

PAUL AARTS
GERD NONNEMAN
editors

Saudi Arabia in the Balance

Political Economy, Society, Foreign Affairs

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CONTENTS

<i>The Editors</i>		vii
<i>The Contributors</i>		ix
<i>Transliteration</i>		xv
Introduction	<i>Paul Aarts and Gerd Nonneman</i>	1
Part I. IDEOLOGY AND CHANGE		
The Wahhabi Ulama and the Saudi State: 1745 to the Present	<i>Guido Steinberg</i>	11
Islam Liberal Politics in Saudi Arabia	<i>Stéphane Lacroix</i>	35
The War of Ideas: Education in Saudi Arabia	<i>Michaela Prokop</i>	57
Part II. POLITICAL ECONOMY		
Saudi Arabia's Economy: the Challenge of Reform	<i>Monica Malik and Tim Niblock</i>	85
Segmented Clientelism: The Political Economy of Saudi Economic Reform Efforts	<i>Steffen Hertog</i>	111
From Private Sector to National Bourgeoisie: Saudi Arabian Business	<i>Giacomo Luciani</i>	144
Part III. REGIME AND OPPOSITION		
Circles of Power: Royals and Society in Saudi Arabia	<i>Madawi Al-Rasheed</i>	185
Checks, Balances and Transformation in the Saudi Political System	<i>Iris Glosemeyer</i>	214
Political Opposition in Saudi Arabia	<i>Abdulaziz Sager</i>	234

The 'Cycle of Contention' and the Limits of Terrorism in Saudi Arabia	<i>Roel Meijer</i>	271
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Part IV. EXTERNAL RELATIONS

Determinants and Patterns of Saudi Foreign Policy: 'Omnibalancing' and 'Relative Autonomy' in Multiple Environments	<i>Gerd Nonneman</i>	315
Coping with Regional Challenges: A Case Study of Crown Prince Abdullah's Peace Initiative	<i>Joseph Kostiner</i>	352
Understanding US-Saudi Relations	<i>Rachel Bronson</i>	372
Events versus Trends: The Role of Energy and Security in Sustaining the US-Saudi Relationship	<i>Paul Aarts</i>	399

CONCLUSIONS AND OUTLOOK

A Triple Nexus: Ideology, Economy, Foreign Policy and the Outlook for the Saudi Polity	<i>Paul Aarts and Gerd Nonneman</i>	433
<i>Index</i>		457

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Giacomo Luciani is Professor of Political Economy and co-director of the Mediterranean Programme of the Robert Schuman Centre for Advanced Studies at the European University Institute (since 2000), and Professorial Lecturer in Middle Eastern Studies at the Bologna Center of SAIS (Johns Hopkins University). His career has been marked by repeated 'trespassing' between academia, industry and government, and he has consulted for various international organisations and Gulf governments. His research interests include the political economy of the Middle East and North Africa and the geopolitics of energy. His main line of research has been on the rentier state and democratisation; publications include *The Rentier State* (co-editor and co-author); *The Politics of Arab Integration* (co-editor); *The Arab State* (editor and co-author); and chapters in such books as *Democracy without Democrats?* (ed. G. Salamé); *Political Liberalization and Democratization in the Arab World* (ed. R. Brynen, B. Khorany and P. Noble); and *Modernization, Democracy and Islam* (ed. S. Hunter and H. Malik). Most recently, he has worked on EU-GCC relations, contributing to the Bertelsmann Foundation's report on 'The EU and the GCC. A New Partnership' (2005), co-authoring (with Tobias Schumacher) *Relations Between the European Union and the Gulf Cooperation Council* (2004), and co-editing and co-authoring *Regime Change in Iraq* (2004). In 2005 he co-directed (with Abdelhadi Khalaf) a workshop on "Constitutional Reform and Political Participation in the Gulf", out of which a book will be published in English and Arabic (2005).

