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United States-Saudi Relations: Time for a Reevaluation

A Foreign Affairs Department Background Memorandum

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The saying "Nations don't have friends, they only have interests" sums up neatly what the Reagan Administration is now discovering about Saudi Arabia: The web of relations between Washington and Riyadh is based not on common traditions or shared world views, but purely on self-interest. When these interests coincide in reaching toward a common objective, Saudi Arabia is touted in Washington as our indispensable and trustworthy ally. When they differ and clash—as, most recently, over the situation in Lebanon and President Reagan's September 1, 1982 Middle East peace initiative—Administration officials have in the past tended to play down differences by stressing how "moderate" the Saudis are in comparison with radical anti-American Arab states such as Libya and South Yemen.

The truth is that when it suits their purposes and interests, the Saudis will go along with American policy—and reap the benefits, political as well as military and economic, therefrom. But this does not mean that their goals are the same as, or even necessarily compatible with, those of the United States. Policymakers in Washington are finally beginning to realize this.

Differing Views on Lebanon

Nowhere has the divergence of views between Riyadh and Washington been sharper than in the efforts currently underway to reach agreement on a withdrawal of Syrian, PLO and Israeli forces from Lebanon and the establishment of a strong, central government in an independent, united and prosperous Lebanon. Here the U. S. and Saudi Arabia appear to be working at cross-purposes.

Since the end of the war between Israeli and Palestinian forces in Lebanon and the evacuation of the PLO from Beirut, the United States has worked toward the realization of three related goals—the withdrawal of all foreign forces, the rehabilitation of Lebanon, and security on Israel's northern border. For all this the U. S. has been counting on Saudi Arabia, as an alleged "moderate" whose goals are the same as ours, to persuade the PLO, the Syrians and the Lebanese to go along with these goals. But Saudi help, it is now clear, has not been forthcoming for the furtherance of these American aims. Rather than encourage the Lebanese to reach agreement with the Israelis and the Syrians to leave Lebanese soil, the evidence suggests that the Saudis have done the opposite.

For example, the Israeli demand, in the tripartite negotiations with the U. S. and Lebanon, for normalization of relations and an end to the state of war between Israel and Lebanon (though not a full-scale peace treaty), backed by the U. S., is rejected by the Saudis, and they have made their rejection felt. There is some evidence to suggest that the Lebanese, if left alone, would accept normalization—after all, it already exists to some extent, de facto. But Saudi Arabia has made it clear that any political agreement between Lebanon and Israel, as opposed to security arrangements, would be met with a Saudi penalty—reneging on their offer to provide financial assistance for the reconstruction of the Lebanese economy, estimated to cost at least $10 billion. Secretary of State George Shultz, in testimony before the Senate Foreign Relations Committee on February 15, 1983, indirectly confirmed reports that Saudi aid to Lebanon has been made contingent on progress towards the withdrawal of foreign forces from Lebanon, but progress on Saudi terms. As one Lebanese negotiator put it earlier (The New York Times, January 23, 1983), "The Saudis have told us explicitly that we can give Israel whatever is necessary on the security issue and they will support us. But when it comes to normalization,'Wait for the train,' they say. 'We must all deal with Israel together. Don't be another Sadat.' " The Saudis have even threatened to cut off any aid to Lebanon if the Lebanese agree to normal commercial relations with Israel.

As for Syria, it is an open question as to "who is pressuring whom." The U. S. has apparently left it to the Saudis to convince or persuade the Syrians to pull out their troops and the Saudis seem to be still supporting a Syrian military presence in Lebanon. The last Arab League summit in Fez in September 1982 did not even deal directly with Lebanon's official plea for the withdrawal of the Arab League mandate from the Syrian "Arab Deterrent Force," which has provided the fig leaf of legitimacy to the 30,000 Syrian troops in Lebanon. Syria also still holds the option of playing the spoiler in any negotiations for troop withdrawal by refusing to go, and it is uncertain whether the Saudis, who have provided much financial support to Syria, will bring any real pressure to bear on Syria, or whether they will continue to go along with Syria's rejectionist demands as they have in the past.

