

Geopolitics or Delusions? The Dilemmas of American Policy in the Persian Gulf

Written by Diego Pagliarulo

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DIEGO PAGLIARULO, MAR 7 2014

“In the next 10 years,” wrote former US Secretary of State Hilary Clinton in a seminal policy statement announcing the Obama administration’s “pivot” to the Asia-Pacific, “we need to be smart and systematic about where we invest time and energy.”[1] A fresh look at US geopolitical priorities and a shift away from Middle Eastern military adventures seems a wise foreign policy approach indeed. Yet, this article argues, in spite of plans for a “pivot” and recent developments in the hydrocarbon industry, the Persian Gulf is set to remain a major source of concern for US policy-makers.[2] The Gulf is, and will remain for the foreseeable future, one of the greatest and strategically most important oil producing regions in the world. Unfortunately, it is also an area of instability and inter-state tensions with persistent threats – such as terrorism and nuclear proliferation – contributing to the volatility of global oil prices.

The US has played – and continues to play – a most prominent role in the Persian Gulf. Such a role derives from America’s status as the greatest military power in the world as well as from its interest in ensuring a stable and abundant supply of oil in global markets. The challenges that make it so difficult and painful for the US – and for its closest Western allies as well – to work out a policy toward the Gulf region are deep-rooted and of uppermost importance. On the one hand, as the recent experience of US military intervention in Iraq has shown, Washington politicians cannot, and should not, be seduced by delusional plans to dominate the region and reorganize it according to their own preferences.[3] On the other hand, they cannot afford to ignore such a strategically and economically relevant area. This is why, even after the withdrawal of US combat troops from Iraq in December 2011, a significant US military presence is still a critical factor in the region’s balance of power.[4] Faced with the painful but inescapable challenges coming from the Gulf, the US, and its Western allies, should focus their efforts in the promotion a more inclusive and less militarized regional order.

Energy Security vs Ideology

The challenges that make the Persian Gulf such a troubled area are by no means a recent development. Washington’s involvement in the region is no news either.

The region’s vast oil reserves make the balance of power in the Gulf a critical concern for American policymakers. US involvement in the Middle East, particularly in the Persian Gulf, is in fact consistent with a well-established pattern of Western security policy. Since the end of the Second World War, both as a superpower and as the West’s leading security provider, the US has seen its commitment to the stability of the Gulf region and the preservation of access to its oil supplies increase. Washington’s policies in the area appear to be the expression of a grand strategy aimed not merely at ensuring the energy needs of the US, but rather at reducing the risk of instability and disruptions in the global oil market – since global oil shocks would inevitably have negative effects on fuel prices at the pump in the US.[5]

Geopolitics and energy security, however, are not the only factors driving US policy toward the Persian Gulf. America’s quest for the stability and security of world energy supplies has been strongly influenced, and often distorted, by ideological considerations concerning the nature of US power and America’s role in international relations. During the Cold War years, US global strategy was informed by the imperative of containing the spread of

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communism. Hence, American policy toward the Persian Gulf was conceived and implemented within the wider framework of countering Soviet influence in the Middle East.[6] The collapse of communism and the end of the Soviet threat compelled a critical reassessment of US grand strategy. Confronted with the challenges of the post-Cold War era, American officials and opinion makers on both sides of the political spectrum found inspiration in the traditional US commitment to the promotion of a liberal and democratic world order.[7] An additional legacy of the Cold War experience, however, was the reality of America's massive and unchallenged military power.[8] Post-Cold War US leaders adopted different foreign policy approaches, but it seems fair to argue that all US presidents and their national security teams were seduced by the idea that as the world's only superpower, the United States enjoys an unchallenged position of material and moral superiority.[9] By implication, leaders in Washington tended to define their foreign policy objectives independently from the specific dynamics of the conflicts in which the US decided to get involved, and almost without paying attention to the interests and the priorities of other great powers or regional actors.