Monica Malik obtained her PhD from the University of Durham with a thesis on private sector development in Saudi Arabia. Since 2001, she has been Senior Economist for the Middle East and North Africa (MENA) at Country Risk Services (CRS), Dun & Bradstreet. The MENA team produces analysis on key economic, commercial and political developments and risk in the region. Dr Malik is responsible for ratings, reports and forecasts for the MENA region, and covers nine of the MENA states including the main oil and gas exporters (determining CRS's oil price forecast), as well as key emerging market countries such as Turkey, Israel and Egypt.

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Tim Niblock is Director of the Institute of Arab and Islamic Studies at the University of Exeter, and Professor of Arab Gulf Studies. He began his academic career at the University of Khartoum in Sudan (1969–77), moving to Exeter in 1978 as Research Fellow in Arab Gulf Studies. In that position he helped to establish the Centre for Arab Gulf Studies, of which he became deputy director. Transferring to the Department of Politics in 1982, he became Director of the newly-established Middle East Politics Programme there. In 1993 he was appointed to the Chair in Middle Eastern Politics at the University of Durham, becoming Director of the Centre for Middle Eastern and Islamic Studies. He returned to Exeter in 1999 to take up his current position. Among his books related to the Gulf region are: *'Pariah States' and Sanctions in the Middle East: Iraq, Libya and Sudan* (Lynne Rienner, 2001), *Economic and Political Liberalisation in the Middle East* (ed., with Emma Murphy, British Academic Press, 1993), *Iraq: the Contemporary State* (ed., Croom Helm, 1982), *State, Society and Economy in Saudi Arabia* (ed., Croom Helm, 1981), and *Social and Economic Development in the Arab Gulf* (ed., Croom Helm, 1980).

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istischen Terrorismus (Munich, 2005); *Religion und Staat in Saudi-Arabien. Die wahhabitischen Gelehrten (1902–1953)* (Würzburg, 2002); ‘The Shiites in the Eastern Province of Saudi Arabia (al-Ahsa’) 1913–1953,’ in Werner Ende & Rainer Brunner (eds), *The Twelver Shia in Modern Times. Religious Culture & Political History* (Leiden, 2001), pp. 236–54.

TRANSLITERATION

There is a huge variety of ways in which Arabic names and terms can, and have been, be rendered—ranging from a number of scholarly philological conventions to a range of Anglicised forms. In this volume we wanted to combine accuracy with accessibility, while remaining consistent. Rendition of these terms and names has been made uniform, reflecting as closely as possible the Arabic pronunciation while still remaining legible for non-Arabists. The exceptions are : (1) citations and bibliographical references (e.g. author's names in published pieces), where the form used in the source is maintained; and (2) transliterations of Arabic-language phrases or references in the footnotes, *as Arabic*, where linguistic accuracy is observed, albeit without indicating long vowels—hence *Al-Qa'ida* rather than *Al-Qā'ida*, and *Sa'ud* rather than *Sa'ūd*—and without other diacritical marks indicating the different *h*, *d*, *s*, or *z* sounds.

Thus, for Arabic bibliographical references or rendition of Arabic phrases (*as Arabic*), we have used the diacritical marks (' for 'ayn, ' for 'alif) throughout, while in normal (English) text we have dropped such marks if they occur at the beginning of the word or name (thus, *Umar* rather than 'Umar, and *al-Awda* rather than al-'Awda).

Where, in the main text, the intention is to show the original Arabic in transliteration, this is indicated also by placing the word or phrase in italics. Otherwise, the rendition is simplified by using well-established English-language versions where these exist, or at least by dropping the 'ayn or 'alif signs at the beginning of the word or name in question.

We distinguish between the article (al-), which is written in lower case and joined to the word it determines; and the word *Al* for 'family' (pronounced with a long 'aa'), as in 'the Sa'ud family' or *Al Sa'ud*. The one exception is in our spelling of *Al-Qa'ida* where the article is capitalised as that has become part of the commonly used name of the organisation in English.

