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THE U.S. AND SAUDI ARABIA SINCE THE 1930S

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There have been two constants in U.S.-Saudi relations for decades: oil and Gulf security, particularly the security of the Saudi royal family. Our two societies have had little in common, and yet despite deep differences, we have had a “special relationship” with the Kingdom of Saudi Arabia for over sixty years, really since the early 1930s, though it was not described as a special relationship until after WWII. The two countries have had a compact based on Saudi oil in return for a U.S. security umbrella over the kingdom to protect it from all foreign foes. This is a relationship very definitely anchored in state interests, not common ideologies or political or social systems, which remain at extreme odds with each other.

There is practically no civil society in Saudi Arabia. The country is run by the al-Saud royal family in partnership with a highly conservative religious establishment espousing a fundamentalist theology known as Wahhabism. The alliance goes back to the mid-eighteenth century.

Both the House of al-Saud and the Wahhabi religious leadership are against freedom of religion, democracy, a free press, and the public mixing of unmarried men and women. Wahhabi clerics are also against movie houses; public dancing; drinking, women’s sports centers; girls exercising in schools, and women driving. We could not have a conference like this in Saudi Arabia. The women would be in another room listening on a TV monitor or, if it was an international meeting, there might be a barrier down the center.

Neither the royal family nor the Wahhabi religious establishment are interested in elections. Only the chambers of commerce are allowed to have elections--businessmen who are absolutely no threat to the establishment.

The kingdom was founded in 1932 by King Abdulaziz, after he crushed his opponents throughout the area. Within less than one year, he signed a concession with Standard Oil of California, which is today Chevron, to go look for oil in the eastern part of the country. This was an extraordinary thing to do, considering that the U.S. had had hardly any involvement in that country. It was Christian missionaries based in Bahrain, an island just off the coast of Saudi Arabia, members of the Reform Church, who helped convince King Abdulaziz that he could work with Americans. They went inside Saudi Arabia to provide medical treatment to some of the king’s soldiers and made no attempt to convert anyone. It was purely a medical mission. They at one point reportedly even treated the king. The only foreigners Saudis had dealt with up until that time were the British, and so they saw Americans as entirely different.

The explanation left to us by King Abdulaziz for why he decided to work with the Americans came as a result of a memorandum by U.S. Assistant Secretary of State George McGhee, who had a meeting with the king in 1950. We only learned about the meeting in the late 1970s, when the document was declassified. It is remarkable. Abdulaziz unburdened himself of

his most intimate fears for the safety of the House of Saud. His primary concern was not the one haunting Washington at the time--namely, communist expansionism. Rather, he feared an imminent attack by the forces of the Hashemite royal families ruling in Jordan and, at the time, also in Iraq. They had a grudge to settle after being driven out of the holy cities of Mecca and Medina by the al-Sauds in the 1920s. To deal with the Hashemite threat, the king wanted to enter a formal military alliance with the U.S. and obtain arms urgently on a grant basis. The British had offered such an alliance, but he didn't trust them because they were the main backers of his Hashemite enemies. That was why, he told McGee, he had given an exclusive oil concession in the kingdom to the American companies and not allowed their British counterparts to share in the prize. He allowed the U.S. to build and use the airbase at Dammam "to show that Saudi Arabia's security should be of vital concern to both countries."

As World War II approached, there was little oil production or shipping after the first significant oil discovery was made in 1938 at Dammam. But in 1943, Roosevelt and his administration began to realize that oil was going to be very important in the future. A relationship started to develop. In order to provide military and economic aid to Saudi Arabia, Roosevelt declared that "the defense of Saudi Arabia is vital to the defense of the United States," which must have surprised the many Americans who had never even heard of Saudi Arabia.

Roosevelt's Secretary of the Navy, William Knox, told Congress in March 1944 that the war had made the U.S. government extremely anxious about oil. He pronounced what was to become America's postwar oil policy, namely "to provide for acquisition of oil resources outside the limits of the United States for the safety and security of the country." That was the rationale for our becoming more and more involved with Saudi Arabia.

In 1944, the California Arabian Standard Oil Company that Chevron had set up became Arabian American Oil Company, or Aramco. Chevron brought in three other partners, the big majors of the United States: Mobil, Exxon, and Texaco. Aramco was not just an oil company. In the early years, the king kept turning to it for loans, because they weren't earning any money from oil until much later. Aramco became something like a proxy for the U.S. government in Saudi Arabia. It was Aramco that introduced modernization to Saudi Arabia.

In February 1945, Roosevelt met Abdulaziz in person aboard the USS *Quincy* in Egypt's Great Bitter Lake. The two countries date their "special relationship" to this meeting. As far as anybody knows, they did not talk about oil, but about Palestine. The king was concerned about what the U.S. was going to do regarding the establishment of a Jewish state and whether the Palestinians would have a state. This issue goes right back to the beginning of our relationship, and it continues right up until today.

