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CLASS STRUCTURE IN SAUDI ARABIA
VOLUME I

By

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ABSTRACT

CLASS STRUCTURE IN SAUDI ARABIA

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The purpose of this study about Saudi Arabia is designed to examine contemporary Saudi class structure. The research question is: What is the new class structure that is developing in Saudi Arabia? The introduction of this study covers the period of 1902-1932 and briefly skims Saudi modern state formation in order to lay the groundwork for the origin of Saudi society that, until 1932, was composed of five different provinces.

It became fairly clear, especially through the introductory part of the study, that Saudi society, before the discovery of oil, was mainly composed of a large nomad community and a much smaller settlers' community. A small segment of merchants from the towns served the two communities. At this early stage of development Saudi society was not quite egalitarian, but the differences within the population were not great.

Following the influx of oil in Saudi Arabia, state revenues increased tremendously, particularly after World War II. The oil fields employed a good segment of the Saudi

population, while public expenditure tended to be a vital source of personal fortune. To a great extent, the educational program that was implemented by the State not only facilitated social modernization, but also initiated the development of the new Saudi middle class.

The main finding of the study is that Saudi society is now composed of three social classes, namely: an upper, middle, and working class. Each class, however, is composed of several occupational categories and is divided into traditional and new segments.

The upper class consists of an Elite of the royal family, the 'ulama', tribal chiefs, high government officials, and high-ranking military officers; Wealthy Businessmen (big entrepreneurs, merchants, compradors, bankers, financiers, and money exchangers) and big land owners.

The middle class consists of traditional middle class of shopkeepers, real estate brokers, artisans, small entrepreneurs, etc.; small farm owners and of a new middle class of three main elements: recent college graduates in professional and administrative positions, military officers, and senior oil employees.

The working class consists of a traditional working class of journeymen workers, farm workers, fishermen, nomads, and social security recipients; and a new working class of industrial workers, and lower echelon employees in public and private sectors.

The working class represents 79.3 percent of the population, the middle class is 14.3 percent, and the upper class is only 6.4 percent. This means that the class structure of Saudi society is pyramidal in shape.

Finally, the study takes note of the fact that the emergence of a new class structure has produced a number of problems. Three are briefly noted: an emerging potential struggle between indigenous industry and comprador segments of the upper class over local markets, which threatens the position of the traditional middle class; a conflict between secular-trained progressives and religious conservatives; and the withdrawal of the Saudi working class from the lowly paid manual labor jobs, which leads to a high rate of expatriate labor.

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DEDICATION

This humble work is meant to present an accurate reading and analysis of a nascent developing society. With this in mind this research is dedicated to my lovely home, Saudi Arabia, that I shall always love above all else.

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CHAPTER 1

INTRODUCTION

John Philby,[1] who came to the Arabian Peninsula as a British agent during World War I, wrote several valuable books about Saudi Arabia. He adopted the Islamic religion and lived more than thirty years as an adviser in the Saudi palace. Jose Arnold, who also wrote a book about his five years at the palace of King Saud of Saudi Arabia during the late 1950s, quoted Philby as saying:

> Too much change is taking place without enough thought about the consequences of the change. As an amateur student of history, I am not exclusively interested in yesterday or in today, I am interested in yesterday and today and how they will affect tomorrow. Yesterday, this country had a unique culture. Backward, perhaps or underdeveloped, or whatever the current phrase, in terms of the twentieth century, but nevertheless, unique and to me, admirable. When I came here many years ago I was deeply impressed by the simple way of life and the contentment of the people, despite their poverty.[2]

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[1]John Philby came to Riyadh in 1917 as a British agent, adopted the Islamic religion, became a Saudi citizen, and worked as an adviser for King Abdul Aziz, and his successor King Saud, until he criticized King Saud, who then had him exiled. Philby died in Beirut in 1961.

[2]Jose Arnold, Golden Swords and Pots and Pans (New York: Harcourt, Brace and World, 1963), 168.