Names are spelled following the same principle: thus, *Abd al-Aziz* (rather than *Abdulaziz* or *'Abd al-'Aziz*), and *Muhammad ibn Abd al-Wahhab* (rather than *Mohammed ibn Abdelwahhab*), reflecting the Arabic structure (the one exception comes in our spelling of the name Abdullah—as for the Saudi Crown prince—as it was felt the latter version is the generally recognised one, while the form *Abd Allah* would throw many readers).

The word signifying 'son of' in Arabic names, is given as *ibn* (if in middle of name) or *Ibn* (if at the beginning) rather than *bin*, except for the now familiar *Usama bin Ladin*. Hence *Ibn Sa'ud*, but *Abd al-Aziz ibn Sa'ud*.

INTRODUCTION

Paul Aarts
Gerd Nonneman

In the aftermath of 'September 11' much comment was directed at the alleged clash between Islam and the West. As a long-time ally of the United States and a figurehead of Islamic politics, Saudi Arabia was caught in the middle. Because fifteen of the nineteen hijackers were of Saudi origin, and with accusations about Saudi co-responsibility for the direction which radicalised Islam had taken, the royal family was placed in the awkward situation of being called to account for the behaviour of a few Saudi citizens who were in fact simultaneously taking aim at the Al Sa'ud themselves. Indeed, after 9/11 Saudi Arabia became seen in some quarters not so much as a *victim* but as a *cause* of the problem. This was reflected also in the campaign rhetoric of the Democratic candidate in the 2004 US presidential election, John Kerry. At the same time pre-existing issues of concern, relating to Saudi Arabia's economy, its 'social contract', and its place in the region and the world, were highlighted further.

Combining the roles of the world's 'swing' oil producer, the guardian of the holiest places of Islam, and a crucial ally of the West in the Gulf, Saudi Arabia has acquired a high international profile which inevitably involves tensions. The spate of terrorist attacks within the Kingdom in 2003/4 brought acute uncertainty to the world oil market.

Yet to most outside observers the country's internal affairs remain opaque. Moreover, the tensions between the kingdom's roles regionally and globally in a changing international system intertwine with the dilemmas being faced at the domestic level. There is a need, there-

fore, to address these interlocking issues systematically by drawing on the insights of a variety of Saudi as well as specialist outside observers. This book attempts to do just that. The exercise is particularly timely when Saudis themselves, both among the leadership and elsewhere, are increasingly debating and acting on these questions.

The book is the outcome of an international project centred around a three-day workshop organised by the editors at the International Institute for the Study of Islam in the Modern World (ISIM) in Leiden in February 2004, and sponsored by ISIM, the Dutch Foreign Ministry, the European University Institute and Lancaster University in England. The workshop brought together a wide range of expertise and views on Saudi Arabia: from the United States, Europe and the Middle East, including the Kingdom itself. All contributors worked throughout according to clear specifications as part of a tightly organised project, and benefited from wide-ranging discussion with a highly specialist group of participants from academic, business and government backgrounds. While this formed the basis for the book's design, the final selection of chapters was fine-tuned to achieve the greatest possible coverage and balance: not all the workshop papers became chapters, and additional contributions were invited from Tim Niblock, Monica Malik and Roel Meijer.

The aim was to elicit a conversation and 'cross-fertilisation' between empirically and theoretically innovative work, bringing together a variety of perspectives to examine contemporary trends in Saudi Arabia's politics, society, economy and international relations, exploring their roots as well as possible future development. The focus is at once domestic and international: regional and global developments are seen through the Saudi lens, while Saudi developments are examined in the light of '9/11,' the Iraq crisis, and changing global politics.

This work is emphatically *not* an exercise in either accusation or justification; rather, the multiplicity of perspectives and areas of expertise brought to bear on these questions should allow a balanced understanding to emerge of Saudi Arabia's dynamics, challenges and responses. It is hoped that the book does so in a way that speaks both to specialist students of the country and the region, and to policy-makers and the wider public.

