

Chairman Poe, Congressman Keating, Members of the Subcommittee on Terrorism, Non-Proliferation and Trade:

Much is changing these days in Saudi Arabia. A new generation of young Saudi leaders now is in charge after nearly fifty years of rule by aged and increasingly infirm sons of Saudi founder, Ibn Saud. Also changing, unfortunately, is the longtime U.S.-Saudi relationship that has been built on a tacit understanding of Saudi oil for U.S. support and protection.

On my latest visit in January, the most recent of dozens of visits over the past nearly 40 years, I found Saudi royals and a growing number of citizens pointedly asking: Is the U.S. policy of avoiding involvement in Mideast problems permanent or will a new U.S. president once again exert traditional American leadership in the region and clear support for our Saudi ally? With the our presidential election some months in the future, it's impossible to know for sure what policy a new president will pursue. But I would argue it already is clear that the future of Saudi Arabia with a new generation of Al Saud leaders now in charge is and will be of critical importance to the U.S.

After all, Saudi Arabia is both the lynchpin of global oil supplies upon which the Western way of life still depends –and this despite increases in U.S. oil production--and it also is the wellspring of the rigid Wahhabi philosophy that motivates at least some of the jihadi hatred that seeks to destroy the western way of life. For these reasons, U.S. policy makers need to understand the forces at work inside the Kingdom as they seek to formulate U.S. policy toward the region. Support of Saudi stability and its oil exports and of Israeli democracy long have been paramount American interests in the region and, in my view, must remain so.

The new generation of leadership in Riyadh has at least a vision to transform the Saudi economy and to some extent its society in directions that will benefit not only Saudi citizens but also potentially strengthen U.S. –Saudi relations if we are wise enough to seize that opportunity. It is not waning U.S. influence that has encouraged these changes, but we should welcome and support them.

The new leadership includes Crown Prince Muhammad bin Nayef, also Minister of Interior and the individual in charge of combating terrorism—a cause

we share with the Saudis. From everything I hear, cooperation with the U.S. on anti terrorism is strong and essential to maintain. To the extent individual rich Saudis, among others in Persian Gulf, are engaged in helping to finance terrorism this doesn't, in my view, constitute Saudi official policy but rather evades it.

The other new leader, Deputy Crown Prince Muhammad bin Salman, son of King Salman, is responsible for his country's defense and economy, including overseeing the national oil company ARAMCO. Not since Ibn Saud, who fought a 30-year civil war to subdue all Arabia to found the Kingdom of Saudi Arabia in 1932, has a 30-year-old prince had so much power. Last month the deputy crown prince laid out what for Saudi Arabia is a remarkable vision that includes privatizing much of the Saudi economy, sharply reducing dependence on oil, creating jobs for the many unemployed Saudi youth, opening opportunities for women, and even encouraging a more moderate brand of Islam.

At this stage this is a vision, with specific plans and then implementation to follow. What is different from previous promises of economic reform is that low oil prices are forcing change, and my conversation with Mohammed bin Salman in January convinces me there is a determined and highly energetic leader driving these changes. If only some of these changes take place, the young prince will be reversing generations of Saudi dependence on government and begun to make young Saudis more self-reliant. The traditional Saudi social contract has been loyalty for prosperity. In changing this contract one may ask whether a more self-reliant Saudi citizenry will maintain loyalty to the Al Saud. At this point the evidence is they will, if only because as they look around at their Middle East neighbors to see widespread chaos and carnage, the stability and security still provided by the Al Saud looks good by comparison.

Beyond domestic challenges, Saudi Arabia faces what it views as an existential threat from an expansionist Iran. This has relatively little to do with Iran's nuclear ambitions. The Saudis reluctantly and tepidly went along with President Obama's Iran nuclear deal. Much more alarming to the Saudis is Iranian mischief making on all of its borders from Iraq to Syria to Yemen and beyond. The Saudi-Iran rivalry is often defined as a religious one—Sunni vs Shia. More than that,

however, it is a power struggle between the Persian Gulf's two leading nation states. In my view there is nothing paranoid about the Saudi fear of Iran, which has openly proclaimed its intent to topple the Al Saud and is busily expanding its regional influence at the expense of Saudi Arabia and the U.S. Not surprisingly, the Saudis see Iran as a far greater threat and more clear and present danger than ISIS even though they are willing to cooperate with the U.S. and others to confront ISIS.

It is not helpful to the Saudis, nor to the U. S., for the Obama administration to call the Saudis "free riders" and then add injury to insult by asking them to "learn to share" the neighborhood with Iran. It is as if we asked an American homeowner to share his backyard with criminals seeking to ransack and occupy his home. That is the way the Saudis see it and on this they are right.

It isn't too late for a new American administration of whichever party to explore improving relations with Saudi Arabia. The Saudis I've talked to including those in charge of the Kingdom still want a close relationship with the U.S. Their more assertive conduct of the past year results at least in part from a profound lack of trust in the current administration and thus the sense they must be prepared to protect their interests. The U.S. has an opportunity to work with these young princes clearly supported by King Salman to deepen cooperation against terrorism by both ISIS and Iran and to support economic and social reform in the Kingdom that the U.S. has long advocated. We don't have identical values with Saudi Arabia but we do share a common strategic interest—a Persian Gulf that is stable and free of any hegemonic domination. We should seize this opportunity to support reform and rebuild trust between our two countries because instability in Saudi Arabia is in no one's interest. In sum, Saudi Arabia is far from a perfect society but it is hard for me to imagine that either the Saudi people or Americans would be better off if the Al Saud were replaced by a pro Iranian regime like Assad, by ISIS or a Sunni theocracy or by chaos.

I thank the Chairman and his colleagues for this opportunity and look forward to answering your questions.

