Collection:
Green, Max: Files, 1985-1988
Folder Title:
Saudi Arabia
Box: 21

FACT SHEET: SALE OF MAVERICK MISSILES TO SAUDI ARABIA

Maverick missiles are air-to-ground anti-armor munitions first introduced into the Royal Saudi Air Force (RSAF) in 1976 for use with the Saudi F-5 aircraft. 2,500 "A" and "B" models (TV guidance), were previously delivered to the RSAF. The sale of an additional 1,600 AGM-65Bs was notified to the Congress in January 1984; however, at RSAF request, these missiles were never produced.

This sale substitutes the AGM-65D for the same quantity of the "B" model approved for sale in 1984. Although the "D" model provides marginal improvement in overall quality, it is not a new military capability for the Saudis. The "D" model uses an imaging infrared (IIR) guidance system instead of TV, permitting nighttime and low visibility operations . The same warhead, rocket motor, and logistical support network are used. These additional Mavericks will be used on the F-5; the F-15 has not been modified to carry a Maverick missile.

Under provision of AECA Section 36(b)(5)(C), only the formal, 30-day notification to Congress is required for enhancements or upgrades in the sensitivity of technology or the capability of major defense equipment. The original 1984 sale was valued at $119 million; the same quantity of AGM-65Ds will cost $360 million.

IIR Maverick has been approved for sale to NATO, Japan, Australia, Korea, Saudi Arabia, Bahrain, and the UAE. We have not received a request from Israel. A European consortium, lead by Italy, is examining coproduction of the missile.

--AGM-65D Maverick Missile

- 30 Day formal notification submitted to Congress on May 29. Sale valued at $360 million.

- Because this was a notification of a previously approved sale, only the 30 day formal notification period is required.

- Mavericks are air-to-ground anti-armor missiles first sold to Saudi Arabia in 1976. Saudis have 2,500 "A" and "B" models.

- "D" model uses infrared guidance system rather than television used in "B" - can be used at night, in low visibility. Rocket motor and warhead identical to "B" model.

- Congress notified of sale of 1600 additional "B's" in 1984, but Saudi government requested delivery be delayed. Now we must substitute "D" for "B" model because "B" is no longer in production.

- Although provision of "D" model provides marginal improvement in overall quality of Saudi Maverick inventory, it does not represent a new military capability for the Saudis.

NEA PRESS GUIDANCE THURSDAY, JUNE 4, 1987

MAVERICKS SALE

Q: In light of Congressional opposition, will the Administration rethink its proposal on Mavericks sales to Saudi Arabia?

A: --WE SUBMITTED THE PROPOSAL FOR THE SALE OF MAVERICKS TO SAUDI ARABIA LAST FRIDAY FOR REASONS WHICH YOU ARE AWARE OF.

--THIS SALE OF 1600 MAVERICK MISSILES IS NOT A NEW SALE BUT ONE PREVIOUSLY SUBMITTED TO CONGRESS IN 1984. THE NOTIFICATION PASSED WITHOUT OBJECTIONS RAISED BY CONGRESS. THE SAUDI GOVERNMENT REQUESTED THAT THE SALE BE DELAYED AT THAT TIME.

THIS PREVIOUS PROPOSAL WAS FOR 1600 MODEL "B" MAVERICKS. IN RESUBMITTING THE SALE, WE ARE NOW PROPOSING THE MAVERICK "D" SINCE THE "B" MODEL IS NO LONGER IN PRODUCTION.

--MAVERICK MISSILES WERE FIRST SOLD TO SAUDI ARABIA IN 1976 FOR USE WITH SAUDI F-5 AIRCRAFT. UNDER PREVIOUS AGREEMENTS 2500 "A" AND "B" MODEL MAVERICKS HAVE BEEN DELIVERED TO SAUDI ARABIA.

--WE WILL CONTINUE OUR CONSULTATIONS WITH THE CONGRESS ON THIS SALE.

(MAVERICKS SALE)

Q: Why did the Adminstration decide to make this sale now?

A: THE ADMINSTRATION DECIDED THAT THIS CURRENT NOTIFICATION SHOULD GO TO CONGRESS AT THIS TIME SO THAT WE CAN MEET A REQUEST BY THE SAUDIS TO FULFILL A LONGSTANDING REQUIREMENT.

Q: What is the relationship between this sale and other pending sales to Saudi Arabia, such as the replacement F-15's?

THE MAVERICK SALE IS NOT RELATED TO OUR CONSIDERATION OF WHEN TO NOTIFY CONGRESS ABOUT THE PROPOSED SALE OF REPLACEMENT F-15 AIRCRAFT TO SAUDI ARABIA. THE AIRCRAFT SALE IS STILL UNDER REVIEW.

drafted:NEA/P:WAPierce
6/4/87 x75150 (0001n-74)
Cleared:NEA/RA:JBircher
NEA/ARP:JBCraig
H:DRundell
NEA:EPDjerejian

There is absolutely no truth to press speculation the Administration deliberately has withheld its submission of a formal notification to Congress for the sale of F-15 attrition aircraft to Saudi Arabia because of our unhappiness with Saudi Arabia's role in the U.S.S. Stark incident. It was, and is, our intention to consult the Congress on Saudi attrition aircraft requirements for the projected life cycle of its F-15 program, based on its current attrition and the status of the F-15 C/D production line. Once these consultations are complete, we will at an appropriate time begin the process of formal notification of our intention to sell the Government of Saudi Arabia replacement aircraft. As we agreed at the time of the original sale, and was approved by Congress, the total number of F-15 C/Ds in Saudi Arabia will be no more than 60.

As was stated yesterday, the Administration did not ask the Saudis to intercept the Iraqi fighter. We are very pleased and grateful for the assistance Saudi Arabia provided throughout this episode. The performance of the Saudi Arabian government and the Royal Saudi Air Force (RSAF) in responding to the Iraqi attack on the U.S.S. Stark was fully consistent with understandings in effect regarding the deployment of the U.S. AWACS and the role of the RSAF vis-a-vis the U.S. Navy ships of MIDEASTFOR.

4003A

Saudi Gives Sol

PRESS GUIDANCE

Saudi Arabian Assistance in USS STARK Incident

Just prior to the Iraqi Mirage F-1 attack on USS STARK on Sunday, two Royal Air Force F-15s were scrambled from their base at Dhahran and ordered by Saudi authorities to fly a combat air patrol (CAP) mission over the Saudi coastline. This is a routine action based on prior agreement to defend our AWACS and Saudi facilities. Once it was cler that STARK had been attacked, the USAF AWACS and the Saudi controller aboard the E-3A asked the Saudi Sector Command Center at Dhahran for authority to commit the Saudi F-15s to intercept the Iraqi F-1 with the intention of forcing it down in Saudi territory. The Saudi chief controller on the ground advised that he did not have the authority to authorize such action and immeditely sought approval from higher authority. Before such approval could be obtained, the Iraqi aircraft was well on its way back to its base. In addition, the Saudi F-15s were low on fuel and had to return to base. Throughout the incident, the Saudi air force personnel on board AWACS and the F-15 crews were eager to run the intercept. It should be noted that there are no pre-arranged plans for the Saudi air force to come to the aid of U.S. vessels in the Gulf. However desirable an intercept of the attacking aircraft might have been, the incident illustrates the effectiveness and strength of the Saudi air force's command and control system.

It should also be noted that Saudi officials immediately launched helicopters to assist in the search and rescue effort and dispatched a Saudi naval vessel to close on STARK to lend assistance. The Saudi military hospital at Dhahran also was placed on disaster alert to assist with casualties if needed.

Based on the above, it is obvious that there was no official U.S. government request for the RSAF to intercept the Iraqi aircraft. The initiative originated with the Saudi F-15 pilots and the Saudi and U.S. personnel aboard the AWACS.

3989A

SAUDI ARABIA: F-15 SALE

-- In 1978 the U.S. sold Saudi Arabia 60 F-15C/D air defense variant aircraft. Since the original sale, several of these aircraft have been lost due to accident or other causes.

-- We have informed Congress in the Javits report that we anticipate the sale of additional F-15C/D aircraft to Saudi Arabia to replace those planes lost through attrition. We expect to sell twelve aircraft, and we will be discussing this in greater detail with the Congress.

-- The "reserve stock" of F-15's would remain in the United States, except for those aircraft required now and in the future to replace, on a one-for-one basis, those aircraft which have been lost. At no time, therefore, would Saudi Arabia have in country a force level greater than the 60 F-15's authorized by Congress in 1978.

-- The estimated value of this sale is $502 million; we are considering moving at this time because the F-15C/D air defense variant will be going out of production next year. After that point, only the F-15E ground attack variant will be produced. The U.S. is not prepared at this time to sell the F-15E to Saudi Arabia.

-- If the sale were approved, the aircraft would not be available for delivery for at least three years.

-- The U.S. has an ironclad commitment to Israel's security and qualitative military advantage in the region; the original 1978 sale of F-15's to Saudi Arabia was based on our judgement that these aircraft did not present a threat to Israel and our assessment of Saudi defensive needs.

-- Over the years, the Saudis have used the F-15's in a responsible and capable manner, providing the principal element in a defensive shield against Iranian incursions against Saudi and other Gulf state facilities. In 1984, Saudi F-15's successfully shot down intruding Iranian aircraft, putting an end to such Iranian aerial violations of Gulf airspace.

-- Given the high level of threat which exists in the Persian Gulf, we continue to believe that there is a legitimate Saudi defensive requirement to maintain a force level of 60 F-15's; we do not believe U.S. or Israeli interests would be served by a diminution in Saudi ability to deter and confront the Iranian threat.

-- Additionally, we do not believe U.S. or Israeli interests are served by forcing the Saudis to go elsewhere to obtain air defense aircraft. U.S. F-15's have been and will be sold to Saudi Arabia with firm assurances as to their use and stationing. Such assurances are altogether lacking in sales, such as the recent Saudi acquisition of British Tornado's, by other countries.

THE WHITE HOUSE

WASHINGTON

June 18, 1986

Dear Mr. President:

By letter dated October 28, 1981, I assured then-Senate Majority Leader Baker that the proposed transfer to Saudi Arabia of AWACS aircraft would not occur until I had certified to the Congress that specified conditions had been met. Subsequently, Section 131 of the International Security and Development Cooperation Act of 1985 ("ISDCA") incorporated the text of that letter, with its conditions for certification, into legislation.

I am pleased to inform you that all conditions set forth in my October 28 letter and repeated in Section 131 of the ISDCA have now been met and that I herewith forward to you my certification to that effect. Through the extensive efforts of the Defense and State Departments, agreements and other actions necessary to fulfill these requirements have been concluded.

I now wish to draw particular attention to the sixth condition that I have certified. I remain convinced that, as I stated in 1981, the sale of these AWACS aircraft to Saudi Arabia will contribute directly to the stability and security of the area and enhance the atmosphere and prospects for progress toward peace. I also believe that significant progress toward peaceful resolution of disputes in the region has been accomplished with the substantial assistance of Saudi Arabia. These perceptions are strengthened by a review of events of the last five years.

The current deployment of U.S. AWACS aircraft to Saudi Arabia has contributed significantly to the stability and security of Saudi Arabia and the region as a whole. The Royal Saudi Air Force's (RSAF) gradual assumption of the role now performed by the U.S. AWACS aircraft will continue this contribution. Over the past five years the U.S. AWACS aircraft have demonstrated their ability to detect approaching Iranian aircraft well before they would be detected by ground-based radar. This early detection, coupled with the demonstrated resolve of the RSAF to deploy its F-15s and engage aggressor aircraft, has deterred Iran from escalating attacks against targets on land and in Gulf waters under the Saudi protective umbrella. The Saudi commitment to a strong defense as evidenced by such measures as the AWACS acquisition, past defensive military action, and efforts to organize collective security among the member states of the Gulf Cooperation Council (GCC), taken together with the Kingdom's obvious lack of aggressive intent,

have contributed and will continue to contribute to the stability and security of the area. Our continued success in helping to support regional stability will diminish prospects that U.S. forces might be called upon to protect the governments, shipping lanes, or vital petroleum resources of the region.

Saudi Arabia has firmly supported every significant diplomatic effort to end the Iran-Iraq war. Mediation missions under the auspices of the United Nations, the Organization of the Islamic Conference, and third countries acting independently have received Saudi diplomatic and facilitative assistance. In encouraging a negotiated settlement of the conflict, the Saudis have made clear their preference that the war end without concessions of sovereignty by either side.

Saudi efforts to advance the Arab-Israeli peace process have been substantial. The Fahd Peace Plan and the Arab endorsement of the plan embodied in the 1982 Fez Communique significantly and irreversibly modified the Arab consensus of the three "no's" enunciated at the 1968 Khartoum Summit, i.e., no recognition, no negotiation, and no conciliation with Israel. The Fez Communique moved the formal Arab position from rejection of peace to consideration of how to achieve peace with Israel. The plan's statement that all states in the region should be able to live in peace was an implicit acceptance of the right of Israel to a secure existence. The concept of land for peace was a direct reflection of U.N. Resolution 242. While various elements of the Fez Plan differ from our views, the Plan remains the single largest step toward peace on which the Arab world has been able to agree. The existence of this consensus provided a base from which King Hussein felt he could launch his initiative to bring Israel, Jordan, and the Palestinians to the negotiating table in 1984-85.

Saudi Arabia has signaled its tacit support for King Hussein's moves to lay the foundation for peace negotiations by continuing substantial financial assistance payments to Jordan following critical steps in the process, i.e., after Jordan resumed diplomatic relations with Egypt and again after the February 1985 agreement between Hussein and PLO Chairman Arafat. Despite vocal Syrian opposition, the Saudis sent official observers to the Amman Palestine National Council meeting in late 1984 where moderate Palestinians made a decision to break with the radicals thereby opening the way for King Hussein to begin his peace initiative.

During the subsequent and continuing debate over how to make peace with Israel, the Saudis have consistently lent support to moderate Arab governments. Egypt's readmission to the Organization of the Islamic Conference was significantly assisted by crucial Saudi support for a procedural motion calling for a secret ballot on the readmission vote. Following the police riots in Cairo in February of this year, the Saudi Council of Ministers issued a statement supporting President Mubarak.

Although its efforts, like our own, met with limited success, Saudi Arabia played a major and highly visible role in attempts to arrange a lasting cease-fire in Lebanon. In the August 1983 efforts of Crown Prince Abdullah and Prince Bandar to bring an end to fighting in the Shuf mountains, and again through observers at the Geneva and Lausanne Lebanese national reconciliation talks, Saudi Arabia sought to bring peace to a moderate Arab nation and establish the framework for stable government. The Saudis also proved supportive of Lebanese efforts to negotiate directly with Israel conditions for Israeli withdrawal from southern Lebanon. In this regard, the Saudis supported Lebanese efforts to win Syrian consent to compromises necessary to reach agreement.

Saudi Arabia has provided crucial support for Sudan during that country's transition to a democratic form of government. Furthermore, it has established a significant record in working for regional stability and settlement of regional disputes in countries beyond its immediate neighborhood. Saudi aid has been crucial to the Afghan cause and significant to Pakistan, Morocco, and Tunisia. Despite limitations imposed by concern for its own security, the depth of regional animosities, and the need to establish and work within an Arab consensus, Saudi Arabia has assisted substantially the significant progress that has been made in the peaceful resolution of disputes in the region.

Saudi Arabia has publicly condemned terrorism and terrorist actions, having itself been a victim of terrorism. More important, it has taken practical actions to oppose terrorism regardless of its origins.

I am convinced that the assurances I made in my letter to Senator Baker have been amply fulfilled. A firm foundation has been laid for close and continued U.S.-Saudi cooperation

in operating the Saudi AWACS and in building an air defense system for Saudi Arabia and the GCC. By contributing to the self-defense of these countries, we are diminishing the likelihood of direct intervention by U.S. forces in defense of vital Western interests. At the same time, we are encouraging forces of moderation which, if they prevail, will bring lasting peace to a turbulent region.

Sincerely,

Ronald Reagan

The Honorable George Bush
President of the Senate
Washington, D.C. 20510

THE SAUDI ARMS SALE

I. Summary

The President has decided to notify Congress of his intent to sell Saudi Arabia a limited quantity of air-to-air, air-to-sea, and ground-to-air missiles. The provision of these defensive arms advances U.S. security interests -- by demonstrating continued U.S. reliability as a security partner for Saudi Arabia and the other Gulf states and by sending a clear message to Iran that the United States will oppose any expansion of the Gulf War and Iranian-backed radicalism in the region. The proposed sales do not add new systems to the Saudi inventory; they either augment or upgrade equipment currently in the Saudi inventory.

The President had planned to announce this sale later this year. But recent events in the Gulf, urgent consultations with Saudi Arabia and a direct, high-level request from the Saudi leadership have convinced the U.S. of the need to move immediately. The Iranian success in moving troops near the Iraqi border with Kuwait raises the threat of expansion of the war to the Gulf states to the highest point since the conflict began almost six years ago. Our friends in the region are urgently looking to the United States for an affirmation of our oft-repeated commitments of military assistance and support. If this sale is not approved and we are unable to respond to Saudi Arabia's legitimate defensive needs at this critical point, our credibility will be seriously eroded and our message of deterrence to Iran undermined.

II. Weapons To Be Sold

The sale we are notifying has a total estimated cost of $354 million and is composed of the following items:

- 671 AIM-9P4 Air-to-Air Missiles
- 995 AIM-9L Air-to-Air Missiles
- 100 HARPOON Air-to-Sea Missiles
- 200 STINGER Manportable Ground-to-Air Missile Systems with 600 Reloads

The sale of these items responds to long-standing Saudi requests. The Administration's Middle East Arms Transfer study, which was briefed to Congress last year, validated the need for these arms and the fact that they do not threaten Israel. These items do not introduce new weapons systems or new capabilities into the Saudi inventory. The Saudis already have the AIM 9L and the AIM 9P3 (an earlier version of the AIM 9P4) as well as limited quantities of the STINGER. Additionally, Saudi Arabia currently possesses the surface-launched version of the HARPOON missile. Sale of a small number of the air-launched variant will assist the Saudis better to counter naval threats in an area larger than their small navy can patrol.

The Saudi Governme . will pay for these defense articles and related services over a period of at least four years on a "dependable undertaking" basis, meaning that the Saudis will commit themselves to making payments in such amounts and at such times as specified by the U.S. There is no "grant aid" or "forgiven credits" in connection with this sale.

III. Justification for the Sale

A. U.S. Strategic Interests

The United States has vital strategic interests at stake in the region. We strongly support the security and stability of the moderate Gulf states. We are committed to maintaining the free flow of oil from the Gulf. We oppose radical forces in the area and the expansion of Soviet influence into the region. The sale of these follow-on missiles to Saudi Arabia will advance our interests without threatening Israel.

For over forty years the United States and Saudi Arabia have been close partners in strategic military cooperation. This cooperation has served both nations' interests and contributed to regional stability and security. Since the 1970s, the U.S. has become the major outside supporter of the other Gulf states as well. These countries have received assurances from a succession of U.S. Presidents that the United States will stand by them in their defense.

Through our military assistance and training programs we have established strong relationships of mutual trust and reliance. We want to maintain these interests. With the long lead times required for delivery of modern U.S. weapons, any prudent defense planner -- American, Israeli, or Saudi -- has to plan ahead. A security relationship demands consistent planning, updating and procurement. It makes no sense to wait until the shooting starts to seek approval for sales we agree are necessary for the defense of a friend.

It does not serve our interests -- or Israel's -- to allow others to replace the U.S. as the principal supplier of arms to Saudi Arabia and the Gulf states. U.S. arms sales carry safeguards and assurances that no other country requires, safeguards that ensure these sales pose no threat to Israel. Western European and other arms suppliers do not impose such conditions on the disposition of their sales. The recent British Tornado sale lost the United States over $12 billion in sales and support and tens of thousands of U.S. jobs without advancing either our interests or Israel's security.

B. The Increased Military Threat

The greatest current military threat to the Gulf states and Saudi Arabia is an expansion of the Gulf War to the Arabian Peninsula. With Iran's recent crossing of the Shaat al-Arab River and occupation of Iraqi territory near the border with Kuwait, this threat has dramatically increased. Kuwait and the other Gulf states look primarily to Saudi Arabia, and to the U.S. for their support and leadership in the collective defense of the region.

Saudi Arabia's greatest need is improved air defense. The Royal Saudi Air Force with only 60 modern fighters must protect an airspace equal to that of the entire Eastern United States. Its population centers are widely separated, rendering air defense more difficult. Cities of the Eastern Province, the Kingdom's vital oilfields and extensive petrochemical complexes are all highly vulnerable to attack from Iran. It requires only a single successful penetration of Saudi air defenses to inflict incalculable damage to Saudi oil facilities; accordingly, we have concentrated our military assistance on enhancement of air defense. The AWACS sale was an essential element in increasing warning time. The AIM-9 air-to-air missiles will increase Saudi ability to counter the Iranian air threat. The STINGER ground-to-air system provides vital low-level point-defense coverage, complementing the ground-to-air protection already in place. Additional STINGERS are essential for low level defense if the Saudi component of the Gulf State reaction force has to deploy to Kuwait. Protection of sea lanes and commercial shipping in the Gulf is another key U.S. interest in the region. The air-launched HARPOON missiles in the proposed sale will enhance Saudi capabilities to defend shipping in the Gulf and protect strategic Saudi facilities from attack by sea.

The U.S. response to Saudi Arabia's urgent request for military assistance will be weighed carefully by the Gulf States. Any perception that the U.S. is unable or unwilling to live up to its promises will deal another severe blow to our credibility and regional role. It will inevitably send a message to Iran that the U.S. is backing away from its security commitments, and encourage further Iranian military and political adventurism in the Gulf. It will dramatically reduce the willingness of our friends in the area to stand up to Iranian aggression, and will provide opportunities for the Soviet Union to increase its influence.

IV. Israeli Concerns

The cornerstone of U.S. policy in the Middle East is our support for Israel's security and the maintenance of Israel's qualitative military advantage. The United States will never take any action or make any sale which would jeopardize Israel's security. But we can fulfill our commitment to Israel's security at the same time that we protect other major U.S. interests by pursuing our security assistance programs and cooperating with our Arab friends. Such assistance and cooperation is in Israel's own interest, for they contribute to overall regional stability, diminish the threats to the area from radicalism and Soviet expansionism, and protect oil exports to the free world.

V. Should arms be refused until Arab-Israeli Peace is Achieved

It is counterproductive to assert that holding hostage our forty year arms supply relationship with Saudi Arabia can promote an Arab-Israeli peace or enhance Israel's security. The Saudis have played a constructive role in furthering friendly Arab thinking on Israel and advancing the peace process. We believe they will continue to do so because peace is in their own interest. But they will reject attempts to compel their behavior. It should be understood that Saudi security requirements are readily justifiable based solely on the military threat to the Kingdom. As a sovereign nation, Saudi Arabia must seek the arms it requires to address its compelling defense needs. If it cannot rely on the US as a supplier, it will turn to other markets to purchase what it requires as evidenced by its recent Tornado purchaser. But in forcing the Saudis to such a policy, we would sacrifice important U.S. short and long term strategic interests. The protection and preservation of these interests--to which the Saudis contribute importantly--are essential to the well being of the Western world.

January 22, 1985

SAUDI ARABIA: THE ARSENAL GROWS

In 1981, President Reagan assured the Senate that the AWACS would not be delivered to Saudi Arabia unless

> initiatives toward the peaceful resolution of disputes in the region have either been successfully completed or that significant progress toward that goal has been accomplished with the substantial assistance of Saudi Arabia.

Against the Peace Process

Contrary to the assurances of the Reagan Administration, the Saudis have opposed every significant American peace initiative during the past three years.

* They actively undermined the Reagan Plan, despite promises to the U.S. that they would support the proposal.

* They worked against the May 17 Lebanon-Israel Accord of 1983 negotiated by Secretary of State Schultz, even though Saudi Arabia assured the U.S. that it would support the agreement.

* They refused to use leverage with Syria to help implement the the May 17 Accord, but were quite willing to use their influence with Jordan to prevent Hussein from negotiating on the basis of the Reagan Plan.

* They have opposed the Camp David process, and are largely responsible for Egypt's current isolation in the Arab world. They continue to obstruct efforts to reestablish diplomatic relations between Egypt and other Arab countries.

* They provide most of the subsidies for the rejectionist and they are the primary supporters of those opposed to direct negotiations with Israel.

Against U.S. Interests

The Saudis also have adopted other policies directly contrary to the interests of the United States.

* They continued to subsidize Syria during periods when Syria was actively assisting the Shia terrorists who attacked American facilities in Lebanon. Syria has used the Saudi money to purchase arms from the Soviet Union.

* They are reportedly the only Arab country that still provides funds to the PLO.

* They have worked to keep oil prices as high as possible.

Against Saudi Interests

Supplying additional advanced weapons could create internal security problems for the Saudis similar to those that led to the fall of the Shah of Iran.

* Encouraging Saudi Arabia to spend additional amounts on military spending at a time when oil income has been reduced could increase internal dissatisfaction and lead to unrest.

The Military Arguments

Saudi Arabia already has enough weapons to defend itself from Iran.

* The Iranian Air Force has at most only about 70 operational combat aircraft, compared with 200 for Saudi Arabia.

* The downing of an Iranian fighter by Saudi F-15s on June 5, 1984 has demonstrated that Saudi Arabia can protect itself from Iran using existing equipment.

If the arms it already has are insufficient, then additional supplies will not make a difference.

* ACDA says that Saudi Arabia imported $12 billion of weapons from 1973 to 1982. Additional imports during the past two years amounted to another $4-6 billion.

* The United States has already sold more arms and services to Saudi Arabia than to any other country in the world. Total sales agreements with Saudi Arabia since 1973 will go over the $50 billion mark during this fiscal year. Indeed, a quarter of all U.S. arms sales since 1950 have been to Saudi Arabia.

* The only potential enemy with a powerful air force that could threaten Saudi Arabia is Iraq, yet the aircraft going into Iraq are being paid for with Saudi money.

* Saudi ability to shoot down Iranian aircraft illustrates the growing capabilities of the Saudi military, showing that Saudi Arabia has assimilated the advanced weapons that it has acquired. Their ability to threaten Israel has grown. Their ability to resist pressure to stay out of another war with Israel has decreased.

January 22, 1985

Fact Sheet: Sidewinders to Saudi Arabia

The AIM-9L Sidewinder is an all-aspect heat-seeking missile. Older versions of the Sidewinder can only be fired at rear of a target plane, where the heat of the engine is the most intense. The AIM-9L, however, is sufficiently sensitive to be fired at the sides or even the front of a target aircraft. This makes it significantly more dangerous than the earlier Sidewinders. The AIM-9L was used with devastating effect in 1982 by the Israelis in Lebanon and by the British in the Falklands.

The AIM-9L can only be used with Saudi Arabia's F-15 fighters. It cannot be fitted to older American F-5E and British Lightning fighters. Thus, the 1981 sale of 1,177 AIM-9Ls provided Saudi Arabia with nearly 20 AIM-9Ls per aircraft. In addition, the Department of Defense has proposed a sale for an additional 1,700 AIM-9Ls, giving Saudi Arabia 48 for each of its F-15s.

In contrast, the U.S. plans to purchase for itself only 23,000 AIM-9Ls (also including purchases those of an upgraded version, known as the AIM-9M) for the 1,800 aircraft able to fire the missile, or only 13 per aircraft. Since the Department of Defense plans no additional purchases of the Sidewinder, but the number of aircraft using it will increase, the number of missiles per aircraft will drop dramatically during the next few years.

Existing sales of AIM-9Ls to Saudi Arabia are considerably in excess of those to other countries provided with that missile. For example:

* The Netherlands bought 900 AIM-9Ls for its 102 F-16s, or about 9 per aircraft.

* Greece bought 300 AIM-9Ls for 60 A-7s, or 5 per aircraft.

* Israel bought 800 AIM-9Ls for 50 F-15s and 75 F-16s, or about 6 per plane.

Press reports indicate that Saudi Arabia intends to purchase an additional 1,700 AIM-9Ls, increasing the total to over 2,900. This will increase the number of missiles per F-15 to 48 per plane, assuming the Saudis obtain no additional F-15s, or to 29 per plane if the Saudis obtain 40 additional F-15Cs. At nearly 30 missiles per plane, the Saudis will have more than twice as many missiles per plane as the U.S., and and three to five times the number of missiles per plane as our allies.

Saudi Arabia will also acquire additional numbers of a less advanced version of the Sidewinder for its F-5E, which cannot carry the AIM-9L. Previous sales of older versions of the Sidewinder amounted to over 1,900, or about 16 for each of Saudi Arabia's 120 F-5 aircraft. The Saudis plan to purchase another 1,200 missiles, increasing the total to 3,100, or about 26 per F-5. In contrast, the U.S. has only about 70,000 Sidewinders of all types, or only 13 for each of our 5,500 combat aircraft.

January 22, 1985

Sidewinders Per Aircraft

AIM-9L/M

Saudi Arabia: 20 per F-15 (current)
48 per F-15 (after order for additional 1,700 -9Ls)

United States: 13 per F-14/15/16/18
Greece: 5 per A-7
Israel: 7 per F-15/16
Netherlands: 9 per F-16

Note: Figures are based on current inventories, and do not take into account likely purchases of additional aircraft.

Saudi Arabia: 1,177 for 60 F-15, if additional 1,800 AIM-9L and 40 F-15 are ordered, the total comes to 30 per F-15

United States: 23,000 AIM-9L/M ordered and on order for 1,800 F-14/15/16/18; ratio will decline as additional aircraft are acquired

Greece: 300 AIM-9L for 60 A-7
Israel: 800 AIM-9L for 75 F-16 and 40 F-15; taking into account 75 F-16 and 10 F-15 on order, figure drops to 4 per aircraft
Netherlands: 900 AIM-9L for 102 F-16

January 22, 1985

Arab Requests for U.S. Arms

Saudi Arabia

60 F-15C or F-15E fighters
F-15 multiple ejection racks (MER 200)
F-15 conformal fuel tanks
up to 160 F-20A fighters
2900 Sidewinder AIM-9L air-to-air missiles (1700 -9L/1200 -9P)
Improved Chaparral surface-to-air missiles
M-1 main battle tanks
M-2 Bradley infantry fighting vehicles
Additional AWACS
Peace Shield command and control system

Jordan

72 F-16C or F-20A fighters
Stinger surface-to-air missiles
26 mobile improved HAWK surface-to-air missiles
M-1 main battle tanks
4 C-130 transport aircraft
TPS-43/TPS-63 air defense radars

U.S. May Use Fahd Visit to Settle Saudi Arms Request

By John M. Goshko
Washington Post Staff Writer

The administration is debating whether to use the Feb. 11 visit of Saudi Arabia's King Fahd as a vehicle for quick action on Saudi requests for a multibillion-dollar package of U.S. arms including 40 F15 jet fighters, U.S. officials and congressional sources said yesterday.

The sources said the debate centers on whether President Reagan should seize on Fahd's first trip here in eight years to wrap up a final agreement on the size and nature of the package and then announce it shortly after his departure.

While stressing that no decision has been made, the sources said administration sentiment strongly favors the sale, which was put off for almost two years to avoid making it an issue in the presidential election. But there is lively debate about timing.

State Department spokesman Bernard Kalb said yesterday, "It is correct to say that an arms package to enhance Saudi defense capabilities has been under consideration." But "until we are ready to notify Congress of such a sale, we will not comment further."

Defense Secretary Caspar W. Weinberger, backed by senior officials at the Pentagon and the Mideast affairs bureau of the State Department, are said to believe that Reagan should act quickly while he is riding the crest of his landslide reelection. In their view, fast action would prevent Israel's supporters from marshaling a counterattack in Congress, would calm Saudi Arabia's restiveness at the long delay and possibly induce Fahd to be more cooperative with efforts to revive Reagan's Mideast peace initiative.

However, the sources continued, that idea has encountered opposition from many congressional leaders who would prefer a long look at whether the Saudis really need so many sophisticated weapons. The congressional opponents reportedly include many Senate Republicans, who are aware that the sale could be a political liability for them in 1986, when 22 of them are up for reelection.

The Saudis want 40 F15s, roughly 3,000 air-to-air missiles, 1,000 shoulder-fired antiaircraft missiles, some antitank missiles, special F15 equipment and possibly more AWACS.

The sources said that Sen. Richard G. Lugar (R-Ind.), new chairman of the Foreign Relations Committee, who probably would have to take the lead role in the Senate, is aware of the acrimony sparked by earlier arms sales to Saudi Arabia. Many congressional sources say they think he is likely to lean toward a more deliberative, consultative approach. He has not made his views public.

Because of possible trouble on Capitol Hill, the sources added, Secretary of State George P. Shultz reportedly is undecided about the wisdom of moving quickly. Although Shultz favors the sale, some State Department sources describe him as hesitant to antagonize Congress and create potential problems for arms deals with other friendly Arab states such as Oman, Bahrain and possibly Jordan and Kuwait.

The total value of pending Saudi requests would be almost as large as the $8.5 billion sale to Saudia Arabia in 1982 of airborne warning and control system (AWACS) planes and other aircraft equipment—until now the largest single U.S. military sale.

In addition to the 40 F15s, which would be added to the 60 purchased in 1978, the Saudis want roughly 3,000 Sidewinder AIM9L and AIM9P air-to-air missiles, 1,000 shoulder-fired Stinger antiaircraft missiles and an unspecified number of Maverick air-to-ground antitank missiles. They also want such controversial items as multiple-ejection bomb racks and additional range-extending fuel tanks for the F15s, and possibly more AWACS planes.

The officials who want to move quickly argue that it would bolster the U.S. strategy of building up Saudi Arabia's ability to counter possible Iranian threats to Persian Gulf oil supplies.

Many of these officials privately concede that the Saudi requests exceed the kingdom's needs. But they contend that any U.S. effort to cut the package substantially would offend Saudi leaders and renew the threat that the Saudis and other moderate Arab governments will turn to other countries, including possibly the Soviet Union.

Opponents argue that providing the Saudis with such items as multiple-ejection bomb racks would transform their F15s into offensive weapons that could threaten Israel, and that the size of the total package, coupled with expected future sales to other Arab countries, would erode Israel's edge in the Middle East arms equation.

These concerns would trigger a strong reaction from Israel's congressional backers, although it would be difficult for Congress to block the sale because the Saudis can pay cash and not depend on congressionally authorized credits. But opposition from Congress still could force the administration into another bitter, time-consuming fight.

The sale also could raise tensions with Israel. The sources said that Shultz, who reportedly has overcome objections from the Office of Management and Budget to an increase in U.S. military aid to Israel to about $1.9 billion for next year, also has offered Israel a commitment on U.S. military assistance for a three-year period.

However, the sources said, Israel has balked at the offer unless it has the right to seek larger amounts of aid if it feels that the Mideast arms balance has shifted.

Saudis Request 3,000 Missiles, U.S. Sources Say

By John M. Goshko
Washington Post Staff Writer

Saudi Arabia informally has asked to buy almost 3,000 U.S.-made air-to-air Sidewinder combat missiles, but the Reagan administration, while "favorably disposed," is concerned about the request becoming an issue in the presidential campaign, according to U.S. officials.

The Saudis, therefore, have been told that the administration does not want to submit the sale to Congress until next year, the sources said. The proposed sale, if granted, would expand vastly Saudi Arabia's aerial combat capability and thus has been kept secret by the administration.

The Saudis want the missiles as part of a master plan to make their armed forces capable of fighting a sustained, high-intensity war for at least 30 days, U.S. and diplomatic sources said, adding that the Saudi goal is gradually to build up their inventory of various models of the Sidewinder, the most sophisticated weapon of its kind in the U.S. arsenal, until they have from 10,000 to 11,000.

The administration, concerned that the spillover effects of the Iran-Iraq war could disrupt the flow of Persian Gulf oil, favors the idea because it fits into the U.S. strategy of bolstering Saudi Arabia's ability to act as the main bulwark against Iranian military moves in the gulf region.

However, the sources said, the administration, aware of opposition to arms sales to Saudi Arabia from Jewish groups, is unwilling during an election year to risk the kind of fight with Congress that resulted from its 1981 sale to Saudi Arabia of Airborne Warning and Control System (AWACS) radar surveillance planes and other advanced aircraft equipment.

That sale included an initial supply of 1,177 AIM9L Sidewinders, the most advanced model. Unlike the missile's earlier models that can be launched against an opponent plane only from the rear, the AIM9L has an improved guidance system that enables it to be fired head-on at another aircraft and still hit its target.

The Saudi bid is still in the nature of a preliminary inquiry rather than a formal request, and the final numbers are subject to negotiation. But the sources said the Saudis have indicated that they would like to buy an additional 1,700 AIM9Ls and from 1,200 to 1,300 less sophisticated Sidewinders known as the AIM9P. The sources estimated the total value of such a sale at $270 million.

But, the sources added, the administration is sensitive to potential charges from supporters of Israel that a Sidewinder sale would be only the first wave in a flood of new arms sales to the Saudis and other Arab states.

If President Reagan is reelected, the sources said, his administration will have to address a number of long-deferred Mideast arms issues such as Saudi Arabia's desire to obtain multiple-ejection bomb racks for its 170 U.S.-made F15 jet fighters and an additional two squadrons of F15s.

If Reagan wins a second term, the administration also is expected to revive its proposal, withdrawn in the face of heavy congressional opposition last spring, to sell shoulder-fired Stinger antiaircraft missiles to Jordan and to explore the possibilities of selling F15s and other U.S. military equipment to such smaller gulf states as Oman and Kuwait that feel threatened by Iran.

U.S. officials, while conceding that such sales are under consideration, insist that no decisions have been made. The administration's strategy, they said, is to keep them on the back burner until next year when members of Congress will be able to weigh any proposed sales free of the current election-year pressure to vie for the support of Jewish voters. For that reason, the sources said, only a few key Republican leaders in Congress have been made aware of the proposed sale. They said the administration has assured its congressional supporters that it has told Saudi Arabia that it will act on the request "at an appropriate time" after the election.

U.S. officials said that if the issue can be kept quiet until next year, they do not believe it will provoke the kind of fight that broke out in Congress over the AWACS sale or the anger expressed on Capitol Hill over Reagan's use of his emergency powers last May to sell the Saudis 400 Stingers.

The officials noted that these earlier sales involved giving the Saudis new weapons systems that they did not possess previously. By contrast, the officials said, the Saudis have 260 of the 1,177 Sidewinders covered by the 1981 sale, and the rest are in the supply pipeline. As a result, the officials argued, selling more Sidewinders to Saudi Arabia would extend an existing arms supply relationship rather than break new ground.

However, that argument ignores the size and scope of the Saudi request. If granted, it would give Saudi Arabia a ratio of roughly 17 Sidewinder missiles per plane, even greater than that of the U.S. Air Force, which has a Sidewinder inventory of four per plane. Israel has about 1.5 Sidewinders for each of its fighter planes, and its U.S. supporters undoubtedly would argue that the imbalance poses a potentially serious danger to the Jewish state.

The sources said the State Department, aware of that fact, believes that the Saudi request should be cut back if significant congressional opposition is to be averted.

"The numbers aren't engraved in stone," a U.S. official said. "We're still in a very early stage of looking at the numbers. Then we'll have to go back to the Saudis and talk with them about what makes sense in terms of their needs and what Congress is likely to go along with."

However, some sources added, the State Department's caution is not shared by the Defense Department. They said the Pentagon would like to keep the number as high as possible because it believes that putting large amounts of advanced U.S. equipment into friendly gulf states is creating a "resource stockpile" that U.S. forces could draw on if an emergency should force the United States to intervene in the Persian Gulf.

THE NEW YORK TIMES 11/18/84

Arab Requests for Arms Being Weighed by U.S.

By LESLIE H. GELB
Special to The New York Times

WASHINGTON, Nov. 17 — With the Presidential election behind them, Reagan Administration officials say they are once again looking at multibillion-dollar requests from Saudi Arabia and Jordan for advanced weapons.

To Israeli and American officials, the decisions will have profound implications for the regional military balance, the Israeli economy and the Middle East peace process.

Administration officials indicated that approval was likely for additional high-performance aircraft and a variety of missiles for the Saudis, and for new kinds of mobile surface-to-air missiles and air-defense radars for the Jordanians.

Israeli officials and American backers of Israel have been telling White House and State Department officials that the quality and quantity of these arms would be a serious blow to Israeli air power and thus to the heart of Israeli military superiority.

Economic Threat Seen

The Israelis also say they would have to spend a lot more to counter these new weapons. This would happen at the very time Jerusalem and Washington are hoping to see further cuts in Israel's military spending to cope with that nation's economic crisis. Even without approval from the Administration of new arms for Arab nations, Israeli officials have said their Government will ask for an increase in United States military and economic aid, which is now at $2.6 billion.

"All of these decisions were postponed because of the elections," a State Department official said, "and the key issue now is how to approach Congress."

The main options are sending all major Israeli and Arab arms requests to Congress early in February, when Administration officials say they feel President Reagan's power will be at its height, or having them trickle out over the course of the next year or two to avoid a single all-out fight. Some Administration officials would also like to join proposed Middle Eastern requests with a list of proposed arms sales worldwide.

The main push for the new arms sales is said to be coming from military and civilian leaders in the Pentagon, and from parts of the White House and State Department. Some officials said the sales were necessary to keep the Russians out of the Jordanian market, where they have recently made inroads, and to maintain good relations with Arab moderates and a positive climate for reconsideration of President Reagan's Middle East peace plan. Under that plan, Israel would allow the association of the West Bank and Gaza Strip with Jordan in return for peace.

Jordan Looking to Soviet

How successful the United States would be in discouraging new Soviet arms sales to Jordan remains to be seen. On Friday King Hussein was quoted as saying that his country had begun looking to the Soviet Union as well as Western Europe for weapons because Washington had imposed "conditions" that he found "unacceptable, humiliating and prejudicial to our national honor."

The King, speaking in an interview with the the Egyptian newspaper Al Ahram, did not disclose the conditions.

Earlier this year the Administration refused to supply Jordan with Stinger antiaircraft missiles. King Hussein later accused the United States of a pro-Israel bias and said Washington had "lost its credibility" in the Arab world.

Secretary of State George P. Shultz is described as generally in favor of the Saudi requests but reluctant to upgrade Jordanian arms, especially given King Hussein's criticisms of the Reagan peace plan.

The 'Wish Lists'

What is called the Jordanian "wish list" includes 6 mobile improved Hawk surface-to-air missile batteries, with the hope of ultimately getting as many as 26 batteries; 36 F-16 fighter aircraft, with the eventual goal of 72 of these or the somewhat less-advanced F-20; 4 C-130 Hercules air transports; M-1 Abrams tanks; TPS-43 and TPS-63 air-defense radars, and Stinger shoulder-fired surface-to-air missiles.

To the Israelis the most objectionable item is the F-16's, which would be a significant improvement over the F-5's Jordan now has. The officials said the Administration was unlikely to approve the F-16's, but the mobile improved Hawks could well be approved. These are almost as worrisome to the Israelis as the F-16's. Jordan now has Hawk batteries that are cemented down facing Syria.

The Saudi requests are mostly for upgrading existing weapons or buying additional weapons. Their "wish list" includes 25 to 40 F-15C's or F-15E's with land-attack ability, with the goal of 60 F-15's in addition to their current force; MER-200 multiple ejection bomb racks for the F-15's, and additional fuel tanks to extend their range as well as more Awacs radar aircraft to control them. The Saudis are also seeking 1,000 Stingers and 2,000 Sidewinder AIM-9L and AIM-9P air-to-air missiles to add to their current stocks of both missiles.

The Saudis have also asked for M-1 tanks and M-2 Bradley infantry fighting vehicles.

In addition, Administration officials expect the Saudis next year to raise again the question of buying and coproducing 80 to 120 F-20A's as replacements for existing F-5E's.

Israeli military planners say most of these requests would cut into Israel's qualitative edge, particularly with regard to Jordan, and would damage Israel's position relative to the Saudis in both type and quantity of weapons. Administration officials understand that the key to Israeli war plans is to establish immediate air superiority in order to compensate for lesser numbers of ground forces and weapons.

To Israeli military experts and to military experts at the American-Israeli Political Action Committee in Washington, there are no sound military reasons for such new American arms sales. These experts contend that the weapons would make sense only for use against Israel, and that even with the new arms, Jordan could not defend against a Syrian attack without American and Israeli help. They say the new arms for Saudi Arabia would be more than enough to deal with Iran, which has depleted its armaments, and not anywhere near enough to worry the Soviet Union.

No Analyses Completed

Pentagon officials concede these points, but said the additional features would raise the stakes for Syria or any other nations contemplating an attack. These and other officials also acknowledged that no careful analyses had been done on the military effects of the prospective sales. By law, such analyses must be included in the presentation of the proposed sales to Congress.

Administration officials said there was no talk about using the arms sales to press Israel into making negotiating concessions to the Arabs on the West Bank. "That just wouldn't work," a State Department official said.

Nor are Administration officials clear on how far Israel or its American supporters are prepared to go to prevent the prospective arms sales to the Arabs. "One doesn't bargain with the Israelis, of course," the official said wryly, "but there will be a penalty for the sales once we decide to make them."

SAUDI ARABIA SINCE AWACS: A RECORD OF UNHELPFULNESS

Saudi Arabia

The Reagan Administration is again considering a sale of sophisticated American weapons to Saudi Arabia in a package that could include M-1 tanks, 40 F-15 fighters, 3000 Sidewinder air-to-air misslies, Stinger surface-to-air missiles, and other advanced weapons.

In 1981, President Reagan persuaded the Senate to sell AWACS to Saudi Arabia on the explicit assurance that the Saudis would provide "substantial assistance" to the United States in promoting peace in the Middle East. Since then, Saudi Arabia has actually helped to undermine every American peace initiative in the region.

- They opposed the Camp David process, punishing Egypt for making peace with Israel. The Saudis continue to obstruct Egypt's efforts to reestablish diplomatic relations with the Arab world because it signed the Camp David Accords.

- They thwarted the Reagan Plan by threatening King Hussein with economic sanctions if he entered negotiations with Israel and by repeatedly undermining his efforts to overcome a PLO veto.

- They undermined US policy in Lebanon by refusing to fulfill an explicit promise to use their financial leverage on Syria to persuade it to withdraw. Instead, after the United States had negotiated an agreement for Israeli withdrawal, they urged Washington to scrap the accord and then denounced the US presence in Lebanon as "a true shame" (Washington Post, February 3, 1984).

- They encouraged PLO rejectionism by refusing to pressure Arafat to support the Reagan Plan and by providing financial support for the continuation of the PLO's "armed struggle" long after most of the Arab world has ceased to do so.

- They fanned the flames of hatred against Israel. Thus, Crown Prince Abdullah declared that "once Moslems achieve unity of will and action, Israel will be annihilated and disappear." (Al-Sharq al-Awsat, 9/13/84) King Fahd, after his meeting with President Reagan in February 1985, told Arab ambassadors in Washington that "armed confrontation against Israel is still an exising necessity." (Kuwait News Agency, 2/20/85)

Moreover, the Saudis have acted against American interests in other vital areas.

- They have maintained artificially high oil prices by drastically cutting their own oil production and

THE WHITE HOUSE

WASHINGTON

October 28, 1981

Dear Senator Baker:

On October 1, 1981, I formally notified the Congress of our intention to sell AWACS aircraft and F-15 enhancement items to Saudi Arabia. This sale will enhance our vital national security interests by contributing directly to the stability and security of the critical area from the Persian Gulf through the Middle East to North Africa. It will improve significantly the capability of Saudi Arabia and the United States to defend the oilfields and facilities on which the security of the Free World depends, and it will pose no realistic threat to Israel.

When this proposed sale was first announced last spring, the Congress expressed concerns about certain aspects of the sale. After analyzing these concerns in detail, we entered into a series of discussions with the Government of Saudi Arabia over the summer.

The Government of Saudi Arabia has agreed, and I am convinced welcomes the fact, that the United States will have an important, long-term role and will maintain direct involvement in the development of the Saudi air defense system, including the AWACS. We also have reached agreement with the Saudi Government on a number of specific arrangements that go well beyond their firm agreement to abide fully by all the standard terms of the normal Letter of Offer and Acceptance as required by the Arms Export Control Act.

Transfer of the AWACS will take place only on terms and conditions consistent with the Act and only after the Congress has received in writing a Presidential certification, containing agreements with Saudi Arabia, that the following conditions have been met:

1. Security of Technology

A. That a detailed plan for the security of equipmer

technology, information, and supporting documentation has been agreed to by the United States and Saudi Arabia and is in place; and

B. The security provisions are no less stringent than measures employed by the U.S. for protection and control of its equipment of like kind outside the continental U.S.; and

C. The U.S. has the right of continual on-site inspection and surveillance by U.S. personnel of security arrangements for all operations during the useful life of the AWACS. It is further provided that security arrangements will be supplemented by additional U.S. personnel if it is deemed necessary by the two parties; and

D. Saudi Arabia will not permit citizens of third nations either to perform maintenance on the AWACS or to modify any such equipment without prior, explicit mutual consent of the two governments; and

E. Computer software, as designated by the U.S. Government, will remain the property of the USG.

2. Access to Information

That Saudi Arabia has agreed to share with the United States continuously and completely the information that it acquires from use of the AWACS.

3. Control Over Third-Country Participation

A. That Saudi Arabia has agreed not to share access to AWACS equipment, technology, documentation, or any information developed from such equipment or technology with any nation other than the U.S. without the prior, explicit mutual consent of both governments; and

B. There are in place adequate and effective procedures requiring the screening and security clearance of citizens of Saudi Arabia and that only cleared Saudi citizens and cleared U.S. nationals will have access to AWACS equipment, technology, or documentation, or information derived therefrom, without the prior, explicit mutual consent of the two governments.

4. AWACS Flight Operations

That the Saudi AWACS will be operated solely within the boundaries of Saudi Arabia, except with the prior, explicit mutual consent of the two governments, and solely for defensive purposes as defined by the United States, in order to maintain security and regional stability.

5. Command Structure

That agreements as they concern organizational command and control structure for the operation of AWACS are of such a nature to guarantee that the commitments above will be honored.

6. Regional Peace and Security

That the sale contributes directly to the stability and security of the area, enhances the atmosphere and prospects for progress toward peace, and that initiatives toward the peaceful resolution of disputes in the region have either been successfully completed or that significant progress toward that goal has been accomplished with the substantial assistance of Saudi Arabia.

The agreements we have reached with Saudi Arabia on security of technology, access to information, control over third-country participation, and AWACS flight operations will be incorporated into the U.S./Saudi General Security of Military Information Agreement, the Letters of Offer and Acceptance (the government-to-government sales contracts), and related documents. These documents will stipulate that the sale will be cancelled and that no equipment or services will be delivered in the event any of the agreements is breached. I will not authorize U.S. approval of any of these contracts and agreements until I am satisfied that they incorporate fully the provisions that satisfy the concerns that you and I share. I do not foresee any need for changes in these arrangements, but should circumstances arise that might require such changes, they would be made only with Congressional participation.

I believe it is important to look beyond these agreements to their practical consequences, and to the implications of U.S. security assistance and training requested by Saudi Arabia. For example, the agreement

we have reached with the Saudi Government to protect the security of equipment also affects the nature, extent, and duration of the U.S. role in the AWACS program. Since skilled Saudi personnel available for this program will remain in short supply, the U.S./ Saudi agreement that third-country nationals will not be permitted to operate or maintain the Saudi AWACS will, in practice, extend U.S. involvement in Saudi AWACS operations and activities well into the 1990s. U.S. military and contractor personnel will be required to provide extensive operational training for Saudi AWACS aircrews; it will be 1990 at the earliest before the eight Saudi crews needed to operate all five AWACS aircraft will be trained, and replacement and refresher training of individual Saudi crew members will require USAF Technical Assistance Field Teams during the 1990s. Critical AWACS maintenance, logistics, and support functions, particularly radar and computer software support, will, of necessity, be performed by U.S. personnel in Saudi Arabia and in the United States, for the life of the AWACS.

The Saudi agreement not to share AWACS-gathered information with third countries also has significant practical consequences. This agreement, combined with the standard requirement that U.S.-supplied equipment be used solely for defensive purposes, as well as the agreed-to Saudi AWACS configuration, precludes any possibility that Saudi AWACS could contribute to coordinated operations with other countries' armed forces against any nation in the region without our consent and cooperation.

Concerning the agreement to operate AWACS only inside the Kingdom, it should also be noted that the Saudi Air Force will be trained to operate the AWACS in accordance with standard USAF AWACS doctrine and procedures, which call for AWACS to remain at all times a "safe distance" behind sensitive political borders -- normally 100 to 150 nautical miles -- to ensure AWACS security and survivability. Given the physical location of the oilfields AWACS is to defend, the vulnerability of AWACS should it operate near sensitive borders, and the history of Saudi observance of U.S. Air Force tactical doctrine, we are confident that the Saudis will adopt these practices.

In a broader sense, by enhancing the perception of the United States as a reliable security partner, we

improve the prospects for closer cooperation between ourselves and the Saudi Government in working toward our common goal of a just and lasting peace in the region. Since assuming the responsibilities of the Presidency, I have been impressed by the increasingly constructive policy of Saudi Arabia in advancing the prospects for peace and stability in the Middle East. The Saudi Government's critical contribution to securing a ceasefire in Lebanon is a striking example. I am persuaded that this growing Saudi influence is vital to the eventual settlement of the differences that continue to divide Israel and most of the Arab world.

I am confident that the Saudi AWACS will pose no realistic threat to Israel. I remain fully committed to protecting Israel's security and to preserving Israel's ability to defend against any combination of potentially hostile forces in the region. We will continue to make available to Israel the military equipment it requires to defend its land and people, with due consideration to the presence of AWACS in Saudi Arabia. We have also embarked on a program of closer security cooperation with Israel. This proposed sale to Saudi Arabia neither casts doubt on our commitment, nor compromises Israeli security.

It is my view that the agreements we have reached with the Government of Saudi Arabia take account of the concerns raised by the Congress. I am persuaded, as I believe the Congress will be, that the proposed Saudi air defense enhancement package makes an invaluable contribution to the national security interests of the United States, by improving both our strategic posture and the prospects for peace in the Middle East. I look forward to continuing to work with you toward these vital goals.

Sincerely,

Ronald Reagan

The Honorable Howard H. Baker, Jr.
Majority Leader
United States Senate
Washington, D.C. 20510

REMARKS BY

ASSISTANT SECRETARY RICHARD W. MURPHY

HOUSE FOREIGN AFFAIRS EUROPE AND MIDDLE EAST SUBCOMMITTEE

March 6, 1986

Saudi Arabia

Mr. Chairman, Members of the SubCommittee.

I welcome this opportunity to join you again to discuss Middle East issues which concern us all. Today, rather than review recent events that have occurred throughout the region since our last session together, I would like to share with you some thoughts and observations about broader trends in the region and how they affect U.S. interests. I would particularly like to address the relationship between such trends and our arms sale policy to friendly Arab states such as Saudi Arabia.

U.S. POLICY OVER THE YEARS

Since the 1940s, the US has been the crucial external actor in the effort to establish and maintain peace and security in

the Middle East. This fact reflects the depth of our political, economic, and strategic concerns in the region, which eight Administrations, both Democratic and Republican, have consistently sought to protect.

A fundamental commitment to Israel's security and well-being has long been a constant in our Middle East policy. At the same time, throughout the post-World War II period we have maintained close ties with pro-Western Arab states. We have worked hard to build these links inorder to promote several important U.S. strategic objectives: to deny opportunities to the Soviet Union in this critical geographic region; protect free world access to the world's largest reserves of oil -- a long term interest, I might note, which is in no way diminished by current price trends; check the growth of radical anti-Western movements, and promote the process of building peace between Israel and its neighbors by relying on our relations with both sides to the conflict.

Friendship with one party to the Arab-Israeli dispute has not diminished -- nor should it -- the reliablilty of U.S. ties to the other. There are those on both sides of the Arab-Israeli dispute who assert that U.S. policy is a zero-sum game; that ties with one side preclude friendship with the

other; that by aligning ourselves exclusively with one side, we can compel the other to make concessions. These notions are wrong, and our experience proves that they are.

We have sought to maintain close ties to both Israel and Arab states. For this reason, we are the only superpower trusted by both Israel and the Arabs. By establishing friendship and confidence on both sides, we have made it possible to move Arabs and Israelis toward greater peace and security. We have brokered six peace agreements serving Israeli, Arab, and western interests. In recent years there has been a growing sense of realism and pragmatism in the Arab world concerning Israel, although thus far, only Egypt has made peace with Israel. This sense of realism is based in part on recognition of the strength of our relationship with Israel, but it is also based on our close relations in the Arab world and the interest we have shown in Arab security and welfare. Our influence as a mediator in the peace process is based on the trust, confidence and friendship we have on both sides, as well as our ability to help support their needs.

In contrast to the role the United States has played, the Soviet Union, without diplomatic relations with Israel and with limited diplomatic ties and bilateral relations in the Arab

world, has had only a peripheral role to play.

A major element in our relationship with both Israel and the Arab states is military security. Israel is, of course, the largest recipient of U.S. security assistance in the world. Egypt is the second largest. Both of those programs have been well understood and strongly supported by the Congress as major elements in our strategy of peace in the Middle East.

I am concerned, however, that there is less understanding of the importance of our military programs -- including training, assistance, US personnel, and sales of major equipment -- elsewhere in the region. There is too little understanding of the strategic importance of such sales to the United States. Our close military ties with Saudi Arabia and other Gulf states, for example, have been a key factor in guaranteeing that our friends have the means to protect their own security, contain threats posed by the Iran-Iraq war and Iranian extremism, guard against Soviet inroads, and cooperate with the US in ensuring free international access to oil supplies.

This point merits elaboration. Security assistance, arms

and technology transfers have been an important instrument in constructing bridges to both parties of the Arab-Israeli dispute. We all take pride in the economic and military assistance we have provided to Israel over the years. We must also recognize the great value of the support we have given to the Arab states over the years. For thirty years Arab states friendly to the United States have also turned chiefly to us as a source of arms and technology -- to the near exclusion of the Soviet Union. Arab intellgentsia are schooled in American Universities; Arab technicians are skilled on our systems; Arab armies are trained in our doctrine, and on our equipment, working with American colleagues.

These relationships have worked to our mutual interest. "Mutual interest" is a two-way street. We make choices regarding our security partners and the commitments we make to them. They, too, make choices -- based on their perceptions of the long-term advantages and disadvantages of ties to the US and the alternatives, including closer relations with the Soviet Union.

IMPACT OF TRENDS AND EVENTS ON THE SITUATION TODAY

For the first time in three decades, Mr. Chairman, recent

events threaten to undermine our balanced approach -- to challenge the long-standing policy which has worked so well for advancing U.S., Israeli, and Western interests. I am deeply concerned that the impact of events and trends could cost us dearly in the region. During my recent visit there I was struck by questions about American motives and credibility. For example, the withdrawal of U.S. funding for UNIFIL is seen as the U.S. reneging on our commitment to peace and security in southern Lebanon.

There are other examples. Allow me to speak frankly. Our inability to gain congressional support for the Jordan arms sale is perceived in the region as a sign that the U.S. has unilaterally terminated a 30-year arms supply relationship with an Arab stat with which we have a close and friendly relationship. The perception of withdrawal of U.S. support for King Hussein at a delicate moment in the King's effort to move the peace process forward was especially troubling. Our opponents are exploiting the issue to feed the assertion that it is evidence of U.S. unreliability as a security partner.

At the same time that some Arab states are moving to a more realistic view of Israel's place in the Middle East, it would be a great irony if the United States did not take advantage of

this trend in Arab thinking to maintain and develop our overall relations with the Arabs. In short, the history of U.S. involvement in the Middle East affirms the wisdom of our policy of maintaining close ties with both Israel and the friendly Arab states.

U.S. SAUDI RELATIONS: MILITARY SALES

We now face a time of testing whether this successful policy of 30 years is relevant, or if we will turn around and pursue a more parochial, narrow, and in my view, extremist policy. Such a test now faces us with the issue of Saudi arms sales.

