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THE AMERICAN UNIVERSITY IN CAIRO

الجامعة الأمريكية بالقاهرة

Graduate Studies

**Vision Redux:
Power and Policy in Saudi Arabia**

A Thesis Submitted by

Ross Douglas Kimm

to the

Middle East Studies

Graduate Program

May 18, 2021

In partial fulfillment of the requirements for the degree of

Master of Arts, Middle East Studies

For Robbie

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I followed my friends and my heart to Arabia. It has made all of the difference.

Ross Kimm
Cairo, Egypt
2021

Abstract

*Vision Redux:
Power and Policy in
Saudi Arabia*

Ross Douglas Kimm

The American University in Cairo
under the supervision of Dr. Walid Kazziha

The size and scope of the Vision 2030 modernization plan and the associated Saudi Aramco initial public offering are watershed events in the history of the modern Kingdom of Saudi Arabia. However, they are not outside the history of the country's development. This thesis, tracing the roots of this latest development plan back to the founding of the current Saudi state, found that Vision 2030 shares many characteristics with previous efforts. Further, it also found precedence for powerful princes rising to power at times of tectonic change. Finally, while historical context is key to understanding this moment in the Kingdom, this thesis argues that Vision 2030 is best considered a subset of Mohammad bin Salman's rise to power.

Timeline

- 1932 – Creation of the modern Kingdom of Saudi Arabia
- 1938 – Oil discovered in the Eastern Province
- 1943 – FDR declares the defense of Saudi Arabia critical to American security
- 1945 – Fabled meeting between Ibn Saud and FDR cementing the “oil for security” bargain
- 1948 – Large-scale oil exports result in a massive influx of resources
- 1958 – International Monetary Fund (IMF) blames mismanagement of oil rents for Saudi financial crisis
- 1962 – Faisal presents political and economic development plan
- 1965 – Central Planning Organization established
- 1970 – First Development Plan announced
- 1973 – Oil embargo drives oil prices to record highs
- 1973 – Saudi government begins nationalization of Aramco
- 1975 – Second Development Plan announced
- 1975 – Central Planning Organization becomes the Ministry of Planning
- 1979 – Iranian Revolution, siege of the Holy Mosque in Mecca, and the Soviet invasion of Afghanistan
- 1980 – Third Development Plan announced
- 1980 – Aramco fully nationalized
- 1985 – Fourth Development Plan announced
- 1988 – National oil company renamed Saudi Aramco
- 1990 – Fifth Development Plan announced
- 1995 – Sixth Development Plan announced
- 1999 – Creation of the Supreme Economic Council
- 2000 – Seventh Development Plan announced
- 2003 – Creation of the Saudi Arabian Stock Exchange
- 2003 – Consultative Council is given enhanced role
- 2003 – Second Saudi oil boom begins
- 2004 – Significant initial public offerings (IPO) of government-owned entities
- 2005 – Eighth Development Plan announced
- 2016 – Vision 2030 announced
- 2016 – Royal decree strips religious police their independence and power
- 2017 – Future Investment Initiative, seeking global investment capital, is held in Riyadh October
- 2017 – Prominent Saudi businessmen detained at the Ritz-Carlton Riyadh in November
- 2019 – Saudi Aramco IPO on the Tadawul, the Saudi stock exchange
- 2020 – COVID-19 pandemic causes a collapse in oil prices

Introduction

The discourse of the moment concerning the Kingdom of Saudi Arabia is dominated by the ascendent Crown Prince Mohammad bin Salman (MBS). His sphere of influence, which moved from the fringes to the center of the Royal Court in a few short years, touches virtually all aspects of Saudi governance. His central policy goal, Vision 2030, promises to reform the social, economic, and political foundations of life in the Kingdom. Given the cult of personality surrounding the Crown Prince, the scope of his plans, and his international controversies – this discourse has been largely scoped down to the present.

This thesis is concerned with placing Vision 2030 in its proper historical context to understand its role as a potential change agent in the provisioning of power and policy in the Kingdom of Saudi Arabia. Its principal goal is to connect the literature on the history of the Kingdom's development to the present moment. By looking back in time through the work of exceptional scholars, one can draw a clear line from the early days of the Kingdom to today. This thesis argues that Vision 2030 is not an outlier in the Kingdom's story of development. While it is certainly bold, it does not structurally alter the balance of power and policy in the Kingdom. Further, it is best understood as a subset of MBS' rise to power.

While there are a litany of rich histories chronicling the search for supremacy on the Arabian Peninsula, a recent one makes a novel argument. Toby Jones contends that Saudi policymaking is best understood as an effort to order nature and society, rather than the oft-analyzed triangulation between the Saud, the religious authorities and Islam. The conquest of nature, he writes, touches the very fabric of the Kingdom. From the very beginning, Saudi Arabia relied on a global network of experts, scientists, and engineers to fashion its relationship between ruler and ruled, as well as with its territory.¹ These individuals who

¹ Toby Jones, *Desert Kingdom: How Oil and Water Forged Modern Saudi Arabia* (Cambridge: Harvard University Press, 2010), 237.

lived and worked in the Kingdom and the policy undertaken by the ruling family integrated the country into the larger global economy.²

While there are many aspects of Saudi society and economy that are certainly globalized, significant structural problems remain. Kristian Ulrichsen, writing on the political economy of the larger Gulf region, offers a plausible reason behind uneven integration into the larger economy. Despite the deep links between nations like Saudi Arabia and the global economy via the oil industry, oil rents were largely unaffected by normal economic fluctuations and provided governments with the means to shield themselves and their citizens from the downsides of globalization.³ In other words, the patronage underwritten by oil rents only exposed Saudi Arabia to some facets of globalization. In some ways, they only had to account for the upside. This outcome is both symptom and cause of absorbing oil rents and fashioning institutions to effectively manage the new resources. This new process had to integrate itself with existing power structures.⁴

The balance of power in the Kingdom is probably best explained by Tim Niblock. He argues that the symbiotic relationship between the *'ulama* and the Saud was eventually expanded to account for other stakeholders. The royal family, the religious constituency, the tribes, the merchant class, the administrative elite, and external forces negotiated power and influence with the King who was at the center of the decision-making process.⁵ As time went on, the government expanded its power center to encompass economic, social, and political life. After a financial crisis in 1958, the government embarked on a major development and

² Ibid, 12.

³ Kristian Coates Ulrichsen, "The Political Economy of Arab Gulf States," *Rice University's Baker Center for Public Policy*: 25.

⁴ Ibid, 16.

⁵ Tim Niblock, *Saudi Arabia: Power, Legitimacy and Survival* (London and New York: Routledge, 2006), 14-17.

reform initiative that enhanced the legitimacy of the Saud by providing tangible benefits to citizens.

It is from here that the story of development really begins. The government began laying the groundwork for the basis of economic development in 1962. From this point until 1979, state spending was used to fashion a new relationship between ruler and ruled. The government was able to provide a social and physical infrastructure for its citizens. After the events of 1979, however, development planning and policymaking in general were largely driven by reaction to external events.

Within this story, this author found a discourse of development beginning under Faisal that linked Islam and modernity to the ruling family. As the patronage efforts expanded, so did the marketing of the development efforts directly to the general public and the cult of personality surrounding Faisal. He led a top-down, centralized development process and set a precedence for senior princes rising to power during political inflection points. While these efforts were largely successful, there was a notable disconnect between the coherent nature of the planning and the policy execution. Development projects were often influenced by senior royals with a stake in the outcome and had mixed results until the turn of the century.

Much later, another powerful Crown Prince became King. Abdullah employed a strategy similar to Faisal, often employing grand rhetoric to market his plans. However, he recognized the need to financialize state assets (i.e., unlock the value of state-owned and state-sponsored entities by opening them to private investment) and shifted some power from the center to private actors. His areas of focus for development were primarily concerned with addressing key structural issues (e.g., unemployment) and fostering a globally competitive economy driven by private enterprise. While their plans are similar, in contrast to King Abdullah, MBS seems unwilling to cede the center of economic activity to private

economic actors. This has led to a great paradox; Vision 2030 calls for all the benefits of a globalized economy, while continuing to centralize power and policy at the Royal Court.

In short, this thesis tracks the creation of a government with a central role in the lives of citizens. For much of the 20th-century, power was centralized at the Royal Court, primarily in the hands of MBS' powerful predecessors, such as Faisal and Abdullah. While the former led a top-down approach to build the infrastructure the country and economy needed during his day, the latter focused on expanding the provisioning of power and policy to private actors in response to the needs of his moment. These efforts, despite some of their successes, led to what Ulrichsen terms "uneven development," as the Kingdom persistently used oil rents to shield its economy and citizens from the downsides of globalization. In many ways, this incomplete approach is reflected in the various development plans.

Vision 2030 is open to the same critique and harkens back to a time when the monarch was reluctant to cede control over power and policy in the Kingdom to either private economic actors or citizens. Given these findings, as will be shown, the current moment in Saudi Arabia and the efforts underway are best understood within a historical contextualization of the Kingdom's development. In short, Vision 2030 is not an outlier.

Chapter 1

The Provision of Power and Policy in Early Saudi Arabia (1948-1979)

Saudi Arabia is a black box, a country that closely guards its secrets, particularly those that bear on the sources of political authority for the ruling family.

- Toby Jones, *Desert Kingdom*

Introduction

The close of the Second World War saw the commencement of oil exports in commercial quantities from the Kingdom of Saudi Arabia, subsequent alliances formed between the Kingdom and Western states to safeguard a resource critical to the postwar landscape, and a massive transfer of wealth to oil-producers in the form of hard foreign currency. These petrodollars, along with the waves of foreign actors engaged by the national oil company and the ruling family to create a modern nation-state, brought the mechanizations of the global economy to the Arabian Peninsula in full force.

There is a disconnect between the role the Kingdom plays in a highly integrated global economy and the level of clarity around the decision-making process within the ruling family. In short, while the level of transparency around global economic actors is largely high, the mechanizations of the policymaking process within the Kingdom is not as readily ascertainable. The many possible explanations for this (e.g., lack of free press, representative government, etc.) share a common theme; they are all related to power.

This chapter will explore the roots of power in the modern Kingdom through the lens of its early history. These early days were marked by an unwavering “conquest of nature” that would come to define not only the course of the 20th-century on the Arabian Peninsula, but also the fabric of the nation itself.⁶ Study of this campaign yields prescient insights into

⁶ Jones, 237.

the aspects of Saudi society and the role of the religious authorities (i.e., *'ulama*) in government. The *'ulama* will then be discussed alongside other political constituencies to garner an understanding of the decision-making process that drove policy implementation from the creation of the first government institutions tasked with managing the new oil rents to the succession of development plans culminating in Vision 2030.

The mixed results yielding from the policymaking process will be discussed in terms of macroeconomic development and other indicators. Additionally, while the various development plans will be analyzed in detail in Chapter 2, the context of Faisal's rise to power will be reviewed and his impact on policymaking noted. This chapter will conclude by briefly discussing how the events of 1979 impacted the balance of power and the policymaking process in the Kingdom.

Conquest of Nature

The early days of oil export from the Dammam Dome in the Eastern Province saw government revenues increase four-fold as the first shipments sailed the Gulf to almost ten-fold a decade later.⁷ This spurred the creation of governmental institutions tasked with managing both the new money and the change it would bring. The Council of Ministers was created in 1953 to oversee this effort.⁸ Given that this new capital came both quickly and in large quantities, the impact on the status quo among those in power cannot be understated.⁹ While power provisioning will be explored in more detail in the proceeding section, this

⁷ Tim Niblock with Monika Malik, *The Political Economy of Saudi Arabia* (London and New York: Routledge, 2007), 36.

⁸ Sarah Yizraeli, *The Remaking of Saudi Arabia* (Tel Aviv: The Moshe Dayan Center for Middle Eastern and African Studies, 1997), 102-3.

⁹ *Ibid*, 184.

vantage point offers a good view from which to study what arrived in tandem with the petrodollars.

Building a modern nation-state took a global village of consultants, researchers, and experts. These individuals, working on behalf of the royal family and the national oil company represented a larger trend. The discovery of oil not only integrated Saudi Arabia into global energy markets, but also the larger global economy. It is in this way, Toby Jones argues, that “a set of relations among politics, big business, global capital, labor, and scientific expertise [interacted] to forge the modern state of Saudi Arabia.”¹⁰

As the majority of Saudi citizens at this time were involved in agriculture, initial development efforts were centralized on projecting legitimacy by providing central services benefiting this sector. What followed were large dam projects and desalination plants, as well as innovations in agricultural loans. It is in this way that the ruling family began to insert itself into the daily lives of the people.¹¹

As early as the 1950s, it became clear that the leaders in Saudi Arabia saw the key to its legitimacy was not just its odd relationship with the clergy, but rather mastery over the environment. Given the agrarian nature of the economy for much of the 20th-century, as well as the perpetual reality of water scarcity on the Peninsula, large scale engineering projects were marketed as benevolent acts from the state. It was here that “mutual prosperity” discourse began to become commonplace, as the Saud fashioned a societal compact meant to entrench their power.¹² Later, this compact would be marked by massive urbanization of Saudi society and the creation of a comprehensive welfare state based on rent.

¹⁰ Jones, 13.

¹¹ Ibid, 13.

¹² Ibid, 55.

The innumerable engineers and other experts recruited from abroad to actualize these goals may not have been integrated into Saudi society, but they certainly helped integrate the Kingdom into the global economy. The impact of this early globalization cannot be understated. Despite the agrarian nature of economic activity, a technostate was rising in the background. This kind of strategic thinking would continue to expand as the century went on and as the role of the state was expanded in the economy.

