

imposed on Aramco now but had said that he frankly thought that the whole Aramco-Saudi relationship at the present time was rather absurd and that both sides were acting like children. He felt that they should settle their differences in their mutual interest.

No. 300

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*Memorandum of Conversation, by the Ambassador in Saudi Arabia
(Hare)¹*

CONFIDENTIAL

JIDDA, [July 6, 1953.]

Following my final audience with the King on July 2, I met with Shaikh Yusuf Yassin in the office of the Political Secretariat to discuss several pending matters, one of which was Aramco.

I told Shaikh Yusuf that, as he knew, I never undertook to discuss specific subjects pending between Aramco and the Saudi Government. Such discussion I felt should be confined to the qualified representatives of both sides. However, before leaving Riyadh for the last time, there were certain general observations which I wished to make and I repeated the remarks which I had previously made to the Finance Minister to the effect that a strong Aramco meant a strong Saudi Arabia and a weakened Aramco a weakened Saudi Arabia. This did not mean by any means that Aramco-Saudi relations were a static thing; quite to the contrary, their relationship would obviously be subject to continual change as situations changed. What was important was that this change should take place within a concept of maintaining the strength of both parties. The Saudi Arabian Government could not build itself up at Aramco's expense; if it attempted to do so, it would be to its sorrow.

Furthermore, I was convinced that this concept was understood and subscribed to by Aramco. There would, of course, be differences from time to time between Aramco and the Saudi Government but such differences should not be taken as a measure of the basic relationship. For instance, I understood that the question of pricing was now very much to the fore and that agreement had not been reached despite protracted discussion. This was hardly surprising when one considered the complexity of the problem, which had ramifications going far beyond the normal scope of both parties. However, I had talked this matter over at length with Aramco officials and knew that they really wanted to reach a reasonable set-

¹ See footnote 1, *supra*.