

A photograph of a person in a white thobe and ghutra standing in a series of arches, looking out towards a bright light. The person is positioned in the center of the frame, framed by three successive arches. The floor is made of large, light-colored tiles. The lighting is dramatic, with the person and the arches in the foreground being in shadow, while the light from the far arch creates a strong backlighting effect.

SAUDI ARABIA

POWER, LEGITIMACY AND SURVIVAL

TIMNIBLOCK

THE CONTEMPORARY MIDDLE EAST

Saudi Arabia

Saudi Arabia's role in the international arena has become increasingly critical to global peace and stability. The fight against international terrorism, the security of the Gulf region and the crucial pricing of oil are all issues where Saudi Arabia stands at the centre of the world stage. This book is a timely guide to explaining the dynamics underlying political developments in Saudi Arabia. It covers the country's historical and religious background, its oil rentier economy and its international role, showing how they interact to create the dynamics of the contemporary Saudi state.

The development of the state is traced through three stages: the formative period to 1962, the centralisation of the state, and the initiation of intensive economic development, between 1962 and 1979 and the re-shaping of the state over the years since 1979. Emphasis is placed on the recent period, with particular attention given to the following areas:

- the economic and foreign policy problems which now confront the state,
- the linkages between Saudi Arabia and Islamic radicalism, with the relationship/conflicts involving al-Qa'ida traced through from events in Afghanistan in the 1980s,
- the impact of 9/11 and the 2003 Gulf War and
- the major problems facing the contemporary state and their solutions.

With the death of King Fahd and the succession of Prince Abdullah who is facing international pressure to undertake reforms, *Saudi Arabia* provides a unique and comprehensive understanding of this state at a crucial time. This book is essential reading for those with interests in Saudi Arabia and its role in Middle Eastern politics and on the international stage.

Tim Niblock is Professor of Arab Gulf Studies at the University of Exeter. He has served as Director of the Institute of Arab and Islamic Studies at Exeter, and formerly as Director of the Centre for Middle Eastern Studies at the University of Durham.

The Contemporary Middle East

Edited by Professor Anoushiravan Ehteshami

Institute for Middle Eastern and Islamic Studies, University of Durham

For well over a century now the Middle East and North Africa countries have formed a central plank of the international system. **The Contemporary Middle East Series** provides the first systematic attempt at studying the key actors of this dynamic, complex and strategically important region. Using an innovative common format – which in each case study provides an easily digestible analysis of the origins of the state, its contemporary politics, economics and international relations – prominent Middle East experts have been brought together to write definitive studies of the MENA (Middle East and North Africa) region's key countries.

Jordan

A Hashemite legacy

Beverley Milton-Edwards and Peter Hinchcliffe

Syria

Revolution from above

Raymond Hinnebusch

Israel

Challenges to identity democracy and the state

Clive Jones and Emma C Murphy

Turkey

Challenges of continuity and change

Meliha Benli Altunışık and Özlem TÜR Kavli

Sudan

Abdel Salam Sidahmed and Alsir Sidahmed

Saudi Arabia

Power, legitimacy and survival

Tim Niblock

Saudi Arabia

Power, legitimacy and survival

Tim Niblock

First published 2006
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

Simultaneously published in the USA and Canada
by Routledge
270 Madison Ave, New York, NY 10016

Routledge is an imprint of the Taylor & Francis Group

© 2006 Tim Niblock

Typeset in Times New Roman by
Newgen Imaging Systems (P) Ltd, Chennai, India
Printed and bound in Great Britain by
TJ International Ltd, Padstow, Cornwall

All rights reserved. No part of this book may be reprinted or reproduced or utilised in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

British Library Cataloguing in Publication Data
A catalogue record for this book is available
from the British Library

Library of Congress Cataloging in Publication Data
A catalog record for this book has been requested

ISBN10: 0-415-30310-9 (hbk)
ISBN10: 0-415-27419-2 (pbk)
ISBN10: 0-203-57235-1 (ebk)

ISBN13: 978-0-415-30310-1 (hbk)
ISBN13: 978-0-415-27419-7 (pbk)
ISBN13: 978-0-203-57235-1 (ebk)

