

in economic and military fields, would be under US control and dictation; all country would be under control US".

My impression is that King, unfamiliar with practices Western States [garble] influenced by advice his strongly Arab nationalist councillors, sincerely believes acceptance agreement would entail assumption obligations infringing Saudi sovereignty and, not possessing prestige his late father, believes it wiser take no action this nature which would subject him strong criticism other Arab States. I suspect contributing consideration was that negotiations came to head at time when reports regarding formation pact Muslim States under aegis US appearing Arab press (Consulate General's 106, January 15).³ Feel certain King eager develop his defense forces with our continuing help and truly regrets what he considers necessity rejecting assistance which would flow from agreement.

Full details by early airpouch.⁴

HACKLER

³ Not printed; it reported the Deputy Foreign Minister had asked the Ambassador if there was any truth to reports from Washington of an early conclusion of military grant aid agreements with Iran and Pakistan, and a mutual defense pact between those two countries and Turkey. (780.5 MSP/1-1554)

⁴ Despatches 285 and 286, Feb. 8, neither printed. (786A.5 MSP/2-854)

No. 1462

Editorial Note

Telegram 386 from Jidda, March 10, reported on King Saud's first major speech from the throne inaugurating the Council of Ministers in Riyadh on March 7. He announced, among other things, that the Ministry of Finance would become a ministry in the true meaning of the word. It would control expenditures within an authorized budget, parts of which would be submitted to the Council of Ministers. Telegram 395 from Jidda, March 17, reported that a Financial Committee of the Council had been established to make a preliminary study of various budgets. The King was reported to be actively participating in the Council proceedings. Documentation is in Department of State file 786A.00.