nature of political system which is contra to Western democratic characteristics and norms as that has the specificity of Islam.’ (Doorenspleet R.,2000: 384). Halim Barakat, Arab Sociologist and Novelist in his authored product: “*The Arab World: Society, Culture and State*” highlights the issue-areas of socio-political transformation. Inherently the society as a whole is based on similar patterns of single overarching fabrics. Only the emergence of crisis prepared observers to recognize the identities and conflagrations of differences among the authoritarian tribes and communities. The mosaic of tribes, ethnics, communities, groups in the form of entities portrayed the Arab societal orientation. The pull and push into unity and fragmentation, homogeneity and heterogeneity, progressive and traditional attributes and even the religious and secular polarities have the symmetric and asymmetric in regional relationship. (Barakat H., 1993:xi) Middle East a socially cultural region in broad assortment of profound linguistic, ethnic, religious and tribal the past patterns have similar historical trends with common Arabian dialects that has distinct to the region of South Asia, Sub-Sahara and European East in multi-dimensional paradigms.

Oil politics starts with the discovery of oil reservoirs. Drilling the oil wells or exploitation of the resources and assigning/deliverance of the contracts seeded the interest contrast. It changed the nomadic Arabian socio-political culture and political economy with dependency on World Industrial economy and vice-versa. Owen E. Roger, (2008) Professor of Middle East History at Harvard University, turned the pages of History in his article: “*One Hundred Years Of Middle Eastern Oil*”. The Major oil producing states and the minors the Gulf Embryonic Emirates and Sheikdoms learnt to summon/challenge the foreign oil companies in such a tactical way to coerce them to increase the payments of oil. (Cody J.E., 2013:114) For Instance, the Iranian shielded their vital national asset with disruptive actions and suzerainty move through policy of nationalization. Politically the Iranian more conscious/rational etymological move raised the issue of detection in concessionaire and government derivative imbalances in oil taxation or against British monopoly. It was a negotiated move in AIOC (Anglo-Iranian Oil Company formerly the APOC) agreement during

Mossadegh era (1951-53). Oil agreement was surrendered on the consequent of approval from Majlis and public demonstration. The British took the contradictive move of banning the export of Iranian oil and froze the state's sterling assets. (Owen R., 2013: 40). Oil as the source of funding and weapon the governments/ruling elites categorically varied in varied schemas of geo-economic region of Arabs and Gulf states. The oil revenues for state-development and their allocation as independent internal moves authorized the rulers with super-elitism as the Middle Eastern Authoritarian political system travelled on hierarchies.

On eleventh March 1950, M. Enrico, head of the State Oil Company of Italy (ISOC) coined the term Seven Sisters in his famous article "*The New Seven Sisters: Oil and Gas Joint Dwarf Western Rivals*" to define the foreign oil companies exploiting and commercializing the world oil from M.E. Since 1940s to 1970, the SS were identified: BP from APOC, Gulf Oil, California Standard Oil, and Texaco into Chevron, Standard Oil New Jersey into Esso or Exxon, Standard Oil Company of New York registered as Socony or Mobil also merged into Exxon/Mobil. Prior to 1973 oil crisis controlled approximately 85% Reserves of International Petroleum (RIP). Post 1973 period the Seven Sisters was replaced by OPEC cartel and states owned companies and the Consortium Cartel (CC) for Iran Petroleum (IP). (Hoyos C.,2007: 17). Price hiking and the pace of incremental gains in national autonomy and the travel to control over oil resources could never outback the oil from Middle Eastern politics. Marry Ann Tetreault, Emeritus Professor of International Affairs at Una Chapman Cox in her "*The Political Economy of Middle Eastern Oil*" opens the historical record; 'the domestic oil industry formation process, the Eden Serpents, OPEC the International Cartel of 14 Oil States, leapfrogging expansiveness, international oil supplying and World oil price-ratcheting power had exceeded the appellate jurisdiction for the pursuits of political objectives. Multidimensional emergence of several territorial imbroglios, ethnic confronts, religious-jurisprudential-interpretive sectarianism and disagreements are evolving amidst the Arabs and the nations in Gulf as oil political conflicts. (Tetreault M.A. 2008: 265). Not alone the factor the single causation, e.g. never sticking to the Red Line Agreement of 1928, Iraq, Algeria and Libya encamped with Iran for oil price increases. Notwithstanding, the other Gulf nations and the Saudi Arabia did not confront this strategy.

