A long walk

Saudi Arabia seems a law unto itself: rich, unequal, uncompromising and unchanging. But, cautiously and almost imperceptibly, it is moving forward, says Max Rodenbeck

SAUDI ARABIA is hard to pin down. Recent book titles, strong on words such as crisis, threat, secrets and terror, seem to suggest that this is a dark and desperate place. Newspaper headlines echo the gloom with reports of bombings and shoot-outs. Opinion columns bemoan the fanaticism of its youth, the remoteness of its rulers and the power of its clerics.

Yet the latest economic reports paint a country in the prime of health where fast-unfolding reforms promise a sustained rise in living standards and an increasingly equitable spread of wealth. In the year just ended, Saudi Arabia chalked up a 7% rise in GDP, a 50% surge in oil exports and a 100% leap in prices on a stockmarket that is now worth $600 billion. Moreover, 2005 was the third successive year of similar growth. Although high oil prices clearly helped, the biggest rise was in such oil-free pursuits as finance, manufacturing and tourism, with the holy places attracting a record 6m visitors. Last year the country won admission to the World Trade Organisation. More surprisingly, it was also judged by the World Bank to have the best overall environment in the region for doing business, outperforming even such high-flyers as Dubai.

A visit to the kingdom can generate equally clashing impressions. This is a place that, infamously, chops off the hands and heads of malefactors, but its excellent hospitals also pioneer such surgical miracles as the separation of Siamese twins. Many people who live there, and not just the foreigners who still make up the bulk of the workforce, find the environment hostile. It is hot, parched, socially pricky, intellectually sterile, politically oppressive and legally capricious: minor infringements can lead to unpleasant encounters with roving religious enforcers. But other residents, including plenty of expatriates, love the winter sunshine, the open spaces, the easy profits and the family-oriented lifestyle. Every critic who rolls his eyeballs over excesses of religious zeal has a contented counterpart warmed by the all-encompassing faith. Each angry word about the intractability of Saudi bureaucracy or the arrogance of princes is matched by praise for the light taxes, the reassuring prudence of government policy and the generosity of ordinary Saudis.

Family secrets

If Saudi Arabia remains such a conundrum, the Saudis themselves are partly to blame. After all, the place was built and continues to be run by a family. Families like privacy, and colossally rich and conservative Muslim ones, such as the Al Sauds, doubly so. Getting a visa to visit the country can be tricky. Subjects such as the national budget are not considered fit for close public scrutiny. Scandals tend to be swept under costly carpets.

The kingdom’s Islamic conservatism is of a peculiar kind. Detractors call it Wahhabism, after the 18th-century puritan re-
former whose family alliance with the Al Sauds laid the foundation for their eventual conquest of Arabia. Saudis call it Hanbalism, after a man who, a thousand years earlier, founded the most restrictive and least popular of the four accepted schools of Sunni Muslim jurisprudence. In fact, most Saudis now profess to something more of a hybrid, mixing local traditions with modern currents.

Whatever it is called, most people would agree that Saudi Islam is rigid and uncompromising, leaving a gap between ideal and practice that provokes accusations of hypocrisy. It is also self-righteous and more than a little xenophobic. The kingdom is the only country in the world, except perhaps North Korea, where the practice of all faiths but one is officially banned. Even other forms of Islam are frowned upon. That is not surprising, because other Muslims tend to regard such Saudi rules as forbidding women to drive cars or imposing the death penalty for “sorcery” as seriously backward. Pandered Saudi clerics still see relations with the wider world as a zero-sum game in which every adoption of some modern habit or gadget is seen as a loss for the purity of Islam. This breeds suspicion and mistrust—and occasional ridicule.

History, too, sets the kingdom apart. Few outsiders realise that this is one of only four Muslim countries that were never colonised by Europe, and the only one never invaded. All the others that escaped outright conquest—Turkey, Iran and Afghanistan—at various times had parts of their territory captured by “infidels”. Saudi Arabia is the site of the holiest places in Islam, which carries with it both heavy responsibilities and wide influence among the world’s 1.2 billion Muslims. It is also the only modern state to have been created by holy war, or jihad: its present territory was captured between 1902 and 1925 by a crusading puritan army under Abdul Aziz ibn Saud, who declared himself king in 1932.

That same year, American prospectors struck oil in the east of the kingdom. But this great prize, and the avalanche of wealth it soon brought, came with unwanted consequences. One of these was security dependence on the United States, which continues to this day. Another was the mix of envy and obsequiousness (and Schadenfreude when things go wrong) with which other countries have treated the Saudis ever since. Oil wealth yanked a dirt-poor desert country into modernity but distorted relationships such as that between the citizen and the state, and between effort and reward in the workplace.

And then there was September 11th 2001, when 15 young Saudis helped steer several passenger planes into American landmarks. This act of mass murder thrust the kingdom into the hostile glare of global public opinion. The sheer dastardliness of the deed, and the mumbled approval of some Saudis (much to the embarrassment of the rest), brought on a bout of Saudi-bashing. The Saudis, for their part, briddled at being described in Washington as a “kernel of evil”, particularly when their own country, starting in the spring of 2003, itself began to suffer from terrorism. All this has made an already confused picture even more confusing. Most Saudis share the West’s anger and despair over violence perpetrated in the name of Islam. They admit, albeit often grudgingly, that western protection has helped save them from the failed social experiments that have plagued many other Arab countries, and that western know-how has vastly improved their lives. Yet Saudis also tend to share the radicals’ perception that their faith itself is under threat, whether from the benign influence of cultural globalisation or the malign force of what many see as American-led Crusader imperialism. Like other people, Saudis want to be modern but also to retain their identity. At present, they are torn between those who seek to “modernise” Islam and those who prefer to “Islamise” modernity.