The more formal (and clearly marketed) development plans hatched after the 1958 fiscal crisis have their roots in the early conquest of nature. As will be shown later, this is critical to understanding the roots of Saudi authoritarianism that still dominates the Kingdom today.

Power Bases

The oft discussed alliance between the Wahhabi and the Saud is central to the discourse surrounding the provisioning of power at inflection points in the Kingdom's history throughout the 20th-century. As noted above, power over politics and culture is often analyzed as a triangulation between Islam, the *'ulama*, and the Saud. While Islam is often wielded by both the *'ulama* and the Saud to bolster claims of legitimacy, there is a better way to view this founding myth.

The *'ulama* have managed to exert considerable influence over Saudi society and culture, as well as integrate themselves into the decision-making process, and are thus central to understanding the Kingdom.¹³ Their relationship with the House of Saud is often framed as such; in exchange for conferring legitimacy on the ruling family as the rightful custodians of Islam's most sacred places and the resources of the Arabian Peninsula, they are afforded

¹³ Niblock, 31.

prominent place in the public realm. While this is an accurate depiction, the symbiotic nature of the relationship is perhaps its most important quality. In the early days of ‘Abd al-‘Aziz’s power drive, the Wahhabi provided militant support to his army. Without it, ‘Abd al-‘Aziz would likely have not prevailed. Naturally, without him and the resources that followed, Wahhabism would have not achieved its current place within Islam.¹⁴ In short, they both needed each other.

Further, despite the insistence of the clergy and the royals, the Kingdom was actually quite diverse. Besides the perception fueled largely by these claims, the country was not at its founding religiously or culturally homogeneous.¹⁵ However, this would change as the Saud transformed the Kingdom and a considerable level of homogenization occurred on the cultural front. This bolsters Jones conquest of nature thesis, where he argues that Saudi authoritarianism had to fashion institutional legitimacy by offering clear benefits to citizens and creating a marked relationship between ruled and ruler in the absence of shared national myth or commonly held beliefs. This contextualized view of Saudi history is a helpful starting point to understand the complex balance of power in the Kingdom.

Power is balanced between the royal family, religious leaders, the tribes, the merchant class, the administrative elite, and outside forces.¹⁶ Understanding the minutia of how these various constituencies interact is difficult because of the secretive nature of the ruling family, but also because the line between the state and private activity is blurred.¹⁷ Firstly, this is most likely a symptom of the early emphasis on cementing mutually beneficial working

¹⁴ Ibid, 29.

¹⁵ Jones, 15.

¹⁶ Niblock, 13-17.

¹⁷ Ibid, 13.

relationships with wealthy and powerful members of the various aforementioned power centers. When this patronage started, there were quite literally no modern government institutions. This made it difficult to identify or define the line between public and private actions, as these payments were deployed in atypical ways. Secondly, as Niblock points out, the sheer size of the royal family compounds the disconnect. Approximately 7,000 princes strong, the royals are key players in the military, the security apparatus, and other administrative institutions.¹⁸ They are also important business leaders and cultural figures.

Before oil, the King often collaborated with the senior princes, the *'ulama*, the tribes, and important merchants to maintain his authority.¹⁹ For example, as much of the early Kingdom was still tribal, 'Abd al-'Aziz sent resources and recognition to tribal leaders in exchange for their political support. Additionally, the *'ulama* were given major latitude over society and culture in exchange for conferring Islamic legitimacy on the King and his family.²⁰ This balance of power did not change greatly even in the early days of oil.

Policymaking

For the purposes here and because only two of these power bases had the ability to make policy, the early policymaking process will be discussed in terms of the religious authorities and the royal family. The *'ulama*, using religious edicts, were able to exert control over society and culture.²¹ On matters of state, the King stood at the center of the decision-making process. In the royal court, senior princes used their influence to lobby the King, who

¹⁸ Ibid, 14.

¹⁹ Ibid, 32.

²⁰ Ibid, 33.

²¹ Ibid, 33.

balanced this with the aforementioned constituencies he had to contend with.²² Both of these centers of policymaking – the clergy and the royal court – will be taken in turn.

The Clergy

While the King fully wielded the power of the monarchy and was emboldened by major resources, until the second half of the 20th-century his purview was largely limited to governmental institutions and administration. The *'ulama*, on the other hand, enjoyed a wide purview over what could best be described as fashioning the soul of the nation. Said differently, the Kingdom was effectively an oligarchy, as the royal family and the clergy together had control. However different their spheres of influence, both King and clergy were embarking on centralization projects.

Seeking to create a common value system rooted in Wahhabism, the *'ulama* integrated teachings and a worldview into the emerging education system. This basis was also codified in the legal system. Additionally, they deputized a religious police force and gave officers wide latitude in enforcing rules over individual behavior under the authority of the Committee for Encouraging Virtue and Forbidding Evil.²³

It was in these ways that the *'ulama* became formidable influences in the creation of the culture of the Kingdom. Just as the royal family was working to make themselves essential partners to their largely agrarian subjects by way of environmental projects and direct financial support, the *'ulama* carved an unmistakable (and substantial) role for themselves in the lives of the general population. Influence over education, the legal system, and the police force integrated the clergy and their belief system into the fabric of the nation.

²² Ibid, 17.

²³ Ibid, 33.

This exceptional level of power and influence in the public realm also gave the *'ulama* a literal seat at the table. Senior members of the clergy met weekly with the King to discuss the matters of the day.²⁴ There was no doubt a practical element to this, given the overlap between the purview of the *'ulama* and other matters of state. More than this, though, it was a way for them to use each other for their own political ends. The *fatwa* encapsulates this relationship.

In terms of expediency, there is perhaps not a more effective political tool. A *fatwa* is a religious edict issued by a recognized jurist concerning a question related to Islamic law. While the influence of the *'ulama* over the aspects previously described was certainly on a cultural level, it was done via the individual. *Fatwas* are directed at society writ large and carry immense influence as they are functional interpretations of God's will. As Islam was enshrined in the Kingdom as a nation-state, essentially all questions could be answered via *fatwa*.

For the King, this was both a major opportunity and obstacle. When their interests were aligned on a matter of state, an affirming *fatwa* connected the veneration of Islam to governmental policy. In the same way, a *fatwa* taking issue with something stemming from the royal court could prove damning for whatever the court was proposing. This back and forth persisted for much of the century.

The Royal Court

In the decade before oil exports began in 1948, annual state revenue totaled approximately \$15 million. By 1950 it stood at \$100 million and surpassed \$300 million in 1960.²⁵ 'Abd al-'Aziz recognized the need for a modern bureaucracy to administer these new

²⁴ Ibid, 33.

²⁵ Harry St. John Bridger Philby, *Sa'udi Arabia* (London: Benn, 1955), 328.

resources and decreed the creation of the Council of Ministers in 1953.²⁶ The Council functions as a parliamentary cabinet and is chaired by the King, who deputizes individuals to run various aspects of government. At the onset, ‘Abd al-‘Aziz created ministries for Agriculture and Water, Education, Communications, Commerce and Industry and Health between 1953-54.²⁷

It is important to note that the Council did not supplant the decision-making process that was already in place. The balance of power described above, with the King firmly at the center, ultimately endured. While the King had ordered the creation of a modern nation-state, policy and the partitioning of resources was directed from him. These decisions and disbursements were based on the point-in-time needs of the royal family, the clergy, and the tribes.²⁸ From here, it is most helpful to understand the nature of decision-making in the royal court by reviewing the tumult of the financial crisis and the subsequent reforms.

Policy Failures

Shortly after creating the Council of Ministers, ‘Abd al-‘Aziz died in 1953 and his son Su‘ud ibn ‘Abd al-‘Aziz ascended to the throne.²⁹ He inherited a fiscal disaster. That year, a line item on the state’s annual budget labeled “Riyadh affairs” epitomized the problems. This cost center comprised approximately 25% of total expenditures and was used at the discretion

²⁶ Niblock, 38.

²⁷ Ibid, 38.

²⁸ Ibid, 39.

²⁹ Esther Van Eijk, "Sharia and national law in Saudi Arabia," in *Sharia Incorporated* (2010), 139.

of the King. ‘Abd al-‘Aziz used it to run the patronage structure discussed above, as well as build lavish palaces and bankroll his entourage.³⁰

This was indicative of systemic issues in the policymaking process stemming from the royal court. Spending decisions were made to ensure the short-term acquiescence of the various stakeholders in the Kingdom. Given the political landscape of the day, for example, funds would be directed to subsidize tribal agriculture. An influential prince may have successfully lobbied the King for a new capital expenditure, such as a palace or a large infrastructure project with limited practical use (i.e., a white elephant). The merchant class, who gained considerable economic influence as the economy began to open up post-oil, also won relief on import duties and other taxes.³¹

This seemingly ad hoc use of resources draws two important conclusions. The first, while the line between the state and private economic activity was blurry, there was very little distinction between public funds and royal coffers.³² Secondly, and crucially for the purposes here, state spending tended to focus on short-term solutions to larger problems.³³ The consequences of not accounting for the Kingdom’s long-term development would culminate in a financial crisis in 1958 and a significant course correction.

Oil revenues remained stable in the first years of the reign of King Su‘ud. They averaged approximately \$300 million between 1953 and 1958, but despite increasing notably from the early days of export they were not enough to sustain the Kingdom’s debt burden. Su‘ud was estimated to have inherited a debt load of approximately \$200 million, which

³⁰ David Holden and Richard Johns, *The House of Saud* (London: Sidgwick and Jackson, 1981), 163.

³¹ Niblock, 39.

³² Ibid, 38.

³³ Ibid, 34-38.

more than doubled by 1958.³⁴ What came next was a cascading effect of the spending practices pervasive during his father's reign. International credit markets were unwilling to extend further credit. ARAMCO, very aware of the fiscal realities in Riyadh and weary of further entanglement, also refused to loan the state more money. With other options exhausted, the Kingdom was forced to request a bailout of \$200 million from the International Monetary Fund (IMF).³⁵ Despite some tepid changes in princely allowances, Su'ud kept constructing palaces.³⁶

Along with the financial crisis in Riyadh, the King had other domestic issues that threatened his rule. Despite the initial development programs in the agriculture space in the early 1950s, the vast majority of Saudis were very poor. There was a large gap between the royal family, the Al-Shaikh family (i.e., the descendants of 'Abd al-Wahhab), and the emerging merchant class and the rest of society. For the vast majority of Saudis, those tasked with working the fields or laboring for ARAMCO, the opportunities of the changing economic landscape escaped them.³⁷

While this disconnect would manifest itself as Saudis took notice of the new ideologies centered on a rhetorically dignifying Arab nationalism emanating from Cairo, it also contributed to more immediate concerns within the Kingdom. Notably, a series of strikes in the Eastern Province at ARAMCO threatened to halt oil production.³⁸ The first strike, in

³⁴ Madawi Al-Rasheed, *A History of Saudi Arabia* (Cambridge University Press, 2010), 103.

³⁵ Alexander Bligh, *From Prince to King: Royal Succession in the House of Saud* (New York: New York University Press, 1984), 62.

³⁶ Al-Rasheed, 103.

³⁷ Michel G. Nehme, "Saudi Arabia 1950-80: Between Nationalism and Religion," *Middle Eastern Studies* 30, no. 4 (1994): 930-31, <http://www.jstor.org/stable/4283682>.

³⁸ Robert Vitalis, *America's Kingdom: Mythmaking on the Saudi Oil Frontier* (Stanford: Stanford University Press, 2007).

1953, was led by migrant workers from other Arab nations demanding better working conditions. The next walk out, a few years later in 1956, was more nuanced. ARAMCO laborers hotly contested the continued presence of American forces at the nearby Dhahran Air Base.³⁹

Despite its domestic complications, Su‘ud was initially supportive of Nasir’s Egypt, most likely hoping to garner some of the political benefits nationalism tends to offer, and gave Egypt financial support from 1954-57.⁴⁰ However, after his support for Egypt in the war in Suez in 1956 cost him in his relationships with Western powers, he began to reconsider. Further, the King began to see Nasir’s brand of nationalist militancy as an existential threat to his family’s power and authority over the Arabian Peninsula.⁴¹

His rethink led to his formal adoption of the Eisenhower Doctrine in Washington, D.C., in 1957. In exchange for standing between East and West, holding the line against an advancing communism, the Kingdom would benefit from U.S. military support (if necessary) and deeper economic ties.⁴² This course change, no doubt influenced by the calls from Cairo for the end of Arab monarchies, unleashed a decade-long confrontation between Egypt and the Kingdom.

The tightening of the royal purse strings, coupled with domestic political challenges and the tide of Arab nationalism sweeping the region, made it difficult for Su‘ud to hold the center of the decision-making process in the Kingdom. By the time an ensuing power struggle was over, the crown would no longer be his.

³⁹ Nehme, 932.

⁴⁰ Niblock, 41.

⁴¹ Ibid, 41.

⁴² Holden and Johns, 190-191.

Rise of Faisal

The conflict that would develop between Su‘ud and his brother Faisal is indicative of the magnitude of challenges the Kingdom faced. Given the level of financial and economic difficulties faced at home coupled with the external threat perception, some level of discord at court is certainly not surprising. However, the sibling rivalry deserves further contextualization.

As shown above, despite the various constituencies that ‘Abd al-‘Aziz had to account for, there was little doubt of who drove the decision-making process. The King surrounded himself with a group of loyal advisors and dispatched men of his own generation to important posts throughout the Kingdom. The Council of Ministers he created shortly before his death reflects this *modus operandi*. While the Council was meant to institutionalize government and was granted latitude in issuing administrative decrees, final approval was required by the monarch.⁴³

The death of ‘Abd al-‘Aziz left a power vacuum primarily because of his unwillingness to delegate responsibility and partition purview for his sons. As the government was expanding at a steady clip (i.e., the ministries of Agriculture and Water Communication, Education, Information, Labor and Social Affairs, Petroleum and Mineral Resources, and Pilgrimage and Islamic Endowments were created between 1953-1963), the lack of clarity on succession led to a frenzy among princes who sought political power. Su‘ud’s sidelining of his brothers and appointments of his sons to key positions only emboldened his leadership challenger.⁴⁴

⁴³ Al-Rasheed, 104.

