



## FOREIGN POLICY: THE VIEW FROM RIYADH

*by John Duke Anthony*

In the eyes of many Americans, the emergence of Saudi Arabia as the world's pre-eminent Arab state stems mainly from the 1973 oil embargo. What outsiders perceived as a sudden occurrence, however, had in fact been evolving gradually over a period of several years. Indeed, the kingdom, under the leadership of King Faisal (r. 1964–75), had been playing a growing role in Arab summit gatherings since the disastrous June 1967 war against Israel.

By the end of 1967, the Saudis had patched up differences with Egypt that had led the two nations to lock horns by proxy during the 1962–67 civil war in Yemen. Four years later, they helped wean the nine emirates along the kingdom's eastern border away from Great Britain and into full independence. In 1970–71, they played mediator in Jordan when the radical Palestinians were chased into Lebanon by the Hashemite monarchy of King Hussein. All of this was in high contrast to the earlier semi-isolationist stance of Saudi monarchs, including King Faisal during his first few years in power.

With the advantage of hindsight, it seems surprising that the more active Saudi role in everything from oil policy to the Arab-Israeli dispute went unnoticed by almost everyone except the oil companies and a few diplomats. Indeed, prior to the 1973 war, King Faisal had warned top oil company executives, including Frank Jungers, then chairman of Aramco, to expect an interruption in oil supplies in the event of another war with Israel. The warning was relayed to the Nixon administration and evidently ignored.

The interruption—in fact, a combination of production cuts and embargo—came during the October War of 1973. After that, it was clear even to the U.S. State Department that Saudi Arabia had acquired the status, unprecedented for a developing country, of both a regional and global power. It is the world's number one holder of external assets and is second only to West Ger-

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many in holdings of foreign financial reserves. The kingdom distributes billions of dollars in aid to its neighbors and allies; in 1975, it was the foremost contributor to the International Monetary Fund. Though not a military power, even in the region, Saudi Arabia has helped finance the rebuilding of the war-shattered armies of Egypt and Syria, supplied the Palestinian guerrillas with arms, and underwritten almost the entire defense budget of North Yemen.

For Saudi Arabia's leaders, the rise to wealth and power has been a heady but worrisome experience, with a curious mix of benefits and burdens. Saudi Arabia's wealth has brought a huge influx of foreign laborers. More than 1 million unskilled Yemenis are toiling in the kingdom, not to mention the large Western contingent, including bankers, engineers, and other skilled professionals. While they are essential to the success of the \$142 billion 1975-80 five-year development plan, these foreign workers, particularly those of non-Arab background, are diluting traditional Saudi society. (Ironically, a traditional antipathy among many Saudis toward manual labor and the employment of women outside the home has contributed to the labor shortage that makes foreign workers necessary.) The Saudis also believe that the kingdom has been too quick to grant requests for "development" assistance; Planning Minister Hisham Nazer has noted that some of the country's aid recipients (Egypt and Tunisia, for example) are in many ways more developed than Saudi Arabia itself.

### Coming Full Circle

One benefit of the country's new status, however, seems clear: For the first time in history, foreign powers, in their dealings with the kingdom or with the Arab world as a whole, must weigh seriously the anticipated response of the regime in Riyadh. U.S. congressional approval of the sale of F-15 jet fighters to Saudi Arabia in 1978, for example, would not have happened five years earlier. According to Jim Hoagland, writing in

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the *Washington Post*, Saudi Arabia's King Khalid was the first foreign leader to be informed last summer that Egypt, Israel, and the United States had agreed to a summit meeting at Camp David. History has come full circle since 1946 when President Truman disregarded the solemn understanding of a year earlier between President Roosevelt and Saudi King Abd al-Aziz (Ibn Saud) on the matter of a Jewish homeland in Palestine.\*

### Moral Leadership

Many Western specialists, not a few intelligence agencies (including the CIA), and most citizens of industrialized nations tend to evaluate Saudi foreign policy in terms of oil policy. For reasons of religion and geography, Saudi statesmen are more concerned with the country's relations with its Arab neighbors. To be sure, the kingdom's ability to affect the policies of other Arab countries stems largely from its oil-based financial power—and its willingness to use it. Yet Saudi Arabia would be in a position to pull strings in the Arab world regardless of its economic clout. Indeed, the Saudis have developed a kind of moral leadership on matters quite apart from oil. Among them: Islam, the Palestine problem, Arab solidarity, radicalism, and imperialism. A look at these concerns, which have preoccupied the country's rulers since the kingdom was established by Ibn Saud in 1932, may provide outsiders with some perspective on the desert kingdom and the influence it wields.

