SAUDI ARABIA

INTEREST OF THE UNITED STATES IN THE QUESTIONS OF ECONOMIC AND MILITARY ASSISTANCE TO SAUDI ARABIA, RENEWAL OF UNITED STATES TENANCY AT THE DHAHRAN AIR FIELD, AND THE PROPOSED TREATY OF ALLIANCE BETWEEN THE UNITED KINGDOM AND SAUDI ARABIA

711.00F/1-1348; Telegram

The Minister in Saudi Arabia (Childs) to the Secretary of State

SECRET URGENT

JIDDA, January 13, 1948—5 p. m.

16. ReLegtels 13, 14, and 15 January 13. We may be approaching, if we have not already passed, a decisive stage in our relations with Saudi Arabia. Until Palestine partition decision we have not had a firmer friend in Arab world than Ibn Saud.

Although no official intimation has been given me to such effect, it is suggested King may be influenced to abandon hopes of close political relations with US and return to his previous policy of relying more particularly upon his political relations with Great Britain by Feisal’s recent report to him and reluctance displayed by US to give positive form to his overtures:

1. Middle East settlement suggested by King in June (Legtel 252, June 20, 1947).  
2. Raising our respective Legations to Embassies (Legtel 474, November 6, 1947).  

For previous documentation involving relations between the United States and Saudi Arabia, see Foreign Relations, 1947, vol. v, pp. 1329 ff.

Not printed; it gave Minister Childs’ view that the “British taking advantage favorable atmosphere created for them in Arab world by their refusal to be drawn into imposed Palestine settlement and extremely unfavorable position in which we have been placed in our all out support partition, to move into positions of vantage in Arab states generally, including Saudi Arabia.” (867N.01/1-1348)

Neither printed; but see footnote 4, in telegram 21, January 7, included in documentation on Israel, scheduled for publication in part 2 of the present volume.

Abdul Aziz ibn Saud, King of Saudi Arabia.

Amir Faisal, Saudi Arabian Minister for Foreign Affairs.


Not printed; it advised of information from Shaikh Yussuf Yassin, Saudi Arabian Deputy Minister for Foreign Affairs, that the British had raised the status of their Legation at Jidda to that of Embassy and that the Saudi Arabian Government hoped the United States would take similar action (701.4190F/11-647).

Not printed, but for an extensive summary, see editorial note, Foreign Relations, 1947, vol. v, p. 1341.

Not printed, but see footnote 2, ibid., p. 1342.
It would appear reasonable infer our reluctance in respect 1 and 2 above may have persuaded him to raise question attitude toward SAG of US Government (Legtel 538, December 4\textsuperscript{30} and 539, December 4, 1947\textsuperscript{31}).

Our support of Palestine partition has no doubt accentuated King’s doubt whether he could find in US a stable political partner in substitution for his old ally, the British. What must have however intensified King’s doubts has been contrast between British refusal to be drawn into an imposed Palestine settlement and reports brought to him by Feisal of what last named described to me yesterday as “American delegates to UNGA acting as spokesmen of Zionists, one of parties to dispute, and pressure brought by American Legation [Delegation] on other foreign delegations to vote for partition after assurances given Feisal by Department no such pressure would be exerted”. Feisal said struggle in UNGA was essentially between Arab States on one hand and American delegation on other with other nations spectators rather than acting participants.\textsuperscript{32}

Feisal informed me off record yesterday if he had had decisive influence in SAG foreign policy he would have broken relations with US after that. Feisal has just returned from Riyadh where he no doubt displayed same bitter disillusionment over hopes developing firm relations with US which he displayed me yesterday, stating this had been his great purpose since first visit US\textsuperscript{33} and he now saw his work reduced to ashes.

Above, coupled with readiness with which British accepted SAG proposal raising Legations to Embassies and our generally negative attitude toward this and other specific SAG proposals closer political relations, incline King reexamination his former policy moving away from British and basing his foreign policy on development closest political relations with US.


\textsuperscript{31} Not printed, but see footnote 4, \textit{ibid.}, p. 1338.

\textsuperscript{32} Documentation on the question of pressures allegedly exerted on behalf of a vote for partition by the General Assembly in November 1947 is presented in the sections on Palestine, \textit{ibid.}, and in Israel, part 2 of the present volume scheduled for publication.

\textsuperscript{33} For documentation on the visit of the Amir Faisal to the United States in 1943, see \textit{ibid.}, 1943, vol. iv, pp. 840 ff.
SAUDI ARABIA

SECRET

WASHINGTON, January 16, 1948.

A–9. In view of the current political situation vis-à-vis SAG Dept. believes no further efforts re negotiation bilateral [civil] air transport agreement desirable at this time.¹

Minimum rights necessary for civil operations are contained in Dhahran Airbase Agreement and in all probability extension that agreement will be sought at proper time.

When decision is made to open negotiations for extension terms Airbase Agreement, decision will be made in the light of current situation at that time as to whether to negotiate bilateral air transport agreement or to continue civil [air] rights through Airbase Agreement.

While simplified draft air transport agreement could be prepared now for Leg.’s use, difficulties involved in radical departures from Dept.’s “model draft” originally proposed and probability requirements for further changes before active negotiations can be resumed appear to make it desirable suspend any further action until such time as it appears reasonable to expect success in efforts to obtain understanding with SAG on text.²

A copy of this airgram is being sent to the American Embassy, Cairo.

MARSHALL

¹ The Department, on May 8, 1947, sent a revised draft agreement to Jidda, which stated that “While the United States now enjoys satisfactory [civil] aviation rights in Saudi Arabia by virtue of the Dhahran Airbase Agreement and related contracts between TWA and the Saudi Arabian Government, the Department believes that it is in the best interest of both countries to negotiate a formal bilateral air transport agreement.” (Instruction 89, 711.90F27/5–847). Regarding the earlier draft, see instruction 829, August 1, 1945, Foreign Relations, 1945, vol. viii, p. 936; concerning the TWA contract, see the American note of May 20, 1949, and footnote 20, ibid., 1946, vol. vii pp. 744, 745.

² The American Legation at Jidda engaged in many discussions with the Saudi Arabian Foreign Office in 1948 on the question of a civil air transport agreement, but no agreement was reached.

741.90F/1–2048 : Telegram

The Minister in Saudi Arabia (Childs) to the Secretary of State

TOP SECRET US URGENT

JIDDA, January 20, 1948—6 p. m.

NIAC T

24. Following my account my audience with Prince Feisal this afternoon (Department please note: pressing importance I have US
Government's comments for transmittal Feisal before twenty-seventh):

Feisal stated he had come to Jidda from Mecca especially to see me but he desired greatest discretion purpose his visit. I was acquainted with great concern SAG re Hashimites about which His Majesty had spoken to me on numerous occasions. With view to clarifying SAG's relations with its friends the British this question, SAG had approached some time ago British Government and latter had suggested Prince Feisal come London to review whole field British-SAG relations.

In meantime British had concluded treaty with Iraq and Mr. Bevin had suggested that a similar treaty be concluded with SAG. His Majesty in view great concern with Hashimites was at first favorably disposed proposal but after further and closer consideration SAG found two objections:

1. Britain's relations with Iraq (Beginning with occupation that country followed by mandate over it and treaty which had not in reality left Iraq independent) were altogether different from Britain's relations with Saudi Arabia, a wholly sovereign and independent state; and

2. Latest treaty included heavy obligations on part Iraq which SAG not disposed assume.

Prince Feisal said he had in mind that Britain should conclude treaties with other Arab states by which they would all be treated alike, and in particular Hashimite states should not be favored. Proposed British-SAG treaty went beyond this idea. He added British Ambassador had been recently Riyadh and was returning there on twenty-seventh when Feisal himself expected to be there. It was very likely British proposals would be discussed in detail at that time. In view fact that US was closest foreign government to Saudi Arabia Prince Feisal had come to Jidda to acquaint me with foregoing and asked if I had any comments.

I said I had two: (1) I felt my government would be most gratified with confidence reposed in it by SAG; (2) I felt my government would be favorably disposed toward conclusion of any treaty arrangements by SAG which promoted peace and security in Middle East without touching SAG's independence and liberty of action. I said any other comments would have to come from my government.

Feisal said in view of Riyadh meeting on twenty-seventh it was most important His Majesty have by that time any comments which US

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1 The ruling dynasties in Iraq and Transjordan; for documentation on efforts by Transjordan to attain a Greater Syria, see Foreign Relations, 1947, vol. v, pp. 738 ff.
2 For documentation on this subject, see editorial note, p. 204.
3 Ernest Bevin, British Secretary of State for Foreign Affairs.
Government might have to make on the problem as he had outlined it to me. I promised I would communicate urgently with my government and would endeavor to have reply before he left for Riyadh.

Department will find foregoing development at variance with my estimate situation in Legtels 16, January 13 and 23, January 20. I suggest his latest development instance fluctuations to which SAG's policy has been subject during recent weeks as result international developments including Palestine. First shock was to throw SAG into arms Great Britain but there is now a reaction brought about after reflection upon Iraq's dependent status and unwillingness SAG conclude any arrangement suggesting prejudice to its sovereignty. I suspect also Prince Saud's influence has been active to retrieve a balance in our favor.

Sent Department 24, please repeat London 8.

CHILDSD

4 Latter not printed; it requested the Department to note that "as result positions taken by US and British Governments over Palestine partition at UNGA, British Government has virtually overnight replaced us in confidence of King." (741.90F/1-2048)

741.90F/1-2048: Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

SECRET

LONDON, January 20, 1948—7 p.m.

220. Courier January 21 bringing rough draft Anglo-Saudi treaty for Department's information.1

2. Pyman 2 advised that when Trott 3 took up question treaty with Ibn Saud (Embassy's 163, January 16 4) King replied that he thought he would like treaty and asked Trott for draft. Foreign Office has just prepared tentative draft which Trott will hand King in Riyadh January 28 following tour previously planned which will take Trott to Dhahran and Bahrain where he has timed visit to coincide with visit Commander-in-Chief East Indies Royal Navy (Embassy's 181, January 16 4).

1 George Lewis Jones, Jr., Counselor of Embassy in the United Kingdom, transmitted copies of the draft treaty to the Department on January 20, under cover of a letter to Mr. Henderson. The letter noted that the draft had "not been approved higher than the Eastern Department and Michael Wright in the Foreign Office. It was sent today to the Joint Chiefs of Staff and the British Treasury for comment. The Foreign Office expects to receive comments (and very likely approval) of all interested British Departments on Friday, January 23. Thereafter ... the text will be telegraphed to Trott in Jidda." (741.90F/1-2048)

3 Mr. Wright was Assistant Under-Secretary of State in the British Foreign Office.

2 Lancelot F. L. Pyman, Assistant Head of the Eastern Department in the British Foreign Office.

3 Alan C. Trott, British Ambassador in Saudi Arabia.

4 Not printed.
3. Pyman describes treaty as on general lines Anglo-Iraqi treaty without any exclusive features. HMG hopes for Saudi facilities in time of war or threat of war and certain communications and other facilities during peace, these to be specified and provided for in agreement subsequent treaty signature following survey by British military of their peacetime requirements Saudi Arabia.

4. Treaty provides SAG promise British assistance if attacked from any quarter.

5. Embassy emphasized US interests in Saudi Arabia and fact Department, to even greater extent than re Iraqi negotiations, would probably like to have comprehensive information re draft treaty and negotiations with SAG. Pyman said Foreign Office has this very much in mind and consequently is sending Department preliminary British draft. Trott has been instructed to keep Minister Childs fully in picture.

6. After King sees draft it will be decided whether negotiations will be in London with Feisal, due here February 5, or in Riyadh.

7. Foreign Office appreciates Department's helpful preliminary reaction to idea negotiation Anglo-Saudi treaty telegraphed by British Embassy, Washington, and hopes to receive at early date Department's second thoughts, particularly re Dhahran area. Embassy believes Department has unusual opportunity at this stage to make full Department thinking available to Foreign Office. After draft is handed Ibn Saud January 28, communication problem will make it difficult, even for Foreign Office's last minute ideas, to be taken into account.

Sent Department 22 [220]; repeated Jidda 6.

GALLMAN

890F.00/12-1647: Telegram

The Acting Secretary of State to the Legation in Saudi Arabia

TOP SECRET US URGENT WASHINGTON, January 23, 1948—6 p. m.

NOTICE

18. Careful consideration being given by Dept[s] State, Army, and Air to King's request for training mission (Legtel 568 Dec 16) and relation this request extension US Army tenancy Dhahran Airbase (Legtel 581 Dec 22).¹

Further consideration required in view projected Treaty UK-SAG (Legtel 24 Jan 20). For your info only, Dept has complete text proposed draft.

Urgent attention being given these matters, reply will be sent you soonest.

LOVETT

¹ Neither Jidda telegram printed, but see footnotes 8 and 9, p. 209.
TOP SECRET


1. According Eastern Department, Foreign Office, meeting re draft Anglo-Saudi treaty. It was agreed that original draft, which by now should be in Department’s possession, was “too formidable” to present to SAG, and in consequence new and much shorter draft has been prepared omitting supplementary military agreement previously in Article 7 in addition to major omissions annexure in which survey party, financial arrangements, use phrase “essential strategic installations”, and all Articles 3 and 5 disappear. Anglo-Saudi Joint Defense Board retained and given responsibility for recommending location and nature airfields and military works and use to be made of them for civil or commercial purposes. New draft is about ½ shorter than old and language simplified.

2. Trott has advised Foreign Office that it may be going too fast for SAG. Consequently Trott will show King draft and annexure as finally approved meeting here today; if King agreeable he will suggest Feisal be authorized sign London. If King asks time to study text, Foreign Office legal advisor and officer may go Saudi Arabia to assist Trott and work out treaty on spot. In this event Trott may suggest brief postponement Feisal visit.

3. While anxious conclude new treaty in almost any form, according Burrows,\(^1\) HMG would be criticized if it were to commit itself as in Article 3 without SAG obligating itself to cooperate re essential defence facilities.

4. Burrows expects instructions to be sent today to British Joint Staff Mission Washington to ascertain US views re desirable strategic facilities Saudi Arabia.\(^2\)

Sent Department 272, repeated Jidda 8.

