

ditions the Saudis were working out. He was concerned at what in essence the Saudis would require on downstream operations, and that's why he issued regulations.

**Q:** So to sum up, you see much tighter NSC control over foreign energy policy and negotiations?

**A:** To be exact, it may not be the NSC itself. It's possible Schlesinger himself will be in control. I would estimate that it could come down to a battle between Schlesinger and Blumenthal (Michael Blumenthal, Secretary of the Treasury -ed). In this battle Schlesinger would win out, and there would be a Schlesinger-Vance (Cyrus Vance, Secretary of State -ed) coalition on energy questions.

**Q:** I still think what you are saying is provocative and could lead to a Mideast confrontation of one sort or another....

**A:** Confrontation in the Mideast? Sure. There's lots of concern over that. Take Iran. The Shah is getting more and more unhappy with the situation every day. Things are getting a little tense.

**Foreign Policy Staffer:**

## 'Saudis Could Have a Change in Regime'

*The following is an interview with a professor at Tufts University's Fletcher School of Law and Diplomacy, a former aide to Senator Hubert Humphrey.*

**Q:** What is the likelihood of a military move by Iran against Saudi Arabia?

**A:** Iran needs revenues, and this has caused stress on the regime and could therefore force the Shah to make a move, perhaps against the Saudis. The need for revenues also poses domestic problems for the Shah. He can't afford to cut back on military spending since that may not go down so well with the military.

**Q:** How solid is the situation inside Saudi Arabia? There is much evidence of a deep rift between pro-U.S. Prince Fahd and King Khalid, who is not adverse to expanding

links to the Soviet Union.

**A:** Saudi Arabia could have a change in regime...Saudi Arabia could become vulnerable to outside forces....Iraq and the Soviet Union could play around there, perhaps leading to a change of government. It is in the interest of Saudi Arabia to ally itself with Iran to meet this threat.

**Q:** What would the U.S. do in the case of such an unlikely occurrence as the Soviets actually invading the Persian Gulf?

**A:** The important issue is what would Europe and Japan do. The Soviets would invade Saudi Arabia in order to take over the oil supplies there and sell the oil at a cheaper price to Europe and Japan. You can imagine that under these circumstances the French wouldn't call up the U.S. and ask them to invade the Gulf in retaliation. I don't think that the U.S. would go to war over the issue under these circumstances. I think you would see a deep split emerge between Europe, Japan, and the U.S. as a result of such a thing. When it comes to oil matters, the Europeans and Japanese are already growing closer to Saudi Arabia. There are many secondary oil companies that want closer relations with the Saudis, you know.

**Q:** You say that there is no likelihood of a U.S. military response in the event that the Soviets were to move into the Gulf, but what can the U.S. do to ensure that this does not happen?

**A:** The U.S. must respond by checking the Soviets on the ground. Iran represents the best deterrent. You see, the Soviets view Saudi Arabia as the jugular to the West; therefore, we must be very cautious. At some stage they might be tempted, and if we have abandoned the Philippines and Diego Garcia, then what kind of deterrent are we left with?

**Q:** What will the Saudi response be if the Carter Administration does not heed the Saudis vis-à-vis reconvening the Geneva peace talks, since the Saudis only went for a 5 percent increase as a means of inducing Carter to favor Geneva?

**A:** The Saudis will increase their oil production even though it is against their own economic interests and the increased production will be used for political purposes. Also, many lucrative contracts issued by the Saudis will go to European and Japanese firms instead of U.S. firms.

## Will Iran Invade Saudi Arabia?

A possible invasion of Saudi Arabia by Iran backed by the Carter Administration has been openly tossed around Carter circles as a possible option to prevent the Saudis from breaking out from under Aramco's control and forging oil-for-technology arrangements with Europe and Japan. A professor at Fletcher School of Law and Diplomacy at Tufts University who is a former aide to Sen. Hubert Humphrey identified Iran's military might — an extension of NATO's military apparatus — as the No. 1 "deterrent" against the Saudis.

