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**THE U.S. SHALE REVOLUTION: THE THREAT TO SAUDI ARABIA AND THE
FUTURE OF THE U.S.-SAUDI “SPECIAL RELATIONSHIP”**

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Abstract

The U.S. initiated U.S.-Saudi relations out of fear of resource scarcity and dependence on overseas oil; however, the U.S. has never been dependent on Arabian oil. Rather, the U.S. projected its influence to secure the Middle East's balance of power, the global oil market, and American hegemony. U.S.-Saudi relations have withstood seismic world events, diplomatic crises, and domestic turmoil because the partnership's value extends far beyond the exchange of oil for security. The U.S. and Saudi Arabia wield their relations to pursue their respective national and global interests, which has historically provided sufficient justification for the U.S. to overlook the nations' conflicting moralities and strategic visions. However, U.S. success in hydraulic fracking for shale oil increases U.S. energy independence and takes Washington off its "diplomatic tightrope" with Riyadh. While U.S. foreign policy is liberated from Saudi influence, the U.S. shale revolution conceives a poor outlook for the kingdom's stability. Shale oil's implications on the global oil market jeopardize Saudi Arabia's oil-dependent economy and system of governance, as well the kingdom's ability to wield its oil revenue to resolve domestic and regional threats. Saudi instability is further exacerbated under Crown Prince Mohammed bin Salman's (MBS) growingly assertive foreign policy and disregard for regional peace and international law. The kingdom's divergence from U.S. interests, in conjunction with the U.S. shale revolution, incite a widespread American demand for a re-evaluation of U.S.-Saudi relations. U.S. foreign policy has unprecedented flexibility to reevaluate the kingdom's value proposition and the terms of an enduring partnership. This paper will evaluate the dominant arguments from Saudi Arabia and American Democrat and Republican policymakers on the direction of relations. My thesis discussion will conclude that a progressive course correction is an optimal strategy for U.S. foreign policy to sustain and reform a U.S.-Saudi partnership that still holds value.

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Introduction & Methodology

The U.S.- Saudi Arabia “special relationship” is at a critical juncture, and my thesis seeks to address the foundation, challenges, and transformation that has led to the reevaluation of their future relations. My thesis will first establish the premise on which the U.S.-Saudi relationship began, as this will be essential in understanding how it transforms over the decades. Chapter I of my paper will focus on the post-war era up to the Iraq/Second Gulf War in 2003. The prominence of oil-as-power ideology, resource scarcity fears, and resource imperialism in the aftermath of colonial rule, World War II, and the Cold War, cast the U.S. into a plight to fulfill their increasing demand for its limited natural resource. This section will delve into the U.S.’s energy dependence on overseas oil and Saudi Arabia’s role as a swing producer. Utilizing the balance of power theory, Saudi Arabia's role will be deemed as an instrument of state power to keep the global oil market balanced, as well as to maintain internal and regional stability. Oil’s strategic importance, for U.S. energy dependence and Saudi Arabia’s security, will be assessed against its influence on political and military behavior, such as the 1970s energy crisis, U.S.’s military expansion in the Persian Gulf, and the U.S. response to 9/11. The events I will discuss in this segment will set the precedent of the overwhelming influence of oil security in international relations.

Chapter II of my thesis will start with the 2006 U.S. shale revolution and the U.S.’s increased energy independence. The U.S. shale revolution will be analyzed in-depth to provide an understanding of the economic and political threats to Saudi Arabia and Middle Eastern stability. The rentier state theory will be applied to the kingdom’s internal threats, underpinning the role of oil in Saudi’s domestic stability. Rentierism seeks to explain “state-society relations in states that generate a large proportion of their income from rents, or externally-derived,

unproductively-earned payments,” such as Saudi Arabia with their oil revenue.¹ Furthermore, Chapter II assesses shale oil’s threat to Saudi Arabia’s role in the Middle East’s balance of power and global oil market. My thesis will utilize statistical evidence to provide quantitative support for the development of U.S. and Saudi Arabia’s oil industries and global oil market. Statistical data will include, but is not limited to oil market price, percentage of oil exports and imports, and percentage of oil revenue of total revenue. The data will help rationalize the role of oil in American and Saudi foreign policy and strategy. In accumulation, this chapter will highlight how the surge in shale oil production liberated U.S. foreign policy from resource scarcity fears and significantly shifted Saudi Arabia’s strategic importance to the U.S.

Chapter III of my thesis will focus on the future of the U.S.-Saudi relationship. The challenges that the relationship has endured over the decades, and which I evaluate in the first two chapters, stress the gravity of a change in a U.S-Saudi alliance. Before diving into arguments over the future direction of the partnership, a historical background on the origins of the debate will contextualize U.S. and Saudi perspectives. First, Saudi Arabia’s stance on future U.S. relations will be evaluated, which addresses that discontent and the urge for a foreign policy change is arising solely from the U.S. perspective. The two dominant U.S. arguments for the direction of U.S. engagement in Saudi Arabia and the Middle East are to either disengage (to varying degrees) or maintain engagement in conjunction with a progressive relationship reform. I will draw upon interviews with the Saudi Crown Prince, American policymakers, government officials, and Middle East and oil experts to articulate U.S. and Saudi perspectives.

Additionally, I utilize the international relations theories of balance of power and the realism paradigm to analyze the circumstances and interests surrounding the U.S.-Saudi relations

¹ Gray, “A Theory of 'Late Rentierism' in the Arab States of the Gulf,” 1.

debate. The balance of power theory explains nations' diplomatic and political action in their oil strategies. The realism paradigm suggests that oil is a 'power element' that states, as rational actors, use in foreign policy to expand state power and influence.² I will use these theories, as well as U.S. and Saudi perspectives, to expound on the multitude of interests surrounding oil, including economic, political, social, and security agendas. Furthermore, I will evaluate the U.S. and Saudi Arabia's respective value proposition for an enduring partnership. The concept of value proposition weighs the drawbacks against the benefits in international relations to determine whether a partnership promotes or harms national interests. A strong value proposition for each nation means that the partnership is worthwhile, but U.S. arguments concur that Saudi Arabia is currently presenting a weak value proposition. Despite this evaluation, Chapter III argues that the relationship has enduring value that can be reprised with a progressive reform.

My thesis concludes with a succinct review of Washington's agenda for a U.S.-Saudi progressive policy correction. The process for policymakers to implement international relations changes is a complex process, and the construction of a U.S.-Saudi reform policy is still in its infancy stages. As a result, I offer one possible example of how U.S. interest can be translated into policy and political action. The Conclusion will analyze the means and viability of implementing future reform, including Saudi Arabia's willingness to cooperate. Amid the U.S.'s unprecedented energy independence and foreign policy flexibility, I hope this paper will contribute to the international security and relations fields in considering the new direction for U.S.-Saudi relations. Shale's liberation of the U.S. from the myth of Saudi oil dependency will unearth America's extensive strategic interest in sustaining relations with Saudi Arabia, as well as the progressive reform needed to foster an enduring and productive partnership.

² Česnakas, "Energy Resources in Foreign Policy: A Theoretical Approach," 37.

Literature Review

At the start of my research, David Yergin's *The Prize* introduced the concept of oil-as-power that inspired my thesis. Yergin recounts a panoramic history of oil, starting with its discovery in the U.S. and ending after the 1970s energy crisis. He marks oil as the commodity of which non-state actors and nations pursue in the attainment of wealth and power.³ Oil forcefully affects the state of the world economy, and fluctuation in supply and demand can lead to depression or prosperity. Furthermore, oil security as a major national interest greatly influences international relations and politics, especially through fueling global rivalries. Yergin argues that the economic, political, and diplomatic power of nations is rooted in oil, and the commodity can transform their destiny. The book provided a great starting off point for my paper, but I had to look beyond *The Prize* for modern development and a greater Saudi Arabian focus.

David M. Wight's *Oil Money Oil Money: Middle East Petrodollars and the Transformation of US Empire, 1967–1988 (The United States in the World)* helps fill in where Yergin left off. Wight uses a framework of integrated diplomatic, transnational, economic, and cultural analysis, as well as extensive declassified U.S. and Middle Eastern records, to offer an expansive investigation of Middle East-U.S. relations during the 1970s and 1980s and the transformation of the US global empire by Middle East petrodollars. He argues that the Middle Eastern role within the global system of U.S. power was reconstituted during these two decades, from a supplier of cheap crude oil to a source of abundant petrodollars (the revenues earned from the export of oil).⁴ In the 1970s, the U.S. and its Middle Eastern allies, including the House of Saud in Saudi Arabia, utilized petrodollars to fund a variety of joint initiatives for mutual

³ Yergin, *The Prize: The Epic Quest for Oil, Money, and Power*.

⁴ Wight, *Oil Money. Middle East Petrodollars and the Transformation of US Empire, 1967-1988*.

economic and geopolitical benefit. Petrodollars augmented the power of the U.S. and its Middle East allies, but they also had wide-ranging and contradictory effects on the Middle East–US relations and the geopolitics of globalization. Wight argues that in addition to beneficial effects, petrodollars also fostered economic disruptions, state-sponsored violence, and respective anti-interdependence sentiment.

Victor McFarland's *Oil Powers* evaluates the U.S.-Saudi Arabia alliance during the same pivotal decades as Wight. McFarland connects foreign relations and domestic politics to evaluate the political, economic, and social connections that led to the growth of the U.S.-Saudi alliance. Through this framework, he challenges the pervasive view that the U.S.-Saudi alliance is the inevitable consequence of American energy demand and Saudi Arabia's abundant oil reserves. He attributes the political, economic, and social connections and U.S.-Saudi mutually beneficial collaboration as bolstering royal and executive power and the national-security state.⁵ Leaders of both countries responded to the higher oil prices and the shifts in the Middle East's balance of power during the 1970s by consolidating their alliance. Their collaboration included the U.S. empowering Saudi Arabia's influence in the Middle East, and Saudi Arabia promoting a rightward shift in U.S. foreign and economic policy. The U.S. and Saudi Arabia's behavior can be identified as advancing their shared and respective interests. McFarland argues that the implications of the alliances set the groundwork for U.S. military involvement in the Middle East and the entrenchment of a global order fueled by oil.

Yergin, Wight, and McFarland provide a fundamental introduction to one of the driving forces behind modern international relations and the U.S.-Saudi alliance. These books were essential in establishing a foundation of knowledge on which I could start writing my thesis.

⁵ McFarland, *Oil Powers: A History of the U.S.-Saudi Alliance*.

Thereafter, I sought to narrow my research and develop my argument, of which Robert Vitalis' *Oilcraft* played a pivotal role. Vitalis exposes myths of oil that have long been accepted as conventional wisdom. These myths include that U.S. military presence in the Persian Gulf is what guarantees access to oil and that the special relationship with Saudi Arabia is necessary to stabilize an otherwise volatile market.⁶ These misconceptions are pervasive among the U.S. public and scholars alike, and before reading *Oilcraft*'s corrective narrative, I was caught by the same erroneous line of thinking. Vitalis exposes the make-believe fears of oil scarcity and conflict that have driven economic, political, and military policy for decades. Furthermore, he investigates the geopolitical impact of these myths, such as how they confuse many into believing the U.S. is dependent on Saudi Arabia for oil. Al Saud does many things for U.S. investors, firms, and government agencies, but guaranteeing the flow of oil and keeping prices stable and cheap are not included. The benefit of debunking the myths of "oilcraft" is essential in the development of U.S. policy and decision-making in the Middle East. In the wake of the Shale Revolution and the U.S.'s increased energy independence, Vitalis calls for a reevaluation of the US's 'devil's bargain' with Saudi Arabia based on the *real* nature of oil's influence on economic, military, and diplomatic policy, and it is to this call that I hope my thesis can contribute.

The last source that wields a pervasive influence in my thesis is Daniel Benaim's 2020 report for The Century Foundation (TCF), *A Progressive Course Correction for U.S.–Saudi Relations*. Benaim is an expert on U.S. policy in the Middle East, serving as Vice President Biden's Middle East policy advisor from 2013 to 2015 and currently working as the U.S. Deputy Assistant Secretary of State for Arabian Peninsula Affairs. Benaim's report for TCF is a part of a series that offers progressive policy proposals for America's most pressing international

⁶ Vitalis, *Oilcraft: The Myths of Scarcity and Security That Haunt U.S. Energy Policy*.

priorities. Benaim conducted over fifty interviews with policymakers, experts, and activists on how to achieve a progressive course correction of U.S. ties with Saudi Arabia. The identities of the interviewees were kept anonymous for this report so that they could speak openly and truthfully. Benaim discovers that former and current American government employees, including diplomats, political appointees, congressional staff, as well as think tank officials, academics, and activists are nearly unanimous in critiquing the U.S.'s current approach to Saudi Arabia.⁷ However, beneath that consensus lay divergent understandings and perspectives on what direction U.S.-Saudi Arabia relations should head. Benaim's report discusses the two dominant sides of how critique should be translated in U.S. foreign policy. On one side, some American policymakers arguing for the enduring value of U.S.-Saudi relations, warn of the significant downsides of U.S. abandonment, and urge for a relationship reform. On the other side, Americans drawing on the fundamental incompatibility of the U.S. and Saudi Arabia, call the partnership "unreliable, unpalatable, outdated, and overrated." Pro-disengagement advocates argue for the U.S. disengagement with Saudi Arabia. Benaim discusses the two sides and adjudicates these differences to offer progressive policy proposals for America's future with Saudi Arabia. This TCF report offers my paper critical primary source material for U.S. arguments over the direction of U.S.-Saudi relations. The interviews cover Democrat, Republican, and non-partisan perspectives, which provides a comprehensive American articulation of the major changes desired. Furthermore, the report presents policy recommendations to address how the U.S. can execute reforms of U.S.-Saudi relations. While specifying which American foreign policy decision is best is beyond the scope of this thesis, I will draw on Benaim's policy recommendations to present options to the U.S. in my conclusion.

⁷ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

My thesis seeks to address the Shale Revolutions' impact on the US-SA relationship, their respective security, and their future relations. After decades of close relations, the U.S.'s increased oil supply invigorates the argument for decreasing involvement in Saudi Arabia and the Persian Gulf. While *Oilcraft* dispels the idea that the U.S. is only allied with Saudi Arabia for its oil, the argument for decreased involvement persists. In order to provide a comprehensive analysis and prediction of the future of the US-SA relation, I will include a wide range of perspectives on the topic. This includes narratives from Al Saud, Saudi Arabian citizens, the Middle East, the United States government, American citizens, shale producers, and conventional oil producers. Lastly, I will add my own opinion on which course of action will promote the greatest energy security and national stability for the U.S. and Saudi Arabia.

Chapter I: The Birth and Evolution of U.S.-Saudi Arabia Relations

Introduction

Oil is a revolutionary commodity in the 21st century world and a major determinant in U.S. and Middle Eastern international relations and strategy. Access to affordable oil, through imports or domestic production, dictates nations' welfare power, and consequently, energy security is at the forefront of nations' foreign policy agendas. However, the natural resource is finite and geographically predisposed to certain regions. Geographical determinism predisposes the Middle East with vast oil reserves, and Saudi Arabia with the largest known oil reserves in the region. Saudi Arabia holds the world's dominant oil supplies and production capabilities, which grants the kingdom the role of swing producer in the global oil market. As a result, Saudi Arabia has considerable clout in international relations and over the world's energy security. The world's addiction to oil directs foreign policy and relations, including the "special relationship" between the U.S. and Saudi Arabia.

The outline for Chapter I begins with a historical background on the importance of oil. Since the U.S. first introduced oil in the mid-1800s, the commodity has evolved from lighting lamps to driving today's globalized world. The increased value of oil leads into a brief account of the birth of the U.S.-Saudi relations in 1945, which was founded on the exchange of U.S. security for consistent access to Saudi oil. Next, this paper introduces the 1970s energy crisis, the October War, and Saudi Arabia's employment of the "oil weapon." These interconnected events strain U.S.-Saudi relations and significantly influence U.S. foreign policy concerning energy security. The manifestation of these evolutions is explored through U.S.-Saudi increased interdependence and the U.S.'s lasting expansion into the Persian Gulf. This strategic shift emphasizes U.S. oil-dependency fears and Washington's growingly assertive oil strategy. Furthermore, U.S.-Saudi interdependence and military presence in the Gulf reinforces Arab anti-American sentiment, especially among terrorist groups. Al Qaeda is fueled by the U.S.'s long history of aggressive foreign policy in the Middle East, which late 20th century oil strategy perpetuates, and the implications are discussed in the context of Osama bin Laden's 9/11 attacks on the U.S. Lastly, the Conclusion establishes the significance of the U.S.-Saudi partnership's evolution from 1945 to 2001. Despite the partnership's turmoil and plague of distrust, the strategic value, for both sides, has exponentially grown. The initial premise of security for oil has expanded to include economic, political, and military interests for the U.S. and Saudi alike.

Historical Background: Importance of Oil

Energy security is at the forefront of domestic and global politics regardless of a nation's status as an energy-importer, like the United States, or energy-exporter, like Saudi Arabia. For oil-importers, energy security ties national security to the availability of natural resources for energy consumption. Oil-importing nations have limited or no domestic oil reserves, and

consequently, their energy security depends on continuous access to an affordable supply. Meanwhile, Oil-exporting nations have relatively inherent energy security as a result of abundant reserves, and therefore, their national security depends on access to international oil markets and consistent demand. For oil exporters and importers alike, energy security ensures national security and economic development. In 2021, the modern world is now, more than ever, dependent on oil for energy, and there is no readily available substitute. Out of the various natural energy sources such as fossil fuels, renewable, and nuclear; oil is the number one resource responsible for the world's energy security. Oil is vital for the development of states and the progress of civilization. Human welfare and standards of living depend on oil for basic state functions, such as food production and medicine. Furthermore, oil fuels globalization and the world economy with its role in transportation. Road vehicles, planes, and boats allow for easy national and international trade, as well as the movement of people. Oil fuels modern industrialization. In 2021, the global oil industry is worth \$2.1 trillion, and the industry has yet to peak.⁸ Developed countries account for the majority of oil consumption, but a “rising 83% of the world is undeveloped” and have yet to join the major consumers.⁹

Oil went from one of many valuable resources to *the* commodity the world's rival powers fight over.¹⁰ The surge in demand presents vast and complex challenges to every nation's energy security, and consequently, nations' national and economic security as well. The threats to energy security include, but are not limited to, supply depletion, the manipulation of oil production, competition among consumers, and dependence on foreign oil. The political instability of energy-producing countries further complicates energy security concerns. The

⁸ “What Percentage of the Global Economy Is the Oil and Gas Drilling Sector,” Investopedia.

