

# Authoritarian Reformism in Saudi Arabia

Written by Ben Rich

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BEN RICH, JUL 23 2018

Saudi Arabia's commitment to the Vision 2030 initiative in 2015 signalled the intent of the new administration of King Salman to initiate substantial macroeconomic and social transformation and break the system of intense rentierism that has defined its civil-state relations for generations (Krimly, 1993). Drivers for such reforms are numerous, but at their core is safeguarding the monarchy's authoritarian hold on power against domestic challenges as it declines as a welfare provider. This is a formidable challenge for any regime in the best of times.

### Previous National Reforms

Vision 2030 represents the third attempt at a major social and economic overhaul by the Saudi authorities since their foundation in 1932. Previous efforts at such have had mixed results. By far the most successful ones were the series of five-year development plans implemented under King Faisal during the 1960s and 70s (Beling, 1980). Key motivators behind these initiatives stemmed from fears about the royal family's hold on power, as the 1950s and 1960s had seen numerous monarchies deposed in the Middle East, including in Egypt, Iraq and Northern Yemen. For the Saudi administration, the answer to this became creating a system of intense dependency on the state among its citizenry. Faisal's reform agenda thus effectively established the modern, bureaucratised state, which came to be the employer of the majority of Saudi workers. Utilising the kingdom's booming oil wealth, the reforms built the myriad institutions, departments and governmental organisations that would come to comprise the modern Saudi state. This period also experienced an immense growth of Saudi education. In a mere decade, expenditure on schooling grew by over 1,000 percent: from \$2.5 billion US in 1970, to \$28 billion by 1980 (Commins, 2006). This consisted not only of domestic capacity building through the expansion of schools and universities, but also of growing numbers of scholarships and support for Saudis to study abroad and gain much needed technical and bureaucratic skills.

Perhaps most importantly, Faisal was at the centre of establishing the modern Saudi welfare system, abolishing all income taxes and shifting the role of the state from extractor to provider for the indigenous citizenry. Not only did the state come to provide salaries to the majority of the working population, but it also heavily subsidised food, fuel and other essentials, significantly lowering the cost of living as oil boomed in the 1970s (Reynolds, 2001). This reconfiguration of civil-state relations became central in the peace and stability that the desert kingdom has experienced in the four and a half decades since Faisal's death. By establishing an extensive, patron-client relationship with a large portion of its population, the Saudi regime has been able to avoid many of the confrontations that have characterised other state-society relations of other countries in the region.

Far less effective were reform attempts by Salman's predecessor, King Abdullah. Despite ascending the throne in 2005 with an image of a reformer, the monarch's ambition became constrained by entrenched structures of resistance within Saudi society, the state and the royal family.

Abdullah's agenda focused on economic goals, motivated by long-term concerns over the sustainability of the welfare system established under Faisal as natural resources inevitably declined and prices fluctuated. These reforms included opening Saudi markets for greater foreign investment, protecting intellectual property, and allowing for wider privatisation (Malik and Niblock, 2005). The monarch also invested of tens of billions in several 'economic cities' in governorates like Jizan and oversaw the construction of the King Abdullah University of Science and

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Technology (KAUST), an institute specifically designed to stimulate domestic production, and foster scientific education and innovation.

Widely speaking, however, these drives for economic restructure achieved only token outcomes at best (Kumaraswamy and Quamar, 2016). The goal of diversification largely failed, leaving the economic cities underpopulated and underdeveloped and KAUST struggling to cultivate a significant indigenous student base. Despite championing women's rights in the workplace, the gap between female and male unemployment rates actually increased significantly under Abdullah's watch. Drives to create efficiency and streamlining in the public sector also ran into a wall of entrenched and obstinate bureaucrats unwilling to renegotiate or to forego the benefits they felt entitled to.

The experience of modest macroeconomic reform under Abdullah turned out to be disappointing for many who had initially viewed the monarch as a break from the economic stagnation of his predecessor, Fahd. Ultimately, both circumstance and an inability to effectively navigate the political intricacies of the inner court and wider society left the sixth Saudi king's transformative legacy a lacklustre one.

## Goals, Challenges and Viability of Vision 2030

Motivations behind the current Vision 2030 reforms are diverse, but primarily related with fears amongst the ruling Saudi elite crystallised by the Arab Spring. Particular concern pertained to the growing potential of a youth revolt in the mid-term. As the country's birth-rate continues to climb, its capacity to provide widespread economic and social security for the majority of the Saudi population as in previous decades will inevitably decline, leading to frustration, grievance and greater potential for social unrest through a process of relative deprivation (Gurr, 1970). Such anxieties were present under Abdullah, but it was only with the arrival of the new administration and the dynamic Crown Prince Mohammad bin Salman in the wake of changes in both domestic and international politics that the state shifted from a reflexive to a proactive posture, producing a coherent and long-term policy seeking to address this challenge of accommodating growing youth population.

