



CHATHAM HOUSE

Chatham House, 10 St James's Square, London SW1Y 4LE  
T: +44 (0)20 7957 5700 E: [contact@chathamhouse.org.uk](mailto:contact@chathamhouse.org.uk)  
F: +44 (0)20 7957 5710 [www.chathamhouse.org.uk](http://www.chathamhouse.org.uk)

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# The Political Outlook for Saudi Arabia

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## INTRODUCTION

This paper is a summary of a roundtable discussion on 'The Political Outlook for Saudi Arabia' held at Chatham House on 31 May 2011.

The discussion covered both Saudi domestic politics and Saudi Arabia's position in a changing Middle East. Key findings that emerged during the discussion included:

- When the next generation of princes are considered for succession it is expected to cause major upheaval in the House of Saud.
- There is an unbalanced relationship between the public and private sectors in the Saudi economy. The dominance of the public sector is unsustainable in the long term and there needs to be increasing investment in the private sector to secure longevity for the Saudi economy.
- The Arab Spring poses a much greater threat than Iran to Saudi Arabia; it threatens its core patronage network that underpins the Saudi state.
- The Saudi government has pursued a dual policy approach to the Arab Spring; it has taken steps to limit and halt the advance of democracy in countries such as Bahrain, but has also adopted a policy of engagement with countries that have seen their leader deposed.
- The recent women's protest was confined to challenging the right to individual freedoms as opposed to challenging the fundamental structure of the regime.

The meeting was held under Chatham House Rule.

### **The Chatham House Rule**

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## DOMESTIC POLITICS

### The monarchy and the question of succession

The first half of the discussion addressed issues of political and economic stability and reform. There is no tradition of democratic rule in Saudi Arabia and it was argued by some that the structure of the monarchy precludes any political agency being afforded to the population. A participant said that hopes for reform are constantly being linked to the system of succession; repeatedly, the belief is expressed that the incoming king will challenge the old order, but each time, these hopes are unfulfilled.

This is in part because the traditional understanding of a functioning monarchy belies the true nature of the Saudi experience, a participant said. It was argued that it is impossible to talk of Saudi Arabia as a single state; rather it is made up of multiple actors each controlling their respective ministry or fiefdom. Once the fiefdoms are established it is very difficult to unseat the prince from his ministerial position and there is very little cooperation between ministries. This creates a chaotic and confusing situation in which there are multiple and often contradictory decisions over which the King has limited control. In addition to the internal complexities of the ruling family, there is a mutual dependency between the religious and tribal elites and the government, consequently the former are able to exert some influence over decision-making.

Critical risks and challenges are presented by the issue of the political succession. With King Abdullah in increasingly poor health the question of succession is becoming more urgent and it was noted that there is significant uncertainty about the likely line of succession after the current Crown Prince, Sultan bin Abdel-Aziz Al Saud and, it is generally assumed, the Interior Minister, Prince Nayef bin Abdel-Aziz Al Saud. Succession has thus far been based on agnatic seniority, whereby the King's younger brother, rather than his eldest son, inherits the throne. As King Abdullah's brothers are plagued by ill-health, with many relinquishing claim to the throne as a result, and his youngest brother aged 71, it will not be long before the family will need to look to the next generation for succession.

It was argued that once the line of succession moves from a vertical one – that of the sons of King Abdul Aziz – to a horizontal one – the next generation of sons – it will cause great rifts within the family. The House of Saud is composed of approximately 7,000 people with a core lineage descended from

King Abdul Aziz of around 200; this inner circle hold the most power. The myriad of familial and tribal cleavages that cut through the royal family create a complex web of rivalry and political competition.

When the Saudis are faced with making the shift in succession to the next generation, there are a number of factors to consider. Quite apart from the competence of the candidate in question, his family or tribal lineage, the positions his brothers hold in government, his standing within both the religious and business communities, his health, age and popularity will all be carefully considered. Once a new king has been chosen it is expected that those in ministerial positions will be replaced with his brothers and closest family. This poses a threat to the stability of Saudi Arabia because the deeply entrenched positions of the princes and their patronage networks filter down throughout society.