Confronted with the contradictions and dilemmas of promoting ideals and protecting the national interest, US policy-makers demonstrated a remarkable penchant for instituting policies that overestimated the potential of America's military power as a tool for creating new political realities and favorable balances of power overseas.[10] US policy towards the Gulf somewhat embodies that delusional trend – Washington's military involvement in the region progressively increased since the 1980s, reaching its apex with the Iraq War of 2003.[11] The Obama administration has been remarkably less inclined than its predecessors to engage in military interventions, but it is not entirely clear whether that depends on a profound reassessment of America's role in the world or rather by budgetary constraints and the recent memory of military quagmires.[12] Moreover, the Obama administration's foreign policy is still in the making, and it is impossible to assess what its long term legacy will be.

What seems fair to argue so far is that ideology and perception have encouraged the militarization of US policy toward the Persian Gulf, and have contributed to worsen a number of negative regional trends – particularly the growing polarization and radicalization of local political regimes. The Gulf area is a jigsaw of ethnic and sectarian identities that overlap with states whose borders and political institutions are relatively recent and often weakly legitimized in the eyes of the local populations. As a consequence, the emergence of the Gulf as a “regional security complex,”[13] has led local regimes, especially the most powerful and ambitious among them – Iran, Iraq, and Saudi Arabia – to view each other with suspicion and alarm. The rise of regional powers is perceived by the other regimes in the area as a threat to their own domestic stability, and such a perception is often confirmed by the foreign policies actually pursued. Furthermore, such a dynamic has been worsened by volatile but increasing oil revenues, which have distorted the pattern of economic and social development of the Gulf countries and placed the region's governments in a position to build disproportionate and pervasive national security apparatuses.[14]

The Energy Revolution and Energy Security

The Persian Gulf has proved to be a source of headaches for American leaders. Since the most consistent rationale for US and Western engagement in such a challenging area has been energy security, it seems legitimate to assess whether new developments in the global energy sector may create the conditions for a disengagement on the part of Washington and its Western allies. In fact, recent improvements in drilling and extraction technology have made unconventional hydrocarbon resources increasingly accessible. These breakthroughs have largely expanded the exploitable reserves of oil and gas in the US, and have significantly revived the US oil and gas industry. US oil production has been increasing since 2012, and according to several estimates the US could dramatically reduce hydrocarbons imports and get close to energy self-sufficiency in the coming decades.[15] Such a new development has indeed fostered speculation about the geopolitical implications of the possible US “energy independence.” Authoritative commentators argue that newly exploitable non-conventional oil reserves will reduce the geopolitical clout of a number of current major oil producers that tend to be at odds with the US, and that an America less addicted to foreign oil may no longer need to be so involved in intractable issues such as Persian Gulf politics.[16]

The recent “energy revolution” in the US will make the US economy more competitive and will have very positive implications for the US trade balance.[17] In addition, an increasing oil and gas production in the US contributes to the expansion of supply in the global energy markets, so it is likely to moderate global energy price increases and

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have a positive impact for all energy consuming countries.[18] It seems wise, however, to be cautious about its implications for American foreign policy.[19] As noted by Daniel Yergin, “Only one oil market exists,” that is, the global oil market. The price of oil is a function of demand and supply dynamics that operate on a global scale, and, as a consequence, instability in the global oil market has, and will continue to have, negative implications in term of the price of fuel at the pump.[20] In the ultimate analysis, oil remains the most important energy resource, and the Persian Gulf, with its massive reserves and very low extraction costs, is, and will remain the for quite some time, the greatest and strategically most important oil producing region in the world.[21] That is why what happens in the region still matters for the security of the US and its closest allies, and there are very few reasons to believe that politicians in Washington will be in a position to neglect the security challenges coming from the area.[22]

The Case for Pragmatism

The interplay of strategic, economic, and ideological factors that characterizes American policy toward the Persian Gulf has contributed to the development of an unsustainable equilibrium that challenges the very rationale of US involvement – global energy security. As observed by Mahmoud El-Gamal and Amy Myers Jaffe, instability in the Persian Gulf seems to have created a sort of vicious circle with cyclical implications on the price of oil in global markets: “petrodollar flows create a military buildup that escalates the risk of conflict, which in turn increases the petrodollar flows and feeds more military buildups and potential conflict, and so on.”[23] By stepping up its military involvement in the region, the US appears to have gradually become part of this vicious circle.

