

LIFE AFTER KING ABDULLAH:
U.S.-SAUDI RELATIONS IN THE AGE OF KING SALMAN
AND PRINCE MOHAMMED

by

ALEXANDER PAYNE

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Dr. Shaul Cohen

The U.S.-Saudi partnership has been foundational to America's Middle Eastern policy for decades. Security, stability, and oil flows have enabled a positive, productive working relationship despite incredible cultural differences. However, a confluence of issues are promising to bring big changes. The rise of Iran, the Shi'a/Sunni split, and the expansion of American fracking is creating a gulf between the two states. The recent death of King Abdullah, who tenuously balanced the U.S. partnership with Saudi interests, has opened the door to King Salman and his young son Prince Mohammed to take Saudi Arabia in a new direction. This paper seeks to analyze their actions, and their plans, and what that might mean for U.S. interests in the Middle East.

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List of Acronyms

API-Arab Peace Initiative

CIA-Central Intelligence Agency

GCC-Gulf Coast Cooperation Council

GDP-Gross Domestic Product

IAEA-International Atomic Energy Agency

IPO-Initial Public Offering

ISIS-Islamic State of the Levant and Iraq

MSF-Doctors Without Borders

NATO-North Atlantic Treaty Organization

OPEC-Organization of Petrol Exporting Countries

TARP-Troubled Asset Relief Fund

UAE-The United Arab Emirates

U.S.-The United States of America

Introduction

The U.S.-Saudi partnership was the foundation of much U.S. Middle Eastern policy for decades. Beginning with the discovery of oil in the 1930s, the U.S. and the house of Saud have depended on each other for mutual economic and security concerns. As oil rose in global strategic importance, so did the security cooperation between the two countries. The expectation of stable oil flows from the world's largest oil producer led to a concurrent expectation that the United States would provide the means for the monarchy to stay in power. The U.S. could depend on the Saudi monarchs to support overall U.S. geopolitical interests, at times over the wishes of their own civilians, and kick in as a "swing producer" when global oil supplies became tight. These fundamental tenets ran from the founder—Ibn Saud—to the most recent monarch—King Abdullah.

However, his death in early 2015 marked a turning point for the current King Salman, and his upstart son Prince Mohammed, to take their country in a new direction. The rising sectarian split in the region, the increasing capability of the Saudi state, and the American emergence as an energy producing powerhouse were ongoing at the time of the monarchical change. The former King Abdullah maintained a close relationship to the United States, and preserved the decades-long partnership through the beginning of these trends. The new monarchy, however, promises to fundamentally alter the partnership with the United States, and the country's status as an oil-dependent economy.

This allows Saudi Arabia to pursue a policy that breaks with their traditional U.S. dependence, enabling them to fully and independently pursue their own economic and security interests. This means that the U.S. will lose a complaint security partner

and the traditional “swing producer” of oil that they depended on to manipulate the oil market at their urging. While this will free up the U.S. to pursue a geopolitical rebalancing to the rising East Asian region, it will also result in a diminished American capacity to directly influence events in the Middle East, as multipolarity replaces decades-long U.S. hegemony.

In order to demonstrate this, this paper will first examine the history of the U.S.-Saudi partnership between King Ibn Saud and King Abdullah. This will show the history of the mutual dependence between the two states, but also the ability of the United States to encourage the Saudi monarchs to adopt policies that were in the U.S. interest. The Arab spring, which erupted at the end of King Abdullah’s rule, will demonstrate the antecedents for the Saudi desire to move away from the United States and more directly influence the region.

Then, the recent monarchy change will be examined, and will introduce the rise of King Salman’s young son, Prince Mohammad, who heralds a fundamental shift to the “new generation” of princes poised to alter Saudi policies. Prince Mohammed’s “Vision 2030”, which will simultaneously move the Saudi economy beyond oil, and deal with significant demographic challenges. This will set up the primary mechanism that will allow the Saudis to establish economic, and therefore security, independence from the United States.

Concurrent to that will be an explanation of the changing American security trends, which have simultaneously demonized Saudi Arabia, and increased the American interests in East Asia. Mostly symbolic, but nonetheless representative actions like the 9/11 JASATA bill and the U.S. “pivot to Asia”, gives further impetuous

that the alliance is changing, and that the Saudis will likely expect an expiration of their privilege in American policy planning. A discussion of flashpoints around the region— Iran, Iraq, Syria, Yemen, and Israel—will further demonstrate the increasing desire for Saudi Arabia to directly influence the region around them and pursue independent policy, even if it runs contrary to current U.S. efforts.

Finally, the paper will argue that the introduction of Saudi Arabia and the U.S. as more market-focused oil producers will diminish the value of OPEC, putting a nail in the coffin of Saudi Arabia as a reliable oil manipulator for U.S. interests. This will facilitate a drawdown of U.S. assets in the region, as they move beyond direct influencers of policy there, to narrower goals like commercial trade and nuclear non-proliferation.

King Salman and Prince Abdullah

Line of Succession

On January 23rd, 2015, after a three-week fight with pneumonia, King Abdullah passed away¹ His *defacto* twenty year rule of Saudi Arabia represented the longest stretch of power for any monarch in the country's history, surpassing even his father, Abdulaziz Ibn Saud, the founder of the modern Saudi state. While his rule was marked by massive regional transformations, King Abdullah's policy responses were one of caution and realpolitik, as he mostly chose to play defense by building up his military might through U.S. arms purchases. His death, particularly at a moment of U.S.-Iran rapprochement, ISIS expansion, and Houthi rebel victories in neighboring Yemen, left the new King Salman bin Abdulaziz at a crossroads.

In order to smooth the transition to power as quickly as possible, Saudi Arabia's Allegiance Council announced their full support for the new king and reordered the line of succession.² They named the last remaining son of founder Abdulaziz Ibn Saud, Prince Muqrin, as crown prince. King Salman's nephew, Bin Nayef, interior minister and a top counter terror and military official, became deputy crown prince.³

However, at eighty years old, King Salman recognized the dire importance of immediately stamping his influence in the line of succession. Within two months of taking over, he altered the line to promote Bin Nayef to crown prince over Muqrin. Most notably, he bestowed the Deputy Crown Prince title to his son, Prince

¹ Al Jazeera. "King Abdullah of Saudi Arabia Dies at 90." 22 Jan. 2015.

² Wehrey, Frederic. "Saudi Arabia's Anxious Autocrats." *Journal of Democracy* 26.2 (2015): 71-85.

³ Ibid

Mohammed, who was only 29 years old. This shakeup solidified the potential for King Salman to influence Saudi Arabian politics long after what will more than likely be a relatively short reign.

Since becoming deputy crown prince, Prince Mohammed has had a dramatic role in his father's new government. He is now the defense minister, the country's chief economic planner, the head of the state oil company Aramco, the head of the Saudi sovereign wealth fund, and the head of the government accountability office.⁴ Western educated and forward thinking, Prince Mohammed is taking over an incredible amount of Saudi state power and is immediately having a massive impact. Because of this there is intense speculation that Prince Mohammed will be the next leader of Saudi Arabia. Becoming crown prince—leapfrogging his uncle in the process—would only be up to the discretion of King Salman, and is not without precedent. In 1999, King Hussein of Jordan promoted his son Abdullah to the crown prince at the expense of his brother, Prince Hassan, from his deathbed, guaranteeing his son's ascent to the throne.⁵

Prince Mohammed's wide portfolio and bold plans are likely tests for him to see if he is a viable leader for the future. Receiving such heavy responsibility, and at such a young age, are likely the only way that King Salman can effectively set up his son's ascent to the throne. In King Abdullah of Jordan's case, he had numerous shortcomings (like needing to learn more Arabic after years of English living), but his respect among the Jordanian military as a special forces commander, and an aggressive propaganda

⁴ Kirkpatrick, David D. "Surprising Saudi Rises as a Prince among Princes." *The New York Times*. 6 June 2015.

⁵ Shlaim, Avi. *Lion of Jordan: The Life of King Hussein in War and Peace*. New York: Alfred A. Knopf, 2008.

campaign to portray him as the natural heir to Jordan's previous kings secured his position as the leader of the country.⁶ Without similar military experience, Prince Mohammed needs to engender worldwide and domestic respect quickly in order to be a potential successor.

Logically, the Kingdom has an incentive for transitions of power to happen quickly and undramatically. It's good for investment, for international confidence, and for internal stability. More so than democratic countries, where power rests in institutions as well as individuals, the appearance and acceptance of power in a monarchy is the foundation of that monarch's control and effectiveness. Although the transition between King Abdullah and King Salman went smoothly, history demonstrates the potential for trouble, in addition to added pressures occurring because of long term trends.

The vast majority of Saudi princes won't make direct claims to the throne. They are too far removed from the direct bloodline to be perceived as legitimate, and do not have enough clout to have widespread support. However, they do have influence over its successor. Prince Mohammed is undoubtedly performing to win over the respect of the international community and the Saudi public, but he is also attempting to prove himself to the many Saudi princes to demonstrate that he is fit to be King too. Therefore, the next few years are incredibly important to the development of Prince Mohammed's claim to the throne. His numerous responsibilities are a functional

⁶ Shlaim, Avi. *Lion of Jordan: The Life of King Hussein in War and Peace*. New York: Alfred A. Knopf, 2008.

audition to the complicated web of royal influence that has sway over the innerworkings of the state.

The elites of Saudi Arabia, particularly of the new generation, recognize that their positions of privilege stem from having competent leadership that can strike a balance between maintaining their considerable power and support from their subjects. The old social compact of trading in political freedoms for economic growth are not sustainable in a more globalized world where oil is no longer funding the state like it used to. The current inefficiencies of the state are inadequate to provide for the growing population, and elites are increasingly realizing that changes are necessary. The old systems of patronage, which favor elder statesmen due to their experience and respect, is becoming outdated. While there will be holdovers, there is a growing consensus to support an agenda that diversifies the economy and enables opportunities for the broader population.

Prince Mohammed has several benefits that fit in line with the intentions for long term survival of the Saudi elite. His youth makes him representative of the country's young population. He appears more connected with their needs, and more responsive to their vision for the future. The youth of Saudi Arabia can see themselves in Prince Mohammed, and have appreciated his actions. His media presence and growing popularity will enable him to positively spin some symbolic reforms as substantial, giving time to soothe the an anxious public and smooth over problems with the old guard. They still want to maintain their favorable lucrative positions within the state, and incorporating them into a vision for the future while simultaneously placating the populace will be a critical balancing act for Prince Mohammed.

Political reforms thus far have been largely cosmetic, and represent an instance of this balancing act. As the economy reforms and the state relies more on domestic taxes, there will be tension between maintaining the power of Saudi elites and expanding representation to match increased public funding of the government. Taking away political power, and perhaps replacing it with favorable benefits from the waves of privatization, offers a way to please both sides and open up space for citizens to have a greater say in their state and elites to still maintain their position of privilege. Diversification provides more opportunities for stakeholders to take advantage of privatized businesses, as economic power can be decentralized from the state into the elites of the private sector.

Complicating things is the United States, which is one of the chief backers of Nayef due to his extensive record of counterterror cooperation with the U.S. As interior minister, he had an extensive part in developing a counterterror strategy that focused not only on locking suspects up, but countering their ideology through vigorous counseling and re-education.⁷ U.S. military commanders have adopted similar strategies in their counterterror efforts.⁸ As such, the intelligence and defense communities both prefer him to the upstart Prince Salman, seeing his experience and alignment with U.S. geostrategic interests as preferable to the relatively unknown neophyte Salman. However, increasing tensions between the Saudi and U.S. governments seemingly lower the long-term benefits of a pro-U.S. official, reducing the odds of Nayef staying in his position as crown prince.

⁷ Ansary, Abdullah F. "Combating Extremism: A Brief Overview of Saudi Arabia's Approach." *Middle East Policy* 15.2 (2008): 111-42.

⁸ *Ibid*

If Prince Salman can build respect within the Saudi royal court, faith among the sizeable youth population of the country, and positive thoughts from world leaders, his ascent to the throne will be made clear, and Saudi policy will revolve around him for the next few decades. Barring some sort of internal upheaval, or internal pressure to democratize like the British monarchy, King Mohammed will be the most influential actor in Saudi Arabia during the 21st century. Certainly, given his father's trust in assigning his son rapid control of the many critical aspects of the country, the throne is Mohammed's to lose. If, however, he takes on too much too fast, and flies too close to the sun, his stock will come crashing down, leaving the door for stalwart Bin Nayef to takeover and largely continue current Saudi policies. While Bin Nayef is part of the younger generation of princes, his history as interior minister and focus on security will engender him to a more cautious advancement of Saudi policy.

Demographics

Looming over all Saudi leaders is the country's young and rapidly maturing population. A staggering 70% of Saudi Arabia is under 30 years old, and a confluence of factors will increase their expectations for jobs and opportunity.⁹ Many grew up during the 2000s boom years, ingraining a mindset of growth expectations. Many grew up with their parents in government jobs, with benefits and high job security.¹⁰ The rise of the Gulf states, and lifestyles in places like Dubai and Doha, are centers culture and fun for young Saudis. Many have traveled, and see aspects of other countries that they

⁹ Hubbard, Ben. "Young Saudis See Cushy Jobs Vanish Along With Nation's Oil Wealth." *The New York Times*. 16 Feb. 2016.

¹⁰ Ibid

want to mirror, in terms of both personal and economic freedom. Many have received state based funding to attend colleges abroad, and have expectations for quality jobs that put their expertise to good use. Absent large scale reforms to the economy, Saudi Arabia will not be able to grow fast enough to provide good jobs for its youth, putting pressure on the government with influential discontent.

Polls among Saudi youth indicate their strong desire for greater independence and opportunity.¹¹ Many want to utilize their passions for careers that will provide a life for their families and their communities. Young women increasingly expect access into the workforce among a wide variety of fields, including those that have been traditionally male focused.¹² Fascinated by technology and travel, the burgeoning youth population is setting high standards for the government to provide opportunity for their ambitions.

The young population also wants an increased emphasis on social change, with many finding current restrictions to be behind the times. Growing up with the internet, social media, and international travel has opened many up to a lifestyle incongruent with the current theocratic order.¹³ In a symbolic step towards reducing the power of the mosque in state functions, the perception of upcoming change gave the state the space to bring about an end to the formal powers of the religious police,¹⁴

¹¹ Murphy, Caryle. "Saudi Arabia's Youth and the Kingdom's Future." *Woodrow Wilson Center for International Scholars* (2011): n. pag.

¹² Mittlestaedt, Juliane Von, and Samiha Shafy. "How Working Women Are Remaking Saudi Arabia." *Der Spiegel*. 23 June 2013.