*Islam.* The religious heritage of the Saudi people is a major determinant of the kingdom's foreign policy. Saudi Arabia officially subscribes to the Islamic concept of *Jihad* ("to struggle in the right path"); it condemns any form of repression or persecution of Muslim peoples. This concept, enshrined in the Koran, was endorsed anew at the September 1969 summit meeting of Muslim heads of state in Rabat, Morocco, which was scheduled after a fire damaged Jerusalem's Aqsa Mosque, the site where Muslims believe the Prophet Muhammad ascended to heaven. With a self-imposed mandate to protect the Islamic holy places, dating from the conquest of Mecca and Medina in the 1920s, the Saudis bridle at the thought of Israeli occupation of the Arab sector of the city. In the wake of the Rabat summit, whose participants called upon Israel to withdraw from the territories it occupied in 1967, a permanent Islamic Secretariat was set up to function in Jidda for as long as Jerusalem remains under Israeli

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\*FDR had promised Ibn Saud that he would make no move on the issue without consulting the Arabs; Truman, without consultation, called for lifting the curbs on Jewish immigration to the region.

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occupation.\* Its duties: specifically, to press for the return of the Aqsa Mosque to Muslim control; in general, to promote Islamic values and oppose atheistic creeds.

Reports of discrimination against Muslims anywhere in the world usually elicit an immediate response from Riyadh. Religious zeal extends far beyond mere verbal support; Saudi Arabia is also willing and able to provide diplomatic and financial assistance to bolster the Muslim side in international disputes. For example, it has lent financial support to the separatist struggle of the Muslim-dominated Eritrean guerrillas against the predominantly Christian (and Marxist) military government of Ethiopia. And it has channeled impressive sums—at least \$3.6 billion in 1976 alone, representing some 15 percent of Saudi Arabia's GNP and the bulk of its foreign assistance—to aid such Muslim countries as Egypt, Syria, Jordan, North Yemen, Somalia, the Sudan, Tunisia, and Oman.

*The Palestine Question.* Saudi Arabia has repeatedly exerted pressure to regain the Arab lands seized by Israel in the June 1967 war. It supports UN resolutions 242 and 338, which call for Israeli withdrawal from territories occupied during the conflict (in exchange for recognition of Israel's right to exist), and in addition it insists on Israeli evacuation of the old quarter of Jerusalem. The Saudis also demand recognition of the "legitimate rights" of the Palestinian people.

### Faisal Betrayed

In pursuit of these goals, the kingdom is financing Jordan's \$250 million air defense network, and it funnels some \$40 million yearly to the Palestinian guerrillas. It also funds the 30,000-man Arab peace-keeping force in Lebanon. Earlier, it was a founding member of the Arab League (1945); in 1948, the year Israel came into existence, the kingdom, at the league's behest, even committed troops in the first war against the new nation, despite King Ibn Saud's reservations. (Due to poor transportation, they never reached the battlefield.) In general, however, prior to 1967, Saudi involvement in the Arab-Israeli conflict consisted mainly of verbal support for, and relatively modest financial contributions to, the various Palestinian liberation organizations. This somewhat distant stance came under harsh criticism from less moderate Arab leaders, among them Egypt's President Nasser.

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\*In addition to the Arab quarter of Jerusalem, Israel seized Jordan's West Bank, Syria's Golan Heights, and Egypt's Sinai Peninsula and Gaza Strip during the June 1967 war.

*"Hey, Jack, which way to Mecca?" is the caption of this 1938 New Yorker cartoon. American attitudes toward Saudi Arabia have become somewhat less patronizing in the postwar era.*



Drawing by Peter Arno; © 1938, 1966, The New Yorker Magazine, Inc.

