

A globe is the central focus, showing the continents of Africa and Europe. In the foreground on the left, a large, light-colored wooden chess piece, possibly a king or queen, is partially visible. The background is a dark, slightly blurred blue.

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CENTER FOR INTERNATIONAL STRATEGIC ANALYSES

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**Jez Jeuring**

**Research Paper No. 21**

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## **Mohammed bin Salman's Rising Star**

The 32-year-old Saudi Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud, hereafter referred to as MBS, is causing furore on the domestic and international stage. The controversial Crown Prince lived in relative anonymity until his father Salman bin Abdulaziz was crowned King in 2015 at the age of 79.

The ascension to the throne of King Salman launched MBS's career as one of the biggest players in Saudi politics. The King's age and state of health incentivized Salman to elevate the position of his favorite son. Even though the King's medical status is a strongly guarded secret, experts claim he suffers from pre-dementia.<sup>1</sup> News outlets have even gone as far to claim that an abdication by King Salman in favor of MBS will only be a matter of months.

Historically speaking, such a succession would mark an abnormality. According to Saudi royal customs and traditions, Saudi kings stay in power until their death, even in the case of bad health. The only existing precedent is the abdication of King Saud, who abdicated under strong pressure at a time of crisis in 1962. In addition, a senior Saudi official conveyed to Bloomberg that "there is no possibility whatsoever that the king will abdicate," while also claiming that the King enjoys perfect physical and mental powers.<sup>2</sup> Nevertheless, King Salman has demonstrated not to be a stranger when it comes to changing political customs and traditions.

Since the establishment of the absolute monarchy in 1932, the order of succession has always moved laterally among the elderly sons of Saudi Arabia's founder Abdulaziz Ibn Saud. However, by removing his half-brother Crown Prince Muqrin from his position for unknown reasons, King Salman has ushered a new era in Saudi politics. As if the reshuffle of Saudi rules of succession wasn't surprising enough, King Salman continued this pattern. In 2017, he replaced his nephew Crown Prince

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<sup>1</sup> B. Riedel, 'Will Saudi Arabia's King Salman abdicate?', <https://www.brookings.edu/blog/markaz/2017/06/23/will-saudi-arabias-king-salman-abdicate/>, accessed on 23-02-2018.

<sup>2</sup> R. Hamade and Z. Fattah, 'Saudi King Will Not Relinquish Throne, Senior Official Says', <https://www.bloomberg.com/news/articles/2017-11-12/saudi-king-will-not-relinquish-throne-senior-official-says>, accessed on 23-02-2018.

Mohammed Bin Nayef al-Saud, who held the position after Prince Muqrin was removed from it in 2015, in favor of his son MBS.

But the elevation from third in ranking to Crown Prince in less than three years has been only the beginning of MBS's controversial career. MBS has taken it upon himself to transform both the country's economy and society. Despite its rich economy and owning the largest proven oil reserves in the world (22%), it faces setbacks in the form of the post-2014 falling oil prices and an unemployment rate of 12.8%.<sup>3</sup> The country's labor force is largely made up by non-Saudi nationals (80%), in an economy that is largely dependent on natural resources. Around half of Saudi Arabia's GDP is accounted for by the oil and gas sector, which account for about 85% of export earnings.<sup>4</sup>

MBS has the possibility to appeal to -and personify- the educated Saudi youth, among whom unemployment is particularly high. Accounting for about 70% of the Saudi population, the Saudis under the age of 30 make up a demographic group that can't be neglected.<sup>5</sup> The main challenge for the Saudi government is to create jobs for these new entrants into the labor market.

MBS has aggressive and ambitious plans to reform one of the world's last remaining absolute monarchies in a revolutionary way, and has been granted almost all means to do so. Not since the Kingdom's founder Ibn Saud, has this much power been into the hands of one single person. Aside from being the youngest defense minister in the world, "Mr. Everything" also controls the central bank, the Council for Economic and Development Affairs, and state-owned oil producer Aramco.<sup>6</sup>

In April 2016, the goal of reforming the economy was laid out in Vision2030. In an interview with pan-Arab news network Al Arabiya, MBS stated that an important part

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<sup>3</sup> General Authority for Statistics, 'Labour Force and unemployment rates', <https://www.stats.gov.sa/en/352>, accessed on 23-02-2018.

<sup>4</sup> Organization of the Petroleum Exporting Countries (OPEC), 'Saudi Arabia facts and figures', [http://www.opec.org/opec\\_web/en/about\\_us/169.htm](http://www.opec.org/opec_web/en/about_us/169.htm), accessed on 23-02-2018.

<sup>5</sup> F. Nazer, 'Saudi youth at the center stage of vision 2030', <https://thearabweekly.com/saudi-youth-centre-stage-vision-2030> <https://www.stats.gov.sa/en/5305>, accessed on 23-02-2018.