## **Industrial West Oil Concentration and the Geo-Strategic Middle East**

The mechanics of world development desire for power maximization congenially concentrated on the Middle East oil cruces. The dependence of industrial world energy diverted steadily on crude oil and petroleum products whose 30 to 70 percent went to be depended on imported oil from Mid-East. It became the life support and the guaranty of Western powers and Japan's the industrial economy. To make it contingent and to ensure the smooth and barrier-free the oil-shipping oceanic routes for tanker-fleets, and to oxidize the world engineering heartland the military-political powers of the Allies particular the USA/UK/Dutch and French with energetic shoulders made effective control on the transit routes and oceanic lines. Oil strategy appeared as political strategy which changed the World Politics into Oil Politics. (Lenczowski G, 1960: 179). Insomuch as the contrasting element was the oil interest. The World anarchy was going to be based on competitive monopoly on oil. Consistency to the Axis defeat in WWII which was partly based on oil-blockade strategy and the strategy does never exist in vacuum as it is a rational as well as relative concept and pertinent in relations among states. The World Powers the strategic interceptor actors intertwined the oil politics in the Middle East as relative strategies.

The Oil politics in M.E was sometimes submissively dictated by the oil exploring / exploiting / drilling / piping / pricing / transiting / shipping and concessions-seeking companies and their parent states. The oil companies were inter-connected but with similar and contrasting interests. The UK-Dutch joint oil companies were oil explorers at the initiation, so the monopoly for contractual agreements, subsidiary services and privileges, and control on supply and trade were owing to the UK' oligopoly. Gradually the monopoly walked from sharing to dominance as the United States' oil companies first follows the UK then supersede to lead the UK and other joint companies. (Melamid A. Kortepeter C.M., 1991: 210). The single item export capacity of the Mid-East states' political and sovereign status was neither equal to the Westphalian Treaty template' proviso (1648) as International Law for modern state system/peace articulation. The each state bewildered sovereignty over her territory, the domestic powers and foreign affairs nor the authoritarian/absolutism as the oil companies' strategic realist competition was within and without. The Mid-East oil-owners and possessors were the Sheikhs with Sheikhdoms and the self-

entitled kings with kingdoms the hierarchies but under the UK and French mandatory-oriented the neo-imperialist powers' attributions.

The Persian Gulf and Arabian oil wells were in western companies' technical occupation. They were assigned by the concessionaire agreements articulated among the producing hosts and the foreign oil companies with geographic confines proportionally or thoroughly. The oil drainage quantity was fixed with mixed consent and consultancy of M.E. ruling elites according to the world supply and demand symmetry and asymmetry. M.E. politics has nemesis of revolutionary rather than evolutionarily transformation, and shaped profoundly on International constraints. Its politico-economic core growth dominated the great powers' strategic bout. The capitalism in the mid-twentieth and the onward reflexion of Imperialism has indelible imprint on domestic politics. The Western military power, technology and the market the penetration is deep sea. (Brown L.C. 1984: 207). The negative blue engrave can be seen by naked lens the Western neo-imperialism/capitalism' insurgency in the shape of neo-Liberalism for Western bridgehead: the emergence of Israel, the oil reservoir' transit routes and to fertilize the continuity of fragmentation and to fill the power vacuums: the external desired diplomatic outcome of destabilization processes.

