

THE UNITED STATES AND THE MIDDLE EAST:

CHANGING RELATIONSHIPS

The 29th Annual Conference

of

The Middle East Institute

Washington, D. C.
October 3-4, 1975

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THE UNITED STATES AND THE MIDDLE EAST:
CHANGING RELATIONSHIPS

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29th Annual Conference of the Middle East Institute in conjunction with the
School of Advanced International Studies of the Johns Hopkins University

The Mayflower Hotel
Washington, D. C.
October 3-4, 1975

Program

Friday, October 3

9:30 am

Opening Remarks

L. Dean Brown

President, The Middle East Institute

Welcome from The School of Advanced International Studies

Robert E. Osgood

Dean

10:00 am

Keynote Address

J. W. Fulbright

Counsel, Hogan and Hartson

11:30 am

Concurrent Panels

Panel I

PETRODOLLARS AND TECHNOLOGY: THE CHANGING TERMS OF TRADE

Presiding: *Lewis W. Bowden, Deputy for Saudi Arabian
Affairs, Office of the Assistant Secretary for Trade,
Energy and Financial Resources, US Department of the
Treasury*

George Doumani, President, The ADAR Corporation

*Charles S. Pearson, Associate Professor of International
Economics, SAIS*

*Richard J. Ward, Dean, College of Business and Industry,
Southeastern Massachusetts University*

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Panel II

TRADITIONAL RELATIONSHIPS: WILL THEY ENDURE?

Presiding: *Raymond A. Hare, National Chairman, The Middle East Institute*

William J. Handley, Visiting Professor, The Citadel, Charleston, South Carolina

David E. Long, Executive Director, Center for Contemporary Arab Studies, Georgetown University

Rouhollah K. Ramazani, Edward R. Stettinius, Jr., Professor of Government and Foreign Affairs, University of Virginia

Bernard Reich, Associate Professor of Political Science, The George Washington University

1:15 pm

Adjournment for Lunch

3:00 pm

Concurrent Panels

Panel III

NEW RELATIONSHIPS: WHAT PROMISE DO THEY HOLD?

Presiding: *Majid Khadduri, University Distinguished Research Professor and Director, Middle East Studies Program, SAIS*

John Duke Anthony, Assistant Professor of Middle East Studies, SAIS, and Assistant Editor, The Middle East Journal

Timothy W. Childs, Ph. D. Candidate in European History, Georgetown University

Richard H. Dekmejian, Associate Professor of Political Science, State University of New York at Binghamton

Panel IV

EDUCATIONAL AND CULTURAL RELATIONS

Presiding: *Norman Burns, former President of American University of Beirut*

Virgil C. Crippin, President, American Friends of the Middle East

Judith Miller, Washington Correspondent, The Progressive

Daniel Newberry, Deputy Director, Near Eastern and South Asian Programs, Bureau of Educational and Cultural Affairs, US Department of State

8:00 pm Banquet

Speaker: *The Honorable Farouk Akhdar, Director of Technical Affairs, Central Planning Organization, Kingdom of Saudi Arabia*

Saturday, October 4

9:30 am Concurrent Panels

Panel V

IMAGES AND PERCEPTIONS

Presiding: *George F. Sherman, Jr., Public Affairs Adviser, Bureau of Near Eastern and South Asian Affairs, US Department of State*

George E. Assousa, Staff Member in Astrophysics, Department of Terrestrial Magnetism, Carnegie Institution of Washington

Peter Jennings, Washington Correspondent, "AM America," ABC News

Don Peretz, Director, SWANA Program, State University of New York at Binghamton

William Rugh, Deputy Assistant Director for the Near East and North Africa, United States Information Agency

Shimon Shamir, Head, Department of History, Tel Aviv University

Panel VI

GOALS OF INTERDEPENDENCE

Presiding: *John C. Campbell, Director of Political Studies, Council on Foreign Relations*

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*L. Carl Brown, Garrett Professor in Foreign Affairs,
Near Eastern Studies, Princeton University*

*J. C. Hurewitz, Professor of Government on the Graduate
Faculty of Political Science and Director of the Middle
East Institute, Columbia University*

*A. J. Meyer, Professor of Middle Eastern Studies,
Lecturer in Economics and Associate Director, Center
for Middle Eastern Studies, Harvard University*

12:00 noon

Summation

*Joseph J. Malone, Professor of Foreign Affairs and
Director, Middle East, South Asia and African
Studies, The National War College*

12:45 pm

Adjournment of Conference

L. Dean Brown

KEYNOTE ADDRESS

BEYOND THE INTERIM AGREEMENT

J. William Fulbright

Thank you very much, Dean Brown, for your cordial words. I'm very happy indeed; it is a great honor to be asked to address the Middle East Institute.

I am very pleased that the Ambassador from Her Majesty's Government is also here; he is the former Ambassador to Iran. We are all familiar with the long interest of the British people in the Middle East and the sharing of our interest with them in its development.

I think the Middle East Institute is certainly one of the most important educational institutions in our country. There are few subjects today, I believe, as important to Americans and to the world as a correct understanding of the affairs of the Middle East and especially an understanding of our true interests in this area. At the moment the stability and the integrity of the democratic self-governing societies which we all cherish are under severe stress -- especially from economic problems resulting from the uncertainty about the availability and cost of energy. The conflict in the Middle East -- it has been going on now intermittently since 1948 -- has been and is a very important aspect of this problem.

As you all know the Congress today -- yesterday and today -- is deeply involved in the consideration of the interim agreement. So I believe a discussion of that agreement is one of the most timely subjects we could have thought of and I congratulate Dean Brown on his prophetic foresight in setting this Conference on this particular day, while the Secretary of State is struggling with the Foreign Relations

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Committee. Possibly before that meeting is over, which I think will continue into next week, they may gain some understanding of the subject from the deliberations of this organization. I would hope so.

The significance of the Egyptian-Israeli interim agreement of 1975 is less in its specifications than in its implications, and these, as matters stand, are by no means clear. If the disengagement generates momentum toward further, more substantial agreements and toward a general settlement, Dr. Kissinger's diplomacy will be vindicated as successful and farsighted. If, on the other hand, the agreement becomes an excuse for Israeli intransigence, extremism on the part of one or more of the Arab parties, and a holiday from statesmanship during the forthcoming American political season, the Sinai accord will stand -- depending on events -- as something between a futile exercise and an outright disaster.

One point I cannot emphasize too strongly is that this interim agreement should not, in any respect, be approved until its full implications have been thoroughly examined by the relevant Committees of Congress. It is just 11 years since the Congress, under a misapprehension of its significance, approved the Tonkin Gulf Resolution under heavy pressure from the President and without thorough consideration, and the results were disastrous.

Given the extraordinary difficulties which had to be overcome to reach the Egyptian-Israeli agreement, the temptation to over-celebrate is natural. If arduous effort were the sole criterion of diplomatic success, President Ford would perhaps be justified in hailing the Sinai agreement as "a great achievement, one of the most historic certainly of this decade and perhaps of this century." If, on the other hand, we take the scope and sweep of an achievement as the measure of its significance, I do not think the Sinai accord is to be compared with, say, the Treaty of Versailles, the World War II peace treaties, or even more recent agreements with the Soviet Union on SALT or on the status of Berlin. Perhaps, where Arabs and Israelis are concerned, the truly remarkable fact is that, after decades of intransigence, they finally agreed on something, however limited. As Dr. Johnson said of the dog walking on his hind legs, "It is not done well; but you are surprised to find it done at all."

An objective evaluation of the agreement requires a close, dispassionate examination of its specifications -- explicit and implicit, public and secret -- and also of its costs. Equally if not more important is an appreciation of the interests and objectives of all those involved. Before commenting further on the interim agreement itself, therefore, and on what may be beyond it, I would like to suggest what I believe to be the central, crucial interests of the United States in the Middle East -- interests which must serve as guideposts to a rational, responsible policy.

I. United States Interests

The catalogue of our interests is well known and hardly contested: the survival of Israel; access to oil and the friendship of the Arabs; the avoidance of confrontation with the Soviet Union; and the strengthening of the United Nations as an international peacekeeping agency. What we evidently do not agree upon among ourselves is the priority of these interests and the appropriate means of reconciling them where they conflict. To the Israeli lobby -- if I may use the newspaper term -- with its extraordinary influence on our politics -- the requirements of Israeli security, as judged by the Israelis themselves, are the commanding objective of American policy. In my view -- which is a minority view in Congress and the press but which I have a hunch is more widely shared among the people at large -- the commanding American interest in the Middle East is access to oil. Our interest in Israel is emotional and ideological: it is in our interests for Israel to survive because we wish Israel to survive. Our interest in Arab oil is a matter of vital economic necessity, tangible and urgent -- more urgent indeed than is now recognized by any but a few energy experts.

There is little reason to hope -- and much reason to doubt -- that the trumpeted "Project Independence" in energy is going to succeed within the next five or ten years. One reason for this is political: as of now Congress simply does not have the will or capacity to adopt a rational program of energy conservation and of incentives for new production. Beset by political pressures, the majority in Congress seem committed to a national policy -- if it can be called that -- allowing rising consumption of a diminishing resource at artificially suppressed prices. Since even the United States Congress cannot legislate into being resources which do not exist, the inevitable result has been rapidly rising imports. Between 1967 and 1974, while our overall oil consumption rose from something over 12.5 million barrels a day to more than 16.5 million barrels a day, the proportion of our overall oil requirements imported rose from just over 20 per cent to almost 37 per cent, while the proportion of overall imports coming from the Middle East and North Africa more than doubled -- rising from 10.2 per cent to 20.6 per cent.

Of and by itself there is nothing wrong with moderately increased dependence on Arab oil. But Congress, while allowing the dependency to grow, at the same time gives all-out military and political support to the Arab oil producers' most feared enemy, Israel. Doubly reckless, Congress both refuses domestic conservation and jeopardizes foreign sources, and with this there is a great deal wrong. One does not have to be a master political strategist -- one only needs an iota of common sense -- to recognize that it is not prudent to allow yourself to become economically dependent on a foreign supplier while at the same time

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you pursue political policies guaranteed to antagonize that supplier. We may denounce the threat of embargo as blackmail, and perhaps that is the right name for it, but it is more to the point to note that if the Arabs did not use their economic power in their national interest, they would be the only nations in the world -- most assuredly including the United States -- and perhaps the first nations in history -- who declined to do so. In short, to give priority to Israeli interests would logically require draconian measures of conservation, such as high prices and rationing, while to give priority to domestic energy requirements would require an Israeli pull-back to the 1967 borders and a comprehensive settlement in accord with Resolution 242. It is a hard dilemma, but it is inescapable.

Besides the political reasons, there are weighty economic and technological reasons why "Project Independence" is unlikely to succeed within the next ten years. The so-called exotic new sources of energy -- nuclear fusion, solar and geothermal energy -- cannot be expected to contribute in any important degree to our energy supply within the next decade. The more practical short term alternatives to petroleum-- coal and nuclear energy -- will certainly be used in far greater quantities, but it now seems unlikely that they can come anywhere near filling our fast rising domestic energy deficit over the next ten years. The opening of the Alaska pipeline, expected in 1977, will give a welcome boost to our domestic oil supply, and the decontrol of domestic oil prices -- if it occurs -- may provide incentive for new domestic exploration and production. But these too will be insufficient to fill the gap, all the more for the fact that any short term gains in domestic oil production will be counteracted by the steady, rapid decline in our domestic natural gas production.

Not only is energy self sufficiency a virtual impossibility over the next decade or more; our dependency on imported oil is almost certain to increase -- unless we are prepared to pay the price of deep, long term recession in our national economy. There is an historically established link between economic growth and rising energy consumption. Perhaps some day the two can be decoupled, but that does not seem imminent. Undoubtedly too a depressed economy would have beneficial energy saving and environmental effects. The price, however -- high unemployment, under-financed education, deteriorating cities and rising crime -- is clearly unacceptable, both socially and politically.

The alternative -- the only alternative -- is rising oil imports -- which brings us to the question of where the imports are to come from. Throughout the 1950s and 1960s, at least two-thirds of our oil imports came from Western Hemisphere sources, primarily Canada and Venezuela. But Venezuelan production has peaked and is now declining, and Canada has adopted an official policy of phasing out oil and gas exports to the United States -- a policy, I might note parenthetically, which has

elicited no calls for the invasion of Canada. By 1974 only 60 per cent of our oil imports were coming from the Western Hemisphere. At the same time -- as already noted -- the proportion of our imports coming from the Middle East and North Africa doubled between 1967 and 1974 -- rising from 10 to over 20 per cent of total imports.

We may expect in the next few years to buy more oil from Nigeria and Indonesia and a few other countries, but most of our rising import requirement is going to have to come from the Middle East. The reason, quite simply, is that that is where the large reserves are; that is where production can be increased to meet our needs. And there is no other place in the world, so far as anyone knows, with comparable reserves -- except possibly Soviet Siberia. A forthcoming Library of Congress study projects that within the next decade we will be getting about half of our total oil and natural gas imports from the Middle East.

Saudi Arabia possesses no less than 25 per cent of the world's oil reserves, and another 22 per cent lies beneath the territory of the neighboring countries of the Arabian peninsula. These countries -- especially Saudi Arabia -- have governments which greatly desire to cooperate with the United States for reasons of their own national interests. The Saudis have made it abundantly clear that they wish to trade their oil, in effect, for our technology, and further that they wish to invest much of their surplus capital in our economy, while relying primarily upon their association with the United States for their national security. The Saudis do not propose -- nor should we seek -- an exclusive association to the detriment of others. But they offer us an arrangement of special cooperation and mutual advantage which I have no doubt the French or Japanese, for example, would seize upon as a gift from heaven.

If all this does not add up to something which deserves the name of "vital national interest," I cannot conceive of what would. And the importance of our good relations with Saudi Arabia and the other Gulf states is reinforced by the fact that as our short term import dependency grows, we are going to have to ask the Saudis to do certain things which are not necessarily to their own advantage. When the current recession of the Western economies ends and the demand for oil rises accordingly, soaking up OPEC's current spare production capacity, we shall have to ask the Saudis to take the lead in resisting large new price increases -- as they are now doing -- and in increasing oil production beyond the level of their own greatest advantage. As of now there is reason to hope that they will do both, but their future responsiveness to our needs will of course depend upon our overall good relations.

To this end it would seem prudent, to say the least, to reconsider our current attitude of ambivalence and suspicion toward the Arab oil

producing countries. Instead of treating their prospective investments as a threat, we ought to welcome them as a boon to our economy. Even indeed if we do mistrust them, we should know from our own foreign investment experience that sizable assets in a foreign country serve more nearly as a hostage than as a threat to that country. Similarly, I think it both unfair to the Saudis and detrimental to our own national interest when the press and Congressional committees reap harvests of self serving publicity from the fact that certain companies have sought to advance their business by the payment of what in some cases may have been commissions, and in others more accurately bribes, to certain Saudi nationals. It is rumored that the practices in question are not unknown here in our own country. One wonders, therefore, whether the righteous indignation now being directed toward reforming the business ethics of foreigners could not more usefully be applied at home.

The deep suspicion directed toward Arabs in general -- and toward the Saudis in particular -- is not, I think, really rooted in questions of business ethics, or fear of the takeover of important segments of our economy. Nor, I suspect, is it rooted in genuine fear that a close association with Saudi Arabia and the other Arab oil producing countries will be bad for the United States. It is rather rooted, I suspect, in a deep seated, perhaps not even wholly conscious fear that the association will be good for the United States -- so very good indeed as to erode or undercut our all-out, emotional commitment to Israel.

It is at this precise point that our interests in Israel and in the Arab world intersect. Far from being separate and distinct, as we are often asked to believe, the interests involved are inseparable, so much so, in my opinion, that neither can be realized in any satisfactory, enduring way except with reference to the other. To state the matter in concrete terms: our emotional and ideological interest in Israel must be reconciled -- not sacrificed but reconciled -- with our inevitably growing economic dependency on the Arab oil producing countries.

This necessity, if we are rational, need not strike gloom and fear into our hearts. The Arab states, for reasons of their own security and economic development -- with perhaps one or two minor exceptions -- are willing and even eager to cooperate with the United States. Nor is there any direct conflict of interests between the Arab countries in general and the United States. The only issue that sets us against each other is our continuing support, through military assistance, of Israeli occupation of Arab lands taken in 1967. The Arab leaders who play decisive roles in this issue -- Presidents Sadat and Assad, King Khalid and Prince Fahd of Saudi Arabia, King Husayn, and I believe too Mr. Arafat -- are rational and moderate men who are prepared to accept Israel within its 1967 boundaries with all appropriate foreign and international guarantees. "The Arabs," King Khalid said recently,

"have learned to be moderate, reasonable. Gone are the days of Nasser's period when the Arabs threatened to exterminate the Israelis."

