

Will the Next American President be Friends with Saudi Arabia?

Just friends, but not like before, just about sums up the present relationship between the Obama administration and Saudi Arabia. It is not a divorce, but rather an estrangement or separation in a less than happy marriage. In happier days the two countries have been involved economically, politically, and militarily. Now, the former Saudi intelligence chief has called for a "recalibration" of relationships. The next U.S. President must attend to the issue.

In 1938 Standard Oil of California (Chevron) found oil in eastern Saudi Arabia. In 1945 President Franklin D. Roosevelt on February 14, 1945 met aboard a cruiser in the Suez Canal with Saudi King Abdul Aziz ibn Saud who brought eight sheep on board to cook for dinner. Military ties were enhanced in the common resistance against the Soviet invasion of Afghanistan in 1979-1989, in the Gulf crisis in 1991, and in the war against Saddam Hussein in 2003.

There were and still remain mutual interests but changes have occurred. For the US the oil of Saudi Arabia was once vital, but the U.S. is now less dependent on oil imports. For the Saudis, the purchase of US weaponry, now said to be at least \$95 billion, has been and remains crucial, but the Saudis are less dependent on the US for military security.

Cooperation continues. The Saudis have been involved in the U.S. led air strikes against ISIS targets in Syria, thus symbolizing that the response to ISIS is international, not simply Western. The U.S. has supplied intelligence and logistical support to the Saudi campaign against the Houthi

rebels in Yemen. The two countries cooperate in intelligence sharing against terrorist activity in the Middle East.

At the same time, differences have become more pronounced, leading President Barack Obama to refer to the Saudis as "our so called allies." Part of the reason is that Saudi Arabia, under the new King Salman has recognized that the Obama administration is reluctant to become involved in a Middle East conflict, as was shown in the refusal to take military action regarding the crossing of the "red line" in Syria in August 2013, unless the security of the US is threatened.

There are a considerable number of differences between the Saudis and the US: Saudi financing of terrorists and Islamist extremism; human rights abuses; the Obama acceptance of the Muslim brotherhood in Egypt; Saudi actions in the war in Yemen; the Assad regime in Syria; Iran; the Saudi help to 9/11 terrorists and to al Qaeda; Saudi funding of madrassas with their religious teaching of Wahhabism.

Above all, the Saudis are fearful of what they see as the Obama tilt to Iran, and especially are critical of the Iran nuclear deal.

The Saudis are therefore playing a more assertive policy, one that includes the use of military force. It is able and willing to play such a role. It has an estimated 268 billion barrels of oil in reserves, 16 per cent of world reserves and \$630 billion in financial reserves, though it is using about \$60 billion a year.

However, the regime now faces a number of issues: the decline in oil prices from \$115 a barrel in 2014 to \$35 in 2015; the growth of world competition in oil production and the increase in "fracking" by other countries; the emphasis on reduction of fossil fuels; the disenchanted young; the strength of ISIS; young people, under 30, make up two thirds of the population and a considerable number have no jobs. The unemployment rate

is more than 11 per cent.

The key to political and economic changes and plans by the Saudis is the role of the most influential and energetic member of the ruling family, the 30 year old Prince Mohammed bin Salman, son of the 80 year old King Salman, who became king in January 2015, The Prince is deputy crown prince, defense minister, controller of the economy, and chairman of the Supreme Council of Saudi Aramco , the world's largest oil producing company with oil reserves estimated at 261 billion barrels.

In foreign policy Saudi Arabia has taken steps, independently of U.S. policy. It had already broken diplomatic relations with Iran, and now seeks militarily to counter Iranian intervention in Yemen and Syria. It has also trying to create a 34 nation Islamic coalition against terrorism. Prominent Saudis have met with Russian President Putin and China's leader Xi Jinping.

The Saudis are interested in building a military-industrial complex, and a government owned military holding company. They propose that at least 50 per cent of military purchases would go to local industry. In 2015, defense spending was \$87 billion, the third largest amount in the world by a country.

Proposed economic changes from the dependence on oil that accounts for 40 per cent of GDP and 80 per cent of government revenue, may be more important. The stated ambition of the Prince is to change the economy from an oil funded government dominated system to a more private business role, emphasizing privatization, and private investment. Stability depends on the outcome, since Saudi Aramco has played a dominant role in the domestic economy, in the workforce, in power and water utilities, in 139 government schools, in healthcare, and in approving loans and venture capital investments.

This will mean changes in Saudi social affairs since oil

accounts for more than three quarters of state income, about \$162 billion. They would include privatization in areas such as health care and education, and investing in manufacturing, and higher taxes on goods. It would also entail accountability in public administration, and the creation of better universities.

The next American President must decide whether Saudi Arabia can be considered an ally of the West or as the home and fountain of Wahhabism, the most extreme form of Islam? The enigma for the West is whether the new assertion of power by the political leaders can limit, if not end, the impact of Wahhabism with its control over education, judiciary, and role of women, and support of terrorist groups.

Any decision for the U.S. must balance the contribution of the Saudis to the fight against terrorism with the reality of the continuance of an oppressive and authoritarian Saudi regime that defines criminal intent as anything that undermines public order or questions Wahhabism and is responsible for an increase in beheadings in 2015, as well as the execution of 47 men on terrorism charges.