U.S. interests in the region are best served by continued strong, open and credible relations with moderate Arabs. In this business of diplomacy I am often struck by what is sometimes called the law of unintended consequences. Individual decisions and actions taken for good and just causes in one narrow context sometimes produce undesired results in a broader system, decisions which come back to damage even the original limited concern. It is, therefore, essential that both the Administration and the Congress are sensitive to the

overall security system which is affected by US actions -- and inactions. Otherwise, we cannot guard against negative consequences to US interests, and those of our Israeli and Arab friends, caused by decisions taken for discrete purposes.

The intention of the Administration to sell arms to Saudi Arabia is a case in point. There has been considerable speculation on this point and I appreciate this opportunity to set the record straight.

First, the Administration is considering forwarding to Congress notifications of standard follow-on items for support and upgrade of systems existing in the Saudi inventory. These arms would be part of an ongoing arms supply relationship which we have maintained with the Saudis for over 30 years. Because of the need to review regional security assistance policy in the MEAT study, we did not move any of these items up last year, and as a result it has been well over two years since we sold any significant numbers of weapons to Saudi Arabia. We would send these notifications to you in the normal fashion as they are readied. Contrary to certain inaccurate reports, the equipment involved would not represent a major new enhancement effort.

Second, although there have been exaggerated reports of the arms we plan to sell to Saudi Arabia, certainly our reasons for supporting this important friend cannot be overemphasized. They bear repeating:

Maintenance of our longstanding arms supply relationship with Saudi Arabia strengthens defense of the Gulf, an area vital to U.S. interests. I would remind you that two administrations have pledged to use force, if necessary, to protect the free flow of Persian Gulf oil. We still stand by that policy. The Saudis have taken the lead, with other Gulf Cooperation Council states, in protecting the shipping and oil installations of the upper Gulf. It is important that we not lose sight of the fact that Saudi self-defense reduces the probability of direct U.S. military involvement to defend our interests. Further, our support for Saudi self-defense has been an important element of deterrence -- Iran has clearly had to take into account the fact that the Saudis have significant U.S. backing. If that perception is called into doubt, if it appears empty rhetoric, the costs to us could be substantial.

Since the 1940's our mutual security ties with Saudi Arabia have been the foundation of the overall bilateral relationship -- a relationship now under attack by radical and extremist

forces in the region, some of whom exploit religion for political purposes. The continued sale of U.S. equipment to replenish and update Saudi forces responds to a clear need for the continuing defense of Saudi Arabia and strengthens our relationship.

Iran remains a formidable threat to the Gulf States. It is clearly in U.S., and our friends' interests, to see that moderate states such as Saudi Arabia are adequately equipped to counter potential Iranian aggression. The evidence is clear. Royal Saudi Air Force pilots flying F-15s and using American made equipment downed intruding Iranian aircraft in the spring of 1984. This single act of vigorous defense deterred further Iranian attacks on Gulf States. It was far preferable that this defense of the Gulf was undertaken by Saudi pilots in Saudi planes rather than U.S. pilots in U.S. planes.

Saudi Arabia is a major anti-communist power on the peninsula. Strenthening Saudi defensive forces, especially with equipment that is interoperable with our own, is a significant strategic advantage. The Saudis are, for example, the major deterrent against any adventurism on the part of the new and even more radical South Yemen regime. As I noted in the beginning of my testimony, our arms supply relationships

with important strategic partners like Saudi Arabia are longstanding and mutually helpful. Severance of this key linkage would cause unintended and harmful costs to U.S. security.

Continued U.S. supply of arms to Arab states is in Israel's interests. Israel not only retains but is increasing its qualitative military edge over any combination of Arab forces. We are committed to the maintenance of the Israeli advantage, and insure it is kept by carefully reviewing all arms transfers to the region and obtaining appropriate safeguards whenever required.

If the United States cannot or will not continue this carefully calibrated arms supply relationship, Arab states like Jordan and Saudi Arabia seek other sources of arms. Whenever our friends seek alternative sources there are costs: security costs for Israel, political, strategic, and financial costs to the U.S. The recent Saudi purchase of long-range Tornado fighter aircraft, which we believe has not served any discernable U.S. interest, is a good example, Unlike the F-15s, an air defense aircraft, which we supplied to the Kingdom in 1979, there are no restrictive understandings on basing the Tornados close to Israel's borders. Additionally,

some independent academics estimate that the Saudi purchase of Tornados, a ground attack aircraft, rather than the additional F-15s they preferred, cost the American economy from $12 to $20 billion dollars.

In short, the reasons for continuing our arms supply links with moderate Arab states are compelling and numerous. The United States provides arms to Saudi Arabia based on its defensive requirements and because a defensively sound Saudi Arabia is in our best interest.

I am disturbed, Mr. Chairman, by reports now circulating that would attempt to create a formal and direct linkage between our routine arms supply to Saudi Arabia and peaceful resolution of the Arab-Israeli dispute. This is a narrow approach to a complex set of issues. If followed, it would bring into action the "law of unintended consequences" I noted earlier. We, Israel, and the moderate Arabs would lose. In the final analysis, the Soviets would be the winners.

US policy has succeeded in promoting peace and stability in the Middle East when it has differentiated between cases where linkages are appropriate and effective, and those where they are neither. Some arrangements, such as the US contribution to

peace between Israel and Egypt, have clearly benefitted from the explicit US willingness to provide security assistance to the parties to the settlement. Such a relationship was fully consistent with US interests and, in fact, inherent in the development of the agreement itself. In other cases, including Saudi Arabia, our security relationship is based on considerations of regional peace and stability that go beyond the specific Arab-Israeli issue. Neither we, nor the cause of peace, would achieve anything from an effort to compress U.S.-Saudi security ties into an Arab-Israeli mold.

AWACS

In 1981 when the Administration notified Congress of its intention to sell AWACs to Saudi Arabia, President Reagan sent a letter to Congressional leadership. In it, he provided assurances that certain conditions would be met before transfer of the AWACS. The required technical assurances either have or will shortly be completed. Additionally, the letter assured:

"That the sale contributes directly to the stability and security of the area, enhances the atmosphere and prospects for progress towards peace, and that intiatives toward the peaceful resolution of disputes in the region have either been

successfully completed or that significant progress toward that goal has been accomplished with the substantial assistance of Saudi Arabia."

There is a good deal that can be said about Saudi Arabia's contribution to peace in the region.

Iran/Iraq War: The Saudis have supported every major diplomatic effort over the past five years to end the Iran/Iraq war, including mediation missions by the UN, the Organization of the Islamic Conference and individual third governments. The Saudis seek a just and quick resolution of the bloodshed. They have made clear their preference that the war end without effect on the sovereignity of either Iran or Iraq.

Lebanon: Saudi Arabia has made major, and often highly visible efforts to bring peace to war-torn Lebanon. For example, they played a major role in arranging the cease fire in the Shuf Mountains in September 1983 when Crown Prince Abdullah and Prince Bandar engaged in high profile shuttle diplomacy. Saudi observers were present at the Geneva and Lausanne talks and worked with the Lebanese and Syrians to encourage development of national reconciliation. Furthermore, they were supportive of Lebanese Government efforts to

negotiate with Israel on security arrangements in southern Lebanon. The Saudis supported Lebanese efforts to win Syrian consent to proposed compromises and were active in exploring additional proposals for compromise between the parties.

Arab-Israeli Peace: Although the Saudis have only occasionally played a high-profile role in working towards resolution of the Arab-Israeli dispute, private Saudi efforts have had significant effect at critical periods. Notable Saudi initiatives are the Fahd Peace Plan and its successor, the Fez Communique. These declarations may not have gone far enough, but they are indeed a substantial assistance in the search for peace. Let me explain.

The Arab desire for consensus has been a central reality in the peace-making effort -- even though or perhaps because that consensus has so often proven elusive. Prior to the Fahd Plan and Fez Communique, the Arab consensus was the three "NOs" of Khartoum which rejected recognition, negotiation, or conciliation with Israel.

Saudi advancement of the Fahd proposal in November 1981, followed by ten months of active Saudi diplomatic effort achieved a significant new Arab consensus -- one that permitted

negotiation. It turned the discussion from a rejection of peace to a debate on how to achieve peace. It is the largest step toward peace that the Arabs have taken as a group. Its existence provided an essential context for King Hussein's initiative. It was and remains a major and constructive step forward for the Arabs. Indeed, the Fahd proposal reflects language drawn from UN Security Council Resolution 242, that all states in the region should be able to live in peace.

We have often cautioned all who support peace in the Middle East not to expect dramatic progress in the peace process. Advance is made in incremental steps. Only through steady, dogged effort will the parties collectively move toward peace and security. Positive Saudi efforts must not be belittled. There are other examples.

Saudi Arabia's support for King Hussein's efforts have been substantial. The Saudis have assured Jordan that they would back any arrangement to which both Jordan and the Palestinians could agree. Over strong Syrian opposition, the Saudis sent official observers to the Amman Palestine National Council (PNC) meeting where they publicly stated their support for Hussein's decision to host it.

Political reintegration into the Arab world of Egypt -- the only Arab state to share a peace agreement with Israel -- is symbolically important to moderate Arab states. The Saudis have felt that an Arab Summit decision is required formally to reestablish Arab-wide relations with Egypt. Meanwhile, they have taken a number of positive steps towards integration. For instance, by supporting the essential motion for a secret ballot, they helped make possible Egypt's reintegration into the Organization of the Islamic States.

Peace is still in the making. The parties have made a good deal of progress already, but there is undeniably a long way to go. Achievement of our shared goal, Israeli-Arab peace, requires risk taking, good will, and hard work from all the parties. I am hopeful we will succeed. But I am certain that any campaign to denigrate the genuine efforts of one or some of the parties is counterproductive to achieving our objective.

Gentlemen, as you consider Middle East issues over the next several months, I ask that you examine them from the perspective of the overall political and strategic context of the region. In our system of government, decisions are perforce taken on discrete issues. But if we are to avoid unintended consequences for US, Israeli, and Arab interests, we

must keep the overall context in view as we make those decisions. We must return to a policy of proven success. We must avoid moving down a road which excludes important security partners and which, however inadvertently, plays into the hands of Middle Eastern radicals -- the Cassandras who say real peace is not possible, that our interests are limited to the peace process, and that the U.S. cannot be friends with Israel and friendly Arab states alike.

THE WASHINGTON POST

Thursday, March 13, 1986

The Saudis' Defense

A CURIOUS INCONSISTENCY marks the response of Israel and some of its American friends to the administration's decision to sell some $350 million in missiles and other munitions to Saudi Arabia.

The Israelis are never happy to see arms flowing to the hands of Arab states with which they are at war, but here they are prepared to countenance the sale. It is not just that the Israelis realize they have been treated with great generosity and understanding by the Reagan administration. They also realize that Washington has reason to make this gesture of American support for a friend in need. The Saudis are friends of the United States, and, threatened as they are by a rampant Iran, which has just bitten off yet one more piece of Iraqi territory and brought its forces near the border of a trembling Kuwait, they do need a timely and relevant showing of American constancy.

Rather amazingly, however, some of Israel's American friends are taking another view. These include the Israel lobby, the American Israel Public Affairs Committee and a number of members of Congress, including Sen. Alan Cranston (D-Calif.). The considerations that incline Jerusalem to go along with the sale do not impress them. Nor are they fazed to find themselves expressing more anxiety for Israeli security than the Israelis do. It seems to trouble them scarcely at all that the predictable result of blocking an American arms sale to a friendly Arab state is to have that state turn to another supplier, one that is glad to have the business and that makes no effort to impose the policy cautions that routinely accompany American arms.

What is going on in this particular instance has little to do with Israel's security. It has much to do with a test of wills. There is reason to wonder if those fighting the sale regard a contest with the administration over an ammunition package as something of a necessary warm-up for the campaign they intend to mount later this year to block delivery of the five early-warning AWACS aircraft that Congress agreed to sell in 1981—and that, incidentally, the Saudis have already paid $6 billion for.

Their success in either the small campaign or the large one would be a defeat for the national interest, which lies in helping friendly Arab states defend themselves against the real dangers in their region and in building thereby the sort of relationship with those states that works for, not against, Arab-Israeli peace.

Saudi Arabia

Milton Viorst

Sell The Saudis The Missiles

That the fight over the sale of anti-aircraft missiles to Saudi Arabia comes at the moment when Iranian forces seem poised to break through Iraqi defenses is surely a coincidence. That the pro-Israeli lobby in Congress is leading the fight against the sale is pure Pavlovian reflex.

For as long as one can remember, the American Israel Public Affairs Committee has ferociously spearheaded opposition to the sale of arms to Arab countries—any country, any kind of arms. To do so, under our system, is surely its right. The exercise of that right, however, is not in Israel's interest, or America's.

The open question in dealing with the Saudis is not whether they will use their arms against Israel, but whether they are prepared to use them to defend themselves and their neighbors.

The Saudis know from whence the danger comes, and it does not come from across the desert in Zion. The enemy is Iran, across the water to the east. Iran is a culture hostile to the Arabs; its people are Shi'itea, a rival branch of Islam; its society is medieval, aspiring to establish a modern-day theocratic empire. The prospect grows more menacing daily.

Though poorly led and ill-equipped, Iran's troops, according to the evidence from the battlefields to the north, are driven by a zealotry that the Iraqis simply cannot match. Iraqis have been promised a better life by their government. Iranians have been promised a better death, and they surge relentlessly forward in the face of machine guns, tanks, even poison gas.

Strategists do not know whether Iran, having largely overrun Iraq's defenses where they meet the border of Kuwait, is planning to turn next toward Baghdad or south into the Arabian peninsula. The region is watching the battle with apprehension.

The Saudis have no tradition of defending Arabia from outsiders. They are a desert people who still think in terms of tribal confrontation. Though never colonized, they let Britain defend them as long as the empire lasted, and, afterward, they accepted Washington's advice to rely on the shah. Now the shah is gone, the United States has not filled the gap, and the shah's successor makes no secret of a desire to swallow them up.

At the start of the Gulf war, the Saudis were roused from their insularity to organize the neighboring principalities—Kuwait, Qatar, Bahrain, Oman, United Arab Emirates—into a loose alliance called the Gulf Cooperation Council. To avoid offending Iran, the GCC said its goals were economic, but it is the Saudis' opening effort to confront the need for collective security in the region.

The Iran-Iraq war also pushed them to embark on an expensive program of defense—but of defense alone. Their early warning system is first-class. But the regime remains essentially inward-looking; it fears that if it establishes a strong army, the monarchy may find itself challenged. The dilemma for Western interests is not whether the Saudis will attack Israel, but whether they will fight for their homeland and their neighbors.

One need not be a strategic genius to recognize that the threat to Israeli security from the east is not from lethargic Saudis, even less from the much-bloodied Iraqis. The danger is heavily populated, frenetically motivated Iran. Does anyone doubt that the road from Tehran to Tel Aviv passes through Baghdad, barring a detour through Kuwait and Riyadh?

Yet old habits among Capitol Hill lobbyists—including the American Israel Public Affairs Committee—die hard. The lobby is more anxious than Israel itself to stop the missile sale. Part of the explanation is that Israel's coalition government has competing foreign policies—the official policy of the prime minister and the hard-line policy of the foreign ministry. The lobby's ties, traditionally, are with the foreign ministry.

Lobbies also tend to acquire vested interests of their own, apart from those of their clients. Thus the measure of the fight over the sale to the Saudis becomes its own image of invincibility. As much as anything, however, the explanation is habit. Organized for a certain job, a lobby does it automatically.

Israel scarcely needs to adopt the Arab maxim that "the enemy of my enemy is my friend." Saudi Arabia is not Israel's friend. But the ayatollah's Iran is, and is likely to remain, a more menacing enemy for some time. Israel must set priorities, and the first is to stop Tehran from establishing domination over the Persian Gulf. Its friends would do well to help it.

Milton Viorst is a Washington writer who specializes in the Middle East.

WP
P. A3
3/1/2

MEMORANDUM OF CALL

*Previous editions usable

TO:

☐ YOU WERE CALLED BY— ☐ YOU WERE VISITED BY—

OF (Organization)

☐ PLEASE PHONE ▶ ☐ FTS ☐ AUTOVON

☐ WILL CALL AGAIN ☐ IS WAITING TO SEE YOU

☐ RETURNED YOUR CALL ☐ WISHES AN APPOINTMENT

MESSAGE

From—

Jim Stark

RECEIVED BY	DATE	TIME

63-110 NSN 7540-00-634-4018 **STANDARD FORM 63 (Rev. 8-81)**
Prescribed by GSA
FPMR (41 CFR) 101—11.6
★U.S.GPO:1985-0-461-274/20014

WHITE PAPER

SAUDI ARMS SALE

APRIL 1986

SAUDI ARMS SALE

TABLE OF CONTENTS

Basic Paper:	The Missile Sale to Saudi Arabia: Background and Rationale
Tab A:	Technical Details of the Sale
Tab B:	Myths and Reality
Tab C:	Editorial Comment

THE MISSILE SALE TO SAUDI ARABIA: BACKGROUND AND RATIONALE

SUMMARY

President Reagan has notified the Congress of his intent to sell Saudi Arabia a limited quantity of air-to-air, air-to-sea, and ground-to-air missiles. The provision of these defensive arms advances U.S. security interests -- by demonstrating continued U.S. reliability as a security partner for Saudi Arabia and the other Gulf states and by sending a clear message to Iran that the United States will oppose any expansion of the Gulf war and Iranian-backed radicalism in the region. The proposed sales do not add new systems to the Saudi inventory; they either augment or upgrade equipment currently in Saudi stocks.

The President had planned to announce this sale later this year. But recent events in the Gulf, urgent consultations with Saudi Arabia, and a direct, high-level request from the Saudi leadership have convinced the Administration of the need to move immediately. The Iranian success in moving troops near the Iraqi border with Kuwait raises the threat of expansion of the war to the Gulf states to the highest point since the conflict began almost six years ago. Our friends in the region are urgently looking to the United States for an affirmation of our oft-repeated commitments of military assistance and support. If this sale is not approved and we are unable to respond to Saudi Arabia's legitimate defensive needs at this critical juncture, our credibility will be seriously eroded and our message of deterrence to Iran undermined.

WEAPONS TO BE SOLD

The sale we have notified has a total estimated cost of $354 million and is composed of the following items:

-- 995 AIM-9L Air-to-Air Missiles
-- 671 AIM-9P4 Air-to-Air Missiles
-- 100 HARPOON Air-to-Sea Missiles
-- 200 STINGER Manportable Ground-to-Air Missiles Systems with 600 Reload Missiles

The sale of these items responds to long-standing Saudi requests. The Administration's Middle East Arms Transfer study, which was briefed to Congress last year, validated the need for these arms and the fact that they do not threaten Israel. These items do not introduce new weapon systems or new capabilities into the Saudi inventory. The Saudis already have the AIM-9L and the AIM-9P3 (an earlier version of the AIM-9P4), as well as limited quantities of the STINGER. Additionally, Saudi Arabia currently possesses the surface-launched version of the HARPOON missile. Sale of a small number of the air-launched variant will assist the Saudis better to counter naval threats in an area larger than their small navy can patrol.

The Saudi Government will pay for these defense articles and related services over a period of at least four years on a "dependable undertaking" basis, meaning that the Saudis will commit themselves to making payments in such amounts and at such times as specified by the U.S. There is no "grant aid" or "forgiven credits" in connection with this sale.

JUSTIFICATION FOR THE SALE

U.S. Strategic Interests

The United States has vital strategic interests at stake in the region. We strongly support the security and stability of the moderate Gulf states. We are committed to maintaining the free flow of oil from the Gulf. We oppose radical forces in the area and the expansion of Soviet influence into the region. The sale of these follow-on missiles to Saudi Arabia will advance our interests without threatening Israel.

For over forty years the United States and Saudi Arabia have been close partners in strategic military cooperation. This cooperation has served both nations' interests and contributed to regional stability and security. Since the 1970s, the U.S. has become the major outside supporter of the other Gulf states as well. These countries have received assurance from a succession of U.S. presidents that the United States will stand by them in their defense.

Through our military assistance and training programs we have established strong relationships of mutual trust and reliance. We wish to maintain these interests. With the long lead times required for delivery of modern U.S. weapons, any prudent defense planner -- American, Israeli, or Saudi -- has to look far into the future. A security relationship demands consistent planning, updating, and procurement. It makes no sense to wait until the shooting starts to seek approval for sales we agree are necessary for the defense of a friend.

It does not serve out interests -- or Israel's -- to allow others to replace the U.S. as the principal supplier of arms to Saudi Arabia and the Gulf states. U.S. arms sales carry safeguards and assurances that no other country requires, safeguards that ensure these sales pose no threat to Israel. Western European and other arms suppliers do not impose such conditions on the disposition of their sales. The recent British Tornado sale lost the United States over $12 billion in sales and support and tens of thousands of American jobs without advancing either our interests or Israel's security.

The Increased Military Threat

The greatest current military threat to the Gulf states and Saudi Arabia is an expansion of the Gulf war to the Arabian Peninsula. With Iran's recent crossing of the Shaat al-Arab River and occupation of Iraqi territory near the border with Kuwait, this threat has dramatically increased. Kuwait and the other Gulf states look primarily to Saudi Arabia, and to the U.S., for their support and leadership in the collective defense of the region.

Saudi Arabia's greatest need is improved air defense. The Royal Saudi Air Force, with only 60 modern fighters, must protect an airspace equal to that of the entire Eastern United States. Its population centers are widely separated, rendering air defense more difficult. Cities of the Eastern Province, the Kingdom's vital oilfields, and extensive petrochemical complexes are all highly vulnerable to attack from Iran. It requires only a single successful penetration of Saudi air defenses to inflict incalculable damage to Saudi oil facilities; accordingly, we have concentrated our military assistance on enhancement of air defense. The AWACS sale was an essential element in increasing warning time. The AIM-9 air-to-air missiles will increase Saudi ability to counter the

Iranian air threat. The STINGER ground-to-air missile system provides vital low-level point defense coverage, complementing the ground-to-air protection already in place. Additional STINGERS are essential for low level defense if the Saudi component of the Gulf Cooperation Council reaction force has to deploy to Kuwait. Protection of sea lanes and commercial shipping in the Gulf is another key U.S. interest in the region. The air-launched HARPOON missiles in the proposed sale will enhance Saudi capabilities to defend shipping in the Gulf and protect strategic Saudi facilities from attack by sea.

The U.S. response to Saudi Arabia's urgent request for military assistance will be weighed carefully by the Gulf states. Any perception that the U.S. is unable or unwilling to live up to its promises will deal another severe blow to our credibility and regional role. It will inevitably send a message to Iran that the U.S. is backing away from its security commitments and encourage further Iranian military and political adventurism in the Gulf. It will dramatically reduce the willingness of our friends in the area to stand up to Iranian aggression and will provide opportunities for the Soviet Union to increase its influence.

ISRAELI CONCERNS

The cornerstone of U.S. policy in the Middle East is our support for Israel's security and the maintenance of Israel's qualitative military advantage. The United States will never take any action or make any sale which would jeopardize Israel's security. But we can fulfill our commitment to Israel's security at the same time that we protect other major U.S. interests by pursuing our security assistance programs and cooperating with our Arab friends. Such assistance and cooperation is in Israel's own interest, for they contribute to overall regional stability, diminish the threats to the area from radicalism and Soviet expansionism, and protect oil exports to the free world.

SHOULD ARMS BE REFUSED UNTIL ARAB-ISRAEL PEACE IS ACHIEVED?

It is counterproductive to assert that holding hostage our forty-year arms supply relationship with Saudi Arabia can promote an Arab-Israeli peace or enhance Israel's security. The Saudis have played a constructive role in furthering friendly Arab thinking on Israel and advancing the peace process. We believe they will continue to do so because peace is in their own interest. But they will reject attempts to compel their behavior. It should be understood that Saudi security requirements are readily justifiable based solely on the military threat to the Kingdom. As a sovereign nation, Saudi Arabia must seek the arms it requires to address its compelling defense needs. If it cannot rely on the U.S. as a supplier, it will turn to other markets to purchase what it requires, as evidenced by its recent Tornado purchase. But in forcing the Saudis to such a policy, we would sacrifice important U.S. short- and long-term strategic interests. The protection and preservation of these interests -- to which the Saudis contribute importantly -- are essential to the well being of the Western world.

504372 1-80 (544945)

Middle East

800179 (A04723) 8-85

A

TECHNICAL DETAILS OF THE SALE

AIM-9L SIDEWINDERSs

Description: Nine hundred ninety-five air-to-air missiles and associated spare parts, thirty training missiles, training, technical assistance, and support equipment.

Estimated value: $98 million.

Comment: Like all SIDEWINDER missiles, the AIM-9L is a short-range air-to-air missile. It is an advanced variant currently being replaced in the U.S. inventory by the more advanced AIM-9M. The AIM-9L is needed to make the Saudi F-15s fully effective in air combat. Sale of AIM-9Ls to Saudi Arabia was in a notified in a previous case (1981) and a limited number have already entered the Saudi inventory.

AIM-9P4 SIDEWINDERS

Description: Six hundred seventy-one AIM-9P4 air-to-air missiles, spares, and support equipment.

Estimated value: $60 million.

Comment: The AIM-9P4 is a recent variant of the SIDEWINDER family of short-range air-to-air missiles. While its capabilities approach those of the AIM-9L presently in the U.S. (and Saudi) inventory, it can be fired effectively from aircraft such as the F-5 with less advanced electronics than those in U.S. force structure aircraft. The Saudis have predecessor variants, including the AIM-9P3.

STINGERS

Description: Two hundred Basic STINGER manportable air defense guided missile systems (launcher with missile), an additional six hundred reload missiles, support and training equipment, spare parts, technical support, and training.

Estimated value: $89 million.

Comment: STINGER provides close-in defense of key installations, including those in the oil fields, against air attack. This increase in the number of Saudi STINGER launchers is needed in view of the dispersed nature of these installations. Unless imminent threat requires deployment, the STINGERS are warehoused under stringent security controls.

HARPOON

Description: One hundred air-launched HARPOON missiles with containers, spare parts, technical assistance, and support equipment.

Estimated value: $107 million

Comment: The surface-launched HARPOON anti-ship missile is already in the Saudi inventory. The air-launched version will extend the range and shorten the response time against naval threats in the Arabian Gulf and Red Sea.

B

MYTHS AND REALITY

As Congress reconvenes, one of the issues awaiting it is the Administration's proposal to sell Saudi Arabia air and sea defense missiles worth $354 million.

This sale will allow Saudi Arabia, a friendly moderate state with which we have had close and mutually beneficial ties for over 40 years, to meet military threats in the future. These missiles will be delivered in 1989 - 1991 to meet future threats. The Administration has gone forward with the sale now, however, to achieve important political objectives: to send a clear signal to Iran not to expand the Iran-Iraq war to the moderate Gulf states and to bolster the resolve of these states, with whom we share important security interests.

Reaction to this sale has been generally positive because most observers see it as supporting U.S. interests. Opponents have tried to project a different view, using allegations and unrelated assertions designed to confuse the issue. For instance, they argue that these missiles are not needed because they would not protect Saudi Arabia against Iran's current offensive. This is not the Administration's rationale for the sale. To repeat, the timing will send important political signals; the missiles themselves will meet future threats. Let's look at some other frequently made allegations and the realities.

1. Allegation: Iran's air force is weak; it is no threat to Saudi Arabia.

The Facts: Given the long lead time for acquiring modern weapon systems, prudent defense planners must evaluate future as well as current needs. For example, five years ago no one would have predicted that the Iran-Iraq war would rage on in 1986. Saudi military planners now see a number of potentially hostile neighbors in the early years of the next decade in addition to an Iran which is capable of rapidly rebuilding its air force in a post-war situation. Saudi Arabia's wealth, its limited manpower, and its more active and populous neighbors make its position vulnerable unless it has a credible deterrent.

2. Allegation: The sale provides more missiles to Saudi Arabia than it needs.

The Facts: Using a rigorous assessment of the potential threats to Saudi Arabia, the Joint Chiefs of Staff have confirmed the need for the types and quantities of missiles we are proposing to sell to Saudi Arabia. These requirements were calculated using the same criteria the U.S. Air Force uses, with adjustments for factors unique to Saudi Arabia, such as lack of an industrial base and ready sources of resupply.

3. Allegation: Delivery of these missiles will result in a Saudi Air Force missile-to-aircraft ration of 37 to one.

The Facts: The missile-to-aircraft ratio argument is irrelevant and misleading, as air defense missile requirements are based on the number of potential threat aircraft, not on the number of aircraft available to carry the missiles. The Defense Department nonetheless has concluded that after the missiles in the proposed sale have been delivered in 1991, with appropriate adjustments for obsolescence, training, and attrition, the Saudi inventory available for air defense measured as a "missile-to-aircraft" ration would remain less than ten-to-one. The Saudi figure is roughly comparable to that of our own air force and Israel's -- which, unlike that of Saudi Arabia, have the advantage of indigenous sources of resupply.

4. Allegation: Over the years, the U.S. has supplied military equipment in excess of Saudi Arabia's legitimate defense needs, creating a massive Arab arms cache which will fuel further Middle East conflict.

The Facts: From 1953 through 30 September 1985, the U.S. Government sold Saudi Arabia just under $50 billion worth of defense articles and services. But only $4.8 billion, less than ten percent of the total, went for weapons and ammunition. A far larger portion, $33.7 billion, was for support services, such as construction, repair, supply operations, and training. Construction alone accounted for more than $20 billion -- the Saudis, with U.S. assistance, have built from scratch a modern military infrastructure for a country the size of the U.S. east of the Mississippi River.

5. Allegation: The Saudis have failed to support U.S. strategic interests in the region and worked to frustrate the peace process.

The Facts: This sale promotes important U.S. interests. By the 1990's, Gulf oil will become more critical to the U.S. and our allies. We cannot undermine our relationship with our principal friend in the Gulf now and expect to rebuild it later. Strengthening Saudi air defense capabilities will help ensure that Saudi Arabia and other moderate Arab Gulf states do not become victims to an expansion of the Iran-Iraq war and the spread of Khomeini-type radicalism. It will complement our own regional security objectives and reduce the probability of future direct U.S. military involvement.

The short-term economic advantages to the U.S. of the missile sale are obvious; the longer-term benefits, even more important. Saudi Arabia is one of the few countries with which we enjoy a favorable balance-of-trade. If we force the Saudis to reevaluate their reliance on the U.S. and look elsewhere for advanced weaponry, as they did when we were unable to provide additional F-15s, American industry will feel the pressure as more and more commercial orders go elsewhere.

While the missile sale is unrelated to the peace process, we believe the Saudis, within the context of the Arab consensus, have made constructive contributions to the search for peace. We wish they would do more, but the critics are wrong to denigrate what they have done. Moreover, U.S. interests in the Middle East extend beyond Arab-Israeli issues, and friendly relations with moderate Arab states like Saudi Arabia are compatible with our support for Israel. The United States remains firmly committed to maintaining Israel's security and qualitative military superiority. This sale will not modify that commitment.

6. Allegation: Saudi Arabia has opposed American peace efforts, including the Reagan plan and the Hussein initiative, has frustrated U.S. policy in Lebanon, and assisted in the isolation of Egypt.

The Facts: Saudi Arabia has worked within the Arab world to shift the consensus away from confrontation with Israel to constructive efforts to achieve peace. Saudi policies have often complemented our own even when not supporting our positions completely because of its commitment to Arab solidarity. For instance, despite their reservations, the Saudis scrupulously avoided opposing the Reagan Plan and the Hussein initiative. In Lebanon, Saudi Arabia played a constructive role, attempting to end the fighting and assisting the U.S. in extricating our forces. Saudi Arabia has taken a number of steps to move the Arab consensus back toward recognition of

Egypt -- including working quietly to ensure Egypt's reentry into the Organization of the Islamic Conference.

7. Allegation: Saudi Arabia has worked to obstruct the U.S. strategic presence in the Gulf and, with Kuwait, attempted to bribe Oman into curtailing its military cooperation with the U.S.

The Facts: Saudi Arabia has not blocked U.S. security cooperation with area states, nor has it objected to Oman's cooperating with the U.S. In fact, Saudi Arabia currently hosts a USAF AWACS detachment, a sizeable U.S. military training mission, and regular USN ship visits to ports on the Gulf and the Red Sea. Saudi Arabia has worked with Kuwait and Oman and other members of the Gulf Cooperation Council to establish a collective defense which complements our strategy in the region.

8. Allegation: The sale of additional missiles to Saudi Arabia poses an increased threat to Israel.

The Facts: Our commitment to Israel's security and qualitative military superiority remains firm. This sale of defensive equipment will not erode this advantage nor change the force equation in the region. We are confident that the Saudis have no intention whatsoever of using the weapons against Israel.

9. Allegation: Saudi Arabia continues to aid Syria and the PLO and recently agreed to provide financial support to Libya.

The Facts: Senior Saudi officials have categorically denied agreeing to provide financial assistance to Libya. Saudi Arabia does, however, make payments to Jordan, Syria, and the PLO in accordance with commitments made at the Bagdad Summit in 1978. We would prefer that Saudi Arabia stop its payments to Syria and the PLO, but recognize that they belive these payments provide leverage and channels of communication they consider important.

10. Allegation: The real threat to Saudi Arabia is internal instability.

The Facts: Saudi Arabia has a relatively homogeneous society and the government enjoys a broad and stable political consensus. The regime carefully cultivates its traditionally close ties to the religious establishment. Despite the recent drop in oil prices, Saudi Arabia remains well-off economically and is not subject to unrest motivated by bread-and-butter issues. The value of the current sale -- $354 million -- is relatively small and will not strain Saudi Arabia's ability to pay.

11. Allegation: Saudi Arabia has worked over the years to keep oil prices artificially high.

The Facts: Saudi Arabia believes its long-term economic interests are best served by stable or slowly rising prices, not the wide price swings of the past decade. Saudi Arabia has sought to balance external demand for low oil prices with domestic demand within major oilproducing countries for development and higher living standards. The Saudis have employed their enormous production capacity on several occasions to moderate price fluctuations with varying success.

12. Allegation: There is a real danger that this advanced weaponry will fall into the hands of terrorists or could be compromised to the Soviets.

The Facts: The Saudis have a spotless record of safeguarding American technology and the weapon systems we have sold them. No allegation to the contrary has ever withstood investigation. Normal Saudi security procedures are extremely tight and, for certain sensitive systems such as the AIM-9L and STINGER, the U.S. has insisted on additional, even more stringent security precautions. The STINGER missile itself is stored separately from its launcher and is a rather cumbersome terrorist weapon in that it is five feet long and difficult to conceal through airport security.

In summary, the case for the sale of additional air defense and anti-ship missiles to Saudi Arabia is strong. It advances important U.S. national objectives. Continued U.S. - Saudi security cooperation enhances prospects for cooperation in other areas, including the quest for an equitable resolution of the Arab - Israeli conflict. To erode the foundation of a relationship nurtured over forty years, by every Administration since Harry Truman, would be folly -- not policy.

WASHINGTON POST 13 MARCH 1986

The Saudis' Defense

A CURIOUS INCONSISTENCY marks the response of Israel and some of its American friends to the administration's decision to sell some $350 million in missiles and other munitions to Saudi Arabia.

The Israelis are never happy to see arms flowing to the hands of Arab states with which they are at war, but here they are prepared to countenance the sale. It is not just that the Israelis realize they have been treated with great generosity and understanding by the Reagan administration. They also realize that Washington has reason to make this gesture of American support for a friend in need. The Saudis are friends of the United States, and, threatened as they are by a rampant Iran, which has just bitten off yet one more piece of Iraqi territory and brought its forces near the border of a trembling Kuwait, they do need a timely and relevant showing of American constancy.

Rather amazingly, however, some of Israel's American friends are taking another view. These include the Israel lobby, the American Israel Public Affairs Committee and a number of members of Congress, including Sen. Alan Cranston (D-Calif.). The considerations that incline Jerusalem to go along with the sale do not impress them. Nor are they fazed to find themselves expressing more anxiety for Israeli security than the Israelis do. It seems to trouble them scarcely at all that the predictable result of blocking an American arms sale to a friendly Arab state is to have that state turn to another supplier, one that is glad to have the business and that makes no effort to impose the policy cautions that routinely accompany American arms.

What is going on in this particular instance has little to do with Israel's security. It has much to do with a test of wills. There is reason to wonder if those fighting the sale regard a contest with the administration over an ammunition package as something of a necessary warm-up for the campaign they intend to mount later this year to block delivery of the five early-warning AWACS aircraft that Congress agreed to sell in 1981—and that, incidentally, the Saudis have already paid $6 billion for.

Their success in either the small campaign or the large one would be a defeat for the national interest, which lies in helping friendly Arab states defend themselves against the real dangers in their region and in building thereby the sort of relationship with those states that works for, not against, Arab-Israeli peace.

CHICAGO TRIBUNE 14 MARCH 1986

Another Arabian arms sale

President Reagan and Congress are suiting up again for battle over the sale of military hardware to an Arab country, and the consequences could be as severe for the United States as for any Middle East contestant in the arena.

At issue is a $345 million package in antiaircraft and antiship missiles for Saudi Arabia, which along with neighboring Kuwait has come under a military threat from Iran. Substantial combat victories over Iraq have put the Ayatollah Ruhollah Khomeini's army within sight of Kuwaiti territory, a development that has alarmed the Gulf oil producers and raised concern in the Western nations depending on them for energy products.

President Reagan has notified Congress that he intends to sell the weapons to Saudi Arabia, and Congress has 50 days to block the sale by a majority vote in the House and Senate. Opposition by Israel and the American Israel Public Affairs Committee [AIPAC] lobby blocked an earlier $4 billion sale of F-15s to Saudi Arabia and a $1.9 billion sale of aircraft and missiles to Jordan. AIPAC has told Congress that though the additional weaponry involved will not enhance Saudi security, it could make it easier for the kingdom to transfer missiles to countries hostile to Israel.

Unlike AIPAC, the Israeli government—while opposing the sale on principle—does not plan to campaign against it. The current package, Israeli officials indicate, does not pose enough of a threat to Israeli security to risk a political showdown with a friendly Reagan administration.

But Israel's lack of excitement over the issue has not made an impression on American lawmakers already responding to AIPAC by organizing opposition to the sale. And their haste to please the powerful lobby blinds them to a crucial factor: Saudi Arabia needs the weapons not only to defend its own oil fields and Kuwait's—which they are pledged by a security pact to protect—but as evidence of a vital U.S. resolve to support its allies in the Persian Gulf during a time of danger from the forces of a fanatic. Iran must be convinced beyond doubt that the price of an attack on a friendly oil producer will be infinitely greater than any of its benefits.

At peril is Washington's waning image as a friend worth having in the Arab world. Capitol Hill's opposition to the earlier Saudi and Jordanian arms packages in effect told the Arabs that though we would like to do business with them, we couldn't trust them. But the nations of the Middle East have proved repeatedly that what they cannot buy from Washington they can acquire easily on the world's arms markets.

AIPAC and its supporters on Capitol Hill appear to be overlooking a vital benefit to Israel that accompanies the sale of U.S. arms to its neighbors—the usage restrictions the American government builds into its arms sales to the Arabs and its resolve to enforce those restrictions.

Put another way: There are benefits to U.S. resolve for both sides in the Arab-Israeli conflict.

Providence Journal,
16 March 1986

Saudis and missiles

Milton Viorst

WASHINGTON — That the fight over the sale of anti-aircraft missiles to Saudi Arabia comes at the moment when Iranian forces seem poised to break through Iraqi defenses is surely a coincidence. That the pro-Israeli lobby in Congress is leading the fight against the sale is pure Pavlovian reflex.

For as long as one can remember, the American Israel Public Affairs Committee has ferociously spearheaded opposition to the sale of arms to Arab countries — any country, any kind of arms. To do so, under our system, is surely its right. The exercise of that right, however, is not in Israel's interest, or America's.

The open question in dealing with the Saudis is not whether they will use their arms against Israel, but whether they are prepared to use them to defend themselves and their neighbors.

The Saudis know whence the danger comes, and it does not come from across the desert in Zion. The enemy is Iran, across the water to the east. Iran is a culture hostile to the Arabs; its people are Shiites, a rival branch of Islam; its society is medieval, aspiring to establish a modern-day theocratic empire. The prospect grows more menacing daily.

Though poorly fed and ill-equipped, Iran's troops, according to the evidence from the battlefields to the north, are driven by a zealotry that the Iraqis simply cannot match. Iraqis have been promised a better life by their government. Iranians have been promised a better death, and they surge relentlessly forward in the face of machine guns, tanks — even poison gas.

Strategists do not know whether Iran, having largely overrun Iraq's defenses where they meet the border of Kuwait, is planning to turn next toward Baghdad or south into the Arabian peninsula. The region is watching the battle with apprehension.

The Saudis have no tradition of defending Arabia from outsiders. They are a desert people who still think in terms of tribal confrontation. Though never colonized, they let Britain defend them as long as the empire lasted, and, afterward, accepted Washington's advice to rely on the shah. Now the shah is gone, the United States has not filled the gap, and the shah's successor makes no secret of a desire to swallow them up.

At the start of the Gulf war, the Saudis were roused from their insularity to organize the neighboring principalities — Kuwait, Qatar, Bahrain, Oman, United Arab Emirates — into a loose alliance called the Gulf Cooperation Council. To avoid offending Iran, the GCC said its goals were economic, but it is the Saudis' opening effort to confront the need for collective security in the region.

The Iran-Iraq war also pushed them to embark on an expensive program of defense — but of defense alone. Their early warning system is first-class. But the regime remains essentially inward-looking; it fears that if it establishes a strong army, the monarchy may find itself challenged. The dilemma for Western interests is not whether the Saudis will attack Israel, but whether they will fight for their homeland and their neighbors.

One need not be a strategic genius to recognize that the threat to Israeli security from the east is not from lethargic Saudis, even less from the much-bloodied Iraqis. The danger is heavily populated, frenetically motivated Iran. Does anyone doubt that the road from Tehran to Tel Aviv passes through Baghdad, barring a detour through Kuwait and Riyadh?

Yet old habits among Capitol Hill lobbyists — including the American Israel Public Affairs Committee — die hard. The lobby is more anxious than Israel itself to stop the missile sale. Part of the explanation is that Israel's coalition government has competing foreign policies — the official policy of the prime minister and the hard-line policy of the foreign ministry. The lobby's ties, traditionally, are with the foreign ministry.

Lobbies also tend to acquire vested interests of their own, apart from those of their clients. Thus the measure of the fight over the sale to the Saudis becomes its own image of invincibility. As much as anything, however, the explanation is habit. Organized for a certain job, a lobby does it automatically.

Israel scarcely needs to adopt the Arab maxim that "the enemy of my enemy is my friend." Saudi Arabia is not Israel's friend. But the ayatollah's Iran is, and is likely to remain, a more menacing enemy for some time. Israel must set priorities, and the first is to stop Tehran from establishing domination over the Persian Gulf. Its friends would do well to help it.

* * *

Milton Viorst is a Washington writer who specializes in the Middle East.

PHILADELPHIA INQUIRER

19 Mar 86

Don't help the ayatollah

Congressional opponents of the administration's plan to sell $350 million worth of missiles and munitions to Saudi Arabia are missing the point. The issue here is not whether the arms will be used against Israel, as some friends of the Jewish state would argue. Rather, the question is whether the Saudis will be willing and able to use arms to defend themselves against Iran.

The newly submitted administration package, which takes effect unless Congress votes against it during the next six weeks, was expedited due to the current Iranian offensive against Iraq. Western observers have tended to get dulled by the endless brutal battles in this 5½-year-old war, but the latest Iranian moves hold especial dangers for the Persian Gulf.

Iranian forces are now occupying the mouth of a key waterway in Iraqi territory almost on the border of Kuwait. Tehran is threatening such Arab states as Saudi Arabia and Kuwait with military action unless they cease supporting Iraq — and agree to raise oil prices. Kuwait is already beset with terror attacks that its government lays at Tehran's door.

The White House has greatly scaled down the Saudi arms package, which it says contains no new types of arms nor any that provide a direct threat to Israel. But these weapons, which won't be delivered for two years anyway, offer more symbolic than real support to the Saudis. They represent a U.S. commitment to back Saudi efforts to repel any Iranian incursions, as the Saudi air force did when it bested two Iranian planes in a dogfight in June 1984. The administration believes the Saudis are far less likely to ask for direct U.S. intervention, from which both countries shy away for domestic political reasons, if Saudi leaders know they have American support.

Top Israeli officials understand this reasoning. They, as much as Washington, have no desire to see Iraq, or Kuwait, fall under Ayatollah Ruhollah Khomeini's sway. That's why there's less protest against this sale coming out of Jerusalem than there is from overzealous Israel supporters in the Congress or in the pro-Israel lobby. That's also why Israel's friends should think twice before they shoot down the Saudi arms-sale bill, thereby providing a victory for Ayatollah Khomeini's campaign to intimidate the Persian Gulf.

National Review, 25 March 1986

THE CONSERVATIVE ADVOCATE

William A. Rusher

Arms to the Saudis

By William A. Rusher

It is hard to imagine what, aside from a purely Pavlovian reflex, is behind the opposition of the powerful pro-Israeli lobby in Washington to President Reagan's proposed sale of $351 million in defensive munitions to Saudi Arabia. Not even the Israeli government itself seems so exercised.

Israel has every right to feel sure of this country's basic good will, and of our determination never to permit the Jewish homeland to be destroyed by Arab fanatics. But there is much more to the Middle East than the problem of Israel, important and intractable as that is, and Israel's friends are unnecessarily risking vital American and Western interests in the region when they try to pressure our wobbly Congress into rejecting Mr. Reagan's proposal.

After all, the arms in question are essentially defensive: 200 ground-to-air missiles, 100 air-to-sea missiles and a total of 1,666 air-to-air missiles. How could such weapons seriously threaten Israel? By being used in support of a ground attack? The notion of a Saudi invasion of Israel would cause genuine amusement among Israeli officials not widely noted for their sense of humor.

No; these arms are obviously intended to assist in defending Saudi Arabia (including its vital oil reserves) against potential aggressors in that increasingly unstable region of the globe. Iran has already threatened Kuwait, and the growing possibility of an Iranian victory in its war against Iraq raises questions of the gravest kind concerning the Ayatollah's intentions elsewhere.

Nor is there any serious prospect that the arms in question would wind up in terrorist hands and perhaps ultimately be turned against the United States itself. Saudi Arabia is one of this country's staunchest friends in the Middle East, and recently refused even to send a representative to an Arab League meeting in Tunis until Libya withdrew proposals for "retaliatory" measures against the United States.

No, what we are seeing is simply yet another demonstration of the unwillingness of many members of Congress to look beyond the politics of a subject to its geopolitical merits. The Israelis themselves, as already noted, are only perfunctorily opposed to the sale. But Congress, tempted as ever by an opportunity to inflict a "defeat" on President Reagan, may reject the proposal anyway in an effort to look marginally better than the president in the eyes of a key constituency.

In so doing, the members would know very well that they weren't even in fact denying such defensive weapons to the Saudis: Other missiles like them can readily be purchased elsewhere. But American business and labor will be deprived of a valuable contract — as happened on a much larger scale just last year, when America dithered over selling F-15 fighter planes to the Saudis until they tired of waiting around and gave the huge order to a rival British plane-maker instead.

Our Saudi friends are ruefully aware of the power of the pro-Israeli lobby in American politics, and of the solid and unchanging reasons for it. But they nonetheless humanly resent evidences of U.S. partiality toward Israel *vis-a-vis* friendly Arab states. Why, for example (they wonder), does Israel get huge quantities of U.S. arms free of charge, while Saudi Arabia — if it gets them at all — must pay hard cash? To refuse to let the Saudis even buy this relatively small quantity of wholly defensive arms would send a profoundly negative signal to the entire Arab world. Can't Congress suspend its fascination with domestic politics just long enough to do one statesmanlike thing?

WALL STREET JOURNAL 2 APRIL 1986

Saudi Missile Deal Is a Last Shot for U.S. Role

By Gerald F. Seib

Early every afternoon, a visitor strolling among the old mud buildings in the heart of the Saudi Arabian capital of Riyadh can look up and see the West meeting the Mideast.

At that time, a giant American Awacs radar plane rumbles in low over the city, heading for a landing at the Saudi air base in Riyadh. The Awacs plane, on loan until the Saudis receive similar radar planes they have bought, has been out doing guard duty over the world's largest oil fields, which lie on the edge of the Persian Gulf, a half-hour flight away.

The Awacs plane is a symbol of the delicate military relationship the U.S. and the Saudis have managed to piece together since the oil-price explosion of the 1970s. But the Saudi-American military relationship is growing frayed around the edges, and it could begin unraveling if congressional opponents manage to kill the $354 million sale of advanced air-defense missiles to Riyadh that the Reagan administration has proposed.

Though the sale of Sidewinder, Stinger and Harpoon missiles has little immediate military significance, America's handling of it will send loud political signals bouncing all around the Middle East.

Iran, which seemed a spent military force a year ago, is resurgent in its war with nearby Iraq. It has taken Iraqi territory along a wider front than ever before, and is crudely threatening Saudi Arabia, Kuwait and the other Arab gulf states that support Iraq. A sale of the missiles to Saudi Arabia is a cost-free way—indeed, it may be the only way—for the U.S. to signal that it won't let radical forces swirl around the gulf unchecked.

But there's a broader question wrapped up in this sale as well: Is the U.S. still politically able to provide a security blanket for Arab countries such as Saudi Arabia that badly want one? Kuwait, Jordan and Oman all have wanted American military gear in the past two years. But the political flak in Washington over arms sales to Arabs is so heavy that they either have been flatly rejected or felt compelled to turn elsewhere.

Similarly, it isn't true that Saudi Arabia automatically gets whatever high-tech equipment it wants from the U.S. inventory. Just last year, the Saudis were interested in buying more F-15 fighters but had to resort to buying several dozen British jets instead.

In fact, the U.S. may be on the verge of removing itself from the business of securing moderate interests in the Persian Gulf, and a rejection of this sale could push the U.S. over the edge. That's especially true if, at the same time, the pro-Israel lobby in Congress manages to interfere with the scheduled delivery of Awacs planes the Saudis bought five years ago.

In conversations I held with Saudis during a recent trip to their country, strikingly many Saudis of all stripes expressed basic pro-American feelings, despite bitterness over what they see as recent U.S. rebuffs to the Arab world. Most of Saudi Arabia's technocrats and many of its young princes were educated in the U.S. Saudis admire the American economic model, and most are fervently anti-communist and generally anti-Soviet.

In the case of the missiles, the Saudis could fill their needs by turning to Britain and France. But that would cause training and logistical headaches, since existing Saudi stockpiles are American. More important, Saudis like the political vibes that go along with buying American.

Even if the Iranian menace hadn't reared its head now, the Reagan administration was planning to propose the sale this year, because the Saudis need new missiles to replace those used in training or rendered unreliable because of age. And while scheduled deliveries of the weapons wouldn't take place until the end of this decade, there is a short-term reason for making the sale now: Once a sale has been agreed upon, President Reagan has the legal authority to draw missiles out of U.S. inventories and ship them to Saudi Arabia immediately in an emergency.

And unlike so many arms exports, the missile sale would represent an inflow rather than an outflow of cash for the U.S. The Saudis would pay cash, deposited in a trust fund and drawn down as deliveries are made, U.S. officials say. While plunging oil prices are making a shambles of Saudi budget plans, there seems little doubt the kingdom can pay for the missiles; defense remains the top Saudi priority, and the missiles represent a small purchase compared with the recent British plane deal valued at more than $5 billion in oil and cash.

The objections to the sale heard in Washington are the familiar ones heard over every Saudi arms proposal floated in recent years. Opponents say the Saudi regime is unstable, it has plenty of arms already and its weapons pose a threat to Israel. There are kernels of truth in each of those objections, but they are overblown in this case.

First of all, the air-defense weapons proposed for the Saudis all are the types of missiles sold before to Saudi Arabia. The sale wouldn't represent a leap forward in the export of military technology.

The immediate threat to Saudi Arabia is Iran. It's true that the Iranian air force isn't much to brag about these days—perhaps 70 functioning jet fighters and attack aircraft. But it takes only a handful of planes to create havoc at Saudi oil installations that lie within easy striking distance of the Iranian air base at Bushehr.

At the same time, constructing an adequate air-defense network against even a minimal threat to Saudi Arabia is a nightmarish task. Saudi Arabia has a land mass larger than Mexico's. Key strategic points are scattered all around the edges of this desert giant. The distance from the oil fields in the east to Jeddah, the kingdom's second-largest city on the west coast, is greater than the distance from New York to Chicago. The distance from the northern border to the troubled southern border with Marxist South Yemen is roughly the same as the distance from New York to Oklahoma City.

As far as the Saudis' attitude toward Israel is concerned, there's no pretending the Saudis are blazing trails toward peace. They aren't and probably never will, though the U.S. must keep prodding the Saudis. Saudi Arabia is more a follower than a former of Arab consensus.

But it's easy to overrate the military challenge the Saudis could pose to Israel. A summary of Middle East militaries published by the Jaffee Center for Strategic Studies, a think tank at Tel Aviv University, concluded: "The Saudi Armed Forces are too small, too weak and too widely scattered to defend their country against the major military powers in the Middle East." Besides, who is the bigger threat to Israel: the Saudis or the Iranians, who talk of the road to Jerusalem cutting through Baghdad?

Finally, there is the longstanding fear among some in Washington that the Saudi royal family could crumble someday, leaving American weapons in the hands of a radical new government. But the fact is, there isn't any discernible internal threat to the Saudi royal family right now. Indeed, if the U.S. wants to help create one, the best way is to make the royal family look foolish for its reliance on America.

Mr. Seib covers the Middle East from the Journal's Cairo bureau. He is to return to Saudi Arabia to cover a visit by Vice President Bush later this week.

AIPAC TO FIGHT LATEST SAUDI ARMS SALE

The Administration is expected to inform Congress shortly of another billion-dollar sale of lethal weapons to Saudi Arabia. It is expected to include 12 to 15 F-15s, hundreds of Maverick air-to-ground missiles and tank improvements.

The sale of these armaments creates the risk of transfer of our high technology weapons to other Middle East combatants and contributes to the Arab arms buildup that forces Israel to upgrade its own arsenal.

* Since 1978 AIPAC has opposed the sale of F-15s to Saudi Arabia as an unwarranted transfer of large numbers of our finest fighter aircraft which posed an unacceptable risk to Israel's security. Nothing has happened to change that view.

* In the 1978 sale, as with the AWACS sale in 1981, the Congress was told these were:
  (1) vital to the kingdom's security,
  (2) necessary to assure the supply of oil to the United States and our allies, and
  (3) important to encourage the Saudis to play a leadership role in the search for an Arab-Israeli peace.

* Subsequent to both of those major arms sales, the Saudis imposed huge increases in the price of oil -- moves which caused major damage to free world economies and helped bring about double-digit inflation and our disastrous trade deficits.

* The Saudis have done nothing to advance the search for peace, and continue to bankroll the terrorist PLO and Syria.

* The Saudis, by their own word, have declared that their massive arms buildup is for the purpose of fighting Israel, not Iran. The United States must recognize that is the real reason behind the Saudi build-up. Now is the time to stop that arms race.

A constant flow of sophisticated arms to Saudi Arabia and other nations at war with Israel is no substitute for a comprehensive and coordinated arms transfer policy. It was wrong in 1978. It was wrong in 1981. And it is wrong in 1987. This latest sale sets back the search for peace, which is at a critical juncture today. AIPAC unequivocally opposes this arms sale.

On March 11 the Administration sent Congress informal notification for sale to Saudi Arabia of additional air-to-air, air-to-sea, and ground-to-air missiles. All these systems, or similar systems, are already in the Saudi inventory.

-- These arms are needed for Saudi defense, can be absorbed within the Saudi military and do not represent a threat to Israel. We have validated the military requirements for these missiles and had intended to go forward with them this year.

Four new considerations prompted us to move immediately:

-- First, Iran has succeeded in crossing the Shatt al-Arab River and establishing a beach-head on the border with Kuwait. With their latest strike into Kurdistan, the Iranians may contemplate a general offensive along the entire front. Should this occur, the threat to Kuwait would significantly increase.

- o These developments threaten our interests and deeply worry the Peninsula Arabs. They are seeking reassurance for their security.

- o Saudi Arabia is key to reassurance since it is the essential element in Gulf collective defense.

-- Second, our willingness to support Saudi self-defense has served as a deterrent to Iran. Acting now will send a strong signal to Iran. It will also reduce the chances that we would have to take emergency action later to protect our own interests.

-- Third, the current unstable situation in South Yemen, exacerbated by Soviet interference, raises the potential of a renewed threat on Saudi Arabia's southern border.

-- Fourth, we have had several direct and very high level appeals from the Saudis to move these notifications forward now. It is essential to the overall U.S.-Saudi bilateral relationship, and to our credibility with the rest of the Gulf Arabs, that we meet this request.

-- These arms notifications, while modest, support vital U.S. strategic interests. We are committed to maintaining the free flow of oil from the Gulf. We strongly support the security and stability of the moderate Gulf states. We oppose radical forces in the area and the expansion of Soviet influence into the region. The sales of missiles to Saudi Arabia will advance these interests.

-- The Saudis have taken the lead, under the GCC umbrella, in protecting the shipping and oil installations of the upper Gulf. Their downing of an intruding Iranian fighter plane in 1984 was an effective use of our equipment and has deterred further attacks on the Gulf states.

-- The further strengthening of Saudi air defense capabilities makes a major contribution to Saudi security and to our regional security objectives. It also reduces the probability of a need for any direct U.S. military involvement at some point in the future.

-- This sale will not threaten Israel's qualitative military edge nor change the balance of power in the Middle East. Moreover, it serves neither our interests nor Israel's for us to refuse such sales and allow others to replace us as the principal supplier of arms to the Arab Gulf states. Unlike ourselves, others do not impose safeguards on their military sales to ensure that their armament does not pose a threat to Israel. The recent British Tornado sale lost the United States over $12 billion in sales and support and thousands of U.S. jobs without advancing either our interests or Israel's security.

The proposed notification would consist of:

--	671 AIM-9P4 Air-to-Air Missiles	$ 60 million
--	995 AIM-9L Air-to-Air Missiles	98 million
--	200 STINGER Manportable Ground-to Air Missile systems and 600 reloads	89 million
--	100 HARPOON Air-to-Sea Missiles	$ 107 million
	TOTAL	$ 354 million

AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE
444 NORTH CAPITOL STREET, N.W. • SUITE 412 • WASHINGTON, D.C. 20001 • (202) 638-2256

January 30, 1985

WHY SELL MORE ARMS TO SAUDI ARABIA?

On February 11, King Fahd will arrive in Washington with a shopping list of new weapons to add to Saudi Arabia's already bulging arsenal. He wants more F-15s - this time with ground attack capabilities. He wants more Stinger man-portable anti-aircraft missiles - the ideal terrorist weapon. And he wants thousands more Sidewinder air-to-air missiles - to stockpile 30 missiles for every Saudi F-15 (more than double the USAF's 13 per aircraft).

THEY DON'T NEED THEM

These new requests come in the wake of a $16 billion, 12-year Saudi spending spree which has already equipped the Kingdom's armed forces with more weapons than they can possibly absorb. Since 1973, in imitation of the Shah of Iran, Saudi Arabia has signed contracts for almost $50 billion in US military contracts, plus billions more from Western European sources. The Saudis simply do not need more weapons:

- o According to Saudi Defense Minister Prince Sultan, "Our Air Force currently possesses all the methods and means to tackle any air attack..." (Al-Watan Al-Arabi, January 14, 1985)

- o If the current threat is Iran, the Saudi Air Force already operates 200 advanced combat aircraft compared to Iran's 70. And as the Saudis demonstrated when they shot down an Iranian fighter in June 1984, they are quite capable of defending themselves against Iran with existing equipment.

- o If the future threat is Iraq, the Saudis could easily avoid this problem by stopping payment for the aircraft that Baghdad is now acquiring.

THEY DON'T DESERVE THEM

In 1981, President Reagan persuaded the Senate to sell AWACS to Saudi Arabia on the explicit assurance that the Saudis would provide "substantial assistance" to the United States in promoting peace in the Middle East. Since then, Saudi Arabia has actually helped to undermine every American peace initiative in the region.