GALLMAN

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\(^1\) Bernard A. Burrows, Head of the Eastern Department in the British Foreign Office.

\(^2\) The Department, on January 26, advised London that in view of the substantial changes in the draft treaty set forth in telegram 272, it desired detailed information about the changes so that it would be in a position to examine the corrected text and make comment to the British (telegram 253, 741.90F/1-2348).

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Editorial Note

Minister Childs, on January 24, sent a note to King Ibn Saud which read: “I have great honor referring Your Majesty’s communication of 429-027—75—15
December 13, 1947. I duly communicated full text Your Majesty’s communication to me to my Government by telegram. I am now in receipt telegram dated January 23, 1948 stating careful consideration being given by my Government Your Majesty’s request for training mission and reply would be communicated as soon as decision may be formulated. It is added urgent attention being given this question.

On February 2, Amir Faisal handed to the Minister the King’s reply of January 31, in the form of a memorandum. The King called attention to his request of the previous December for a military mission and stated that it was “unreasonable” for the United States to provide such a mission without furnishing arms and other essentials for training Saudi Arabian forces (telegram 46, February 3, 10 p.m., from Jidda, 890F.20 Missions/2-348).

Jidda, on February 3, transmitted a translation of a second memorandum from the King in telegram 45, not printed. The date of the second memorandum was not given. It declared that the British had encouraged the Iraqis to agitate and propagandize “against us”, in order to disturb relations between the United States and Saudi Arabia. The memorandum declared it “almost certain” that the purpose of the Anglo-Iraqi Treaty was to move Saudi Arabia away from the United States and to place it in a position where the British would easily gain “what they desire”. It then requested the United States to prepare a statement of its attitude regarding these matters and to state whether it was prepared to come to an “understanding” and “agreement” with Saudi Arabia to preserve its sovereign interests.

At the time that Amir Faisal handed the two memoranda from King Ibn Saud to Minister Childs, he stated that Saudi refusal to conclude a treaty with the British might result in their use of the Hashemites to create a disturbed situation. It was to guard against such an eventuality that the King desired to strengthen his realm. Minister Childs pointed out the previous assurances of the United States to support unqualifiedly the territorial integrity and the political independence of Saudi Arabia. The Amir Faisal replied that he was seeking something more practical than these assurances, namely the supplying by the United States of the military requirements essential to defending Saudi sovereignty and maintaining internal stability (telegram 47, February 3, 10 p.m., from Jidda).

The Department, on February 9, authorized Jidda to inform the King, if he brought up the subject discussed in telegram 47, that “we are convinced Brit are not inciting Iraq into acts unfriendly to Saudi Arabia” (telegram 35). The telegrams cited above are filed under 741.90F/2-348.

Ambassador Trott notified Minister Childs that he had discussed the proposed Anglo-Saudi treaty with Saudi officials and then with
the King. Ibn Saud "stated in effect he would have none of it. Trott was able to pacify him in explaining draft was tentative one which would be left with King for study." The Ambassador suggested further discussion after the King's examination (telegram 38, January 30, 3 p.m., from Jidda, 741.90F/1-3048).

741.90F/1-2648

Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) to the Secretary of State

TOP SECRET

[WASHINGTON,] January 26, 1948.

Discussion:

The text of a proposed treaty between the British Government and the Government of Saudi Arabia has been sent to the Department by the American Embassy in London, where it had been received from the British Foreign Office. This treaty is almost identical with the treaty signed last week at Portsmouth, England, between the United Kingdom and Iraq, a treaty whose terms have stirred up such resentment in Iraq that it may not be ratified.

From the American point of view, the most important clauses in this proposed treaty (a copy of which is attached) are to be found in the Annexure, Article 1. This reads in part: "His Majesty the King of Saudi Arabia and His Britannic Majesty will each appoint export delegates, who will meet together ... to agree upon the essential strategic installations whose construction and maintenance are necessary to enable His Britannic Majesty to discharge his obligations ... . His Britannic Majesty will meet the cost of construction of these essential strategic installations and, in order to maintain them at all times, whether of peace or of war, in the necessary state of operational efficiency, His Britannic Majesty will provide the necessary technical staff and equipment, and ... will meet the cost of such maintenance." The treaty sets up a Joint Defence Board which will determine "which are the essential strategic installations" to be constructed or maintained by the British.

As you are aware, the oil resources of Saudi Arabia are being developed by the Arabian American Oil Company, a wholly owned American corporation, which has brought four oilfields into production, erected a refinery, and built a town of 4,000 Americans along with a network of highways, powerlines and other public utilities. A deep water pier is being built on the Persian Gulf and a railroad pushed inland across the oil coast by this firm. The Airport at Dhahran, which

1 Not found attached to file copy.
was built by the US armed forces and completed in 1946, is now being operated by the Air Transport Command, in an Agreement with the Government of Saudi Arabia which lasts until March of 1949. Furthermore, there is a US Air Force Mission now at Dhahran training a selected group of Saudi Arabian students to operate this airport. The Saudi Arabian Airlines is American operated and American firms are carrying on an extensive development program throughout Saudi Arabia. In contrast to this, British interests in that country are of minor importance.

King Ibn Saud has repeatedly asked for closer military and economic ties with the US. Only a month ago he requested American mechanized equipment and airplanes, and an American training mission to enable him to adequately protect the American pipeline to the Mediterranean and the oilfields on the Persian Gulf. While the US armed services apparently desire to retain a preeminent position in Saudi Arabia, they have thus far been unwilling to meet the King's requests. It is now obvious that something concrete in the way of a training mission or materiel, or both, will have to be provided Saudi Arabia if our position there is to be maintained in the face of this British offer of an alliance plus technical personnel. Because of its implication to the American position in the area, we have asked the British to defer negotiations on this treaty with the Government of Saudi Arabia until the views of the US Armed Services can be obtained.

Recommendation:

It is recommended, therefore, that you discuss this matter with the Secretary of National Defence ascertaining his views as to whether he proposes to furnish concrete assistance to the Government of Saudi Arabia which would meet the security needs of that country, thus making this large-scale British entry into this predominantly American area unnecessary.

This request was conveyed to the Department in telegram 568, December 16, 1947, from Jidda, not printed, but see footnote 8, p. 209.

The request was made in telegram 242, January 24, to London (741.90F/1-2448).

741.90F/2-648: Telegram

The Secretary of State to the Legation in Saudi Arabia

TOP SECRET US URGENT  WASHINGTON, February 6, 1948—6 p. m.

32. Dept has had under consideration matter of proposed Anglo-Saudi treaty of alliance, regarding which SAG has requested US views, also SAG request that US supply equipment for and train
mechanized Saudi forces with restricted function of defending Dhahran area and pipeline. These matters have been weighed carefully by Dept and Armed Services.

With respect to proposed Anglo-Saudi treaty you should inform King that both US and UK have common purpose of promoting security of Middle East and of supporting political independence and territorial integrity of all countries of that area including Saudi Arabia. In principle, therefore, US would view with sympathy security arrangements entered into between SAG and Brit for purpose of achieving this aim, provided (1) SAG considers such arrangements to be in Saudi interest, (2) such arrangements are not inconsistent with US-Saudi agreement regarding Dhahran Airbase, (3) such an arrangement would not preclude free development of political military and economic relations between Saudi Arabia and US, and (4) such arrangements would be in harmony with UN charter.

As regards specific Saudi request above mentioned, you should state US regards security of Middle East and particularly of Saudi Arabia as necessary for maintenance of world peace and desires to implement its attitude as concretely as possible. At this particular moment supply and financial considerations and arms embargo to Middle East make it difficult to meet Saudi Arabian Govt request. Nevertheless, desirability of continued contact and discussion of SAG security problems is recognized. US Govt considers that among ways in which it might be able to assist in obtaining of this are following steps:

(a) Accrediting of military attaché and military air attaché to Legation with no unusual restriction except as regards wearing of uniform. If this is not agreeable to SAG US Govt would be willing to assign military personnel to Legation on restricted basis to advise Minister on military matters, but considers result would not be satisfactory to either government unless scope of their activities became gradually enlarged.

(b) Study by US military authorities of measures which US could take to assist SAG in creation force for defense airbase, pipeline and other strategic installations. Such studies are now in progress in Washington. In this connection King pointed out Jidda's 268 [568], 1 Dec. 16, the establishment of such a defense force cannot take place immediately but will require "a long time and a long training program".

(c) ATC which operates Dhahran Airport would like to expend several million dollars to put present buildings and equipment in first-class condition and to expand housing maintenance and repair facilities. These expenditures would be in addition to those made for any expanding of existing training facilities. High Air Force officer plans to visit Riyadh this month to set forth proposed US air force

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1 Not printed, but see footnote 8, p. 209.
plan for further development Dhahran airbase. ATC, however, cannot go ahead with these plans without informing Congress and it is doubtful that it can obtain Congressional approval unless it is able to inform Congress that it will probably continue to operate field on behalf of SAG for considerable period subsequent to Mar 1949. King is undoubtedly aware that although present Dhahran training program is progressing satisfactorily it cannot be completed and Saudi Nationals cannot be adequately trained to maintain and operate airport by Mar 1949.

We are wondering if SAG would be disposed to arrange for extension over term of years of that section of agreement permitting US to operate airfield and to continue training SA nationals. Without some arrangement with King which would assure continued operation by US of field for number of years, we do not see how plans for improving field and for continuing training of SAG nationals can be formulated or carried out.

We suggest at your discretion you discuss this matter frankly with King and endeavor to ascertain what his attitude towards extension might be. If you could prevail upon him to ask us to stay our problems would be alleviated. If he makes no such request but if in your judgment after talking with him it would not be inopportune for us to ask for extension you are authorized to make such request. We would consider extension for period of five years would meet our purposes. We leave it to your judgment to decide whether definite terms should be discussed with King in your initial conversation. Please discuss with King matters contained in this telegram and inform Dept his reaction.\footnote{The Department, on February 8, requested Jidda to suspend further action concerning telegram 32, pending additional instructions. It cited the problems raised in telegram 47, February 3, from Jidda (see editorial note, p. 215) and a desire for further discussion with the British as causing a delay in making a definite approach to the Saudi Arabian Government (telegram 33, 741.90F/2-348).}

\footnote{Not printed, but see footnote 2, above.}
I think it unwise raise at this time question assignment Military Attaché Legation Jidda. We should be satisfied if SAG can be induced assignment Military Attaché for Air. While King has disapproved such assignment "at present" (see Legtel 55 of February 9) I have not abandoned hope King may be persuaded change decision in light arguments I may use based on general ways we propose assist him, as outlined Deptel 32. SAG's suggestion of difficulty reaching decision at present time will make it easier to point out our own difficulties.

If our support Palestine partition were not the excessive incubus it is in all our dealings with SAG, I would feel very hopeful in being able persuade King to request us to remain at Dhahran after March 1949. King, however, as Department aware, is under heavy attack in Arab world for what is regarded already by his excessive leniency toward US interests, in view of what is regarded as our hostility to Arab world by our Palestine policy. Even if he desired us remain Dhahran, as he probably does, after that date he is likely find it particularly difficult make such request at this extremely unpropitious moment.

I see no reason, however, why subject should not be explored with him. It is entirely possible he may feel question of extension should remain in abeyance for some months until Palestine issue has become clearer and our own relation to Arab world better defined in Arab eyes. I think it important that we make plain our interest in assisting him to the extent of spending considerable sums Dhahran and, as such expenditure obviously cannot be made if our occupancy at Dhahran is to be terminated next year, it seems desirable from point of view of indicating to King our willingness assist him, that question of airport agreement be raised.

CHILDs

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741.90F/2-1248: Telegram

The Secretary of State to the Legation in Saudi Arabia

TOP SECRET US URGENT Washington, February 13, 1948—6 p. m. NIACT

40. Favorable reaction now received from London to Dept’s suggestions re Anglo-Saudi treaty and US assistance SAG (London’s 543, Feb 12, repeated Jidda as No. 16'). You may therefore approach King as indicated Deptel 32, Feb 6.

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2 Not printed.

3 Not printed.
State and National Defense agree your conclusions unwise now raise question assignment military attaché Jidda in addition military attaché for air (re par. 3, Legtel 56, Feb 9).

In view statement SAG (Legtel 55, Feb 9) that appointment Air Attaché with military status could not be agreed upon at present, you may wish to suggest that US Govt would be willing assign Air Officer, preferably Col. Seeds, to Leg on restricted basis as explained par (a) Deptel 32, Feb 6. Because of high regard with which SAG holds Col. Seeds and because Air Corps [Force] plans to send new commander Col. O’Keefe to Dhahran in near future desirable to try for Col. Seeds’ appointment as Air Adviser to Leg on military matters pending acceptance by Saudis appointment full fledged Air Attaché.

Also agree (re Legtel 57, Feb 10) that Anglo-Saudi treaty concluded at this time might abate King’s apprehension of Hashemites and their friends. However, Dept believes it would be inadvisable for us to support any specific Anglo-Saudi treaty text that has been or may be proposed and suggests that you comment generally along line of preceding sentence if HM mentions subject.


Marshall

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* Col. Dale S. Seeds, Commanding Officer of the Dhahran Air Field.
* Not printed.

741.90F/2-2148: Telegram

The Minister in Saudi Arabia (Childs) to the Secretary of State

TOP SECRET Jidda, February 21, 1948—5 p.m.

76. [The first seven paragraphs conveyed word from Minister Childs that he had given to King Ibn Saud a memorandum containing the comments of the United States Government on the proposed Anglo-Saudi treaty, as set forth in Department’s telegram 32, February 6, and that he had summarized the memorandum at the request of the King. The latter was said to have “expressed great satisfaction” and then to have expounded his views on Hashemite machinations and on his rejection of the “humiliating” treaty with the British. He then sought, by the next day, the views of the Minister on these subjects.]