Saudi Arabia can no longer be regarded as a simple place where an obscenely oil-rich king holds absolute sway over Bedouin subjects controlled by cash and a bleakly puritan Islam. It is now a complex, diverse and highly urbanised society, not insulated from the world but rudely exposed to it, where citizens increasingly long to be able to influence the direction of change and expect their leaders to earn legitimacy. For example, the Majlis al Shura, the kingdom’s loyal, all-appointed proto-parliament, has let it be known that it will approve new taxes only if it is granted full oversight of how the money will be spent.

**Twin pillars**

Oil and Islam continue to define Saudi Arabia’s room for manoeuvre. With global demand unlikely to wane in the foreseeable future and reserves elsewhere diminishing, oil will continue to keep the kingdom rich for decades to come. At the same time, the Saudis’ attachment to their faith is not diminishing: it may even be growing stronger. But the faith itself is changing in subtle ways.

Having gone through waves of progress and retrenchment during its 73 years as a unified kingdom, Saudi Arabia is now well into another period of rapid change. This time, however, the well-oiled complacency of the previous big boom, in the 1970s, is largely gone. Four years ago, a survey in this newspaper argued that it might require internal shocks to jolt the Saudis into taking reform seriously. Those shocks have now arrived.

Since May 2003, when suicide bombers attacked a housing compound in Riyadh, terrorist violence has touched every corner of the kingdom, claiming some 200 lives. Saudi nationals, the most famous being Osama bin Laden, continue to be implicated in terrorist attacks abroad, most notably in Iraq. Yet far from rallying Saudis to the jihadist cause, terrorism has made them identify more closely with the state. More importantly, the violence has brought intense introspection and debate.

Long accustomed to blaming outside influences for all ills, Saudis now accept
that the fixing needs to start at home. Aside from extremism, the problems of unemployment, poverty and the abuse of human rights have moved to the top of the national agenda. Even the most absolute of previous taboos, political reform, is being widely debated. In dozens of interviews with Saudis of all stripes, one phrase kept coming up: the question is no longer whether to reform/restructure/change, but how fast to do it.

The government’s answer, to date, has been slowly, and not very sure. But this survey will argue that far from being a dinosaur nation, lumbering to extinction, Saudi Arabia is capable of rapid evolution. On some important issues, such as the rules governing business, it is already far down the right track. On others, such as the ways it educates its youth and excludes women, the kingdom is only just beginning to shift course. What has been sorely lacking is a firm hand at the wheel.

Such leadership could come from the Al Sauds themselves. The assumption of the throne last year by King Abdullah, who has embraced greater openness than his predecessor, has raised hopes. The new king is personally far more popular than the previous one. Yet reforms would undoubtedly be more effective if they were backed by a clear popular mandate. Most Saudis reckon it is premature to speak of democracy in their country; but there are myriad ways to emancipate citizens, from upholding the rule of law to making budgets more transparent and loosening the grip of security agencies over universities and the press. Instead of their old tactics of prevarication, slow consensus-building and co-optation, the Al Sauds should try a new one: putting trust in their people.

All in the family

The Al Sauds run everything

Imagine that Britain was known as Windsor Britannia, or Spain as Bourbon Iberia; that their royal families still ruled directly, with no messy elected bodies in the way; and that their members included not just the royal couple, some wayward kids and a few cousins, but thousands of princelings, all demanding grace and favour. Imagine, further, that every newspaper felt obliged to print such choice items as this: “The Custodian of the Two Holy Mosques, King Abdullah bin Abdul Aziz, has sent a reply cable of thanks to Crown Prince Sultan bin Abdul Aziz, Deputy Premier, Minister of Defence and Aviation and Inspector-General, thanking the Crown Prince and all personnel of the armed forces for their congratulations to the King on the occasion of Eid al Fitr, marking the end of the holy month of Ramadan, in the cable sent earlier to the King by the Crown Prince.” Surely a text message would have done.

Apologists describe Saudi majlis, those public receptions where princes listen to their subjects’ pleas and panegyrics, as a form of “desert democracy”. In fact, they are stilted, staged affairs. Prince Waheed bin Talal, the king’s nephew, is renowned for the charity dispensed at his weekly majlis. Yet the billionaire investor pays scant attention to the hundreds of supplicants who shuffle forward for a perfunctory hearing, after which an aide often hands him an envelope of cash.

The surprising thing is how comfortable most Saudis seem to be with their ruling dynasty. Testy regionalism persists, for instance, among the Shia of the Gulf coast and the Ismailis along the border with Yemen, as well as among the proud families of the Hijaz, the relatively cosmopolitan region around Mecca. But although its advocates would like more rights and less Wahhabism, they do not question the legitimacy of the Al Sauds.

**King and country**

One reason for this is that most Saudis have done pretty well under the family’s rule. The kingdom’s social peace may come at a high cost in personal freedom, but it compares well with the unrest in nearby countries. For all the talk of mismanagement and waste, Saudi Arabia has a decent infrastructure and some fairly efficient institutions. “In some autocratic regimes there is no good intention to improve things,” says one junior prince. “Here there was always a good intent, only the tools were sometimes weak.”

Besides, Saudis know that their country would not exist without the Al Sauds. Until the 20th century, there had never been a state that covered similar territory. The prized Hijaz fell under the sway, successfully, of rulers in Damascus, Baghdad, Cairo and Istanbul, who ignored the Arabian interior, or Najd, as worthless. King Abdul Aziz, the current king’s father, built his kingdom through a mix of outright conquest, appeals to the faithful, strategic marriage and clever diplomacy. He and his heirs sustained it by carefully cultivating tribal, business and religious leaders and through the wildly generous patronage made possible by oil wealth.

The sheer size of the Al Saud clan also helped cement the nation. There have been eight generations of Saudi rulers, dating back to 18th-century sheikhs who held sway in a few oasis towns near present-day Riyadh. Many have been prolific. King Abdul Aziz himself sired some 36 sons and even more daughters. The first son to succeed him, King Saud, fathered 107 children. King Abdullah is believed to have 20 daughters and 14 sons. The extended Al Saud family is now thought to number some 30,000, though only 7,000 or so are princes. Of these, only around 500 are in government, and only perhaps 60 carry real weight in decision-making.