- o They opposed the Camp David process, punishing Egypt for making peace with Israel. The Saudis continue to obstruct Egypt's efforts to reestablish diplomatic relations with the Arab world because it signed the Camp David Accords.

- o They thwarted the Reagan Plan by threatening King Hussein with economic sanctions if he entered negotiations with Israel and by repeatedly undermining his efforts to overcome a PLO veto.

- They undermined US policy in Lebanon by refusing to fulfill an explicit promise to use their financial leverage on Syria to persuade it to withdraw. Instead, after the United States had negotiated an agreement for Israeli withdrawal, they urged Washington to scrap the accord and then denounced the US presence in Lebanon as "a true shame" (Washington Post, February 3, 1984).

- They encouraged PLO rejectionism by refusing to pressure Arafat to support the Reagan Plan and by providing financial support for the continuation of the PLO's "armed struggle" long after most of the Arab world has ceased to do so.

Moreover, the Saudis have acted against American interests in other vital areas.

- They have maintained artificially high oil prices by drastically cutting their own oil production and pressuring other producers to follow suit.

- They have obstructed an American strategic presence in the Gulf by refusing to host American bases and by acquiescing in a Kuwaiti-led effort to bribe Oman to cancel its access agreements with the United States.

- They have subsidized massive Soviet arms purchases by Syria and Iraq. At the same time, they have canceled aid to Egypt because it made peace with Israel and threatened Jordan with economic sanctions for daring to contemplate Egypt's example.

THEY SHOULDN'T GET THEM

Saudi Arabia's failure to fulfill its part of the AWACS bargain and its undermining of American interests should not be rewarded by further sales of sophisticated American weaponry.

- It will send the wrong signal by confirming the Saudi perception of the U.S. that "you are just arms salesmen and we pay cash" (New York Times, July 14, 1982). It will do nothing to encourage Saudi respect for American interests.

- It will repeat the error of arming the Shah, diverting the Saudi regime's attention and resources from the very real internal threats to its stability

- It will create a huge stockpile of the most sophisticated American weapons in a highly unstable region where terrorists and other enemies of the United States might well gain access.

- It will increase the threat to Israel by markedly improving the ground attack and air-to-air combat capability of the Saudi Air Force which maintains air bases less than 10 minutes flying time from Israel. It will exacerbate Israel's economic problems by forcing it to divert even more resources to defense. It will also reduce Saudi Arabia's ability to resist pressure to join another war with Israel.

Arms and the Saudis: A Hard Sell for Reagan

Los Angeles Times

Sunday, May 18, 1986

By Richard Straus

WASHINGTON

President Reagan's plan to lobby American Jewish leaders at the White House tomorrow on behalf of his embattled proposal to sell arms to Saudi Arabia shows that anything is possible in Washington. Could it be that the enormously popular President—fresh from his Tokyo summit triumph, on the way to achieving an unexpected and unprecedented tax-reform bill—was being forced to ask Jews to help him sell $350-million worth of arms to Arabs?

"It's pathetic," said one State Department Arabist. "Pretty awful," admitted a White House insider. But the leading Senate opponent of the sale, Alan Cranston (D-Calif.), put it best when he observed in an interview, "It's a sign of [the Administration's] desperation."

The desperation stems from a slowly dawning realization that it may be impossible to overcome congressional opposition to the Saudi arms deal. The White House strategy all along has been to rely on a presidential veto of a congressional resolution against the sale. But the Senate's overwhelming 73-22 rejection could prove veto-proof. (The more lopsided 356-62 House rejection prompted one State Department wag to "look longingly back on our 'victory' in the Senate.")

Part of the Administration's problem is having left the field to opponents for far too long. Slowly, Cranston gained support in the Senate while fellow California Rep. Mel Levine (D-Santa Monica) built even greater advantage in the House of Representatives.

Congress is exhibiting a virulent strain of anti-Arab feeling in general and anti-Saudi feeling in particular.

The Cranston and Levine efforts were all the more impressive since the Israeli government and the major pro-Israeli lobby, the American Israel Public Affairs Committee, after *pro forma* denunciations, effectively opted out of the fight.

But Israeli quiescence also apparently lulled the Administration into a false sense of well-being. And with a vote possible as early as this week, the President has to hustle to play catch-up.

To begin with, he has to convince at least a half-dozen senators to change their votes. And such a flip-flop carries grave political risks. During the last major arms sale battle in 1981 over the provision of early warning aircraft to Saudi Arabia, then-Sen. Roger W. Jepsen (R-Iowa) provided the Administration's victory margin by switching at the last moment. But the issue came back to haunt him when he ran unsuccessfully for reelection in 1984. His opponents cited the abrupt turnabout as evidence of Jepsen's political inconsistency. And today in Washington, said Cranston's foreign-policy aide Gerald Warburg, "the ghost of Roger Jepsen is walking the corridors."

A second serious obstacle is the President's own rhetoric about the Middle East. Although the Administration promotes Saudi Arabia as a "moderate" friend it simultaneously castigates other Arab states, notably Syria and Libya, as "radical" enemies. And since Saudi ties to both countries are easily demonstrable, terms like "moderate" and "radical" have become distinctions without a difference in the public mind.

Said one White House strategist, "When we justify arms to the Saudis we talk in symbolic terms like 'promoting our friends' or 'safeguarding our interests.' But the other side [arms-sale opponents] have better symbols like 'Saudi support for terrorism.'"

This is precisely the sort of language that congressional opponents have used to great effect. Cranston cites Saudi financial support to "Syria and Libya, which are states supporting terrorism." Levine singles out "generous Saudi financial support to the PLO and Syria."

When Administration spokesmen on background say the Saudis have "quietly" worked to block Arab League economic sanctions against the United States for the attack on Libya, Cranston responds, on the record, "Yes, very quietly," and added, "they also quietly sabotage the Camp David peace process," noting that after eight years the Saudis have yet to re-establish diplomatic ties with Egypt.

With the pro-Israeli forces on the sidelines, Israel as an issue has faded from the debate. Admited Levine, "It is not the worst sale from Israel's standpoint." Instead, aided by the terrorism issue, Congress is exhibiting a virulent strain of anti-Arab feeling in general and anti-Saudi feeling in particular. But even the Administration is not immune. Said one senior White House official, "It is the culmination of years of resentment of the Saudis. We used to beg them and they never did anything for us."

This theme is amplified by congressional critics. Levine: "There is an atrocious Saudi track record regarding U.S. interests." And Cranston: "Arms sales have gained us no leverage in the past with the Saudis. So what is the purpose?"

Administration officials quickly retort that arms sales are only a part, albeit a key part, of maintaining relationships with the Arab world. But unlike Britain or France, the United States provides weapons for other than commercial purposes. "We can't tell the Arabs if you aren't 100% behind us, we're going to cut you off," argued one State Department official. "The Congress is whittling away at our relationships with an ax."

But critics demand that Arab friendship be a two-way street. If the Saudis can't help us with, say, the peace process, they should not be rewarded as Levine argues, "with $44 billion in arms sales benefits." But, retorted one key Administration policy-maker, "peace isn't our only objective. We need credibility. And arms bring credibility."

Meanwhile, at the White House, Middle East considerations are rapidly becoming secondary. Key aides have already trotted out the self-fulfilling prophesy, "If you don't support the President on this issue, you will undermine his ability to operate on all issues." One insider thinks this rationale, plus "a properly organized strategy of a few dams here and a few campaign contributions there," should be enough to offset the emotional appeal of the other side. With a little help from—what shall we call it? How about "American Jews for a Stronger Saudi Arabia."

Richard Straus is editor of the Middle East Policy Survey.

ADDITIONAL MISSILE SALES TO SAUDI ARABIA
SUMMARY OF NOTIFICATIONS

AIM-9L Sidewinders

Description: Nine hundred ninety-five missiles and associated spare parts, 30 Sidewinder training missiles, training technical assistance and support equipment.

Estimated value: $98 million

Comment: Like all Sidewinder missiles, the AIM-9L is a short-range air-to-air missile. It is an advanced variant currently being replaced in the U.S. inventory by the more advanced AIM-9M. The AIM-9L is needed to make the Saudi F-15s fully effective in air combat. Sale of AIM-9Ls to Saudi Arabia was notified in a previous case and a limited number have already entered the Saudi inventory.

AIM-9P4 Sidewinders

Description: Six hundred seventy-one AIM-9P4 Sidewinder air-to-air missiles, spares and support equipment.

Estimated value: $60 million

Comment: The AIM-9P4 is a recent variant of the Sidewinder family of short-range air-to-air missiles. While its capabilities approach those of the AIM-9L presently in the U.S. inventory, it can be fired effectively from aircraft such as the F-5 with less advanced avionics than those in U.S. force structure aircraft. The Saudis have predecessor variants, including the AIM-9P3.

Stingers

Description: Two hundred basic Stinger air defense guided missile systems including 200 missiles, an additional 600 missiles, support and training equipment, spare parts, technical support and training.

Estimated value: $89 million

Comment: Stinger provides close-in defense of key installations, including those in the oil fields, against air attack. This increase in the number of Saudi Stinger launchers is needed in view of the dispersed nature of these installations. Unless imminent threat requires deployment, the Saudi Stingers are warehoused under stringent controls.

MAR 6 1986

Harpoon

Description: One hundred air-launched Harpoon missiles with containers, spare parts, tec ·ical assistance and support equipment.

Estimated value: $107 million

Comment: The surface-launched Harpoon anti-ship missile is already in the Saudi inventory. The air-launched version will extend the range and shorten the response time against naval threats in the Gulf.

WASHINGTON TIMES 9 May 1986 Pg.16

Byrd asks Hill role in anti-terror raids

By Thomas D. Brandt
THE WASHINGTON TIMES

Senate Minority Leader Robert Byrd yesterday introduced a bill to amend the War Powers Resolution to give Congress a greater role in presidential decisions on future anti-terrorist strikes like the Libyan attack of April 15.

Secretary of State George Shultz has already talked about the consultation issue with Senate Foreign Relations Committee Chairman Richard Lugar, who may call hearings.

However, Mr. Lugar's spokesman, Mark Helmke, said the Republican senator from Indiana prefers to resolve the issue without having to amend the 1973 War Powers Resolution.

Mr. Lugar and Mr. Byrd, along with House Minority Leader Robert Michel and House Foreign Affairs Committee Chairman Dante Fascell were either openly critical or questioned sharply whether President Reagan had adequately complied with the War Powers requirement in ordering the Libyan attack.

The Byrd legislation, recent hearings by Mr. Fascell and Mr. Lugar's dealing with Secretary Shultz are seen as efforts by Congress to ensure that it is heavily involved in the shaping of a new U.S. policy appropriate to the era of terrorism.

However, Mr. Byrd's bill is the first legislative effort to deal with the tension created by the president's use of the U.S. military in combat without a full policy consultation with Congress.

The Byrd bill would set up a formal body of 18 congressional leaders to be consulted by the president before ordering U.S. forces into hostilities. Co-sponsors include Democratic Sens. Thomas Eagleton of Missouri, Daniel Inouye of Hawaii, Alan Cranston of California and Patrick Leahy of Vermont.

The 18 include the chairman and senior opposition party member of the committees on intelligence affairs, defense and foreign affairs from the House and Senate. Also included are the majority leader and minority leader of both houses, the speaker of the House and the president pro-tempore of the Senate.

The War Powers Resolution requires the president to consult with Congress "in every possible instance" before introducing forces into military engagements. In the Libyan attack, a group of congressional leaders, including most of those named in the Byrd bill, were called to the White House for a briefing three hours before the jets struck at five targets in Libya. The assault was in retaliation for the terrorist bombing of a discotheque in West Berlin on April 5.

Mr. Byrd and most other congressional leaders who have spoken on the issue have widely acknowledged that the resolution's deliberately flexible language allows the president to order some actions in total secret, without consultation, to avoid jeopardizing the mission.

However, Mr. Byrd said yesterday that the need for such intense secrecy was not a factor in the April 15 attack on Libya because there had already been intense media speculation about an attack, often fed by news leaks from administration sources.

Yesterday the Senate Democratic Policy Committee released a 10-page chronology of named administration officials and unnamed administration sources who commented to the press on the possibility of a U.S. military strike in the eight days preceeding the attack.

RAID...from Pg.1

from the aircraft carriers USS America and USS Coral Sea in the Mediterranean. There also was no explanation of why some of the "precision guided" bombs missed their targets.

"Collateral damage was held to a minimum," the Pentagon said. "Only 1 to 2 percent of the bombs impacted in civilian areas .... While complete destruction of each of the five targeted installations was never envisioned, all targets were hit and received very appreciable damage. The military objective of our operations was to inflict damage to headquarters associated with terrorist activities, terrorist facilities and military installations that support Libyan subversive activities .... The results of the strike met the established objectives."

Libyan officials have claimed widespread damage to civilian areas. Staff Maj. Abdul Salaam Jalloud, the second-ranking official in the Libyan government, told reporters on April 18 in Tripoli that 37 persons were killed in the raid, including 36 civilians, and that 93 persons were injured. Libyan officials listed among the casualties Libyan leader Muammar Qaddafi's adopted year-old daughter, Hana, who they said was killed, and his two youngest sons, reportedly injured.

One principal target for 2,000-pound bombs was Qaddafi's compound, which includes the family residence, his private tent and the Bab Azizzia Barracks housing his elite guard. In discussing the barracks, the Pentagon said: "Inasmuch as the entire complex was, in one way or another, related to Qaddafi's command and control of terrorism, the entire complex was considered targetable. Damage to Qaddafi's headquarters and contiguous working spaces was substantial."

A high-ranking U.S. official familiar with the targeting plans told The Washington Post after the raid that nothing in the compound was put off limits, in contrast to the restrictions against bombing the residence of North Vietnamese leader Ho Chi Minh during the Vietnam war.

"We hoped we would get him," the official said of Qaddafi, "but nobody was sure where he would be that night." Intelligence officials had put the odds of killing Qaddafi at no better than 4 to 1, according to informed sources.

In a news conference Wednesday, President Reagan said that although Qaddafi was not personally targeted "I don't think any of us would have shed tears" if the Libyan leader had been killed.

Reagan denied planning a new raid against Libya. But Pentagon sources confirmed a CBS report that contingency planning includes placing Libyan targets into the computer systems of submarine-launched cruise missiles as an alternative to another bombing raid, in order to avoid risking pilots and planes. An F111 and its two-man crew was lost in the April 15 raid.

An administration official who has read transcripts of tape-recorded conversations between the U.S. fliers during the Tripoli portion of the raid said that the pilot of the doomed F111 suddenly exclaimed, "I'm hit!" "Sorry about that," came a garbled response, apparently from another pilot.

The Pentagon statement said the three bombs that exploded near the French Embassy "were probably from one F111." Informed military officials said that some of the 2,000-pound bombs intended for Qaddafi's compound went astray when two F111 bombers flew too close together, causing one of them to pull away from his computer-designated drop point to avoid the burst and smoke created by the lead plane's bombs.

The Pentagon did not explain yesterday why at least two Navy bombs missed the Benghazi Barracks, saying only that they were "near misses" that fell some 700 yards off target.

The Pentagon also did not address what military sources said was a case of mistaken identity when an F111 crew bombed a high school for naval cadets at the Sidi Bilal naval complex outside Tripoli, instead of the alleged terrorist training school for swimmers and divers nearby. The bombs damaged "the swimmer-diver training complex," the Pentagon statement said.

WASHINGTON POST 9 May 1986 Pg. 1

Saudi Vote Reflects Anti-Arab Feeling

By John M. Goshko
Washington Post Staff Writer

The overwhelming House and Senate rejection this week of President Reagan's arms sale to Saudi Arabia has exposed what administration officials fear is a reservoir of pent-up, anti-Arab feeling in Congress that could engulf 30 years of U.S. efforts to maintain close ties with moderate Arab states.

"The rhetoric on Capitol Hill this week was frightening," one State Department official said yesterday of the debates that preceded the votes in the Senate Tuesday and the House Wednesday. "Many members were quite blatant in making clear that they didn't consider the sale a threat to Israel or to U.S. interests. Instead they were using Saudi Arabia to express their frustration with the entire Arab world."

Administration and congressional sources agree that this frustration resulted from a buildup of many factors: the plunging price of oil that has lessened U.S. dependence on Arab producers like Saudi Arabia; anger at the reluctance of Arab leaders to control the Palestine Liberation Organization and move toward peace talks with Israel; and, most importantly, the belief that the Arab world is the chief source of international terrorism.

Many lawmakers justified their votes as consistent with Reagan's fierce antiterrorist rhetoric and his use of military force to deter Libya's support of terrorism. Speaker after speaker in both houses assailed Saudi Arabia's financial backing for groups such as the PLO and Saudi condemnation of last month's U.S. air strike against Libya.

As Sen. Alan Cranston (D-Calif.) put it Tuesday, "We want to make it clear that it is not in the national interests of the United States to sell advanced weapons to nations that consistently scorn U.S. interests."

Others in Congress, including Sen. Charles McC. Mathias Jr. (R-Md.), lay much of the blame for the overwhelming defeat on White House reluctance to lobby actively for the measure. "If the president isn't going to lead, you're not going to find the members of Congress looking for trouble, particularly in an election year," Mathias said.

In the end, what the administration originally regarded as a relatively innocuous arms sale—one that drew only token opposition from Israel and the principal pro-Israeli lobbying group, the American Israel Public Affairs Committee—was voted down by margins so lopsided that there is doubt about Reagan's ability to rescue the sale through a veto of the congressional action.

The administration's principal argument for the sale is that "U.S. interests are best served by continued strong and credible relations with moderate Arabs," as Richard W. Murphy, the assistant secretary of state who carried the main burden of arguing the need for the Saudi sale, put it.

"We face a time of testing whether the successful policy of 30 years is relevant," Murphy said, "or if we will turn around and pursue a more parochial, narrow and extremist policy."

For years, successive administrations have managed to sway Congress with that argument. But, in recent months, attempts to wield it on behalf of the Saudi sale and an earlier proposed arms sale to Jordan have foundered against the new mood that appears to be sweeping Capitol Hill.

"There's no question that there is a sense of discouragement about the Middle East—that we've put a lot of effort and money into cultivating the moderate Arabs and that we've been burned," Rep. Lee H. Hamilton (D-Ind.), chairman of the House Foreign Affairs subcommittee on Europe and the Middle East and a supporter of the Saudi sale, said yesterday. "Things are not improving there; they're moving backward, and that makes members of Congress want to be less involved with the region."

A senior Senate staff member, who asked not to be identified, noted: "Congress is reflecting a general attitude in the country that U.S.-Arab relations are less important than in the past. People feel that the peace between Israel and Egypt has lessened the danger of war. They feel that the fall in oil prices has freed the American economy from what they regarded as Arab price gouging and blackmail. When you add the terrorism factor, the situation is a natural one for an ethnocentric reaction."

Former senator James Abourezk (D-S.D.), head of the Arab American Anti-Discrimination Committee, said he believes the vote was symptomatic of "an incredible buildup of racist feeling that has been made respectable by Reagan's rhetoric that equates terrorism with Arabs. It even threatens Arab Americans, and I only hope it doesn't lead to internment camps like we had for Japanese Americans during World War II."

Mathias and others say they believe such concern is greatly exaggerated, but Mathias suggested that "there is a drift and lack of clarity about our Middle East policy that allowed ignorance to override a real understanding of the dynamic of events in the region and how they affect our interests."

Consequently, according to one State Department official, "Murphy was preaching to the deaf with his explanations about how factors like Arab solidarity prevent Saudi Arabia or Jordan from supporting American attacks on [Libyan leader Muammar] Qaddafi. To people in Congress, Murphy came across as just another State Department Arabist giving rationalizations and excuses that they don't want to hear at this point in time."

It remains unclear how Saudi Arabia and other Arab nations friendly to the United States will respond, but the State Department official predicted that "the moderate Arabs will throw up their hands and question whether the United States is a credible and reliable friend. What does that do to help our efforts to influence an end to the Arab-Israeli conflict or to have the Arabs turn to us if there is a widening of the Iran-Iraq war or some other event that could create a new energy crisis?"

THE AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

AIPAC MEMORANDUM

500 NORTH CAPITOL STREET, N.W. • SUITE 300 • WASHINGTON, D.C. 20001 • (202) 638-2256

January 23, 1986

More Weapons for Saudi Arabia?

The Reagan Administration is reportedly planning to sell Saudi Arabia additional American military equipment worth in excess of $1 billion. The Saudis are to be provided thousands of missiles, upgrades for their F-15 fighters, helicopters, and electronic warfare systems.

In 1985, the Congress codified the Presidential commitments made on the eve of the ~~1981 AWACS~~ sale as a condition for delivery, namely, that the Saudis must provide "substantial assistance" to the United States in promoting peace in the region. But this weapons sale is being considered despite the fact that Saudi Arabia has helped to undermine every American peace initiative in the region and continues to do so today. Most recently:

* The Saudis repeatedly condemned American efforts to curb the outlaw Qaddafi regime in the aftermath of the terrorist bombings at the Rome and Vienna airports, and they proclaimed their "categorical solidarity" with Libya. (Rabat MAP, 1/11/86; Kuwait News Agency, 1/14/86)

* Rather than support King Hussein in direct negotiations with Israel, the Saudis reportedly offered Jordan free oil supplies to repair relations with Syria, leader of the Arab rejectionist camp. (London, The Observer, 12/1/85)

* The Saudis continue to replenish the PLO coffers, to the tune of $28.5 million last year alone, to allow the PLO to continue its "armed struggle" (a euphemism for terrorism) long after most of the Arab world has ceased to do so.

* Instead of talking about peace with Israel, Saudi Defense Minister Sultan told a PLO audience in Jeddah that "the Saudi Army is a Palestinian army." (Arab News, 1/13/86)

Indeed, Saudi Arabia continues to fan the flames of hatred against Israel at home, in the region, and at the United Nations.

* Crown Prince Abdullah declared that "once Moslems achieve unity of will and action, Israel will be annihilated and disappear." (Al-Sharq al-Awsat, 9/13/84) King Fahd, after his meeting with President Reagan in February 1985, told Arab ambassadors in Washington that "armed struggle against Israel is still an existing necessity." (Kuwait News Agency, 2/20/85)

* At the recent Islamic Conference Organization meeting, the Saudis affirmed their commitment to "severance of all political, military, economic, cultural, and other relations with the Zionist enemy." (Rabat Domestic Service, 1/11/86)

* At the United Nations, the Saudis voted to "isolate Israel in all fields" and proclaimed that "Israel is not a peace loving nation," thus laying the groundwork for expelling the Jewish state from the United Nations. (General Assembly Resolution 40/L.44, 12/11/85)

Moreover, the Saudis have acted against American interests in other vital areas:

* They obstructed an American strategic presence in the Gulf by acquiescing in a Kuwaiti-led effort to bribe Oman to cancel its access agreements with the United States. And, they continue to refuse to provide written assurances of American access to Saudi bases in the event of a crisis.

* They have subsidized massive Soviet arms purchases by Syria and Iraq. At the same time, they have canceled aid to Egypt because it made peace with Israel and threatened Jordan with economic sanctions for daring to contemplate following Egypt's example.

* They tried to maintain artificially high oil prices by drastically cutting their own production and by pressuring other producers to follow suit.

THE AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

AIPAC MEMORANDUM

500 NORTH CAPITOL STREET, N.W. • SUITE 300 • WASHINGTON, D.C. 20001 • (202) 638-2256

September 19, 1985

TORNADOS TO SAUDI ARABIA

Recent press reports state that Saudi Arabia is preparing to purchase 48 Tornado IDS strike aircraft. It has been claimed that the Saudis bought these planes because of Congressional opposition to F-15 sales, and that it would have been better for Israel had the Saudis purchased F-15s instead. These claims are false.

Saudi Hostility to the Peace Process

The Saudis bought Tornados because they wanted an offensive aircraft to base near Israel. Quite simply, Saudi Arabia wanted sophisticated F-15E ground attack aircraft that they could station at Tabuk, a massive Saudi air base only 120 miles from Israel. However, the United States refused to supply the F-15E, in part because it is U.S. policy not to provide an offensive capability for use against Israel, but also because the F-15E has not even entered service with the U.S. Air Force.

The Saudi decision to purchase Tornados is another blow to the peace process. It demonstrates that Saudi Arabia is more interested in obtaining these weapons to attack Israel than in defending its oil fields or in making peace with Israel. By basing these aircraft 800 miles away from the oil fields, and only 120 miles from Israel, the Saudis demonstrate their true intentions.

Saudi Air Force and European Aircraft

The Saudis always intended to buy a European aircraft, even if they were allowed to purchase additional F-15Cs. Not content to obtain more air defense aircraft, since 1978 they have sought to obtain highly sophisticated strike planes and equipment such as bomb racks to use against Israel. So long as the U.S. refused to supply its top-of-the-line dual role fighter, the F-15E, such aircraft could be obtained only in Europe.

At the same time, the Saudi Air Force wants to expand to up to 250 combat aircraft by the end of the decade, requiring the purchase of 85 new aircraft (25 to replace existing Lightnings and 60 to increase the total inventory from 190 to 250). Even if the United States sold 40 more F-15s, the Saudis would still seek to purchase at least 40 additional attack aircraft, here or elsewhere.

Saudi Arabia and American Arms

The Saudi decision to purchase a European rather than an American weapon does not represent a change in policy for Saudi Arabia. The Saudis have long maintained a policy of purchasing arms in Europe as well as the United States. For example, in 1980 the Saudis spent more than $3 billion for French naval equipment and in 1984 they spent $4 billion for French air defense equipment. In recent years, the Saudis have purchased arms from Austria, Brazil, Britain, France, Italy, Spain, and West Germany.

This has not stopped the Saudis from also buying massive quantities of American weaponry. Saudi Arabia has purchased about $48 billion in defense goods and services from the United States since 1950, four times as much as the next closest country. In the past four years alone, 25% of all American foreign military sales to the entire world have gone to Saudi Arabia, a total of more than $13 billion in sales.

Comparing the Tornado and the F–15

Some claim that the Tornado is just as good a plane as the F–15. In fact, while the Tornado is a good attack aircraft, it is less dangerous.

The Tornado is less capable than the F–15E, the ground attack version of the F–15 that the Saudis wanted to obtain. All versions of the F–15 are far better in air combat. In addition, the Tornado has never been used in combat, but the F–15 has seen intense combat and is credited with the destruction of 60 enemy combat aircraft.

...out the Soviets
...BM treaty with the
...defense system they are so
...ly building, the president should
...y say, "We're going to build one
...d we'll do it better."
...U.S. has come a long way to-
...realism since the days when the
...control faithful held full sway.
...even at a low power level, is bet-
...ian no SDI at all. Mikhail Gorba-
...has had to resort to large news-
...r ads in the U.S. to try to rekin-
...the dying embers of the U.S.
...s-control faith that has served So-
...policy so well. But we have a
...s yet to go. A very good start
...ld be for Mr. Reagan to tell the
...eidon skippers to stay at their sta-
...s because the commander in chief
...setting a new course.

LaRouche

"Cadres should be firmly fixed on
...e politics underlying this move: the
...al enemy is [Nelson Rockefeller's]
...scism with a democratic face, the
...erals and social fascists. We can
...perate with the Right to defeat this
...nmon enemy. *Once we have won*
...*s battle, eliminating our rightwing*
...*position will be comparatively*
...*sy*" (emphasis in original).

Whatever any of this meant, it dis-
...ys a certain exploitative approach.
...LaRouche's platforms seem to be
...lored mainly to get a big rise out of
...kinds of voters who think mainly
...h their spleens. This year, his air-
...t-lobby sales kits include a pro-
...al to force all Americans to be
...ted for AIDS. Ms. Hart describes
...mm-Rudman as "an evil eco-
...ic policy." Mr. Fairchild wants to
... the power of eminent domain to
...vent the closing of steel mills and
... foreclosu... Whatever
...lash

...reciated assets like moths to
...flame."

A study by the Citizens for Tax Justice,
...ing to realize that an overemphasis ...
...nance in education for a master's of busi-
...ness administration has contributed to the
...Compa...es...
growing cost categories, ... and capa...

Saudi Missile Deal Is a Last Shot for U.S. Role

By Gerald F. Seib

Early every afternoon, a visitor strolling among the old mud buildings in the heart of the Saudi Arabian capital of Riyadh can look up and see the West meeting the Mideast.

At that time, a giant American Awacs radar plane rumbles in low over the city, heading for a landing at the Saudi air base in Riyadh. The Awacs plane, on loan until the Saudis receive similar radar planes they have bought, has been out doing guard duty over the world's largest oil fields, which lie on the edge of the Persian Gulf, a half-hour flight away.

The Awacs plane is a symbol of the delicate military relationship the U.S. and the Saudis have managed to piece together since the oil-price explosion of the 1970s. But the Saudi-American military relationship is growing frayed around the edges, and it could begin unraveling if congressional opponents manage to kill the $354 million sale of advanced air-defense missiles to Riyadh that the Reagan administration has proposed.

Though the sale of Sidewinder, Stinger and Harpoon missiles has little immediate military significance, America's handling of it will send loud political signals bouncing all around the Middle East.

Iran, which seemed a spent military force a year ago, is resurgent in its war with nearby Iraq. It has taken Iraqi territory along a wider front than ever before, and is crudely threatening Saudi Arabia, Kuwait and the other Arab gulf states that support Iraq. A sale of the missiles to Saudi Arabia is a cost-free way—indeed, it may be the only way—for the U.S. to signal that it won't let radical forces swirl around the gulf unchecked.

But there's a broader question wrapped up in this sale as well: Is the U.S. still politically able to provide a security blanket for Arab countries such as Saudi Arabia that badly want one? Kuwait, Jordan and Oman all have wanted American military gear in the past two years. But the political flak in Washington over arms sales to Arabs is so heavy that they either have been flatly rejected or felt compelled to turn elsewhere.

Similarly, it isn't true that Saudi Arabia automatically gets whatever high-tech equipment it wants from the U.S. inventory. Just last year, the Saudis were interested in buying more F-15 fighters but had to resort to buying several dozen British jets instead.

In fact, the U.S. may be on the verge of removing itself from the business of securing moderate interests in the Persian Gulf, and a rejection of this sale could push the U.S. over the edge. That's especially true if, at the same time, the pro-Israel lobby in Congress manages to interfere with the scheduled delivery of Awacs planes the Saudis bought five years ago.

In conversations I held with Saudis during a recent trip to their country, strikingly many Saudis of all stripes expressed basic pro-American feelings, despite bitterness over what they see as recent U.S. rebuffs to the Arab world. Most of Saudi Arabia's technocrats and many of its young princes were educated in the U.S. Saudis admire the American economic model, and most are fervently anti-communist and generally anti-Soviet.

In the case of the missiles, the Saudis could fill their needs by turning to Britain and France. But that would cause training and logistical headaches, since existing Saudi stockpiles are American. More important, Saudis like the political vibes that go along with buying American.

Even if the Iranian menace hadn't reared its head now, the Reagan administration was planning to propose the sale this year, because the Saudis need new missiles to replace those used in training or rendered unreliable because of age. And while scheduled deliveries of the weapons wouldn't take place until the end of this decade, there is a short-term reason for making the sale now: Once a sale has been agreed upon, President Reagan has the legal authority to draw missiles out of U.S. inventories and ship them to Saudi Arabia immediately in an emergency.

And unlike so many arms exports, the missile sale would represent an inflow rather than an outflow of cash for the U.S. The Saudis would pay cash, deposited in a trust fund and drawn down as deliveries are made, U.S. officials say. While plunging oil prices are making a shambles of Saudi budget plans, there seems little doubt the kingdom can pay for the missiles; defense remains the top Saudi priority, and the missiles represent a small purchase compared with the recent British plane deal valued at more than $5 billion in oil and cash.

The objections to the sale heard in Washington are the familiar ones heard over every Saudi arms proposal floated in recent years. Opponents say the Saudi regime is unstable, it has plenty of arms already and its weapons pose a threat to Israel. There are kernels of truth in each of those objections, but they are overblown in this case.

First of all, the air-defense weapons proposed for the Saudis all are the types of missiles sold before to Saudi Arabia. The sale wouldn't represent a leap forward in the export of military technology.

The immediate threat to Saudi Arabia is Iran. It's true that the Iranian air force isn't much to brag about these days—perhaps 70 functioning jet fighters and attack aircraft. But it takes only a handful of planes to create havoc at Saudi oil installations that lie within easy striking distance of the Iranian air base at Bushehr.

At the same time, constructing an adequate air-defense network against even a minimal threat to Saudi Arabia is a nightmarish task. Saudi Arabia has a land mass larger than Mexico's. Key strategic points are scattered all around the edges of this desert giant. The distance from the oil fields in the east to Jeddah, the kingdom's second-largest city on the west coast, is greater than the distance from New York to Chicago. The distance from the northern border to the troubled southern border with Marxist South Yemen is roughly the same as the distance from New York to Oklahoma City.

As far as the Saudis' attitude toward Israel is concerned, there's no pretending the Saudis are blazing trails toward peace. They aren't and probably never will, though the U.S. must keep prodding the Saudis. Saudi Arabia is more a follower than a former of Arab consensus.

But it's easy to overrate the military challenge the Saudis could pose to Israel. A summary of Middle East militaries published by the Jaffee Center for Strategic Studies, a think tank at Tel Aviv University, concluded: "The Saudi Armed Forces are too small, too weak and too widely scattered to defend their country against the major military powers in the Middle East." Besides, who is the bigger threat to Israel: the Saudis or the Iranians, who talk of the road to Jerusalem cutting through Baghdad?

Finally, there is the longstanding fear among some in Washington that the Saudi royal family could crumble someday, leaving American weapons in the hands of a radical new government. But the fact is, there isn't any discernible internal threat to the Saudi royal family right now. Indeed, if the U.S. wants to help create one, the best way is to make the royal family look foolish for its reliance on America.

Mr. Seib covers the Middle East from the Journal's Cairo bureau. He is to return to Saudi Arabia to cover a visit by Vice President Bush later this week.

Child's Play and the New-Age Parent

By M.E. Swee...

...from neighborhood of my
...ter. A little bit tired and out of sorts, we
entered the big, drafty gymnasium ...
...clad in a multicolored parachute by
...who ...ied to recite rhymes they

Notable & Quotable

David M. Grant, president, David M. Grant Inc., in the October-December 1984 issue of Leaders magazine:

There's something about a reporter, ...pecially one with a microphone and ...era, that can turn an otherwise normal ...ecutive into the equivalent of Don Ki...

Reagan personal appeal to Jews on Saudi arms flops

By WALTER RUBY

Jewish community activists reacted sharply to the Reagan Administration's invitation of selected Jews to the White House last week, where the President personally appealed for their tacit support of his push to sell missiles to Saudi Arabia.

President Reagan, preparing to veto Congress' lopsided disapproval of the $354 million arms sale, sought to improve his prospects for sustaining that veto through securing the understanding of those he invited. But of 35 asked to come, only 14 accepted.

Afterwards, many of those who did come joined other Jewish activists in strongly criticizing the administration for what they saw as its attempt to turn a broad foreign policy issue into a Jewish one. They noted that most major Jewish organizations had specifically avoided active lobbying against the sale in Congress, though they opposed it and stated so. The administration's actions, they said, unfairly put the onus for the outcome of the issue on the Jewish community.

At the meeting, held last Tuesday, the President urged the Jews invited to make clear that they did not believe the Saudi arms deal would menace Israel. But only three of the 14 present expressed support for the President's position: New York financier Ivan Boesky, Martin Hecht of Cape Giradeau, Mo. and Steven Katzman of Bellville, Ill.

Hecht Relatives Invited

Hecht is the brother of Sen. Chic Hecht (R-Nev.), reportedly a key figure in setting up the meeting and working to secure Jewish support for the arms sale. Katzman is the Nevada senator's nephew.

The meeting participants were reportedly invited on the advice of Sen. Hecht and other senators working to sustain the President's veto. Many were not prominent leaders in the Jewish community but influential financial or political backers of Republican senators the President hoped to sway.

Said Malcolm Hoenlein, executive director of the Jewish Community Relations Council of New York, who acted as spokesman for the group as it emerged from the White House: "The majority of those present made clear to the President and Secretary of State that we could not support the administration on this issue. We also made clear that we did not feel that this was or should be a Jewish issue and that the community was not in a position to negotiate with the administration on this question.

"The President responded that he did not expect us to do that and said he only wanted us to understand that the effort to override the Congressional veto was not in any way against Israel."

The day of the meeting the Saudi ambassador asked the administration to drop 800 Stinger missiles from the sale, a move expected to temper at least some of the opposition to the package. Reagan delivered his veto to Congress the next day. But anti-sale senators, unsure if they still had the necessary two-thirds vote to override the President, succeeded in getting a vote on the issue postponed until after Congress returns from its Memorial Day break.

Unsuccessful Tactics

Key Jewish leaders told the *Jewish World* that the administration's tactics reflected either a woeful misreading of Jewish sensibilities or an effort to apply political pressure on a community with which the administration has lately enjoyed excellent relations.

Some of the differences in perception between these leaders and the administration seemed to revolve around the question of whether the organized Jewish community had, in fact, really abstained from actively opposing the arms sale.

Most important Jewish leaders and organizations announced two months ago they would take their lead from Israel, which decided to forego a battle over the sale since the missiles in question did not introduce into Saudi Arabia any weapons it did not already have.

In exchange for its muted response, the American Israel Public Affairs Committee in particular got the administration to drop its initial plans to include Stinger missile launchers in the arms package. The pro-Israel lobbying group was worried about the attractiveness of these portable, hand-held launchers to Mideast terrorists, who might succeed in obtaining them illicitly from Saudi stocks.

By securing deletion of parts of the package deemed most threatening, both Israel and the American Jewish groups sought to avoid a political showdown with an administration they view as more supportive of Israel overall than any in the recent past.

But sources close to the administration said the claim of Jewish non-involvement in the anti-missile fight was disingenuous.

According to one Jewish source with close ties to the administration and the Republican Party, "Despite AIPAC's decision not to take the lead in fighting openly and actively against the arms sale, the Jewish community as a whole fought hard against this sale. There would not have been such overwhelming votes in the House and Senate against the sale if the Jewish community had decided not to make a fight."

The source contended that "there might have been a difference between what (AIPAC's) people were saying publicly and what they were saying to Congress privately. In any case, representatives of major organizations like Hadassah and the Zionist Organization of America bucked the AIPAC line and lobbied vigorously against the bill, while representatives of many of the Jewish political action committees on the Hill also encouraged legislators to oppose the bill.

"It is a bit ridiculous for the Jewish community to blame the administration for trying to influence Jewish opinion on this question when Jewish opposition to the bill was a major roadblock to its passage," this source said.

Some Groups Lobbied

In fact, ZOA was one of the few Jewish groups to openly lobby against the bill, taking out ads in the *New York Times* and coordinating a letter campaign against the sale amongst its 120,000 members. Hadassah also did some active lobbying against the sale.

Paul Flacks, executive director of the ZOA, protested to the Presidents' Conference and AIPAC over what he termed the "procedure of consultation" that was used in this case. But he also noted that the fact that his group felt it necessary to protest proved that AIPAC "did not wink and encourage other Jewish organizations to engage in active opposition."

One pro-Israel PAC source dismissed the significance of these groups' lobbying, however, terming them "not today in the front rank of the Jewish groups with clout in Washington. The most important organizations, by far, are AIPAC and the various local PACs which have built close relations with a wide gamut of Congress."

PACs Didn't Lobby

According to Mendel Ganchrow, president of the large, pro-Israel Hudson Valley Political Action Committee, "Those responsible for turning back this arms package were not the Jewish community, but people like (Sen. Alan) Cranston (D-Calif.) in the Senate and Representatives Mel Levine (D-Calif.) and Vim Weber (R-Minn.) in the House. The administration found itself up against a national mood in the wake of its own successful raid on Libya which said it is totally inconsistent to fight terrorism on one hand while at the same time arming Saudi Arabia, a country which continues to fund the PLO and Syria, and which, administration assurances aside, has done nothing to aid the peace process."

Ganchrow said, "There was no concerted lobbying by the Jewish PAC people on this question and no campaign of letters and telexes to senators and congresspeople. When I and other PAC representatives visited friends in Congress, we might explain in a low key way that we opposed the sale, but that was as far as it went."

Ganchrow asked, "What other course could we have taken? We could hardly have been expected to say we supported the arms sale."

Gary Geller, director of the Manhattan-based Roundtable PAC, remarked, "As an organization we did not actively oppose the sale, although some individual members did...There is no question (opposition) was far less than in cases such as the AWACS sale, when the community went all out to kill the sale. The overwhelming vote against the arms sale had far less to do with the Jewish community than it had to do with American anger at the Arab world, and at the Saudis in particular, for their refusal to enter the peace process and for their financing of terrorism. The oil glut also played a major role in making this vote possible."

Congressmen Felt Little Pressure

A check with a number of Congressional aides on whether their legislators had been aggressively lobbied by members of the Jewish community showed that while some had been contacted, they did not view that as a decisive factor in how they had voted.

According to Gary Lewi, press spokesman for Sen. Al D'Amato (R-

continued on page 11

EDITORIAL

Blues for Mr. Boesky

In a vigorous democracy, the national interest is not a predetermined, self-evident given to whose pursuit the populace must meekly submit. It is formed instead by that very populace through the debate and factional discourse that gives democracy its meaning. In this process, the diverse interests and distinctive perspectives of various groups inside the country play a part no less legitimate than the external factors to which citizens are responding, in the end, together as a nation.

In Washington these past few weeks, many of the best aspects of this process have been on display during the debate over President Reagan's intended arms sale to Saudi Arabia. Led by the American Israel Public Affairs Committee, much of the Jewish community muted its opposition to that sale. A few, such as the Zionist Organization of America, Americans for a Safe Israel and Hadassah, labored on, exercising their right to lobby on the issue vigorously. Other groups took various positions in between or staked out stands of creative ambiguity.

But no one among our nation's leaders at any point suggested that the responses of any of these groups created or aggravated some inherent contradiction between their interests as Jews and as Americans. We have come a long way indeed from the ugly days of the debate over the AWACS sale to Saudi Arabia in 1981, when the cry of "Begin or Reagan" was heard in the halls of Congress in response to the Jewish community's opposition to that deal.

Many have rightfully criticized President Reagan for insisting on a personal meeting with Jews of his own selection in pushing for the arms sale. They note that it appeared to unfairly turn an American issue into a Jewish one. But even those critics who attended the meeting were clear in stating that not the slightest hint was dropped about their special "duty as Americans" to support the arms sale. And Secretary of State George Shultz in particular went out of his way to disavow such an intention.

The unpleasant exception in this case came from one of the Jews. Ivan Boesky, thrust with scant reason—other than his financial backing of key Republicans—into a role as a Jewish spokesman attending the meeting, did everything the enemies of the Jews were unable to in framing this debate.

The New York financier entered the White House meeting with a prepared statement of support for the arms sale already in hand. And not a few of the others attending worried that they might have been set up by Boesky and the administration, with Boesky set to read his statement to the press as they left, as if on behalf of them all. But the extra twist to this sycophancy was the really objectionable one, contained as it was darkly in the text of Boesky's statement:

"As a Jew I cannot in good conscience be at ease with the sale of arms to Saudi Arabia, but as an American I support and urge support of the President's decision to offer arms to Saudi Arabia as in the best interests of the U.S., Israel and Jews around the world."

What could this but imply about the majority of Jews at the meeting and elsewhere who remained adamantly opposed to the sale regarding their loyalties as Americans and as Jews?

Lest there be any uncertainty on this question, John Gunther, Boesky's spokesman, explained that his boss "was saying that his feelings as an American override his feelings as a Jew. His feelings as an American were that he should support the President."

The most sophisticated anti-Semite could not have done better in distorting the issue so as to reawaken the classic canard of Jewish dual loyalties. And Boesky's statement, the only one from the group reported in full by the *Washington Post*, will in fact for many pose the terms in which they consider the issue—terms the administration itself disavowed. It is a way of thinking about national interests that represents the polar opposite of the open manner in which the process should work in a democracy worthy of the name.

The fact that Boesky, as general chairman of the New York UJA-Federation Campaign, can lay some claim to status as a community spokesman only compounds the problem. But, like many others at the meeting, he was invited primarily because of his financial backing of various Republican senators the President wanted to sway. Quite beyond Boesky, the Jewish community must consider carefully now the implications of a future in which Jewish political clout may be shifting from national communal leaders to individuals whose main qualifications are their financial support and personal ties to particular legislators and parties.

Within the pro-Israel PACs that also look to be beneficiaries in this apparent shift, a broad awareness exists of the long Jewish experience that no single party, administration or individual, however friendly, can be the permanent repository of Jewish interests. But communal interests cannot safely be placed in the hands of those would then place it in the camp of one particular political faction—regardless of how much financial or political clout they have within that faction.

LETTERS

Dear Editor:

The administration is pushing very hard for the Senate and the House to overturn their votes on the Saudi arms deal. There is no justification for the arm twisting and the barrage of information about the friendship of the Saudis to the West and especially to the U.S. The Saudis are tainted by their own deeds and all the whitewashing by the Administration cannot make black into white. Every country in the world faces the problems of terrorism because the Saudis continue to fund terrorists. In English law, the accessory to a murder is also liable and must go on trial. What can we say about the Saudis, who supply the money which buys the bombs and the guns which can kill Americans around the world?

There are no reasons which justify brazen disregard for human lives. We are proud that the House of Representatives and the Senate have demanded accountability from the Saudis before giving them more and more sophisticated arms. We hope that Congress will continue to act in its concern for the lives of Americans and others around the world and refuse this unwarranted new Saudi arms deal.

Lila Fried, President
Jewish Political Caucus
Great Neck, N.Y.

Dear Editor:

This was the week that was! The "controversial" rabbi has done it again. This week, Rabbi Avi Weiss and his synagogue hosted the distinguished son and grandson of pastors, Professor David Wyman, author of *The Abandonment of the Jews*, on the day of remembrance to the Holocaust.

This was followed by the triumphal appearance of that uncompromising, in a compromised world full of compromising compromisers, hero against tyranny, Anatoly Shcharansky.

The ecumenical week honoring the righteous and heroes in the struggle for humanity and freedom was highlighted by the presence of four rabbis representing the various denominations in Judaism.

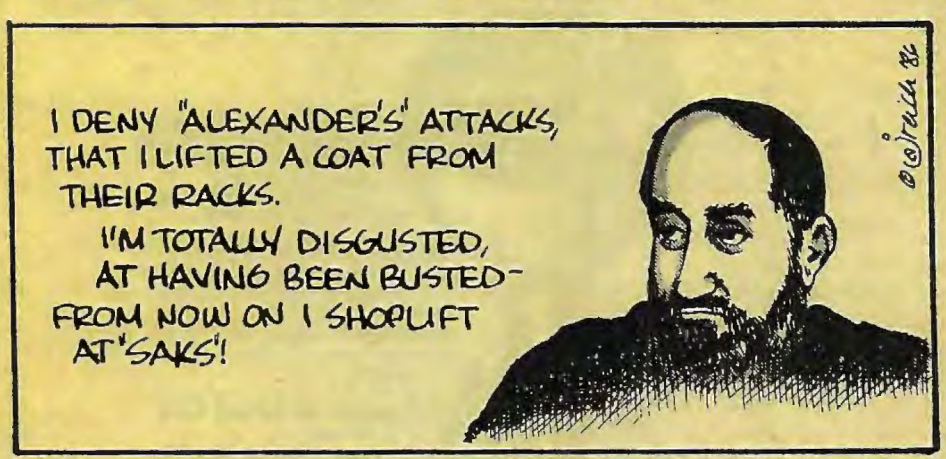
Avi Weiss, some controviser, some rabbi!

Selah Yefish
Bronx, N.Y.

Dear Editor:

City Councilman Noach Dear is to be commended for initiating landmark legislation in the New York City Council which would deny city deposits in banks servicing the USSR and city contracts with companies providing goods and services to the Kremlin to be used for internal repression and external aggression, as well as bar purchases of supplies

continued on page 26



LONG ISLAND JewishWorld

EXECUTIVE AND EDITORIAL OFFICES
115 MIDDLE NECK ROAD
GREAT NECK, NY 11021
516/829-4000

PUBLISHER & EDITOR-IN-CHIEF
Jerome Wm. Lippman

EDITOR
Naomi W. Lippman

CONTRIBUTING EDITOR
Stewart Ain

ASSISTANT EDITORS
Larry Cohler
Dan Rosenbaum

FOOD EDITOR
Meryl Ain

STAFF WRITER
Walter Ruby

CONTRIBUTORS
Shira Dicker, Irving Greenberg
Judy Lewis, Cass Liberman
Marvin Schick, Carol Steinberg

PHOTOGRAPHY
David Karp, Lawrence Lupkin

DIRECTOR OF ADVERTISING
Bernice Witten

ACCOUNT EXECUTIVES
Joyce Ehrlich, Hilda Fowler
Laura Ginsberg, Lee Lichtman

PRODUCTION STAFF
Melvin Fraser, Wayne Kleinert
Sheila Lipshie, Maxwell Schwartz
Michael Zerner

CLASSIFIED ADVERTISING
Laura Ginsberg

PROMOTION CONSULTANT
Sally Ann Brecher

COUNSEL
Steven D. Cohn

EDITOR EMERITUS
Rabbi Abraham B. Shoulson

Published weekly by the Empire Publishing Corporation. Jerome Wm. Lippman, President, Naomi W. Lippman, Secretary.

Long Island Jewish World (ISSN 0199-2899) is published weekly for $15 per year by Empire Publishing Corporation, 115 Middle Neck Road, Great Neck, N.Y. 11021. Second-class postage paid at Great Neck, N.Y. POSTMASTER: Send form 3579 to L.I. Jewish World, P.O. Box 948, Farmingdale, NY 11737.

Includes the Long Island Jewish Press, founded 1942, serving Queens, Nassau and Suffolk.

CANDLE LIGHTING

Fri., May 30, 1986
7:59 p.m.
Shabbat ends
9:09 p.m.

Fri., June 6, 1986
8:04 p.m.
Shabbat ends
9:14 p.m.

Reagan

continued from page 3

N.Y.), "What the overwhelming Congressional rejection of the Saudi arms sale showed was the falseness of the perception that Congress follows the lead of the Jewish lobby. On this one, AIPAC did not take an active role. Congress voted as it did because of what they saw as an indifference by the Saudis to play a role in bringing peace to the Middle East."

A spokesman for Rep. Dan Mica (D-Fla.) commented, "Dan was determined to vote his conscience on this one, regardless of what AIPAC did."

A spokesman for a Minnesota Democratic congressman, who asked not to be identified, observed, "AIPAC sent out a blitz of material against this arms sale before their decision to back off it. Then they came in and said, 'We are not going to oppose it actively.' And in fact I never heard a peep from their people after that.

"What everyone on the Hill remarked was how strange it was that despite AIPAC's non-involvement, the opposition to the arms sale was so strong. I was told that the AIPAC people were asking their supporters not to lobby because it would damage the organization's integrity."

The source commented, "The fact that this arms sale would be defeated so overwhelmingly without AIPAC's active involvement just shows the extent to which AIPAC and the Jewish PACs are victorious on the Hill. I think the bottom line is that whether or not AIPAC is actively involved there is simply no political cost to a congressman in voting against an arms sale to an Arab country, but there is potentially a risk in supporting it. I think members of Congress who were wavering on this had to be concerned that AIPAC and the Jewish PACs would remember how they voted on Saudi arms and might be less than enthusiastic in channeling contributions to someone who voted in favor."

AIPAC director Thomas Dine did not return phone calls from this reporter.

Another Washington Jewish source with knowledge of the thinking at AIPAC commented, "Even though it decided against being actively involved in fighting this arms sale, AIPAC set the terms of the debate. All of the work AIPAC has done over the years on the futility of aiding so-called moderate Arab regimes at war with Israel has had an enormous impact on the thinking in Congress. AIPAC has created the political and ideological context that makes votes like the one last week possible."

White House Meeting

The White House meeting between the President and his advisers and the Jewish representatives apparently had its genesis in a strategy session top Reagan aides held in the White House with six key Republican senators after the stunningly large defeats in Congress for the arms sale. The meeting was reportedly proposed by Sen. Richard Lugar (R-Ind.), chairman of the Senate Foreign Affairs Committee, and enthusiastically taken up by Hecht, one of Reagan's strongest supporters in Congress.

Mendel Ganchrow: "What other course could we have taken? We could hardly have been expected to say we supported the arms sale."

JCRC Executive Director Malcom Hoenlein: "We made clear to the President that we did not feel this was or should be a Jewish issue."

The administration insisted on holding the meeting with the relatively unknown group of Jews after agreeing to cancel a similar meeting with members of the prominent Conference of Presidents of Major American Jewish Organizations after that organization's executive vice chairman, Yehuda Hellman, died.

To many, most of those the administration insisted on seeing were clearly selected because of their wealth or closeness to various senators. According to one Washington source, "What is clear from this meeting is that the White House has decided that the real power in the Jewish community is now in the PACs and not in the traditional organizations."

Noting that in the initial vote both houses of Congress defeated the arms sale by margins well over the two-thirds needed to sustain a veto, Kenneth Bialkin, chairman of the Presidents' Conference, said, "I think that the administration attempt to lobby the Jewish community was ill-advised, and I expressed reservations to the administration about creating the appearance that this was a Jewish issue. The fact that the Senate and House overwhelmingly defeated the measure despite the fact that much of our community decided not to fight it actively makes clear that was not a question for the Jewish community alone."

Bialkin said that administration officials consulted with him before announcing that the Stingers would be dropped from the sale, but stressed, "It was the Saudis who asked that the Stingers be removed. There were discussions with us, but we made clear to the administration that it could not negotiate with the Jewish community on this issue."

According to David Gordis, executive vice president of the American Jewish Committee, "There is no question that the administration put us in an uncomfortable position by making this a Jewish issue when it was so clearly an American issue...What the administration was doing was creating a situation in which it would appear that if the arms sale passes the Jews lose, and if the sale fails to pass the Jews may be blamed."

Hecht, Boesky Roles Scored

Many Jewish spokesmen expressed confidence that the disagreement would cause no long-term rupture between the administration and the Jewish community. But many also expressed resentment towards several in the community whom they charged had played the role of 'court Jews' in the affair—openly serving the administration in its attempt to transform Jewish opinion on the issue. Coming in for the most criticism were Hecht and Boesky.

According to other participants in the meeting, Boesky arrived at the White House with a statement supporting Reagan on the arms sale in hand. The prepared statement led

continued on page 13

GRADUATION SALES

Reagan

continued from page 11

many to suspect that he and people in the administration were seeking to give the erroneous impression that many at the meeting supported the administration's position.

Fearing Boesky would read his statement to the news media waiting outside as soon as the meeting was over, the group appointed Hoenlein as its spokesman. Hoenlein gave a short statement thanking the President for the meeting without endorsing the arms sale in any way.

Nevertheless, it was Boesky's statement and not Hoenlein's that appeared the following day in the *Washington Post*, giving the impression in at least that important journal that the President had been successful in efforts to convert some important Jews to his position.

Boesky's statement read in part: "As a Jew I cannot in good conscience be at ease with the sale of arms to Saudi Arabia, but as an American I support and urge support of the President's decision to offer arms to Saudi Arabia as in the best interest of the U.S., Israel and Jews around the world."

According to John Gunther, a Boesky spokesman, Boesky "was saying that his feelings as an American override his feelings as a Jew. His feelings as an American were that he should support the President."

In a statement read by Gunther, Boesky called Reagan "an unyielding friend of Israel," whose own prime minister in any case "does not oppose (the Saudi arms sale)."

Gunther said Boesky had taken his position "as an individual," but quickly added, "He was there as the representative...actually the *de facto* representative of the Jewish organizations."

Asked which organizations, Gunther replied, "He is the finance director of the National Jewish Coalition, a special adviser to the chairman of the Republican National Committee for Jewish Affairs, and the general chairman of the New York UJA-Federation Campaign. While these organizations did not appoint him to go in that capacity as their representative to my knowledge, he does have these posts."

Disavowed As Representative

Sources connected to the National Jewish Coalition, a group with close ties to the Republican Party, stressed it had not officially endorsed the sale and that Boesky attended the meeting as an individual.

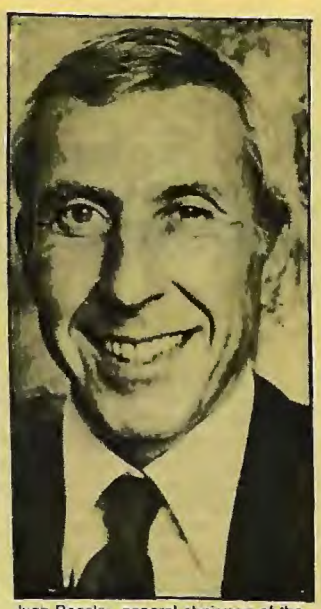
Ernest Michel, executive vice president of New York UJA-Federation, said of Boesky, "He was there as an individual and spoke only for himself. He was not there as a representative of UJA in any way."

Michel replied, "No comment," when asked if he was comfortable with Boesky's remark that his loyalties as an American should outweigh his concerns as a Jew. According to Michel, "Everyone has the right to express his individual viewpoint."

Several of the meeting participants said Boesky's and Hecht's apparent eagerness to do the administration's bidding on the issue reminded them of the uncritical attitudes of American Jewish leaders during the Holocaust.

Said one, who had previously been a supporter of Hecht: "I found his behavior so distasteful that I can tell you that I am ready to support whoever runs against him without even knowing who that person is. Hecht, more than any other Jew, is responsible for creating the conditions that allowed this arms sale to become a Jewish issue."

Peter Goldman of Americans for a Safe Israel: "I found this whole affair very sad. It was painful for me to have to turn down an administration which I respect very much."



Ivan Boesky, general chairman of the UJA-Federation Campaign: "As a Jew I cannot be at ease with the sale of arms to Saudi Arabia, but as an American I support the President's decision."

In an interview with the *Jewish World* Hecht confirmed he had taken an active role in bringing about the White House meeting during a strategy session the week before attended by Reagan, Vice President George Bush, National Security Adviser John Poindexter, Secretary of State George Shultz, Defense Secretary Caspar Weinberger, CIA Director William Casey and a number of Republican senators. It was Lugar who recommended that the President invite some Jewish leaders to come to the White House, Hecht related.

"I then said, 'Mr. President, I always think it is a good idea for people to come to the White House,' " Hecht recalled. "Since AIPAC had not taken a position against the arms sale, I thought it would be a good idea for the President simply to talk to Jewish leaders."

Hecht said that he submitted names of prominent Jews to be invited to the meeting, as did Sens. Lugar, Robert Dole (R-Kans.), Steven Symms (R-Ida), Ted Stevens (R-Alaska), and Robert Trible (R-Va.)

Why Hecht Switched

Asked what had convinced him to support the arms sale after voting against it in the Senate vote the week before, Hecht replied, "I sit on the Senate Intelligence Committee and am privy to an awful lot of information...I told the President, 'I voted against the arms sale and don't think it is right. But the issue today is not the arms sale, but rather the prestige of the President.' I told the President I felt he had been the best friend either Israel or the Jews have ever had in the White House. I thanked him for taking the Stingers out of the arms package, and told him I would support him."

In defending his position, Hecht said, "I feel the President is making moves with the moderate Arabs...Saudi Arabia is threatened by Iran. I think it is in the best interests of peace in the Middle East that we should try to woo the moderate Arabs and not allow Russia to move into that region."

Hecht said he followed up his endorsement of the arms sale by asking Reagan to consider cutting the interest Israel pays on its military loans from the United States. He also said he urged Reagan to tell Soviet Premier Mikhail Gorbachev, "Soviet Jews have to start leaving before the U.S. will sit down at the summit."

Hecht said the President expressed sympathy but made no commitments on his requests.

Asked whom he had recommended be invited to the White House meeting, Hecht mentioned his brother and nephew, as well as Michael Kahn of Seminole, Okla., Milton Schwartz of Las Vegas and Hoenlein. He said he had nothing to do with the invitation to Boesky and was not aware which senator had invited the financier.