I replied I would give him my views at once explaining when I was doubtful about matters he raised with me I always told him so but I felt able give him comments at once without necessity deliberation. I could say that at the beginning of His Majesty’s remarks I was somewhat fearful but I had been reassured by what he said concerning desirability of our working in close concert with British. I had
every reason to believe my government had been at great pains assure itself British were not lending themselves Hashemite intrigues against His Majesty. US was deeply concerned with interests of Saudi Arabia. I could assure him that fact and I could assure him likewise we would not advise him to pursue policies we did not conceive to be in his interest. We had strong common interests. We were also convinced we could best serve his interests and our own by working in close contact with British. In doing so we were pursuing the course consonant with his own interests and ours. I emphasized I had no doubt these were the views of my government and I therefore did not need time for reflection to inform His Majesty that the views I had expressed concerning the desirability of our working closely together with British in concert with him represented the considered views of US as well as my own personal objective views.

His Majesty stated that while he adhered strongly to his friendship for Britain they could not always be trusted and reverted to thought they might attempt egg on Hashemites to adventures in western Saudi Arabia. I then recalled that under instructions my government I had communicated with him after my last visit in December (letter December 13 for which see Legations despatch 434, December 15 1) and had assured him of my government’s unqualified support of territorial integrity and political independence Saudi Arabia. If, therefore, he had at any time any apprehensions with reference to British Hashemite designs he had only to communicate them to my government for necessary appropriate action and I could assure him we meant what we said.

His Majesty’s eyes sparkled and he said “I have no doubt about that”.

I have rarely seen him in so pleasant a mood. He was obviously pleased. When I began to proceed with question military aid he said “time is now late. I wish you’d discuss at length with Fuad Bey and after that we can review together tomorrow.” 2

Sent Department 76, repeated London 19.

CHILDs

1 Not printed.
2 King Ibn Saud’s formal views on Minister Childs’ memorandum were embodied in his memorandum of reply, dated February 20. The King regretted that international circumstances precluded United States military assistance but noted with pleasure that American authorities were studying the situation. He then expressed the hope that “unforeseen policies” would not prevent attaining an understanding in the interests of both countries (telegram 87, February 23, 9 a.m., from Jidda, 741.90F/2-2348).
The Minister in Saudi Arabia (Childs) to the Secretary of State

TOP SECRET

JIDDA, February 21, 1948—7 p. m.

77. Re Deptel 32, February 6. After informal exploratory discussion with Fuad Bey Hamza who in turn consulted King it was thought best not to raise at this time formally with His Majesty subject paragraph c in reference telegram.

I gathered from Fuad he does not consider for various reasons including question Palestine, recent rejection Anglo-Iraq treaty and King's rejection similar Anglo-Saudi treaty present moment opportune one discuss Dhahran air base.

After Fuad talked with King he said we need have no concern whatsoever that these and other facilities would be granted US freely by SAG in case of any "emergency". In response to my questions he said further SAG might be prepared at an early date discuss nature of this and other aid SAG would be prepared to offer US in case of an emergency or imminent threat of one. When I pointed out some decision would have to be reached before March 1949 regarding operation air base he assured me this question could be dealt with in due time. He admitted SAG would not be able operate air base alone and would need guidance. He gave me as strong assurances as I believe he could under circumstances that if we had faith in SAG and showed our confidence some formula could be found satisfactory to us both.

Fuad said after my first audience with His Majesty, King had developed further idea in private talk with him on a tripartite agreement under UN between US, Great Britain and Arab states possibly through Arab League which would attain same security objectives British had sought in their proposed bilateral treaty with Iraq, Saudi Arabia and Egypt. Such an arrangement would ease the problem of those Arab states in making individual arrangements and would facilitate objectives we all sought. He did not have any precise ideas as to form but thought we should be giving thought to it.

Fuad said he agreeable to visit high ranking air force officer adding King desired I be present at this and all other visits official Americans Riyadh. He also said he thought we could work out together formula for assignment Colonel Seeds Legation.

Repeated London 20.

CHILDs

1 Saudi Arabian Minister of State.
2 On the evening of February 20, Fuad Bey brought to Minister Childs a private memorandum, with whose content the King was said to be acquainted, which stated in effect that "we may count upon making use Dhahran air base provided question military aid Saudi Arabia settled satisfactorily. Fuad emphasized we should not separate parts of a whole." (telegram 80, February 21, 9 p. m., from Jidda, 890F.7662/2-2148)
The Chief of the Division of Near Eastern Affairs (Merriam) to Mr. Edward Ramsey of the Bureau of the Budget

secret

WASHINGTON, February 25, 1948.

My Dear Mr. Ramsey: Mr. Sanger, of this office, informs me that you would like an expression of opinion regarding the request of the Department of the Air Force that $1,500,000 be made available at once for the Dhahran Airbase. It is my understanding that this money is to be used (a) to rehabilitate the electric light, airconditioning, plumbing, and sewage facilities of the base, (b) to erect a school for training of Saudi Arabian students, and (c) to construct two barracks for the use of United States enlisted personnel.

This is to inform you that the Department of State supports this request for the following reasons:

(1) When this Government was given permission to build the Dhahran Airbase the United States agreed to train Saudi Arabians in the maintenance and operation of this airfield, and such a training program is now in process at Dhahran. Unless the sewage, electric light, airconditioning, and such facilities, which were originally installed with temporary wartime equipment, are rehabilitated, and the school built it will not be possible to complete this training program.

(2) King Ibn Saud of Saudi Arabia has recently been under very great pressure from other Arab States, particularly Iraq and Trans-Jordan, to cancel the American oil concession in his country, a concession from which the United States Navy is now drawing approximately 40 percent of its oil and from which it is expected that to a considerable extent the Marshall Plan will be oiled. King Ibn Saud has so far resisted this pressure. He is, however, now asking for certain assistance from the United States and for evidence of United States Government interest in Saudi Arabia. Rehabilitation of the rundown installations at Dhahran would be a concrete instance of United States Government interest in Saudi Arabia and one which would be helpful at this time in our negotiations with him.

(3) The Government of Great Britain is endeavoring to work out an agreement with the Government of Saudi Arabia in regard to the maintenance and use of the strategic installations in Saudi Arabia. Although the United States welcomes British moves to stiffen the defenses of the Near East, nevertheless, the British proposal to King Ibn Saud will prove embarrassing to this government, unless we are in a position to show our own interest in the strategic facilities of Saudi Arabia. The Dhahran Airbase is the most important "strategic facility" in the area, and its rehabilitation along the lines mentioned above would be very helpful in strengthening our position in a country whose oil resources are of such vital importance to both our peacetime and wartime economies.

Sincerely yours,

Gordon P. Merriam
Memorandum of Conversation, by Mr. Richard H. Sanger of the Division of Near Eastern Affairs

SECRET

[WASHINGTON,] March 1, 1948,

Participants: Sheikh Asad al-Faqih—Saudi Arabian Minister
NEA—Mr. Deimel ¹
NE—Mr. Merriam ²
Mr. Sanger

After considerable discussion of Saudi Arabian commodity needs, the Saudi Arabian Minister said that he had been instructed by his Government to approach the United States with a request for a $200,000,000 loan from the Export-Import Bank. ³ $15,000,000 of this amount he hoped would be the $15,000,000 which has been ear-marked on the books of the Export-Import Bank for approximately 18 months. The Minister reminded those present that in January [February?] of 1947 Sec. Marshall had told Crown Prince Saud ⁴ that under certain circumstances it might be possible to expand this $15,000,000 to a total of $20,000,000 or $22,000,000 provided the railroad in Saudi Arabia was privately financed. Sheikh Asad al-Faqih pointed out that the railroad, which has been started from Dammm through Dhahran to Abqaiq is being financed by Aramco and not by

¹ Henry L. Deimel, Jr., Special Assistant in the Office of Near Eastern and African Affairs.
² Gordon P. Merriam, Chief of the Division of Near Eastern Affairs.
³ The Export-Import Bank, on January 3, 1946, approved a $25,000,000 line of credit to Saudi Arabia; see footnote 7, Foreign Relations, 1946, vol. vii, p. 730. In a memorandum of January 16 to Mr. Henderson, Mr. Merriam stated that "Ten million of this was made available to the government of Saudi Arabia beginning in August 1946. This money was used for such items as cereals, sugar, textiles, automotive equipment, agricultural equipment and hospital supplies". Mr. Merriam concluded his memorandum with the following observations: "(a) For many years foreign governments and private firms have been making money available to King Ibn Saud to cover his ever increasing deficits. Unless this practice is checked it will go on until a financial crisis is induced in Saudi Arabia of a magnitude far greater than the present serious but limited emergency.

(b) In view of King Ibn Saud's ever growing income there is no reason why he cannot put his financial house in order and obtain loans on their economic merits and not on the basis of politics.

(c) The Department would be happy to see the Export Import Bank ask the Government of Saudi Arabia to produce a budget and other data such as is demanded of governments requesting loans from banks.

(d) If sufficiently accurate data of this sort can be obtained and if the bank feels that on the basis of this information, this would be a sound loan, the Department would have no political objection to the loan unless in the meantime new political factors bearing on the matter should supervene." (SROF.51/1-1648). A marginal notation by Mr. Henderson gave his approval of the memorandum.

Regarding the making available of the $10,000,000 to the Saudi Arabian Government in August 1946, see telegram 185, July 10, to Jidda, and footnote 23; Foreign Relations, 1946, vol. vii, p. 746.

the Government of Saudi Arabia. He said that the $15,000,000 was needed for development projects in his country, such as public utilities, airport expansion, etc. and that the $5,000,000 was to cover purchases which have already been made by the Government of Saudi Arabia in this country. Although some of these purchases were electrical equipment, they were mostly made up of grains, other food-stuffs and various non capital items, such as trucks and textiles.

Mr. Merriam told the Minister that his request would be given earnest consideration. Although it was probable that the Minister’s request for a $15,000,000 loan for development projects would meet with favorable consideration, Mr. Merriam said that in his opinion the Export-Import Bank was not now in a position to finance current non capital imports such as foodstuffs.

It was agreed that Sheikh Asad al-Faqih would make a formal presentation of this request to the Export-Import Bank; and that the Department would have explanatory conversations regarding these matters with the Export-Import Bank.

711.90B/4-648 : Telegram

The Minister in Saudi Arabia (Childs) to the Secretary of State

SECRET

JIDDA, April 6, 1948—2 p. m.

182. London’s 1347, April 3 to Department.1 It will be recalled (Legtel 252, June 20, 1947*) as long ago as last year His Majesty King Ibn Saud was thinking along lines Arab League resolution when he suggested multilateral understanding between US, Great Britain and Arab States. Department’s reaction contained in its No. 203 to Jidda,6 3208 to London of July 26, 1947.

When I was in Riyadh in February (Legtel 77, February 21, repeated London as 20) Fuad Bey Hamza, King’s principal diplomatic adviser there, informed me His Majesty had developed his original idea of tripartite agreement embracing narrow objectives originally contemplated to one under which US, Great Britain and Arab States would attain those security objectives British were seeking in their bilateral arrangements with Iraq, SAG and Egypt. He emphasized

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1 Not printed. Beirut, on March 27, had advised that at a meeting of the Political Committee of the Arab League held at Damascus, a resolution had been adopted recommending that “member states consider proposal to be submitted to next session Arab League Council to request US and Britain to resolve outstanding differences with any individual state and thereafter to sign treaties of alliance with each state” (telegram 113, 890B.00/3-2748). Telegram 1347 from London reported the interest of the British Foreign Office in the resolution as a basis for defending the Middle East (890B.00/4-348).


3 Ibid., p. 752.
such tripartite or multilateral pact would ease problem of those Arab
states in making individual arrangements and would facilitate secu-

rity objectives we all sought in Middle East.

There has been good deal of thinking along these lines certainly in
Saudi Arabia (see Legdesp 36, February 12 first reporting conversation
with my French colleague in which he advanced similar idea). In my
comment in that despatch I remarked on the advantages which ap-
peared to me of multilateral pact embracing US, Great Britain and
perhaps French, as well as Arab States, in form of Middle East
Locarno Pact.

When Azzam Pasha, Secretary General Arab League, visited Jidda
last month we discussed subject at some length and Azzam expressed
himself to me as heartily in favor such multilateral mutual defense
agreement within scope Charter UN. Azzam stressed as Fuad Hamza
had to me very useful purpose such pact would serve relieving coun-
tries such as Iraq and Egypt from criticism which might be made by
extremist elements those countries of subservience sovereign interests
those states to single states [state?], Great Britain, in granting
strategic facilities. He thought if such strategic facilities granted
under multilateral arrangements to US and Britain, this criticism
would disappear. (See Legation's despatch 76, March 16.)

My Syrian colleague has expressed himself to me recently as very
much in favor such arrangement and it is believed by me quite certain
in view foregoing it would be particularly welcomed by Saudi
Arabia. If multilateral pact were not considered feasible comprising
US, Britain, Arab States and perhaps subsequently France,
consideration might be given bilateral pacts as suggested in Arab
League resolution.

It is recognized there are certain obvious disadvantages to inclusion
even eventually France in such pact in view low esteem in which
France held by Arab States. At same time it occurs to me association
France would have very helpful psychological value in France itself
in attaching that country more closely to US and Great Britain and
propaganda value such inclusion could perhaps be made convincing
at least to Saudi Arabia in case it was considered desirable bring
France in later after US–Great Britain arrangements had been

concluded.

General advantages such pact whether multilateral or bilateral in
character on our part and Great Britain's are to me very great. In
addition those already mentioned they would or should relieve King
Ibn Saud his perpetual apprehensions concerning his being left de-

fenseless against Hashemite designs. Such arrangements would more-

* Not printed.
over supply so far as Saudi Arabia is concerned, answer raised final paragraph my tel 158, March 22, 3 p. m. 5 concerning desirability our coordinating our strategic arrangements in Saudi Arabia with Britain in which I was looking ahead also their eventual combination whole Middle East area.

It is going rather far afield but thought is thrown out for what worth that these Middle East arrangements might even be made part of larger whole of which western European pact would be one facet and Middle East other. 6

Sent Department 182, repeated London 51, Baghdad 14. By pouch to Cairo, Beirut, Damascus.