⁹ Clemente, “Three Reasons Oil Will Continue to Run the World.”

¹⁰ Vitalis, *Oilcraft*, 126.

global energy market is interdependent, and energy security requires cooperation and coordination among countries to maintain a constant supply of energy. Yet, the relationship between oil-producing and consuming countries, coupled with individual nations' geopolitical interests, generates significant conflict.

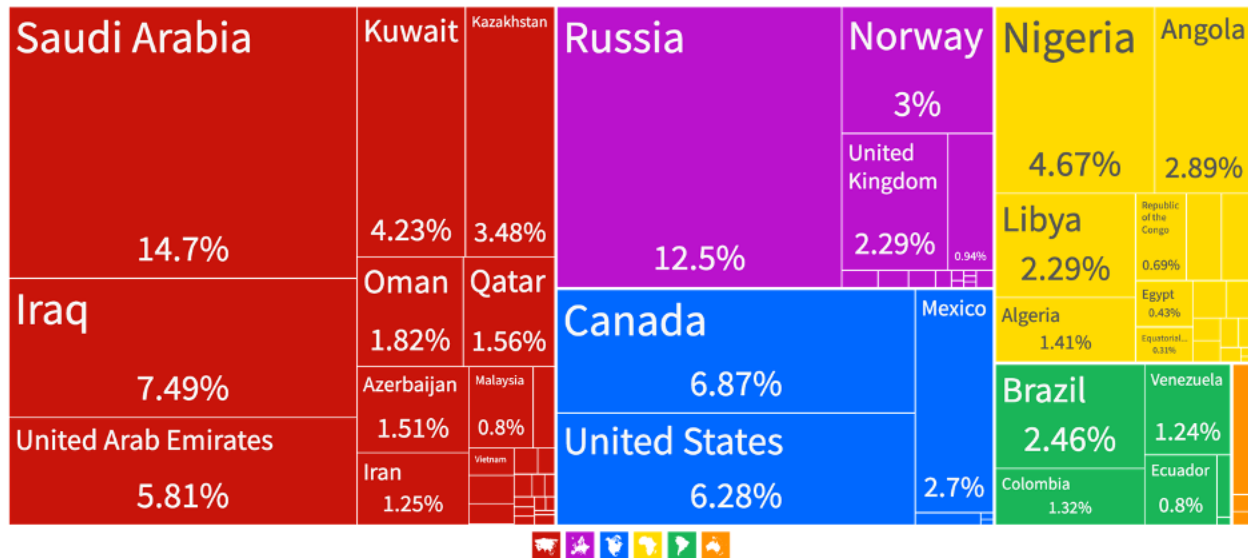
International relations are fueled by oil strategy. Nations' stability and global prowess depend on oil, yet geographical determinism means that oil reserves are concentrated in a small number of countries. Therefore, nations must satisfy their energy security through domestic production, if the nation has sufficient resources, or compete for oil access abroad. The Middle East holds the majority of the world's oil and Saudi Arabia, as a swing producer, holds one-fifth of the world's proven oil reserves.¹¹ Saudi Arabia has more power than any other nation to shape oil prices and play a leading role in the stability of the global oil market. The kingdom's production capacity and oil "cushion" can balance supply and demand by increasing or decreasing supply to the market.¹² The Saudi regime can rationally manipulate its swing production for economic or political ends; although, the kingdom is predominantly interested in sustaining a balanced oil market for consistent oil revenue, Price stability is vital for the kingdom's oil-dominated economy, with oil revenue accounting for 90% of its export earnings and 80% of its state revenues, making the kingdom's political and economic stability particularly vulnerable to market volatility.¹³

¹¹ AlYousef, "The Prominent Role of Saudi Arabia in the Oil Market From 1997 to 2011," 63.

¹² McFarland, *Oil Power*, 183.

¹³ *Saudi Arabia: Tackling Emerging Economic Challenges to Sustain Growth*, IMF, 1.

Figure 1: Percent of Total Crude Petroleum Exports by Country in 2019. (Total Exports: \$986 Billion).¹⁴



The Birth of U.S.-Saudi Relations: 1945

The U.S. believed that world oil scarcity was an imminent threat, but in the late 1930s, U.S. oil company partners, Chevron and Texaco, discovered vast oil reserves under the Saudi desert in the eastern part of the kingdom.¹⁵ The discovery indicated that the world's oil production and supply would soon be shifting to the Persian Gulf and Saudi Arabia in particular.¹⁶ Following the end of World War Two, the United States abandoned its policy of isolationism in the Middle East.¹⁷ Dependence on foreign oil and the end of imperialism prompted the U.S. to pursue a mutually beneficial relationship with the oil-producing Middle East. The ensuing Cold War with the Union of Soviet Socialist Republic (USSR) threatened Middle Eastern oil resources, compelling the U.S. to pursue regional hegemony to ensure its national energy security. President Roosevelt sought to develop a “special relationship” with

¹⁴ The Observatory of Economic Complexity, “Which countries export Crude Petroleum? (2019.)”

¹⁵ CFR.org Editors, “U.S.-Saudi Arabia Relations.”

¹⁶ CFR.org Editors, “U.S.-Saudi Arabia Relations.”

¹⁷ Ragaban, “The Geopolitical Implications,” 64.

Saudi Arabia to secure U.S energy interests. President Roosevelt and King Ibn Saud met aboard the USS Quincy in the Suez Canal on Feb. 14, 1945.¹⁸ This was the first time a U.S. president had met with a Saudi Arabian King. Roosevelt was insistent that Saudi Arabian oil would be crucial to America's security and welfare in the post-world war era. By virtue of the Chevron and Texaco discovery and U.S. foreign oil dependency fears, the *New York Times* foreign affairs correspondent, C. L. Sulzberger evaluated that "the immense oil deposits in Saudi Arabia alone make that country more important to American diplomacy than almost any other smaller nation."¹⁹ Roosevelt's agenda with the Saudi King was highly strategic. The whole affair was off-the-record, with the official known purpose being to discuss the future of Palestine and a new Jewish homeland.²⁰ Although this issue was ultimately left unsettled, the two leaders had a great deal more success with discussing a deal for security in exchange for oil. Roosevelt and Ibn Saud agreed upon a relationship whereby America would guarantee security aid to Saudi Arabia, then just a budding country with a weak military and surrounded by stronger nations. The U.S. promised security in exchange for access to consistent and affordable energy supplies, and although there was never an official document outlining this agreement, every subsequent U.S. president and monarch has upheld this understanding.

The U.S. Energy Crisis: 1970s

While this arrangement operated satisfactorily, U.S.-Saudi diplomatic relations reached an all-time low with the kingdom employing the first ever "oil weapon" against the U.S. in the early 1970s. Saudi's oil weapon instilled a deep psychological trauma on the U.S. that would

¹⁸ Yergin, *The Prize*, 403.

¹⁹ Yergin, *The Prize*, 404-405

²⁰ Yergin, *The Prize*, 404.

come to influence American foreign policy and oil strategy for the ensuing decades. The onset of the energy crisis began with the Allied power's acquisition of Palestine in 1917. Following World War II, the Allies adorned Palestine as the new state of Israel and chartered it to serve as a new homeland for Jews displaced after World War II. The majority of the Arab nations rejected the Israeli state, resulting in frequent violent conflicts and war. The fourth of the Arab-Israeli wars, known as the Yom Kippur War or the October War, began in early October, 1973 and had far-reaching consequences.

During the early 1970s and at the onset of the October War, Washington's focus had turned to its' domestic oil security concerns. American oil consumption was surging just as domestic oil production was declining. The number of U.S. drilling rigs had been steadily declining since 1955 and fell to its lowest levels in 1970-1.²¹ The oil industry was straining to keep up with demand, pumping every single barrel that it could. Despite these facts, the Nixon administration demonstrated minimal concern, assuming that the U.S. could depend on Saudi Arabia's oil exports. President Nixon attempted initiating price controls, abolishing the import quota system, and introducing a "voluntary" allocation system to assure supplies to independent refiners and marketers.²² Nevertheless, domestic production could not keep up with demand, and the phrase "energy crisis" became a common American political term to characterize oil shortages.²³

Similar to the U.S.-Saudi partnership, the U.S. sustained a long unofficial alliance with Israel, and during the October War, the U.S. aided Israel against a coalition of Arab states, which were led by Egypt and Syrian forces. Both sides of the war were supported by superpowers with

²¹ Yergin, *The Prize*, 589.

²² Yergin, *The Prize*, 590.

²³ Yergin, *The Prize*, 590.

the U.S. aiding Israel and the Soviet Union backing the Arab coalition, but only the former had Saudi Arabia and the oil weapon. The oil weapon describes the control and manipulation of oil through embargos, production cutbacks, and restrictions on exports. The integration of the oil weapon into politics and war in the 1970s signaled a turning point in history. Oil had become the lifeblood of industrial economies, and the global dependence on OPEC oil exports highlighted the Arab member nation's growing power and influence over the world's economy and energy security.

Israel needed U.S. military aid if Israel was to have a chance to win the war, especially considering the grand extent to which the Soviet Union was supplying the Arab states. However, the King of Saudi Arabia, Faisal bin Abdulaziz Al Saud, warned the U.S. of the consequences of their continued support for Israel. In interviews with the *Washington Post*, the *Christian Science Monitor*, *Newsweek*, and NBC Television, he delivered the same message: "We have no wish to restrict our oil exports to the United States in any way," but "America's complete support for Zionism and against the Arabs makes it extremely difficult for us to continue to supply the United States with oil, or even to remain friends of the United States."²⁴ The Saudis made their views clear. The kingdom would use the oil weapon to influence the U.S. to disavow Israel and stop all aid. Nevertheless, Henry Kissinger, the U.S. Secretary of State, determined that the possibility of damaging U.S.-Saudi relations were worth the risk to aid Israel—in part because Kissinger and the Nixon administration underestimated the seriousness of the Saudi intention to withhold oil. Even so, the U.S. attempted to aid Israel in secret, and President Nixon and other Washington officials publicized, to a marginal degree, some disavowal of Israel policies.

²⁴ Yergin, *The Prize*, 596-7.

The idea of the oil weapon, in the form of an oil embargo used for a political agenda, had been discussed in the Arab world since the 1950s, particularly concerning Israel. Yet the idea was always dismissed because; while Arab oil was abundant, it was not the “supply of last resort.”²⁵ Historically, the U.S. was sufficiently producing and could step in to supplement the world oil market if Saudi Arabia withheld exports. However, in the early 1970s, U.S. production rates were at max capacity and could no longer compensate for an OPEC oil embargo.²⁶ King Faisal was initially reluctant to mix politics and oil, arguing it was useless and “dangerous to even to think of that.”²⁷ He valued Saudi ties to the U.S. as important to his kingdom’s survival. Faisal feared the Middle East’s spread of radicalism, as well as domestic challenges to his political legitimacy, and U.S. military aid was a vital means of defense. Even so, Faisal could not risk showing inadequate support for the “frontline” Arab states and the Palestinians without risking violent backlash.²⁸ Furthermore, by 1973, Saudi Arabian oil had become the “supply of last resort.”²⁹ The reason to refrain from employing the oil weapon—the U.S.’s ability to make up for a temporary supply shortfall—was no longer an impediment.

The U.S.’s depleting oil supply could no longer sustain its allies in the events of a crisis, leaving the U.S. vulnerable to OPEC’s possession of the oil weapon. Saudi Arabia’s share of the world’s exports had risen from 13% in 1970 to 21% and rising in 1973.³⁰ Additionally, market prices had doubled.³¹ The rise in oil revenues, and Saudi’s large dollar reserves, was however

²⁵ Yergin, *The Prize*, 593.

²⁶ Yergin, *The Prize*, 593.

²⁷ Yergin., *The Prize*, 594

²⁸ Yergin, *The Prize*, 594.

²⁹ Yergin, *The Prize*, 594.

³⁰ Yergin, *The Prize*, 594.

³¹ Yergin, *The Prize*, 592

threatened by the devaluation of the American dollar.³² The oil minister of Kuwait had already imposed production restraints because he did not see “the point of producing more oil and selling it for an unguaranteed paper currency.”³³ This rationale for oil-exporters withholding oil supplies from the global oil market equally applies to Saudi Arabia, as the kingdom would receive depleted compensation for its oil sales. The changes in the global oil market and value of the U.S. dollar, coinciding with political developments, led King Faisal to pledge the employment of the oil weapon during the October War. Saudi Arabia and OPEC imposed an oil embargo on the U.S. and other nations who supported Israel, which remained in place even after the war ended. Consequently, U.S.-Saudi relations reached an all-time low.

The Saudi government pledged to end the Arab oil embargo against the U.S. in January 1974, but Faisal broke this assurance, at the insistence of the Arab OPEC members, claiming the embargo will stay in place in effect until Syria regained territory from Israel.³⁴ Kissinger furiously advised US ambassador James Akins to tell the Saudi regime that the U.S. would not assist in the Syrian-Israeli conflict until the embargo was lifted. Furthermore, Akins would threaten the exploitation of Saudi’s promise for an “imminent end” to the oil embargo.³⁵ The U.S. was threatening to publicly embarrass the Saudi regime. The kingdom’s oil minister Omar Al-Saqqaf was enraged over this threat to Saudi’s reputation, as OPEC would view Saudi’s promise to the U.S. as a betrayal to its member’s interests. In response to Akins, Saqqaf sharply questioned “if the United States had any idea of what it was about to lose...?”³⁶ The U.S. was jeopardizing its political and economic interests, as well the advantage of military access in the

³² Yergin, *The Prize*, 595

³³ Yergin, *The Prize*, 595.

³⁴ Wight, *Oil Money*, 60.

³⁵ Wight *Oil Money*, 60.

³⁶ Wight, *Oil Money*, 61.

region. Saqqaf declared, the “US-Saudi military association will have to be reviewed,” but “this will cause no problems,” as “many European countries are anxious to replace the Americans.”³⁷ Saqqaf’s warning was well-founded, as many European and East Asian countries were ready to fill in for the U.S in exchange for Saudi oil.³⁸ Overall, Saqqaf intended to apprise the U.S. of its privileged position in Saudi Arabia. The Saudis granted the U.S. a favorable position because of its strong economy and innovative technology, but Saudis were not reliant on the U.S. for the kingdom’s survival and success. The 1970s energy crisis and growing petrodollar surpluses gave Saudi Arabia newfound power and confidence, and the Nixon administration, realizing this development, sought to mend the relationship. The House of Sauds, despite Saqqaf’s declaration of not needing the U.S., was also inclined to repair relations. The embargos ended in March 1974, and while mistrust between the U.S. and Saudi Arabia remained, their mutually beneficial alliance prevailed.³⁹

The use of oil as a geopolitical weapon had a dramatic impact on the U.S., although oil experts Victor McFarland and Robert Vitalis assert that the embargo itself was essentially ineffective. Kenneth Boulding, who advised the 1974 Ford Foundation study on America’s energy future, agrees, describing the energy crisis as “a really minor incident as far as the American economy was concerned; It did little more than ruffle it for a few months.”⁴⁰ Regardless of whether Saudi Arabia politically weaponized oil to stop U.S. support for Israel in the October War, the U.S. and global oil markets would have still experienced an energy crisis. OPEC’s decision to raise the posted price and tax rate for crude oil were independent of the war

³⁷ Wight, *Oil Money*, 61.

³⁸ Wight, *Oil Money*, 61.

³⁹ “Oil Embargo, 1973–1974,” Office of the Historian (U.S. Department of State).

⁴⁰ Vitalis, *Oilcraft*, 60.

and embargos. The cost of oil production was increasing, and the U.S. dollar was losing its value, and consequently, OPEC nations had to increase prices to ensure their fair share of the windfall.⁴¹ Additionally, the demand from the world's advanced industrial economies was beginning to surpass supply, and the time lag for production to catch up to the demand resulted in increased competitiveness on the market and global shortages.⁴² These factors would contribute to the increase in the market price of oil, regardless of the embargo—although the implications did worsen scarcity fears and panic buying. The U.S. at the time was only receiving about 7% of its imports from the Middle East, which supports Vitalis' argument that U.S. dependence on Saudi oil is a myth. The embargos and American oil shortages were exacerbated by the price and allocation controls imposed by Nixon in 1971, thus Nixon and the U.S.'s poor domestic energy policies were more responsible for America's energy crisis than King Faisal.⁴³

While the oil weapon was materially ineffective, the energy crisis had lasting psychological consequences on modern politics and strategy.⁴⁴ Robert Vitalis claims that “the embargo is best understood as political theater” in which the “targeted audience,” the West, was deeply moved.⁴⁵ U.S. confidence in its present and future energy security was undermined. The “trauma of withdrawal” was manifested in the fear that any number of antagonists, “from OPEC or the ‘Arabs’ or Iranian ‘hardliners’ to Saddam Hussein, Osama Bin Laden, and any and all future would-be hegemons” could deploy the oil weapon again.⁴⁶ However, major supply disruptions are a psychological fear. The Arab producers removed their embargos without

⁴¹ Vitalis, *Oilcraft*, 65.

⁴² Vitalis, *Oilcraft*, 66.

⁴³ Vitalis, *Oilcraft*, 55

⁴⁴ Yergin, *The Prize*, 588.

⁴⁵ Yergin, *The Prize*, 63.

