Rentierism and Democracy in Saudi Arabia*

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사우디아라비아의 렌티어리즘과 민주주의

렌티어 국가 이론(Rentier state theory)의 주요 주장은 렌티어리즘의 부정적인 영향으로 인하여 렌티어국가에서 민주주의 발전이 저해된다는 것이다. 일반적으로 세금 효과(Taxation Effect), 정권에 우호적 집단 양산 효과(Group Formation Effect), 지출 효과(Spending Effect)로 구성된 렌티어 효과(Rentier Effect)는 정권의 형태를 권위주의적이고 비민주적으로 만든다고 알려져 왔다. 왜냐하면 사우디아라비아와 같은 렌티어국가는 석유자원 수출로 얻은 막대한 자금을 정권에 반대하는 집단을 매수하고, 국민들의 충성을 얻으며, 정치적 참여를 요구할 가능성이 높은 시민사회를 형성하는데 사용하기 때문이다.

렌티어 국가 이론에 따르면 전형적인 렌티어 국가의 경제구조를 보이는 사우디아라비아에서 국민들의 정치참여 요구와 함께 민주주의가 발전할 가능성은 매우 낮은 것으로 보인다. 하지만 이 논문은 렌티어 효과가 사우디아라비아에서 반드시 기대했던 결과만 가져오지 않았다는 것을 보여준다. 본 논문은 렌티어 경제구조에서 나타난 석유자원의 부적절한 관리와 특정 집단에 대한 반대로 인하여 사우디아라비아 내에서 정치적 침묵보다는 정치적 참여를 요구하는 새로운 사회집단의 출현이 있었다고 한다. 즉 사우디아라비아가 정권안정을 위해 석유 렌트를 정치적으로 적극 활용했음에도 불구하고 렌트의 분배 및 그 분배과정에서 나타나는 문제점들로 인하여 사우디아라비아 정부는 역사적으로 국민적 저항과 불만으로부터 자유롭지 못하였다.

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I. Introduction

Saudi Arabia is a typical example of a rentier state, satisfying all criteria for a rentier economy, described by Hazem Beblawi (1987). The windfall of oil revenues, particularly during the boom of the 1970s, effectively transformed the structure of the Saudi economy and society into a rentier state. Its economy has fluctuated considerably with oil prices and production as oil revenues account for the major part of government revenues and national exports.\(^1\) In addition, almost 100% acquisition of oil revenues by the government also produces a special relationship between the Saudi government and its population, because of the enhanced distributive role of the government and the increased dependence of the population on oil wealth. It is hard to claim that oil is nothing more than straightforward natural resource in the Saudi economy and society. This natural resource characterizes not only the Saudi economy and society but also dictates and controls political circumstances, particularly the development of democracy.

According to the rentier state theory, it seems clear that the structure of the Saudi economy, represented as a rentier economy, has contributed to obstruct to democratization. The logic of the rentier state theory says that oil revenues promoted the administrative and socio-economic transformation in Saudi Arabia and these changes brought about the political arrangements now in place. Many scholars argue that the political and socio-economic characteristics of Saudi Arabia which came into

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\(^1\) Oil sector accounted for respectively 46.2% of total Saudi Arabia’s GDP and 89.5% of its total exports in 2003. However oil sector employed only 1.75% of total labor force. Data on Saudi Arabia’s economic statistics is available at [http://www.cdsi.gov.sa/english/index.php](http://www.cdsi.gov.sa/english/index.php) as found on 1 May 2015.
being as a result of the inflow of huge oil wealth, particularly after the oil boom of the 1970s, produced the undemocratic and authoritarian regime of today. It seems to be plausible to apply the argument of the rentier theory to Saudi Arabia, but there is no clear evidence to prove the correlation between democracy or the lack of it and a rentier economy in the case of Saudi Arabia. The lack of democracy in Saudi Arabia’s political system originates from its own sociopolitical legacy rather than oil wealth. In addition to the dependence of the Saudi Arabia on the West, particularly the United States, and the increasing influence of the West on the Saudi society, the Saudi economic structure of a rentier state, stained with corruption and mismanagement of oil wealth, has brought about a religious awareness of the gap between the Islamized society sponsored by the government and the secularized politics which are so far from Islamic principles, and these increase the call for political reform within the framework of the shari’a.