"I think all America should have the opportunity to meet with the President," Hecht said. "I think it is great when he invites Jewish people...especially young leaders like my nephew. I would only worry if the President did not invite Jewish leaders to meet with him."

Hecht noted: "It is no secret that I have been a very close supporter of the President. Last year I supported the President more than any other senator...You have to weigh both sides on an issue like this, but I decided it was more important to stand with the President."

Hecht said he has "not had any calls on this. Normally you get calls when people are angry at you, and I have not received one call, either in Washington or Nevada."

Among White House staffers, Max Green, the administration's liaison to the Jewish community, found himself caught in an uncomfortable position last week between high-level officials favoring a 'Jewish strategy' and Jewish community leaders angered by the tactic.

The week was "a difficult period," Green said. "I was nevertheless pleased to be in a position to communicate the concerns of the leadership of the Jewish community to the top levels of the administration."

According to Green, "There was never an attempt on the part of the administration to make (the arms sale) a Jewish issue...The meeting with the 14 came about because various senators sent the White House names of people they felt should be briefed."

Green noted that "the White House regularly talks to Jewish leaders on issues relating to the Middle East. Here we were confronting an issue of interest to the Jewish community...People in the White House said if we wanted to turn around (the vote on arms for the Saudis) we were going to have to talk to people for whom this issue mattered a lot."

The White House aide acknowledged that AIPAC "was true to its word and did not actively lobby. That was true of the Presidents' Conference also. But there were Jewish organizations that did lobby on this issue, as was their right, as did many (individuals) in the community. They had that right too. The Jewish community is not one on which a decision by the leadership is totally binding."

Green, who attended the White House meeting, commented, "I didn't sense any discomfort (from the Jewish participants), but rather an exchange of views...It was like an exercise in democracy, with people from different points of view given an opportunity to exchange views with the President of the United States."

Different Perspectives

A number of the Jews who participated in the meeting had very different perspectives on what transpired. Peter Goldman, the Washington representative of Americans for a Safe Israel, said he was conflicted over whether to attend the meeting.

"My first thought was, 'Oh no, they are turning this into a Jewish issue,' " he said. "I would not have gone if I had received a call from Ken Bialkin or some other top leader urging me not to do so. But I did not receive any such call. I finally decided to go to the meeting because I felt that given that AFSI was one of the few Jewish organizations that actively fought the sale, it would be important for our point of view to be represented at the meeting."

Goldman commented, "I was very impressed with Shultz, who expressed total agreement with Malcolm (Hoenlein) when he said this ought not be a Jewish issue. On the other hand, I had to stop and ask myself, 'If the purpose of the meeting is not to turn (the arms sale) into a Jewish issue, why are we here at all?' It was clear to me that some senators were afraid of the political fallout with their Jewish supporters if they voted in favor of this legislation and hoped that this meeting would neutralize that concern."

Said Goldman: "As a person who is generally very supportive of this administration and who supports it on a whole range of issues, from contras to the Strategic Defense Initiative, I found this whole affair very sad. It was painful for me to have to turn down an administration which I respect very much."

Shultz Praised

Meeting participant Samuel Eisenstat also had high praise for Shultz, recalling, "He spent an hour and a quarter with us, listening to our concerns. I told Shultz that I thought it was unfair and incorrect to bring Jews into the White House to discuss the Saudi arms sale...It was unfair to single us out in this manner. In the past, when they had invited Jewish leaders to the White House it was done privately, and there were no headlines as in this case. I told Shultz this approach had caused a lot of people who had been invited and might have benefitted not to come.

"Shultz acknowledged that point, and at the end said to us in essence, 'You are here as Americans and not as Jews, and we are sorry if there were things that might have indicated to the contrary.' "

In the view of one informed Washington Jewish source, "It appears likely that now that Reagan has dropped the Stingers, the arms package will probably pass. But it is now down to a $200 million arms sale from what was originally construed (by the Saudis) as something like a $3 billion sale."

The source concluded, "I think AIPAC comes out of this with the best of all possible worlds. The sale was turned back, and Reagan had to take out the Stingers if he was to have any hope of overturning the Congressional vote. At the same time, it cannot be argued that AIPAC was frustrating the will of the President of the United States. AIPAC held onto its political capital for other fights." □

EDUCATION

Solomon Schechter Day School in Commack growing quickly

By STEWART AIN

As it ends its fourth year of operation, the Solomon Schechter Day School in Commack has grown from 44 students to 109, and next year it is looking forward to an enrollment of about 140 students, according to its headmaster, Rabbi Stuart Saposh.

The school will next year have students in kindergarten through the eighth grades and expects to eventually build a high school with the help of the Solomon Schechter Day School of Nassau County in Jericho, Saposh noted.

The school is run from the second floor of the YM-YWHA of Suffolk at 74 Hauppauge Rd. It occupies an entire wing and part of an adjoining wing.

"We'd like to have our own building but so far we have not found anything that would be appropriate for us," said Saposh. "We'll be a little tight here next year and we'll continue to search for a viable alternative."

Use All of Y's Facilities

In addition to adding an eighth grade, the school will also add a second first grade. Saposh noted that the students use all of the Y's facilities, including the auditorium, the gymnasium, the playground and the cafeteria for a hot lunch program.

Rabbi Moshe Edelman, spiritual leader of the North Shore Jewish Center in Port Jefferson and a founder of the school, said his congregation sends about 35 students to the Solomon Schechter school and another two or three to the Hebrew Academy of Suffolk County in Smithtown.

"There are some persons who believe that if a rabbi encourages his congregants to go to day schools it will diminish his synagogue's Hebrew school," said Edelman. "I disagree. I believe a day school education benefits us all."

He explained that about 80 percent to 90 percent of the parents who send their children to the Solomon Schechter school are members of synagogues. Although the students don't attend the synagogue's school, the "synagogue benefits because these students come back as Torah readers and members of the youth groups—Kadimah for seventh and eighth graders and United Synagogue Youth for those in the ninth through twelfth grades. The day school students come back to the synagogue as good examples and leaders."

Rabbi Stuart Saposh: "We'd like to have our own building, but so far we have not found anything appropriate for us."

Rabbi Moshe Edelman: "The day school students come back to the synagogue as good examples and leaders."

He noted also that the Solomon Schechter students are also regulars at Sabbath services and that his synagogue encourages them to attend by having special services for them. And the Solomon Schechter students also are called on to lead the junior congregation and are looked up to by other students for the high standards they set, Edelman said.

"I'm very pleased with the school, both in Judaica and in general studies," he said. "It is really superior. My son is thriving there. He's so excited with the work he's doing. His class recently staged a trial in which they tried Andrew Jackson. The creativity of the general studies program is marvelous and the Judaic program is rich and full."

Edelman noted that the school has called upon Conservative rabbis in Suffolk to become ad hoc members of the faculty by teaching "mini-courses in halacha (Jewish law)." He said he taught a five-hour course on kashruth.

He noted that shortly the school will be staging its third annual *zimriyah* (song fest) at Temple Beth Sholom in Smithtown.

"We move the entire school to the synagogue so that the students see they are part of the Jewish community of Suffolk County," he said.

Saposh said he believes the school has been "very successful in attracting students from all over Suffolk County. We have students from 22 school districts, as far east as Rocky Point. It is satisfying and gratifying to see the school grow." □

gist

A quick reference aid on U.S. foreign relations
Not a comprehensive policy statement
Bureau of Public Affairs • Department of State

US Arms Sales to Saudi Arabia October 1987

Background: The US and Saudi Arabia have maintained close ties for more than 40 years. These ties have been deepened by the profound threat to regional security caused by the Iran-Iraq war and further strengthened by our continuing efforts to bring about a cease-fire and withdrawal; by our common interest--and action--in keeping the gulf open to the flow of oil despite Iranian intimidation; and by our mutual interest in countering Soviet efforts to expand its military presence and diplomatic influence in the gulf. In meeting these and other long-term threats, the Saudis must continue to modernize their modest defense forces. After careful consultation with Congress, the Administration proposes to sell the following: F-15 aircraft to replace losses from the Saudi force of 60; upgraded electronics and avionics for existing Saudi F-15s; modernization of Saudi M-60A1 tanks; and ammunition support vehicles for Saudi artillery. Saudi Arabia's interests coincide with many of our own; in strengthening its ability to defend itself, we assist a country that cooperates with the US in meeting regional threats, including that from Iran.

US-Saudi relationship: The US-Saudi relationship is based in part on a common interest in promoting the stability and orderly development of the gulf region and the Middle East as a whole. The Saudi Government frames its policies with a global perspective; traditionally it has been the most moderate member of the Organization of Petroleum Exporting Countries (OPEC), consistently showing concern for the health of the world economy. On occasion it has maintained oil production at high levels to offset shortages and has priced Saudi crude well below OPEC levels to preserve price stability in the world oil market. Saudi Arabia also has been a force for moderation in the Arab and Islamic world. It devotes nearly 4% of its GNP to foreign assistance for such moderate Arab and Islamic states as Morocco, Turkey, Pakistan, Sudan, Oman, Jordan, and Bahrain, often complementing US efforts. Never a direct participant in the Arab-Israeli dispute, Saudi Arabia has played a quiet but effective role in urging other Arab states to accept negotiations. The Fahd plan, proposed by Crown Prince (now King) Fahd to the Islamic summit in 1982 and adopted unanimously, was a major breakthrough in moving Arab states away from confrontation with Israel and toward acceptance of a negotiated Arab-Israeli settlement.

Countering Soviet efforts: The Saudis have been a principal force in countering Soviet efforts to increase their influence in the region. They led the Arab world in condemning the Soviet invasion of Afghanistan and have assured that this subject receives priority treatment in Arab and Islamic councils. The Saudis also make significant material contributions to the Afghan resistance.

Importance of oil: Saudi Arabia is the world's key oil producer and will remain so well into the future. The Persian Gulf produces 22% of world oil consumption, with Saudi Arabia accounting for 36.5% of

gulf exports. A disruption in overall gulf oil production would have an immediate, harmful impact on the world economy, including the US.

Saudi security: Traditionally, Saudi Arabia has relied for security on diplomacy and its unique position as guardian of the holiest shrines of Islam. However, the emergence of an expansionist Iran, continuation of war between Iran and Iraq and its spread into the gulf, and growth of Soviet influence in the region have greatly altered Saudi Arabia's security environment. Saudi Arabia is now actively supporting US naval operations in the gulf. Saudi AWACS aircraft provide critical air defense data to our forces; Saudi F-15s protect both Saudi and US AWACS; and Saudi minesweepers hunt mines in Saudi waters and international sealanes. When we have asked for logistical and other support as well as emergency assistance, the Saudi Government has responded positively.

Saudi activism and support for US objectives carry a risk. The Saudi Government needs a modern military establishment to offset its relative lack of manpower and protect its borders, oilfields, and ability to ship oil. During four decades of US-Saudi military cooperation, we have supported the development of a Saudi capability for individual and regional self-defense by providing appropriate defense systems. We also have helped build the bases, housing, and supply and maintenance facilities needed to support a defense capability. The Saudi need is greater now than in the past. Iran has tried to undermine Saudi stability through military pressure, subversion, and propaganda and will remain a military threat in the future. Moreover, the Saudis understand that a power vacuum in the Persian Gulf could invite unwanted interference from outside powers, particularly the Soviet Union, and must not be permitted.

US security interests: The proposed sales will serve US security interests in several important ways:

- By continuing to provide the Saudis with the means to defend themselves, we help build a deterrent force that a potential adversary will be less inclined to challenge.
- We will bolster US credibility as a reliable security partner, essential if the Saudis and other gulf states are to believe that the benefits of supporting our regional strategy outweigh the political costs and increased security risks.
- By assisting Saudi Arabia now, we reduce the potential for future US military deployment to the area. If, however, US forces are required to be sent in a crisis, they will find Saudi Arabia a cooperative partner equipped with compatible, US-origin defense systems.

Israeli security: The proposed sale poses no threat to Israel and will not change the overall military balance in the region. Israel's security is a paramount US interest. In part due to generous US aid, Israel has increased its margin of superiority over its adversaries since the 1973 war. Sales to Saudi Arabia and other regional states are carefully measured to maintain Israel's qualitative and strategic edge.

Special Report No. 166
United States Department of State

July 1987

Saudi Arabia

U.S. Policy in the Persian Gulf

Persian Gulf Region

504822 (546740) 7-81

U.S. Policy in the Persian Gulf

The following report was prepared by Jeffrey Schloesser, Political-Military Officer in the Regional Affairs Office, Bureau of Near East and South Asian Affairs. The important contributions of other officers and bureaus of the Department and other U.S. agencies are gratefully acknowledged.

SUMMARY

For nearly four decades, U.S. policy in the Persian Gulf has reflected American strategic, economic, and political interests in the area. Our policy has been consistent and is calculated to defend and advance these critical U.S. national security interests, as well as those of our allies and friends in the region. Given our longstanding mutual and overlapping concerns, the United States, our Western allies, and friendly gulf states have often been able to pursue parallel policy lines in the region.

Since 1949, the United States has maintained a permanent naval presence in the gulf, with the support and encouragement of regional states, to underscore our commitment to protect our interests. The intensification of the Iran-Iraq war currently threatens those interests for it is a major cause of instability in the gulf, invites an increased Soviet role, and sustains Iranian expansionism. Therefore, it must be brought to an end quickly. The major thrust of U.S. policy in the region is to seek a peaceful settlement of this conflict, largely through the UN Security Council. At the same time the United States is taking additional prudent steps to deter potential spillover of the war to third parties, ensure freedom of navigation for U.S.-flagged vessels, and limit Soviet influence and presence in this strategic area.

Strategically, the United States has sought to prevent regional domination by powers hostile to the West or its allies. Iran—frustrated by its inability to bring down the Government of Iraq and intent upon becoming the dominant power in the gulf—has lashed out at its Arab neighbors by attacks on neutral shipping, intimidation, sabotage, and terrorism. By singling out Kuwait, Iran unwittingly provides the Soviet Union with a new opportunity to advance its long-desired goal: an increase in Soviet presence and influence in the gulf.

Economically, the United States has long worked to maintain the unimpeded flow of oil through the gulf to the West. This oil is relatively unimportant to the Soviet bloc, a net exporter of oil, but to the industrialized nations of the Western world, as well as to many developing countries, it is the lifeblood of our interrelated economies. Any significant disruption in gulf oil supply would cause world oil prices for all to skyrocket, resulting in serious adverse economic consequences similar to those that occurred during the 1973–74 and 1978–79 oil crises. Under such circumstances, the United States would be seriously affected, even though we are not as directly dependent upon gulf oil as many of our allies and friends.

Politically, the United States has promoted regional security and stability through a carefully balanced program of quiet diplomacy and security assistance. Since the beginning of the Iran-Iraq war in 1980, the United States has worked for a just, negotiated settlement in a variety of forums, especially the UN Security Council; we have supported several mediation efforts of the Nonaligned Movement and the Organization of the Islamic Conference as well. Today, while we seek to safeguard Western interests in the gulf, we have redoubled diplomatic efforts to bring the war to an end, with the independence and territorial integrity of both Iraq and Iran intact. The United States has taken the lead in the United Nations and elsewhere to intensify international pressure to end the war and increase international willingness to apply enforcement measures against either belligerent that refuses to comply.

U.S. INTERESTS IN THE GULF

Strategic Interests

Our basic interests in the gulf—strategic, economic, and political—have long been clear. Since the gulf is an important crossroad of vital economic and political importance to the free world, we have a strategic interest in ensuring that it does not come under the domination of a power hostile to the United States, our Western allies, or to our friends in the region. We do not want the Soviet Union either to control directly or to increase significantly its presence or influence over the region. Iran's current policy of expansionism is a special danger. Iran seeks to eliminate superpower presence in the area and to create instability in the moderate Arab nations of the gulf. The effects of either Soviet or Iranian hegemony in the gulf would be catastrophic to our interests.

Economic Interests

The Middle East oil crises of 1973–74 and 1978–79 were economic disasters for the United States, other Western industrial powers, and the Third World. As President Reagan recently noted:

> . . . I think everyone . . . can remember the woeful impact of the Middle East oil crisis of a few years ago—the endless, demoralizing gas lines, the shortages, the rationing, the escalating energy prices and double-digit inflation, and the enormous dislocation that shook our economy to its foundations.

The potential for a similar crisis exists today and in the near future.

The United States, and particularly our allies, remain substantially dependent on oil imports, a good portion of which currently come from the gulf. The gulf countries supply 25% of all oil moving in world trade today; they possess 63% of the world's known petroleum reserves. In 1986, about 30% of Western Europe's oil imports came from the gulf; the comparable figure for Japan was about 60%. This Western dependency will sharply increase in the future, as the free world's oil reserves are depleted. Whereas only about 5% of U.S. oil consumption (15% of imports) originated in the gulf in 1986, this level is certain to rise significantly in the future as our own reserves decline, our supplies from other nongulf sources are depleted, and our need for oil imports rises. (The March 17, 1987, energy security study of the Department of Energy shows that total U.S. imports could double to 8–10 million barrels per day by the mid-1990s.) Finally, the vast majority (about 70%) of the world's excess oil production capability is located in the gulf, and this share will increase in the future.

As the 1973–74 and 1978–79 oil shocks showed, a small disruption—of less than 5%—can trigger a sharp escalation in oil prices. In the first oil crisis, the cost of oil quadrupled; in the second, it more than doubled. The oil market will react almost as sharply to expectations of a supply cutback as to a real drop in production, at least in the short run. A large oil price increase would cause major damage to the U.S. economy and the economies of our allies in the West; it would be especially devastating to the developing countries. Thus, we have a vital and unquestionable economic stake in ensuring that oil flows unimpeded from the gulf to the free world, both now and in the future.

Political Interests

The United States has longstanding, friendly relations and shares mutual interests with the moderate Arab gulf states, which, because of their great wealth and oil reserves, are influential both within and beyond the region. Our policies have long been aimed at promoting regional security and stability while assisting our friends in their resistance to increased Soviet influence and presence. Our political concerns also are certainly directed at Iran, because of its size and strength and because of its location beside the Soviet Union and Soviet-occupied Afghanistan. Although we look to an eventual improvement in U.S.-Iranian relations, today our interests remain directly threatened by the Iranian Government's pursuit of its bellicose, expansionist, subversive, and terrorist policies—directed against the United States as well as a number of friendly states, and including its deep involvement in the the holding of hostages and attacks upon Israeli forces by the pro-Iranian Hezbollah movement in Lebanon as well as actions against Kuwait and other gulf states.

The tragic attack on the U.S.S. *Stark* and our plan to protect U.S. flag shipping in the gulf have focused national attention on our interests and policies in this vital area. The current debate does *not* question basic, long-term American interests in the region; in fact, our interests and goals in the gulf continue to enjoy strong bipartisan support. Rather, the current debate is primarily about how we should go about promoting and safeguarding those interests, given the current situation in the gulf.

"We share the concern of our friends in the gulf region that the war could spill over and threaten their security. We would regard any such expansion of the war as a major threat to our interests as well as to those of our friends in the region."

President Reagan, January 23, 1987

CURRENT THREATS TO U.S. INTERESTS IN THE GULF

U.S. interests in the gulf are clearly threatened by the Iran-Iraq war, Iran's quest for regional hegemony, and Soviet exploitation of the conflict. The war began in September 1980 and has expanded in the last few years because of Iran's refusal to negotiate any settlement—except on its own terms. Those terms, as they are articulated by the Iranian leadership and as they are understood in the region, include the overthrow of the current Iraqi leadership and government and its replacement by a regime presumably more amenable to Iranian hegemony. This would radically alter the balance of power in the gulf and would threaten our Arab friends, our strategic interests, and Western access to gulf oil.

Iran took a series of decisions during the latter part of 1986 that significantly increased the possibility that the war will disrupt regional stability and adversely affect U.S. interests.

- The Iranians bought Chinese Silkworm land-to-ship missiles, which contain 1,100 pounds of explosive, and are preparing launch sites for them near the Strait of Hormuz. They give Iran a very real capability to sink any merchant ships it chooses while they transit the strait. (Iraq exports its oil via pipelines and overland through Turkey and Saudi Arabia, not by sea.
- In September 1986, the Iranian Navy stopped, searched, and detained a Soviet arms carrier in the gulf. The Soviet response was to station naval combat vessels in the Persian Gulf or

just outside it in the Gulf of Oman and to provide naval escorts for its merchant vessels.

- Since September 1986, Iran has focused on intimidating Kuwait, a small and militarily weak state that, like others in the Gulf Cooperation Council, supports Iraq politically and economically. Kuwait, however, is a nonbelligerent. Nevertheless, neutral shipping calling at Kuwaiti ports has been targeted by Iran. In keeping with its long-standing policy of balanced relations with the superpowers, Kuwait asked for assistance from both the Soviets and the United States to counter the sustained pressure Iran has focused on it. The Soviets were prepared to reflag or lease all of the tankers required by Kuwait, as well as providing for their protection. If we had refused to aid Kuwait, the Soviet Union would have welcomed the opportunity to further increase its presence and role in the gulf, including the likelihood of gaining access to area port facilities, which would be needed to maintain any substantial protection commitment over the long term. Until now, the Soviets have been denied such access in the gulf. In light of a positive U.S. response, Kuwait decided to limit the Soviet role to three chartered tankers and their escorts.

OVERVIEW OF CURRENT U.S. STRATEGY AND POLICY IN THE GULF

The Challenge

President Reagan and other Administration officials have reaffirmed the constancy of long-recognized U.S. interests in the gulf. The continuation and escalation of the Iran-Iraq war and Iran's efforts to intimidate its neighbors create dangerous instability which challenges our interests—and which creates the opportunity for Soviet strategic advances.

To meet this challenge, the U.S. strategy is to continue a two-track policy—on the diplomatic front to end the war and on the strategic front to protect our interests in the interim while the war rages. We thus center our efforts on the UN Security Council at the same time that we move to deter Iranian pressures on friendly states like Kuwait. Until the war ends, the perpetual instability will continue to present significant opportunities for Soviet advances in the region. With that reality in mind, U.S. policy blends political, strategic, economic, and humanitarian motivations toward our fundamental goal: to end the war.

Although Iraq began the war, it has long been willing to negotiate a comprehensive settlement. To date, Iran has rejected all international efforts, including several UN Security Council resolutions that are fair to all concerned parties. Thus the challenge to the international community is to pursue efforts that will have the cumulative effect of bringing Iran to the bargaining table.

End the Iran-Iraq War. As the President noted in two key statements earlier this year, the time is now for the international community to become involved. In the past we have called on the belligerents to cease fire immediately, withdraw to their pre-war borders, and begin negotiations—moves supported by our allies. Currently, we are taking a leading role in the UN Security Council to encourage effective and enforceable action to end the war.

Bring Iran to the Bargaining Table. Because Iran is unwilling to negotiate an end to the war, we have reinvigorated "Operation Staunch"—our diplomatic program to prevent military supplies from reaching Iran and thereby convince it to come to the negotiating table. In many ways Operation Staunch has been successful: it has complicated, delayed, and made more expensive Iran's procurement of arms essential to its war against Iraq. Iran has not been able to secure a steady supply of major weapons systems from any large producer except China. However, it continues to receive common arms and munitions from North Korea, Eastern Europe, and some Western sources. The key element in our UN Security Council strategy is to obtain agreement for enforcement measures to ensure compliance with a new resolution on the war. The U.S. position is that the Security Council should impose an arms

Historical Overview of U.S. Presence in the Gulf

U.S. military involvement in the gulf region dates from World War II. U.S. Army Air Corps airplanes and crews shared British airfields in the area and, with Saudi Arabia's approval, the United States built an airfield at Dhahran (which was completed shortly after the war ended). President Roosevelt met with King Abdul Aziz ibn Saud on a ship in the Suez Canal in 1945 to discuss mutual concerns. An American naval presence in the Persian Gulf and Arabian Sea began and was institutionalized in 1949 with the establishment of the Middle East Force, whose home port was the British naval base at Jufair, Bahrain. Even at this early date, the United States sought to impede Soviet advances in the region: American pressure was a factor in the withdrawal, shortly after World War II, of Soviet troops in Iran.

Equally important, American business interests were established in the gulf region. The Arabian-American Oil Company (ARAMCO), established in the 1930s in Saudi Arabia, began large-scale production after World War II. In 1945, ARAMCO produced about 50,000 barrels of crude oil per day; by 1977, its production had grown to 9.2 million barrels per day.Similarly, oil production began in Bahrain in 1934, in Kuwait and Qatar in the 1940s, and in the United Arab Emirates (then the Trucial States) and Oman in the 1960s and 1970s.

After World War II, Britain began gradually withdrawing from its positions east of the Suez Canal and in 1971 pulled out of the gulf. The United States, although largely preoccupied in Vietnam, maintained its gulf naval presence with the active encouragement of the gulf states, including Iran.

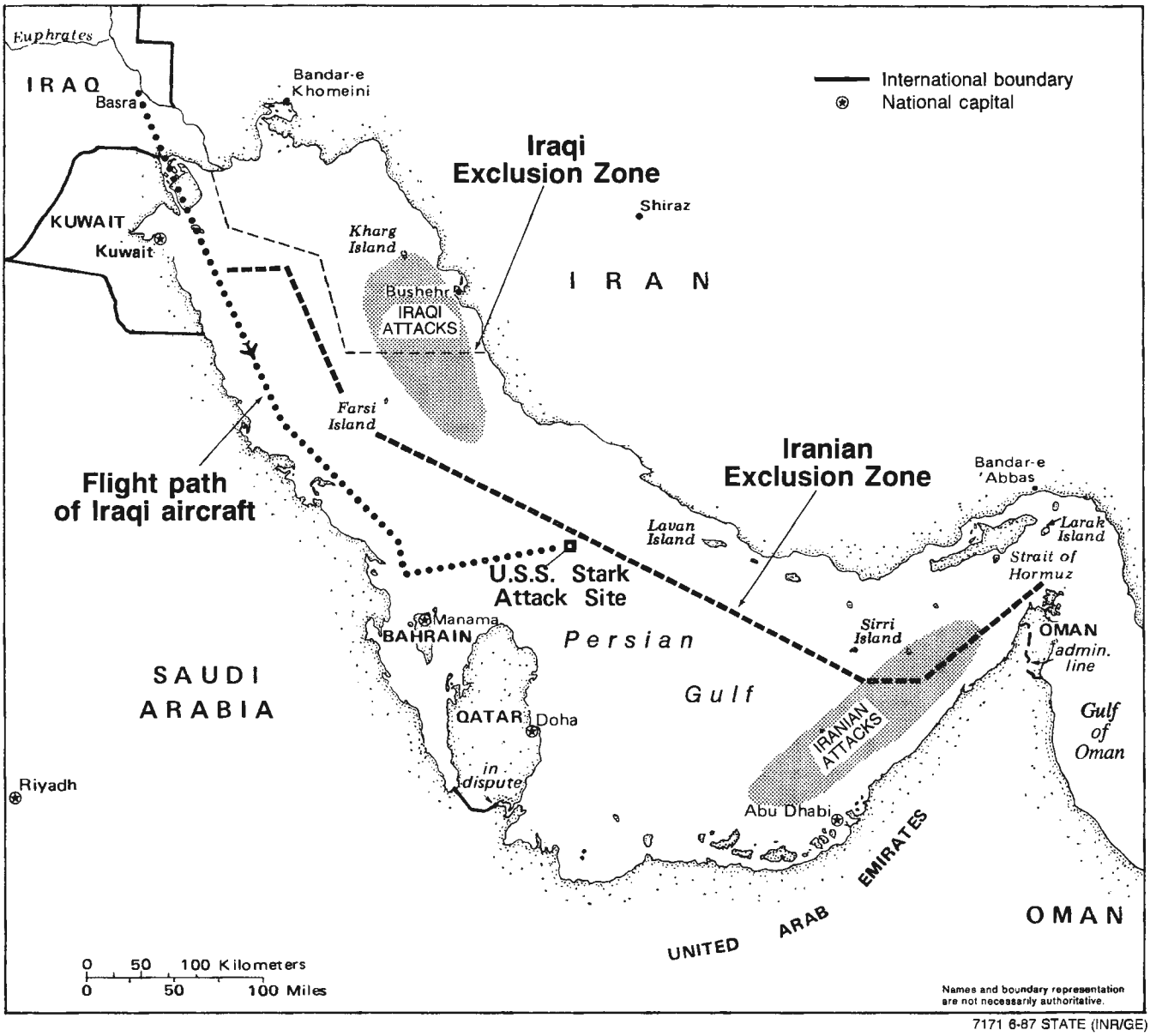
American policy in the gulf can be divided into two periods: 1971–79 and 1979 to the present. From 1971–79, through our "twin pillars" policy, we assisted the military development of our two closest allies in the region, Iran and Saudi Arabia, in order to promote regional stability. In 1979, the fall of the Shah of Iran and his replacement by a revolutionary and radical government and the Soviet invasion of Afghanistan forced the United States to reevaluate its strategy in the region. The result, the "Carter doctrine," signaled U.S. resolve to defend Western interests in the gulf, unilaterally if necessary. We established the Rapid Deployment Force (later to become U.S. Central Command or CENTCOM) and continued our military assistance programs with Saudi Arabia and other friendly Arab gulf states.

Today we continue to maintain a permanent naval force in the region, assist our friends with their defense needs, and maintain CENTCOM's regional focus. We remain resolved to protect our vital interests as we promote peace and stability in the gulf.

embargo on either party which fails to comply with the comprehensive resolution.

Promote Regional Stability. We continue the policy to support the regional security efforts of the Gulf Cooperation Council composed of Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman—all of which are nonbelligerents in the war. This policy was given greater importance by President Carter in 1979–80, when the Shah was overthrown by the expansionist Islamic revolution of the Ayatollah Khomeini and the Soviets invaded Afghanistan. A key element in this support is security assistance and arms sales programs. U.S. weapons and associated training help our friends in the region address their legitimate *defense* needs, deter a spillover from the Iran-Iraq war, and reduce the possibility that U.S. forces would have to intervene in a crisis. They do not affect Israel's qualitative military superiority. For years Arab states friendly to the United States have turned chiefly to us as a source of arms and technology—to the near exclusion of the Soviet Union. If the United States fails to respond to these states' legitimate defense needs, we will be sending a message to the Saudis, the other gulf states, and to other friends in the region—that we are not interested in their long-term political and economic security.

Presently, because of Iranian efforts to focus intimidation on Kuwait and Kuwaiti-associated shipping, it has also become important to be responsive to requests for protective naval support. We seek to deter Iran from either closing or selectively reducing gulf shipping by naval or missile attacks. We have called upon our allies in Western Europe and Japan for increased public support and assistance, including cooperation among allied naval units in and near the gulf. In fact, much is already being done. Two of Kuwait's tankers qualify for British protection. Both the British and the French maintain warships in the area, and with three combatants in the gulf, the British have a higher proportion of their navy committed to the region than does the United States. While our discussions with our allies continue with regard to specific additional actions, there is a general consensus on the strategic importance of the gulf to



the West. The Venice summit statement demonstrates that consensus.

Our various interests in the gulf give the United States an important stake in better relations with Iran. The President has said that the United States recognizes the Iranian revolution as a fact of history. We bear no malice toward the Iranian people. We look to an eventual improvement in U.S.-Iranian relations. However, such improvement will be impossible as long as the Iranian Government pursues its war with Iraq and its sponsorship of terrorism and subversion.

The Risks

As the accidental but, nevertheless, tragic attack on the U.S.S. *Stark* so clearly showed, there are inherent risks whenever a nation sends its armed forces abroad. In the case of the gulf, however, the risks of doing little or nothing are far greater and more dangerous. If we do not play a role, the Iran-Iraq war will continue to grind on, our friends in the region will face greater threats to their security, the Soviet Union will have additional opportunities to strengthen its influence and presence, and the interests of the West, in general, and the United States, in particular, will be increasingly threatened.

Finally, we must not lose sight of the accidental and singular nature of the *Stark* attack. It is the first incident of its kind in almost 40 years of U.S. naval presence in the gulf. In its aftermath, a great deal of public and congressional interest has been raised over what had been previously a generally accepted policy decision for protecting Kuwaiti ships registered in the United States. We must not allow this unfortunate and tragic accident to cause us to abandon our resolve to protect our longstanding interests in such a vital area of the world.

APPENDIX A

Soviet Objectives and Policies in the Gulf

The Soviet Union's long-term objectives in the region are to establish and broaden its relations and influence with gulf states and, more generally, to counter the strong U.S. regional relationships. The Soviets also seek to maintain their standing with both Iran and Iraq, positioning themselves to emerge as the major extraregional power in the post-Persian Gulf war period. The gulf war helps to advance these Soviet objectives.

The Soviets are achieving some success. With few exceptions, their relations with the gulf Arab states have long been tenuous, but that is gradually changing. The U.S.S.R. established diplomatic relations with Oman and the United Arab Emirates in 1985 and is developing contacts with Saudi Arabia. Soviet relations with Kuwait date from 1963. Moscow would like to establish relations with others in the region. Most recently, the Soviets have sought to take advantage of the Iran-Contra affair and, following the attack on the *Stark*, to spread tales of U.S. militarism and, simultaneously though inconsistently, of U.S. unreliability.

The Soviet position in the gulf region, however, is beset by conflicting interests. The Soviets seek to maintain their position as the champion of Iraq and are concerned about the consequences of an Iranian victory in the gulf war. Because of this, and because the Soviets may believe the war gives the United States a "pretext" to increase its naval forces in the region, they likely harbor genuine concerns about the war's continuation. However, the Soviets also seek to avoid alienating Iran, and if possible, hope to improve their relationship in the future. In practice, therefore, the Soviets have sought to play both sides of the war, staking out ostensibly constructive positions calling for the war's end while thus far avoiding strong action directed against Iran as the recalcitrant party regarding a settlement. While the United States has no evidence of direct Soviet military shipments to Iran, moderate levels of sales of military equipment by several other Warsaw Pact nations continue.

This Soviet balancing game has become increasingly difficult. The rapid Soviet response to a Kuwaiti request for leased shipping may have been intended in a stroke to establish the U.S.S.R. as a "responsible" outside naval guarantor. More generally, increased international and regional concern about the war, especially following the attack on the *Stark*, is putting pressure on the Soviets to back up their declaratory policy of opposition to the war with effective action.

However, Soviet support of strong action to end the war would anger Tehran at a time when Soviet-Iranian relations already are coming under considerable pressure. Tehran appeared to have been extremely irritated by the Soviet-Kuwaiti shipping arrangement as well as the U.S.-Kuwaiti arrangement. Many observers regard the May 6, 1987, attack by an Iranian gunboat on a Soviet merchant vessel as a signal. The Soviet reaction thus far has been mild, but recent Soviet statements of willingness to use force to protect its shipping have exacerbated these strains. Iran's rhetoric about the U.S.S.R. has vacillated in recent weeks between harshness and moderation.

The Soviet naval presence in the region has grown. The Soviets support their naval presence from anchorages in Ethiopia and the People's Democratic Republic of Yemen. The Soviet Navy began escorting Soviet merchant vessels in the gulf following the boarding of a Soviet ship by Iran in September 1986. The Soviets have increased their regional naval presence since then and, following the May 6, 1987, attack by Iran on another Soviet merchant vessel, augmented their forces with additional minesweepers. Currently, Soviet naval vessels in the area (the Persian Gulf, North Arabian Sea, Gulf of Aden, and southern Red Sea) now include a Kara cruiser, a Kashin class destroyer, three minesweepers, and several support ships. This presence is high compared to that of recent years, though still below the level of 1980, reached following the Soviet invasion of Afghanistan. However, more of these ships are routinely positioned inside the gulf than ever before.

The limited Soviet naval infrastructure in the region would make expensive and difficult, though not impossible, a major increase in Soviet deployments. Legitimization of a Soviet naval role in the gulf could ultimately provide the political basis for Soviet acquisition of local naval port access rights and other facilities that they have not hitherto enjoyed. This would mark a major Soviet foreign policy success, in great part at U.S. expense.

The Soviets are concerned about the intensity of U.S. interest and are watching the U.S. domestic debate very closely. If they decide that the risks of continued warfare and instability in the region outweigh the unilateral gains they have sought, the Soviets might cooperate more seriously in multilateral efforts to end the war. If, however, the Soviets judge that international efforts to end the war will fail and that the United States will abandon its political and strategic commitments in the region, they will continue their policy of seeking gains in the gulf at U.S. expense, while attempting to balance their interests with Iran and Iraq.

The United States seeks to minimize Soviet political and military inroads in the region but is working with the U.S.S.R. in multilateral efforts to end the war. Ending the conflict and the threat of Iranian hegemony could benefit both countries, as well as the entire region. The United States notes the declaratory Soviet support for freedom of navigation in the gulf but believes that, rather than engaging the Soviets in formal arrangements in the gulf, efforts should focus on ending the war so that the question of shipping protection need not arise. The United States also seeks serious Soviet efforts to staunch the flow of arms to Iran.

In sum, the Soviets have long-term designs on the gulf and can be counted on to pursue them. The way the Soviets define their options and the extent to which they see it in their interests to act responsibly will depend in large part on the willingness of the West and the United States to actively protect their own interests and the security and independence of its many friends in the gulf.

APPENDIX B

Myths and Reality

U.S. policy in the gulf has been subjected to substantial questioning and criticism in the wake of the attack on the U.S.S. *Stark*. The Kuwaiti shipping reflagging process has been especially controversial. This debate is natural and reflects the national frustration and sorrow felt by all Americans at the tragic loss of 37 young men. However, some of the criticism is incorrect or based on incomplete information. Let us look at some of the allegations and the facts.

Allegation: The Administration has no concrete gulf policy but merely responds to crises.

The Facts: Current U.S. policy in the gulf is based on four decades of American strategic, economic, and regional interests in the area. Presidents Carter and Reagan reaffirmed U.S. commitments in the gulf and sought to stabilize the region while preventing Soviet expansion in the area. Because of the deleterious effects of the Iran-Iraq war on regional stability and the overall balance of power in the gulf, the United States has increased its efforts in the international arena to bring the belligerents to the negotiating table. We have a coherent and multifaceted policy which combines diplomatic, political, and military efforts to promote basic U.S. strategic interests.

Allegation: The United States is abandoning its neutrality in the Iran-Iraq war and tilting toward Iraq by allowing Kuwaiti ships to be reflagged under the American flag.

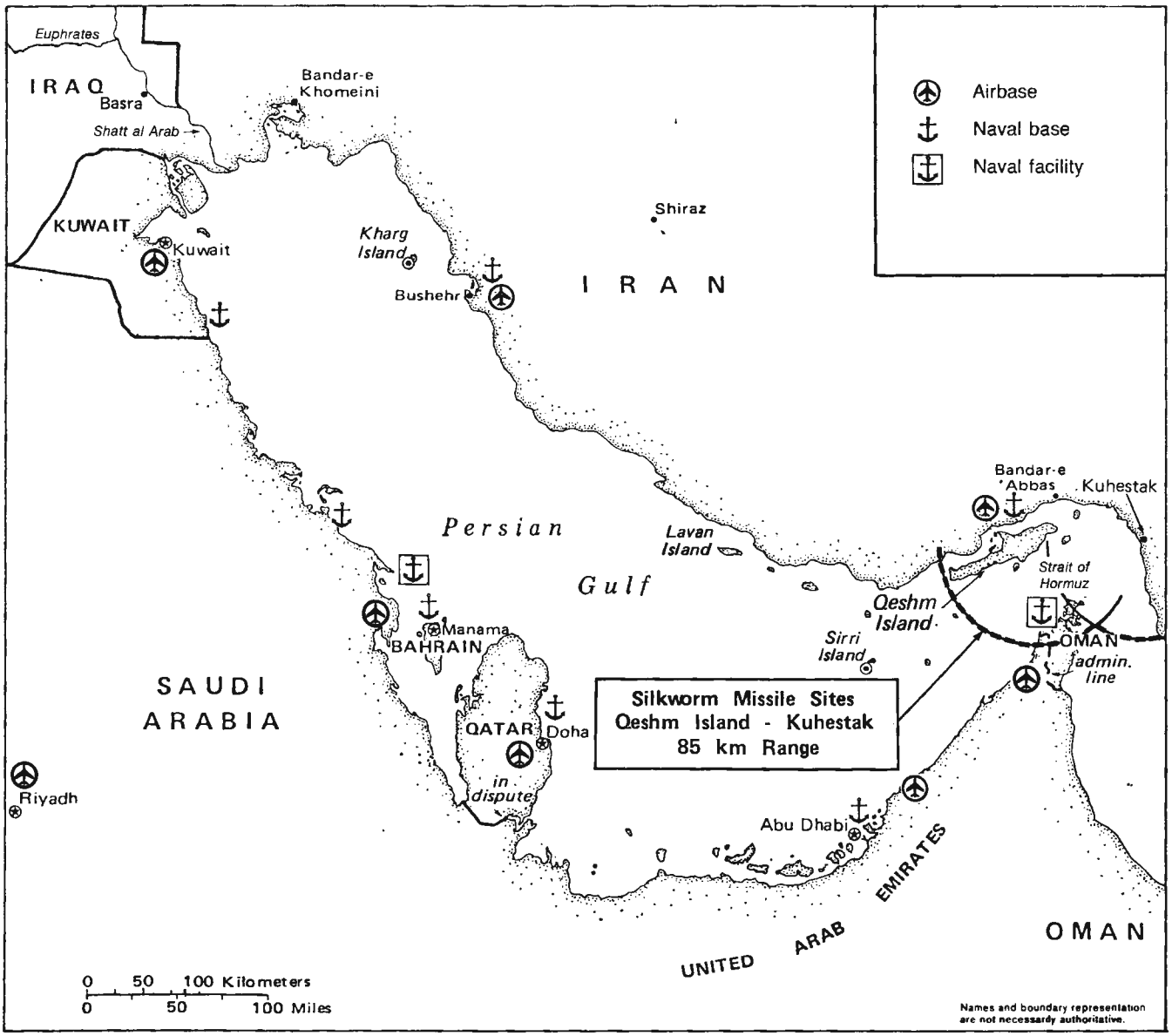
The Facts: There is no change in our neutrality. Protecting 11 new U.S. flag ships serving the Kuwait Oil Tanker Company is a limited expansion of the U.S. Navy's longstanding commitment to protect American flag shipping. All of the ships under our protection will adhere strictly to the rules of neutrality; none of them will carry contraband or serve belligerent ports. Our limited arrangement with Kuwait does not mean we intend to protect all nonbelligerent shipping in the gulf. However, we are not disinterested in the final outcome of the Iran-Iraq war. We have been working actively for some time to bring the war to an early negotiated end, leaving neither victor nor vanquished, and preserving the regional balance of power. Given Iran's intransigence and Iraq's willingness to negotiate, we have focused our efforts on ways to increase international pressure on Iran.

- We have long publicly acknowledged that an Iranian victory is not in the U.S. or our friends' interest.
- We remain concerned about the prospects of Iranian hegemony and influence in the gulf for our long-term access to oil and the stability of our friends in the region.
- Operation Staunch is directed against Iran, not Iraq. Since Iran remains the recalcitrant party in the war, we hope to limit its war-making resources and convince it to enter into viable negotiations to end the conflict. We do not, however, supply arms to Iraq.
- Our efforts in the United Nations and other forums acknowledge that Iran is intransigent and Iraq seeks a negotiated end to the war.

In sum, our policy toward Iran since the 1979 revolution remains unchanged. We will not allow Iran to dominate the gulf or jeopardize Western access to this vital region. Iranian involvement in and support for terrorism further alienates our two countries.

Allegation: Western Europe and Japan are dependent on gulf oil, not the United States, and yet they are doing nothing to protect their oil supplies.

The Facts: In 1986, the countries of Western Europe received about 30% of their oil imports from the gulf and Japan almost 60%. About 15% of the total U.S. oil imports in 1986 came from the gulf; however, recent Energy Department studies indicate U.S. oil imports will double in the next decade. With declining oil reserves in the West and 63% of the free world's oil reserves located in the gulf, future American access to this energy resource is vital. The economic problems in the United States caused by the 1973–74 and 1978–79 oil crises must not be forgotten; it could happen again, if oil flows were disrupted. A disturbance in the flow of gulf oil would cause the world price of oil to jump, with detrimental effects on free world economies. Due to the interdependent



6983 3-87 STATE (INR/GE)

nature of our economy, the United States would be seriously affected, even though we are not as directly dependent on gulf oil as many of our friends and allies.

We have called upon our allies in Western Europe and Japan for increased public support and assistance, including cooperation among allied naval units in and near the gulf. In fact, much is already being done. Britain and France maintain naval vessels in and around the gulf, and local cooperation, as is natural, is ongoing. Two of Kuwait's tankers qualify for British protection. Both the British and the French maintain warships in the area, and with three combatants in the gulf, the British have a higher proportion of their navy committed to the region than does the United States. Japan is prohibited by its constitution from participating in any military activity outside its home waters, although it could well play some sort of economic role in the gulf after the resolution of the war. The recent statement at the Venice summit was an indication of the Western consensus regarding the importance of the gulf.

Allegation: Reflagged ships are not "real" U.S. flag vessels. Reflagging is a political device, offering no benefits for the United States or its merchant fleet.

The Facts: Reflagging is routine practice, consistent with domestic and international law. Reflagging procedures were formalized in 1981 by the Coast Guard for reasons of national defense and commercial facilitation. Since 1981, more than 50 large ships have been reflagged, many for subsequent charter to the U.S. Military Sealift Command. Of those vessels reflagged for commercial use, most operate internationally.

Applicants for reflagging must meet strict requirements. The vessels must be owned by U.S. citizens or by corporations controlled by U.S. citizens. Ships must meet stringent international and U.S. safety and structural standards. Ships serving U.S. ports must have American citizens for 75% of their crew.

Those vessels not calling at U.S. ports must have at least a U.S. master but can hire foreign nationals as the remainder of the crew.

Reflagged vessels—like any other U.S. flag merchant ship—are subject to U.S. taxes. They are also subject to mobilization by the U.S. Maritime Administration in time of national emergency. Thus they increase the size of the U.S. ready-reserve fleet prepositioned around the globe which would be available to support a potential war effort in time of conflict.

Allegation: The Administration is ignoring the War Powers Act and dragging its feet in consulting with Congress about the Kuwaiti reflagging program.

The Facts: The War Powers Act is not applicable under the present circumstances—this is not a situation where imminent involvement of U.S. forces in hostilities is clearly indicated. Prior to the attack on the U.S.S. *Stark*, there had *never* been an attack on a U.S.-escorted vessel in the gulf. The attack on the *Stark* was evidently the result of a targeting error rather than a deliberate decision to attack a U.S. vessel. The object of escorting reflagged vessels is to deter, not provoke. The situation is constantly under review, and Congress will be kept fully informed. Moreover, the Administration has kept congressional committees informed in the past about the reflagging program through a series of papers and briefings, beginning on March 12, 1987. The recent Department of Defense Report to the Congress on Security Arrangements in the Persian Gulf is but a further effort to cooperate and consult with Congress.

APPENDIX C

Official Policy Statements

Excerpt From President Carter's State of the Union Address, January 23, 1980

Let our position be absolutely clear: An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force.

Statement by President Reagan, January 23, 1987

The current Iranian assault on Iraqi forces near Basra is a reminder of the terrible suffering and loss which the Iran-Iraq war has brought to the peoples of the gulf region. The continuation of this bloody struggle remains a subject of deep concern to the United States and to the entire world. It is a war that threatens not only American strategic interests but also the stability and security of our friends in the region.

As I have emphasized many times, we are determined to help bring the war to the promptest possible negotiated end, without victor or vanquished, leaving intact the sovereignty and territorial integrity of both Iran and Iraq. We cannot but condemn Iranian seizure and occupation of Iraqi territory, and we again call upon the Government of Iran to join the Government of Iraq in seeking a rapid negotiated solution to the conflict.

We share the concern of our friends in the gulf region that the war could spill over and threaten their security. We would regard any such expansion of the war as a major threat to our interests as well as to those of our friends in the region. We remain determined to ensure the free flow of oil through the Strait of Hormuz. We also remain strongly committed to supporting the individual and collective self-defense of our friends in the gulf, with whom we have deep and longstanding ties.

Statement by President Reagan, February 25, 1987

On January 23, while the Iranian assault against Iraqi forces was especially intense, I reiterated the deep concern of the United States at the suffering and instability which the Iran-Iraq war has brought to the gulf region. Since that time, although Iraq has stopped the Iranian attack east of Basra and pushed it back somewhat, the fighting in this tragic conflict has continued on the ground, in the air, and at sea.

Clearly, the peoples of the region cannot rest secure until there is a negotiated end to the conflict. We have frequently called on Iran's leaders to join in working toward a negotiated settlement, as the Iraqis have repeatedly offered to do. Regrettably, the Iranian Government has so far proved unresponsive in the face of all efforts to encourage reason and restraint in its war policy. It has also persisted in its efforts to subvert its neighbors through terrorism and intimidation.

We continue to work for a settlement that will preserve the sovereignty and territorial integrity of both Iran and Iraq. Toward that end, I have asked Secretary of State George Shultz to take the lead in an international effort to bring Iran into negotiations. Secretary Shultz has recently named Under Secretary-designate [for Security Assistance, Science and Technology] Ed Derwinski to be responsible for our Operation Staunch. This effort has my full support.

As I emphasized in January, this conflict threatens America's strategic interests, as well as the stability and security of all our friends in the region. We remain strongly committed to supporting the self-defense of our friends in the region, and recently moved naval forces in the Persian Gulf to underpin that commitment. We also remain strongly committed to ensuring the free flow of oil through the Strait of Hormuz. Finally, we are determined to help bring the war to the earliest possible negotiated end. With that goal in mind, the United States calls for an immediate cessation of hostilities, negotiations, and withdrawal to borders. I urge the international community, in the appropriate fora and through the appropriate mechanisms, to cooperate in the endeavor. The time to act on this dangerous and destructive war is now.

Statement by Secretary Shultz, before the Senate Foreign Relations Committee, January 27, 1987

I appreciate this opportunity to testify on American interests in the Persian Gulf and the importance of some recent developments there. Chief among these is the Iran-Iraq war, whose continuation threatens the stability of neighboring states and the pursuit of our interests in the region. The outcome of this war will

affect the strategic shape of the Persian Gulf and Middle East for years to come. It is, therefore, important to focus on U.S. policy toward the war and the region at large.

Stability in the Persian Gulf matters to us for three reasons.

First, it is critical to the economic health of the West. An interruption in the flow of oil or control of these energy resources by an unfriendly power could have devastating effects on the pattern of world trade and on our economy.

Second, our interests would suffer greatly if Iranian expansionism were to subvert friendly states or otherwise boost anti-American forces within the region.

Third, as part of the strategic crossroads of the Middle East, this area must not come under the domination of a power hostile to the United States and its allies. Therefore, America's near-term priority is to reassure the gulf Arab states of our support and to stand fast on our antiterrorism and arms embargo policies.

U.S. Policy Toward the War

Since the beginning of the Iran-Iraq war in September 1980, the United States has sought the earliest possible end to the conflict—one which would secure the independence and territorial integrity of both countries, as well as security for third parties in the region who now are directly threatened by the conflict. We have pursued these goals through the following policies.

- We have been denying Munitions List equipment to both Iran and Iraq. There was a limited exception to this policy, as you know. There will be no further exceptions—no more transfers of U.S.-origin military equipment to Iran, either directly or through any third party.
- We are supporting all reasonable diplomatic efforts to encourage Iran to abandon its unwillingness to negotiate an end to the war. These efforts have included U.S. encouragement of the UN Secretary General, the Nonaligned Movement, and the Organization of the Islamic Conference—which is holding its summit in Kuwait this week. The problem has been lack of Iranian interest in any peace proposal—except on Iranian terms.
- Therefore, we are also energetically pursuing efforts to inhibit the resupply to Iran from third countries of significant weapons systems and spare parts which might enable Iran to carry the war further into Iraqi territory. This is our Operation Staunch, which we will continue to pursue in an energetic and determined manner.

Because of our concern over the possible spread of the Iran-Iraq conflict to third countries in the gulf, we have publicly and privately reiterated our firm commitments to the security of nonbelligerent gulf states. We have repeatedly warned Iran that any extension of the conflict would be regarded as a major threat to U.S. interests.

Our relations with these countries—including the members of the Gulf Cooperation Council (Kuwait, Saudi Arabia, Bahrain, Qatar, the United Arab Emirates, and Oman)—are important to our long-term security interests. The war directly threatens their security as well as their economic survival. We have publicly stated our fundamental interest in helping the gulf states defend themselves against attack or subversion.

The war has also highlighted overlapping interests with Iraq, as it defends itself against Iranian attack. The news of our limited arms shipments to Iran was a shock to Baghdad, and it has put some strain in our relationship. Nevertheless, I think both sides understand that we share an overriding common interest in finding an early end to the war. For our part, the United States will continue to pursue this objective; and we will do all we can to reaffirm the strength of our policies toward the gulf.

Long-Term American Interests

Our current policies, of course, reflect longstanding interests in this region. Hence I want to review our goals and objectives in the region as a whole.

American interests in the Persian Gulf have long been readily defined. We have an overriding strategic interest in denying the Soviet Union either direct control or increased influence over the region or any of its states. We have major political interests in the nonbelligerent gulf states, both in their own right and because of their influence within the gulf and beyond. And we have a vital economic stake in seeing that the region's supply of oil to the West continues unimpeded.

Our multiple interests in the gulf give us common ground with its various states. As I have mentioned, they share our overriding concern with economic and political stability. Their economic life depends on the flow of oil to the industrialized world. Anything that might disrupt their commerce—war, political instability, terrorism, or subversion—is against their interests as well as ours.

Iran is an important element of our considerations as we pursue these multiple interests. That country has been, and remains, a major factor in the region, both because of its size and strength and because of its strategic location alongside the Soviet Union and Soviet-occupied Afghanistan. Iranian policy has a direct impact on our strategic, political, and economic stakes in the gulf. And the current Iranian Government directly affects us in another way: through terrorism, which it continues to support and export as an instrument of state policy.

Historically, we have also shared a strategic interest with Iran, whose geography makes it a natural buffer between the Soviet land mass and the Persian Gulf. Soviet designs in the region can be seen in the Soviet occupation of Iran in 1946 and in its invasion and subsequent occupation of Afghanistan. The Government of Iran has, of course, been highly critical of the Soviet occupation of Afghanistan—a political fact that underlines a certain commonality of interests between us.

Our various interests in the region give the United States an obvious stake in better relations with Iran. As you know, we sent a signal of our intentions in the form of an authorized transfer of arms to that country. That signal did not elicit an acceptable Iranian response; and it will not be repeated. While we have an interest in improving our relations with Iran, the Iranians have an interest in normal dealings with us as well. And until they recognize their own interests, and act upon them, our relations are unlikely to improve. We have said, and we reiterate, that several issues stand in the way of better relations between us: the Iran-Iraq war and Iranian support for terrorism and subversion in the neighboring states.

Let me conclude with a note about the future of our relations with Iran. The President has said that the United States recognizes the Iranian revolution as "a fact of history." We bear no malice toward the Iranian people. But American interests are directly threatened by the Iranian Government's pursuit of its

war with Iraq, by its sponsorship of terrorism, and by its collusion with terrorist forces elsewhere in the region. We cannot hope for progress without fundamental changes in Iranian policy and practice. Nor can we pursue better relations with Iran to the detriment of our many other interests and commitments in the region.

We look to an eventual improvement in U.S.-Iranian relations. But American good will cannot wish that future into existence. Iran's rejection of its bellicose and terrorist policies will be a necessary first step to any progress that might follow.

Statement by Under Secretary for Political Affairs, Michael H. Armacost, before the Senate Foreign Relations Committee, June 16, 1987

I welcome the opportunity to testify before this distinguished committee on U.S. policy in the Persian Gulf, an area of the world vital to U.S. interests. I want to focus in some detail on the Administration's decision to reflag and protect 11 Kuwaiti oil tankers. There is considerable misunderstanding, and the Administration accepts part of the responsibility for this confusion. We have not always articulated as clearly as we might the distinction between our comprehensive policy to protect all our interests in the gulf, on the one hand, and the specific interests advanced by the decision to reflag a limited number of ships, on the other. I hope today to add greater clarity to these important issues.

U.S. Interests in the Region

I believe a consensus exists in the Administration, the Congress, and the country on the basic U.S. interests in the Persian Gulf region.

- The unimpeded flow of oil through the Strait of Hormuz is a vital interest and critical to the economic health of the Western world; another very important interest is freedom of navigation for nonbelligerent shipping in and through the gulf, in line with our worldwide policy of keeping sealanes open.
- The security, stability, and cooperation of the moderate states of the area are important to our political and economic goals; we have a major interest in standing by our friends in the gulf, both because of their importance in their own right and because of their influence in the gulf and beyond. At present, that means helping them deal with the threat from Khomeini's Iran.
- We have an interest in limiting the Soviet Union's influence and presence in the gulf, an area of great strategic interest to the Soviets because of Western dependency on its oil supplies.

These interests are threatened by the escalation of the Iran-Iraq war. To protect them, we are following a two-track policy:

- To galvanize greater international pressure to persuade the belligerents to negotiate an end to the conflict; and
- To protect our interests and help protect the security of moderate, friendly Arab states in the gulf.

The Iran-Iraq War

For a number of years, the tragic Iran-Iraq war was contained. It wreaked terrible human and material losses on the two nations involved and their citizens but largely spared others beyond the belligerents' borders.

In 1984, Iraq began to attack tankers carrying Iranian oil through the gulf. Iraq's intention was clear: to try to recoup on the seas the military momentum it had lost on the ground. With three times the population of Iraq and driven by revolutionary-religious fervor, Iran has great advantage in a land war of attrition. Iraq also viewed the shipping attacks as a way to reduce Iran's oil exports and, thus, its revenues for propagating the war; with this action, it hoped to neutralize, in part, Iran's military success early in the war of closing down Iraqi ports and persuading Syria to shut off the Iraqi-Syrian oil pipeline to the Mediterranean Sea. Unable to export significant quantities of oil in 1981 and 1982, Iraq has gradually built up new export facilities—using pipelines in Turkey and also Saudi Arabia. None of its 1.5 million barrels per day in exports transit the gulf any longer. Thus, unable to hit Iraqi overland exports, Iran retaliated by hitting nonbelligerent shipping going to the ports of the moderate gulf states which support Iraq.

The international community became predictably alarmed in the spring of 1984. The UN Security Council (UNSC) passed a resolution calling for protection of neutral shipping, but it had no enforcement measures. Iran rejected the resolution, and it was filed away. Gradually, however, other producing and consuming nations became less apprehensive as they saw that most ships got through more or less on schedule and that gulf oil flow was not interrupted. Insurance rates settled down. Tankers and crews were readily available. In short, the world learned to live with the tanker war.

That situation has not yet dramatically changed, although three developments over the past 18 months have caused us concern.

First, the number of attacks on vessels doubled in 1986 over 1985. The trend so far in 1987 has been slightly ahead of the 1986 level. On the other hand, the percentage of ships hit is still very small—less than 1% of those transiting the gulf.

Second, in late 1986, Iran acquired Chinese-origin Silkworm antiship missiles. It tested one in February. Deployment sites are being constructed along the narrow Strait of Hormuz. These missiles, with warheads three times larger than other Iranian weapons, can range the strait. They could severely damage or sink a large oil tanker or perhaps scare shippers from going through the strait, leading to a *de facto* closure. We have made clear to Iran, publicly and privately, our concern about these missiles and their threat to the free flow of oil and urged others to do so as well. A number have. We emphatically want to avoid a confrontation and will not provoke one—but we are determined to pursue a prudent policy that protects our own interests and those of our friends.

Finally, last September, Iran began singling out Kuwaiti-flag vessels and vessels bound to or from Kuwait for attack. At the same time, Iranian-inspired groups intensified their efforts at sabotage and terrorism in Kuwait itself, building on their earlier activities that included a bombing attack on the U.S. Embassy in December 1983 and an assassination attempt on the Amir in 1984. Iran's immediate objective was clear—and publicly stated: to use intimidation to force Kuwait to quit supporting Iraq with financial subventions and permitting goods bound for Iraq to be offloaded at a Kuwaiti port. Iran's longer term objective is equally clear—if not publicly articulated: after succeeding in Kuwait, to apply the same policies of intimidation against other gulf states to change their policies and set the stage for gaining hegemony over the entire area.

