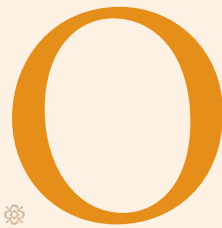


# The 1973 “Oil Weapon”

TURNING A REGIONAL CONFLICT INTO A  
GLOBAL CRISIS

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Oil is the single most important resource to countries all over the world, and many are willing to pay a high price for it—giving the producing country the power to become a puppeteer in the realm of international relations. A prime example of this power of manipulation was the Arab-led embargo that resulted from the 1973 Arab-Israeli war—initially just another chapter in the ongoing Palestinian-Israeli conflict, which caused the stakes of this regional conflict to escalate. The war quickly incited a global economic crisis when the Arab petro-states decided to use the “oil weapon”<sup>1</sup> to advance their interests in supporting the Palestinians. OPAEC (the Organization of Arab Petroleum Oil Exporters, or the Arab members of OPEC) declared its global oil embargo in October of 1973 as a response to American intentions of supporting Israel.

As oil prices skyrocketed, the ensuing economic crisis caused societies to question the true power of their governments against these oil monopolists. The 1973 oil embargo was the ultimate proof that the “oil weapon” could have truly devastating effects, and that political power was in the hands of those who controlled this resource.

Geopolitical factors are important to take into account. Pan-Arabism accounts for part of the reason why the OAPEC countries united forces to take part in a conflict that did not concern them directly. On the other hand, explaining Israel’s actions during this conflict requires understanding its relationship with the United States, its most important ally. The US weighed its options when facing the threat of the embargo to ultimately make the decision to cooperate with Israel anyway, in secret, during Operation Nickel Grass. What is it about an alliance with Israel that could make the United States risk its relationship with the biggest producers of oil in the world?

Additionally, it is important to evaluate the effectiveness of the oil embargo. Was it worth it for the producing nations? What was at stake for them—was pan-Arabism truly a good enough reason to risk their economic stability, or was the oil weapon used to reassess their strength in the international political arena? It is necessary to analyze the power struggle among its three main actors: the United States, Israel, and the Arab oil producing countries. This paper will focus on the politics of the Middle East in relation to the power of oil, using the 1973 embargo as an assessment of the Middle Eastern OPEC members’ success in influencing international politics.

### *Historical Background—Israel, Palestine, and the Arab states*

The history of the state of Israel and the Arab-Israeli conflict began in 1948, when the Jewish community in the mandate territory of Palestine declared a Jewish state, known as Israel. According to the UN Partition Plan for Palestine, drafted in 1947 when the British left Palestine, the territory was to be divided into two states, giving Israel 56% of the land.<sup>2</sup> Immediately, Palestinians and the Arab states refused

to support the plan. This led to the First Arab-Israeli war, which began directly after Israel declared a state in the territory that had been given to it by the United Nations. The result was an unexpected Israeli victory, where Israel not only kept the territory that had been given to it by the United Nations, but also 50% of the territory that had been given to the Palestinians.<sup>3</sup> The rest of the territory was occupied by two Arab states: Jordan governed the West Bank and Egypt the Gaza Strip. These countries were to take care of the 700,000 Palestinian refugees.<sup>4</sup>

The situation in Israel and its neighboring countries was unstable in the years following 1948. Tension continued to escalate until 1967, when the Six-Day War took place. Israel started the war when it launched a series of surprise airstrikes against the Egyptian forces, which had been mobilizing along the Israel border in the Sinai. Syria, Egypt and Jordan responded to this by sending their forces into Israel. In spite of three Arab states fighting against a single state, Israel won the war and claimed the Gaza Strip, the West Bank, and the Syrian Golan Heights.<sup>5</sup> With these acquisitions, all the formerly Palestinian territories came under Israeli control. In the decades to come, Israel used these territories to encourage what became known as the “Land for Peace” strategy, exchanging the territory taken over in 1967 for peace agreements with the Arab countries.<sup>6</sup>