This study will show from the history of Saudi Arabia that so called “rentier effect” does not bring about any expected result of the theory through the mechanisms of a “taxation effect”, a “spending effect”, and a “group formation effect.” I will also demonstrate how the Saudis interpret and understand the use of their valuable natural resource, and the relationship between the regime’s legitimacy and oil wealth from a historical perspective. This work will contribute to the anticipation of political changes in Saudi Arabia given the continuing predominance of the rentier economic system.
II. Literature Review of the Rentier State

The relation between the rentier state and democracy is still controversial in the academic field. The major claim of rentier state theory focuses on the negative effect of rentierism on the prospects for democratization. The concept of the rentier state was first devised by Hossein Mahdavy (1970) for an analysis of Iran (Mahdavy 1970, 428-67). However, further consequent studies for this claim largely refer to The Rentier State edited by Beblawi and Luciani (1987). This publication created sensational repercussions in the discourse regarding the issue of the democratization in a rentier state. The rentier state theory was developed and elaborated by Lisa Anderson (1987), Jill Crystal (1990), Dirk Vandewalle (1998), Michael Ross (2001), and so on based on the basic principal that rentierism has a negative effect on the potential development of democracy.

As Ross (2001) mentioned, Middle East scholars usually have studied the negative effect of rentierism on democracy in three different areas. These three different ways of approaches are respectively so called a “taxation effect”, a “spending effect”, and a “group formation effect.” Ross called these three different mechanisms collectively the “rentier effect” and he argues that the “rentier effect” influences the shape of the regime type as authoritarian or democratic. Governments based on a rentier economy are likely to have authoritarian tendencies as profits from natural resource exports displace taxes or make them unnecessary in government revenues. Another reason why rentier states are unlikely to be democratic is the fact that they are in a position to buy off opposition groups and acquire public loyalty by using unearned oil revenues to reduce social pressure and dissent. In addition, the rentier states basically lack many of the necessary preconditions for democracy, because oil revenues are used to prevent from the
formation of independent social groups inclined to demand political participation (Ross 2001, 332-35).

A lot of works regarding the rentier state theory try to prove its validity and to expand its realm, even claiming a correlation between oil prices and violent opposition such as civil war and uprisings as suggested by Christopher Lotz (2008). Although Ross’s quantitative study in 2001 proves statistically the “oil impedes democracy” claim by using time-series cross-national data from 113 states between 1971 and 1997, the rentier theory still fails to receive universal support (Ross, 2001). The rentier state theory is still not fully accepted but is the subject of ongoing discussions, and even statistical works reach different conclusions with their different datasets, different methods of analyzing the data, and different tacks regarding natural resources and democracy.

Some skeptic scholars such as John Waterbury (1994), Gwenn Okruhlik (1999), Steffen Hertog (2010), and Michael Herb (2005) still refute the rentier state theory with their case studies and theoretical pieces. Waterbury (1994) argues that demand for democratization in the Middle East is not empirically initiated by bearing tax burdens (Waterbury 1994, 29). Okruhlik (1999) argues that there is no necessary link between the accumulation of wealth and a particular social outcome, as oil states often encourage their own civil opposition because of the problems caused by the way revenues are distributed. Herb (2005) finds that there is no clear evidence to prove that rentierism has a net negative effect on democracy. He has somewhat neutral position on the rentier effects, while he sees the oil wealth as neither a curse nor a blessing for the democracy. He opens the possibility that rentierism has positive as well as negative effect on the development of democracy. He suggests that regional factors such as Islam should be considered as explanations of authoritarian regimes in the Middle East in the case studies. Unlike the argument of the rentier state theory, Hertog (2010) also finds that taxation has little effect on the
state’s regulatory power in Saudi Arabia. With the development of fragmented bureaucracy, bureaucratic clientelism, and brokerage networks around the administration, the regulatory power of the bureaucracy stays low and the state’s autonomy has declined (Hertog 2010, 5-6, 246-75). As shown above, there is still room for debate in the rentier state theory about the effects of externally acquired rent income on democracy.

III. State Autonomy in Saudi Arabia

The classical view of the rentier states demonstrates that state revenues from external rents contribute to the reduction of a regime’s democratic accountability, since they are supported financially by unearned income, do not need other income sources, particularly through the taxation system, and the absence of taxation results in the decreased bargaining power of the society vis-à-vis the state (Luciani 1987, 73-76; Mahdavy 1970, 466 & Islami and Kavoussi 1984, 10)). Taxation is a crucial variable to define the relation between the state and its own citizens in the political arena, as Anderson (1987) explains:

Even more than military conscription, taxation binds the populace to the state by creating expectations among the taxpayers that they are to receive services in return for their contribution to the upkeep of the administration. As such, it creates the context for political demands of the “no taxation without representation” variety: social groups and interests demand representation in government decision-making when the state has the capacity to extract, transfer, and distribute resources within society (Anderson 1987, 9).
Taxation is a basic reason for the population to demand political participation and this holy obligation gives them the right to express their concerns.

