

OIL AND THE ARAB CIVIL WAR

ARTICLE

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Inter-Arab relations are plagued by conflicts between neighbouring countries, civil wars, and several failed states. These are frequently discussed as separate conflicts, independent of each other, yet this is a distorted vision, rooted in the fiction of a world of fully independent and sovereign states. In contrast, the proliferation of Arab conflicts should be viewed as the manifestation of a single Arab Civil War, rooted in the unresolved dichotomy between oil-rich and oil-poor Arab countries (a paradigm dating back to the book by Malcolm Kerr and El Sayed Yassin Rich and Poor States in the Middle East, Routledge, 1982).

Oil has consolidated authoritarian regimes and provided resources that have made never-ending conflicts possible. The dichotomy between oil-rich and oil-poor countries overlays and combines with sectarian and ethnic segmentations, determining a shift in the balance of power from populous, historically well-established, but poor countries to rich states with small populations and shallow historical roots.

In the aftermath of the second World War, Nasser's Egypt emerged as the champion of Pan-Arabism – a single Arab state stretching from the Atlantic to the Indian Ocean and the Gulf. This vision was widely popular across the Arab world, but did not take into sufficient consideration the many diversities of the Arabs. When the United Arab Republic, formed by the union of Egypt and Syria, failed in 1961, the momentum towards Arab unity was broken. Egypt got embroiled in the North Yemen civil war, following the overthrow of the Imamate in 1962, and engaged in indirect war against Saudi Arabia, which was supporting the royalists. The cost was enormous, ushering in the disastrous 1967 war, when Egypt was utterly defeated by Israel, lost control of the Sinai and closed the Suez Canal.

That was the end of Pan-Arabism, but it would be a mistake to view today's Arab states as fully independent of each other. Due to the close political interdependence that is a feature unique to the region, different regimes in individual Arab countries inevitably intrude in each other's affairs. Commonality of language, and to a considerable extent also of media (Al Jazeera, Al Arabiya), is an obvious factor in explaining the high level of political interdependence, but it is not sufficient: other regions share similar commonality of language (e.g., Latin America) but do not display similar levels of mutual political vulnerability. In the Arab region, all regional politics is domestic, and all domestic politics is regional, so that we may speak of a single Arab political

sphere. Individual regimes feel exposed and threatened by political developments in neighbouring countries, and inevitably become involved.

The most obvious example of the region's political interdependence was the Arab Spring: a popular revolt in Tunisia – certainly not the most regionally influential Arab country – not only toppled the well-entrenched local dictator, but lit a fire that quickly spread to the entire region, clearly demonstrating the regional dimension of the conflict. In the aftermath, the major oil-rich countries of the GCC intervened directly or indirectly in Bahrain, Syria, Egypt, Libya and the Sudan.

While the people of the region clearly aspire to greater respect for human rights and political participation, the countries of the Gulf support authoritarian solutions in all neighbours and fail to address the need for regional economic integration, preferring massive reliance on expatriates from non-Arab countries and a global economic orientation that deepens regional contrasts rather than assuaging them. The autocratic rulers that the Gulf monarchies actively support mimic the economic strategies of their patrons and fail to address the worsening poverty of their people. They offer no hope of a better future and keep themselves in power with violent repression. Today, as in the 1960s or during the Arab Spring, the fight is about governance, democracy, dignity, respect for human rights. Differently from sixty years ago, we cannot today frame the conflict as republics against monarchies, because republics have proven no less authoritarian than monarchies; but the essence of the divide remains the same.

Oil is a key factor because resources are so unevenly distributed between Arab States. A group of seven oil-rich states like Iraq have very large reserves relative to their national populations; the rest have either limited resources like Syria or none like Lebanon.

The oil-poor states have the deepest roots in history and encompass by far the largest Arab populations; they were culturally and politically preeminent in the past, but the source of power has shifted from the barrel of a gun to a barrel of oil, progressively increasing the weight and role of the oil-rich states. In the latter, oil revenue consolidated the rentier nature of the state and patrimonial monarchies or authoritarian tribally-rooted republics (Iraq, Libya). This evolution has not gone down without nurturing resentment and misgivings among the majority of the Arabs in the oil-poor states – of which the oil-rich states are well aware.