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5 Not printed.
6 London conveyed the substance of this telegram to the British Foreign Office; a spokesman for the Foreign Office, on April 8, stated the British Government's opinion that a "multilateral pact would be of very little use: what His Majesty's Government would like is multilateral Arab League resolution under which bilateral but interlocking pacts could be negotiated with Arab states." (telegram 1456, from London, 711.80B/4-848)

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741.90B/4-743

Memorandum by the Chief of the Division of Near Eastern Affairs (Merriam) to the Director of the Office of Near Eastern and African Affairs (Henderson). 2

SECRET

[WASHINGTON,] April 13, 1948.

Subject: US Support for UK-Saudi Arabian Negotiations for Treaty of Alliance; US Attitude toward Arab Disposition to Favor Alliance between Arab League, UK and US.

In line with our general policy to promote the security of the Middle East and to cooperate with the British to that end, we have been putting in a good word when and where it would do the most good to help the British work out revised treaties of alliance with the Arab countries. Their efforts have succeeded with Transjordan 2 but have bogged down with Egypt, Iraq 3 and Saudi Arabia. However, the Saudi Arabian situation is such that the British can make a new approach designed to elicit counter-suggestions from King Ibn Saud as to the basis on which negotiations might be continued. The first half of the attached draft telegram to Jidda is designed to help the

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1 Marginal notation by Mr. Henderson: "I agree".
2 The British Treaty of Alliance with Transjordan was signed at Amman on March 15, 1948; for text, see British Cmd. 7401: Treaty Series No. 28 (1948).
3 Documentation on the unsuccessful efforts of the United Kingdom to enter into revised treaties of alliance with Egypt and Iraq are included in the sections on these countries in this volume.
British in the new approach their Minister has been instructed to make.

King Ibn Saud, Lebanese, Syrian and Iraqi leaders, and Azzam Pasha (Secretary-General of the Arab League) have indicated to our representatives that they feel the nationalistic leaders in the Arab world have got themselves into a box: The latter will not sign treaties of alliance with the British on terms which will permit the British to carry out their end of the obligation. Therefore, the broader-gauged Arab leaders consider that the Arab countries might enter into a treaty or some kind of arrangement with Great Britain as a group, thus accomplishing together what domestic politics do not allow them to accomplish singly. The possibility of making a group arrangement with the United States as well as with Great Britain is also being considered by the Arabs. There is no doubt that they fear that an alliance between the Arab countries and Great Britain might well, in view of present British weakness, be more of a liability than an asset unless the United States was associated with it in some way.

For their part, the British consider that an Arab League-Great Britain arrangement (with the United States added if we are agreeable) might possibly solve the present impasse. However, they do not want a vague alliance which will commit Great Britain to the defense of the Arab Near East unless facilities are granted enabling them to carry out their commitment. The British will shortly point this out to Ibn Saud and to the Lebanese. The working-level view in the Foreign Office is that the best plan would be an Arab League resolution forming an umbrella under which the British could go ahead with their bilateral treaties. (This transparent device would probably not appeal to the Arabs.)

It is, of course, clear that the United States should not give any encouragement to any idea that we would participate in an alliance arrangement with the Arab Near East. On the other hand, we are interested in the security of the area and should keep informed on the development of Arab ideas coming in so that we can throw cold water on any unrealistic plans before they become formalized, and encourage any trend that coincides with our interests and capabilities. The last part of the telegram is directed to this end.

It is recommended that you sign the attached telegram.\(^4\)

G[ORDON] P. M[ERRIAM]

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\(^4\) See telegram 125, April 14, to Jidda, p. 231.
The Acting Secretary of State to the Secretary of Defense (Forrestal).

TOP SECRET

WASHINGTON, April 13, 1948.

My Dear Mr. Secretary: Attached is a copy of a letter from Mr. T. E. Bromley, First Secretary of the British Embassy in Washington, to Mr. Gordon P. Merriam, Chief of the Division of Near Eastern Affairs, Department of State, dated March 24, 1948, which it is requested be referred to Major General Alfred M. Gruenther, Director [Joint Staff] of Joint Chiefs of Staff.

You will note that in this letter Mr. Bromley states that it has been decided in London that it would be better not to resume negotiations with King Ibn Saud until it can be seen how the situation will develop in Iraq. In the opinion of the British this period of delay provides a good opportunity to decide in detail exactly what strategic facilities the British and Americans require from Saudi Arabia.

You will recall that the British previously approached the US Chiefs of Staff, through the British Joint Services Mission in Washington, and that after discussion the Joint Chiefs of Staff replied that they would prefer that the document should receive prior consideration by the Department of State. With this in mind the Foreign Office has now asked the British Embassy in Washington to obtain the considered views of the Department on this question, together with those of the US Chiefs of Staff. [Here follows comment on a British paper concerning British strategic requirements in Saudi Arabia.]

Comments of the Joint Chiefs of Staff on this paper and their decision as to what strategic facilities the United States will require in Saudi Arabia will be appreciated. When they have come to a conclusion on this matter it might be well to hold a meeting with members of the Division of Near Eastern Affairs and the Joint Chiefs of Staff to review and coordinate our positions before response is made to the British.

Sincerely yours,

Robert A. Lovett

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1 Not printed.

741.90B/4-748: Telegram

The Acting Secretary of State to the Legation in Saudi Arabia

SECRET

WASHINGTON, April 14, 1948—5 p. m.

125. Dept assumes Brit Minister has informed you of his definite instructions from London re resumption treaty talks with King. These appear to have as principal purpose to explain reasons behind nature of original Brit proposal, to invite specific counter-proposal from 429-027—75—16
SAG, and, while giving some encouragement to Arab League as contrasted with bilateral concept, to discourage development of Arab League security concept in a form which Brit would consider ineffective.

In your forthcoming conversation with King Ibn Saud you are authorized to say in your discretion that we believe Brit are sincere in their desire to work out treaty arrangements with Arab countries including SA which will contribute to security of Middle East and that we continue to be hopeful that arrangements which are mutually beneficial and acceptable will be consummated. HM's idea of an Arab League approach to the problem is an interesting one but obviously requires careful thought and friendly consultation at all stages if it is to bear fruit. There would be no gain if Arab League countries were to work out a system of security which would require backing if such a system would be considered impracticable by the British.

You should add that you have reported to your Govt HM's thought that US might in some way participate in ME defense arrangements, and that similar thought has been expressed in other Arab quarters. While US Govt cannot give any assurances whatever in this regard, it would be glad to be kept apprised of development of ideas Arab Govts on security matters of common interest to them.


LOVETT

S90F.00/4-1748: Telegram

The Minister in Saudi Arabia (Childs) to the Secretary of State

TOP SECRET

JIDDA, April 17, 1948—10 a. m.

207. In accordance request His Majesty [that?] I go urgently Riyadh, I flew there fifteenth and sixteenth returned. I saw His Majesty twice and conferred at length with Shaikh Yusuf, Yassin.

Shaikh Yusuf showed me a British communication which had already been subject discussion between Trott and me, and I was shown translation His Majesty's reply and asked state my views. It is presumed Department will obtain text from British Ambassador Washington but if not available, Legation will telegraph.

I cleared up first of all serious misapprehension gained from British memorandum re British desire bring about better relations SAG on one hand and Iraq and Transjordan on other. Shaikh Yusuf had interpreted British memorandum to mean that unless SAG would accept treaty similar British-Transjordan and British-Iraqi treaty or some other similar treaty, British would not defend SAG against aggres-
sion. I informed Shaikh Yusuf I felt sure it was not intention British Government insist on conclusion treaty similar to rejected British-Iraqi treaty. Britain in its present memorandum was merely justifying its previous offer of treaty to SAG along lines Iraqi [sic] treaty and instancing this as evidence its desire not to differentiate or show any less friendly feelings for SAG than manifested for Iraq and Transjordan. I pointed out to Shaikh Yusuf that what British in fact had stated in memorandum was that since their previous efforts to bring about better understanding had not been successful, they were now inquiring of SAG for its own suggestions as to how relations might be improved between SAG on one hand and Iraq and Transjordan on other.

I plainly indicated to Shaikh Yusuf my disappointment with paragraph 6 SAG’s reply to British. This reads in translation as follows:

[Here follows a translation of this paragraph, which asserted that the way to help the Arabs was to provide them with “arms and necessary factories”, as well as training facilities. The King expressed his view that it would be futile for the British to restrict their help to sending troops to occupy Arab countries, which they would not accept. The ideal plan was to follow the example of the aid granted to Turkey. If similar aid were extended to the Arabs, they would, without formal commitment, effect the necessary cooperation.

Then follows another paragraph in which Shaikh Yusuf quoted the last paragraph of the reply, which in general was a summation of the previous paragraph.]

In long discussion, I presented following essential points: We had granted aid to Turkey 1 when international situation was far from as threatening as at present. Turks had basis trained army. Today situation was such we could not improvise or hope to gain time for preparations as we had been able in first two world wars. We and British had planes and ships and motorized equipment. Arab states had very little. First brunt of defense would fall on those powers now in state of preparation. It might take several years to bring forces of Saudi Arabia and other Arab states to point where they could share burden of defense. First and most important task confronting problem of defense measures was providing adequate facilities to those powers capable of taking immediately defensive measures. I expressed also strong hope that insistence upon question of sovereignty or of freedom of territories from occupation did not necessarily mean that in elaboration of any plans necessary facilities for adoption defensive measures would be denied. I cited fact repossessed bases in British and Portuguese sovereign territories, amongst others, which did not detract

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1 For documentation on United States aid to Turkey, see vol. iv, pp. 1 ff., passim.
from sovereignty of those countries, and were not considered a
servitude.

I expressed strong personal hope, His Majesty would use his in-
fluence with Arab League induce League pass resolution along lines
indicated in British memorandum. His Majesty stated he was pre-
pared conclude treaty with both US and Great Britain, and added in
consideration very close relations with US our treaty should contain
supplementary protocol providing following special circumstances
incident to our close relations. Shaikh Yusuf added that His Majesty
would be prepared use his influence along lines suggested. Shaikh
Yusuf, who appeared impressed by my arguments stated fundamental
principles set forth in last paragraph British memorandum quoted
above are, of course, subject to discussion and interpretation. He said
"we are ready to accept any suggested amendments from you."

Sent Department 207, repeated London 59, Baghdad 17, pouched
other Arab capitals.

CHILDs

S9OF 00/4-1948: Telegram

The Minister in Saudi Arabia (Childs) to the Secretary of State

TOP SECRET

JIDDA, April 19, 1948—2 p. m.

210. Legtel 207, seventeenth. King made following important points
in my final audience morning April 16:

1. Isolated treaty between SAG and Britain is not sufficient. What
is most desirable is network of treaties between Britain and
all Arab states and US and all Arab states. His Majesty would
prefer multilateral arrangement but form less important than sub-
stance and bilateral treaties would be satisfactory provided they were
negotiated at same time.

2. Considering closeness Saudi relations with US Saudi treaty with
US more important to His Majesty than one with Britain. He is pre-
pared to conclude treaty with Britain in conformity with principles
set forth in reply to British memo but he desires most of all treaty
with US.

3. His Majesty desires views US Government regarding above and
his reply to British memo.

Shaikh Yusef added outside audience satisfactory settlement Pal-
estine and Egyptian questions were necessary to achieve unity be-
tween Arabs and US and Great Britain. I replied I thought Arabs
should be convinced we were making every effort in UN to bring
about Palestine settlement which would attain peace in that country,
while British were in our opinion sincerely desirous reaching Egyp-
tian settlement which was most conducive security objectives we all shared.

Sent Department 210; repeated London 60; Baghdad 18.

CHILD'S

690F004-1948: Telegram

The Acting Secretary of State to the Legation in Saudi Arabia

TOP SECRET

WASHINGTON, April 22, 1948—7 p.m.

142. Cirtel April 21 [22]. Reference is made in this connection to desire of SAG to work toward close cooperation with US in matter of self-defense against external aggression, particularly through receipt of military aid similar that extended to Turkey (Legtel 207 April 17) and conclusion treaty with US. (Legtel 210 April 19). Your responses to these overtures correctly stated our reaction and have our full approval.

You might also inform SAG that although Dept realizes importance these matters, it sees little to be gained in discussing them so long as security and economic welfare entire ME is threatened as result Palestine situation. (Reference last two substantive paras of cirtel April 21 [22].)


LOVETT

1 This document is included in documentation on Israel, scheduled for publication in part 2 of the present volume.

2 In a memorandum of May 18 to Mr. Lovett, Mr. Henderson stated that the decision to withhold military aid from Saudi Arabia "should be looked upon as representing a temporary position held by this Government. At such time as a settlement for Palestine is reached, it will then be necessary for us to know what are to be our strategic interests in Saudi Arabia, in order that our diplomacy may work to protect such interests. To that end, a study is now being made by the Department of National Defense, and the problem will shortly be discussed by the Joint Chiefs of Staff. It may also be discussed by the National Security Council." (690F005-1848)

890F79624-3448: Telegram

The Minister in Saudi Arabia (Childs) to the Secretary of State

TOP SECRET

JIDDA, April 24, 1948—9 a.m.

224. General Harper¹ and I, Sanger, Colonels O'Keefe² and Snyder³ spent April 21 to 23 Riyadh where we had several audiences


² Col. Richard J. O'Keefe, the designated successor to Col. Seeds as Commanding Officer of the Dhahran Air Field.

³ Col. Harry R. Snyder, Chief of the Air Training Mission at the Dhahran Air Field.
with His Majesty and long exchanges views with Thaikh Yusuf Yassin, Deputy Foreign Minister. His Majesty could not have been more cordial in his welcome of us and spoke with great frankness and spirit utmost friendliness his defense problems about which he is deeply concerned. His Majesty exhibited keen realization of threatening world situation and recognized Saudi Arabia might well become one of centers of operations in any world conflict. He stressed present vulnerability and defenseless character in particular oil installations.