In oil rich countries, particularly in the Middle East, oil revenues encourage states not to impose taxes on their population in order to acquire political quiescence and public loyalty. As a result, it is generally accepted that these states have become virtually autonomous from their societies (Ibid., 10). Theda Skocpol (1985) defines state autonomy as a situation where “the state formulates and pursues goals which are not simply reflective of the demands or interests of social groups, classes or society (Skocpol 1985, 9).” As the rentier states virtually impose no taxes on their citizens, they tend to expect less demand for political participation. This unorthodox system of a rentier state is supposed to have strong disadvantages as far as democracy is concerned, because of the principle of “no representation without taxation (Luciani 1987, 73-76).” Particularly in the Middle East, oil revenues provide a substitute for democracy, because the rulers in the region consider that they do not need to have representative governments, as they do not tax their people (Crystal 1990, 9). The rentier state theory generally argues that in rentier states, which enjoy state autonomy through no taxation, there is necessary limitation of political participation, which prevents society from embracing the democratic practices.

During the 1970s and early 1980s with the increased oil revenue, the era of greatest affluence, the Saudi state seemed to enjoy virtually state autonomy over its economic development policies. While the state secured its freedom of distribution, it created new interest groups largely dependent on state expenditure and entered into an alliance with them (Hertog 2005, 113). With the windfall of oil wealth during the boom years, the Saudi regime could make government policies largely at its own discretion, while most of its people, including newly-selected interest groups, benefitted from the distribution of government expenditure. However, after the mid-1980s with decreased oil production and the fall in oil prices with some
occasional spikes, the Saudi economy has experienced the limitations of the rentier economy, which can no longer support its extravagant economic development policies. Furthermore, a major increase in the young population, accompanied by high rates of unemployment, has laid a considerable burden on the economy. Although the Saudi regime has still not introduced a conventional tax system such as income tax and corporate tax to prevent itself from losing its political supporters, state autonomy has been undermined since the oil boom era.2)

From the micro-analysis, state autonomy has not been secured, as the Saudi government established heterogeneous “spoke and hub” systems of bureaucracies in the heyday of the oil boom, as described by Hertog (2010). This “spoke and hub” system also contributed to the decrease of state autonomy. It places the royal family at the hub position and each major bureaucracy around powerful princes as their clients. Mid and low-level bureaucrats in every ministry also have a close relation with power brokers as they establish their own formal and informal networks of brokerage for the distribution of state’s resources. Therefore, princes, brokers and bureaucrats are closely connected with each other through patron-client relations and they cannot free themselves from their own obligations to the others because of internalized perceptions of obligation and honor. In addition, Saudi Arabia has developed a segmented bureaucracy with growth of fief-like ministries since the 1950s. Rapidly growing oil wealth also contributed to the creation of bureaucratic fragmentation and bureaucratic sprawl. This unique bureaucratic system has basic coordination difficulties in implementing reforms, which threaten the interests of each client, particularly since the oil boom. Saudi regime autonomy has been dramatically restricted by this bureaucratic system and it is difficult for the Saudi government to embark on administrative change and economic reform at its own will (Hertog, 2010).

There is one clear example which shows how the state’s capacity to implement economic policy for solving urgent long term economic problems is challenged by the segmented “spoke and hub” bureaucratic system, and patron-client relations among princes and bureaucrats and brokers. The policy of Saudization of jobs and replacement of non-Saudis with Saudi manpower was initiated in the Fourth five-year development plan, covering the years 1985-1989 and this policy was continued in the Fifth, Sixth, Seventh, and Eighth Development Plans. Government posts have been successfully filled with Saudi nationals since the oil boom, to the extent that they reportedly accounted for 78% of the government sector. However, Saudization in the private sector has virtually failed; only approximately 40% of total labor force was Saudi national in 2000 (SAMEP 2006, 227).