### **Superpowers' Penetration/Strategic Interest Preservation and the Middle East Oil**

Middle Eastern region political system: traditional and the penetrated, not comprehensively absorbed or subservient or exceptionally been subjected to external intervention or influence. (Brown L.C..1984:208). During Soviet political communist ideologue's influence' exaggeration and consequent of Eastern Question the US and Allies were enduring the over competition in the specificity of M.E. geo-politics than the other regions of Third World. (Halliday F. 2005: 98). Imperialist power UK and then USA policy of divide empra (divide & rule) harbored irredentism to cultivate rivalry among the dictatorial and authoritarian Middle Easterners. It had consolidated fragmentation and planted the new structures of classified segments in the domestic socio-political environment of the region. The escalation among western client-elites and local residents as well as the Israeli military power enforcement the obligatory duty of the great powers united core was constructed. The US President Truman Doctrine was executed within eleven minutes of de-facto recognition of Jewish statehood

proclamation. To materialize US commitment for the achievement of her strategic interest varied and constant the free supply of Middle East oil and the strategic protection of state of Israel respectively the doctrine was formulated. This strategy internationalized the Oil politics of the Mid-East and planted the antagonism termed as Arab-Israel conflict.

The Arabs could never affirm the agreed formula to resolute the super conflict with diplomacy or consolidate the unified command in the options of military strategies at the time of Arab-Israel crisis. "*The Man, State and War: A Theoretical Analysis*" (Kenneth N.W. 2010) parable is a fit text to study the Arabian command. The analysts could execute in the same sequence on the political situation and strategic nature of Arabs whenever strategized to tackle the issue militarily/diplomatically. The World Oil necessity for politico-military dominance and the struggle for power perspectives: the great powers' neo-colonial modes, specific the American policy of political engagement and Post WWII the George F. Kennan's (Miscamble W. D. 1992: 261) framed/inducted 'policy of containment of USSR made profound and sharp the US strategic leap in the M.E. politico-economic lake.

Post atomic bombing on Hiroshima Nagasaki, the devastative Nukes' test on geo-humans landscape was a horrific panorama in the World powers' psycho-political heartland. The US preponderance of power admissibility and offensive realist power of hegemonic objectivity the Machiavellian diplomatic tools were instrumented in M.E. for augmentation of political occupation and commercial monopoly on black gold was the actor's power increasing strategy. The repercussions of oil politics denoted less on region and more on global world.

### **Middle East Oil and the Confrontations**

Geo-politically mapped in two major groups the M.E. region particular to oil strategies and politics: the producing group and the transit group, outstanding the four countries are Iran, Saudi Arabia, Iraq and Kuwait. The minor producers are Kuwait-Saudi Arabia Neutral Zone, Egypt, Qatar, Bahrein, Israel and Turkey. Algeria is on 17<sup>th</sup> and the Libya is on 29<sup>th</sup> in the OPEC profile. The transitory states are the Lebanon, Jordon, Syria and Egypt. The states developed chronologically with oil economy. (Laquerer W. 1974: 240). The Suez Canal Crisis (1956), the UK-French-Israel



collusion was understandably a strategic move against Egypt's possession of Suez Canal was an imperialist offensive strategy the covert alliance' deliberated aggression. The situation created strategic perception in the US political intellectuals about realist competition/confrontation phenomena about USSR expectedly aggrandizing influence opportunity. The Yom e Kippur War of (1967), The Oil Embargo (1970s), The October War of 1973, US empowered Israel policy the restrictive move. At the critical situation of oil crisis, the Mid-East oil the Arabs strategized as political instrument and the oil for weapon policy.