After the 1967 war, the Arab countries had been humiliated, and the pan-Arab dream had been crushed. Israel was more detested than ever before, but it had firmly established itself geopolitically. The war produced the 1967 Khartoum Resolution, when the Arab League agreed that there would be “no peace with Israel, no recognition of Israel, no negotiations with it, and insistence on the rights of the Palestinian people in their own country.”<sup>7</sup>

Therefore, the stakes were particularly high for the Arab states at the precipice of the 1973 war, as they felt the need to prove their power against a state they refused to recognize. It was a perfect opportunity for the Arab states to redeem themselves, and the oil embargo that ensued was an obvious part of the struggle for power and dignity that the Arab states had launched. Egypt and Syria launched a surprise attack on Israel during Yom Kippur, the most sacred Jewish

holiday, catching the Israeli armed forces unprepared. Arab forces entered Israel from the Sinai Peninsula and the Golan Heights. A UN ceasefire agreement ended the war after only 19 days.<sup>8</sup> Israel was successful in repulsing the Arab forces out of its territory, and the Arab states did not gain back any part of their former territory. However, the Arab world interpreted the end of this war as a victory—as a way to redeem themselves after the shame they suffered in 1967. It served to show that the Israeli army was not completely invincible, that it could be taken by surprise, and that the Arab armies were still relevant and worthy of being taken seriously.

### *The Geopolitics of the 1973 Oil Embargo*

The Arab oil embargo began days after the Yom Kippur War and lasted from October 1973 to March 1974. It was initiated by the Arab states to prove their strength to the rest of the world. OPEC kicked off the embargo by immediately increasing the oil price by 70% in response to the persistent aid to Israel by the US and the Netherlands.<sup>9</sup> Days later OPEC agreed on a more defined economic strategy, which cut production by 5% from their September levels and continued to cut production by 5% every month.<sup>10</sup> The Iraqis rejected the plans for the embargo, arguing that it would punish friends and enemies alike, and demanded much more severe punishments on countries that supported Israel. The countries that carried out the embargo, all OPEC members except Iraq, became known as the Conference of Arab Oil Ministers.<sup>11</sup> They decided to divide the world into three groups and developed a strategy for each:

Soldiers during the Yom Kippur War. © Genevieve Chauvel/Sygma/Corbis



friendly countries would not suffer the consequences of the oil embargo, neutral countries would experience 5% reduction in production, and enemies would be completely subjected to the embargo.<sup>12</sup>

It is important to note that the embargo's negative effects on international oil companies (IOCs) working in those countries were also seen as part of the "attack" on the West that OAPEC planned with the embargo. With the formation of OPEC, the producing countries had gained more control over their oil resources, and the main reaction of the IOCs was to agree with the decisions of the countries and to accommodate their business policies to the country's laws—an unsuccessful attempt to prevent the nationalization of oil. Therefore, with the IOCs trying to please OAPEC countries and adapt to their decisions, the countries participating in the embargo were in full control of the process. Through the use of their power, the Arab countries could advance their own national interests, which at times conflicted with those of the IOCs. Geopolitics would continue to dictate the policies of Arab countries' oil supplies.

At this time, pan-Arabism was a huge influence in the Middle East. During the 1950s and the 1960s, Egyptian President Gamal Abdel Nasser promoted an image of unity and cooperation among the Arabic-speaking nations. He aspired to be the leader of this unified Arab world and offered a different kind of

world leadership from the one provided by the governments of the West.<sup>13</sup> While the 1973 oil embargo did not have any planned side effects of global leadership, the pan-Arab dream that was still prevalent explains why the OAPEC countries decided to defend Palestine and attack Israel and its supporters. The Israeli occupation of Palestine only affected the Palestinians directly, but all the countries were invested in the rejection of Israel's right to exist in support of the Palestinian cause, as they were seen as part of the pan-Arab nation. The embargo, and its goal of harming Israel and its allies were in part a reflection of this pan-Arab sentiment towards the Palestinian-Israeli conflict.