In 1948, a pot of gold was discovered. Aramco discovered the Ghawar oil field, the mother lode of the world's fields. Ghawar, which went onstream in 1951, is 170 miles long and 20 miles wide. At one point it held 170 billion barrels of proven reserves of oil. They've been pumping from that field half or more of their production for fifty years. Most of Saudi exports come from this field—about 5 million barrels a day. Ghawar today still has 70 bb compared to the total current U.S. proven reserves of 20 bb. That means it still holds more than three times as much as all the oil reserves in the U.S.

In 1950, to try and solve the problem of how to get the Saudi oil to American and Western markets, the U.S. company Bechtel, based in California, built a 1,000-mile pipeline directly from the Saudi oil fields across Jordan and the Golan Heights to Sidon in Lebanon in order to take the oil directly to the Mediterranean by pipeline. That went onstream the following year and continued to function up until the early 1970s. The last year of U.S. self-sufficiency in oil production was 1970--Saudi oil didn't become important to the U.S. until the 1980s.

In 1971, the British withdrew from the Persian Gulf, creating a vacuum that was of great concern to Washington, which became responsible for protecting the Arab gulf states and our oil lanes to the U.S.

In 1973, Saudi government led the Arab boycott of oil supplies to the U.S. (Netherlands was also singled out). This led to a quadrupling of the oil price, from about \$3 to \$12 per barrel. Saudi Arabia was suddenly very much on Washington's radar screen, and very rich. Saudi oil earnings went from \$8.5 billion in 1973 to \$35 billion in 1974. With that money, they began building and buying from the U.S. tanks, airplanes, and infrastructure. The U.S.-Saudi military relationship took off. American companies basically built the whole military infrastructure of Saudi Arabia as it is today. Over the next twenty years, the Saudis spent some \$85-86 billion on American arms. When you buy an airplane, you have to have a structure to maintain them and to train people. It's a huge undertaking. We were their key ally.

In 1973, however, because of the war between Israel and the Arab states, the Saudis began to take over Aramco. They insisted on taking a 25 percent interest in it, paid for in oil—they didn't try to nationalize without compensation. By 1980 they owned 100 percent of Aramco. But they treated their American partners well. They gave the U.S. partners--Chevron, Mobil Exxon,

and Texaco--priority in selling them oil, and they offered special discount rates, to please both Washington and the companies. So the relationship between Saudi Arabia and the oil companies continued to be strong and close.

Since 1973, one can identify four periods in U.S.-Saudi relations.

Common Interests - 1973-92

These years were the period of greatest bonding between the two countries. After Saudi Arabia got on Washington's radar screen in 1973, the U.S. sale of arms ballooned, as did U.S. construction of Saudi military facilities. Saudi Arabia became the number-one provider of foreign oil over these years. During the Carter administration, the king actually broke with all his other Arab oil producers. To help Carter in his reelection campaign (unfortunately it didn't work), they lowered oil prices for the U.S. to \$6-7 less than the other producers' prices. This was partly to thank him for his efforts at the Camp David accords, which Carter had engineered. So the relations with him were quite good.

The Saudis joined Reagan's crusade on behalf of anticommunist freedom fighters, providing money to the mujahideen who were fighting the Soviets in Afghanistan, helping Reagan when Congress cut money to the Contras in Nicaragua, they provided money to UNITA (National Union for the Total Independence of Angola).

The George H.W. Bush administration and Gulf War I in 1990-91 marked the apex in the relationship. The Saudis allowed President Bush to send 500,000 soldiers into the kingdom in order to protect it and liberate Kuwait, because there were doubts whether Saddam was going to stop at Kuwait, which of course a U.S.-led coalition liberated in 1991.

Slow Deterioration - 1992-2001

The U.S.-Saudi relationship went less well during the Clinton administration. Clinton was not interested in Saudi Arabia. He got off to a very bad start with the Saudis, and relations went on "autopilot," as Saudi ambassador to the U.S. Prince Bandar bin Sultan told me. The Saudis got so worried that in fall of 1998, then-Crown Prince Abdullah (now the king) came to Washington to attempt to revive the relationship. He met with all the old U.S. oil companies that had been in Saudi Arabia and essentially said, "We're open for business." He invited them to submit proposals for coming back into the kingdom to look for gas and perhaps later oil. This was an enormous turnaround, signaling that the Saudis were really worried about what was happening. They wanted to rebuild the economic side of it, hoping that that would bring new life into the political relationship. Unfortunately, those negotiations, which began in 2000 and went on through 2003, failed, for reasons to be discussed below. But in the process, three international consortia were formed, two led by Exxon-Mobil.

Bush Administration - 2001-08

The George W. Bush administration also got off to a bad start with Saudi Arabia in 2001. The Saudis had great hopes for him because they'd had such a good relationship with GHWB. But George W. Bush had no interest in foreign policy. He neglected the Middle East, and King Abdullah became more and more irritated. Just before 9/11, there was a real blow-up. The king said, if you don't do something about getting peace talks going in the Middle East, we are going to freeze our military relationship with you. There were even hints they might do something with oil.