General Harper outlined at length what Department Air Force able offer in way funds and training Dhahran air base. His Majesty listened most attentively and asked pointedly, “Is that all?” When General Harper assented, His Majesty expressed great disappointment and said he was going to speak frankly as one friend to another. He then said he had requested US Government some months ago for concrete military aid. With present acute situation, he stated Saudi Arabian needs as consisting of four Saudi Arabian groups of 20,000 men each, fully equipped and trained in mechanized warfare. Implicitly we \( [\text{hef}] \) recognized that he would rely on US for any defense against a major power but emphasized Saudi Arabian forces he had in mind would not only assist our defense plans but would be available to him for use in developing defense his borders against Hashemites whom British were arming. It was stated in event attack by Russia, there was no doubt in His Majesty’s mind but what we would come immediately his defense but suppose, by way of example, Saudi Arabia were attacked by Bahrein. We would probably be content to refer matter to UN.

King stated, “Truly and actually, I never believed US Government would give me this kind of reply to my request for aid. What-General Harper has to offer is satisfactory for a time of civilization and peace but it is not for today. There are hostilities all around us. War may be with us very soon. If the Americans are to arrange to give such training as offered at Dhahran, at Nejd, and elsewhere in Saudi Arabia, that would not be useful in such critical circumstances. I do not know of any other government except the British from which I can get help. In the past, British have been my friends and have given me considerable assistance but since discovery of oil and granting oil concessions to Americans, British have changed in their attitude. They are now supporting Hashemites. Truly I am in a critical situation. British themselves will not harm me but Hashemites groups will. My enemies are saying I have given Saudi Arabia over to the Americans. My enemies in Islamic countries spread rumors I have even permitted

\* In telegram 111, April 6, 7 p. m., the Department had informed Jidda that $1,500,000 had been allocated to recondition the Dhahran Air Base (890F.7962/4–248).
Americans occupy holy places. If the Americans are really my friends they must change the offer that General Harper has brought. America must help me at least as the British are helping the Hashemites.

It is our thought Departments of State and Defense should draft without delay informal agreement using existing Dhahran air base agreement as basis in which there would be incorporated provisions relating not only continuance our use Dhahran but other airport facilities as well, and in which provision would be made for specific military aid we may be in position furnish for defense Saudi Arabia. One of striking statements made by Shaikh Yusuf was "You should think of Saudi Arabia as your own territory in elaborating your defense plans". As reported previously, His Majesty is averse to treating question continuance our occupancy Dhahran air base apart from broad general question Saudi Arabian defense. One of reasons for this and perhaps controlling one is that if we furnish him specific military aid he has in mind he can then justify to Arab world facilities he is prepared and entirely ready to grant to US at Dhahran as well as elsewhere. Such an agreement, it is believed would satisfy His Majesty's request for mutual defense pact and would have other obvious advantages.

Attitude His Majesty may best be summed up in statement "do something concrete now or tell us that you are going to do nothing". Under these circumstances we suggest the various studies now being carried on in Washington regarding US defense plans in Saudi Arabia be pushed to a rapid conclusion. If decision these studies is negative King should be so informed as quickly as possible. If on other hand it is decided we will take active steps to defend the Arabian Peninsula we suggest that a party of American technicians under auspices Department Defense come to Saudi Arabia and confer with King and his advisers, and be prepared submit cost program to SAG which they would be expected to bear. It is opinion His Majesty and our opinion the time for talk has passed and it is imperative group which is sent to Saudi Arabia should be empowered to make commitments which might be incorporated in agreement referred to above.

To summarize in words Shaikh Yusuf, "if US should offer adequate military aid US Government may ask what help it may need and His Majesty will grant it. In fact His Majesty will not wait for you to make requests. He will make the offers to you when needed".

We are confident if problem Dhahran air base treated on foregoing basis we need have no concern regarding our ability obtain facilities Saudi Arabia we may desire for our own defense needs.

Sent Department 224, repeated Dhahran 125. Department please pass Department of Air for ASNF.

ChilDs
CONFIDENTIAL

JIDDA, May 6, 1948.

SIR: I have the honor to refer to my telegrams No. 206 of April 14 and No. 209 of April 17, 1948, and to report that Mr. Judd Polk, United States Treasury Representative attached to the American Embassy in Cairo, arrived in Jidda on April 20, 1948, and remained in Jidda until May 2, 1948, for an investigation of the particular situation created by the payment of Arabian American Oil Company oil royalties to the Saudi Arabian Government in gold sovereigns, as well as the general financial situation of the Saudi Arabian Government.

Immediately upon Mr. Polk's arrival Shaikh Abdullah as-Sulaiman, Minister of Finance, was informed of his presence by the Legation and it was stated that Mr. Polk was at the disposition of the Minister of Finance and of his advisers for any discussions which they might care to have with him concerning their particular problems. I have reason to believe that both the Minister of Finance as well as His Majesty, were extremely gratified by the promptness with which Mr. Polk made his services available and, as I had anticipated, the peculiar nature of the problems confronting the Saudi Arabian Government as a result of an influx of gold sovereigns made the Minister of Finance peculiarly receptive to a discussion of Saudi Arabian financial problems with Mr. Polk. Mr. Polk had several initial conversations with the Minister of Finance and his principal assistant,
Shaikh Mohammed Suroor, at which Second Secretary Donald C. Bergus and Third Secretary T. Andrew Galambos were present. Mr. Polk requested certain information of the Government to enable him to pursue his inquiries, and Mr. Polk informed me that he was very much encouraged by the very sincere effort made by the Government to supply him with the information which he desired.

Toward the close of his visit Mr. Polk consulted with me concerning a draft communication to Shaikh Mohammed Suroor embodying certain personal suggestions which he felt it would be desirable to offer the Saudi Arabian Government in meeting its financial problems. It was both my view and Mr. Polk's that these suggestions should be made in the most informal manner and that every appearance should be avoided of pressing the Saudi Arabian Government to adopt any particular course of action or to employ financial experts or counselors of American nationality. It was felt that the more disinterested our informal advice was framed, the more likely the chances of such advice being given serious consideration. Local considerations regarding the need for presenting currently unpalatable advice in a manner which might leave the Ministry of Finance in a receptive mood for further patient exposition by their own advisors of the need for future implementing measures largely indicated the form in which the memorandum was cast.

I enclose a copy of the suggestions as finally framed by Mr. Polk, which were communicated to Shaikh Mohammed Suroor on April 30, 1948. It will be observed from the enclosed memorandum that Mr. Polk has made an analysis of prospective revenues of the Saudi Arabian Government for the ensuing four years, from which it appears that dollar revenues alone may total in 1948 56 million dollars, in 1949 70 million dollars, in 1950 100 million dollars, and in 1951 120 million dollars. Mr. Polk next analyzes the present losses of the Saudi Arabian Government through its currency and exchange operations and he makes certain suggestions for avoiding these losses, including the giving of consideration to the reduction of the silver content of the riyal and the eventual introduction of a paper currency. Mr. Polk also recommends the employment of carefully chosen foreign experts who might prove exceedingly useful in setting up operating and accounting procedures. Finally, Mr. Polk points out the desirability of the employment by the Saudi Arabian Government of one or more foreign consultants who might advise the Saudi Arabian Government concerning its monetary problems.

On May 1, 1948, Mr. Polk, in company of Mr. Donald Bergus and Mr. T. Andrew Galambos, presented his memorandum to Shaikh

*Not printed.
Mohammed Suroor. At this conference Shaikh Mohammed Suroor indicated his general agreement with the points made by Mr. Polk in his memorandum but expressed disappointment that it did not deal with the specific problem of dollars which Shaikh Abdullah Sulaiman had raised originally with me. I had anticipated that this would be the first point raised by the Saudi financial authorities and Mr. Polk pointed out that the monetary problem arising from a decline in the premium rate on sovereigns was not a genuine dollar problem of the Government. Mr. Polk emphasized that Saudi Arabia's dollar problem was not really a problem of needing credit, but rather a problem of the effective and wise use of the Saudi Arabian Government's very rapidly growing dollar revenues.

On May 2, 1948, Mr. Polk in company with Mr. Galambos called on Shaikh Abdullah Sulaiman to discuss the memorandum previously presented by Mr. Polk to Shaikh Mohammed Suroor. At this conference the Minister of Finance expressed a desire for Mr. Polk's opinion on how the Saudi Arabian Government could best market its sovereigns. Mr. Polk replied that he was incompetent to advise him on this point but expressed willingness to refer his question to the Chase National Bank representative for the Middle East in Cairo.

Shaikh Abdullah Sulaiman then outlined his general plans for handling Saudi Arabian finances. He stated that it was the Government's purpose to establish a central bank in which the Saudi Arabian Government would deposit 214 million paper riyals, an amount equivalent to the recently published budgetary expenditures of the Government. The Government would draw on these riyals against the deposit of gold sovereigns at the rate of 65 riyals per sovereign.

Mr. Polk stated that he was gratified at the direction of Shaikh Abdullah's thinking, but that he was worried over the notion of stabilizing the riyal in terms of the sovereign, inasmuch as the sovereign itself has a fluctuating value. Shaikh Abdullah stated that he would in any event make no decision without first obtaining the advice of competent experts. The Minister of Finance added that the Government proposed to obtain Egyptian advisers, and Mr. Polk mentioned as a suitable candidate Darwish Bey. Shaikh Abdullah asked Mr. Polk if he would approach Darwish Bey to ascertain whether he would be interested in the post of consultant.

In concluding the interview the Minister of Finance stated he had great respect for American financial opinion and knew our advice was disinterested. He reminded Mr. Polk he had first turned to the "friendly American Government" when he needed advice on financial problems, and he assured Mr. Polk he would again turn to the "friendly American Government" for its comments on such advice as the consultants whom he might employ would have to give him. I
enclose for the record memoranda of Mr. Polk’s conversations of May 1 and 2, 1948.¹

I believe a very useful start has been made in the turning of the thoughts of the Saudi Arabian Government seriously to a consideration of the modernization of its currency and financial problems. I wish to express my great appreciation of the extremely valuable services rendered by Mr. Polk to the Legation in this instance. I have expressed to Mr. Polk the hope that in the event the wish should be expressed at any time by the Saudi Arabian Government for his presence in Jidda for consultation he make every effort to accede to such desire. I feel strongly we have an exceptional opportunity presented to us at the present time and that if we are prompt in taking advantage of it and prudent in our approach to the Saudi Arabian authorities we may accomplish a great deal in the way of assisting the Saudi Arabian Government to the effective solution of its monetary and financial problems.⁵

Respectfully yours,

J. RIVES CHILDS

¹ Neither printed.
² Mr. Polk made a second report on Saudi Arabia’s financial situation on May 31. A copy was transmitted to the Department by Jidda in despatch 160, June 5 (890F.5151/6-548). The report, as quoted in the despatch, stated in part: “Saudi Arabia’s financial problem is how to convert the revenues from oil into lasting production gains. The problem is dramatic because of the size of prospective aggregate earnings—at least $2½ billion and possibly as much as $15 billion. The problem is sobering because of the very real difficulties in finding promising lines of economic development in so barren a land. The problem is urgent because oil is a depletable resource—its benefits will accrue for perhaps 25 to 50 years. As far as it is now known, there is nothing to take oil’s place once it is gone. So the problem may be more definitely stated as how to translate $2½–$15 billion into as big a gain in production as possible, and to do so within a generation or two.”

890F.51/7-348: Telegram

The Secretary of State to the Legation in Saudi Arabia

CONFIDENTIAL

WASHINGTON, July 3, 1948—noon.

256. 1. Unused portion SAG credit with Eximbank amounting to 15 million was due to expire June 30. At Dept request Board Directors Bank agreed to two weeks extension while SAG is deciding whether or not to ask for further extension.

2. Legation here asked SAG for instructions and has told Dept (a) SAG will not request extension because of current resentment our attitude Israel and (b) if we permit credit to expire without extension this would be considered further evidence of unfriendliness on our part.

3. Eximbank naturally reluctant to grant extension without request from borrower. Strong pressure from Dept might overcome this
reluctance, but we have no assurance on this point nor do we believe at present Dept should exert such pressure.

4. If SAG requests extension before July 14 Dept believes chances very good that Board will act favorably.

5. Even without extension Bank would consider loan applications for specific projects on their merits. Thus, no substantive loss to SAG through expiration except remote possibility Bank funds will approach exhaustion. Nevertheless, Dept believes expiration without adequate explanation in advance to SAG would unnecessarily strain relations between US and SAG.

In view attitude of SAG and factors outlined above Dept proposes to take no action regarding this line of credit unless it receives an indication that SAG desires the loan extended beyond July 14.

MARSHALL

890F.51/7–648: Telegram

The Minister in Saudi Arabia (Childs) to the Secretary of State

CONFIDENTIAL

JIDDA, July 6, 1948—noon.

396. Finance Minister sent for me today following his return from Riyadh. He referred to inquiry made by Department of Saudi Arabian Government Legation Washington whether Saudi Arabian Government intended take up balance 15,000,000 loan from Exim Bank. Finance Minister stated question had been considered by His Majesty two days ago and it has been decided that no part of remaining loan available would be taken up. He added “decision had been reached in view of attitude taken at this time by US Government”. No specific reference was made to Palestine but meaning was obvious. Finance Minister said he had been instructed by King to acquaint me with foregoing.¹

From this and Legtel 395, July 6,² Department will note Saudi Arabian Government is placing its relations with US on more and more formal basis and is turning to British Government for advice and assistance formerly sought from US. In light many telegrams from this Legation prefiguring this development it should not be unexpected to Department.

¹ In a memorandum of July 13 to Garrison Norton, Assistant Secretary of State for Transportation and Communications, Joseph B. Knapp, Director of the Office of Financial and Development Policy, stated that in view of telegram 396, the Export-Import Bank credit to Saudi Arabia should be allowed to lapse (890F.51/7–1348).
² Not printed; it reported that the Saudi Arabian Government wished to have the assistance of the Bank of England in introducing a paper currency backed 100% by gold (890F.515/7–648).
Pouched Arab capitals. Sent Department as 396, repeated London as 118, Amcon Dhahran as 200.

Childs

998. For Polk from State & Treasury.

1. Ref Legtel 402 July 9, [from] Jidda. Polk authorized travel Jidda as may be required.

2. Believe strongly Saudis should not rush into new currency plan without careful study and preparation. Information lacking in Washington for adequate evaluation of approach to problem outlined in Polk’s report No. 160 of June 5 from Jidda and, although we are in general sympathy with his approach, we feel that he can be most useful to Legation and SAG in this matter only on basis that he can, over period of some months, continue study of situation and report to Washington. Polk should feel free continue informal discussion with Saudis re entire range of problems.