### **The Saudi economy: the public–private nexus**

A number of people observed that one of the current problems in Saudi Arabia is the rising social expectations of the population, especially young people, in terms of education and employment. The government policy to date has been to mask societal problems associated with a growing youth population with university funding. There are an estimated 800,000 young people at domestic universities and approximately 110,000 overseas, the majority of whom are being funded by the state. As a result young people want jobs commensurate with their qualifications; however, many of the growing number of graduates have poor-quality degrees from domestic universities and have expectations that do not match their educational experience. It was mentioned that 90% of Saudis in prison have university degrees, which is indicative of the prevalence of a university education. The impact of this rising expectation among young people and the high unemployment rate – unofficial figures suggest as high as 40% – has so far been obscured by the safety net offered by both the state and the strong family networks operating in the country.

In part this situation has arisen as a result of the skewed relationship with the private sector. The seemingly endless supply of natural resources and therefore state income has elevated the state as the only market force, discrediting the value of the private sector. The large and well-looked-after public sector has created a segmentation and hierarchy in the labour force between Saudi workers in public-sector jobs and foreign workers in private-sector jobs. This is compounded by the ability of the state to raise public-

sector wages at will to mollify the population, with a recent increase in response to the Arab Spring meaning public wage costs account for 45% of government expenditure. This figure is set to increase further and it is almost impossible for the government to reverse this trend without provoking unrest among the population. This essentially undermines the integration of the private sector into the economy, which is needed to redress the balance of Saudi dependence on resource wealth (a finite source); such diversification is vital for the sustainability of the Saudi economy.

The dependence of Saudi Arabia on its natural resources and consequently the fragility of its economy in the long term was a major concern. The centrality of the state in economic terms is not sustainable over the long term; state income is directly associated with oil prices and if they drop below \$50 a barrel the state would run out of money within a decade. Building the financial infrastructure for a private-sector with a view to the long-term future would ease the transition to a market economy. However, while public-sector employment remains so attractive financially and the state continues to prop up the economy, the private sector does not have the consumer or client base to flourish. It was suggested that in order to reorganize the economy away from that of a rentier state Saudi Arabia needs a fiscal crisis, forcing the population to take some responsibility for the economy in the form of income tax.

### **Is there potential for political protest?**

Saudi Arabia has no tradition of peaceful political protest or indeed political organization beyond the tribal unit. There is no civil society; no professional unions or organizations exist and until recently there was no coordinated student or women's movement to speak of. However, there are some signs of dissatisfaction among the population which might gain traction if there are protracted negotiations over succession which would signify a weakness in the regime structures. The most documented protest was against the female driving ban, but the method of choice for most Saudi protestors is the internet: they use blogs and e-petitions to voice their desire for political change.

The issue of women's position in society is a potent one. There are pressures on women from absentee fathers which curtails their freedom of movement and further isolation due to the driving prohibition being some of the more highlighted problems. The extensive networks of family support have been a coping mechanism, but there are signs of dissatisfaction with the recent car-driving protests. It was agreed that the nascent women's movement is a

positive sign, but it was suggested that the government had allowed the car-driving protest to run its course in order to distract attention from other protests in the region and the Saudi government's reaction.

The potential for the Arab Spring to spread to Saudi Arabia was discussed but it was noted that the recent women's protest was confined to challenging the lack of personal freedoms within the existing state structure without targeting the structure of the regime itself.

In response to the ripples of discontent there have been symbolic tokens of economic rather than political reform from the government; although there is a growing sense among the political bloggers that money cannot buy everything and people are looking for real change. An estimated \$130 billion investment package has been injected in to the domestic economy by King Abdullah. One of the more useful projects to be implemented is a house-building project designed to ameliorate the monopoly and politicization of land ownership. More recently 60,000 new jobs in the interior ministry have been created and there has been an increase in public-sector wages. Both of these measures are short-term fixes that compound the long-term problems facing the Saudi state.

## SAUDI ARABIA ON THE INTERNATIONAL STAGE

### Foreign policy

Despite Saudi Arabia holding a central position in the global energy market and being a bastion of Islamic values in the region, the country is not very successful in projecting influence either regionally or globally. An incoherent foreign policy stems from the fragmented nature of the Saudi government; it does not have a strong central foreign policy machine. Ostensibly this is the policy domain of the ailing Foreign Minister, Saud Al-Faisal; however, internal fissures and familial competition relating to the princes' fiefdoms result in foreign policy that is often contradictory and inconsistent.