¹³ McDowall, Angus. "Saudi Reform Plan Flirts with Social Change." *Rueters*, 26 Apr. 2016.

¹⁴ "Saudi Arabia Strips Religious Police of Arresting Power." *Al Jazeera*, 13 Apr. 2016.

Vision 2030

Prince Mohammed and a growing contingent of Saudis recognize that the state cannot sustain the oil-based economy of the last seventy years. Oil revenue currently accounts for almost 90% of the state budget, leaving the fiscal health of the country vulnerable to price swings.¹⁵ While this dependence was often beneficial for elites because they could buy public support through low taxes and generous subsidies, it left Saudi Arabia woefully ill-prepared to face the challenges of both increased fossil fuel extraction (like fracking) and decreased oil use (through climate change policies). Boom times created free-spending policies, which were difficult to reverse in bust times once people became accustomed to them.¹⁶

The state's remedy to these concerns is Prince Mohammed's Vision 2030, an economic plan to fundamentally change the way that the Saudi economy is structured. He hopes to diversify the country's economy beyond its dependence on oil by promoting growth in the private sector both through government incentives and the selling of government assets. With a nod to neoliberal economic ideas, he believes that the sale of state assets will make those services more dynamic and efficient, while reducing the need for those services to be dependent on oil revenue.¹⁷ These assets will not be completely open to an international market, with foreign investors are capped at 10% ownership of companies.¹⁸ While U.S. investors would wish for no cap at all, the

¹⁵ "Saudi Arabia Economy Profile 2016." Index Mundi, 8 Oct. 2016.

¹⁶ Jehl, Douglas. "Where Oil Is Plentiful but Cash Is Short." *The New York Times*. 16 Jan. 1999.

¹⁷ Reed, Matthew. "Saudi Vision 2030: Winners and Losers." Carnegie Endowment for International Peace, 2 Aug. 2016.

¹⁸ Sharif, Arif, and Matthew Martin. "Saudi Arabia to Let Foreign Investors Participate in IPOs." Bloomberg Markets, 18 Aug. 2016.

opening up of the country to investment nonetheless represents a tantalizing business opportunity, especially in context with the rapidly coming-of-age population. Instead, wealthy Saudi business leaders will be well positioned to take advantage of the sale of state assets, with connected business people benefiting from waves of privatization.

The biggest state asset of all, the Saudi oil company Aramco, is even on the table. In what will be considered the largest IPO in history, the Saudi government will put up 5% of the Saudi oil company on the market.¹⁹ This amount may rise in the future depending on the success of the initial sale, but not enough to jeopardize overall Saudi control over the company. This oil giant is estimated to produce one out of every eight barrels of oil in the world.²⁰ It functionally represents the lifeblood of the old Saudi state; a model Prince Mohammed wants to move away from. Its sale could bring incredible amounts of money in to finance Prince Mohammed's agenda.

Beyond partial sales of Aramco, Prince Mohammed wants the company to evolve into a "global industrial conglomerate". The company traditionally has been one of the largest producers of oil in the world, exporting massive amounts of unrefined crude to refineries all over the world. Now, there is a large effort to diversify its function into one that also refines the oil it produces, allowing the company to produce a variety of advanced products that require lighter, more developed oil stocks.²¹ This also allows it to better access evolving world markets that have a greater demand for more refined oil products. Other than its regional Middle East market, very few world

¹⁹ "Sale of the Century?" *Economist* 9 Jan. 2016 .

²⁰ Petroff, Alanna. "7 Crazy Numbers about the World's Biggest Oil Company." CNN Money, 11 May 2016.

²¹ Krane, Jim. "A Refined Approach: Saudi Arabia Moves beyond Crude." *Energy Policy* 82 (2015): 99-104.

regions seek the heavy crude oil Saudi Arabia traditionally produces, leaving much of their current exports to be refined anyway.²²

The kingdom is also seeking a variety of measures to promote efficiency and diversity in the oil sector to reduce waste and reduce the need to either import or produce refined oil. These goals fall in line with a recent strategy to invest in the alternative energy capabilities, which would reduce the kingdom's dependency on subsidized cheap fossil fuels.²³ The cutting of gasoline subsidies in the spring of 2016, which will simultaneously increase domestic revenues and decrease domestic gasoline consumption, is a necessary reform to allow the kingdom to free up oil resources for other uses that fit in line with vision 2030. The public response to this was mixed, with government supporters lauding the reform, critics airing their frustrations on social media, and nervous citizens queuing for hours to get the last subsidized gasoline before the price hikes.²⁴

Expanding beyond oil, the kingdom is hoping to triple exports in non-oil sectors.²⁵ This will offer opportunities for Saudis to diversify their economic activity and move beyond dependence on oil exports as the primary source of foreign revenue. This fits in line with his ambitious desire to make Saudi Arabia a major producer of military arms and equipment. Currently, Saudi Arabia depends significantly on countries like the United States to sell them advanced weapons to equip their military.

²² Ibid

²³ Bahgat, Gawdat. "The Changing Saudi Energy Outlook: Strategic Implications." *The Middle East Journal* 67.4 (2013): 565-79.

²⁴ Amos, Deb. "Higher Gas Prices, Long Lines: What Cheap Oil Means For Saudi Arabia." NPR, 31 Dec. 2015.

²⁵ "Full Text of Saudi Arabia's Vision 2030." *Saudi Gazette*. Al Arabiya, 26 Apr. 2016.

Under Vision 2030, Saudi Arabia would produce half of its military needs domestically, drastically spurring internal industrial production and reducing Saudi Arabian dependence of foreign arms.²⁶ This will likely change the Saudi relationship with the U.S. from one that is based on military investment, to one based on economic investment, as current arms sales represent the lion's share of trade ties between the two states. With rising discontent regarding arms sales to Saudi Arabia in the U.S. senate (represented by 27 senators from both sides of the aisle voting against the most recent agreement) this would better secure Saudi equipment for the future.²⁷

The income from this massive influx of cash will be used to create the world's largest sovereign wealth fund that will fund the state's activities through investments.²⁸ For instance, the state has already made a \$3.5 billion investment into Uber.²⁹ This fund will likely increase Saudi investments in the United States, building on already substantial investments made by the Kingdom. The Saudis are estimated to have over \$750 billion in both private and public assets in the states, and this represents important business for both businesses and investment banks.³⁰ With many of investment bank boards made up of former government officials and other influential people in U.S. policy, the Vision 2030 will likely be viewed favorably in government circles and

²⁶ Fattah, Zainab, Vivian Neriem, Deema Almashaabi, and Dana Khraiche. "What's In Saudi Arabia's Blueprint for Life After Oil?" Bloomberg, 25 Apr. 2016.

²⁷ Carney, Jordain. "Senate Rejects Push to Block Saudi Arms Sale." The Hill, 21 Sept. 2016.

²⁸ Reed, Matthew. "Saudi Vision 2030: Winners and Losers." Carnegie Endowment for International Peace, 2 Aug. 2016.

²⁹ Isaac, Mike, and Michael J. De La Merced. "Uber Turns to Saudi Arabia for \$3.5 Billion Cash Infusion." *The New York Times*. 1 June 2016.

³⁰ DiChristopher, Tom. "Saudis Threaten \$750B Asset Sale, but Experts Question It." CNBC, 20 Apr. 2016.

translate into increased Saudi economic influence.³¹ This offers one of the best hopes for keeping positive U.S.-Saudi relations in the long term, because although politicians can currently score points with the public in critiquing the Saudis, they are more accountable in a post-Citizens United world to their donors and their powerful allies that gain from the continuing Saudi investment. With unlimited amounts of election spending allowed by Citizen's United, Congress people are required to raise gargantuan funds to match likely opponent spending. This raises the overall influence of wealthy individuals, including current and future investors in Saudi Arabia.

The government's efforts to send Saudis to the United States will naturally set up increased opportunities for the investment fund to find its way to U.S. businesses. In 2012, over 60,000 Saudi students attended universities in the U.S.³² The most popular major among Saudi students is business, which creates a climate where they understand U.S. business dealings best. Their understanding of English also opens doors to dealings with businesspeople, and their connections with classmates and other future business leaders during their studies will open avenues not available in other countries. A significant portion of investment activity occurs due to networking, meaning that Saudi students, past, present, and future, will create a pipeline that better enables them to make continued investments in the United States.

Reliance on this fund and the subsequent drawdown in oil dependence will have several ramifications on broader U.S. interests. The first is that Saudi Arabia's

³¹ Ollivant, Douglas. "Why We Should Keep an Eye on Saudi Arabia." *New American Weekly* 30 Sept. 2016 .

³² Khorsheed, Mohammad S. "Saudi Arabia: From Oil Kingdom to Knowledge-Based Economy." *Middle East Policy* 22.3 (2015): 147-57.

decreasing reliance on oil will make it less apt to manipulate the oil market. This lowers their role as the “swing producer” of oil supplies that is a cornerstone to their relationship to the U.S.³³ While they will still export oil, the Saudis will be less responsive to U.S. desires to increase or decrease oil production as in the past. This will decrease the strategic position that Saudi Arabia has enjoyed, bringing them on par with other oil producing states that the U.S. has amicable, but less special, relationships with.

The introduction of a two trillion-dollar financial fund will also stimulate investments, allowing for more wealth management in the Gulf, and an expansion of trade.³⁴ While trade between the two countries is not particularly diverse, it still represents a substantial amount of money. Bilateral trade between the U.S. and Saudi Arabia was over \$71 billion dollars in 2013, with U.S. exports to the kingdom valued at \$20 billion.³⁵ As the Saudi population ages, and the economy gets more diversified, these imports from the U.S. will likely grow, creating deeper commercial ties between the two countries. Already, this model pioneered by other Gulf states has fit firmly in U.S. interests, with high-end U.S. exports thriving among the wealthy Gulf populace.³⁶ Like the UAE, the tremendous wealth of the Saudi citizenry offers a lucrative and desirable market for U.S. producers.³⁷

³³ Krane, Jim. "A Refined Approach: Saudi Arabia Moves beyond Crude." *Energy Policy* 82 (2015): 99-104.

³⁴ Fattah, Zainab, Vivian Neriem, Deema Almashaabi, and Dana Khraiche. "What's In Saudi Arabia's Blueprint for Life After Oil?" Bloomberg, 25 Apr. 2016.

³⁵ Mason, Robert. "Back to Realism for an Enduring U.S.-Saudi Relationship." *Middle East Policy* 21.4 (2014): 32-44.

³⁶ Hanieh, Adam. "Khaleeji-Capital: Class-Formation and Regional Integration in the Middle-East Gulf." *Historical Materialism* 18 (2010): 35-76.

³⁷ Aarts, Paul, and Joris Van Duijne. "Saudi Arabia after U.S.-Iranian Détente: Left in the Lurch?" *Middle East Policy* 16.3 (2009): 64-78.

Amongst the desire to transform state funding, the Saudis intend to build on the biggest draw for non—Saudis into the kingdom, the Hajj. Eight million Muslims visit the kingdom each year and pay homage in the two holiest cities in the Islamic faith.³⁸ Vision 2030 intends to expand the kingdom's capabilities to absorb 30 million visitors a year, which would bring in an incredible amount of income and prestige to the Saudi state.³⁹ As Saudi Arabia's influence continues to expand among the Muslim world, U.S. policy makers will see the value in partnering with the kingdom in greater connection with the worlds growing 1.5 billion Muslim population.⁴⁰

The drastic expansion of foreigners into the state will require a massive investment in transportation infrastructure, which goes hand in hand with their long term development strategy.⁴¹ The Prince wishes to leverage Saudi Arabia's geostrategic location as a crossroads between Europe, Asia, and Africa as a selling point for investments and logistics.⁴² Bordered by the Red Sea to the West, where much of the world's trade passes through due to the Suez Canal, and the Arabian gulf to the East, through which much of the world's oil trade passes, Saudi Arabia offers a natural transit point for economic opportunity.

The combination of geography and infrastructure spending will be used to lure greater foreign direct investment. The Prince wishes to almost double foreign direct investment into the country to 6% of GDP, and while ownership of Saudi companies

³⁸ Fattah, Zainab, Vivian Neriem, Deema Almashaabi, and Dana Khraiche. "What's In Saudi Arabia's Blueprint for Life After Oil?" Bloomberg, 25 Apr. 2016.

³⁹ Ibid

⁴⁰ Mason, Robert. "Back to Realism for an Enduring U.S.-Saudi Relationship." *Middle East Policy* 21.4 (2014): 32-44.

⁴¹ Khorsheed, Mohammad S. "Saudi Arabia: From Oil Kingdom to Knowledge-Based Economy." *Middle East Policy* 22.3 (2015): 147-57.

⁴² "Full Text of Saudi Arabia's Vision 2030." *Saudi Gazette*. Al Arabiya, 26 Apr. 2016.

will be capped, this influx of funds will provide Saudis business leaders with the capital to expand their operations.⁴³ Some of the foreign investment will likely come from the United States, if investors see lucrative opportunities, which will contribute to a climate of increased economic cooperation. The expansion of infrastructure will better facilitate a globalized market into the country, benefiting U.S. companies.

The important location of the Saudi state, coupled with their economic prominence in the Arab world, will mean that they will remain important to larger American interests in the Middle East.⁴⁴ Even if there are rifts, American policymakers looking at the economic picture of the Middle East will argue that cooperative relations are necessary to meaningfully influence politics there. If Vision 2030 is as successful as the King and Prince intend it to be, the economic and political clout of the Kingdom will only continue to grow.

To absorb the large number of Saudi citizens that are coming of age, Prince Mohammed is targeting strict labor market controls to ensure that many of the jobs go to Saudi workers. The current dependence on foreign labor, while lowering labor costs, theoretically undercuts Saudi development because much of the earnings of foreign workers go home through remittances rather than staying inside of the Saudi economy. Prince Mohammed wants more of the indigenous Saudi workforce to provide the backbone of the working class, but may run into problems with a workforce that largely

⁴³ Fattah, Zainab, Vivian Neriem, Deema Almashaabi, and Dana Khraiche. "What's In Saudi Arabia's Blueprint for Life After Oil?" Bloomberg, 25 Apr. 2016.

⁴⁴ Mason, Robert. "Back to Realism for an Enduring U.S.-Saudi Relationship." *Middle East Policy* 21.4 (2014): 32-44.

believes itself to be above such menial tasks.⁴⁵ Furthermore, the reliance on oil as a major export led to a type of Dutch-disease, making it difficult for manufacturing to grow. Dutch-disease is a concept developed after the Netherlands found significant natural gas reserves.⁴⁶ Their sudden increase in resource exports lead to a strong currency, which in turn made their manufacturing more expensive and non-competitive.⁴⁷ Goods in Saudi Arabia cost more to produce than goods in other countries with weaker currencies, meaning that even if Saudi Arabia had a workforce eager to engage in blue-collar work, the goods they produced would have little export potential.