Yet the book's investigation of the Saudi case also illuminates a number of wider questions in political science, international relations,

international political economy, political anthropology, and 'Third World' politics. Indeed it is through an awareness of the wider disciplinary questions that the case of Saudi Arabia itself can be examined most fruitfully: too often, area- and country-specialist work tends to eschew wider conceptual issues, while theoretical/conceptual work often suffers from the opposite affliction. The wider questions include the following:

- Where are the limits of the 'rentier state' model of political and economic organisation?
- What is the capacity of rentier economies to transform? Can they evolve into sustainable economies producing added value?
- How viable is 'monarchy' in the twenty-first century, and in the Middle East in particular?
- To what extent and under what conditions can autocratic systems transform themselves?
- What are the chances for democratisation in the Middle East?
- How, if at all, can 'civil society' develop and impact on social and political organisation in an autocratic system?
- What is the relationship between 'Islam'—in its various forms—and forms of political organisation?
- How do different Muslim societies view/respond to terror tactics?
- How do less-developed states of the 'periphery' relate to the 'core' in the international system?
- In explaining the foreign policies of developing states, what is the relative importance of the international system and region-specific dynamics? How much room for manoeuvre do these states have?

Consequently, questions directed specifically to the Saudi case include:

- How viable is the House of Sa'ud?
- Can the House of Sa'ud transform itself and if so, how?
- What is the nature of opposition, and what are its prospects?
- How should the nature of violent extremism and terrorism in Saudi Arabia, and its prospects, be assessed?
- What are the prospects for political reform?
- What are the key trends in the Saudi economy? To what extent has it been able, and is now likely, to transcend the limitations of

the rent-economy? Can a viable private sector producing added value emerge? Indeed, has it done so already?

- How are economic and political trends linked, and with what effect?
- How is the relationship between religion and politics evolving?
- What is the nature of ‘Wahhabism,’ and how is it evolving?
- What is the role of education in Saudi society and the economy, and what are the principal trends?
- What trends, if any, are observable in civil society and among the intelligentsia, that might be relevant to possible transformation in the social, economic and political domains?
- What are the determinants of Saudi foreign policy? What is the relative importance in this of domestic, regional and international factors? How much autonomy does the Saudi regime have at these three levels in fashioning its regional and global policies?
- What are the dynamics of Saudi Arabia’s relations with the United States, what are the key patterns, and what is likely to happen in the future? Do current difficulties indicate a major shift or only a temporary blip?

It is hoped that the chapters that follow may help others to fine-tune their own answers, and pick up where we leave off.

The analysis is divided into four main parts—although it will be readily apparent that this division does not obscure the manifold linkages between their central subject matter: indeed, one of the main insights must be that none of them can be fully understood without the others. Grouped under the heading ‘Ideology and Change’ come three chapters that look at ‘Wahhabism’ and Saudi Arabia’s Islamic ideology, since this is so often assumed to be at the root of a range of problems. That the usual assumptions are by no means a straightforward reflection of reality, as these chapters show, does not imply that it is not desirable to start the book with an in-depth look at the nature of Wahhabism, what its influence has been, how it and its variants have interacted with the state, and how it has itself been evolving and continues to do so. Guido Steinberg provides a historically-grounded survey on ‘Wahhabism and the Saudi Ulama’; Stéphane Lacroix delves into the emergence of an ‘Islamoliberal trend’ and its fortunes thus far; and Michaela Prokop addresses the ideological controversies surrounding the education system.

The book turns in Part II to what can be seen as the other essential determinant of the Saudi system: its political economy. It is no longer necessary to dwell for long on the now well-established dynamics of an ideal-type ‘rentier state,’ and in particular the case of the oil-surplus economies of the Gulf, as represented in the classic analyses by authors such as Beblawi and Luciani.¹ Rather, the three chapters grouped together here explore the extent to which Saudi Arabia’s political economy may be moving beyond the limitations long assumed to be inherent to such rentier or ‘allocation’ states (in terms of the taxation–representation question, and of the presumed unproductive nature of much of the economy); and the extent to which limits on economic reform may be rooted in other characteristics of the socio-political system. Tim Niblock and Monica Malik set out the key challenges for the economy;² Steffen Hertog provides an innovative explanation for the nature and limitations of Saudi economic reform efforts, using the concept of ‘segmented clientelism’ to complement rentier state theory; and Giacomo Luciani examines to what extent the Saudi private sector may be turning into a genuine ‘national bourgeoisie’—escaping the presumed constraints of rentierism with all the longer-term political as well as economic implications that such a development may have.

