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**Far More Than Energy Drives U.S. Response
to Iraq's Aggression Against Kuwait**

Statement of John Duke Anthony
to the
U.S. Senate Intelligence Committee
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Mr. Chairman, thank you for the invitation to set forth a range of reasons for what our government is doing at this time in response to Iraq's invasion, occupation, and annexation of Kuwait.

In prefacing my remarks, allow me to make clear that my views are not those of an economist, a businessman, a lawyer, or a diplomat. They are those of a specialist on America's interests and involvement in the Arabian Peninsula and the Gulf states.

Mr. Chairman, my analysis of the situation in terms of our own country's needs and interests, and those of our many Arab friends and other allies, is as follows:

Since 1973, the Gulf Cooperation Council countries -- Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates -- have spent billions, mainly in the United States, in planning, preparing, and prepositioning facilities, equipment, and troops to accommodate foreign military buildup for the kind of crisis which began on August 2. The purpose has been clear from the start: to deter aggression and, if necessary, to defend against the aggressor. In the intervening 17 years, literally thousands of American officers and troops have trained in both the U.S. and the Gulf region with such contingencies and scenarios in mind. The results of that training and the compatibility of the U.S., Saudi Arabian, and several other GCC systems of logistics and support have greatly simplified and smoothed the present operation.

Since 1983, albeit away from the limelight of the American media, combined units of all six GCC countries have trained, maneuvered, and exercised jointly on each other's territory in pursuit of the same objectives. When the first American soldier landed at the Saudi Arabian military base at Hafr Al-Batin in response to Kuwait's and Saudi Arabia's calls for assistance, units of these six Arab countries' armies, comprising 4,500 officers and soldiers over and beyond Saudi Arabia's forces, were already there and in place.

But these numbers were far too small to deter Iraq with the size of its army and the quantity and range of advanced equipment that it had moved into Kuwait and amassed on Saudi Arabia's border. Therefore, Kuwait and Saudi Arabia called upon the U.S., Great Britain, and other friendly countries -- most of them fellow Arab nations -- to provide such help as they could.

In responding to this request, the Bush Administration has stated clearly the principles that the U.S. and the international community are defending: (1) restoration of the national sovereignty, independence, and territorial integrity of Kuwait; (2) adherence to the United Nations Charter regarding the inherent right of its members to request assistance in support of their self defense; and (3) the Charter's unambiguous declaration on the inadmissibility of territorial acquisition by force.

For critics who see the issues only in terms of oil, it is important to keep these principles in mind. Moreover, to better understand what to many may appear to be a questionable rationale for what we are doing, it may be helpful to point to a range of additional compelling reasons beyond oil, important to ourselves and others, for supporting stability in the Gulf and the security of the GCC countries:

o The four GCC countries in OPEC -- Kuwait, Qatar, Saudi Arabia, and the UAE -- have been a consistently moderate force within that organization for two decades, working to keep price increases in tandem with or lower than rates of inflation, and working with the U.S. and other oil-importing countries, especially those hard hit by the imposition of sanctions against Iraq and Kuwait, to make up the production deficit and thereby ensure a steady flow of oil in adequate amounts at manageable prices.

o For the past decade and a half, the GCC countries as a group have been second only to Japan as the single greatest underwriters of the American national deficit, annually investing billions of dollars in U.S. Treasury securities, and allowing interest rates to remain lower than would otherwise have been the case.

o The GCC countries remain key to continued support for the dollar, the currency in which their oil -- America's costliest import -- is denominated. Such support, day in and day out, even when the dollar has been weak, gives the U.S. a privileged and much envied advantage over all other oil-importing countries. This support is essential to the ongoing stability and acceptability of the dollar in international monetary transactions and is also of major importance to the strength of the American financial system worldwide.

o For most of the past fifteen years, they have provided substantial amounts of investment capital to both the public and private sectors of the U.S. economy, thereby having a significant hand in the overall well-being of tens of millions of Americans, contributing substantially to overall American corporate vitality, augmenting indirectly federal and state tax revenues, constituting the means of employment for several million Americans, and providing funds enabling research and development, lower productivity and unit costs for the defense industry, and U.S. economic expansion in general.

o The GCC countries have long been a major source of financial capital in support of the foreign economic assistance needs of close to 80 developing countries, most of which are also the friends, allies, and strategic partners of the United States. Many of these developing countries have been adversely affected by America's steadily shrinking foreign aid programs and by Congressional earmarking of 90% of all U.S. aid to only five countries -- with Israel receiving one third of the total, followed by Egypt, Turkey, Pakistan, and the Philippines. The resultant cost-sharing between the U.S. and its Arab allies has lessened the burden of American taxpayers.

