

The Uses of Power

A primitive feudal kingdom of about 9 million people, Saudi Arabia must import one out of every three workers in order to reach some level of competence. Yet Saudi can seriously affect the world's economy in the days ahead.

It is not that the Iranian crisis can create legitimate oil crisis. There is plenty of oil around for the time being. Even if we went months without getting barrels a day from Iran, we would not be in trouble. That represents only a little more than 2 per cent of our petroleum use. We could adjust to that without affecting our industrial life, or even doing anything very drastic about automobile use.

We now know that the great Arab oil embargo of 1973-74 did not cause a serious oil shortage. One official just acknowledged that "we panicked, so that at the end of the embargo, we wound up with more oil than we started with."

Much more serious than the fact that the Arab nations cut off oil during that period, was the fact that they quadrupled oil prices. That had an immediate adverse effect on the world economy.

Last December, OPEC increased oil prices by over 14 per cent. Now Abu Dhabi and Qatar have announced an additional 7 per cent increase. There will probably be more increases, leading to worldwide recession, unless Saudi steps up its own oil production. That is power.

At the turn of the century, the Saudi clan was sitting in Kuwait as guests. The

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British helped them establish a nation. Most of Saudi income thereafter came from pilgrimage fees to the holy cities. Oil was not successfully discovered until after Saudi signed an oil exploration with Standard Oil of California in 1933.

It was not until the 1960s that Saudi oil production shot up to surpass that of North America. It was in that period that the Western world became dependent. In short, the oil price crunch would have come, even without the complication of Israel, and America's support for Israel.

Because of a geological freak, Saudi seems to have a short-range lock on the civilized world. It has the largest pool of untapped oil reserves, perhaps 150 billion barrels. Of course, the U.S. alone consumes about 7 billion barrels a year. The world's oil supply will certainly be depleted during the lifetime of children born this year. Then Saudi Arabia will revert back to the desert.

In the meantime, Saudi could do serious damage to the Western economy. On the other hand, if Saudi does damage to the Western economy, it will be damaging the only place where it can invest its surplus funds. And without U.S. military support, the clan might quickly find itself back in Kuwait.

So, this is another case of power being in the eyes of the beholder. Power is always a matter of who is most willing to exert it. History will surely marvel at the spectacle of the Saudi clan holding up the United States. If things do smash in the next year, the United States will survive, but it is doubtful that the Saudi clan will survive.

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The United States and Israel both have a stake in the Saudi clan surviving during the upcoming period. The alternatives are all worse. Under post-Iran circumstances, the Saudi clan has the right to ask whether the United States is serious, and will make a firm commitment even of troops, if necessary. Apparently they have asked that question.

The U.S. must make that commitment unless it intends to give up on the Middle East and world scene. But it is in the position to make some firm demands with respect to oil, and with respect to the Saudis accepting Israel as part of a security collective in the Middle East. We will soon find out who knows how to use power.