The turning point was the October War of 1973, the relations among the M.E. entities and International relations with regional actors. US and the Western blatant military support to Jewish state prompted the regional oil possessors/owner countries. The members of Arab Petroleum Organization took an offensively rational initiative of oil embargo against the countries reinforced strategically/diplomatically the Israel entity in the backdrop of Yom Kippur War. Richard Nixon the US President committed to Israel's protection and victory. US dispatched the fighter Jets and airlifters to re-energize strategic support to Israel. The sophisticated weaponry in abundance was drained and the US strategic advisors/delegates presented on the Jewish soil. US realized the Israel's occupations in 1967 Arab-Israel War and afterward would be at stake. (Milestone,1969-1976: 3). The occupations if surrendered, there would be consequences for the United States herself for standing or strong-holding in the region and it may undermine the US-Soviet policy of détente. Rogers W. the US SOS negotiated the Soviets and conveyed the Presidential desire to be limitedly freed to sell out strategic materials to their client actors within the perimeters of agreed formula. The diplomacy diffused and squeezed the critical deadlock specific for the US. The M.E settlement issue was discussed with specificity of Jewish retreat to the armistice lines of 1949.

The Roger's Plan was rejected by the parties, Israel as well as the Egypt and Syria. The fiasco of the Roger's Plan suspended the Nixon's propection. To make please the Israel US objected the Egypt on her strategic affiliation with the Soviets and terminated the policy of pushing Israel to give concessions to the Arabs. The War of Attrition was itself emerged a bipolar conflict in the M. E. region. Soviet involved militarily on the side of Egyptian army to combat the Israel the US western proxy. Anwar Sadat (1970-1981) the Egyptian President proposed to reopen the Suez Canal if withdrawal of Jewish forces from East bank of Suez Canal would be

happened.([www.History.com/](http://www.History.com/). 1973:12). The President would renounce the complete antagonism with Israel if retreats and remains to the international borders. Rejection memos on all proposals, Sadat bent down to put up more proposals for breaking the stalemate. The first move was to expel the Soviet Advisors from the Egyptian strategic land and second to give backchannels to Henry Kissinger the US Secretary of State. Egyptian government diplomatic downfall the submission made critical the Arab-Israel peace.

### **Oil Embargo: Activation as Political Weapon**

Embargo was OPEC rational decision to unanimously use the oil as instrument of policy against the United States obvious move of strategic assistance to the Zionist entity with weapons and diplomacy in 1973 October war. Afterward the other countries which supported Israel were also taken into the embargo net. Cuts in Petroleum production and exports of oil were banned toward the nations under target. The system of pricing was already remaining under disruption. (Macalister T., 2011:7). The period was mechanized as a tool of fragmentation among the oil producing states and the foreign oil companies. The pricing fuel was fueled on burning fuel of relations among the importers of oil and the producers. In 1974 three to Twelve (3-12) the thrice times per barrel price hiking in International oil markets was ascending toward new unaffordable heights of cost of crude. The high rocketing retail of Havoline/Petrol/Gasoline/Diesel the synthetic products raised the travel costs hyper expensive. The phenomenon was of couponing in UK WWII-like scenario for accessing to achieve the oil rationing quota for industrialists and the consumers. The political constructivist situation exacerbated the adverse effects of embargo. In the industrial West and the USA the businesses and markets were shutting down and society was touching the likely stone-age. The level of artificial productivity touched the lowest ebbs. International airlines were landed in queues on the aviation floors with uncertain timing for next take-off.

The price fixing/controlling monopoly was shattered from the companies' control to the OPEC. Oil history evidenced the OPEC revolutionary decision quaked well the political psyche of dominant International political forces to concentrate the Middle Eastern polities for futuristic sovereign decision making. In US strategic interest formulation process the protection of Israel on all costs could never be surrendered. The oil embargo, the oil-shortage and dearness tremors nevertheless transformed the US strategic realization of Israel specific. The calculated ratio of world oil reveals the M.E. or OPEC possesses the World Oil Supply (WOS) the 42 percent. The 61percent of exports control and 81 percent proven reserves control of world oil is the OPEC power.