⁴⁶ Vitalis, *Oilcraft*, 81, 68.

achieving any of their demands because withholding oil is not in their best economic interest.⁴⁷

The economic interdependence between countries means that countries must consider the interest of their partners because the consequences will have mutual ramifications. Boycotting the sale of oil on the global market will never be in the economic interest of the antagonist. This is first because of the desire for uninterrupted oil revenue. As President Nixon stated in the summer of 1973, “Oil without a market... doesn’t do a country much good,” and the U.S. is a major constituent of the market.⁴⁸ Second, withholding supply to the global oil market is an ineffective strategy, as an export competitor will eagerly take over the unsatisfied market share. As a result, an oil weapon is an unreliable means to a political agenda. Consistent supply to the global oil market—regardless of diplomatic turmoil-- is in the best economic interest of consumers and exporters alike.

Increased Interdependence

Following the end of the Arab oil embargo in 1974, U.S.-Saudi relations were reinforced by expanding the partnership’s value to include bilateral trade and investment. Saudi Arabia profited from the increase in oil prices at the expense of the U.S energy crisis., but this paradoxically strengthened their alliance.⁴⁹ The kingdom’s wealth boom offered profitable opportunities for U.S. business, trade, and investment. Saudi Arabia also had an increased ability to fund U.S.-Saudi regional interests, such as their anti-communist missions.⁵⁰ The U.S. viewed Saudi wealth as a compelling opportunity to increase mutual interdependence and use the kingdom’s financial capabilities to the U.S.-advantage. Saudi Arabia's profusion of wealth and

⁴⁷ Vitalis, *Oilcraft*, 123.

⁴⁸ Wight, *Oil Money*, 31.

⁴⁹ McFarland, *Oil Powers*, 139.

⁵⁰ McFarland, *Oil Powers*, 139.

increased geopolitical influence convinced the White House, State Department, Pentagon, and businesses that the U.S. must strengthen its ties.⁵¹ U.S. policymakers recognized the kingdom as not only the oil market's swing producer but as a major source of investment capital.

The U.S. foreign policy agenda for increased U.S.-Saudi interdependence to bolster U.S. economic interests were initiated promptly following the end of OPEC's oil embargo. In June 1974, Secretary of State Henry A. Kissinger and Crown Prince Fahd signed an agreement to establish two joint commissions: the U.S.-Saudi Joint Commission for Economic Cooperation (JCEOR) and the US-Saudi Arabian Joint Security Commission (JSCOR).⁵² Under the agreement, the U.S. government promised to provide increased economic and military innovation and aid, including protection from Israel, in exchange for Saudi Arabia agreeing to exclusively price all of its oil in U.S. dollars.⁵³ The negotiation for this agreement arrived after the end of the Bretton Wood gold standard and Nixon's announcement that the U.S. dollar could no longer be exchanged for gold.⁵⁴ In place of the gold standard, JCEOR established the petrodollar system to denote the sale of oil in dollars. Any nation that imports Saudi oil is therefore required to exchange their currency to U.S. dollars before completing the transaction. The remaining OPEC countries soon followed Saudi Arabia's petrodollar precedent. U.S. intentions for the new petrodollar system was to protect the value of and increase the demand for the U.S dollar, and Saudi Arabia, OPEC, and the world's adoption of the system more than accomplished this goal. U.S. economic hegemony, global trade position, and monetary base thrived.

⁵¹ McFarland, *Oil Powers*, 179.

⁵² Sher, "The 1973 Oil Embargo and US-Saudi Relations: An Episode in New Imperialism."

⁵³ Salameh, "Has the Petrodollar Had its Day?" 2.

⁵⁴ Chen, "What You Should Know about Petrodollars."

Furthermore, JCEOR offered a great opportunity for the U.S. to work closely with the Saudis in recycling their vast surplus of petrodollars, such as through investment in US debt securities.⁵⁵ The petrodollar system created surpluses of U.S. dollar reserves for oil-exporting countries, which can be “recycled,” such as through domestic consumption and investment in U.S. dollar-denominated assets.⁵⁶ Petrodollar recycling back into the U.S. economy was extremely beneficial, creating liquidity in financial markets, keeping interest rates low, and promoting non-inflationary growth.⁵⁷ The increased demand for U.S. dollars and petrodollar recycling strengthened the US economy and foreign exchange position. Saudi Arabia equally benefited from closer political ties and interdependence. JCEOR increased U.S.-Saudi bilateral trade and investment and aided Saudi’s industrialization and security.⁵⁸ In the wake of the oil embargos, the joint commissions additionally intended to deter Saudi Arabia from undermining the U.S. in the future.

Lasting U.S. Involvement in The Persian Gulf

The 1970s energy crisis normalized the American perspective that U.S. dependence on foreign oil leaves the U.S. vulnerable. A few days after the OPEC embargo began, Secretary Defense James Schlesinger told members of the Nixon administration: “We are moving forces to the Persian Gulf.”⁵⁹ Kissinger thought Schlesinger was insane, and while the military force was unnecessary then, Schlesinger foresaw the value and the means of force required to secure U.S. oil interests in the Gulf.⁶⁰ By 1978, the Middle East had been challenged by Soviet Union

⁵⁵ McFarland, *Oil Powers*, 161.

⁵⁶ Chen, “What You Should Know about Petrodollars.”

⁵⁷ Tun, “How Petrodollars Affect the U.S. Dollar.”

⁵⁸ “The U.S.-Saudi Arabian Joint Commission on Economic Cooperation,” U.S. Government Accountability Office.

⁵⁹ McFarland, *Oil Powers*, 138.

⁶⁰ McFarland, *Oil Powers*, 138.

expansion for years, including Saudi leaders calling for increased U.S. intervention. However, the U.S. did not offer military engagement in the Persian Gulf until the 1979 Iranian Revolution and Soviet invasion of Afghanistan. The U.S. had been concerned with Soviet expansion since the Cold War, but U.S. attention, which was focused elsewhere, was not captured until the Soviets endangered U.S. oil interests. The U.S. foresaw multiple problems with the Soviet's presence in Afghanistan, such as Saudi Arabia's security, but the most important was the threat to U.S. hegemony and access to the region's abundant oil fields.⁶¹

The U.S. militarization of the Persian Gulf had unprecedented support from Washington and the American public. President Carter announced his position to protect the Gulf from external threats in his January 1980 State of Union address.⁶² This policy, which became known as the Carter Doctrine, prompted the reinvigoration of the U.S. Rapid Deployment Force, which is a collection of military units that can be employed to the Middle East on short notice.⁶³ While Saudi Arabia would not allow the U.S. to establish a permanent military base within Saudi territory, the U.S. negotiated with Egypt, Oman, Somalia, and Kenya to construct military bases for U.S. forces.⁶⁴ Additionally, the U.S. established a military base in Florida that would become known as Central Command (CENTCOM) and was solely dedicated to the Middle East. In the early 1980s, the U.S. had the kingdom protected by a ring of military installations and naval defense ships.⁶⁵

⁶¹ McFarland, *Oil Powers*, 226.

⁶² McFarland, *Oil Powers*, 227.

⁶³ McFarland, *Oil Powers*, 229.

⁶⁴ McFarland, *Oil Powers*, 229.

⁶⁵ McFarland, *Oil Powers*, 229.

The U.S. Congress, which demanded defense budget cuts for most of the 1970s, approved increasing the defense budget to secure Gulf oil.⁶⁶ Additionally, the majority of Americans, and even Democratic leaders, such as the then Senators Ted Kennedy and George McGovern, proclaimed their support for militarizing the Gulf to protect Saudi Arabia and U.S. oil interests from the Soviet Union.⁶⁷ America's willingness to evoke the U.S. military, including traditional critics of U.S. military involvement like McGovern, exemplified right-shift in the political center. The retired diplomat George F. Kennan noted: "Never since World War II has there been so far-reaching a militarization of thought and discourse in the capital."⁶⁸ U.S. energy security was a top foreign policy priority, and the U.S. would use any means necessary to defend its access to Middle Eastern oil. In 1978, the U.S. and Saudi kingdom were debating a arms deal to sell the kingdom advanced military weapons and reconnaissance aircrafts to aid Saudi defense.⁶⁹ The unprecedented scale of the arms sale was met with significant American skepticism, especially from Congress. Yet, the deal was enforced, and its success signaled Saudi Arabia's considerable influence over U.S. foreign policy.⁷⁰ The Soviet Union collapsed the same year President Reagan took office in 1981. Although the Soviet threat was neutralized, the Reagan administration was committed to U.S. military engagement in the Gulf. President Reagan sustained Carter's oil strategy to defend Saudi Arabia and Gulf reserves and flow of oil through the region. The U.S. redirected its military focus on the Iran-Iraq war, which had begun in 1980. The U.S. military would be directly involved in the first and second Gulf Wars, as well as in numerous special operations missions.

⁶⁶ McFarland, *Oil Powers*, 230.

⁶⁷ McFarland, *Oil Powers*, 231.

⁶⁸ McFarland, *Oil Powers*, 231.

⁶⁹ Vitalis, *Oilcraft*, 77.

⁷⁰ McFarland, *Oil Powers*, 180.

The enduring U.S. military presence in the Persian Gulf exemplifies America's lasting scarcity fears caused by the 1973-1974 oil weapon, as well as the influence of oil-is-power ideology' in U.S. foreign policy. Hegemony in the Persian Gulf has equally been a means of U.S. energy security and a projection of global power. The U.S. feared the Soviet Union or another antagonist power would seek out the region's oil power and wield it to cut off the West's oil supplies or raise prices. The U.S. wanted to keep vast oil revenues away from its adversaries. Fred Halliday, an international relations and Middle East expert during the Gulf wars, described the U.S. response as "strategic alarmism" and "arising from the "new mood of raw material vulnerability."⁷¹ Even after the U.S. regained its oil security, American fear persevered. Halliday points to this as reminiscent of Marxist's scarcity syndrome, in which whites have an inescapable fear of being denied access to raw material.⁷² While there is no evidence that the world's oil resources cannot be shared and meet human needs, their finite nature perpetuates the myth of scarcity that incites global competition. As a result, American foreign policy is in a constant pursuit to control its access to where the material is abundant, which Vitalis describes as "resource imperialism."⁷³ Scarcity syndrome conceives that U.S. control of overseas oil fields as a national imperative, regardless of the reality of supply disruptions.

U.S. hegemony in the Persian Gulf has not insulated the oil market. Oil, like every other commodity that is traded on the global market, is subject to unpredictable supply disruptions, natural disasters, and political upheaval, which cannot be mitigated by nations' foreign policy.⁷⁴ The strategic rationale of oil security for political action is pervasive among policymakers and

⁷¹ Vitalis, *Oilcraft*, 79.

⁷² Vitalis, *Oilcraft*, 79.

⁷³ Vitalis, *Oilcraft*, 79.

⁷⁴ Vitalis, *Oilcraft*, 122.

military leaders because of its “ready acceptance by the public.”⁷⁵ Although the merits of U.S. strategic rationale of oil for expansion into the Gulf are feeble, oil provided a means to achieve less agreeable U.S. economic and political interests in the region. American supported U.S. engagement with Saudi Arabia and the Gulf because of widespread oil dependency fears. However, Vitalis highlights that there has been no U.S. foreign policy that can confidently be “shown to have made the price of petroleum more stable than other commodities traded on the world market.”⁷⁶ This includes U.S. policy’s futility in obtaining greater quantities or lower prices of Arab oil for American refiners.⁷⁷ Whether the global oil market would face worse instability if the U.S. did not intervene is unquantifiable, but regardless, the market and its complex dynamics cannot be completely safeguarded by policymakers or military forces.

Anti-American Sentiment & 9/11

The U.S.’s military presence in the Persian Gulf fostered increased anti-American sentiment in the Middle East, especially among Arab nationalists. Critics in the Arab world condemned the Saudi regime’s relationship with the U.S. as aiding indirect U.S. economic colonization of the Persian Gulf.⁷⁸ In 1976, a Saudi exile, economist, and writer Abdul Rahman Munif denounced U.S. hegemony and control of oil resources in the Gulf as an “American method of invasion.”⁷⁹ Munif argues the Arab world should liberate itself from U.S. control and exploitation.⁸⁰ In addition to left-wing criticism, Anti-American sentiment escalated significantly in the 1980s among Islamic extremist groups. Al Qaeda was especially anti-

⁷⁵ Vitalis, *Oilcraft*, 127.

⁷⁶ Vitalis, *Oilcraft*, 122.

⁷⁷ Vitalis, *Oilcraft*, 122.

⁷⁸ McFarland, *Oil Powers*, 178.

⁷⁹ McFarland, 178.

⁸⁰ McFarland, 178.

American and sought to end U.S. involvement in Saudi Arabia.⁸¹ The U.S. has a long and complex history of Middle Eastern involvement, and U.S. military expansion in the Gulf was just one more reason for Al Qaeda's anti-Americanism and 9/11 attacks.

The United States does not want to upset its relationship with Saudi Arabia, but their mutual respect and trust have been undermined by the regime's connection to the 9/11 attacks. Saudi Arabia's ultraconservative interpretation of Islam promotes the ideology of extremist groups like al-Qaeda.⁸² Of the 19 Al Qaeda terrorists who hijacked four U.S. commercial airliners on September 11, 2011, 15 of them were Saudi Arabian citizens, and the leader of Al Qaeda, Osama Bin Laden, was a member of one of Saudi Arabia's wealthiest families.⁸³ Immediately following the attack, the FBI evacuated the Bin Laden family and Saudi Royals out of the U.S., and once safe on Saudi soil, "some of them openly celebrated the attacks."⁸⁴ Saudi connections to Al Qaeda and 9/11 were suppressed by President George W. Bush's administration in 2001, and all condemning evidence discovered by the FBI was hidden.⁸⁵

The Bush Administration and successive presidents have walked a "diplomatic tightrope" with Riyadh, and even the 9/11 attacks were not viewed as worth risking its critical Middle East ally. The U.S. has continued diplomatic relations and sold billions of military arms to the kingdom to this day.⁸⁶ Twenty years after 9/11, questions remain regarding Saudi complicity. Evidence has since become public, implicating senior Saudi officials, including a diplomat in the Saudi Embassy in Washington, in directly or indirectly assisting the first two Al Qaeda hijackers

⁸¹ Vitalis, *Oilcraft*, 106.

⁸² Benaim, "A Progressive Course Correction."

⁸³ Lichtblau and Risen, "9/11 And the Saudi Connection."

⁸⁴ Vitalis, *Oilcraft*, 89.

⁸⁵ Lichtblau and Risen, "9/11 And the Saudi Connection."

⁸⁶ Lichtblau and Risen, "9/11 And the Saudi Connection."

to arrive in the U.S.⁸⁷ FBI investigation implicated agents of the Saudi government in providing a support network for the hijackers while they were on U.S. soil. Following a 20-month investigation, The Final Report of the 9/11 Commission in 2004 concluded that “Saudi Arabia has long been considered the primary source of Al Qaeda funding, but we have found no evidence that the Saudi government as an institution or senior Saudi officials individually funded the organization.”⁸⁸ The FBI continued investigations independently for years after the commission report, collecting more evidence of possible Saudi connection with hijackers, but the Justice Department had closed the investigation after the 2004 report without pursuing Saudi charges. The FBI’s findings were revisited in 2015 by a federal commission, but the new materials were deemed insufficient to change the 9/11 Commission’s original findings.

Since 1945, the U.S. has granted the regime a multitude of ‘free passes’ for its human rights violations in exchange for the value of having Saudi Arabia as a close ally. This type of foreign policy is also known as “realpolitik” and the U.S. has tacitly evoked this logic over the years to justify the perseverance of its relationship with Saudi Arabia, despite the kingdom’s unjust behavior. However, the attacks of 9/11 exemplify the extent of the U.S. government’s reluctance to hold Saudi Arabia accountable, even for transgression committed on U.S. soil. This far-reaching application of realpolitik exemplifies the influence of oil security and Saudi Arabia over U.S. foreign policy.

Chapter I: Analysis & Conclusion

Oil is the number one resource responsible for the world’s energy security, globalization, economic development, and social welfare. Consequently, the geopolitics of oil takes center

⁸⁷ Lichtblau and Risen, “9/11 And the Saudi Connection.”

⁸⁸ Lichtblau and Risen, “9/11 And the Saudi Connection.”

stage in international relations. Furthermore, access to oil is the source of rivalry, competition, and overall conflict among nations. Saudi Arabia and the Arab states of the Persian Gulf are predisposed with vast oil reserves and therefore possess influence over the global oil market and world's energy security. With the special status of swing producer, Saudi Arabia has an especially powerful position in the geopolitical system, which Al Saud exemplified through political weaponization of oil in 1973. While the oil weapon had minimal direct effectivity on U.S. energy security, its employment and mere possession wielded immense psychological influence over the U.S. The oil weapon set the precedent of restricting oil access and threatening nations' energy security for a political agenda. Even though poor U.S. energy policy and demand were equally if not mostly responsible for the U.S. energy crisis than the Arab embargo, U.S. overseas dependency fears were a very pervasive and physical manifestation of the oil weapon.

In the 1970s however, the industrialized U.S. economy was faced with raw material vulnerability, inciting an aggressive oil strategy. Saudi Arabia and OPEC's employment of the oil weapon for political blackmail against the U.S. resulted in significant and long-lasting psychological trauma that affected American sense of energy security and dependency on overseas oil. While the oil weapon was just one of many causes of the U.S. energy crisis, Washington looked overseas rather than domestically to assure its future oil security. The U.S. felt vulnerable to Saudi Arabia and OPEC's influence over U.S. foreign policy. The U.S., as the number one world superpower, resented Saudi Arabia's power to influence whether the U.S. supports Israel during the October War. The political influence and oil weapon Saudi Arabia wielded with its swing producer role exposed the weakness of the U.S.'s energy security. The U.S. is ingrained with a deep-rooted fear of resource scarcity, and while the U.S. economy and oil security recovered shortly after the end of the oil embargos, the U.S. sought further security.