Contents

<i>Acknowledgements</i>	viii
<i>Note on transliteration</i>	ix
<i>Chronology</i>	x
<i>List of abbreviations</i>	xv
<i>Maps</i>	xvii
1 Introduction	1
<i>The contemporary interest</i>	<i>1</i>
<i>The need for a new approach: devising an explanatory model of the dynamics of Saudi Arabian politics</i>	<i>7</i>
<i>Sources of regime legitimacy</i>	<i>9</i>
<i>Circles of cooperation and bases of support</i>	<i>13</i>
<i>The policy processes</i>	<i>17</i>
<i>The structure of the book: chapters and themes</i>	<i>18</i>
2 State formation	21
<i>Traditional dynamics and the changing domestic and international environments</i>	<i>21</i>
<i>The Saudi emirates of the eighteenth and nineteenth centuries and their legacy</i>	<i>23</i>
<i>Capturing power and spreading control: establishing the third Saudi state, 1902–32</i>	<i>31</i>
<i>The Kingdom's political processes prior to oil, 1932–48</i>	<i>32</i>
<i>Oil revenues and their impact on state and economy, 1948–58</i>	<i>38</i>
<i>The struggle for power: determining the future of the Saudi state, 1958–62</i>	<i>42</i>
<i>Conclusion</i>	<i>45</i>

3	Faisal and the new polity, 1962–79	47
	<i>Faisal, Khalid and the centralised state, 1962–79</i>	<i>47</i>
	<i>Re-shaping the economy</i>	<i>49</i>
	<i>Social dynamics of the new polity: the stabilising social milieu</i>	<i>54</i>
	<i>The conduct of foreign policy</i>	<i>58</i>
	<i>Domestic political outcomes</i>	<i>64</i>
	<i>Conclusion</i>	<i>66</i>
4	Redirecting the polity: 1979 to the present	68
	<i>New problems and new areas of confrontation</i>	<i>68</i>
	<i>Economic development and the problems of ‘asabiyah capitalism</i>	<i>73</i>
	<i>Responding to the new Islamist challenge: the 1980s</i>	<i>77</i>
	<i>Responding to the changing global and regional orders: Arab disunity, Gulf insecurity, the US alliance and the Gulf wars</i>	<i>85</i>
	<i>The opposition and reform movements, 1990 to the present</i>	<i>90</i>
	<i>Re-fashioning the political and governmental system</i>	<i>104</i>
	<i>The debate on reform and the struggle for power within the Al Su‘ud</i>	<i>109</i>
	<i>Conclusion</i>	<i>112</i>
5	The challenge of economic reform	114
	<i>Introduction</i>	<i>114</i>
	<i>Areas of existing economic inadequacy</i>	<i>115</i>
	<i>The record of reform before 2000</i>	<i>122</i>
	<i>Economic reform since 2000: the dynamics and the administrative structures</i>	<i>124</i>
	<i>Reforming the legal framework to encourage foreign investment</i>	<i>126</i>
	<i>The impact of legislation on actual investment</i>	<i>130</i>
	<i>The WTO and trade liberalisation</i>	<i>133</i>
	<i>Privatisation</i>	<i>135</i>
	<i>Measuring the reforms against the needs</i>	<i>137</i>
	<i>Conclusion</i>	<i>141</i>

6 Foreign policy: dilemmas of the alliance with the United States and the challenge of international terrorism	143
<i>Overall perspective</i>	<i>143</i>
<i>1979–82: deepening the basis of the alliance with the United States following the Iranian revolution</i>	<i>145</i>
<i>1982–90: global partnership with the United States and the Afghan struggle</i>	<i>147</i>
<i>1990–96: restructuring the relationship following the Iraqi occupation of Kuwait</i>	<i>151</i>
<i>1996–98: intensification of the international terrorist threat to Saudi Arabia and the United States</i>	<i>156</i>
<i>1998–2001: from the East Africa bombings to 9/11</i>	<i>160</i>
<i>2001–05: the impact of 9/11</i>	<i>163</i>
<i>Conclusion</i>	<i>170</i>
 Conclusion: crisis, reform and stability	 171
 <i>Bibliographical survey of the existing literature</i>	 <i>177</i>
<i>Glossary</i>	<i>180</i>
<i>Bibliography</i>	<i>182</i>
<i>Index</i>	<i>195</i>

Acknowledgements

I am indebted to the many people who have generously shared with me their information, advice and views on developments in Saudi Arabia. It would be impossible to name them all, but I must make particular mention of the PhD students of mine who have worked on Saudi Arabia over the years. As so often in PhD supervision, I have felt that I have learnt more from them, than them from me. My colleagues at Exeter, and previously in Durham, have also helped me considerably with their comments and insights.

Some of the material in [Chapter 5](#) also appears in a chapter which I wrote with Dr Monica Malik, in Paul Aarts and Gerd Nonneman, eds, *Saudi Arabia in the Balance: Political Economy, Society, Foreign Relations* (London: Hurst). I must thank Monica for her help with this part of the work. Some of the editing needed to bring the final text to completion was undertaken by Rebecca Niblock, to whom I also extend my thanks.

At a personal level, I have benefited from the help and patience of family members over the time while I am been working on the book. I am grateful to Sally and Stuart, Kate and Dom, and Becky and William for all their support.