Although Saudization plan is a state-driven project, it has not achieved any significant reduction in foreign labor. A key target of the Seventh Plan, covering the years 2000-2004, was to increase the share of Saudi nationals in total manpower from about 44.2% to about 53.2%. However, this target could not be fully reached; over 57% of total manpower was foreigners in 2004. Although 57.1% of total expenditure earmarked for development agencies was allocated to human resource development during this period, the employment of Saudi manpower in the private sector still remained at the low level of 35.5%. In the Eighth Development Plan, it could be easily expected that the process of Saudization would have some difficulties in achieving its goal. The findings of field surveys indicate that the failure of this policy during the last development plan had structural origins. Basically, the labor market is not balanced with demand for and supply of national manpower, in terms of both quality and quantity (SAMEP 2004, 9-10, 125-26). Hertog (2010) explains this structural deficit of the labor market as below:

The main economic obstacle to higher private Saudi employment has been a segmented
labor market, a direct outcome of rentier state building. The public sector has been offering higher wages and more security for less effort to nationals, while in the private sector they have to compete with low-wage expatriates... So Saudis, uncompetitive on the private labor market, had strong incentives to wait for a public job... Even when young Saudis look for jobs in business, employers are often reluctant to hire them, as the religiously dominated education system scarcely equips them with the foreign language and numerical skills required for anything but basic tasks (Hertog 2010, 188).

In this regard, Saudi Arabia virtually failed to implement Saudization policy into the private sector.

As shown above, the economic interests of most Saudi businessmen do not coincide with Saudization. This policy even threatens the economic interests of the importing sponsors who resell the expatriate workers to actual employers in exchange for fees. Individually they try to use their formal and informal networks and patronage based on higher levels, particularly in the Ministry of Labor and the Ministry of Interior, to obtain Saudization certificates, work permits, or visas. They also exert their influence collectively by lobbying for grace periods and postponements. In addition, the policy of Saudization has suffered from the fragmented policies emanating from a wide variety of institutions, which makes it impossible for the Saudi state to implement and develop consistent and coherent strategies. In addition to the absence of coordination, the low supervisory capacity of the Ministry of Labor also contributes to the slow process of Saudization (Ibid., 183-222).

In the 7th National Dialogue in Buraidah in 2008, Minister of Labor Ghazi al-Qusaybi mentioned, “his ministry had to succumb to the demands of a large swathe of the society which opposed his ministry’s policy of minimizing foreign recruitment, mainly because of the Kingdom’s economic boom.”3) Thus state
autonomy based on the state-society links and interaction is not simply determined by the single factor of taxation. Other more complex and varied dimensions of the relations between state and society should also be considered, as Hertog (2005) mentioned:

Taxation, although a crucial form of state-society interaction, is not the only lever, which gives society access to and influence over the state and its agencies. The taxation argument derives from a simplified macro-view of Saudi state and society. Links and alliances between state and societal actors can exist on many levels, and can define the very nature of the capabilities of the state (Hertog 2005, 113).

Therefore, it is hard to say that no taxation in Saudi Arabia determines relation between the state and its people and results in the increase of state autonomy in implementing its policy.

IV. Dissatisfaction from the Private Sector and General Population

The oil industry in the Middle East, particularly in the Arab monarchies of the Gulf, allows governments to have great power and wealth as they themselves control this strategic industry in their hands. The oil industry dominates the economy in the region and is closely related with the development of other economic sectors. As oil revenues, which account for the majority of the government revenues, directly flow into the state, government expenditure has a huge impact on the rest of the economy.

3) Al Qusaybi’s comment the failure of Saudization policy is available at http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=200804244122 as found on 8 February 2010.
(Gause 1994, 42). As Abdel-Fadil (1987) mentioned, “In oil rentier economies, the state becomes the main intermediary between the oil sector and the rest of the economy (Abdel-Fadil 1987, 83).” More precisely, the national economy of rentier states does not depend directly on petroleum itself, but in an indirect way on the states or their government expenditures in the public sector. This unique situation creates the increased central role of the state, which influences the vast areas of economic and social life (Al-Naqeeb 1990, 82).

The rentier state theory argues that the dominant economic role of governments in rentier states brings favorable political consequences to regimes. With the direct inflow of oil revenues, the governments of rentier states can easily acquire political loyalty or reduce dissent or social grievances through the mechanisms of the government expenditures. As the economic activities of the private sector are more closely related to government spending and access to capital and all kinds of licenses and permissions for business are under government control, the economic interests of a large proportion of the population in the private sector are tied to the political stability of the current regime. Government can provide politically favorable circumstances for the ruling family with its increased economic role by privileging its allies or, equally, by punishing those who oppose it (Gause 1994, 43).