The oil embargos exemplified that U.S.-Saudi relations were insufficient to protect U.S. energy security, and consequently, the U.S. has pursued further protections of its oil access. The U.S. has safeguarded oil access through increasing U.S.-Saudi interdependence and U.S. expansion into the Persian Gulf. These strategies have balanced U.S. vulnerability to oil dependency by developing Saudi Arabian dependency on U.S. economic and security relations.

U.S. expansion into the Persian Gulf expanded the value of the U.S.-Saudi partnership beyond access to oil to include American economic and political interests. Increased U.S.-Saudi engagement through economic relations and U.S. military build-up expanded the 1945 agreement of an oil for security exchange. In addition to protecting U.S. access to oil and minimizing disruptions to the global oil market, U.S. economic interdependence with Saudi Arabia bolstered the U.S. economy. Saudi Arabia's surge of wealth from oil revenue incited increased investment and trade with the U.S., especially through petrodollar recycling, which benefits the U.S. economy to this day.

Additionally, the U.S. military buildup in the Gulf projected U.S. hegemony and geopolitical influence in the region. The U.S. supervises and protects the region's oil, market stability, and consequently the world's energy security. As a result, the U.S. restricts eager rivals from gaining control over the region, its oil, and competing with U.S. hegemony. Additionally, U.S. presence in the Gulf defends Saudi Arabia from external threats, and in exchange, the kingdom helps execute U.S. foreign agenda, such as regional stability and counterterrorism. As a result, U.S.-Saudi's elevated engagement promotes the U.S.'s energy security, economic growth, and geopolitical prowess.

The development in U.S.-Saudi relations and U.S. involvement in the Persian Gulf presents drawbacks in addition to benefits. The U.S. was determined to use all means necessary

to secure its energy security, but significant consequences of its determination have become increasingly worrisome in the 21st century. The predominant response in the Arab world was increased anti-American sentiment. The U.S. has a long complex history of military engagement in the Middle East, including assassinations, coup attempts, and torture, and support for repressive regimes. Consequently, U.S. expansion into the Persian Gulf was met with extreme suspicion and criticism from the Arab world.

The U.S.'s Middle Eastern oil agenda compromises its national security, especially in regards to Islamic extremists and terrorist groups. Al Qaeda was infuriated with the U.S. military presence in the region, which added motive toward committing the 9/11 attacks on the U.S. The attacks highlighted the cost of increased U.S. engagement with Saudi Arabia and the Gulf, as well as increased anti-Arab sentiment among Americans. In response to the attacks, the U.S. initiated The War on Terror and investigated Saudi connections to Al Qaeda. However, without overt evidence of Saudi regime endorsement, the U.S. was quick to conclude the military campaign against terrorism would not involve threatening the kingdom. Since the 1970s energy crisis, the U.S. is on a diplomatic tightrope with Saudi Arabia, and Washington decides that protecting U.S. energy security, as well as the economic and political rewards of U.S.-Saudi relations, is of greater strategic importance than the drawbacks to Saudi accountability and U.S. national security.

Chapter II: The Unconventional Shale Revolution's Threat to Saudi Arabia's Stability

Introduction

Shale oil revolutionized the outlook of U.S. energy security, while deteriorating Saudi Arabia's oil-dependent stability. American innovation in hydraulic fracking to extract oil from shale rock multiplies the U.S.'s domestic oil resources beyond conventional oil fields. Shale oil

minimizes scarcity fears that have plagued U.S. foreign policy since the 1970s. However, the U.S. shale oil produces a disequilibrium in the global oil market and imperils Saudi Arabia's oil-dependent economy. As a petrostate, the kingdom relies extensively on externally generated oil revenue for domestic stability, as well as to promote regional stability and global energy security.⁸⁹

Chapter II begins with a historical background on the U.S. shale revolution to contextualize shale oil's implications to the global oil market and the threat to Saudi Arabia. U.S. shale oil disrupts the market and undermines the oil revenue of oil-exporters, which especially imperils oil-revenue dependent nations (petrostates), like Saudi Arabia. Next, the paper evaluates shale's threat to the kingdom's domestic sphere with an emphasis on political stability, economic security, and public welfare. Following the perils of internal stability, shale's threat to Saudi Arabia's external stability is evaluated. A historical background on Saudi Arabia's role in the Middle East's balance of power and the global oil market establishes vital context for the threats facing the kingdom's enduring role as a regionally constructive force and swing producer. Shale oil's infliction on Saudi oil revenue not only impedes the kingdom's internal stabilization capabilities but also those directed externally. Saudi Arabia's geopolitical power and swing producer role influence regional politics and mitigate disruptions to peace and the global oil market. The depletion of Saudi oil revenue due to shale and its market impacts are impeding the kingdom's financial capabilities to pursue regional and market interests, which additionally jeopardizes the region's peace and the world's energy security. After a comprehensive discussion on shale's threat to Saudi Arabia's internal and external stability, shale's backlash on the U.S. is briefly discussed as a consequence of shale's impact on the global oil market. Moreover, the

⁸⁹ Ashford, "Petrostates in a Changing World."

backlash of shale highlights a nations' inability to insulate their oil industries and energy security from disruptions in the interconnected market. Lastly, the conclusion of Chapter II emphasizes the imperil of Saudi Arabia's stability and enduring role in the preservation of the region's balance of power and oil market. As long as Saudi Arabia remains oil-dependent, and shale continues to present a surplus to the market, the threat of shale will likely grow increasingly dire for the kingdom.

Historical Background: The U.S. Shale Revolution

In 2003, American energy security was fettered to a quickly diminishing domestic oil supply. The U.S. was running out of oil and was looking towards Saudi Arabia and the Persian Gulf to make up for the shortfall. At the same time, the Devon Oil Corporation, founded by John and Larry Nichols, successfully innovated a new technology of slickwater fracturing combined with horizontal drilling to release natural gas from shale rock— hydraulic fracking.⁹⁰ The surge of natural gas production was nicknamed the “shale gale.”⁹¹ While the U.S. natural gas industry was booming, oil remained scarce. That is until 2007 when Mark Papa, the CEO of EOG (one of the leading independents in the Barnett Shale), proposed the idea to translate hydraulic fracking of shale rock to extract oil instead of natural gas.⁹² EOG began drilling in the Eagle Ford in south Texas, and other oil companies rushed to follow in their steps. By 2014, EOG was the number one onshore crude oil producer in the U.S.⁹³ The successful extraction of shale oil evolves the “Shale Gale” nickname to become “Shale Gale Goes Oily.”⁹⁴ The technological

⁹⁰ Yergin, *The New Map*, 10.

⁹¹ Yergin, *The New Map*, 12.

⁹² Yergin, *The New Map*, 16.

⁹³ Yergin, *The New Map*, 17.

⁹⁴ Yergin, *The New Map*, 22.

innovations in hydraulic fracturing established a new source of oil, launching the U.S. shale revolution.

Shale oil was a U.S. gamechanger, boosting the size of U.S. oil reserves beyond the drying-up conventional oil fields. Oil production rocketed and liberated the U.S. from relying on the global oil market for its energy security. The vast new oil supplies made the U.S. practically self-sufficient in meeting consumer demands, which principally entrusts U.S. energy security to American oil producers. Furthermore, the new oil production fueled America's manufacturing revival, economic activity, and the domestic circulation of money.⁹⁵ Especially following the 2008 recession, this surge provided a much-needed boost to the U.S. economic recovery. Ben Bernanke, who is the retired chairman of the Federal Reserve as of 2014, claimed that the discovery of shale oil was "one of... if not the most beneficial development" in the U.S. economy since the Great Recession.⁹⁶ Between the end of the Recession in 2009 and 2019, the shale revolution accounted for 40% of the U.S.'s overall growth in domestic industrial production, supported over 2.8 million jobs, generated much federal and state revenue, and reduced trade deficits.⁹⁷

The shale revolution boosted the U.S. trade position and status as a net oil exporter, although falling short of Saudi Arabia's swing producer capabilities. The U.S. briefly becomes the number one producer and exporter of oil in 2018, surpassing the reigning oil kingdom, Saudi Arabia. While Saudi Arabia rather efficiently reclaimed its number-one status, the U.S. continues to challenge the kingdom's market share. Despite presenting competition in the global oil market, the U.S. is unequipped to take over Saudi's swing producer role, dominantly because the

⁹⁵ Yergin, *The New Map*, 27.

⁹⁶ Yergin, *The New Map*, 26.

⁹⁷ Yergin, *The New Map*, 27.

U.S. is by no means a low-cost producer. The cost of producing most U.S. tight oil, which is the type of oil found in shale rock, is around \$80 per barrel,⁹⁸ while Saudi Arabian production of conventional oil production costs around \$4-\$5 per barrel.⁹⁹ Additionally, the U.S. does not match Saudi's abundant spare capacity. U.S. oil production has approximately 0.23 million barrels per day (MBD) of spare capacity compared to Saudi Arabia's 1.5-2 MBD.¹⁰⁰ The U.S. has neither the spare capacity, low-cost production, nor output flexibilities that secure Saudi Arabia's role as swing producer.

While the shale revolution drives U.S. economic prosperity, shale oil poses disruption to the global oil market. Historically, the petroleum industry and security experts have focused their attention on the global depletion of oil, but following the shale revolution, the global oil surplus and the plateau of consumption become more pertinent concerns. Maugeri affirms that, in 2012, the world is nowhere near reaching peak oil production. Rather, the world's supply capacity is growing at unprecedented levels, signaling an impending peak demand and a fall in oil prices in the oil market.¹⁰¹

U.S. shale in the global oil market calls for Saudi Arabia's swing production capabilities to balance the surplus. However, balancing supply and demand would require the kingdom to restrict a significant portion of its oil exports to make room for U.S. shale, and consequently lose the dominant source of Saudi revenue. Despite Saudi Arabia's dependence on oil revenue and vulnerability to market fluctuations, the kingdom publicly renounces any concern over U.S. shale oil. MBS and Saudi oil minister, Khalid al-Falih, told U.S. news sources on multiple occasions

⁹⁸ Stafford, "The Real Cause of Low Oil Prices: Interview with Arthur Berman."

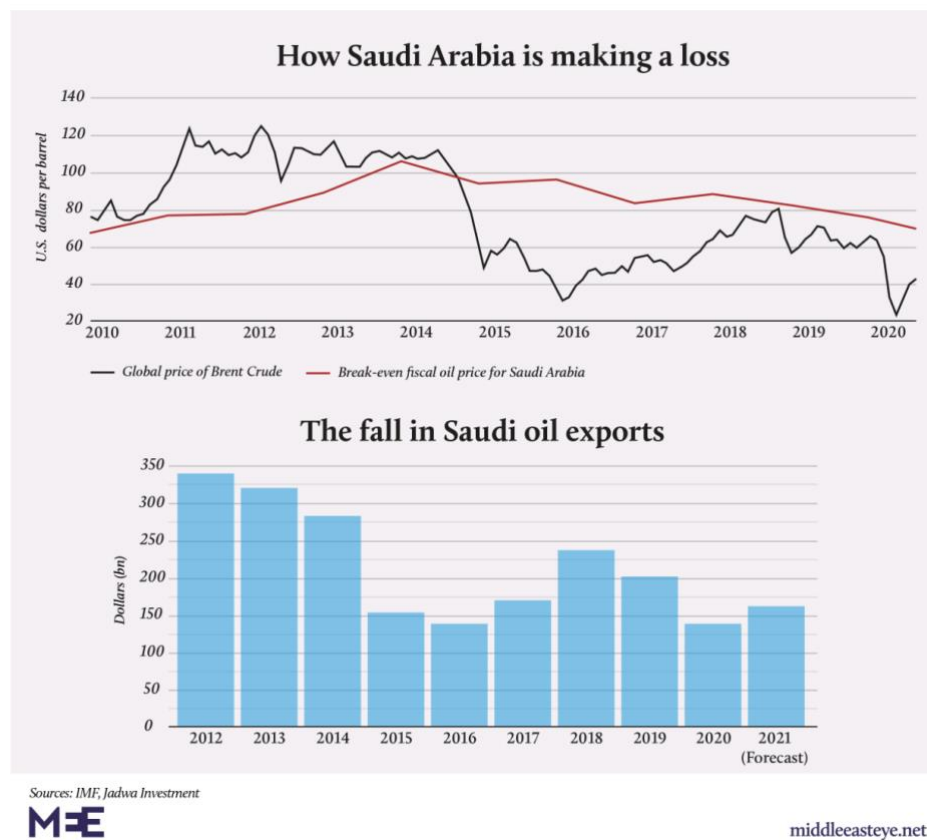
⁹⁹ Mufson, "How Low Can Oil Prices Go? Welcome to the Oil Market's Old Normal."

¹⁰⁰ Berman, "Why the U.S. Can't Be Called a 'Swing Producer'."

¹⁰¹ Maugeri, "Oil: The next Revolution," 1.

that they are unconcerned with the effects of shale oil on the kingdom and its budget. Al-Falih hypothesizes an impending shortage of shale oil by the end of the decade.¹⁰² Regardless of whether the shale oil industry crashes, the global oil market's supply surplus and sinking prices are restricting the kingdom's ability to leverage oil wealth for domestic and regional stability.

Figure 2: Shale's Threat to Saudi Arabia Oil Revenue & Oil Exports.¹⁰³



Shale's Threat to Saudi Arabia's Internal Stability

As a petrostate, Saudi Arabia is dependent on oil rents to maintain domestic stability. The kingdom's stability is not an easy feat, as like most petrostates, Saudi Arabia suffers from serious

¹⁰² Riley, "Saudi Oil Minister: I Don't Lose Sleep over Shale."

¹⁰³ Cochrane, "Saudi Arabia's economic crisis, explained in 10 graphics."

economic, political, and social challenges arising from its government-dominated and oil-dependent system. Scholars describe the phenomenon of petrostate's domestic instability as a result of the "resource curse."¹⁰⁴ Petrostates like Saudi Arabia are in a unique position of extreme wealth but extremely vulnerable to fluctuations in the global oil industry. Saudi Arabia's economy is specialized to the production of oil, which provides sufficient revenue in the market to support the government and social welfare. Saudi Arabia is "a nation of entitlements" governed by a rentier system that uses oil rents, instead of taxation, to pay for social services.¹⁰⁵ Rentierism is a social contract, and in exchange for free social provisions and no taxation, the populace relinquishes its representation and influence over policies and government decisions.¹⁰⁶ As a result, Al Saud is less responsive to its citizens and wields oil funds to pacify or repress the populace.¹⁰⁷ During the Arab Spring, which was a series of pro-democracy uprisings that gained steam across the Middle East in the Spring of 2011, Saudi Arabian citizens capitalized on this opportunity to protest the kingdom's domestic oppression, political corruption, religious intolerance, substantial economic disparity, high unemployment-- to name a few.¹⁰⁸ The heightened demand for political reform within the kingdom revealed the Saudi population's pervasive disgruntlement concerning the kingdom's governance and poor economic policy.

The Saudi regime relied on rentierism and oil revenue to alleviate dissent. The kingdom increased capital and social benefits to the population. In February and March of 2011, King Abdallah announced a \$130 billion financial package in the form of a variety of social and

¹⁰⁴ Ashford, "Petrostates in a Changing World."

¹⁰⁵ Yergin, *The New Map*, 297.

¹⁰⁶ Anderson, "Policy-making and Theory Building," 61.

¹⁰⁷ Ashford, "Petrostates in a Changing World."

¹⁰⁸ Ragaban, "The Geopolitical Implications," 45.

economic benefits.¹⁰⁹ This economic package helped peacefully pacify the population's demands for change and mask their contention toward Al Saud. However, in addition to financial incentives to stop public dissent, the Saudi regime uses oil revenue to fund physical and intimidation campaigns to suppress opposition. Saudi security forces were deployed to potential protest locations and responded violently to any demonstrations.¹¹⁰ The Saudi regime used oil-funded policing campaigns and U.S. military weapons to suppress counter revolutionary movements, as well as seeking support from Saudi's Islamic religious establishment. The kingdom presented Islamic institutions with an alluring financial package to form a religious-political counter revolutionary alliance.¹¹¹ The Council of Senior Religious Scholars, the country's supreme religious institution, denounced the demonstrations and criticism against the royal family as un-Islamic.¹¹² Any open dissent against Al Sad and challenges to Wahhabism, the dominant interpretation of Islam in Saudi Arabia, was faced with harsh consequences. The religious police led a violent counterrevolutionary campaign against Arab nationalism, leftist ideologies, and any threats to the unity of the Muslim community.¹¹³ The endeavors of Saudi's Islamic institutions and religious police, just like the kingdom's financial packages, were fully funded by oil revenue, and through all means of oppression, Al Saudi survived and sustained political legitimacy through the Arab Spring. Saudi Arabia's strategy for maintaining Al Saud's political power and suppressing public dissent exemplify that the kingdom's political and social stability rely on oil revenue.

¹⁰⁹ Steinberg, "Leading the Counter-Revolution," 7.

¹¹⁰ Steinberg, "Leading the Counter-Revolution," 5.

¹¹¹ Ragaban, "The Geopolitical Implications," 45.

¹¹² Steinberg, "Leading the Counter-Revolution," 7.

¹¹³ Ragaban, "The Geopolitical Implications," 45.

Furthermore, Saudi Arabia's economy is dependent on the oil industry and oil revenue. The kingdom ties its economic stability, as well as its energy security, with oil abundance, but the competition of shale in the global market forces the kingdom to re-evaluate the vitality of its dependence on oil. The Securing America's Future Energy (SAFE) organization published an Oil Security Index report in 2013 that developed a comparable and quantitative measure of oil security. The Index uses three aspects of oil security: dependency of a country's economy on oil, economic exposure to oil price and price change, and the security of oil supplies.¹¹⁴ The report determined that Saudi Arabia's high oil intensity (volume of oil consumed per unit of GDP), rising domestic energy use, and fiscal reliance on oil make it very vulnerable to changing oil prices.¹¹⁵ The oil intensity of the kingdom's economy, which is one of the most meaningful measurements of the structural importance of oil, and the average fuel use per capita are high and rising.¹¹⁶

In recent years, Saudi Arabia's economy has already been hit by U.S. shale. Shale oil imposes a surplus in the global oil market, crashing oil prices, increasing competition for Saudi's market share, and fueling Saudi budget deficits-- all of which imperil the kingdom's oil-funded stability. During the oil price collapse of 2014, Saudi oil revenue fell from 321 billion in 2013 to 136 billion in 2016.¹¹⁷ Saudi Arabia's revenue was significantly short of satisfying its target and budget needs.¹¹⁸ In 2016, the government cut energy subsidies and raised the prices of water, electricity, gasoline, and ethane.¹¹⁹ Price increases on domestic resources, although minimal,

¹¹⁴ "Oil Security Index," Securing America's Future Energy (SAFE), 2.