A note on transliteration and use of names

It has not been easy to find ways of transliterating Arabic words and names for this book which is both linguistically consistent and enables the words/names to be recognisable and manageable for the lay reader. In practice, I have opted for a measure of inconsistency. Where an Arabic name tends to have an accepted form of spelling in most English-language writing, I have used that. While I refer to the royal family in the linguistically correct form of Al Su‘ud, for example, any reference to the country or its people uses the form ‘Saudi’. Rather than ‘Al-Qa’idah’ I write ‘Al-Qa’ida’. Similarly, there is the issue of which of a person’s names to use as a short-form reference to the individual. Whereas Jamal ‘Abd al-Nasir is usually known as Nasir (or Nasser), ‘Usama bin Ladin is usually known as ‘Usama. I therefore have chosen, albeit inconsistently, to refer to each of them by the name usually associated with them: Nasir and ‘Usama.

Chronology

- 1744 Alliance formed between Muhammed ibn ‘Abd al-Wahhab and Muhammad ibn Su‘ud.
- 1765 Ibn Su‘ud dies and is succeeded by ‘Abd al-‘Aziz.
- 1773 Ibn ‘Abd al-Wahhab abandons the position of *imam*. The spread of Saudi political control over the whole of southern and central Najd is completed.
- Late 1780s Northern Najd incorporated into the Saudi emirate.
- 1792 Al-Hasa falls under Saudi control.
- 1793 Ibn ‘Abd al-Wahhab dies.
- 1797 Qatar and Bahrain come under Saudi suzerainty.
- 1801 Raids launched into Mesopotamia.
- 1802 Saudi emirate gains control of Ta’if.
- 1803 Sacking of holy city of Karbala. ‘Abd al-‘Aziz assassinated, succeeded by his son Su‘ud. Saudi emirate gains control of Makkah.
- 1804 Saudi emirate gains control of Madina.
- 1811 Egyptian forces, at the request of the Ottoman Sultan, land on the Arabian peninsula and are driven back to the sea by Su‘ud’s son, ‘Abdallah. More Egyptian troops arrive.
- 1812 Egyptian forces take Madina.
- 1813 Egyptian forces take Makkah and Ta’if.
- 1814 Su‘ud dies and is succeeded by ‘Abdallah.
- 1818 End of the first Saudi state.
- 1824 Second Saudi state created under Turki ibn ‘Abdallah Al Su‘ud.
- 1843 Most successful stage of the second Saudi state begins under the rule of Faisal ibn Turki.
- 1871 Ottomans occupy al-Hasa and ‘Asir.
- 1887 Ibn Rashid, ruler of Ha’il, captures al-Riyadh. ‘Abd al-Rahman ibn Faisal, the main claimant to the leadership of the Al-Su‘ud, flees to Kuwait.

- 1902 'Abd al-'Aziz recaptures al-Riyadh. Creation of third Saudi state.
- 1906 Most of Najd brought under control of 'Abd al-'Aziz.
- 1913 Al-Hasa falls to 'Abd al-'Aziz.
- 1914 First World War breaks out, leading to the end of Turkish influence in the Arabian peninsula.
- 1915 Signing of Saudi–British treaty of alliance (December).
- 1920 Most of the 'Asir region brought under Saudi control.
- 1926 Last vestiges of the Hashimite presence in the Hijaz swept away. First royalties for oil exploration paid. Britain recognises 'Abd al-'Aziz as 'King of Hijaz, Sultan of Najd and its Dependencies'.
- 1927 Saudi-British Treaty of Jeddah, recognises the absolute independence of the dominions of 'Abd al-'Aziz.
- 1928 'Abd al-'Aziz asks the United States to extend recognition to Saudi Arabia. Parts of the *Ikhwan* movement revolt against 'Abd al-'Aziz.
- 1930 'Abd al-'Aziz defeats rebellious elements of the *Ikhwan*. Saudi–British exchange of ambassadors.
- 1931 The United States gives diplomatic recognition to Saudi Arabia. Ministry of Foreign Affairs established.
- 1932 Formal adoption of the name Kingdom of Saudi Arabia. Ministry of Finance established.
- 1933 Oil concession agreement concluded with SOCAL. Saudi–US agreement on consular recognition.
- 1934 Saudi–Yemeni war; some formerly Yemeni territory added to the Saudi state.
- 1936 Palestinian uprising. Saudi government position in support of the rights of the Palestinian Arab population begins to develop.
- 1937 'Abd al-'Aziz persuades Palestinian representatives to attend conference on the future of Palestine.
- 1938 Discovery of oil in commercial quantities. Development of oil production begins.
- 1939 US representation is upgraded to ambassadorial level.
- 1942 The United States begins to give aid to Saudi Arabia.
- 1943 Roosevelt issues an executive order stating that 'the defence of Saudi Arabia is vital to the defence of the United States.'
- 1944 Arab League formed, with Saudi Arabia a founding member. Ministry of Defence established.
- 1945 Saudi Arabia becomes a founder member of the United Nations. 'Abd al-'Aziz meets with Roosevelt and Churchill. Military links with the United States created; the United States establishes an air base for its own use.
- 1948 Initiation of substantial oil exports.