It seems reasonable to maintain that only the political will of the local populations and their leaders can interrupt this detrimental dynamic. As the story of American involvement in the Gulf suggests, no external intervention, and especially no military intervention, should be considered capable of changing “hearts and minds” on its own. Since some form of engagement between the region and the rest of the world is inescapable, however, a more pragmatic assessment of the interests at stake and the means to protect them on the part of leaders in Washington and in allied capitals could at least reduce the effects of the vicious circle and contribute to create the conditions for improving stability and security in the area.

The paramount priority for the US, and for the rest of the international community, concerning the Persian Gulf, is to promote the emergence of a more stable and inclusive equilibrium in the area, in order to minimize the effects of geopolitical risk on the global energy markets and reduce the incentives for local regimes to invest their wealth in arms and national security apparatuses. Thus efforts should concentrate on fostering a *modus vivendi* among the region’s greatest powers and encouraging the mutual recognition of the regimes in place in the area. From this point of view, the interim deal reached between Iran, the US, and other major powers in November 2013 – which sets limits on, and increases international supervision over, Tehran’s nuclear program in exchange for reduced international economic sanctions against Iran – appears to be a step in the right direction and possibly a game changer in the geopolitics of the Persian Gulf.[24] Nuclear proliferation should always be a source of concern for policymakers, but coercive measures such as sanctions and military strikes are not sustainable long term solutions to that challenge because they fail to address the critical political issues that prompt a country to engage in the development of a nuclear deterrent. The eventual normalization of relations between Iran and the US is far from certain, and the recent deal has given rise political squabbles in the US Congress and to uncertainty and resentment among long-standing US allies in the region.[25] Given Iran’s potential geopolitical clout, its influence over the Shia communities in the Arab world and the close relations of the Iranian government with the Assad regime in Syria and militant groups such as Lebanon’s Hezbollah, these concerns should not be overlooked. Iran’s economic and political revival, however, appears to be a critical but inescapable challenge for the stability of the Persian Gulf, and political negotiations, no matter how difficult or embarrassing, must have priority over costly and potentially counterproductive coercive measures. Considering the history of the region, Iran’s desire for greater security and a greater role on the regional level is not an unreasonable aspiration, as long as the Tehran leadership understands that Iran should refrain from seeking regional hegemony. As a matter of fact, once a more pragmatic attitude is embraced, it turns out that Iran and the West do have a number of very important interests in common – they want a stable Iraq at peace with its neighbors, they do not want Afghanistan to be dominated by the Taliban, and Iran is the shortest and cheapest route for Caspian oil and gas to reach global markets.[26] Building upon those shared interests would not only minimize the risks of nuclear proliferation in the Gulf, but also have positive political and economic implications

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for the region and beyond.

A critical challenge in the framing of a more stable and inclusive regional order in the Gulf is the need to cope with the imbalance between the oil-producing Arab monarchies and their more powerful neighbors, Iran and Iraq. Until recently, the policy of choice to deal with this problem was a combination of increasing arms sales and increasing direct US military presence in the region. Such an approach has proved to be extremely costly and frustrating, and the time seems ripe to seriously explore new policy approaches. In fact, a careful assessment of the global strategic and economic relevance of the Persian Gulf suggests that not only the US and its Western allies, but also emerging Asian powers, particularly China, have an interest in stability, economic opportunities, and access to energy resources in the area.[27] Strategists in Washington and allied capitals should not panic over greater involvement of these powers in the region, but rather encourage them to invest constructively their increasing economic and political influence in the promotion of a more cooperative and inclusive regional order.[28] Enthusiast supporters of American primacy might denounce such an approach as a “declinist” attitude; other, more pragmatic observers and practitioners might welcome it as a useful recognition of the limits of power and a smart way to reduce costly military commitments while fostering great power cooperation on the global level.