Since the Khartoum conference of Arab heads of state in September 1967, called to assess the fallout from the June War, the kingdom has disbursed generous sums to the "frontline" (bordering on Israel) states of Egypt, Jordan, Syria, and, to a lesser extent, Lebanon. The kingdom's quarterly payments to the first three countries, begun in late 1967, enabled them to pay for much of the damage inflicted by Israeli forces in the course of the war.

During the 1973 war, the Saudi government adopted its most militant position when it decided to use its oil against countries supportive of Israel. The Saudis regarded American security assistance to Israel during the war as tantamount to direct U.S. intervention. From October 10 (four days after the hostilities began) until the final cease-fire on October 25, the U.S. Air Force made over 550 flights to Israel bringing arms and supplies. Especially provocative, in Riyadh's view, was the White House request to Congress for \$2.2 billion in emergency aid to the Jewish state while the fighting was still going on. King Faisal took this as a personal betrayal by President Nixon. His

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response: On October 18, Saudi Arabia joined Libya, Iraq, Kuwait, and other states in agreeing to curtail its oil production. Two days later it proclaimed, as several of its neighbors had already done, an immediate and total embargo of oil to the United States. This action deprived the United States of nearly 650,000 barrels per day of Saudi crude, the largest single component of America's Arab oil imports. That the kingdom thereby succeeded in getting Washington to pursue a more evenhanded approach to the Palestine problem—and to become directly involved in the peace-making process—is testimony to the overall effectiveness of Saudi leadership on a highly volatile issue.

Riyadh is able to sway attitudes toward Israel—in the United Nations, in African and Asian capitals, and increasingly within the European Economic Community—not only through the threat of another embargo but also through its pivotal position with respect to oil prices and production levels and through generous use of its impressive financial resources. Following the example, first of Kuwait, then of Libya, Saudi Arabia has for several years been in the front ranks of those Arab oil producers who have used their wealth to counter Israeli diplomatic influence in Africa.\* It has invested heavily in economic ventures in African and Asian countries viewed as sympathetic to the Saudi position regarding Palestine.

### No Provocations

Since the 1975 Sinai accords—and especially since the 1978 Camp David agreements—it has become clear that most Arab states are now aligned with Saudi Arabia. That is, they are generally receptive to a negotiated settlement of the Arab-Israeli problem, within the limits of U.N. Resolutions 242 and 338. At the same time, they oppose the conclusion of separate, bilateral treaties between Israel and the frontline Arab states—notably Egypt. However, certain Arab nations—Libya, Iraq, Syria, and South Yemen, along with the PLO—evidently still reject not only Riyadh's position, but Egypt's as well. They remain pessimistic about negotiations and unabashedly hold to the option of resuming hostilities.

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\*Black African recipients of Israeli aid have included Ethiopia, Nigeria, Kenya, Uganda, Chad, and the Ivory Coast. Most African states severed diplomatic relations with Israel in the aftermath of the October 1973 war. Since then, in international and regional organizations, they have consistently backed Arab-sponsored resolutions condemning Israel. These include the UN's 1973 "Zionism-is-racism" resolution and its recognition in 1974 of the PLO. In more recent years, Saudi Arabia and other Arab oil-producing states have underwritten the Arab Bank for Economic Development in Africa as a means of further consolidating their influence in the sub-Saharan region.

### THE AMERICAN CONNECTION

Official U.S. policy in the Middle East has been overtly pro-Israel for three decades but covertly pro-Saudi Arabia for even longer.

The American presence on the Arabian peninsula is now substantial. Saudi Arabia has awarded \$25 billion in contracts to U.S. companies (for pipelines, power plants, and other "infrastructure") as part of its current \$142 billion five-year plan. Some 400 American firms have offices in Saudi Arabia; 1,000 more have hired Saudi representatives.

Of the 30,000 Americans now residing in the kingdom, one-third are involved in defense-related projects. No formal treaties link Washington and Riyadh (diplomatic relations were established in 1940), but an American military mission has been training Saudi troops since 1951. Saudi Arabia now spends about \$4 billion annually in the United States for military goods and services. One-quarter of this sum buys "hardware": Hawk missiles, jet fighters, armored vehicles. The rest goes primarily to the Army Corps of Engineers, thence to subcontractors like the Northrop and Vinnell corporations, for military construction and other services.