Philby, who monitored the early Saudi Kingdom's socioeconomic development, predicted as early as the late 1950s, that Saudi oil wealth would attract more Westerners who would become involved in the country's socioeconomic change. Westerners' infiltration, he pointed out, would create hundreds of jobs in the oil industry, which would invite every Saudi to leave his traditional work in order to get an easy job. He warned the Saudi people that Westerners would

> bring in great machines of industry, and soon the Saudi Arabs are destroying their old cities and putting up big new buildings. . . . But what of tomorrow? Tomorrow the Americans may be gone, the oil may not be needed. There will be no more easy jobs. Then the Saudi Arab will need the modern world, but it will not need him. And he will not even have the culture of the past to sustain him.[3]

Philby did not live long enough to see at least part of his prophecy come true. In the early 1970s, oil prices and production increases brought tremendously high revenues and provided the state with tens of billions of dollars. Hundreds of thousands of Saudi people migrated from rural societies to get easy jobs in the crowded cities. Moreover, at least three million skilled and unskilled foreign workers were imported from outside, stimulating a high inflation rate. Thus, the Saudi economy in the 1970s became

> a one crop-economy; it produces and sells oil and imports nearly all its requirements from abroad. Between 1961/62 and 1970/71 total exports rose 153 percent from SR 4.2

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[3]Ibid., 169.

billion to SR 10.6 billion and total imports rose 192 percent from SR 1.2 billion to SR 3.5 billion.[4]

In the late 1970s, the country become even more dependent on imports. Oil production increased to about ten million barrels a day and "total Saudi imports reached $27.7 billion in 1979, compared to $20.4 billion in 1978, $17.2 billion in 1977, and $12.8 billion in 1976."[5]

It is interesting to note that Saudi oil earnings, which in 1980 were estimated at $103 billion,[6] did, as Philby predicted, invite Westerners to bring in "great machines of industry." The Saudis destroyed their old cities and put up big new buildings, as predicted, and some of them, as well as some foreign companies, made a considerable profit from this destruction and construction.

The Saudi state had not previously devised a modern development plan. However, with tens of billions of dollars pouring into its treasury, the state implemented the First [Five-Year] Development Plan (1970-1975) in 1970. About $18 billion was allocated for the first program in what was still essentially an underdeveloped country. The Second Development Plan (1975-1980) was even more generous: $140 billion was

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[4]Ramon Knauerhase, "Saudi Arabia's Economy at the Beginning of the 1970s," Middle East Journal, 28, no. 2 (Spring 1974): 133.

[5]Abdel Aziz M. Abu Nabaia, Marketing in Saudi Arabia (New York: Praeger, 1984), 48.

[6]Pranay B. Gupte, "Saudi Oil Revenues Seem to Outstrip Nation's Capacity to Put Them to Use," New York Times, 24 March 1981, 4(Y).

allocated. The actual costs over five years exceeded $200 billion. Based on new and remaining needs, the Saudi's Third Development Plan (1980-85) added $250 billion more to the two previous plans. As a result, up to $468 billion were devoted entirely to development over the last fifteen years (1970-1985).

It is apparent that the oil industry has enormously increased state revenues. They rose from $2.5 million in 1934 and $254 million in 1954 to $103 billion generated only from oil revenue in 1980.

In the late 1930s, ARAMCO, the first Arabian-American oil company, established three different categories of treatment which classified and discriminated among the company workers and employees. This is illustrated in Arnold's discussion of the three types of housing that ARAMCO built in Eastern Saudi Arabia where the oil fields were located.

> As Saudi Arabia employees of ARAMCO rise to positions of responsibility in the company, they are too invited to live in the American compound. Otherwise, the Saudi Arabs live in a separate community set up by the company or in the nearby Arab village. Foreign employees other than Americans are housed in still another separate community also established by the company. Thus, at each of the three ARAMCO settlements, three separate townsites have been created: one for Americans, one for other foreign employees, and one for the Saudi Arabs, in descending order of status. To encourage the idea of upward fluidity and to avoid ethnic identification, the company designates the camps as "Senior Staff," "Intermediate," and "General," respectively.[7]

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[7]Arnold, Golden Swords and Pots and Pans, 5-6.

Thus, at the beginning, all except a few Saudis not only made lower wages, they also fell into the lower rank of the ARAMCO housing category known as the "Saudi Camp" or "General" camp.

In 1958 the Saudi government extended and broadened the categorical stratification that the oil company had introduced by issuing the first most complete Governmental Hierarchical Employee Regulations (Nazam al Mowzafain al Aam). The regulations or the Cadre were intended to rank the employees in eleven categories according to salary level, from the lowest employee at the monthly salary level of SR 400, up to the Minister who received SR 10,000 a month. Twenty years later, in 1978, the name of the regulations was changed to Civil Service Regulations (Nazam al Khadmah al Madaniah), and the number of categories was increased to fifteen.