Saudi Arabia has some very idiosyncratic business practices. As Niblock and Malik (2007) mentioned, “Businessmen and merchants in the private sector are heavily dependent on the government for the contracts, licenses and commercial protection which they needed, and yet often frustrated by the bureaucratic hurdles placed before them and the predatory behavior of some of those in positions of power or influence (Niblock and Malik 2007, 132).” For the success of business, personal contact with the royal family is crucial, which makes princes and politically important figures as main beneficiaries (Chaudhry 1997, 161). A businessman usually contacts a prince to use his influence in securing a contract, and in return
the prince receives a share of the project or of the profits. Sometimes, the royal family participates in the project by investing its own resources by selling its property to finance the project. In major projects, the royal family plays an important role in promoting them and securing the necessary government approval. Although this business practice may help some businessmen run their business lucratively, it raises the overall costs of business and makes it difficult for businessmen to anticipate the direction of economic policy (Niblock and Malik 2007, 152-53).

As the increased business involvement of the royal family undermines the economic interests of the private sector and the inequitable distribution of the oil wealth brings about estrangement between the small businessmen and _nouveau riche_ entrepreneurs, the political quiescence and cooperation from the business and merchant groups are challenged and the need for political and economic reform increases. In the survey conducted by Malik (1999), two businessmen express their strong dissatisfaction with the royal family. They feel that their economic interests are severely damaged by interference and competition from the royal family because the privilege enjoyed by the royal family enables them to exert control over major economy (Malik 1999, 240). They argue that this practice is a major obstruction for the development of the private sector. In addition, the gap between the marginalized small businessmen and the established merchant families enjoying economic privileges also promotes the resentment of the former not only against the regime but also against the latter (Middle East Research and Information Project 1984, 25).

Another important aspect of a “spending effect” is that a rentier state has developed its ability to utilize generous fiscal policies to promote society hospitable to the regime. Governments supply their citizens with a range of services including free or heavily subsidized education, health care, housing, and consumer goods (Al-Naqeeb 1990, 82-83). Beblawi (1990) describes the unique situation created by
the increased economic power of the state as follows:

It is important to add that the rentier nature of the new state is magnified by the tribal origins of these states. A long tribal tradition of buying loyalty and allegiance is now confirmed by an état de providence, distributing favors and benefits to its population (Beblawi 1987, 89).

Thus, the various welfare programs provided by the rentier governments contribute to the creation of favorable political environments as they infuse loyalty and allegiance into the hearts of their people.

The global recession and the consequent fall of oil prices and production brought huge damage to the Saudi economy in the 1980s. The main target of the kingdom’s expenditure reduction was the general population. The success of the Saudi austerity program could only be assessed in the policies targeting Saudi citizens (Ayubi 1995, 250). In the Fourth Development Plan 1985-1990, it was clear that subsidy cuts were inevitable to reduce wasteful consumption and excessive capital outlays (SAMEP 1984, 49-50). The cutbacks to subsidies in health, education, housing, and various public services had a direct impact on the lives of the Saudi population. In addition to the subsidy cuts, the population increase effectively reduced the economic benefits for the Saudi citizens from the rentier state.

Although the general population suffers directly from subsidy cuts and high rates of unemployment, and the private sector disadvantaged as a result of the increased business participation of the royal family and its unfair competition, the royal family still enjoys their economic privileges. The payment of commissions is prevalent particularly in construction and infrastructure projects and in arms purchases. This business environment entails corruption. The payment of commissions for securing the business contracts is regarded as corruption not only in the West but is also
against Islamic principles. Most western businessmen are willing to pay 5% commission or a little bit higher in general business practice of Saudi Arabia, because it secures their major contract (Roberts 1995, 176). Some sources say that 30% of commission is generally accepted for military contracts in Saudi Arabia. As Saudi Arabia usually spends one third of its budget on military expenditure, 10% of the Saudi budget goes into private purse. This business practice results in a waste of the nation’s oil wealth (Noreng 1997, 255).