OAPEC's embargo was a direct response to the Yom Kippur War, and its main purpose was to defend the integrity of the Arab Middle East against Israel. However, it was clear that Arab-Western geopolitics was a key consideration in OAPEC's decision to start the embargo; particularly, OAPEC sought to counter the history of Western interference in the Middle East. Beginning from the colonial period, Western powers consistently took advantage of the energy resources of the Middle Eastern countries, exploiting their oil reserves and dominating their economic profit they got from them. With the embargo, the OAPEC countries tried to alter the international political order, through means of economic pressure. They were

determined to reaffirm a political stance through a power that only they had, and which had too many times been taking advantage of by countries who had no right to do so.

### *The Effects of the 1973 Oil Embargo*

One of the most important effects of the oil embargo was the radical change in global energy economy, which caused an immediate price rise and created an economic crisis with effects over the course of a decade. By 1974,

Officials at OPEC meeting in 1974. © Bettmann/Corbis

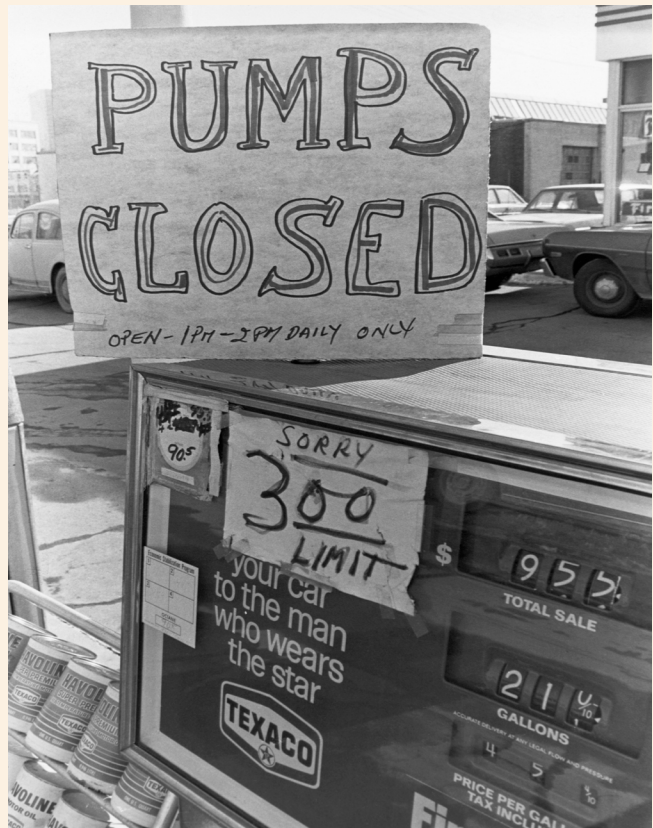




the price of oil quadrupled to nearly \$12 per barrel.<sup>14</sup> This had a dramatic effect on the producing countries of the Middle East, as they finally seemed to gain control of the price of oil its distribution, rather than the IOCs. The embargo eventu-ally led to the nationalization of several national oil industries, including Saudi Arabia's when it acquired full control of Aramco in 1980.

The embargo caused chaos in the West, especially in countries highly dependent on oil. In the United States, the price of gasoline rose from 38.5 cents in May of 1973, to 55.1 cents in June of 1974.<sup>15</sup> Not only did the prices rise, but there was also a shortage of oil, as many Middle Eastern countries refused to ship to the United States. This caused the U.S. government to pass policies to ration oil. Gas stations were prevented from selling gasoline on weekends, which caused long lines during the week. Other policies included setting a maximum speed limit of 55 mph, to help decrease consumption, and odd-even rationing, under which cars with odd numbers in their license plates could only purchase gasoline on odd numbered days and vice versa.<sup>16</sup>