Our job is to get Israel to withdraw -- not to sacrifice or sell Israel out, but to persuade her to a course consistent with United Nations resolutions, with the United Nations Charter itself, with declared American objectives such as the Rogers Plan of 1969, and with our own traditional principle of the right of peoples to self determination. We do not have forever to carry the assignment out: if the interim Sinai agreement is not soon followed by other, more substantial steps -- especially with respect to the central question of Palestinian rights -- frustrations will increase and tensions will rise; moderate Arab leaders will either be radicalized or displaced; and a fifth war will follow. Now is the time of opportunity -- and it may not soon be repeated.

As we concentrate our attention on the interim agreement, we should not overlook the seriousness of the tragedy which is unfolding in Lebanon. It has been estimated that as many as 3,500 have been killed and 13,000 wounded in Lebanon since April. It is reported that radical terrorists have been infiltrated from various areas and that arms and money are supplied to them from the most extreme, radical revolutionary sources. If Lebanon is torn apart by violence, and a radical left wing authoritarian government is set up, all the plans for present or future peace agreements will be seriously undermined. The seriousness of the situation in Lebanon emphasizes the urgency of a comprehensive peace settlement between Israel and her neighbors and the fact that we cannot afford to delay that settlement.

II. The Sinai Agreement

Measured against the danger and opportunity, and also in terms of our own national interest, the Sinai agreement can be represented as no more than a modest gain at best, purchased at an exceptionally high cost. It is not my purpose here, however, to review its specific terms, which have been much discussed in the press in recent weeks. Reluctantly, I have concluded that I would not wish at this late date, despite my apprehensions and reservations, to see the pact completely rejected, but I think it could be modified. I would hope indeed that all concerned would proceed to make the best of it -- the Israelis by entering negotiations in good faith with Syria, and for something more than a "cosmetic" agreement; the Egyptians by carrying out their reported promises in good faith, especially those pertaining to matters on which the Israelis are most sensitive such as the Suez Canal, the boycott of firms which deal with Israel, and the suppression of obsolete propaganda. The United States, for its part, must not slide into a period of election year complacency on the strength of Dr. Kissinger's "constructive

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ambiguities." Like the 1973 Paris accord on Vietnam, the artful generalities in the Sinai agreement are fraught with peril for the future -- and not necessarily the far distant future -- unless the United States acts promptly and vigorously to lead the Middle East parties toward a general settlement based on Security Council Resolution 242. In short, since the interim agreement has been made, what now follows it is of utmost importance.

Through the courtesy of the *New York Times* and the *Washington Post*, interested observers have been able to make a close study of many of the "secret" as well as public specifications of the Sinai accords. I point to certain potentially troublesome problems not with a view to undercutting the agreement but in the hope that care will be taken to overcome the dangers and difficulties involved. I might mention that although I would have preferred the use of United Nations personnel, I am not absolutely opposed to the participation of American technicians in the early warning system under the restrictions imposed by Congress -- their immediate removal in the event of hostilities and the right of Congress to require their removal at any time.

My more serious apprehensions are directed toward two basic and potentially dangerous shortcomings in the overall agreement: one is the excessive, sweeping United States commitment to Israeli military, energy and economic needs as these are perceived by Israel; the other is what could be a de facto American acquiescence in the new status quo for an indefinite period, masked behind several less-than-constructive ambiguities.

It may be no more than a codification of long standing practice, but there is potential trouble in the American promise, however qualified, to be "fully responsive" to Israel's military, energy and economic needs as Israel perceives them. The prospective sale -- or gift -- of Pershing ground-to-ground missiles seems particularly unwise and dangerous. Designed to carry either nuclear or conventional warheads, the Pershing has a range of 450 miles -- sufficient to strike Cairo or the Aswan Dam, all of Jordan, most of Syria and parts of Saudi Arabia and Iraq. Defense Minister Peres' pledge not to use nuclear warheads is welcome but insufficiently reassuring, owing to the high probability that Israel has in fact a store of nuclear arms, owing too to the fact that even a conventional rocket attack on Cairo or Damascus -- or by the Arabs on Tel Aviv -- would represent a radical escalation over the previous Arab-Israeli wars, greatly increasing the risk of Soviet-American involvement and confrontation.

At the very least Israeli acquisition of sophisticated new American weapons will add fuel to the Middle East arms race. Egypt and Syria already possess Soviet Scud missiles, shorter in range than

the Pershing but still lethal and also capable of carrying nuclear warheads. Israeli acquisition of the Pershing may well provoke Arab countries to seek Soviet missiles of equal range and yield. And if Congress is as lavish as it has been in the past in providing sophisticated arms to Israel, and at the same time as unreceptive to the arms requests President Sadat has warned us to expect, we may succeed in driving Egypt back into close association with the Soviet Union -- something the Russians can have little hope of accomplishing without an assist from the Americans. In any event it now seems probable that another Arab-Israeli war will extend beyond desert battlefields to population centers on both sides.

The assymetry of our military aid policy is highlighted by the difficulties attending the proposed sale of Hawk ground-to-air missiles to Jordan. On the one side we are ready to provide Israel with a full panoply of sophisticated offensive weapons, including the Pershing and Lance missiles and the forthcoming F-16 aircraft. On the other hand the grudging, suspicious attitude of certain Senators and Congressmen toward the sale to Jordan of an effective air defense system has had the effect of insulting, humiliating, and perhaps alienating one of the most moderate, responsible and pro-American leaders in the Arab world.

The American commitment to sustain Israel's economy and satisfy her energy requirements is no less sweeping than the underwriting of Israel's military arsenal. The language of the specific economic commitments, as reported in the press, is provisional, but hardly so provisional that Israel will not charge -- and be justified in charging -- betrayal if we fail to deliver in all categories. It is technically true, as State Department officials have pointed out, that the Egyptian-Israeli disengagement agreement will remain binding regardless of American compliance or non-compliance with ancillary military, economic and political inducements. But as was discovered following the Paris accords on Vietnam, there is danger in this kind of sleight of hand -- danger of misunderstanding and miscalculation, of bluffs being called and delicately balanced structures coming unglued.

I note with particular apprehension the United States commitment to provide oil to Israel even in the event of an embargo, and also to compensate Israel through foreign aid for the loss of the Abu Rudeis fields in Sinai. One wonders why it should be necessary to compensate a country for giving up resources which did not belong to that country in the first place. Consider too the possibility of a general embargo -- one against the United States as well as Israel -- in which event we would still be bound to make oil available to Israel, under the allocation formula of the International Energy Agency, and also to help to transport it. A period of sustained oil embargo would not seem the

ideal time for the United States to take on added economic burdens. Extrapolating from the experience of the 1973 embargo, a Library of Congress expert calculates that a six months' embargo in 1977 would result in additional unemployment in the United States of a million to a million and a half and a loss in gross national product ranging from \$39 billion to \$56 billion.

In view of the fact that an embargo is only likely to occur in the event of another Arab-Israel war, the question arises whether we would provide Israel with oil regardless of the circumstances which gave rise to the embargo and to the consequent hardships imposed on the American people. Would we provide Israel with oil even if the embargo were precipitated by a war started by Israel? Under the agreement as it stands, it would seem we would be bound to do exactly that. How much preferable -- and how much more responsible -- it would have been if we had qualified this commitment, and used it as leverage, to discourage any possible Israeli preemptive strike.

The overall cost of the Sinai agreement to the American taxpayers is not easily calculated -- among other reasons because the commitment -- or provisional commitment -- to "make every effort to be fully responsive" to Israel's military, energy and general economic requirements is open ended as to time, amount and circumstances. The "memorandum of agreement" defines no conditions under which the United States would be released from its promises, even if Israel were to initiate a future conflict. The cost of the foreign aid commitments in the package, however, are more predictable. It has been widely reported that the cost of the Sinai agreement for this fiscal year will be about \$2.9 billion -- \$2.3 billion for Israel and \$600 million for Egypt. And Israel's Defense Minister, Mr. Peres, was recently quoted as saying that Israel will need \$1.5 billion in military aid annually for at least four or five years. In addition there will be the cost of the commitment to pay for the oil Israel was drawing from Egypt's fields in the Sinai, at least \$350 million annually. All these elements add up to a total of about \$1.9 billion for the annual foreign aid package for Israel. Projecting this conservative estimate over a five year period, total aid to Israel will come to \$9.9 billion. When aid to Egypt at the level now being discussed is added in, the total direct cost over five years for this modest pullback, in foreign aid alone, will come to \$12.9 billion. This turns out to be some \$7.5 million for every square mile of sand to be given up by Israel, more per square mile than we paid for all of Alaska back in 1867. It staggers the imagination to contemplate what an agreement on the Golan Heights might cost. The cost to our economy of continuing uncertainty regarding access to oil is incalculable, quite impossible to estimate, but is surely very great.

The second basic difficulty with the Sinai accords is the far ranging, potentially conflicting political and diplomatic promises made by the United States, which seem to add up to a de facto underwriting, for an indefinite period, of the new status quo. There would seem to be no technical inconsistencies in the language of the accords -- only substantive ones which are not easy to reconcile, especially with regard to the withdrawal from the Golan Heights, a serious and difficult problem for Israel as well as Syria.

The Syrian government has been denouncing the Sinai accords both longer and more intensely than their erstwhile Egyptian allies expected, even to the extent of threatening that Syria will not deal with Egypt as long as the "strange and disgraceful" agreement -- as they describe it -- stands. The Egyptians, embarrassed and discomfited, point wistfully to the United States assurance that it "intends to make a serious effort to help bring about further negotiations between Syria and Israel..." The Israelis, for their part, note with satisfaction the United States assurance that in its view the agreement with Egypt stands on its own and that the Egyptian commitments are "not conditional upon any act or developments between the other Arab states and Israel." This is unquestionably read by the Israelis -- and perhaps meant to be read by them -- as a promise that the United States will not apply pressure on them to negotiate with Syria. Though not inconsistent in a purely technical way, the American assurances to Egypt and to Israel regarding Syria are scarcely reconcilable in substance. Behind the artful diplomatic language we seem to have come perilously close to having promised one thing to one side, something quite different to the other.

At least for public consumption the Israelis have made it clear that they expect no agreement with Syria, except perhaps a "cosmetic," which is to say, meaningless, agreement. Prime Minister Rabin declared in Jerusalem on September 17, "I see the possibility for an interim agreement in the Golan as very doubtful. And even this may be an understatement." And on September 5 he had said that there was "virtually no chance" for an interim agreement with Syria, among other reasons because the extensive Israeli settlements on the occupied lands "were not established in order to be evacuated." Perhaps secret arrangements have already been made for serious negotiation on the Golan Heights and the tough Israeli rhetoric is only a smokescreen for domestic opinion. But until and unless evidence of this is forthcoming, interested observers must base their judgments on what is publicly known. With this qualification, my own judgment is that prospects for a new, significant Syrian-Israeli agreement are bleak.

What now of step-by-step? Where and how is further momentum to be generated toward peace? In the basic Egyptian-Israeli agreement

the parties solemnly affirm that their agreement is not final, that they are "determined" to reach a "final and just peace settlement." As we consider how this general resolve may be realized, it is pertinent to note that in the two memoranda of agreement the United States concurs with Israel that any further agreements with Egypt or Jordan should be part of a final settlement, and the United States further promises that it will continue to boycott the Palestine Liberation Organization as long as the PLO does not recognize Israel. Adding these conditions to Israel's adamancy about Syria, one does not readily discern where the next step is going to be taken, or how and in what form progress may be expected at a reconvened Geneva conference.

There may be promise in Secretary Kissinger's proposal of September 22 to the United Nations General Assembly that a "more informal multilateral meeting" be convened to "assess conditions," but the proposal needs to be thought through and spelled out, especially as to the central question of the Palestinians, which cannot be forever postponed and evaded, however convenient that might seem diplomatically and politically. Pending further clarification of the Ford Administration's future policy -- or some as yet unavailable evidence that there really are going to be serious negotiations between Israel and Syria -- one can only discern from the package of Sinai agreements a de facto American acceptance of the new status quo.

Important constitutional questions arise in connection with the American role in these agreements. In addition to the far reaching American commitment to meet Israel's military, economic and energy needs, the United States is committed to "view with particular gravity threats to Israel's security or sovereignty by a world power," and also in the immediate future to "conclude the contingency plan for a military supply operation to Israel in an emergency situation." These are not absolute, unqualified commitments, but neither are the NATO treaty or our security treaties with Japan and others, all of which allow for action through our constitutional procedures. If these were thought of sufficient solemnity to justify treaties ratified by the Senate, why are the equally if not more far ranging promises to Israel in the Sinai accords contracted through semi-secret "memoranda of agreement?" Was the Congress's vigorous and vaunted reassertion of its foreign policy powers restricted to matters of the late war in Southeast Asia, or trade with the Soviet Union, or aid to Turkey? In short, does the constitutional principle vary with the issue? As Congress considers the various aid packages and other proposals connected with the Sinai agreements, I most respectfully urge my former colleagues to bear in mind the responsibilities which they themselves affirmed through the War Powers Act of 1973, the Case Act of 1972 requiring the reporting of all executive agreements, and the National Commitments Resolution of 1969 in which the Senate expressed

its sense that "a national commitment by the United States to a foreign power necessarily and exclusively results from affirmative action taken by the executive and legislative branches of the United States Government through means of a treaty, convention, or other legislative instrumentality specifically intended to give effect to such a commitment."

The Ford Administration in general -- and Secretary Kissinger in particular -- are undoubtedly taken aback to see their Middle East handiwork criticized for its limited achievement and high cost. In their view -- and I believe it to be accurate -- they were doing all they could do within the confines of political reality, foreign and domestic. How, they ask, could Israel and the Arab states have been brought to a general settlement when it took all the diplomatic skill we could muster -- and billions of dollars besides -- to bring Egypt and Israel to this very limited agreement? How too, they must ask -- and this with no small irony and vexation -- can Congress express apprehension at the magnitude of our military and economic commitment to Israel when only five months ago 76 Senators signed a letter virtually demanding -- and in effect compelling -- these very commitments?

All of which points up one very crucial, central fact: that the key to peace in the Middle East is in the internal politics of the United States. As long as the Israeli lobby retains its extraordinary power to mobilize large majorities in Congress, the executive will be accordingly hobbled in any efforts it may care to make to bring the Middle East antagonists to a peace based on Security Council Resolution 242. As long as Congressmen and Senators are unwilling to face the political risk, possible loss of campaign contributions, and personal unpleasantness of well organized pressure campaigns, we can expect little in the Middle East except deadlock, terrorism, tedious negotiations with little if any result, and in due course, sooner or later, the fifth Arab-Israeli war.

Perhaps, not for the first time, the American people are ahead of their leaders. A poll taken for the Gannett News Service in early September showed 64 per cent opposed to the United States compensating Israel for the loss of Egyptian oil. A *National Observer* readership "plebiscite" taken in mid-September showed almost 77 per cent opposed to the assignment of American technicians to the Sinai. A poll taken by Congressman McClory in his Illinois district earlier this year showed 60 per cent favoring Israel's withdrawal to secure pre-1967 borders, as established by the United Nations, as a condition of continued American military aid.

Public opinion polls should not be allowed to dictate foreign policy, but neither should organized minorities. A rational American policy in the Middle East must be solidly rooted in the American national interest, modified so far as necessary by a sense of decency and compassion toward those who have suffered so much in this decades-long tragedy. The aspirations of all concerned -- of Israel to a secure national existence, of the Arab states to the recovery of their territories, of the Palestinians to a national homeland, and of the United States and the rest of the world to a reliable supply of oil -- are, I believe, essentially reconcilable with each other. Sacrifices will be required, to be sure, especially on the part of Israelis and Palestinians who have been rival claimants to the same land. But if they can bring themselves -- or be brought by others -- to reconcile themselves to each other's national existence, the way will be open to a new era of peace and unrivalled prosperity in the Middle East.

It is in this respect, from an American standpoint, that the Middle East differs so radically from Southeast Asia. There never was anything good to be accomplished from the Indochina war, only a tragedy to be liquidated. In the Middle East there is more than a conflict to be ended and confrontations to be avoided. Great benefits are waiting to be reaped from a peaceful Middle East, and they can benefit the whole world. One can envision a whole new set of economic and political relationships through which the industrialized world would exchange technology for a steady and reliable supply of oil while developing new energy sources; the Arab countries would be free to devote their new wealth to the development of their societies; and the developing countries might benefit through development programs jointly supported by the industrial and oil producing countries. In such surroundings there would surely be a special role -- in such fields as science, management and education -- for those Middle Eastern peoples most noted for their rich human resources: the Jews of Israel and the Arabs of Palestine.

All this might seem like a distant, if not altogether fanciful, vision of the future. But it is not impossible, and if reason can be brought to bear, neither is it unrealistic. It is, I believe, the objective on which we must fix our view as we look beyond the interim agreement.