Rapid increases in government expenditure from external rent, its extravagant use and the involvement of politically powerful princes have all attracted special attention to corruption. The insurrection at Mecca in 1979 was a good example of the expression of social grievance against the corrupt ruling class. The Mecca rebels led by al ‘Utaybi asked the Saudis to withdraw their loyalty to the Saudi family by emphasizing corruption and bribery and wasting the nation’s money as one of the main reasons for their insurrection. This incident thirty years ago suggests that the Saudi population were becoming less tolerant of the informal and inequitable use of oil rent and this unorthodox business practice was regarded as the outflow of national wealth. The timing of the Mecca insurrection is also meaningful. During the oil boom, which allowed most Saudis to enjoy the benefit of kingdom’s largesse from the unexpected increase in oil wealth, the extravagant life of the royal family and mismanagement of national wealth by the regime was not ignored but was noticed by the population (Champion 2003, 11-12; Middle East Research and Information Project 1980, 16 & Stork 1980, 27). Even foreign businessmen were aware of corruption in 1980. As one of them pointed out, “huge unnecessary construction projects are larded into the development blueprints, guaranteeing a steady flow of large capital projects that generate corrupt payments (Taubman 1980, A1, A8).” After the execution of the Mecca insurgents, criticism of the unequal distribution of oil wealth and corruption has continued to be expressed in demands
V. Increased Demand for Reform

The religious establishment is both sponsored and controlled by the Saudi state. To enhance its religious and political authority both in Saudi Arabia and the Muslim world, the government with oil money introduced the establishment of a religious university awarding a doctoral degree which is quite novel in Islam. The religious university created individuals, who develop religious knowledge and deliver religious-political interpretations of contemporary society in very articulate terms. These new ‘ulama and intellectuals known as the sahwa (the awakening) are uneasy at a situation in which the ‘ulama have been subject to government control. The wide gap between the “Islamized” society and the secularized political system became a major motivation to increase awareness of religious knowledge (Al-Rasheed 2007, 59-65).

Although sahwis were initially influenced by foreign intellectuals and religious scholars, particularly from Egypt and Syria, who served in the institutions of religious education, they have evolved autonomously in Saudi society since the 1970s when oil money encouraged the expansion of religious institutions. Their increasing dissatisfaction coincided with the fact that ‘ulama had become state employees who provided the state with legitimacy for political decisions by issuing fatwas, but they were virtually excluded from the formulation of policies and strategic decisions in foreign and security affairs as well as in major domestic matters. Their independence and influence were considerably limited by state involvement. The sahwis begun to raise their voice publicly and to assume an
activist attitude, condemning the abominable and inappropriate actions of the rulers in the 1990s (Ibid., 65-72 & Krämer 2000, 261).

Saddam Husayn’s invasion of Kuwait in 1990 and the Gulf War of 1991 was important for the history of Saudi dissent and the emergence of an Islamist opposition. Although Saudi Arabia had spent huge amounts of money for defense, accounting for 36% of the budget in 1988 and 20% of GDP throughout the 1980s, the kingdom realized that it was not capable of defeating the Iraqi forces by itself (Cordesman 1997, 98, 107). To defending itself against Iraq, the Saudi government was obliged to invite infidel American troops to enter the sacred soil of the Kingdom. This humiliating episode undermined the legitimacy of the ruling family, who were accused of having mismanaged the economy and overspent on an inefficient defense system. Islamic scholars such as Safar al-Hawali and Salman al-‘Awdah, known as prominent sahwa preachers, denounced the government’s incompetence and the increasing dependence of Saudi Arabia, both government and society, on the West. During this period, as well as increasing criticism from the Islamists, a climate of openness also encouraged some Saudis to demand greater freedom and liberalization. The women’s driving demonstration in Riyadh to lift the ban on women driving was a good example. However, this incident gave the Islamists, who were facing attacks on their traditions and morality, the chance to voice their needs and aspirations (Al-Rasheed 2002, 164-66). The mismanagement of oil wealth brought about socio-religious dissatisfaction, which encouraged Saudi society to become religiously conservative.

In the early 1990s, there were many petitions to the King asking for reforms. In December 1990, the first open letter to the king was circulated, signed by forty-three public figures including academics, writers, government officials and prominent businessmen. They asked for political and legal reforms including the systemization of fatawi (religious opinions); the establishment of a consultative council (majlis
al-shura); the revival of municipal councils; reform of the judicial system; commitment to total equality among all citizens; limitations on the activities of the Committee for the Propagation of Virtue and the Prohibition of Vice; greater participation of women in public life, within the framework of the sharia. However, these liberal petitioners did not organize an efficient network with a clear political agenda (Abu Hamad 1992; Krämer 2000, 263 & Aba-Namay 1993, 302).