The third part of the book addresses the characteristics of regime and opposition politics head-on. Madawi Al-Rasheed uses the tools of anthropology to analyse royal family dynamics—a system she describes as one where five circles compete and collaborate within an ‘acephalous tribal group’; she throws a highly critical light on the Al Sa‘ud’s relationship with Saudi society, pointing at faltering legitimacy and the use of repression. Iris Glosemeyer, working from a different angle, investigates the formal and informal checks and balances in the Saudi political system and suggests that the system is in fact slowly modernising in adaptation to a gradual redistribution of sources of power, both domestic and external. While opposition to the

¹ Most readily accessible in Hazem Beblawi, ‘The Rentier State in the Arab World’, in Giacomo Luciani (ed.), *The Arab State*, London: Routledge, 1988, pp. 85–98; and Giacomo Luciani, ‘Allocation versus Production States’, in *ibid.*, pp. 65–84.

² Some of the material in this chapter is drawn from a book-length study by one of the authors, which will appear as: Tim Niblock, *Saudi Arabia: Power, Legitimacy and Survival*, London: Routledge, 2006.

regime is touched on in several preceding chapters, the following two deal with it directly. Abdulaziz Sager surveys the various strands of such opposition, indicating both its division and lack of effectiveness, and surveying the regime's responses. Roel Meijer focuses in particular on the most violent opposition, namely 'Al-Qa'ida in the Arabian Peninsula.' Using the concept of 'cycles of contention' from Social Movement Theory, he argues that, despite a string of violent attacks, there may be inherent limitations on the sustained effectiveness of this type of opposition activity in Saudi society.

In much of the foregoing the 'external' factor is a prominent feature, either as a resource or a constraint for the regime, as a resource or perceived target for domestic audiences, or as the wider context within which the Saudi political economy functions. In the fourth part of the book, the country's external relations become themselves the main focus, although it will immediately be clear that explanation here must very much bring the domestic back in. Gerd Nonneman outlines the determinants and patterns of Saudi foreign policy, arguing that what the regime has been doing for many decades, on the whole successfully, is 'omnibalancing' between different (and fluctuating) threats and needs located in its multiple environments (starting from the domestic), while attempting pragmatically to carve out a measure of autonomy from domestic, regional and international structures and actors simultaneously. This, he argues, is what explains the instances of apparent 'polygamy' in its external relations, both today and during much of the twentieth century. In that light neither the cautious and pragmatic regional policy nor the apparent cooling in relations with the United States should be particularly surprising. The latter two examples are dealt with in detail in the following two chapters. Yossi Kostiner examines the record of the Al Sa'ud in Arab peace initiatives *vis-à-vis* Israel, and argues that such involvement may at times have been less about a genuine practical push for peace than about diplomatic image-making. (Of course, one does not exclude the other, and indeed the previous chapter suggests that the continued festering of the Arab-Israeli dispute is an unwanted source of stress for the Al Sa'ud). Rachel Bronson discusses the recent evolution and underpinnings of the US-Saudi relationship, arguing that a significant deterioration has

indeed taken place and that, in contrast to previous moments of friction, the 'glue' of the Cold War that gave the US and Saudi Arabia an overarching set of compatible interests is no longer present. Even so, Paul Aarts argues in the final chapter of Part IV, the most likely scenario is that rather than heading for separation the United States and Saudi Arabia are entering a more 'normal' relationship, which is nonetheless still very much dictated by the logic of energy and security.

The editors conclude by attempting to sum up the evidence presented, and to relate this back to the research questions that drove the project.