Conclusion

The political evolution of the Gulf – and for that matter of the whole Middle East – is something that policymakers in Washington can neither ignore nor control. Hence, the US and its Western allies should not strive to reshape or control the geopolitics of the Persian Gulf – both approaches are unfeasible. The idea of disengagement from the region, moreover, appears delusional even when the implications of the unconventional energy revolution are held into account. Rather, America and its allies should focus their engagement on protecting their interests without becoming part of the region’s sources of instability. In the long run a less militarized, more stable, and more inclusive regional framework could even become the basis for promoting in the Gulf some of the developments that America’s military adventures have failed to achieve, such as the spread of democracy and respect for human rights.

[1] Hilary Clinton, “America’s Pacific Century,” *Foreign Policy*, October 11, 2011, http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century .

[2] Incidentally, the top foreign policy issue in president Obama’s 2014 State of the Union Address – the nuclear deal with Iran – revolved around the Persian Gulf. <http://www.whitehouse.gov/sotu> .

[3] George Packer, *The Assassins’ Gate. America in Iraq* (New York: Farrar, Straus and Giroux, 2006); Thomas E. Ricks, *Fiasco. The American Military Adventure in Iraq* (New York: Penguin, 2007); Gilles Kepel, *Fitna. Guerre au cœur de l’islam* (Paris: Gallimard, 2004).

[4] Joseph Logan, “Last U.S. Troops leave Iraq, ending war”, *Reuters*, December 18, 2011, <http://www.reuters.com/article/2011/12/18/us-iraq-withdrawal-idUSTRE7BH03320111218> ; Thom Shanker and Steven Lee Myers, “U.S. Planning Troop Buildup in Gulf After Exit from Iraq”, *The New York Times*, October 29, 2011, p. A1, http://www.nytimes.com/2011/10/30/world/middleeast/united-states-plans-post-iraq-troopincrease-in-persian-gulf.html?_r=1&ref=global-home ; Thom Shanker, Eric Scmitt, and David E. Sanger, “U.S. Adds Forces in Persian Gulf, a Signal to Iran”, *The New York Times*, July 3, 2012, p. A1, http://www.nytimes.com/2012/07/03/world/middleeast/us-adds-forces-in-persian-gulf-a-signal-to-iran.html?_r=0 ; “Iraq violence, US speeds up supply of military equipment,” *BBC News*, January 7, 2014, <http://www.bbc.co.uk/news/world-middle-east-25633629> .

[5] Michael A. Palmer, *Guardians of the Gulf. A History of America’s Expanding Role in the Persian Gulf, 1833-1992* (New York: The Free Press, 1992), pp. 50-51; Robert O. Keohane, *After Hegemony. Cooperation and Discord in the World Political Economy [2nd Edition]* (Princeton and Oxford: Princeton University Press, 2005), p. 139; “Great sacrifices, small rewards”, *The Economist*, January 1st 2011, p. 18.

[6] Gary Sick, “The United States in the Persian Gulf. From Twin Pillars to Dual Containment”, in David M. Lesch

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(ed.) *The Middle East and the United States. A Historical and Political Reassessment* (Boulder, CO: Westview Press, 2003), pp. 291-307.

[7] John Gerard Ruggie, "Third Try at World Order? America and Multilateralism After the Cold War", *Political Science Quarterly*, N. 4, Autumn 1994, pp. 553-570.

[8] Charles Krauthammer, "The Unipolar Moment", *Foreign Affairs*, Winter 1990-1991, pp. 22-33; Michael Mastanduno, "Preserving the Unipolar Moment: Realist Theories and U.S. Grand Strategy after the Cold War", *International Security*, Vol. 21, No. 4 (Spring 1997), pp. 49-88.