⁴⁴ Ibid, 103-4.

Historians depict Faisal as a pious, modern man who was concerned primarily with limiting his brother's wasteful spending and remedying the Kingdom's financial crisis.⁴⁵ Su'ud is remembered for his controversies and his tribal approach to government.⁴⁶ Accuracy of the historiography aside, it is likely that without the intervention of Crown Prince Faisal, the economic expansion of the preceding two decades would not have been possible. Historians generally agree, but Tim Niblock goes further, arguing that until Faisal assumed control of government in its entirety in 1962, the modern state of Saudi Arabia did not really exist.⁴⁷

Developmental Themes (1962-79)

Once he had wrested the crown from his brother, Faisal instituted administrative and legal reforms that saw the role of the religious authorities decrease and the role of government in society increase. On the back of strong oil revenues, he established the Central Planning Organization in 1975 and spent heavily on economic initiatives and infrastructure. Just as the conquest of nature in the early days of oil bound ruled to ruler, these measures proved to link individual livelihood to the government.⁴⁸ This was transformational because it represented a break from the patronage structure that considered the clergy and the tribes over individual citizens and due its success. It aligned Saudi economic goals with those of the larger global economy and tamped down the influence of the *'ulama* in the royal court.

⁴⁵ Yizraeli, 102-3.

⁴⁶ Jones, 59.

⁴⁷ Niblock, 40-6.

⁴⁸ Ibid, 48-54.

In lockstep with this new social and political compact emerged a phenomenon critical to contextualizing development efforts – the marketing of development. In contrast to the opaque nature of policymaking in the royal court under his predecessors, Faisal marketed the central government’s initiatives directly to the population. Shortly after becoming Prime Minister in 1962, he announced a ten-point political and economic development plan aimed at “raising the nation’s social level.”⁴⁹ Despite the high-minded language employed by the Prime Minister, it was largely a repackaging of previously identified goals.⁵⁰

The plan established new regulations designed to stimulate economic and social development. Additionally, it abolished slavery and focused on leveraging the Kingdom’s natural resources and growing commercial sector. Jones highlights not the novelty of these goals (as they more or less aligned with the strategic goals under ‘Abd al-‘Aziz), but rather the change in approach. The public proclamation, he argues, shows that Faisal felt at least some level of accountability to the people under Saudi rule.⁵¹

This shift in thinking represented a true break from the previous approach to government and central planning. After 1962, beginning with Faisal, the Kingdom’s rulers expanded the sociopolitical compact based almost solely on patronage and Islamic legitimacy to include a consent component. While this consent is mostly just implicit, as it is not required in an absolute monarchy, it speaks to the ruling family’s ability to accurately perceive threats to their power.

For example, by the time he was King, Faisal better understood the antagonism the general population held to various aspects of Wahhabi and Saudi rule.⁵² Beyond actualizing

⁴⁹ Jones, 61.

⁵⁰ Ibid, 62.

⁵¹ Ibid, 61-62.

⁵² Ibid, 83.

the economic aspects of the development efforts, a national narrative superseding the clergy and the royal family became necessary. What came next was a development discourse dominated by the integration of Islam and modernity. The argument advanced primarily by Faisal was that rather than an obstacle or impediment to progress, Islam was a critical component to the Kingdom's success.⁵³

Typical of efforts by authoritarian regimes to construct national narratives, this discourse implied the exceptionalism of Saudi Arabia as an economic success story with the Qur'an as its constitution, as well as the special nature of its leaders. This spurred a cult of personality around Faisal when he was Prime Minister that continued through his reign. The manufactured connection between citizens and rulers was successful in expanding the wider legitimacy of the royal family.⁵⁴ As such, this tactic would be repeated.

1979

The reformation that started under newly crowned King Faisal in 1962 was marked chiefly by the centralization of government institutions concerned primarily with fostering economic growth and development. This period also saw a shift in power from the *'ulama* to the royal court and placed the monarch firmly in the center of the policymaking process in the Kingdom.⁵⁵ However, the watershed year of 1979 and the fluctuation of oil prices in the 1980s seriously altered the Kingdom's economic and political direction.

The three major events of that year had profound, durable effects on the Kingdom and the larger region. The Soviet Union invaded Afghanistan and created a space for modern

⁵³ Ibid, 86.

⁵⁴ Ibid, 85.

⁵⁵ Niblock, 47.

jihād. The Iranian Revolution resulted in the rise of the Islamic Republic and the charismatic Ayatollah Khomeini, who spoke high-mindedly about a new Muslim world that adhered in totality to Islam. Finally, another charismatic man citing a litany of grievances about the rulers of the Arabian Peninsula laid siege to the Grand Mosque in Mecca.⁵⁶ The latter two events are most critical the scope of this argument and will be taken in turn.

Ayatollah Khomeini, the cleric who consolidated power swiftly and Islamized the new republic, was nothing if not an inspirational and highly competent leader. He spoke grandly about creating a new Muslim world that adhered in totality to Islam. Although this bold language sometimes included calls for revolution abroad, the real power of the Islamic Revolution in Iran laid in the political imagination. For neighboring leaders, of course, the primary concern was the events in Iran serving as a catalyst for fundamentalists within their own borders to rise up and demand similar tectonic change. For some Muslims, Khomeini's condemnation of monarchial rule and Western influence resonated. In short, Arab leaders in the region saw the revolution's potential as a contagion. The Saud were no exception.⁵⁷

It is in this climate that Juhaiman Ibn Saif al-Otaiba asked existential questions about Muslim and Saudi life as the 14th Islamic century was drawing to a close. Citing the slander about his tribe, the opportunists and bureaucrats serving the Saudi government, and the importance of the Law he declared a *mahdi* had been found amongst his people and took over the Grand Mosque in Mecca on November 20, 1979.⁵⁸ The siege lasted for nearly two weeks

⁵⁶ Kim Ghattas, *Black Wave: Saudi Arabia, Iran, and the Forty-Year Rivalry That Unraveled Culture, Religion, and Collective Memory in the Middle East* (New York: Henry Holt and Company, 2020), 2.

⁵⁷ Ross Douglas Kimm, "Looking for a Messiah: Contextualizing the Discourse on the Grand Mosque Attack of 1979" (2020), 1.

⁵⁸ Jim Paul, "Insurrection at Mecca," *MERIP Reports*, no. 91 (1980): 3, <https://doi.org/10.2307/3010945>.

as Al- Otaiba's hundreds of fellows sparred with Saudi security forces. Eventually, he was drug out from the mosque and dispensed with expediently by government forces. While this event may have not been an existential threat to the state (and despite possible perception, was not inspired by the Islamic Revolution), the Royal Court responded swiftly to protect their interests.⁵⁹

These events led to an expansion of power of the religious authorities in a manner unexpected and unwelcome by the ruling family.⁶⁰ The government responded by expanding the role of Islam in public life and giving the '*ulama* greater influence over society and culture, as well as began to focus on external matters. This was marked by a concerted effort to strengthen its relationship with the United States.⁶¹

Competing priorities both at home and abroad, coupled with the regional tumult in the 1980s and fluctuating oil prices, made the somewhat reactionary response to the events of 1979 durable. This made for an incoherent pattern of economic and social development that will be analyzed in detail in the next chapter.

Conclusion

By the end of the 1970s, changes in the provision of power and policy in the Kingdom of Saudi Arabia had transformed the country. Initial investments in agriculture and water resource management were followed by a more centralized approach to economic planning. The patronage scheme, a hallmark of the Kingdom's early days, evolved from a political weapon wielded by the King to appease his various constituencies to a legitimization tool once payments reached more facets of society.

⁵⁹ Kimm, 1.

⁶⁰ Jones, 238.

⁶¹ Niblock, 113.

The events of this period yield some thematic conclusions crucial to keep in mind when reviewing the various development plans in detail. One, the lack of durable institutions in place at the discovery of oil led to major inefficiencies in government and set the stage for internal power struggles. These struggles played out in the Saud's larger authoritarian discourse and mythmaking, creating a space and appetite for cults of personality around leaders beginning with Faisal.

Second, while policymaking was fleshed out in the relative privacy of royal court until the end of the 1950s, development began to be marketed to citizens directly by then Prime Minister Faisal in 1962. It was incorporated into national discourse and used to bolster the legitimacy of the ruling family.

Finally, the period between 1962 and 1979 represented a clear break from the previous *modus operandi*. The business of government was focused on expanding the legitimacy created and the bond made between ruler and ruled under the previous conquest of nature to a larger, more tangible role for the government in the lives of individual citizens. This was characterized by expanding services, the sidelining of religious authorities, and a more equitable provision of oil rents. In short, the relative successes of this period were the result of effective strategic planning by the government.

Chapter 2

Perpetual Planning

This is really our one resource. This is our chance to use it to build a country that has something to do with these times. Unfortunately, over the last fifty years, all of this money has been spent wrongly.

- Abdelrahman Munif, 1994

Introduction

The goal of this chapter is to review the details of each successive development plan through the contextual and thematic lens established in Chapter 1. This understanding of the balance of power in the Kingdom and its effect on policy, along with the historical reference points necessary to draw conclusions, are important tools for further analysis of economic planning and development.

This chapter will begin by connecting a paradox related to the Kingdom's status as a rentier economy identified by Niblock to Ulrichsen's larger reflection on economic integration in the Gulf. While the literature on nation-states who garner the vast majority of their revenues from sales of sovereign natural resources tends to find high levels of state autonomy, Saudi Arabia is somewhat of an exception. This autonomy (i.e., absolute power or lack of accountability to citizens) typically results from the legitimacy created by providing goods and services to the general population. In exchange for this patronage, the citizens of rentier economies tend to cede political agency. As will be shown, the state has not always been effective at unilaterally imposing its will on society.

This paradox led to another. The Kingdom's vast oil revenues effectively shielded the larger economy from the realities of globalization. While individuals received some of the benefits of the global market forces advancing in the 1970s and 1980s, the buffer offered by oil rents impeded full integration into the global economy. Despite the globalized nature of the oil sector and domestic consumption, the large amount of unearned income (i.e., oil rents)

artificially protected the domestic market from the cyclical global economy. This uneven development is reflected in the development plans.

Accepting Tim Niblock's thematic organization of the eight development plans hatched between 1970 and 2005, each cluster will be reviewed in turn. The First (1970-5), Second (1975-80), and Third (1980-5) Development Plans sought to transform the Kingdom's largely agrarian economy into a modern economy on par with that of the developed world. Despite varying oil prices and the regional tumult associated with the Iran-Iraq War, these efforts were indeed transformational. The next cluster (i.e., the Fourth (1985-90), Fifth (1990-5), and Sixth (1995-2000) Development Plans) saw a continued advancement of the larger goal of creating an economy level-set with that of developed countries by fostering a well-skilled labor force. Efforts were somewhat constrained by the slump in oil prices.

Finally, this chapter will conclude by discussing how the Seventh (2000-4), Eighth (2005-9), and Ninth (2010-14) Development Plans (aiming to create a dynamic knowledge-based economy able to compete in global markets) set the stage for Vision 2030.

Rent and State Autonomy

Biblawi and Luciani, in their edited collection on the rentier state that has become the basis for economic analysis of Gulf oil-producing states, define the rentier economy as "an economy substantially supported by the rent accruing from abroad."⁶² A rentier state is then one that derives a considerable portion of its revenues from foreign sources. These states

⁶² Hazem Beblawi, "The Rentier State in the Arab World," in *The Rentier State*, ed. Hazem Beblawi and Giacomo Luciani (London: Croom Helm, 1987), 11.

typically have small native populations, considerable natural resources, and lack economic diversification.⁶³

This collection defines six key attributes of rentier states. The first is that the state becomes the main driver of development, given that rents are paid directly to the government.⁶⁴ Second, the state pursues policy that does not account for the needs or wants of all societal stakeholders (i.e., high level of state autonomy).⁶⁵ Third, citizenship becomes a source of economic benefit, as societal factions vie for a piece of the unearned income cascading down from the government.⁶⁶ Fourth, rents allow for the import of basic goods at the expense of the domestic market.⁶⁷ Fifth, little or no taxation undercuts individual agency in the polis.⁶⁸ Finally, foreign labor becomes a major component of the economy.⁶⁹

Although the rentier dimension of Saudi Arabian political economy is not the only factor influencing policymaking and driving outcomes, it is an important aspect of understanding the Kingdom's development. Many of these attributes apply to the Saudi state. As discussed in the previous chapter and will be shown in more detail below, the Royal Court dominates the policymaking process. Even as the private sector expanded, due to the blurred line between what was public and what was private, this remained true throughout the 20th-

⁶³ Niblock with Malik, 15.

⁶⁴ M. Abdel-Fadil, "The Macro-Behaviour of Oil-Rentier States in the Arab Region," in *The Rentier State*, ed. Hazem Beblawi and Giacomo Luciani (London: Croom Helm, 1987), 11.

⁶⁵ Theda Skocpol, "Bringing the State Back In: Strategies of Analysis in Current Research," in *Bringing the State Back In*, ed. Peter Evans, Dietrich Rueschemeyer and Theda Skocpol (Cambridge: Cambridge University Press, 1985), 9.

⁶⁶ Beblawi, 52-3.

⁶⁷ Niblock with Malik, 17.