Nixon decision terminated the Bretton Woods (BW) system of balancing the international payments. The 1944 perspectives marked the forty four nations' Hampshire monetary decision of converting the US dollar into 35 ounces of gold in international exchange of currencies for goods

trade. In the 1960s the payments in dollars and exchange of dollars into gold stabilized the European West and Japan's industrial economy. The BW system carried the world ruined economies into competition with US economy. The gold reserves of the US were decreasing, and increasing the US deficits in for-ex, and dollar was destabilizing the actor's economic power. The leading status of the US dollar in international political economy was crippling on increased inflation. US value of reserves was shrinking on inflation of the dollar. The committed responsibility of the US was to maintain stable the dollar's convertibility into fixed price and ratio of gold. (Patomaki H.,2007:136). The adjustability of providing the dollars to the world was the monetary liability of the US reserves of currency. Whenever the world economies were weaker and lagging behind the US was fit to the US BW systematized policy. The 1970s shocked the US economy facing to competitive stability of the developed World Economies. Nixon took the initiative to end the convertibility of dollar into gold and freed the dollar from gold balancing/exchanging. International and domestic efforts of Industrial West (IW) and Japan succeeded to be survived their economies under the patronized umbrella of BWS and Marshal Plan whereas the US, steadily, was losing the bullions and bars of gold in bulk. Mid. East OPEC single export item of oil economy was phenomenally threatened as the value of the dollar descended from the gold and oil price happened priceless in valuation and accreditation.

Henry Kissinger the US SOS shuttle diplomacy effectively disengaged the Egyptian and Syrian forces from Jewish army. The diplomatic drills were engineered to uproot a quarter of century old conflict. The negotiation process with the help of intermediary US diplomatic efforts made less hot the political belligerence among the parties and paralyzed the enthusiastic antagonism of the Arabs against Israel. The US move protected the Jewish and the polity courtesy surrendered the occupied territories of the Egypt wherever the Golan Heights the Syrian territories remained under the illegal suzerainty of Israel. (Golan M. 1976: 122). Oil embargo politically/economically benefited the Arabs only for time being. The Western rational planning diffused the futuristic such strategy to be emerged from the politically scattered Arab entities. Israel got opportunity of strategic security on the cost of oil as political weapon. Oil the political instrument gave initiative to the West to scientifically search for alternative resources of energy and bestowed with an opportunity to politically involve profoundly in the Arabs domestic political affairs. The development seeded

the intra-Arabs entities the permanent bellicose and made them fight with each other. Afterward Arab league emerged a dead horse and intra-Arabs rivalries were aired, and that paralyzed the OIC on regional and international realm for collective strategy to be articulated and operationalized.

### **Middle East' Oil Economy and the Politics**

What the magnitude of oil representation and the role significance in the Middle Eastern economy with particularity of state revenues' collection, capacity of employment and the terms, ratio and quantity of investment in state developmental criteria as it journeyed from primitive to advanced economy. Did the Host Governments satisfy in operative extracts or could they accredit competently for developing the region the willed refining zone and emerge as self-reliance or capable to construct the possessed tanker fleets for smooth transportation of oil. What was the status of transit and producing states in International Politics? Whether the Oil money was for state development programs or absolute as rulers' accounts maximizing or shared/exhausted in people' prosperity' up-gradation or the utility? The political economy definition and Interpretation of the PE theory innovated by *W. Stanley Jevons*: in his "*Theory of Political Economy*" based on conclusion of psychological-mathematical calculus, gains by geo humans in particular region or state or marginal distribution of Wealth in political area can be studied to understand the regional economic order. Political Economy a complex discipline encompasses the state potentials in people' (individuals, groups) interests' contrasts: (Jevons W.S.,1871: ix-x) a socio-economic or politico-economic systems; communism, *capitalism*, socialism, liberalism, Mercantilism, Imperialism, colonialism, oligarchy or elitism. Phillip Swagel, American Economist analyzed in his "*The Political economy Theory and Evidence*", the Middle Eastern' Governments, Laws and Customs and the links with oil production, refineries, pipelines, marketing/trade and the influence of economic theory and the systemic theoretical methods amalgamated implementation. (Swagel P. 2002: 2). The Middle Eastern' regimes' conservatism did never benefit from oil exploitation/exploration/investment and allocation in uniformity of the fashion.