This structural shortcoming leads the state to pursue a knowledge based economy where ideas and innovations will be exported, instead of goods. This mirrors other advanced economies who are similarly uncompetitive with their manufacturing sectors. It is no mistake that many goods produced in the United States now acknowledge that they were designed domestically but produced externally. The Saudi government is using their capital to invest in fields like science and technology, aiming to increase overall expenditures from .2 percent of GDP in 2000 to over ten times that figure, 2.5 percent of GDP by 2020.⁴⁸ Laying the foundations of a knowledge based economy are a key pillar to the overall success of Vision 2030, because that offers the best way to ensure that Saudis have the capacity to innovate and create jobs to absorb its

⁴⁵ Tarhini, Miriam. "Saudis, Dependent on Migrants, Do Little to Fix Unemployment." Trans. Mike Nahum. *Al Monitor*, 21 Oct. 2012.

⁴⁶ "What Dutch disease is, and why it's bad." *The Economist*, 05 Nov. 2014.

⁴⁷ Khorsheed, Mohammad S. "Saudi Arabia: From Oil Kingdom to Knowledge-Based Economy." *Middle East Policy* 22.3 (2015): 147-57.

⁴⁸ *Ibid*

youth bulge. This also best takes advantage of a youth population that is more tech-savvy and educated than the country has seen before.

The shift from Saudi Arabia as a swing producer of oil, ready to manipulate the market at U.S. urging, to a diversified economy, alters the primary economic force binding partnership between the two countries. While the state will remain important due to its raw oil production and geopolitical location, it will not be as pliable to American desires, and will be able to act more in its own economic self-interest. This will result in a decreased American desire to expend resources on its protection, along with a concurrent drop in advanced weapons deals. The dramatic expansion of Saudi domestic weapons protection is a hedge against this, and enabling the state to act more independently on security issues as well. While the commercial bonds will strengthen due to an increased opportunity for diversified trade and investments, the top-level bonds will weaken, transforming Saudi Arabia from the foundation of American Middle East policy to a lesser role of occasional partner when interests align. While losing their biggest backer puts the modern Saudi state into uncharted waters, the fissures in U.S.-Saudi relations due to the Arab spring and negative American domestic opinions, the expansion of domestic U.S. natural gas production, and the growing American interest in East Asia, encourage Prince Mohammed to pursue policies that would create a stronger, independent, and more capable Saudi Arabia.

Reform Headwinds

Looming against the plan to modernize the country's economy is the conservative core and other vested interests. Balancing modernization efforts with potential discontent is a fine line that Prince Mohammed must walk. After more than

seventy years of controlling Saudi policy, the established order will not acquiesce lightly to perceived or real loss of power. Old economic forces will likely demand their stake in the new economy, in similar fashion to the crony capitalists that benefited from neoliberal reforms in other Arab countries like Egypt.⁴⁹ While this keeps power stable, it stunts economic growth by undercutting efficiency and lowering competition. This prevents more dynamic domestic investors from taking part in economic plans that would be more productive for Saudi growth. It also shuts out foreign investors from the United States who would like to capitalize on the situation too.

The staunch religious base has been painfully accommodated as the country's economy advanced into the 21st century, but economic demands and a younger, more progressive populace will require concessions that the religious elite are not accustomed to making. The investment in Uber highlights the paradox of Saudi Arabia investing in a car driving app with women in their ranks as drivers in western countries while Saudi women themselves still cannot get behind the wheel. How the old order deals with the critical integration of women in the workforce will be a major hurdle to ensuring that the Saudi economy moves beyond its oil reliance. Integration into the global economy will put increased pressure to cater to more diverse lifestyles, because companies and foreign professionals will be reluctant to move to Saudi Arabia, and talent will be more reluctant to stay, if they do not think that there are adequate social freedoms to ensure a desirable quality of life.

⁴⁹ Chekir, Hamouda, and Ishac Diwan. "Crony Capitalism in Egypt." *Harvard Kennedy School* (2013): n. pag.

In addition to numerous social pressures, the shift from an oil-based economy to a reliance on a sovereign wealth fund poses unique economic challenges. The downsides of the investments will mirror that of similar funds. When wealthy fund managers take advantage of loose capital controls, they can place their assets into locations and withdraw them quickly if deemed advantageous.⁵⁰ These investor flights can devastate countries. They also place pressure on corporations to be beholden to the wishes of their financial backers, placing their obligations potentially at odds with local citizens. The expansion of foreign direct investment, necessary to generate capital investment, will be vulnerable to these issues. Political or economic shifts will leave companies that receive foreign investment potentially vulnerable.

Investments are also vulnerable to sudden and drastic market shocks, as 2008 aptly demonstrates. Banking and congressional leaders argued that the world was dangerously, perhaps hours, away from a complete meltdown of the financial sector before the banks were saved by the Troubled Asset Relief Fund (TARP).⁵¹ Even diversified assets were hard hit, demonstrating the precarious nature of depending on modern finance. Despite TARP, trillions in assets were wiped away for a few years, devastating highly invested states like Iceland and the UAE. Iceland's instability resulted in the resignation of its government,⁵² while Dubai required a short-term bailout from Abu Dhabi to meet its fiscal obligations.⁵³ Retirement and savings accounts can survive fluctuations in the market, but states, which need stable money on

⁵⁰ Kant, Chander. "Foreign Direct Investment and Capital Flight." *Princeton Studies for International Finance* 80 (1996): n. pag.

⁵¹ *Inside the Meltdown*. Prod. Michael Kirk. Jim Gilmore and Mike Wiser. PBS Frontline, 17 Feb. 2009.

⁵² Dempsey, Judy. "Iceland's Government Collapses." *The New York Times*. 26 Jan. 2009.

⁵³ Wearden, Graeme. "Dubai Receives a \$10bn Bailout from Abu Dhabi." *The Guardian*. 14 Dec. 2009.

a yearly basis, are ill-equipped to rely on such funds. This leaves Saudi Arabia as a potentially unreliable ally in the event of an unforeseen future global financial crisis.

Background

U.S.-Saudi Partnership from King Ibn Saud to King Abdullah

Strategic partnerships often stem from economic or security benefits. For almost 70 years, Saudi Arabia fit both, and was the Arab centerpiece in America's Middle East strategy.⁵⁴ Before and during the Cold War, America leaned on Saudi Arabia via close collaboration and at times outright pressure for U.S. military operations, oil market stability, and anti-communist doctrine. Recent counter-terrorism cooperation has added yet another dimension to the partnership, in line with broader U.S. goals of economic and political stability in this vital region. Normally, a free-religion republic and a tightly controlled theocracy would have little in common, but the discovery of oil in the 1930s necessitated foreign expertise to extract wealth for the burgeoning Saudi state. American prospectors were initially called in due to their formidable oil extraction history, and their perception as focused on business rather than colonial enterprise. The U.S. ability to tap oil and enrich early Saudi monarchs became instrumental in allowing Ibn Saud to maintain control over the newly unified kingdom, creating a mutually beneficial relationship for both parties.⁵⁵

This relationship allowed for a steady flow of oil throughout World War II, fueling allied efforts to beat back axis powers. The Saudi monarchy also allowed for allied warplanes to use their airspace, important for the North African theater. After the war, cheap Saudi oil helped fuel the recovery efforts of Europe and Japan as part of the

⁵⁴ "U.S. Saudi Relations." *Council on Foreign Relations*. 1 Oct. 2015. 21 Jan. 2016.

⁵⁵ Bronson, Rachel. *Thicker than Oil: America's Uneasy Partnership with Saudi Arabia*. Oxford: Oxford UP, 2006.

Marshall plan, a key U.S. anti-communist policy.⁵⁶ While the Saudis protested the post-war partition of Palestine, they offered little more than token resistance, as their need for American oil drilling surpassed any desire to move beyond symbolic disagreements.⁵⁷

Saudi Arabia took advantage of the Eisenhower doctrine, proclaiming themselves as ardent enemies of communism.⁵⁸ Communism was naturally at odds with the theocratic government, with Marxists holding firm on their idea that “religion was the opiate of the masses”. Saudi Arabia’s anti-communist stance allowed it to receive greater military support from the United States, and it was additionally motivated by concerns over “pan-Arab” ideology stemming from Soviet partners in Egypt and Syria.⁵⁹ The monarchy, interested in maintaining its hold over the Arabian Peninsula and the Muslim holy sites in Mecca and Medina, viewed pan-Arabism as a potential existential threat.

America’s relationship to Saudi Arabia evolved significantly following the Iranian revolution of 1979. After years of American influence in Iran, hardliners spurred widespread demonstrations to topple the U.S. backed Shah. The rise of a Shi’a theocratic regime in the Ayatollah, and the fall of American influence there, created the antecedents for the modern Saudi-Iranian rivalry today. In addition to their Sunni-Shi’a split, difference over America’s influence in the region only deepened divisions and

⁵⁶ Aufhauser, David, Frank Anderson, David E. Long, Nathaniel Kern, and Hussein Shobokshi. "Saudi Arabia, Enemy or Friend?" *Middle East Policy* 11.1 (2004): 1-25.

⁵⁷ Khalidi, Rashid. *Brokers of Deceit: How the US Has Undermined Peace in the Middle East*. N.p.: n.d.

⁵⁸ Shlaim, Avi. *Lion of Jordan: The Life of King Hussein in War and Peace*. New York: Alfred A. Knopf, 2008.

⁵⁹ Turner, John. "Great Powers as Client States in a Middle East Cold War." *Middle East Policy* 19.3 (2012): 124-34.

highlighted the contrasting visions of the two states. Saudi Arabia wished to maintain positive military and trade relations with the West, while Iran wanted a sweeping revolution across the region that would free states from their supposed subservience.

Saudi Arabia was a notable backer of Iraq against Iran during the 8-year long Iran-Iraq war, launched by Saddam Hussein shortly after the Iranian revolution. Fearing the Iranian desire to “export the revolution” to other Middle Eastern states, the Saudis shielded themselves from Iran through their support of Iraq’s aggression.⁶⁰ The United States, which provided its own material support to Iraq through the shipment of weapons and intelligence information, was happy to see Saudi Arabia assist a fellow Arab ally against a vociferous anti-U.S. critic. The Saudis lauded his war efforts against the Iranians, indirectly creating the conditions in which he believed such states were in debt to him due to Iraqi sacrifices during the war.⁶¹

U.S.-Saudi relations integrated even further due to the Iraqi invasion of Kuwait in 1991. Alarmed by Saddam’s occupation of a neighboring oil rich state, King Fahd turned toward the U.S. for protection, welcoming a massive U.S.-led coalition. After Saddam refused to withdraw, American forces began a massive bombing campaign that decimated Iraqi civil society. This was followed by a military push into Kuwait that liberated the country in under 100 hours. The presence of U.S. troops to kill fellow Iraqi Muslims, coupled with a permanent U.S. airbase to enforce a no-fly zone over that country, was a major rallying cry for disgruntled Saudi Jihadists returning from Afghanistan who then went on to form the Al-Qaeda terrorist network. While Saudi

⁶⁰ Aarts, Paul, and Joris Van Duijne. "Saudi Arabia after U.S.-Iranian Détente: Left in the Lurch?" *Middle East Policy* 16.3 (2009): 64-78.

⁶¹ Simons, G. L. *Saudi Arabia: The Shape of a Client Feudalism*. New York: St. Martin's, 1998.

Arabia had dealt with extremist elements in its country since the 1980s, Al-Qaeda represented the biggest and most fervent challenge yet.⁶²

1995 saw an abrupt transition in Saudi power. King Fahd suffered a stroke, bringing crown prince Abdullah as acting regent.⁶³ King Abdullah chose to build upon his predecessor's efforts and advance Saudi Arabia through pragmatic policy reforms.⁶⁴ Rather than backtrack away from the U.S., as many hardliners in his country were urging him to do, he stayed close. This fueled frustrations against the ruling class that manifested in support for Al-Qaeda attacks in Yemen and Kenya. Six years after taking over as acting regent, Al-Qaeda operations abruptly expanded into the western hemisphere, with fifteen Saudi nationals taking part in 9/11.

Despite the potential for the 9/11 terrorist attacks to derail the alliance, it instead grew stronger when Saudi Arabia portrayed itself immediately as an ally in the "war on terror", increasing arms purchases and intelligence cooperation with the U.S. From 2010 to 2013 alone, Saudi Arabia purchased over \$86 billion in arms supplies from the U.S.⁶⁵ Compounding direct weapons sales, it is estimated that the U.S. expends up to \$50 billion dollars a year to help keep Saudi Arabia and its Gulf allies secure.⁶⁶ Close military cooperation flourished between the U.S. intelligence community and their Saudi counterparts, notably interior minister and top Saudi counter terror official

⁶² Ansary, Abdullah F. "Combating Extremism: A Brief Overview of Saudi Arabia's Approach." *Middle East Policy* 15.2 (2008): 111-42.

⁶³ Hubbard, Ben, and Douglas Martin. "King Abdullah, a Shrewd Force Who Reshaped Saudi Arabia, Dies at 90." *The New York Times*. 22 Jan. 2015.

⁶⁴ Associated Press. "Abdullah Seen as Pragmatic, Popular Leader." National Public Radio, 1 Aug. 2005.

⁶⁵ Mason, Robert. "Back to Realism for an Enduring U.S.-Saudi Relationship." *Middle East Policy* 21.4 (2014): 32-44.

⁶⁶ How much does the U.S. spend protecting Persian Gulf oil? C. Pascual, E. Zambetakis. *Energy Security: Economics, Politics, Strategies and Implications*, Brookings, Washington DC (2010), pp. 59-72

Mohammed Bin Nayef. Facing pressure from the United States over private funding of terrorism, the Saudis enacted reforms that shut down a variety of questionable charities and other suspected financial sources of terrorist activities.⁶⁷ The Saudi government also assisted the CIA in its program of extraordinary rendition, both through the holding of prisoners and the funding of black sites that allowed for the mistreatment of suspected militants without fears of legal repercussions.⁶⁸

The Saudi monarchy viewed the 2003 Iraq war with trepidation, and were wary about the destabilizing effect that the invasion would have on the region. However, they were nonetheless ready to commit resources to shape the outcome of the conflict. Seeing Iran influence post-war Iraq through their Shi'a proxy groups, the Saudis felt that they could not sit by and watch as their regional rival consolidated a "Shi'a crescent" from Beirut to Tehran. Saudi efforts to influence the war could be seen in the rise of covert financing of Sunni groups in the country.⁶⁹ These groups, bolstered with both private Saudi money and Saudi national fighters, attempted to undercut the plurality that propelled Shi'a leaders to power, helping create sectarian tensions that would eventually explode into an all-out civil war by 2006.⁷⁰ This strategy underscored a growing aggressiveness in King Abdullah's later years, with Saudi ambassador to the

⁶⁷ Aufhauser, David, Frank Anderson, David E. Long, Nathaniel Kern, and Hussein Shobokshi. "Saudi Arabia, Enemy or Friend?" *Middle East Policy* 11.1 (2004): 1-25.