PETRODOLLARS AND TECHNOLOGY:

THE CHANGING TERMS OF TRADE

Petrodollar financing and technology transfers are expressions of economic interdependence. Obstacles to realization of economic interdependence are numerous and must be overcome before new terms of trade, reflection of both entities' comparative advantages in equilibrium, could be set.

Interdependence originates in the diversity of man, out of his disparate needs, of his disparate environment. It has been developed into a highly complex and sophisticated, yet enormously effective, exchange system through the long evolution of specialization, or division of labor. While the particular arguments against certain of its ramifications on political, cultural or security grounds have often inhibited the full realization of its economic and other benefits, the theoretical argument which demonstrates the net economic gains from trade is basic. The non-economic benefits derived from interdependence, simply on common sense grounds alone, are too numerous to elaborate. Aside from political drives, it is because of the soundness of the theory of comparative advantage, plus the positive results of responding to common sense -- to the instinct to truck and barter -- that the world has arrived at its current state of commitment to interdependence. For example, if one were suddenly to deny the United States all those import commodities which constitute over 20 to 30 per cent of domestic consumption, the economy would grind to a halt, households would be thrown into a panicky search for workable and edible substitutes, and new lifestyles would of necessity evolve. In essence, there would be a fairly drastic revision in living standards, much of it downward.

Thus, it is not interdependence, per se, that is up for debate, but its constantly changing complexity, its variety of new perspectives and search for maturity in relationships between nations rich and poor, rich and rich, poor and poor, north and north, south

and south, north and south, large and small, small and small, large and large. The combinations are myriad; so are the factors involved and so are the reactions of the individuals and countries participating in the exchange systems.

There is little doubt that we are still outgrowing the more imperial and colonial forms of interdependence, and that we must seek relationships based on equality of destiny, political outlook and economic mutualities. A mature environment for widely acceptable forms of interdependence must combine sophistication and symmetry. To quote Ali Mazrui: "The sophistication comes from enhanced technological capabilities and expanded social and intellectual awareness: the symmetry emerges out of a new egalitarian morality combined with a more balanced capacity for mutual harm. The different parties in this stage of interdependence must not only need each other -- their different needs also must be on a scale that enables serious mutual dislocations in case of conflict."¹ And the definition of mature independence by Mazrui: "The combination of an egalitarian ethic and reciprocal vulnerability within a framework of wider technological and intellectual frontiers provides the essence of mature independence."

Efforts to bring equity or egalitarianism to our interdependence have been constant for many years. Briefly stated: The former colonial territories, now as sovereign nations, fought long for control over their total destiny, political and economic; the struggle is not only political or racial or cultural, but significantly tied to vital export commodities and their role in meeting advanced world demands.

Historic feudal and colonial attitudes, plus encrusted patterns of dependency based on control of raw material sources and raw material dispositions have until recently stood in the way of realizing a mature economic interdependency among nations -- that is between raw material or primary product suppliers and their rapidly developing consumer nations. These power structured dependencies of the past generated an awkward interdependence and certainly could not provide the bases for an egalitarian relationship, which must, to a large degree, be the foundation for the cross-dependencies of the future.

In the post World War II era, the thaw in these stiff relationships began, though vital resource dependencies have remained. The primary producers -- the raw material suppliers to the industrialized world -- still sense their role as secondary and merely supportive of the drives and needs of the advanced nations and citizens of the world.

To symbolize this phenomenon: When the World Bank announces to the developing world that the United States has six per cent of the world's people and close to 40 per cent of the world's GNP, one

can hardly expect thundering applause from the less developing world. It merely confirms the suspicions, ill founded or otherwise, of these emerging nations.

Nevertheless, some of the worst forms of these political anachronisms have faded, and there is more enlightenment appearing on the issue of world resource imbalances and their management. However, it is still one of the core obstacles to the "mature" interdependency problem for all international relations, including those of the Middle East.

Thus, the heart of the economic obstacle to a relaxed and mutually acceptable interdependence has been an absence of an effective policy with regard to important world commodities. Despite the many commodity trade agreements and arrangements over the years, market forces still seem to have worked more to the advantage of the well-endowed than to the developing supplier countries.² Fluctuations in prices and earnings from primary exports have been extremely damaging to supplier countries, with the consequent wide gyrations in earnings and economic welfare at home. The suppliers have often felt exploited, while the advanced nations seemed largely to benefit in growth and technological dominance. Even after the brief price boom in 1973-74 for many commodities exported by LDCs, industrial raw material prices fell sharply, due to supply, currency, processing and speculation factors, not to physical depletion.³ Copper and rubber are notable examples of how drastic fluctuations in prices affect supplier countries, and consequently their political attitudes toward consumer nations. Price stabilization arrangements, formal (through the IMF, for example) or otherwise, have provided but little lasting security for these countries.

In reaction to all this traumatic history, the producers are now getting together, understandably -- producers of bauxite, bananas, cocoa, coffee, copper, iron ore, rubber, sugar and others have organized into producer groups to control their own resource management and pricing policies.⁴ Recently, 100 non-aligned nations met in Dakar to declare their solidarity on this issue. All such collective efforts by primary resource countries should introduce an improved balance of bargaining power and hence, a more politically mature environment for rational trade and, more generally, human relations.

The parallelisms with petroleum are perhaps by now obvious. And again, there are mutual vulnerabilities which could be emphasized. Despite some of the natural bargaining advantages that have befallen the oil producers in very recent years, there are also long standing grievances which are now being pressed. The recognition of the world resource problem in energy fuels began perhaps with Libya in 1970

and was evidenced again in the Tehran agreement of 1971, the Geneva Agreement of 1972 and the price explosions which followed the October war of 1973.⁵

To shorten a complex issue, one could say that the petroleum issue has greatly accelerated the debate described above. Historically, other commodities have had equally wild price swings, though rarely to the extent of five- or six-fold leaps in less than two years. For example, the British rubber control scheme of the 1920s based on Malaya and Ceylon, was initially as successful as OPEC in raising prices. Interestingly enough, this stimulated investment in Indonesia and the rubber price collapsed.⁶

But the unique position of petroleum as the world's prime fuel, its non-renewability and non-recycling limitations; the relative inelasticity of its demand and the cost rigidity inherent in potential substitutes -- all these have given the suppliers a powerful voice in the developing countries' quest for general equality of treatment in the world community. The United States and the petroleum producers are in essence coming to grips with their fundamental interdependency. The very tough debates going on with respect to oil provide the potential key to producing recognition of the sustaining mutuality of our respective needs. As in the other commodity relationships mentioned, this is a sensitive human problem which may be fundamentally economic and financial, but in which elements of pride and equity figure mightily.

Ahead lies a half century during which the essential scarcity and even possible disappearance of petroleum should produce that earlier defined sophistication, that symmetry and that maturity in our relations with the Middle East. An entirely new modus operandi must inevitably evolve. For the present, massive dependency of the advanced and, indeed, the entire world upon petroleum, has dramatized and accentuated and possibly exaggerated the world interdependency issue, its diverse perceptions of vulnerability and equality. And it has revealed the real aggravations which have hitherto blocked the way to a mature, balanced and mutually acceptable interdependency. Petroleum is forcing us to review such devices as the adequacy of the long standing Compensatory Finance Facility of the IMF, which is one of rational men's efforts to assist primary goods exporters with loans to cover the bad years.

Indexing is being proposed and examined.⁷ Researchers are telling us that linking petroleum price changes to a package of manufactured goods imported by developing countries may only institutionalize inflation. Identifying the industrial import package may prove a very complex problem, as would its administration. It is difficult to see the oil producers collectively adhering to a plan, and giving up all discretionary power over pricing decisions

on oil, when circumstances change and it appears necessary to them, as at some point it will. Experience with indexing has not provided the proof of its uniform effectiveness against the forces of politics, not even in Brazil, one of the prime cases of its application.⁸ The United States Treasury argues against it, because it interferes with the market mechanisms.⁹

The fact that there is now more nearly an equalization of bargaining power in petroleum should contribute to at least the potential realization of a mutually equitable interdependence. Most important, the discussions will take place on that all important egalitarian level. Petrodollar investments in the advanced nations will then continue to follow naturally, but in suitable forms and balance, just as exports of advanced country goods and services will flow toward the petroleum suppliers, also in suitable form and balance. If mature interdependence is the goal of the near future, the economic problems faced by the oil suppliers and the consumer countries in the fields of technology transfers and petrodollar financing have to be solved in the short term.

It would be of some interest to analyze the major financial and economic problems associated with oil price increases between mid-1974 and September 1975. In mid-1974, economic problems facing the industrialized world were identified by experts and defined into seven broad categories:

The major problem was one of balance of payments adjustment. How to finance a combined OECD deficit of \$50-60 billion a year and how to recycle petrodollars among OECD countries to match their individual oil deficits were the two sub-problems related to the balance of payments issue.

Two other important problems were linked to general balance of payments deficits: the stability of private financial institutions which were borrowing petrodollars short and lending them long, and the fear that OECD countries would resort to restrictive trade measures for balance of payments purposes which would have led to a general deterioration of international trade.

Other problems included: the aggravation of domestic inflation and recession, the wealth transfer question, the prospect of massive OPEC direct investments in the United States and the additional burden placed on non-oil producing developing countries.

What is the scorecard in September 1975? If one were to review the mid-1974 forecasts, the conclusion would be that some perceived problems turned out to be non-problems, others may turn out to be real problems, and some actually fully materialized as anticipated.

Non-problems

Trade restrictions did not materialize. The trading system and international commerce in general, have not deteriorated. Wealth transfers have been limited. It has been estimated that the real income reduction in OECD countries has been about two per cent. Real income is not transferred until exports climb. Welfare loss resulting from recession has been very low. Domestic transfers have proved more difficult, e.g. decontrolling the old price of oil, increased profits for coal firms.

Massive OPEC direct foreign investment has been very limited. Most of surplus funds have been placed in liquid, non-ownership instruments. In 1974, 20 per cent of OPEC surpluses had been invested in the US (\$11 billion) but only one billion in the form of property or equity.

Potential Problems

The stability of financial markets has seen some progress since last September, but is still uncertain, including a massive runup of loans to LDCs from the Eurodollar market.

As to the recycling of funds within OECD, there has been good progress to date but this is still uncertain.

Real Problems

There has been an aggravation of inflation and particularly recession. The direct impact attributed to imported oil is two per cent. If the runup of other energy prices is taken into account, the figure would be 3.5 per cent. It is difficult to ascertain what percentage it would be if one included the cost/push spiral. It must be kept in mind that the increases in oil prices caused an aggravation of pre-existing inflation but did not create it.

As to recession, it has been a disaster in the US alone during 1974 and 1975. The output loss due to recession can be estimated at 280 billion assuming a full employment growth of four per cent. This is a real welfare loss as it is output non-produced. However, how much is attributable to oil price increases is unknown. Estimates point out a two per cent figure.

The impact on developing countries has also been a disaster (10 billions). Some were able to avoid the full impact in 1974 by borrowing on the Eurodollar market (10 billions), but prospects for 1975 seem to be limited. Moreover, this is aggravated by the recession in OECD countries and the weakening of commodity price

and volume, and by the additional payments these countries have to make for food and fertilizers (5 billions in crop year 73-74).

In September 1975, it seems that there have been some misperception and overestimation of the problems involved. The surpluses have been somewhat smaller than anticipated due to the OPEC import capacity which had been underestimated at the time and to the perverse benefit of recession in OECD. The floating exchange rate system has worked reasonably well. OPEC has made a "responsible" use of its funds, but it could be added that they had little choice if they were interested in security and return. The preventive action concerning trade taken by OECD has been beneficial.

However, some interesting questions still remain open. What is going to be the fate of non-oil producing countries? What is the extent to which oil will be an instrument for reordering economic relations between north and south in a wide range of other raw materials? But, most important of all, how much development can unlimited supplies of funds buy? Can technology transfers be fully realized between OECD and oil producing countries?

* * *

Transferring technologies to LDCs requires an intimate knowledge of the receiving country's needs and of the physical limitations which might be encountered in that country. The whole process of technology transfer can be analyzed in four essential components: the source, the medium, the recipient and the technology assessment.

The source is generally the US or one of the OECD countries which possess advanced technologies. In this broad framework, it is possible to identify smaller units like the private sector which actually make the transfer, or also Joint Commissions like the Saudi-US Commission, the Iran-US Commission or the Jordan-US Commission which are in charge of defining programs of technology transfers on a cooperative basis. But, in fact, the roots of this technology transfer lie in the private sector without governmental interference.

The medium acts as a two way street in the transfer and creation of capabilities, and training programs so that the recipient country can manage with its own manpower the running of the facilities. There is a long run requirement in this process which is to train the people from the recipient country in the US and to send them back to do the field work in their country. This would partially eliminate the brain drain problem so common in LDCs.

The recipient has problems which are political. Prestige, internal pressures for a certain type of technology (color TV in Oman) and, moreover, political preference for where this technology should come from. Another very important consideration when the recipient makes the choice of a particular supplier country is the quality of training programs for middle management which are included in the package.

The technology assessment is also paramount given the drive those countries have for adopting Westernized types of goods and technologies. Often, environmental costs are badly overlooked. For example, the installation of an underwater oil tank in Dubai proved to be damaging to the welfare of the fishing population of the area.

In conclusion, it appears that the problems faced by the OECD countries in the field of economics and petrodollar recycling on the one hand, and those faced by the Middle Eastern oil producing countries in the field of the best utilization of their surpluses for economic development purposes on the other hand, are the two edges of the same sword named "Mature Interdependence".

FOOTNOTES

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THE TRADITIONAL RELATIONSHIPS:

WILL THEY ENDURE?

The term "traditional relationships" is somewhat misleading because the relationship of the United States with Israel, Saudi Arabia, Iran and Turkey is not long enough to be covered by the term "tradition". "Traditional relationships" implies an accretion of time and an accretion of precedents; relationships with Saudi Arabia and Israel are recent -- not really traditional. The relationships with Iran and Turkey have more depth in time but they have changed dramatically. The fundamental, basic assumption regarding the discussion of these relationships is that they start from the Second World War, which makes them short term traditions; the common denominator among all four is that the relationships are changing. The discussion here will then be a reassessment of certain basic and fundamental assumptions that we have more or less taken for granted and that we must think over again.

It might be said that relations with Turkey since World War II have been extraordinary. They will not happen again. They have gone from the cordial reception of the battleship *Missouri* to an incident in which United States' sailors were unceremoniously tossed into the Bosphorus. Relations between the two countries have centered on cultural exchange, the opium question, the Cyprus crises, and the United States' military aid to Turkey.

Although new Turkish schools have been established, Robert College is still in existence, and educational institutions have been influential in establishing close ties between the two countries. In addition, there have been hundreds of thousands of Americans who have lived in Turkey and thousands of Turks who have lived in America.

Over the years, the opium question has placed strains on the relationship between the two countries. In 1932, Ambassador Grew gave

the Turkish government a note concerning US opposition to opium production. Forty years later this topic is still under discussion. Even though the three year suspension on growing poppies has ended, it is hoped that the newly devised methods of cultivation and harvesting will be successful in alleviating the difficulties arising from Turkish opium production. This has been and continues to be a great problem.

One of the earliest aspects of the US-Turkish relationship was that of military aid. The first ambassador to Turkey, Commodore Porter, pledged in 1832 to work for military aid to Turkey by the United States Congress. Today this matter is still of interest and concern for both countries. The common defense agreement signed in July 1969, which has in effect been set aside by the Turkish government, is now under consideration by the Congress.

Another problem, which is connected to the question of arms supply, is that of working out of a permanent settlement for the Cyprus dispute that will not produce a threat to NATO relations. It was the Johnson letter and Turkey's recognition that the United States was not willing to come to its aid against the Soviet Union that led to the Turkish decision to strengthen its ties elsewhere and acted as a catalyst for a change in the relationship between Turkey and the United States.

In its search for alternatives to an almost exclusive relationship with the United States, the Turks began to increase interaction with their Arab neighbors; with Iran, a CENTO ally; to restore its old ties with Germany, where many Turks have found employment; and to enlarge the role of the European Economic Community in Turkish planning. The re-evaluation of Turkish relationships, both east and west, has produced a different view of the role of the United States. The United States must recognize this changing attitude of Turkey to the United States, to its neighbors, to Western Europe and understand that the Turkish relationship can no longer be taken for granted. It must also be realized that Turkey now has an extra sensitivity that comes from its broadened viewpoint. There is now a greater sense of pride, dignity, independence, honor and sovereignty than before. For instance, no implementing arrangements have been made for the common defense agreement of 1964. When discussions were being held in 1973-74 on the Mutual Balanced Force Reductions, Turkey wanted to have a role, at least as an observer, in the negotiations. Turkey feels itself to be in Europe and to have a need for input in European affairs, and this position must be understood by those negotiating for the future of Europe. The special relationship with the United States will continue, but in a different way. This change in Turkey's perception of its place in the world is for the good.

