Marriage Crisis

The United States and Saudi Arabia could be headed for a monumentally ugly divorce. The marriage was always one of convenience. But the issue today isn't personal. It's business—trillions of dollars, in fact.

Last month a Pentagon advising panel heard a briefing that labeled the Saudis an enemy of the United States. This month South Carolina lawyer Ronald Motley announced a suit targeting several Arab banks, the government of Sudan and a few key Saudi royals for $3 trillion in damages on behalf of the 9/11 victims.

If current frictions between the two countries continue, some analysts expect oil prices to hit $36 a barrel or more in the next few weeks. Saudi investors, who have put an estimated $600 billion into the U.S. economy, could pull a lot of their money out. (A report in the Financial Times that they've already withdrawn $200 billion from U.S. markets, though, now seems exaggerated.) And the Saudi national oil company is considering accepting payment for petroleum shipments in euros instead of dollars, thus undermining the strength of the dollar.

Leaders in both countries recognize their common bond: the United States is the world's biggest oil consumer; Saudi Arabia is the world's biggest oil exporter, so stable markets with reasonable prices serve them both. The Saudis can raise production by as much as 3 million barrels a day just by turning on the taps. Nobody else can do that, and the Saudis have used that power to keep the market from spiking in times of crisis. For instance, after September 11 they boosted U.S. shipments by 500,000 barrels a day.

But such gestures have gone largely unnoticed by the American public. Instead, Americans are reminded constantly that 15 of the 19 hijackers on September 11 were Saudi citizens. One of the accused in the recent lawsuit is Prince Sultan bin Abbdalaziz, a full brother of King Fahd, second in line to the throne and the kingdom's minister of Defense, who is accused of contributing to Saudi charities with supposed links to Al Qaeda. "He was one of the most pro-U.S. princes," says a source close to the royal family. "But now, the most ardent supporters of America have become its most hostile critics."

The most attractive option for the Saudis could be to let oil prices continue to rise. According to Philip Verleger, an analyst at the Council on Foreign Relations, the Saudis could let prices ease up to the $36 range without making a show of it. "This would be the sort of subtle response one would expect," he says. "The attitude is, 'We're not going to make speeches. We're just going to send you a signal.'"

The spike in prices at the pump, which would force gas prices into the $1.70-a-gallon range, would come just as U.S. elections draw near. Sounds like a little marriage counseling might be in order.

-Christopher Dickey

Expensing His Taxes

In a plea-bargain deal, former Enron executive Michael Kopper has admitted participating in several schemes that allegedly defrauded the energy giant. Financial records obtained by Newsweek offer a more detailed picture of how Kopper and other alleged participants in the schemes pocketed some of the money they got out of Enron deals.

The documents, including bank statements and canceled checks, come from the files of something called SONR #1 Limited Partnership, an entity run by Kopper and jointly owned by Kopper and his domestic partner, William Dodson. SONR was set up as a vehicle through which Kopper managed Chewco, yet another partnership formed by Enron. The Feds allege (and Kopper