The relationship is not simply a matter of business. Implicitly since the early 1940s and explicitly since the 1950s, the State Department has defined U.S. access to world petroleum reserves as a matter of national security. The good will and stability of Saudi Arabia are essential. Thus, when World War II cut King Ibn Saud's oil revenues, President Roosevelt secretly funneled \$40 million in Lend-Lease aid—earmarked for "democratic allies" only—through Britain and on to Saudi Arabia.

The State Department again came to the kingdom's aid in 1950 as Ibn Saud sought a greater share of Aramco petroleum revenues. Executives of the four U.S. oil companies that make up Aramco argued that higher royalties would boost the price of imported oil in America. The State Department's solution: Let Ibn Saud tax the companies for the money he needed, then let Washington give the companies a credit for that amount against their U.S. taxes. In effect, as its critics have repeatedly pointed out, Saudi Arabia has been receiving a tax subsidy from the U.S. government (estimated at \$3 billion in 1974) in lieu of overt foreign assistance.

Support for Saudi Arabia has never been as strong in Congress as it has among U.S. diplomats. (There is no sizeable bloc of Saudi-American voters.) The Saudi connection came under harsh attack on Capitol Hill last spring when President Carter proposed to sell the kingdom 60 new F-15 jet fighters as one part of a \$4.8 billion aircraft deal also involving sales to Egypt and Israel. Israeli lobbyists opposed the sale, even as Arab lobbyists crisscrossed the Hill seeking support. Crown Prince Fahd reminded Congress that the United States and the kingdom had certain "mutual interests." The Administration-backed plane sale squeaked by.

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*Arab Solidarity.* For reasons quite apart from the question of Israel—including Saudi Arabia's Muslim-Arab culture, its central geographic position, and its overwhelming dependence on a single natural source of wealth (which led Saudi Arabia to urge the establishment of the Organization of Arab Petroleum Exporting Countries in 1965)—Saudi leaders place a premium on Arab unity. This emerges clearly from Riyadh's opposition not only to the creation of Israel in 1948, but also to the occupation by Iran in November 1971 of Abu Musa and the Greater and Lesser Tunbs, islands previously administered by two Arabian emirates, and to the unilateral peace overture of Egyptian President Sadat to Israel in 1977-78—all of which were divisive issues within the Arab world.

### **Encircled Kingdom**

Riyadh's appeal for solidarity is reflected in Saudi development aid to Arab states as far afield as Mauritania and in its bankrolling of the new Arab Monetary Fund in Abu Dhabi. Solidarity has also motivated Saudi endorsement of several cooperative ventures (e.g., a dry dock in Bahrain, a maritime transportation company in Kuwait) supported by the Organization of Arab Petroleum Exporting Countries. The kingdom was also a founding member of the Egypt-based Arab Military Industries Organization, an armaments manufacturer, and has supported the federation of seven previously independent states in eastern Arabia to create the United Arab Emirates.\* More recently, the Saudis have been trying to hold the Arab world together in the aftermath of Camp David by *not* endorsing the accords and *not* rejecting them, since either move would only encourage the efforts of Arab radicals.

*Radicalism and Imperialism.* Saudi Arabia, more than any other Arab state, has made a concentrated effort to thwart both Big Power influence and radical tendencies in the Middle East. It has sought to block, for example, the establishment of Soviet military bases on Arab soil and to impede what they have on occasion considered the "imperialist" forces operating within or near Arab states' borders, be they British, Israeli, or American. The kingdom has also tried to counter the influence of the Iraqis, Southern Yemenis, Omani rebels, and leftist elements among the various Palestinian guerrilla groups who adhere to hostile ideologies.

Saudi Arabia has spent sizeable sums—\$300 million in

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\* Abu Dhabi, Dubai, Sharjah, Ajman, Umm al-Qaiwain, Ra's al-Khaimah, and Fujairah.