Aside from controlling positions directly, the Al Sauds exert continued influence through marriages with such respectable Najdi families as the Al al-Sheikh, who are descendants of the founder of Wahhabism. Many princes still surround themselves with traditional retainers, known as khujas, or “little brothers”, who typically represent Bedouin tribes. Tribal links are also maintained through selective naming of such institutions as the Saudi National Guard.

Such layers of influence have proved gratifyingly coup-proof, but the real clincher has been the perpetual fountain of oil wealth. Forty years ago King Faisal, the great reformer and moderniser, having ousted his pro-USSR brother Saud, decreed that the royal family’s take from oil exports should be capped at 18%. That rule probably still applies today, though it is hard to tell because the state budget remains opaque. The current king, Abdullah, is known to frown on extravagance; he likes
A history of privilege
Al Saud family tree

- Saud bin Muhammad bin Murqin (local sheikh ca. 1730-40)
- Muhammad bin Saud Al Saud (allies with Wahhabists, expands domain 1742-65)
- Four generations of Al Saud (local rulers, founded two short-lived states)
  - Abdul Aziz bin Abd al-Rahman bin Faisal Al Saud (ruled 1902-53, from 1932 as king)
  - 36 recognised sons, among them five kings:
    - Saud b. 1902 (ruled 1935-64), 107 children
    - Faisal b. 1906 (1964-75). Sons include Saud, foreign minister; Turki, ambassador to US; Khaled, governor of Asir Province
    - Khalid b. 1912 (1975-82)
    - Fahd b. 1921 (1982-2005). Sons include Muhammed, governor of Eastern Province
    - Abdullah b. 1923 (2005-)
  - and prominent princes:
    - Sultan b. 1924 (crown prince, minister of defence)
    - Talal b. 1931 (no government post)
    - Nayef b. 1933 (minister of interior)
    - Salman b. 1936 (governor of Riyadh)

Sources: The Economist

Caesar, thou art mortal
Yet Saudi kings, despite the lack of constitutional constraints on them, are far from absolute rulers. They have, first of all, to account to the Wahhabi religious establishment that has been their traditional legitimation. This can be a serious handicap. King Fahd, who ruled from 1982 until last August, is said to have lashed favour on religious causes to atone for his own youthful reputation for high living. And although kings appoint senior members of the clergy, they have no direct oversight of the 700 judges who run the sharia courts, the backbone of the Saudi legal system and the bane of reformers.

The king must also answer to his own enormous family. By tradition, succession is not vertical, passing to sons, but horizontal, passing to brothers in order of age or, sometimes, merit. During the 52 years since the death of the kingdom's founder, many of his sons, of whom a dozen are still in line for possible succession, have used their long wait to create powerful fiefs. Prince Salman, now 69, has been governor of Riyadh since 1962. His full brothers include Sultan, the 81-year-old crown prince, who has been minister of defence since 1962, and Prince Nayef, minister of the interior since 1975. All have appointed their own sons to top posts.

It is often claimed that these full brothers, called Saudis, are a family name of their joint mother, have stood in opposition to other princes. As crown prince, for example, Abdullah, who has no full brothers, was forced into some humiliating retreats from initiatives he had sponsored, even after the 1995 stroke that incapacitated King Fahd (another Saud) and left Abdullah supposedly in charge. But some analysts identify at least five competing spheres of power within the ruling family. This, it is said, explains the sometimes erratic course of Saudi policy, with reforms being promised and then retracted. Elections to municipal councils, for instance, were first mooted in the 1970s, but held only last year, and then only for half the seats.

Certainly Abdullah, aged 82, appears to have more leeway now than he is king. So far he has pointedly refrained from the customary naming of a second deputy prime minister. This is the traditional post for a runner-up to the throne. Crown Prince Sultan held that position under Fahd, and is now first deputy prime minister. This has been read as an oblique signal of discomfort at the prospect of power passing to Prince Nayef after Sultan. The 72-year-old interior minister is the most prominent, though not the most senior, contender, but he is widely regarded as moody, abrasive, capricious and prone to intrigue. The king's appointment of Prince Bandar bin Sultan, the flamboyant former ambassador to Washington, as head of a more powerful National Security Council is seen as trimming Nayef's sails further.

King Abdullah has taken other small steps to boost his already considerable popularity. One of his first acts in office was to free three prominent dissidents, whose jailing, for the crime of calling for a constitutional monarchy, had sent a chill through reformist circles. Soon after, Abdullah decreed that the kingdom's little-observed National Day should become a public holiday. Conservative clerics complained of creeping secularism, but ordinary Saudis loved it. The king also decided that no one should kiss his hand any more.

Such gestures reflect Abdullah's own attachment to Bedouin egalitarianism, but also an awareness that times are changing. Since the reign of King Faisal, who was murdered in 1975 by a disgruntled nephew, the Al Sauds have suffered a steady loss of public goodwill. One symptom of this has been the presentation of citizens' petitions demanding reform, a trend that began in 1990 and reached its height in 2003 before a crackdown in the last year of King Fahd's reign. Although the Al Sauds' response to such polite prodding has been outwardly muted, many of the reforms undertaken in the past 15 years have been aimed at meeting petitioners' demands. In 1992, King Fahd decreed a basic law that for the first time outlined an institutional structure for the state. (Saudi Arabia has no constitution, claiming that the Koran serves this function.)

King Fahd also created the Majlis al-Shura, or consultative council, which has since expanded to 150 members. It is easy to dismiss this all-appointed body as window-dressing, but even detractors admit that its legislative record is good, and its membership broadly representative of
kingdom’s diversity (with the huge proviso that it excludes women). Senior princes speak of elections to at least some Shura seats in the future. Already, prominent members have called for greater power to grill officials and authorise budgets, and even talked about launching public debates on controversial issues.