xii *Chronology*

- 1951 Commencement of Point Four military assistance agreement with the United States.
- 1953 Council of Ministers brought into being. Ministries of Agriculture and Water, Education, and Communications established. 'Abd al-'Aziz dies, and is succeeded by Su'ud ibn 'Abd al-'Aziz. ARAMCO strike.
- 1954 Ministry of Commerce and Industry and Ministry of Health established. Termination of Point Four military assistance agreement with the United States. Faisal is made Prime Minister.
- 1955 Army officers coup plot discovered.
- 1956 Suez war: Saudi Arabia supports Egypt and breaks off diplomatic relations with Britain and France. ARAMCO strike. Execution of army officers accused of plotting.
- 1957 Su'ud gives support to the Eisenhower doctrine. Breakdown of relations between Saudi Arabia and Nasir's Egypt.
- 1958 Su'ud provides finance for an attempted assassination of Nasir. Saudi government requests a loan from the International Monetary Fund (IMF). Establishment of the United Arab Republic. Overthrow of the Hashimite monarchy in Iraq. Meeting of senior princes, religious and tribal leaders held; all governmental responsibility transferred to Faisal.
- 1960 Su'ud regains control of the government. Faisal ceases to exercise governmental functions. Talal puts forward his programme of political reform.
- 1961 Supreme Planning Board brought into existence. Talal criticises the Saudi regime in Beirut. He and two other liberal princes are subsequently dismissed (August). Faisal resumes some government functions (October). Su'ud refuses to sign Faisal's national budget (December). Faisal then ceases to exercise his powers. Su'ud appoints himself Prime Minister. Radio Makkah announces that the Council of Ministers has approved the draft for a national assembly. Three days later, the story is denied.
- 1962 Faisal and Su'ud agree to share governmental powers (March). Talal leaves Saudi Arabia and restates his demands in Beirut (July). Overthrow of the Hamid al-Din dynasty in Yemen (September), leading to intense Saudi – Egyptian rivalry in the ensuing civil war. Faisal regains full governmental powers and the 'Ten Point Programme' is issued (October). Slavery abolished (November).
- 1963 Ministry of Information established. Reorganisation of local administration by royal decree.