It is to frustrate Iranian hegemonic aspirations that the Arab gulf states continue to support Iraq. It is for similar reasons that other close friends, such as Egypt and Jordan, also assist Iraq—despite their previous difficulties with Baghdad. Iranian hegemony over the gulf and the spread of Iranian radical

fundamentalism beyond Lebanon worry them greatly. They and the gulf states view Iraq as a buffer that must not be allowed to collapse.

Let us not forget—the gulf region sits on 70% of the world's oil reserves. It provides 25% of the oil moving in world trade today; it will supply a much higher percentage in the future. It is fundamentally counter to U.S. interests for Iran—with its current policies and anti-American ideology—to control or have permanent influence over this oil supply, which is critical to the economic well-being of the West. Some of our allies depend today more on this oil than we. But our dependency is growing and will continue to do so. Moreover, a supply disruption, or the threat of one, will sharply raise global oil prices, affecting our economy dearly.

We do not seek confrontation with Iran. We hope, over time, to improve our relations with that strategically important country. We share many common interests, including opposition to Soviet expansion in Afghanistan and elsewhere. We accept the Iranian revolution as a fact of history. But our bilateral relations will not substantially improve until Iran changes its policies toward the war, terrorism, and subversion of its neighbors. And in the meantime, we will protect our interests.

Kuwaiti Reflagging: The Administration's Decision

Late last year, to counter Iranian targeting of Kuwaiti-associated shipping, Kuwait approached both the Soviet Union and the United States—as well as others, ultimately—to explore ways to protect Kuwaiti-owned oil shipping. The Russians responded promptly and positively. We took more time before agreeing to reflag and protect 11 Kuwaiti ships; we did so only after carefully assessing the benefits and risks, as many in the Congress are doing today. Kuwait expressed its preference to cooperate primarily with the United States but insisted on chartering three Soviet tankers as well—to retain its so-called balance in its foreign policy and to engage the military presence of as many permanent members of the Security Council as possible.

Kuwait's request to place ships under the American flag was an unusual step in an unusual situation. Unlike a commercial charter arrangement, these vessels become American ships subject to American laws. Moreover, Kuwait and the other gulf states view the reflagging as a demonstration of long-term ties with the United States—in contrast to a short-term leasing agrrangement with the U.S.S.R.

Kuwait—or any country—can register its ships under the American flag if it meets normal requirements, or it can charter American-flag vessels if it can work out a commercial arrangement. As a general policy, the U.S. Navy tries to protect U.S.-flag ships around the world, and this policy does not discriminate on the basis of how and why ships are flagged. Nevertheless, the Administration carefully considered the Kuwaiti request and reaffirmed as a policy decision to provide the same type of protection for the Kuwaiti reflagged vessels as that accorded other U.S.-flagged vessels operating in the gulf. Since the tragedy of the U.S.S. *Stark*, we have decided to augment our naval forces, which have been in the gulf since 1949, to ensure stronger protection for the U.S.-flag ships and our military personnel. However, we are talking about only a modest increase in American-flagged vessels operating in the gulf. We are not entering into an open-ended, unilateral protection regime of all neutral shipping, nor do we intend to do so.

We have taken these actions to support two important and specific U.S. security interests in the gulf:

First, to help Kuwait counter immediate intimidation and thereby discourage Iran from similar attempts against the other moderate gulf states; and

Second, to limit, to the extent possible, an increase in Soviet military presence and influence in the gulf.

There is plenty of evidence that the Soviets are eager to exploit the opportunity created by the Iran-Iraq war to insert themselves into the gulf—a region in which their presence has traditionally been quite limited. The strategic importance of this region, which is essential to the economic health of the Western world and Japan, is as clear to the Soviets as it is to us. Most governments in the gulf states regard the U.S.S.R. and its policies with deep suspicion and have traditionally denied it any significant role in the region. However, the continuation and escalation of the war have created opportunities for the Soviets to play on the anxieties of the GCC [Gulf Cooperation Council] countries and to press for increased diplomatic, commercial, and military relations. They were prepared to take on much larger responsibilities for protecting the Kuwaiti oil trade than they were ultimately offered; we must assume that they would readily step into our place if we were to withdraw.

Even though Kuwait has chartered three Soviet tankers and the Soviets have said they would protect their ships, we believe the gulf states, including Kuwait, will not allow Soviet naval vessels to use their ports and facilities. This will significantly limit Soviet long-term ability to maintain or increase its current level of naval involvement in the gulf. However, if the U.S.S.R. had a much larger role in protecting gulf oil, these states would be under great pressure to make these facilities available. This was an important consideration in our decision on reflagging.

Risks and U.S. Neutrality

What added risks do we incur by reflagging the 11 Kuwaiti vessels? We cannot predict with absolute certainty what the Iranian response will be. Iranian rhetoric is full of menace, but Tehran's conduct has been marked by prudence in the gulf. Iran has not attacked any U.S. naval vessel. It has consistently avoided carrying out attacks on commercial ships when U.S. naval vessels have been in the vicinity. In its recent actions, it has displayed no interest in provoking incidents at sea. Of course, it would be foolhardy for Iran to attack American-flag vessels. They will have American masters; they will carry no contraband; they pose no danger to Iran; they will be defended, if attacked.

Some charge that by supporting Kuwait, the United States assists a so-called ally of Iraq and ceases to be neutral in the war. We do not consider Kuwait a belligerent—nor does Iran, formally. It is not militarily engaged in the war. We recognize, however, that Kuwait provides financial support for Iraq—as do many Arab states. Its port, pursuant to a 1972 agreement that long predates the war, is open to cargo bound for Iraq; so are the ports of some other Arab countries. We understand why Kuwait and many Arab nations believe their own security and stability depends on Iraq not collapsing before Iran. We do not wish to see an Iranian victory in that terrible conflict.

Nevertheless, the United States remains formally neutral in the war. With one aberration, we have sold weaponry to neither side; we will not sell to either. But we want the war to end—because of its inherent tragedy and because a major escalation could threaten major U.S. and Western interests. That is why one of the two tracks of the President's overall gulf policy today is to seek a prompt end to the Iran-Iraq war with the territorial integrity of both nations intact.

U.S. Efforts for Peace

The United Nations. Since January, U.S.-spurred diplomatic efforts in the UN Security Council have taken on real momentum. We have explored a new approach to halt the conflict. In closed-door meetings among the "Big Five" permanent members of the Security Council, the United States has vigorously pressed for a Security Council resolution that anticipates mandatory enforcement measures against either belligerent which proves unwilling to abide by a UN call for a cease-fire, negotiations, and withdrawal to internationally recognized borders. We perceive a shared concern among all of the five permanent members that this war has gone on too long; its continuation is destabilizing and dangerous.

There also appears to be a growing consensus that more assertive and binding international efforts are needed to persuade the parties to end the conflict. Although one might not observe it from the media treatment here, the Venice summit leaders endorsed a strong statement to this end. This is, in many ways, a unique effort among the major powers. While success is far from certain, the current UN initiative represents a serious and significant effort to find a negotiated settlement to the war. Since the war began in 1980, there has not been such an auspicious time for concerted and meaningful action. Unfortunately, we still have no indication from Iran that it is interested in negotiations.

Operation Staunch. At the same time, we are actively working to persuade Iran's leaders of the futility of their pursuit of the war by limiting their ability to buy weapons. This effort—"Operation Staunch"—is aimed specifically at Iran because that country, unlike Iraq, has rejected all calls for negotiations. Staunch entails vigorous diplomatic efforts—through intelligence-sharing and strong demarches—to block or complicate Iranian arms resupply efforts on a worldwide basis. The process of closing off arms suppliers to Iran has not yielded swift or dramatic results, but we are firmly committed to the effort, and we are achieving some success.

The Venice Summit. Last week, President Reagan met in Venice with leaders of Western nations and Japan. Prior to the Venice meeting, we directly approached the summit participants at a high level to urge greater individual and collective efforts to seek peace and ensure protection of our common interests in the gulf region. The gulf situation was a major topic of discussion at Venice. The seven heads of government agreed to a positive, substantive statement urging new and concerted international action to end the war, endorsing strong UNSC action, and declaring that oil flow and other traffic must continue unimpeded through the strait. We welcome the demonstration of allied support.

Sharing the Burden for Peace and Security

There is a broad consensus in West European countries and Japan about the importance of the gulf. We are working intensively with our allies and with our friends in the gulf to determine whether and what additional efforts would be appropriate.

Allied efforts can take many and varied forms—diplomatic initiatives designed to bring about an end to the hostilities; agreements to further monitor and restrict the flow of arms to Iran as the recalcitrant party; financial contributions to regional states and a future international reconstruction fund to help alleviate the economic consequences of the war; and cooperation of naval units present in and near the gulf. In fact, much is already being done. The British and French have warships in the area to encourage freedom of navigation and assist ships flying their own flags. Two of Kuwait's tankers already sail under British flag. Other maritime countries are considering what they would do if the violence in the gulf expanded.

On the specific issue of Kuwaiti reflagging, we are not asking our allies to help us protect them. We can—and will—protect these ships that will fly American flags, as we do all U.S.-flagged ships. Nor would we expect them to ask us to protect their flagged ships. Should the situation in the gulf later demand a broad protective regime to keep the sealanes open, we would expect broad participation, and we would do our part. This Administration, like the previous one, is committed to ensuring the free flow of oil through the Strait of Hormuz.

Our preference would be for a Western protective regime, since an international regime would provide opportunity for the U.S.S.R. to try to legitimize a long-term military presence in the gulf. The best way for the United States and U.S.S.R. to collaborate in our stated common interest to end the war is through the work currently being undertaken in the Security Council. We challenge the Soviets to work with us in this important endeavor.

The GCC states recognize their responsibility for protecting all shipping in their territorial waters. They provide considerable assistance for our naval forces in the gulf. We may well need further support from the GCC states. While the specifics of such requirements remain under study, we will actively and forthrightly seek such facilitation of our efforts—which have to be based on cooperation if they are to be successful.

Conclusion

In sum, then, the United States has major—yes, vital—interests in the Persian Gulf. Our naval presence over the past 40 years is symbolic of the continuity and importance of our interests there. The Iran-Iraq war, if it escalates significantly, could threaten some or all of these interests. That is why the Administration puts great stress on the peace track of its two-track policy approach toward the gulf. At the same time, we will pursue the second track of protecting our interests in the gulf—working, as appropriate, with our allies and friends in the region. The reflagging of 11 Kuwaiti ships helps advance two specific goals: to limit efforts of both Iran and the Soviet Union to expand their influence in the area—to our detriment and that of the West. Nevertheless, this new commitment is only a limited expansion of our role in protecting U.S.-flag vessels there, which we have been doing since the tanker war began. Our intent with the reflagging is to deter, not to provoke. But no one should doubt our firmness of purpose.

We believe the Congress supports our interests in the gulf and continued U.S. presence there. I hope I have clarified how the reflagging effort promotes some important U.S. interests and how it is an integral, important part of an overall policy toward the gulf that protects and advances both fundamental American objectives in the region. We trust the Congress will support our overall policy and this new, important element of that policy. ■

Published by the United States Department of State • Bureau of Public Affairs
Office of Public Communication • Editorial Division • Washington, D.C. • July 1987
Editor: Colleen Sussman

Bureau of Public Affairs
United States Department of State
Washington, D.C. 20520

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE $300

BULK RATE
POSTAGE & FEES PAID
U.S. Department of State
Permit No. G-130

If address is incorrect please indicate change. Do not cover or destroy this address label. Mail change of address to PA/OAP, Rm 5815A. ►

MAX GREEN 35258
SPECIAL ASSISTANT TO PRESIDENT
OFC OF PUBLIC LIAISON
RM 196, OLD EXEC OFC BLDG
WASHINGTON DC 20500

NAVY NEWS & UNDERSEA TECHNOLOGY
17 JULY 1987(21) Pg. 4

Marine Corps ready to build amphibious M-1

QUANTICO, Va.— The Marines are putting the finishing touches on a version of their new battle tank, the M1A1 Abrams, so it can operate in an amphibious environment.

Contract negotiations are now underway between the Marines and M1A1 manufacturer General Dynamics Corp. for a deep-water fording kit— a key feature of the Marines' tank, said Maj. Mark Spurgeon, who is coordinating the Marines' M1A1 development.

The kit consists of two six-foot long stacks that are connected to the tank's air intake and exhaust. The stacks prevent water drowning the engine. "It will allow us to ford up to 78 inches with the M1A1," said Spurgeon in an interview with *NAVY NEWS*. The kit also includes seals for the tank's doors and check valves in each stack.

The Marines are set to receive the first of 560 M1A1s early in 1990. They will replace 716 M60A1s that have been in the Marines' inventory since the 1960s. The Marines want $24 million next year for advanced procurement and plant to asked for $196 million in fiscal 1989 for 66 M1A1s. The total program cost is estimated to be $3.5 billion. Deliveries will start in early 1990.

The Marines are looking at several other features that will not be used on the Army version. The Marines' M1A1 will use the basic position locating reporting system, or PLRS. The Army will use the enhanced PLRS. The Marine version will also have strengthened "tie downs" so it can be securely stored on Navy amphibious ships in heavy seas.

WALL STREET JOURNAL
"WORLDWIDE"
21 JULY 1987 Pg. 1

Gorbachev met at the Kremlin with Afghan leader Najibullah. The news agency Tass said the two officials discussed "additional steps" that could be taken to promote a settlement in the conflict between Kabul and Moslem rebels in Afghanistan.

ARAB...
from Pg. 13

dorsement for the U.S. operations and [make] cooperation with us more visible.

Undersecretary of State Michael H. Aramacost told the Senate Foreign Relations Committee on June 16 that the administration might need support in addition to the already "considerable assistance" being extended to the United States by the Arab gulf states.

The United States has sold billions of dollars of arms, training programs and construction projects to the gulf Arab states, principally Saudi Arabia, which spent $55 billion between 1974 and 1986 under the U.S. foreign military sales program. Members of Congress have questioned what benefits the United States has derived from this investment in terms of security cooperation from its gulf Arab allies.

But some U.S. analysts are concerned the administration, under Pentagon pressure, will press too hard to obtain permanent access to the facilities. This, they warn, could create other problems..

Thomas L. McNaugher, the Brookings Institution's top military specialist on the gulf region, warned that such bases will serve only as "lightning rods" for political trouble later and should not be sought now.

While none of the six gulf Arab states has given formal basing rights to the United States, Saudi Arabia has allowed four U.S. AWACS aircraft to operate from its territory since 1980. In addition, Oman has permitted CENTCOM P3 Orion aircraft needed for Indian Ocean submarine surveillance to use an airbase on its Masirah Island, improved by the U.S. at a cost of $170 million..

The primary reason for the gulf Arab response to U.S. appeals for greater military cooperation is mounting concern about Iraq's prospects for holding out in what has become a long war of attrition with its much more populous and zealous neighbor, Iran.

Some U.S. analysts now share this concern. At a recent Brookings Institution conference on the gulf situation, McNaugher said he was not alone in believing that there are now "serious uncertainties about how long Iraq can keep this up."

Worries about the war's course have spurred the gulf Arab states to take these steps, administration and congressional sources say:

■ **Saudi Arabia:** Has committed its own five newly acquired AWACS surveillance aircraft for setting up a second aerial orbit over the southern gulf that will be used to relay intelligence on Iranian military moves to U.S. warships escorting the 11 reflagged Kuwaiti tankers.

Saudi sources say Saudi crews are capable of manning two of the five AWACS planes, but mixed Saudi-U.S. crews will be needed if the other aircraft arerequired for the "southern orbit."

The sources said the southern cap will be flown only three or four times a week, or when a convoy of U.S.-escorted, reflagged Kuwaiti ships passes through the gulf. Once regular operations are established, convoys are expected every seven to 10 days.

The Saudis, who already provide air cover with their F15 fighters for U.S.-piloted AWACS aircraft flying the "northern oribt" covering the upper gulf from inside the kingdom, will also provide similar protection for the AWACS in the south.

The Saudis also have offered their four U.S.-made minesweepers to hunt for mines Iran may lay in the northern gulf to damage American warships or the U.S.-flagged Kuwaiti tankers.

Saudi ports, airfields and hospitals are expected to be made available in emergencies to U.S. ships and aircraft.■ **Bahrain:** Home port of the USS La Salle, flagship of the six-vessel U.S. Middle East Force stationed in the gulf, Bahrain has expanded harbor facilities in the city of Manama available under a lease arrangement to accommodate the additional three warships being sent to help for the escort mission.

The island republic has steadily expanded its military cooperation with CENTCOM over the past few years. CENTCOM Commander, Gen. George B. Crist, told the Senate Armed Services Committee in testimony Jan. 27 that Bahrain's support is now "crucial" to the U.S. ability to maintain a naval presence in the gulf.

Some U.S. military planners are hopeful that if the United States carries out its escort mission successfully and gains Arab confidence, Bahraini authorities will allow CENTCOM to move its forward headquarters, now on the La Salle, into facilities ashore in Manama.

■ **United Arab Emirates:** In a major concession to the U.S., the federation of seven sheikdoms has agreed, reportedly under heavy Saudi pressure, to allow the U.S.-Saudi "southern orbit" AWACS to operate over its territory, despite likely Iranian ire.

It also has agreed to "overflights" of its territory by U.S. aircraft, apparently in case a U.S.-operated AWACS is used or U.S. aircraft go into action from carriers stationed just outside the gulf. Use of Emirates' airspace will allow Saudi and U.S. AWACS to operate far inland, out of range of Iranian jets.■ **Kuwait:** In the region's most radical shift from a standoff policy, Kuwait, which once rarely allowed port visits from U.S. warships, now offers regular port access to U.S. escort warships and military protection to all U.S.-flagged ships within its territorial waters.

While Pentagon and other administration officials say they have not formally asked that U.S. aircraft be allowed to use Kuwaiti airfields because they are too close to the Iran-Iraq war zone, Kuwait has offered to let U.S. minesweeping helicopters operate from Kuwaiti air bases.

Kuawait will provide free oil to the U.S. warships escorting its reflagged tankers.■ **Oman:** The only gulf Arab state to have signed an access agreement with the United States as far back as 1980, Oman has agreed to increased use of its U.S.-upgraded ports and airfields by U.S. warships and aircraft supporting the escort mission.■ **Qatar:** Smallest of the six Arab gulf nations, the tiny island sheikdom has never played any significant role in the Arab Gulf Council's defenses or been asked to provide any military support to CENTCOM or the U.S. Middle East Force. U.S. officials have given no indication Qatar will play any role in the escort plan.

WASHINGTON POST 21 JULY 1987 Pg. 1

Arab Cooperation With U.S. Grows

Military Access Widens

By David B. Ottaway
Washington Post Staff Writer

After years of spurning American entreaties for closer military ties, the Persian Gulf Arab states around Kuwait, in an unprecedented display of cooperation, are opening their ports, airfields and other facilities to help in case the United States' naval escort of Kuwaiti oil tankers brings on armed confrontation with Iran.

The shift in attitude among the six kingdoms and sheikdoms of the Saudi-led Arab Gulf Cooperation Council has raised hopes among U.S. military strategists that the Arab leaders may agree to convert temporary U.S.-access to their facilities into more permanent arrangements, possibly including a shore site for the forward headquarters of the U.S. Central Command (CENTCOM), now carried aboard a ship.

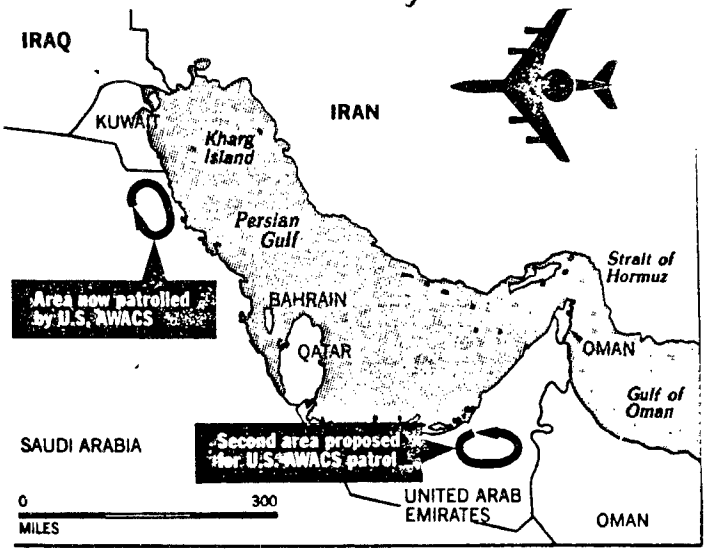
The command, set up in 1983, is the successor to the Rapid Deployment Force created to protect U.S. vital interests in the gulf in the wake of the 1979 Soviet invasion of Afghanistan. Despite persistent efforts, U.S. officials have never persuaded any Arab gulf state to host CENTCOM headquarters or provide it with any bases.

Plans for the U.S. naval escort mission include several unusual instances of cooperation, such as agreement for the first time for the United States and Saudi Arabia to jointly man Airborne Warning and Control System (AWACS) surveillance aircraft outside the Saudi kingdom. Moreover, the operation will take place over the territory of the United Arab Emirates, up to now the most reluctant of the Arab gulf nations to publicly associate itself with Washington.

Kuwait, long the prime advocate of keeping U.S. military forces out of the gulf, has actually spearheaded the campaign to bring the Americans in, promising all kinds of backup assistance in return for U.S. protection of its tankers.

The six council members—Saudi Arabia, Kuwait, Qatar, Oman, Bahrain and the Emirates—are engaging for the first time in bilateral "worst case" contingency planning with U.S. officials in case Iran attacks American warships or the reflagged Kuwaiti tankers.

While much of this planning is secret, Arab gulf leaders have assured recent congressional visitors that, in an emergency for the U.S. escorting warships, they will extend even more help, such as additional access to their airfields and ports, than they have publicly indicated so far.



BY DAVE COOK—THE WASHINGTON POST

Except for Oman's Sultan Qaboos, such close cooperation with the United States has previously been judged politically too risky by Arab gulf leaders. They feel highly vulnerable to Iranian threats of retaliation and equally uncertain of the benefits of any stronger "American connection."

The new military cooperation emerging between Washington and the six gulf Arab nations is so far restricted, however, to specific U.S. needs in protecting the U.S.-flagged Kuwaiti oil tankers.

Both U.S. and Arab analysts are warning that in the aftermath of the Lebanon fiasco and secret U.S. arms shipments to Iran, any other display of U.S. unreliability could prove fatal to hopes of sustained closer cooperation in the future. The Arab gulf states are reportedly still very wary of the new U.S. commitment.

"It's very clear the United States is still not prepared to regard Iran as the threat it is for Kuwait and the gulf," said Mazher A. Hameed, a Saudi defense analyst. "There is uncertainty about U.S. policy toward Iran for the gulf Arab states."

These states are also worried that President Reagan will announce "a strategic withdrawal" of U.S. warships from the gulf if the going gets tough, just as he declared in February 1984 a strategic "redeployment" of U.S. Marines in Beirut back to their ships in the Mediterranean, Hameed said.

Hameed added that Arab gulf leaders are asking themselves what Reagan will do if American lives are lost and the White House once again cannot stand "the political heat in Washington.".

Still, the new military ties being woven between the Pentagon and the gulf Arab council hold out the possibility of long-term military cooperation that could prove a boon for CENTCOM's fortunes, according to U.S. analysts.

One of CENTCOM's major weaknesses since its inception has been lack of access to local ports and airfields, with only tiny Oman at the mouth of the gulf willing to sign even a limited access agreement and allow U.S. war materiel to be stockpiled on its soil.

The Pentagon has seized upon Kuwait's request for reflagging its tankers to press for greater access to local facilities, as well as a more open declaration of gulf Arab support for the U.S. military buildup.

Defense Secretary Caspar W. Weinberger told Congress on June 15 that, "It is important . . . for [European] allies and regional [Arab] states to lend strong public en-

ARAB... Pg. 14

TALKS...fm Pg.12

based weapons and cuts by both sides in strategic nuclear arsenals, as well as potential agreements on other strategic issues such as a Soviet proposal to reduce and eventually eliminate nuclear testing on both sides.

Falin, stressing that "we have only two or three years left for serious arms control efforts," said in an interview last week that the Soviet Union is still interested in achieving the objectives outlined at the Reykjavik summit last October.

At that summit, Moscow proposed limiting research on space-based weapons and gradually eliminating nuclear testing as well as deep cuts in medium-range and strategic nuclear arsenals.

Following meetings that Secretary of State George P. Shultz held here in April, the Soviet Union said that a summit meeting could consist of making final an INF agreement and forging key conditions for agreements on cutbacks in strategic weapons, nuclear tests and limits on space research.

In the hope of achieving these goals within the two-to-three-year period identified by Falin, which would center on the last phase of the Reagan administration, the Soviet Union has apparently developed a strategy consisting of the following elements:

- Taking a wait-and-see attitude toward the summit and the arms talks while the Reagan administration, as Moscow sees it, sinks deeper into the Iran-contra morass, gradually losing its overall influence.
- Cultivating closer relations with U.S. allies such as Britain and West Germany, who may prove helpful in influencing the Reagan administration during presummit negotiations. During a visit to the Soviet Union by West German President Richard von Weizsaecker last week, Moscow took two steps to forge closer ties with Bonn: lifting a veto on a long-planned trip by East German leader Erich Honecker to West Germany to take place in September and expressing new interest in a meeting next year between West German Chancellor Helmut Kohl and Gorbachev.
- Highlighting what they call inflexible aspects of Washington's arms control policy before the world public by mounting a campaign of attacks against the Reagan administration's positions.

While Soviet strategy is largely oriented toward achieving medium-term goals, it also has short-term objectives, according to western diplomatic analysts here. In particular, they say, the Soviets are seeking to pressure the North Atlantic Treaty Organization to adopt a more conciliatory position on remaining obstacles in talks to eliminate medium- and short-range missiles, such as including the 72 West German Pershings—with their U.S. warheads—in the proposed treaty.

Soviet officials have described U.S. and West German objections to such a move as the biggest barrier to concluding an INF agreement, but they have indicated in talks with U.S. officials here that the issue would have to be resolved in talks on a higher political level than the Geneva arms negotiations.

Current
Policy
No. 978

U.S. Policy in the Persian Gulf and Kuwaiti Reflagging

United States Department of State
Bureau of Public Affairs
Washington, D.C.

Saudi Arabia

Following is a statement by Michael H. Armacost, Under Secretary for Political Affairs, before the Senate Foreign Relations Committee, Washington, D.C., June 16, 1987.

I welcome the opportunity to testify before this distinguished committee on U.S. policy in the Persian Gulf, an area of the world vital to U.S. interests. I want to focus in some detail on the Administration's decision to reflag and protect 11 Kuwaiti oil tankers. There is considerable misunderstanding, and the Administration accepts part of the responsibility for this confusion. We have not always articulated as clearly as we might the distinction between our comprehensive policy to protect all our interests in the gulf, on the one hand, and the specific interests advanced by the decision to reflag a limited number of ships, on the other. I hope today to add greater clarity to these important issues.

U.S. Interests in the Region

I believe a consensus exists in the Administration, the Congress, and the country on the basic U.S. interests in the Persian Gulf region.

- The unimpeded flow of oil through the Strait of Hormuz is a vital interest and critical to the economic health of the Western world; another very important interest is freedom of navigation for nonbelligerent shipping in and through the gulf, in line with our worldwide policy of keeping sealanes open.
- The security, stability, and cooperation of the moderate states of the area are important to our political and economic goals; we have a major interest in standing by our friends in the gulf, both because of their importance in their own right and because of their influence in the gulf and beyond. At present, that means helping them deal with the threat from Khomeini's Iran.
- We have an interest in limiting the Soviet Union's influence and presence in the gulf, an area of great strategic interest to the Soviets because of Western dependency on its oil supplies.

These interests are threatened by the escalation of the Iran-Iraq war. To protect them, we are following a two-track policy:

- To galvanize greater international pressure to persuade the belligerents to negotiate an end to the conflict; and
- To protect our interests and help protect the security of moderate, friendly Arab states in the gulf.

The Iran-Iraq War

For a number of years, the tragic Iran-Iraq war was contained. It wreaked terrible human and material losses on the two nations involved and their citizens but largely spared others beyond the belligerents' borders.

In 1984, Iraq began to attack tankers carrying Iranian oil through the gulf. Iraq's intention was clear: to try to recoup on the seas the military momentum it had lost on the ground. With three times the population of Iraq and driven by revolutionary-religious fervor, Iran has great advantage in a land war of attrition. Iraq also viewed the shipping attacks as a way to reduce Iran's oil exports and, thus, its revenues for propagating the war; with this action, it hoped to neutralize, in part, Iran's military success early in the war of closing down Iraqi ports and persuading Syria to shut off the Iraqi-Syrian oil pipeline to the Mediterranean Sea. Unable to export significant quantities of oil in 1981 and 1982, Iraq has gradually built up new export facilities—using pipelines in Turkey and also Saudi Arabia. None of its 1.5 million barrels per day in exports transit the gulf any longer. Thus, unable to hit Iraqi overland exports, Iran retaliated by hitting nonbelligerent shipping going to the ports of the moderate gulf states which support Iraq.

The international community became predictably alarmed in the spring of 1984. The UN Security Council (UNSC) passed a resolution calling for protection of neutral shipping, but it had no enforcement measures. Iran rejected the resolution, and it was filed away.

Gradually, however, other producing and consuming nations became less apprehensive as they saw that most ships got through more or less on schedule and that gulf oil flow was not interrupted. Insurance rates settled down. Tankers and crews were readily available. In short, the world learned to live with the tanker war.

That situation has not yet dramatically changed, although three developments over the past 18 months have caused us concern.

First, the number of attacks on vessels doubled in 1986 over 1985. The trend so far in 1987 has been slightly ahead of the 1986 level. On the other hand, the percentage of ships hit is still very small—less than 1% of those transiting the gulf.

Second, in late 1986, Iran acquired Chinese-origin Silkworm antiship missiles. It tested one in February. Deployment sites are being constructed along the narrow Strait of Hormuz. These missiles, with warheads three times larger than other Iranian weapons, can range the strait. They could severely damage or sink a large oil tanker or perhaps scare shippers from going through the strait, leading to a *de facto* closure. We have made clear to Iran, publicly and privately, our concern about these missiles and their threat to the free flow of oil and urged others to do so as well. A number have. We emphatically want to avoid a confrontation and will not provoke one—but we are determined to pursue a prudent policy that protects our own interests and those of our friends.

Finally, last September, Iran began singling out Kuwaiti-flag vessels and vessels bound to or from Kuwait for attack. At the same time, Iranian-inspired groups intensified their efforts at sabotage and terrorism in Kuwait itself, building on their earlier activities that included a bombing attack on the U.S. Embassy in December 1983 and an assassination attempt on the Amir in 1984. Iran's immediate objective was clear—and publicly stated: to use intimidation to force Kuwait to quit supporting Iraq with financial subventions and permitting goods bound for Iraq to be offloaded at a Kuwaiti port. Iran's longer term objective is equally clear—if not publicly articulated: after succeeding in Kuwait, to apply the same policies of intimidation against other gulf states to change their policies and set the stage for gaining hegemony over the entire area.

It is to frustrate Iranian hegemonic aspirations that the Arab gulf states continue to support Iraq. It is for similar reasons that other close friends, such as Egypt and Jordan, also assist Iraq—despite their previous difficulties with Baghdad. Iranian hegemony over the gulf and the spread of Iranian radical fundamentalism beyond Lebanon worry them greatly. They and the gulf states view Iraq as a buffer that must not be allowed to collapse.

Let us not forget—the gulf region sits on 70% of the world's oil reserves. It provides 25% of the oil moving in world trade today; it will supply a much higher percentage in the future. It is fundamentally counter to U.S. interests for Iran—with its current policies and anti-American ideology—to control or have permanent influence over this oil supply, which is critical to the economic well-being of the West. Some of our allies depend today more on this oil than we. But our dependency is growing and will continue to do so. Moreover, a supply disruption, or the threat of one, will sharply raise global oil prices, affecting our economy dearly.

We do not seek confrontation with Iran. We hope, over time, to improve our relations with that strategically important country. We share many common interests, including opposition to Soviet expansion in Afghanistan and elsewhere. We accept the Iranian revolution as a fact of history. But our bilateral relations will not substantially improve until Iran changes its policies toward the war, terrorism, and subversion of its neighbors. And in the meantime, we will protect our interests.

Kuwaiti Reflagging: The Administration's Decision

Late last year, to counter Iranian targeting of Kuwaiti-associated shipping, Kuwait approached both the Soviet Union and the United States—as well as others, ultimately—to explore ways to protect Kuwaiti-owned oil shipping. The Russians responded promptly and positively. We took more time before agreeing to reflag and protect 11 Kuwaiti ships; we did so only after carefully assessing the benefits and risks, as many in the Congress are doing today. Kuwait expressed its preference to cooperate primarily with the United States but insisted on chartering three Soviet tankers as well—to retain its so-called balance in its foreign policy and to engage the military presence of as many permanent members of the Security Council as possible.

Kuwait's request to place ships under the American flag was an unusual step in an unusual situation. Unlike a commercial charter arrangement, these vessels become American ships subject to American laws. Moreover, Kuwait and the other gulf states view the reflagging as a demonstration of long-term ties with the United States—in contrast to a short-term leasing agrrangement with the U.S.S.R.

Kuwait—or any country—can register its ships under the American flag if it meets normal requirements, or it can charter American-flag vessels if it can work out a commercial arrangement. As a general policy, the U.S. Navy tries to protect U.S.-flag ships around the world, and this policy does not discriminate on the basis of how and why ships are flagged. Nevertheless, the Administration carefully considered the Kuwaiti request and reaffirmed as a policy decision to provide the same type of protection for the Kuwaiti reflagged vessels as that accorded other U.S.-flagged vessels operating in the gulf. Since the tragedy of the U.S.S. *Stark*, we have decided to augment our naval forces, which have been in the gulf since 1949, to ensure stronger protection for the U.S.-flag ships and our military personnel. However, we are talking about only a modest increase in American-flagged vessels operating in the gulf. We are not entering into an open-ended, unilateral protection regime of all neutral shipping, nor do we intend to do so.

We have taken these actions to support two important and specific U.S. security interests in the gulf:

First, to help Kuwait counter immediate intimidation and thereby discourage Iran from similar attempts against the other moderate gulf states; and

Second, to limit, to the extent possible, an increase in Soviet military presence and influence in the gulf.

There is plenty of evidence that the Soviets are eager to exploit the opportunity created by the Iran-Iraq war to insert themselves into the gulf—a region in which their presence has traditionally been quite limited. The strategic importance of this region, which is essential to the economic health of the Western world and Japan, is as clear to the Soviets as it is to us. Most governments in the gulf states regard the U.S.S.R. and its policies with deep suspicion and have traditionally denied it any significant role in the region. However, the continuation and escalation of the war have created opportunities for the Soviets to play on the anxieties of the GCC [Gulf Cooperation Council] countries and to press for increased diplomatic, commercial, and military relations. They were prepared to take on much larger responsibilities for protecting the Kuwaiti oil trade than they were ultimately offered; we must assume that

they would readily step into our place if we were to withdraw.

Even though Kuwait has chartered three Soviet tankers and the Soviets have said they would protect their ships, we believe the gulf states, including Kuwait, will not allow Soviet naval vessels to use their ports and facilities. This will significantly limit Soviet long-term ability to maintain or increase its current level of naval involvement in the gulf. However, if the U.S.S.R. had a much larger role in protecting gulf oil, these states would be under great pressure to make these facilities available. This was an important consideration in our decision on reflagging.

Risks and U.S. Neutrality

What added risks do we incur by reflagging the 11 Kuwaiti vessels? We cannot predict with absolute certainty what the Iranian response will be. Iranian rhetoric is full of menace, but Tehran's conduct has been marked by prudence in the gulf. Iran has not attacked any U.S. naval vessel. It has consistently avoided carrying out attacks on commercial ships when U.S. naval vessels have been in the vicinity. In its recent actions, it has displayed no interest in provoking incidents at sea. Of course, it would be foolhardy for Iran to attack American-flag vessels. They will have American masters; they will carry no contraband; they pose no danger to Iran; they will be defended, if attacked.

Some charge that by supporting Kuwait, the United States assists a so-called ally of Iraq and ceases to be neutral in the war. We do not consider Kuwait a belligerent—nor does Iran, formally. It is not militarily engaged in the war. We recognize, however, that Kuwait provides financial support for Iraq—as do many Arab states. Its port, pursuant to a 1972 agreement that long predates the war, is open to cargo bound for Iraq; so are the ports of some other Arab countries. We understand why Kuwait and many Arab nations believe their own security and stability depend on Iraq not collapsing before Iran. We do not wish to see an Iranian victory in that terrible conflict.

Nevertheless, the United States remains formally neutral in the war. With one aberration, we have sold weaponry to neither side; we will not sell to either. But we want the war to end—because of its inherent tragedy and because a major escalation could threaten major U.S. and Western interests. That is why one of the two tracks of the President's overall gulf policy today is to seek a prompt end to the Iran-Iraq war with the territorial integrity of both nations intact.

U.S. Efforts for Peace

The United Nations. Since January, U.S.-spurred diplomatic efforts in the UN Security Council have taken on real momentum. We have explored a new approach to halt the conflict. In closed-door meetings among the "Big Five" permanent members of the Security Council, the United States has vigorously pressed for a Security Council resolution that anticipates mandatory enforcement measures against either belligerent which proves unwilling to abide by a UN call for a cease-fire, negotiations, and withdrawal to internationally recognized borders. We perceive a shared concern among all of the five permanent members that this war has gone on too long; its continuation is destabilizing and dangerous.

There also appears to be a growing consensus that more assertive and binding international efforts are needed to persuade the parties to end the conflict. Although one might not observe it from the media treatment here, the Venice summit leaders endorsed a strong statement to this end. This is, in many ways, a unique effort among the major powers. While success is far from certain, the current UN initiative represents a serious and significant effort to find a negotiated settlement to the war. Since the war began in 1980, there has not been such an auspicious time for concerted and meaningful action. Unfortunately, we still have no indication from Iran that it is interested in negotiations.

Operation Staunch. At the same time, we are actively working to persuade Iran's leaders of the futility of their pursuit of the war by limiting their ability to buy weapons. This effort—"Operation Staunch"—is aimed specifically at Iran because that country, unlike Iraq, has rejected all calls for negotiations. Staunch entails vigorous diplomatic efforts—through intelligence-sharing and strong demarches—to block or complicate Iranian arms resupply efforts on a worldwide basis. The process of closing off arms suppliers to Iran has not yielded swift or dramatic results, but we are firmly committed to the effort, and we are achieving some success.

The Venice Summit. Last week, President Reagan met in Venice with leaders of Western nations and Japan. Prior to the Venice meeting, we directly approached the summit participants at a high level to urge greater individual and collective efforts to seek peace and ensure protection of our common interests in the gulf region. The gulf situation was a major topic of discussion at Venice. The seven heads of government agreed to a positive, substantive statement urging new and concerted international action to end the war, endorsing strong UNSC action, and declaring that oil flow and other traffic must continue unimpeded through the strait. We welcome the demonstration of allied support.

Sharing the Burden for Peace and Security

There is a broad consensus in West European countries and Japan about the importance of the gulf. We are working intensively with our allies and with our friends in the gulf to determine whether and what additional efforts would be appropriate.

Allied efforts can take many and varied forms—diplomatic initiatives designed to bring about an end to the hostilities; agreements to further monitor and restrict the flow of arms to Iran as the recalcitrant party; financial contributions to regional states and a future international reconstruction fund to help alleviate the economic consequences of the war; and cooperation of naval units present in and near the gulf. In fact, much is already being done. The British and French have warships in the area to encourage freedom of navigation and assist ships flying their own flags. Two of Kuwait's tankers already sail under British flag. Other maritime countries are considering what they would do if the violence in the gulf expanded.

On the specific issue of Kuwaiti reflagging, we are not asking our allies to help us protect them. We can—and will—protect these ships that will fly American flags, as we do all U.S.-flagged ships. Nor would we expect them to ask us to protect their flagged ships. Should the situation in the gulf later demand a broad protective regime to keep the sealanes open, we would expect broad participation, and we would do our part. This Administration, like the previous one, is committed to ensuring the free flow of oil through the Strait of Hormuz.

Our preference would be for a Western protective regime, since an international regime would provide opportunity for the U.S.S.R. to try to legitimize a long-term military presence in the gulf. The best way for the United States and U.S.S.R. to collaborate in our stated common interest to end the war is through the work currently being undertaken in the Security Council. We

challenge the Soviets to work with us in this important endeavor.

The GCC states recognize their responsibility for protecting all shipping in their territorial waters. They provide considerable assistance for our naval forces in the gulf. We may well need further support from the GCC states. While the specifics of such requirements remain under study, we will actively and forthrightly seek such facilitation of our efforts—which have to be based on cooperation if they are to be successful.

Conclusion

In sum, then, the United States has major—yes, vital—interests in the Persian Gulf. Our naval presence over the past 40 years is symbolic of the continuity and importance of our interests there. The Iran-Iraq war, if it escalates significantly, could threaten some or all of these interests. That is why the Administration puts great stress on the peace track of its two-track policy approach toward the gulf. At the same time, we will pursue the second track of protecting our interests in the gulf—working, as appropriate, with our allies and friends in the region. The reflagging of 11 Kuwaiti ships helps advance two specific goals: to limit efforts of both Iran and the Soviet Union to expand their influence in the area—to our detriment and that of the West. Nevertheless, this new commitment is only a limited expansion of our role in protecting U.S.-flag vessels there, which we have been doing since the tanker war began. Our intent with the reflagging is to deter, not to provoke. But no one should doubt our firmness of purpose.

We believe the Congress supports our interests in the gulf and continued U.S. presence there. I hope I have clarified how the reflagging effort promotes some important U.S. interests and how it is an integral, important part of an overall policy toward the gulf that protects and advances both fundamental American objectives in the region. We trust the Congress will support our overall policy and this new, important element of that policy. ■

Published by the United States Department of State • Bureau of Public Affairs
Office of Public Communication • Editorial Division • Washington, D.C. • June 1987
Editor: Cynthia Saboe • This material is in the public domain and may be reproduced without permission; citation of this source is appreciated.

Bureau of Public Affairs
United States Department of State
Washington, D.C. 20520

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE $300

BULK RATE
POSTAGE & FEES PAID
U.S. Department of State
Permit No. G-130

If address is incorrect please indicate change. Do not cover or destr this address label. Ma change of address to PA/OAP, Rm 5815A.

MAX GREEN 35258
SPECIAL ASSISTANT TO PRESIDENT
OFC OF PUBLIC LIAISON
RM 196, OLD EXEC OFC BLDG
WASHINGTON DC 20500

THE WHITE HOUSE

WASHINGTON

June 18, 1986

Dear Mr. President:

By letter dated October 28, 1981, I assured then-Senate Majority Leader Baker that the proposed transfer to Saudi Arabia of AWACS aircraft would not occur until I had certified to the Congress that specified conditions had been met. Subsequently, Section 131 of the International Security and Development Cooperation Act of 1985 ("ISDCA") incorporated the text of that letter, with its conditions for certification, into legislation.

I am pleased to inform you that all conditions set forth in my October 28 letter and repeated in Section 131 of the ISDCA have now been met and that I herewith forward to you my certification to that effect. Through the extensive efforts of the Defense and State Departments, agreements and other actions necessary to fulfill these requirements have been concluded.

I now wish to draw particular attention to the sixth condition that I have certified. I remain convinced that, as I stated in 1981, the sale of these AWACS aircraft to Saudi Arabia will contribute directly to the stability and security of the area and enhance the atmosphere and prospects for progress toward peace. I also believe that significant progress toward peaceful resolution of disputes in the region has been accomplished with the substantial assistance of Saudi Arabia. These perceptions are strengthened by a review of events of the last five years.

The current deployment of U.S. AWACS aircraft to Saudi Arabia has contributed significantly to the stability and security of Saudi Arabia and the region as a whole. The Royal Saudi Air Force's (RSAF) gradual assumption of the role now performed by the U.S. AWACS aircraft will continue this contribution. Over the past five years the U.S. AWACS aircraft have demonstrated their ability to detect approaching Iranian aircraft well before they would be detected by ground-based radar. This early detection, coupled with the demonstrated resolve of the RSAF to deploy its F-15s and engage aggressor aircraft, has deterred Iran from escalating attacks against targets on land and in Gulf waters under the Saudi protective umbrella. The Saudi commitment to a strong defense as evidenced by such measures as the AWACS acquisition, past defensive military action, and efforts to organize collective security among the member states of the Gulf Cooperation Council (GCC), taken together with the Kingdom's obvious lack of aggressive intent,

have contributed and will continue to contribute to the stability and security of the area. Our continued success in helping to support regional stability will diminish prospects that U.S. forces might be called upon to protect the governments, shipping lanes, or vital petroleum resources of the region.

Saudi Arabia has firmly supported every significant diplomatic effort to end the Iran-Iraq war. Mediation missions under the auspices of the United Nations, the Organization of the Islamic Conference, and third countries acting independently have received Saudi diplomatic and facilitative assistance. In encouraging a negotiated settlement of the conflict, the Saudis have made clear their preference that the war end without concessions of sovereignty by either side.

Saudi efforts to advance the Arab-Israeli peace process have been substantial. The Fahd Peace Plan and the Arab endorsement of the plan embodied in the 1982 Fez Communique significantly and irreversibly modified the Arab consensus of the three "no's" enunciated at the 1968 Khartoum Summit, i.e., no recognition, no negotiation, and no conciliation with Israel. The Fez Communique moved the formal Arab position from rejection of peace to consideration of how to achieve peace with Israel. The plan's statement that all states in the region should be able to live in peace was an implicit acceptance of the right of Israel to a secure existence. The concept of land for peace was a direct reflection of U.N. Resolution 242. While various elements of the Fez Plan differ from our views, the Plan remains the single largest step toward peace on which the Arab world has been able to agree. The existence of this consensus provided a base from which King Hussein felt he could launch his initiative to bring Israel, Jordan, and the Palestinians to the negotiating table in 1984-85.

Saudi Arabia has signaled its tacit support for King Hussein's moves to lay the foundation for peace negotiations by continuing substantial financial assistance payments to Jordan following critical steps in the process, i.e., after Jordan resumed diplomatic relations with Egypt and again after the February 1985 agreement between Hussein and PLO Chairman Arafat. Despite vocal Syrian opposition, the Saudis sent official observers to the Amman Palestine National Council meeting in late 1984 where moderate Palestinians made a decision to break with the radicals thereby opening the way for King Hussein to begin his peace initiative.

During the subsequent and continuing debate over how to make peace with Israel, the Saudis have consistently lent support to moderate Arab governments. Egypt's readmission to the Organization of the Islamic Conference was significantly assisted by crucial Saudi support for a procedural motion calling for a secret ballot on the readmission vote. Following the police riots in Cairo in February of this year, the Saudi Council of Ministers issued a statement supporting President Mubarak.

Although its efforts, like our own, met with limited success, Saudi Arabia played a major and highly visible role in attempts to arrange a lasting cease-fire in Lebanon. In the August 1983 efforts of Crown Prince Abdullah and Prince Bandar to bring an end to fighting in the Shuf mountains, and again through observers at the Geneva and Lausanne Lebanese national reconciliation talks, Saudi Arabia sought to bring peace to a moderate Arab nation and establish the framework for stable government. The Saudis also proved supportive of Lebanese efforts to negotiate directly with Israel conditions for Israeli withdrawal from southern Lebanon. In this regard, the Saudis supported Lebanese efforts to win Syrian consent to compromises necessary to reach agreement.

Saudi Arabia has provided crucial support for Sudan during that country's transition to a democratic form of government. Furthermore, it has established a significant record in working for regional stability and settlement of regional disputes in countries beyond its immediate neighborhood. Saudi aid has been crucial to the Afghan cause and significant to Pakistan, Morocco, and Tunisia. Despite limitations imposed by concern for its own security, the depth of regional animosities, and the need to establish and work within an Arab consensus, Saudi Arabia has assisted substantially the significant progress that has been made in the peaceful resolution of disputes in the region.

Saudi Arabia has publicly condemned terrorism and terrorist actions, having itself been a victim of terrorism. More important, it has taken practical actions to oppose terrorism regardless of its origins.

I am convinced that the assurances I made in my letter to Senator Baker have been amply fulfilled. A firm foundation has been laid for close and continued U.S.-Saudi cooperation

in operating the Saudi AWACS and in building an air defense system for Saudi Arabia and the GCC. By contributing to the self-defense of these countries, we are diminishing the likelihood of direct intervention by U.S. forces in defense of vital Western interests. At the same time, we are encouraging forces of moderation which, if they prevail, will bring lasting peace to a turbulent region.

Sincerely,

Ronald Reagan

The Honorable George Bush
President of the Senate
Washington, D.C. 20510

THE AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

AIPAC MEMORANDUM

500 NORTH CAPITOL STREET, N.W. • SUITE 300 • WASHINGTON, D.C. 20001 • (202) 638-2256

March 4, 1986

NO SAUDI STINGERS

According to press reports, the Administration intends to sell Saudi Arabia massive quantities of additional arms, including 200 launchers and missiles for the Stinger hand-held anti-aircraft missile and 600 reloads. The supply of these weapons to Saudi Arabia is not in the national interest of the United States. This view was clearly expressed by Congress in 1984 when the Administration withdrew its proposal to sell thousands of Stingers to Jordan and Saudi Arabia because of solid Congressional opposition to the sale.

Stinger No Defense Against Iran

Stinger missiles will not substantially enhance Saudi Arabia's defensive capabilities against Iran. The real threat that Iran poses for Saudi Arabia is terrorism and subversion. Stinger missiles will do nothing to protect the Saudi regime from this danger. The only conventional military threat comes from large-scale infantry assaults. The Iranian air force is reported to have fewer than 100 combat aircraft. The Saudis have already demonstrated that they have the resources to deal with this minimal threat.

Nor will Stinger missiles protect Saudi Arabia from the danger posed by Iranian-supported terrorism and subversion. Stingers cannot stop terrorists. Nor can they keep disgruntled Shiite fundamentalists from rebelling against the Saudi regime.

Stinger as a Terrorist Weapon

In fact, rather than a defense against terrorism, the Stinger is an ideal terrorist weapon. It can be easily carried by one man, and has a warhead sufficiently powerful to destroy civilian aircraft. It is also far more effective than the old SA-7 missiles now used by PLO terrorists. Civilian aircraft from most countries have no defenses at all against anti-aircraft missiles. Israeli commercial aircraft do have countermeasures against the less sophisticated Soviet SA-7, but existing equipment may well be ineffective against the top-of-the- line Stinger. Because of strong Saudi support for the PLO and because the Saudis allow Palestinians to work with their military, many sympathetic to the PLO, it is all too likely that Stingers could be stolen and used as a terrorist weapon. No safeguards can guarantee that the Stingers will stay out of the hands of terrorists.

Stinger as a Threat to Israel

Supply of the Stinger to Saudi Arabia will have an adverse effect on the Arab-Israeli military balance. Supplying advanced weapons to Arab countries hostile to Israel adds to the burden of Israel's defense. Although Israel may learn how to counter the Stinger, new equipment will have to be developed for this purpose. The new countermeasures devices then will have to be built and installed. This costly process will increase Israel's defense burden at a time when military budget is being reduced for economic reasons. And until the new countermeasures are fielded (a process that could take some time), Israeli aircraft will remain vulnerable to the Stinger.

The sad reality is that although U.S. weapons are supposedly provided to Arab states for self-defense, they more often than not end up being used against Israel. The Saudis have sent forces to fight Israel in three wars, and they remain the main source of funds for arms bought by Israel's enemies.

Description

The Stinger is a man-portable, fire-and-forget anti-aircraft missile system with a range of 5000 meters able to engage targets at altitudes of up to 3000 meters. It has been operational with the U.S. military for less than five years. It is a replacement for the Redeye, a less capable weapon currently used by Israel, Jordan, and Saudi Arabia. The Stinger has not yet been fully deployed to U.S. forces. It is top-of-the-line technology, although a follow-on, the Stinger-POST, is now being developed.

According to the U.S. Army, "Stinger overcomes many of Redeye's shortcomings with improved range and maneuverability, the ability to attack much faster targets, and, most importantly, the ability to attack aircraft from any angle." Unlike the Redeye, the Stinger cannot easily be deceived by countermeasures, since it tracks the engine exhaust plume of its target, not the heat of the engine itself. Countermeasures used to confuse or decoy missiles like the Redeye or the Soviet SA-7 are ineffective against the Stinger.

THE WHITE HOUSE

WASHINGTON

Saudi Arabia

June 18, 1986

Dear Mr. President:

By letter dated October 28, 1981, I assured then-Senate Majority Leader Baker that the proposed transfer to Saudi Arabia of AWACS aircraft would not occur until I had certified to the Congress that specified conditions had been met. Subsequently, Section 131 of the International Security and Development Cooperation Act of 1985 ("ISDCA") incorporated the text of that letter, with its conditions for certification, into legislation.

I am pleased to inform you that all conditions set forth in my October 28 letter and repeated in Section 131 of the ISDCA have now been met and that I herewith forward to you my certification to that effect. Through the extensive efforts of the Defense and State Departments, agreements and other actions necessary to fulfill these requirements have been concluded.

I now wish to draw particular attention to the sixth condition that I have certified. I remain convinced that, as I stated in 1981, the sale of these AWACS aircraft to Saudi Arabia will contribute directly to the stability and security of the area and enhance the atmosphere and prospects for progress toward peace. I also believe that significant progress toward peaceful resolution of disputes in the region has been accomplished with the substantial assistance of Saudi Arabia. These perceptions are strengthened by a review of events of the last five years.

The current deployment of U.S. AWACS aircraft to Saudi Arabia has contributed significantly to the stability and security of Saudi Arabia and the region as a whole. The Royal Saudi Air Force's (RSAF) gradual assumption of the role now performed by the U.S. AWACS aircraft will continue this contribution. Over the past five years the U.S. AWACS aircraft have demonstrated their ability to detect approaching Iranian aircraft well before they would be detected by ground-based radar. This early detection, coupled with the demonstrated resolve of the RSAF to deploy its F-15s and engage aggressor aircraft, has deterred Iran from escalating attacks against targets on land and in Gulf waters under the Saudi protective umbrella. The Saudi commitment to a strong defense as evidenced by such measures as the AWACS acquisition, past defensive military action, and efforts to organize collective security among the member states of the Gulf Cooperation Council (GCC), taken together with the Kingdom's obvious lack of aggressive intent,

have contributed and will continue to contribute to the stability and security of the area. Our continued success in helping to support regional stability will diminish prospects that U.S. forces might be called upon to protect the governments, shipping lanes, or vital petroleum resources of the region.

Saudi Arabia has firmly supported every significant diplomatic effort to end the Iran-Iraq war. Mediation missions under the auspices of the United Nations, the Organization of the Islamic Conference, and third countries acting independently have received Saudi diplomatic and facilitative assistance. In encouraging a negotiated settlement of the conflict, the Saudis have made clear their preference that the war end without concessions of sovereignty by either side.

Saudi efforts to advance the Arab-Israeli peace process have been substantial. The Fahd Peace Plan and the Arab endorsement of the plan embodied in the 1982 Fez Communique significantly and irreversibly modified the Arab consensus of the three "no's" enunciated at the 1968 Khartoum Summit, i.e., no recognition, no negotiation, and no conciliation with Israel. The Fez Communique moved the formal Arab position from rejection of peace to consideration of <u>how</u> to achieve peace with Israel. The plan's statement that all states in the region should be able to live in peace was an implicit acceptance of the right of Israel to a secure existence. The concept of land for peace was a direct reflection of U.N. Resolution 242. While various elements of the Fez Plan differ from our views, the Plan remains the single largest step toward peace on which the Arab world has been able to agree. The existence of this consensus provided a base from which King Hussein felt he could launch his initiative to bring Israel, Jordan, and the Palestinians to the negotiating table in 1984-85.

Saudi Arabia has signaled its tacit support for King Hussein's moves to lay the foundation for peace negotiations by continuing substantial financial assistance payments to Jordan following critical steps in the process, i.e., after Jordan resumed diplomatic relations with Egypt and again after the February 1985 agreement between Hussein and PLO Chairman Arafat. Despite vocal Syrian opposition, the Saudis sent official observers to the Amman Palestine National Council meeting in late 1984 where moderate Palestinians made a decision to break with the radicals thereby opening the way for King Hussein to begin his peace initiative.

During the subsequent and continuing debate over how to make peace with Israel, the Saudis have consistently lent support to moderate Arab governments. Egypt's readmission to the Organization of the Islamic Conference was significantly assisted by crucial Saudi support for a procedural motion calling for a secret ballot on the readmission vote. Following the police riots in Cairo in February of this year, the Saudi Council of Ministers issued a statement supporting President Mubarak.

Although its efforts, like our own, met with limited success, Saudi Arabia played a major and highly visible role in attempts to arrange a lasting cease-fire in Lebanon. In the August 1983 efforts of Crown Prince Abdullah and Prince Bandar to bring an end to fighting in the Shuf mountains, and again through observers at the Geneva and Lausanne Lebanese national reconciliation talks, Saudi Arabia sought to bring peace to a moderate Arab nation and establish the framework for stable government. The Saudis also proved supportive of Lebanese efforts to negotiate directly with Israel conditions for Israeli withdrawal from southern Lebanon. In this regard, the Saudis supported Lebanese efforts to win Syrian consent to compromises necessary to reach agreement.

Saudi Arabia has provided crucial support for Sudan during that country's transition to a democratic form of government. Furthermore, it has established a significant record in working for regional stability and settlement of regional disputes in countries beyond its immediate neighborhood. Saudi aid has been crucial to the Afghan cause and significant to Pakistan, Morocco, and Tunisia. Despite limitations imposed by concern for its own security, the depth of regional animosities, and the need to establish and work within an Arab consensus, Saudi Arabia has assisted substantially the significant progress that has been made in the peaceful resolution of disputes in the region.

Saudi Arabia has publicly condemned terrorism and terrorist actions, having itself been a victim of terrorism. More important, it has taken practical actions to oppose terrorism regardless of its origins.

I am convinced that the assurances I made in my letter to Senator Baker have been amply fulfilled. A firm foundation has been laid for close and continued U.S.-Saudi cooperation

in operating the Saudi AWACS and in building an air defense system for Saudi Arabia and the GCC. By contributing to the self-defense of these countries, we are diminishing the likelihood of direct intervention by U.S. forces in defense of vital Western interests. At the same time, we are encouraging forces of moderation which, if they prevail, will bring lasting peace to a turbulent region.

Sincerely,

Ronald Reagan

The Honorable George Bush
President of the Senate
Washington, D.C. 20510

THE AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

AIPAC MEMORANDUM

500 NORTH CAPITOL STREET, N.W. • SUITE 300 • WASHINGTON, D.C. 20001 • (202) 638-2256

February 27, 1986

DO THE SAUDIS NEED 2,600 MORE MISSILES?

The Reagan Administration reportedly intends to notify Congress shortly of a $350-million missile package for Saudi Arabia that will give that Gulf kingdom more advanced air-to-air Sidewinder missiles per capable fighter plane than any country in the world.

If the sale goes through, the Saudis will have a ratio of 37 AIM-9-L Sidewinders for each of their U.S.-built F-15s (the only Saudi aircraft currently able to fire the missile), compared to fewer than 10 per advanced fighter for most of America's other customers.

Israel, by comparison, has in stock and on order only about six advanced Sidewinders for each of its fleet of F-15 and F-16 aircraft. Greece has approximately five per plane and the Netherlands nine.

The Saudi missile package is expected to contain nearly 1,700 Sidewinders, including 1,000 of the advanced L model, for a total of about $160 million. Also in the package will be 800 Stinger hand-held anti-aircraft missiles and 200 launchers worth $86 million plus 100 Harpoon anti-ship missiles valued at over $100 million.