Some higher governmental positions, such as Minister and Deputy Minister, for some reason were not included in the later Cadre. But if we compare the SR 50,000 monthly salary that is given to Saudi Ministers with the lowest ranked salary in the new Cadre of SR 1,015, the resulting ratio stands at 1 to 49. Under the old Cadre, the lowest ranked employee made only SR 400 compared to the ministerial salary of SR 10,000, a ratio of 1 to 25. The earlier difference is considerably smaller than the actual difference that exists now between the highest and lowest ranks in the new (1978) Saudi government employees Cadre.

The Traditional Classes of Saudi Arabia

Before the influx of oil earnings in the late 1930s, there were essentially no social differences based on income in Saudi Arabia. The whole society was composed mainly of three communities designated by the type of economic activities in which each community participated. The moving tribes or Bedouins, who grazed animals and lived on their products, made up the majority of the population. Hadar, or the settlers, were those who lived in the villages or towns and participated in either cultivation or crafts. The third community consisted of merchants, who lived in towns and represented a small proportion of the total population.

Until the 16th century's great geographical discoveries, the Peninsula's merchants played the mediator role in international trade and connected the Eastern world's production to the West, and vice versa. However, the role faded out especially after the Suez Canal connected the Red Sea to the Mediterranean Sea in the 18th Century. The merchants' activities were limited to trade inside the Peninsula, mainly between the Hadar and Bedouins who "depended upon each other to survive in the unhelpful environment of Central Arabia."[8] Relatively speaking, these merchants, who represented the smallest proportion of the population, occupied the second highest position on the social pyramid of

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[8]Robert Lacey, The Kingdom (New York: Harcourt, Brace Jovanovich, 1981), 49.

traditional Saudi society, the royal family holding the first position.

Here it may need to be emphasized that in traditional Saudi Arabia the social gap between upper and lower stratum was not significant. In other words, the merchant differed little from those he sold his goods to in that subsistence economy. Therefore, early in the twentieth century and until a little after the oil discovery, many writers and researchers noted that the Middle East, including Saudi Arabia, "has often been represented as an area in the world where one cannot speak about classes and where class analysis is least relevant."[9] In the very poor, isolated and inward-looking country that Saudi Arabia once was, it is commonly agreed that little, if any, social class differentiation existed.

Thus, we may say that until the emergence of the new middle class, which occurred after the discovery of oil, social structure in Saudi Arabia only consisted primarily of two strata. The first, or upper stratum, included the Saudi ruling house at the top and next to them the Saudi merchants. The second stratum included all the other Saudi people.

The Change in Class Structure

Now the situation is greatly different as is the Saudi socioeconomic structure. Only about fifty years ago (1936),

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[9]James A. Bill, "Class Analysis and the Dialectics of Modernization in the Middle East," International Journal of Middle East Studies, 3, no. 1 (1972):418.

the Saudi government gave the concession to the first electricity company ever introduced to the Kingdom, located in Jeddah, to two Saudi merchants. The capital needed was estimated at 15,000 gold-backed pounds and 50 percent of the amount was to be nationally financed. Merchant Ydlibi, who then lived in Jeddah as a local agent for many British companies, expressed doubt as to "whether 50 percent of the necessary capital could be raised here,"[10] disclosing how incredibly poor the country was.

As late as 1954, excepting the oil industries, only five industrial companies operated in the whole country. Four out of the five were nationally financed and the fifth was a joint venture. The total capital of these was about SR 42 million ($9.3 million).[11]

There is a striking difference when these figures are compared with recently released (1982) Saudi statistics about the number of private establishments and companies totaling 151 thousand and employing more than a million workers in the private sector. Of these companies, sixty-one percent operate in the commercial sector, fifteen percent in the industrial sector, eleven percent in civil service, five percent in

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[10](sd) Sir Andrew Rayn, British Legation, Jedda, To. no. O.T. 13 (831/238/25), 5 May 1936, F.O. 905/41/XC/ A46624.