o These same GCC countries have made increasingly positive contributions in seeking solutions to the developing countries' debt problems and in coordinating their positions on these issues with those of the United States in such important institutions as the International Monetary Fund, the World Bank, and other forums.

o For most years during the past decade and a half, they have ranked among the top ten U.S. trading partners among the world's 159 nations. On the investment side, they account for the lion's share of U.S.-Arab joint commercial ventures in the region as a whole. Further, U.S. corporate investments in the GCC countries represent half of the entire world's investment in the GCC countries.

o They remain critical to the prospects for Eastern European countries' ability to reform and develop their economies, with those prospects turning heavily on the need for substantial inputs of energy at manageable prices. In this regard, the GCC countries are the foremost forces in support of price restraint and the single most available and amenable source of supply.

o In the aftermath of the Camp David accords between Egypt and Israel, they have been among the leading forces helping to reintegrate Egypt into the Arab world, resuscitating Egypt's regional position and prestige, and paving the way for its readmission into the Arab League, the principal Arab organization authorizing the participation of Egypt and 11 other Arab nations in the internationally concerted action endorsing the UN sanctions and blockade against Iraq. Had Egypt not been a member of the Arab League at this time, the vote condemning Iraq's actions and in support of Arab troops assisting Saudi Arabia would have been quite different.

o They played a critical role in the 1987-88 Gulf ship protection ("re-flagging") scheme and in bringing about the 1988 ceasefire in the Iran-Iraq war, which prevented the victory of Iranian radicalism and the spread of Khomeini-inspired revolutions beyond Iran's borders. In the process, they saved the lives of countless Americans and peoples of other nationalities, as well as their own citizens.

When the USS Stark was attacked by Iraq on May 17, 1987, it was Bahrain's Navy that rescued American sailors who would otherwise have drowned. Moreover, Oman's extraordinary cooperation with the U.S. and the other international forces assembled during that operation, allowing emergency landings on its territory, saved the lives of 37 American pilots. During the Iran-Iraq War, Saudi Arabia's AWACs reconnaissance planes and F15 aircraft safeguarded the lives of not only the millions of GCC citizens in the area stretching from Kuwait to Oman, but the tens of thousands of Americans and other nationalities who lived and worked in the areas threatened by Iran. These airplanes continue to do so now in the same areas threatened by Iraq.

o In addition to their moderating role in OPEC, the GCC countries play a similar role in two other major international organizations -- the 46-nation Organization of the Islamic Conference and the 22-member League of Arab States -- in which U.S. interests, needs, and concerns are immense. Not being a member, the U.S. is without influence over these organizations' policies, positions, actions, and attitudes.

o These countries have also had a significantly influential impact on the Arab League consensus -- expressed at pan-Arab summits in Fez, Morocco in 1982, in Amman, Jordan in 1987, in Algiers in 1988, and in Casablanca in 1989 -- in support of a peaceful settlement of the Israeli-Palestinian conflict, which contributed to bringing about the PLO's recognition of Israel, its renunciation of terrorism, and its acceptance of a two-state solution.

o Regarding Lebanon and Syria, the GCC countries have been consistently supportive of the 1989 Saudi Arabia-mediated Taif Accord to amend the Lebanese Constitution so that Lebanon's legitimate government can consolidate its authority and end that country's 15 year old civil war; and, in cooperation with the international community as a whole, they have worked hard to expedite the release of the hostages in Lebanon.

o Not least among these considerations is the fact that located within Saudi Arabia are Mecca and Medina, the two holiest places in Islam and the epicenter of prayer and pilgrimage, of faith and spiritual devotion, for nearly a billion people -- one fifth of the world's population -- who are heirs, like most Americans and a majority of the globe's inhabitants, to the Judeo-Christian-Islamic heritage which underpins many of the world's most basic values and cherished traditions.

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As a result of the 1987-88 ship protection scheme, the coordination of our respective defense operations, and critical technical, logistical, and operational assistance by the GCC countries, Kuwait and Saudi Arabia have reason once again to take us at our word. As we have repeatedly encouraged them to do for the past decade and a half, they dialed 911 and called for help. For all that's at stake and at risk for us, for them, for their fellow GCC countries, and for a great many others, it is only right and just that we respond, with the world community behind us, as we have.

In conclusion, Mr. Chairman, let us be clear. The issue is not oil. It is not even mainly oil. It is all of the principles and reasons cited herein and the multifaceted prospects for peace, development, and prosperity in the post-Cold War world.

Thank you, Mr. Chairman.

Dr. John Duke Anthony, President of the National Council on U.S.-Arab Relations, writes frequently on matters pertaining to American interests and involvement in the Arab countries, the Middle East, and the Islamic world.