Saudi Arabia already has substantial inventories of these missiles and has no need for additional supplies. Previous sales have given the Saudis more than 3,000 Sidewinders (including nearly 1,200 of the L model), 400 Stingers and in excess of 100 Harpoons. A new sale would give Saudi Arabia weapons stocks far greater than any reasonable requirement and raise serious questions about possible stockpiling for other countries' use.

The obvious security requirement of the already heavily-armed sheikdom is against internal subversion and terrorism. Such enormous stockpiles of these weapons would do little to strengthen Saudi Arabia further against such a threat or against Iran, which has fewer than 100 operational combat aircraft, giving Saudi Arabia more than 30 Sidewinders for every Iranian combat target.

Questions have been raised in the past about the supply of Stinger missiles to Saudi Arabia in view of their utility as a terrorist weapon and Saudi Arabia's role as a principle backer of the PLO.

Supplying additional weaponry in such massive quantities to Saudi Arabia will not enhance Saudi security, but could make it easier for the kingdom to transfer missiles to other countries. Delivery of these missiles will not enhance Saudi Arabia's security and would not contribute to a Middle East peace process but would likely heighten tensions in the region and fuel another costly round in the arms race.

THE AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

AIPAC MEMORANDUM

500 NORTH CAPITOL STREET, N.W. • SUITE 300 • WASHINGTON, D.C. 20001 • (202) 638-2256

WHAT IS A MAVERICK MISSILE ?

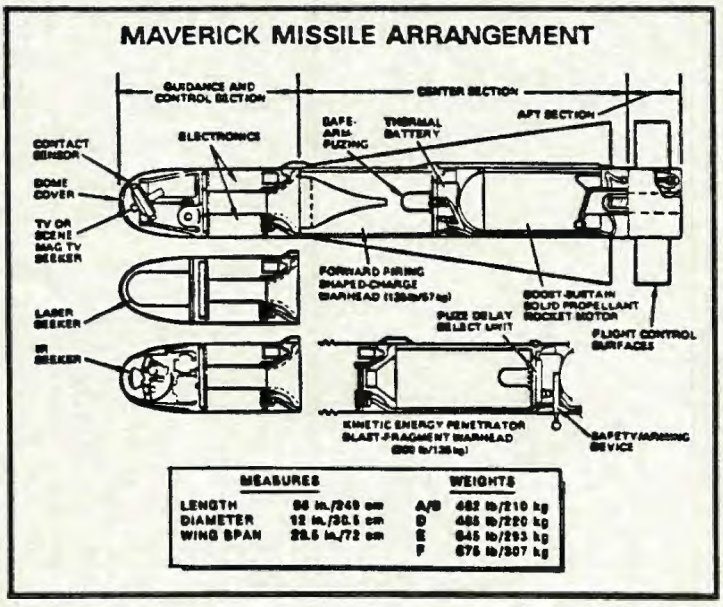
Saudi ambio

The Maverick is an air-launched ground-attack missile in service with the U.S. armed services and other countries. It is a fire-and-forget weapon. The crew of the aircraft views the target as seen by the missile's seeker on a screen in the cockpit, and when a target is identified, locks the missile onto the target. The missile is then launched. No additional pilot involvement is needed.

A launch aircraft has to be equipped with special Maverick control gear. Among the aircraft configured to carry the Maverick are the Saudi Royal Air Force F-5E's. The Saudis have 2,582 AGM-65 Maverick missiles (1,666 A's and 916 B's). The United States has not yet sold any of the more advanced AGM-65 D Mavericks to any country.

The AGM-65 A/B is a TV-guided Maverick for use in daylight only. The "A" entered service in 1972. It has a TV camera in the nose of the missile to let the pilot pick out the target. Maximum missile range is approximately 12 n.mi., but target-lock on is usually achieved at 2-3 n.mi. Minimum range is 0.5 n.mi. It has a 125 pound shaped warhead. In Vietnam 13 of 18 missiles hit their target. In the 1973 Arab-Israeli War, an 88% hit rate was achieved (74 of 82 hit the designated target). Production has ceased although the missile remains in service.

The AGM-65 D is an infrared-guided Maverick. It relies on infrared sensors making it possible to use the AGM-65 D at night or many conditions of reduced visibility. It is claimed that in winter conditions in Central Europe, the AGM-65 D can be used 90% of the time, compared with only 30% of the time for the AGM-65 A/B. The missile picks up the heat emitted by a target, and it can also be used at night. It can detect targets at ranges up to double that of the standard TV version, allowing target lock-on out to about 5-6 n.mi. The Maverick D uses the same warhead as the A model. Both are in use by the U.S. Air Force. The D model entered service in 1985. Hughes Aircraft Corporation is the manufacturer. Raytheon is the second source.



THE AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

AIPAC MEMORANDUM

500 NORTH CAPITOL STREET, N.W. • SUITE 300 • WASHINGTON, D.C. 20001 • (202) 638-2256

June 8, 1987

NO MORE ARMS TO THE SAUDIS

The Reagan Administration just notified Congress it intends to sell Saudi Arabia 1600 Maverick-D missiles, which have never before been sold to any other country. The reason for *this* sale, according to a State Department spokesman: "Because the Saudis asked."

In 1985, the Congress codified the Presidential commitments made on the eve of the 1981 AWACS sale as a condition for delivery, namely, that the Saudis must provide "substantial assistance" to the United States in promoting peace in the region. But this weapons sale is being considered despite the fact that Saudi Arabia has consistently worked to undermine American peace initiatives in the region, particularly in the Arab-Israeli conflict.

Most recently,

- Instead of supporting King Hussein's efforts to implement a West Bank development plan to foster an indigenous Palestinian leadership wedded to peace, Saudi Arabia, along with Kuwait, actively moved to undercut King Hussein and bolster Yasser Arafat by donating $9.5 million to revive a committee dedicated to promoting PLO influence in the territories.

- Instead of condemning the PLO after it reaffirmed its commitment to "continuing struggle in all its armed forms"--the PLO euphemism for terror--at the Algiers Palestine National Council meeting in April, the Saudis continue to replenish Arafat's coffers to the tune of $86 million per year (*Mideast Report*, 2/1/87). Indeed, according to the PLO ambassador to Riyadh, Saudi Arabia is the "only country that has not defaulted on its obligations" to the terrorist organization (*Al Hawadith*, 12/26/86).

- Instead of promoting peace between Israel and her Arab neighbors, the royal government recently condemned the United States for its support of "the Zionist enemy" and called upon all member-states of the Islamic Conference Organization "not to establish any sort of direct and indirect relations" with the Jewish state (*Riyadh Television Service*, 1/29/87).

- Instead of extending the hand of friendship to Israel, King Fahd exhorted the Islamic media to "urge the Muslims to launch jihad and to use all their capabilities to restore Muslim Palestine and the holy al-Aqsa mosque from the Zionist usurpers and aggressors. [T]he Muslims must be united in the confrontation of the Jews and those who support them" (*Riyadh SPA*, 7/15/86).

-over-

* Instead of fostering regional cooperation, the Saudis lead the Arab boycott of Israel. The Saudi Regional Bureau for the Boycott of Israel just placed a host of U.S. firms on the list, including General Telephone and Electronics Corporation (GTE) and its branches; Colt Industries and its two subsidiaries; Kenitex Chemicals Inc.; and, Revlon Inc. and its branch firms (*Mideast Report*, 6/1/87).

As for the purpose of these Maverick missiles, the *Washington Post* reported on February 16, 1987, that Saudi Defense Minister Prince Sultan "has focused [the Kingdom's] new military buildup on Israel" because, in the words of a western military analyst based in Saudi Arabia, "The Saudis are mesmerized by the Israeli threat and they plan their forces against it." To this end, the Saudis also continue to fund Syrian arms purchases at a rate exceeding $700 million last year alone (*Wall Street Journal*, 5/23/86).

POLICY FOCUS

THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY

RESEARCH MEMORANDUM NUMBER FIVE AUGUST 1987

BEHIND THE RIOT IN MECCA

Saudi Arabia

EXECUTIVE SUMMARY

The recent rioting and deaths in Mecca have shocked Muslims and confused the world. The hostility which led to bloodshed in the sacred city was prompted in part by the political tensions in the Gulf. But the tragedy is primarily one episode in a lengthy history of pilgrimage conflict between Sunnis and Shiites. That conflict is perpetuated by the refusal of Iranians and Saudis to respect each other's Islam.

Through history, the pilgrimage has produced a vast corpus of bigoted lore about Shiite pilgrims and Sunni hosts. The essence of the Sunni lore is that Shiites seek to defile the holy places; the Shiite lore holds that Sunni hosts will find any opportunity to spill Shiite blood.

It is in this century that the pilgrimage has become a tinderbox of Sunni-Shiite tension. Since 1924, Mecca has been in Saudi hands, and Saudi Islam regards Shiism more severely than do other forms of Sunni Islam. Since 1979, Iranian Shiism has undergone a radicalizing transformation. This volatile combination has produced some sort of incident during every pilgrimage season since 1981. These have been fueled by the old libels of Shiite defilement and Sunni bloodthirstiness.

In turn, the incidents have revalidated old prejudices, now potentially more explosive than ever in the context of the current crisis in the Persian Gulf.

By Martin Kramer

The fatal confrontation which occurred between Iranian pilgrims and Saudi police on July 31, 1987 is still shrouded in confusion. Iran has accused the United States of ordering Saudi Arabia to massacre demonstrating Iranian pilgrims. Saudi Arabia accuses some of Iran's 155,000 pilgrims of provocation and claims that stampeding rioters crushed themselves to death. According to official Saudi figures, 402 persons died in the resulting clash, including 275 Iranian pilgrims, 85 security police, and 42 pilgrims from other countries. It is too early to determine with any certainty what actually occurred in Mecca, and who provoked whom.

The magnitude of the bloodshed at Mecca is without precedent, for Mecca's standing in Islam has always been that of an inviolable sanctuary. For one Muslim to raise his hand against another in the holy city is an abomination before God. But the Meccan tragedy, while unprecedented in the number of lives it claimed, was preceded by a long series of confrontations between Iranian pilgrims and their Saudi hosts.

Since 1981, no pilgrimage season has passed without some incident involving Iranian pilgrims. Their annual demonstrations in the streets and mosques of Mecca and Medina have challenged the Saudi concept of pilgrimage, the Saudi interpretation of Islam, and even the legitimacy of Saudi rule over the holy cities. Nor can the most recent tragedy be divorced from the history of mistrust between Shiite pilgrims and their Sunni hosts, a history which stretches back as far as the sixteenth century.

The purpose of this survey is to understand the tragedy at Mecca in the context of Islamic history and the religious tensions of contemporary Islam. The political crisis of the moment contributed to the violence, although it is still impossible to say how. But the rising political temperature in the Gulf cannot offer a comprehensive explanation for the setting and form of the tragedy. In the longer perspective, the rupture of the pilgrimage peace in 1987 appears not as a gross aberration, but as an unusually violent

episode in a continuing controversy which has long divided Islam and cast a shadow over the pilgrimage. In the context of that essentially sectarian controversy, the violence which has occurred at Islam's sacred center is fully comprehensible.

THE SHIITE FACTOR

In their narrowest context, the pilgrimage incidents of the past seven years have been a symptom of the political rivalry between Saudi Arabia and Iran. Each seeks to exercise a predominant influence throughout the Gulf which separates them, and the activities of Iran's pilgrims have complemented other methods of propaganda employed by Iran. But another latent conflict also defines the contours of Iranian action and Saudi reaction. The disturbances have not only been manifestations of political rivalry, but of sectarian conflict with deep roots in the history of Muslim pilgrimage. That is the conflict between Sunnism and Shiism. Its origins lie in a seventh-century dispute over succession to the Prophet Muhammad. Over the course of subsequent centuries the schism became a full-blown division over theology, exacerbated by social and economic disparities.

The pilgrimage ritual itself is not one about which Sunnis and Shiites have conducted an elaborate polemic. The bedrock of sectarian conflict has always been the matter of the Imamate—the question of legitimate authority in Islam—which is an issue of theological controversy that has found fullest expression outside the ritual sphere.

Indeed, for the first thousand years of Islam, Sunni pilgrims could not be readily distinguished from Shiite pilgrims. Shiites formed a minority throughout the Muslim world, and spoke the same languages and shared the same culture as the Sunni majority. But in the sixteenth century, a new dynasty set about converting all of Iran to Shiism. Only then did Shiism become identified thoroughly with Iran and the Persian-speaking world. Henceforth, Persian-speakers could be taken for Shiites without question, opening new possibilities for sectarian confrontation between Sunnis and Shiites in the holy cities.

Since that time, the pilgrimage has produced a vast corpus of bigoted lore about Shiite pilgrims and Sunni hosts. The Sunni corpus is perhaps more readily documented, if only because it sometimes led to violent acts against Shiite pilgrims. At the root of the Sunni lore is the belief that Shiites feel themselves compelled to pollute the holy premises. Ample evidence for Sunni belief in this libel exists both in Islamic textual sources and in European travel literature. This pollution was said to take a particularly disgusting form: Burckhardt and Burton, the great nineteenth-century explorers of Arabia, both heard about past attacks on Shiite pilgrims, prompted by the suspicion that they had polluted the Great Mosque in Mecca with excrement.

The Shiite libel was just as farfetched. It held that Sunnis did not respect Mecca as a sanctuary, and that the lives of Shiite pilgrims were forfeit even in these sacred precincts, where the shedding of blood is forbidden by religion and tradition. Shiite pilgrims were indeed liable to humiliation at any time; as Burton wrote of Shiites on pilgrimage, "that man is happy who gets over it without a beating."

Yet it would seem that, for the most part, Shiite pilgrims were as secure as other pilgrims, provided they exercised the discretion (*taqiyya*) permitted them by Shiite doctrine. They could and did avoid persecution by adopting an attitude of self-effacing conformity with the customs of their Sunni hosts. And, while schismatics were not especially welcome in the holy cities, the Iranians among them had a reputation as well-to-do, and those who profited from the pilgrimage traffic eagerly awaited the Iranian caravan. This security was also bought formally through the offering of special tribute, paid both to desert tribes en route and to the guardians of the sanctuaries. Toleration could be had at a price which Shiite pilgrims were prepared to pay, and their lives were rarely as threatened as their dignity.

THE ADVENT OF THE SAUDIS

Sectarian antagonisms were given renewed force with the advent of Saudi rule over Mecca in 1924. The doctrinal divide which separated mainstream Sunnism from Shiism seemed narrow in comparison with the chasm which stood between Saudi Wahhabism and Shiism. Wahhabi doctrine regarded Shiite veneration of the Imams and their tombs to be blasphemous idolatry. The Wahhabi iconoclasts had earned a lasting notoriety in Shiite eyes when they emerged from the Arabian desert in 1802 and sacked Karbala, a

Shiite shrine city in Iraq. They slew several thousand Shiites on that occasion, and desecrated the revered tomb of the Imam Husayn, whose martyrdom in the seventh century is the pivotal event in Shiite religious history. Those Shiites who perished became martyrs in the eyes of their co-religionists, sacrificed on the very site of Husayn's martyrdom.

When a revived Wahhabi movement swept through Arabia during the first quarter of this century, it seemed as hostile as ever to Shiism's most fundamental assumptions. The leader of the movement, Abd al-Aziz Ibn Saud, when asked in 1918 about the Shiite shrines in Iraq, could still declare: "I would raise no objection if you demolished the whole lot of them, and I would demolish them myself if I had the chance."

He never had that chance, but he did take Medina, and his bombardment of the city produced a general strike in Iran and an uproar throughout the Shiite world. For while the pilgrimage (*hajj*) to Mecca holds the same significance for Sunnis and Shiites, the visitation (*ziyara*) to Medina is of special significance for Shiites. The cemetery of al-Baqi, near the city, is the reputed resting place of the Prophet Muhammad's daughter Fatima and four of the Twelve Imams, who are counted among Shiism's fourteen intercessors. The Wahhabis, for whom prayer through intercessors represented a form of idolatry, had leveled much of this cemetery in 1806, during an earlier occupation of Medina; its domed tombs had been rebuilt by the end of the century. Now the Saudis, in their purifying zeal, again demolished al-Baqi, a move regarded by Shiites as desecration of their own shrines.

A wave of revulsion and protest swept through Shiite Islam against this alleged vandalism. The demolition created so profound a sentiment in Iran, especially in religious circles, that the Iranian government refused to recognize Ibn Saud's rule. Iran angrily demanded the creation of a general assembly of Muslims to regulate the holy cities, and called on all Muslims not to permit "any further humiliating insults to be heaped on their sanctities and their faith."

Denial of recognition was combined, in 1927, with a decision by Iran to forbid the pilgrimage to its nationals. This move was inspired in part by Reza Shah's secularizing policy of discouraging religious ritual, in order to undercut the authority of the recalcitrant Shiite clergy. But the move was presented by the Iranian government as an act of protest against the alleged intolerance of the Wahhabis and their destruction of tombs.

Still, the ban failed to discourage the most determined pilgrims from Iran, who continued to arrive via Iraq and Syria. And, in a pragmatic step, Ibn Saud moved to defuse the extensive Shiite agitation against him by a show of tolerance designed to win official Iranian recognition. Shiite pilgrims from Arab lands met with exemplary treatment during the year in which Iran imposed the ban, and Iran's men of religion soon were demanding an end to the ban.

In 1928, the pilgrimage ban was lifted, and in 1929 a treaty of friendship was concluded between Iran and Ibn Saud's kingdom. Article Three of the treaty guaranteed that Iran's pilgrims would enjoy treatment equal to that of pilgrims from other countries, and that they would not be prevented from observing their own religious rituals. Iran's pilgrims came to enjoy a measure of toleration which reflected the pragmatism of Ibn Saud on Shiite matters, an approach which also molded his policy toward his own Shiite minority in the east of his kingdom. Ibn Saud, in both hosting and ruling over Shiites, now asked only that they avoid public enactment of distinctly Shiite rituals. In less than a decade, a pattern of tolerance seemed to have been firmly established.

All the more striking, then, was a most serious recurrence of the Sunni libel of Shiite defilement. In 1943, an Iranian pilgrim was summarily beheaded for allegedly defiling the Great Mosque with excrement which he supposedly carried into the mosque in his pilgrim's garment. Ibn Saud remarked to some Americans that "this was the kind of offense which might be expected of an Iranian." The verdict in local coffee houses held that "the Iranians always act that way." The incident, which infuriated religious opinion in Iran, culminated in an official Iranian protest and a demand for payment of an indemnity. Iran even severed diplomatic relations for a time. The Iranian press indulged in a campaign of anti-Wahhabi polemic harsher than anything published since Ibn Saud's conquest of Mecca. Once again, tales of Wahhabi barbarism were

retold, and the story of the sacking of Karbala was recounted with anguish and embellishment. The government of Iran imposed another pilgrimage ban, which was only lifted in 1948, after the dust of controversy had settled.

The sudden reappearance of this most implausible of libels gave some Muslims pause for thought, and inspired ecumenical initiatives which enjoyed the encouragement of certain Sunni and Shiite scholars. But the Sunni response came from Egypt, where there are no Shiites, and never had the endorsement of Saudi men of religion. In 1959, the rector of al-Azhar, Egypt's great university of theology, issued a now famous ecumenical opinion (*fatwa*) ruling that Shiism constituted a legitimate Muslim rite "like the other rites of Sunni Islam." But this *fatwa*, whatever its effect in the wider Sunni world, found no echo at all in Saudi Arabia.

Indeed, the Saudi men of religion purposely excluded Shiites from their own attempts to unite Muslim opinion. In 1962, Saudi authorities promoted the establishment of the Mecca-based Muslim World League, Saudi Arabia's principal forum for bringing together Muslims of different lands. Conspicuous by their absence were Iranian Shiites; not one sat on the League's constituent council, a sort of Muslim college of clerics and laymen, convened annually during the pilgrimage season. This exclusion seems to have been mutually agreeable, for no Shiite complaint was registered at the time.

Instead, the Shiite world was up in arms over the publication, in Saudi Arabia, of an anti-Shiite tract which stirred up all of the familiar accusations. *The Broad Lines of the Foundations on Which the Shiite Religion Arose*, by Muhibb al-Din al-Khatib, first appeared in Saudi Arabia in 1960, and quickly became (and remains even now) the most widely read anti-Shiite polemic in the Sunni world. The author argued that Shiism, far from constituting a school within Islam, was a distinct religion beyond the proper confines of Islam.

This slim pamphlet, many times reprinted, opened a new polemical exchange, as Shiite scholars published refutations of the charge and renewed condemnations of Wahhabism. These rebuttals argued that since mainstream Sunnism and Shiism were moving toward conciliation, Wahhabism constituted a deviation from the emergent ecumenical Islam. This only fueled anti-Shiite fires in Saudi Arabia, and in 1971, a then-obscure Shiite cleric, Ayatollah Ruhollah Khomeini, issued a message to the pilgrims in Mecca from his exile in Iraq, rebuking the Saudis for permitting the continued circulation of expressly anti-Shiite material: "Certain poison pens in the service of imperialism have for several years been seeking to sow dissension in the ranks of the Muslims, here in the very land that witnessed revelation . . . . Pamphlets like *The Broad Lines* are being published and distributed here in order to serve the imperialists who hope to use lies and slander to separate a group of 170 million people from the ranks of the Muslims. It is surprising that the [Saudi] authorities in the Hijaz would permit such misleading material to be distributed in the land of revelation."

This doctrinal debate was quite unaffected by the political rapprochement between Saudi Arabia and Iran during the 1960s, which was the outcome of shared apprehension over Egyptian-backed subversion. Theologians on both sides of the divide continued to spew forth intolerant polemical attacks and legal opinions. On the Saudi side, these enjoyed the sanction of the kingdom's leading religious figures. In the mid-1970s, a potential African convert to Islam wrote to Saudi Arabia's foremost religious authority, Shaykh Abd al-Aziz Ibn Baz, asking whether conversion to Shiite Islam did in fact constitute conversion to a valid form of Islam. Shaykh Ibn Baz was Saudi Arabia's leading bearer of the Wahhabi legacy, an arch-conservative entrusted with defining the contours of Saudi Islam. The ruling of religious law (*fatwa*) which he issued in reply to this inquiry gave serious affront to Shiites, since he denigrated conversion to Shiite Islam, which he refused to accord the same validity as Sunni Islam.

THE PILGRIMAGE REINTERPRETED

This doctrinal disagreement was nonetheless accompanied by a steady increase in the number of Iranian pilgrims from 12,000 in 1961 to 57,000 in 1972, thanks to the introduction of a direct air service for pilgrims. This influx coincided with the appearance of an introspective and overtly political genre of Iranian writing on the pilgrimage. The radical Iranian intellectual Ali Shariati in his book entitled *Pilgrimage*, sought deeper meaning in the Meccan pilgrimage, in his quest for a

solution to contemporary Islam's broader philosophical and political dilemmas. Shariati urged the pilgrims "to study the dangers of the superpowers and their agents who have infiltrated Muslim nations. They should resolve to fight against brainwashing, propaganda, disunity, heresy, and false religions."

In 1971, several Iranians were arrested in Mecca for distributing a message to Muslim pilgrims from one Ayatollah Khomeini in Najaf, the Shiite shrine city in Iraq: "At this sacred pilgrimage gathering, the Muslims must exchange their views concerning the basic problems of Islam and the special problems of each Muslim country. The people of each country should, in effect, present a report concerning their own state to the Muslims of the world, and thus all will come to know what their Muslim brothers are suffering at the hands of imperialism and its agents." Khomeini then presented his own scathing "report" on Iran, describing it as "a military base for Israel, which means, by extension, for America."

After 1971, hardly a year passed during which some Iranians did not distribute a similar message from Khomeini to Muslim pilgrims. The effort usually met with Saudi apathy, for the Saudis did not regard this preaching as directed against themselves. Khomeini worded his annual pilgrimage message in such a way as to appeal to Iranian pilgrims, and to alert other pilgrims to the "shameful, bloody, so-called White Revolution" of the Shah. Such propaganda was liable to complicate Saudi relations with the Shah's Iran, so measures were taken against the more brazen distributors of Khomeini's messages. But the Saudis did not regard these few troublesome Iranians as a serious threat to their own standing as rulers of Islam's holiest sanctuaries. Khomeini himself went on pilgrimage in 1973, without incident.

But the truly radical feature of Shiite doctrine as expounded both by Khomeini and Shariati was their abandonment of the Shiite principle of discretion (*taqiyya*) during the pilgrimage, a discretion which had generally been reciprocated by Saudi tolerance. They upset the delicate balance which preserved the pilgrimage peace by virtually abrogating the traditional Shiite doctrine of legitimate discretion. By urging their followers to view the pilgrimage as a political rite, they set Shiites apart from other pilgrims, with serious consequences for the pilgrimage peace.

THE PILGRIMAGE SINCE IRAN'S REVOLUTION

Following the Iranian revolution, Iran sought to act on the principles elaborated by Khomeini, by appealing directly to the Muslim pilgrims of other lands through political activity during the pilgrimage. Still, Khomeini's preaching to the pilgrims did not immediately menace the Saudis themselves. The first two seasons passed without serious incident. In 1979, Iran's pilgrims engaged in no more than light propagandizing, and in 1980, Iran organized a much reduced pilgrimage, due to the outbreak of war with Iraq. But the mission of Khomeini's supporters in the holy cities was no longer to import revolution to Iran, but to export Iran's revolutionary Islam to the wider Muslim world. The pilgrimage provided an unequaled opportunity for Iran's zealots to sway the minds of the two million Muslims who now attend the pilgrimage.

Large demonstrations, resulting in violent clashes with Saudi police, first took place in 1981, when Iranian pilgrims began to chant political slogans in the Prophet's Mosque in Medina and the Great Mosque in Mecca. Saudi security forces acted against the Iranians in both mosques, and a subsequent clash in the Prophet's Mosque resulted in the death of an Iranian pilgrim. In 1982, the Iranian pilgrimage took on an even more radical color, when Khomeini appointed Hojjatolislam Musavi-Khoiniha as his pilgrimage representative. Khoiniha was the mentor of the students who had seized the United States Embassy in Tehran. Saudi police clashed with demonstrators whom he addressed in both Medina and Mecca. In Mecca he was arrested, and a speech he delivered in Medina after the pilgrimage earned him expulsion as an "instigator."

The next three seasons saw something of a respite, although tensions remained high. Libya's Qadhdhafi mediated an understanding in 1983, so that only one incident ended in violence. Khoiniha assured the Saudis that "Iranian pilgrims are not here to confront you," but "to counter the American and Soviet superpowers, as well as Zionism." In 1984, there were no clashes between Saudi police and Iranian pilgrims. But Saudi handling of a clash between Iranian and Iraqi pilgrims, which left one Iranian dead, led to a new round of Iranian

attacks on Saudi pilgrimage management, and an official Iranian protest. And in 1985, a dispute between Saudi Arabia and Iran over the permitted number of Iranian pilgrims led the Saudis to deny landing to several Iranian pilgrimage flights.

By 1986, it seemed that Iran and Saudi Arabia had reached a compromise permitting Iran to conduct a limited measure of political propaganda during the pilgrimage. That understanding resulted from a short-lived attempt by Iran to show (or feign) moderation, in order to drive a wedge between Saudi Arabia and Iraq. By the informal terms of the pilgrimage understanding, Khomeini's pilgrimage representative was permitted to organize two pilgrims' rallies, the first in Medina and the second in Mecca, in areas removed from the holy mosques in each city. A number of understandings restricted the form and content of these demonstrations. Iran's pilgrims were not to import or display printed matter and posters of a political nature, and their slogans were to be directed only against the United States, the Soviet Union, and Israel. Other Muslim governments, and the host government, were not to be criticized. This understanding allowed Iran's pilgrims to vent their views, but enabled Saudi authorities to confine all demonstrating to two fixed events.

In 1986, a group of Iranian pilgrims who opposed the strategy of moderation in dealing with Saudi Arabia arrived in the country with a quantity of explosives. Their aim was to destroy the pilgrimage understanding reached between Iran and Saudi Arabia. But they failed. Saudi authorities discovered the explosives and arrested 115 of the pilgrims upon their arrival. Those Iranian leaders who had assured Saudi Arabia that the pilgrimage peace would be preserved were embarrassed, and dissociated themselves from the plot by allowing the Saudis to detain the pilgrims for weeks without protest. But the plotters did enjoy the support of one of the major factions in Iran – that which is opposed to the pursuit of any opening toward the Saudis and favors the aggressive export of the revolution. In the pilgrimage plot of 1986, it became clear that the pilgrimage peace was an unstable one, affected by the changing balance in Iran's internal power struggle.

By 1987, that balance had clearly shifted in favor of the same faction responsible for the thwarted provocation of 1987. The demonstration of the Iranians which culminated in violence exceeded the bounds of the understanding of past years. That was to be expected, for the understanding is not a formal one, and each year Iran has sought to modify it in favor of Khomeini's original vision of the pilgrimage as a great demonstration. But at some point during the Mecca demonstration of 1987, the established bounds were grossly violated by the Iranian pilgrims, or the Saudi police, or both.

THE NEW PILGRIMAGE POLEMIC

This increasing incidence of violence has been complemented by the intensification of polemical debate over the pilgrimage. This has tended simply to revalidate old prejudices, as a result of the manner in which Iranian pilgrims have set themselves apart from other pilgrims. What appears to be a recent confrontation between radical and conservative Islam has these timeless sectarian animosities at its core. The polemic itself has not been a simple repetition of the old libels, but they have been transformed and made more credible, so that they no longer express sectarian distrust so much as they evoke it. This transformation probably reflects the influence of ecumenism upon the intellectual climate of contemporary Islam, a climate now inhospitable to overt sectarian polemics.

For most Muslims, it is no longer considered politic to dwell openly on the differences between Sunni and Shiite Islam. Indeed, merely to cite these differences is regarded by many Shiites as an attempt to isolate them, and even as part of an imperialist plot to foment division in Islam. Yet any reading of the declarations and documents generated by the recent pilgrimage polemic cannot but create a strong sense that all this has been said before. Most of today's lines of argument clearly insinuate the libels of yesterday.

A vivid example may be found in the brief correspondence between the late Saudi King Khalid and Imam Khomeini in October 1981, at a time of violent clashes in Mecca and Medina between Iranian pilgrims and Saudi police. Khalid compiled a revealing letter of protest to Khomeini, asking that Khomeini urge his followers to show restraint, but strongly hinting that the Great Mosque had been defiled by blasphemous Iranian pilgrims. According to Khalid, Iranian pilgrims in the Great Mosque had performed their circumambulations while

chanting "God is great, Khomeini is great," and "God is one, Khomeini is one." There was no need for Khalid to make his charge more explicit. It was obvious that the Iranians' slogans were the product of an excessive veneration of their Imam, constituting a form of blasphemous polytheism. Khalid wrote Khomeini that all this had aroused the "dissatisfaction and disgust" of other pilgrims.

In fact, these were distortions of very well-known Iranian revolutionary slogans. Iranian pilgrims had actually chanted "God is great, Khomeini is leader." The Saudis had confused the Persian word for "leader" with the rhyming Arabic for "great." The pilgrims' Arabic chant declared that "God is one, Khomeini is leader." Here, the Saudis had confused the Arabic for "one" with the rhyming Arabic for "leader." There was a vast difference between the slogans as actually chanted by the Iranians, and the inadvertent or deliberate misrepresentations of Khalid. In the actual slogans, Khomeini is cast as a leader unrivaled in the world, but subordinate to an almighty God. In the slogans as reported by the Saudis, Khomeini is placed on one plane with God, a verbal pollution of Islam's holiest sanctuary. It was this familiar but disguised charge of Shiite defilement which the Saudis sought to level at Iran's pilgrims. The accusation gained credibility from the formerly widespread Sunni conviction that the Shiites are bound to pollute the Great Mosque.

In his reply to Khalid, Khomeini evoked the old Shiite libel, charging the Saudis with failing to respect the refuge provided by the Great Mosque. "How is it that the Saudi police attack Muslims with jackboots and weapons, beat them, arrest them, and send them to prisons from inside the holy mosque, a place which according to the teaching of God and the text of the Quran, is refuge for all, even deviants?" This was a decidedly Shiite reading of the meaning of the Great Mosque's sanctity, which owed a great deal to the concept of refuge (*bast*) that traditionally applied to Shiite shrines in Iran. Such shrines were indeed absolutely inviolable places of refuge, where any kind of malefactor could find asylum.

Nothing could have been farther from the Wahhabi-Saudi concept of the sanctity of the holy places. These were and are regarded as sites so sacred that no deviation at all may be allowed in their precincts. Only from a Shiite perspective did this Saudi concern for preserving the purity of the Great Mosque appear as blind disrespect. In 1979, the Saudis had acted in good conscience to clear the Great Mosque of "deviants," relying upon a *fatwa* issued by Shaykh Ibn Baz and over thirty other men of religion, who argued that it was permissible to dislodge the defilers even by force of arms. This decision enjoyed wide Muslim support beyond Saudi Arabia, and Khomeini's presentation of the Great Mosque as a place in which even "deviants" enjoyed absolute immunity could only be regarded as peculiarly Shiite, for it relied upon a Shiite concept of inviolable refuge which knows no parallel in Sunni Islam.

Differing concepts of sanctity also affected that part of the pilgrimage controversy played out in Medina. In 1982, Khomeini's representative to the pilgrimage chose the cemetery of al-Baqi in Medina as the site for a series of demonstrations combined with visitation prayers. After the Saudi demolition of the shrines in the cemetery in 1926, al-Baqi ceased to serve as a place of Shiite visitation. But after Iran's Islamic revolution, the formal prayers were reinstated against Saudi will, and were recited outside the high wall which the Saudis once built to seal off the cemetery. In 1986, in a remarkable concession to Iran's pilgrims, Saudi authorities allowed them access to the cemetery itself, and Khomeini's representative to the pilgrimage formally thanked Saudi King Fahd for permitting the return of Shiite pilgrims to the venerated site. This obsessive interest in al-Baqi and other tombs, and the resort to the cemetery as a rallying point for pilgrims in Medina, reflects an especially Shiite notion of Medina's sanctity, and serves to evoke past resentment against the Saudis for having defaced the memory of the Imams.

THE CHANGING SPIRITUAL GEOGRAPHY

This heightened Shiite interest in Medina also owes a great deal to changes in the spiritual geography of Shiite Islam. Since the outbreak of the war between Iran and Iraq, it is no longer possible for Iranians to visit the Shiite shrine cities in Iraq and the tombs of the Imams in their sacred precincts. Their inaccessibility has greatly enhanced the significance for Iranian Shiism of the holy cities of Arabia, and especially Medina.

The number of Iranians who now desire to make the pilgrimage far exceeds the number

that Saudi Arabia is willing to admit in any one year, or that Iran is prepared to provide with scarce hard currency for the journey. Application for pilgrimage is centralized in Iran, and by 1984 the list of applicants had reached 600,000. The annual figure agreed upon by Iran and Saudi Arabia (after some inevitable haggling) has stood at about 150,000 since 1984. Even at this reduced figure, Iran's pilgrims now consistently constitute about 18% of foreign pilgrims, the largest foreign national group.

The demand has probably increased because of the inaccessibility of the Iraqi shrines. Iran's pilgrims may have invested Medina with some of the same emotional significance as those shrines. Certainly with the unprecedented influx of Iranian pilgrims, al-Baqi has emerged again as a major Shiite shrine. The site itself remains desolate. But mass prayer services are conducted there, not by the Saudi men of religion who manage the mosques in Mecca and Medina, but by visiting Shiite clerics. They have established themselves as the pilgrimage's only ceremonial functionaries who are not members of the official supervisory bureaucracy of Saudi Islam.

Such identifiably Shiite themes and methods of protest might blind other pilgrims to the political message of liberation Iran wishes to convey during the pilgrimage. The fear that Iran's message might simply be dismissed by other Muslims as Shiite dissent has been responsible for some of the ecumenical intonations of Khomeini's pilgrimage representatives and other Shiite clerics. At times they have even urged Iran's pilgrims to refrain from excessive praise of their Imam Khomeini, an admonition which usually is not heeded. Iran's pilgrims are also explicitly instructed to pray with all other pilgrims behind the Sunni prayer leaders in the Great Mosque and the Prophet's Mosque, lest they stand out for their Shiism rather than their political activism.

At the same time, however, leading Shiite clerics have undertaken a campaign to discredit Saudi Islam as a legitimate form of Sunni Islam. Early in this century, most of the Sunni world regarded the doctrine of the Wahhabis as a heresy, for the Wahhabis displayed a severe intolerance toward other Sunnis whom they regarded as backsliders. Since then there has been a virtual revolution in Sunni Islam, by which the Saudis have gained wide Sunni recognition as the propounders of orthodox faith. The aim of Shiite clerics has been to reverse that revolution, by reminding other Sunnis of those points where the Islam of the Saudis diverges from that of other Sunnis.

This campaign began by emphasizing a point on which the Saudis themselves could be excluded from the ecumenical consensus of Islam. Shiism's determined foe, Shaykh Ibn Baz, provided the Shiite clerics with a perfect pretext. In November 1981, Shaykh Ibn Baz issued a denunciation of the practice of celebrating the Prophet Muhammad's birthday. In a *fatwa*, he determined that "God has not decreed for us any birthday celebrations, either for the Prophet or for anyone else," and urged Muslims to abandon this "heretical innovation." This position accorded with the doctrinal stand of pristine Wahhabism, which deems the marking of the Prophet's birthday a late development in Islam and a compromise of the faith's monotheistic principles.

Observance of the Prophet's birthday is nonetheless widespread in the Muslim world, among Sunnis and Shiites alike. In many countries it is recognized as an official holiday. Championing observance of the Prophet's birthday would cast Iran as an adherent of Sunni-Shiite unity, while bringing Muslim attention to the alleged deviance of Saudi Islam. Khomeini's attack on Shaykh Ibn Baz represented a frontal assault on the entire tradition which the Saudi man of religion personified: "This mullah is a lackey of the Saudi Arabian court and wants to implement the King's wishes; therefore, he stands against the Muslims and makes such remarks. Is it blasphemy to respect the Prophet of God? Does this mullah understand the meaning of blasphemy?" Shaykh Ibn Baz was "extremely ignorant" of Islam. Khomeini's insinuation was clear: Did the attitude of Saudi "disrespect" for the Prophet not constitute a point on which Shiism and Sunnism converged, while Wahhabism diverged?

Iran's formal answer to the *fatwa*, on the initiative of Ayatollah Husayn Ali Montazeri, was to establish an annual "unity week" spanning the two different birthdays of the Prophet (one recognized by Sunnis, the other by Shiites). Obviously, had Montazeri's sole intention been the promotion of Muslim unity, he could have scheduled this annual week of ecumenical conferences and speeches for an even more neutral date. But by combining his appeal for unity with observance of the Prophet's birthday, he purposely sought to exclude Saudi Arabia, Iran's principal rival, from the contest for

primacy in Islam.

RESTORING THE PILGRIMAGE PEACE

The ever-changing demands of politics have had an obvious effect upon the climate of pilgrimage, at this and many other moments in history. It is certainly significant that the short-lived Saudi-Iranian rapprochement between 1983 and 1986 coincided with an easing of tensions during the pilgrimage, and that the tragedy of 1987 followed an escalation of conflict in the Gulf. The pilgrimage reenacts on a small scale the conflicts which rend the Muslim world of today.

But when those conflicts themselves evoke past prejudice, such as that between Sunni and Shiite, the journey to Mecca can become a pilgrimage into the past, stirring animosities which are part and parcel of culture. From a historical perspective, the contemporary controversy is but the latest chapter in an immemorial feud over the Muslim pilgrimage. For centuries, Shiite pilgrims have sought through claims of persecution to blacken the reputation of successive Sunni rulers of Mecca. For centuries, Sunnis have charged Shiite pilgrims with the most abhorrent violations of Mecca's sanctity. To rediscover the pure faith of one's fathers is also to relearn their great and petty bigotries.

Saudi Arabia must now begin to consider the policy it will adopt toward Iranian pilgrims in 1988, although the final decision will depend upon the political climate in the last months and even days before the scheduled arrival of the first pilgrims. The Saudis have three options. First, they might forbid entry to Iranian pilgrims or order their numbers diminished. The latter step would probably be tantamount to the first, since Iran has always made it clear that it would respond to any cut in the number of its pilgrims by boycotting the pilgrimage altogether. Other difficulties placed before the Iranians, such as delays in reaching agreements for their transportation and lodging, might have the same effect of prompting an Iranian boycott of the pilgrimage.

If Saudi Arabia chooses this course, it will have to counter an inevitable Iranian charge that the Saudis have failed in their responsibility to permit all Muslims to meet a basic obligation of Islam. Saudi Arabia might present its case in a variety of ways, but would ultimately rely for support upon the traditional Sunni hostility to alleged Shiite defilement of the pilgrimage. A ban on Shiite pilgrims also has precedents, dating from the sixteenth century. But that was possibly the most divided century in Islamic history, marked by great wars of religion between Sunnis and Shiites. Such a ban in this century would signal the return of Islam to a state of absolute division.

A second course of Saudi action might be to ban demonstrations on the grounds that in Mecca's crowded streets, any demonstration for any purpose constitutes a danger to public safety. By such a policy, Saudi Arabia would essentially terminate the understanding which has allowed one Iranian demonstration in Mecca. The Saudis would then be obliged to take every measure to enforce the ban, including the expulsion of Khomeini's pilgrimage representative should he call for a demonstration. This option clearly contains the seeds of a further bloody confrontation.

The third Saudi option is to allow all the elements of the previous understanding to remain in force. This would necessitate detailed negotiations with the Iranians and explicit assurances from Khomeini. Without such assurances, the consequences of pursuing such a course would be unpredictable. For in the present climate of factional rivalry in Iran, there is no certainty that assurances given by a lesser authority would bind all of Iran's pilgrims. Whether such an agreement can be negotiated while the climate of tensions in the gulf persists, seems doubtful.

Islam has emerged from its revival more divided than at any time in the living memory of its adherents. The religious awakening of Islam has already produced a devastating war between Muslims along the same frontier of Islamic history's greatest internecine struggle. It has produced denunciations of unbelief and declarations of holy war by Muslims against Muslims, of a kind which had long ceased to be heard in Islam. And now even the pilgrimage, symbol of Islam's overriding unity, has become a tinderbox. □

Dr. Martin Kramer is a visiting fellow at the Washington Institute for Near East Policy, and a senior fellow at the Dayan Center for Middle Eastern and African Studies at Tel Aviv University. He is the author of Islam Assembled *(Columbia University Press, 1986), and is the editor of* Shi'ism, Resistance, and Revolution *(Westview Press, 1987). His detailed accounts of the pilgrimage appear annually in the* Middle East Contemporary Survey.

FURTHER READING FOR THIS PUBLICATION

A thorough introduction to the Muslim pilgrimage in modern times is provided by David Long, *The Hajj Today: A Survey of the Contemporary Makkah Pilgrimage* (Washington, 1979). Written before the Iranian revolution, the book does not deal at length with the politics of pilgrimage. The author nevertheless provides a detailed discussion of the social and economic impact of the pilgrimage on Saudi Arabia and an invaluable bibliography. A treatment of subsequent developments in the pilgrimage may be found in the annual *Middle East Contemporary Survey*, beginning with volume six (covering 1981-1982).

The course of Saudi-Iranian relations since Iran's revolution is considered by R. K. Ramazani, *Revolutionary Iran: Challenge and Response in the Middle East* (Baltimore, 1986), pp. 86-113.

For an account of modern Sunni-Shiite polemics, see Hamid Enayat, *Modern Islamic Political Thought* (Austin, 1982), pp. 18-51. The special place of Medina in Shiite Islam is discussed in detail in the classic study by Dwight M. Donaldson, *The Shi'ite Religion* (London, 1933), pp. 142-151.

WASHINGTON INSTITUTE PUBLICATIONS

Published

Ze'ev Schiff - *Israel's Eroding Edge in the Middle East Military Balance*

Barry Rubin - *The PLO's Intractable Foreign Policy*

Hirsh Goodman - *Israel's Strategic Reality: The Impact of the Arms Race*

Robert Satloff - *They Cannot Stop Our Tongues: Islamic Activism in Jordan*

Eliyahu Kanovsky - *Another Oil Shock in the 1990s? A Dissenting View*

What's Next for U.S. Policy in the Middle East? A Roundtable Discussion

Strategy and Defense in the Eastern Mediterranean - A U.S.-Israel Dialogue

Forthcoming

Harvey Sicherman - *"Changing The Balance of Risks" - U.S. Policy Toward The Arab-Israeli Conflict*

Martin Kramer - *Hizballah's War Against the West*

Syria at the Crossroads - Essays on Syria's Strategic Realities

W. Seth Carus and Hirsh Goodman - *The Future Middle East Battlefield*

Asher Susser - *The PLO's Political Strategy*

Daniel Brumberg - *The Egyptian Political System*

Ehud Ya'ari - *Restraints on Egyptian Foreign Policy*

Saudi Arabia

GROWING PAINS

The Gulf Co-operation Council countries
A survey

The Economist

فندق الخزامى

HOTEL AL KHOZAMA
RIYADH

RIYADH'S MEETING PLACE

Banqueting:
Banquet and Conference facilities up to 600
Auditorium for 460
Complete range of audio/ video equipment
Meeting rooms from 4 to 500

Sports and recreation:
Indoor and Outdoor Swimming Pool
Tennis and Squash
Bowling
Gymnasium and Sauna

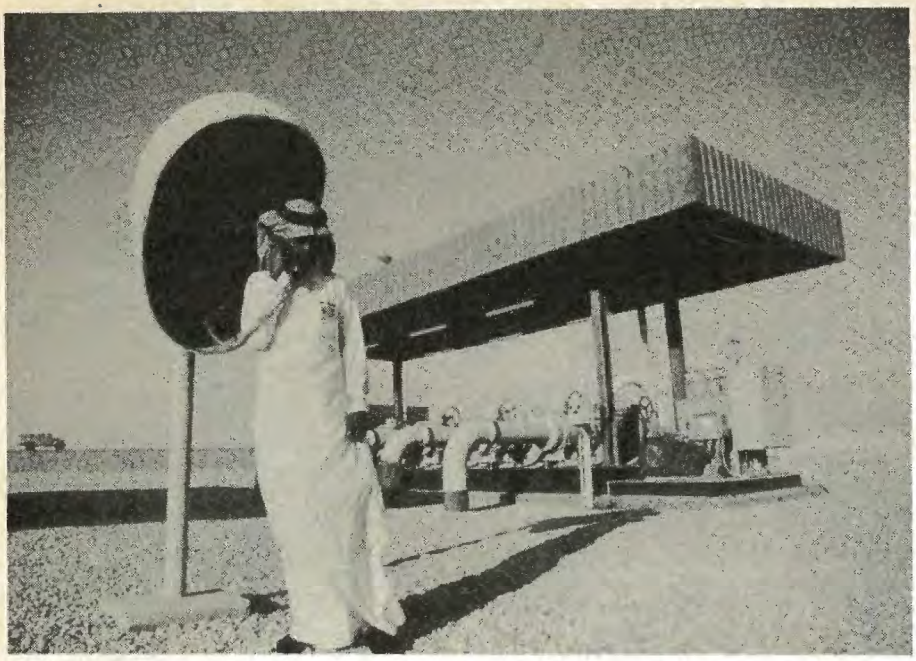
Restaurants:
"Windrose" Gourmet Restaurant
"Caravan Stop" Coffee Shop
"Da Pino" Italian Restaurant
Sports Center Restaurants

Other facilities:
Shopping Arcade
Hair Dresser
Car Rental
Business Center

HOTEL AL KHOZAMA, P. O. BOX 4148, RIYADH 11491, KINGDOM OF SAUDI ARABIA,
TEL. 465 46 50, TELEX 200 100 KHOZ SJ

managed by
GUSTAR, HÔTELIERS & RESTAURATEURS
member of

SWISS INTERNATIONAL HOTELS



Down to earth

The recession in the Arabian peninsula has convinced governments of the Gulf Co-operation Council (GCC) countries of the need to build up economies which are less susceptible to the vagaries of oil revenue. Emma Duncan looks at the difficulties the Gulf Arabs face in building a future while holding on to the past

The day of the pink Cadillac is over. There are still plenty of smart cars in Arabia, but a lot of them look as though they could do with a coat of paint. The garage business is doing nicely, because people no longer throw their cars away when the engines go wrong.

The squeeze caused by cuts in the price and production of oil after 1982 hit people hard and fast. In the Gulf, oil money flows into government; a bit is channelled into the princes' and sheikhs' purses; some is invested abroad; and the rest drips out to fuel local economic activity. Perhaps 20% of Saudi GDP is generated in the private sector, but probably half of that is dependent on demand created by the revenue from oil.

The people most visibly hit by the recession are, of course, those who suddenly became very rich in the 1970s. Known as "bloody Ayrabs" to London taxi-drivers, they went abroad, spent extravagantly, behaved arrogantly and pandered to the British prejudice about how uncivilised foreigners behave if you give them too much money.

The old rich in the peninsula (that is the merchant families who made their money between 1920 and 1973) are with a few exceptions still rich and are not sorry to see the parvenus suffer.

But the recession's effects have filtered down through most of Arabian society. People with houses or land find that their property is worth 25-50% less than before; jobs are harder to come by and less remunerative; government subsidies are being cut.

A lot of people in the peninsula say they are glad the recession has come. (True, they are not the ones whose companies are going bankrupt.) They say that the 1970s were an unreal time, when everybody could make money without trying. Now they expect the slower but steadier growth rates of a mature economy, in which only really competent businessmen can get rich. And they say it is a good thing for their societies: people are now less obsessed with making money and spend more time with their families.

In some ways the Arabian countries have been cushioned against the recession by their refusal—most noticeable in Saudi Arabia—to adjust to being rich. Certainly, everybody liked having money; but some of the governments and the people rejected—and still reject—the modern trappings of wealth. Most of the governments did not change the way they ran their countries; and people were not supposed to change their way of life either. This was partly a result of the speed at which these countries got rich; but it was also a conscious decision.

The Arabian countries are still run by men who do not pay much attention to the trappings of modern government—organisations, bureaucracies, information or plans. Take as an example the population figures in Saudi Arabia and Oman. Both countries produce smartly published, detailed five-year plans: knowing how many people you are dealing with would seem a prerequisite for economic planning. But the Omani statistical yearbook offers a figure of 1.5m, which has been covered up with typing correction fluid and changed to 2m. Most people your correspondent spoke to thought 1m was more accurate.

In Saudi Arabia, the most recent census, carried out in one night in 1973, came up with a figure of 5.9m Saudis and 790,000 foreigners. Presumably this was thought to be embarrassingly low. The government published, instead, a figure of 7,012,642. A study was done at the time by two British economists. They, having pointed out that the Saudi census had counted a lot of Yemenis as Saudis, came up with the figure of 4.3m Saudis and 1.5m foreigners. The World Bank goes for a total figure of 10m.

The governments' failure to behave as though they were running modern economies has become more visible with the recession. This problem is most obvious in the financial world in the Gulf. In some countries, the legal system, based on Islamic laws, is making life impossible for the banks; others lack the regulatory tools which exist in most countries to prevent banking systems falling to pieces in times of trouble.

Religion and tradition have limited the effect money has had on people's lives. Most of the forms of entertainment that go with wealth in the West are prohibited or discouraged. A lot of people do not indulge: those who do, do so privately or abroad. To westerners, this makes some of the countries in the peninsula seem simultaneously boring and hypocritical.

Even so, people's lives have changed a lot. They now expect secure incomes, cheap foreign labour and a free and all-embracing welfare state. The govern-

The Gulf Co-operation Council

Country	Ruling family	Ruler
Kuwait	Al Sabah	Sheikh Jaber
Saudi Arabia	Al Saud	King Fahd
Bahrain	Al Khalifa	Sheikh Issa
Qatar	Al Thani	Sheikh Khalifa
United Arab Emirates (UAE)	Al Nahyan	Sheikh Zaid
Oman	Al Bu Said	Sultan Qaboos

ments recognise that, to pay for all this, they must try to stabilise incomes in the future. In order to do that, they reckon, they need modern, diversified economies. Yet the further those governments push ahead with their development programmes, the clearer becomes the disparity between their two contradictory urges—to change, and to remain the same.

Wine, women and not too much song

The Arabs have to live with the West as well as with themselves

However hard the governments, and some of their people, tried to resist, they could not prevent alarming changes which money and exposure to the outside world brought to the peninsula. "Over the past 10 years", says a Saudi ex-minister, "I thought our society was being torn apart". The recession, by slowing the speed of change, could give people time to assess what is happening to their lives.

These worries centre on one issue: how far should the Gulf Arabs accept, or reject, the liberties that people in the West enjoy? Or, as traditionalists would argue, that they suffer: the liberty to drink (get drunk, destroy your health); to watch sex on videos (and debase it); to marry whom you choose (and weaken parental authority); to make love to whom you want to (and destroy family life); and so on. Traditionalists see these sorts of liberties as a threat not just to an old way of life, but also to faith. Hence the common view that change is evil.

A huge number of people in the Gulf now have direct experience of Europe or America. In the 1970s, before there was much higher education in the Gulf, bright youths were sent to western universities. Fewer people are educated abroad now; but each year the great summer exodus takes place, when hordes of Gulf Arabs hit the West, some to taste forbidden pleasures like—for women—walking around the streets wearing western clothes, some just to sit in London parks away from the heat of the Gulf, and some to drink, buy prostitutes and gamble.

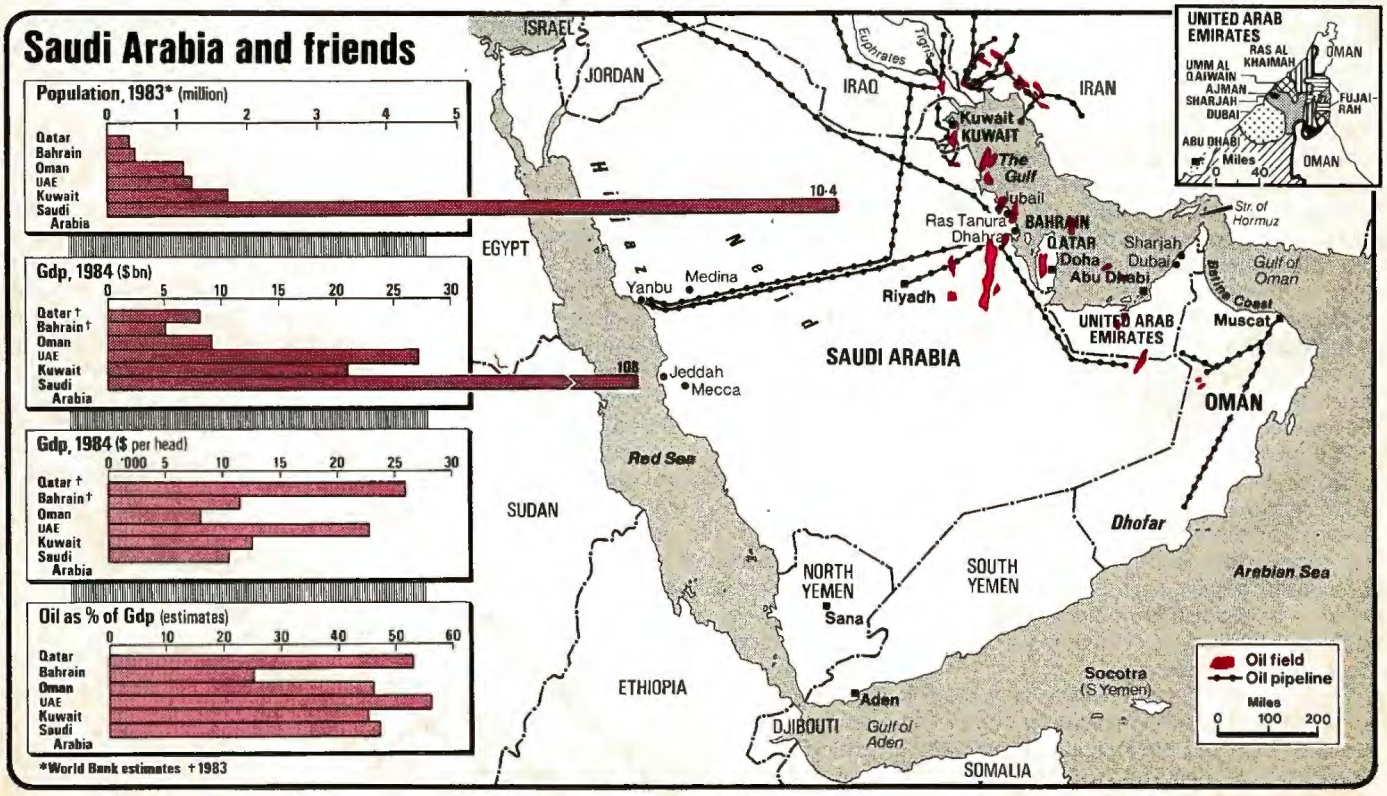
Westerners might think that Gulf Arabs, having tasted the nectar of liberty, must want to have it on tap at home. Some do; but a lot don't. Plenty of Gulf Arabs regard the West as a sort of Disneyland: it's fun for a bit, but you certainly wouldn't want home to look like that.

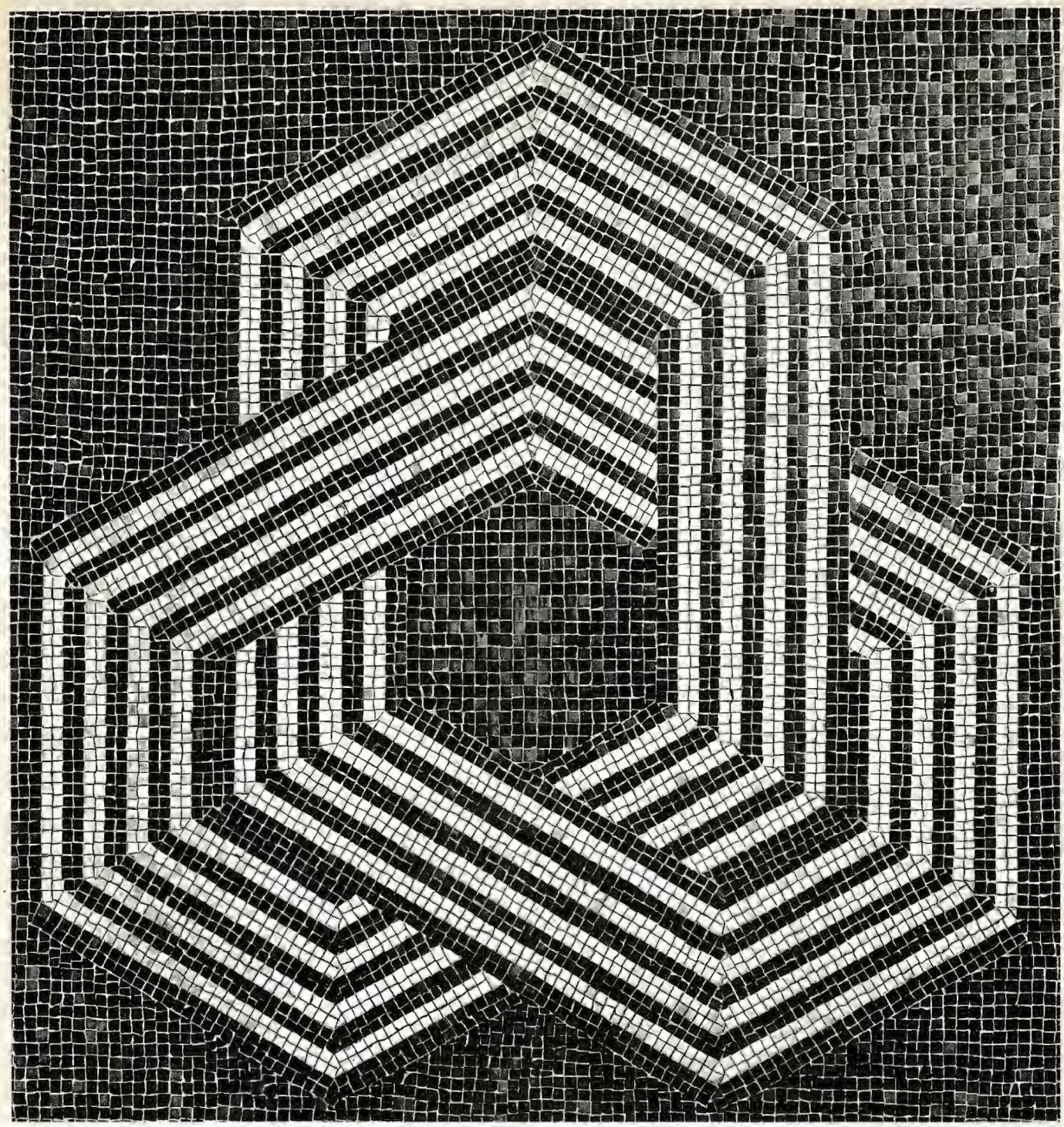
The Gulf countries' attitudes to the threat of change depend partly on how much contact they have had in the past with the outside world. Oman, the country which is culturally most independent of Saudi Arabia, has a trading history which has gone so deep into the country that pieces of old Chinese pottery can still be found in villages in the interior. Much of its population is made up of people who were once foreigners; so it views the onslaught of outside influences without much alarm. Even there, however, Sultan Qaboos has made the national dress, the long white dishdasha, compulsory for nationals and has banned foreigners from wearing it. He is said to chase youths wearing jeans and T-shirts through the streets of the capital and give them money to buy themselves a dishdasha.

