

# Saudi Arabia's Sauve Qui Peut

Saudi spokesmen made three significant – even stunning – announcements last week. The first one came from the Saudi Arabian Oil Minister Ali al-Naimi, speaking to oil company executives at a meeting in Houston. He announced that Saudi Arabia was going to break completely with its past policy, would no longer be OPEC's swing producer, and would refuse to participate in coordinated production cuts by both OPEC and non-OPEC producers, as it had so dutifully in the past in order to keep the price of oil at an agreed-upon level. From now on, Al-Naimi made clear, the Saudis would conduct their oil policy strictly with their own bank balance in mind: "Inefficient, uneconomic producers will have to get out. This is tough to say and that's a fact. We can coexist with \$20. We don't want to, but if we have to, we will." For even at that price, as the lowest-cost producer, Saudi Arabia could make money. So could Saudi Arabia's neighbors and allies, Kuwait and the Emirates. But not only would the non-OPEC producers of oil, including those who invested so much in American shale and Canadian sands, require a price of at least \$60 per barrel to be profitable, but so too would many OPEC producers, including Angola, Nigeria, Venezuela. Saudi Arabia was telling the world that the OPEC model of shared cuts in supply, with the Saudis bearing the lion's share, a model they have adhered to for nearly 45 years, was dead. For the Saudis, there would no longer be any cuts in their own production to hold up the price for other OPEC members. The Saudi oil policy was now to be only for Saudi Arabia first, last, and always.

The second stunning announcement was that Saudi Arabia has just declared Lebanon off-limits to its own citizens. For decades Beirut was one of the main playgrounds for the Saudis and other Gulf Arabs; this travel ban will be devastating to the Lebanese economy. The official reason given was "concern for the safety" of Saudi nationals. But the danger level,

while considerable, is not noticeably different from what it had been a year ago, or three, or five. Why impose the ban now?

The third Saudi announcement, that they were ending the \$3 billion in military aid that they had been giving to Lebanon annually, had as its proximate cause the refusal of the Lebanese government to condemn the storming of the Saudi Embassy in Teheran and the consulate in Mashhad (attacks prompted by the Saudi execution of a prominent Shi'a cleric) by Iranians, a refusal which a Saudi official described as a "confiscation of the will" of the Lebanese state by the Iran-backed Shia Hizballah movement.

Together, these two blows to the Lebanese economy reflect the Saudi belief that Hizballah has won in Lebanon, and that there is now no point in continuing to send aid to, or to support tourism in, a country that in the last few years has become part of the Shi'ite axis, one that includes Hizballah in Lebanon, Assad's Alawites, and Saudi Arabia's main enemy, Iran. The Saudi aid cancellation and travel ban might be interpreted as attempts to pressure the Lebanese into changing their policies, but I think it more likely that the new Saudi policy is more realistic – some might say defeatist – than that: it's no longer a case of trying to pressure Lebanon to change. Instead, the Saudis seem to have decided to simply wash their hands of the country altogether, having recognized that Hizballah, backed by Iran, cannot now be dislodged in Lebanon, and that the once-powerful alliance of the Sunni merchant class and Maronite Christians in Lebanon is much weakened – both because the natural increase in the Shi'ite population has outstripped that of all the other groups, and because in recent years some of the Christians, too, under General Aoun, have been making common cause with Hizballah – and thus the Sunni-Maronite bloc is now both outnumbered and, more to the point, outgunned.

Saudi Arabia's oil policy and its Lebanese policy may seem to

have nothing to do with each other. But they have one important thing in common. Both are examples of that oldest of desperate remedies: Every Man For Himself. Or as it is put even more pithily by the cynical French: *Sauve Qui Peut* (literally: Whoever Can Should Save Himself). No longer will the Saudis sacrifice any of their production just to ensure that other producers in OPEC will be able to sell their own oil at a profit. And no longer will the Saudis continue to fund a country that they now think has no chance of throwing off its Shi'ite yoke (you will not be surprised to learn that Iran has already offered to replace some of the Saudi military aid to Lebanon). *Sauve Qui Peut* for Saudi Arabia means "we're not going to waste our money in Lebanon" (though they have a lot, the Saudis also have a lot less than they expected to have before the oil market collapsed so precipitously in the last eighteen months) so as to husband its resources for other efforts. The geopolitical threat posed to Saudi Arabia from Hizballah in Lebanon is comparatively insignificant: it's a long way from Beirut – and the road goes through Sunni Jordan – to the oil-producing, Shi'a-populated Eastern Province of Saudi Arabia. Where might those other places be for which Saudi resources need to be husbanded? Hint: in what country, that shares a very long and porous border with Saudi Arabia, is the Sunni-Shi'a divide even more pronounced than it is in Lebanon? If you answered "Iraq," you get one point. If you answered "Yemen," you get two points. If you are able to explain why you would get more points for "Yemen" than for "Iraq," you get three points. Be sure to show your work.