[11]Arab League Industrial Development Center of the Arab States, Industrial Investment Directory of the Arab States, ([Cairo]: Arab League, 1980), 11 (Arabic).

transportation, four percent in construction, and four percent in the finance and banking sector.[12] In the same year (1982), joint stock companies totaled forty-nine firms with capital estimated at over SR 48.8 ($14+) billion.[13] The Saudi population's standard of living "has risen every year since 1963 . . . per capita income, as measured by GNP, rose from SR 1853 ($412) in 1962/63 to SR 4,189 ($1,153) in 1971/72."[14] In 1984, Saudi per capita income rose to $15,816, which is almost double the U.S. per capita income ($8,612) and is a fifty-six to one ratio compared with Somalia's per capita income.[15]

The astounding oil wealth enabled the Saudi state to implement ambitious, costly development plans and to assume the second highest international monetary position (West Germany being the first). Saudi Arabia owns an estimated $28.8 billion in monetary bank reserves. Time estimated the total Saudi government foreign assets at between $60 and $70 billion in 1978.[16] Only seven years later another published source asserted that Saudi government plus Saudi private

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[12]"Thousands of private establishments and companies in Saudi Arabia," Riyadh Newspaper, 28 October 1982.

[13]This document is on deep background (from Saudi Ministry of Commerce Chart), 1982.

[14]Knauerhase, "Saudi Arabia's Economy," 127.

[15]"Arab World Where Troubles for U.S. Never End," U.S. News and World Report, 6 February 1984, 25.

[16]"The Desert Superstate," Time, 22 May 1978, 34.

investment in the international market between the 1974-1982 period had reached $160 billion.[17]

Mainly within this stream of public investment, Saudi society developed a class phenomenon that was unknown before. The Saudi merchant class is now a class of millionaires and billionaires. A Business International research report points out as an example of some Saudi wealth the case of the Juffali family, which has an annual turnover of more than two billion dollars. Among the world's sixty-four richest bankers are four Saudi billionaires who joined the ranks of the super-rich in 1983: Sulaiman Olayan's estimated net worth is $2 billion, Abdul Aziz al-Sulaiman's is $1.5 billion, Saleh A. al-Rajhi's is $1 billion, and Khalid bin Mahfouz's is also $1 billion.[18]

On the other hand, the number of low-income Saudis is also expanding. Increasing numbers of Saudi citizens are benefiting from the Saudi social security program, which served 225,646 persons in 1970/71, 321,920 persons in 1972/73, and 427,146 persons in 1974/75.[19] Even greater increases have been seen in later years, resulting in 1983 estimates of 1.3 million Saudi persons benefiting from the social security

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[17]"OPEC Investment and the International Financial System, (translated into Arabic), Alwatan, (Kuwait), 11 September 1985, 8.

[18]"World's Richest Bankers," Institutional Investor 17 (June 1983):137-38.

[19]Ali A. al-Sultan. "Social Class and University Enrollment in Saudi Arabia" (M.A. thesis, Michigan State University, 1979), 32.

program.[20] Since a certain proportion of the population remains under the general standard of living in Saudi society, in addition to the governmental social security program, there are more than a hundred social welfare societies helping poor people all over the Kingdom.[21]

There are still few statistics to define class proportions in Saudi society, but there is a massive body of recent literature that discusses the lower, middle, and upper class in Saudi Arabia and notes that "oil revenues have (1) contributed to the reduction of poverty in Saudi Arabia, and (2) widened the income gap between the high and middle-income groups."[22] Another researcher points out that "the explosion of wealth since October 1973, when the price of oil was freed from international oil companies' control, has created a new middle class made up of newly wealthy merchant families who so far have been content (with possibly some minor complaining) to leave complete political authority to the Al Saud."[23]

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[20]Abdullah alBabtain, "Inquiry of the Week," Al Yammamah (Riyadh), 11 May 1983, 15.

[21]Khalaf Alghamdy, "Grant Real Estate for the Social Welfare Foundations," Okaz (Jeddah), 19 February 1986.

[22]Rostam Mehraban Kavoussi, "Economic Growth and Income Distribution in Saudi Arabia," Arab Studies Quarterly, 5, no. 1 (1983):73.

[23]Business Information Center, Business International Research Report, (New York: Dow Corning Corporation, 1981), 24.