⁶⁸ Ackerman, Spencer. "More Than 50 Countries Helped the CIA Outsource Torture." *Wired* 5 Feb. 2013.

⁶⁹ Cooper, Helene. "Saudis' Role in Iraq Frustrates US Officials." *New York Times*. 27 July 2007. 21 Jan. 2016.

⁷⁰ Aarts, Paul, and Joris Van Duijne. "Saudi Arabia after U.S.-Iranian Détente: Left in the Lurch?" *Middle East Policy* 16.3 (2009): 64-78.

United States Turki al Faisal bin Abdulaziz, noting that “Saudi Arabia will oppose any and all of Iran’s influence and meddling in other countries”.⁷¹

This extended into Yemen, which was the target of Saudi security efforts to break up Shi’a organization. Painting Houthi militias as an Iranian proxy group, the Saudi military led brief incursions into the Shi’a populated north.⁷² However, the Saudis only conducted military operations for three months, with limited objectives and a politically contentious casualty toll handicapping the Saudi desire for sustained action. Rather than risk his military falling into a quagmire, King Abdullah sought to degrade Houthi capabilities and settle for what appeared achievable.

In addition to perceived Shi’a threats on their border, Saudi internal security forces began a concerted repressive campaign against Shi’as in the oil rich eastern province, often portraying them as Iranian agents or sympathizers.⁷³ The Shi’a population demonstrated for political and religious freedom, but the Saudi state is loath to accommodate their demands. Tensions between state-sponsored Wahhabi doctrine and Shi’a freedom leaves the region in tension, exacerbated by the tremendous oil wealth flowing out of its ground. These moves received scant condemnation from the United States, who was busier dealing with post-war Iraq and the Iranian nuclear program than holding its regional allies to high human rights standards.

Furthermore, the United States depended on Saudi Arabia to expand oil production when global oil markets suffered shocks. This notably happened throughout

⁷¹ Faisal, Turki Al. "Saudi Arabia's Foreign Policy." *Middle East Journal* 20 (2013): 37-44.

⁷² "Saudi-Houthi Border Fighting Ends." *Al Jazeera*, 27 Jan. 2010.

⁷³ Yamani, Mai. "Saudi Shia Are Standing up." *The Guardian*. 15 Mar. 2009.

the Iran-Iraq war, both Arabian gulf wars, and the Libyan intervention of 2011.⁷⁴ Saudi Arabia's willingness to overproduce at American urging adds a significant layer to the American-Saudi partnership. By ensuring that oil prices would not erratically spike, it brought much desired stability to economic markets, a key U.S. goal.

Although Saudi Arabia could have reaped geopolitical benefits with other members of OPEC, along with a healthy boost in revenue by maintaining higher oil prices, they routinely overproduced at America's behest to bring prices back down. This substantial action, coupled with years of cooperating with American security efforts in the region despite the internal and external blowback, created a long-lasting relationship that put Saudi Arabia at the forefront of U.S. Middle East policy planning.

Arab Spring

The Saudi response to the Arab spring protests of 2011 highlight their real-politic line of thinking, and fomented a split between U.S. and Saudi policies. Seeing various states buckle under the weight of popular protest, Saudi Arabia engaged in targeted interventions when it felt that such interventions would maintain an order that was advantageous for them. This contrasted with the Obama administration, which initially welcomed the protests and the call for greater political rights throughout the region. While the U.S. viewed the movements as an opportunity for a new beginning, Saudi Arabia's monarchs frantically worked to maintain the status quo, lest they too be swept up in the turmoil.

⁷⁴ Alkhatlan, Khalid, Dermot Gately, and Muhammad Javid. "Analysis of Saudi Arabia's Behavior within OPEC and the World Oil Market." *Energy Policy* 64 (2014): 209-25.

After seeing the majority Shi'a population of Bahrain rise up and demand greater representation from the Sunni monarchy, the Saudis organized a multi-thousand troop GCC deployment to assist the Bahraini security forces maintain state control.⁷⁵ Rather than risk the neighboring island fall into Iran's orbit, the Saudi military sent a powerful signal that the protests will be put down with force. This also sent a secondary, but no less subtle, message to the Eastern province.⁷⁶ As the Shi'as of the Eastern province began to adopt language advocating solidarity and struggle with their counterparts in Bahrain, the Saudi government felt that it could not allow the revolution in Bahrain to succeed.⁷⁷ In doing so, they reinforced the idea that airing domestic political grievances through popular protest would be met with little tolerance.

After Hosni Mubarak of Egypt stepped down due to overwhelming popular protest, Saudi Arabia viewed the revolutionary efforts with great skepticism. Compounding their concerns was the perceived abandonment of Mubarak by the United States, who after a thirty-year security partnership, received no support to maintain his power. Recognizing that the resurgent Muslim Brotherhood was the most organized and politically capable faction in Egypt, the Saudis feared the impacts of the group sweeping into, and maintaining, power. The Saudi-sponsored form of Islam is more conservative, but takes a more personal, rather than political, approach. The Muslim

⁷⁵ Bronner, Ethan, and Michael Slackman. "Saudi Troops Enter Bahrain to Help Put Down Unrest." *The New York Times*. 14 Mar. 2011.

⁷⁶ Wehrey, Frederic. "Saudi Arabia's Anxious Autocrats." *Journal of Democracy* 26.2 (2015): 71-85.

⁷⁷ Matthiesen, Toby. "A 'Saudi Spring?': The Shi'a Protest Movement in the Eastern Province 2011-2012." *The Middle East Journal* 66.4 (2012): 628-59.

Brotherhood thrives off political action, and was therefore at odds with the Saudi state.⁷⁸

Fearing that their ideology of promoting a more active and challenging religious class would spread, and alarmed that the United States had accepted an Islamist government on their border, Saudi Arabia promoted the “deep state” apparatus of Egypt. The “deep state” represents the ingrained, autocratic nature of the military and other Egyptian institutions that could not be changed by a simple shift at the top. While Mubarak is the figurehead, thousands of members of the Egyptian political elite that had benefitted from decades of favorable treatment remained poised to redirect the country back to their desired path. Saudi Arabia allied itself with this class, and deprived the Brotherhood-led government of aid. This ensured that the Egyptian military was well positioned to use the ongoing economic crisis as a pretext to engage in a counter revolution when the time was right.⁷⁹

After a year of divisive mismanagement by the Muslim Brotherhood, the deep state reemerged to force Mohammed Morsi out. In his place, the military championed general Fatah al-Sisi as a force for stability. U.S. hesitance to welcome the counter-coup robbed the effort of some of its legitimacy. To overcome this, and help cement the military’s return to power, the Saudis promised tens of billions of dollars in aid to Egypt.⁸⁰ This was critical in helping the new Egyptian government re-establish control. As economic turmoil rocked the country due to continued neoliberal adjustments and

⁷⁸ Wehrey, Frederic. "Saudi Arabia’s Anxious Autocrats." *Journal of Democracy* 26.2 (2015): 71-85.

⁷⁹ Ibid

⁸⁰ Norland, Rod. "Saudi Arabia Promises to Aid Egypt's Regime." *The New York Times*. 19 Aug. 2013.

the precipitous drop in tourism, the aid masked some of the problems, allowing the Egyptian government to clamp down in repressive fashion.

In Syria, Saudi Arabia initially took a backseat to Qatar's more active efforts to help the rebels overthrow Bashar Al-Assad. After two years of prolonged struggle there, the decline of the Muslim Brotherhood in Egypt, and a leadership change, Qatar ramped down its efforts to influence the Syrian civil war in 2013.⁸¹ This opened the opportunity for Saudi Arabia to become the region's largest sponsor of Syrian rebels. This support was a response to Iran's doubling down on protecting Assad, sending in elite Iranian special forces and its proxy group Hezbollah to help the Syrian dictator take back cities that had slipped out of his control.⁸² By 2013, Syria had effectively become a proxy battleground between competing Saudi and Iranian influence.

The Syrian conflict also opened rifts between Saudi Arabia and the United States, with the Saudis dismayed by perceived U.S. inaction.⁸³ The U.S. policy of pursuing diplomacy over active military engagement has frustrated the Saudis, who see it as a tacit deferral to more aggressive Russian and Iranian influence. President Obama's backtrack away from strikes on Assad in 2013, promised initially due to Syria's crossing of the administration's chemical weapons "redline", was the pinnacle of American policy waffling. With President Obama opting instead for removing Assad's chemical weapons with the help of the Russians, Saudi Arabia expressed

⁸¹ Ulrichson, Kristian Coates. "Qatar and the Arab Spring: Policy Drivers and Regional Implications." *Carnegie Endowment for International Peace* (2014).

⁸² Fisk, Robert. "Iran to Send 4,000 Troops to Aid President Assad Forces in Syria." *The Independent*. 16 June 2013.

⁸³ Hubbard, Ben, and Robert F. Worth. "Angry Over Syrian War, Saudis Fault U.S. Policy." *The New York Times*. 25 Oct. 2013.

consternation at another example of the United States not being willing to back up its word.⁸⁴ These frustrations, directed at the international community as well as the United States, culminated in the Saudi's unprecedented rejection of a U.N. security council seat after receiving one in 2014. Citing the inability of the U.N. to intervene in the Syrian war, the Saudis deferred, allowing Jordan to take up the seat instead.

In Libya, the Saudis initially supported a no-fly zone to prevent then dictator Muammar al Ghaddafi from indiscriminately bombing his own civilians.⁸⁵ However, they watched in frustration as the objectives expanded from a no-fly zone to a mission for regime change. Ghaddafi's eventual coalition-aided death left a massive security vacuum to be filled by varying militias. Libya, which like Egypt had a history of repressed Islamist activity, succumbed to those groups' takeover of various coastal cities. Fearing the expansion of such groups, which included the Muslim Brotherhood, in an important oil-producing state, the Saudis, along with the United States, gave monetary and material support to rogue Libyan general Khalifa Haftar.⁸⁶ In contrast to the divided internationally backed government, eastern Libya based General Haftar was more effective in fighting various Islamic factions than any other actor in in Libya's civil war. While he did not bring full stability to the country, he did accomplish Saudi realist goals of weakening Islamist groups. Militants were largely pushed out of major eastern cities like Benghazi, and ISIS, which crept up as well, never consolidated territory like they did in the western part of the state.

⁸⁴ Faisal, Turki Al. "Saudi Arabia's Foreign Policy." *Middle East Journal* 20 (2013): 37-44.

⁸⁵ Bronner, Ethan, and David Sanger. "Arab League Endorses No-Flight Zone Over Libya." *The New York Times*. 12 Mar. 2011.

⁸⁶ Wehrey, Frederic. "Saudi Arabia's Anxious Autocrats." *Journal of Democracy* 26.2 (2015): 71-85.

Internally, Saudi Arabia did all that it could to take advantage of relatively high oil prices to buy off its population. The Saudis spent over \$100 billion in their efforts to placate any desire for their citizens to call for democratization.⁸⁷ When Shi'a citizens of the Eastern province demanded increased rights and the release of political prisoners in the largest protests in modern Saudi Arabian history, the state moved in and harshly repressed them.⁸⁸ Amnesty International documented this campaign and its use of arbitrary detention, employment retribution, and coercion.⁸⁹ Utilizing sectarian tensions to their benefits, the Saudis frightened Sunnis around the country who thought of joining in the protests by painting their movement as a "fifth column" to destabilize Saudi Arabia at the behest of Iran.⁹⁰ Under the guise of antiterrorism, draconian policies allowed the state to arrest clerics and bloggers alike that criticized the monarchy, simultaneously removing voices of dissent and sending an ominous message to those that would think of adding their voices.

The aggressive actions that Saudi Arabia took to alter the course of the Arab spring was markedly different than the almost laissez faire attitude that the Obama administration took to the regional turmoil. Saudi efforts were wide-reaching, touching almost every hotspot after the surprise abdication of Tunisian dictator Ben-Ali. Saudi Arabia's rulers had a clear vision—to preserve the power of friendly states, weaken the standing of unfriendly ones, and maintain control themselves—to hold and advance

⁸⁷ MacFarquar, Neil. "In Saudi Arabia, Royal Funds Buy Peace for Now." *The New York Times*. 8 June 2011.

⁸⁸ Matthiesen, Toby. "A "Saudi Spring?": The Shi'a Protest Movement in the Eastern Province 2011–2012." *The Middle East Journal* 66.4 (2012): 628-59.

⁸⁹ Amnesty International. "Saudi Arabia: Dissident Voices in the Eastern Province." 28 May 2012.

⁹⁰ Matthiesen, Toby. "A "Saudi Spring?": The Shi'a Protest Movement in the Eastern Province 2011–2012." *The Middle East Journal* 66.4 (2012): 628-59.

their geopolitical standing once the dust settled. The United States, however, lurched uncertainly between a hands-off, wait and see mentality, and outright intervention. Their abandonment of Hosni Mubarak, their inability to effectively manage post-Gaddafi Libya, and their backdown from challenging Assad over the chemical weapons redline created questions about the U.S.' commitment to the Middle East order they and Saudi Arabia created for decades. The welcoming of change through popular protest created uncertainty as to what America would do if Saudi Arabia found itself in a similar position. The discrepancy in how each state handled the Arab spring created prominent fractures between the United States and Saudi Arabia, setting the stage for further policy divisions and a new direction.

Geopolitical Rifts

The Obama Doctrine

Speaking to the Atlantic magazine in the spring of 2016, President Obama informally argued for a “no freeloaders” doctrine.⁹¹ This idea calls for American allies to shoulder more of the security burdens around the world by being proactive in both their own defense and in multilateral operations. This was demonstrated in the way in which the U.S. operated with NATO during the 2013 no-fly zone over Libya. Rather than have the U.S. do the bulk of the military operations, Obama sought to spread as much of the mission out to the U.S.’ NATO allies as possible to minimize the amount of military engagement American forces and taxpayers would have to commit to.⁹² This emphasis on ceding American implementation of the mission to a more multilateral approach stands in sharp contrast to the previous efforts like the first Gulf war, where Schwarzkopf and Bush were reluctant to give up American leadership and control for fear putting American lives in the hands of allied military units.⁹³

While ceding control is something the U.S. military is not accustomed to doing, it at times offers the best chance for a successful military operation in the region. As King Abdullah of Jordan noted on 60 minutes, groups like ISIS will not be stopped by U.S. commandos patrolling Syrian towns.⁹⁴ The military solution to these conflicts will necessitate Arab armies responding to Arab threats, requiring U.S. allies to step up and

⁹¹ Goldblum, Jeffrey. "The Obama Doctrine The U.S. President Talks through His." *Atlantic* Apr. 2016 .