In discussing United States-Iranian relations it is necessary to place them in historical perspective and to place problems in the

context of the basic interests that continue to exist both in the United States and Iran in spite of their difference in some areas. These interests center on oil and on Iran's geopolitical position.

While there has been a change in perspective on the part of the United States concerning Iran's oil over the last 30 years, oil continues to be a factor shaping United States policy regarding Iran. During the 1940s and 1950s there was concern on the part of the United States that the unrest in Iran would spill over and disrupt the oil arrangements with Saudi Arabia. A direct American interest in Iranian oil emerged with the establishment of the Consortium in 1954. By the 1973 agreement, access to Iranian oil has been assured for the United States in the future, a factor of great importance in view of the Arab boycott since the Shah has declared that oil will not be used as a weapon.

The interest of the United States in the geopolitical position of Iran has changed over the years but it continues to affect the US-Iranian relationship. During World War II the supply route to Russia went through Iran and, following the war, the United States supported Iran against the Soviet Union's encroachments in Azerbaijan and Kurdistan. The role of Iran in the Baghdad Pact, and then CENTO, was important to the United States during the Cold War, and at that time the United States emerged as a major supplier of arms and technological aid to Iran. The United States has always felt that it is in its best interests to have a friendly government in Tehran; consequently, every president from Franklin Roosevelt to Gerald Ford has given support to the Shah's régime. This acknowledged importance to US interest in the political independence and territorial integrity of Iran still shapes United States' policy. Today, the role of Iran in the Persian Gulf and its geographic position in relation to the Soviet Union continue to be the basis for American-Iranian mutuality of interests -- strategic, diplomatic and political.

From Iran's perspective the United States has been important as a counterweight to both Britain and the Soviet Union. In the 1950s, Dr. Mossadeq's doctrine of "negative equilibrium" proved to be unworkable because he did not see the communality of interest between Great Britain and the United States in the Cold War. During the early years of his reign, the Shah was able to use the support of the United States as a buffer against Soviet aggression; in the period of "positive nationalism" when the Baghdad Pact/CENTO and the Bilateral Defense Pact aided Iranian stability, ties to the United States were important. Although the Shah is pursuing an "independent national policy" and although there are unprecedented commercial/economic/technical links with the Soviet Union, the American defense role continues to be great and technical ties are expanding.

Relations between the two countries have been generally good and stable, but there are also some areas of tension. Both the United States and Iran are opposed to a preponderant Soviet presence in the Middle East, but some strains have developed in the evaluation of the role of CENTO in this matter: i.e. the perception of the scope of concern with aggression and subversion differs between the two countries. The United States sees CENTO mainly in terms of the Soviet Union; Iran would like a shield against all aggression from sources within and outside the Middle East. The American inability to cope with matters such as the Indo-Pakistan war or the Cyprus question has been detrimental to Iran's perception of American effectiveness. Additionally, the United States-Soviet détente has produced constraints upon the relationship. Soviet attempts at subversion in the Gulf have produced skepticism in Iran regarding Russian intentions, while the United States would prefer to soft pedal any anti-Soviet stance by the regional members of CENTO.

A second area in which strains have been apparent is in the military buildup in Iran. The United States has been a primary arms supplier of Iran since 1943. Before 1947 there was an emphasis on technical aid; in the pre- and post-Mossadeq era matériel was supplied for Iran's internal and external security needs. In 1968, during President Johnson's administration, there was a re-evaluation of the amount and the quality of arms to be supplied to Iran. The United States was concerned that Iran was receiving too much military aid. Today, Senator Kennedy's concern with this subject represents a continuation of this re-evaluation process. However, it should be remembered that outsiders cannot determine security needs; therefore, Iran has looked for other sources of supply. The arms race of the area of the Persian Gulf is really more of a problem for American, British, or Russian foreign policy than it is for Iranian, Iraqi, or Saudi foreign policy. To prevent an arms race, there should have been an agreement on arms limitation by the suppliers, but the Soviet Union would not agree to this. Actually, the states of the Gulf should make their own collective security arrangements.

In the area of regional policies, the United States has been reluctant to assume a direct role. Iran, however, has taken the lead in trying to obtain stability and regional tranquility, especially in the Persian Gulf. Since the British withdrawal Iran has given no evidence of wishing to establish a hegemony in the area, but there has been more concern evidenced over Iranian action regarding the Gulf islands and the presence of Iranian troops in Oman.

Oil pricing has also engendered difficulties in the United States-Iranian relationship. In this context it is necessary to remember that a large number of states other than the United States and Iran are involved. It is also necessary to balance the rise in oil prices

against the role that Iran has adopted: there has been no participation in the boycott; Iran kept oil supply lines open during the October War; it has a most ambitious development program and is therefore most vulnerable to depletion; it has given aid to less developed countries, and it has been active in calling for a dialogue between OECD and OPEC, even though this suggestion has not been acted upon.

To ease these strains it will be necessary for both sides to realize that both countries need a strong world economy and that it is necessary to have a mutual accommodation and balance between both producers and consumers. The United States has an obligation to resist the temptation of veiled threats to oil producers of the Gulf and Iran must resist the temptation of stiffening its oil price position as a manifestation of its independent action. In a decentralized world of sovereign states, where no central authority is empowered to define the right price for oil or the right level of military buildup, both Tehran and Washington are called upon to practice the art of self-restraint.

On the other side of the Gulf, the relations between the United States and Saudi Arabia have not changed as much as they have grown in complexity. Oil is the major ingredient in the relationship, but arms supply and training, development and the Arab-Israeli conflict are also important elements.

In the area of oil interests, there has been a new dimension added: the relationship has changed from a commercial, i.e. company/Saudi relationship, to one that also involves OPEC. The relationship is no longer bilateral and OPEC decisions must now be taken into account. As far as defense matters are concerned, the ties have been in existence since 1951, when a training mission was established for the Saudi army. At first the program was not very effective because the Saudi rulers felt that a well trained army constituted a threat to their continued control of the country. The program is now being expanded, since there is an awareness that a modern army is essential for the country's security, and better results are evident. Along with this expansion of training, there has also been an arms buildup, i.e. a large transfer of arms, and not really an arms race, which implies competition.

The United States' role in development is based on the Saudi perception of the superiority of US technology. Saudi Arabia has an increasing supply of petrodollars with which to pay for development projects, and they will have to hire enormous amounts of American expertise to implement the projected programs. As a result, there will be an immense influx of US citizens into the Gulf. In the future the relationship between the United States and Saudi Arabia will be close and based primarily on the firms and their personnel who are

doing business with Saudi Arabia.

Another important factor in the relationship is the Arab-Israeli conflict. Saudi Arabia has always been anti-Israel but it had no means by which to implement its sentiments until the establishment of the oil embargo during the October 1973 War. This reflected not a change of policy, but was a manifestation of the newly acquired ability to act against Israel. In other words, Abd al-'Aziz didn't have the means to act but today Khalid and Fahd do. It should be remembered that no matter what develops in the future the Saudis will push both their economic and their political interests.

At the moment, mutual interests outweigh mutual antagonisms, but the latter must not be ignored. Both arms and oil can be used for political and economic ends. The United States must be careful in examining the Saudi relationship because it has become so much more complex than it has been in the past.

Before 1948 the United States-Israel relationship centered on a concern with Palestine and was limited to support of the Balfour Declaration and of a National Home for the Jewish People in Palestine. No political action was taken beyond the passing of Congressional resolutions. After World War II, the United States had an interest in the problem of immigration to Palestine of displaced European Jewry and supported the United Nations partition plan. When Israel was established in 1948, the United States granted it de facto recognition immediately and the following year de jure recognition was given. In 1947 the United States implemented an arms embargo to the states of the region, but over the years this policy has gradually changed. After the 1967 War, United States economic and military ties to Israel became greater than before, and the United States has since that time become the major supplier of arms to Israel as well as an arms supplier to some of the Arab states.

Despite some strains, United States-Israel relations have been generally close. There is a fund of good will for Israel in the United States that stems from the fact that Israel is a democratic, modernizing, "like-image" state and is therefore easier for the United States to identify with than, for instance, Saudi Arabia or Oman. Israel is seen as a bulwark against communism (e.g. Senator Jackson is a supporter of this idea). There is a moral content to American thinking: a guilt feeling regarding the Holocaust and a sense of responsibility for Israel since the United States was in the forefront in support of its establishment. These factors, and not the influence of a Jewish minority in the United States (who are not able to sway public opinion or governmental action as much as they are credited), are the basis for the United States-Israel relationship.

Furthermore, there has been a coincidence of policy on broad goals. Neither wants war in the region, either in the form of local conflict or conflict between the great powers. Both are committed to the security and the existence of Israel. The sympathy, agreement and support are real and broadly based and can be measured by Congressional actions, i.e. the recent letter in support of Israel signed by 76 senators, and by aid programs both military and economic. There also has been support in the United Nations and in international negotiations. Until now there has been no formal document or treaty and no alliance system has ever been established.

Although there have been changes, the United States-Israel relationship will endure. It has historical validity and both sides are in agreement on the minimum condition insisted on by Israel -- the existence of Israel as a Jewish state. Support is not diminishing in the United States as is clearly indicated in broadly-based public opinion polls. The debate on the 1975 Agreement has concentrated on the details of the United States' involvement and the use of American technicians and not on the basic relationship. Both parties continue to have the same objectives: no US-Soviet conflict; Arab-Israeli peace; Israel's continued existence as a Jewish state; and a perception by both that friendly United States-Arab relations are not necessarily detrimental to Israel's interests. There have been disagreements in the past (e.g. over the status of Jerusalem, the Rogers Proposals, and the Beirut raid of 1968), but these concerned details and not basic issues. These differences can be resolved; although they can be critical, they do not outweigh the broader relationship.

Although there has been no exclusive agreement between the United States and Israel the improved relations of the United States with the Arabs has resulted in a major change in the United States-Israel relationship -- it has moved closer to a formal relationship. The United States supports Israel; it consults with Israel in political matters relating to dangers from other powers; it is responsive to Israel's arms requirements, its energy requirements and its economic needs. While the strengthened relationship is far reaching, it is not new, only more formal in the military/economic/moral spheres.

NEW RELATIONSHIPS:WHAT PROMISE DO THEY HOLD?

The regions covered by the panel were Egypt, Syria and Algeria, and the Gulf states. The attitudes as well as problems that exist and might emerge in the near future were discussed. Be they termed revolutionary or traditional, the goals of these states are the same -- to achieve progress and correct, if not friendly, relations with the United States.

Looking at the emerging American-Egyptian relationship, past trends were first reviewed. American-Egyptian relations have gone through seven stages since the emergence of the Egyptian Republic in 1952. These stages began with the early Dulles period, up until the present day Kissinger era. This current period constitutes a radical departure in the foreign policies of the two countries. Its significance transcends the Arab-Israeli conflict and can have far reaching effects on American relations with many other nations, not only in the Middle East but in other Third World states as well.

The circumstances under which this change in American-Egyptian relations came about are quite different than might be expected. They were certainly not planned, but emerged merely by chance. We have first to examine the two major wars with Israel. In both these wars, 1967 and 1973, the US gave very strong support to Israel. In doing so, of course, a near total collapse in the American position in the Arab world occurred. Many pro-American moderate Arab governments were undermined, eventually leading to the collapse of the Libyan monarchy.

This open ended US support of Israel also led to greater Soviet influence and dominance in many Arab states. In other words it worked against US interests in the Arab world. In 1973 the Egyptians launched a war that was backed by Soviet weapons; this war was successful from the political point of view and was partly so militarily. The war also

resulted in the oil embargo, price hikes and the generation of more anti-American sentiment in the Arab world. Yet all this turned around and set the stage for a new era in American-Egyptian relations. Why?

What made Sadat turn from a socialist economy to an open door investment policy, and from a Soviet military dependency to Western arms and political support? Sadat's personality was in part responsible for this change, but he was also manifesting a growing trend shared by many Egyptians. Unlike Nasser's Pan Arabism, Sadat's is more of a conservative Egyptian nationalism. Egypt, with the end of the October War, had taken all it could from the Soviets without making large scale political and military concessions. Even so the Soviets were not in a position politically to force an Israeli withdrawal, and would not supply Egypt with the arms to attempt this by force. This would have grave effects on detente, which the Soviets did not favor.

From the Soviet perspective, they did not see in Sadat any of Nasser's charismatic personality and influence in the Arab world. Also, Sadat had been undermining their position in Egypt, a position built up over many years with billions of dollars in investments. So Sadat turned to the US from whom he knew he could get the support and action he needed, under the Kissinger policy.

What then can Sadat do for the US in this new era? 1. Add strength to the Arab moderates in their view towards Israel. 2. Keep Egypt away from Soviet dominance. 3. Check Soviet influence in other Arab states, i.e. Libya. 4. Contain internal communists. 5. Sway Egypt's economic base from the present socialist base to an open door investment policy; this would be appealing to many US business interests.

How much would all this cost? A conservative estimate would be about \$12 billion. This would be over a five year period, with about 10 billion going to Israel for economic and defense needs. The remaining two billion would go to shaping Egypt's economy.

There are a number of political variables that effect and add to this already expensive peace policy. Egypt may not be able to reach a final settlement without seeing Syrian and Palestinian arrangements as well. This would require more American guarantees, in other words more money.

Another important element is the Soviets, who are not expected to sit back and watch the US receive all the credit. What would they do? They could either work with or against the US efforts. The most important factor in this emerging American-Egyptian relationship is seen to be the US's handling of the Egyptian economy. The US should try to build on the existing socialist base; they should not insist on cleaning the slate

and starting anew.

* * *

The panel also covered Algeria and Syria, two Arab countries known for their radical inclinations. Algeria is also a leader of the Third World at many an international forum, but it can afford to be so outspoken because of its massive oil revenues. In trade with the US, Algeria ranks second among the Arab states after Saudi Arabia. US exports to Algeria rose more than 100 per cent in the first six months of 1975 as against the same period in 1974, from \$152 million to over \$305 million. But in the same period, US imports from Algeria, mostly petrochemical products and natural gas, also doubled from \$357 million to over \$718 million. There is therefore a trade deficit of \$413.1 million in Algeria's favor.

Algeria is using its large amount of funds for internal development. The first four year plan from 1970 to 1973 envisioned a total investment of 376 billion dinars (\$9 billion). In its national investment for the current five year plan, 1974-1979, a total of 100 billion dinars or \$25 billion will be invested. About half is going into industry, as Algeria plans to transform its economy from one which essentially exploits raw materials to one which produces everything that its society needs. Along with the emphasis on industry is a tremendous emphasis on education and over 20 per cent of development expenditures is directed towards this end.

When looking at relations with the US, economically they flourish despite the many political disagreements and conflicting ideologies. There are presently at least 50 US firms operating in Algeria on major contracts, and the feeling is that this trend will continue. The Algerians want advanced technology and training from the United States.

Politically, the picture is quite different. Algeria tends to be in the forefront of a number of movements to change the world economic and financial structure. The Algerians are prominent in international conferences, the United Nations and its organs in trying to obtain guaranteed high prices for commodities. They are critical of capitalist countries generally and the United States specifically. Nevertheless, although critical of our arms sales to Israel, they have not tried to obstruct US efforts to find a settlement and have not attacked the Sinai accords. The present pattern of political disagreement and pragmatic economic relations is likely to continue in the future.

The Syrians, although not as active on the world scene as the Algerians, share with them a similar pattern of relations with the US. American trade with Syria increased from \$14.7 million to \$71 million

during the last year. The US enjoys a favorable balance of trade and is also undertaking an AID program amounting to some \$83 million. This consists primarily of PL480 wheat and rice and technical assistance in water supply as well as small agricultural projects. Syria itself enjoys a favorable balance of payments based on its chief export of oil.

The reestablishment of relations with the US seems to be part of a general Syrian policy to improve relations with moderate regimes. They have improved their ties with Jordan, Morocco and Saudi Arabia, and have been playing a role as mediator in the Lebanese conflict. (This presumably to avoid any Israeli involvement there).

They reestablished relations with the US because they felt that there was a change in attitude on the part of the US after the October 1973 War and they wanted to reopen the channels of communication with the US and end their isolation. It is of interest to note that their reliance on the Soviet Union had proved economically disadvantageous. Since the reestablishment the Syrians have been critical of US policy in the area, feeling that the step by step approach to the Arab-Israeli conflict is no answer because it gives no promise of a final solution. They fear that the policy isolates Egypt from the rest of the Arab world and that after the Israelis settle with the Egyptians they will not take up the other problems. Nevertheless, despite such disagreement, the Syrians may very well seek to expand both cultural and commercial relations with the United States.

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America's relations with the Gulf states, both collectively and individually, span a fairly wide spectrum: political, economic, strategic, commercial, cultural, technological and educational. The most important categories are the political and economic and this was the case before and during the October 1973 War and for some months thereafter, especially during the time of the oil embargo, when these relationships were subjected to considerable strain. Since then, two developments have been of special significance: 1. the American efforts to resolve a number of issues in the Arab-Israeli conflict and 2. the lifting of the embargo on March 18, 1974. These have resulted in a general improvement of relations.

