

How The U.S. Lost Saudi Arabia

Secret cable traffic between Washington and Riyadh, Saudi Arabia, and a secret memorandum and letters from James Akins, former U.S. ambassador to Saudi Arabia, obtained by Executive Intelligence Review from sources in the Middle East, provide a glimpse of the process by which the United States lost Saudi Arabia.

The documents, printed here in excerpt, provide confirmation of the following elements of U.S. Middle East policy under Henry Kissinger, a policy which has been reactivated by the Carter Administration: (a) the deliberate U.S. efforts to raise oil prices; (b) the active threat of an Israeli-Iranian military action against Saudi Arabia secretly coordinated by the United States; and (c) the catastrophic effects such a policy would have, which led Oil Minister Zaki Yamani of Saudi Arabia to remark to Ambassador Akins, "We think you may have gone mad."

The first document is a letter written from Akins to William Simon, then Secretary of the Treasury, in August 1975. In the letter, Akins describes that the U.S. is "on a steep downward path" in Saudi Arabia, and he hints at a then-current shift in U.S. policy toward the Persian Gulf away from Saudi Arabia and the Arabs and toward Iran and overt military threats. The letter also contains explicit references to Saudi awareness of Kissinger's duplicity on the question of oil prices.

The second document, entitled, "U.S.-Persian-Israeli Cooperation," is a file memorandum of the State Department. The latter part of the memo makes reference to Akins' 1975 dismissal by Kissinger — which, says Akins, the Saudis took as a clear signal of U.S. intentions. By now, the situation has become even clearer to Yamani and the Saudis.

EMBASSY OF THE
UNITED STATES OF AMERICA
Jidda

OFFICIAL-INFORMAL

SECRET

The Honorable
William Simon
Secretary of Treasury
Washington, D.C.

Dear Bill:

I'm enclosing a copy of a letter Zaki Yamani just gave me for you. As it was urgent I sent the original through the APO and hope it is not intercepted. I also trust that this will get to you unopened....

You will gather by reading between the lines of the telegrams that Yamani was much more explicit in his conversation with me than appears in the telegrams or even than he says in your letter. He told me he "knows" Kissinger is following the old Enders' line of speaking about lower oil prices but in secret doing everything possible to jack them up. This will enable him to unite the consumers in a front against the producers, particularly the Arabs...I don't know what Kissinger has in mind but I agree with Zaki that even if that is his plan, the Saudis must not fall for it. They must stick to their guns and refuse any price increases. Kissinger made matters much worse by threatening Yamani with political reprisals (unspecified) against the *Arabs* if there were

any price increases — and this after Yamani had reviewed the Saudi position and told HAK that Iran was insisting on a minimum of 15 percent increase. Yamani also said the Shah told him that while in the States "the Americans" understood why the oil price increases had to be established. Prince Saud, who was at the meeting with the Shah, confirmed that the Shah had indeed said this. Kissinger denied it to Yamani, of course. Do you know what's going on? Kissinger also denied vigorously to the Saudis any intention of changing policies and that the press (i.e. Kraft) was lying. Unfortunately, his credibility in Saudi Arabia is approximately the same as it is in the U.S. Senate and the Saudis concluded from the strength of his protests that the change in our policy toward them will be dramatic and imminent...

...Kissinger has concluded that their non-reaction shows they got his "message" and are frightened. The Saudis know his propensity to send messages. They got the "invasion" one but we survived, thanks largely to my statements. I sometimes wonder how we can maintain any influence at all in this country and I strongly suspect we're on a steep downward path here.

What this means, I'm afraid, is the end of your idea to base our Middle East policy on Saudi Arabia. (Did you get any reaction from the President, by the way?) Zaki Yamani has told me he is convinced we are now working closely with the Shah and that in the next Mideast war the Shah will be sent across the Gulf to occupy the Arab oil fields. They will find nothing worthwhile to occupy and the developed world will collapse.

I think I probably could have done as much as any American to keep the Saudis from slipping too far away from us, but I also doubt if I would have been able to stop the move altogether. Perhaps now is the time to leave....