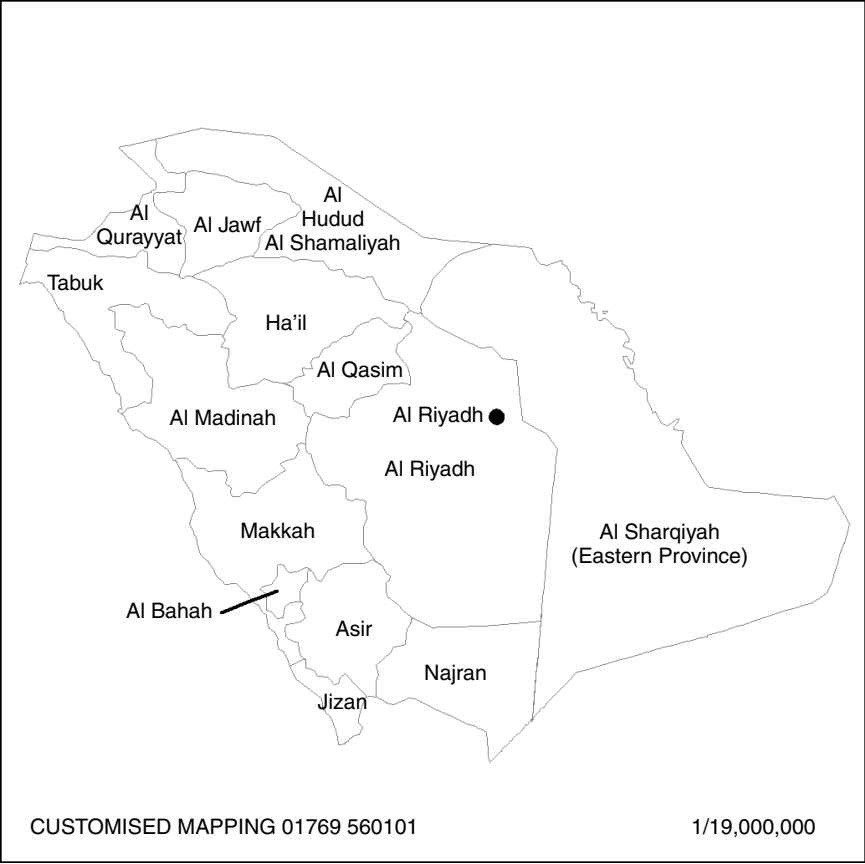
- 1964 Su'ud tries to regain governmental control. Su'ud is deposed, Faisal becomes King.
- 1965 Central Planning Organisation (CPO) established.
- 1966 Su'ud begins final unsuccessful attempt to regain crown, from Cairo.
- 1967 Arab–Israeli war. Major financial support for Egypt and Jordan begins.
- 1968 Public Land Distribution Ordinance passed. Britain announces its decision to withdraw from the Gulf area (January). Ba'thist regime comes to power in Iraq (July).
- 1969 Labour legislation introduced. Financial support to Palestinian movements begins. Su'ud dies in Cairo. Hundred and fifty people arrested on suspicion of plotting to overthrow the government.
- 1970 Ministry of Justice established. Faisal makes agreement with North Yemen, ending support for the royalists.
- 1971 Britain completes its withdrawal from the Gulf (November), with Saudi Arabia now emerging as one of the 'Twin Pillars' of Gulf Security.
- 1973 October 1973 War. Saudi Arabia orchestrates the oil embargo. Major increase in oil prices.
- 1974 Lifting of the oil embargo. First Egyptian–Israeli disengagement agreement.
- 1975 Second Egyptian–Israeli disengagement agreement. Civil War breaks out in Lebanon. Ministries of Higher Education, Municipal and Rural Affairs, Planning (formerly CPO), Public Works and Housing, Commerce, Industry and Electricity, and Posts, Telegraphs and Telecommunications established. Supreme Judicial Council created. Royal Commission for Jubail and Yanbu established. Faisal assassinated, Khalid becomes King (July).
- 1976 Egyptian government renounces treaty of friendship with the Soviet Union. Saudi Arabian Basic Industries Corporation established.
- 1977 Sadat announces intention to visit Jerusalem.
- 1978 Signature of the Camp David agreements. Saudi government offers economic assistance if Egypt reneges on the agreements.
- 1979 Overthrow of the Shah of Iran (January). Soviet military occupation of Afghanistan (December) Seizure of the Great Mosque in Makkah by Juhayman al-Otaibi and his associated group (November). Shiite demonstrations in the Eastern Province (November).
- 1980 Outbreak of the Iran–Iraq war (September).

- 1981 Gulf Cooperation Council (GCC) established.
- 1982 Khalid dies, Fahd becomes King.
- 1987 Iranian pilgrims organise a major demonstration in Makkah and Madina.
- 1988 Iran–Iraq war ends.
- 1990 Iraqi troops enter Kuwait (August), leading to the Saudi government's invitation for the United States to send troops to Saudi Arabia, and to Saudi participation in the First Gulf War. Saudi women demonstrate for their right to drive (November).
- 1991 Iraq attacks the Saudi town of al-Khafji (January). Liberals present the King with a petition on political reform (January). First Gulf War (February). Reformists (mainly Islamists) submit a petition, the Letter of Demands, to the Government (May).
- 1992 Fahd announces reforms (March 1992). Basic Law and Law of the Provinces adopted. Memorandum of Advice presented to the government (July).
- 1993 Committee for the Defence of Legitimate Rights formed (May). Subsequently some of the prominent members, led by Muhammad al-Mas'ari, leave Saudi Arabia and base themselves in London. *Majlis al-Shurah* begins to operate.
- 1994 Leaders of the Islamist reformist grouping arrested and imprisoned. 'Usama bin Ladin stripped of Saudi nationality.
- 1995 'Abdallah takes charge of government, after Fahd's medical incapacitation.
- 1996 Bombing of the US facility in al-Khobar. Agreement between the Shiite-based Reform Movement and the Saudi government.
- 1998 Bombing of the US embassies in East Africa, linked to 'Usama bin Ladin.
- 2001 9/11. Saudi Arabia comes under pressure, due to 15 of the 19 hijackers being of Saudi nationality. Indirect Saudi support for the US military action against Afghanistan (November).
- 2003 Liberals present petition to the government. National Dialogue started.
Second Gulf War. Saudi Arabia does not participate.
- 2004 Trial of academics organising movement for political reform (September).
- 2005 Municipal elections. Death of Fahd. 'Abdallah becomes King (August).