The hinterland of Saudi Arabia, an island bounded by a sea of sand, was isolated from outside influences. Saudi Arabia is also the most religious country in the Gulf—perhaps the only place in the world where meetings are broken off because people have to pray. There, the relations between western ways and the behaviour demanded by Islam are much tenser. Religion, tradition and the law demand adherence to the old ways; so the new ones are seen as wrong and, by some, necessarily attractive.

Bad for Islam

Attitudes towards alcohol are a fairly good indicator of how concerned countries are to stick to old ways. Alcohol seems to be prohibited by the Koran, though Muslims will indulge in lengthy





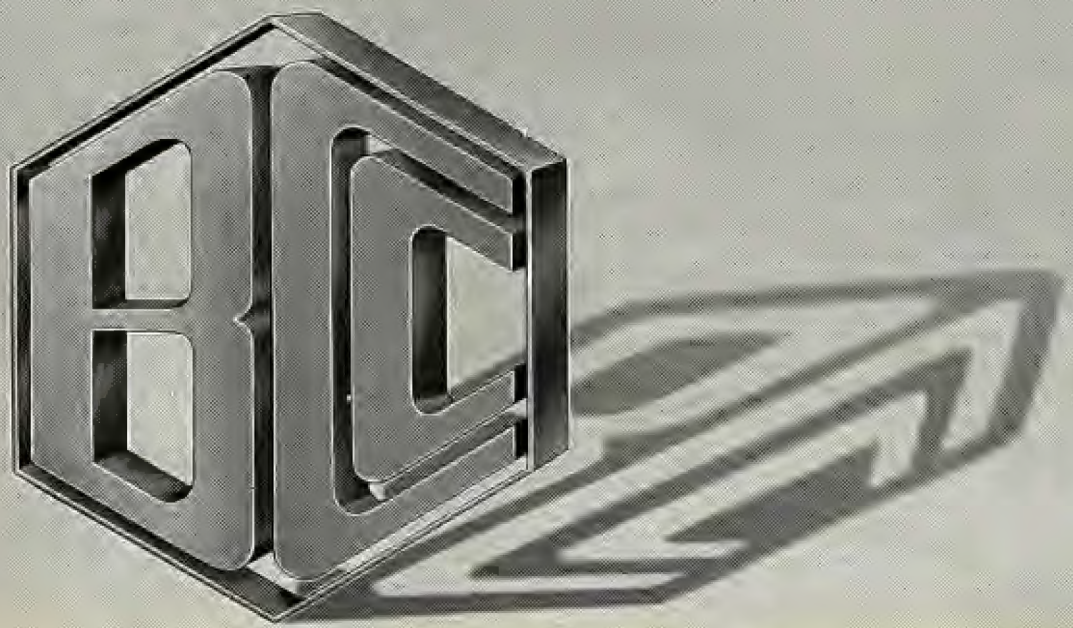
PIECING TOGETHER THE COMPLEX MOSAIC OF SUCCESSFUL PROJECT FINANCE

Serving a developing world

BCC, the Bank of Credit and Commerce Group, was born international. A special commitment to service - better service, devotion and sincerity of involvement have earned it the compliment of being 'a local bank internationally' - a fact which has certainly helped its growth.

The BCC Group now has offices in 70 countries. Capital fund stands at over US$ 1,000 million and total assets exceed US$ 14,300 million.

Whatever international banking services you need, a talk with your local BCC manager could be very useful. Speed, efficiency and your convenience are what count at BCC. Contact us at any of our offices - there are 120 in the Arab World and Middle East.



بنك الاعتماد والتجارة الدولي

BANK OF CREDIT AND COMMERCE INTERNATIONAL

P.O. BOX 5925, BIN YAS STREET, DEIRA DUBAI, U.A.E.
TELEPHONE: 285181 TELEX: 45870 BCC RO EM

Bahrain, Cyprus, Egypt, Jordan, Lebanon, Morocco, Oman, Sudan, Turkey, United Arab Emirates, Yemen (North).
Also in Australia, Bahamas, Bangladesh, Barbados, Botswana, Brazil, Cameroun, Canada, Chile, Colombia, Djibouti, France, Gabon, Germany (West), Ghana, Gibraltar, Grand Cayman, Hong Kong, India, Indonesia, Isle of Man, Italy, Ivory Coast, Jamaica, Japan, Kenya, Korea (South), Liberia, Luxembourg, Macau, Malaysia, Maldives, Mauritius, Monaco, Netherlands, Netherlands Antilles, Niger, Nigeria, Pakistan, Panama, Paraguay, Philippines, Portugal, Senegal, Seychelles, Sierra Leone, Spain, Sri Lanka, Swaziland, Switzerland, Thailand, Togo, United Kingdom, Uruguay, USA, Venezuela, Zambia, Zimbabwe.

BUY BCC VISA TCs AND GET AN ACCIDENT INSURANCE COVER UP TO US $275,000 FREE

arguments about whether all sorts of alcohol are forbidden, and whether it is alcohol itself, or getting drunk, that the prohibition applies to. Its availability varies over time and place depending on the political and social climate.

In Oman, there is plenty of drink, and not much sign of alcoholic excesses. It is not officially approved: the Sheraton Hotel, taken over by the Ministry of Information for the elaborate celebrations of the fifteenth anniversary of Sultan Qaboos's rule to house journalists, was perhaps sensibly kept dry for the period. But, as a top civil servant told this correspondent over a cold beer, "we have to admit that we are an Islamic country, and appear to abide by Islamic rules. But we don't think they should necessarily determine how individuals behave".

Abu Dhabi's Sheikh Zaid also has a bias against state-imposed orthodoxy and in favour of personal freedoms. Even so, alcohol disappeared from the hotel bars after the Iranian revolution, but crept back in and is now freely available. There is some talk of it being banned now, because the sheikh is said to be worried about alcoholism among the young. Some say that is why Sharjah has recently imposed a ban; though others point out that the restrictions were introduced just before a Saudi prince was due to arrive to open a new mosque. The only recent restriction in Dubai was true to that emirate's commercial spirit: the hotels managed to get small bars prohibited from selling drink because they were taking away custom from the hotels.

Bahrain is wet, but tactfully so. One drink shop was recently closed because a mosque was opened in the same street. But Bahrainis are worried about what will happen when the causeway between their country and Saudi Arabia is opened. They have visions of drunken princes driving off the causeway which, some fear, could lead to Saudi pressure on the Bahraini government to go dry. On the whole, Bahrainis would prefer their country to remain wet. As the editor of a local newspaper pointed out, all that happens in dry countries is that the price of alcohol goes up. A bottle of whisky cost 2-3 dinars ($5-8) in Bahrain, around ten times as much in Kuwait and twenty times as much in Saudi Arabia.

In Qatar, you can get alcohol if you have a permit—available to non-Muslims. The semi-prohibition means that there is less obsession with the stuff than in Saudi Arabia or Kuwait, where it is completely forbidden. The fundamentalists in the last Kuwaiti parliament even got a law passed banning alcohol for diplomats, and it has been strictly enforced. But drink is made in, and smuggled into, Kuwait and Saudi Arabia, and drunk by both locals and expatriates. Some of the people who profit from the trade are the countries' smartest citizens.

Drinking in Saudi Arabia and Kuwait is of a less pleasant sort than in wet countries: mostly spirits (higher value to volume), often neat and drunk with the determination of people who do not know where their next slug will come from. Alcohol is as regular a topic of conversation as crime is in New York. People have to watch that they are not visibly drunk on the streets; but only very rarely have the police been known to burst into people's houses looking for drink.

But if some locals drink, and get drunk, this should not be read as nationwide hypocrisy. A lot of people, even amongst the elite, would not touch the stuff, and do not want to be in the presence of people who drink. An army officer said: "There is a very small number of Saudi Arabians who drink. If we know that somebody does, we do not talk to him. If he does not fear God, he is dangerous to us. I have been around the world in places where there is alcohol. But I do not drink—*Hamdulillah* no. It is bad for my stomach, my health, for Islam."

The other half

Women's education is not, it seems, un-Islamic. Yet, in Saudi Arabia and Qatar they cannot work alongside men. Most of the Gulf countries now take a fairly relaxed view of the matter: women get smart jobs, and even their social lives are loosening up a bit. But Saudi Arabia and Qatar, by educating their women up to university level yet making it difficult for them to work, are setting themselves up with a serious social problem.

The best indicator of female liberty is how much you can see of the local women. In Oman, all sorts of bits are visible—the legs of those in western dress, the stomachs of those in saris, and the faces of most of them. Among some of the tribes in the interior, however, the women still wear masks. In Kuwait, Bahrain and the UAE, working women usually wear western clothes, though fairly modest ones; most women in the street wear a black cloth covering their head and clothes, but generally do not cover their faces. In Saudi Arabia and Qatar, you do not much see women at all. The Saudi Arabian ones you do see are, in the words of a Sudanese expatriate, "wrapped up like maize": their faces, as well as their

Tradition persists . . .

. . . but education spreads

heads and bodies, are covered.

Saudi Arabian women do not go out, except to visit close friends and relatives or to shop—usually with a husband or brother, though sometimes with a driver, since they are not allowed to drive themselves. They do not meet men who are not their husbands, close relations or, oddly, expatriates. Foreigners in Saudi Arabia say that Saudi men will sometimes bring their wives to dinner so long as there are no other Saudis there.

Their marriages are arranged for them. Marriages are often between cousins or the children of close friends: the girl may therefore know the boy from childhood. If the boy is unknown, the girl will, these days, usually get to have a look at him and have a right of veto, at least over the first few suitors. Once she is engaged to him, she will probably be able to meet him fairly freely, so long as other members of the family are there; and she may even be allowed to talk to him on the telephone.

Prosperity means that the young married couple will generally have their own house so the girl will at least not be under the authority of her mother-in-law. But she is not free from the threat of having another wife introduced into the household. The Koran permits four; and although polygamy is reckoned unfashionable, expensive and troublesome by most smart Saudis, it is still practised. The women your correspondent spoke to on the whole deplored the practice; though one said that she thought it was better to institutionalise adultery.

In a more easy-going country, like Bahrain, the loosening-up has led more to double standards than to female liberty. It is accepted that men can have girlfriends and go out with them in the evening; but it is not acceptable for Bahraini girls to be their companions. The men therefore resort to the foreign girls in the country; there are plenty of them.

In Bahrain, higher education is mixed, though the schools are segregated. Co-education is a contentious issue throughout the Gulf, with the liberals pointing out that it is cheaper and the religious arguing that it is unIslamic. Qatar's new university campus, opened in 1985, was originally planned as semi-co-educational. Some local establishment figures threw a fit when they found out, and prefabs were hurriedly erected. For the women, of course.

The Kuwaiti education minister is under attack for having introduced co-education in the 1970s; but the fundamentalists are unlikely to get the clock turned back. The new university campus in Abu Dhabi is being designed with separate living quarters on either side of common facilities. Classes are supposed to be segregated, but convenience will probably lead to mixing.

Women's education was the subject of a fierce battle between the royal family in Saudi Arabia and the religious authorities. The king won, and schools for women were set up in 1960. There is no question of co-education being allowed at present: women at university are taught by closed circuit television. As in the rest of the Gulf, they get consistently better results than men do.

Except in Saudi Arabia and Qatar, there is not much problem for women who want to work. The proportions of women in the labour force tend, however, to be low, partly because the working woman is a new phenomenon and partly because some traditional families still do not like the idea. But, as any visitor can observe, women are there in large numbers not just as secretaries, but also in high powered jobs—women like Rasha al-Sabah, vice-rector of Kuwait University, and Fawzia al-Kindi, head of research at the Omani Central Bank.

The only non-segregated area in Saudi Arabia is, oddly, medicine. Women doctors work with male doctors and even treat male patients. But in the rest of the economy, women cannot work with or near men, and therefore most jobs are closed to them. They can teach girls or do social work among women. They can work on computers, since communication between the sexes by electronic pulse is considered non-erotic. Some of the more entrepreneurial ones have set up as businesswomen, employing a male manager as a front to deal with the male world. One even has a smart restaurant in Riyadh. But it takes a tough woman to try it.

There has been a small amount of separate development. The labour ministry has women's sections. There are women's banks—branches which employ women and serve women. There are shops for women and, in Riyadh, a grand shopping mall exclusively for women. The most interesting new development is Saudi Cable's announcement that it is to set up an all-women factory: perhaps this is the solution to Saudi Arabia's lack of a local industrial working class.

Some Saudis argue that separate development will give women as much opportunity to work as they need. That might be true in a growing economy; but it is not likely to work in a shrinking one, where most of the jobs available are those vacated by expatriates in male offices.

The only Gulf country with overt political activity also has politicised women. Kuwaiti women have been fairly noisy in demanding the vote; and it was thought that the increased strength of the left wing in the parliament elected in 1985 meant that they had a good chance of getting it. However, they suffered a setback soon after the election, when a committee of Islamic experts decided that women were not clever enough to vote.

But the Kuwaiti women are far from strident. The activities of the four women's societies in Kuwait makes them sound more like the British Women's Institute than a group of radical feminists. Recently they ran a bazaar for African schools and held courses on gourmet cuisine and Japanese flower-arranging.

As a liberated western female, this correspondent is horrified by the lives of the women in the Gulf. Some of them don't much like it either. But after a conversation with a female Saudi PhD, who said she had no desire to swap places, your correspondent had to admit that there might be two sides to the story.

One alone

This correspondent thinks it worth reporting that, despite considerable difficulties in obtaining a visa for Saudi Arabia as a single woman, and despite the warnings of friends and colleagues about the problems she would encounter because of her sex, she was, in general, treated with great courtesy. And she probably got more interviews than a man would have done: women travelling alone on business have a certain curiosity value. She travelled in the steps of a legendary woman who had been there as part of a trade delegation, selling manhole covers. Doors which had been slammed in the face of businessmen were said to have opened for her.

This correspondent, although modestly dressed, did not feel the need to shroud herself from head to toe, as she had been required to in Iran. Her precaution of carrying a scarf with her was laughed at by Saudis. She was not harassed in the streets: harassing women is an offence which the Saudi religious police view with some disapproval. Resident women, however, said it quite often happened to them.

One of the commonest reactions to seeing a woman alone was that of the immigration official at the airport. He took this correspondent's passport and refused to give it back until somebody could be found to escort her into town. He was giving rein to a deep rooted—and irritating—conviction that any solitary woman must need protection.

All dressed up, but . . .

"Boredom," said an old Saudi hand, "is going to be their biggest problem". Some middle-aged Gulf Arabs, too, are nervous about what sort of young generation is emerging from 12 years of money, and

Taking our name apart could mean a great deal for you

Kuwait

With our home in one of the Middle East's foremost financial and commercial centres, we're well-placed to act swiftly and responsively in the financial markets, project financing and real estate development.

Foreign

Our operations take us into over 20 countries in all five continents. In these foreign parts (foreign but not strange to us), we are involved in projects that range from mining and manufacturing to tourism, hotel management, banking and agriculture.

Trading

By tradition, Kuwaitis are traders and our institution is no exception.

Financing international trade is one of our specialisations. Securities and foreign exchange dealing are among our daily activities.

Contracting

Though not building contractors as such, we are involved in all aspects of real estate including design, construction supervision and management.

Investment

We are a diversified financial institution as active in the international capital markets as in portfolio management for institutional and individual clients.

Company

On the outside, our activities might look diverse, but we are a company of concerted and co-ordinated skills and resources. Taken individually or together, they could mean a great deal for you.

Kuwait Foreign Trading Contracting
& Investment Co. (S.A.K.)
P.O. Box 5665 Safat, Kuwait
Telephone: 2449031 Telex: 22021

KFTCIC

A creative approach to finance

Soccer in the sand

Apart from going to the mosque, football is the one opportunity Saudi Arabians have for mass public excitement. It is the most popular sport and the commonest topic of conversation amongst the young. Football is also political—it serves as an outlet for regional and tribal loyalty, a source of comfort to the government and of irritation to the religious authorities.

Football has received the royal stamp of approval. Prince Faisal bin Fahd, the king's son, is chairman of the football association, and most of the top teams have a royal sponsor. There is a lot of money in the game, some of it from the government, some from the princes' personal purses. The government is building 42 stadiums all over the country. The game is seen as good clean fun, and a way of diverting the youth from more dangerous or corrupting leisure-time activities.

Two of Saudi Arabia's top teams are from the Hijaz region in the west of the country. Ahli (Local) was founded by Prince Abdullah, son of King Faisal, in the 1950s. His son, Prince Mohammed, is now its chairman. It is one of the richest teams and is supported by many of the ruling family, the Al Saud. The other Hijazi team is Ittehad (United), which has the support of the old Jeddah merchant families. The teams are something of a rallying point for the Hijazis against provincials from the Nejd, in the centre of the peninsula—the home of the Al Saud.

Regional loyalty seems to be more important than the rivalry between these two teams: the supporters of Ahli and Ittehad will unite against a Riyadh team. The best of these is probably Al Hilal (Crescent) whose chairman is Prince Khalid bin Saad bin Abdul Rahman. There have been rumours of a homosexual scandal surrounding the team, but this does not seem to have affected its prestige. The other main Riyadh team is Al Nasir (Victory) which is reported to attract the wilder, drug-taking youth amongst its supporters.

Football violence is a bit of a problem: a Mecca team and a couple of Shia teams from the eastern province have supporters who have been showing some of the thuggish tendencies of British fans. The Mecca team was banned from playing at home, and exiled to Jeddah, in the hope that fewer Mecca rowdies would get to the matches. However, this seems to have transplanted the problem.

This correspondent attended an Ahli vs Nasir match at a small stadium outside Riyadh, surrounded by desert. The members of both teams were blacker than the average Saudi Arabian—presumably the descendants of slaves. Both teams have foreign trainers—Ahli's is Brazilian, Nasir's French. Brazilians have been particularly popular in the past; but they are being replaced by cheaper Europeans.

The game, not an exciting one, ended in a nil-nil draw. But the crowd showed well-mannered enthusiasm. People chanted a more lyrical Arab version of "Go for it, Nasir" and other encouragements to the accompaniment of a tambourine band led by a man who looked as though he would have beem more at home with reggae music. Unruliness was limited to the throwing of shoes and orange-juice cartons on to the pitch.

Football's popularity is a triumph for the royal family which introduced and sanctioned the game. The nationalistic enthusiasm surrounding it burst out with a passion that amazed foreigners, unused to seeing such public displays in Saudi Arabia, when the country won the Asian Cup two years ago. People took to the streets and celebrated raucously the victory of a few million Saudi Arabians over, among others, a billion Chinese.

The religious authorities are less pleased by all this. Some think that physical display of this sort is unIslamic. And football is accused of diverting the young from religious pursuits: matches are held on Fridays, which some think should be reserved for prayer.

The king is aware of these objections, but the game is far too popular to ban. He might, however, make a concession. One of the objections to the game is that too much leg is on public display. Some of the religious faithful want knee-length shorts introduced, and they may just get them. One of the Shia players already covers his thighs modestly.

what will happen to it now there is less easy wealth.

Social, intellectual and political life in the Gulf is based on assumptions that no longer hold—that few people are educated and most work hard. In the old days, there was plenty of work to do outside the house, for men, and inside it, for the women; so sitting around and doing nothing was an entertainment in itself. Sitting was elevated to ritual status: people went to each others' houses, weddings and funerals simply to sit.

Social life consisted principally in visits between families. Sons tended to stay under the same roof as their parents, even after marriage, so parental authority was strong. Levels of education were low, and knowledge of the outside world minimal. There was therefore less scope for dissatisfaction or boredom. Even if people had wanted entertainment or luxury, there was not the money for it.

These days the young get educated. Overall adult literacy levels are still quite low—27% in Saudi Arabia—but that is because of those in the older generation who never got educated. Nearly everybody nowadays does. And most people have some experience of the outside world, if not directly, then through friends, relatives or television.

Sons no longer stay in their parents' houses after marriage. Marriage takes place therefore a little later than it used to—in the mid or late twenties, rather than teens or early twenties—because of the costs of setting up house. But after marriage, the young are freer to behave as they like.

The problem is that there is not a great deal for them to do. Although the recession may change this, young men have got used to the idea that there is no urgent need to work hard. They may get a job; but that need not involve much more than sitting behind a desk for a few hours a day. Women do not need to work at all: there is usually a Filipino, Bangladeshi or Sri Lankan to do the housework. The

For those long evenings at home

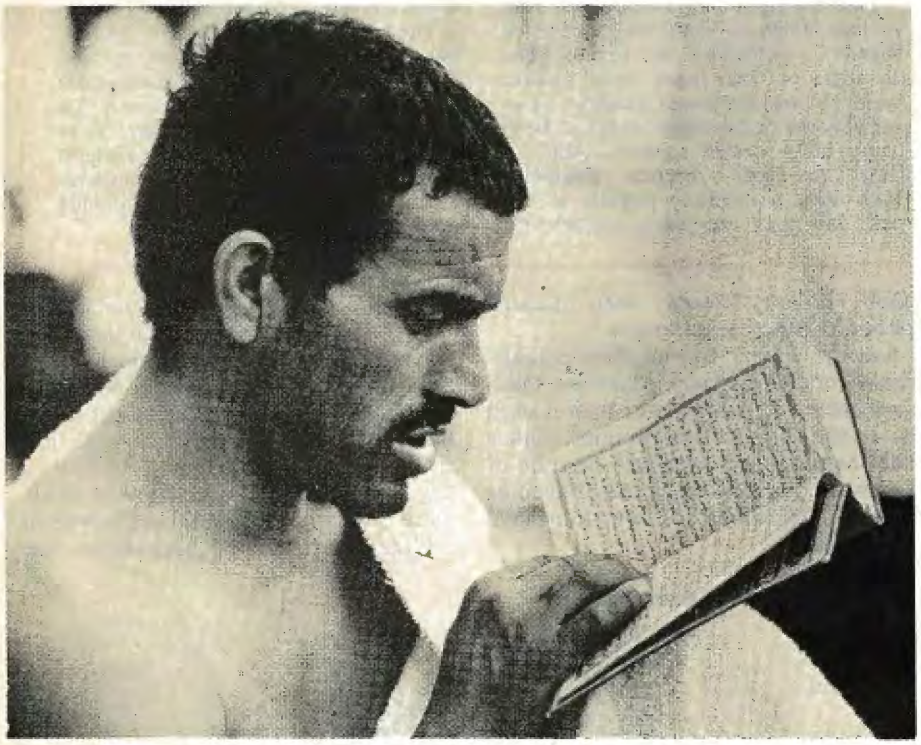
evidence of the past three years suggests that the number of domestic servants in the Gulf is continuing to increase, despite the recession.

There is very little outside entertainment. Café life does not exist. The clientele at hotel bars in the wet countries is mostly expatriate. In Saudi Arabia, the most boring country in terms of entertainment, there is no cinema—it would be religiously unacceptable—theatre or music. The only forms of public entertainment your correspondent could identify were football and the public executions which happen most Fridays. Other countries at least offer the occasional cabaret singer in a hotel nightclub, as well as British theatre groups performing second-rate comedies.

People pass the time, it seems, watching videos—sometimes smuggled risqué or pornographic ones—or television. It is not uncommon for a house to have five video recorders. Shopping is treated as an entertainment; and there are luxurious malls throughout the Gulf to cater for this demand. Reading is not a normal pastime: literacy is too new for people to have developed the habit. There is still a lot of visiting, usually men and women separately. The sexes have independent social lives: very different from the compulsory coupledom of the west.

There are too many stories of wild evenings of drunkenness and drug-taking among the young for some of them not to be true. The commonest drug, by all accounts, is hashish, though there is plenty of worse stuff around. The old smuggling port of Dubai seems to be becoming an entrepôt for Pakistani heroin, and some of it probably filters into the Gulf countries.

The people most vulnerable to boredom are the women. The men at least have desks to go to, can drive around and can wander the streets. The dynamic women manage to get themselves jobs; but there are a lot with quite a bit of education and nothing much to do. The Saudi Arabians have built some women-only Disneyland-style entertainment parks, but this does not sound like a permanent solution.



A matter of faith

Fundamentalism frightens the governments; but in one country at least it seems to be on the wane

Some Gulf Arabs think the revival of fundamentalist Islam is a product of boredom and disillusion with the fruits of wealth. It is a subject that has generated much heated debate, because it worries not only westernised liberals but also the ruling families of the Gulf. "There, but for the grace of God, go I" was a common sentiment amongst Gulf rulers as they watched the downfall of the Shah of Iran.

The rise of fundamentalism after the Iranian revolution in 1979 was visible in people's clothes. There were more women wearing *hejab* (a general term for covering up which includes the various forms of veil): Rasha al-Sabah, the vice-rector of Kuwait University, says that while 25% of girls wore *hejab* before 1979, by 1982 around 75% did. More men grew beards, and wore a knee-length, rather than full-length, dishdasha. The shorter garment is a sign both of humility and of readiness for battle.

The Iranian revolution may have been a catalyst, but it does not sound like a sufficient explanation. One which many people offer depends upon the common need among young people for some sort of ideology or goal. Arab nationalism, the Nasserite ideology of the 1960s, failed them. Capitalism was not much use to them by the 1970s: since they had plenty of money anyway, it offered nothing to strive for. And as an ideology rather than an activity it is foreign: Islam is at least local, and so a natural faith for those in search of a purpose in life to latch on to.

Islam is also a convenient political banner, because it is hard for the authorities to take a stand against it. Kuwait is the only country in which any other sort of political activity is allowed. But in the rest of the Gulf, people can attack as un-Islamic abuses which anywhere else might be the targets of socialism—luxury enjoyed by the richest families, for instance. Those opposed to the fundamentalists cannot do much more than to attack them for being misguided, or not really Islamic—not for being activists.

There are some more cynical explanations of the phenomenon. One member of Abu Dhabi's ruling family said that there are often mysterious conversions to fundamentalism among the young who have spent a few years studying at an American university. They do no work, return without getting a degree, then explain it by saying that they were too disgusted by the corruption in American society to stay the course. Others say that some women take up fundamentalism because it makes it easier to find themselves a husband. *Hejab* may not seem all that alluring to a westerner; but a lot of men, even if not particularly religious themselves, like the idea of marrying a nice traditional girl, not one who is attracted by flighty western ways.

The Iranian revolution, although Shia, was a boost to both Sunni and Shia fundamentalism by demonstrating the political power of religion. The Shias are a greater worry to the ruling families in the Gulf, all of whom are Sunni. Kuwait and Bahrain are the only countries with a high proportion of Shias (around 25% and 60% respectively) though Saudi Arabia has a sizeable community in its eastern province, at Qatif and Hofuf, and Dubai,

connected to Iran through trade, has quite a few. Apart from Oman's Khojas and Ibadhis, the rest of the Muslims in the Gulf are Sunni.

Most of the dangerous political activity has been Shia. In Bahrain, in 1981, a Shia plot, backed by Iran, to overthrow the regime was uncovered; and the Shias, who tend to be poorer than the Sunnis, have been involved in some labour unrest. Although there has been little trouble with the Shias over the past couple of years, the Bahraini government closed the Islamic Enlightenment Society, an organisation for educational and community work, in 1984.

The Shias in Kuwait were behind the bombing in December 1983 of American, French and Kuwaiti installations. The terrorists were tried and imprisoned; then a Kuwaiti airliner was hijacked to Teheran by Lebanese Shias. In May 1985 there was a Lebanese-style suicide attack on the emir's cavalcade, and in August bombs in seaside cafés killed 11 people. Security in Kuwait has been tightened, and the police are trying to root out potential terrorists: in one week last November, five subversion trials were in progress, mostly involving people caught with pro-Iranian, anti-government literature.

Sunni fundamentalism has been more of an irritant than a threat to the governments. Its principal manifestation is self-righteousness. But the Saudi Arabians have not quite recovered their composure since the siege of the Grand Mosque which started on the Islamic New Year's day in 1979, and lasted for two weeks. The group that took control of the mosque were Sunnis, and, like most Saudis, followers of the puritanical Wahhabi sect. But their leader, Juhaiman bin Muhammad Utaibi, believed that the Saudi establishment had become corrupt and that a new religious leader was needed to purify the country.

Hardly anybody in Saudi Arabia had any sympathy for these religious cranks, who were killed in the cellars under the Grand Mosque by troops. Nevertheless, milder versions of their views on corruption and all things western can be heard in the country's religious schools and amongst the religious police. This is a continual worry both to the royal family and to all Saudis who enjoy stability and do not mind a bit of western "corruption". One leading Saudi said, "Our problem is the religious crazies in the universities. If the government does not crack down on them, we are going to have a big problem on our hands in five years' time."

But the fact that the state and society in Saudi Arabia is, by most people's definition, fairly fundamentalist, does insulate it against destabilising extremism. On the surface, at least, the Saudi Arabian establishment manages to look nearly-as-holy-as-thou.

Much to the relief of the Kuwaiti establishment, it looks as though fundamentalism is on the wane there. Kuwaitis say that, despite Shia terrorism, there is less nervousness about the influence of religious extremists than there was three years ago. The Islamic groups did particularly badly in the election in 1985. The fundamentalists have lost ground in the professional associations and students' groups, in which they had previously managed to get plenty of their supporters elected to governing bodies. The newspapers, even though owned by usually anti-fundamentalist merchant families, had not dared to criticise the movement when it was growing; but these days, editorials critical of the religious lobby are commonplace.

Fundamentalism has made its mark: although the number of women wearing *hejab* is no longer growing, more do now than in the 1970s. There is less entertainment on television, and no dancing or kissing is shown. And the diplomats still cannot get their alcohol. But some Kuwaitis argue that the government's decision to concede on such small issues was sensible. It avoided giving the fundamentalists grounds for objecting to its stance; and at the same time allowed the fundamentalists to expose themselves as intolerant and petty.

Kuwait has the advantage of a parliament, which gives people scope for political expression other than through religion. And it has a fairly free press. Two different groups of Sunni fundamentalists have been conducting a smear campaign against each other in their newspapers: that has certainly damaged their reputation. Tolerance, as the ruling Al Sabah family has learnt, is a useful virtue.

The other governments may not be so lucky. Saudi Arabia's, in particular, has to hold a careful balance between the aspirations of its westernised middle class and the prejudices of its conservative theologians. With the voice of the religious lobby ever louder, and with less money to keep the middle class content, the balance becomes more difficult to maintain.

Few at the top . . .

Tight budgets make the political game more difficult

The Gulf monarchies have a tricky balancing act to perform between those who want change and those who reject it. They are naturally in favour of the status quo; yet to maintain it, they need to keep happy those who have got used to the fruits of wealth. The fact that the ruling families are still running their countries argues some measure of success; yet politics is a more difficult game to play in shrinking economies.

Only Kuwait has anything resembling a democratic system. Other countries have the *majlis*, a regular session of open house held by members of the ruling families, at which anybody can make complaints or requests. The *majlis* does not give people much say in the way they are governed; but it does give the rulers some feeling for their people's problems and needs. Go along to the *majlis* of Prince Salman, governor of Riyadh: there is something impressive about the easy access given to wrinkled old bedu, who do not seem in the least intimidated by the prince. Foreigners are allowed to attend; but few of them make use of what can be an effective way of remedying grievances.

Despite being oligarchies, the Gulf governments have, since the oil boom, been careful to spread the oil wealth around. The caricatures of grossly rich princes and sheikhs which foreigners associate with oil wealth are only part of the truth. Almost all the citizens of the Gulf countries are also much better off.

Wealth has been distributed partly through government expenditure on the things that make life better for every-

. . . but many enjoy the good life

body—hospitals, schools, electrification programmes, for instance. The governments have given people free houses, or loans to build their own homes; and they continue to provide people with free schooling and health care, and subsidised water and electricity. People can generally get jobs, if they want them. Huge numbers now work—not necessarily very hard—for the governments, while others benefit from private-sector employment generated by government spending.

Some government programmes have been directed at particular groups. Sheikh Zaid of Abu Dhabi, for instance, has put a lot of money into camel racing. That has pushed up the price of camels, which has increased the incomes of the bedu who raise them. A lot of bedu, while clinging to their traditional occupation, now have a house in Abu Dhabi as well as their home in the desert, and employ a Pakistani to look after their camels while they are in town.

But the recession threatens these wealth-distribution programmes. The governments can no longer afford the levels of subsidy which their people have got used to: most have started cutting expenditure by making people pay more for their electricity and water. There are fewer jobs around, and fewer opportunities than there were for making money while doing no work.

What should worry the ruling families most is that all over the Gulf people are beginning to complain about the amount of money the rulers are making while everybody is getting worse off. In the good times, nobody minded that the rulers took slices of the biggest contracts, or kept the most profitable businesses for themselves. But when the whole cake shrinks, and the amount of it which the rulers are getting stays the same or even increases, people begin to notice. Some of the rulers are being accused of helping put merchants out of business—behaviour which does not endear them to the rest of the trading community.

Political analysts who make their living by identifying governments' weak spots have been having a field day in the Gulf. The analysts' favourite potential destabilisers are:

- The religious establishment. Its power has, in general, increased since the Iranian revolution and its members disapprove of some of the tentative steps the Gulf countries have taken towards modernisation. Pleasure-loving rulers are particularly nervous of them.
- The middle classes. Once people have been given education and money, they tend to start wanting to participate in government. Only Kuwait is willing to let them.
- Dissatisfied princes and sheikhs. There are always relations of the rulers who think they could do a better job, and even some who have ideological disagreements with the way the countries are run.
- Rival tribes or families. Although they are not much of a danger, they have to be accommodated by the rulers. Some have to be given power, others just allowed to make money.

To illustrate the general problems of the Gulf's governments, consider how the three of the peninsula's countries run their politics.

The government of God

As the name suggests, the Al Saud family created Saudi Arabia. The man who pulled the tribes together under one government, King Abdul Aziz bin Abdul Rahman bin Faisal al Saud, had 44 sons, and the country is still being ruled by his children. Their authority is not seriously questioned; still, the job of controlling a powerful religious establishment, a growing middle class, as well as a 5,000-strong host of princes, is a tricky one.

The present king, Fahd, is reckoned by some to be a bit of a disappointment. When his decent but ineffective brother, Khaled, was in power, Fahd was the force behind the development of the country: the university system, in particular, is credited to him. But he is now seen by his critics as somewhat weak and indecisive, failing to take either a tough enough line with the religious authorities or the economic decisions that need to be made in a recession. One of his close associates, however, says that people misjudged him before. "When he was crown prince, people thought he was frustrated by the religious leaders and Khaled. That was not so. He felt his job was to develop the country, and he has done that. Now he's getting old, and he does not like controversies."

The king still keeps a fairly close eye on the details of government. He makes use of technocrats like the oil minister, Sheikh Zaki Yamani, and the planning minister, Mr Hisham Nasir; but the top jobs and the important decisions are controlled by the royal family. The king and his six full brothers, the Al Fahd, are the most powerful group within it: as well as the throne, they run the interior and defence ministries and the capital, Riyadh.

The royal family operates a meritocracy. Stupid princes do not generally get top jobs. The young ones who have risen, like Prince Abdullah bin Faisal bin Turki, head of the royal commission running the industrial cities of Jubail and Yanbu, and Prince Sultan bin Salman, who went up in the American space shuttle, are often of very high quality. Getting far requires diligence as well as brains. As a prince said, "If you can stick it in the civil service for 30 years, you almost deserve to be king". This selection process should ensure both that the country's rulers are competent and that clever princes in junior branches of the family do not get frustrated.

But the rulers do not always have their family under control. King Faisal was assassinated in 1975 by a discontented prince. The murderer is always presented as an unbalanced drug-addict who was corrupted by an American girlfriend; but rational princes have also taken against the family. In 1961 a group of them, known as the "liberal princes" left for Egypt, demanding that there should be

King Fahd balances

Crown prince Abdullah waits

democracy and social justice in Saudi Arabia.

Part of the problem is that the succession is determined mostly by age and not by merit. Thus King Saud, to whom the "liberal princes" objected, came to power in 1953: with 53 sons and 54 daughters he made up in fecundity what he lacked in brains. Such mistakes can be rectified. Saud was deposed by a consensus of the senior members of the family and the religious authorities.

But some Saudis are not looking forward to the accession of the crown prince, Abdullah, head of the tribally based national guard. He is more conservative than the king, and many people think it would be better for the country if one of the Al Fahd took over. They are fairly westernised, well-educated and clever; and liberal Saudis think that somebody like Prince Sultan, the defence minister, would be more likely to keep the religious establishment under control.

The power of the religious leaders has increased since the Iranian revolution and the Mecca siege. But the influence of the *ulema* (teachers) has always been much stronger than in any of the other GCC countries. They have a symbiotic relationship with the royal family, based on the alliance between King Abdul Aziz and the Al al Sheikh, the family of Muhammed bin Abdul Wahhab, who founded the Saudi version of Islam in the eighteenth century. The Al Saud are the secular guardians of Wahhabism; and members of the Al al Sheikh get cabinet jobs as well as dominating the religious establishment. Since the Al Saud's legitimacy is based partly on this alliance, it is difficult for the king to take a stand against the *ulema*.

The *ulema* can also influence people for or against the government. They speak in mosques; they are judges and lawyers; and they teach in schools and universities. They command respect, even amongst

Two cities

When boomtime hit Jeddah, and the smart new buildings started going up, they pulled down the city walls and gates. The old houses might have gone too, but the mayor of Jeddah, Mr Mohammed Farsi, started to take an interest in conservation. Much of the old city has therefore been preserved, and replicas of the gates have been rebuilt with the help of a photograph taken by a British diplomat in the 1940s. In order to build new highways from the port without damaging the old city, land has been reclaimed from the shallow water lying over the coral reefs that stretch down Jeddah's coastline.

The seafront, known as the Corniche, has become Jeddah's showpiece. It is the Palm Beach of Saudi Arabia, though in better taste. The villas of the very rich are, so far as you can see behind the high walls, in traditional Arab style: white, flat-roofed, with carved wood balconies. The king has a new palace there, far out to sea and well-guarded. The roads are lined with palm trees and not very good modern sculptures. Every few hundred yards is a mosque. They are illuminated at night; and the reflections of the thousands of streetlights along the wide roads glitter in the sea. It is a joy-rider's dream.

Compared to the capital, Riyadh, Jeddah is cosmopolitan, outward-looking and relaxed. The foreign ministry and the embassies were, until recently, in Jeddah. The shopping facilities are luxurious, and there are branches of smart western stores. Although the royal family is from the Nejd in the interior most of them, including the king, prefer to spend their time in Jeddah.

Unusually for Saudi Arabia, Jeddah has a bit of street life. At weekends, the Corniche is packed with families sitting on the beach with their televisions running off their car batteries. Fully-veiled women paddle in the sea. In the old souq (not very old, but less new than the new one) there is an open-air café at which you can drink fruit juice, eat sandwiches and watch the world go by.

You see a good mix of faces in Jeddah. Long before Saudi Arabia started to import foreign labour, foreigners drifted into Jeddah. Some came through trade—it was Saudi Arabia's biggest port—some as slaves, and some for the pilgrimage to nearby Mecca, liked the place and stayed. Their names and faces are African, Yemeni, Turkish, Pakistani, Indian, Iranian.

The native Saudis in Jeddah and the west are Hijazis, traders by tradition, who sold goods to the Nejdis. They were better educated and used to run the country's administration. Their version of the puritanical Wahhabi Islam which Saudis practise was diluted by foreign influences. Jeddah's mosques are more elaborate than the plain ones in Riyadh.

While the Nejdis see the Hijazis as loose sharpsters, the Hijazis see the Nejdis as dull and rough. The Nejdis used to be beduin and small cultivators, poorer, more insular and ignorant than the people of the coast. But they took to education once it was offered to them, and have replaced a lot of Hijazis in the administration.

Riyadh is the centre of government and, increasingly, of business. It is worse planned than Jeddah—huge and centreless. All the streets look the same as each other, and people who have lived there for months cannot find their way around town. In the middle of the city, there are great raw areas of desert whose owners expected land prices to rise even further and so were waiting to develop them. Now that property prices have crashed—by up to 50%—the land lies unused.

A few ancient buildings can be seen between the concrete, but most of old Riyadh was pulled down as development started. There is one compensation, however: the city has the highest concentration of beautiful new buildings that this well-travelled correspondent has seen. It would be extravagant to compare the Al Sauds to the Medicis; but they have bought the services of the world's best architects and given them huge budgets. The results are sometimes extraordinary.

Although architecturally exciting, Riyadh is a gloomy city. There is no street life and no entertainment. The enforcement of public morality is stricter than in Jeddah. People hope that the transplant of the embassies from Jeddah may herald some loosening up. Residents have already noticed that the religious police have been less assiduous in their pursuit of foreign women who show their arms and legs.

Good taste in Riyadh

people who are not particularly religious. As one westernised Saudi said, "It's not quite cricket to be rude about the *ulema*".

The *ulema* are an active lobby. A group of them meet the king once a week and

powerful lobby for liberalisation; but people are worried that the extremists are getting more power.

The people concerned about the Islamic lobby are the educated middle classes

MEASURED RESPONSE

It's reflected in everything we do

Young and dynamic, yet mature enough to respond to the pulse of the market, ALBAAB is a bank that's keenly in tune with the demanding financial requirements of the Arab World.

Today after five capital increases, ALBAAB is supported by an equity base of US$129 million. A measure of success that's backed by major shareholders in Kuwait, Egypt, Saudi Arabia, Iraq, Jordan, Qatar and Algeria.

And supported by the extensive network of Arab African Group.

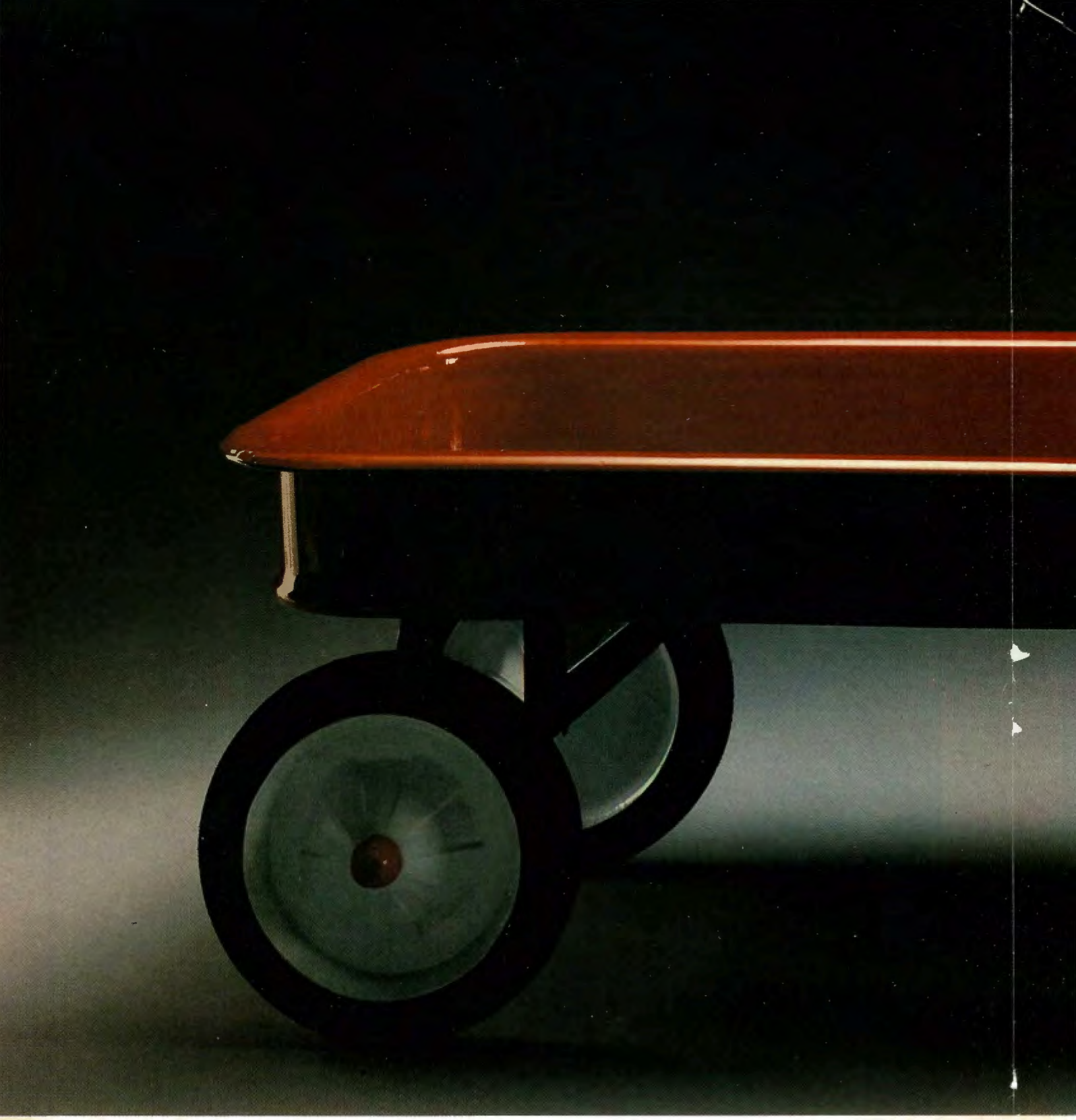
We think you'll find us far more responsive to your needs.

ALBAAB is a member of Arab African Group.

al bahrain arab african bank (e.c.)

P.O. Box 20488, Manama, Bahrain. Telephone: 230491, 230492
Telex: 9380 and 9381 ALBAAB BN, 9382 and 9383 BAABFX BN

FP7-9178



Lowest maintenance cost.
Sometimes a name alone defines it.

Maximum use with minimum upkeep. It's a matter of design. It's an advantage of our engines. Our FAA-certificated life limited parts last up to four times longer than competitive parts. This alone can save airlines $200,000 each year on maintenance cost per twin-engine aircraft.

Clearly, lowest maintenance cost helps produce lowest ownership cost for airlines.

UNITED TECHNOLOGIES
PRATT&WHITNEY


After 90 years of early rising, we're still on top at the end of the day.
Across three generations of doing business in the Middle East, we've always made a point of providing financial services designed to meet the special needs of the region.
We know the Middle East financial markets better than almost any other bank. As a member of the HongkongBank group, we can offer you direct links with more than 1,000 bank offices in 54 countries.
Not forgetting of course, the full benefits of almost a century's professionalism, integrity and trust.
The Gulf-based bank with global connections.
The British Bank of the Middle East
Bahrain Djibouti India Jordan Lebanon Oman Qatar
Switzerland United Arab Emirates United Kingdom
member HongkongBank group
London Branches: Falcon House, 18C Curzon Street, London W1Y 8AA. Tel: 01-493-8331-7 195 Brompton Road, London SW3 1LZ. Tel: 01-581-0321/6

Kuwait since 1922. This restriction is intended to keep out not only the 60% of the population that is non-Kuwaiti, but also the Palestinians who arrived in Kuwait after the creation of Israel and who then became citizens.

The big surprise in the 1985 election was the re-emergence of the left-wing nationalists, who had all but disappeared in the previous election. It was they who had given the government trouble in the early 1970s, and thus contributed to the emir's decision to dissolve parliament in 1976. The new boundaries drawn up for the 1981 election were intended to keep the nationalists out—such gerrymandering is not difficult with electorates of a few hundred people. The nationalist group, led by Mr Ahmad al Khatib, has only three out of the 50 elected members, and around eight sympathisers; but they make more noise than their numbers alone would suggest. They sound like an opposition.

In the previous parliament the fundamentalists were the only group that stood up to the government. In the latest election, however, two of their leaders were defeated; and there are now only three Sunni and one Shia hardcore fundamentalists, with three sympathisers.

The rest of the elected members are a mix of people sponsored by the merchant families and tribally elected members. The merchants have fewer men in parliament than in the past; but the tribes continue to elect their own people. The tribal constituencies are in the suburbs of Kuwait, where the bedu, who have been brought out of the desert, live. The tribes now tend to conduct their own primaries, and elect whomever they have agreed on. This sophistication has increased tribal influence: in the past, tribal votes were often split. The people the tribes elect these days are often smart young technocrats, not withered bedu.

The government, with the cabinet ministers as ex-officio members, can usually put together a majority for its proposals, but cannot rely on one. This parliament has been giving it a bad time, principally over the question of the running of the country's finances. The government's failure to do anything constructive to sort out the country's economy in the wake of the Souq el-Manakh stock exchange crash over three years ago has aroused quite reasonable criticism. The attacks on it include allegations of financial misbehaviour on the part of ministers who are said to have been involved in the Souq el-Manakh and subsequent affairs.

Parliament's first victim was the justice minister, Sheikh Salem al Duaij, who was forced to resign after a vicious bout of questioning about his financial dealings. The opposition members then started to get their teeth into the oil minister, Sheikh Ali Khalifa. He is a highly competent man, largely responsible for the success of the Kuwait Petroleum Company; but that has not dissuaded the politicians.

If Sheikh Ali succumbs, he will have been the victim of an unlikely alliance which some maintain is ultimately out to get the crown prince. The oil and justice ministers were personally chosen by the prime minister, against the advice of parliament; if they both go, the prime minister will have lost face and power. The groups ranged against the two ministers are: the emir's branch of the royal family, which wants to keep the succession; the merchants, who not only resent the increasingly large slice of business the Al Sabahs are taking but also dislike Sheikh Ali because of his success and influence; and the nationalists and fundamentalists, who want to show parliament's muscles.

The Al Sabahs find parliamentary politics useful as a way of dissipating discontent. But they want their politics tame, and, as the Saudi Arabians have noticed, parliaments are not easy to keep on a tight leash.

Saudi Arabia's new assembly building is due to be finished in 1986. But there are no signs that the Al Sauds are about to risk filling it with members. They are keeping a close eye on the Al Sabahs' fortunes, and are not keen on having a beast like the Kuwaiti parliament nipping at their heels.

The land of the Sultan

Oman's Sultan Qaboos has the advantage of not being his father. The old Sultan refused to spend any money on developing the country; did not let people enter or leave Muscat after nightfall; and insisted that anybody walking in the city after dark had to carry a lantern. He drove ambitious Omanis to despair and emigration; so Sultan Qaboos's coup in 1970, carried out with the help of the British, was greeted with much relief. Sultan Qaboos has pushed Oman quite far into the twentieth century and has earned the genuine gratitude of those who remember the past. But the sultan's method of getting the support of the country's tribal leaders has been expensive.

Keeping the southerners happy after they had been beaten in a civil war which ended in 1975 has been one of the sultan's biggest challenges. The government has spent money to develop the southern region—though not in as large quantities as the northern capital area. But if the north gets a cement factory, the south gets one too. Economically inefficient, perhaps, but politically sensible.

Qaboos commands with tact

Many of the leaders of the Russian-backed Dhofari rebellion in any case came over to Sultan Qaboos's side because they were opposed to his father, not to northern rule. Some have been given cabinet jobs: the minister of agriculture, Abdul-Hafiz bin Salim bin Rajab, who was educated in Russia and has a Russian wife, and the minister of state for foreign affairs, Mr Yousef al Alawi. They ensure that southerners get jobs in the capital. And by giving the *wali*, or governor, of Dhofar cabinet status, Sultan Qaboos has tried to make sure both that he is always in touch with what is going on in the south and that the southerners do not feel politically ignored.

The sultan's problem with the tribal leaders in the interior was how to break down tribal allegiance, while not antagonising the leaders. This he has managed through the simple expedient of giving the tribal leaders money. Officially, the sheikhs' salaries are quite low—between 50 and 1,500 riyals ($140-4,300) a month, depending on the importance of their tribe. But unofficially, according to a top civil servant, the sums run into millions. If they want them, the tribal leaders are also given jobs in the capital; and the sultan tries to ensure that there is a balance of tribes in the cabinet and at the top of the ministries, so that he does not get accused of favouritism.

The tribal chiefs are thus kept fairly happy; at the same time, their hold on the tribesmen is weakened. Tribal loyalty depends on the chief being there to solve disputes and involve himself in his people's affairs. As one civil servant said: "These days the tribal leader does not

want to know about the problem of one bedu who has lost his camel. He is more interested in his investments in Switzerland or his job in Muscat."

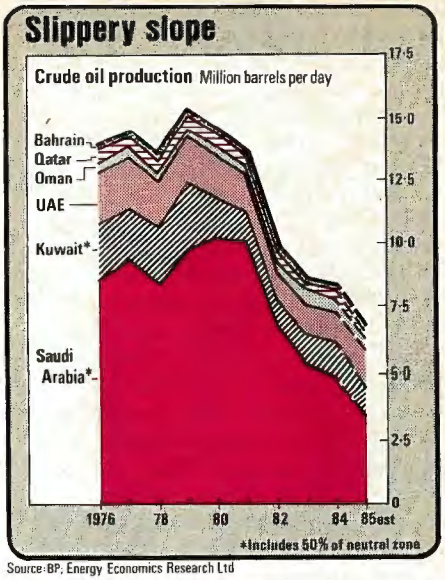
A similar approach is taken to those who want political power, be they among the tribal leaders or the educated middle classes who returned to Oman after Sultan Qaboos's accession. If they want power because they want to be rich, they are given money. If they want power for its own sake, the issue is more complicated.

This is the version of a top civil servant who watches this process in operation: "They give him a job, maybe as a *wali*, to bring him into the system. Or they make him director of a ministry, and put in as minister a man from another tribe. So he resents the minister, not the sultan. Then maybe they appoint a deputy director as director-general, and he asks why he has not enough qualifications for the job. So he goes off abroad to get himself qualified. They are very clever: they keep these people occupied."

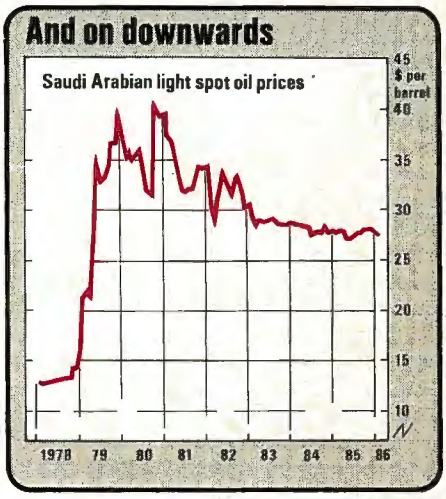
One worry for Omanis, who appreciate the sultan's cleverness, is that he does not at present have an heir. He is a confirmed bachelor, despite a childless marriage to a cousin. Since the Sultan is 45, the succession is a source of gossip and speculation, but not, as yet, of great concern.

A bigger problem is that the Sultan's popularity, though genuine, is based partly on memories of the bad old days. The younger generation has no knowledge of them, and could, if economic conditions worsen, become frustrated with the relatively slow pace of development in the country. The educated young returning from abroad are already finding that the top jobs in ministries are occupied by less qualified people who may be there because of their tribal origins or just because they got there first.

Economic problems would also jeopardise the sultan's careful politics. Keeping ambitious people happy is expensive. However, since Omani oil production has gone on rising while others' has been falling, only a dramatic fall in price would cause the sort of budgetary hiccoughs that the other Gulf countries have suffered.



Source: BP; Energy Economics Research Ltd



Aftershock

Recession is bad for you

Four shocks hit the economies of the GCC countries in the first half of the 1980s. The combined effects of a fall in oil demand, the war between Iran and Iraq, the end of a construction boom and a financial crash have led to what the Gulf's inhabitants are reluctant to name openly—a recession.

The Gulf countries have been among the worst hit by the fall in demand for oil. Saudi Arabia, which took upon itself the role of swing producer in OPEC, is now producing 4.15m barrels a day (b/d), up from a low of 2m b/d in 1984, but well down from 10m b/d in 1980. The major producers in the Gulf speak confidently of the distant future: Saudi Arabia and Kuwait, for instance, with 169 billion and 64 billion barrels of reserves apiece do not have much to worry about for the next few decades. But short-term prospects look alarming, with prices falling further over the past two months.

Sources: IMF; IEAS; Arab Banking Corporation; CISI Wharton

The bulk of Gulf government expenditures in the late 1970s and early 1980s went on building infrastructure—the roads, the government buildings, the airports, the ports, the electricity, the telephone systems. That construction boom was bound to come to an end. The resulting slump should not have been a shock, but it was.

These economic troubles have hit a financial market which had already been shaken, in 1982, by the collapse of the unofficial Kuwaiti stock exchange, the Souq el-Manakh. Although the effects of this debacle were, and continue to be, felt most painfully in Kuwait, money men throughout the region have been directly or indirectly affected. That vital intangible, confidence, has not yet recovered; and many people prefer to keep their money in better established financial markets abroad.

Some oilmen see the apparently endless and pointless slaughter between Iran and Iraq as economically useful, since it restricts these two major producers' oil output. But economically, it does most of the Gulf states more harm than good. Higher ship insurance costs put up the price of carrying goods through the Strait of Hormuz. The volume of shipping is lower, so associated industries have been hit. There is a generally shaky feeling, particularly in Kuwait, which makes people keen to invest their money abroad.

The nervous GCC countries are spending heavily on defending themselves. Saudi Arabia and Kuwait do it partly through subsidies to Iraq which, while not exactly seen as the guardian of the free world, is at least less frightening than Iran. Iraq gets unnamed billions from these two, plus a chunk of oil revenue which goes straight into Iraqi coffers. Saudi Arabia and Oman respectively devote 30% and 41% of government spending to defence. All the GCC countries have contributed to the setting up of a rapid deployment force, the Peninsular Shield, which was established late in 1985 and is based in Saudi Arabia.

Oil revenues are down by around 50% since 1981. Since demand is largely government generated, it has slumped throughout the Gulf. The Gulf countries'

problem in the past three years has been that of trying to adjust to new conditions.

Governments have cut back on spending, partly because they have finished their big construction projects and partly, of course, because they have less to spend. They are making economies in a somewhat haphazard manner: some projects are being abandoned, some delayed, and some companies are finding that they do not get paid. Most are trying—without much success—to shave the costs of their hefty bureaucracies. The UAE failed to publish a budget for 1985 until November, more as a result of political disagreement than economic necessity. However, it meant that less money was spent in the year.

Some governments are trying to increase their revenues by cutting subsidies—electricity and water, for which the Gulf citizens have been paying peanuts, are the favourite targets. There was even talk in Bahrain of the possibility of introducing a revolutionary measure—income tax. But political nervousness has made the governments unwilling to squeeze their citizens directly.

Businessmen had come to expect that the 10-25% growth rates of the 1970s and early 1980s were going to continue. They invested accordingly. So, when the slump came, they found that they had assets that were worth less than they had paid for them, debts that they could therefore not repay and shrunken markets.

The construction business is the worst off. The companies associated with the industry—transport and catering firms and material suppliers—have done as badly as those that actually put up the buildings. Only the companies that service the completed infrastructures show any signs of growth.