Such gradual progress goes some way towards appeasing the many Saudis who would like to see a fuller devolution of autocratic powers. Many of them claim to be untroubled by another issue that will affect the country’s political future: the succession. Both King Abdullah and his designated heir are old men, but the general assumption is that the Al Sauds are not yet ready to see power pass to the next generation, King Abdul Aziz’s grandsons. Many suspect that the brothers of the ruling generation could not agree on whose son should get the prize.

Clearly it would be good for the country to have a younger, more dynamic king, or at least a clearer mechanism for transferring power. For the time being, though, Saudis will just have to wait. One young prince, Muhammad bin Abdullah al-Faisal, who runs one of the kingdom’s largest private firms, the Faisalah Group, finds the political arena overcrowded, but thinks the family will sort something out.

“The floor that stops me feeling uncomfortable is that there is no one in the line of succession who wants to go down in history as the one who lost the kingdom.”

Glacier in the desert

Ever so slowly, Saudi society is moving forward

The National Commercial Bank, the kingdom’s oldest and biggest, is running an advertising campaign. One slick television spot features a smiling young woman showing her delighted father how to settle bills by direct debit. The same ad could have run anywhere (though perhaps without the headscarf for the dutiful daughter). But in a country where until a few years ago women did not appear on TV at all, and until the 1960s did not even go to school, there is a subversive significance to suggesting that a woman can be more savvy than a man, and that the old can learn from the young. Formally, the kingdom’s women remain the most oppressed on earth. They are, famously, barred from driving, and this in a steamy land with sprawling cities. It is not merely humiliating to be at the mercy of male relatives, who need cajoling or sometimes bribing to get behind the wheel. It can be crippling, even for wealthy women who can afford drivers. One mother of a two-year-old describes her rising panic when her son fell ill while her husband was travelling, and her driver failed to show up for several days because he had wrecked her car for the third time.

Yet few women see driving as a priority for reform. Not even the Wahhabi obsession with preventing ihkilalat, or “mixing” of the sexes, comes near the top of many Saudis’ long wish list for change. This may sound odd to visitors, for whom the most striking aspect of Saudi life is the effort to separate the sexes entirely, not only in schools and universities but also in offices, restaurants and even banks. So successful is the effort that, aside from private homes, the most uninhibited spaces in today’s Saudi Arabia are the holy cities of Mecca and Medina: less prudish foreign Muslims mingle freely here, and statutory pilgrim garb is actually more revealing than the cover-all black abaya required in other Saudi cities.

In fact, a surprising number of Saudi women are quite content with the ban on ihkilalat. Some of them are more bothered by the incompleteness of the separation. Many government departments, for instance, have failed to create a women’s section, so women either have to send an appointed male agent or be accompanied by a mahram or protector: a father, husband, brother or son.

This is what really riles even the most pious of Saudi women. They may accept, on scriptural grounds, that a woman is worth only half a man’s share in inheritance, in blood-money and in the weight of her testimony in court. But most of them object to the general infantilisation of women, which has no basis in Islam. Successful female entrepreneurs—and there are many in the kingdom—resent having to appoint male agents to represent them. And even happy housewives know that their husbands can, if they choose, deny them the right to travel, work, or study at university. Should a marriage go sour, mothers have no right to custody of the children. Men may divorce their wives with a simple oath, but women must plead with the all-male, all-Wahhabi judiciary to divorce their husbands.

What women really want

Even some feminists, however, say there are more pressing issues. “Just give us all, men and women, free speech and the right to organise,” says one Riyadh activist. “All else will follow.” Ibrahim al-Mugaiteeb, one of the country’s most tireless human-rights campaigners, reckons that although such formerly common abuses as torture in prisons have lessened, nasty practices such as arbitrary arrest, imprisonment without trial and being denied access to a lawyer continue. Like scores of others, Mr Mugaiteeb is himself banned from travel outside the kingdom, and harassed by frequent summonses for questioning by police. Millions of immigrant workers, he says, face constant petty discrimination and have little recourse to justice. Household servants are often kept in slave-like conditions. Persecution of religious minorities, including non-Wahhabi Muslims as well as visiting Christians, continues.
Activists from the 200,000-strong Ismaili Shia community in the remote province of Najran, for instance, complain of gross under-representation in all branches of government, the deliberate settling of Sunni Bedouins in the region, and brutal humiliation in courts and schools that are uniformly run by Wahhabists. In one particularly odd case, a Najran judge sentenced a 16-year-old Ismaili schoolboy to death for blasphemy. This was commuted on appeal to 14 years in prison and 4,000 lashes, to be administered publicly in 80 weekly sessions of 50 blows.

Most Saudis are unaware of such injustices. A poll conducted in 2004 found that the issue which concerned them most, more than religious extremism or women’s rights, was unemployment. This is certainly a big problem. Official figures put the rate at 9.6%. Outside estimates suggest it may be as high as 20%, but it is hard to tell because many Saudis of working age, including nine out of ten women, are not actively seeking jobs. What is clear is that the problem has grown rapidly.

Part of the reason is that with half its people under the age of 20, the kingdom is having to cope with a big population bulge. More importantly, though, government statistics show that despite 20 years of official efforts to “Saudiise” the workplace, foreigners still make up 60% of the 8.5m-strong workforce, and a much higher proportion of those employed by private businesses. Saudis are averse to taking orders or work they see as demeaning, and imported labour is, on average, 30% cheaper than Saudi manpower. Private employers have such a strong preference for foreigners that many resort to creating pretend jobs for Saudis to meet increasingly tough quotas. A law just passed that requires 75% “Saudiisation” simply cannot be complied with in the short term, says one experienced consultant.

The underlying obstacle to getting Saudis to work is that schools are not producing employable people. This is due partly to the weight put on religious instruction and partly to the emphasis on rote learning. The offputtingly dull curriculum may explain, for example, why a survey of Riyadh high-school students found that fewer than one in six did any reading for pleasure. Absolute separation of the sexes creates obvious inefficiencies, too, especially in universities (where women, incidentally, make up 55% of all students). And most of the degrees granted are in theoretical subjects, such as theology.