The Salafi interpretation of Islam has performed the function of an alternative foreign policy tool used to project Saudi power across the Muslim world. It was noted that there is concern in some countries, such as Egypt, that Salafis may serve as 'counter-revolutionary' forces, and that they are sometimes seen as representatives of Saudi interests. However, it was argued that in reality the Saudi government has very little control over this arm of its foreign policy and despite paying out generous amounts to fund various Salafi organizations and individuals across the world, the government has little authority to hold them to account; they are therefore free to act at will against their benefactor. Consequently Saudi Arabia is not immune to the effects of this funding. It has suffered severe repercussions at the hands of those whom it funds, the most potent example being the prolific rise of the al-Qaeda franchise and the numerous and infamous attacks in both Muslim and non-Muslim countries.

### The Iranian threat

The long-standing rivalry between Iran and Saudi Arabia has been exacerbated in recent years by Iran's nuclear programme; however, there were mixed opinions over the seriousness of the Iranian threat to Saudi Arabia. Calls were made for a more nuanced approach to Saudi's regional position, with suggestions that the relationship is viewed too much through a western lens: the West's deepening concerns over the Iranian nuclear threat distort the discussion surrounding this issue. There are greater and more imminent strategic concerns for Saudi Arabia. In economic terms Iraq will rapidly supersede Iran in oil production and has significant agricultural potential. These factors, coupled with its democratic aims mean, therefore, that Iraq also poses a threat to Saudi Arabia.

## The Arab Spring

The wave of protests and revolution sweeping across the Middle East and North Africa is considered to be a greater and more long-term threat to Saudi Arabia than Iran. The success of the Arab Spring presents a radically different option for the Saudi population and taps into the aspirations and rising expectations of the youth. Protests of this ilk are not compatible with the gradual reform that the ruling family would prefer, as they necessitate a complete break from the undisguised patronage structure currently in place.

In response to the Arab Spring the government has adopted a dual policy of attempting to limit the advance of democracy coupled with strategic engagement with the changing governments in the region. Inviting both Morocco and Jordan – both of whose monarchies have so far avoided any significant political challenge – to the Gulf Cooperation Council (GCC) is part of the agenda and was seen as an attempt to limit future constitutional reforms. However, the recent \$4 billion aid package to Egypt was pointedly given by King Abdullah personally for business and economic reform.

The decision to send troops in to Bahrain was considered a natural step to thwart the protests; for Saudi Arabia Bahrain falls into domestic rather than foreign policy and its response was a reflection of this. It provided the government with an opportunity to challenge its two biggest threats, by making a symbolic gesture of aggression towards Iran and reacting more violently against democracy. Concerns were raised regarding the West's silence over Saudi troops going into Bahrain, and there was a feeling that the West is implicated in the rising sectarian tensions and more widely the discord between Iran and Saudi Arabia.

President Barack Obama, in his seminal speech in May 2011,<sup>1</sup> omitted any direct mention of Saudi Arabia. This is indicative of the strength of the relationship, but extensive references to Bahrain were a veiled attempt to rebuke Saudi Arabia over its conduct in the country. The resilience of Saudi Arabia can be attributed in part to the constant and seemingly unwavering support it receives from the West. This helps guarantee security for the country and the ruling Al Saud family.

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<sup>1</sup> President Barack Obama, *Speech: Moment of Opportunity: American Diplomacy in the Middle East and North Africa*, <http://www.whitehouse.gov/photos-and-video/video/2011/05/19/moment-opportunity-american-diplomacy-middle-east-north-africa>, 19 May 2011.

### **Yemen: a domestic affair**

For Saudi Arabia, Yemen – like Bahrain – is more an issue of national security than of foreign policy. The Saudis have many access points into Yemen with both formal diplomacy and informal networks at play. Crown Prince Sultan has managed the tribal networks for decades but the tribal system is changing and diminishing and the Saudi tribal connections are weakening as a result.

The country has appeared indecisive about Yemen; in January the government was openly frustrated with President Ali Abdullah Saleh but there was a marked change in its approach in April to one of detailed analysis of the situation and private discussions over whom it should publicly support. The Ministry of the Interior is taking a leading role in dealing with the unrest in Yemen, but other ministries are also making decisions and it is unclear whether there is cooperation between all the ministries involved.

Overall, the structure of the Saudi state, and the current preoccupation with issues of succession, suggest that, even if it wanted to do so, Saudi Arabia is unlikely to have the capacity to act as a pan-regional counter-revolutionary force.