In a first phase of the oil era, the rapid increase in oil revenue was accompanied by significant regional redistribution of the rent. The oil monarchies extended fiscal support to other Arab states, in particular frontline states in the war against Israel, through unilateral transfers and loans. Various inter-Arab institutions were created to channel investment and development aid. Still, the most important redistribution tool was migration: large numbers of Egyptians, Palestinians, Lebanese, Syrian, Yemenis, Sudanese, Tunisians and Moroccans moved towards the oil-rich countries of the Gulf (including Iraq) and Libya – some well-educated, but many also low-skilled or unskilled workers. Their remittances set in motion a process of rapid social change in their countries of origin (e.g., for Egypt see Saad Eddin Ibrahim *The New Arab Social*

Order, Routledge, 1982), which pointed to the possibility of achieving a win-win process of regional economic integration, eventually leading to EU-like political cooperation among interdependent sovereign states.

This promising start was cut short in 1990, when Saddam Hussain, frustrated by the lack of economic support from the Gulf monarchies after the catastrophically costly war with Iran, invaded Kuwait. The oil monarchies reacted with the expulsion of large numbers of Arab immigrants, imposing more stringent visa and naturalisation requirements, and shifting to sourcing expatriate workers primarily from South and Southeast Asia. Expatriates from other Arab countries were allowed only for high-skilled and professional occupations: for the countries of origin, the negative implications of the loss of human capital have outweighed the benefit of remittances.

After 1990, the Gulf oil-rich countries isolated themselves from the region: not only by shifting the inflow of workers from neighbouring Arab countries to Asia, but also by further tightening the close alliance with the United States, and pursuing a development strategy centred on globally orientated services: in finance, logistics, communications, technology. This quintessentially technocratic approach measures success on the basis of the pecking order occupied in the numerous international ranking exercises (from the World Bank “ease of doing business” index – discontinued in 2020 – to various measures of technology uptake), rather than on national or regional popular support.

Distances in regional standards of living have widened. The media bring images of futuristic urban developments into the homes of impoverished peasants and urban unemployed or informal workers of the oil-poor countries: they cannot fail to fuel resentment and revolt. The language of opposition everywhere is Islamism: no other resistance narrative is available, with the consequence that whenever processes of democratisation are attempted, it is Islamist parties that win the poll.

As shown by their reaction to the Arab Spring and thereafter, the attitude of the Gulf monarchies towards political threats emanating from the rest of the region has not been uniform. Qatar has always maintained a dialogue with the Islamist tendencies, be they the Muslim Brotherhood, Hamas or even the Taliban. In contrast, Mohammad bin Zayed in Abu Dhabi has led the resistance against all manifestations of the Brotherhood or Islamism. The UAE actively undermined the Morsi presidency in Egypt and repeatedly bailed out the al Sisi regime; supported Haftar in Libya and the Rapid Support Forces in Sudan; and still in 2024 sponsored regional reconciliation with Bashar al Assad – just before the latter was overthrown. In 2017, Abu Dhabi and Saudi Arabia even attempted to precipitate a political crisis in Qatar by completely cutting ties and threatening military action, but Qatar successfully resisted.

Besides the Islamists and the monarchs, the third main protagonist in the Arab civil war is the Shi’a, led by Iran. It is indeed interesting to go back in history and revisit the ideological outlook of the Shah in Iran just before the revolution, because it is strikingly similar to the technocratic narrative of today’s Gulf monarchies. Iran was to become a technologically advanced economy

with civilian nuclear capabilities, advanced industry and leading international communications, attracting tourists from the rest of the world. The Islamic Revolution was a popular revolt against this vision. The Islamic Republic progressively mutated into another rentier state mostly concerned with its own survival, but did not lose its revisionist narrative. Shi'a popular resistance is an active factor in Lebanon, Iraq, Bahrain, Yemen and – to a lesser extent – Saudi Arabia. But the Islamic Republic has instrumentalised this popular resistance in the pursuit of regional hegemony, also supporting the Assad regime in Syria (in alliance with Russia...) and Hamas in Palestine. Iran opportunistically exploited the failures of the United States in Iraq and Afghanistan, but in the end did not truly have a chance of becoming the regional hegemon.