Even so, economic pressures have pushed growing numbers of Saudis into jobs that their parents would have disdained. It is no longer odd to see Saudi clerks, receptionists or salespeople. “I know guys who are making just 1,500 riyals a month ($400), with terrible working hours,” says Pascal Menoret, a French academic who has spent years studying the kingdom. “You can barely live on that, and there’s no hope of saving for marriage.”

Something to do
A more common hazard of Saudi life is harder to measure: simple boredom. The bans on mixing, as well as on public entertainment such as cinemas and theatres, leave few distractions beyond home, family and the mosque. Many Saudis have grown addicted to satellite r. v. Sociologists also note an increase in tasheet, juvenile delinquency such as drug-taking, hooliganism and late-night drag-racing in city streets. Boredom also prompts some to turn to religious extremism.

The rest make do with shopping. When a new store in Jeddah handed out gift vouchers to promote its opening last year, 15,000 people turned up, creating a stampede in which two people got trampled to death. What attracted them, said a local columnist, was the utter lack of anything else to do.

Cataloguing such social ills is something of a Saudi national sport. Yet whereas complaints used to be whispered behind closed doors, they are now increasingly aired. The Saudi press has gone through phases of daring and cowardliness in turn, depending on the government’s mood, but in general it is more professional and reflects public concerns more accurately than in most other Arab countries. The recent intrusion of other media that are immune from princely threats, such as internet chatrooms and mobile-phone messaging, has made Saudis far more aware and engaged with their surroundings than they used to be.

Public exposure of scandals has not only widened the range of permissible debate, it has increasingly prompted a healthy search for practical solutions. A school fire in 2002 that killed 15 girls, whom religious police were reported to have stopped from fleeing the building unveiled, led to the sacking of the Wahhabist head of girls’ education and the department’s absorption into the education ministry. In 2004, a popular TV presenter, Rania al-Baz, took the unprecedented step of inviting reporters to photograph her shattered and bruised face after a savage beating by her husband. The outcry helped silence conservative critics of several subsequent reforms, including laws granting women the right to ID cards. More recent exposés have revealed such things as inhumane treatment of mental patients and the sexual harassment of women.

A different kind of scandal erupted two years ago when Lubna Olayan, a rich businesswoman who heads a 40-firm conglomerate, fled to notice as her headscarf slipped during her opening address at a business event in Jeddah, prompting a thunderous warning against such corruption and depravity from the kingdom’s most senior cleric. The conservatives seemed to have won that round. The government said nothing. But this autumn, when it backed a move to let women vote and run in elections for the board of the Jeddah Chamber of Commerce, there was not a peep of clerical complaint.

“People who oppose modernism shout a lot,” says Madawi Hassoun, an enthusiastic candidate for the board. “But if you deliver results, they stay quiet.” Ms Hassoun, who runs a string of beauty parlours and home-accessories shops, believes that change is inevitable. Even so, she sees wisdom in the government’s slow, consensual approach.

In such halting, roundabout ways, the agenda of social reform slowly progresses. Even the touchstone issue of women driving is no longer taboo. Opinion polls show that a majority of Saudis think it should be allowed, and also that a third of women already know how to drive. King Abdullah’s own daughter, Princess Adila, was recently quoted as saying that giving them licences was only a matter of time.
Keeping the faith

A very special kind of Islam

UNTIL two years ago, Saudi religious textbooks suggested that a good way to show love for God was to treat infidels with contempt. Students learned that communism, secularism and capitalism were forms of apostasy. Inventors and those who call themselves scientists, they read, were nothing of the kind because their so-called science was limited to worldly matters. The only true men of science were those who knew God and feared Him.

Passages such as these have since been purged, as part of a general campaign against “exaggeration” in religious teaching, but not without fierce resistance. In 2004, for instance, a group of 150 religious scholars, among them officials in the education ministry, blasted such revisionism in a petition. “It is not possible to erase this enmity simply by removing something from the curriculum!” exclaimed their message to the king. “The enmity between infidels and Muslims is a fact of existence as well as a legal obligation.”

Many teachers have simply refused to use the kinder, gentler new texts. Even some parents complain that they no longer trust the curriculum to convey correct values. In one notorious incident last year, colleagues and students of a high-school chemistry teacher pressed charges against him for speaking against jihadist violence, for “favouring Christians and Jews,” and for poking fun at clerics’ beards. The local judge handed him a 40-month jail sentence, plus 750 lashes.

Texts containing incitement to religious hatred are still stocked in mosques, bookstores and libraries. A giant state-run press outside Medina, for instance, produces some 10m beautifully printed Korans a year, in 40 languages, which are distributed freely throughout the world. Yet these are no ordinary Korans. They are annotated by Wahhabist scholars, who pronounce, among other things, that jihad is one of the “pillars” of Islam. (Most Muslims recognise five pillars: the profession of faith, prayer, alms-giving, fasting and pilgrimage.) “By abandoning jihad, Islam is destroyed,” says one footnote. “Jihad is an obligatory duty, and he who tries to escape this duty, or does not in his innermost heart wish to fulfill this duty, dies with the qualities of a hypocrite.”

Obviously, most Saudis make their way through life without taking up arms against the world. But plenty do feel inspired by such fighting words. In the past, and often with a nod from Washington, the most enthusiastic were exported to such theatres of war as Afghanistan, Chechnya and Bosnia. Some estimates put the number of Saudi volunteers in those conflicts as high as 30,000. Generous funding also flowed to jihadist causes, often without the knowledge of the donors. (“I thought it was like the Salvation Army,” says a Riyadh businessman of a charity he had long sponsored before it was linked to terrorism.) The skies of America, as well as Iraq, have been more recent arenas for youths wishing to sacrifice their lives for what they see as the good of the faith.

Whatever their reservations about jihadist tactics, most Saudis were impressed by their zeal and at least somewhat sympathetic to their goals. Television pictures of Muslims suffering injustice in Palestine and elsewhere bolstered the already xenophobic world view of the Wahhabist establishment that controls the kingdom’s mosques and schools. After September 11th 2001, America’s proclamation of war on terror, accompanied by words and phrases such as “crusade” and “with us or against us”, fed suspicions of a plan to divide and weaken Muslims.