The Oil and Gas Journal, (Dec, 1958) indicates that the oil production statistical data during Cold War period since 1950 to 1958 was 4.3million bbl a day and in million tons 215 a year as 24 percent of 885 million tons of WT comparable with increasing ratio as the figure in 1956 was 17.7 million bbl a

day. The Suez Canal crisis impinges and reduced the productivity figure as 3.8 million bbl a day or squeezed the productive weightage to 190 million tonnage and appeared the middle east approximate that could generate and transit to World market only 27 percent of 840 mbbbl tons. The crisis period impacted the quantity in drilling, storage and supply which reduced the oil revenues in various Arabs and Gulf-nations.

Iran's revenues emerged prominent in host governments than the average of Mid-East. Kuwait and Saudi Arabia were in growing sequence as their revenue record showed the graphical outline in 1958, about \$415,000,000 and 300, 000,000 respectively and the Baherein and Qatar received orderly \$11,000,000 and 57,000,000. Ninety percent (90%) of Kuwait emirate revenue and Eighty Five (85%) of Saudi Arabia royal budget was from oil amounts proportionally. Iran's monarchical revenue's greater portion went to conclude after oil amounts' consortium agreement. (Lenczowski G, 1960: 183). The Oil Journal also showed lights the comparison with Mossadegh years the oscillation of revenue receipt figured horizontally between 1/8<sup>th</sup> and 1/5<sup>th</sup> of Iran total capital.

The distinction between producing and transit countries of Middle Eastern oil revenues distanced a far cry. Producing statistics exceeded in perks and privileges, stemmed with local sell-outs. It was purchased from companies in oil operations, host employees' financing payrolls, for national entrepreneurs. The contracts' awards, duty payments from companies on their imports and custom's revenue, social insurances and the induction of substantial national employment the national manpower as the local industry figured out the numbers in the first decade of the Post WWII oil industries of Iraq: 11500, KSA: 13000, Iranian: 45000, Kuwait: 6000, Qatar: 2000, Bahrein: 6000. Syria: 3600 and the Lebanon: 2800 for pipelining and the refineries. (Rupert H, 1958: 57). Additionally the countless figure the labors were enlisted by the local contractors, local and World Marketing Organization, and foreigners in hundreds thousands lent by oil companies. The statistical figure showed the individuals as 2,50,000 in total middle East.

With economic development programs the Arabs and Gulf region extensively proceeded toward progression of consuming economy. The water scarce sources and agri-barren crest soil, the vegetable, foods, medicines and other commercial products and commodities' imports,

weapon purchases due to Arab-Israel conflict/territorial/regional conflicts/Shi'ism/non-state actors' violent appearance, great powers' game, divide empra, bipolarity, unipolarity, superpowers' strategic interests, racial/tribal/political rivalries vs Pan-Arabism, Pan-Islamism, Gamal Abdul Nasir's Arab-Nationalism, Wars/battles, Weapons' race or relative-gains. The single-item dependent economy was oscillating in complex interdependent phenomenon in world industrial economy specific to the West, European, China, Japan and in the World of globalization the interdependence in technicalities as "ramification" (Ernest B. H. 2013: 45). The Mid-East economy evolutionarily promoted with the same likeliness. In socio-economic and politico-economic national chapters the masses' economic pace toward prosperity and self-reliance can be detected in non-satisfactory textural counts.

### **Oil Politics, Foreign Oil Companies, OPEC, and the US Petrodollar Genesis**

The Arabs and the Gulf nations' political systems marginalized political culture and national ideologues of Pan-Arabism. The oil political culture survived with Arab League, GCC, Consortium of oil and the oil companies: NIOC, British Dutch, British Petroleum Company, Anglo-Iranian oil Company, Royal Dutch Shell Group, Compagnie Francaise des Pe'troles, Standard Oil Company (New Jersey), Standard Oil Company California, Socony Mobile, ARAMCO, GOC, IAL, TTC, RDSG, JOC and the parent companies and the subsidiaries. (Anthony J. D, 1975: 67). The host governments of Oil Companies, the Participations and Explorations Corporations; e. g, the Gulbenkian Estate (GE) and State Development Consortiums (SDC) rent foreign advisories to run their businesses with Sheikhdoms and authoritarians.