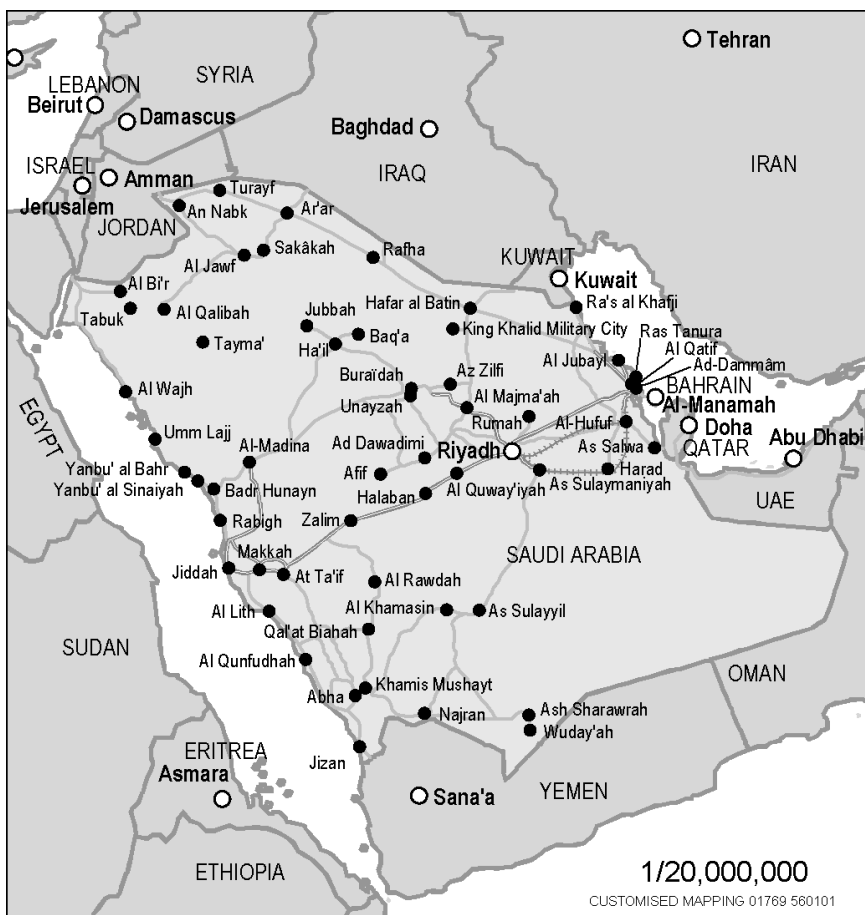
Abbreviations

AWACS	Airborne warning and control system
b/d	barrels per day
CDLR	Committee for the Defence of Legitimate Rights
CPO	Central Planning Organisation
CRS	Congressional Research Service
EIU	Economist Intelligence Unit
<i>FT</i>	<i>Financial Times</i>
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GOSI	General Organisation for Social Insurance
IFC	International Finance Corporation
IMF	International Monetary Fund
ISI	Inter-Services Intelligence (Pakistani military intelligence)
KSA-CDS	Kingdom of Saudi Arabia, Central Department of Statistics
KSA-CM	Kingdom of Saudi Arabia, Council of Ministers
KSA-MP	Kingdom of Saudi Arabia, Ministry of Planning
KSA-SCPM	Kingdom of Saudi Arabia, Supreme Council for Petroleum and Minerals
KSA-SCT	Kingdom of Saudi Arabia, Supreme Council of Tourism
KSA-SEC	Kingdom of Saudi Arabia, Supreme Economic Council
MAADEN	Saudi Arabian Mining Company
MEED	Middle East Economic Digest
MEES	Middle East Economic Survey
MENA	Middle East and North Africa
MIRA	Movement for Islamic Reform in Saudi Arabia
NCB	National Commercial Bank
NCCI	National Company for Co-operative Insurance
<i>NYT</i>	<i>New York Times</i>
OECD	Organisation for Economic Cooperation and Development

OPEC	Organisation of the Petroleum Exporting Countries
PDFLP	Popular Democratic Front for the Liberation of Palestine
PDRY	People's Democratic Republic of Yemen
PFLP	Popular Front for the Liberation of Palestine
PIF	Public Investment Fund
PLO	Palestine Liberation Organisation
RPD	Retirement Pension Directorate
SABIC	Saudi Arabian Basic Industries Corporation
SACMA	Saudi Arabian Capital Markets Authority
SAGIA	Saudi Arabian General Investment Authority
SA-IR	Saudi Arabia Information Resource
SAMA	Saudi Arabian Monetary Agency
SAMBA	Saudi-American Bank
SASE	Saudi Arabian Stock Exchange
SAUDIA	Saudi Arabian Airlines
SCCSRA	Saudi Constitutional and Civil Society Reform Advocates
SCPM	Supreme Council for Petroleum and Minerals
SEC	Saudi Electricity Company
SGI	Saudi Integrated Gas Initiative
SIDF	Saudi Industrial Development Fund
SOCAL	Standard Oil Company of California
SR	Saudi Riyal. For most of the 1970s, 1980s and 1990s, trading at between \$1 = SR3 and \$1 = SR4
STC	Saudi Telecommunications Company
TI	Transparency International
TRIPS	WTO Agreement on Trade Related Aspects of Intellectual Property Rights
UAE	United Arab Emirates
UNCTAD	United Nations Conference on Trade and Development
UPAP	Union of Peoples of the Arabian Peninsula
UPI	United Press International
US-CB	US Census Bureau
US-CIA	US Central Intelligence Agency
US-DOS	US Department of State
US-EIA	US Energy Information Administration
US-NC	United States National Commission on Terrorist Attacks upon the United States
US-TRO	United States Trade Representative Office
VAT	Value-added tax
WHO	World Health Organisation
WMO	World Migration Organisation
WTO	World Trade Organisation