¹¹⁵ "Oil Security Index," SAFE, 3.

¹¹⁶ "Oil Security Index," SAFE, 3.

¹¹⁷ Yergin, *The New Map*, 298.

¹¹⁸ Habboush, "A Breakdown Of the 2016 Saudi Budget and Its Implications."

¹¹⁹ Habboush, "A Breakdown Of the 2016 Saudi Budget and Its Implications."

exemplify the kingdom's financial strain.¹²⁰ As Saudi Arabia lacks economic diversification, the financial burden of social resources and distribution of rents relies on oil revenue. Shale's undercut to Saudi oil revenue jeopardizes Saudi Arabia's "buying power" to continue financing the rentier social contract, its promised financial welfare packages, and anti-dissent campaign.¹²¹ While the kingdom surmounted the widespread turmoil emanating from the Arab Spring, the underlying political, economic, and social problems remain. Saudi Arabia's stability is contingent on consistent and abundant oil revenue, which is highly vulnerable to shale's implications on the global oil market.

Historical Background: Saudi Arabia's Role in the Middle East's Balance of Power & Global Oil Market

The threat of shale transcends the kingdom's borders, and its implications undermine the global oil market and Saudi constructive role in the Middle East. The Middle East is a tumultuous region, which adheres to international relation's realist assessment of the world's anarchical system as a constant struggle.¹²² With no central authority for conflict mitigation and governance, Middle Eastern nations constantly compete for survival, power, and the region's energy resources, and, as a result, Saudi Arabia faces a myriad of external threats. According to the foundation of the U.S-Saudi alliance, the U.S. promised the kingdom military support. Saudi Arabia's national security is strongly tied to the U.S., which is anchored by long-standing military training programs, weapons sales, and defense cooperation.¹²³ The U.S. aids the

¹²⁰ Ragaban, "The Geopolitical Implications," 52.

¹²¹ Ragaban, "The Geopolitical Implications," 44.

¹²² Vitalis, *Oilcraft*, 67.

¹²³ Blanchard, "Saudi Arabia: Background and U.S. Relations."

kingdom's threats against neighboring and regional threats, as well as strengthen the kingdom's position of power in the Middle East.

U.S. hegemony helps supervise the Middle East's anarchical IR system and promote a balance of power. In May of 1981, the Gulf Cooperation Council (GCC), was established in Riyadh, Saudi Arabia, as a political and economic alliance to contribute to regional security and stability. The GCC was formed in response to regional threats, such as the growing assertiveness of Iran.¹²⁴ The U.S. and the GCC members work as a constructive force to subdue any antagonist from gaining excessive power that will disrupt Middle Eastern stability.¹²⁵

As the Middle East holds the majority of the world's known oil reserves, the region's balance of power is inextricably linked to the global oil market. The Middle East's stability, especially the *consistent* production and flow of oil through the Persian Gulf, sustains the global oil market. Likewise, disruptions to the region's stability jeopardize the stability of the market. Regardless of shale, Saudi Arabia and OPEC are the major contributors to the global oil market and guarantors of the world's energy security. Saudi Arabia, as a swing producer, fosters stability in the region and in the global oil market, which endorse the kingdom's consistent oil revenue. Saudi Arabia has a significant responsibility to protect market stability, regardless of internal and external threats. Political instability is prominent in the Middle East, and Saudi Arabia is one of the few countries that have a sufficiently stable regime that can govern its territory and exert some influence in the region.¹²⁶ The kingdom's position in the Middle East's balance of power is bolstered by the U.S., restricting other oil-producing or imperialistic nations from gaining a monopolization of power. Next to Saudi Arabia, Iran is the second-largest oil

¹²⁴ El-Katiri, "The Future of the Arab Gulf Monarchies in the Age of Uncertainties" 4.

¹²⁵ El-Katiri, "The Future of the Arab Gulf Monarchies in the Age of Uncertainties," 29.

¹²⁶ Gause, "The Future of U.S.-Saudi Relations: The Kingdom and the Power," 115.

producer in the middle east.¹²⁷ Yet if Iran were to dominate the region, the unpredictable and radical regime could cause disruptions to the vast energy supplies that flow through the Persian Gulf. The ensuing consequences on the global oil market would threaten the world's energy security.

Shale's Threat to Saudi Arabia's External Stability

As I discussed in the historical background above, Saudi Arabia is highly invested in maintaining the Middle East's balance of power and the stability of the global oil market, as both are reliable for the kingdom's oil revenue. External instability undermines Saudi Arabia's national security and stability and therefore the kingdom has long embraced the self-ascribed role as "regional coordinator" and intra-Arab consensus-builder.¹²⁸ Akin to Saudi Arabia's means of addressing internal instability, the kingdom wields oil revenue to address external instability. Oil revenue positions Saudi Arabia as a powerful ally, which the kingdom exemplifies through engagement to counter regional revolutionary movements during the Arab Spring. Saudi Arabia, embracing its constructive regional role, utilized proactive diplomacy and vast financial aid to reinstate Middle Eastern stability.¹²⁹ Saudi Arabia feared neighboring revolutions would leave a power vacuum, and the kingdom intended to guide political outcomes, such as restricting the rising Muslim Brotherhood, from gaining power and disrupting the region's peace. The Muslim Brotherhood promotes a political Islam alternative to Saudi Arabia's traditional Wahhabism that rejects secularism and promotes democracy, and Saudi Arabia views this ideology as a threat to Al Saud's monarchical rule and political legitimacy.¹³⁰ In Egypt,

¹²⁷ "Oil Production in the Middle East in 2018, by Country," Statista.

¹²⁸ Kostiner, "Saudi Arabia and the Arab-Israeli Peace Process: The Fluctuation of Regional Coordination," 417.

¹²⁹ Kostiner, "Saudi Arabia and the Arab-Israeli Peace Process," 417.

¹³⁰ Lipp, "The Muslim Brotherhood: Exploring Divergent Views in Saudi Arabia and Qatar," 2.

which is one of Saudi Arabia's strongest allies, the Arab Spring revolution replaced President Hosni Mubarak with a Muslim Brotherhood candidate, Mohamed Morsi.¹³¹ Saudi Arabia promptly aided a military coup to overthrow Morsi and crackdown on the Brotherhood. Other pro-democracy movements, such as in Bahrain and Iran, persisted to agitate the region, and Saudi Arabia once again sought to subdue these threats.¹³² As a 1976 CIA report noted, "the Saudi weapon is money," and oil was the kingdom's most valuable revenue source in preventing the Arab Spring's disruptive ripples from disturbing Saudi and regional stability.¹³³

Chapter II: Analysis & Conclusion

The U.S. shale revolution poses significant geopolitical consequences to conventional oil-producing nations, the Middle East's balance of power, and the global oil market. U.S. shale oil has already disrupted the global oil market, and while shale oil extraction is monopolized by the U.S. and Canada, shale oil is globally abundant. Several nations, including Russia and China, are currently assessing and testing shale oil extraction in their countries.¹³⁴ The world's recoverable oil resources are far greater than what was accessible through conventional oil fields alone, and consequently, the global oil market is facing a significant supply surplus. In 2021, oil production is already rising at an unprecedented level, and supply in the global oil market is outpacing demand and consumption. Oil-producing nations are maintaining levels of production above demand to sustain their oil revenue in the midst of low prices, but, as a result, oil prices are declining even further. The crash of oil prices has raised the global debate over the future of the world's oil market and industries. The surge in U.S. shale oil production increases the market

¹³¹ Lipp, "The Muslim Brotherhood," 14.

¹³² Ragaban, "The Geopolitical Implications," 51.

¹³³ McFarland, *Oil Powers*, 174.

¹³⁴ "Shale Oil and Shale Gas Resources Are Globally Abundant," U.S. Energy Information Administration.

supply, while demand cannot match. Demand is highly fluctuant to numerous factors, but the world's COVID-19 pandemic and clean energy initiatives contribute to consumption reduction. In contrast to pervasive scarcity and peak-supply fears, the world is now debating whether consumption has reached peak, and if not, how long until consumption rates flatten and then drop.¹³⁵

A crash in oil prices is detrimental to all oil-exporting nations, and in the case of Saudi Arabia, the kingdom's stability is seriously threatened. The Saudi regime leverages its oil wealth to alleviate internal dissent and maintain political control amid its abundant domestic problems. The kingdom's rentier system and financial incentives are the dominant means to prevent a public uprising, and shale threatens the regime's financial ability to counter dissent. Furthermore, shale's undermining of Saudi oil revenue threatens the kingdom's ability to sustain public welfare, but also the kingdom's entire economy. The curse of natural resource-dominated economies is the nation's dependency on that resource, which includes a lack of alternative industries. Saudi Arabia does not have the economic diversification to fall back on in the cases of a price collapse in the global oil market and falling consumption rates. Saudi Arabia's economy and the dominant source of government revenue are vulnerable to the same source that fuels the kingdom-- the global oil market.

In addition to Saudi Arabia's internal stability, shale's surplus and crash of prices in the oil market jeopardize the kingdom's swing producer capabilities. As a swing producer, Saudi Arabia maintains its role as regional coordinator, especially within OPEC. Saudi Arabia's swing producer role includes the manipulation of oil production to balance supply with demand in the global oil market. However, the kingdom cannot sustain an extended hold on oil exports without

¹³⁵ Yergin, *The New Map*, 298.

seriously undermining its oil revenue, and consequently, national stability. Even with Saudi Arabia's continued oil production, low prices place the kingdom in a near equally precarious financial condition with the regime running a budget deficit.

Furthermore, low oil prices further restrict the kingdom's financial ability to address the region's external threats. Saudi Arabia's oil revenue is a political means to fulfill regional interests, such as promoting the Middle East's balance of power. A peaceful Middle East minimizes disruptions to the global oil market and fosters stable and profitable market prices for consistent oil revenue. Therefore, shale is not only threatening Saudi Arabia's stability, but also the kingdom's role in the stability of the Middle East's balance of power and global oil market.

All these threats present vital considerations for Chapter III's re-evaluation of U.S. strategic interest in U.S.-Saudi relations and Middle Eastern engagement. While shale oil is the U.S.'s innovation, the effects on Saudi Arabia, the Middle East, and the global oil market are not completely aligned with U.S. interests. The threats highlight U.S. stakes in the region and the consequence of the U.S.'s strategic divergence from a traditional supportive and stabilizing role. Additionally, the threat of shale and the vulnerability of Saudi Arabia may increase the kingdom's dependence and value of U.S. relations, as well as incline MBS to be increasingly open to U.S. demands for U.S.-Saudi relations reform.

Chapter III: Increased U.S. Energy Independence and Re-evaluation of the U.S.-Saudi Arabia Relationship

Introduction

Increased U.S. energy independence liberates American energy security from overseas oil dependency and incites a nationwide debate over the enduring value of U.S.-Saudi relations. The success of shale oil extraction expands known U.S. oil reserves beyond conventional oil fields.

The U.S. foreign policy gains autonomy from Saudi Arabian and Middle Eastern oil. Increased U.S. energy independence launches American policymakers into a reevaluation of the value of U.S.-Saudi relations. Chapter III begins with a historical background of U.S. energy independence to provide context for why so many Americans waited until the shale revolution to contend and argue for a drastic change in U.S.-Saudi relations. This background is followed by an extensive evaluation of the origins of the debate, including U.S. and Saudi kingdom perspectives over the ideal direction of relations. First, Saudi Arabia's stance on the future of U.S.-Saudi relations is evaluated. As Saudi Arabia has to-date raised no overt dissatisfaction nor calls for change within U.S.-Saudi relations, the paper infers the kingdom's support for maintaining current relations based on Al Saud's national interests.

Following Saudi Arabia's stance, the U.S.'s two pervasive perspectives are discussed. First, U.S. arguments for American disengagement with Saudi Arabia and the Middle East are evaluated with a focus on U.S. energy independence, Saudi Arabia's human rights violations, U.S. excessive military spending, and unreliable economic relations. Anti-engagement advocates argue the value proposition of continuing U.S.-Saudi relations and Middle Eastern involvement is weak, and therefore, the U.S. should promptly disengage from the region. While the level of U.S. disengagement is unclear, the spectrum ranges from the extreme-- a complete divorce of U.S.-Saudi economic, political, and military relations to a lesser extreme that includes the dissolution of one or more areas. The major arguments for U.S. disengagement will be discussed in depth, followed by an appraisal of the arguments' merits.

The second dominant U.S. argument contends that the U.S. should preserve U.S.-Saudi relations but alongside a conditional foreign policy reform. Pro-engagement arguments emphasize the importance of protecting the region's balance of power and interconnected global

oil market, as well U.S. political, security, and economic interests. Advocates for maintaining engagement highlight the detrimental consequences of disengagement on the world, such as a Middle Eastern power vacuum, disruption to the global oil market and energy security, and unrestrained terrorism. Additionally, pro-engagement arguments emphasize U.S.-specific ramifications of disengagement, such as the end of the petrodollar systems and economic devastation. The pro-arguments address the concerns of anti-engagement arguments by proposing that sustained U.S.-Saudi relations will be contingent on the partnership's reform. Progressive U.S. foreign policy will enforce expectations and guardrails that will rebalance relations and reel in Saudi behavior. The pro-engagement discussion will conclude with an extensive analysis that includes a comparative evaluation of the two U.S. arguments.

Historical Background: U.S. Energy Independence

The U.S. has reached an unprecedented degree of energy independence. Since the 2006 shale revolution, U.S. domestic oil production has risen from 8.9 million barrels per day (MMb/d) in 2000 to 18.4 MMb/d in 2020.¹³⁶ For the first time in the pre-world war era, U.S. oil production is meeting domestic consumption, and the U.S has become a net annual petroleum exporter. As a result, the U.S.'s total overseas oil imports have nearly been cut in half.¹³⁷ The U.S. is less reliant on overseas imports from its Middle Eastern allies for their energy security. While OPEC and the Persian Gulf have long been the dominant source of U.S. oil imports; today, Canada is the source of 52% of total U.S. oil imports, while Saudi Arabia only provides 7%.¹³⁸ According to the revolutionary meeting between President Roosevelt and King ibn Saud following World War II,

¹³⁶ "Oil and Petroleum Products Explained," U.S. Energy Information Administration.

¹³⁷ "Oil and Petroleum Products Explained," U.S. Energy Information Administration.

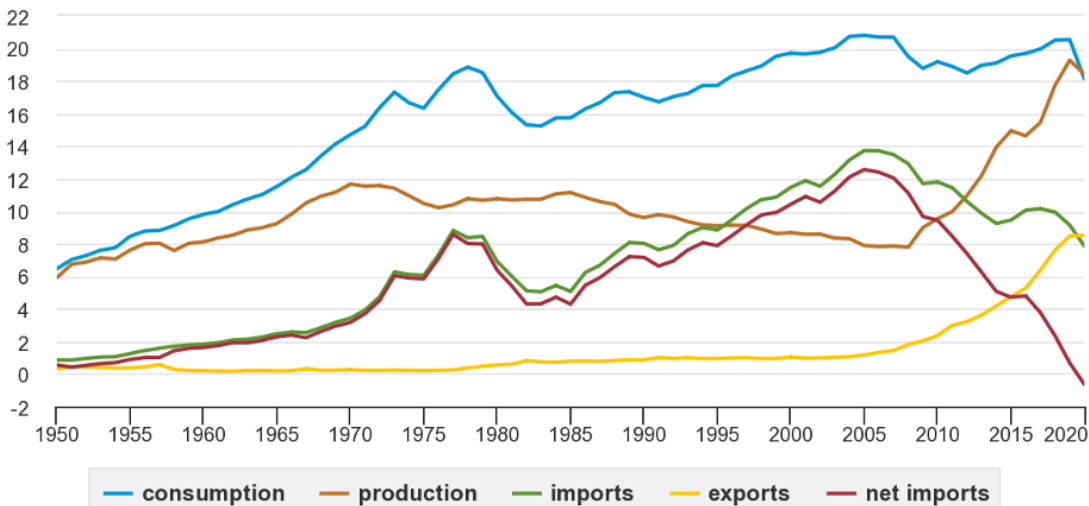
¹³⁸ "Oil and Petroleum Products Explained," U.S. Energy Information Administration.

the U.S.-Saudi alliance was founded on an exchange of oil for security. Yet U.S. imports from the Middle East never accounted for more than 15% of the U.S. oil supply.¹³⁹ As Vitalis argues, the U.S. dependency on Saudi Arabian oil is a myth, which the shale revolution further dispels. As a result, the U.S. foreign-policy community is progressively debating Saudi Arabia's value proposition as an ally and reconsidering the U.S.'s strategic interest in enduring relations.

Figure 3: Increased U.S. Energy Independence Following the 2006 Shale Revolution.¹⁴⁰

U.S. petroleum consumption, production, imports, exports, and net imports, 1950-2020

million barrels per day



Source: U.S. Energy Information Administration, *Monthly Energy Review*, Table 3.1, March 2021, preliminary data for 2020

U.S. & Saudi Arabia: Origins of The Debate

Since 1945, the special relationship between the U.S. and Saudi Arabia has withstood profound political divergences, traumatic events, and uncertainties. Both countries have reasons for dissatisfaction with the other over the decades, but these issues have been routinely

¹³⁹ Luft and Korin, "The Myth of U.S. Energy Dependence."