<sup>6</sup> G. Carey, 'Mohammed bin Salman', <https://www.bloomberg.com/news/articles/2018-02-15/tax-overhaul-seen-spurring-more-acrimonious-divorce-negotiations>, accessed on 23-02-2018.

of this roadmap to economic prosperity for Saudi Arabia is the detoxification from the “addiction to oil,” which has disrupted the development of many sectors. The Crown Prince aims at a diversification of the economy and development of the private sector; “oil should be treated only as an investment.”<sup>7</sup> Bold statements expressed by Finance Minister Mohammed Al Jadaan in an interview with CNN reaffirmed the government’s ambitious goals. Al Jadaan confidently stated that if the kingdom remained on track with the reforms, they wouldn’t be bothered if the oil price would drop to \$40 a barrel by 2020. For 2030, the ambition is even greater as Al Jadaan stated: “Hopefully by 2030, I wouldn’t care if the oil price is zero”.<sup>8</sup>

The ambitious plan of economic diversification calls for drastic changes, initiatives and investments by the Saudi government. MBS demonstrated his willingness to go far in his quest to accumulate money by announcing that Saudi Arabia will go public with Aramco. Up to 5% of the world’s largest oil company will be put up as an Initial Public Offering (IPO), making it the largest IPO in history, starting from putting up just 1%.<sup>9</sup> The proceeds will be invested in initiatives such as the creation of a rejuvenated sovereign wealth fund and the creation of a \$500bn city in the desert called NEOM, which needs to function as a global hub for trade, knowledge and innovation.<sup>10</sup> Furthermore, he hopes to privatize state firms, and create a tourism sector by building tourist facilities on the coast of the Red Sea.

Although at first glance the revolutionary plans appear to be positive developments, MBS’s methods of raising money are controversial. Under the guise of a corruption crackdown, 350 suspects have been rounded up in November 2017 and held hostage at the luxurious Ritz-Carlton. The group of suspects (which was made up by princes, ministers and businessmen), was forced to buy back their freedom by reaching a settlement with the government on paying back their supposed corrupt earnings in Saudi Arabia.

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<sup>7</sup> Al Arabiya, ‘Al Arabiya interviews Deputy Crown Prince Mohammed bin Salman’, <https://www.youtube.com/watch?v=jju7ErdRot0&t=1s>, minute 5:17, accessed on 23-02-2018.

<sup>8</sup> Z. Alkhalisi, ‘Saudi Arabia: We could live with \$40 oil in 2020’, <http://money.cnn.com/2017/05/17/news/economy/saudi-arabia-40-oil-finance-minister/index.html>, accessed on 23-02-2018.

<sup>9</sup> Author unknown, ‘The Purge in Saudi Arabia: Sheikhdawn’, *The Economist*, no. 9068 (2017), p. 44.

<sup>10</sup> Discover NEOM, ‘Vision’, <http://discoverneom.com>, accessed on 23-02-2018.

The Saudi government has recently announced that the anti-corruption campaign has come to an end. From the 350 arrested suspects, 90 have been released and 95 are still being detained, leaving the status of the remaining 165 a mystery. The campaign gave the government the opportunity to recover \$100 billion in cash and assets, which will be partly used to reduce expenses and the general cost of living for ordinary citizens.<sup>11</sup>

So has yet-to-be-built NEOM the potential to become a new Dubai? Aside from reaching the Vision2030-targets, investment and tourism will be dependent on confidence and stability. However, MBS is an important contributor to the geopolitical instability in the region, as he garners support at home at the expense of Iran. In an interview with the New York Times, he has compared Iran's Supreme Leader Ayatollah Khamenei with Hitler, while also directing the devastating proxy war in Yemen against the Iranian aligned Houthi rebels.<sup>12</sup> In December 2017, MBS caused a stir among Palestinians in Jordan by detaining and questioning Sabih al-Masri, a Palestinian billionaire and president of the Arab Bank, where many Palestinians have deposited their savings. The successful Palestinian businessman was questioned about information related to corruption and Palestinians feared a scenario in which their life savings would be seized. Al-Masri, who has been released, bought up Arab Bank-shares in February 2017, which had belonged to Lebanon's Prime Minister Saad Hariri. Hariri himself has also been seized briefly in Saudi Arabia and forced to resign from his position as Prime Minister. In the east, the Emir of Qatar (whose country is sanctioned by Saudi Arabia) strongly fears a Saudi invasion and is reportedly increasing Qatar's military power.<sup>13</sup>

But also at the domestic level MBS's quest to open Saudi Arabia up further to trade, investment and foreign visitors will not go unnoticed. The country will have to modernize and comply with international codes of conduct in the form of social

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<sup>11</sup> Stratfor, 'Saudi Arabia: The Crown Prince's Corruption Crackdown Is Over, for Now', <https://worldview.stratfor.com/article/saudi-arabia-crown-princes-corruption-crackdown-over-now>, accessed on 23-02-2018.

<sup>12</sup> T.L. Friedman, 'Saudi Arabia's Arab Spring, at Last', <https://www.nytimes.com/2017/11/23/opinion/saudi-prince-mbs-arab-spring.html>, accessed on 23-02-2018.

<sup>13</sup> R. Fisk, 'Why Mohammed bin Salman is taking an interest in the Arab Bank', <http://www.independent.co.uk/voices/saudi-arabia-mohammed-bin-salman-arab-bank-crown-prince-mbs-qatar-israel-palestine-sabih-al-masri-a8122116.html>, accessed on 23-02-2018.

political reforms. Under MBS, women will be allowed to drive cars starting from June 2018, movie theaters will be opened again after 35 years from early 2018 and the government will issue tourist visas. With the liberalizations, the government also hopes to increase the female presence in the work force. The enhanced freedoms will certainly have led the conservative religious establishment, which has a strong involvement in politics, to harbor animus towards MBS. It is to be seen if this clergy will grit their teeth or rebel against MBS's road towards moderate Islam, and vice-versa, how MBS will deal with this group.

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