⁹² Ibid

⁹³ Francona, Rick. *Ally to Adversary: An Eyewitness Account of Iraq's Fall from Grace*. Annapolis: Naval Institute, 1999.

⁹⁴ *Keeping Jordan's Balance amid Crisis*. Dir. Scott Pelley. Perf. King Abdullah II. 60 Minutes, 25 Sept. 2016.

deal with the problems in their regions. U.S. military forces, which by and large lack the necessary language and cultural training to be effective, often cause more problems than they solve and offer effective propaganda for state and non-state actors. Arab allies, which still must operate carefully to avoid accusations of being Western puppets, still offer more upside in their operations than the tried and failed Western interventions.

A further demonstration of this is functionally happening right now with Saudi Arabia. The Obama administration officially wants both the end of Bashar al-Assad and the withdrawal of Houthi rebels back to Yemen's north, but is extremely hesitant to commit substantial American hard power to achieve these ends. Saudi anxiety over American disengagement is creating strains in the alliance, resulting in a more active and independent application of Saudi hard power around the region.

President Obama's administration lived by the motto, "don't do stupid stuff", which created a high bar for him to approve any major U.S. foreign policy actions involving force.⁹⁵ Decades of watching U.S. hard power applied in ways that resulted in drastic unintended consequences left Obama wary of the rosy and optimistic picture that his advisors or pundits put forth when advocating U.S. intervention during crises, especially in the Middle East. His major foreign policy intervention, Libya, was taken only after intense pressure from Hillary Clinton, Susan Rice, and Samantha Power, who all advocated that the possibility that Benghazi would turn into a massacre due to Muammar Gaddafi's chilling comments about going house to house and cleansing the

⁹⁵ Goldblum, Jeffrey. "The Obama Doctrine The U.S. President Talks through His." *Atlantic* Apr. 2016 .

city. This forced Obama to confront the possibility of a genocide, ultimately causing him to approve the mission after feeling the ghosts of Rwanda in the situation room.⁹⁶

However, the aftermath of Libya only seemed to redouble the President's caution toward big foreign policy maneuvers, as mission creep set in and the country spiraled out of control following Gaddafi's death. The expansion of the NATO mission beyond protecting Benghazi, into a full-blown effort to enact regime change, highlighted the difficulty in controlling the consequences of a military mission once it starts.⁹⁷ The instability that followed, with the country splintering into rival militia groups, demonstrated the inability to effectively control the unintended consequences that arise after the military objectives are "met". This led to Obama's willingness to listen to Dennis McDonough's skepticism about striking Assad in 2013, and his general policy of disengaging from force as an option for American influence towards a heavier reliance on diplomacy.⁹⁸

Saudi Arabia and the United States will diverge in estimates of necessary intervention. As the U.S. continues to roll down its application of hard power and direct interference, the Saudis will redouble their efforts to pursue a foreign policy that protects allied Sunni states and contains Iran and its allies. At times, their interests will still align, providing for an appropriate instance of the Obama doctrine. At other times, Saudi policy will be counterproductive to regional stability, and at worst, will foster the type of blowback that the U.S. would try to avoid. The Saudi war in Yemen, and the

⁹⁶ Stolberg, Sheryl Guy. "Still Crusading, but Now on the Insides." *The New York Times*. 29 Mar. 2011.

⁹⁷ Goldblum, Jeffrey. "The Obama Doctrine The U.S. President Talks through His." *Atlantic* Apr. 2016 .

⁹⁸ Todd, Chuck. "The White House Walk-and-talk That Changed Obama's Mind on Syria." *NBC News*. 31 Aug. 2013.

intervention to fund rebels and overthrow Assad, will lead to unpredictable blowback. However, the call for other states' autonomy over issues in their neighborhoods will always have results that the U.S. finds unpalatable, given that this is the very nature of ceding direct control over a situation. Due to the litany of bad things that could directly result from the U.S. clumsily trying to apply their power to a crisis, this still offers a potentially more effective opportunity for the U.S. to encourage solutions while simultaneously maintaining a non-interventionalist policy.

Pivot to Asia

The Obama administration's "pivot to Asia" represents a shift away from the Euro-Middle East focus that has been a constant aspect of American foreign policy since the end of World War II and the first Gulf War, respectively.⁹⁹ The pivot is multifaceted, with both military and economic implications. American military assets will be gradually transferred toward the Pacific region, to bolster their forward presence in the region and establish deeper military connections with allies. Part of this has already begun, with U.S. troops redeployed to Australia and Singapore.¹⁰⁰ Some of these troops will come from the Middle East, lessening American presence in the region. For Saudi Arabia, this represents a worrying decrease in American military backing. Saudi Arabian leaders have long counted on the presence of American troops and naval fleets within the region to quickly respond to potential existential threats. They count on the American military to offer a strong rebuke to Iranian influence,

⁹⁹ Schiavenza, Matt. "What Exactly Does It Mean That the U.S. Is Pivoting to Asia?" *Atlantic* 15 Apr. 2013 .

¹⁰⁰ Ulrichson, Kristian Coates. "The Gulf States and the Rebalancing of Regional and Global Power." *James A. Baker Institute for Public Policy, Rice University* (2014): n. pag.

because the prospect of immediate American military retaliation represents a strong counter to potential Iranian aggression.

The Obama administration, and likely those that follow, are intent on expanding American economic and trade influence in East Asia. Over half the world's population lives in East Asia and the Indian subcontinent, and that region's rapid development offers an incredible opportunity for an expanded partnership with the United States. President Obama has taken numerous visits to Asia, and at times has opened new avenues with states shut out by old U.S. policy. During the first term of the Obama administration, the U.S. signed a free trade deal with South Korea.¹⁰¹ President Obama also lifted the decades-old arms embargo against Vietnam,¹⁰² and promised to lift economic sanctions against Myanmar.¹⁰³ The lynchpin to his economic strategy is the Trans-Pacific Partnership (TPP), a multi-lateral economic trade deal with six signatories from the Asia-Pacific region. Pushing hard for TPP through much of his administration, the deal is only a few years from ratification and implementation, and promises to enrich U.S. economic ties across the Pacific Ocean.

While trade is not zero-sum, the Saudi government sees efforts to promote trade in the Asia-Pacific region as further proof of the U.S. government's decreasing reliance on the Middle East and North Africa. The Obama administration demonstrated very little effort to bolster the economy of states in the region, with most of the focus on either emergency aid or military weapons sales. These short-term trade relations do

¹⁰¹ Ibid

¹⁰² Lee, Carol E. "Obama Aims to Deepen Ties on Asia Trip." *The Wall Street Journal*. 20 May 2016.

¹⁰³ Davis, Julie Hirschfield. "Obama Pledges to Lift All Economic Sanctions Against Myanmar." *The New York Times*. 14 Sept. 2016.

little to formulate the long-term reassurance that would assuage the Saudis into believing that America is in for the long haul. Part of this is undoubtedly due to the instability that has rocked the region due to the Arab spring, but nevertheless the lack of U.S. overtures to improve the economic situation has been disconcerting.

Compounding the feelings of a Saudi-U.S. split is the souring mood inside the United States due to accusations of terror support. A 60 Minutes special detailing twenty eight pages of formerly classified speculative material from the congressional 9/11 report created an internet firestorm with conspiracy theorists arguing that the pages would have a “smoking gun” linking the Saudi government directly with the hijackers.¹⁰⁴ While the information did not reveal anything spectacular, the Saudi government temporarily threatened to sell off hundreds of billions of dollars in U.S. assets in retaliation, creating unnecessary economic uncertainty.¹⁰⁵

A result of the increased suspicion towards the Saudi government is the push by U.S. lawmakers to make it legal for private citizens to sue the Saudi government. Private citizens whose family members died in the 9/11 terrorist attacks pushed lawmakers, notably Senator Charles Schumer of New York, to allow them to seek legal retribution against what they called a “state sponsor of terrorism”.¹⁰⁶ The bill passed the senate, but was vetoed by President Obama due to concerns that it would both damage cooperation with Saudi Arabia on issues of counter terrorism as well as open American

¹⁰⁴ 28 Pages. Host. Steve Kroft. *60 Minutes*. 19 June 2016.

¹⁰⁵ DiChristopher, Tom. "Saudis Threaten \$750B Asset Sale, but Experts Question It." CNBC, 20 Apr. 2016.

¹⁰⁶ Change, Alisa, and Scott Horsley. "Congress Overrides Obama's Veto On Sept. 11 Lawsuit Bill." *NPR*. 28 Sept. 2016.

citizens to similar forms of legal retribution for actions by the U.S. government.¹⁰⁷

Despite the insistence of the administration and the intelligence community, the U.S. senate voted in a historic 97-1 vote to overturn the veto and pass the bill.¹⁰⁸

The Saudi government takes the combination of the pivot to Asia and the growing anti-Saudi clamor as a serious sign of the decreasing value of the U.S.-Saudi partnership. This will result in less cooperation with American military officials, less avenues for American military hardware, and less opportunity to establish special trade relationships with the United States. The Saudis recognize that they cannot afford to keep their eggs in one basket, and the lessons of the Arab spring have taught them that U.S. backing is liable to rapidly disappear if political situations shift. The Saudi government is using this as the further impetus to restructure the economy through Vision 2030, making them more independent and capable absent American backing. While they will still maintain some security cooperation and commercial ties with the United States, they will move beyond the bilateral relationship by relying on themselves in addition to developing relationships with rising powers like India and China.

¹⁰⁷ Ibid

¹⁰⁸ Ibid

Saudi Independence

Iran

Saudi foreign policy has long adopted a cold-waresque mentality against their regional rival, Iran. The Saudis have challenged Iranian influence throughout the last decade, but have markedly increased their efforts in the past year. The efforts by Prince Salman in Yemen, Syria, and Iraq underscore tensions and divisions between the two states. In a highly symbolic anti-Shi'a gesture, the execution of Saudi-based Shi'a cleric Nimr al-Nimr on trumped up charges of inciting violence exacerbated divisions.¹⁰⁹

In May of 2016, the GCC voted to label Shi'a organized Hezbollah as a terrorist organization, reversing years of tacit support for the organization due to its attacks on Israel. Hezbollah, which engages in acts of terrorism, nonetheless is a powerful, influential, and respected group in Lebanon. This move further deepened the political crisis in Lebanon, which has been split largely along sectarian lines, paralyzing the country's political process. By discrediting Shi'a politicians there, the Sunni gulf states are putting their weight against Iran supported Shi'as in Lebanon, exacerbating another Shi'a/Sunni split in the region.

Prince Mohammed seeks to deepen Saudi influence with overtures to fellow Sunni states to expand military cooperation. In June 2015, the Saudis announced a joint military force with Egypt, highlighting their support of the military forces that are largely in control of the country. In addition to billions in military aid, Saudi Arabia is

¹⁰⁹ "Sheikh Nimr Al-Nimr: Saudi Arabia Executes Top Shia Cleric." *BBC*. 2 Jan. 2016.

positioning itself to be one of the largest material supporters of the largest and most culturally influential Sunni state in the Middle East.

In November 2015, the Saudis announced a large multilateral Sunni coalition to cooperate on issues of counterterrorism, primarily ISIS. Almost all Sunni states in the MENA region are included. However, this coalition notably excludes countries most severely affected by ISIS in Shi'a governed Iraq and Syria.¹¹⁰ Although the unification of Sunni states against threats like ISIS is a great step to creating the necessary regional response, the notable absence of Shi'a states in Syria, Iraq, and Iran compromises the effectiveness of the organization and threatens to stoke further sectarian tensions. There is a prominent discord between Sunnis and Shi'as on which groups are "terrorists" and which are not, threatening to continue the same type of impasse that has sabotaged Russian and U.S. cooperation on Syria due to disagreements on terrorist labels.

Compounding the worry over the Sunni/Shi'a divide in the Middle East, the Saudis are deeply concerned about the U.S.' detente with Iran. The Iranian nuclear deal was accepted by the Saudis with extreme reluctance, who would have preferred containment and isolation to keep the Iranians down.¹¹¹ Seeing the U.S. acquiesce to Iranian influence in Iraq, and waffle over Iranian overtures in Syria, leaves the Saudis anxious over the long-term viability of the U.S.-Saudi alliance. Compounding this is the large Iranian-Afghani border, and a similarity of U.S. and Iranian goals there. The Iranians detest the Taliban, and are against the expansion of ISIS on their eastern flank.

¹¹⁰ "Saudi Arabia Forms Muslim 'anti-terrorism' Coalition." *Al Jazeera*. 15 Dec. 2015. 22 Jan. 2016.

¹¹¹ Black, Ian. "As Iran Hails a Historic Deal, Saudi Arabia Looks on with Anxiety and Irritation." *The Guardian*. 18 Jan. 2016.

The Saudis recognize that there is space for Iranian-U.S. cooperation in Afghanistan, which only adds to their concerns.¹¹²

The United States and Saudi Arabia, even if they disagree about the efficacy of the Iran deal, are still partners in non-proliferation in the region. The United States does not want to see an expansion of nuclear weapons to any state on the globe, and Saudi Arabia does not want to see any more nuclear weapons introduced into the Middle East. Although there have been low rumblings of the Saudis making deals with the Pakistanis in the event of an Iran nuclear breakout, the Saudis believe that a nuclear arms race would be deeply counterproductive and destabilizing to the region.¹¹³ In this regard, the United States and Saudi Arabia will share a common goal and remain partners on the nuclear weapons front, and united against any instance of potential Iranian proliferation.

The acknowledgement of the United States that Iran has a role to play in the region will be a massive wedge between the U.S. and Saudi Arabia. As the Saudis assert themselves more in the Middle East, it will often be to contain Iran's influence and undercut their allies. This will result in more instability, as smaller Middle Eastern states deal with the effects of great power proxy wars. While there will be some instances of Saudi efforts that the U.S. welcomes, others will create outcomes that the U.S. would rather not see.

¹¹² Aarts, Paul, and Joris Van Duijne. "Saudi Arabia after U.S.-Iranian Détente: Left in the Lurch?" *Middle East Policy* 16.3 (2009): 64-78.

¹¹³ Weinbaum, Marvin G., and Abdullah B. Khurram. "Pakistan and Saudi Arabia: Deference, Dependence, and Deterrence." *The Middle East Journal* (2014): 211-28.