⁶⁸ Giacomo Luciani, "Allocation vs. Production States: A Theoretical Framework" in *The Rentier State*, ed. Hazem Beblawi and Giacomo Luciani (London: Croom Helm, 1987), 59.

⁶⁹ Niblock with Malik, 18.

century. Similarly, as economic benefits remained largely concentrated at the top, beginning with the Royal Court and slowly expanding to include princes working in the private sector and important merchant families, Saudi citizens oriented their economic activity to capturing some of these gains. This came at great expense to building a robust, self-sustaining economy as the primary driver of activity was the business of capturing a finite amount of unearned income.

The roots of the fourth and sixth factors, reliance on imported goods and foreign labor, respectively, can be traced to development efforts immediately following the initial flow of oil. As the Kingdom began its conquest of nature, imported equipment and technology alongside foreign experts was necessary given the low levels of development in the Kingdom. As oil rents grew and the patronage scheme expanded to larger swaths of a society becoming more and more globalized, domestic goods and labor were unable to catch up.

The second and fifth factors are closely related. High levels of state autonomy tend to only be possible when the government needs little or no revenue (in the form of taxation) from its citizens. While the latter is certainly true, as the tax burden of individual Saudi citizens has remained persistently low, the former represents an exception to rentier theory. As stated in Chapter 1, the royal family had to work with other power bases (primarily the religious authorities and tribal leadership) to maintain the upper hand in the policymaking process. Further, as the labor strikes at ARAMCO and the siege of the Grand Mosque indicate, they have also had to contend with domestic challenges to their authority.

Niblock, in his general critique of rentier theory and study of the Kingdom's political economy, agrees. He argues that even as the oil boom of the 1970s placed an unprecedented amount of resources in the Kingdom's coffers, it would be inaccurate to conclude that this

translated to a high level of state autonomy.⁷⁰ Even as the role of the *'ulama* and the tribal leaders became less prominent during this period, the Royal Court still engaged regularly with them during the policymaking process. Regardless of whether this calculus was forward-looking or reactionary, the end result is the same. At best, the Saudi government can be considered semi-autonomous from its society.

Throughout the second half of the century, despite some significant successes in economic expansion on the back of strong oil revenues, the government struggled to impose its will on society.⁷¹ As will be shown in the proceeding sections, policy was largely driven by reaction to domestic and international events. This shared agency, although limited given the nature of an authoritarian regime, is perhaps the clearest signal of the moderate level of autonomy enjoyed by the Saudi state.

Uneven Development

Regardless of how neatly the Kingdom fits the definition of a rentier state or how much autonomy the state has from its citizens, oil revenues have invited as many challenges as they have opportunities. While the inflow allowed for the making of a nation-state and opened up its economy in the process, it also shielded the Kingdom from more typical processes of development that produce more dynamic economies. A larger population that relies heavily on unearned income is forced to only partially engage with global economic realities and thus only exists on the periphery of international commerce.⁷²

The typical economic development process begins with the transition from an agricultural-based economy to one focused on industrial production. Then, as the knowledge

⁷⁰ Niblock with Malik, 22.

⁷¹ Ibid, 20.

⁷² Ibid, 2.

base grows, it transitions to services.⁷³ In underdeveloped countries, the introduction of significant rents leads to disproportionate growth in the service sector. This is due to the increase in demand for consumer goods and the cost disparity between domestic manufacturing and imports. It is often considerably cheaper and faster, thus more profitable, to import than produce.⁷⁴

This has big effects on society. Citizens that previously made their money in agriculture or from making artisanal wares are forced to turn to the patronage offered by the state for their basic livelihoods. On the other side, the merchant class must lobby the government for the authority to transact in this new space. Beyond the distortions to economic growth and development that these outcomes represent, they also create a stronger bond between ruler and ruled. This often perpetuates the limited agency of individual citizens in the business of government, as both of these groups would be far less inclined to challenge the authority of their benefactors.

Connecting these economic externalities to the larger process of integration into the global economy, the problems are compounded. Kristian Ulrichsen, writing on the political economy of the Arab Gulf, found a compelling reason behind the region's uneven record of integration in the global economy. He argues that despite their critical role in the global industrial economy, supplying the oil that rebuilt and retooled the post-World War II world, they "were to a high degree untouched by the deeper processes of globalization as they accelerated in the 1970s and 1980s" due to the size and location of the oil sector in the economy.⁷⁵

⁷³ Ruth First, "Libya: Class and State in an Oil Rentier Economy," in *Oil and Class Struggle*, ed. P. Nore and T. Turner (London: Zed Press, 1980), 120.

⁷⁴ Tim Niblock, *Dilemmas of Non-oil Economic Development in the Middle East* (London: Arab Research Centre, 1980), 1-40.

⁷⁵ Ulrichsen, 24.

Oil revenues dwarfed other economic activity, while the sector itself operated in isolation from the rest of the economy. This effectively provided a shield to the rest of domestic markets, allowing them to function outside the norms and realities of a typical economy. This became even more pronounced when oil prices skyrocketed after the 1973 embargo, as oil rents proved to be a durable cushion from the upheaval in the larger global economy.⁷⁶

John Fox observed that this led to an economic and cultural paradox where societies received “the material benefits” of globalization in ways managed by the central government that resulted in only partial integration into the global marketplace.⁷⁷ The roots of this uneven development, as well as attempts to mitigate it, will be explored in the sections that follow.

First, Second, and Third Development Plans (1970-85)

Overview

After regaining the role of Prime Minister in 1962, Crown Prince Faisal (who was crowned King two years later) began a transformation of the policymaking process in the Kingdom. While he was still the primary decision-maker, he injected a strategic aspect into the process necessary to guide the country out of the fiscal crisis he inherited from his predecessor. What came next was the creation of the institutions (primarily, the Central

⁷⁶ Ibid, 24.

⁷⁷ John W. Fox, Nada Mourtada-Sabbah, and Mohammed al-Mutawa, “The Arab Gulf Region: Traditionalism Globalized for Globalization Traditionalized?” in *Globalization and the Gulf*, ed. John W. Fox, Nada Mourtada-Sabbah, and Mohammed al-Mutawa (London: Routledge, 2006), 3.

Planning Organization in 1965) capable of actualizing an ambitious strategy that would require skillful administration and planning.⁷⁸

His consolidation of power gave him the latitude to lead a centralized, top-down development process. Using growing revenues from oil, King Faisal was able to create the structures between 1962 and 1970 that would set the stage for formalized development plans beginning in 1970. Although this period was one of transition, marked by the lack of human capital and infrastructure to effect great change, it laid the groundwork for the transformation that followed.⁷⁹

Beginning in 1970, three successive five-year plans were made with the goal of enacting social and economic change. The primary goals were to build a social and physical infrastructure capable of supporting a modern nation-state, assume full control of the oil industry and its revenues, and create a strong industrial sector. On the back of increased oil production and rising prices, with the state at the center of the process, the ambitious plans were largely successful in transforming the fabric of society.

Plan Objectives

Although the marketing of each plan and the financial allocations given to various public investment categories changed with each iteration, a set of generalized concepts are at the center of each plan. These emphasize the role of Islam in society, the importance of the security and stability of the Kingdom, and economic growth benefiting all regions. They also speak to diversifying the economy, investing in homegrown human capital, and creating the infrastructure necessary to actualize these goals.⁸⁰

⁷⁸ Niblock with Malik, 32-5.

⁷⁹ Ibid, 51.

⁸⁰ Ibid, 57-8.

Each plan reflects these strategic goals, as well as the realities of the moment. For example, the First Plan is certainly more of a tepid approach. This is most likely in response to the lower rents received throughout the decade preceding it, as well as the diminished state of Saudi finances following the financial crisis. The vast majority of plan expenditures, approximately 75% of the total project, focused on physical infrastructure. The remaining funds were allocated almost evenly to economic development (i.e., investments in agriculture, water, and energy that dwarfed that of commercial manufacturing) and investments in human capital (i.e., primarily in the form of building schools).⁸¹

The Second Plan replaced the cautious approach of the first and started accounting for a post-oil landscape. At this stage, that meant major investment in natural gas and mineral resources, as well as agriculture and other industry.⁸² Accordingly, infrastructure allocations were reduced from 75% to approximately 40%. Human capital investment held steady and economic resource development increased to over a third of total expenditure. Despite these important changes, however, the most important aspect to note is the difference in scale between the First and Second Plans. Total project allocations for the First Plan stood at approximately SR 12 billion as part of a total governmental budget of SR 24 billion. Just five years later, the Second Plan commanded a SR 239 billion allocation from a SR 318 billion total budget.⁸³

⁸¹ Kingdom of Saudi Arabia, Ministry of Economy and Planning, *First Development Plan, 1970-75*, (Riyadh, 1970), 43-4, <https://www.mep.gov.sa/en/development-plans>.

⁸² Kingdom of Saudi Arabia, Ministry of Economy and Planning, *Second Development Plan, 1975-80*, (Riyadh, 1975), 3, <https://www.mep.gov.sa/en/development-plans>.

⁸³ Ibid, 529-32.

The Third Plan garnered SR 516 billion from a total budget of SR 698 billion.⁸⁴ The proportion of allocations remained similar, but the absolute increase in the economic resource development category was directed at limiting the economy's dependence on foreign labor, a key aspect of the overall plan. Emphasis was given to developing productive sectors, such as the petrochemicals industry, with domestic resources.⁸⁵

Outcomes

The period corresponding to the first three development plans benefited immensely from the rise in oil prices related to the October 1973 war and the oil embargo, continuing through the Iranian Revolution in 1979 and the early years of the Iran-Iraq War. When the First Plan was announced in September 1969, oil revenues stood at \$5.1 billion. By 1982, annual rents totaled \$328.6 billion.⁸⁶ However, revenues declined shortly and sharply after this highwater mark. Budget allocations were reduced in the latter part of the Third Plan, in 1984 and 1985, to account for the change. Despite these setbacks and governmental deficits in these two years, though, there was not a shift in the overall strategic plan.⁸⁷

In short, due to consistently rising oil revenues during the majority of this time period and effective allocation of these resources, this period transformed the Kingdom. Total gross domestic product (GDP) increased from SR 22 billion in 1970 to SR 372 billion by 1985.⁸⁸

⁸⁴ Kingdom of Saudi Arabia, Ministry of Economy and Planning, *Third Development Plan, 1980-85*, (Riyadh, 1970), 88, <https://www.mep.gov.sa/en/development-plans>.

⁸⁵ Ibid, 16.

⁸⁶ Ibid, 52.

⁸⁷ D. Rehfuss, "Oil and the Development of the Saudi Economy," *Middle East Insight*, no. 253 (February 1996): 50.

⁸⁸ Kingdom of Saudi Arabia, Ministry of Economy and Planning, *Statistical Abstracts*, (Riyadh, 1970-85).

Infrastructure across many sectors of the economy, from transportation to agriculture, was dramatically improved.⁸⁹ The education system saw a massive increase in both the number of schools and enrollment levels. Finally, in addition to a three-fold increase in the number of hospital beds and an exponential increase in the number of medical personnel to staff them, the Kingdom also greatly expanded its social safety net.⁹⁰

Additionally, the administrative capacity of the government itself expanded with oil revenues and the scope of the plans. The number of public sector employees increased five-fold between 1970 and 1985, with 469,000 people working directly for the state. These personnel managed existing government processes, as well as worked within the expanding Agricultural Bank. New entities were created to increase the productivity of private economic actors (i.e., the Saudi Industrial Development Fund in 1974) and to provide services to the general public (i.e., the Saudi Credit Bank in 1971 and the Real Estate Development Fund in 1974). The Ministry of Industry and Electricity was founded in 1975. The Saudi Ports Authority was created in 1976, as well as the Saudi Arabian Basic Industries Corporation (SABIC).⁹¹

While the advent of this administration allowed for the growth of this period and the relatively successful application of the first three development plans, the working of the government was frequently bogged down by the bureaucracy. Some ministers ran their ministries as fiefdoms, projects in one office often overlapped with ones being executed elsewhere, and everyday decision-making was not delegated to civil servants themselves. As Niblock opined, the coherence of the development plans and the marketing of them

⁸⁹ Niblock with Malik, 77.

⁹⁰ Ibid, 82.

⁹¹ Ibid, 67.

emanating from the Royal Court did not translate to coherent policy execution.⁹² These inefficiencies became more pronounced as more Saudis joined the public sector, as wages were considerably higher than available in the private sector.

As the size of the economy grew, the need for foreign labor in the private sector also increased. Similar to the early days of oil, where the government relied on foreign experts and consultants for their conquest of nature, foreign labor was becoming a necessity across the various sectors of the economy.⁹³ It is important to note that although economic activity in the private sector increased in this period, it was largely due to government expenditures in constructing and maintaining infrastructure.⁹⁴ In other words, oil rents truly fueled growth across the economic spectrum.

The final key takeaways from this era also relate to the private sector. In 1973, the Kingdom began the process nationalizing ARAMCO, beginning with taking a 25% stake. By 1980, it had taken full control. Later that decade it would be renamed Saudi Aramco.⁹⁵ Although international oil conglomerates maintained their roles as managers of the extraction, refinement, and marketing processes, this placed the Saudis in strategic control of their largest sovereign asset. This was a crucial step in assuming the “swing producer” role the Kingdom would later play, as it gave the government total control over pricing and production levels.⁹⁶

⁹² Steffen Hertog, “Segmented Clientalism: The Politics of Economic Reform in Saudi Arabia,” Oxford University (2006): 93-103.

⁹³ Niblock with Malik, 77.

⁹⁴ Ibid, 84.

⁹⁵ Adam Hanieh, *Capitalism and Class in the Arab Gulf States* (New York: Palgrave Macmillan, 2011), 69.

