



John Kemp

is a Reuters market analyst. This article was distributed by Reuters.

Saudi purge takes kingdom into unpredictable new era

The wave of arrests and ministerial changes in Saudi Arabia has fundamentally transformed the structure of the state as it has existed since the 1960s.

Saudi Arabia has practised a form of collective leadership since the death of the founder King Abdulaziz Al Saud in 1953 and especially since the abdication of his son King Saud bin Abdulaziz Al Saud in 1964. The crown has descended among the younger sons of Abdulaziz, with each son and his family tending to control one element of the state.

Prince Saud bin Faisal bin Abdulaziz Al Saud and then his son controlled the foreign ministry for decades. Prince Sultan bin Abdulaziz Al Saud controlled the defence ministry; Prince Nayef bin Abdulaziz Al Saud, the interior ministry and security forces.

Prince Abdullah bin Abdulaziz Al Saud controlled the National Guard, a well-armed militia recruited from the royal family's traditional tribal supporters. Prince Salman bin Abdulaziz Al Saud served as governor of Riyadh.

The system was intended to avoid the concentration of too much power in any one branch of the family and give all the sons of the founding king a stake in it.

While formal power has always resided with the monarch, in practice the king was expected to consult with other senior members of the royal family and rule by consensus.

The Saudi system of government has been more prime-ministerial than presidential.

In fact, the king has always been concurrently the prime minister, while the crown prince has served as deputy prime minister and other senior princes have served as ministers in a formal cabinet.

The system, however, has been fundamentally altered in many important ways since the death of King Abdullah and the accession of King Salman in 2015. King Abdullah was predeceased by both his intended successors, Prince Sultan and Prince Nayef, so the crown passed to Prince Salman.

Prince Muqrin bin Abdulaziz Al Saud, an even younger son of King Abdulaziz, was designated crown prince and heir apparent but had little institutional power or influence within the royal family.

Prince Muqrin was replaced a few months later by Mohammed bin Nayef bin Abdulaziz, one of the sons of Prince Nayef, who had inherited control of the Interior Ministry and the security forces from his late father.

Prince Mohammed bin Nayef was replaced as crown prince by the king's son, Mohammed bin Salman bin Abdulaziz, in 2017.

Crown Prince Mohammed bin Salman had already become defence minister, thereby ending the control that Sultan's family had previously exercised over the armed forces.

With the removal of Mohammed bin Nayef as crown prince and interior minister, the Nayef family's control of the Interior Ministry was effectively ended.

The last remaining power ministry was the National Guard, where control had been inherited by King Abdullah's son Prince Miteb bin Abdullah bin Abdulaziz.

So the decision to remove Prince Miteb eliminated the last remaining independent power base within the royal family.

For the first time, all three power ministries – defence, interior and National Guard – are under the direct control of one branch of the royal family.

Personnel changes for lower-ranked cabinet positions, sub-cabinet posts and provincial governors over the last three years have removed independent power brokers and reinforced the concentration of power.

Control over all elements of the state has steadily consolidated power in the hands of King Salman and Crown Prince Mohammed.

Saudi Arabia's internal power dynamics are also changing in other important ways.

The cardinal rule has always been that disputes are settled quietly within the royal family, without the involvement of outsiders. Princes were expected to show loyalty to the king and avoid overt calls for change in the system. In exchange, their personal security and wealth were respected.

Ostentatious displays of wealth were discouraged and occasionally censured but, for the most part, princes have been free to accumulate money and business interests.

However, in a fundamental breach with past practice, King Salman and his son have launched an anti-corruption campaign and arrested ministers and officials suspected of taking bribes and embezzlement.

Corruption has been rife in Saudi Arabia for decades and has drained fabulous amounts of wealth from the state into private hands

The progressive removal of senior princes from government over the last three years and now the wave of arrests of princes and ministers are jeopardising the safety and wealth of royal family members for the first time.

Corruption has been rife in Saudi Arabia for decades and has drained fabulous amounts of wealth from the state into private hands, with much of it ending up abroad. Corruption, however, exists as part of a vast patronage system that ties together the royal family, the state bureaucracy and large parts of society in patron-client networks.

The anti-corruption campaign and decision to arrest senior ministers and even princes are targeting the very structure of the Saudi state.

Whether this is a good thing depends on point of view. Power-sharing and clientelism have underpinned the stability of the Saudi state and are blamed for its inability to change and adapt.

Saudi Arabia's high birth-rate and declining infant mortality have seen a surge in the population over the last four decades with the result that most of the population is under 30 years old.

The biggest social and economic challenge for the kingdom is finding enough well-paid jobs for the hundreds of thousands of young Saudis entering the workforce each year. Unemployment and under-employment are widespread, as is frustration with the fierce system of social and religious controls introduced after the siege at the Grand Mosque in Mecca by Islamist militants in 1979.

As part of his bid to consolidate power, Crown Prince Mohammed has explicitly courted support from younger Saudis with promises of social liberalisation, jobs and faster change.

The anti-corruption campaign is likely to be very popular with younger Saudis frustrated by stagnating economic opportunities but it threatens much of the country's business, political and social establishment.