Yemen

Prince Mohammed began his tenure as defense minister of Saudi Arabia with a major crisis on his border. Shi'a Houthis from North Yemen, armed with weapons from Iran, rapidly swept through the country and took the capital Sana'a in the fall of 2014.¹¹⁴ They resorted to armed struggle to prevent the implementation of a harmful restructuring of the country. The Hadi government wished to implement a federal reorganization of the country that would split the state into six federal areas, with the Houthi areas split up, and the primary Houthi homeland denied critical resources and access to the sea.¹¹⁵ Houthis received substantial assistance from Sunni military leaders still loyal to ousted longtime president Saleh in their efforts.¹¹⁶ Saleh, who was ousted in 2011, still had significant loyalty in the Yemen among those he enriched in his multi-decade dictatorship, especially as the country's leader, al-Hadi, was hardly effective at uniting the country and bringing it forward.

Shortly after the death of King Abdullah, the Houthis dissolved the parliament in Sana'a and fully committed themselves to the coup.¹¹⁷ Al-Hadi, who was still intent on pressing on with the federal implementation, was forced out.¹¹⁸ Hadi's resignation, and then reappearance in Aden where he rescinded his resignation, caused the Houthi/Saleh alliance to surround the southern port city. Worried about losing a Saudi-allied autocrat on his border, Prince Mohammed organized a Sunni Gulf state coalition

¹¹⁴ "Yemen Crisis: Houthi Rebels Announce Takeover." BBC, 6 Feb. 2015.

¹¹⁵ Theil, Tobias. "Yemen's Imposed Federal Boundaries." Middle East Research and Information Project. 20 July 2015.

¹¹⁶ "Yemen's Saleh Declares Alliance with Houthis." Al Jazeera, 10 May 2015.

¹¹⁷ "Yemen Crisis: Houthi Rebels Announce Takeover." BBC, 6 Feb. 2015.

¹¹⁸ Theil, Tobias. "Yemen's Imposed Federal Boundaries." Middle East Research and Information Project. 20 July 2015.

that engaged in immediate military operations against Houthi targets.¹¹⁹ Combined with a naval blockade to stop the Iranian weapons, the coalition airpower gave cover for al-Hadi forces and tenuously allied southern secessionists to take back much of the South.¹²⁰ However, progress against entrenched Houthi forces in places like Sana'a has left the conflict at a standstill. The southerners, who are intent on an independent (or at least far more autonomous), state for themselves were not fighting to restore Hadi's power in Sana'a.¹²¹ While the intervention saved al-Hadi from the brink of destruction, the country is in a functional stalemate, and the Sunni coalition gains came at great cost to civilian lives and food security.¹²²

Yemen is the poorest Arab state, with a rugged geography that makes access to various areas tenuous. The coalition's destruction of Yemen's infrastructure to quell the Houthis is an alarming, and ultimately short-sighted war strategy. While many live in cities, access between cities themselves and the interlaying hinterlands has deteriorated rapidly. The efforts to hinder the movement of Houthis and Saleh-loyalists, coupled with the blockade, has left between half and two-thirds of the country food insecure.¹²³ Medicine and other critical supplies have been cut off in key areas throughout the state, putting many in danger.¹²⁴ Punishing the whole country for the Houthi insurgency will

¹¹⁹ Spencer, Richard. "Saudi Leads Ten-nation Sunni Coalition in Bombing Yemen's Shia Rebels." *The Independent*. 26 Mar. 2015.

¹²⁰ Borger, Julian. "Saudi-led Naval Blockade Leaves 20m Yemenis Facing Humanitarian Disaster." *The Guardian*. 5 June 2015.

¹²¹ Dahlgren, Susanne, and Anne-Linda Amira Augstine. "The Multiple Wars in Yemen." *Middle East Research and Information Project*. 18 June 2015.

¹²² Borger, Julian. "Saudi-led Naval Blockade Leaves 20m Yemenis Facing Humanitarian Disaster." *The Guardian*. 5 June 2015.

¹²³ "More than Half of Yemen's Population Now Food Insecure – UN." *UN News Centre*. 21 June 2016.

¹²⁴ Mujahed, Ali Al, and Hugh Naylor. "Yemen Conflict: Doctors Warn of Crisis as Medical Supplies Run Low." *The Guardian*, 2 June 2015.

only alienate the forces that the Saudis hope take back power from Yemen's general population.

To avoid this, the United States publicly and privately urges the Saudi military to avoid striking sensitive targets.¹²⁵ The U.S. has been involved in the coalition efforts since the campaign began, offering logistical and intelligence support.¹²⁶ As part of this, U.S. intelligence passed on a wide list of targets declared unacceptable for targeting due to their importance to Yemeni civilians. One of these targets, a bridge connecting the capital Sana'a with the coast, was listed as an unacceptable target because 90% of the food aid travels over this road.¹²⁷ In August the Saudis bombed the bridge, partially destroying it, and then returned the next day to finish the job.¹²⁸ The double bombing represents either a deeply concerning communications breakdown, or a deliberate attempt to deny citizens in Sanaa food aid to put pressure on Houthi rebels entrenched there.

This comes on the heels of a similar incident a few weeks prior, where a Medicines Sans Frontiers (MSF) field office was bombed by coalition forces.¹²⁹ The attack killed 19 MSF staff. MSF shares the coordinates of its facilities with all warring parties, representing again either borderline incompetence or a deliberate targeting of NGO infrastructure. Compounding this is three previous attacks on similar MSF

¹²⁵ Oakford, Samuel. "Saudi Arabia Kills Civilians, the U.S. Looks the Other Way." *The New York Times*. 19 Aug. 2016.

¹²⁶ Mazzetti, Mark, and Shuaib AlMosawa. "Support for Saudi Arabia Gives U.S. Direct Role in Yemen Conflict." *The New York Times*. 24 Aug. 2016.

¹²⁷ Oakford, Samuel. "Saudi Arabia Kills Civilians, the U.S. Looks the Other Way." *The New York Times*. 19 Aug. 2016.

¹²⁸ Ibid

¹²⁹ AlMosawa, Shuaib, and Rod Norland. "Doctors Without Borders Is Pulling Its Staff After Hospital Bombing With Yemen." *The New York Times*. 18 Aug. 2016.

facilities. These attacks forced MSF to pull out of Yemen, depriving Yemeni citizens of critical medical care, and dealing a blow to the legitimacy of the Saudi intervention.¹³⁰

On the heels of these incidents, the U.S. drastically reduced its role in the conflict. At its height, the U.S. had forty-five service personnel working with the coalition efforts in intelligence, coordination, and occasional refueling.¹³¹ Now, the Pentagon has reduced that public total to five, signaling a significant U.S. drawdown in support. While there are undoubtedly more individuals working in private, this public rebuke is telling. Some analysts see this as a way to criticize the method in which Saudi Arabia has conducted its operations in Yemen, while officially the U.S. and Saudi governments maintain that the drawdown has nothing to do with the growing criticism of the war.¹³²

After eighteen months of sustained bombing and assistance to the al-Hadi army, Yemen remains divided along north and south.¹³³ The Saudi commitment to continuing military activity for the foreseeable future, as casualties, costs, and instability continue to mount, marks a contrasting shift from the actions of King Abdullah and Prince Mohammed. The current Saudi monarchy wants to see the restoration of an autocrat that will be predictable and pliable to Saudi demands, and appears willing to maintain an open-ended commitment to make that happen.¹³⁴ With peace talks rarely gaining traction and no end in sight to the war, Prince Mohammed has committed himself and

¹³⁰ Ibid

¹³¹ Stewart, Phil. "Exclusive: U.S. Withdraws Staff from Saudi Arabia Dedicated to Yemen Planning." Reuters. 19 Aug. 2016.

¹³² Ibid

¹³³ Gambrell, Jon. "AP Explains: Yemen's Stalemate War Threatens to Entangle US." Associated Press. ABC News, 13 Oct. 2016.

¹³⁴ Willis, John M. "Operation Decisive Storm and the Expanding Counter-Revolution." Middle East Research and Information Project. 30 Mar. 2015.

the Saudi armed forces to a protracted struggle against a divided forces that have diverging visions for Yemen's future.

This insurgency has resulted in blowback on Saudi territory and U.S. naval vessels. Houthi separatists have launched border attacks on Saudi towns near the border.¹³⁵ While these attacks are small in scope, they receive devastating Saudi reprisals, and further harden the Saudi resolve to continue their operations in Yemen. Houthi fighters have also fired Iranian missiles at both Saudi and U.S. targets. A few missiles have been fired into Saudi Arabia itself, but their lack of accuracy keeps them from finding their targets in the vast desert Kingdom.¹³⁶ Multiple missiles have also been fired at U.S. naval vessels, who deployed countermeasures and remained unscathed.¹³⁷

The war also represents a grim, but lucrative market for U.S. arms dealers. This includes a \$1.15 billion weapons deal in August that includes the sale of M1 Abrahams tank equipment.¹³⁸ American bombs, plane parts, and logistical equipment go into many of the Saudi sorties against Houthi and pro-Saleh forces, and this represents a drastic expansion away from the low-level U.S. campaign that used CIA drones to target Al Qaeda in the Arabian Peninsula.

The war in Yemen is the most clear-cut example of the new monarchy's willingness to be bold and aggressive when trying to achieve its geostrategic objectives.

¹³⁵ Aboudi, Sami. "Dozens of Houthis Killed in Major Offensive across Border from Yemen: Residents." Ed. Dominic Evans. Reuters, 1 Dec. 2015.

¹³⁶ Ghobari, Mohammed. "Yemen's Houthis Respond to Air Strike with Missile Attack." Reuters, 10 Oct. 2016.

¹³⁷ Stewart, Phil. "U.S. Military Strikes Yemen after Missile Attacks on U.S. Navy Ship." Reuters, 13 Oct. 2016.

¹³⁸ Ali, Idrees. "U.S. Approves \$1.15 Billion Sale of Tanks, Equipment to Saudi Arabia." Reuters. 9 Aug. 2016.

Pushing the Houthis back and trying to restore their willing partner al-Hadi has resulted in the most wide-ranging and committed Saudi intervention in its modern history. While the war at times fits within narrow U.S. interests, the way it is being fought, and the potential blowback that could arise from it, demonstrates the benefits and pitfalls of Middle Eastern interventions in the age of Prince Mohammed and King Salman.

Syria

President Obama was reluctant to arm militant rebel groups in Syria due to concerns that such weapons would fall into the hands of more violent factions that also wanted to attack U.S. interests and allies.¹³⁹ Fearing a repeat of 1980s and 90s Afghanistan, Obama held back major arms deliveries, giving support to only a few targeted programs.¹⁴⁰ Instead of large-scale U.S. involvement, Saudi and Gulf states have acted as intermediaries by supplying rebel groups. This allows the Obama administration to keep their hands “clean” while feeling like something was being “done” to achieve the administration’s wish of removing the historically anti-Western Bashar al-Assad.¹⁴¹

Unfortunately, the single-minded Saudi desire to rid Assad, coupled with a Wahhabi ideology that often strays too close to religious zealotry, meant that weapons ended up in the hands of those the U.S. would deem “too extreme”.¹⁴² This creates the

¹³⁹ Mazzetti, Mark. "C.I.A. Study of Cover Aid Fueled Skepticism About Helping Syrian Rebels." *The New York Times*. 14 Oct. 2014.

¹⁴⁰ Pace, Julie. "Obama Asks Congress for \$500m to Arm 'moderate' Syrian Rebels." *The Independent*. 27 June 2014.

¹⁴¹ Uqba, Sana, and Christopher Davidson. "How Global Terror Finance Networks Crushed the Arab Spring." *The New Arab*. 19 Oct. 2016.

¹⁴² Sengupta, Kim. "Turkey and Saudi Arabia Alarm the West by Backing Islamist Extremists the Americans Had Bombed in Syria." *The Independent*. 12 May 2015.

conditions where Gulf weapons have mostly indirectly, but sometimes directly, bolstered the arsenal of the Islamic State and the Al-Nusra front, posing an ongoing security dilemma in Lebanon, Syria, and Iraq.¹⁴³

The war has displaced more than half of Syria's population. One in five fled the country's border, to be absorbed by Jordan, Lebanon, Turkey, and Europe. The United States, worried about the destabilizing consequences that that many refugees can bring, has thus far committed almost six billion in aid to help those countries manage.¹⁴⁴ The United States has encouraged Saudi Arabia to do more to help stabilize the region they live in and deal with the consequences of the war that they are helping fuel. While Saudi Arabia claims to have provided almost a billion in aid and refuge to 2.5 million Syrians,¹⁴⁵ international observers like Amnesty International and Human Rights Watch are skeptical, instead referring to Saudi efforts as "next to nothing".¹⁴⁶

These issues are exacerbated by the lack of a viable political solution to the conflict. This is due to issues outside of Saudi control, like the introduction of Russian forces, the brutality of the Assad regime, and the presence of foreign fighters who delegitimize the rebels' claim to sovereignty. Iran's direct support and the efforts of their proxy Hezbollah only put more pressure on worried Saudi defense hawks to double down. But Saudi Arabia has done little to find a genuine solution to the conflict, and in the context of U.S.-Russian negotiations, is acting as an unfortunate unilateral

¹⁴³ Sanger, David E. "Rebel Arms Flow Is Said to Benefit Jihadists in Syria." *The New York Times*. 14 Oct. 2012.

¹⁴⁴ Serhan, Yasmeen. "The United States's \$364 Million Humanitarian Aid to Syria." *Atlantic*. 27 Sept. 2016.

¹⁴⁵ Bayoumy, Yara. "Saudi Arabia Defends Aid Effort towards Syria after Criticism on Refugees." *Reuters*. Ed. Larry King. 11 Sept. 2015.

¹⁴⁶ Tharoor, Ishaan. "The Arab World's Wealthiest Nations Are Doing next to Nothing for Syria's Refugees." *The Washington Post*. 4 Sept. 2015.

spoiler. Through continued support of questionable rebel groups that Assad and Russia find unpalatable, Saudi Arabia is acting as an unnecessary roadblock to finding a solution to the five-year long conflict.

The superior force of arms, and relentless commitment of Russian forces to tip the balance for Assad has forced the United States to re-evaluate its position in Syria.¹⁴⁷ With few paths for the rebels to succeed militarily, and with the need to deal with a far more prominent threat to American security in ISIS, the American diplomatic team has slowly and reluctantly acquiesced to the idea that Assad could stay in power in Syria. With ISIS representing a major concern in the minds of American voters in the 2016 election, the political willpower to seek a solution in Syria that takes Assad out of power has lost its traction, causing the U.S. delegation led by Secretary of State John Kerry to focus on the humanitarian aspects of the conflict rather than the political ones.