⁹⁶ Niblock with Malik, 68.

Finally, the government sold a 30% stake of SABIC, the national petrochemical firm, to the public in 1984. At the time, this was marketed as an indicator of eventual private ownership of entire firm and indicated that other state assets may eventually be publicly floated.⁹⁷ While this did not materialize until some two decades later, it serves as an important precedence in the Kingdom's overall development path.

Summary

By the end of 1985, the Kingdom had supplanted a state with limited reach and a governing legitimacy based on narrow patronage schemes with a centralized, emerging nation-state. Saudi Arabia used its windfall of oil rents to expand the role of the government in the lives of citizens. Inroads in infrastructure, social services, and private sector investment bound the fortunes of the ruled to the ruler like never before. The provision of power and policy rested largely with the monarch and the Royal Court, remaining static throughout this period. Eschewing the typical relationship between the public and private sector emerging in a rapidly globalizing world, the government was the central force of economic power, leaving the private sector almost the same from its pre-development form and dependent on government contracts and largess. However, downward pressure on oil prices would force a rethink.

Fourth, Fifth, and Sixth Development Plans (1985-2000)

Overview

Economic policy during the 1985-2000 period largely reflected a reactionary response to oil price fluctuations. As time went on, it became increasingly clear that relying on oil

⁹⁷ Ibid, 68.

rents to drive domestic economic growth was becoming more and more unsustainable. At the onset, the government responded by running deficits to avoid major allocation cuts before eventually reducing spending and turning its focus to the private sector. However, despite some notable advances this sector, the impediments to its further growth encapsulate the problems of this period.

The failure of the policymaking process to transition to a state-sponsored capitalist approach in line with developed economies proved endemic. The proceeding subsections will review thematic objectives and outcomes across all three plans, rather than taking each in turn, to better understand the decision-making process during this period.

Plan Objectives

The focus on building out the country's physical infrastructure that dominated the preceding period was replaced with emphasis on increasing economic productivity. To this end, the Fifth Plan articulated the need for an environment conducive to fostering private sector activity.⁹⁸ Later, the Sixth Plan laid the groundwork for privatization of state-owned corporations. It also included language on creating a space for private corporations and actors to take part in the end-to-end development of projects. For example, these entities would be allowed to participate as financiers, builders, operators, and service providers.⁹⁹

Somewhat paradoxically, given the level of foreign expertise involved in the transformation of the Kingdom up to this point, all three plans sought to reduce dependence on foreign labor. As Saudis were beginning to emerge from the newly minted education

⁹⁸ Kingdom of Saudi Arabia, Ministry of Economy and Planning, *Fifth Development Plan, 1990-5*, (Riyadh, 1990), 48, <https://www.mep.gov.sa/en/development-plans>.

⁹⁹ Kingdom of Saudi Arabia, Ministry of Economy and Planning, *Sixth Development Plan, 1995-2000*, (Riyadh, 1995), 47, <https://www.mep.gov.sa/en/development-plans>.

apparatus and the public sector was unable to absorb them, the first Saudization drive began. Each plan placed notable mention of the goal to “qualitatively” improve the Saudi workforce so that they may limit the need for so much foreign labor.¹⁰⁰

The allocation of plan expenditures reflects the focus on these two issues, especially as time went on. From a total budget of SR 500 billion, the Fourth Plan allocated SR 135 billion (i.e., 27%) to human resource development and SR 90 billion to social development (i.e., 18%). The remaining amount was split about evenly between economic resource development and physical infrastructure.¹⁰¹ Later, although the total project budgets declined to approximately SR 400 billion due to fluctuations in oil prices, funds were focused on human capital. Human resource and social development constituted half of the Fifth Plan.¹⁰² It made up approximately 70% of the Sixth Plan.¹⁰³

As stated, less investment in economic resource development and physical infrastructure reflects the successes of the previous period. The state had made major strides in the petrochemical industry, as well as completed major physical infrastructure projects (i.e., roads, ports, communication networks, etc.). Additionally, it also underscores the primary goals of this period of shifting the engine of growth to the private sector and increasing the number of Saudis working in this space.¹⁰⁴

¹⁰⁰ Niblock with Malik, 105.

¹⁰¹ Kingdom of Saudi Arabia, Ministry of Economy and Planning, *Fourth Development Plan, 1985-1990*, 72-3, <https://www.mep.gov.sa/en/development-plans>.

¹⁰² Kingdom of Saudi Arabia, Ministry of Economy and Planning, *Fifth Development Plan 1990-1995*, 100, <https://www.mep.gov.sa/en/development-plans>.

¹⁰³ Kingdom of Saudi Arabia, Ministry of Economy and Planning, *Sixth Development Plan 1995-2000*, 46, <https://www.mep.gov.sa/en/development-plans>.

¹⁰⁴ Niblock with Malik, 108.

Outcomes

In 1986, at the beginning of this period, rents on oil stood at \$42.5 billion. This represented a nearly 90% drop from the highwater mark of \$328.5 billion in 1981. They remained low until the Gulf War spiked prices and pushed revenue up to \$127 billion in 1992. Price fluctuation ruled the proceeding decade, as revenues oscillated between a lower bound of \$80 billion and a higher bound of \$160 billion.¹⁰⁵

Considerable fluctuations in state funds coupled with the costs associated with the Gulf War placed immense pressure on the treasury and led to deficit spending throughout the period. For example, the war-related costs were estimated to eclipse \$55 billion in 1991, slightly over half of the Kingdom's GDP.¹⁰⁶ This context sheds light on the stark difference between this period and the one preceding it. The Kingdom could no longer rely on a steady, rising stream of unearned income.

This led to costly cuts that negatively impacted the economic productivity push at the heart of the development plans. While it was no longer a primary focus, further development of physical infrastructure was limited and what was built before was neglected. Further, although it was a key component of this period, investments in human capital largely failed to stem the tide of foreign labor in the private sector (due largely in part to the low quality of public education, the efficiency and effectiveness of foreign labor, and the lack of Saudi women in the workforce).¹⁰⁷ In short, expenditures associated with the development plans were impacted enough to affect the outcome.

¹⁰⁵ Saudi Arabian Monetary Agency, *Forty-First Annual Report*, (Riyadh, 2005), <https://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/Forty%20First%20Annual%20Report.pdf>.

¹⁰⁶ Henry Azzam, *Saudi Arabia: Economic Trends, Business Environment and Investment Opportunities*, (London: Euromoney, 1993), 130.

¹⁰⁷ Niblock with Malik, 95.

The general government budget, however, proved more difficult to curtail. Throughout the period, the government bureaucracy kept operating as usual. The administration presided over a vast and inefficient workforce that the leadership was unwilling to cut. This is most likely because public sector employment was such a huge part of the patronage scheme. Cuts to abstract, strategic development plans were no doubt less controversial because they were not felt immediately.¹⁰⁸

This policy failure points to a larger issue that ultimately defined this period. Despite wanting to foster increased productivity in the private sector and a transition to the state-aided capitalist structure dominating the global economy, the Royal Court was still at the center of the decision-making process.¹⁰⁹ This was problematic for two reasons. One, this type of relationship between the government and the private sector is paradoxical to the economic structure the Kingdom was seeking to fashion. Second, the Royal Court was rampant with corruption.

The decision-making approach to development projects was often influenced by senior royals with a stake in the outcome. These princes invested their personal resources in related areas and funneled contracts to these entities for their own benefit. This proved very costly, as the outcome rarely matched the proposal and the absence of a bidding process greatly increased the cost to the state.¹¹⁰ Despite the pointed, strategic nature of the development plans, specific policy decisions were plagued with this kind of corruption. Policy outcomes hinged on power sharing arrangements between influential princes instead of sound strategy. The end result reflected the process. By the dawn of the millennium, the Kingdom was in dire need of reform.

¹⁰⁸ Ibid, 115.

¹⁰⁹ Ibid, 98.

¹¹⁰ Ibid, 98.

Summary

Although oil rents never reached the highs recorded in the previous period, they proved to provide enough of a cushion to insulate the Kingdom from changing its restrictive economic framework and fashioning a new social compact with its citizens. Persistent issues were exacerbated, as society became more unequal and newly educated Saudis entered the workforce with unmatched opportunities. In other words, the top-down approach to development, with a more and more ineffective Royal Court at the center of the process, fell short of the needs of the moment. At the close of this period, no major strides had been made to privatize large swaths of the economy and spur durable economic growth. Further, due to the interests of powerful princes presiding over protected sectors, a highly subsidized society persisted.

Seventh, Eighth, and Ninth Development Plans (2000-2014)

Overview

The impasse in the decision-making process around the privatization of state assets and promotion of the private sector that persisted in the previous period gave way as the Kingdom entered the new millennium. Under the leadership Crown Prince Abdullah, the Kingdom embarked on a substantial privatization program and enacted structural economic reforms. The change in rhetoric and scope of the reforms sought to answer the key question wrestled with during the previous period; will the private sector become the primary driver of economic growth?

The context of this question is key. Development plans had to account for a global economic downturn, as well as align with the Kingdom's larger goal of World Trade

Organization (WTO) membership. Additionally, high unemployment among its increasing educated population and a fall in living standards for some subsets of the population placed additional pressure on Riyadh to offer a new vision for the future.

Plan Objectives

Similar to the reformation period of 1962-1979, structural changes were again at the heart of economic planning. Emboldened by an increase in oil prices, the Kingdom was able to actualize some of the plans rooted in the previous period. The rhetoric of Crown Prince Abdullah, who had expanded his policy role in 1995 and achieved great consensus on his plans by 2000, encapsulates the transformative nature of the new period. In several speeches in 1999, he argued the days of the state as the main driver of economic growth were over and that the private sector must step up to create more employment opportunities for Saudis. He also warned that the levels of subsidies artificially deflating the costs of basic goods and services for the general population were unsustainable.¹¹¹

The Seventh Plan (2000-2004) offered a comprehensive, strategic framework to remedy the problems associated with unemployment and subsidies, as well as foster a globally competitive private sector similar to developed countries. This long-term strategic outline accounted for the socio-economic impact of the Kingdom's explosive population growth (i.e., resulting in a three-fold increase in the workforce between 1999 and 2020) and acknowledged that structural changes were foundational to these efforts. Additionally, it tied the plan of the moment to a 20-year horizon, offering a vision of the country in 2020 if the Seventh Plan was successful.¹¹²

¹¹¹ Ibid, 181.

¹¹² Kingdom of Saudi Arabia, Ministry of Economy and Planning, *Seventh Development Plan 2000-5*, (Riyadh: 2000), 76-103, <https://www.mep.gov.sa/en/development-plans>.

This is a watershed event in the history of political economy in the Kingdom of Saudi Arabia. After two decades of largely reactionary policymaking held hostage by external events and rampant corruption, the Crown Prince was again able to fashion a coherent strategy and story for development. This strategy came into clearer focus with the Eighth Plan, which moved the 20-year plan out another four years to 2024 and included commentary on the transformation of each sector of the economy.¹¹³

The Eighth Plan included “Future Vision” sections which had specific targets for growth. One predicted a decrease in male unemployment from 5.6% in 2005 to 2.4% in 2009 and a decrease from 15.9% to 4.4% for women during the same time period. Another targeted a 4.6% GDP growth rate, driven primarily by private sector growth.¹¹⁴ The plan also listed women as a strategic base for the first time. Specifically, the plan sought to remove the societal constraints placed on women’s economic activity. Other strategic bases included the poor, the education system, and the privatization effort.¹¹⁵

The Ninth Plan, spanning 2010-2014, continued the goals to get to 2024. However, the global financial crisis that began in 2008 in the United States set the tone for short-term goals. Namely, the plan was primarily concerned with maintaining growth in the private sector during the downturn, combating inflation and stabilizing prices, and maintaining the riyal’s dollar peg.¹¹⁶

¹¹³ Kingdom of Saudi Arabia, Ministry of Economy and Planning, *Eighth Development Plan 2005-10*, (Riyadh: 2005), 69, <https://www.mep.gov.sa/en/development-plans>.

¹¹⁴ *Ibid*, 73-4.

¹¹⁵ *Ibid*, 2.3.2.

¹¹⁶ Kingdom of Saudi Arabia, Ministry of Economy and Planning, *Ninth Development Plan 2010-15*, (Riyadh, 2010), 25-42, <https://www.mep.gov.sa/en/development-plans>.

Outcomes

At the onset of this period, in 1999, the Supreme Economic Council (SEC) was created. The SEC was focused on attracting foreign investment via creating a robust economic marketplace. In many ways, the work of this council reflects the larger theme of the period. It was at the center of the Kingdom's WTO application and responsible for assessing the effectiveness of current policy and overseeing the reforms being made across various sectors.¹¹⁷

The scope and number of new initiatives was staggering. In the early days of this period, in quick succession, the Kingdom created a council focused on increasing tourism, established the Saudi Arabian Investment Authority to serve as the administrative liaison between the government and the private sector, and formalized the privatization process. The latter plan touched virtually every part of the economy. Offerings were planned in the telecommunications sector, transportation, public services, and water supply.¹¹⁸

To facilitate these transactions and encourage domestic investment, the Saudi Arabian Stock Exchange was created in 2003.¹¹⁹ The first major offering since the privatization of SABIC in the 1980s was the Saudi Telecommunications Company. The sale generated \$4 billion from a 30% float. Later, the SEC approved sales of portions of the National Company for Co-operative Insurance and the Saudi Arabian Mining Company.¹²⁰

Alongside this effort, considerable regulatory reforms were also enacted. New laws allowed for the complete ownership of corporations by foreigners, taxes were reduced for foreign investors, capital markets were formally regulated to promote efficiency and

¹¹⁷ Niblock with Malik, 186.