The Shah of Iran may be pressured into carrying out

Carter's military option against Saudi Arabia by growing internal economic difficulties and social unrest, offered a spokesman connected to the Council of Foreign Relations. In January, Iranian oil production fell sharply, exacerbating the economic difficulties of the Shah, who has strongly opposed the Saudi-led drive to keep oil prices down and raise production.

Then this week the *Sunday Times of London* gave splashy play to a new book by Paul Erdman entitled *Crash of 1979*. The author lays out a situation closely paralleling the current monetary crisis — but projected

to 1979 — in which the Shah provokes World War III by invading Saudi Arabia's oil fields.

In reality, Iran is the scene of a raging faction fight and there are increasing indications that the Shah is gradually beginning to buck the Carter Administration and may not be so willing to use the Iranian military to threaten Saudi security. The Shah sent an unusual letter Jan. 8 to then Defense Secretary Donald Rumsfeld to say that his government had dismissed retired Army colonel Richard Hallock, who had been appointed in 1973 by Defense Secretary Schlesinger as a special "military advisor" to Iran. The Shah endorsed Hallock's

replacement, Eric von Marbod, who was appointed by Rumsfeld, and who is pushing for a reduction in the Iranian military budget to curtail Iran's posture as military policeman for the region.

Internal pressure on the Shah is also easing somewhat with the rise in Iran's oil production since late January.

Iran also has other options besides carrying out U.S. orders. The Soviet Union has assigned Vladimir Vinogradov, the chairman of the Geneva peace conference, as ambassador to Iran, and that assignment has coincided with a sizeable growth of economic and trade deals between Iran and Comecon.

## Iraq, Kuwait Warn About Carter's "Thermonuclear War"

*The following is a release of the Iraq News Agency, commenting on the incoming Carter Administration, excerpted from Foreign Broadcast Information Service, Washington, D.C.:*

Baghdad, Jan. 22 (INA) — The Baghdad daily Al Iraq, commenting on the inauguration of the new American president Jimmy Carter, has said: "His will not be a new era, but an extension of the traditional U.S. policy whose broad lines are drawn up not by the ordinary American, but by the monopolist companies."

The daily editorial said today that despite the defeats that befell them, the forces of aggression were still capable of committing aggression and even dragging the world into a new thermonuclear war whenever they believed this was necessary for their interests.

*The following is excerpted from the Kuwait daily As-Siyasah, from FBIS; dated 19 January 1977:*

**"With Carter Inauguration Tomorrow  
a New Explosive Stage Begins  
in the Middle East"**

A new stage in Middle East history begins tomorrow, and a close examination of the conditions involved indicates that, contrary to expectations, it is going to be extremely tense.

Jimmy Carter, the new American president, will offi-

cially assume office tomorrow, placing the Middle East and the oil question on his list of priorities.

From the first days of Carter's takeover, there will be a persistent U.S. action on two fronts: The solution of the Middle East problem and the oil question.

The speculation that this year or the next will be a time of serious confrontation in the Middle East is based on reviewing the names and background of the new President's assistants for foreign policy, defense and energy. If there is a common characteristic among all these new officials, it is that they all believe that the United States must maintain absolute supremacy in defense, oil, and diplomacy. Consequently, the questions of the Middle East and oil will be the first tests of the new intensive U.S. policies.

Although implementation of the policy of maintaining U.S. domination in energy by breaking the 'inflexible power' that oil has enjoyed in the past ten years has already begun, the method chosen to solve the Palestinian problem will be extremely acute and violent. With the violent U.S. pressure that will be brought to bear on the area from abroad, it is quite likely that reactions with the same degree of violence will occur in the area. And because Brzezinski, Vance, and Schlesinger want to prove Washington's ability to achieve its ambitions of absolute world domination, the violence that begets violence will make the next two years the tensest time in Middle East history.