The monarchy is doing all that it can to keep the rebellion alive in Syria. The kingdom supported a re-branding and consolidation of Syrian rebel groups into the “Army of Conquest” group that currently includes the remnants of the Al-Nusra front.¹⁴⁸ This move represented the best way to advocate for continued rebel support despite dubious Al-Qaeda connections. While the King has occasionally expressed tacit approval for various ceasefire agreements, these were likely to allow the rebels time to regroup, and were viewed with healthy skepticism.¹⁴⁹ The continued Saudi support for

¹⁴⁷ Small, Jay Newton. "Is the U.S. Looking for a ‘Settlement’ with Assad?" *Time*. Mag, 28 Jan. 2016.

¹⁴⁸ Cockburn, Patrick. "Prince Mohammed Bin Salman: Naive, Arrogant Saudi Prince Is Playing with Fire." *The Independent*. 9 Jan. 2016.

¹⁴⁹ Meyer, Henry, and Nick Wadhams. "U.S., Russia Agree on Cease-Fire Deal to Ease Syria Crisis." *Bloomberg*. 9 Sept. 2016.

rebel groups that include fighters labeled by Russia and Assad as “terrorists” give them the internal justification to keep fighting, further damaging peace prospects in Syria.

Iraq

Saudi Arabia did not support the U.S. invasion of Iraq, but was quick to do what it could to influence the post-war government. Fearing the growing specter of Iranian influence in a pluralistic majority Shi’a country, Saudis stoked anti-Sunni anger in Iraq during the insurgency and after the U.S. withdrawal.¹⁵⁰ While those efforts did not directly lead to ISIS, it did help exacerbate the sectarian conditions that led to the group’s rise in the Sunni Anbar province.

ISIS militant advances throughout the country repeatedly exposed the dysfunction and poor fighting potential of the American-trained Iraqi standing national army. Multiple battalions fled the battlefield, putting up little to no resistance against advancing ISIS militants.¹⁵¹ Some soldiers dropped their weapons and took off their uniforms, hoping to avoid fighting and escape the group’s brutality. Others wished to fight, only to be stuck in neutral as their superiors dawdled during precious hours that could have been used to mount a defense. Instead, eager units were often ordered to retreat, demonstrating the lack of will by Iraqi commanders to defend Iraqi civilians who would be left to fend for themselves at the hands of the advancing group.

Tragically, some units were surrounded and surrendered, only to be brutally mistreated or executed in mass by ISIS forces. The most famous of these occurred in the Camp

¹⁵⁰ Cockburn, Patrick. "Iraq Crisis: How Saudi Arabia Helped Isis Take over the North of the Country." *The Independent*. 12 July 2014.

¹⁵¹ Chulov, Martin, Fazel Hawramy, and Spencer Ackerman. "Iraq Army Capitulates to Isis Militants in Four Cities." *The Guardian*. 11 June 2014.

Speicher military base, where over 1,700 new recruits were executed and piled into a mass grave.¹⁵²

With the national army crumbling, and ISIS militants in control of Mosul, Iraq's second largest city, and Fallujah, a city less than fifty miles away from Baghdad, Iraqi politicians turned to Iran and Iranian supported Shi'a militias to shore up their defenses.¹⁵³ While the United States was wary to see this conflict turned into a sectarian one, the facts on the ground necessitated outside assistance, and the U.S. had neither the political willpower nor the practical ability to send large scale assistance of its own to change the battle in a meaningful fashion. Thus, Iran was welcomed not only by Baghdad, but privately by Washington, to prevent the Iraqi state from spiraling down into collapse. American military advisors, both on the ground and through airstrikes, coordinated and assisted elements of the Shi'a militia forces in a move that undoubtedly bolstered Iranian influence over Iraq.

The Saudi government, however, is concerned with increasing American acquiescence to Iranian influence in Iraq.¹⁵⁴ Saudi Arabia, whose policies seemed to welcome the weakening of the central Shi'a state in Baghdad, looked at the developments with great concern. While they would generally prefer stability, the possibility of a strong, capable Shi'a state on their border opened the possibility of an Iranian-allied state near the Eastern province.¹⁵⁵ This was something that Saudi Arabia

¹⁵² Bassem, Wassim. "IS Massacre Leaves Families of Victims Stunned." *Al Monitor*. 28 Aug. 2014.

¹⁵³ Bulos, Nabih. "In Iraq, Pro-government Forces Close in on Fallouja." *Los Angeles Times*. 29 May 2016.

¹⁵⁴ Aarts, Paul, and Joris Van Duijne. "Saudi Arabia after U.S.-Iranian Détente: Left in the Lurch?" *Middle East Policy* 16.3 (2009): 64-78.

¹⁵⁵ Russell, James A. "Saudi Arabia in The 21ST Century: A New Security Dilemma." *Middle East Policy* 12.3 (2005): 64-78.

finds unacceptable, and likely explains why they sat on their heels as Iraq descended into chaos. However, rather than weakening the Iranian hold over Iraq, the vacuum allowed Iran to step in and strengthen their position with the internationally recognized government. The increased cooperation between the U.S. and Iran in fighting a common enemy also alarmed the Saudi government, further entrenching them in the belief that the U.S. is not a reliable ally against the Iranians in the Middle East.

The group's rise, however, did constitute a major response on the Saudi border. With the Anbar province in the hands of ISIS after the fall of Ramadi in 2015, King Salman moved several brigades of Saudi troops to the north, and began building a border fence across the desert boundary.¹⁵⁶ While this defensive posturing is understandable, it is remarkable to note that ISIS, a group that Saudi Arabia is at war with, could operate freely within the Anbar province a mere 100 miles away from where their troops were stationed.

Iraqi refugees, facing similar situations as Syrians, poured out from both the Anbar province and other hard hit areas around the country. Many seek refuge in Europe, but few could receive any refuge in Saudi Arabia. This is compounded by a dearth of Saudi assistance to the Iraqi people. This represents, like Syria, a cynical use of power that seeks to accomplish the immediate goals of weakening Shi'a governments while ignoring their humanitarian consequences.¹⁵⁷ While their actions fall in line with overall goals, the actions do not always justify the means, and represent the challenges

¹⁵⁶ "Report: Saudi Troops Deployed to Iraq Border." *Al Jazeera*. 3 July 2014.

¹⁵⁷ "President Obama Pushes Saudis, Gulf Allies to Step up Iraq Aid." *Associated Press*. The Chicago Tribune, 20 Apr. 2016.

of the U.S. depending on allies to accomplish goals that they themselves are not willing to commit forces to.

The chaos in Iraq and Syria, along with the humanitarian catastrophe in Yemen, are a likely preview to the next few decades of Saudi foreign policy. Without the United States to directly interfere beyond narrow goals of “antiterrorism”, Prince Mohammed and King Salman will be free to pursue a realist foreign policy that seeks the containment of Iran and the degradation of its allies. The shift towards regional multipolarity will undercut the solutions to current conflicts, and spark future ones, as Iran and Saudi Arabia vie for regional influence.

Israel

King Salman and the Prince appear committed to peace and a cordial relationship with Israel. Like the Jordanians and the Egyptians, the Saudis recognize that it is ultimately in their best business and security interests to encourage a resolution of the Palestinian peace process to bring stability and trade. The ongoing occupation and siege of the Palestinian territories is a major recruiting tool for extremist organizations, and the lack of trade between Israel and its neighbors is a continuing lost business opportunity. King Abdullah of Saudi Arabia offered formal peace to Israel in 2002 as part of the Saudi peace plan. With the support of both the Arab league, and the Organization of Islamic Cooperation, it became known as the Arab Peace Initiative (API), and it represented a historic attempt at having relations with Israel be normalized by all currently hostile countries.¹⁵⁸ The plan was relatively straightforward, with peace

¹⁵⁸ Podeh, Ellie. "Israel and the Arab Peace Initiative, 2002–2014:." *Middle East Journal* 68.04 (2014): 584-602.

offered in exchange for an Israeli withdrawal from occupied Golan Heights and Palestine, and a recognition of the legitimacy of a Palestinian state. This offer remains on the table, and will likely be pursued by King Salman and Prince Mohammed. In their eyes, few efforts could help bring greater stability to the Middle East than the achievement of Arab-Israeli peace. Furthermore, few things would bring the Kingdom more respect than the closing the over 70-year conflict.

An opening in the relationship between the two states and GCC at large is the Iran deal. Israel and Saudi Arabia have repeatedly chastised the Obama administration for not doing enough to deal with the security threats in the region, particularly with Iran.¹⁵⁹ Israel and Saudi Arabia both condemned the Iran deal in private, arguing that it gave too much away to Iran in terms of material assistance and the removal of the Clinton sanctions. Both are wary that the Iranians will either continue building their nuclear weapons in secret, somehow out of the purview of the IAEA inspectors, or that the Iranians will simply use the influx of funding to promote their proxy and terrorist groups throughout the region. Billions of dollars of frozen funds and billions of dollars of new oil revenue will enrich the Iranian state, and while most of it will be used to bolster the country's economy after years of harsh sanctions, some will undoubtedly make its way to the battlefield and fund groups that stand against Israel and Saudi Arabia.

The disengagement of the U.S. from the region due to the Obama administration's reluctance to intervene in various conflicts created an opening for

¹⁵⁹ Trofimov, Yaroslav. "Saudi Arabia Reluctantly Finds Common Ground With Israel About Iran." *The Wall Street Journal*. 18 June 2015.

pragmatic cooperation between Israel and Saudi Arabia.¹⁶⁰ Israel and Saudi Arabia found common ground on intelligence sharing over common threats like the Muslim Brotherhood. Active and retired officials from both countries have met informally to discuss the groundwork of low-level cooperation. Expanding beyond traditional security, both countries are cooperating on research of desalinization, critically important for the future of both states as water becomes scarcer.¹⁶¹

A potential détente between Saudi Arabia and Israel is ultimately in the U.S.’ interest, even if some of it arises due to their consternation with current applications of U.S. policy. Saudi Arabia’s influence over Arab states will likely nudge those states towards their own cooperation with Israel on issues of counter terror and anti-Iran policy. Israeli security, and reducing Arab sentiments that would jeopardize it, is one of the paths that are critical to creating the conditions necessary for the Israelis to pursue peace with the Palestinians through the API. Palestinian peace removes much of the impetus for anti-Israeli sentiment, reducing the arguments in favor of radicalism, and instead replacing them with economic opportunities in trade with Israel.

Security Diversification

The Saudi government wants to maintain its positive and beneficial relationship with the United States. However, they also recognize that dependence on one power is not the safest long-term strategy. Anti-Saudi sentiment has rumbled in the United States since the 9/11 terrorist attacks, and have reappeared in the recent JASATA bill. The rise

¹⁶⁰ Ulrichson, Kristian Coates. "Israel and the Arab Gulf States: Drivers and Directions of Change." *Rice University Baker Institute for Public Policy* (2016).

¹⁶¹ Ibid

of populist anger in the United States, personified by the Donald Trump campaign for president, alarms Saudi Arabia and causes them to question the stability of American diplomatic relations across changing administrations. The perceived abandonment of Hosni Mubarak by the United States, who was a longtime ally under five different U.S. administrations, came as a shock for the Saudi monarchy, who were left to wonder what a future president would do if they were faced with a similar internal or external challenge to their existence.

These concerns will drive the Saudis to diversify their security and diplomatic arrangements. Iran rapprochement and the U.S.' expansion of their domestic energy production weaken the strength of the existing pillars of their alliance, and will cause the Saudis to increasingly seek deeper relations with other powers, notably China and India. The Saudis have maintained a positive relationship with the Chinese for decades, from buying ballistic missiles to selling a substantial amount of oil for China's boom.

¹⁶² In the mid-2000s, the Saudis signed a variety of agreements, from counterterrorism to energy, aiming to foster cooperation with the Indian government.¹⁶³ In 2008, King Abdullah upgraded the Saudi-India bilateral relationship into a "strategic partnership".¹⁶⁴ The GCC also re-opened negotiations for a China-GCC free trade agreement, which would integrate the world's largest market with one of the world's wealthiest.¹⁶⁵

¹⁶² Russell, James A. "Saudi Arabia in The 21ST Century: A New Security Dilemma." *Middle East Policy* 12.3 (2005): 64-78.

¹⁶³ Mason, Robert. "Back to Realism for an Enduring U.S.-Saudi Relationship." *Middle East Policy* 21.4 (2014): 32-44.

¹⁶⁴ Ulrichson, Kristian Coates. "The Gulf States and the Rebalancing of Regional and Global Power." *James A. Baker Institute for Public Policy, Rice University* (2014).

¹⁶⁵ Ulrichson, Kristian Coats. "Rebooting Gulf-China Trade." *Majalla*. 16 Apr. 2014.

However, China's pragmatism in dealing with countries internationally will mean that it will not replace the United States as a similar guarantor of regional security. China's unwillingness to get involved in disputes between independent countries will represent a limit to how far the relationship can go.¹⁶⁶ In this, the Saudis will likely have to develop their own domestic capabilities if they want to maintain security over the long term, and this is reflected in their desire under Vision 2030 to drastically expand their domestic arms production.

Resiliency

The continuing drift between Saudi Arabia and the United States is not guaranteed. While there have been disagreements on a variety of problems, there are multitude of issues that will continue to engender cooperation between the two countries. They both want to degrade ISIS. They both want a two-state solution. They both want to see Iran contained. They both want to prevent proliferation in the region. The institutionalized framework of cooperation between the U.S. and Saudi militaries, built up over decades, will provide space for cooperation on these issues. While there are and will be disagreements over precise outcomes and methodologies, there will still be room for future U.S.-Saudi cooperation on security issues.

Beyond security objectives, economic ties will provide a sticking point that will make full disengagement highly unlikely. There are hundreds of billions of dollars invested in each country through their respective public and private sectors. This will likely increase as state assets are sold off through Vision 2030. These investments do

¹⁶⁶ Turner, John. "Great Powers as Client States in a Middle East Cold War." *Middle East Policy* 19.3 (2012): 124-34.

not easily disappear, with legal and financial hurdles making it difficult to pull money out. Selling quickly and abruptly generally results in a loss, which would be avoided at all possibility. Absent some drastic market or political shift that would make long term returns untenable, private citizens will provide friction against efforts by their respective governments to devalue ties.

Prominent in the United States will be the role that arms companies play in continuing pro-Saudi stances. With little domestic arms production, Saudi interventions in the short term require significant purchases of arms outside the country. This represents one of the most lucrative exports markets for a prominent U.S. industry. As Saudi Arabia demonstrates its willingness in the future to engage in a more active and aggressive foreign policy, it will continue to come back to U.S. companies for additional imports. These deals will maintain ties between the two states even as shale production displaces traditional American oil imports.