¹¹⁸ Ibid, 187.

¹¹⁹ Niblock, 129.

¹²⁰ Ibid, 136-7.

transparency, and intellectual property rights protections were enshrined into law.¹²¹ While these reforms spurred growth in the private sector, unemployment remained a constant throughout this period, increasing from 4.57% in 2000 to 5.72% in 2014.¹²²

The most important takeaway from this period is encapsulated in one of its marquee projects. In 2009, King Abdullah inaugurated a research institution in his name. The King Abdullah University of Science Technology (KAUST) had foreign experts and academics in its ranks and was primarily focused on becoming a world-class research institution. The goal was to organically create enough domestic expertise to make the Kingdom competitive in the international marketplace. The King considered the university to be central to the strategic development of the country.

It was not without controversy. At its founding, it was not subject to the laws governing gender in the Kingdom. For example, men and women were able to mix on campus. Even in the face of direct criticism from the clergy, King Abdullah continued to publicly support the policy and condemned the clergy's condemnation.¹²³

The line that can be drawn from Faisal's rhetoric to Abdullah is highly informative. Similar to Faisal, Abdullah spoke publicly about the need for the Kingdom to embrace science and technology as a path to a prosperous post-oil future. Both men marketed themselves as custodians of Islam and tradition, as well as conduits to the best offerings of modernity.

¹²¹ Niblock with Malik, 188-91.

¹²² International Labour Organization, "Unemployment, total (% of labor force) (Saudi Arabia)," ILOSTAT database. Data retrieved on January 29, 2021.

¹²³ Jones, 241-3.

Summary

This period saw a wholesale change of the status quo in the Kingdom. King Abdullah simultaneously adopted the rhetorical and marketing strategy employed by King Faisal to fuse his family and Islam to modernity alongside a decentralization in economic planning. This expanded role for the private sector included space in newly privatized state-owned entities and came in concert with a slew of regulatory reforms. Finally, the balance of power shifted away from the clergy. The King remained at the center, preferring to delegate economic power to the private sector, while simultaneously limiting the influence of the clergy and managing through the change.

Conclusion

Despite endemic corruption and fluctuating oil rents, this period saw the creation of a modern nation-state. With the Royal Court at the center of the policymaking process, the Kingdom built a large network of physical infrastructure, built schools, and established a healthcare system. A vast government bureaucracy presided over a series of development plans and a wide-reaching social safety net that insulated much of the population from the realities of 20th-century economic life.

A coherent strategy beginning in 1962 under the leadership of then Prime Minister Faisal achieved success. External events, such as the Islamic Revolution in 1979, the Iran-Iraq War, and the Iraqi invasion of Kuwait placed pressure on oil prices and thus the Kingdom. Given that consistent rents could no longer be banked on, the Kingdom saw the importance of creating a robust private sector capable of being the main driver of economic growth. Initially, this strategy would be a dismal failure. In short, the emerging private sector could not flourish in a top-down policymaking environment with opaque regulation and costly corruption.

Around the millennium, as the ambitious Crown Prince Abdullah came to be the most formidable decision-maker at court, the Kingdom experienced a seismic shift not seen since 1970. Like the leader of that moment, Abdullah marketed the development plans directly to his citizens. He adopted a familiar discourse, connecting modernity to Islam and placing the Royal Court in the middle as essential arbiters of this relationship capable of using it create widespread prosperity. In function, this approach required the emboldening of the private sector and thus a cessation of centralized policymaking to the private sector. In form, it also included the sidelining of religious authorities for the first time since the seizure of the Grand Mosque in 1979.

Following precedent, the Kingdom launched its Tenth Development Plan in 2015. It carried the mantel of the period beginning in 2000, focusing on economic diversification and job creation. However, it was supplanted in 2016 by an announcement from a rising royal who sought to further transform what increasingly became his Kingdom.

Chapter 3

Vision Redux

The idea is not to restructure the economy as much as to seize the opportunities available that we didn't address before.

- Mohammad bin Salman

Introduction

The purpose of this chapter is to connect the story of Saudi development to Vision 2030. In the first chapter, this thesis accepted Toby Jones' conquest of nature argument as central to understanding the partitioning of power and policy in the early days of the modern Kingdom. In the second, it placed Tim Niblock's grouping of the various development plans spanning the second half of the last century to the current moment in conversation with Ulrichsen's larger analysis of the political economy of the Arab Gulf. Now, it will turn to the rise of Mohammad bin Salman and the advent of Vision 2030 and place these two matters in proper context.

To this end, this chapter will begin by charting the meteoric rise to power of the Crown Prince of Saudi Arabia. Arguing that his cult of personality is symbiotically tied to the Kingdom's latest modernization drive, it will then discuss the strategic objectives of Vision 2030. Various aspects of the plan will be compared and contrasted in both function and form to previous development efforts. Functionally, as will be shown, the plan is similar to the more recent development plans. In form, it is markedly different.

It will then look back in history for precedence of rising princes consolidating power during inflection points in development. While there are parallels between the rise of Faisal and Abdullah to the rise of MBS, the primary difference is that the former two were already integrated in the policymaking process. MBS rose quickly from relative obscurity to making himself central to the policymaking process.

After discussing the Crown Prince's impact to the decision-making process in the Kingdom, a section on the balance of power will highlight the biggest paradox of Vision 2030; the plan is calling for all of the benefits of a globalized economy, driven largely from the private sector, while keeping aspects of policymaking in the Kingdom that made some of the previous development plans falter. These characteristics will be discussed in detail and then used as a lens to assess early outcomes the latest period of development.

The Rise to Power of Mohammad bin Salman

An observer of MBS, especially in the early days of his ascension, has the same problem other observers have faced when studying his Kingdom. Namely, the opaque nature of the process of governance places immense stress on the historian's craft. Like most things, time proves to be an elixir and makes things clearer. The same is true of MBS. Little was known about him when he burst onto the international stage less than a decade ago. What is known is based primarily off his interactions with journalists and investigative reporting and research that has been done in the last five years. With time, more and more context will be provided. The brief biography given below is the best of what is available at the time of writing.

Shortly after King Abdullah died in 2015, his successor made sweeping changes to the leadership structure. King Salman named his half-brother and head of the intelligence services, Muqrin bin 'Abd al-'Aziz, crown prince. Mohamad bin Nayef (MBN), a respected counterterrorism expert and head of the Interior Ministry, was appointed as Muqrin's deputy. With these two appointments garnering the most attention, the King placed immense confidence in his young son.¹²⁴

¹²⁴ Ben Hubbard, *MBS: The Rise to Power of Mohamad bin Salman* (New York: Tim Duggan Books, 2020), 29.

MBS, who was just shy of his 30th birthday, was placed in charge of the defense apparatus, as well as the Royal Court.¹²⁵ The gravity of these appointments cannot be understated. As Minister of Defense, he was in control of the military. Further, his position at court gave him virtually unfettered influence over every aspect of government. As discussed throughout this thesis, despite strategic shifts in development, the provision of power and policy cascaded down from the Royal Court. With the blessing of the King, MBS not only had direct access to his ear during the decision-making process, but also influence over state expenditures.

From here, MBS acted quickly and decisively. Working with a small inner circle of advisers, he replaced several government agencies with the Council of Economic and Development Affairs (CEDA) (naming himself as chairman) and the Council of Political and Security Affairs. Related to the economy, citing inefficiencies, he curtailed the government budget and attempted to control state expenditures. As Minister of Defense, he began a bombing campaign in Yemen to displace the ascendent Houthi rebels who had taken over the government there. His deluge of early actions served to further entrench his power. King Salman named MBS deputy crown prince, elevating MBN to first in line to the throne. He was also given oversight capacity of Saudi Aramco.¹²⁶ All of these events happened within the span of six months.

By the time MBS accompanied his father for an official visit to the United States in September 2015, his power and influence was being noted by international journalists and diplomats. Almost immediately, he began to use this new platform to market his vision of development for the Kingdom. In an interview with Thomas Friedman, MBS spoke of

¹²⁵ Ibid, 30.

¹²⁶ Ibid, 30-1.

reducing state subsidies on many aspects of public life, privatizing valuable state assets, and instituting a value added tax. Notably, while political reform was not on the agenda, MBS highlighted the royal family's connection between its subjects as sufficient to shepherd through these changes.¹²⁷ In short, the young prince was proposing a shift in policy, but not the structural reforms such significant changes would imply.

In early 2016, attempting to stymie the fallout from a wave of executions in the Kingdom, the Deputy Crown Prince sat down with *The Economist* to discuss his vision for his country. Much of what he said about his proposed economic overhaul was thematically similar to the development strategy adopted at the turn of the century, but it was met as if it was completely unprecedented. One key proposal, beyond privatizing healthcare and education or increasing tourism, was fundamentally different. He announced that Saudi Aramco would be partially privatized, no doubt to fund the considerable state expenditures required to actualize these goals, but also in “the interest of more transparency and to counter corruption.”¹²⁸

This was monumental for two primary reasons. First, Saudi Aramco is the Kingdom's largest and most important sovereign asset. While foreign experts have long walked the fields and halls in Dhahran, the company had never been audited or formally valued. Further, neither had the Kingdom's oil reserves. A public offering would require disclosure of these state secrets, exposing its most important asset to external analysis. Second, although talk of corruption ran rampant, it was rare for a senior prince with sway in the decision-making process to publicly discuss remediating it. This admission proved to be a double-edged sword. Investors, although excited at the prospect of gaining exposure to future

¹²⁷ Ibid, 45.

¹²⁸ Diriya, “Transcript: Interview with Muhammad bin Salman,” *The Economist*, January 6, 2016.

Saudi oil revenues, were alarmed at the implication of corruption within Aramco itself. On the other hand, it proved as fodder for the sensationalism surrounding his plans, elevating the discourse of development because it appeared novel. It was in this context that MBS announced Vision 2030 in April of 2016.

Vision 2030

In a report published shortly after the announcement of Vision 2030, the World Bank concluded that the Kingdom's "significant dependence on hydrocarbons" ties its overall economic outlook to oil prices.¹²⁹ Although this conclusion had been repeated for decades at this point, there was a valid reason for heightened concern. While some aspects of the domestic economy had indeed been diversified, the Kingdom failed to foster a knowledge-based service sector. This made the country first and foremost an oil exporter. After 10 successive, short-term development plans and hundreds of billions of dollars of state expenditures aimed at diversifying the economy, the Kingdom faced familiar problems.

Some of these issues were structural. The population was increasing exponentially, from approximately 20.6 million in 2000 to over 32 million in 2016. When Vision was announced, the majority of citizens were under 30 years of age.¹³⁰ This "youth bulge" creates enormous pressures on societies, as the demands of swelling younger populations overwhelm structures dominated by older generations. Coupling this with higher life expectancy across the population as the Kingdom became wealthier, enormous pressure was placed on the state to provide a sound social compact across all strata.

¹²⁹ World Bank, *Saudi Arabia*.

¹³⁰ World Bank Data, *Saudi Arabia*.

Other issues were market driven. In June 2014, oil touched \$112 per barrel. By mid-2016, prices dropped (and held steady) at \$45 per barrel. For a government that relied on oil rents for 80% of its revenues, a 60% drop in prices in a two-year period was significant.¹³¹ In fact, the Kingdom's GDP declined by about 15% between 2014 and 2016.¹³² To prevent widespread economic pain, the Kingdom tapped into its reserves. Between 2015 and 2016 alone, the Saudi Arabian Monetary Agency drew down over \$100 billion to close the gap between government revenue and expenditures.¹³³ These issues, if left unchecked, could prove existentially threatening to the Kingdom. This created an opening for MBS, who claimed that if nothing was done, the country would be effectively bankrupt in a matter of a few short years.¹³⁴

Plan Overview

The Deputy Crown Prince personally announced Vision 2030 in April 2016. MBS spoke of the need to diversify the economy away from oil and create strong healthcare, education, and recreation sectors. He highlighted the importance of creating a domestic military industry, as well as rebranding the Kingdom as more secular and modern. Together with the privatization drives announced earlier, namely of Saudi Aramco, MBS appeared to be telling the world that Saudi Arabia was open for business.¹³⁵

¹³¹ World Bank, *Saudi Arabia*.

¹³² World Bank Data, *Saudi Arabia*.

¹³³ World Bank, *Saudi Arabia*.

¹³⁴ Hubbard, 30.

¹³⁵ Ben Hubbard, "Saudi Prince Shares Plan to Cut Oil Dependency and Energize the Economy," *New York Times*, April 25, 2016, <https://www.nytimes.com/2016/04/26/world/middleeast/saudi-prince-shares-plan-to-cut-oil-dependency-and-energize-the-economy.html>.

The Council of Ministers and the CEDA later launched a formalized framework for achieving these goals. From three pillars (i.e., A Vibrant Society, A Thriving Economy, and An Ambitious Nation), some 96 strategic objectives cascade down. These strategic objectives are governed by six overarching objectives (i.e., Strengthen Islamic and National Identity, Offer a Fulfilling and Healthy Life, Grow and Diversify the Economy, Increase Employment, Enhance Government Effectiveness, and Enable Social Responsibility).¹³⁶

Within this larger framework, 13 vision realization programs were created to address a wide breadth of issues in line with the aforementioned pillars and objectives of Vision 2030. Programs related to housing, quality of life, fiscal reform, and national character enrichment were formed. Other programs focused on developing the financial sector and investing in human capital.¹³⁷ The most prominent is the National Transformation Program (NTP).