[9] Andrew J. Bacevich, *The New American Militarism. How Americans Are Seduced by War [Updated Edition]* (Oxford and New York: Oxford University Press, 2013).

[10] Andrew J. Bacevich, *The New American Militarism*, passim; P. Edward Haley, *Strategies of Dominance. The Misdirection of U.S. Foreign Policy* (Baltimore: Johns Hopkins University Press, 2006).

[11] F. Gregory Gause III, "The International Politics of the Gulf," in Louise Fawcett, *International Relations of the Middle East* (Oxford: Oxford University Press, 2013), p.296.

[12] For a study of Obama's foreign policy emphasizing the president's quest for a new US role in the world, see: James Mann, *The Obmians. The Struggle Inside the White House to Redefine American Power* (New York: Penguin, 2012). For an alternative explanation, emphasizing continuity with previous administrations, see: Fawaz A. Gerges, *Obama and the Middle East. The End of America's Moment?* (Houndmills, Basingstoke: Palgrave Macmillan, 2012)

[13] Gause, *The International Relations of the Persian Gulf*, pp. 3-6.

[14] Mahmoud A. El-Gamal and Amy Myers Jaffe, *Oil, Dollars, Debt, and Crises. The Global Curse of Black Gold* (Cambridge: Cambridge University Press, 2010), pp. 14-16, 44-50; M.A. Adelman, *Genie Out of the Bottle. World Oil Since 1970* (Cambridge, MA: The MIT Press, 1995), pp. 122-124; Gause, *The International Relations of the Persian Gulf*, pp. 8-9.

[15] Asjlyn Loder, "American Oil Growing Most Since First Well Signals Independence," *Bloomberg*, December 18, 2012, <http://www.bloomberg.com/news/2012-12-19/american-oil-most-since-first-well-in-1859-signals-independence.html> ; "Energy to spare," *The Economist*, November 17, 2012, p. 64.

[16] Aviezer Tucker, "The New Power Map," *Foreign Affairs*, January 9, 2013, <http://www.foreignaffairs.com/articles/138597/aviezer-tucker/the-new-power-map> ; Ian Bremmer and Kenneth A. Hersh, "When America Stops Importing Energy," *The New York Times*, May 22, 2013, http://www.nytimes.com/2013/05/23/opinion/global/when-america-stops-importing-energy.html?ref=global&_r=1&

[17] Robert Bryce, "Forty Years After OPEC Embargo, U.S. Is Energy Giant," *Bloomberg*, October 10, 2013, <http://www.bloomberg.com/news/2013-10-10/forty-years-after-opec-embargo-u-s-is-energy-giant.html> . As noted by Peter Coy in early 2014: "Want to know how the U.S. managed to narrow its trade deficit to the smallest figure in four years? Look no further than Texas, North Dakota, and other states where oil production is booming." Peter Coy, "How the Booming Oil Patch Helps U.S. Trade," *BloombergBusinessweek*, January 7, 2014, <http://www.businessweek.com/articles/2014-01-07/how-the-booming-oil-patch-helps-u-dot-s-dot-trade> . Also see: Ryan McCarthy, "The improving state of U.S. trade," *Reuters*, January 7, 2014, <http://blogs.reuters.com/data-dive/2014/01/07/the-improving-state-of-us-trade/> .

[18] As pointed out by M. A. Adelman, "Higher output helps consumers and lower output hurts them, no matter where the oil is from or where it goes." M.A. Adelman, "The Real Oil Problem", *Regulation*, Spring 2004, p.19.

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[19] From a short-term perspective, it is important to note that an increased global supply of oil has favored the enforcement of the US-led sanctions policy toward Iran. Indira A.R. Lakshmanan and Asjlynn Loder, "Iran Loses Nuclear Leverage as World Ignores Export Drop," *Bloomberg*, November 7, 2013, <http://www.bloomberg.com/news/2013-11-07/iran-loses-nuclear-leverage-as-world-ignores-export-drop.html> .