The American policy out-lets on the world political economic chess, the US strategic interest divergence and achievement of the World economic ruling principle, the hegemonic status harnessing strategy influenced the political cores of the region. (El-Gamal M.A. Amy M. J. 2010: 31). Petro-dollar: a notional unit of currency was earned by OPEC from petroleum exports the no oil with no dollar policy. The US Britton Woods oriented economist policy makers in late twentieth century constructed the imperialist statistical strategic design with specific mode of implementation on oil producers/exporters during 1970s the post oil crisis and dollar crisis.

David Harvey, American Professor of Geography and Anthropology espoused; 'Whoever can control the World economy for far future, will have to control the faucet of World oil and whoever will control the spigot of World oil will have to control the Middle East. (Harvey D. 2005: 112). To maintain the power of world hegemony and to impose the unipolar political authority and to dominate the world economy the single item valued resource of M. E. region, the US prepared KSA as well as the other entities to make assign the proposed agreement to sell out specifically the oil in only exchange of US dollars. The strategy was accelerated consensually with allies and the regional protégés. The United States strategy of petrodollar may be defined/explained in the context of her hegemonic strategic interest to lead world economic forces and make lagging behind the other world currencies. Hegemony the term firstly used by Gramscie (McNally M. Schwarzmantel J. 2009: 37) defines; 'the preponderant or preeminent directed a system which not only protect or maximize self-dominant interest but the other subservient groups are fomented to perceive that is serving the general or common interests.

To target the dollar inflation/devaluation and to sustain the economic stability and to compete the expected world competitive currencies the US linked the dollar to oil. The US politico-economic and strategic goals were materialized persuasively or may be forcefully firstly with the Saudi Arabia. The monarchy collaborated with US strategy of dollar linking to oil policy to be implemented on the OPEC. It is evidenced in consistency, 'US President Roosevelt corresponded Stettinius the US Secretary of State to convey that, that the strategic interest of the US would be the strategic interest of the Saudi Arabia and vice-versa' (Stork J.,1975:32). Petrodollar a system a diplomatic outcome appeared on negotiated agreement after using the oil as political weapon by the M.E. nations. It may be a partly reaction of Nixon's termination of BWS monetary system which weakened the oil rates and royalties of the OPEC. (Roby E. 2010: 73). It was based on creation of relationship of dollar with oil by generating etymological terminology in IR academic diction by the academia/scholars which appeared not only the protector or maximizing agent of the US dominant interests, but the subservient groups perceived that that may be proved server of the general or common interests. Did ARAMCO collude/bargain with the dollar whenever the world currencies freely started to float?



**Conclusion**

The realist classical mercantilism was implemented on Middle East single-item export economy with capitalist imperialism of neo-liberal institutionalist formulated oil companies the Seven Sisters and Estate of Gulbenkian dominance. The capitalist allies used the Anglo-Saxon diplomatic tool the Roman instrument of policy, the divide and rule, to generate and vitalize the confrontations among the Arabs' emotional tribes, ethnicities, familial absolutism and controlled democracies. To supersede the world economic power and to remain the winner of International currencies' derby, the US realist/neo-realist capitalist move fortified the realist-liberal capitalism with the help of Saudi Monarchy. The empirical analysis of regional oil politics made prominent the KSA, strategically/economically appeared as second state of Israel the allies' instrument to make defeat the Arab Muslim states. Alternative resources of energy could never rule out the importance of natural crude of black gold for industrial smooth functionality. Developed nations' strategic industries dependency on OPEC is significant on Middle East oil reservoirs which is 65.5 percent most significant in total reserves of world oil. Petrodollar is a rational decision to constructively stabilize and sustain the US global economic lead and world political hegemony.

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