In terms of class development, one writer argues, as previously mentioned, that "the sudden availability of money has created economic classes with a consequent loss of traditional Arabian egalitarianism."[24] Another concludes:

> Differences of wealth and poverty are increasing, opportunities of personal advancement are increasing as well . . . the middle class consists of the professional and government workers and the small businessmen, both modern and traditional. Although the middle class is larger than the upper class, both are small in relation to the population as a whole. The masses of workers, farmers and tribesmen compose the remainder of the society.[25]

Statement of Problem

It was only in 1932 that a number of territories in the Arabian Peninsula were united and proclaimed as Saudi Arabia. But even a preliminary examination reveals that the social changes since 1932 did not take place until the advent of an oil industry, and have altered Saudi society in a number of significant ways, one of the greater consequences of which has been a change in class structure. New forms of class not previously a part of the Saudi social structure have begun to emerge.

It is this change that is the concern of this dissertation. The research task, then, is to analyze the

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[24]Hayyan Ibn Bayyan (pseud.), "Open Letter to Saudi Arabia," Nation, 232, no. 13, (4 April 1981):Cover, 400-404.

[25]Richard F. Nyrop, Area Handbook for Saudi Arabia, (Washington, D.C.: United States Government Printing Office, 1977), 186-187.

changes in Saudi social class structure, both the alteration of the traditional class and the emergence of new class forms, mainly over the last fifty years.

The expatriate labor force in Saudi Arabia is beyond the interest of this research. However, it will be presented as part of the inquiry when necessary. Thus, foreign laborers will be excluded from the formulation of Saudi stratification, which clearly means that only the Saudi nationals' class structure will be discussed.

Research Question

This study is intended to investigate, with a measure of depth, the following research question:

What is the new class structure that is developing in Saudi Arabia?

It is clear that the emergence of a new social class structure is associated with the discovery of oil in the 1930s. Thus the study task is to explore how a modern class structure developed to replace a relatively egalitarian society.

There are four factors that have affected the new Saudi class structure. These factors can be designated as Bedouins Early Settlement, Corruption in the Public Sector, Development of the Oil Industry, and Education.

The above-mentioned factors enormously affected the modern socioeconomic development of Saudi Arabia. But oil

above all played the main role to significantly strengthen other socioeconomic elements and take the lead position in bringing about social change. This became possible only because the Saudi economy, almost totally "organized around production and export of oil, has become unified. The differences among tribes and class are replaced by differences in income and access to the central authority."[26]

First, early in this century, Abdul Aziz ibn Saud succeeded in his Bedouin settlement policy, and more than a hundred and seventy settlements (identified as Hujar) were scattered around a vast area in the middle of the Peninsula. The settlements mainly served as military camps, and the settlers helped Abdul Aziz to regain the land once ruled by the Saud family regime. But in economic terms, the majority of the labor force was pulled away from subsistence economic production to become dependent on the public sector.

Second, corruption, which evidently benefited some individuals, was introduced into the public sector early on. However, the effect of corruption was not all negative. It may have served the state cohesion at certain times as Edward S. Mason argues:

> If corrupt practices can, at a certain stage of development, promote integration of divergent interests to help to bridge the gap between tribal cultures and newly formed states, it is necessary that these practices

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[26]A. Reza S. Islami and Rostam M. Kavoussi, The Political Economy of Saudi Arabia, (Seattle: University of Washington Press, 1984), xiii.

> be held in check eventually, if an orderly society is to develop.[27]

Third, the oil industry made drastic social changes, which to a great extent altered the population characteristics. As urban areas expanded

> during the last twenty years, parallel with this expansion has been a rural exodus as the nomads have sought urban wage labor particularly in the booming construction industry. . . . And yet, local agriculture, already suffering from the adverse effects of the emigration to the cities, and basically geared to a subsistence economy, has been unable to satisfy this increasing demand for food.[28]

It was eventually clear that oil-generated revenues enabled the state to introduce an early modest Modernization Program. Until the oil influx, wage-earning in Saudi Arabia was limited to a very small proportion of journeymen who primarily lived in large towns. Consequently, the initial development of the Saudi new working (blue-collar) class was first attributed to the rise of the oil industry, which eventually altered the whole old socioeconomic structure of Saudi society by bringing in new forms of modern class structure.