The Middle East Peace Process

On the subject of an overall solution to the Arab-Israel conflict, Saudi Arabia and the U. S. have made no progress in bridging the significant differences between their two positions. The U. S. view, laid out in President Reagan's September 1 peace initiative, is that the Arabs must finally come to terms with Israel on the basis of direct negotiation and compromise. Thus neither Israel nor the Arabs would get their maximum demand—neither Israeli sovereignty over the West Bank, nor an independent Palestinian state with Jerusalem as its capital. Israel would have to withdraw from most of the territories occupied in the 1967 war and freeze the construction of new settlements. In return, the Arabs would finally have to "accept the reality of Israel" and her right to secure, recognized borders.

The Reagan plan was presented with the understanding of the State Department that Arab moderates such as Jordan and Saudi Arabia, both of which were consulted in advance, would back the plan. Not only have the Arabs not backed the plan; but a few days later they put forth their own "peace plan," formally adopted in Fez, on September 9, 1982, which contains demands that far exceed and are inconsistent with the President's proposals. The Fez declaration called for Israeli withdrawal from "all Arab territories occupied in 1967 including Arab al-Quds (Jerusalem)," the dismantlement of Israeli settlements and the "establishment of an independent Palestinian state" with Jerusalem as its capital. The Arab League also reaffirmed the PLO as the sole and legitimate representative of the Palestinians, thus effectively barring Jordan or any other party from negotiating on their behalf. There was no explicit recognition of Israel, as called for by President Reagan. Instead, there was only a vague reference to the U. N. Security Council guaranteeing peace "among all states of the region, including the independent Palestinian state." This was seen by some observers as opening the door to Moscow's participation, since the Soviet Union is a permanent member of the Security Council. In view of the Soviet invasion of Afghanistan, one would have expected the Saudis to oppose Moscow's involvement in the region. Yet their animosity against Israel still outweighs the Saudis' concern about Soviet penetration of the region.

The Fez declaration, it must be emphasized, is based closely on a Saudi plan presented a year earlier by then Crown Prince and now King Fahd and incorporates most of the earlier provisions, with a few minor changes. The Saudi plan had also laid down conditions, such as the cutting of American support for Israel, an end to Israeli "arrogance" and abandonment of the American-sponsored Camp David peace process—conditions which run counter to the spirit and the letter of the President's initiative.

Nor has Saudi opposition been limited to rejection of the plan by their own government; the Saudis have also worked to prevent others from endorsing it. King Hussein of Jordan, who is called upon to play a crucial role in the President's proposals, has made it clear he cannot act without a "green light" from the Arab states. The adoption of the Fez declaration effectively ruled this out.

Saudi refusal to recognize Israel has not abated; the call for "jihad with funds, self-sacrifice, information, economy and weapons if necessary" for the "liberation of Jerusalem and the occupied territories" made in January 1981 by then Crown Prince Fahd has never been retracted.

Oil Price and Production

There are other areas in which Saudi Arabia has acted in a fashion contrary to U. S. interests, and chief among them is in oil pricing and production. Saudi Arabia has played a leading role in keeping the price of oil artificially high and in attempting to minimize the effects of the oil glut by limiting the production of OPEC members. It should be recalled that the huge hikes in oil prices (from $3 a barrel in 1973 to over $30 a barrel in 1982) engineered by Saudi Arabia and Iran has led to economic recession, inflation, and a whole host of other problems for the United States, other industrialized countries, as well as the oil-poor developing nations. A drop in oil prices now would be extremely beneficial to oil consumers the world over; the Saudis are fighting it, however, in order to continue to maximize their profits as well as to bolster the OPEC cartel, which is weakened by the current glut in global oil supply.

It was the Saudis, as well, who in 1980 opposed the filling of the American Strategic Petroleum Reserve (SPR), designed to provide the United States with a cushion against a future cut-off of foreign oil. Saudi officials, it was reported at the time, threatened to cut back oil production if the U. S. continued to purchase oil for the stockpile. In fact, the U. S. for a time acceded to Saudi pressure and deferred purchases for the SPR, although energy independence is clearly in the American national interest.