Not in our backyard

But such defensive complacency came to an abrupt end in May 2003 when a local cell linked to al-Qaeda sent suicide truck bombs into three residential compounds in Riyadh. The following 18 months saw a series of deadly bombings and shoot-outs as militants attacked expatriate workers as well as Saudi police. The security forces’ response at first seemed bungling and confused, but slowly they gained the upper hand. There have been no significant attacks since December 2004.

The killing of scores of suspects and the arrest of hundreds more is one reason for the decline in violence, but psychological attrition may have been more effective still. Ordinary Saudis have been outraged by the militants’ callousness, and disturbed to see their safe, quiet cities rattled by gunfire. Even outright bigots have found it hard to excuse the radicals’ taking of Muslim lives. The authorities have capitalised on such feelings by showing emotive footage of weeping mothers and fathers denouncing their jihadist sons. A senior prince in the security forces reckons that 80% of their success is due to such persuasion and only 20% to better policing.

More significantly still, the bloodshed has prompted inquiry into its root causes. Some of these are historical. Before the creation of the Saudi state, the majority of people in the future kingdom’s territory did not follow the Wahhabists’ Hanbali school of Islam. The great mosques of Mecca and Medina were famed for the diversity of the scholars who taught there. This liberal stance incensed the Al Saud’s puritan Bedouin warriors. Yet once he had captured the holy cities, in 1925, Abdul Aziz Al Saud began to bridle at his allies’ fanati-
cism. They alienated his subjects by such actions as destroying the tomb-shrines of the Prophet’s descendants, which they said were objects of idol-worship. The Wahhabi ranks split and senior clerics sided with the Al Sauds, arguing that obedience to a “rightful commander” was preferable to anarchy. Some joined jihadist rebels who denounced the Al Sauds for going soft. The rebels were eventually crushed, but the conflict underlined the Saudi rulers’ dependence on loyal Wahhabist clerics.

Ever since, Saudi rulers have been careful to maintain this loyalty, taking out what the French Islamologist Gilles Kepel calls “ideological insurance”. Clerical approval was always sought, and sometimes obtained only with great difficulty, before reforms such as the introduction of banking and paper money in the 1950s and the abolition of slavery and the start of schooling for girls in the 1960s. When television arrived in 1965 it caused riots, quelled only when senior clerics grasped the fact that they could use this heathen innovation to promote the faith. In 1979, after a band of messianic Wahhabist radicals invaded the great mosque at Mecca, loyal clerics gave
their blessing to the use of firearms to flush them out. Perhaps most controversially, in 1990 they gave grudging approval to the deployment of American troops on Saudi soil to repel Iraq's invasion of Kuwait.

The clerics' loyalty stretched to overlooking other things that might have been criticised on religious grounds, such as royal corruption, as well as many practical secular innovations. Saudi banks, for instance, have been offering interest-bearing accounts right from the start, despite Islam's reservations about interest. The highly regarded central bank simply argued that the banks' clients should be allowed to choose the kinds of financial instruments they wished to use. Commercial disputes have not been settled in sharia courts since the 1960s because their rulings were found to be ruinously unpredictable. Instead, such disputes are referred to a commission appointed by the Ministry of Trade.

The Al Sauds rewarded the clerics' loyalty well. Wahhabists were given full control of criminal and personal justice and extensive influence over education. Wahhabist schools and sharia courts supplanted older institutions across the kingdom. The powers of the mutawaa or religious police were widened, and rules on such things as female dress more rigidly enforced. Huge sums went to religious causes, from the founding of Islamic universities to the building of mosques and the expansion of pilgrimage facilities. In the 1980s funding was increased further by King Faisal, who wanted to bury his previous reputation for moral laxity but also saw a threat to the kingdom's primacy among Muslims from revolutionary Iran.

But the clerics' loyalty came at a cost. Students in the new institutions began to question the scriptural basis for their support of the Al Sauds and their policies. Some turned to the ultra-puritan ideas of earlier Wahhabist rebels, but the lavish state patronage also attracted foreigners, who brought with them new ideological currents and a modern take on Islamic governance. Thousands of Muslim Brothers, persecuted in Egypt and Syria, found refuge in the kingdom. They included Muhammad Qutb, whose better-known brother, Sayyid Qutb, was hanged in Egypt for teaching that jihad must be waged against Muslim rulers who stray from Islam. Muhammad Qutb taught for years at Mecca's Umm al Qura University. His adherent followers included Osama bin Laden, his deputy Ayman al-Zawahiri and the populist Saudi preacher Safar Hawai.

The 1970s and 80s saw the quiet emergence of a youthful counter-movement to official Wahhabism. Known as the sahwa, or awakening, it came into sudden full view during the 1990-91 Gulf crisis. Preachers such as Mr Hawali gained instant prestige from their opposition to the alliance with infidel America and their demands for political reform within a new model of an Islamic state. Their outspoken views inspired a wave of activism, including attacks on shops selling videos and satellite dishes. In a crackdown in the mid-1990s, many young activists were imprisoned or fled abroad. The heavy-handed response pushed some activists, such as Mr bin Laden and his followers, towards terrorism, and the Al Sauds themselves became a prime target.

A Symbiosis challenged
"The Wahhabi-Saudi alliance worked like magic," says a liberal lawyer in Riyadh. "But now it's turned against the magician." However, that may be too simple a view. The large official religious establishment, paid for by the state, is ostensibly made up of loyal Wahhabists. Some of them, including nearly all the kingdom's 700 judges, are extremely conservative. The country's main universities also remain steeped in Wahhabist thought. But the Wahhabists' religious rulings have lost credibility with the wider public. Their official condemnation of terrorism, for example, is based mainly on the argument that it represents disobedience to the "rightful commander" under whose sole authority jihad can be pursued.