As with the majority of countries in the Middle East, Saudi Arabia is experiencing an expanding youth bulge, with one 2016 estimate placing around 50 percent of the population under 25 – a figure that is will only grow. At the same time, unemployment of those of working age within this same demographic breached nearly 35% in 2017. In more bountiful times, the Saudi state would have expanded its public sector to accommodate these shifting demographics. However, with oil prices in general decline and currency reserves plummeting, such largesse is simply not sustainable for the Salman administration in the way it was for Faisal four decades past.

The Saudis are all too cognisant of the potential for domestic unrest emanating from those who feel financially betrayed by the state. The very same frustrating population was the basis for the *Sahwa* movement of the 1990s. This youthful Muslim Brotherhood-inspired movement peacefully challenged the rule of the Saudi government after finding themselves locked out of the public sector after the economic downturn of the 1980s and regime munificence declined (Lacroix, 2011). Although this movement never turned to violence, it greatly unnerved the administration and led to severe crackdowns by the security services. Having witnessed the fates of other Middle Eastern states as a result of youthful revolts in states like Libya, Syria and Egypt in 2011, such concerns of new unrests were only further stoked within the Saudi royal court.

One key objective is to pivot the Saudi economy from its large dependency on oil and gas, which according to one 2017 estimate constituted 90% of export earnings and 87% of the national budget. Means towards this end include growth of private business contribution to GDP from the claimed current 40% to 65%; privatisation of numerous government services, including education and healthcare; a significant shrinking of the public sector; as well as the instigation of 5% Value-Added Tax (VAT) on goods and services.

Such reforms pose a radical reconfiguration of the country's basic social contract, in which the state has ensured political compliance and quietism in the population by being the key provider of their livelihood (Hertog, 2006). Instead, the regime is now seeking to thrust the current and coming generations into what it hopes will be an

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increasingly vibrant, diverse and entrepreneurial private sector, and wean them off the reliance on the state, which employed around 67% of indigenous Saudi workers in 2015 – just over two million in total.

But although Vision 2030 paints an optimistic and enthusiastic image of the future, the effort thus far has not instilled confidence in many onlookers. Indeed, the reforms have increasingly showed signs of the historically tendency for centrally planned initiatives to go awry when the parochial realities they attempt to impose themselves over become forces of resistance (Scott, 1999). Such trends have been witnessed in other centrally directed, neoliberal reformist agendas across the Middle East. These have included states like Egypt and Syria, which saw intense periods of privatization and the breakdown of, admittedly, far weaker welfare systems during the 1990s and 2000s. The discontent and dissatisfaction these produced subsequently formed a significant component of the grievances driving the anti-authoritarian protests of 2011 in these same countries (Macqueen, 2018).

While not producing such dramatic outcomes at this stage, many of the policies comprising Vision 2030 have failed to achieve the expectations of planners. Attempts to scale back benefits within the public sector were abandoned last year after widespread uproar among bureaucrats. In spite of enthusiasm by Saudi policy makers behind the initiative, the IPO of the ARAMCO, the country's national oil company, has garnered little enthusiasm from international investors and failed to draw the \$100 billion (US) foreign investment expected. The Kingdom remains fettered by a skills and talent shortages, an issue compounded by a drive to 'Saudi-ise' the national work force. There is also little sign that the drive to expand and sophisticate the country's domestic industrial capacity, particularly in the realms of defense, has produced any concrete outcomes. Currently, there are few serious successes that counterbalance this growing list of misfires.

It is clear that with Vision 2030, the present Saudi administration is attempting emulate the successes of Faisal in a massive renegotiation of the essential social contract within the Kingdom that preserves the authoritarian rule of the monarchy. However, there is a clear paradox here, as the essential nature of the initiative rolls back the structures of security established by the five-year plans of the 1960s and 70s. Faisal offered the Saudi community a significant improvement in their quality of life with government-backed jobs with permanence, subsidised cost of living and the general proliferation of social stability and predictability. The legacies of this endure today – those working for the Saudi government can expect significantly higher salaries per month than their counterparts in the private sector (\$2.5 thousand versus \$1.4 thousand per month), while also enjoying greater job security and less strenuous conditions (Abed, 2018). Pretty veneers aside, Vision 2030 seeks to scale back or eliminate many of these same conditions for the Saudi population and push them into the competitive, unpredictable and Hobbesian conditions of the neoliberal free market. At the same time, the state, as the architect of such reforms, is expecting to maintain its authoritarian and absolutist hold on power, offering the population nothing in the way of substantive political liberalisation or power sharing arrangements. Whether the Monarchy will be able to preserve the latter while pursuing the former remains to be seen.

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**Ben Rich** received his doctorate in 2015/2016 from Monash University focusing on aspects of authoritarian governance and state legitimacy in Saudi Arabia. His research covers a range of topics on Middle Eastern affairs, political violence, insurgency and International Relations. He lectures and teaches in a wide variety of subjects on various aspects of international relations, history and security studies. Ben currently serves as the discipline leader of Curtin Social Sciences.