[20] Yergin, *The Quest*, pp. 277-279; Michael A. Levi, "The False Promise of Energy Independence," *The New York Times*, December 21, 2012, http://www.nytimes.com/2012/12/21/opinion/the-false-promise-of-energy-independence.html?_r=1& ;

[21] Giacomo Luciani, "Oil and Political Economy in the International Relations of the Middle East," in Fawcett, *International Relations of the Middle East*, p. 104; Daniel Yergin, "The Global Impact of U.S. Shale," *Project Syndicate*, January 8, 2014, <http://www.project-syndicate.org/commentary/daniel-yergin-traces-the-effects-of-america-s-shale-energy-revolution-on-the-balance-of-global-economic-and-political-power> .

[22] "The masochism tango," *The Economist*, December 15, 2012, pp. 34-35, <http://www.economist.com/news/middle-east-and-africa/21568391-president-barack-obama-would-avoid-entanglement-middle-east-he/> .

[23] El-Gamal and Jaffe, *Oil, Dollars, Debt, and Crises*, p. 90.

[24] Parisa Hafezi and Justyna Pawlak, "Breakthrough deal curbs Iran's nuclear activity," *Reuters*, November 24, 2013, <http://www.reuters.com/article/2013/11/24/us-iran-nuclear-idUSBRE9AI0CV20131124> ; "Interim nuclear agreement between Iran and six powers," *Reuters*, November 24, 2013, <http://www.reuters.com/article/2013/11/24/us-iran-nuclear-agreement-text-idUSBRE9AN0FS20131124> . As a matter of fact, Iran and the West do have a number of very important interests in common – they want a stable and peaceful Iraq, they do not want Afghanistan to turn again into a safe haven for militant extremism, and Iran is the shortest and cheapest route for Caspian oil and gas to reach global markets.

[25] "Iran's Arab neighbors want assurances nuclear deal not against them," *Reuters*, November 28, 2013, <http://www.reuters.com/article/2013/11/28/us-iran-nuclear-gulf-idUSBRE9AR0GS20131128> ; Mohammed Bin Nawaf Bin Abdulaziz Al Saud, "Saudi Arabia will go it alone," *The New York Times*, December 17, 2013, <http://www.nytimes.com/2013/12/18/opinion/saudi-arabia-will-go-it-alone.html?partner=rss&emc=rss> ; "A big gap to close," *The Economist*, January 18, 2014, <http://www.economist.com/news/middle-east-and-africa/21594314-some-supporters-iran-deal-doubt-there-will-be-long-term-pact-big-gap> .

[26] Kenneth Pollack, "Tehran and Washington: Unlikely Allies In An Unstable Iraq," *Brookings*, June 3, 2013, <http://www.brookings.edu/blogs/iran-at-saban/posts/2013/06/31-iraq-iran-pollack>; Philip Robins, "The War for Regime Change in Iraq," in Fawcett, *International Relations of the Middle East*, p. 316; Yergin, *The Quest*, pp. 59-61; Philippe Sébille-Lopez, *Géopolitiques du pétrole* (Paris: Armand Colin, 2006), pp. 194-196. It might be useful to recall that Iran started supporting the anti-Taliban Northern Alliance in Afghanistan much earlier than the US. Ahmed Rashid, "The Taliban: Exporting Extremism", *Foreign Affairs*, Vol. 78, No. 6 (Nov-Dec. 1999), pp. 22-35.

[27] El-Gamal and Jaffe, *Oil, Dollars, Debt, and Crises*, pp. 150-153; Yergin, *The Quest*, pp. 224-225, 281-284; John B. Alterman, "China's Balancing Act in the Gulf," *CSIS Gulf Analysis Paper*, August 2013, https://csis.org/files/publication/130821_Alterman_ChinaGulf_Web.pdf .

[28] Obama administration officials appear to have explicitly mentioned this kind of reasoning with their Chinese counterparts. Mann, *The Obamians*, p. 205.

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