

Saudi Arabia GDP and Political Orientation

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Saudi Arabia is a sparsely populated arid kingdom in the Middle East. Regarded as the birthplace of Islam, the kingdom boasts being home to two of the largest holy cities of Islam in Mecca and Medina. Although a relatively young country, Saudi Arabia has rich history going back centuries and embodied by a deep culture and superior ancient architecture. It is the wealthiest country in the Middle East and one of the wealthiest in the entire world. Much of Saudi's economic wellbeing is predicated on expansive oil deposits which it exports to the rest of the world, both in form of crude oil and in refined form. As such, the kingdom boasts a high gross domestic product as this paper aims to show.

Gross Domestic Product (GDP)

The main source of foreign currency for Saudi Arabia is oil. The kingdom boasts the second largest oil deposits in the world after Venezuela. As such, the country's economy is highly dependent on global oil prices. In the years after 2014, Saudi Arabia's GDP has been on a downward spiral due to falling global oil prices. In fact, the global crude oil prices in the Middle Eastern region in 2015 were almost half of what they had been in 2014 ("Saudi Arabia Statistic", 2018). This has dealt a great blow to Saudi Arabia's economy, and by extension, to her gross domestic product. Another major determinant for the economy is the global prices for natural gas, of which the country is one of the world's leading exporters ("Saudi Arabia Statistic", 2018). Natural gas prices are, on the larger part, intertwined with global crude oil prices. Thus, as crude oil prices fluctuate, so does natural gas prices globally. The effect of this is that neither natural

gas nor oil can cushion the Saudi economy and GDP from fluctuating when the price of either of these products fluctuates.

The gross domestic product is defined as the measure of the national income and output for a country's economy. It is the amount of resources that a country produces and their equivalence in income for the economy. Thus, it can be calculated by tabulating the total expenditure of all the finished goods and services produced by a specific country within a certain period of time. In the 1970s and 1980s, Saudi Arabia experienced exponential economic growth predicated upon the discovery of large oil and natural gas reserves within the country ("Saudi Arabia Statistic", 2018).. The government engaged in sound economic policies that saw major infrastructural developments and such a low unemployment rate that the country had to import workers to help the economy maintain a sustainable level of growth. This would, however, be jeopardized by stagnated oil prices in the 1990s, and coupled with a flawed government policy that encouraged large families within the kingdom. The country's GDP began to drop and their highly trained workforce faced high unemployment rates.

Fortunes were reversed in the following decade as oil and natural gas prices began to rise again and the country returned to its growing ways. Cognizant of the volatile nature of the oil markets, the government sought to establish policies that discouraged from overreliance on oil and natural gases as the sole backers of the Saudi economy. Agriculture and private enterprise were facilitated and encouraged in the country so that they could serve as major economic factors for the country. The 2000s where considered good years for the country economically as it experienced subsequent growth in GDP. This would, however, be jeopardized by the global

economic recession of 2008 (Saudi Arabia GDP 2018). The GDP began to drop once again, as the entire world contented with turbulent economic climates and commodity prices took on an unprecedented volatility. The financial markets, upon which Saudi had invested as a backup booster to oil in the economy, took a hit, and the country's GDP along with it.

As the recession ended, Saudi bounced back on her feet economically as global oil prices increased along with the demand for the commodity. The Saudi economy recovered from the turbulences of the recession and the GDP picked an upward trajectory in subsequent years. This upward trajectory persisted until 2017 when the country's GDP dropped by 1%, the first such drop since the 2008 economic recession (Saudi Arabia GDP 2018). The current stagnation and even downward spiral of the Saudi economy has been occasioned by falling crude oil prices in the global market. Global crude oil prices in 2015 dropped almost by half from what they had been in 2014, just a year before. The low prices have persisted since then, and the country has struggled under a tough economic burden. As a result, the ratio government expenditure to the GDP in Saudi Arabia has increased by over 7% (Saudi Arabia GDP 2018). This has led to greater government budget deficit and a higher national debt. Currently, Saudi's GDP stands at \$683.83 billion compared to \$735.98 billion in 2012. It is, however, projected to rise to \$832.04 billion by the year 2022 (Saudi Arabia GDP 2018).

Political Orientations

Despite many reforms in the socio-political structure of Saudi Arabia, the country still remains a monarchy to date. It is ruled by the Al Sa Ud family, which is credited with starting the

kingdom, and whose claim to power is predicated on close association with and support for Wahhabi religious establishment (Lacroix, 2015). Saudi Arabia has never had a written constitution and most of its legislation is sourced from Sharia law. Implementation of legislature is often informed by such unlikely factors as the influence of tribal politics, the royal family's inner politics and political expediency. The royal family remains the strongest source of direction within the kingdom and the major political entity determining government policy. The king issued a document titled the Basic Law of Government back in 1992 (Lacroix, 2015). This document contained guidelines on the manner in which the government should be run and gave an outline of the rights and responsibilities of each citizen within the Saudi kingdom.

The king also holds the position of prime minister and is in charge of all the executive, legislative and judicial functions in the country. Thus, he presides over the council of ministers which consists mainly of members of the royal family. This council is responsible of such important national matters as defense, foreign affairs, health, education finance and domestic policy. The council of ministers is the highest and most powerful government institution in Saudi Arabia (Albassam, 2011). Perhaps cognizant of the fact that the royal family does not have monopoly over wisdom and sound policy processes, the Basic Law of Government created the necessary parameters for the formulation of the Consultative Council. The Consultative Council consists of numerous technical experts appointed by the king and it serves as a quasi-legislative council. The Consultative Council serves much as a parliament would, drafting legislation and seeking approval from the king for the adaptation and implementation of such policies. Members

of both the Consultative Council and the Council of Ministers are appointed and dismissed by the king at his own discretion.

Many government decisions, however, are often made by organs outside these two organs. The primary apparatus for decision making is the royal family. Unless the descendants of Ibn Sa Ud reach a consensus on a piece of legislation, it is unlikely that such legislation would be adopted or implemented, regardless of the position of either or both of the aforementioned councils. It is important to note that members of the royal family hold important and influential positions in government (Albassam, 2011). The position of the high ranking religious scholars and members of the Islamic community are also consulted on key government decisions as are the heads of major commercial families and the sheikhs of different tribes. With tribes playing a major role in the socio-political fabric of Saudi Arabia, it is important that each tribe feels incorporated in the decision making process, lest this leads to dissent.

The political process in Saudi Arabia is controlled by a small portion of the country's elite and is largely male dominated. Political parties are outlawed in the country and women are excluded from the political process, although they were allowed to run for council office as from 2015 (Albassam, 2011). National politics are mainly controlled and determined by the royal family which maintains a large degree of influence on the socio-political arena of the country. Tribal politics also play a great role in in Saudi Arabia, with the tribe still remaining a major source of influence in local and national politics. This makes the tribal sheikhs some of the most powerful people in the country with the ability to determine key government decisions. The Sa Ud family, although not a tribe in itself, behaves much like one. Although it rose to power

mainly through a mastery of the martial arts, the power was consolidated and has been maintained through the creation of a broad network of alliances (Albassam, 2011). Ascension to the throne only occurs after the king has been deceased or has been determined to be incapable of dispensing his duties. The heir apparent is chosen by the king and serves as the deputy prime minister for the time that the king is alive. The royal family gets to approve or deny the chosen heir after the king has passed on or has vacated the throne. Saudi kings must be direct sons or grandsons of the founder of Saudi Arabia, Ibn Sa Ud. Thus, the political orientation of Saudi Arabia is towards monarchy and the country is neither a democratic nor a communist nation.

References

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