The NTP seeks to increase government efficiency, improve economic conditions, and enhance living standards. While some programs (e.g., the National Character Enrichment Program) have not formalized strategic plans, the NTP listed specific goals. For example, regarding healthcare, the NTP plans to increase availability of care by 10% and decrease time spent in the emergency room. Living standard goals are tied to reduction in commute time and traffic fatalities. The plan sought to double the number of tourist attractions, raise the rates of female participation in the workforce, and reduce the Kingdom's place on both the Corruption Perceptions Index and the Global Open Data Index.¹³⁸

Additionally, Vision 2030 also coincided with important fiscal policy changes, driven in large part by the deficits discussed above. The government began levying a 2.5 percent tax

¹³⁶ "Vision 2030," Kingdom of Saudi Arabia, <https://www.vision2030.gov.sa/en>.

¹³⁷ Ibid.

¹³⁸ Ibid.

on undeveloped land and reduced subsidies on consumer staples (i.e., water, natural gas, and petrol). Taxes on sugary drinks and tobacco were announced and a 5 percent Value Added Tax was also planned.¹³⁹

Contextual Analysis

In some ways, Vision 2030 is a watershed moment in the history of development in Saudi Arabia. It is by far the most comprehensive, forward-looking plan proposed since the founding of the modern Kingdom in 1932. Further, it proposes several structural economic and societal changes that if actualized, would fundamentally change the country.

However, some Vision 2030's hallmark proposals, such as privatizing key sectors and enhancing the role of women in the economy, are rooted in previous development plans. Functionally, the previous development plans discussed in detail in Chapter 2 targeted (albeit with varying degrees of success) many aspects of Vision 2030. Expenditures were allocated to human capital development, building out modern infrastructure, and fostering a robust private sector as an economic growth engine. Hilal Kashan agrees, arguing that in many ways Vision 2030 reads like a reboot of the Ninth Development Plan (2010-14), with its emphasis on creating a knowledge economy and sustainably diversify away from oil.¹⁴⁰

To Kashan's point, stepping back five years later, the Eighth Plan (which called itself "the first link in strategic path for the national economy") was the first plan to include a horizon beyond its expiration. It charted a path to 2020, relying on "Future Vision" categories related to private sector growth and employment, and listed women as a strategic base. This period, formally beginning in 2000 with the announcement of the Seventh Plan, was the birth

¹³⁹ World Bank, *Saudi Arabia*.

¹⁴⁰ Hilal Khashan, "Saudi Arabia's Flawed "Vision 2030,"" *Middle East Quarterly* (Winter 2017): 4.

of a new development methodology. Plans were formatted as steps in continuous marches and categorized similarly to Vision 2030. Further, they were marketed to the public by a charismatic leader. In short, functionally, Vision 2030 has much in common with its most recent predecessors. In form, though, it is different.

These differences lie in the periphery of the Royal Court. In Faisal and Abdullah, although separated in time by several decades, there is historical precedence for senior princes rising to power during times of tectonic change in the Kingdom. The sensationalism surrounding the rise of MBS has allowed an overlook of these important parallels to the past. As described in Chapter 1, the Royal Court's coalescence around Faisal coincided with major change in the Kingdom. By the end of the 1950s, the treasury was effectively broke and previous public expenditures did little to foster a robust economy that could fuel growth. To turn the tide, Faisal embarked on a near total overhaul of the Kingdom's economy and was successful to boot.

Later, as discussed in Chapter 2, Abdullah rose to dominate the deliberation at court during a period of sluggish growth, low oil prices, and endemic corruption. Using his ability to succinctly describe his vision for the country, as well as by directly marketing his plans to the Saudi people, he fashioned the first long-term development plans focused on holistically integrating the Kingdom's economy in the larger global scene. Much like Faisal, he sought a complete overhaul, eschewing the piecemeal approach of previous efforts.

It is in this way that the rise of MBS takes on greater meaning and context. Despite how novel the rise of a young prince promising sweeping change reads today, there is precedence not only for power struggles in the Royal Court, but powerful crown princes. All three of these men sought major reform across various sectors of the economy of society, as well as were apprehensive about a strong *'ulama*. However, there is one key difference (for the purposes here, at least) between MBS and his predecessors – they were already firmly

integrated in the policymaking process, as well as in the line of succession. Faisal had been Prime Minister for a decade before he was crowned monarch and Abdullah had been Crown Prince for over 20 years. Both men had the legitimacy and influence that often comes with time. In contrast, before MBS was named Minister of Defense in 2015, he was not a factor in the balance of power in the Kingdom. Only two years later, he would be second in line to the throne.

This is an important distinction to note. The reigns of Faisal and Abdullah are largely studied in terms of their policy initiatives and outcomes. Even now, at this early juncture, it would be irresponsible to primarily analyze MBS in terms of his policy goals. Similar to the line between what is royal family's and what is the government's, as well as what is private and what is public, Vision 2030 is hard to separate from the Crown Prince's quest to consolidate power.

The Provision of Policymaking

Vision 2030 is an attempt to supplant the earlier formula of Islam, modernity, and the House of Saud as the basis for development and societal cohesion with the realities of the 21st-century. While these factors are still prominent, the formula is being adjusted to garner foreign direct investment and allow for the creation of a global economic hub. In other words, MBS wants to open the doors to the Kingdom's economy in what has now become a standard approach for wealthy nations. However, all of this is happening alongside a power consolidation drive. As will be shown, this has had a profound impact on policymaking.

Personalization and Centralization

At the turn of the century, Abdullah favored a sliding scale approach to economic change. He was very much at the center of the policymaking process but seemed to embrace

a decrease in the Royal Court's role in economic planning. This is very much in line with an important goal of the day – admittance to the World Trade Organization. He pursued goals like free markets, privatization, and the elimination of state subsidies to this end. In other words, he was willing to cede some control over the economy in exchange for sustainable growth. As previously mentioned, rhetorically, he fused his family's leadership and Islam as a guiding force to this latest iteration of modernity.

The type of economic change sought by Abdullah is certainly at the heart of Vision 2030. Both approaches acknowledge the realities (and relative imminence) of a post-oil landscape. In many ways, MBS appears to seek a true post-rentier state economy. The modernization drive carves out a huge role for newly privatized industries, knowledge workers, and previously untapped societal factions (e.g., women). Despite these policy characteristics, the mechanizations of policymaking are entirely centralized around MBS and his cult of personality. While it is correct to say that he is pursuing a pure, free-market economy built on the riches of the old rentier state, he is also demanding virtually unchecked power and autonomy.

Although the Royal Court was never able to operate in a textbook autonomous way, as the literature on rentier states would predict, it was given considerable latitude by its citizens in exchange for a generous (and comprehensive) welfare state. Naturally, an informed observer would expect the level of state autonomy to decrease significantly if Vision 2030 is to be actualized. For the plan to come to fruition, state subsidies must be cut further, virtually every economic sector must experience some level of privatization, and significant taxes must be raised. Under this scenario, with the state no longer at the center of public and private life, citizens would hold more sway over the policymaking process (whether directly or indirectly). These things – a free market economy and continued efforts

to maintain an autonomous state – are in conflict with each other. To understand this paradox better, there are two important examples to consider.

First, one key difference between Vision 2030 and the numerous key development plans is the near total abandonment of the inclusion of key religious and social figures in projecting regime legitimacy. Of course, the Royal Court and the *'ulama* have historically had a tenuous relationship, but even through Abdullah's sidelining of them at the turn of the century, they were an important tool to garner legitimacy. In contrast to the previous status quo, where the clergy were consulted on importing foreign goods and labor in the early days of oil to their expanded cultural significance to stave off Islamic revolution after 1979, they have been almost totally marginalized by MBS. For example, in April 2016, a royal decree stripped the religious police of their powers in what was framed as a removing a major obstacle to reform.¹⁴¹ Prominent social figures, such as senior royals with visible business interests or other cultural figures, have also been sidelined. This will be explored further later. Now, legitimacy seems to rest on a cult of personality and the promise of transformation that does not appear easy to be borne out.

Saudi Aramco IPO

In many ways, the second example – the Saudi Aramco IPO – encapsulates both MBS and Vision 2030. In a typical IPO, a corporate entity trades high levels of disclosure and ongoing profitability expectations for new capital generated in the whole or partial sale. “Going public” gives companies access to fresh, low-cost capital. Companies generally use the proceeds generated from the sale to reward early investors and key senior leadership, as

¹⁴¹ Hubbard, 63.

well as fund capital intensive projects that will increase revenue and profitability. However, there was nothing typical about this transaction.

Leading up to the December 2019 offering, Aramco managed approximately 17% of the world's proven conventional oil reserves.¹⁴² By the end of that fiscal year, the company would net north of USD 88 billion on a quarter-trillion dollars in revenue.¹⁴³ Given the company's cash flow, as well as high credit rating, a public float would typically not be necessary. Prior to the sale, Saudi Aramco would have been able to undertake a variety of expansionary and diversifying projects without the complications of a public offering.

The IPO is unique for many reasons. Had the value of Aramco not needed to be unlocked to fund Vision 2030, it would have most certainly remained somewhat of a state secret. It is one of the biggest cash generators in the world, as well as the primary economic engine of an entire nation-state. Further, like many IPOs, its outcome is hard to assess.

The IPO happened too recently to make a sound conclusion on its effectiveness as a facet of Vision 2030. However, the disparities between the intended and actual outcome may offer early clues. Initially, the IPO was the darling of the global financial press. There was speculation of listing in London or New York. American and European investment banks led the book-building process. Marketing events were to be held in global financial centers. However, what began as an effort to further globalize the Kingdom's greatest strategic asset largely became a local endeavor. The Saudi national stock exchange listed the stock, allowing Aramco to eschew stricter disclosure requirements in London and New York. American and European investment banks may have led the book-building effort, but they also contested the lofty USD \$2 trillion valuation from the beginning and lost interest in purchasing shares

¹⁴² "Saudi Aramco," OPEC.

¹⁴³ "Saudi Aramco's 2019 Profit down 21%, Cuts Spending," Reuters, March 20, 2019.

almost entirely after the Aramco bombings.¹⁴⁴ Global marketing events were cancelled. And the capital generated from the offering, initially meant to be sourced from a wide array of global investors, came largely from local sources and other GCC countries.

In the lead up to the IPO, *The Economist* lumped its analysis of the transaction with an assessment on MBS in a telling manner. The magazine called the IPO plans “a mess” and attributed this largely to his micromanagement of the process. MBS, when he boldly predicted a listing in a global financial hub, both underestimated the exposure to 9/11-related litigation in New York, as well as stringent transparency rules regulating commerce in both the United States and the United Kingdom. This cast a shadow of confusion over the offering, as well as several delays.¹⁴⁵

Aramco is the crown jewel of the Kingdom. It is the single most important governmental entity. Given its role in the economy, the direct involvement of MBS in the oversight of the company and the IPO speaks to his level of control over the policymaking process. His handling of the IPO, as well as other events that will be discussed in the proceeding section, shows an unwillingness to cede the center of economic activity to private economic actors. In other words, MBS appears to be embracing the free-market economy, while trying to maintain high-levels of control over most aspects of society. This leads to a great, albeit not novel paradox with the state refusing to relinquish its influence over the economy and society while inviting market forces that by their very nature will challenge this autonomy. Ehteshami says it differently and more eloquently, observing that “the religious

¹⁴⁴ Hubbard, Ben, Palko Karasz, and Stanley Reed. “Two Major Saudi Oil Installations Hit by Drone Strike, and U.S. Blames Iran.” *The New York Times*, September 14, 2019.

¹⁴⁵ Hubbard, 167.

elites want to protect the cultural realm from globalization, while the political elite want to ensure their grip on the levers of power is not loosened by globalization.”¹⁴⁶

The Provision of Power

While this paradox may have some predictive power on Vision 2030’s likelihood of success, it certainly offers insight into the motivation of its proponent. The current development plan is calling for all of the benefits of a globalized economy driven by the private sector, while keeping aspects of policymaking in the Kingdom that made some previous development plans falter (i.e., arbitrariness, incoherence, short sidedness, etc.). Given that Vision 2030 shares many tenets of previous 21st-century plans, as well as this persistent paradox, the most intellectually honest contextualization of it belongs in MBS’ effort to consolidate power. This section will explore two key aspects of this effort and will conclude by assessing the impact on Vision 2030.

Corruption and Anti-Corruption

Prior to launching Vision 2030, in an attempt to brand MBS as a conscientious reformer, one of his economic advisors publicly estimated that approximately 25% of the Saudi government’s budget was lost to “inefficient” spending. Much of these inefficiencies, it was suggested, were actually corruption.¹⁴⁷ Shortly after this commentary was circulated, MBS oversaw an upgrade of the national airline’s fleet. Saudia was in talks to acquire fifty new jets from Airbus. Typically, airlines receive considerable discounts from manufacturers when buying in bulk. However, MBS funneled the deal to his brother, whose leasing

¹⁴⁶ Anoushiravan Ehteshami, *Globalization and Geopolitics in the Middle East: Old Games, New Rules* (London and New York: Routledge, 2004), 169.

¹⁴⁷ Hubbard, 30.

company purchased the jets at discounted prices and leased them back to Saudia. Once the deal was done, MBS jetted to the Maldives, where he rented out an entire luxury resort for his entourage.¹⁴⁸

In firm control of the purse strings, MBS made a successive series of conspicuous purchases. Still in 2015, later that summer, he purchased a 440-foot superyacht called *Serene* from a Russian vodka tycoon for EUR 420 million. The all-cash transaction was completed in a matter of hours. At year's end, he purchased Chateau Louis XIV for some USD 300 million in a Paris suburb.¹⁴⁹ After spending nearly a billion dollars in a year on personal expenditures, he made a record-shattering purchase marred in even more controversy.