### A SENSE OF VULNERABILITY

*Over the past decade, Saudi economic aid to Third World nations has quadrupled—to some \$4 billion in 1977. Ending a long period of semi-isolationism, the kingdom's foreign policy has become more "activist." But as correspondent Joseph Kraft notes, the obverse of activism may be insecurity:*

Rich as the Saudis are . . . and promiscuous and patient as they may be in dispensing subsidies, they cannot play a role in the world, or even in the Horn or the Middle East, without important external help. . . . A sense of just how vulnerable the Saudis are, and to how many different parties, emerges from a look at the books that have collected in the outer office of the Saudi intelligence chief, Prince Turki al-Faisal. The list includes two volumes (one a biography of Carlos, the terrorist who masterminded the kidnapping of practically all the oil ministers in the OPEC cartel in Vienna in December of 1975) on the dangers of the Palestinian radicals; *The Crash of '79* by Paul Erdman, which sketches out fictionally the dangers of Iran to Saudi Arabia; two on the threat posed by Russia; one on the Israeli menace; and several copies of *Arabia Without Sultans* by Fred Halliday, which is a survey of the radical liberation fronts in the area and their opposition to the oil sheikhs. The Saudis by themselves cannot conceivably contain all these dangers simultaneously. They need—they are, indeed, the world's leading candidate to have—a protecting power.

*From "Letter from Riyadh" by Joseph Kraft in The New Yorker, June 26, 1978.*

Somalia, for example, and untold millions in the Sudan—to induce various Arab states to expel Soviet military technicians and reduce their reliance on Soviet weaponry and money. Saudi generosity led eventually to President Sadat's expulsion of Soviet military personnel from that country in 1972. It was an important feature of successful Saudi efforts to persuade Northern Yemen to freeze its relationship with Moscow.\*

Most Saudis believe that the U.S.S.R. exercises excessive power internationally and represents an atheistic and imperialistic force antithetical to Arab nationalism and Islam. Fear of the Soviet Union is escalating in the kingdom, as con-

\*The Riyadh regime also established diplomatic relations with the People's Democratic Republic of Yemen (PDRY) in 1976, and offered to extend substantial amounts of aid to that country—up to \$100 million—in an effort to further neutralize the Soviet role in the region. The means were clearly insufficient to the task, however, in part because the Saudis could not provide the Yemenis with certain goods (such as MIG jet fighters) and refused to underwrite weapons purchases from the Soviet Union. Since the overthrow in 1978 of moderate PDRY President Salim Rubayya Ali, the country has moved closer to the U.S.S.R. than ever before, backing Ethiopia against Somalia and allowing Soviet ships to dock at Aden, a former British base.

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cerned Saudis watch the consolidation of the Russian position on the Horn of Africa, in Southern Yemen, in Angola and Mozambique, and, since the 1978 coup, in Afghanistan. Riyadh also attributes much of the current unrest in neighboring Iran to leftist, probably Soviet-backed forces. In Saudi eyes, these trends portend a kind of "encirclement."

Nor do such fears apply only to the Soviet Union. NATO facilities in the Mediterranean, U.S. observers in the Sinai, and U.S.-backed CENTO (Central Treaty Organization) involvement in the Indian Ocean–Gulf of Oman–Arabian Sea area are viewed by the Saudis and their neighbors as "imperialist" gestures that could threaten the Arab world in general and Saudi Arabia in particular. This concern is only inflamed by conjecture in the West concerning the U.S. option of armed intervention to secure the kingdom's oil in any new crisis.

### The Price of Peace

Lately, such talk has ebbed, and Saudi fears of intervention by either the West or radical Arabs have eased. In the case of several Arab countries, their economic and political fortunes are now so intertwined with Saudi Arabia's that to challenge the kingdom's paramountcy in Arab affairs is now virtually unthinkable. For other states, the room to maneuver is somewhat greater. Jordan, for one, has long had interests in the Fertile Crescent which do not always coincide with those of Riyadh. (Jordan's ties with Syria are especially close, and it has long since reached a *modus vivendi* with Israel, on the economic and social level, concerning the West Bank.) And Egypt, with its greater military power, more developed society, and not inconsiderable political influence in the Arab World, has clearly shown itself to be an independent force.

What has Saudi Arabia really achieved by its largess? In many respects, the impact of a dollar is perceptual and psychological, not economic. The other Arab states desire a close relationship with Saudi Arabia for a multitude of reasons—money, oil, and political support. The Saudis, for their part, acknowledge that cordial relations with the rest of the Arab world are a key to their own security. They feel threatened, they need good regional relations, and they can pay for them.