At the same time there are a number of problems. On the US side is the adaptive process of coming to grips with new realities of higher oil prices and adjusting to these states as international financial powers. As the discussions of "absorptive capacity" go on, the Gulf states are launching joint projects involving American and other technological skills, diversifying their economies and distributing large amounts of foreign aid to other countries. These developments, on balance, have been to the

advantage of the US.

US concern for the development and security of the area is stronger than ever before. Even so, US interests have changed little over the past four or five years. What are these interests? The most important is to avoid a Great Power confrontation in the area and therefore strengthen regional cooperation efforts. The second is the encouragement of the peaceful resolution of regional disputes and increased intra-regional communication. The third interest has been to expand US diplomatic presence and from that expand technical, cultural, commercial and financial activities. The fourth interest is to maintain access to the area's oil supplies at "reasonable" prices. In December 1973, a fifth interest was added, that of recycling the revenues from oil into the world economy.

How have these interests fared? Regional security arrangements have been led by Iran and Saudi Arabia, with both of whom the US works closely via Joint Commissions. Other states of the area prefer a bilateral state by state approach. The American and British governments also work closely together for mutual interests there. There has been more attention to this matter, particularly arms sales, than any of our other interests in the area but fortunately the raisons d'etre for great quantities of arms have diminished. Iraq pulled back from its threatened takeover of Kuwait, Iran and Iraq have lessened their tensions, the Aden government has not proved the bastion of radical forces as first envisioned and good progress has been made on the many border disputes. In short, a sixth interest should be added, namely an interest in seeing such progress continue.

While the urgency of the security relationship diminishes, the economic, commercial, technical and cultural interests are flourishing. The realm of educational exchange, particularly, is one that has a most promising future.

On balance, it can be seen that US relationships with the Gulf states are on the upswing. One might then ask what are the strains in these relationships. One is talk of intervention, which is a "lightning-rod" about which people opposed to the US interests and presence in the region could rally. There is, moreover, the US persistence in its efforts to drive down the price of oil and refusal to lend a sympathetic ear to the pleas of these states for the US to hold down the rising cost of the hundreds of commodities that they import from us. The Gulf states have become increasingly intimidated at the indecisiveness of the US government on the issue of Arab investment in the US. They are also bothered by the fact that few Americans pause to ask if the states in this area have any interests themselves; they quite often have the feeling that

many Americans would be surprised to learn that these states do have interests of their own not all of which happen to be compatible with American interests. For their part, these states wish to be allowed to provide their own security and there is increasing evidence that they can. In addition, they will most likely not be content with the limited achievements growing out of the Sinai accord but will want to see very soon further signs of progress toward a settlement of outstanding issues in the Arab-Israeli conflict.

What can be concluded from all these developments and trends? 1. The developments of the past two years have made Americans more aware than ever before of the vital importance of this area. 2. Beginning first in November 1971 when the British special treaty relationships ended, and, secondly in October 1973, there has ended for once and for all the myth that these states can be dealt with by the US in isolation from the Arab-Israeli conflict. There is a definite linkage between the progress the US can make towards getting Israel to withdraw from occupied territories on the one hand, and the prospects for the US being able to maintain, let alone improve upon, its currently favorable position in the area on the other.

One of the most important keys to explaining the presently strong US position in this area is the fact that the people in general like and admire Americans, and they appreciate the fact that our relations with them are longstanding. Unlike the situation with other powers, we are not tainted with the historical fact of having imposed burdensome treaties on them, we have not invaded or occupied their lands, and we have not made or unmade any of their regimes. All of this has facilitated the relatively healthy atmosphere in which our commercial and cultural contacts with these people take place.

EDUCATIONAL AND CULTURAL RELATIONS

Recent history of the Middle East has been marked by rapid change in all phases of life - political, economic and social. The region has changed more in the past four years than in the last four centuries. In order to analyze these changes in the educational/cultural sphere, one must examine the impact of changing US-Middle East relationships.

The official US operating concept for educational/cultural relations - as exemplified by the work of the Department of State Bureau of Educational and Cultural Affairs (CU) - has been to see that US programs in the Middle East give promise of improving the process of intercultural communication by stimulating and reinforcing other constructive programs and mechanisms, whether private or government. Emphasis has been on mutuality in planning, participation, support and benefit. These efforts are supported by a CU budget of slightly less than one and one-half million dollars in fiscal year 1975.

The area now receiving great attention is the promotion of university-to-university linkages. A multitude of such linkages is developing in Iran, many by the initiative of the Iranian government. In the case of Iran, the scene is so active that the US government finds itself in the role of cooperator rather than leader.

One of the most successful, as well as the oldest, institutional linkages has been with Saudi Arabia - in the form of a consortium of Princeton, University of Michigan, University of Rochester, Wentworth College of Technology, Colorado School of Mines, University of Alabama, MIT and the Milwaukee School of Engineering in cooperation with the Saudi University in Dhahran. This consortium participates in exchanges of faculty and consultants, advises on matters of personnel and policy and assists the university library, all with the object of improving the facilities and quality of education at the university.

There have been active programs in other Middle Eastern countries as well, most notably with the University of Cairo in Egypt and the American University of Beirut and Lebanese National University in Lebanon.

Considering the Middle East in general, there have been some significant changes in planning - as exemplified by the programming of US Fulbright professors. More attention is being directed to American studies, the social sciences and humanities. The aim is to balance the insistent pressure from Middle East countries who would prefer the exchange programs concentrate primarily on subjects relating to technology transfer. Although there will continue to be elements of technology and hard science, the Department of State is careful not to duplicate unnecessarily similar efforts in the field of technology by other agencies of the US government, international organizations and the Middle Eastern governments themselves. Thus there is now in CU programs an emphasis on the discipline popularly entitled "American studies."

An essential facet of educational/cultural exchange is the area of English language training. There has been augmenting demand and pressure from all of the countries of the Middle East to send more and more of their students to the United States for undergraduate and graduate education. There is an inherent need for a command of the English language in this type of arrangement. The United States government intends to devote more resources to upgrading the English teaching curriculum in selected countries to enlarge the reservoir of students in those countries capable of undertaking educational programs in the United States.

The case of Egypt is a prime example of this process at its best. A new relationship is now in progress between Ain Shams University and UCLA. A four-member team of English language experts from UCLA is now at work with the Egyptians establishing a new national center for training teachers of English. The initial phase of American participation will require five years. It is hoped that such cooperation will have far-reaching consequences for US-Egyptian relationships in the future.

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There has been an interesting pattern in the flow of students from the Middle East and North Africa to the United States for further study, with substantial changes in the nature of this historic flow during the past two years. These changes, noticeable after the 1973 War in the Middle East, have been of volume, thrust and philosophy.

Middle Eastern students have been seeking further education in the United States for a longer period of time, but over the years

it has been primarily private in nature. Although some formalized programs existed such as Egypt's "educational missions" in the 1930s, most students were still privately sponsored. The numbers constantly increased, as in the late 1940s, Saudi Arabia began sending students, as did Iran, followed somewhat later by Kuwait. Throughout the 1950s and into the 1960s, Middle Eastern governments sponsored limited but ever increasing numbers of their nationals, but again the majority continued to be privately sponsored.

The 1967 war signalled a break in the pattern of educational exchange programs; Egypt cancelled its mission program, at the time the largest and most comprehensive, while the numbers of students from certain countries declined, while others increased. The October 1973 War proved to be a real watershed for the pattern of educational exchange. Technology became the dominant concern and, almost uniformly, the countries of the area turned to the United States for technological know-how. With the resumption of diplomatic relations between Egypt and the United States in the spring of 1974, a flood of students from the entire area began. By the fall of 1974, the number of Middle Eastern students in the US had reached the 25,000 mark. The American Friends of the Middle East (AFME) estimates some 30,000 students for the coming academic year, or an increase of 20 per cent in one year. In addition, current manpower development plans call for substantial increases in the years ahead.

Benefits from this increase have been reciprocal, not exclusively lodged in education reaped by Middle Eastern students. The cash flow into the United States, for example, as a result of rising student volume from the area now exceeds \$275 million a year and is rising. In addition, in the very time when American higher education is in a state of excess capacity, students from the Middle East and North Africa are helping reduce that excess. Finally, the past two years have witnessed the development of numerous bilateral "commission" relationships with many governments in the area, Iran, Israel, Jordan, Egypt, Saudi Arabia and Tunisia among them. These are comprised of educational/training programs along with manpower and faculty development programs. Many American institutions, corporations, consulting firms, and individuals are proposing a virtual flood of program/project relationships, primarily to the oil rich countries, both within the commission structure and outside it.

In this area of growing cooperation, it is hoped - by AFME and many others involved in educational exchange - that there will be a very strong screening role on the part of the commissions and the American embassies in the non-commission countries, in order to insure that only the best programs possible are implemented, and that this kind of mutually beneficial exchange continues uninterrupted, because it is one of the surest routes to long-term peace and progress.

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The American University of Beirut (AUB) has been the United States' most visible and influential educational and cultural institution in the Middle East for more than a century. In the context of US-Middle Eastern relationships in the educational/cultural sphere, it serves as a case study of the benefits and problems inherent in this sort of educational "aid". It brings to surface the fundamental question - is there still a place for an American institution in the Middle East?

The American University of Beirut was founded by American missionaries in 1866 as the Syrian Protestant College. Among the recipients of some 20,000 degrees are three Arab presidents, 10 prime ministers, more than 30 cabinet ministers and 35 ambassadors. Despite the fact that AUB remains an unparalleled center of academic excellence in the Middle East and is still one of the few universities where faculty and students alike can freely debate controversial political issues, the University faces many problems as an American institution in the changing Middle East.

Like educational institutions within the United States, AUB is also trapped in a severe financial squeeze. Unless new sources of funding are found, the University expects a \$16 million deficit by 1980. Its largest financial supporter continues to be the US government, in particular, out of funding from the Agency for International Development which is providing \$8.7 million in 1975 in grants and contracts. This, however, has not proven sufficient, and as an American University, AUB has met trouble in raising money within the Arab world to combat the rising costs of education, running parallel with soaring inflation in Lebanon. Tuition increases have sparked violent strikes on the campus which only served to exacerbate the deteriorating situation.

In many ways the American University of Beirut is but a microcosm of the country in which it resides - harboring the same troubles as does Lebanon. Critics of the University accuse it of admitting the higher income Christian Lebanese over such potential "troublemakers" as Palestinians and other nationalists. Many students and faculty object to the domination of top University posts by not only Americans but Lebanese Christians. Such charges are emotionally heightened by a politically charged Lebanese environment.

The basic question remains - what should be the role of an American institution in an Arab environment? A growing number of students and local politicians view AUB as simply an anachronistic symbol of American paternalism. AUB was founded when there were

relatively few institutions of higher learning in the Middle East. Now, in an era of rapid international communications, AUB is no longer the only repository of Western knowledge it used to be. Furthermore, as seen above, many Middle Eastern students now come directly to the United States for higher education.

In response to these changes, AUB is trying to change its image. Seventy per cent of the faculty is now Arab; the curriculum is slowly changing to accommodate new demands in the Arab world, most notably in the areas of business and science. There is, however, a danger in the "Arabization" of the American University of Beirut. Many believe that an American administration, an American dominance, is necessary to preserve autonomy of the institution.

Is it possible to combine an independent American-style institution and the concept of an Arab university? Whatever the answer, the American University of Beirut will continue to play an important, though altered role in the Middle East, walking a precarious line between two worlds.

BANQUET SPEECHTHE STRATEGY OF MODERATION IN SAUDI ARABIA
AND ITS IMPLICATIONS VIS À VIS THE POLICY OF THE UNITED STATES*Farouk Akhdar*

Mr. Chairman, distinguished guests, ladies and gentlemen, it's a great honor for me, and a distinct pleasure, to appear before you tonight and to address this distinguished group. I was supposed to read to you a text of my remarks that I had prepared in the Central Planning Organization in Riyadh, but I have decided against that for the simple reason that I want to talk to you candidly and frankly with no commitment to political jargon or formal diplomatic language, so that we will be able to exchange a dialogue rather than my coming here to read to you a talk that I had prepared.

Another reason for me not to address you formally is that I believe the time has come for the United States of America and Saudi Arabia to have a little talk together, a very friendly talk, but a serious one. And this is what I am intending tonight to do.

The strategy of the foreign policy of Saudi Arabia is based -- the way I read it -- on three principles: rationality, responsibility and moderation. I will talk about the third concept -- that of moderation.

What do we mean by moderation? Moderation is not submissiveness. It is not giving out one's selves or all one's interests without a reward. Moderation is when two or more parties having different points of view decide to meet each other half way to accommodate the interests of each.

Instead of my going into the philosophy and definition of moderation,

I would like to call upon certain historical facts from contemporary history to illustrate what I mean by the moderation of Saudi Arabian foreign policy.

As you remember, ladies and gentlemen, after what you have been calling the energy crisis -- and everybody has his own "project independence" and own "Mr. X" plan for solving the energy crisis, solving the world's problem -- Saudi Arabia was the first country to call for cooperation and open a dialogue between consumers and producers. It was Saudi Arabia who introduced the first call to the United Nations for consumers and producers to get together and develop a strategy whereby they could accommodate each other's interests.

Secondly, you recall the time when the oil-producing countries, having suffered the continuous and long lasting exploitation of the oil companies, reached the decision that they had to increase the price of oil themselves after its being stagnant at a low level for the last 40 years, a great number of our colleagues in OPEC suggested \$17.00 as a price for a barrel of oil -- and justifiably so. We resisted that kind of increase, and we agreed, after convincing our colleagues, that less than \$11.00 will be enough.

As you also remember, at a time when most of the oil-producing countries introduced the concept of nationalization of the oil companies or confiscation, we in Saudi Arabia introduced participation instead of confiscation.

You will also remember at the Ecuador meeting in December 1974 of the OPEC countries -- when most of our colleagues in OPEC were calling for an increase in the price of oil -- we in Saudi Arabia resisted that and succeeded in convincing our colleagues in OPEC to freeze the price of oil.

And of course I am sure you have not forgotten what happened last September in Vienna where we convinced almost all of our colleagues in OPEC to have the price of oil increased very moderately by ten per cent after great numbers of them have been calling for up to 35 per cent increase of the price of oil.

You also -- some of you -- know, I presume, that the production of oil in Saudi Arabia was not based, and is not based at the present time, on the domestic requirements for our economy. We decided to increase our production to meet the demand of the world for moral obligations from our part to the world.

Also you will remember that in the 1970s when the dollar had its bad

days and some of our money was in the American capital market, our funds, our capital, behaved very rationally and did not move from one place to the other searching for a short run gain. We behaved very rationally with our capital because of our conviction that our interest is really parallel with the Western world economies.

More important than all of these factors, most of you do understand the fact that we in Saudi Arabia are the champion of moderation in the Middle East -- who have been always calling for better relations between the Arabs and the Western world in general and the Americans in particular.

And if you look on the relations at the present time between the United States and the various Arab countries, you will find that there is really progress to the betterment -- if you compare it with three years ago. We are the ones who have been always insisting that our interests and the interests of the Arab people and the interests of the Americans are parallel irrespective of the short run differences between us.

Now the vital question, ladies and gentlemen, is why Saudi Arabia behaves this way. Why is it that Saudi Arabia stands as a moderate force in the Middle East and behaves accordingly? I am sure you know that it is not just for the blue eyes of the Americans -- although I personally appreciate very much a lot of the beautiful blue eyes I have seen in this country. But this is not why Saudi Arabia designed her policy. We in Saudi Arabia believe that the Arabs in general and Saudi Arabia in particular have a lot in common with the Western world -- particularly the Americans.

We are against communism; so are you. We are against communism because of religious and cultural attitudes; so are you. Our philosophy is based on individualism; so is yours. Your concept of individualism comes through your representative democracy. Our concept of individualism comes through our Islamic religion.

We believe that our economic interests are parallel, coincide with each other's and do not conflict. For instance, we in Saudi Arabia need your technology, your knowhow, your expertise, as much as you need our oil and our money. The trade between us will benefit both peoples -- the Saudis and the Americans. We are ready to trade.

We think that if we'll be able to develop Saudi Arabia by buying American technology and all these needed items for our own economic development, we will be able to solve once and for all what you have termed the recycling problem of the petrodollars.

We believe also that if we succeed in our development plan within

the framework of the free enterprise system, we would show an excellent example to those underdeveloped countries who have been experimenting with Marxist and socialist systems, that it is possible for the free enterprise system to succeed in the less-developed countries as well as in the developed countries. The experiment, ladies and gentlemen, that you started 200 years ago in this country could be repeated again in Saudi Arabia.

