

Qatar: A Test Case for the “America First” Doctrine?

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What happened: Saudi Arabia and the United Arab Emirates effectively excommunicated Qatar from the Gulf Cooperation Council (GCC); they cut off all transportation links, forced Qatari citizens in the GCC to leave, and closed their airspace to Qatar Airlines’ flights to Europe and the US. The stated goal of these measures is to force the Qatari government to stop allying with the government of Iran and to stop supporting certain political/terrorist groups, like the Muslim Brotherhood, in Egypt and across the Middle East. However, if the Qataris do not accede to their demands, their objective may become to cause regime change in Qatar. The US has a major military base in Qatar and so has a stake in the outcome.

Our View: The timing of this action is very likely a direct consequence of President Trump’s visit to Saudi Arabia, where he encouraged and effectively empowered the GCC to take on the role of regional hegemon in the Middle East. The intended policy is to make the GCC (with Saudi Arabia as its leader) take responsibility for containing Iran and to suppress selective political/terrorist groups. The Saudis are most likely delighted by President Trump’s urging, as they were already going down this path, albeit for different reasons – they perceived (correctly) that as US dependence on imported oil diminished, US support for Saudi Arabia would diminish and they needed to take greater responsibility for their own security.

In some ways, this is the first test case for the “America First” doctrine, whereby the US effectively withdraws as global hegemon, handing the ball to local, US-friendly proxies. Ironically, “America First” appears to be quite similar to the “Nixon Doctrine” of the early 1970s – which was an attempt by Nixon and Kissinger to empower local hegemonies to serve as proxies for the US during the waning days of the Vietnam War, as it became clear that there was a diminishing appetite in the US for foreign adventures*. This is ironic because Nixon chose the Shah of Iran to be our proxy in the Middle East. Needless to say, it didn’t end well for the US or for the Shah, but US arms suppliers profited handsomely.

Investment Implications: Qatar is the world’s largest liquefied natural gas exporter, so there could potentially be an impact on energy prices in the short term, but our view is that any disruption would be temporary and minor as this is much more of a family squabble than a major conflagration. We suspect it will be settled relatively soon, in a way that allows face saving on all sides.

More interesting to watch will be what role the US plays (or won't play) in the process and ultimate resolution. Here's what President Trump tweeted this morning – “So good to see the Saudi Arabia visit with the King and 50 countries already paying off. They said they would take a hard line on funding extremism, and all reference was pointing to Qatar. Perhaps this will be the beginning of the end to the horror of terrorism!”

**I highly recommend “The Oil Kings: How the U.S., Iran, and Saudi Arabia Changed the Balance of Power in the Middle East” by Andrew Scott Cooper, which details the secret deals between Nixon and the Shah to increase oil prices in order to let Iran buy US arms, in the effort to establish themselves as the local hegemon. Naiveté on the part of Nixon and Kissinger and overarching ambition on the part of the Shah eventually led to the oil crisis of the 1970s and the subsequent Iranian revolution. Read it and weep.*

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