Map 1 Administrative divisions of Saudi Arabia.



Map 2 Towns and communications of Saudi Arabia.

1 Introduction

The contemporary interest

Saudi Arabia stands at the centre of many of the critical issues and crises which are confronting the Middle East, the Islamic world and the wider global order today. Developments within the country will, therefore, be of crucial importance to the pattern of international relations prevailing in the twenty-first century. There is clearly an urgent need for a good understanding of the dynamics which have shaped, and will continue to shape, the development of the country. There are three main strands to the country's significance: global dependence on Saudi Arabian oil and gas, its critical role on issues of radical Islamism and international terrorism, and its impact on security issues in the Gulf and the wider Middle East. The latter constitute some of the most crucial problems in global security today.

Global dependence on Saudi Arabian oil and gas

Saudi Arabia's production of these hydrocarbon fuels is critical to the international political economy. The level of production and pricing of oil and gas exerts an influence on every aspect of the global economy. No country exerts a stronger impact on the production and pricing of these fuels than Saudi Arabia. Living conditions throughout the world will be critically affected by the ability of the Kingdom to continue a high level of oil production. This, in turn, is dependent on the existence of political stability within the Kingdom and on the strategy which the Saudi government chooses to pursue with regard to pricing, marketing and production. All projections of oil availability and pricing over the coming decades are crucially dependent on how the development of Saudi oil exports is evaluated. Domestic Saudi politics, interacting no doubt with international and global factors, will thus be critical in determining the pattern of world oil production and pricing, and through that the pattern and pace of international economic development.

2 Introduction

Saudi Arabia currently holds some 25 per cent of the remaining proven oil reserves in the world. Total worldwide proven oil reserves are estimated (2002 figures) at 1,050 billion barrels, of which 65 per cent (686 billion) is situated in the Middle East. Saudi proven reserves are approximately 260 billion. At the 2004 rate of production these reserves would last about 75 years. Above the proven reserves, Saudi Arabia has an estimated 100 billion 'possible and probable' reserves, and 'contingent reserves' of 240 billion. Oil production in Saudi Arabia, moreover, is cheap relative to elsewhere, increasing its attraction to the global market. Whereas the finding and development costs of oil production in Saudi Arabia come to \$0.50 per barrel, the global average is \$4–5 per barrel, with the costs in Russia running at \$8, in the North Sea at \$10.50 and in the US Gulf of Mexico sector at \$14.50 (*Saudi ARAMCO Dimensions*: Summer 2004).

The supply side of the global oil market over the coming decades is not likely to see substantial expansion. Despite recent discoveries of new oil fields in Central Asia, Russia, the Falklands and elsewhere, the Saudi share of remaining global oil reserves has risen over the past quarter-century. In 1978 the proportion of global proven reserves made up by Saudi Arabia came to 17.5 per cent (Stevens 1981: 215), as against the 25 per cent figure today. Globally, then, the discovery of new fields in different parts of the world has not even balanced the increase in the estimates of Saudi Arabia's own reserves and the exhaustion of existing fields elsewhere. Although global oil production has continued to rise, some analysts have predicted that the level of production reached in 2004 – 82 million barrels a day – may represent a peak, with production declining thereafter (Deffeyes 2001). Others dispute this prediction, but their perspectives are often based on Saudi Arabia being prepared to produce oil up to its capacity (perhaps 50 per cent above its existing level of production). This would shorten the period through to the exhaustion of its supplies. The decline of production in some of the world's established oil fields, especially those in the North Sea and the United States, will clearly increase further the dependence on the supply of oil from Saudi Arabia. The massive size of the Saudi reserves will thus become of yet greater significance as the twenty-first century progresses.