Also we believe that the success of our endeavor to develop and diversify our economy will be an achievement for the free world after it has faced setbacks in Southeast Asia. Our success is more power to the free world.

Now the challenge is here. Would we be able to succeed in our endeavor? Would the United States come with us and illustrate to the whole world that it pays to be moderate, that it pays to be allied with the United States or not?

To reciprocate for what we have been doing is very simple. We are not asking for donations -- others are. We will not ask the American taxpayers to pay for our development -- others are. We are asking for serious consideration to our development, a serious attitude from the various American companies towards the endeavor that we are making to develop our country -- to emerge into the 20th century. The challenge is here.

Our development plan seeks to raise the standard of living of our people, diversify our economy and not make it dependent on the exportation of crude oil. We will try in our five year development plan, for instance, to build three schools every other day. We are trying to increase the number of hospitals by 97 in the span of five years. We are going to pave 13,000 kilometers of asphalt roads and another 10,000 kilometers of secondary roads. We are going to build 325,000 accommodative units. We are going to emerge into the 20th century. And we think we can do it. We will do it. We prefer that we do it together with the Americans because the Americans have the best technology in the world.

Let me conclude my very short remarks, ladies and gentlemen, by asserting here that we in Saudi Arabia are waiting for an American leader, a great, courageous American leader, who will stand here in the United States and tell the American people: Ask not what Saudi Arabia can do for you; ask what you can do for Saudi Arabia.

Thank you very much.

QUESTIONS AND ANSWERS

Q: On Meet the Press the other day one of your young ministers was asked the question: As the chief spokesman for the moderate Arab point of view, what can your country do to help ease the situation that presently exists between Israel and the Arab world. His answer, as I recall it -- and I am paraphrasing -- is that we do not have any argument with Israel, rather it is the Egyptian argument, it is the argument of those directly involved. However, considering the enormous prestige that Saudi Arabia wields -- and I personally consider your country to be probably now the most influential Arab nation of all -- isn't there something more that Saudi Arabia could do behind the scenes to ease this situation?

A: I don't know if this question involves history; it probably involves so much. But I would say that Saudi Arabia has been doing a lot as a moderate country. We, for instance, have supported the recent agreement between the Israelis and the Egyptians -- of course, with our own reading on that. We understand the agreements to be a beginning of a series of agreements that will follow. Also, by following the philosophy and strategy of moderation, and having a dialogue with our Arab brothers, we have been able -- for instance, if you take the situation where the United States has come to the picture more positively and more closely and has been accepted as a moderator in the area, we in Saudi Arabia have something to do with that. But the main problem involves the people who are in the direct conflict with each other, i.e. the confronting countries and the Palestinian people themselves. And in our judgment any solution ought to come through direct "moderation," if you please, between the parties involved.

Q: I would be very much interested in hearing how you regard the problem of destabilization of Saudi society that is the result of the very rapid introduction of modern technology. Even in this country, which has been doing its thing for 200 years or more, we are feeling every day these destabilizing effects in our society. How much more of a shock would it be to a traditional society such as the Saudi?

A: We are very aware of the problem that you have mentioned but we don't look at it as destabilization; we look at it as development. On the one hand, we would like to keep our own tradition, values, religion -- yet we would like to be industrialized and progressive and modernized. As long as we are developing and trying to achieve these targets of industrialization, development, modernization, we are always well aware of the impact that might take place on our values. As long as we are aware of this as planners, as decision makers, we think we can avoid

any kind of problem. But to be frank with you, there are certain values, there are certain traditions, that we have to do away with. And this is the price we are going to pay. But the essence, the philosophy, the beauty of our traditions, of our system, will be maintained always, irrespective of whatever accomplishments we make.

Q: Another aspect of your enormous wealth that deserves to be commented on is the use of Saudi and other oil producer country resources in developing the Third World. Do you see a role of the US and Saudi Arabia to cooperate in such development?

A: Well, I will probably differ with you in the term "enormous wealth." We are a developing country. What happened is a mere transformation of certain resources that we have into liquid capital. There is no shift in our wealth that has taken place. There are a lot of schools to be built in Saudi Arabia; a lot of hospitals to be constructed; a lot of roads to be paved. So Saudi Arabia is a developing country. Whether we have a couple of billions of dollars in the banks right now, which we can call upon very shortly to develop our own country, is no sign of Saudi Arabia being a wealthy country.

However, given that background, we have realized our responsibility toward the Third World because we are a part of that world. And if you will allow me to make a comparison, you will see what Saudi Arabia has been doing. In 1974, the US allocated less than one-half of a per cent of her gross national product to the development of the Third World. The same year Saudi Arabia has allocated 19.75 per cent of our gross national product to the development of the Third World. In other words, 27 per cent of our oil revenue has been allocated to the development of the Third World. Now this is what Saudi Arabia has been calling for in the United Nations: that we have to develop an institution by which those developed countries who have, and those oil producing countries who temporarily have, could get together and install a mechanism by which we could aid the less developed countries. We, for instance, have established several funds for Africa, for the Muslim countries, for the Arab countries, for various economic development projects. We think that this kind of mechanism could be done in a global manner. And we think the US and the Western industrial countries, together with the various OPEC members, could really do a much better job than they -- especially the industrial countries -- have been doing before.

Q: You say that you are a moderate. Wasn't the oil embargo an immoderate act?

A: Thank you for the question. No, I think the oil embargo was a moderate gesture on our part. To understand how it could be immoderate, we have to see a situation where Saudi Arabia was not a moderate country that was involved in the action. Let me explain what I mean.

When the Arabs found that the US went all the way to supply the State of Israel with the armament that it needs -- not for her own security but to be able to occupy her neighbors' land -- when the Arabs found that the US was fueling the planes which bring death and destruction to the Arab people by Arab oil, they decided to make this impossible. If Saudi Arabia were not a moderate country, what could she have done? She could have halted production completely. She could have nationalized all the oil companies, all the American companies in that part of the world. But we did not do that. We wanted, by the oil embargo, not to harm the American economy, but to register discontent to the Americans about their foreign policy in the Middle East. We wanted to tell the Americans directly and bluntly that your interest lies with our interest -- and let us realize that. And we know, and all of you know, that at the time when the embargo took place instead of the Arab oil coming to the US and the non-Arab oil going to the other consuming nations, the oil companies shifted the tanks and sent the non-Arab oil to the US and sent the Arab oil to the other countries who were not embargoed. And if we meant to be extremists, if we meant to be radicals, if we did not care about the US, we could have halted all the production of oil. In those terms I think that the oil embargo was a moderate decision by Saudi Arabia.

Q: If you accept that Saudi Arabia has a very rational and moderate policy, how do you explain the various instances that come to mind whereby businessmen going to Saudi Arabia are told that those applying for a visa must indicate, preferably in a letter from a church, their affiliation, thus proving that they are Christian? Is that a rational and moderate policy?

A: O.K., I think it is, and I will answer it. Well, in a small sentence, he is asking "Why don't you allow Jews to go to Saudi Arabia?" In the State of Israel there is a law that says all Jews, irrespective of their nationality, are citizens of the State of Israel -- we have nothing to do with that. In the United States in 1967 the Supreme Court ruled that it is possible for American Jews to maintain two citizenships at the same time -- the Israeli citizenship and the American citizenship. When an application comes to us of an American Jew who wants to go and work in Saudi Arabia we do not question his faith -- whether he is Jewish, Christian or whatever -- all we are trying to investigate is the potential of his or her being a citizen of the State of Israel and the

potential of his or of her working with the military establishment or the intelligence agencies in the State of Israel. Could you imagine, for instance, that the American Corps of Engineers who have been assigned to design and develop a military base in Saudi Arabia, would hire an American Jewish engineer who is a citizen of the State of Israel at the same time and who might be working for the military establishment of the State of Israel to come and help Saudi Arabia to develop this military establishment? Now, all that we do by asking this question is to try to verify whether this individual is or is not a member of the Israeli military establishment or a citizen of the State of Israel. When we are sure that he is not we will allow him and we have good proof -- we have a lot of American Jews who have come to Saudi Arabia, starting with Mr. Kissinger himself. Sometimes, because of the lack of manpower in our embassies and because our CIA is not as good as yours, the investigations take, you know, lengthy time than otherwise and it helps, of course, for the propaganda of the Zionism movement in this country to take it as Saudi Arabia does not allow Jews. This is literally and utterly untrue. If there is any religion that accommodates the understanding between that religion and the various religions it is the Islamic religion. We are allowed in our religion to marry with the Jews as well as the Christians, the people of the book. And by behaving accordingly we are following our own teaching, the teaching of Islam. Is that irrational?

Q: Why do you say the increase in the price of oil by 400 per cent is moderate?

A: As you know, for the last 40 years, from 1933 to 1971, the price of oil was maintained at roughly \$2.00 while the prices of all goods and services that we import have been rising. This is the price of a commodity that we are heavily dependent upon: 70 per cent of our gross national product comes from the oil sector, over 90 per cent of the government budget comes from oil. From 1960, when we established OPEC, to 1971 we have been negotiating with the oil companies to try to raise the price of oil; the response was negative. The oil companies were in a position to force the maintenance of a very low stagnant price level for oil for that long a period of time. When we asked them how this price of oil could be maintained at this low level for a long period of time while the prices of all commodities -- almost all commodities -- have been increasing, their response was that the market will not take more. We tried for 11 years, from 1960 to 1971, to persuade the oil companies of our legitimate demands that the price of oil should go up relative to the price of other commodities. Their response was negative. If you take 11 years of the history of oil development you will see that 11 years of discussion and dialogue with the oil companies was really a

rational wait. After that we could not just hold, and I explained to you in my remarks that some other members of the OPEC demanded an increase of up to \$17.00 and we succeeded in convincing them that less than \$11.00 would suffice.

Q: Is there some sort of assurance that we get in return for our technology that you will remain a moderate force within the OPEC group?

A. First of all, the technology that we are getting from the US, we are paying for in cash right now. That's one thing you have to realize very clearly. We are not coming here demanding aid or tax exemptions as some do -- so whatever we are getting we are paying for it right away. That's A.

B. I have listed some of our moderate stands and probably, in a lengthy discussion, we would calculate the rewards that the US gained from these moderate stands -- before you have taken our economic development seriously. Could you imagine what would be the case when you become involved in our development and we feel that we are benefiting from the US as much as they are benefiting from us? A great deal, my friend.

Q: Doctor, my question concerns manpower. Are there enough "Farouk Akhdars" at the top and so on down the line to insure that the program you have outlined is controlled, managed and implemented the way you want it to be? If it is not, what is going to happen?

A: A cousin of mine works for the government, so we have two Akhdars there.

Seriously, it is a problem. No doubt, we have a shortage of manpower to implement our development plan. We realize it. And we are going to import some 500,000 foreign skilled and semi-skilled laborers from the neighboring countries, from North Africa, and from Europe, who will be coming and will aid us in carrying on the development plan at this stage and who will be able to train our people to take the positions later on. So, yes, you are correct. We have a shortage. We are aware of it. And we will solve it.

Q: Sir, I hesitate to ask another controversial question dealing with theoretical matters, because I was so delighted with your description

of the beneficent uses to which Saudi Arabia's new wealth is being used in the home country. But you appeal to us in the name of free enterprise, and I wondered how what actually exists -- a totalitarian monarchy dealing with monopolistic oil corporations and even more monopolistic banks -- jives with what free enterprise really means and meant to Adam Smith and those who first described capitalism. And then, although we agree very much with regard to our opposition to communism, I was wondering where in the developing countries you find either Marxism or socialism. You may find totalitarianism, statism, new kinds of racists, nouveau racists, autocracy, but there is no socialism in any of those countries, since socialism implies more democracy not less and there is no Marxism since Marx insisted upon the humane use of wealth and resources for the benefit of all the people. I also want to ask you about a statement that I take in good part -- I think that you mean it -- but I remember before the so-called law of return in Israel the Jews -- non-Zionist Jews as I was at that time -- were not allowed to enter Saudi Arabia, and I was wondering if that has been changed now.

A: O.K. I will start with your first 17 questions and go to the last one. You have touched on so many topics. Now on the concept of your modification of our system I think there is a problem here among nations when they try to compare the systems of other countries with their own without realizing the differences in the stages of development that each particular society is in, without realizing the level of development that each society is in. And I will give one example to illustrate just what I mean, from 1961 in a small town by the name of Buraydah in Saudi Arabia. When the last King Faisal ordered opening of schools for girls in Saudi Arabia, 90 per cent of the people in this small town were shouting, were against the establishment of this school for girls in their town. And they sent their delegation to the late King asking him to close the school. Only 10 per cent of the population wanted to send their girls to school. Now if we take your brand of democracy we will not open a school for girls in that town. If we take some other point of view -- another extreme case, for instance, would say that you have to force women or girls to force men to send their kids to school. We did not follow either suggestion, but what King Faisal ordered is that the school be opened and those who want to send their kids, they send them; those who don't want to -- they have the full right of not sending their kids. Two years from that occasion, in 1963, the same delegation that went to King Faisal asking him to close the school -- they went again asking the King to open another school for their daughters because one school was not enough. The point that I wanted to illustrate here -- if you will allow me please -- is that each society has its own social fabric, has its own historical background, has its own values. What is good in the United States might not be good some place else. So when you

judge our society and our system you should not use the American model. The term "democracy," of course, as you know, is very ambiguous. But we in Saudi Arabia are for democracy, but gradually. In a couple of months you will hear that we are going to establish a consultative body which will aid the government to rule.

Now, for your question on free enterprise, we are a free enterprise country. Our economic development is based on that concept. But because, again, of the stage of development that we are in, our private enterprise sector is not sophisticated enough, not well enough developed, to take care of all the projects that we would like to see. So what we do is that the government comes into the picture and sees what are the projects that the private entrepreneurs cannot take, the government establishes these projects and when deemed successful in the future we sell them back to the private entrepreneurs. We are going in the right direction and I repeat again, our philosophy is the free enterprise system.

Now for the cartel, what you call the OPEC cartel that we are involved in. OPEC is not a cartel -- OPEC is not a cartel for the simple reason that OPEC does not have any authority over the market that she sells her oil to. The oil companies decide on how much they should market and from where. We in Saudi Arabia cannot decide, for instance, that we will increase our production tomorrow by 10 million barrels per day, because the oil companies are the ones who decide on the level of production and the marketing of our oil. So you have groups of sellers of oil, members of OPEC, facing a group of buyers, i.e. the oil companies. The situation is not cartel because the market is not really controlled by one group. The establishment of OPEC, the existence of this unified front, was to counteract the power of the oil companies cartel, which is present at this present time. But one wonders, really, where were those, the lovers of the free enterprise system, the lovers of the ideology and the system of Adam Smith, where were they when the oil companies maintained their power for the last 40 years cartelling the oil market and depressing and stopping our ability to develop. Where were they? Now they talk about the free enterprise system.

IMAGES AND PERCEPTIONS

Relationships are based, in large part, on what one party perceives the other to be, what image that second party projects. In order to appreciate changing US-Middle East relationships, one must examine the changing, often illusive, perceptions and images involved.

American perceptions of the Arab world have been changing recently, mostly as a result of the 1973 war and the accompanying oil boycott. The change basically consists of taking the Arabs more seriously, and goes very little beyond that. There is greater curiosity about the Arabs as a whole, reflected in the press, the wider thought given in government to Arab affairs, the ability in government to differentiate between one Arab nation and another. This greater curiosity, however, has not erased the naïveté of the American public, who still tend to see the Arabs as one homogeneous group.

The American image of the Arabs is still distinctly less favorable than that of the Israelis. Many of our views in this country continue to be stimulated by the Israeli view of the Arabs. Contrast with our perceptions of Israel points out the lack of American sympathy for the non-Western values of Arab-Islamic society. Broad support of Israel in the US is based, in part, on identification with a like image nation. There exists the probability that where Arabs, either as individuals, groups or states adopt Western modes, depending on what extent those same groups ally themselves with the US, they will gain in public opinion proportionately greater acceptance.

While there has developed a greater awareness of the Arab peoples, a more positive view of Arab aspirations is still lacking. For example, Arab assertion in the world oil market, an aspiration for economic redistribution, has surfaced America's feeling of vulnerability. Rather than an appreciation of Arab

aspirations, the US response has been "operation independence" - American separation rather than interdependence.

US perceptions of the Palestinians seem shaped by two factors. First of all, Americans again often react in parallel ways to Israeli views. One example can be found in the press, where Palestinian violence against Israelis (or others) takes on a much more evil nature than Israeli violence against Palestinians. Secondly, the American public's simple failure to understand the complexities of the Palestinian problem, complicated further by the fragmented patterns of Palestinian thought and action leads to a basic negative view of the Palestinians.

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The question of an "Arab view" of the United States is a complex one, for there is no single "view". However, it is possible to identify some of the perceptions of America that are widely held in the Arab world and some of the factors that shape these perceptions.