However, to consider whether the embargo was a success, it is necessary to assess whether the OAPEC countries achieved their primary goal: a shift in the global support for Israel after the Yom Kippur War. First, although the United States was affected by the embargo, it only imported 12% of its oil from the Middle East at the time.<sup>17</sup> For this reason, the world's greatest superpower remained in support of one of its most important allies, Israel. Its decade-long relation-ship with Israel was too important to give up for what Americans hoped would only be a temporary shortage of oil. Israel provided the US with a strong ally in an important region to U.S. interests, even though this alliance conflicted with its desires to establish better relationships with the Arab countries. The geopolitical benefits of this alliance surpassed the consequences of weakened relationships with Arab countries.<sup>18</sup> In addition, most of the Arab countries were supported by the Soviet Union during the Cold War, providing a further incentive for



Closed gas pumps in Texas during oil embargo. © Owen Franken/Corbis

the United States to take the other side in the conflict. Therefore, the embargo did not manage to make the United States, Israel's most important ally, budge, and throughout the war, US Operation Nickel Grass continued to supply Israel with arms.

In contrast to the US, Western Europe and Japan did not have as important of a relationship with Israel. They relied much more on Arab oil—Europe imported 80% of its oil from the Middle East, while Japan imported more than 90%.<sup>19</sup> Because they had much more to lose from supporting Israel than the United States did, they shifted their policies to a more pro-Arab stance, succumbing to the pressures of the embargo. At the beginning of the conflict, Japan was seen as a “non-friendly” nation by the OAPEC countries because of its policy of neutrality. However, after only a few days under the OAPEC embargo, Japan issued an official statement condemn-ing Israel and

## *“The way in which the embargo influenced Western Europe and Japan, however, was a definite success.”*

declaring support for a Palestinian state.<sup>20</sup> Its status was changed to that of a “friendly” nation within days. Furthermore, the European Community also altered its policy towards Israel and the Arab countries in response to the embargo. The United Kingdom, for example, denied the United States access to British bases in the UK and Cyprus to airlift supplies to Israel.<sup>21</sup> In addition, the members of the European Economic Community issued a statement that was widely seen as pro-Arab, which resulted in OPEC lifting the embargo against EEC members.

For its part, Israel responded to the embargo by maintaining its long-standing oil trade agreement with Iran. Israel also acquired part of its oil resources from the Sinai Peninsula, which had been controlled by Israel since the Six Day War in 1967. This was effective until the land was given back to Egypt in 1979, although an agreement to sell oil to Israel was part of the treaty signed at the time.<sup>22</sup> Thus, Israel was not very affected by the 1973 embargo—it had not been dependent on Arab oil before the war. Its conflicting political situation with its neighboring countries preemptively saved it from an economic crisis.

### **Conclusion**

In analyzing the power of the oil weapon and its effectiveness during the 1973 oil embargo, it is necessary to assess the importance of the affected regions around the world. Although the United States was not as dependent on Arab oil as other regions of the world, the embargo still managed to shake its economy and affect the lives of its entire population through the energy crisis that ensued. Because of its long-term commitment to Israel, the United States simply could not afford to yield, instead electing to maintain its position throughout the embargo, suffering through production cuts and radical price changes. In this sense, the use of the oil weapon could be interpreted

as a failure—it lacked the ability to force the world’s largest superpower, both economically and politically, to alter its policy in the context of the Arab-Israeli conflict. However, the United States would not have been able to halt its support to Israel, as it was determined to remain a firm ally under any circumstance. Therefore, seeing as it would have been impossible for the Arab states to attempt to stop United States support for Israel, it cannot be considered a failure.

The way in which the embargo influenced Western Europe and Japan, however, was a definite success. Considering the fact that these two regions consumed far more Middle Eastern oil than the United States, the embargo was destined to have a much stronger effect on them. These countries were also not as supportive of Israel as the United States was; however, all of these countries could potentially benefit from American goodwill had they supported Israel in the war. The fact that they gave up this relationship for a stable flow of oil into their countries provides evidence for a final claim: the 1973 embargo was successful in furthering Arab interests in response to the 1973 Arab-Israeli war. More importantly, this serves to prove the power of the oil weapon: a resource that has the ability to influence international politics in ways that very few things can, and can give immense power to nations that lack geopolitical importance otherwise.

### **ENDNOTES**

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