¹⁴⁰ "Oil and Petroleum Products Explained," U.S. Energy Information Administration.

rationalized or overlooked in favor of U.S.-Saudi Arabia's mutually beneficial interdependence. Saudi Arabia and the U.S. each use the other for a variety of benefits, but the drawbacks are a growing concern for the U.S. in particular. The foreign policy of the U.S. and Saudi regime have evolved significantly since the foundation of their alliance. The widening divergence between both nations' foreign policy and domestic agendas has made it more difficult to align strategic interests, as well as to evoke realpolitik justifications for discontent.

In the U.S., political rumblings over the state of U.S.-Saudi relations have become more and more assertive. Events perpetrated by the Saudi Regime in recent years, including military campaigns, human rights abuses, and international law violations, have raised the demand for a change in U.S.-Saudi relations to the forefront of America's foreign policy agenda. The U.S. is exhausted from engaging in the Persian Gulf's relentless conflict and constantly extending latitude for Saudi Arabia's provocative actions. Saudi Arabia is a high-maintenance ally, and the U.S. shale revolution presents an alluring opportunity for political, economic, and military relief from Saudi involvement. U.S. policymakers are urging for a "course correction" in U.S.-Saudi relations, but this agenda has yet to manifest in any particular shape or form.¹⁴¹ The two primary opposing perspectives on the U.S.'s future in the region are to reduce involvement (to varying degrees) or maintain involvement in unison with a progressive reform.

In contrast to the U.S., Saudi Arabia has not vocalized a desire to change U.S.-Saudi relations, and therefore, the Saudi perspective is inferred from its national interests and political behavior. Currently, the regime is undertaking significant societal and leadership changes. Since Prince Mohammad bin Salam became the de facto ruler of Saudi Arabia in 2017, the kingdom

¹⁴¹ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

has transformed from a status quo power to a disruptive force.¹⁴² Traditionally, the kingdom shared U.S. values of stability in the Middle East and protected the region from challengers to the region's balance of power.¹⁴³ However, MBS has reconstructed Saudi Arabia's domestic and foreign policies with an increasingly assertive and ambitious approach to international relations.¹⁴⁴ Under MBS's rule, the kingdom's behavior displays a pattern of recklessness and subversion towards U.S. interests.¹⁴⁵ The war in Yemen is just one example of MBS's failed and dangerous foreign policy initiatives. The Yemen War, which the United Nations deems the world's worst humanitarian crisis, underscores Saudi Arabia's disregard for national security, which is critical to the kingdom's leadership role in promoting the stability of the Middle East's balance of power and global oil market. In addition to the war's fundamental opposition to U.S. interests of stability and human rights, the crisis places further pressure on the U.S. to support the kingdom's security.

Solely looking at MBS's domestic reforms, his new policies align with U.S. values and objectives. MBS disempowered the kingdom's religious institution, relaxed constraints on social life, and has set plans to diversify the economy away from oil dependence. These examples of domestic policy initiatives align with U.S. interests and create the opportunity for increased economic interdependence.¹⁴⁶ Yet, the perks of these domestic policy changes are difficult for the U.S. to appreciate in the shadow of MBS's reckless foreign policy. The Middle East is a tumultuous region, and Saudi Arabia has historically played a stabilizing force in the region. However, in order to meet these expectations, Saudi Arabia must firstly be domestically stable,

¹⁴² Benaim, "A Progressive Course Correction for U.S.–Saudi Relations."

¹⁴³ Benaim, "A Progressive Course Correction for U.S.–Saudi Relations."

¹⁴⁴ Benaim, "A Progressive Course Correction for U.S.–Saudi Relations."

¹⁴⁵ Benaim, "A Progressive Course Correction for U.S.–Saudi Relations."

¹⁴⁶ Guase III, "Is the Saudi Crown Prince Too Disruptive Even for Trump?"

which MBS has not instilled confidence in. Consequently, the future of U.S.-Saudi relations, including the direction of a possible alliance reform, remains in the realm of uncertainty.

The U.S. increased energy independence and exhaustion from Saudi Arabia, in conjunction with the kingdom's increasingly assertive and reckless international behavior, render the need for a large-scale change. Given this, the future of U.S.-Saudi relations is increasingly debated by the U.S. and Saudi policymakers and scholars. Chapter 3 will evaluate the perspective of Al Saud, Saudi citizens, the U.S. government, and American citizens.

Saudi Arabia's Stance on Future U.S. Relations

Al Saud has economic and security motivation to maintain current relations with the United States. Saudi Arabia is facing a myriad of threats to its domestic stability, which are detailed in my discussion of shale's threats to the kingdom. Saudi Arabia's internal threats, including public dissent and budget deficits, and regional threats, including Iran and Islamist extremists, all present rationale for Al Saud preserving U.S. relations. Stabilization and counterterrorism have been a common directive for U.S.-Saudi relations, and the U.S. military is a vital means to promote regional peace.

. U.S. policy initiatives have long sought to help the kingdom address economic challenges, and with Saudi's economic vulnerability to shale and the impending peak demand in the oil industry, the kingdom will need assistance in transforming its economy away from oil-dependency. Crown Prince Mohammad Bin Salam has implemented a Vision 2030 plan to prepare for a Saudi Arabia beyond the oil era.¹⁴⁷ The plan seeks to make structural changes to the kingdom's economy, through privatization and diversification, to foster economic growth

¹⁴⁷ Yergin, *The New Map*, 303.

beyond the oil industry. As the U.S. has the largest economy in the world and is one of Saudi Arabia's top trading partners, U.S.-Saudi economic interdependence will be vital to the kingdom's economic development. Additionally, the U.S. may be drawn upon to provide investment, capital, and advice during the kingdom's economic transformation.

The kingdom and the U.S. share many goals, and differences in their strategic visions do not negate the effectiveness of their cooperation. In response to American arguments for U.S. disengagement from Saudi Arabia resulting from Mohammad bin Salam's human right violations and aggressive foreign policy, MBS argues these critiques hold little import. MBS explains that Saudi's human rights and military behavior is a minute detail in their productive and worthwhile relationship. In a 2018 interview with Bloomberg, Mohammad Bin Salam said, "If you look at the picture overall, you have 99 percent of good things and one bad issue."¹⁴⁸ Mohammad points to their joint effort in fighting terrorism in Iraq and Syria and their achievements with investment and trade.¹⁴⁹ Additionally, Khaled al-Malik, who is the editor-in-chief of the Saudi newspaper, *Al Jazirah*, responds to U.S. criticism of the kingdom's human rights practices in 2021, writing that "America does not have the right to bully a strategic regional ally and it is not in its interest to let domestic differences harm its regional interests and those of its partners."¹⁵⁰ The U.S. must accept its ally's occasional unlawful and unethical behavior or risk jeopardizing U.S.-Saudi interests.

During historic moments of particular diplomatic strain, such as the 1973 oil embargo, Saudi Arabia has warned that the U.S. can be easily replaced by another world power. While the

¹⁴⁸ Okaz, "The Kingdom is Moving in The Right Direction and There Is a Big Deal Will Be Announced After 2 Weeks."

¹⁴⁹ Okaz, "The Kingdom is Moving in The Right Direction and There Is a Big Deal Will Be Announced After 2 Weeks."

¹⁵⁰ Ghantous, "Don't Bully Riyadh, Saudi Columnists Tell Biden Administration."

kingdom can find a new powerful partner, such as China or Russia, this transition is Saudi Arabia's ideal choice. Khaled al-Malik claims, "the kingdom prefers America due to their historic and strategic ties and common goals."¹⁵¹ The kingdom additionally values U.S.-Saudi shared Middle Eastern interests, as well as the U.S.'s political influence and globally dominant economy and military. Saudi Arabia needs a "great-power protector" to support its national security, stability, and economic development, and, arguably, the kingdom needs U.S. support more than ever.¹⁵² Historically, the kingdom wields its oil revenues to address domestic and regional threats, but Saudi oil revenue is suffering under the poor conditions of the global oil market, and consequently the kingdom is more reliant on U.S. economic and security support.

U.S.'s Stance on Saudi Relations: Reduce Involvement Arguments

Introduction

The future of U.S.-Saudi relations is imperiled by American arguments to fundamentally reduce, if not end, the seven-decade alliance. Amid growing anti-Saudi sentiment in the U.S., Washington has a generally accepted perception of U.S.-Saudi relations as a transactional partnership—not an alliance.¹⁵³ Since Al Qaeda's 9/11 attacks, American anti-Saudi sentiment has erupted and has further been enforced by each of the kingdom's ensuing human rights violations and aggressive foreign policy. The shale revolution and increased U.S. energy security have moreover intensified the evaluation of U.S.-Saudi relations as not worth it. Yet, regardless of this sentiment, every U.S. president has maintained personal relations with the reigning Saudi monarch. Washington appears to be eternally stuck in their Middle Eastern engagement. The last

¹⁵¹ Ghantous, "Don't Bully Riyadh, Saudi Columnists Tell Biden Administration."

¹⁵² Gause II, "Should We Stay or Should We Go? The United States and the Middle East."

¹⁵³ Miller and Sokolsky, "Saudi Arabia Is a Partner, Not an Ally. Let's Stop the Charade."

two U.S. administrations of Barack Obama and Donald Trump, and current American President, Joe Biden, have all been unsuccessful in transforming U.S.-Saudi relations. In the U.S. Congress, opposition to U.S.-Saudi relations escalated following the recent Saudi transgressions of the 2015 war in Yemen and the 2018 murder of journalist Jamal Khashoggi in Turkey. Virtually all Democratic policymakers, several Republican Congress members, and varying government officials and analysts, condemn the killing and MBS's role.¹⁵⁴ Democrats and Republicans reached a consensus that current diplomatic relations with Saudi Arabia do not serve U.S. interests.¹⁵⁵ Congress' unanimity over the need for a major change is echoed by President Biden. During his campaign in 2020, Biden condemned Saudi Arabia as a "pariah" and pledged to reassess U.S.-Saudi relations.¹⁵⁶ However, the Biden administration has been reluctant to act on his plans. Regardless of inaction, the re-evaluation of the U.S.-Saudi partnership is a top priority in Washington's foreign policy agenda. The American political consensus seeks diplomatic change, with Democratic- progressive and Republican-conservative perspectives diverging from there. The dominant progressive argument is for the U.S.'s reduced engagement with Saudi Arabia and the Middle East.

Energy Independence

Increased U.S. energy independence boosts the flexibility of U.S. foreign policy to stop importing oil from unstable regions and to disengage from the Middle East. U.S. liberation from its traditional regional allies for oil imports reduces the strategic importance of defending the Persian Gulf and excusing Saudi Arabia's human rights abuses. The former Deputy Assistant

¹⁵⁴ Bayoumy and Friedman, "The U.S.-Saudi Alliance Is on the Brink."

¹⁵⁵ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

¹⁵⁶ Miller and Sokolsky, "Saudi Arabia Is a Partner, Not an Ally. Let's Stop the Charade."

Secretary of Defense for the Middle East, Colin Kahl, explains that there is a “general sense in the Gulf that the United States is politically exhausted.”¹⁵⁷ The hefty price of military involvement, diplomatic tiptoeing, and economic risks has absorbed a lot of U.S. time and resources since the 1970s energy crisis. With only 7% of U.S. oil coming from Saudi Arabia, there is little need to worry about the kingdom weaponizing its oil. As a result, the U.S. has the opportunity to re-examine its relationship with the kingdom and overall involvement in the region.¹⁵⁸ The increase in US oil production convinced then President Trump, many American politicians, and critics of Middle Eastern involvement that the Persian Gulf has lost its critical strategic importance. Trump exemplifies this development when he downplays Iran’s 2019 attack on oil tankers in the Persian Gulf. Trump regards the attack as “very minor” because, while “other places get such vast amounts of oil there,” Americans “get very little,” and therefore, “we are not in the position that we used to be in in the Middle East.”¹⁵⁹ Since the U.S.’s progress in domestic oil production, the Gulf and Saudi Arabia have lost influence over U.S. strategy.

American oil producers additionally are urging for a change in U.S.-Saudi relations. The boost of oil supply from the U.S. generated increased competition in the global oil market and threatened Saudi Arabia’s market share. In response to U.S. competition, Saudi Arabia continued to pump oil into the already saturated market to protect its market share.¹⁶⁰ Since the kingdom did not fulfill its traditional swing producer role of restricting oil production to balance the new shale supply with demand, global market prices dropped.

¹⁵⁷ Middle East Policy Council. “U.S. Commitments to the Gulf Arab States.”

¹⁵⁸ Vitalis, Oilcraft, 67.

¹⁵⁹ Berenson, “President Trump Calls Alleged Iranian Attack 'Very Minor'.”

¹⁶⁰ Claes, Goldthau, and Livingston, “Saudi Arabia: Harnessing the Oil Market,” 208.

Consequently, the U.S. shale oil industry strained to make a profit against production costs. Saudi Arabia played a smart geo-economic strategy by exposing the U.S. shale industry's price elasticity and decision-making patterns in a low-oil environment.¹⁶¹ The U.S. shale industry "switched from a paradigm of growth to one of survival."¹⁶² The commercial viability of shale oil depends on the extraction price remaining below the market price, and the prolonged low oil prices succeeded in threatening the shale oil industry. As a result, American oil producers, as well as Republican senators from oil-producing states, joined the critics of U.S.-Saudi relations.¹⁶³ Despite the U.S.'s increased energy independence, the U.S. oil industry is still being subjugated to the global oil market and Saudi Arabia's swing production decisions.

Human Rights Violations

The U.S.-Saudi relationship is based on practical economic, political, and security objectives rather than moral or ideological concerns. The latter are sources of major friction. Saudi Arabia ranks just above North Korea in terms of political rights, civil liberties, and other measures of freedom—all of which conflict with America's constitutional guarantees.¹⁶⁴ The U.S. has granted the regime a multitude of 'free passes' for its human rights abuses and minimized Saudi connections to Al Qaeda and the 9/11 attacks. The U.S.'s frequent use of realpolitik to justify U.S. inaction to Saudi transgressions exemplifies the U.S. government's fear of diplomatic conflict or Saudi retaliation, which may manifest in an oil embargo. The U.S. is failing to hold its Saudi partner accountable for violating U.S. constitutional values, and this

¹⁶¹ Claes, Goldthau, and Livingston, "Saudi Arabia: Harnessing the Oil Market," 210.

¹⁶² Claes, Goldthau, and Livingston, "Saudi Arabia: Harnessing the Oil Market," 210.

¹⁶³ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

¹⁶⁴ Fields, "Why Repressive Saudi Arabia Remains a US Ally."

precedent is fundamentally corrosive to America's long commitment to protecting human rights, domestically and overseas.

Critics of Al Saud argue the U.S. cannot transgress against its moral values by embracing the oppressive monarchy.¹⁶⁵ The substantial criticism over U.S.-Saudi relations has extended to Congress in recent years. The Saudi regime's operations in Yemen and the murder of Jamal Khashoggi exacerbated existing concerns over Saudi leadership and the U.S.'s enduring engagement.¹⁶⁶ The kingdom used American weaponry in its Yemen operations, implicating the U.S. as a result.¹⁶⁷ The U.S. constitution was founded on the guarantee of universal human rights and civil freedoms, but these ideals and the U.S.'s reputation are undermined by Saudi Arabia's behavior. In addition to military actions, the regime ordered the 2018 murder of journalist Jamal Khashoggi in the Saudi consulate in Istanbul. Jamal Khashoggi was a Saudi dissident seeking asylum in the U.S. while writing for the *Washington Post*. In his columns, he criticized the policies of Crown Prince Mohammed bin Salman, and consequently Saudi government officials, with the endorsement of MBS, ordered his overseas murder.¹⁶⁸ The murder was internationally condemned, and in the U.S., the Trump administration drew wide criticism for its inaction. Furthermore, an increasing number of Congress members are signaling their discontent and intention to implement changes in U.S.-Saudi policy, including reducing arms sales to the kingdom.¹⁶⁹

US Military Spending

¹⁶⁵ Blanchard, "Saudi Arabia: Background and U.S. Relations."

¹⁶⁶ Blanchard, "Saudi Arabia: Background and U.S. Relations."

¹⁶⁷ Blanchard, "Saudi Arabia: Background and U.S. Relations."

¹⁶⁸ BBC, "Jamal Khashoggi: All You Need to Know about Saudi Journalist's Death."

¹⁶⁹ Blanchard, "Saudi Arabia: Background and U.S. Relations."

In addition to concerns about human rights violations, critics argue that U.S. spending on Saudi Arabia's military initiatives has inadequate benefits. The U.S. has been involved in a myriad of wars and military missions in the Middle East since its expansion into the Persian Gulf. Saudi Arabia's military agenda, such as challenging Iran, seeking to isolate Qatar, and fighting an ongoing war in Yemen, deplete the U.S. military budget and impose a shared risk on U.S. soldiers.¹⁷⁰ Additionally, America's militarization of the Gulf neither insulates nor protects the world economy from regular and unpredictable disruptions of the region's oil supply.¹⁷¹ The Trump and Biden Administrations and Congress are therefore led to question the value of U.S.-Saudi defense cooperation.

Charles L. Glaser and Rosemary A. Kelanic developed a cost-benefit analysis of the cost of the U.S. military versus the value of the oil that comes out of the Persian Gulf. The findings predict the U.S. would save roughly \$75 billion a year with military disengagement, which is about 15% of its defense budget.¹⁷² The U.S. military uses preventative action to safeguard Gulf oil from potential disruptions; however, the effectiveness of this mode of action is complex and hypothetical. Regardless of the reality of the U.S. military's preventative success, Glaser and Rosemary's analysis determines that U.S. defense costs of preventing a major disruption of Gulf oil exceed the value of oil that the U.S. receives from the Gulf.¹⁷³ Reducing involvement with Saudi Arabia and in the Persian Gulf would undoubtedly save the U.S. money.

Another prominent critique of U.S. military involvement discredits the effectiveness of the U.S. role in the Middle East's stability. The U.S. seeks to aid the region's balance of power

¹⁷⁰ Blanchard, "Saudi Arabia: Background and U.S. Relations."