While the supply side appears to be straining at its limits, the demand side of the global oil market is expanding exponentially. Current estimates are that world energy consumption will rise by 54 per cent over the 2001–2025 period. The main factor here is the rapid industrialisation which China and India have been undergoing, together with that of the wider Asian grouping of developing countries. Developing Asia is expected to grow at an annual rate of 5.1 per cent over the period, as

against a global rate of 3.0 per cent. China and India are expected to account for 40 per cent of the increase in world energy consumption. Within the overall energy consumption market, the proportion made up by demand for oil is expected to rise a little, from 38 per cent to 40 per cent, and overall demand for oil is predicted to rise from 77 million barrels a day in 2001 to some 121 billion in 2025. Demand for oil is expected to continue growing after 2025, perhaps reaching some 152 million barrels per day (b/d) per annum in 2050. A portent of the future was the rapid rise in oil prices during 2004 and 2005, with the oil price reaching \$60 per barrel for the first time in June 2005. While the price was not expected to remain at that level, the International Monetary Fund (IMF) 2004 World Economic Outlook published in September 2004 predicted that oil prices would remain high over the ten years ahead.

The development of alternative energy supplies will, in due course, reduce the significance of Saudi (and other) oil production. The priority which developed nations give to diversifying their energy sources, spurred on by environmental as well as political concerns, will therefore exert considerable influence on the role and pricing of oil. Energy diversification, however, is a long-term process. The exploitation of energy from renewable sources (wind, wave, sun, hydroelectricity etc.) is developing gradually, and further development can no doubt raise the percentage of energy coming from these sources. In most developed countries, however, these sources currently only account for a small proportion of energy supplies, and change can only come slowly. The United States is the largest consumer of energy in the world (about 33 per cent of the total), and only 7 per cent of US energy consumption comes from this sector, about half of which is from hydroelectric sources (Heinberg 2003: 140). Nuclear energy could be increased significantly, but environmental concerns have in recent years restrained such an increase. Technologies of nuclear fusion and the possibility of cold fusion promise limitless quantities of cheap and environmentally friendly energy, but the horizon when such a development becomes scientifically feasible and practically deliverable tends to recede into the future. The estimated time-line today stands at around 30 years, just as it was 30 years ago. Even when alternative sources of energy become available, moreover, the demand for hydrocarbon fuels will not disappear overnight. Conversion of existing equipment to alternative energy sources will take time. When hydrocarbons are no longer needed for energy, moreover, there will remain a need for them in the production of petrochemicals.

It is probable, therefore, that Saudi oil will be of increasing importance to the global economy in the first half of the twenty-first century, and that no major collapse in the price of oil will occur.

Radical Islamism and the issue of international terrorism

The second dimension to Saudi Arabia's significance relates to its impact and influence on international Islam. Holding the two most holy sites in Islam, attracting many millions of pilgrims every year, Saudi Arabia will always occupy a special position of influence in the Islamic world. Any government of the country, whatever its complexion, would have to emphasise its role as protector of the holy sites, guaranteeing the well-being of pilgrims and perhaps claiming on this ground some right to global Islamic leadership.

The role of Saudi Arabia in international Islam, however, goes beyond this simple reality. The brand of Islam with which the House of Su'ud has always identified itself, and has promoted internationally, carries with it a missionary militancy framed around its puritanical 'return to the foundations' ideology. The call for a return to the foundational texts and to the practices of the *salaf al-salih* (the 'pious forefathers', comprising the prophet's companions and the first three generations of leaders of the Muslim *ummah* [community]) is not in itself a basis either for conservative social practices or for extremism. On the contrary, some of the great Islamic reformers in the late nineteenth and early twentieth century, who were seeking to re-fashion Islamic ideas to respond to the impact of the West, adopted this approach. Muhammad 'Abduh and Rashid Rida both saw themselves as *salafis*, returning to the foundations of Islam to seek a source for the re-invigoration of Islam – and downplaying the traditions which had built up around Islamic practice over the intervening centuries. Salafism (the term now applied to the religious trends which call for such a return to the foundations), therefore, can be a channel through which the Islamic basis is re-interpreted so as to make clear its relevance to and compatibility with modern conditions. Some of the intellectuals who adopt that approach today are clearly pursuing this agenda. Nonetheless, there has been a prolonged tendency for Saudi Salafism both to be regressive socially and to inspire forms of political Islam which do not co-exist easily with established regimes and with the norms of civil society as perceived in the Western world.

To understand the dynamic of the problem posed by Saudi Salafism it is not sufficient simply to point to the religious ideas on which it is founded – the Islamic interpretations of Muhammad ibn 'Abd al-Wahhab, the religious leader who set the framework of Saudi Salafism in the mid-eighteenth century. As will be shown in [Chapter 2](#), ibn 'Abd al-Wahhab's thoughts may not have been as narrow and dogmatic as they have often been portrayed. The form taken by Saudi Salafism, and the exceptional dynamism which has characterised it, has stemmed from the interaction