3. For reasons stated in para 2 our comments on SAG’s plans are very tentative. However, we would advise strongly against plan to peg riyal at 65 per sovereign for reasons given Polk. Also believe any attempt at present to fix internal value of riyal in terms of sovereigns will fail in view fluctuating gold and silver bullion prices in Middle East.

4. Re question linking currency to dollars or sterling, important question is not formal linking but question of what assets are held as currency reserves. As almost all Saudi exchange earnings are in gold or dollars, it would be reasonable to hold same as principal currency reserve since such assets expendable in any currency area. It follows that principal exchange quotation would be in dollars. [State and Treasury.]

Marshall

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*Not printed.
† The reference is to Minister Childs’ despatch 160; see footnote 5, p. 241.
‡ This telegram was repeated to Jidda as No. 280.
Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Forrestal)\textsuperscript{1}

TOP SECRET

WASHINGTON, 10 August 1948.

Subject: Strategic Requirements of the United States and United Kingdom in Saudi Arabia.

In accordance with the memorandum from your office dated 14 April 1948, the Joint Chiefs of Staff have considered the letter attached thereto from the Acting Secretary of State dated 13 April 1948.

In the formulation of the statement of views requested by the Acting Secretary of State concerning the strategic facilities required by the United States in Saudi Arabia, the Joint Chiefs of Staff found it necessary to appraise the position and security interests of the United States not only with respect to Saudi Arabia but of the entire area of the Middle East and the Eastern Mediterranean.

Because of the changing and critical world conditions, criteria for assessing strategic facilities requirements are difficult to formulate in other than general terms. A summary of the criteria is as follows:

\textit{a.} At this time the United States and Great Britain have the same over-all complementary but not necessarily mutually exclusive strategic interests in Saudi Arabia as well as in the Middle East–Eastern Mediterranean area.

\textit{b.} These interests concern:

\begin{enumerate}
\item Peace and stability.
\item Free access to and transit through and over the entire area.
\item The development of oil resources together with the facilities necessary for such development.
\item Preservation of the integrity of the entire area from foreign unfriendly influence and domination, and
\item Use of bases in the area in the event of major war.
\end{enumerate}

\textit{c.} United States requirements in Saudi Arabia can only be arrived at following consideration of our over-all requirements within the framework of our global strategy and in the light of changing world conditions.

\textit{d.} Our interests in the Middle East–Eastern Mediterranean area cannot be viewed from the standpoint of United States security alone but must include like consideration of the security of our potential allies.

Based on the above general criteria, the United States strategic requirements in the Arabian Peninsula–Red Sea–Socotra Island area are:

\textsuperscript{1} Copy transmitted to the Secretary of State by Secretary Forrestal with his letter of August 16, not printed.
a. Denial to any potentially hostile power of any foothold in this area.

b. Friendly relationships which can be promoted by social and economic assistance, together with such military assistance as may be practicable, once the present embargo on the shipment of arms to the Middle East is lifted, to insure collaboration by the indigenous peoples in the common defense of the area.

c. Development of the oil resources in this area by the United States and such other countries as have and can be expected to have a friendly attitude toward the United States.

d. The right of military forces of the United States to enter the area upon a threat of war.

e. The right to develop and maintain in that area those facilities which are required to implement d above.

Not all of the United States military requirements in this area can be foreseen because of the changing world conditions and the possibility of the formation of a general Middle East security system. However, in order to provide for the introduction of United States military forces, arrangements should be made now for the following strategic facilities in Saudi Arabia to implement d and e above:

a. Adequate telecommunications facilities at Dhahran or nearby places.

b. Airbase facilities in the Dhahran area sufficient

(1) for the operational use of all types of modern military aircraft, and

(2) for a United States training mission so expanded that it, in conjunction with Saudi Arabian nationals, can defend United States military installations in the Dhahran area.

The strategic facilities required in the remainder of the area (Arabian states not under the control of the Saudi Arabian government, the Red Sea littoral and Socotra Island) are telecommunications and airbase facilities in Aden, Hadhramaout, Oman, Trucial Oman, Socotra Island and Asmara; air and naval base facilities at Massaua; air and advanced ship repair facilities in Aden; advanced naval base facilities at Bahrain.

In the light of the possibility of far reaching changes in Palestine, Turkey, Iran, and Afghanistan, the Joint Chiefs of Staff are keeping the situation in this part of the world under constant review. Since changes in the situation may affect United States strategic requirements in the Middle East–Eastern Mediterranean area, the Joint Chiefs of Staff will inform the Secretary of Defense when such requirements change.

Although no direct comment has been made on the British memorandum ... the Joint Chiefs of Staff would point out that the foregoing analysis indicates that the strategic interests of the United
States and Great Britain in the Middle East are so interrelated that they should be considered as a whole. They have no objection to the use by the Department of State of the foregoing views as a basis for reply to the Foreign Office.

While the reply to your memorandum was under consideration, the Joint Chiefs of Staff received a memorandum from the British Joint Services Mission. . . . The Joint Chiefs of Staff perceive no military objection to establishment by the British of the three airfields mentioned in their memorandum.

For the Joint Chiefs of Staff:

WILLIAM D. LEAHY,

Fleet Admiral, U.S. Navy

Chief of Staff to the

Commander in Chief of the Armed Forces

SECRET

WASHINGTON, August 14, 1948—2 p. m.

310. Because US-Saudi Arabian agreement regarding American activities Dhahran airfield expires Mar 15, 1949, question extension this agreement must be brought up with SAG before long.

Please wire your views regarding timing and best approach in raising this subject. (Re Dhahran despatch 55, June 12, preliminary study by Air [Force] shows reported figures on operating cost of base are fairly accurate.) You may wish consider extension matter with Col O’Keefe before submitting reply. In this connection, Air Force has been informed by Col O’Keefe he and Col Snyder feel bad morale effect continuing training Saudi Arabs in airport operation with present improvised facilities might justify stoppage training program until new school building completed.

Col O’Keefe has been instructed discuss training stoppage with you. Dept feels final decision rests with you, O’Keefe and Snyder. From this distance however, in view delicate nature and US commitment train Saudis at airport it would seem effects complete stoppage training program more serious than injury to morale of trainees due to lack new school building.

MARSHALL

1 Not printed.
SECRET

JIDDA, August 17, 1948—11 a. m.

466. Deptl 310, fourteenth.

1. Question extension agreement discussed with Lt. Col. Rhea representing Col. O’Keefe and Col. Snyder last week in Jidda. We are in agreement that it would be most impolitic raise question with SAG now. I am strongly of opinion we should wait until last possible moment in hope future developments may make SAG more receptive to extension and may even induce it to take initiative in raising question with us. SAG has already intimated to me that we may have extension provided we are ready to treat airport as part of larger defense strategy this country and are prepared to give SAG assistance in equipping and training its forces. I presume that under present situation in Middle East we are not in a position to make any commitments in this regard at this time. This being the case, we would risk either an outright rejection of our request for an extension to be made at this time or would have to face a request from SAG for military assistance which we would have to reject. In my opinion, we should not consider raising question extension with SAG before early 1949 unless in meantime situation had so radically changed to make it appear time and circumstances more propitious than those at present.¹

² The Department informed Jidda, on September 8, after discussions with the Air Force, that “no move will be made at present to begin discussion relative extension Dhahran airport agreement. Situation will be reviewed by State and Air Force about Oct 15 with view to determining date discussions should be initiated.” (telegram 340, 890F.7962/8-1748)

2. Re training stoppage, Legation has had recent exchange views this subject with Col. O’Keefe and we are all in agreement that training must go on. [Here follows further discussion of this subject.]

Sent Department 466, repeated Dhahran 237.

¹ The Department informed Jidda, on September 8, after discussions with the Air Force, that “no move will be made at present to begin discussion relative extension Dhahran airport agreement. Situation will be reviewed by State and Air Force about Oct 15 with view to determining date discussions should be initiated.” (telegram 340, 890F.7962/8-1748)

CHILDs

Editorial Note

A direct radiotelegraph circuit between the United States and Saudi Arabia was opened on September 16. The first message it conveyed, sent by Secretary Marshall to Minister Childs, is printed in Department of State Bulletin, October 3, 1948, page 449. For documentation on the proposed establishment of the circuit, see Foreign Relations, 1945, volume VIII, pages 1009 ff.
Memorandum by Mr. Paul H. Nitze, Deputy to the Assistant Secretary of State for Economic Affairs (Thorp) to the Under Secretary of State (Lovett)

RESTRICTED

[WASHINGTON,] October 13, 1948.

Subject: Monetary Advisors for Saudi Arabia

Reference is made to a letter dated October 1, 1948 on the above subject from Mr. Robert I. Brougham, Financial Vice President of the Arabian American Oil Company (Tab A) also to a similar letter on the subject addressed to Mr. Snyder of which you have a copy (Tab B). Briefly, the oil company has proposed that Mr. George Eddy, Chief of the Gold, Silver and Stabilization Fund Branch of the Office of International Finance, Treasury Department, go out to Saudi Arabia on or about October 28 in company with Mr. Brougham and other officials of the oil company and as an unofficial observer, to participate in discussions on monetary problems in that country with the Saudi Arab Government.

It is understood that on the basis of this request and after discussion of the matter with Mr. Snyder you have indicated to Mr. Philip Kidd of the Washington office of Aramco that there would be no objection on the part of the Treasury and State Departments to the company's proposal.

Discussions have been taking place concerning Saudi Arabia's monetary problems for a number of months between officers of NEA and OFD, officers of the Treasury Department, and representatives of Aramco. These discussions have brought to light the following pertinent facts:

(1) Although the United States Government has received no written request from Saudi Arabia for a financial advisory mission, the Saudi Arabian Government has indicated on a number of occasions to officers of the Legation at Jidda and to representatives of Aramco that it would welcome technical advice from the United States Government. Last spring the Treasury Representative at Cairo visited Saudi Arabia for this purpose, and the Saudi Finance Minister later expressed the desire that Mr. Polk return to bring him the views of the Treasury and State Departments.

(2) The Saudi Arab Government has also approached the British Government for monetary advice and assistance, suggesting the possibility of linking the Saudi currency with sterling. The British Government feels that the Saudis may be trying to get the U.S. and the

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1 Not printed.
2 John W. Snyder, Secretary of the Treasury; the letter sent to him not found attached.
3 Telegram 432, July 24, 11 a.m., from Jidda, not printed.
British to compete for the privilege of furnishing backing for any new currency and possibly loans to support it. The U.K. Treasury Delegation here has informed FN that the British do not want to be drawn into this kind of action and will await clarification of the U.S. position.

(3) In the absence of proffered advice and assistance from either the British or the United States Government, the Saudi Arab Government appears to have turned for advice to the manager of the branch at Jidda of the Banque de L'Indo-Chine. This bank has drafted a set of monetary decrees providing for the issuance of a paper currency and establishing the bank as fiscal agent of the Government and bank of issuance.

There is no assurance that recommendations that might be made by a U.S. technical mission within the framework of U.S. monetary policy would be acceptable to the Saudi Arab Government, or if acceptable would be effectively implemented by that Government. The Saudi Arab Government has at best only a vague notion of the requirements of modern monetary policy but undoubtedly is seriously determined to take maximum advantage of its present gold position which is supported by the payment of oil royalties in British gold sovereigns. Although the British gold sovereign is worth only $3.24 at the official U.S. Treasury price for gold, Saudi Arabia has been disposing of its current accruals of gold sovereigns through the Banque de L'Indo-Chine at $12-14 per sovereign. Recent efforts to maintain this advantage have involved the establishment of unrealistic exchange rates between the Saudi Arab silver riyal, the U.S. dollar, and the gold sovereign.

The United States' economic and strategic interests in Saudi Arabia are considerable. While Aramco has been somewhat disadvantaged by the recent monetary decrees in Saudi Arabia, its real interest, according to company representatives, lies in the progressive development on the part of the Saudi Arab Government of an intelligent understanding of its monetary requirements and problems and of a gradual reform of its complicated monetary arrangements in the direction of a single national currency with a fixed foreign exchange rate in terms of gold and the U.S. dollar and with adequate controls over the internal supply of money and the disposition of foreign exchange resources.

It is my understanding that Aramco's proposal, which was made in the above mentioned letters, was motivated by a desire on the part of Aramco to make technical advice quickly available to the Saudi Arab Government and by the misunderstanding that the State and Treasury Departments either are not prepared to act or could not act promptly enough. It is evident from discussions between officers of the Department and representatives of the oil company that in fact the
oil company would prefer an independent U.S. technical mission. In order to meet the problem that has arisen, however, I am suggesting the following alternative which has been discussed with representatives of the Treasury Department.

Mr. Eddy should go to Saudi Arabia for a period of two to three weeks, as a representative of the Treasury Department, for the purpose of having informal discussions with Saudi Arab officials concerning their monetary and financial problems. Mr. Eddy should probably be accompanied by one or more representatives of other agencies including a representative of the State Department (OFD). Such representatives, it would be clearly understood, would be in a position if the opportunity arose, to give such technical advice and to make such recommendations concerning Saudi Arabia's monetary problems as, in the light of their previous study, experience and technical competence seem appropriate to them, possibly on an ad referendum basis. Such representatives would not participate in any discussions or negotiations between the oil company and the Saudi Arab Government. It would be made plain to the Saudi Arab Government that the United States Government would have no responsibility for the success or failure of any policies adopted by the Saudi Arab Government on the basis of such recommendations nor any responsibility for assisting the Saudi Arab Government in implementing such recommendations.

It is believed that it would be preferable for the representatives to proceed to Saudi Arabia via commercial air transportation rather than by transportation furnished by Aramco.

*At this point in the memorandum as originally drafted appeared the sentence: "I, therefore, suggest that you advise Mr. Brougham that after due consideration and further discussion with the Treasury Department, it has been decided that it would be preferable for Mr. Eddy not to accompany Aramco officials to Saudi Arabia in any sort of unofficial or consulting capacity." This sentence has been deleted.