¹⁷¹ Vitalis, *Oilcraft*, 122.

¹⁷² Glaser and Kelanic, "Getting Out of the Gulf."

¹⁷³ Glaser and Kelanic, "Getting Out of the Gulf."

and Saudi Arabia's stabilizing influence. However, Tamara Cofman Wittes, a senior fellow in the Center for Middle East Policy at the Brookings Institute, argues that lasting stability in the Middle East can only be accomplished between the "rulers and the ruled."¹⁷⁴ She claims that real change "cannot be driven by the United States without far more carrots and sticks than Washington is prepared to deploy."¹⁷⁵ The U.S. is supporting the region's stability and security, but without the U.S.'s presence, the Middle East will likely fall back into dysfunction. Yet, Wittes is not arguing for the necessity of the U.S. military; rather, she is unveiling the reality that U.S. external influence is a waste of money and resources. The Middle East can only successfully create lasting stability through implementing change from within its populace and political institutions. Therefore, the U.S. should reduce military interference, including security cooperation and arms sales, and provide the region with the opportunity for self-reflection and achievement.

U.S. military disengagement is progressively imperative under Prince Mohammad's rule. In recent years, Saudi Arabia's foreign policy has adopted an assertive and occasionally aggressive approach.¹⁷⁶ Consequently, the U.S.-Saudi partnership "risks implicating and entangling the United States in conflicts not of its choosing," while Saudi Arabia neglects "its past role funding and stabilizing U.S. partners."¹⁷⁷ The kingdom is exemplifying a gross dereliction of ally duties, which draws the U.S. to question the value of the U.S.-Saudi relationship. The value proposition, which is a tool to measure the benefits resulting from an alliance, simply "isn't there" for the U.S.¹⁷⁸ In other terms, the relationship does not serve a win-

¹⁷⁴ Glaser and Kelanic, "Getting Out of the Gulf."

¹⁷⁵ Glaser and Kelanic, "Getting Out of the Gulf."

¹⁷⁶ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

¹⁷⁷ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

¹⁷⁸ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

win scenario for U.S.-Saudi mutual benefit—only Saudi Arabia is benefiting from continued U.S. military support. Consequently, critics argue that the U.S. should adopt “a distant, evenhanded approach rooted in diplomatic tools” instead of military engagement.¹⁷⁹ The U.S. upholds the status quo of military-centric foreign policy but suboptimal relations with Saudi Arabia provoke the U.S. for progressive change. A decreased military presence in the Middle East will reduce U.S. risk and endorse a constructive shift in U.S.-Saudi diplomacy.¹⁸⁰

Economic Security

The shared risk within U.S.-Saudi military cooperation extends to their bilateral economic relations. The U.S. and Saudi Arabia’s economic interdependence generally generates mutual economic gains, but the partnership also poses a liability. The U.S. must consider the kingdom’s economic policy and concerns that may present harmful fallout on U.S. businesses and investment.¹⁸¹ Economic interference embeds the U.S. in a matrix of Saudi Arabia’s problems, whether the problems are economic, political, or security. In terms of bilateral trade relations, the U.S. Trade Representative office has raised concerns with “Saudi customs practices, regulatory barriers,” and “intellectual property rights policies.”¹⁸² These concerns are assessed by the U.S. State Department in its 2019 *Investment Climate Statement*, which states that the Saudi government’s actions have “led to a negative impact on the investment climate” and “gave rise to additional investor concerns over rule of law, business predictability, and political risk.”¹⁸³ While the Saudi government is pursuing economic transformation plans,

¹⁷⁹ Benaim, “A Progressive Course Correction for U.S.–Saudi Relations.”

¹⁸⁰ Benaim, “A Progressive Course Correction for U.S.–Saudi Relations.”

¹⁸¹ Wight, *Oil Money*, 6.

¹⁸² U.S. Trade Representative, *National Trade Estimate Report on Foreign Trade Barriers*, 431-437.

¹⁸³ Blanchard, “Saudi Arabia: Background and U.S. Relations.”

international observers and investors fear the reliability and security of trading and investing under the regime's current economic laws and practices.¹⁸⁴ Since the shale revolution has ignited America's manufacturing revival and increased U.S. competitiveness in the world economy, the U.S. has the opportunity to reduce economic interdependence with Saudi Arabia in exchange for increased and reliable domestic and international investment.¹⁸⁵

U.S. Arguments for Disengagement: Analysis & Conclusion

Saudi Arabia's value proposition to the U.S. under the current state of relations is weak. As Saudi Arabia undergoes seismic political changes under Prince Mohammed bin Salam's leadership, the kingdom is no longer a strong U.S. ally. MBS and his pattern of aggressive foreign policy are irreconcilable with U.S. values and interests. Saudi Arabia's recent international behavior is driven by reckless self-interest and fuels chaos and instability in the Middle East, which both conflict with the U.S. political agenda. The kingdom under MBS's rule has lost its viability to the U.S. Additionally, the kingdom's disregard for international law and humanitarian values in its decision-making denounces the Saudi regime's trustworthiness. Multiple U.S. policymakers worry that Saudi Arabia is on the path to becoming a rogue state.¹⁸⁶

The U.S. is exhausted from the volatility of Saudi Arabia's behavior, and the shale revolution presents the long-awaited opportunity to implement fundamental changes to the U.S.-Saudi relationship. Increased U.S. energy independence relieves much of the nation's fear of scarcity and mitigates its dependency on overseas oil. As a result, OPEC cannot weaponize oil to influence U.S. political action. Therefore, U.S. foreign policy is more flexible and can afford to

¹⁸⁴ Blanchard, "Saudi Arabia: Background and U.S. Relations."

¹⁸⁵ Yergin, *The New Map*, 26.

¹⁸⁶ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

pursue interests beyond the protection of Middle Eastern oil. Saudi Arabia and the Gulf have a reduced strategic interest for the U.S., and therefore, the U.S. can be more assertive in its policy expectations of the kingdom. Washington no longer needs to evoke realpolitik to rationalize “free passes” for Saudi Arabia’s human rights abuses and regional military ventures. The U.S. can hold the Saudi regime accountable for its transgressions.

The reduced strategic interest of Saudi and Persian Gulf oil additionally provides the rationale to reduce U.S. military involvement in the region. While the U.S. and Saudi kingdom have generally shared the agenda of maintaining stability and the balance of power in the Middle East, MBS’s confrontational behavior, such as with instigating a war with Yemen, exemplifies the Saudi divergence from U.S.-Saudi joint political values. The U.S. has empowered Saudi Arabia in the Middle East in order to minimize disruptions to the global oil market. According to the foundation of the U.S.-Saudi alliance, the U.S. promised the kingdom security. However, the kingdom is stretching this promise thin through confrontational and aggressive behavior towards its regional neighbors. The U.S. cannot afford to continuously support Saudi security from regional threats when the kingdom is instigating conflict. Turmoil in the Middle East is enduring, but the U.S. offered security under the assumption that Saudi Arabia would be a stabilizing force in the region. The trend of MBS’s recent behavior not only raises regional disruption, but the trajectory indicates that U.S. military support will be increasingly solicited. Enduring U.S. military support of Saudi Arabia and the Persian Gulf is unprofitable, unsustainable, and ineffectual in instilling lasting regional stability.

Lastly, the economic interdependence that has bolstered the U.S.-Saudi relation since the 1970s energy crisis subjects the U.S. to an unreliable trading and investment partner. MBS’s non-diplomatic international behavior presents serious concerns over the kingdom’s

trustworthiness in economic relations. Furthermore, Saudi Arabia's government-centered economy employs non-transparent policies and regulations. U.S.-Saudi economic interdependence has been mutually beneficial, but the shale-instigated U.S. manufacturing revival and increased global economic competitiveness pose new domestic and international trade and investment opportunities. As a result, the U.S. has the freedom to replace Saudi Arabia with a dependable and transparent economic partner.

The foregoing reasons are the most adamantly raised justifications for why the U.S. should reduce its involvement with Saudi Arabia. Additional reasons may fall under this umbrella argument, and their exclusions from this discussion do not negate their value. Furthermore, American policymakers, government officials, and analysts may agree with all or select rationales for decreased engagement, but regardless, each reason has its respective merit. Lastly, the consequences for reducing involvement in Saudi Arabia and the Middle East will be explained below in the arguments for maintaining involvement.

U.S. Arguments for Preserving Involvement

Introduction

In contrast to the preceding Democratic arguments for U.S. disengagement, Republicans argue for sustaining the current degree of U.S.-Saudi engagement under the pretext of crafting a relationship reform. While the recent direction of Saudi Arabia foreign policy diverges from U.S. interests, the partnership's value remains, albeit dormant. A U.S.-Saudi foreign policy reform will redefine the partnership's status quo to enforce Saudi accountability and strengthen Saudi Arabia's value proposition to the U.S. A progressive policy correction for U.S.-Saudi relations present the opportunity for the U.S.'s enduring hegemony and projection of regional interests. Hegemony supports American leadership in the Middle East across economic, political, and

security domains. The modern world is becoming more and more globalized, and Middle Eastern hegemony grants the U.S. the ability to exert external decision-making power in regional and international relations. Continuous U.S. engagement in the Middle East, especially with ensuing realigned and rebalanced U.S.-Saudi relations, is in the U.S.'s best strategic interest. In this section, the pro-involvement arguments will be introduced and discussed to highlight Saudi Arabia and the Middle East's enduring value to the U.S. The arguments include U.S. regional interest in the balance of power, security, global oil market, economic, and petrodollar interests.

Balance of Power & Security Interests

U.S. hegemony in the Middle East endorses the U.S.'s foreign policy agenda and safeguards against regional security concerns. The U.S. uses its regional and global influence to monitor the equilibrium of the Middle East's balance of power for a myriad of reasons, only one of which is the stabilization of the global oil market. Predominantly, the U.S. values its hegemony and ability to influence the region to act in accordance to U.S. preferences.¹⁸⁷ Washington values its geopolitical influence in the region, and U.S. hegemony renders the balance of power inoperable, minimizing security competition from a rival power. Furthermore, the U.S. has favorable relations, such as with the GCC member nations, Israel, and Egypt, who condone the U.S.'s regional presence and are more likely (than non-supportive nations) to support the U.S.'s foreign initiatives. Therefore, the U.S. has strategic interests, beyond access to oil, in maintaining its Middle Eastern hegemony.

¹⁸⁷ Blanchard, "Saudi Arabia: Background and U.S. Relations."

The U.S.'s partnership and strong security ties with Saudi Arabia additionally aid the U.S.'s national security interests. The GCC and U.S.-Saudi joint initiatives address regional forces of instability, such as Iran's hegemonic ambitions.¹⁸⁸ If radical nations, such as Iran, gain a monopoly of power in the region, the consequences would extend from the global oil market to the world's national, economic, and energy security. MIT professor and economist, Morris A. Adleman, argues that "[m]ore money in the hands of the soon-to-be-dubbed 'outlaw' or 'rogue' states will likely mean a less peaceful world."¹⁸⁹ Pariah regimes with an influx of wealth will have unpredictable and detrimental ramifications on global security. The GCC security cooperation agreement and American military presence in the Persian Gulf act as a deterrence to any rogue power's efforts to obtain preponderance over the region's oil resources.¹⁹⁰ The U.S. military and GCC are therefore strategically important in establishing a security umbrella over their shared regional interests.

In addition to protecting the balance of power, the U.S. and Saudi Arabia share ambitions to end the global war on terror, and the Saudi regime has emerged as a productive counterterrorism partner to the U.S. since 2003.¹⁹¹ The U.S. and Saudi Arabia governments view Al Qaeda, the Islamic State (ISIS), and other Salafist-jihadist groups as direct threats to their national security.¹⁹² The State Department's 2018 *Country Reports on Terrorism* details Saudi Arabia's frequent engagement with the U.S. through bilateral programs and intelligence cooperation to prevent acts of terrorism.¹⁹³ The report describes U.S.-Saudi Arabia counterterrorism cooperation as

¹⁸⁸ Vitalis, *Oilcraft*, 65.

¹⁸⁹ Vitalis, *Oilcraft*, 16.

¹⁹⁰ Vitalis, *Oilcraft*, 66.

¹⁹¹ Byman, "The U.S.-Saudi Arabia Counterterrorism Relationship."

¹⁹² Blanchard, "Saudi Arabia: Background and U.S. Relations."

¹⁹³ Blanchard, "Saudi Arabia: Background and U.S. Relations."

“ongoing and productive.”¹⁹⁴ In 2017, Saudi Arabia held a Riyadh Forum on Countering Extremism & Fighting Terrorism, where MBS reaffirmed the kingdom’s agenda to “destroy the extremists.”¹⁹⁵ Saudi anti-terrorism agenda aligns with the U.S., and during former President Trump's attendance at the conference, he discussed how his administration could organize the Persian Gulf and Muslim countries to combat terror together.¹⁹⁶ A member of Saudi Arabia’s Shoura Council regarded Trump’s visit as instilling new hope against terror and extremism.¹⁹⁷

Saudi Arabia presents a paradox in U.S. counterterrorism. The Saudi government works closely with US counterterrorism, while also cultivating a “climate of radicalization.”¹⁹⁸ Saudi Arabia has occasionally supported terrorist actors who are outside the periphery of the government but still important figures for the regime’s legitimacy.¹⁹⁹ Al Qaeda attacks on 9/11 are an example of the paradox of Saudi Arabia’s relationship with terrorism. Despite these complexities, Saudi Arabia plays a key role in counterterrorism. As the Middle East is most impacted by terrorism, and Saudi Arabia is Islam’s heartland, the U.S. is granted vital access to monitor and address terrorist activity. Current George Mason University professor and expert on the Middle East, Mark N. Katz, argues that “it matters very much whether the government of the country containing Islam’s two holy cities, Mecca and Medina, is willing to cooperate with America and the West or is hostile to them.”²⁰⁰ Anti-Americanism is rooted in the U.S.’s long history of disturbance in the Middle East, and U.S.-Saudi and Gulf counterterrorism cooperation promotes U.S. security interests and U.S. diplomatic relations with the Arab world.

¹⁹⁴ Blanchard, “Saudi Arabia: Background and U.S. Relations.”

¹⁹⁵ Yergin, *The New Map*, 291.

¹⁹⁶ Rasooldeen, “Trump Visit Gives New Hope in Fight Against Terror, Says Female Shoura Member.”

¹⁹⁷ Rasooldeen, “Trump Visit Gives New Hope in Fight Against Terror, Says Female Shoura Member.”

¹⁹⁸ Byman, “The U.S.-Saudi Arabia Counterterrorism Relationship.”

¹⁹⁹ Byman, “The U.S.-Saudi Arabia Counterterrorism Relationship.”

²⁰⁰ Middle East Policy Council. “U.S. Commitments to the Gulf Arab States.”

Global Oil Market

The Shale Revolution reduced the risk of physical supply disruptions to U.S. energy security. However, supply does not insulate nations' economies from the price shocks that arise from conflict and crises in the Middle East. The U.S. has increased oil production, but the U.S. economy is vulnerable to the price shocks in the global oil market. Colin Kahl argues that the U.S. economy is linked to the Middle East "even if we didn't import a single drop of oil from that part of the world."²⁰¹ While unpredictable effects, such as natural disasters, cannot be prevented, minimizing disruption to the market when possible is in the U.S. economic interest. Saudi Arabia can aid U.S. market stabilization interests through apolitical swing production. The Saudi regime stabilizes the oil market regardless of politics, while radical regimes, such as Iran, would be more likely to interfere with the region's oil flow for a political end. Through the U.S. relationship with the kingdom, threatening nations are prevented from dominating the oil market and wielding oil as a political weapon. Alongside regional threats, Al Saud faces a myriad of internal threats that must be addressed to effectively undertake the kingdom's role in market and oil price stabilization. The state of the market and the world's energy security depends on the enduring political legitimacy of Al Saud and the kingdom's stability. The kingdom's concerns are consequently the U.S.'s concerns as well. While the Saudi regime will not always adhere to U.S. advice, the partnership preserves U.S. influence and supervision of Saudi's market stabilization and the Gulf's flow of oil.

Economic Relations

²⁰¹ Middle East Policy Council. "U.S. Commitments to the Gulf Arab States."

Although the U.S.-Saudi economic relationship is transitioning away from their traditional exchange based on oil exports for U.S. dollars, there remain strong ties in bilateral trade and investment. Saudi Arabia ranks among the richest countries in the world because of its oil revenue.²⁰² The U.S. and Saudi Arabia's increased economic interdependence since the 1970s, in conjunction with the kingdom's extreme wealth, has bolstered bilateral economic relations. As of 2019, Saudi Arabia is the U.S.'s second-largest trading partner in the Middle East. According to the U.S. International Trade Administration, U.S. imports from Saudi Arabia in 2019 were worth \$13.4 billion, and U.S. exports to Saudi Arabia were valued at \$14.3 billion.²⁰³ The high value of U.S.-Saudi trade in 2019 is dictated by imports of oil from Saudi Arabia, and U.S. exports of weapons, machinery, and vehicles to Saudi Arabia.²⁰⁴ The value of U.S. imports of oil is down significantly from 2018 because of shale oil, but Saudi Arabia is still the top buyer of U.S. weapons.²⁰⁵ The U.S. Aerospace & Defense (A&D) sector is one of the nation's most influential industries in the U.S. economy. A&D's 2020 report quantifies that its total industry sales have contributed a combined economic value of \$396 billion, which represents 1.8% of total U.S. GDP.²⁰⁶ Additionally, A&D's 2.2 million employees represented 1.4% of the total U.S. workforce.²⁰⁷ U.S. defense sales, tax revenue, and economic stimulation have an immense impact on the U.S. economy. As Saudi Arabia is the U.S.'s number one weapon's customer, maintaining a monopolization on Saudi defense consumption is in the U.S.'s best economic interest.²⁰⁸ Additionally, while the U.S. has expressed concern over Saudi trade

²⁰² Ventura, "Richest Countries in the World 2021."

²⁰³ Blanchard, "Saudi Arabia: Background and U.S. Relations."