In May 1991, the so-called ‘religious petition’ signed by fifty-two academic and religious figures including leading sahwis Safar al-Hawali, Aidh al-Qarni, Nasir al-‘Umar and Salman al-‘Awdah was sent to King Fahd, asking extensive reform of the political and judicial system within the scope of Islamic norms and values. This petition also called for the buildup of a strong army and for a foreign and economic policy based on the national interest. Unlike the previous petition in 1990 seeking regulation of the role of the religious police, the mutawwa’a, this letter demanded the expanded political role of ‘ulama and religious scholars in the fields not covered by the shari’a. Although the petitioners did not directly criticize the ruling family, their emphasis on justice, equity, and the full accountability of government officials was enough to indicate that this was a denunciation of the corruption and injustice of the al-Saud (Abu Hamad 1992, 61; Dekmejian 1994, 632; Krämer 2000, 264 & Abir 1993, 189). It is quite surprising that the religious group supported by the government publicly asked for reforms, undermining the legitimacy of the rule of the al-Sauds, and this created considerable repercussions among the Saudi public.

This religious petition was followed by a lengthier petition under the name of ‘Memorandum of Advice,’ Muzakirat al Nashiha, to King Fahd in July 1992 signed by 107 religious scholars, which was submitted to ‘Abd al-Aziz Ibn Baz in September 1992. Although they did not specifically criticize the regime, they criticized almost all negative aspects of domestic and foreign policy: widespread corruption in the economic, moral, and political fields; favoritism and nepotism;
growing inequality and the degradation of public services; strict restrictions on the role of the ‘ulama and Islamic intellectuals within the general moral issues; and increased dependence on the U.S. for its security despite the Kingdom’s huge military expenditure. They called for an independent judiciary and a further application of Islamic practice in public and private life as well as government and the administration, allowing the ‘ulama and the religious scholars to play an important role in politics and current affairs (Al-Rasheed 2002, 169-170; Krämer 2000, 264 & Fandy 1999, 50-60).

Although the Council of Senior ‘Ulama was asked to issue the condemnation of the memorandum, seven out of seventeen council members refrained from signing it, claiming illness. They were summarily dismissed by the king and replaced by the royal ‘ulama. In response to demands for reform, King Fahd announced three important reforms in March 1992: the Basic Law of Government, the Law of the Consultative Council (Majlis al-Shura), and the Law of the Provinces. However these proposed reforms were symbolic gestures, attempts to appease opposition voices, and little was changed. On the other hand, the Saudi government adopted oppressive measures against suspected Islamists and it intimidated and arrested many Islamic dissents including the most influential sahwis al-Hawali and al-‘Awdah who were released from prison in 1999 (Al-Rasheed 2002, 172, 175; Roberts 1995, 175-76 & Krämer 2000, 165-66).

There was an attempt to establish an independent organization, the Committee for the Defense of Legitimate Rights (CDLR), which intends to lift injustice. However, the Saudi government cracked down on this organization and imprisoned some of committee’s members including its spokesman, Muhammad al-Mas‘ari and Sa‘ad al-Faqih. After they were released from jail, they established the CDLR in London. By using communications technology and its own web site, it openly denounced the royal family as corrupt, for mismanaging economic resources and stealing the wealth
of the people, requested reform, and communicated with its supporters in Saudi Arabia and abroad (Al-Rasheed 2002, 86-87; Dekmejian 1994, 638; Fandy 1999, 121; Krämer 2000, 266 & Aba-Namay 1995, 33-36). While al-Mas'ari sought to initiate a “Pan-Islamic” campaign, al-Faqih tried to confine his campaign within the boundary of Saudi concerns. In 1996, al-Faqih established the Movement for Islamic Reform in Arabia (MIRA). In the late 1990s, MIRA became the most influential Islamic organization outside Saudi Arabia and it called for several demonstrations to request political reform and the release of political prisoners in Saudi cities, such as Jeddah and Riyadh in 2003 and 2004 (Al-Rasheed 2002, 86-87; 2007, 180-81; Fandy 1999, 146; Human Rights Watch 2005; Hardy 2003 & UPI 2004).

After the event of 11 September 2001, growing militancy swept Saudi cities in 2003 and 2004. Many reform-minded groups demanded reform as a remedy for the spread of extremism and violence. In January 2003, Crown Prince Abdullah received a petition of “A Vision for the Present and Future of the Nation” signed by 104 academics, businessmen, religious scholars and professionals – all men – from various regional, religious, and political background. It argued that legitimate rule should be established on the basis of the application of the sharia and the consent of the ruled. It envisaged the transformation of Saudi Arabia into a constitutional monarchy governed by elected institutions. A subsequent petition in September signed by 400 Saudis including 50 women, and another in December reiterated the demands in Petition of January 2003. They justified their claim on the concept that political reform accompanied by increased public participation was necessary for the stability of the regime and to guard against violence and extremism (International Crisis Group 2014, 13-15).