Then came 9/11, and the oil for security pact became unglued in stages. Fifteen of the 19 hijackers were Saudis; Osama bin Laden was a Saudi, even if he'd been stripped of his citizenship. Everybody's attitude toward Saudi Arabia changed dramatically. Wahhabism became an issue for the first time in our relationship. Saudi Arabia was viewed as a spiritual source of terrorism and a funder of terrorists. There were debates in Congress and the media over whether Saudi Arabia was a friend or foe. Why were so many Saudis involved in this? What was going on there? It became so serious that the Treasury Department and the FBI seized all the financial documents of Prince Bandar in the embassy in an attempt to track down where Saudi money had been going inside the U.S. This is an extraordinary thing to have happened. They were concerned that the Saudis were financing terrorists or fundamentalists inside the U.S., tracking down what the charities were doing.

In 2003, a number of things happened that made our relationship even more complicated. The U.S. invasion of Iraq in 2003 was a major trauma for Saudi Arabia. The U.S. suddenly became a major source of insecurity for Saudi Arabia after we wound up installing a pro-Iranian, Shiite-dominated government in Baghdad. From the Saudi point of view, this was the worst nightmare they could imagine happening in the Gulf because of tensions between Iran, a Shiite power, and Saudi Arabia, which is the homeland of the two holiest Muslim religious sites, Mecca and Medina; the one feeling itself to be the leader of the Sunni world, the other feeling itself the leader of the Shiite world. While the Saudis were worried about the balance of power in the Gulf, the U.S., their ally, came in and installed a pro-Iranian Shiite government in Iraq! From the Saudi point of view, they couldn't understand what Bush was thinking and why the U.S. had done this to them.

Immediately after Saddam's ouster, the Saudis sent the U.S. Air Force packing and stopped the negotiations with American oil companies. They turned instead to Chinese, Russian, and European oil companies to come in and look for gas and oil. They decided not to buy any more U.S. aircraft, the main symbol of the military relationship. Instead, they bought European Typhon jets from Britain.

On the other hand, in spring of 2004, the Saudis tried to do something to control the price of oil. In May 2004 the price of oil went from \$26-28 to \$40/barrel, which was then the equivalent of its going to \$174 a barrel this time last year. At America's behest, the Saudis said they were ready to pump 2 million more barrels of oil a day to bring the price down. The problem is, the Saudis had lost control of the market. Even though they pumped close to 2 million more barrels of oil a day, it had no effect on the price of oil. By election time in the U.S. 2004, it was up to \$50 per barrel. So basically the Saudis had lost control of the market to traders, speculators, forces over which they had no control.

So this pact that had held together the U.S. and Saudi Arabia for so many decades—the Saudis providing us with oil at reasonable prices, while we provided them with their security--no longer worked. We were the cause of their insecurity in the Gulf, and they were unable to provide us with oil at a reasonable price. The underpinnings of the relationship had been seriously shaken.

Bush tried to put the relationship back together starting in April 2005, when King Abdullah came to Crawford, TX to meet with him. At the very end of his administration, Bush tried to relaunch the peace process, but without getting much involved himself. The Saudis were not impressed. And they had never liked Washington's democracy agenda, rejecting U.S. urging that they lead regional democratic reforms.

The Obama Era

By contrast, President Obama has gotten off to a good start with the Saudis in the sense that he's saying the things they've long wanted to hear. This is an American president who says we've got to get peace talks going at the beginning of his administration, not waiting until the end of his administration. He's putting pressure on the Israelis to stop settlements before the West Bank can no longer be a viable state for the Palestinians. His first interview with any international publication was with *al-Arabiya*, a Saudi-run television station. He went to Saudi Arabia before he went to Cairo on June 23 and made his speech to the Muslim world. So he's off to a good start, but when he went to Saudi Arabia before Cairo, he was trying to push the king to take steps toward initial recognition by Saudi Arabia of Israel. Things like allowing their diplomats or people with Israeli passports into the kingdom, possibly allowing Israeli planes to overfly Saudi Arabia. From the Saudi point of view, these are things you do at the end of the process, not at the beginning, because they're bargaining chips in the negotiating process between the Palestinians and Israel. So to date we have not found a basis to cooperate with the Saudis.

And this is not even to mention Iraq. While we're supporting the government of President Nouri al-Maliki, the Saudis have refused to open an embassy in Iraq. They will not invite Maliki to Saudi Arabia, regarding him as an agent of Iran.

So we're struggling to identify areas where we can cooperate. Most recently the issue has been the price of oil, where the Saudis now want to get the price up to \$75-80 per barrel and Americans want to keep it lower because of the economic situation. Whether the two governments can establish (or reestablish) a sound economic and security relationship remains a work in progress.

Of Related Interest

Videofile of a lecture by Rachel Bronson on "Will Saudi Arabia Survive?" (October 2008)

<http://www.fpri.org/multimedia/20081016.bronson.saudiarabiasurvive.html>

King Fahd's Saudi Arabia, by Harvey Sicherman, August 2005

<http://www.fpri.org/enotes/20050812.middleeast.sicherman.fahdsaudiarabia.html>

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