There is a relatively large amount of information about America available to the Arab world. Arab newspapers, radio and television depend for their main source of international news on one or more of the four Western wire services and most of them subscribe to one of the two American services - AP or UPI. This information about the United States, with the exception of radio broadcasts, is filtered by Arab editors who have their own local needs of a journalistic or political nature and their own perceptions of what to pass on to Arab audiences. Interest in the United States is very high, however, and a great deal of varied information gets through. Hollywood serves as yet another source of information about America, with American movies playing throughout the Middle East, as well as American serial programs playing on Middle Eastern television sets. A third and extremely effective means of transmitting information is the exchange of persons. There are more than 20,000 Arab students in the United States today, and possibly more than 100,000 Arabs have studied here and returned to the Arab world. In addition, there are over 35,000 Americans living in the Arab countries today.

Although there exists a great deal of information about the United States, the Arabs tend to focus attention on certain issues to the neglect of others because of what is important in their own lives. Two of these major concerns in the Arab world are economic development and political independence, or "nationalism".

The Arabs view the United States from the perspective of developing countries which give high priority to economic progress. They consider America as leading the world in science and technology, an economic giant whose industrial output is crucial for the rest of the world. They respect American technological skills and practically all of the 18 Arab states have hired American experts and specialists.

The second major area of Arab concern is political - through the lens of nationalism, the image of the United States has negative as well as positive elements. The Arabs view America from the perspective of small Arab states, relatively new and weak in the international arena, which must cooperate with other states to survive but whose independence could also be threatened by the wrong kind of cooperation. The result - a wary ambivalence toward dealing with the United States.

Because of recent colonial experience, there is a tendency among Arabs to view America as a neo-colonial power, with imperialist ambitions in the Middle East. Thus Arab nationalist concerns have generated negative perceptions of the United States. One often hears of examples of American "imperialism", humiliating affronts to Arab dignity and outright disregard for Arab rights and interests.

In this area, the one issue that has most affected the Arab view of the United States is the Arab-Israeli conflict. With the United States the sole source of Israel's outside financial and military assistance, Arab criticism is only natural. Arabs believe that American support for Israel serves to encourage Israeli "intransigence" and aggression", and that Washington could, if it wanted, force Israel to comply with Arab demands such as withdrawal from occupied territory. Interestingly, they believe the United States lacks the will to be tough with Israel because we are blinded, by "Zionist propaganda", to our national interests; thereby underestimating the strength of the moral commitment Americans feel toward Israel as a factor in US policy.

Like American perceptions of the Arab world, Arab views of the United States have changed since October of 1973. The 1973 war gave all Arabs renewed confidence in the Arab ability to handle international problems effectively and even stand up to the United States. A measure of Arab dignity was restored, which made it easier for the Arabs to deal in a more deliberate fashion with Israel, America and others. Secondly, in the midst of the October War, President Sadat launched his policy of working with the United States instead of confronting it, offering in an open letter to President Nixon, a peace plan "not out of weakness,

but out of a genuine desire for peace." This is particularly significant because Egypt has more influence over Arab attitudes than any other state. In addition, Secretary of State Kissinger's sustained mediation efforts, particularly since 1973, have helped improve the American image in the Arab world.

In general, most Arabs attribute increased American interest in the Arabs to the oil embargo and the October War, and assume that Americans are finally waking up to their true interests despite "Zionist propaganda".

The above generalizations should not obscure the existence of several different Arab views of the United States. One distinct school of thought gives first priority to economic development which necessarily involves friendly cooperation with the West, especially the United States, despite political differences. At the other extreme stands another school of thought which focuses attention on political problems, primarily the Arab-Israeli conflict, and expresses grave suspicions that American mediation efforts are an American trick designed to further Israeli interests, divide the Arabs and even establish a US base in the Sinai. It is most interesting, however, to note that some of the loud political criticism is coming from countries such as Iraq and Algeria, which are at the same time quietly improving their economic and commercial ties with the United States in a substantial way.

In sum, there exist a great interest in economic cooperation and admiration for America's capabilities in many spheres. At the same time, suspicions and misgivings about the United States are still widespread in the Arab world, and the Arabs are watching us more closely than ever before.

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Changing perceptions in the attitudes of Americans toward Palestinians and Palestinians toward Americans are also evolving.

The United States is seen by the Palestinian Marxists as a proponent of an imperialist, capitalist system principally concerned about its own economic interests. On the other hand, more moderate Palestinians take the pragmatic approach of seeing US influence possibly helpful if not necessarily based on friendship.

Both groups of Palestinians have had their views colored by history, recent and ancient, such as Vietnam and the Crusades. They see the United States as interventionist and having policies which in Farouk Kaddoumi's words are "antagonistic to the Palestinian people and their just cause." One saving grace is that the United States is not put in the same class of a "colonialist"

power as are Britain and France.

Americans, too, have stereotypes of Palestinians, viewing them either as refugees, and thus objects of charity, or as terrorists, irrational extremists whose major political tool is violence.

There is, however, a new dynamic of changing perceptions. Some examples are:

- Hearings in the Senate and House respectively on the Arab-Israeli conflict and the Palestinians;
- Statements by Said Hammami, Abou Iyad, Sabri Jiryis, which indicate a movement away from use of "armed resistance" to emphasis on economic, social and political efforts to promote the Palestinian cause; from the demand for the dream of a secular binational state to acceptance of an independent West Bank-Gaza entity.

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American support of Israel is a key factor in changing Middle East-United States relationships. Although American public opinion is still massively behind Israel, one is beginning to see a change in the quality of this sympathy and support, from one of unqualified backing to a more limited support, or support with limitations. This is manifested in the current debate on Capitol Hill over approval of the Sinai Agreement. Many who have been unqualified supporters of Israel are approaching approval with far greater caution than they applied in the past, with apprehensions about size, length and quality of implied long term military and economic aid.

Some call this growing mood in American politics "isolation" but it would be more accurately termed "caution". These demonstrations of apprehension, anxiety and even fear about where involvements will lead us are not limited to American policy towards Israel but in United States foreign policy in general.

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Looking at the other side, the attitudes of the Israelis toward American foreign policy have been fluctuating between two opposite moods: one expecting close and extensive collaboration with the United States and another questioning the depth and import of the American commitment to the survival of Israel.

The first, the more optimistic attitude, emanates not only from the belief that the two countries stand for basically the same principles, but also from a deep conviction that there is a considerable congruence between the politics and strategic interests of Israel and the United States. The encouragement and support given by the United States, in various forms, to the State of Israel, since its establishment, is taken to be a manifestation of the validity of both these premises.

The second, more skeptical view, has several sources. Some are based on the inherent suspicion towards the outside world, embedded in the Jewish condition. It is further based on a negative evaluation of US policy towards Israel; many Israelis feel that they have been let down, more than once, precisely in the crucial moments when American help was needed most.

This skepticism has intensified Israel's determination to be as self-sufficient as possible, particularly in its defense capabilities. Nevertheless, since the Six Day War, and particularly after the 1973 War, Israeli expectations for American contributions to Israel's defense have considerably increased, to a large extent at the expense of this principle.

The war of 1973 introduced new elements into the Israeli perception of US policies and the nature of American-Israeli relations. In the Israeli mind, the 1973 war was the "unfinished war" because a ceasefire was imposed before Israel could regain her losses. Most Israelis believe that this was the deliberate policy of Secretary of State Kissinger. Therefore, it is argued, by eroding the credibility of Israel's deterrence, US policy makers have undertaken a great responsibility which they cannot ignore.

Thus the perception of the United States as mediator has had a profound impact on Israeli perceptions of US policy in general. Israelis are well aware that the recent interim agreement is not a bilateral Egyptian-Israeli agreement, reflecting a situation of give and take, but very much a trilateral agreement between Israel, Egypt and the United States.

Israelis feel that Israel is now one of the few places in the world where the concept of the free world and the American role in it are seen as meaningful. They take a very skeptical view of détente, refusing to believe that the Soviets will give up their aspirations to gain control in the Middle East. Israel was deeply affected by the events in Vietnam; it notes a weakness in the American system in that there exists a tendency of policy makers to seek temporary, often illusory, achievements at the expense of long range consequences.

GOALS OF INTERDEPENDENCE

Secretary of State Henry Kissinger has spoken of the Middle East in terms of a web of interdependence making each party hostage to the other party. What is this so-called web of interdependence? What are its sources and most importantly as addressed to by this session, what are the political, military and economic goals? Many Americans when focusing on the Middle East direct their attention to the Arab-Israeli conflict. They maintain that military conflict is inevitable. But, military conflict in the Middle East is not an inevitability. A state of inevitability, it may be maintained, lies in the interrelationship between the countries of the Middle East and the United States. The urgency of the multidisciplinary political, economic and military relationship has today reached an impasse from which a divorce would only serve the forces of conflict. In short, the result would be economic estrangement with the West, further political unrest within the countries of the Middle East and almost certain military conflict between Israel and her neighbors. The United States alone cannot resolve these issues, but her active involvement and her present unique ability to inspire a momentum towards a settlement of the Arab-Israeli dispute are prerequisites to obtaining a military settlement and thus further moving to diffuse the internal political and international economic crises.

The October 1973 Arab-Israeli War appeared to mark a turning point in what was then a 25 year old conflict. Although staged negotiations were encouraged, leading to a disengagement and partial Israeli withdrawals in the Sinai, one must candidly admit that significant progress has not been realized. Unless more negotiated stages are quickly implemented, the October War will not have produced any gains. This leads one to question whether in fact the October War was a major breakthrough, or rather, simply part of a discernible historical pattern.

In comparison to most wars, the four Arab-Israeli conflicts have been relatively short in duration. The October War lasted some 18 days. The June 1967 war lasted merely six days while the 1956 conflict ensued for little over a week and a half. Although the 1948-1949 war continued for several months, actual periods of fighting lasted for a brief few weeks. In spite of the seeming unimportance of these conflicts, the West has been intimately tied to the political concerns of the area.

This seems to suggest that a political Middle East diplomatic "culture" has developed. The major characteristic of this culture is the brief war, which immediately triggers international intervention. The intervention is successful in that it stops the shooting and as a quiet falls over the battlefield, negotiations ensue. However, these negotiations repeatedly prove futile as no settlement is reached: thus, a politics of the fait accompli. These conditions, one may suggest, are not the result of accident; rather, they are the continuation of a trend conditioned by history since at least 1789 and the inception of the "Eastern Question". In addition, there are other aspects of the "political culture," as shaped by the tantalizing modern historical experience. A pattern of domestic political, military and diplomatic action emerges where the actors repeatedly glance over their shoulders at the Outside World. This action is in part a "variant games theory," a sort of children's game of red light, green light. Furthermore, this "politics of the quick grab" is fostered by a zero-sum mentality and explicit in this mentality, is an absence of the notion of common interests. A web is spun enclosing within it the reluctance to separate primary and secondary rights.

In closely examining the October War, one is led to question the purpose for waging the war, the war itself and even the aftermath right up to this day. The examination may be concluded by asking if there is any indication that a breakthrough has been achieved. Unfortunately, many signs indicate to the venerable old pattern. President Sadat initiated the war to trigger international intervention. The crossing of the Suez Canal brought a "quick grab" to Egypt. As the military balance shifted, a ceasefire was initiated, yet the action of the "quick grab" continued after October 22 and raised the murky question of who was cheating. The superpowers were drawn in and were led to believe that the Mitla Pass, Kilometer 101 and the Golan Heights were crucial boundaries; indeed, areas which affected international security and well being. Cognizant of the sensitivities and, in some circumstances, distortions, the superpowers put forward proposals intended to aid a settlement. The proposals are rejected, as there remains a reluctance on the part of either side of the conflict to try things out, for fear that the result of any initiative which goes sour will be irreversible. Neither side will commit itself to long term aims. Mixed with this recalcitrance and fear is an

attempt from the actors to jockey with the superpowers in the area. The particulars of the October War, viewed in a long term context, point to the disturbing fact that no fundamental breakthrough has been achieved.

A historical analogy may shed a promising light. Religious war in early and modern Europe slowly gave rise to the idea of religious toleration. The growth of religious toleration along with the emergence of the nation state, fostered a weariness with the "old game". These trends cumulatively led to an awareness that a non zero-sum mentality must be adopted. And so too, in the Middle East, the nation state concept has increasingly developed since the eighteenth century. Today in the Middle East, as in Europe of the past, a realization is growing that "my gain may not necessarily be your loss." The Arabs may still not be convinced of the justice of the existence of Israel, but more are increasingly becoming persuaded of the impracticality of removing her. As economic stagnation and degeneration become the economic norms, the Arab states which are party to the military conflict, see that continued effort -- since 1948 or before -- will exact intolerable costs upon their own societies in terms of economic development. J. L. Talmon in his book *Israel Among Nations* advises that "one should perhaps try to remind the Arab intellectuals of historical parallels. In the sixteenth and seventeenth centuries Spain was bled white, went bankrupt and sank into torpor and impotence at the end of 80 years of war against Holland. Catholic-monarchical Spain could not bring itself to recognize or to treat, except for ceasefire arrangements, with heretics and rebels and usurpers of parts of its Empire, assigned to it, after all, by the Pope himself in 1496. In the end, the proud Spaniards were compelled to sign in 1648 a treaty with a Holland which had in the meantime grown from a handful of desperate rebels and fugitives into a vast Empire, the first financial power in the world, and culturally the most advanced country in Europe."

In turn, the Israelis have not been convinced as to the justice of the Palestinian case. However, Israelis are becoming increasingly aware of the damages inflicted against their own society as a result of this constant struggle. As long as Israel refuses to deal with the Palestinian issue, she will be forced to take up arms against these people and their supporters. The effect will be a state subjected to constant military alert and a people who fatalistically accept that conflict will be the norm for future generations.

The October War was won by the Arabs in the sense that they did not, for the first time, suffer a severe military defeat and further, by the fact that they were able to inflict heavy losses upon the Israelis. Israel prevailed militarily, but the combination

of staggering losses and the damage to her "psyche of indestructibility" was enormous. The conflict served as a catalyst for the introduction of the oil tool and the Arabs now found themselves with a powerful weapon -- at least for the short term. Each side suffered losses, but the Arabs gained an economic opportunity which offered positive options. The participants in the conflict may possibly have assembled the necessary elements that would allow for serious negotiations with the goal of reaching a settlement. The role of the superpowers in reaching this settlement may, however, not be discounted.

Ever since the end of World War II and the rise of the Cold War, the United States has sought to maintain a hegemony within the Middle East, although it was not until the 1956 crisis that the United States assumed primary responsibility for the area. The Soviets, meanwhile, were just coming into their own within the region. Pushed aside by the powerful United States presence and relegated to a second class role, the Soviets looked ever-increasingly more attractive to the nationalistic Arab leaders. Their policy was a diplomacy of polarization with the ultimate goal of obtaining Arab clients. The 1967 war and the diminution of United States prestige and authority allowed the Soviets to implement their influence in a zero-sum game.

If one is to assume that there has been a change in perception amongst the conflicting Middle East powers, may one similarly assume that a change has occurred within the policies and perceptions of the superpowers? The United States must ask herself if she continues to view the Middle East in terms of allies and enemies, or more precisely, as clients and clients of our enemies? Does the United States still hold Israel to be the only democracy in the area or does she view the systems in Lebanon, Greece and Turkey as democratic? Is support of democratic regimes the single criterion of United States foreign policy? Moreover, has the United States recognized the potential gains that may accrue to her and to international stability by remaining flexible, working with all parties and honoring commitments scrupulously with her friends, but never trying to line up her friends versus the "others"? Realizing a United States second strike capability in the Mediterranean and equivalent Soviet capability in the Atlantic, we must further inquire of ourselves as to what degree the United States-Soviet nuclear rivalry figures into United States decision making as regards the Arab-Israeli conflict. Can there be détente in the Middle East before this strategic rivalry is resolved?

Within the realm of military interdependence and the search for constructive change of policies and perceptions, the United States must closely examine its arms policy in respect to the

Middle East. One may readily contend that the United States has of late been following a policy of "assymetry" in respect to arms sales. This policy being that if the Soviets introduce a more lethal weapons system, the United States will follow with the introduction of a comparable system. One may assume that this race will subside only in the event of greater détente and further arms reductions between the United States and the Soviet Union.

The concept of interdependence encompasses a third and vital realm, that being the economics and the new wealth of the Arab oil producing nations. Each day, these countries are amassing larger reserves of capital which, for the present, cannot be absorbed by their societies. They must therefore look to financial markets deep enough to handle these vast sums of monies and secure enough to hedge against severe loss and inflation. The United States money market, with its large size and ever-growing needs, particularly as the nation searches for alternative sources of power, offers what the Arab oil producers believe to be the best "storage house" for their capital reserves. The Middle East is sorely in need of technology, both in respect to the material building of an infrastructure and to the educating of its young people. These states view the United States as the possessor of the finest technology and institutions of higher learning.