Strategic and Military Issues

The sale in 1981 of AWACS planes and F-15 enhancements to the tune of $8.5 billion provided another clear example of Saudi and American divergences of view. The American administration's expectation was that in exchange for the sale, the Saudis would share all information gathered by the AWACS, allow their use in an emergency by the U. S. and provide for an American military presence in Saudi Arabia well into the 1990's. These hopes have not been fulfilled; Saudi Arabia to this day has not signed the agreement confirming these arrangements. The Saudis have also acted to prevent other Arab states from providing similar services to the U. S. Late in 1981 it was learned that the Saudis had offered to give $1.2 billion in aid to the Sultan of Oman if he would renege on his agreement to make Omani facilities available to the U. S. Rapid Deployment Force. The Saudis have also attempted to dissuade him from holding joint military exercises with the U. S., though without success.

The Key to Saudi Behavior

In all of the situations discussed above, the unspoken assumption of the United States has been that the Saudis are "our friends," that therefore they would naturally adopt policies that would complement and enhance our own, rather than work against them. Thus, Saudi backing of the Arab "peace plan" has been interpreted by some in the Administration as a positive step and the maximum the Saudis could be expected to do, and not as rejection of President Reagan's September 1 peace initiative.

Proponents of this view also point to the close economic ties between Saudi Arabia and the United States as proof of Saudi friendship and moderation. Saudi Arabia is the largest customer for U. S. goods and services in the Middle East, with imports from the U. S. totalling $9 billion in 1982 (compared to $7.3 billion in 1981). Over the years, from the establishment of diplomatic relations in 1947 through 1979, Saudi Arabia purchased $56 billion worth of U. S. products, of which more than half was spent on military arms and services. And most of Saudi Arabia's huge budget for defense expenditures ($20.7 billion in 1980) goes for American weapons and military technology.

Still, lucrative commercial and military sales are quite distinct from shared policy objectives, and, as the history of the relationship shows, the Saudis have naturally acted in all instances, and can be expected to act in the future, in their own interest, as they perceive it. In this connection it is instructive to remember that before 1970, Saudi Arabia was regarded as a weak, vulnerable desert kingdom with a host of external enemies and an abundance of oil. The oil shock of 1973-74 and the subsequent transfer of billions of dollars from the oil-consuming industrial nations to Saudi Arabia have made it seem that Saudi Arabia is far stronger than it really is. It is still a weak, vulnerable desert kingdom with a host of external enemies as well as internal problems brought on by rapid modernization. Thus, Saudi policy is aimed at protecting Saudi interests, whether from a perceived threat from the West or the Soviets, or, more immediately, from other Arabs with their eyes on Saudi Arabia's riches. Added to Saudi fears of threats from Arab leftist radical elements is the fear of militant fundamentalism of the type promoted by Khomeini's Iran in the vulnerable sheikhdoms of the Persian Gulf.

Because of their basic weakness, the Saudis consciously refrain from taking initiatives on controversial issues. This policy has been described as 'waiting for an Arab consensus,' in order to minimize the risks to Saudi Arabia. In that sense Saudi policy pronouncements have conformed with the lowest common denominator of Arab politics, including the refusal to explicitly recognize Israel.

A striking example is the question of Arab support for King Hussein to join the Reagan peace process. Hussein has made his acceptance contingent on a "green light" from the PLO and the Arab states. The latter—foremost among them Saudi Arabia—will not give any go-ahead to Hussein without the consent of the PLO, which in effect has rejected the Reagan plan. At the recent meeting of the Palestine National Council, the quasi-parliament of the PLO, in Algiers, the PLO declared the Reagan plan to be "not acceptable...as a sound basis for a just solution of the Palestine problem." (The New York Times, Feb. 22, 1983) Saudi Arabia and other Arab "moderates" are unlikely to challenge this rejectionist PLO stance. It will be further proof of how far the Arab consensus still is from readiness to negotiate a genuine and lasting peace with Israel, in accordance with the Camp David peace process sponsored by the United States.

Policymakers in Washington should beware of the kind of wishful thinking that assumes Saudi acceptance of U. S. Middle East policy goals. The Saudis, it is clear, will not endorse any policy that is not perceived by them to further their own interests, or that will expose them to risks they are unwilling to take.

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