*The State and Treasury Departments, on October 19, requested Jidda to assure the Minister of Finance of "continuing US interest and preparedness give technical advice" on Saudi Arabian monetary problems and proposed sending Mr. Eddy and Raymond Mikesell of the Office of Financial and Development Policy to Saudi Arabia to give informal comments to the Government, in conversations to be arranged by the American Legation (telegram 397, 890F.515/9-1648). Messrs. Eddy and Mikesell departed New York by plane on October 25 (letter of October 27 from Mr. Lovett to Mr. Brougham, 890F.515/10-148).

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890F.5151/11-448: Telegram

The Chargé in Saudi Arabia (Bergus) to the Secretary of State

SECRET

JIDDA, November 4, 1948—9 a.m.

576. For State and Treasury from Eddy and Mikesell. We tentatively favoring supporting riyal with dollars probably around 28 cents, without exchange control and leaving sovereign rate open mar-
ket with paper riyal convertible silver supervised mixed currency board composition which not yet fully determined. Paper backed hundred percent (1) dollars (2) gold bars both at par (3) riyal coins within limits (4) sterling, Egyptian, Indian, etc., [currencies] at average Jidda market rate but limited to each year’s pilgrim dues to meet pilgrim seasonal demand riyals and finance holding sterling for issuing months trade or (5) sovereigns at $2 under prevailing market price and limited to each month’s royalty receipts in sovereigns and all to be sold within 30 days (5) [6] is necessary let government meet riyal monthly payrolls while income is mostly sovereigns. Local market too small exchange necessary riyals without pointless rate fluctuation since government, plus Aramco, needs nearly one-third of estimated total riyals coins in country monthly. SAG still tends with riyal to sovereign for above reasons.

Retarded absence American Minister, though continuing full-time explorations above possibilities with Department Finance and general public investigations. Confident workability program. Prompt Department approval Legtel 563 [1] would assist. Facing several points delicate selling though reception so far not unfavorable. Also recommend prompt Washington approval above program which believed conforms principles discussed Washington. Eddy believes SAG should not forgo premium on sovereigns while such flagrant gold dealings reported here many fund members Egypt, Syria, Lebanon, Iran, Iraq, Italy, Greece, France, Holland, Mexico, Indo-China plus Switzerland. Also Indian controls half-hearted. Also smuggling goods, dollars, etc., too wide-spread this area to warrant emphasizing gold.

Both go Dhahran seventh special Gulf problems including [garble] support riyal coins prevent smuggling. Mikesell reaching Washington 13th Eddy return Jidda about 10th await authorizations and explain SAG. Would appreciate promptness.2 [Eddy and Mikesell.]

Bergus

[1] Dated October 24: it conveyed the request of the Saudi Arabian Minister of Finance for the United States to sell to the Saudi Arabian Government $2,000,000 worth of gold in the form of sovereigns or gold bars (890F.51/10-2448). Jidda reported, on November 1, that the Deputy Minister of Finance had given oral assurances that the gold would be left in the United States as an extra reserve and that it would not be sold above the United States official price (telegram 570). The State and Treasury Departments, on November 8, agreed to the sale of the gold, on the basis of these assurances (telegram 425). Telegrams 570 and 425 are both filed under 890F.51/11-148.

[2] Mr. Eddy provided supplemental information on November 21, suggesting that an immediate program include the tying of the riyal to a strong foreign exchange, namely the dollar and not the sovereign, the discontinuation of exchange restrictions, and the holding of the riyal at 25 cents (telegram 600 from Jidda, 890F.5151/11-2148). Mr. Eddy advised, on November 29, that his personal report did not involve any United States Government commitment and that it had been cleared by Minister Childs for delivery to the Minister of Finance "today" (telegram 608, 890F.5151/11-2948).
TOP SECRET

WASHINGTON, 8 November 1948.

DEAR MR. SECRETARY: This is with reference to my letter of 16 August 1948 transmitting the views of the Joint Chiefs of Staff. . . .

The Joint Chiefs of Staff, as a result of still further studies, have come to additional conclusions as to action which should be taken in Saudi Arabia to improve the strategic position of the United States. Their views as expressed to me are as follows:

"The Joint Chiefs of Staff have recently completed an analysis of the strategic requirements of the United States in Saudi Arabia, which was forwarded to you on 10 August 1948. In elaboration of this analysis, they desire to express the opinion that our world-wide strategic position would be greatly improved if, in the event of war, the means could be developed to defend successfully, and to conduct sustained air operations from Dhahran Air Base. An initial step in achieving this ultimate objective would be to introduce into the area at the earliest feasible moment additional U.S. military personnel. It is believed that this initial increase in personnel could be effected by expanding the Air Force Training Mission now stationed at Dhahran Air Base through the addition of Army and Navy contingents.

"The Joint Chiefs of Staff consider it highly desirable that the Secretary of State be advised of their views and aims in this respect and of their conviction that an approach should be made to the Saudi Arabian Government at the earliest possible moment consistent with diplomatic considerations in order to obtain its consent to such an expansion of the Air Force Training Mission. At such time, they would be most willing to provide representation if the Department of State so desires, to participate in any planning which may be necessary to determine the exact details of the diplomatic approach to be adopted in order to secure a favorable reaction on the part of the Saudi Arabian Government.

"In order to effect this contemplated expansion, it will be necessary for the Joint Chiefs of Staff at the appropriate time to make provision in the Military Establishment budget for the necessary supporting funds. They would therefore appreciate being informed at such time as it appears to the Secretary of State that diplomatic negotiations with the Saudi Arabian Government concerning this expansion can be undertaken."

I concur in the desirability from a military standpoint of undertaking the steps which are recommended by the Joint Chiefs of Staff, and I would appreciate your advice and assistance in this regard.

Sincerely yours,

JAMES FORRESTAL

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1 Not printed, but see footnote 1, p. 244.
SECRET

JIDDA, November 10, 1948—10 a.m.

579. [The first three paragraphs deal primarily with general discussion involving Major General L. S. Kuter, Commanding General of the Military Air Transport Service, and the Saudi Arabians.]

At final audience King seemed eager give impression he wanted USAF remain Dhahran. Stated, however, he did not feel Americans had fulfilled obligations of their friendship. Cited fact that at time of Bernadotte proposals ¹ British had assured Egypt, Iraq and Transjordan, UK under treaty arrangements would come to their defense. No such treaty with SAG. SAG had for extended period reserved most intimate friendship as well as exploitation all resources for US. This strong preference for US sole reason why USSR so displeased with SAG. King felt US should at least make public declaration US support of SAG against any aggression. Renewed request for arms and assistance training SAG Army.

I reminded King assurances given Prince Saud by Secretary in 1947 later repeated by me in writing. King said words not enough, wanted deeds. I replied: (1) our cooperation Dhahran air base would be helpful both sides as beginning longer term military collaboration two governments and (2) speaking personally and without attempt exercise pressure did not in honesty feel executive or legislative branches would be in position supply greatly increased direct military assistance as long as Palestine warfare continued.

Audience terminated most friendly note, Both Kuter and I convinced King desires USAF remain Dhahran after March 15.

Since we will not in all probability be able offer active military aid for some time in future, it is my present belief the most desirable and practical course would be for us to ask only for one to three year extension present agreement deferring seeking long term agreement when conditions negotiations are propitious. Am personally convinced SAG will take no steps toward requesting us evacuate Dhahran air base.

Sent Department 579. Department pass Dhahran 283, and Dept Air.

CHILDs

¹ See footnote 6, p. 206.
JIDDA, November 14, 1948—noon.

589. Deputy Foreign Minister sent for me today to acquaint me with His Majesty's audience British Chargé (Legtel 584, November 13 1). Shaikh Yusuf confirmed His Majesty had made visit British reconnaissance party contingent upon furnishing arms and equipment SAG army and to the reaching of agreement providing for recognition by Britain Saudi territorial integrity and the coming to Saudi Arabia's aid in event latter attacked. Yusuf added King reviewed his situation vis-à-vis US and Britain along same general lines King had previously followed with me (Legtel 579, November 10). Deputy Foreign Minister said he wished to acquaint me with foregoing and other views SAG on personal informal basis. SAG did not understand why Britain and US approaching SAG separately re air bases when problem one common interest three countries. He knew we're interested in extension terms Dhahran air base agreement but did not know on what basis. Why did we not approach SAG jointly with Britain with view working out tripartite agreement. He then handed me rough draft text proposed tripartite agreement containing provisions by which we recognized integrity Saudi Arabia vital interest to US and Britain, and providing for our coming to defense Saudi Arabia in event it attacked. Saudi Arabia would provide facilities and furnish air bases and ports our use and in return we would equip and train Saudi armed forces.

Deputy Foreign Minister said after some slight changes he would give me copy and would like to have my comment as SAG would prefer submit proposed text in as acceptable form as possible.

[Here follow three paragraphs giving an account of the conversation dealing primarily with the question of Palestine.]

While emphasizing I not competent express any opinion of proposed agreement I did personally invite Shaikh Yusuf's attention absence in proposed draft any reference to obligations parties under UNO. He indicated SAG would have no objection to what was regarded as platitudinous conditions. Text draft will be forwarded when received. 2

Sent Dept 589, Dept pass London 152.

CHILDs.

1 Not printed.
2 The text was transmitted in despatch 250, November 19, not printed.
The Acting Secretary of State to the Secretary of Defense (Forrestal)

TOP SECRET

WASHINGTON, November 19, 1948.

Dear Mr. Secretary: Your letter of November 8th has been received setting forth further conclusions of the Joint Chiefs of Staff as to action which should be taken in Saudi Arabia to improve the strategic position of the United States. I note with interest their opinion that our world-wide strategic position would be greatly improved if the means could be developed to defend successfully, and to conduct sustained air operations from Dhahran Air Base, and that an initial step in achieving this ultimate objective would be to introduce into the area at the earliest feasible moment additional U.S. military personnel, possibly by expanding the Air Force Training Mission. Also, that the Joint Chiefs of Staff consider that an approach should be made to the Saudi Arabian Government at the earliest possible moment consistent with diplomatic considerations in order to obtain its consent to such an expansion of the Air Force Training Mission.

As you are aware, the agreement between this Government and the Saudi Arabian Government covering our rights at the Dhahran Airport expires on March 15, 1949. The Department of State now plans to bring up the question of extending this agreement the latter part of November or early in December.

It is the desire of this Department to have our Minister to Saudi Arabia, Mr. J. Rives Childs, who will conduct the negotiations with King Ibn Saud, as fully informed as possible regarding this problem. Thanks to your letters to me dated August 16th and November 8th of this year, it is possible to inform Minister Childs of the position of the National Military Establishment regarding its interest in the Arabian Peninsula as a whole and in the Dhahran Air Base in particular.

Incidentally, I should like to point out that civil aviation rights are now contained in the Air Base Agreement, as amended by an exchange of notes dated December 20, 1945 and January 2, 1946, respectively. While as a general policy civil and military rights should be contained in separate agreements, it may be that such a course of action will not prove practical in this case. It is our intention to instruct Minister Childs to remind King Ibn Saud of the continued interest of the United States, first expressed in 1945, in concluding a Civil Air Agreement. However, should the Government of Saudi Arabia not be prepared to conclude a Civil Agreement at this time it would be

1 Not printed, but see footnote 1, p. 244.
2 Neither printed, but for summaries, see bracketed notes, Foreign Relations, 1945, vol. viii, pp. 993, 967.
satisfactory if the present civil air provisions of the Air Base Agree-
ment are extended for a reasonable period of time.

It may well be that King Ibn Saud will wish to bargain in regard
to an extension of this agreement. If this happens, the answers to
various questions such as the following, should be known in advance:
(1) Is the extension sufficiently important to justify the expenditure
of additional sums by the Air Force on the development of this base,
and if so how much might those sums be? (2) How long an extension
would be required in order to justify such expenditures? (3) Is the
National Military Establishment prepared, provided the embargo
against shipments of arms to the Near East is lifted, to supply the
Government of Saudi Arabia with arms and other military equip-
ment? King Ibn Saud has made repeated requests to this Government
for equipment for his Army and it is believed that he may repeat his
request as a bargaining weapon when we discuss air base renewal with
him. (4) How large an expansion of the Air Force Training Mission,
mentioned in your letter of November 8th, might be undertaken at
Dhahran? (5) Would the National Military Establishment be pre-
pared to extend the scope of the training provided Saudi Arabia to
include instruction in fields other than aviation?

Because the answers to these and similar questions may well require
time to prepare, I hope it will be possible to have the benefit of your
conclusions in time for them to be made available to the American Min-
ister in Saudi Arabia at the earliest practicable date. As suggested in
the fourth paragraph of your letter of November 8th, the Department
of State would welcome the immediate assignment of a representa-
tive of the Joint Chiefs of Staff to participate regularly in further plan-
ning on this subject. 

Sincerely yours,

ROBERT A. LOVELL

*On December 21, the Secretary of Defense informed the Secretary of State
that the Joint Chiefs of Staff had designated Gen. Hoyt S. Vandenberg, Chief
of Staff of the Air Force, as their executive agent for matters concerning the
extension of the Dhahran Air Base Agreement. Gen. Vandenberg then designated
Col. Howard Moore, USAF, to discuss with the Department of State further plan-
ing in regard to this matter, as well as the Joint Chiefs of Staff views with respect
to the questions contained in this letter of November 19. (Information supplied
by the Department of Defense.)

89OF.7962/11-1448: Telegram

The Acting Secretary of State to the Legation in Saudi Arabia

TOP SECRET US URGENT WASHINGTON, December 17, 1948—1 p.m.

471. This Govt most appreciative King's concrete expression friend-
ship in suggesting closer association outlined Legtel 589, Nov 14. We
share his wish that US-SA friendly relations be continued and strengthened. While our relations with Brit most friendly and cooperative, Dept does not feel proposed tripartite alliance would now be practicable and instead wishes continue cooperation with Saudi Arabia along present lines which have already brought substantial benefits to SA. Further discussion tripartite suggestion contained following tel.