The Future of OPEC

This will likely have important ramifications for OPEC, which will likely become obsolete if Vision 2030 comes to fruition. The cartel already changed directions in its manipulation of the oil market, from keeping prices artificially high to keeping them artificially low to keep out new producers like American fracking and the Alberta tar sands.¹⁶⁷ Saudi oil, cheaper to produce than that of many of its competitors, was well suited to trade gross revenue for increased market share.¹⁶⁸ This role reversal should signal the beginning of the end of the cartel, because the high price policy has diminishing value of return for higher price producing states. This means that OPEC is transforming into something simply being used for the Saudi's short term gain. Saudi Arabia produce 30% of OPEC's current output, and their sway to keep the cartel in overproduction is damaging the state coffers of Nigeria, Angola, and others.¹⁶⁹

The long-term plan looks far more muddled, because if the Prince's strategy comes to fruition, then Saudi Arabia would not be beholden to oil as the main driver of their economy. A key goal for Prince Mohammed is to put Saudi Arabia in a position where oil prices, low or high, do not matter.¹⁷⁰ Vision 2030 is designed to develop a diversified economy where market manipulation is unnecessary. This then raises an important question: if Saudi Arabia intends to give itself up to sway of the market, then why would they need to maintain an oil cartel? High prices will bring in more revenue for the state, allowing him to fund his economic transition and further endow the Saudi

¹⁶⁷ "Why the Oil Price Is Falling." *Economist* 8 Dec. 2014.

¹⁶⁸ Ibid

¹⁶⁹ Ibid

¹⁷⁰ Waldman, Peter. "The \$2 Trillion Project to Get Saudi Arabia's Economy Off Oil." *Bloomberg Businessweek* 21 Apr. 2016.

sovereign fund. Low prices, once and still somewhat the bane of the state's existence, would be okay in the future, because base revenue would still come in as Saudi market share expands to fill the loss of production by more expensive producers. This revenue, while less, would be enough under vision 2030 to meet the needs of a diversified state.

The expansion of Saudi refining capabilities will only reinforce this. Increased Saudi refining will allow it to better meet its current demands, as it currently imports a quarter of its refined oil needs from others.¹⁷¹ The expansion of refining gives Saudi companies the ability to utilize oil for a more diversified industrial base, eating up oil that would otherwise go to the world market. A predicted impact of the diversification of the Saudi economy will be its removal as a "swing producer" of oil, reducing its influence in the world market, and its influence over U.S. middle eastern policy.¹⁷²

With the largest and most influential member of the cartel forgoing the need to manipulate the oil market, it likely means long term irrelevancy for OPEC. The expansion of cheap shale gas in the United States and the production from vast Saudi reserves would give the world two market-based producers that would checkback any reduction in OPEC production. This simultaneously diminishes the value of production quotas and overproducing, because drastic cutbacks would result in a Saudi-America fill in, and overproducing would be economically unfeasible for OPEC's more expensive producers. This leaves the function of the cartel only for coordination of subtle price manipulations, which diminishes the efficacy of the organization.

¹⁷¹ Krane, Jim. "A Refined Approach: Saudi Arabia Moves beyond Crude." *Energy Policy* 82 (2015): 99-104.

¹⁷² Ibid

The short-term low oil prices pushed by Saudi Arabia will likely not be damaging to long-term U.S. interests, and will most likely be beneficial. While short term employment suffered due to a reduction in rig counts, the increased production per rig and the forces of competition have simply made U.S. rigs more efficient.¹⁷³ Considering the boom-time feel of the initial fracking rush, this feels more like a market correction, and has now made American shale more competitive than anticipated. This will make American producers robust and on par with international competitors, which will spare American producers from losses due to artificially low prices. Compounding this is the investment discrepancy required between traditional oil projects and U.S. shale producers. Oil that is located deep below the ground or in cost-intensive locations require significant long term planning and investment to complete, tying that project's viability to a set oil price.¹⁷⁴ Shale production, on the other hand, is much more flexible, and can respond much more rapidly to world prices with either increases or decreases in production.¹⁷⁵ By simply following market signals, this will lend greater stability to world oil prices, diminishing the value of other states maintaining policies of market manipulation.

¹⁷³ Pritchard, Ambrose Evans. "Texas Shale Oil Has Fought Saudi Arabia to a Standstill." *The Telegraph*. 31 July 2016.

¹⁷⁴ Krane, J, Agerton, M. 2015. Effects of Low Oil Prices on U.S. Shale Production. OPEC Calls the Tune and Shale Swings, Baker Institute Research Paper.

¹⁷⁵ Ibid

Limitations

This paper takes for granted the stability of the Saudi state through the conceivable future. However, this is not guaranteed. There are multiple issues that could derail not only King Salman and Prince Mohammed's plans, but the structure of the Saudi state itself. The modern Saudi state is less than one hundred years old, and was born out of the shrewd (but potentially short-sighted) methods of marriage ties by Ibn Saud. While this united the disparate tribes of the Arabian Peninsula, it does, multiple generations later, leave thousands of individuals with some sort of blood tie to the monarchy, giving them varying levels of real (and perceived) influence that will be harder and harder to balance as time goes on.

In addition to balancing the delicate web of Saudi royal influence, the modern Saudi state is vulnerable to popular unrest in the Shi'a Eastern province. Although the state has successfully suppressed Shi'a movements there for over four decades, history demonstrates that these areas are liable to abrupt conflagration. Major movements both peaceful and armed would bring harmful economic instability in addition to damaging Saudi reputation as they are attempting to brand themselves as a secure investment hub. Although smaller in population, similar issues could pop up from unrest by Shi'as in the Southwest of the country along Yemen's border.

Beyond sectarian divisions, the state could also face popular unrest if Saudis grow unsatisfied with the state's ability to provide economic opportunity. Autocratic governments like China's have demonstrated a model where citizens are comfortable sacrificing political rights if they are advancing economically. If the burgeoning youth population is unable to find quality jobs, they will increasingly demand greater political

participation, putting the monarchy at a crossroads. It could either cede control, like the United Kingdom, and risk gradually withering into a powerless ceremonial role. Or they could tightly hold on and give dissatisfied citizens nothing, like Syria, risking civil unrest and a transition to rule through fear. This calculus went into the former King Abdullah's decision to shower the Saudi citizenry with hundreds of billions of dollars in government assistance during the Arab spring, but such placating tactics are limited and cannot exist in perpetuity, lest they bankrupt the state and create their own economic chaos.

None of the predictions made in this thesis are certain. Everything is subject to changes that make accurate forecasting extremely difficult. Events and issues that profoundly shape the world often are sudden and outside of the prognostications of even the best experts. Few, if any, would have walked through the streets of Cairo in December 2010 and proclaimed that the thirty-year dictatorship of Hosni Mubarak would come crashing down a month later. And, owing to the incredible interconnectedness of the world economy, there are too many moving variables to keep track of. Banking deficiencies of the mortgage market in the mid aughts caused the first worldwide economic slowdown since WWII, touching nearly every country on the globe in one way or another. These events, deemed "black swans" by author Nassim Taleb, will fundamentally change the future in unknowable ways, and are a severe limitation to the predictive power of this thesis.¹⁷⁶

¹⁷⁶ Taleb, Nassim Nicholas. *The Black Swan: The Impact of the Highly Improbable*. New York: Random House, 2007.

Lessons

The breakdown in cooperation and shared policy goals in the U.S.-Saudi partnership represents the shortcomings of allying with states based on narrow realism. The economic drivers holding the relationship together were tenuously based on not only a single resource, but the important positioning of Saudi Arabia in that resource's market. Once that began to slip away, the benefits in trying to support an increasingly more capable and strong Saudi state diminished. The lack of diversified commercial activities makes it easy for the new monarchy to pursue a policy that plans for a Saudi state that is no longer U.S. dependent. The massive social and political gaps make it easy for U.S. politicians to criticize the state and score political points with their constituents. The breakdown of yet another cold-war era alliance demonstrates the inherent drawbacks in depending on narrow, realist goals in establishing partnerships. They are often not long lasting, and are liable to rapid changes due to unpredictable developments.

Furthermore, the problems that the Saudi state are causing, and will cause in the future, represent the pitfalls of a military focus in creating alliances and developing partners. The United States was not particularly interested in either the political or economic development of the Saudi state, instead choosing to focus on exchanging military assurances and hardware for oil and market stability. The result of this leaves Saudi Arabia with one of the most advanced militaries in the world, and an increasing willingness to use it in several fashions against Iran and its proxies. As the U.S. loses direct influence over the Saudi court, they will watch their arsenal be used in manners that run contrary to their wishes. Flooding allied states with weapons might be lucrative

and stabilizing in the short run, but can create massive unintended consequences if situations shift and the cooperation ends.

The evolution of Saudi Arabia past a compliant, U.S. armed ally, should highlight the short-thinking of relying on weapons deals to achieve geopolitical goals. The weapons the U.S. sells countries are not chips for political favors, but massively destructive pieces of equipment that have incredible consequences. When selling massive amounts of weapons to states, more thorough questions must be asked. The durability of the partnership in question, the possibility of who these weapons might be used on, and under what circumstances, need to have adequate answers. If there is uncertainty, the U.S. should be more willing to reach for methods of economic assistance and partnership, as these methods traditionally have far less blowback potential. While less flashy than announcing a new arms deal, economic partnership better hedges against changes that would diminish the value of partners in the future.

These shifts should also reinforce the thought that fundamentally undemocratic governments do not make the best long allies. With complete control of the government, autocrats can abruptly shift policies and act against U.S. interests, while utilizing the capabilities and weapons the U.S. provided through their support. Panama and Iraq are prominent examples of countries whose dictators received U.S. support, but were later deposed by their former ally for engaging in unacceptable policies. Worse yet, they are sometimes deposed in popular fashion and are replaced with vociferous anti-U.S. critics like Cuba and Iran. Years of pent up frustration against the patron government of their oppressors can explode into government sanctioned U.S. hatred.

This is not necessarily out of the question in Saudi Arabia if Vision 2030 does not go as planned or homegrown rebellion sparks to demand greater representation.

The U.S., with all its tremendous power, has an incredible capacity to shape the world through its support of other foreign governments. What is decided in Washington extends far beyond the Potomac, often effecting people in every corner of the globe. Tremendously unethical U.S. policies, like supporting world autocrats in the name of narrow realist goals, contributes to systemic state-based violence in those countries in addition to severely contradicting the principals the U.S. was founded on. Much of this occurs because the public support and activism around changing these policies is little to non-existent, and is often broken up among disparate academics. Their criticism and actions are a mere pittance compared to the multi-billion dollar weapons and aid industry. However, that does not mean the criticism and self-reflection of U.S. policy should be abandoned, but instead redoubled, given the profound impact that it has on the lives of ordinary people all around the globe. Taxpayers ought to hold the Federal government to account over how and where their money is used to support undemocratic governments. The stakes are too high, and the impacts too wide-reaching, for Americans to tune out and be resigned to the status-quo.

Conclusion

The United States and Saudi Arabia maintained a remarkable alliance for almost a century, built on the shared goals of regional and oil stability. Despite a significant divide in concepts of governmental and cultural norms, the convergence of interests allowed for a flourishing partnership. A variety of challenges throughout the 20th century brought the relationship closer, from the dramatic post World War II transformations, to the rise of an antagonistic Iran, to the looming specter of international terrorism. Their militaries cooperated closely, and oil flowed freely, cementing Saudi Arabia's position as the bedrock of American Middle Eastern policy.

However, the turbulence of the early 21st century, coupled with fundamental changes within both Saudi Arabia and the United States, created rifts between the two states. Shi'a proxy groups and states that Iran supports are challenged at every step by a Saudi monarchy that views the future of the Middle East in a black and white, cold-war mentality that refuses to cede any ground to their regional rival. The United States, which sees a more nuanced picture of the region, increasingly finds itself at odds with the Sunni zealotry that Saudi Arabia fosters.

Compounding this is two long term American trends which decrease their reliance on Saudi Arabia, and the Middle East in general. The dramatic expansion of the United States as an energy kingpin through the development of hydraulic fracturing decreases their need for oil as a vital, strategic American interest. The desire for both the United States and Saudi Arabia to emerge as market followers of oil prices will reduce oil volatility, and eliminate the specter of OPEC's influence over oil prices. The rise of East Asia displaces some of the economic clout of Middle Eastern economies,

fostering the American “pivot to Asia”. And the hesitance of American interventionism after a catastrophic Iraq war blunder encourages states to increasingly act on their own, without the prospect of guaranteed American backing.

These trends occurred during the twilight years of the reign of King Abdullah, and his anti-Iranian policies were present long before the current monarchy that rules the country. But the current monarch, King Salman, has accelerated Saudi policies of self-interest and independence. To ensure that these policies are enshrined, King Salman put a significant amount of power into his young son, who stands to modernize the country and bring it closer to being able to operate as a strong, capable state free from the dependence on foreign powers that marked its development throughout the last century. By developing a post-oil economy in Vision 2030, and asserting Saudi interests in Yemen, Syria, Iraq, and increasingly Israel, the Saudi state is seeking to move into the rest of the 21st century, likely behind future King Mohammed, as a state willing to maintain its strength and influence throughout the region.

This policy is not without its challenges, and the meteoric rise of Prince Mohammed may be too much too fast. However, if these policies succeed, then Saudi Arabia will pursue a policy that breaks with their traditional U.S. dependence, enabling them to fully and independently pursue their own economic and security interests. This means that the U.S. will lose a compliant security partner and the traditional “swing producer” of oil that they depended on to manipulate the oil market at their urging. While this will free up the U.S. to pursue a geopolitical rebalancing to the rising East Asia region, it will also result in a diminished American capacity to directly influence events in the Middle East, as multipolarity replaces decades-long U.S. hegemony.

The U.S. will still need to be wary of the growing aggressiveness of the Saudi state. While this at times could mean the resolution of Arab problems by Arab means, it does mean that the U.S. will be in less of a position to control the outcomes of the actions that a more independent and bold Saudi state takes. Interests will not always perfectly align, and “in areas in which Saudi national security or strategic interests are at stake, the Kingdom will pursue its own agenda.”¹⁷⁷ Although this frees up the U.S. from previous Middle Eastern responsibilities, they will face some of the unintended consequences from Saudi adventurism under King Salman and Prince Mohammed.

¹⁷⁷ Ulrichson, Kristian Coates. "The Gulf States and the Rebalancing of Regional and Global Power." *James A. Baker Institute for Public Policy, Rice University* (2014).

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