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History of the Modern Middle East

Final Exam

The drive for power throughout the world is a very common motivator, and this remains especially true in the middle east during the 1950’s and 60’s which has been presented to them through the global need for oil. Those countries that are rich with oil have then found themselves in a position where they have significant control over a vital aspect of the world economy. However the caveat is that these countries did not have the means of distributing their newfound wealth, thus requiring the assistance of other foreign powers. This still enables middle eastern countries such as Saudi Arabia and Iran to function as rent states, or allocation states. To be a rent state is that the majority of the country’s income comes from sources independent from taxation. “As of 2010, oil exports accounted for 90 percent of Saudi Arabia’s revenue, 94 percent of Kuwait’s, and 95 percent of Abu Dhabi’s” (Gelvin, 256).

This newfound wealth led to drastic changes throughout all of the middle east, especially within Saudi Arabia. The massive influx of jobs and income led to immense modernization from their allocation of resources, as well as the founding of ARAMCO, which grew to be one of the wealthiest companies worldwide before being hacked by Iran in 2012. The Saudi Arabian government chose to build immaculate structures and reinvest in their own political and economic well being. As a result of these decisions, they quickly found an abundance of political power along with the responsibility and control over the world’s oil supply. As a result of their political and economic reliance on oil, they also lack the power over many things such as in 1973 when oil prices drastically increased, causing competitors to look elsewhere such as the North Sea and Alaskan oil fields (Gelvin, 260). This mainly impacted Saudi Arabia as they rely solely on their oil reserves for income rather than a country like Iran who also supports a larger population and more industrial infrastructure. Saudi Arabia continues to gain more independence from oil based income by investing in their society in hopes to reduce the likelihood of an economic downturn. This variation in resources leads to a more involved population, where many people are able to take advantage of things such as cheaper healthcare and lower overall cost of living due to the government’s assistance on necessities. As a result, many people are encouraged to start businesses and firms, that allow for not only more taxable income, but also growing separation from the country’s reliance on oil. Saudi Arabia is essentially attempting to become a more modernized Iran, with traditional Islamic values.

As stated above, Saudi Arabia’s economy, political system, and social lifestyle essentially revolves around foreign powers buying their oil, much more so than Iran’s. Without the movement of oil, these countries will greatly struggle to maintain a decent living condition, therefore, it is in everyone’s best interests to keep everything civil. Each country involved must tread lightly in order to maintain a consistent flow of money and oil to each respective party. Saudi Arabia relies on the income from countries like the United States just like they rely on the oil received from the middle east. The exchange here must be mutually beneficial, otherwise it is likely that the purchasing country could seek elsewhere for their supply, leaving Saudi Arabia with a significant loss of income. Similarly, this abundance of oil in the middle east is a key factor to the United States’ involvement in the region. This is because of the mutually beneficial relationship that goes on, in that the US wants to maintain a cordial agreement that does not cut off their supply to oil. It is in the United States’ best interest to have as much control as possible in these countries, meaning that we often look to protect those who are in danger. In addition to this, it is also important to the US to protect their allies hence the involvement in the Iraq-Iran war and continual occupation of the area.