Recent developments in the region have substantially weakened Iran, facilitating the start of dialogue with the Gulf monarchies: both sides must prioritise the containment of popular discontent at home or in neighbouring countries. In this context, the collapse of the Assad regime in Syria potentially represents a hugely important turning point. It shows that the quest for respect for human rights and dignity which fuelled the Arab Spring is not dead. It opens the possibility of seeing the emergence of a successful inclusive Arab democracy, as was intended but failed in Iraq after the liquidation of Saddam Hussein's regime. At the same time, the serious weakening of Hizballah also opens the door to the possibility of restoring the sovereignty of the Lebanese state, which might provide a further example of overcoming sectarian cleavages and building an effective democracy.

Not all Gulf monarchs are happy to see Ahmed al-Sharaa guiding the process of democratisation in Syria; however, in this case, Saudi Arabia is working with Qatar to consolidate the new reality, while Mohammed bin Zayed is seemingly isolated. Traditional ties between Syria and Saudi Arabia are too close for the Kingdom not to support an obviously popular new course in Damascus: the meeting between President Trump and al Sharaa in Riyadh was a major diplomatic achievement for the Kingdom.

Developments in the rest of the region mean that regional priorities are imposing themselves on the Gulf monarchies, conflicting with their globalist orientation. Whatever might be the end game of Israel's all-out war on Palestinians in Gaza, the Gulf monarchies will need to pick up the tab. Lebanon and Syria will inevitably absorb large funds, while Egypt is regularly being rescued with "deposits" into the Central Bank from the UAE and Saudi Arabia. At some point, peace will also need to return to Yemen and the Sudan, both in dire need of support and investment from the rich Arab neighbours. How is this going to be compatible with the UAE's promise to invest \$1.4 trillion in the next 10 years, and Saudi Arabia's \$600 billion, in the American economy? They do not possess such financial resources and have huge ambitions for investment at home, in addition to the inevitability of investing in the region.

Such promises are formulated at a time when oil prices are significantly below the assumed target that OPEC+ has been pursuing, and a full-fledged price war may be imminent. Even if that is avoided, the pressure of production from countries outside the group and demand weakness in the industrial countries and China mean that there will not be a new surge of oil rent to help the Gulf monarchies in the dangerous navigation through multiple trade-offs. Even

if oil demand is still rising globally, jacking up prices by limiting production is a decreasingly effective strategy. Difficult choices lie ahead for all states whose survival depends on a continuing inflow of oil revenue to pay for current expenditure and ambitious investment projects.

In this context, the EU vision of cooperation with an integrating and democratising Arab region, as embodied in the Barcelona process, is more relevant than ever, even though it has so far been ignored by the Arab incumbent power holders. Europe must launch it again and pursue it with greater rigour and coherence than it has done in the past.

Realistically, the only thing that matters in the eyes of EU governments is to contain migration from and through the Arab countries. In contrast, access to oil has lost almost all importance – if anything access to natural gas is more of a priority. It is crucially important for European political stability that a process of inter-Arab economic and political integration is revived to create conditions potentially dampening demographic pressure. The frequent practice of seeking profitable bilateral agreements with the Gulf oil-rich countries individually is a dead end. Rather than competing to attract Gulf investment and large contracts, the EU member countries should cooperate in supporting democratisation experiments and promoting joint investment with the oil-rich countries in the rest of the region, while insisting on progress towards democracy and respect for human rights.

Stability is not a valid objective in the Arab region: stabilising the Arab civil war is not a positive outcome, yet it is what Europe has mostly been doing so far. Change is needed and cannot be delivered by the authoritarian regimes that have repressed the Arab Spring and maintain themselves in power only through violence. The likes of Bashar al Assad will be wiped out, and rightly so. As in the case of Syria, they are likely to be replaced by Islamist political forces, which Europe will have to live with, notwithstanding all misgivings. The muted European reaction to the demise of the Tunisian democracy has been a disaster, and the outcome must be reversed. Supporting “secular” dictators is a strategy that has failed everywhere.

The probability of all pieces of the puzzle falling in the right place to bring about an end to the Arab civil war is obviously very small. Yet, it remains true that the only viable solution is that which has been sought with the Barcelona Process. For the Arab region the alternative to reconciliation and economic integration is more death and misery.