The partners in this relationship are inextricably, yet oft-times unhappily, tied. Nevertheless, the relationship is a reality and as such, the United States and the Arab nations must turn their attention to the goals of this interdependence, namely: how to change the economic structure of the Arab oil producing nations to make them less dependent on oil as a source of revenue and in turn, lessen the United States' dependency on their oil. Second, the United States must see that transfers of capital are done responsibly and plan against the use of capital as a weapon.

Old fears and misunderstandings still persist. Arab nationalists contend that Israel is an expansionist state and point to the borders prescribed by the 1947 United Nations partition resolution and to her borders of today. Israel quickly admits to this discrepancy, but defensively cites the Arab rhetoric calling for either the destruction or dismemberment of the state. The suspicions and mistrust stand as a firm barrier to a settlement.

The American, caught in the midst of this ongoing turmoil, chastizes himself for not being able to bring about a solution. The United States does indeed seek to end the conflict and, in fact, her interests would better be served by a resolution of the dispute. Until now no medium has been found to solve this problem. The executive branch, on the heels of Viet Nam and Watergate, is still

somewhat weak. Congressional concern over re-election and its general remoteness from the intricacies of foreign policy making, preclude it from any serious role in mending the conflict. A coalition of the executive and legislature must realize the necessity of interdependence and in so doing, provide the framework and momentum to allow the October War to serve as a breakthrough in the quest for reaching a settlement of the Arab-Israeli dispute.

SUMMATION

Joseph J. Malone

The theme of this year's meeting -- "Changing Relationships" -- is an amplification of last year's MEI meeting, which addressed the topic of "After the Settlement." That was also a reaffirmation of our wonderful American optimism concerning our ability to find workable solutions to complex problems.

We must all earnestly hope that the process of settlement is now well launched, and that our relations with the countries and peoples of the Middle East, Arab and non-Arab, are changing toward becoming the best associations possible in a fragmented, yet interdependent global society.

Change -- the word poses difficult questions when used in a Middle Eastern context. How rapid is the pace of change? How much change serves the general good, without placing undue or unacceptable strain on the fabric of society?

Our distinguished speakers have dealt effectively with these questions, and much else.

Last evening Dr. Farouk Akhdar expressed his and his government's concern that innovations and developments associated with large-scale technology transfers should not bring in their train forms of political and societal dislocation. Implicit in his remarks was the understanding that we have been in fact discussing continuity and change at this Conference -- not plus ça change, plus c'est la meme chose -- but continuity and change. A number of other speakers have provided evidence in support of that interpretation.

And therefore when my wife and I went home from last evening's banquet, refreshed and bright-eyed as two Wahhabi pilgrims who had slaked their thirst from the famous source which bears the name Zamzam, I was encouraged to seek out a statement on our relations with another major world culture and adapt it for this occasion. It, too, addresses questions posed by change and continuity. The statement is from Herryman Maurer's *Collision of East and West* (1951). [In place of "China" I have substituted "Arab", although remarks by Professor Ramazani and Ambassador Handley establish that "Iran" or "Turkey" might also as readily be employed.] Maurer wrote:

The Arab's great need is for a new sense of nation, and it is right to insist that the state be above everything else...the people's conservatism is hard to budge...but the people are the source of the intelligentsia, who come from the soil and return to it...the people are the great national resource, but they are peasants...the educated must be the pioneers of change and must read lectures in traditional fashion to the people...Western culture is dynamic...but it has produced slums, crime and depressions...the IBM typewriter is fabulous but it ruins one's calligraphy...the USA is a wonderful country and the Arabs must hope to benefit from its advanced technological skill...but the USA has been a source of humiliation and Arabs might well be advised to trust only in themselves, knowing that the West is to be admired but there is strength behind the Arabs...Americans observe that governments exist for the health and happiness of the people, perplexing Arabs over democracy's concern with petty material comforts.

The USIA's Dr. William Rugh spoke to one of the themes of that long quotation today, when he observed:

...there is a good deal of interest in economic cooperation, and admiration for America's capabilities in many spheres. At the same time, suspicions and misgivings about America and what the United States will do with its power are still widespread in the Arab world, and the Arabs are watching us more closely than ever before.

Changing relationships are evolving from more frequent contacts and greater involvement in the Middle East by Americans in the last quarter of the twentieth century. This may therefore be the point

at which an important caveat might be put forward. I will do this by referring to a conversation with Ambassador James Akins in Jiddah several months ago. He has looked carefully at the implications of technology transfer, and continues to express, as he did in our meeting, his concern over the forms which some of these US-Saudi contacts will take, as tens of thousands of Americans enter the Kingdom in the next decade to help get the job done. Therefore he was convinced that American corporations, consulting firms, universities and, indeed, our government must begin to make a significant investment in cultural sensitivity training.

The need for this type of activity was also emphasized yesterday in the panel discussion chaired by Dr. Norman Burns, former President of the American University of Beirut, and an "old Middle East hand." The paucity of our investment in the Middle East by the Department of State's Bureau of Education and Cultural Affairs -- the sum was little more than \$1 million per annum -- was revealed by Mr. Daniel Newberry, Director of the Near East and South Asia branch of that bureau. Although they give and get good value with the small budget at their disposal, it might be better spent in tandem with larger investments by the great American corporations who have so much to gain from a close working relationship with the Middle East, if only they can prepare themselves to function effectively in a very different environment.

And what of the Middle Easterners who come here for higher education and specialized training? Dr. Virgil Crippen, President of the American Friends of the Middle East, reminded this Conference that there were 25,000 Middle Easterners in that category, resident in the United States in 1974. Today there are many more, and the flow will increase. There is a danger that meaningful interpersonal relationships and programs designed to facilitate mutual respect and understanding will be assigned the lowest priority, given the emphasis on acquisition of technological knowledge. Programs which provide a good "mix" of training and cultural awareness, such as that provided by the University of Arizona, must be studied and emulated.

For such reasons the concern expressed by Ambassador Akins must be taken very seriously. He has an uncanny knack for not only telling it the way it is -- but for telling it the way it is going to be. Witness his predictions, in a number of forums and as much as four years in advance of the fact, of the revolution in international petroleum production and marketing policies of 1973. We are well advised to look carefully to the means by which our relationships with the Middle East will evolve in the years ahead, and to take positive initiatives not only on the intergovernmental and corporate levels, but on what was once described as "the medium of personal embassy."

Mention of the 1973 watershed will serve to introduce a consideration of the perceptive and comprehensive Keynote Address by Senator J. W. Fulbright. Earlier this year, in Missouri, Senator Fulbright spoke on what he described as "the clear and present dangers," and addressed many of the themes which emerged in yesterday's excellent address. Reflecting upon a speech made in Missouri by a renowned native of Arkansas, I recalled that an item of technology important to the economies of both of these great states, is the mule. Some of you, of more mature years, may recall that in the campaign in the Appenines in World War II there was a curious illustration of Clausewitz's second dictum -- that wars are won with obsolete weapons.

In the bitter fighting in the Italian mountains, it was found that only the sure-footed mule could be counted upon to venture where no vehicle could penetrate. It was therefore necessary for an old and seasoned master sergeant cum muleskinner to train a cadre of younger soldiers to handle these ornery beasts. After leading them to a stable and assuring them that the animal with long ears and a baleful glare was in fact a mule, he began with Lesson Number One. This was to seize a two-by-four pole and break it over the mule's head. The hapless creature dropped to its knees, and then straightened up. "First," declaimed the sergeant, "You get the mule's attention."

I submit that in 1973 the United States was the mule, and the oil embargo of that year was the two-by-four pole brandished by the Arabs to secure our attention. And yesterday we were given compelling reasons for riveting our attention on the Middle East and working toward the goals described by Dr. Akhdar in his "friendly but serious little talk," during which he said "...and now, the challenge is here."

Taken in the context of Professor Carl Brown's Spenglerian interpretation of recent Middle Eastern history, in which he provided a reminder of the cycles of truce and violence which have characterized the pre-1973 period, Senator Fulbright's assessment of the "clear and present danger" must be taken very seriously by our government and by the governments in the Middle East. It was encouraging to have it received with approbation and also analyzed and evaluated with such care in subsequent discussions at this Conference, as best exemplified by the careful interpretation provided this morning by Professor J. C. Hurewitz.

Even as Senator Fulbright addressed us, the Committee on Foreign Relations of the Senate, which he led for so many years and with such distinction, was pursuing the Wilsonian dream of

"open covenants, openly arrived at" by releasing documents provided by Dr. Kissinger on the Sinai disengagement proposal. There was much to ponder in them. With reference to supplying oil to Israel, the statement "...where no quantitative restrictions exist on the ability of the United States to procure oil to meet its normal requirements" hardly indicates that a blank check has been handed over, although there is much that is implicit -- some observers might say ambiguous -- in such language. (It might be noted that I was provided an advance copy of the documents not by a Senate staffer or member of the American press corps, but by the Washington correspondent of a leading Beirut newspaper. He had already filed a long story on the documents, knowing how central are the actions and attitudes of our executive and legislative branches to the concerns of Arabs from the Fertile Crescent through the Arabian Peninsula, who depend upon a free Lebanese press for much of their information.)

Senator Fulbright, I suspect, would agree that the task of getting his message not only across the country, but also across town (and even down the street from the Mayflower Hotel) is still before us. As Professor Bernard Reich reminded us, the hands of 76 Senators and all those Congressmen who signed a letter to President Ford in support of Israel were not uniformly guided across the bottom of the page by the erstwhile Zionist lobby.

I may think that our elected representatives have agendas too crowded to allow for personal correspondence during working hours, but our task is not to discourage them from such pursuits but to remind them that just as the Tigris and Euphrates join at Qurnah, and flow to the Gulf and on beyond Hormuz to the sea and ocean, there is a confluence of Arab and Israeli and Turkish and Iranian and American interests. The task is to locate it, identify it, work toward it.

In the process, our country will be helped mightily by such deliberations, such information-sharing as were provided in the several panel discussions of this Conference.

We understand from these sessions that OPEC members in the Middle East are learning, as an official in Abu Dhabi described it to me, that "...a petrochemical industry is not something to be purchased at an Indian store." There is a dawning awareness of the need to begin, with all deliberate speed, a reassessment of priorities. The prospect of an international airport in Sharjah, about fifteen miles from the international airport in Dubai, is now widely recognized as wasteful, even foolish competition. It could be hoped that the competition would involve the building and staffing of industrial training institutes, not only for the local citizenry, but for the Baluchis who crowd into the United

Arab Emirates, for the Yemenis, Hadhramis and Sudanese who seek something better out of life as laborers in Saudi Arabia and all other "have-not" immigrant laborers for whom the revolution of rising expectations is a pale chimera. If Americans are to assist in these needed reorderings of goals and priorities, it will be because we have more than technical skill, to include a full measure of understanding and sympathetic concern for those who would accomplish in a few decades what the West achieved over a much greater span of time.

It has been documented for us in the last two days that an important concomitant of changing relationships is a quickening of the pace of our acquisition of knowledge of the Middle East. Not so long ago we were to a great extent dependent upon British scholars for our information about Arabia and the Southern Gulf -- a few exceptions being the brilliant Arabist, George Rentz, and his geologist-turned-humanist confreres Max Steineke and Roy Lebkicher, whose ARAMCO-sponsored researches bridged many gaps in our knowledge. Now the books, articles and, indeed, the quality of media coverage by Americans have ended that near-monopoly. The most recent example of our developing expertise is John Duke Anthony's comprehensive and insightful *Arab States of the Lower Gulf: People, Politics, Petroleum*, which was published by the MEI only this week. Others -- the *Christian Science Monitor's* John K. Cooley in his columns and his book *Green March, Black September* or our fellow conferee, ABC's Peter Jennings in his award-winning conversations with Anwar Sadat are two examples -- are bending their efforts to raise the level of knowledge and comprehension of Americans concerning a vital world area, its people and their aspirations. Much remains to be done -- as evidenced in a recent *Washington Post* article, which indicated that the roots of the Kurdish problem go back to the 1960s!

Our growing fascination with what is new in the Middle East -- new opportunities, new sources of concern -- should not detract from our many long standing associations with the area. Many of us are preoccupied with the tragedy now manifest in Lebanon, hoping that the factors of instability and extremism will not destroy the legacy which has its roots in the early decades of the nineteenth century. We have heard much about the American University of Beirut during this Conference, and there was little that was heartening in the comments. I was reminded of offering congratulations to an AUB colleague who had been granted tenure many years ago. His reply was that it was more important that AUB should have a "tenure appointment," and today we might extend the hope to embrace all of that lovely, many-faceted country which has offered its hospitality to the AUB for nearly 110 years. We count upon the university and the country to somehow simply outlast forms of adversity, as they have

in the past. Bayard Dodge, under whose wise stewardship the university carried out its missions during the French Mandate despite harrassment in many forms, had the satisfaction of watching from the AUB campus as French naval units carried the last of the occupying forces -- for such they had become -- back to Toulon and Marseilles after World War II. The combination of steadfastness and capacity for honest compromise which have served the university and Lebanon so well during crises past may yet enable them to overcome crises present -- and prepare them for future challenges.

Another historic association, at present under considerable strain, is that between our country and Turkey. The exclusiveness and extent of dependence which characterized Turco-American relations for so long have made the estrangement which inevitably came more bitter than it might otherwise have been. Out of it may come a more balanced and reasonable relationship, which will do honor to our historic ties, and provide lessons for other countries -- Israel being the most obvious example -- which have for too long counted upon a special relationship with the United States.

Nor should recent political history cloud our perception of the long interaction with Syria, attested to by the many graduates of Aleppo College and by a wide variety of educational and cultural linkages. During the height of acrimonious exchanges between Washington and Damascus, after the war of 1967, an AUB scientific and medical mission continued its program of consultation and advice to the University of Damascus Medical School. Similarly, in Cairo at that time, the United States Navy Medical Research Unit carried on with investigations in the health sciences and biology which originated during World War II. As our government considers the advisability of arms aid to Egypt, we may recall that our military associations are of such venerability that some of them are described in a volume entitled *Blue and Grey on the Nile*.

I need only refer to Professor R. K. Ramazani's successful effort to place relations between Iran and the United States in historical perspective (in yesterday's panel session) to evoke the spirit of that long association, beginning with the American advisory mission of 1910-1911.

And then there is Palestine. It may be useful to recall that Lord Balfour, while attending the Washington Disarmament Conference of 1922, asserted that the United States was by every measure the best suited to assist Palestine through that form of tutelage known as the mandate period. He was speaking not of a British but a Palestinian preference, as readers of Dr. Harry Howard's authoritative study of the American King-Crane Commission already know.

It was not a snap judgement -- Americans and Palestinians had come to know one another well from the 1880s onward. After all, the American Colony was more than a hotel in East Jerusalem, and Bertha Spofford Vester was more than a kindly lady who painted pictures of flowers of the Holy Land with startling accuracy.

The petrodollar tended to dominate, in various ways, a number of the discussions at this Conference. After all, it is responsible for a number of changing relationships. Therefore countries with which we have only recently renewed our association -- such as the Yemen Arab Republic -- and others with which we have no meaningful ties at all, such as South Yemen, have inevitably received short shrift. It will not always be thus. Many of my generation only know of Aden as a bunkering port for Guy Gilpatric's *Inchcliffe Castle* and as the locale of some of the more colorful roisterings of its chief engineer, Mr. Glencannon. But with Suez again open, it is a certainty that we will be learning much more about Aden and South Yemen, ere long.

My feeling is that this Conference would support the proposition that:

...the role of the Arabs in history and even the structure of contemporary Arab society are widely misunderstood and misinterpreted in the West. Neither Americans nor Arabs can afford this situation in the last quarter of the twentieth century, during which our lives and fortunes have become inextricably linked.

Perhaps we have said too much about the petrodollar. As a sometime consultant, I have had a businessman write to me that "...perhaps one day your interests and mine will collide in a cloud of money." There is so much more to American relations with the Middle East than that. Dr. Akhdar suggested that Americans should ask not what Saudi Arabia can do for the United States, but what can America do for Saudi Arabia?

Fair enough. So long as our Saudi friends continue to ask what their country can do, in helping itself to develop, for the agents of that development -- the United States and the West. That is interdependence, pragmatically defined. The panel discussion of Messrs. Campbell, Hurewitz, Brown and especially the redoubtable A.J. Meyer gave us full measure of that type of pragmatism during this morning's session, and we are grateful to them for it. For such questions as Dr. Akhdar and I have posed

should be restated to include every country of the Middle East -- from the Atlantic shore to the marches of Central Asia, and from the Bosphorus to the Bab al-Mandeb and Ras al-Hadd.

Above all -- they can only be answered to the mutual satisfaction of all peoples of the Middle East and the United States if there can be achieved a situation referred to in another speech by Senator Fulbright, when he said:

...the only secure borders are those which are accepted by one's neighbors.