²⁰⁴ Blanchard, "Saudi Arabia: Background and U.S. Relations."

²⁰⁵ CFR.org Editors. "U.S.-Saudi Arabia Relations."

²⁰⁶ AIA, "2020 Facts & Figures: U.S. Aerospace & Defense." 4.

²⁰⁷ AIA, "2020 Facts & Figures: U.S. Aerospace & Defense." 2.

²⁰⁸ Young, "U.S.-Saudi Economic Ties: Why Saudi Arabia Matters."

practices, the U.S. Trade Representative's 2019 *National Trade Estimate Report* notes progress and increased cooperation in Saudi's trade practices.²⁰⁹

In addition to trade, the U.S. and Saudi Arabia have strong investment ties. The U.S. government and companies invest in a myriad of Saudi Arabian initiatives, including developing natural resources, strengthening education opportunities, and addressing economic and security challenges.²¹⁰ Not only does the U.S. invest in Saudi Arabia, but a third of the kingdom's international investments are in U.S. assets.²¹¹ Furthermore, MBS's Vision 2030 plan will expand the kingdom's investment opportunities and market access, which will bolster U.S.-Saudi economic relations. As a part of the plan's agenda for economic reform, Saudi Arabia initiated the privatization of Saudi Aramco, offering 1.5% of the company on the Riyadh stock exchange on December 11, 2019.²¹² While the initial public offering (IPO) was small, the shares topped out at \$29.4 billion, becoming the "most valuable company in the world."²¹³ The kingdom's privatization and investment opportunities will expand under the Vision 2030 economic agenda, which presents significant U.S. investment opportunities.

The Petrodollar System

Petrodollars have greatly helped elevate the U.S. dollar as the world's most dominant currency in the financial markets. The petrodollar system is founded on the U.S.- Saudi Arabian Joint Economic Commission and the petrodollar precedent Saudi Arabia set for OPEC. However, a myriad reasons, including the decline in the value of the U.S. dollar, has caused some nations,

²⁰⁹ U.S. Trade Representative, *National Trade Estimate Report on Foreign Trade Barriers*, 431-437.

²¹⁰ Blanchard, "Saudi Arabia: Background and U.S. Relations."

²¹¹ IMF Data. "United States: Reported Portfolio Investment Assets by Economy of Nonresident Issuer: Total Portfolio Investment."

²¹² Yergin, *The New Map*, 310.

²¹³ Yergin, *The New Map*, 310.

such as Iran, Russia, and China, to debate the benefits of keeping the dollar as the base value for oil exports.²¹⁴ China is already beginning to draw away from petrodollars and has been putting pressure on Saudi Arabia to switch to “petroyuan.”²¹⁵ Additionally, Venezuela has abandoned the petrodollar since 2017, using the yuan and euros instead.²¹⁶ The trend of nations’ moving away from the petrodollar makes the U.S. decision to maintain involvement with Saudi Arabia and the Middle East even more essential. The U.S. and the petrodollar system will undoubtedly be replaced by another power if the U.S. drawbacks. The economic fallout of the petrodollar system’s collapse would be momentous. The dollar’s value as the world’s reserve currency would collapse, and likely impose depression on the U.S. economy. Furthermore, the U.S. would lose its economic influence over how the Arab world spends its petrodollars.

Vitalis’ term “petrocapitalism” describes how recycling petrodollars in ways constructive to the US goals is vital to America’s economic security and growth.²¹⁷ Regardless of the U.S. energy independence, Mark N. Katz argues that “the West is much better off if actors in the Gulf continue to be willing to invest in and trade with the West, or whether they do this more with Asia.”²¹⁸ Petrodollars are the “lifeblood” of capitalism and the U.S. economy, and therefore, the U.S. maintains its interdependence with Saudi Arabia.²¹⁹ Over the years, Saudi Arabia has “financed the federal government’s budget deficit; spent billions on US design and development projects; bankrolled the US allied counter revolutionaries; paid for the CIA’s covert wars; kept General Dynamics’ assembly lines humming; contributed cash to foundations, centers, charities,

²¹⁴ Chen, “What You Should Know about Petrodollars.”

²¹⁵ Chen, “What You Should Know about Petrodollars.”

²¹⁶ Paraskova, “Oil Analysts Baffled as Venezuela Ditches Petrodollar.”

²¹⁷ Vitalis, *Oilcraft*, 20.

²¹⁸ Middle East Policy Council. “U.S. Commitments to the Gulf Arab States.”

²¹⁹ Vitalis, *Oilcraft*, 20.

universities, K street, and the paid-to-think-tanks; aided the pentagon's bottom line."²²⁰ Saudi Arabia offers significant investment to the U.S, and the U.S.'s commitment to Saudi Arabia and JECOR will sustain the relationship's economic value. Considering many countries favor the de-dollarization of oil exports, the U.S.'s economic welfare depends on minimizing as many disruptions as possible.

U.S. Arguments for Preserving Engagement: Analysis & Conclusion

U.S. hegemony in the Middle East is of the utmost importance for U.S. political, security, and economic interests. American primacy grants the U.S. relative freedom of action in the region to promote U.S. national interests, such as counterterrorism and restricting the expansion of rival powers. While Saudi Arabia does not seek to replace the U.S., the kingdom has warned the U.S. in times of contention, that the U.S. can be replaced as the kingdom's hard power. U.S. arguments for disengagement would open a power vacuum in the Middle East, which Saudi Arabia can either fill through a partnership with another superpower, such as Russia or China, or an politically ambitious Middle Eastern nation, such as Iran. Without U.S.-Saudi relations, American hegemony in the region will have weakened support, and the kingdom's new power-backer will likely contest U.S. dominance.

The growing support for isolationism among Republicans and Democrats represents an American forfeit its global struggle for power with Russia and China. Further, disengagement harms U.S. interests in Middle Eastern peace, universal human rights, stable global energy markets, and economic power. While arguments for disengagement cite Saudi Arabia's human rights violations to justify reducing U.S.-Saudi relations, peace and human rights are unlikely to

²²⁰ Vitalis, *Oilcraft*, 116.

improve and perhaps even worsen, under a subsequent U.S. successor. Furthermore, U.S. efforts to stabilize the region's balance of power, which minimizes the disruptions to the global oil market, are vital to not only the U.S. oil industry but also to the world's energy security. Regardless of U.S. energy independence, the oil market is interconnected, and every nation's energy security is vulnerable to supply and price fluctuations in the global oil market.

U.S.-Saudi economic interdependence, including the volume of bilateral trade and investment, bolsters the American economy. Moreover, investment opportunities in Saudi Arabia are projected to increase with MBS's Vision 2030 economic reform plans, such as with the kingdom's privatization of Aramco oil. Currently, the kingdom is the largest consumer of the U.S. military industry materials and provides a stream of revenue for the American economy, including increasing U.S. tax revenue, sustaining millions of jobs, and bolstering economic activity. Saudi Arabia's vast oil wealth and investment opportunity in its diversifying economy present an important revenue source for U.S. government and business.

Still, the most valuable U.S. economic benefit that has arisen from U.S.-Saudi relations is the petrodollar system. While the U.S. can find new and perhaps more reliable economic partners, as arguments for disengagement urge, the U.S. cannot replace the benefits of petrodollars and petrodollar recycling on the American economy. The dollar denomination for oil revenue in the global oil market sustains the purchasing power of the American dollar. Furthermore, the surplus of dollar reserves for oil exporters leads to petrodollar recycling, increasing investment in the U.S., and demand for U.S. assets. The petrodollar system bolsters U.S. economic activity and dollar value, but these rewards are dependent on Saudi Arabia and OPEC's endorsement. The petrodollar system and its proliferation to OPEC can be accredited to Saudi Arabia's agreement with the U.S. following the 1970s energy crisis. However, the decline

of the dollar's purchasing power is raising international pushback against its use as the denomination of oil revenue. The results of this debate among oil-exporters could imperil the U.S. dollar and economy. Consequently, the U.S. must not draw back from Saudi Arabia, as the kingdom and its swing producer role are the main guarantor of the petrodollar system. American supremacy in the Gulf is critical in protecting the dollar as the world's oil revenue currency.

In conclusion, I would proffer that U.S. arguments for maintaining engagement with Saudi Arabia and the Middle East surpass those for disengagement. Nonetheless, the rationale for U.S. disengagement provides highly valuable context for determining the degree of corrections in U.S.-Saudi relations. The conclusion of the paper will discuss the U.S.'s proposed options to address the contention within the current state of the alliance.

Chapter III: Conclusion & Analysis

The U.S.-Saudi relationship presents value to both sides; however, the U.S.'s willingness to continue engagement with the kingdom depends on foreign policy reform that recasts partnership expectations. The reform of U.S.-Saudi relations will require some concessions on behalf of Saudi Arabia, and the kingdom must be willing to cooperate with the U.S.'s agenda. The kingdom's political evolution and recent actions under MBS leave reason for concern over Saudi pushback to partnership changes. MBS has an ambitious foreign policy agenda, which he will likely be reluctant to subrogate to U.S. desires. However, considering the duration of the U.S.-Saudi relationship and the continued value that the U.S. offers as one of the world's largest superpowers, I hypothesize Saudi Arabia will negotiate and ultimately agree to U.S. demands for change. Additionally, the reform proposals for U.S.-Saudi relations will be amenable to both nations' interests.

Saudi Arabia's recommitment to its stabilizing role in the Middle East exemplifies one of the U.S.'s objectives that will ultimately support the kingdom's national interests. U.S.-Saudi reformed relations will realign U.S.-Saudi diplomatic goals of de-escalating conflict in the Middle East. Saudi Arabia will reprise its traditional role as a regionally constructive force, which would include ending the kingdom's campaign in Yemen. The U.S. will withdraw its support of the Saudi military in the war, and in exchange for the kingdom's cooperation, the U.S. will bolster its defense against Saudi's legitimate regional threats, such as Iran and extremist groups.²²¹ Saudi Arabia's reprisal of its role will reduce external threats against the kingdom, especially with the U.S. doubling down on the kingdom's defense. Additionally, the kingdom will have greater resources to lend to its other threats, such as public dissent and oil dependence, as well as to MBS's domestic initiatives, like the Vision 2030 plan. While a U.S.-Saudi relations reform will increase U.S. influence over the kingdom's political action, overall, the policy propositions will enhance both nations' strategic interests.

U.S. Foreign Policy Proposals & Conclusion

My thesis analysis and subsequent conclusion support a progressive course correction as the optimal strategy for U.S. foreign policy in Saudi Arabia. The arguments for sustained U.S.-Saudi relations, which I enumerate in Chapter III, verify the partnership's enduring value for American interests while predicated on an imminent reform. The United States must articulate and execute major changes to the terms of U.S.-Saudi cooperation to escape the status quo while minimizing the possibility of "rupturing relations."²²² While Saudi Arabia values its U.S. partnership, the kingdom under MBS's rule prioritizes Saudi interest at the expense of traditional

²²¹ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

²²² Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

U.S.-Saudi regional interests and a balanced relationship. The U.S. must withstand Saudi pushback, maintain diplomatic cooperation, and reassert its considerable leverage in the relationship.²²³

The aim of a progressive policy is to address the shortcomings of President Roosevelt and King ibn Saud's 1945 agreement. The expectations of the U.S.-Saudi "special relationship," beyond an oil for security agreement, were never clear. Even the premise of the exchange is nebulous, as Vitalis reveals that U.S. energy security was never dependent on Saudi oil. This ambiguity leaves many Americans wondering what value Saudi Arabia provides the U.S. if not for oil, especially after the shale revolution. As this paper discusses, the U.S. receives a multitude of political, economic, and security benefits from its Saudi relations and Middle Eastern hegemony. However, the birth of the relationship left no guidelines for the two nations to reference in the ensuing decades, and while the U.S. and Saudi Arabia have shared many goals, their strategic visions and values have often been divergent from the beginning. These divergences have historically and consistently been rationalized by U.S. realpolitik, but the shale revolution and increased U.S. energy independence marks the end of U.S. tolerance of the kingdom's morally and legally regressive behavior. While Washington policymakers are in the infancy stage of drawing a reform proposal, the agenda is clear: cultivate a balanced and "working" U.S.-Saudi relationship that reflects U.S. leverage and interest.²²⁴

The success of a reform depends on Saudi Arabia's willingness to agree to meaningful policy changes. MBS has an ambitious foreign policy agenda, which he will likely be reluctant to humble, and the Saudi regime will undoubtedly oppose some U.S. demands. However, a close

²²³ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

²²⁴ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

relationship with the U.S. is of greater value to Saudi Arabia than what Russia, China, or any other power can offer as an ally.²²⁵ A good working relationship with the U.S. includes the world's strongest military for protection against external threats, trade and investment with the largest economy, and top innovation and technology from universities and the energy industries—to name a few.²²⁶ The U.S. can leverage these benefits to negotiate the necessary progressive course correction for relations.

Daniel Benaim's 2020 TCF Report offers policy recommendations for U.S.-Saudi reform, which, like U.S. arguments, draws upon interviews with a multitude of government officials and IR experts. Additionally, Benaim is currently the U.S. Deputy Assistant Secretary of State for Arabian Peninsula Affairs and was formerly a Middle East policy advisor to Vice President Biden. As a result of his experience, Benaim is an expert authority on U.S. policy, U.S.-Saudi relations, and the ongoing debate in Washington. In the TCF Report, Benaim argues the recalibration of U.S.-Saudi relations must begin with offering the kingdom a choice. The viability of future relations depends on cooperation and compromise, and a test will gauge the Saudi regime's desire to make meaningful policy changes.²²⁷ Benaim drafts the choice that Washington should offer Riyadh: "Saudi Arabia can reset its relationship with the United States by demonstrating a desire to work closely with Washington to craft a more consultative, less confrontational approach across a range of issues. If Riyadh fails to do this, it can expect to see strategic cooperation with Washington grow increasingly limited as other nations take precedence."²²⁸ The kingdom's unwillingness to reasonably negotiate and accept U.S. demands

²²⁵ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

²²⁶ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

²²⁷ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

²²⁸ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

would necessitate a further assessment of U.S. disengagement arguments. Alternatively, Saudi Arabia's demonstration of willingness will commence a U.S.-led six-month strategic review of all aspects of U.S.-Saudi cooperation.²²⁹ The evaluation will highlight the points of contention in the partnership, such as disparate U.S.-Saudi national interests, that will provide the comprehension to shape and reform U.S.-Saudi relations. The TCF report offers a multitude of persuasive policy recommendations to recalibrate U.S.-Saudi relations, but the full scope of policy proposals and a conclusion of what policy or policies are best is not within the scope of my thesis.²³⁰

One policy suggestion to reform U.S.-Saudi relations, as well as test the kingdom's commitment, requires Saudi's reprisal of its regionally constructive and stabilization role.²³¹ The U.S.'s 1945 agreement to defend the kingdom was under the assumption that Saudi Arabia's foreign policy prioritizes Middle Eastern peace. Consequently, U.S. expectations are broken by MBS's aggressive international behavior, and the U.S. military is being drawn upon to aid Saudi-led conflict. The criteria for U.S. military engagement on behalf of the kingdom are unexplicit, thereby raising confusion over when U.S. defense is expected, such as during the war in Yemen. Therefore, this policy proposal addresses the kingdom's divergence from its traditional stabilizing role, as well as the expectations for the U.S. military.

Essentially, Benaim recommends the U.S. pose an ultimatum to Saudi Arabia. The kingdom must agree to cooperate in the development of a progressive policy correction, including MBS ceasing his assertive foreign agenda, or the U.S. will disengage from the partnership. In response to this choice, Saudi Arabia will be urged to act more responsibly, such

²²⁹ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

²³⁰ See TCF report for a complete discussion of recommended U.S. foreign policy proposals.

²³¹ Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

as through initiating a Yemen ceasefire or pledging to stop all overseas persecution of Saudi dissidents. A Saudi choice to act more responsibly will aid U.S. confidence over the direction of relations, and the U.S. must remain hyper aware of Saudi pressures to revert to relations' old status quo and seek opportunities for affirmative cooperation. Alternatively, if the Saudi regime persists in its reckless international behavior, the kingdom will signal its disregard for an enduring partnership with the U.S. Consequently, Washington will be prompted to re-consider the spectrum of U.S. disengagement from the kingdom.

Saudi Arabia's compliance to this policy suggestion will realign American and Saudi interest in protecting Middle Eastern stability and the global oil market, as well promote the nations' respective interests. Reformed U.S.-Saudi relations and enduring U.S. engagement in the Middle East will sustain U.S. hegemony and political prowess to protect its interests. The promotion of Middle Eastern stability and de-escalation may furthermore present the opportunity for the U.S. to reduce its regional force posture, thereby reducing U.S. military spending.²³² Reformed U.S.-Saudi relations will further promote the joint campaign against global terrorism and pave the way for confident bilateral economic relations. U.S.-Saudi economic interdependence will help the kingdom implement its Vision 2030 plans for transforming its oil-dependent economy, help assuage internal dissent, as well as ease Saudi's financial burden from shale's impacts on the global oil market.

Despite the lack of a partnership guideline, U.S.-Saudi relations have persevered through five Saudi kings, twelve U.S. presidents, and a multitude of seismic global events.²³³ However, along the way, U.S.-Saudi mutual trust has been damaged. A progressive course correction will

²³² Benaim, "A Progressive Course Correction for U.S.-Saudi Relations."

²³³ Adam, "The First Time a U.S. President Met a Saudi King."

provide subsequent administrations with “more durable terms for cooperation” to guide the resolution of inevitable disagreements and political pressures.²³⁴ These guidelines will hold the U.S. and Saudi kingdom accountable for their respective behaviors, and consequently, strengthen mutual trust. Differences will inevitably still arise in the new course of relations, and this reform will not eradicate all the challenges in international relations. However, the importance of a progressive course correction is to lay a foundation, with clear expectations and guidelines, that will foster a balanced and effective U.S.-Saudi relationship in a more peaceful Middle East.

²³⁴ Benaim, “A Progressive Course Correction for U.S.–Saudi Relations.”

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