Sincerely,
James E. Akins

INTERNATIONAL 7

SECRET

MEMORANDUM FOR THE FILE

SUBJECT: U.S.-Persian-Israeli Cooperation

DATE: August 28, 1975

REF: Jidda 6009

Saudi Petroleum Minister Yamani told me August 27 the "games" the U.S. is playing in the Middle East had long been discussed in Saudi Arabia and they are concluding we're putting all our cards on Iran. The Saudis had urged us on numerous occasions to put pressure on the Shah to cooperate with Saudi Arabia and reduce the oil prices yet we had refused to do this. But it was even worse. In one of Kissinger's last meetings with King Faisal the King urged him directly to take the matter up with the Shah and the Secretary agreed to do so. The secretary saw the Shah in late winter 1975 and reported back to King Faisal that he had indeed tried to persuade the Shah to reduce oil prices. The Saudis have subsequently been told by the Shah himself and by his Minister Amouzegar that the subject of oil was not discussed in these meetings. Although the Saudis know the Iranian propensity to lie, they believe in this case that the Iranians were telling the truth.

Yamani said another matter that had amazed them was that the Shah, in his recent visit to the United States, was honored by the President and other highest-ranking members of the Government. The Shah announced, implicitly at least, that oil prices must go up by \$3.50/barrel, yet the Iranians had told them we were completely unconcerned about any price rise. The Shah has also told this to numerous oil men as proof that the U.S. is at least indifferent to an increase in oil price. In any case the Saudis have seen no account from any American source that we in any way tried to pressure the Shah to back off this extreme position on oil price. Even if we had, we obviously had not succeeded. The Shah does not intend to press for a increase in prices by the full \$3.50 as he has implied, but he is firmly fixed on a \$2.00-\$2.50 price rise, something that Yamani said would be intolerable to most of the world's consumers, according to Yamani.

Yamani said that the conclusion the Saudis were reaching was that we had an agreement with Iran to let it take over the entire Arabian littoral of the Persian Gulf. He said we had urged the Shah to make peace with Iraq (I said this was absurd) so Iran would have a freer hand in the lower Gulf; that Iran's extraordinary military build-up was quite clearly aimed at occupying the Arab states across the Gulf, the Emirates, Qatar, Bahrain, Kuwait and even Saudi Arabia itself. In any case, if the Shah controlled the Straits of Hormuz the other states in the Gulf would be at Iran's mercy.

Yamani asked me if we had really considered what position we would be in if the Shah were in a position to impose his will on the Arab states of the Gulf. He said that the talk of eternal friendship between Iran and the United States was nauseating to him and other Saudis. They knew the Shah was a megalomaniac, that he was highly unstable mentally and if we didn't recognize this there must be something wrong with our power of observation. Furthermore, if the Shah departs from the stage we could have a violent, anti-American regime in Tehran. He said we would be much better advised to work out long-term arrangements with Saudi Arabia. He said he knew Secretary Simon had favored this; but Secretary Simon seemed to be the only top American official who recognized the Shah for the danger he posed to American interests. Most American officials seemed to be totally taken in by the Shah. It was obvious that the State Department had adopted a pro-Iran, anti-Arab line and he wondered if President Ford would fall for it. He hoped not.

I gave Yamani the full line about how important we considered Saudi Arabia and how its friendship was vital to us. He replied that he had no doubt that this was my view; that no Saudi and no Arab doubted it, but I had now been dismissed in the most ignominious and humiliating manner and the Arabs could not fail to understand exactly what message Secretary Kissinger intended to sent to them.

He said he regretted this but the Saudi government and all Arabs in the Gulf will have to start taking measures to protect themselves.

The conclusion they had reached was that the United States had probably decided to refrain from any military action against the Gulf. In the next Arab-Israeli war, Israel, he said, would be encourage to occupy Tobuk, in northern Saudi Arabia, and Iran would be told to occupy the Arabian littoral. The Israelis might succeed but this would not be too important. The Iranians he said, would be even less successful than would be the United States. Iraq would be involved immediately and so would be the Soviet Union. But if Iran should succeed in occupying part of the Arabian coast it would find only smoking ruins, and the western oil consumers would face catastrophe. I said such a plan would be sheer madness and he replied that I was quite right, but "we think you may have gone mad."

cc:

Mr. Alfred Atherton, NEA-EX
Mr. Francois Dickman, NEA-ARP
Secretary of the Treasury William Simon

AMB:JEakins:ef:rfs