The shipyards are in slump, partly because trade has shrunk and partly because of the war. Ships are keen to stay as near as they can to the Strait of Hormuz, so the shipyards farthest up the Gulf are doing worst. Even so, Dubai's recent investment in a new dry dock has turned out to be a disaster. The war has also hurt traders—particularly in Kuwait, where they relied on the Iraqi market, and in Dubai, which depended on Iran.

Things don't look so good

The area's main manufacturing industries have been hit by world oversupply as well as local problems. Petrochemicals, oil refining, steel and fertilisers, the area's principal industries, are all suffering. The petrochemical plants, which need the gas associated with oil, have to run well below capacity when oil production is low.

The prices of houses and land are down by 25-50%. People watched themselves getting rich on paper simply because they owned property near the centre of town. Some spent money on commercial or domestic building, encouraged by government subsidies; a lot now find themselves with half-finished properties in an oversupplied market.

The slump has brought costs down for the businesses that have survived. Inflation has disappeared entirely. The price of labour, land and premises are all lower than they were in the boom. That is small compensation, however, for the blow that has hit most businesses.

The six countries are at different stages of development, so the suffering has not been evenly spread. Kuwait, the first and furthest developed, has had the worst shock. "We are like a child", said a Kuwaiti businessman, "that has been born into a nice prosperous family and is trained to do nothing but spend. At the age of 30 it is difficult to change your habits". At the height of prosperity, the Kuwaiti government made the mistake of allowing a huge financial market to develop without an economic foundation. It collapsed, as it was bound to do: the shares people were selling each other had no value, because there were no assets for people to have shares in. Since then, although the government-driven economy has rolled along slowly, the financial sector has been in limbo.

Oman, at the other end of the scale, has gone at a steadier pace. The celebrations in November last year for the fifteenth anniversary of Sultan Qaboos's rule, lit by 50m light-bulbs, were an announcement to the rest of the Gulf that Oman has arrived. Development only started in earnest at the beginning of this decade: over the past five years Oman has been experiencing a mini-boom, which has only just slowed down.

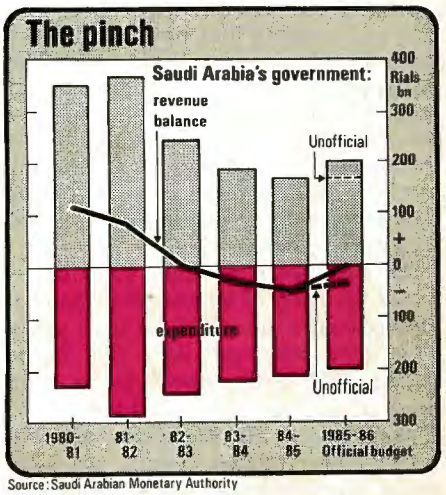
Oman is an oddity: not being a member of OPEC, its oil production and revenues have been increasing. Dubai behaves as though it were not a member of OPEC, and produces as much as it feels like, to the irritation of Abu Dhabi, which tries to keep the UAE within its quota. But the rest of the Gulf depends directly on oil revenues (Kuwait, Saudi Arabia, Abu Dhabi and Qatar) or on servicing and getting handouts from the big oil-producers (Bahrain and the other emirates). These countries have experienced similar versions of what has happened in the economy which dominates the area—Saudi Arabia's.

The Saudis try to slim

Talking to people in Saudi Arabia about the economy, your correspondent felt she might have been in two different countries. The bankers, mostly expatriates, and some westernised Saudis spoke of painful and worsening economic decline, coupled with an unworkable financial market. Some of them were seriously worried about the social and political consequences of the country's failure to adjust to the new conditions.

Old-established Saudi businessmen, economists and civil servants, on the other hand, saw the recession (which they generally refused to call a recession) as a welcome change: Saudi Arabia was having to behave like a grown-up country in a real economic world. The fly-by-night businessmen of the boom had suffered, and the solid, well-managed companies had survived; people were less money-mad than in the 1970s; and the young were having to work for their living instead of behaving like corrupt western profligates.

There is an element of truth in both views. The bankers have serious problems; some companies have gone under, and more will. But some have adjusted and are not too unhappy about the future. If the day of the fast buck is over, it may not be a bad thing.



Source: Saudi Arabian Monetary Authority

The present pain comes after seven years of putting together a country. The speed with which the new Saudi Arabia was built, and the elegance of some of the results (the breathtaking airport at Riyadh, for instance) is impressive. There are surprisingly few white elephants. But those years did have the unfortunate effect of leading Saudi companies—particularly newly created ones—to expect annual growth rates of 20% and over.

The boom was generated almost exclusively by the government. Saudi Arabia's underdeveloped private sector grew on the back not only of the construction contracts, but also of the demand created by the government's wealth-distribution programmes. So when government spending started falling, there was no motor to keep the boom going.

On the budget side, things do not look as bad for the end of 1985-86 as they did at the end of the previous financial year. In 1984-85, the 71 billion riyal ($19.5 billion) gap between revenue and expenditure had to be plugged—mostly from reserves which in the autumn of 1985 stood at around $60 billion-70 billion. Since then, the government has done a series of oil deals which should ensure it exports of around 3.65m b/d. And, according to the budget, expenditure for 1985-86 will be 12% down on the previous year.

Those cuts may be achieved, partly because there is less capital spending to do. Some bits of infrastructure still need to be finished—an airport in the eastern province, a huge dam in the south—but the ministries are now delaying further projects, scaling down others and extending construction periods. Some companies are just not getting paid by the government—an effective, if not desirable, expedient.

Keeping current expenditure down is a more subtle operation, which involves depriving people of the little luxuries they have got used to. Subsidies to individuals are being cut. Electricity, for instance, now costs around four times as much at top rates as it did in the boom years. The fat handouts which people used to get after graduating have been slashed. The government no longer guarantees public sector jobs for graduates, and is cutting out foolish extravagances, like paying civil servants bonuses for doing the job they were employed to do.

Airline business is a fairly good indicator of the state of an economy. Saudia, the national airline, had got used to 20-30% more passengers each year in the 1970s; in the 1980s, growth began levelling off, and in 1985 the airline carried 11m passengers, 500,000 fewer than in the previous year. Domestic traffic was 6-7% below expected levels, international traffic 10% lower. In the near future, the airline expects stagnant or declining business.

Saudia's managers found all sorts of not-particularly-necessary bits of expenditure that could be cut. They forbade overtime. They started to employ the cheaper sorts of foreigners. They stopped giving new recruits a "joining allowance" when they found they had more job applicants than they needed. They cut the daily allowance for being outside Saudi Arabia by 60%.

A well-managed business like Saudia can cope with that sort of fine-tuning; but some of the companies that mushroomed in the boom could not adjust to the new conditions. This, according to a Saudi banker, is what happened to the typical businessman who came in with the 1970s and was out in the 1980s: "On the first contract he made a killing. The same on the second. Then the boom ends, he can't get any business, and he finds that he cannot sell the equipment he bought for 20m riyals for 1m riyals."

Gloom on the building sites

Officially, hundreds of these one-horse companies have gone bankrupt. Unofficially, according to a top businessman, the number runs into thousands. Companies have stopped trading, and their owners have either paid their debts and are back where they started, or are in the courts tussling with creditors, or are in jail.

The typical company which has survived the boom and bust is one of the vast, old diversified empires of the big Saudi businessmen, whose history is detailed in Michael Field's excellent book*. The Olayan Group, for instance, built up by Suliman Olayan in a classic poor-boy-made-good story, is now in real estate all over the world, manufacturing, transport, construction, and trades in everything from cars to cosmetics. Ahmed Hamad Algosaibi and Brothers, similarly, is in cement manufacturing and travel, and is trading in a vast range of industrial, construction, aircraft and engine equipment as well as remaining in Pepsi Cola bottling, which is how the company started. But like most of the big groups, this company has had to cut back on local operations.

Labour costs have, in such companies, been reduced by 25-50% by firing people or cutting their wages. But these companies, which knew about bad times, were on the whole fairly cautious about expanding too fast, and also careful about keeping their inventories low. And they were cushioned by the diversity of their operations.

Between the two extremes of bankruptcy and relatively prosperous survival, there is a whole spectrum of misfortune. Behind the construction companies are the catering companies which serviced the camps of expatriate workers who are now going home; the transport companies which carried the building materials; the assembly plants which made the trucks which carried the building materials, and so on.

It is not only the fly-by-night businessmen, whose fate causes no pain to the established companies, that are in trouble. The Shobokshi group, an old firm mainly involved in textiles, which overexpanded into construction, has had to persuade the banks to reschedule its debts. And some perfectly well-managed companies have gone under because they happened to be in areas where prices collapsed because others were selling off their inventories cheap.

The property market has collapsed, partly because of the departure of expatriates and partly because inflated expectations led to oversupply. You can now rent a smart house with a swimming pool in Riyadh for a mere 100,000 riyals ($27,000) a year, compared to $100,000 three years ago. This has hit a lot of people, who got rich simply by having land or buildings in the cities, and now find that they are worth half what they used to be. It is perhaps in the property market that the failure to adjust to new conditions is most obvious: although prices have fallen, some landlords refused to lower rents, and properties have therefore been standing empty for two years, while their owners wait for the good times to return. Even more absurdly, houses

*The Merchants, by Michael Field. Michael Joseph £16.

and offices are still being built, encouraged by government subsidies.

There are a few bright spots amid the general gloom. The offices and airports and roads need to be run and looked after, so the maintenance firms are still expanding. These firms have, in fact, benefited from the slump, for equipment which, in the past, would have been thrown away if it went wrong is now being repaired. No sensible Saudi, however, expects much overall growth in the next few years. The optimists talk about "normal levels" (2-4% growth a year); the pessimists think they have not seen the bottom yet.

The riyal stops here

The squeeze is hurting the bankers the most

The problem of the banks in the Gulf is not simply that they have lent a lot of money which they are not going to get back. It is also that some of the countries in which they are operating do not have legal or financial systems which can cope with bad times, or help the banks recover bad loans. Some of the Gulf governments—notably Saudi Arabia, the UAE and Kuwait—have gone full speed ahead economically, but left their institutional arrangements lagging far behind. And when the banks get into serious trouble, as some of them now are, they get little sympathy from governments. Banking is not really considered a respectable business: "It is regarded", says an expatriate banker "rather as running a casino is in Britain."

In the fat days of the boom, when money was moving around so fast that the banks could not help making big profits, a lot of loans were made without much regard to security. When the bad times came, there were all sorts of reasons why the banks could not get their money back. Some had been lent to a joint venture between a foreigner and an Arab sleeping partner: the foreigner ran away with the money, leaving the Arab with a lot of debts and a non-existent business. Some had been lent to an importer who has not been paid by a contractor because he has not been paid by the government. Some had been lent to a member of a royal family because his importance was seen as security; but because he is powerful he does not pay the money back. Some had been lent to a contractor who bought a house in Marbella instead of paying his debts. And so on.

In Saudi Arabia, the banks started taking their debtors to court. But legal action has not brought them much joy. According to one of the *hadiths* (sayings of the prophet) usury is 33 times worse than adultery. The courts in Saudi Arabia, whose legal system is based on Islamic *sharia* law, generally award the bank the principal, but never the interest that has accrued. Bizarre pleas get sympathetic hearings—for instance that since the sum of the interest already paid to the bank is greater than the principal, the bank in fact owes the customer money. And debtors who are not in trouble have been watching these cases. Seeing that the courts would sympathise with them, some have been suggesting that the banks might let them off part of their debt.

The Saudi Arabian banks have been recording falls in profits of up to 50%. But their real position is much worse than their balance sheets suggest. Many of the banks have not been reporting loans as non-performing, and some have been crediting interest on loans which they already reckon to be non-performing.

The offshore banking units in Bahrain, about 70% of whose loans were to Saudi Arabians, are similarly up to their necks in the bog of debt. As a bitter Bahraini said, "We all went into Saudi Arabia knowing that there was no regulation. But we said to ourselves that we were dealing with the big names, who would always protect their credibility. Now even some of them are using the legal system as leverage against the banks, when it should be other way round."

Three foreign banks have already pulled out of Bahrain, and more are likely to follow. Several others have closed their representative offices or their dealing rooms, and there have been staff cutbacks in most of the offices. A merger of four of the small Middle Eastern banks is being talked of; and there are nervous rumours about the future of another three.

There is little sympathy among Saudi Arabians for the bankers. Some say that they made so much money in the boom years that they deserve to suffer. Others point out that the banks benefit from the Islamic nature of the financial market: probably a quarter of deposits are made by people who will not accept interest. But Saudi Arabia will lose out: the banks are now being exceedingly cautious about whom they lend to. The only people fairly sure of a welcome from the banks are those Saudis who have international reputations. Unknown Saudis do not get loans.

The chances of reforming the law so as to help the banks look slim. Of course a lot of people in government recognise that there is a serious problem. But King Fahd dare not risk the fury of the religious authorities that any attempt to legalise interest would arouse. Foreign bankers might now, as one said, "have to reassess their position in Saudi Arabia."

An unIslamic trade

Bank of America and Chase Manhattan have already given up in the UAE. As profits shrink, so does the Emirates' banking sector: employees are being sent home, offices closed and banks merged. In July, Emirates Commercial, Khaleej Commercial and the Federal Commercial Banks were merged into the Abu Dhabi Commercial Bank: at the time, two of the three were said to be worth less than nothing. The new bank has been given 1.25 billion dhirams ($338m) by the government of Abu Dhabi to keep it on its feet; but most of the Emirates' banks are without such friendly backing.

In the absence of anything that looks like a regulatory system, practices have flourished in the UAE which in many countries would be illegal. Reckless lenders are now suffering from the lack of financial legislation. There is no bankruptcy code. There is a host of other interesting legal quirks for the banks to tussle with—for instance, individuals cannot in theory own land, because it all belongs, ultimately, to the sheikh.

The Central Bank of the UAE, which might be in a position to call the banking system to order, is the victim of arguments between the Emirates. It was without a board of directors for a year until late 1985. It is supposed to have $4 billion in reserves, half from Abu Dhabi and half from Dubai, in case it should be needed for a bank rescue. But neither government has got round to paying up. Some observers point out that the governments' lack of faith in the bank is excusable, since its supervision department has been

All quiet on the Kuwaiti stock exchange

assailed by charges of criminal behaviour.

The government's failure to regulate or supervise the financial system in Kuwait was the direct cause of the Souq el-Manakh crash in 1982. More than three years on, the country has not recovered: the government's intervention since then has, if anything, made the situation worse. Cracks have spread through the whole financial system; and quite sober-minded people are talking about the possibility of a banking crash.

The Kuwaiti government's attempts to force individuals to pay each other back has been particularly unhelpful to the banks. In order to find the cash, people sold land and shares, which drove down the price of those assets. Since the crash, average values on the stock market have fallen by 80%. There is now almost no trading in either land or shares—when your correspondent checked on a random day only 10 small transactions were recorded—so nobody knows how much anybody is worth.

Since these assets of unknown value are collateral for the banks' loans, the banks have no idea how much money they are likely to get back. And until very recently, the government had made no real effort to find out who the loans were to, and whether, as is generally thought to be the case, 50% of the banks' 4 billion dinars ($13.8 billion) worth of domestic loans were in fact worthless. This lack of information has both created suspicion of the motives of some officials, and brought the financial system to a standstill.

With 40 billion dinars ($138 billion) in reserves, the government is not strapped for cash to inject into the banks. But it is hampered by an unusual obstacle in the Gulf: parliament and public opinion. Its opponents argue that the government has already wasted public money on ineffective attempts to sort out the crisis—a 2 billion dinar ($7 billion) fund for small investors, for instance, much of which went straight into well-lined pockets. They point out that 59% of the bank loans went to 202 individuals and companies who borrowed more than 5m dinars ($17m) each and that many of the biggest loans went to the members of the banks' boards. Most agree that the banking system should be allowed to survive; but they do not want to see public money spent on the bankers.

The Kuwaiti government seems at last to be taking the problem seriously. In November last year, it called for help from the World Bank, the IMF and the International Finance Corporation. If the eventual result is that Kuwait has a properly regulated financial system, it will at least have learned from its pain.

Too many chiefs

The recession has sharpened the contradictions in the labour market

The Gulf Arabs do not want to do the jobs that need to be done. There are not enough of the jobs that they want to do. The expatriates, who want to do the jobs that the Gulf Arabs do not want to do, are not wanted by the Gulf governments.

"There are too many chiefs, so they have to import the Indians", was how an expatriate characterised the Saudi Arabian labour market. As well as Indians, there are the Pakistanis, Bangladeshis, Thais and Koreans, who make up the bulk of the unskilled labour; the Filipinos and Sri Lankans who are the maids and cooks; and the other Arabs and Europeans who tend to do the skilled and professional jobs. Since the Gulf governments prefer not to think about their immigrants, there is little information on who does what where; the best analysis of what there is has been done in a recent report published by the Minority Rights Group*.

Wages are good—often four or five times as high as the immigrants could get at home. Conditions are not great, particularly for the workers in construction camps and for domestic labour. There are plenty of stories of beatings, sexual abuse and virtual imprisonment in employers' houses. "After all", said one expatriate, recounting such a story, "the Saudis have always kept slaves". Employers usually impound workers' passports and the migrants do not have much chance of appealing against ill-treatment.

The hostility between the locals and foreigners is depressing, if predictable. The foreigners stick together in national groups—the British in their clubs, the poorer ones in whatever meeting place is available. In Kuwait, the Christian Indian maids sit around outside the Catholic church; the Pakistanis, Indians and Bangladeshis play cricket near the American embassy; the Afghans and Iranians use the football pitches in turn after the Kuwaitis.

The Gulf Arabs' exclusivity is partly a result of a sense of superiority. The Saudi Arabians, in particular, see themselves as a chosen people: the prophet was born among them, they are the guardians of the holy places, and God capped these blessings by giving them the oil. They also feel that the presence of all these foreigners is a real danger, not just a vague threat to their way of life. Most of the Shias involved in the bombings in Kuwait in December 1983 were foreigners. After that incident, the Kuwaitis started deporting about 200 illegal immigrants a month.

Among some Gulf Arabs there is a, perhaps surprising, prejudice against other Arabs in particular. Maybe because they have to be treated as brothers in public, private resentment at their supposed designs on the oil money is greater. An extreme expression of this view came from a Saudi prince: "There are two types of foreigner. The Europeans and Americans come to work, take their money and do not want to stay. They are okay. Then there are the Palestinians, the Jordanians, the Syrians, the Lebanese. They just come to suck our country dry. They have no loyalty to anything. Our country is dirty: we must clean it out."

With the end of the construction boom,

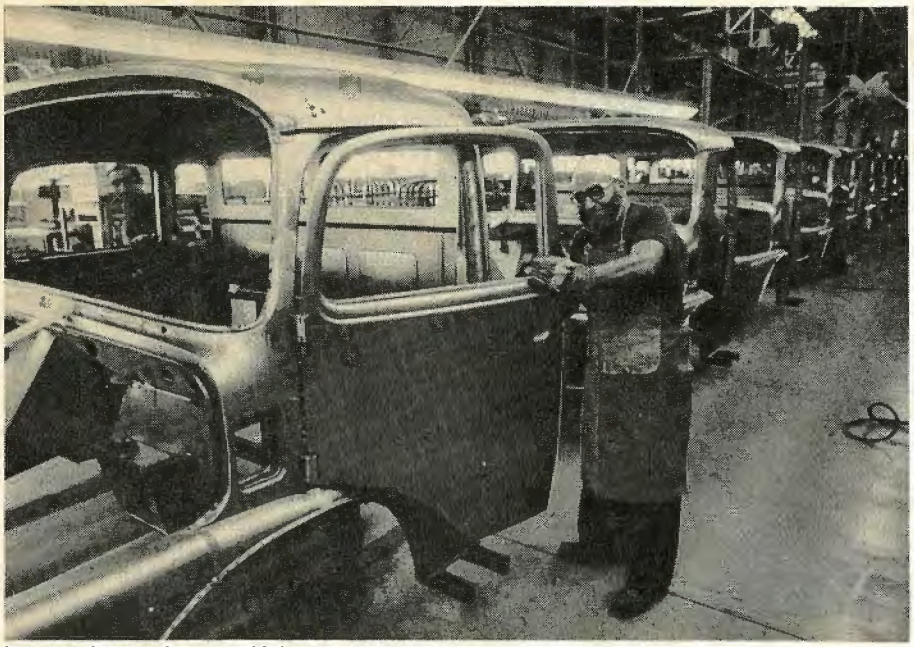
*Migrant workers in the Gulf by Dr Roger Owen; Minority Rights Group, 29 Craven Street, London WC2.

The International Exchange Specializing in Oil Price Risk Reduction

International? Yes. Trading interests from the U.S., U.K., Middle East, Far East, Europe and Canada routinely trade NYMEX energy futures contracts to support their overall risk-reduction strategies. The growth of trading in crude oil, heating oil and gasoline futures has propelled the New York Mercantile Exchange to the steepest growth in its 112-year history, and has made NYMEX the fastest growing commodity futures exchange in the world. NYMEX is responding to the dynamics and the changing structure of international energy markets. Our liquidity, growth and diversified market composition prove it.

NYMEX—The Energy Exchange

FOUR WORLD TRADE CENTER, NEW YORK, N.Y. 10048, U.S.A. 212/938-2879



Imported parts, imported labour

some of the expatriates are going anyway. The governments are keen to get rid of more, and employ locals in the jobs the expatriates have been doing. Apart from the desire among policy-makers to be more self-sufficient, the governments are also concerned, in these straitened times, that less money should go abroad. A top Saudi bureaucrat argues that if only there were co-education until the age of nine (which he reckons should be religiously permissible) the country would save a million riyals ($274,000) a month on the (mainly Egyptian) teachers who could be replaced by Saudi women. They would save money not only on salaries, but also on administration and spending on subsidies which expatriates as well as nationals benefit from.

Some of the countries have set targets for getting rid of the foreigners. Saudi Arabia wants 600,000 fewer by the time its five-year plan is completed in 1990. The Kuwaitis want a 50-50% population by the end of the century: the population is 60-40% foreign to local at present, but the labour force is 80-20%. In Qatar, where the population is around 70-30% foreign to national, the government departments have been set the modest target of shedding 10% of their expatriates.

Policies of this sort have been around for some time, without anybody trying hard to implement them. Some countries have introduced legislation, generally ignored, stipulating how many expatriates any government department or private company may employ; some are making it more difficult for employers to get visas for expatriates. Kuwait has passed a law saying that no more expatriates are to be employed in government jobs: the people who will be hurt are the Palestinians, many of whom have been born in Kuwait, but cannot, these days, get nationality, and who have no homeland to be sent back to.

With so few figures available, it is hard to tell whether these measures, combined with recession, have resulted in a net outflow of foreigners. Foreigners' wages are certainly being cut: a Bahraini businessman said he had returned from Bombay, where he had just hired labour at rates 30% below the pay of those he had just sacked. And employers are shifting to cheaper nationalities—Thais rather than Koreans, Bangladeshis rather than Pakistanis, Europeans rather than Americans. The Europeans cost less because they do not insist on bringing their families. Oddly, though, a Saudi businessman said that unemployment in Britain made British labour more expensive for him: people were less willing to leave secure jobs for a two-year contract, and he did not want those who took voluntary redundancy: "They tend to be the sort who like their pint, and I have no pint to offer them."

A little local difficulty

The transition from foreign to local labour is not going smoothly. Asked what sort of jobs young men want, a Saudi journalist said contemptuously "soft jobs". They tend to prefer government jobs where, although the pay may not be great (a newly graduated civil servant in Saudi Arabia would get 3,500 riyals, that is about $1,000 a month) they get security, and will probably not be asked to do too much work. The governments, which mostly guarantee jobs in the civil service to graduates, are burdened with unproductive bureaucracies in which several people are supposed to do the same job and nobody does it properly.

For those who do want jobs in the private sector, it is not always easy to get them. Many employers have a prejudice against locals: they say they are untrained, lazy and difficult to get rid of. Of course there are well-qualified, hard-working young locals; even so, few have experience which, in a job like engineering, counts for more than qualifications. According to a Saudi intellectual, businessmen "would rather employ an Israeli who could do the job" than take on an unsuitable Saudi.

The recession means that there is now an oversupply of local labour for administrative jobs. Mr Hisham Aref, personnel vice-president of Saudia, said "Before, if I wanted 50 people, I got 30 applications. Now I get 3,000". In most of the Gulf there is a hint of what might be called unemployment: young graduates not qualified to do anything in particular may have to wait around a few months before getting a job.

Part of the blame is being put on the education system. All around the Gulf smart new unversities have been built, and the governments have been spending lavishly on giving their young people higher education abroad and at home. Some of it is fairly useless, because it was not designed for the countries' needs. The Kuwaiti education minister, Mr Hassan Ali al Ebraheem, points out that in the Egyptian-influenced Kuwaiti system graduates used to be required to complete a course in agricultural economics: cotton-growing.

The Gulf universities, like those in the West, continue to pour out graduates with degrees in economically useless subjects like geography, history and business management. The quality of the education they get abroad may not be much better: a Saudi intellectual complains that "there is a conspiracy in the States to send our country backwards. You get people coming back with a PhD in languages from an American university, and they can't even speak English."

Debates about whether education is consumption or investment, similar to those which rage in the West, can be heard around the Gulf. The governments are coming down on the side of investment, and some are beginning to change their policies accordingly. They need to produce fewer graduates. Saudi Arabia is only just beginning to realise this. Kuwait has already cut its university intake by half and Abu Dhabi is throwing out some

Learning to be productive citizens?

of its stupider students.

The enlightened young head of Abu Dhabi's university, Sheikh Nahyan bin Mubarak al Nahyan, says he has worked out that for every BA, you need three diploma holders—accountants, nurses, laboratory technicians and the like. He has persuaded the government (not difficult, since he is a member of the ruling family) to look into setting up technical colleges. Kuwait is doing the same.

Given time, the Gulf countries may get some way towards plugging the gaps in their labour markets. Young locals are beginning to realise that they cannot get the sorts of jobs which their elder brothers got after graduation—straight into a slot at the head of a government department. But they are not going to take the unskilled, or many of the skilled, industrial jobs. "We do not", as a Saudi said, "want to get our hands dirty". And the countries which are industrialising—like Saudi Arabia—are going to have to find people to fill more and more of those jobs.

What sort of countries shall we build?

Industrialisation may not be the best form of diversification

The Gulf countries do not want to be bottle-fed by oil. As soon as they got rich, they decided that they wanted proper, grown-up economies, and diversification became the planners' watchword. It was not just a vague desire for economic manhood: there were some specific needs to be satisfied. The countries wanted economic activity which would be a buffer against the vagaries of the oil market; they wanted economies which would sustain themselves after the oil ran out, or as the West substituted other forms of energy for oil; and they wanted jobs to keep their people busy.

The governments are to quite a large extent in a position to realise their wishes, because they control such a high proportion of GDP. However, they are also, by instinct, determinedly private-sector orientated; and they are having to spend a lot of money to cajole the private sector into conforming to their plans for developing industry and agriculture.

According to the fourth five-year plan, the Saudis are expecting agriculture to grow at 6% a year. The growth of over 8% a year already achieved has been at some cost: apart from the interest-free loans and the subsidies farmers get on seed, power, water and fuel, the government was paying farmers 3,500 riyals ($970) a tonne of wheat, compared with a world market price of ($125). The result is a harvest in 1985 of 1.7m tonnes of wheat, while domestic consumption is 800,000-900,000 tonnes a year.

These figures have made the Saudi agricultural policy something of an international laughing stock. It was evidently satisfying none of the country's real needs, but only a vague strategic desire for self-sufficiency. It did not even seem justifiable in terms of giving people jobs; because although around half of the workforce are thought to be engaged in agriculture, the big private companies, which produce most of the wheat and therefore benefit most from these subsidies, employ very few people.

The government now seems to have changed its mind. It has cut the price of wheat to 2,000 riyals ($555) a tonne, and has told the companies that it will buy only 60% of their harvest.

Agriculture seems a slightly better bet in Oman, which does have some land worth cultivating in its natural state. Sensibly, the Omanis are going slow at developing it. So far have not done much more than set up state marketing centres. But already higher demand is pushing production beyond the water supply's capacity; and on the Batina coast, the principal agricultural area, pumps have been so hard at work that the water has become dangerously brackish.

The Omanis are beginning to build dams to try to catch the water that runs down the mountains before it falls into the sea. But they are not too sure how worthwhile spending on water supplies would be: much of their moonscape is low in nutrients, and they do not want to develop agriculture with a balance sheet like the Saudi one.

Fisheries are the Omanis' best bet: they have the resources of the Indian Ocean to tap, which gives them an advantage over the countries which have access only to the over-fished and polluted Gulf. A South Korean fleet did most of the fishing in Omani water until recently; but the government has gone full speed ahead in

Overblown

developing fishing, and is handing out free boats to anybody who wants them. The trouble is that not many people do: development has led people to move to the towns, and in these days of relative prosperity the role of fisherperson looks less attractive.

With agriculture a no-hoper in most of the Gulf, industrialisation seemed the best way of diversifying. The lack of new materials is a restriction. Qatar has a hundred trillion cubic feet of non-associated gas; Oman has a little copper; but the other countries have nothing much except oil and associated gas. They are therefore concentrating on activities which are energy intensive or use gas as a feedstock.

All the Gulf countries are putting some effort into industrialisation, Saudi Arabia with the greatest conviction. The general idea is that the state should start up the huge enterprises that the private sector does not have the money or the will to invest in; and they should then be sold off to the public when they are up and running. At the same time, the private sector should be encouraged to start up its own, smaller, ventures.

The most dramatic bit of state spending has been done by Saudi Arabia, by the Saudi Arabian Basic Industries Corporation (SABIC) at Jubail and Yanbu: $10 billion worth of petrochemical plant has been installed, increasing world petrochemical capacity by 5%. Other countries in the peninsula have been doing this sort of stuff, but generally on a smaller scale: Kuwait Petroleum Company has subsidiaries making refined products, petrochemicals and fertilisers; and there are refineries, petrochemical plants, aluminium factories, cement factories and ship repair yards all down the Gulf.

From petrochemicals, you can go further downstream, into plastics and all the things that can be made out of them. That is what SABIC hopes to persuade the private sector to do. In the meantime it and various other bits of state industry are being privatised. The government has sold off 25% of SABIC's shares, and plans to get rid of another 50%.

The governments have had to nurture the market a little for some of their privatisation. Purchasers of shares in Saudi Arabian utilities were guaranteed a 15% dividend, though this has now been reduced to 10%. The Omani government, burdened with a loss-making flour mill, restricted imports by setting new, stringent "health" restrictions, pushed the price up and then privatised a profitable flour mill.

Private-sector manufacturing is mostly small-scale, light stuff making import substitutes—things like paper tissues and water bottles. They have been encouraged by a combination of subsidies on land, loans, power, water and building, as well as the imposition of tariffs where necessary. Generally, tariffs on imported raw materials are zero, and on manufactured goods they are around 4-7%. However, where there is a local industry to compete with the import, tariffs go up to 30%. Neither of these measures sit well with the governments' free-market philosophy, though some of the tariffs are justifiable on the grounds that the infant industries need time to grow.

The governments are keen to get foreign money and expertise in through joint ventures. This led, for example, to the interesting arrangement negotiated with the consortium led by Boeing which won the $1.18 billion contract to build Saudi Arabia's Peace Shield air defence communications system. The consortium, which will be working with a group of Saudi Arabian industries on a 50-50 basis, is required to invest in high-tech consumer goods manufactured in the kingdom.

Will it work?

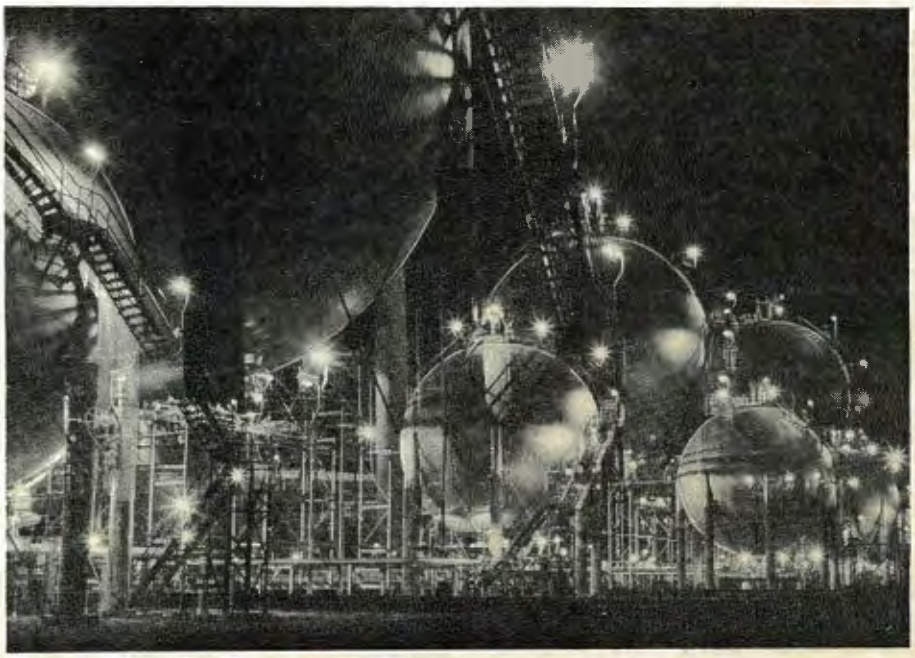
Not much of the industry in the peninsula is doing very well. The Arabs are still learning how to run industries, and learning costs money. Anyway, the whole regional market is depressed, which is pushing down the profits of the private-sector import-substitution industries. And the heavy industrial investment is generally in areas where there is world overcapacity, which has led to low prices and protection—hence the Saudi Arabians' row with the EEC over petrochemical exports.

The Gulf governments say that in the long term their industries will prosper. They not only have oil and gas on tap; they have also bought the latest, most productive capital equipment, which must win over the outdated stuff in the first and third worlds. They may not have the expertise or the unskilled labour; but they are training it, and in any case can buy as much as they need. But there are a few reasons why some Gulf Arabs do not think industrialisation, at least on the scale of present plans, is necessarily the right thing for the area.

Having oil and gas on tap does not necessarily make it cheaper for private-sector industry. Saudi Arabian businessmen, for instance, point out that it is hardly worth investing in downstream petrochemical industries when SABIC charges world market prices for their inputs. And, since SABIC is only just scraping a profit on its products, there would not be much scope for reducing its prices—even if its new private-sector shareholders liked that idea.

All the materials for industry, except oil, gas and sand, have to be imported. And so does the labour force. The costs of transport immediately make Gulf industry relatively expensive. Capital equipment is often expensive to maintain in the tough climate. Labour has to be bribed to endure the harsh social environment. And importing labour conflicts with the governments' policies of getting rid of foreigners.

The subsidies which the governments offer to offset these high costs have enabled a good number of companies to start operations, but the new cuts in subsidies will make it difficult for them to continue. Exports to the already industrialised nations cannot escape protec-



Starry eyed investment

tionism. If the Gulf countries stick simply to their own domestic markets, they have only 7m-15m people to sell to (depending on whose figures you believe, and whether or not you include the expatriates, who send most of their money home). By that reckoning they already have too much petrochemical, aluminium, steel, cement and fertiliser capacity.

The more the countries build up industries geared towards the GCC market, the more they will find themselves squabbling with each other. The GCC is supposed to be tariff free; but Oman has maintained tariffs on eight categories of goods, on the grounds that the different subsidy levels throughout the GCC make it a parody of a free market. Oman says it cannot possibly afford the levels of subsidy that Saudi Arabia, which has, for instance, disbursed $58 billion on cheap loans to industry, has handed out. One Omani tissue manufacturer (who also happens to be their director general of economics at the ministry of commerce) says that it costs him 25% more to make his tissues than the Saudi Arabians sell theirs for. None of the other governments in the GCC have taken the strong stand that Oman has; but quietly, most of them agree.

The most fundamental objection to industrialisation as a means of diversification is, however, that it is not really diversification at all. Industry in the Gulf is dependent on oil, first, because it is dependent on government subsidy and, second, because it depends for the time being at least on local demand. Both depend on oil revenues.

Plenty of Gulf economists argue that investing abroad is the only true form of diversification. The countries are all doing it a bit, through their general reserve funds; but nobody has been putting money into these reserves for the past couple of years, and some, like Saudi Arabia, have been drawing on them. Kuwait and Oman, however, both have special funds for the future into which they put 10% and 15% respectively of their oil income whatever the strains on the budget. The money is invested in as wide a range of countries, industries and businesses as possible. The income is ploughed back into the funds.

But international investment does not provide the locals with jobs. Politically, that is a point against it, since no government wants its population to get bored and restless. But it insulates countries better against the unreliable oil market than local industry does. And it costs less money.

Industry needs labour to operate it. But people in the Gulf do not want industrial jobs. They prefer to sit behind government desks, and let the foreigners whom the governments say they do not want do the dirty work for them.

As the governments have realised, modern economies require a lot of educated people. And the countries in the peninsula have gone in for education in a big way. But education creates desires which most of the Gulf governments are not prepared to satisfy—for entertainment, art, a proper press and even a bit of politics. Educated people do at least need something to do—a luxury which some of the Gulf's women are deprived of altogether.

Successful industrial economies generate wealth. Yet backward-looking people in the Gulf want to restrict the things that people can do with it. The result, which does not seem very satisfactory, is that people take an annual trip abroad to spend their money and enjoy a little western-style liberty.

These contradictions are not resolvable, yet some of them need not exist. The governments' aim to industrialise is based on a misconception—that industrialisation is the way to diversify. As this recession has shown, and future ones will continue to prove, the sorts of industries being set up are dependent on oil. Low oil revenues will drag down the Gulf industries with them: the industries will not buoy up the economies.

The Gulf governments would be better advised to abandon their more ambitious plans and invest their money abroad. By doing so, they would avoid some of these contradictions. They would also benefit the non-oil producing world: to maximise their revenue from investments abroad, they would have to keep the price of oil down.

The hold of the past, the pull of the future

The countries in the peninsula are trying to be two different sorts of place at the same time

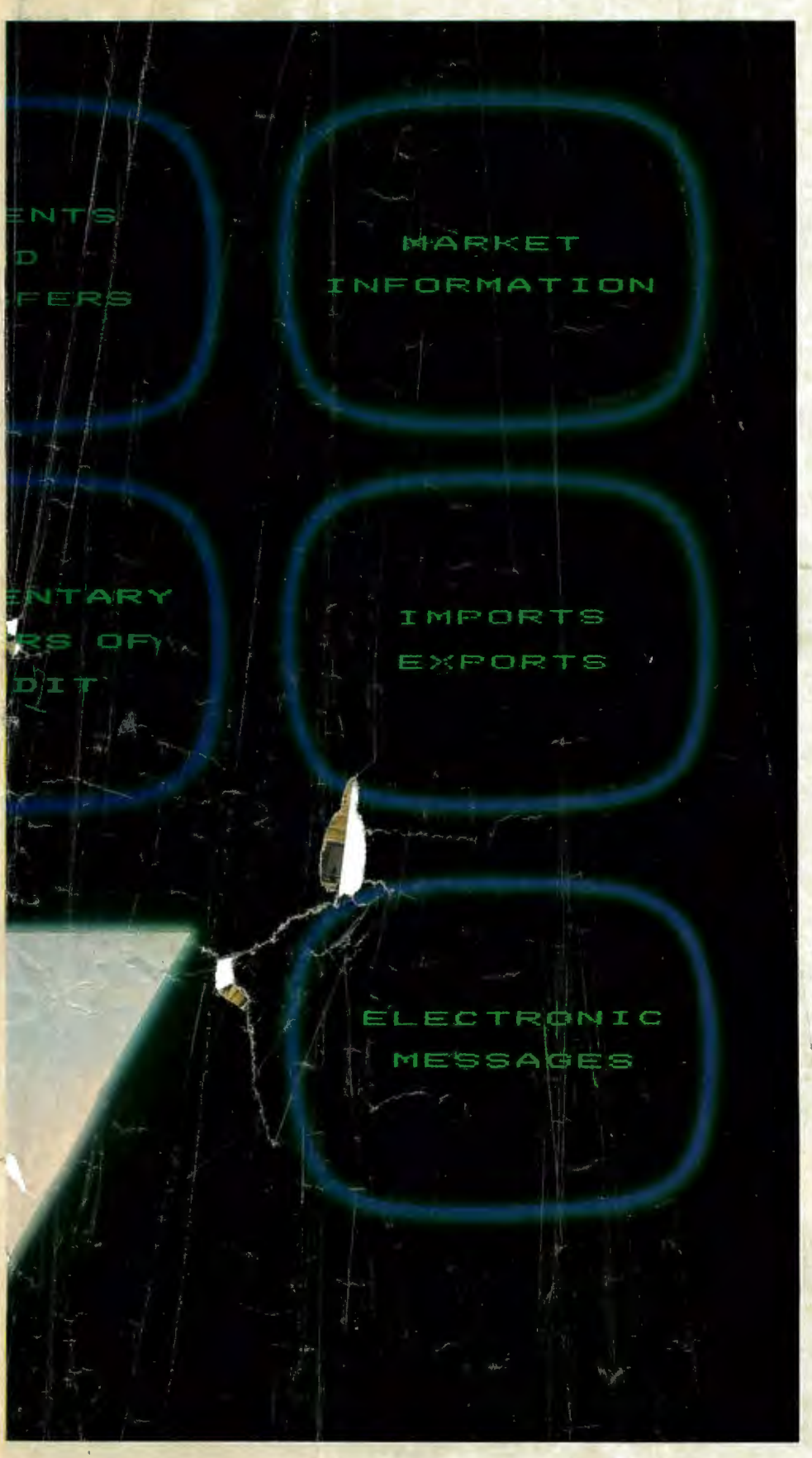
While the Gulf countries would like economically to be in the modern world, they want to stay in the past. The recession has emphasised, not eased, the difficulties of trying to reconcile these contradictory urges.

On the one hand, the Gulf countries want to have diversified, international economies with large industrial sectors, statistics departments bursting with computerised information, productive jobs for themselves and the cheap foreign labour they will continue to import. The governments' reaction to the recession has been to push ahead with economic policies which imply all that, on the grounds that such policies will help cushion their countries against the effects of volatile oil revenues in the future. Yet they, and their people, reject much of what development means.

Grown-up economies need information. The private businessmen who the governments hope will generate future growth cannot operate unless they are able to find out about things like markets, competitors and imports. Yet the Gulf governments are suspicious of information: only a few, like the Kuwaiti and Omani ones, are reconciled to it. The Saudi Arabian government wants as little

Which way should we face?

Banking.
bank in your hands.



HongkongBank's Hexagon corporate electronic banking system. It's a state-of-the-art system for six vital reasons.

1. **Hexagon is powerful.** The system offers wide-ranging services, from reporting simple account balances to up-to-the-minute foreign exchange rates. Hexagon communicates through the HongkongBank group's own global data network, giving you instant access to the group's vast resources of banking and information services around the world.
2. **Hexagon is fast.** Information is constantly updated. Hexagon reacts quickly to give you the edge.
3. **Hexagon is friendly.** The system is easy to use. Its simple screens are easy to read and easy to understand.
4. **Hexagon is adaptable.** It can be integrated easily into your existing management structure. Whatever your business, Hexagon offers your management full control. Any of your staff can be assigned to operate the system while the authorisation and supervisory functions remain firmly in the hands of your management.
5. **Hexagon is secure.** Full data scrambling, individual passwords, dual and multi-level authorisation and a range of other security features ensure safety and confidentiality for your company's finances.
6. **Hexagon is compatible.** Unlike other systems, Hexagon has been designed to run on a range of popular personal computers so that substantial investment in hardware is unnecessary.

The HongkongBank group is one of the world's major financial institutions, with over 1,200 offices in 55 countries.

To find out more about Hexagon and how it can help your company, contact the Hexagon Centre at: 99 Bishopsgate, London EC2P 2LA, United Kingdom. Tel: (01) 638-2366 or your nearest branch of the HongkongBank group.

Hexagon.
Puts the power of the bank in your hands.

HongkongBank

The Hongkong and Shanghai Banking Corporation

Marine Midland Bank • Hongkong Bank of Canada • The British Bank of the Middle East Hang Seng Bank Limited • Wardley Limited HongkongBank Limited

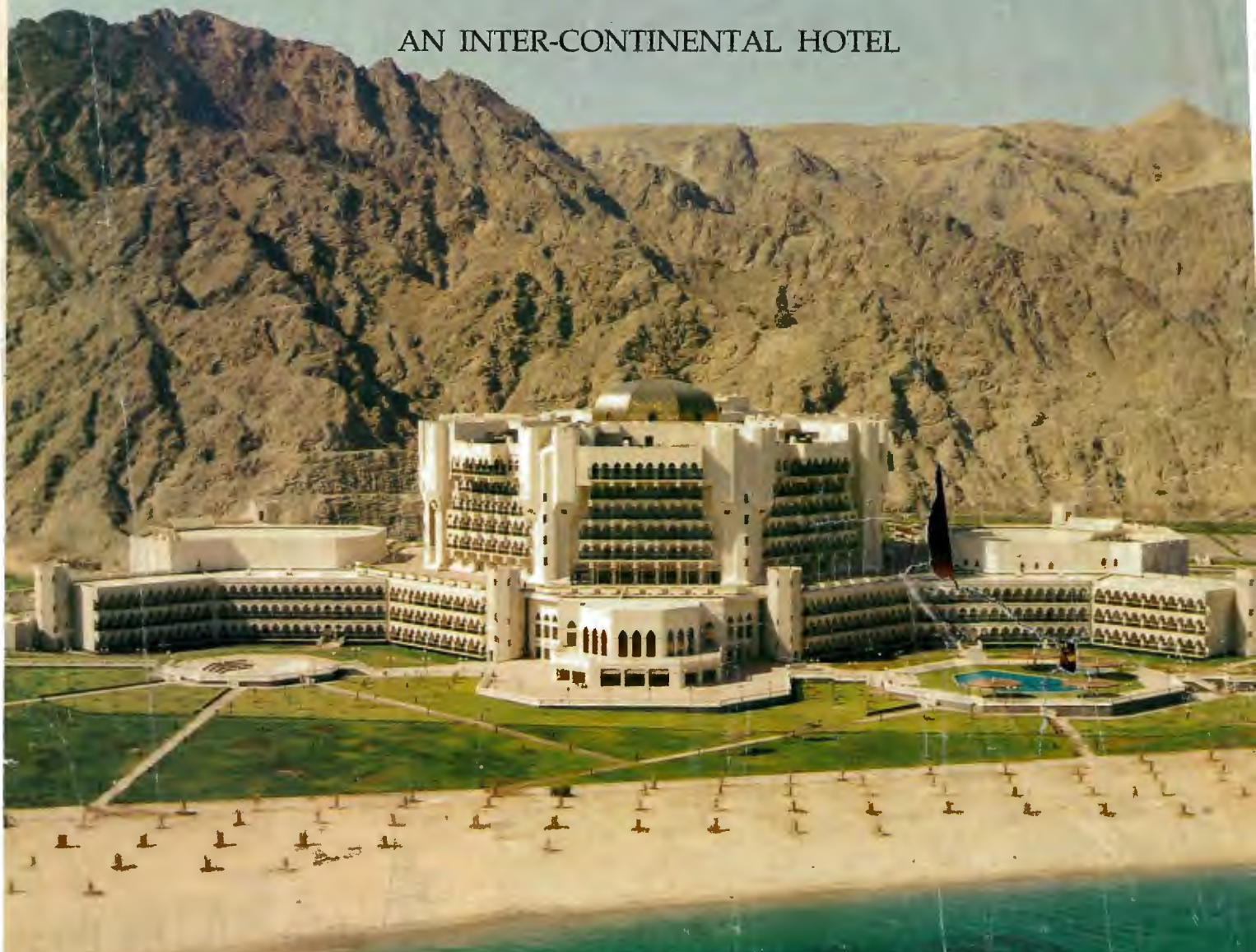
CONSOLIDATED ASSETS AT 31 DECEMBER 1984 EXCEED US$61 BILLION.

B6236

Simply the most spectacular hotel in the Middle East

AL BUSTAN PALACE HOTEL

AN INTER-CONTINENTAL HOTEL



THE ADVANTAGE IS INTER·CONTINENTAL

INTER·CONTINENTAL HOTELS

Muscat, Sultanate of Oman, P.O. Box 8998, Muttrah
Telephone: 740200/799666 Telex: 5477 BUSHTL ON

RONALD REAGAN LIBRARY
TRANSFER/PARALLEL/OVERSIZE FILE SHEET

Please circle "preservation" (put in AV, etc.), "classified" (parallel filed in vault/annex), "collection" (misfile, provenance), "RD/FRD" (parallel file), "NATO" (parallel file), "SAP" (parallel file).

PRESERVATION CLASSIFICATION COLLECTION RD/FRD NATO SAP

FROM:
Collection Green, Max: Files

Series Subject File

File Folder Title/Casefile #/NSC # South Africa – II (1)

Box Number 23

Description of Material:

ND, 5 pp. paper re Saudi Arms Sale

ND 1 p. paper re US Arms Sales to Arab States

TO:
Collection: Green, Max:Files

Series: Subject File

File Folder Title/Casefile #/NSC # Saudi Arabia

Box Number: 22

Transferred by: CAS	Date: 1/20/23

NEED ONE COPY IN ORIGINAL LOCATION
SECOND COPY WITH ITEM PARALLEL FILED OR TRANSFERRED
THIRD/FOURTH* COPY FOR COLLECTION FOLDERS - * IF TRANSFERRING TO/FROM TWO COLLECTIONS

THE SAUDI ARMS SALE

Saudi Arabia

I. Summary

As a continuation of the long-standing U.S.-Saudi security relationship and as a signal of U.S. support for regional states against the threat posed by Iran, the President is notifying Congress of his intent to sell Saudi Arabia defensive weaponry which includes air-to-air, air-to-sea and Stinger ground-to-air missiles. The provision of these arms to Saudi Arabia is important to U.S. security interests both as a demonstration of continued U.S. reliability as a security partner for Saudi Arabia and the Gulf states, and as a clear message to Iran that the United States is determined to oppose any expansion of the Gulf war and Iranian-backed radicalism in the region. This sale had been planned for later this year; recent events in the Gulf and direct, high-level requests from the Saudi leadership have impelled us to move the sale at this time. Iranian successes have raised the threat of expansion of the war to the Gulf states to the highest point since the conflict began, nearly six years ago. Our friends in the region are urgently looking to the United States for an affirmation of our oft-repeated assurances of military assistance and support. If this sale is not approved and we are unable to respond to Saudi Arabia's legitimate defensive needs at this critical point, our credibility in the region will be eroded seriously and our message of deterrence to Iran will be muted. These defensive arms for Saudi Arabia do not constitute an introduction of new weapons systems; they either augment or upgrade defense equipment currently in the Saudi inventory.

II. Weapons Under Consideration

General The sale we are notifying has a total estimated cost of $354 million and is composed of the following items:

-- 671 AIM-9P4 Air-to-Air Missiles

-- 995 AIM-9-L Air-to-Air Missiles

-- 100 HARPOON Air-to-Sea Missiles

-- 200 STINGER Manportable Ground-to-Air Missile Systems with 600 Reloads

These items do not constitute an introduction of new weapons systems into the Saudi inventory. The Saudis already have various versions of the Sidewinder missile, including the AIM-9L, as well as quantities of the STINGER. Additionally, Saudi Arabia currently possesses the surface-launched version of the HARPOON missile. Sale of the air-launched variant will assist the Saudis in better countering the naval threat to the vital sea lanes and shipping in the Persian Gulf. The

Saudi government will pay for these defense articles and related services over a period of at least four years on a "dependable undertaking" basis, meaning that the Saudis will commit themselves to making payments in any manner specified by the U.S.

III. Justification for the Sale

The Increased Military Threat The greatest military threat to the Gulf states and Saudi Arabia is an expansion of the Gulf War to the Arabian Peninsula. With Iran's recent crossing of the Shaat al-Arab and occupation of Iraqi territory near the border with Kuwait, this threat has dramatically increased. Kuwait and the other Gulf states look primarily to Saudi Arabia, and to the Saudi-U.S. strategic relationship, for their military support. As these states assess their political-military position with respect to Iran, specifically their ability to resist Iranian incursions, they will weigh carefully the U.S. response to Saudi Arabia's request for military assistance as contained in this sale.

Saudi Arabia's greatest need is improved air defense. The Royal Saudi Air Force must protect an airspace equal to that of the entire Eastern United States. Its population centers are widely separated, rendering air defense more difficult. These cities, and the Kingdom's vital oilfields and extensive petrochemical complexes, are all highly vulnerable to attack from Iran. It requires only a single successful penetration of Saudi air defenses for incalculable damage to be done to Saudi oil facilities; accordingly, we have concentrated our military assistance on enhancement of air defense. The AIM-9 air-to-air missiles will increase the Saudi ability to counter the Iranian air threat. The STINGER ground-to-air system provides vital low-level, point-defense coverage, complementing the ground-to-air protection already in place. Protection of sea lanes and commercial shipping in the Gulf is another key U.S. interest in the region. The air-launched HARPOON missiles in the proposed sale will enhance Saudi capabilities to defend shipping in the Gulf.

IV. U.S. Strategic Interests

The United States has vital strategic interests at stake in the region which are supported by the proposed sale. Regional stability, support for Arab moderates, opposing radical forces and resisting expansion of Soviet influence have been key aspects of U.S. policy in the Middle East. Additionally, they contribute to our fundamental commitment to Israel's security and to our efforts to encourage peace between Israel and its Arab neighbors. Finally, our policy has been to provide Saudi Arabia and its neighbors with the resources to defend themselves and protect our mutual interests without direct U.S. involvement.

For over thirty years the United States and Saudi Arabia have been close partners in strategic military cooperation -- cooperation which serves both our nations' and the region's interests. Since the 1970's, the U.S. has become the major strategic partner of the Gulf states as well. These countries have received assurances from a succession of U.S. Presidents that the United States will stand by them in their defense; at this critical juncture, any further perception that the U.S. is unable or unwilling to live up to its promises will deal a severe blow to our credibility and regional role. It will inevitably send a message to Iran that the U.S. is again backing away from its commitments, and encourage further Iranian military and political adventurism in the Gulf. It will dramatically reduce the ability of our friends in the area to stand up to Iranian aggression, and will provide an opportunity for the Soviet Union to increase its influence.

Security assistance and arms transfers in the region have traditionally been a vital element of U.S. diplomacy. Through our military support and training programs we have established strong relationships of mutual trust and reliance. It is definitely not in U.S. interests to bring these relationships to an end, or to permit the U.S. to be replaced by any other country as principal supplier of arms to regional Arab states. It must be realized that U.S. arms sales carry with them safeguards and assurances which no other country requires. The safeguards are designed both to protect U.S. interests in the region and to ensure that arms sales pose no threat to Israel. As the British sale of Tornado aircraft to Saudi Arabia demonstrated, inability of the U.S. to fulfil its arms sale commitments does <u>not</u> help ensure Israel's security.

V. <u>Arms Sales and Political Linkage</u>

Attempts to link U.S. arms sales to Saudi Arabia with Saudi political behavior on the peace process or other issues are both shortsighted and counterproductive. As was demonstrated in the F-15/Tornado affair, Saudi Arabia has legitimate defense needs which it will meet -- if not from the U.S., then from other suppliers. We accomplish nothing by diminishing the political influence our military assistance relationship has built up over the years through insisting that that relationship be cast entirely in the light of a single political issue. In fact, the Saudis have played a major role in furthering moderate Arab thinking on Israel and advancing the peace process. We recognize that the Saudi contribution to peace is most effectively made in a low-key, non-confrontational manner which molds Arab consensus from within. To demand that Saudi Arabia adopt a wholly different style within the Arab world is unrealistic and will not advance either the United States or Israel's desire to move the peace process forward.

VI. Israeli Concerns

The cornerstone of U.S. policy in the Middle East is our support for Israel's security and the maintenance of Israel's qualitative regional military advantage. We fully understand Israel's concerns about the effect arms sales to Arab states have on that advantage; the United States will never take an action or make any sale which would jeopardize Israel's security. For our part, we have asked Israel to understand that vital U.S. security interests require that we pursue arms transfer programs, and closely cooperate with other Arab states. Such assistance and cooperation is in Israel's own interests, in that close U.S. security relationships and influence with all peace-loving states in the area contributes to overall regional stability and diminishes the threat posed by radicalism and expansion of Soviet influence to Israel. It is in neither U.S. nor Israeli interests to see the Middle East destabilized or U.S. influence diminished or replaced by the Soviets or any other state. The U.S. has broad interests both in the Middle East and Gulf region. Israeli security concerns are not helped by seeing the United States barred from fulfilling its security commitments to meet the legitimate defensive needs of our Arab friends. The arms we propose to sell to Saudi Arabia are intended to augment Saudi capabilities to meet a genuine threat from Iran. They are purely defensive in nature and do not threaten Israel's security or qualitative regional military advantage in any significant fashion.

VII. Implications of Not Going Forward with the Sale

The implications of not providing Saudi Arabia with the arms proposed in this sale are clear:

--As in the case of our failure to sell F-15's, Saudi Arabia will turn to other suppliers to meet its pressing defensive needs; carefully constructed U.S. safeguards and assurances will therefore not be present.

--We signal a radical departure from a security relationship with Saudi Arabia dating back to the Second World War, and thereby call into question U.S. ability or willingness t o fulfill other security guarantees to other states in the region.

--We send a message to Iran and other radical states and forces that the U.S. guarantees of support for moderate states in the region are merely rhetorical and need not be seriously weighed.

--We provide opportunities for exploitation by the Soviet Union to expand both its military and political influence in the region.

--We do not advance the peace process; to the contrary, we erode our political influence with Saudi Arabia and discourage it from continuing the helpful role in Arab fora it has assumed in the past.

VII. Conclusion

This proposed sale of air defense weaponry to Saudi Arabia is clearly in the long term interest of the United States. It will help Saudi Arabia address pressing defensive needs in the face of a dramatically increased threat from Iran to the entire Gulf, and poses no threat to Israel's security or its qualitative military advantage. We affirm our long-standing commitments to be responsive to legitimate Saudi defense needs, and send a signal of our resolve throughout the region. We help thwart expansion of Soviet and radical influence, and significantly increase Iranian awareness of the price they will pay for any decision to further expand the Gulf War. Through our support for our Arab friends we enhance regional stability and materially reduce potential threats to Israel's security. By retention of our traditional role as arms supplier to the moderate Arabs we help protect Israel's interests as well as our own vital security concerns in the region. Disapproval of the sale will erode both regional confidence in the United States and diminish our political influence. Neither U.S. strategic interests in the area nor the peace process itself will be helped by such an alteration in the U.S. role.

U.S. ARMS SALES TO ARAB STATES

-- The U.S. has maintained a close and mutually beneficial security assistance relationship with moderate Arab states for over thirty years. U.S. strategic interests will be adversely affected if this relationship is further eroded or terminated.

-- The U.S. has assured these states that we would be prepared to assist them in their own defense against threats from Iran and other radical forces; to back away now from these pledges would gravely damage U.S. credibility throughout the region.

-- Inability of the U.S. to live up to its committments will send a clear message to Iran that U.S. statements opposing expansion of the Gulf War and declaring our determination to fight radical influence are rhetorical only, and lack substance.

-- Israel's security and the maintenance of Israel's qualitative military advantage are the foundations of our policy in the region. The U.S. will never take any actions which would harm Israel's security.

-- Our arms sales proposals are the product of careful review of the legitimate self-defense requirements of the countries involved, and their ability to use the arms in a responsible manner. If we are prevented from supplying arms to these countries, they will fill their genuine defensive needs from other sources.

-- It is in Israel's interest for the U.S. to remain the principal supplier of arms to moderate Arab states. U.S. arms sales involve safeguards and assurances which are designed to protect Israel's security, and provide a considerable degree of U.S. supervision and control.

-- Attempts at using U.S. arms sales as political levers to reward or punish behavior is short-sighted and wholly counter-productive. Neither U.S. interests in furthering the peace process nor Israel's security are served.