While not losing sight other lines cooperation which it may be possible pursue in future, USG believes time has come for US and SA reaffirm on long-term basis practical cooperation symbolized in Dhahran Airbase. This Base has been of benefit to US but benefits to SA have been as great if not greater. US hopes SA will recognize substantial US contribution in money, materials, and manpower in constructing and underwriting Base.

Following for your background info to explain policy outlined above:—

Thinking of Nat Mil Estab has not crystalized re Dhahran. US strategic planners do not at present know extent commitments they may be called upon to enforce, such as possible aid to China, expanded aid to Europe, etc. nor do they know amount funds that will be available to finance men and materials needed carry out above. Dept has had almost daily talks with various Air Force and Nat Mil Establ planners but because difficulties outlined can get nothing definite on such questions as expanding facilities and personnel Dhahran Air Base, increasing training given there, and possibility eventually furnishing mil equipment SAG. Weeks and even months must necessarily pass before definite answers can be obtained these and similar questions. Therefore, Dept has reluctantly come conclusion that best course approach is to point out importance Dhahran to King and show extent assistance we are granting him by maintaining and operating air field and air base. If he should counter with certain specific requests other than general tripartite agreement, mentioned above, these will be presented Nat Mil Establ for consideration. For your info only, at present Air Force considers Dhahran important but not vital and is in no position make extensive commitments re expansion training, or providing mil equipment if such should be required for extension of Agreement.

Above considerations prompt Dept suggest you seek personal interview with King or his designated rep and inform him orally as follows:

(1) Expanded US global mil commitments make continuance Base operation heavy burden on our Nat Mil Establ which nonetheless wishes continue operation, both in its own interest and as proof US interest in SA.

(2) In order justify to Congress appropriation in peacetime relatively large sums this purpose, matter must be put to Congress on
basis long-term agreement. Substantial long-term benefits must be 
proved to Congress in order obtain funds for projects outside Western 
Hemisphere. If Nat Mil Establ continues Dhahran operation it pro-
poses request Congress for more than $19 million to rehabilitate Base 
and $8 million a year thereafter, such sums subject budgetary and 
administrative adjustment. Period extension on which Nat Mil Estab 
could expect favorable action would be for additional 25 yrs, cancella-
tion subject to six months’ notice either party.

(3) In pointing out advantages which accrue SA you should empha-
size (a) Airfield highly important SA oil industry as link with outside 
world. Also served as stimulus commercial aviation in SA well as facili-
tating pilgrimage. Its status as international air field dependent on 
maintenance highest operation standards. SAG has already under-
taken keep air field open total ten yrs until March 15, 1956 (para 7 
SAG Note Jan 2, 1946). Upkeep will require subsidies millions dols 
annually (Dept A–76, Nov 121). Such subsidies would be great burden 
SAG since traffic unlikely achieve sufficient volume to pay for more 
than small portion necessary outlays. (b) Base provides best and 
cheapest air field operation training facilities for SA nationals, im-
possible duplicate except at very great expense to SAG. Dhahran and 
other SA air fields can continue absorb output ground crew men 
trained at Base for many yrs with allowance for normal turnover and 
reserve requirements. Arrangements for advanced training airport 
personnel in US described Deptl 434, Nov. 121 indicate magnitude 
US efforts implement its undertaking provide training. SAG would 
have steadily increasing degree of participation in maintenance 
throughout period US operation. Overall direction would remain with 
US but if SAG desires US technical personnel could eventually be 
replaced to large extent by Saudis and advanced trainees could 
understudy US officers. (c) US has concluded bilateral Air Agreement 
with virtually every state except SA through which US certified car-
riers operate and would like conclude similar agreement with SA. 
However, if in your judgment extension existing agreement could be 
facilitated by simple exchange notes you are authorized do so provided 
civil air rights outlined exchange notes Dec 20, 1945—Jan 2, 1946 are 
specifically included. Dept must approve draft any such note in ad-
ance its submission SAG. For your info should Dhahran Airport be 
closed or rendered unsuitable for CAA certification, probability exists 
US airlines could utilize other international airfields existing or being 
planned at Kuwait, Basra or Abadan.

US Govt earnestly hopes SAG will consider Airbase program on its 
own merits and be prepared extend agreement on basis outlined above 
which can be favorably recommended Congress. By so doing SAG will 
reinforce that friendly spirit in which we will continue to plan and co-
operate for our mutual benefit. If you perceive no fundamental objec-
tions you may proceed along lines suggested without further authori-
ization from Dept.

LOVETT

1 Not printed.
The Acting Secretary of State to the Legation in Saudi Arabia

TOP SECRET US URGENT WASHINGTON, December 17, 1948—6 P.M.

472. Initial reaction re King’s proposal of tripartite agreement between US–UK–SAG set forth 1st para Dept 471 based on general policy avoidance such commitments. Furthermore, because text proposed agreement not yet recd comment based only on fragmentary presentation of case re Legtel 589, Nov 14 and related wires.

While it is likely that even after further study our response tripartite suggestion will probably be in negative, nevertheless, we appreciate what we understand to be friendly motives inherent SAG approach. Will you make clear in discussions with SAG that regardless action taken on this specific suggestion, we recognize mutuality of interest bet our two countries and wish explore thoroughly and sympathetically any measures conducive closer relations.

Strictly for your own info we have been approached by certain other countries, including Greece and Turkey, re formation somewhat similar pact.1 Dept’s position as follows:

Exploratory conversations continue re possible formation “Atlantic Pact”. There is general agreement that pact would be desirable but final decision can be made only after consultation US political leaders. Any steps toward US association for defense with nations outside Western Hemisphere constitutes radical departure from past Amer peace-time policies. USG proceeding with utmost care.

For these reasons, states such as Turkey have been told we prefer at this time they do not press for inclusion North Atlantic group and we also desire avoid being placed in position of either encouraging or discouraging creation of a Mediterranean Pact.

In light this reaction it is obvious we are hardly in position at this time encourage SA pact idea. At same time we wish avoid impression slamming door in their faces.2

Lovett

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1 For the attitude of the Department of State toward the possible formation of an Eastern Mediterranean Pact, see telegram 208, April 23, to Ankara, vol. IV, p. 79.

2 The texts of telegrams 471 and 472 to Jidda were transmitted on December 29 to London, which was authorized to pass on to the Foreign Office the gist of the Department’s thinking regarding the proposed tripartite agreement (telegram 4812, 890F.7962/12-2348).

In a telegram of December 23, London advised that the initial Foreign Office reaction to the proposed agreement was favorable, the Foreign Office much preferring a tripartite arrangement to a bilateral United Kingdom–Saudi Arabian agreement (No. 5354, 890F.7962/12-2348).
The Minister in Saudi Arabia (Childs) to the Secretary of State

TOP SECRET

JIDDA, December 18, 1948—11 a. m.

647. Legtel 639, December 13.¹ Conference yesterday lasting more than two hours with Prince Mansour,² Shaikh Yusuf, Colonel O'Keefe and me. After discussion current problems air base, long discussion ensued re renewal agreement from which following emerged:

(1) SAG has no intention requesting USAF evacuate base but in order to justify extension agreement its own people and Arab states some justification must be found.
(2) SAG recognizes existing general international situation makes presence USAF Dhahran in interest both US Government and SAG.
(3) Owing existing situation Middle East (Palestine not mentioned but reference obvious) SAG cannot conclude at this time long term agreement. (In course discussions I proposed we examine possibility fifty, forty, thirty, and ten years but Yusuf stated renewal on long term basis not possible at this time.)
(4) SAG wants formal request in writing for renewal.
(5) Term mentioned six months to year. It was obvious to us further extensions might be expected making agreement virtually of indefinite duration.
(6) I mentioned negotiations new agreement might drag beyond January 15 and inquired if we could not be assured 90 days notice. Yusuf reassuring reply was “Ask for it”, indicating we need have no concern that score.

Yusuf emphasized SAG not looking for any financial compensation for lease and for first time indicated possible willingness to consider problem separately and apart from larger defense needs SAG. His words were “You have made good case for separation. I do not know at this time whether I will tie problems together”.

See following telegrams.
Sent Department 647, repeated London 183, Dhahran 311.

Childs

¹ Not printed.
² Saudi Arabian Minister of Defense.

648. Legtel 647.¹ Following suggested draft note to Foreign Office re Dhahran air base agreement:

¹ Supra.
"Have honor acting on instructions my government request, in consideration of friendly ties existing between US and Saudi Arabia, renewal existing Dhahran air base agreement which expires March 15, 1949.

"Renewal of this agreement will permit USAF continue to discharge its existing long range communications commitments and will at same time afford opportunity for continuation and even expansion of training program for Saudi Arabian students Dhahran and in US. It is my government's view, which it is believed SAG will share, maintenance Dhahran air base agreement offers particularly practical means for continuation friendly collaboration already existing between two governments.

"Existing air base agreement provides US Government will turn over these installations in sound condition to SAG for operation, control and maintenance upon expiration of agreement. My government interprets this as obligation which will necessitate expenditure at Dhahran of amount of from 5 to 25 million dollars for new construction during fiscal year beginning July 1, 1949. Moreover, my government interprets such provision as a continuing obligation to maintain Dhahran air base in state to ensure its delivery in sound condition to SAG upon eventual expiration agreement with expenditure of such funds as may be necessary for that purpose. The amounts to be expended, in addition to the sums already mentioned, will naturally depend upon use which it may be desire to make of base in agreement with SAG.

"In view possibility USAF may desire extend base, my government would like an assurance that SAG would be prepared at an appropriate time to consider extension present limitation 2,000 personnel to maximum of 6,000.

"My government requests existing air base agreement be extended for period of at least one year and that its life after March 15, 1950 be subject to annual extensions of 12 months in absence notice from either government to other of intention to terminate agreement upon six months notice."

Sent Department 648; repeated London 184, Dhahran 312.

CHILDs

690F.7062/12-1848 : Telegram

The Minister in Saudi Arabia (Childs) to the Secretary of State

TOP SECRET

JIDDA, December 18, 1948—1 p. m.

649. Legtel 648.¹ Obligation spend minimum $5 million is one already devolving upon US Government if we are to fulfill strictly provisions existing air base agreement. Maximum figure $25 million is understood to be amount Department Air has budgeted for Dhahran for fiscal year 1950.

Would appreciate Department's comments earliest possible on this

¹ Supra.
and two preceding telegrams. Would be most helpful in negotiations to have indication from Department Air description new construction plans.

Sent Department 649; repeated London 185, Dhahran 313.

CHILDs

890F.7962/12-1848: Telegram

The Minister in Saudi Arabia (CHILDs) to the Secretary of State

TOP SECRET

JIDDA, December 18, 1948—3 p.m.

651. Deputy Foreign Minister called me Foreign Office today and said he had reported to His Majesty our conversation yesterday re Dhahran. His Majesty had instructed him to “facilitate” conclusion agreement. Later Yusuf said he would not attend Arab League meeting Cairo in order be present Jidda for discussions with me. He also said I should get word Colonel O'Keefe to forget about any preparations for evacuation beginning January 15.1

Yusuf asked if I had any ideas re agreement. I outlined proposals made to Department Legtel 648 this date and gained distinct impression such proposals were satisfactory basis at present time. I emphasized I had no notion whatsoever of what Department desired in way of agreement and he has not therefore to accept outline I had given as foreshadowing proposals we would make.

Yusuf indicated King recognized difficulty for us at this time of joining renewal agreement with satisfying Saudi defense needs. It was suggested temporary agreement could be concluded leaving question conclusion tripartite agreement and examination Saudi Arabian larger defense needs to more appropriate moment which might arise 6 to 12 months hence. Yusuf said it was hoped we would under new agreement assume all costs feeding and maintenance Saudi students Dhahran for which SAG now being billed at rate of approximately $2500 monthly. He also indicated SAG very pleased USAF treatment Saudis Dhahran and lack any discrimination, remarking, “We would like this to serve as model for Aramco which does not give Saudis equality of treatment to which we insist they are entitled”. I remarked importance this problem recognized by US Government and I thought also by Aramco. He said promises had been made to ameliorate situation but he had not been to Dhahran recently to determine if promises kept, expressing considerable skepticism that they had.

Sent Department 651, repeated London 187, Dhahran 315.

CHILDs

1 Jidda reported, on December 15, that Colonel O'Keefe had received orders from the Department of the Air Force to institute plans for the evacuation of Dhahran on January 15, 1948 (telegram 648, 890F.7962/12-1548).
The Minister in Saudi Arabia (Childs) to the Secretary of State

TOP SECRET

JIDDA, December 20, 1948—3 p.m.

655. Deptels 471 and 472\(^1\) most helpful. Although arguments outlined re Dhahran have been generally used previously in my formal talks with Foreign Minister, I went over ground again today with him although not referring to paragraph 7 SAG note January 2, 1946 inasmuch as it makes operation airfield by SAG conditional upon its not becoming a burden on Saudi Treasury.

Yusuf stated he would await Department's reaction proposals for renewal on basis exchange of notes as submitted (see Legtels 648 and 651\(^2\)). I do not anticipate SAG will offer any objections re affirmation outlined exchange notes mentioned but as those notes form integral part existing Dhahran airbase agreement particular advantages not perceived to single out certain provisions that agreement for affirmation.

Inasmuch as difficulties set forth by Dept in connection tripartite agreement recognized previously by Legation, I have consistently endeavored throw as much cold water on project as might be done without dampening Saudi spirits.

CHILD

\(^{1}\) Both dated December 17, pp. 256, 259.

\(^{2}\) Both dated December 18, pp. 260, 262.

The Acting Secretary of State to the Legation in Saudi Arabia

TOP SECRET

WASHINGTON, December 30, 1948—4 p.m.

482. Depts State and Natl Defense gratified progress re renewal Dhahran Air Base Agreement reported Legtels 647, 648, 649, 651 Dec 18 and 655 Dec 20, particularly willingness SAG consider problem renewal separately larger defense needs.

Re Legtel 666, Dec 29,\(^3\) discussions here center on question whether adequate funds will be granted by Congress if Dhahran Air Base Agreement on year-by-year basis only. Dept hopes send you reply Legtel 648 Dec 18 in about ten days.

LOVETT

\(^{3}\) Not printed.

429–027—75—18