Many Saudis, particularly junior bureaucrats and schoolteachers, look instead to the activist Islamism of the sahwa and the Muslim Brotherhood. It, too, is conservative and xenophobic, but its attitude to the role of the monarchy is more questioning and its approach to social issues slightly more progressive. To its supporters, al-Qaeda-style violence is an aberration in itself, although "resistance" in Iraq or Palestine is perfectly legitimate. It was this movement, which some call Islahi or reformist, that performed best in last year's partial municipal elections.

Some charged that Islahi candidates with using scare tactics, such as accusing liberal rivals of secularism, which Saudis consider a vicious slander. But Bassim Alim, a Jeddah lawyer with a Harvard degree, thinks the Islahi movement was simply better organised. "Many people felt like me," he says. "The elections were an opportunity to send a message that we are a Muslim country. You could say we are fundamentalists, but not fanatics. I want my country to be Islamically inclined, but with an open mind. Right now, the use of Islam by the Saudi government is much like the way communism is used by the Chinese, just to control people." Mr Alim has taught his daughters to drive, and would be "ecstatic to have American-style democracy or any kind of democracy". But he describes America as a racially bigoted country bent on world domination.

A small but increasingly vocal group of Saudis takes a much more liberal view of religion and state. This progressive elite is poorly organised, as its trunking in the election showed, and Islamists, even modernist ones such as Mr Alim, say it is out of touch with the pulse of Saudi society. Yet it has a strong voice, both in the local Saudi press and on the satellite channels that are the kingdom's main source of information and entertainment. "I don't want revolution, and I think most Saudis believe democracy is pie in the sky," says a cigar-chomping stockbroker. "But I want the interior and justice ministries purged, and the whole question of who appoints judges revised."

The Al Saud family itself represents a broad spectrum of opinion. King Abdullah, for example, is a traditional, pious conservative, but quietly backs a more liberal social agenda. "He feels betrayed by the religious establishment," says a history professor in Riyadh. "He thinks they created the environment that made terrorism possible." But although many younger princes would like to see a full break with the Wahhabi alliance, senior princes remain fearful of radical action. One very wealthy member of the royal family, himself a liberal, says he still prefers to buy "immunity" from conservative criticism by handing out generous charitable donations.

To date, the Al Sauds seem to have tried to preserve a balance. They have silenced liberal demands when they have grown too strident; yet in the past few years they have also got the most fanatical preachers sacked, school curricula revised and religious tolerance vigorously promoted. "Until two years ago the mutawwaa could say anything they like, they could not be challenged," explains Prince Waleed bin Talal, who is both actively pious and an outspoken defender of women's rights. "Now they are being handcuffed, but gently, because when you fight them with logic they prove to be weak." He adds with a mischievous grin: "I like it when they bark. It means they're in a corner."


RUMOURS, whether true or not, can tell you much about the mood of a place. One story whispered around Riyadh concerns a prominent businessman who spoke loudly and often about the astonishing progress being made in Dubai. It was a shame, he said, that Saudi Arabia was slow to follow the nearby emirate's free-wheeling style of business. A senior prince summoned the man to hear all about it. When the businessman had finished, the prince slapped him hard on the cheek and said, "Don't speak of Dubai again."

It may be nothing more than a good story, but it says much about the issues on Saudi minds. For all the kingdom's wealth, even the oil windfall of the past few years has raised its income per person only from the level of Mexico to that of Argentina. A quarter of a century ago it was, albeit briefly, on a par with America's. For most of the time since then, flat oil prices have kept the pie from getting much bigger but rapid population growth has meant it had to be divided into many more pieces.

Citizens of some smaller Gulf emirates, by contrast, have come to enjoy a standard of living closer to that of Luxembourg or Monaco. Multinationals that flock to invest there have largely shielded away from the kingdom with its stricter laws and even stricter rules of personal behaviour. Saudis themselves travel a lot and invest heavily in the rest of the Gulf. A recent share offering in the United Arab Emirates sold 30,000 of them scuttling next door to place bids, causing the petrol station at the border to run out of fuel. The IPO was 222 times oversubscribed.

Nice big earner

But the Saudi punter's interest in their neighbour does not signal weakness in their own economy. Oil exports, having bottomed out in 1998 at $35 billion, have since soared, hitting a record $160 billion in 2005. Last year's current-account surplus was close to $100 billion and the central bank's net foreign reserves rose to $135 billion, a jump of $90 billion in just three years. Last August the government granted a 15% across-the-board pay rise to its employees, the first in 22 years. Though consumer inflation remains very low, the influx of cash has sent asset prices soaring. The Riyadh stock index has quadrupled in just two years. Prime building land in Mecca now fetches close to $100,000 a square metre ($9,300 a square foot).

Even better, oil prices are likely to remain strong. True, in the past six months they have drifted downwards from last year's spike, and forecasts are notoriously risky. But America's Energy Department, whose data-crunching is well respected, has recently adjusted its medium-term scenario from the present to 2025, suggesting that oil prices during this period could on average be around 50% higher than in the previous 20 years, and rising.

That would be very comfortable for the Saudis. Since the 1970s, they have been wary of prices rising to the point where rivals would be encouraged to exploit oil fields that had previously been uneconomic. Saudi oil costs just $2 a barrel to produce, a small fraction of what it costs to extract the stuff in Alaska, say, or the North Sea. Demand from both Asia and America remains strong. Saudi Aramco, the giant state oil monopoly, is ramping up its production capacity. Having remained static at around 10m barrels per day for a generation, this is currently pushing 11m and may reach 12.8m by 2009 and perhaps 15m by 2015. Assuming a middle-of-the-range price of around $40 a barrel, the oil bubbling out of the ground could continue to be worth around $500m a day for many years to come.

Yet it is not just the world's thirst for oil that justifies Saudi optimism. In the first three quarters of 2005, for instance, the kingdom's 11 banks raked in combined profits of $5 billion, $1 billion more than for the whole of 2004, which itself was a vintage year. This is not bad for a $300 billion economy. Corporate lending has increased by half in the same two years, and overall loan-to-deposit ratios have fallen from a limp 64% to a sounder 80%. In other words, banks are not just accumulating deposits or funding the stock frenzy, but pumping capital into productive investment.