According to the rentier state theory, oil wealth hampers the development of independent social groups, which entails fundamental limitations for democracy. However, the injection of oil money by the Saudi government into the religious
establishment for its own purposes of political legitimacy encouraged the emergence of *sahwis* in the 1990s. As religiously oriented *sahwis* realized that the increased influence of the West and the mismanagement of oil wealth severely damaged the Islamic tradition of Saudi society, they demanded political reform, which would entail an increased role for the *'ulama* in decision-making over the socio-economic and political policy and the independence of the judicial system. The crackdown on the Islamists without any serious attention being given to reform caused widespread extremism in Saudi Arabia in the early 2000s. The vulnerability of the Saudi regime to Islamic extremism encouraged the emergence of burgeoning reform-minded groups whose interests are tied to the continuing the existence of the Saudi regime. The outcome of the rentier state such as favoritism and mismanagement of oil wealth contributed to the emergence of new social groups, which have continuously requested political reform.

VI. Conclusion

Oil wealth enabled the Saudi government to initiate a massive social welfare program, relatively low taxation, imported foreign labor and widely applied subsidies. However, this lax management caused increasing external debt, growing youth unemployment rates, and falling GNP per capita after the mid-1980s with the fall in oil prices and oil production. Necessary economic reforms led by the Saudi government were frustrated by interest groups with formal and informal networks within the bureaucracy. Each ministry has established its own fiefdom, and there seems to be no harmonized economic policy. The autonomy of the state in Saudi Arabia as far as government policy is concerned has been undermined by its own
unique bureaucratic system.

The increased business involvement of the royal family and the unequal distribution of the oil wealth undermined the interests of the private sector. As business practice closely connected with the participation of the royal family caused the rise in costs and the uncertainty of economic policy, the discontent of businessmen and merchants and their demand for political and economic reform increased. Economic difficulties caused by low oil prices and declining oil production, high unemployment rates and subsidy cuts have effectively lowered the standard of living of most of the population. Various subsidies played an important role for poor people who did not benefit from the distribution of oil wealth. Under the circumstance of growing inequalities, cuts in subsidies directly influenced the quality of life of the poor and promoted resentment. Unequal distribution of oil wealth, which mostly benefited the royal family, introduced dissatisfaction within private sector rather than attracting political loyalty and acquiescence.

Huge amounts of oil wealth have corrupted the royal family. The Saudi ruling classes’ hypocritical fluctuation between Wahhabism and materialism has been enough to raise a feeling of guilt. In addition, the Saudi government’s increasing dependence on the American military aggravated its consciousness of guilt. To dilute religious sin based on Wahhabism and reduce the religious and political burden, the wealth from oil in Saudi Arabia has entered the Islamic establishment. However, this strategy brought unexpected results, leading the emergence of the sahwa in the 1990s, requesting the increased role of Islam in the policy-making. The government reaction to the request for reform resulted in a crackdown on the sahwis. This oppressive measure encouraged the events of September 11 and militant activities in Saudi Arabia in 2003 and 2004 and reform-minded groups emerged to prevent further violent activities by requesting political reform based on a constitutional monarchy within the framework of Islamic principles.
Unlike the theory of the rentier state, the increased role of the royal family in the economy, the resulting corruption and mismanagement, and the unequal distribution of the oil wealth have caused resentment from the private sector as well as the general population, and newly emerging social groups requesting further political participation in Saudi Arabia. In addition, the expanded bureaucracy, with its fiefdom and clientelism undermined the state’s capacity to function efficiently as each concerned group used its own formal and informal networks and patronage in the bureaucracy to secure its own economic interests. In the case of Saudi Arabia, there are no expected results from the “rentier effect,” which associate the negative effect of oil wealth with the development of democracy. Instead the increased role of the royal family in the distribution of oil wealth has rather encouraged a political and religious awakening, since religious figures as well as the general population have been largely excluded from the decision making process, and the result has been large scale wastage of the oil wealth, the increased dependence on the West, and growing violence and extremism. This resulted in increased demands for political reform.

[주제어: 사우디아라비아, 사우디아라비아 석유산업, 렌티어리즘, 렌티어 국가 이론, 사우디아라비아 정치, 사우디아라비아 민주주의]