In 2017, Christie's New York held an auction for the *Salvatore Mundi* painting. The story of this painting, originally purported to have been painted by none other than Leonardo da Vinci, quite literally fills books. In short, after languishing in obscurity for centuries, upon discovery, it was thought to be one of the few paintings completed by da Vinci's own hand. Christie's called it one of the greatest discoveries of the last century. An anonymous bidder, later to be confirmed as MBS, paid USD 450 million for the piece. The plot thickened further from here. The painting disappeared. A year later, it was supposed to make its museum debut at the newly opened Louvre Abu Dhabi. After many delays, the unveiling was canceled. Naturally, rumors abounded. Art historians and experts concluded that the painting was likely a product of da Vinci's studio, but largely completed by an assistant. The painting now hangs onboard the *Serene*.¹⁵⁰

¹⁴⁸ Ibid, 39.

¹⁴⁹ Ibid, 40-2.

¹⁵⁰ Suzanne Rowan Kelleher, "Saudi Crown Prince MBS pressed the Louvre to lie about his fake Leonardo da Vinci per new documentary," *Forbes*, April 9, 2021, <https://www.forbes.com/sites/suzannerowankelleher/2021/04/09/saudi-crown-prince-mbs-pressed-the-louvre-to-lie-about-his-fake-leonardo-da-vinci-per-new-documentary/?sh=611f409ded36>.

Like many things associated with MBS, his level of personal grift from the Saudi state is not unprecedented. There are parallels between his yacht and King Su‘ud’s palaces, for instance. It is simply more widely reported on and sensationalized by the international media. However, while Su‘ud addressed corruption concerns by curtailing royal allowances and leaving the status quo otherwise untouched, MBS embarked on a major anti-corruption campaign.

In the first few days of November 2017, hundreds of important men were received phone calls from the Royal Court inviting them for audiences with either King Salman or the Crown Prince. Prince Alwaleed bin Talal, a well-known international investor and the chairman of Kingdom Holding, was summoned. Waleed al-Ibrahim, a media magnate, also received a call. Prince Mutib bin Abdullah, the head of the National Guard, was told a missile launched from Yemen had hit the outskirts of the capital. Like many others, when they arrived in Riyadh, they were escorted to the famed Ritz-Carlton hotel and detained. Phones were confiscated and security details were dismissed.¹⁵¹

Once the roundup was complete, King Salman announced a comprehensive replacement to the Kingdom’s existing anti-corruption efforts. With MBS at the helm, the new committee was given wide latitude to “combat corruption at all levels.” It was given the authority to investigate virtually any Saudi citizen, freeze individual and corporate assets, and ban travel.¹⁵² Over the course of several weeks, this committee rendered charges against and extracted settlements from the 350 men detained in at the Ritz. Later, speaking anonymously, some would tell international journalists about torture they were subjected to in order for the committee to extract a statement of guilt. Before it was even over – with princes, government

¹⁵¹ Hubbard, 186-90.

¹⁵² Ibid, 190.

ministers, and important businessmen still in their gilded cages – it was being marketed to the public as something serving the greater good.¹⁵³

Problematic tactics aside, corruption is a major problem in the Kingdom of Saudi Arabia. For decades, the treasury was looted by senior royals in a litany of ways. Examples abound; royals taking loans from Saudi banks and never repaying them, sponsorships schemes where princes sold visas in exchange for a commission and running up costs for government contracted projects.¹⁵⁴ Given the tremendous cost of this behavior to the economy, rooting out corruption is certainly a noble cause. However, this event deserves stricter scrutiny.

Earlier in 2017, MBS' quick consolidation of power had essentially been completed. He officially became Crown Prince, first in line to the throne, and his authority and purview were nearly limitless. Coupling this context with his own personal brand of grift, the events at the Ritz take on further meaning. The siphoning of billions from government coffers does not appear to be the main reason for such a bold move. Writing on power and politics in the Middle East over a decade before this event, Fred Halliday observed that “in Saudi Arabia, to take an extreme case, individual members of the elite pursue policies that are largely independent of the rulers, yet in financial and status terms remain part of the Saudi state.”¹⁵⁵ This is what the whole thing was about.

Since the discovery of oil, it has been hard for even internal actors, let alone academic observers, determine where private initiative begins and ends. It is perennially difficult to understand the partition between the administration of government ministries and the

¹⁵³ Ibid, 193.

¹⁵⁴ Ibid, 191-2.

¹⁵⁵ Fred Halliday, *The Middle East in International Relations: Power, Politics and Ideology* (Cambridge: Cambridge University Press, 2005), 305.

interests of individual princes and businessmen.¹⁵⁶ This has serious consequences for the provision of power and policy in the Royal Court. Historically, it has put the balance of power in flux, with the most prominent example being the rift between Su'ud and Faisal. Specific to economic development, it has sucked a lot of air out of the room. With so many different stakeholders wielding various levels of influence to achieve largely personal gain, the policymaking process has been prevented from achieving more ideal and durable outcomes. In this most recent case, it served as a major obstacle to total control of the mechanizations of government by MBS. Without limiting the power and influence of powerful courtiers, he would have not been able to gain complete control over the Royal Court. It is in this way that his anti-corruption efforts seem to only be tangentially about stemming rampant corruption.

Domestic Clampdown

In the spring of 2018, the Saudi press covered the arrest of “traitors” threatening the security of the Kingdom. This time, the detained were not powerful princes or businessmen, but rather men and women who had been championing societal reforms for decades. Jamal Khashoggi, a famous fixture in Arabic media, noted the irony; these individuals had been championing the same social freedoms (e.g., women driving) long before MBS had made them pivotal to Vision 2030. Writing in an opinion essay for *The Washington Post*, Khashoggi expanded on the paradox. While Saudis were supposed to give up any notion of political reforms or freedoms, they were also expected to commend social reforms advanced

¹⁵⁶ Ibid, 29.

by the Crown Prince, omitting any mention of the people who advanced those same goals for decades leading up to his ascension to power.¹⁵⁷

These arrests speak to the culture of repression and intimidation accompanying the economic reforms, as well as to the larger paradox of Vision 2030 and the leadership of MBS. Saudi Arabia may be open for business, but only on the Crown Prince's terms. Khashoggi concluded that these arrests were emblematic of the Royal Court's need to control the narrative; "Activism of any sort has to be within the government, and no independent voice or counter-opinion will be allowed."¹⁵⁸

This round of arrests was preceded by another in 2017. The Kingdom instituted several new policies, attempting to "moderate the extreme viewpoints of both liberal reformers and conservative clerics." The government even encouraged Saudis to name other fellow citizens on a blacklist. This iteration of arrests was based largely on this list and included a diverse crowd of intellectuals and clerics. Given that the vast majority of Saudis supported Vision 2030, especially public figures like Jamal Khashoggi, these draconian responses were jarring.¹⁵⁹

Before he chose to leave Saudi Arabia after *Al-Hayat* canceled his column and the government banned him from Twitter, Jamal Khashoggi attended a meeting with a group of intellectuals with then Deputy Crown Prince Mohammad bin Salman. He spoke about plans for economic reform and Iran's political encroachment, encouraging the journalists present to

¹⁵⁷ Jamal Khashoggi, "Saudi Arabia's Reformers Now Face a Terrible Choice," *The Washington Post*, May 21, 2018, <https://www.washingtonpost.com/news/global-opinions/wp/2018/05/21/saudi-arabias-reformers-now-face-a-terrible-choice/>.

¹⁵⁸ Ibid.

¹⁵⁹ Jamal Khashoggi, "Saudi Arabia wasn't always this oppressive. Now it's unbearable," *The Washington Post*, September 18, 2017, <https://www.washingtonpost.com/news/global-opinions/wp/2017/09/18/saudi-arabia-wasnt-always-this-repressive-now-its-unbearable/>.

write on these topics. This was the first time Khashoggi had met MBS. He left the meeting with what he believed was a mandate to write freely about Vision 2030, in what he thought was a changing country.¹⁶⁰ He kept writing until he was murdered by the Crown Prince's security forces in Istanbul.¹⁶¹

Conclusion

At the time of writing, since the announcement of Vision 2030 in April 2016, the Kingdom of Saudi Arabia has embarked on its most bold and comprehensive development plan to date. Major infrastructure projects have begun, from enhancements to the Grand Mosque in Mecca to the first phase of NEOM. The powers of the religious police have been severely curtailed. Women have been given the right to drive, as well as a more feasible path in the workplace. The process of privatization of state assets entered a new phase, as the government sold 1.5% of Saudi Aramco in the largest IPO in history.

Despite its record-breaking volume, the outcome of the IPO is certainly mixed. Flowing down directly from the top, there was a serious disconnect between the intended and actual outcome of the share sale. As previously stated, Aramco was offered on the Tadawul because the company could not meet the disclosure requirements of American or British exchanges. Put off by the refinery bombings, international investors balked at purchasing large tranches of shares. Later, the COVID-19 pandemic placed further downward pressure on oil prices and may accelerate a shift towards renewable resources, as the American and European governments tie economic recovery spending to remediating the effects of climate change. Beyond the mixed results of the IPO – the domestic clampdown, the ongoing

¹⁶⁰ Hubbard, 77-8.

¹⁶¹ Office of the Director of National Intelligence, *Assessing the Saudi Government's Role in the Killing of Jamal Khashoggi*, February 11, 2021, <https://www.nytimes.com/interactive/2021/02/26/us/report-jamal-khashoggi-killing.html>.

humanitarian crisis in Yemen, and the murder of Jamal Khashoggi have cast long shadows over further investment in the Kingdom. While the goal of this thesis is not to assess the effectiveness of Vision 2030, these early indicators help contextualize the current moment within the Kingdom's story of development.

Previous economic reform efforts have often been critiqued as too slow, piecemeal and incoherent. In some respects, the best adjective for previous iterations may be "reactionary." Granted, there was a coherent approach to development until 1979, but after that watershed year – economic planning was done largely in response to external events. As oil prices went up, the Kingdom's sense of urgency regarding structural reforms went down. When budgets were squeezed, this sense of urgency was renewed. Other plans sought to provision for a post-oil future but were not nearly as comprehensive as Vision 2030.

In many ways, coupling these observations with the analysis given throughout this chapter, Vision 2030 is open to similar critiques. It may be the most reactionary plan yet; the Kingdom is acutely vulnerable to losing its unearned income, which shields it from the harsher realities of the global economy, and the modernization drive seeks to remediate this problem in one fell swoop. Given the breadth and depth of Vision 2030's proposals, it appears to be the change that political economists have deemed necessary for decades.

MBS is seeking to simultaneously overhaul the Saudi state, its economy, and its society. He is proposing massive changes to the Kingdom's infrastructure, private sector, and social safety net. He is opening up the economy and society to foreign enterprise and culture to an unprecedented degree. Further, he is stripping away the old institutions of government and attempting to replace them with more efficient and effective administrations. However, these reforms are not coming in tandem with necessary political reforms. It is supremely difficult, if not impossible, to create a robust private sector when power is centralized in one

individual. Finally, giving more autonomy to citizens and extracting taxes from them will no doubt result in the reduction of state autonomy and power.

This disconnect underscores the argument put forth throughout this chapter; Vision 2030 does not depart from the characteristics of previous development plans and is best understood as a subset of a power drive by an ambitious leader. These incongruencies undercut the policy changes being put forth and together with the domestic clampdown on dissent, foreclose on the possibility of structural change.

Conclusion

Repression and intimidation are not – and never should be – the acceptable companions of reform.

- Jamal Khashoggi

Vision 2030 is not an outlier in the history of the Kingdom's development. In fact, its incomplete approach to structural, holistic problems fits with historical patterns. The plan seeks whole change and a destruction of the status quo. However, MBS – as a personality and a ruler – seems to be the replacement, rather than the political reform necessary to make Saudi Arabia a global hub fusing the best of modernity and Islam.

As was shown, this fusion of modernity and Islam with the House of Saud did not begin with MBS. It has its roots in the very early days of oil but reached popular prominence with the accession of Crown Prince Faisal to the throne and the series of structural reforms enacted. Later, as Crown Prince and King, Abdullah would seize a shifting moment in similar fashion. He used the power of this development discourse to bring the Kingdom into the 21st-century and again curtail the influence of the religious authorities.

In some ways, MBS picked up this mantel. He has hatched bold plans and is attempting to future-proof the Kingdom, as these predecessors tried to, as well. Despite similar discourse and goals, though, MBS' place in the balance of power and policymaking is very different. In almost no time at all, he went from relative anonymity to having total control over the decision-making process.

There are other departures from past policy, as well. MBS, while calling for an open and tolerant Kingdom, has embarked on a draconian crackdown on any dissent (and even commentary) on the events of the day. This contradiction is similar to the paradox at the heart of Vision 2030; while it wants to open the economy and society to the world, its proponent is unwilling to loosen his total control over virtually every facet of society.

This gets at the root of the question grappled with throughout this thesis, on whether or not Vision 2030 represents a change in approach for the Kingdom and how this moment should be properly contextualized. Vision 2030 is not a continuation of or a break from the themes of the development story and is best understood in the historical context of the development periods of 1962-1979 and the 21st-century tenure of King Abdullah. In function, is not an outlier. In form, though, it is caught up in the rise to power of an ambitious authoritarian, who so far does not appear amenable to any engagement with society that would require ceding any control at all. The consequences of this tear at the fabric of Saudi society. To quote Jamal Khashoggi, it equates to the Arab version of the Iron Curtain “imposed not by external actors but through domestic forces vying for power.”¹⁶²

¹⁶² Jamal Khashoggi, “What the Arab world needs most is free expression,” *The Washington Post*, October 17, 2018, https://www.washingtonpost.com/opinions/global-opinions/jamal-khashoggi-what-the-arab-world-needs-most-is-free-expression/2018/10/17/adfc8c44-d21d-11e8-8c22-fa2ef74bd6d6_story.html.

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