Other industries are doing nicely too. Take SABIC, a maker of petrochemicals and steel and the Middle East's largest industrial group. Twenty years ago it hired an American consulting firm to gauge its long-term prospects. The same consultants reckon that SABIC is now 70% bigger than they had predicted back in the 1980s. It currently makes 7% of the world's petrochemicals, a figure it expects to rise to 13% by 2010. The company doubled its profits between 2003 and 2004, and increased them by a further 54% in the first nine months of 2005, to an enviable $3.9 billion on sales of $15 billion. SABIC's stockmarket value has grown to a whopping $75 billion.

Nor is the company alone in being so successful. Dozens of Saudi firms have expanded similarly, and can hold their own against the world's most competitive enterprises. Non-oil exports were forecast to reach $17.5 billion in 2005, a healthy 10% rise on the previous year. Overall, reckon a report from SAMBA, the kingdom's second-largest bank, about half of last year's growth in real GDP of 6.5% is attributable to the non-oil sector.

Sound government policies have helped. In the past ten years the kingdom has issued over 40 new laws to streamline commerce, scrapping nearly all the onerous rules that used to insulate its economy. Well-regarded regulatory bodies now govern capital markets, telecoms and industrial standards. The country's patent office, which until recently had a ludicrous 50-year backlog of applications, has been radically reformed. SAGIA, the government's highly competent business-promotion arm, has ambitious plans to attract foreign investment. It should have an easy job. Foreign firms, recently granted the right to own land and hold majority stakes in most sectors, are now taxed at a modest 20% of profits and face no capital controls. Customs duties average just 5%, and are zero in trade with neighbouring Gulf states. The time it takes to license a business has fallen...
from six months to a couple of weeks.

Many of these reforms were part of the kingdom's effort to join the World Trade Organisation, in which it has now succeeded. More surprisingly, the World Bank last year ranked Saudi Arabia as the best place in the region to do business. But perhaps that is not so odd. The cost of living is far lower than in other Gulf countries, as are shipping, warehousing and licence fees. And the large Saudi market, with 23m people now and a forecast 33m by 2020, offers better prospects.

That population growth will require a huge investment in infrastructure. The hydrocarbon sector alone is expected to absorb some $100 billion in the next five years, says SAGIA's director for energy, Abdulwahab Saadoun. Meeting an expected doubling of electricity demand by 2020 will cost $150 billion. Similarly vast sums are forecast for roads, railways, airports and the water-desalination network that already supplies 60% of the kingdom's voracious demand.

Observers believe that this round of heavy spending will be far more judicious than that during the last great leap forward, in the 1970s. The era of paying lavish commissions on public-works contracts is over. Much of the new investment is in the form of build-operate-transfer contracts with private firms. Subsidies persist here and there: the price of household drinking water, for instance, is only one-seventh of the cost of distilling and piping it. But utilities and other state services are increasingly run on commercial lines. The role of the government is evolving towards that of a regulator rather than a provider.

All this bodes well, but the kingdom's recent success carries its own dangers. With a lack of other outlets for investment, share prices have risen to a giddy 40 times earnings. Some 3m Saudis, close to half the adult male population, now hold local equities. Sober financial minds fear that if the bubble were to burst, the middle classes would get hit. That, in turn, could start a backlash against the government's liberalisation policies, says Beshr Bakheet, a respected investment adviser.

A piece of the action

There is a simple way out. "It's a no-brainer," says Prince Waleed bin Talal, whose own colossal Saudi portfolio has quadrupled in value since 2000. "The government should get out of all investment in public companies." At the moment, it holds 55% of the stockmarket by value, including 70% of SABIC, 70% of STC, the local telecoms giant, and 69% of the National Commercial Bank, the country's largest. Prudent divestment of such assets would soak up excess liquidity and quickly wipe out the state's $180 billion debt.

Yet despite the government's declared intention to press ahead, privatisation has lagged. That is a pity, and not just because of the danger of an overheated equity market. "There used to be growing income polarisation, but lately everyone has gained," says Abdul Aziz Qasim, a clever Riyadh lawyer who, like many former Islamist radicals, has mellowed towards liberalism. "This has helped keep things quiet and returned legitimacy to the monarchy." Mr Bakheet concurs. "Marx was wrong," he says. "Money, not religion, is the opiate of the masses." It may be no coincidence that the unrest in the 1990s coincided with a prolonged economic slump.

Mr Qasim suggests that the kingdom's best chance for future stability lies with shifting assets from the state to the public to change the underlying imbalance of power. As stakeholders rather than dependents, ordinary Saudis would be wary of taking risks, but would also be better placed to bargain for a stronger political voice. He is optimistic about progress on social issues: "If we can stick to the same pace of change for three years, there will be no going back."

Saudi Arabia is not going to turn into Dubai. Subtract the bars and bathing beauties, however, and the holy cities, Mecca and Medina, are starting to look surprisingly like the boomtowns on the Gulf. It is not always a pretty sight. Rampant development combined with Wahhabist disdain for "idol-worship" has stripped away nearly all that is old. Time-share deals in both cities on anything from studio units to "royal suites" promise "visa facilitation" as part of the package. A wall of 20-storey brand-name hotels surrounds the shrine at Medina, which itself looks rather like a giant Arabian-themed shopping mall.

In Mecca, the 18th-century Fort of Aijud, built as a defence against Wahhabist marauders, has been demolished. Rising in its place are seven apartment towers, six huge hotels and a four-storey shopping centre. Facing the main gate of the Great Mosque, the construction group Saudi Binladin (owned by the family of Osama bin Laden) is building a mammoth complex of skyscrapers for the Al Saud family. The tallest, at a height of 485 metres, will dwarf the great mosque's minarets. Mecca's Most Prestigious Retail Address, reads a billboard. No doubt it will still be there when the oil runs out.