In any political system, anti-corruption campaigns are a powerful way to bid for popular support to settle intra-elite battles. In ancient Rome, rulers used corruption charges to eliminate enemies. England's King Henry VIII used corruption charges against his powerful minister Cardinal Wolsey and the monasteries.

Chinese President Xi Jinping successfully used anti-corruption to reshape China's Communist Party and US President Donald Trump is trying his own version with promises to "drain the swamp."

The concentration of so much power in Saudi Arabia in one branch of the royal family introduces a new dynamic to the country's government and heightens risk, though it also makes bold reforms more likely.

Recent events have sidelined other branches of the family and threatened their security, so the crown prince has made many enemies, though he may also have reduced their power to challenge him.

Collective leadership has been replaced by a much more personal form of rule, which also means that the crown prince will be held personally accountable for the government's performance.

If the crown prince's economic and social transformation plan was to falter, his control would be at greater risk. The Saudi state, therefore, needs a swift return to economic growth and job creation.

In terms of oil policy, the Saudi state can ill-afford another decline in prices, decline in oil revenues and resumption of austerity.

The Saudi state's existing preference for \$70 oil (even at the risk of reviving US shale production) rather than \$50 oil (and risk a return to austerity) will become more pronounced.

Given the delicate political and economic context, Saudi Arabia will prefer to risk tightening the oil market too much rather than too little.



Big news. A Saudi man reads a newspaper in Riyadh, on November 5.

(Reuters)

Riyadh pursues major anti-corruption drive

The Arab Weekly staff

London

Saudi Arabia has launched a crackdown on corruption seeking to hold both average citizens and royalty accountable.

Saudi King Salman bin Abdulaziz Al Saud issued a royal decree November 4 forming an anti-corruption task force to be overseen by Crown Prince Mohammed bin Salman bin Abdulaziz. It has the jurisdiction to "investigate, issue arrest warrants, travel bans and freeze accounts and portfolios," a statement carried by the official Saudi Press Agency said.

Prominent members of Saudi society, including members of the royal family, former ministers and high-profile businessmen were arrested on corruption charges.

The arrests came after a three-year investigation and more arrests were expected.

Wide support for government drive

The Arab Weekly staff

London

Since the announcement of the crackdown on corruption, there were widespread expressions of support for the Saudi government's drive.

On social media, where many of the identities of those under investigation were first revealed, Saudis voiced overwhelming support for the move, with the hashtag "King fights corruption" shared approximately 1.4 million times on Twitter in the first day, the BBC reported.

Social media users compared the arrests to the 2011 "Arab spring"-inspired protests that swept the Middle East, launching the hashtag "November 4 Revolution," which was forwarded more than 62,000 times in one day.

Saudi news media threw their support behind the arrests, with editorials, reports and cartoons appearing in publications such as Al-Riyadh and Al-Hayat hailing the anti-corruption campaign.

Members of the Council of Senior Scholars and Ministry of Religious Endowments scholars described the government's moves as compliant with Islam. The head of the government-sponsored human rights body, Bandar Mohammed al-Aiban, called the anti-corruption drive: "A solid barrier protecting human rights, since corruption ends up damaging these rights."

The investigation extended beyond Saudi Arabia's borders, with what appears to be Riyadh requesting information from the United Arab Emirates. The UAE Central Bank froze bank accounts belonging to 19 Saudis under investigation, a Reuters report stated.

Saudi-owned Al Arabiya news channel reported that 11 princes, a dozen former ministers and four current ministers had been detained in an anti-graft investigation.

The list of those arrested read like a Who's Who of Saudi power-brokers and included the head of the kingdom's National Guard, Prince Mutaib bin Abdullah, who was removed from his position the same day of his detention; billionaire Prince Al-Waleed bin Talal, who was held on money laundering charges; and Economy Minister Adel Fakhieh, who was also sacked on the day of his arrest.

"What happened is not the beginning but the end of the first phase of our efforts to fight corruption," said Saud al-Mojeb, the public prosecutor in charge of the anti-corruption investigation, in an interview with the pan-Arab daily Asharq al-Awsat.

"Anti-corruption laws are already in place and the announcement that those individuals were held for questioning is the result of an initial investigation by the anti-corruption task force," he said, adding that it was necessary to complete the first phase discreetly to preserve the integrity of the legal proceedings.

Mojeb later stated that more than \$100 billion had been misappropriated in recent decades and that more than 200 individuals had been questioned.

Those under investigation will have their assets frozen, with efforts made to return any ill-gotten funds to the state.

There were fears in Saudi business circles that freezing accounts tied to the investigation would hurt the country's economy; however Mojeb said that neither business transactions nor commercial activities would be affected by the investigation.

US President Donald Trump threw his support behind the Saudi anti-corruption initiative, posting on Twitter: "I have great confidence in King Salman and the Crown Prince of Saudi Arabia, they know exactly what they are doing."

"Some of those they are harshly treating have been 'milking' their country for years!" he added.

According to a study by the US National Bureau of Economic Research, quoted by Reuters, Saudis have the equivalent of more than 55% of the country's gross domestic product in foreign tax havens, with total amounts of such accounts estimated to exceed \$300 billion.