The last factor, education, was formally introduced into the Saudi Kingdom after World War II. The oil industry, which has generated enormous amounts of money, ranks as the greatest factor of social change; but education, which widens the

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[27]Edward S. Mason, Corruption and Development, (Cambridge: Harvard Institute for International Development, 1978), 33.

[28]Alan George, "Bedouin Settlement in Saudi Arabia," Middle East Journal (September 1975): 28-29.

differences between the "Middle Class" strata, should be ranked as the second greatest factor. In other terms:

> oil revenues have contributed to the reduction of poverty in Saudi Arabia, and widened the income gap between the high- and middle-income groups. The most important cause of poverty in Saudi Arabia was the low income of peasants and nomads which, in turn, was the result of low labor productivity in agriculture and animal husbandry.[29]

In contrast:

> As the Saudi new middle class grew, it became internally differentiated into upper and lower strata. The upper stratum includes better educated Saudis such as professors, doctors, engineers, secular educated commoners who achieved high civil service rank primarily because of their personal qualifications. The lower middle class includes government clerical personnel, grade school teachers, skilled industrial wage earners, etc.[30]

Methodology

The methodology for this study is historical and documentary. Documentary research for socioeconomic study is a suitable method that is appropriate to Saudi society in this period of history and at its current stage of development. At the same time, it is obvious that open access to recent, official records is not possible. It is possible to ask Saudi people about their property ownership and economic income directly, but it is unlikely they will provide correct information. Thus, a historical documentary approach is the only possible technique.

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[29]Kavoussi, "Economic Growth in Saudi Arabia," 73.

[30]William Rugb, "Emergence of a New Middle Class in Saudi Arabia," Middle East Journal, 27, no. 1, (1973): 15.

Furthermore, a historical approach is deemed necessary for this study because of the extended period of time it covers and because most of the research currently available on socioeconomic matters in the Third World has viewed problems in this area as separate from their historical socioeconomic content.[31] The study of social class in rapidly developing Asian countries, such as Saudi Arabia, needs a different treatment than an approach that may be applied to a developed society. Society in such a context cannot be separated from its historical roots and treated only as a newly modern society.

Data for this research have been collected from various sources. From earlier research experience, it is apparent that all the data will not be available inside Saudi Arabia at this time. Sociological literature about Saudi society is still extremely scarce. Data for this study will come from five sources:

1. Saudi publications, especially newspapers, magazines, and other periodicals printed inside the country
2. Statistical data, government reports and Arabic books obtained through King Saud University and various colleagues

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[31]Ali A. al-Tarrah, "Economic Development and the Structure of the Kuwait Labor Force," (Ph.D. diss., Michigan State University, 1983), 10.

3. Several libraries in the United States and computer research facilities that were utilized for historical and contemporary data, especially dissertations
4. Books, articles, documents and unpublished materials obtained from the Public Records Office in London and the National Archives of the United States in Washington, D.C.
5. The International Monetary Fund's (Washington, D.C.) and United Nations' publications

In the search for basic information, all five sources proved very useful, and any one source usually provided material relevant to more than one issue discussed here. However, to fulfill each of the four previously stated factors that affected the new Saudi class structure, the investigator may specify at least some of the major sources that either provided qualitative or quantitative data for the study as follows:

1. Concerning Bedouin early settlement: Documents on the History of Saudi Arabia (Vol. 1-5), unpublished dissertations such as, "The Effects of Detribalizing Bedouins on the Internal Cohesion of an Emerging State: The Kingdom of Saudi Arabia," "The Ikhwan Movement of Najd: Its Rise, Development, and Decline," "Saudi Arabia: 1902-1932: The Development of a Wahhabi Society," and several books such as The Birth of Saudi Arabia, and The Arabian Peninsula.

2. Concerning corruption in the public sector: documents from the British Public Records Office, and Saudi and non-Saudi publications. A major source turned out to be various articles in the Wall Street Journal under such different titles as "Modern Arabia," "Hyundai is Being Investigated for Bribery in Saudi Arabia," and "The Saudi Arabian government decided to stop negotiations on sizable telecommunications contract with N.V. Philips of the Netherlands because of allegation of inflated costs." In Saudi publications, Alyammamah wrote extensive inquiries concerning the bribery phenomenon in Saudi society that are utilized for this research. Furthermore, quite a number of books provided supportive data for this part of the research such as International Payoffs and Bribery and Extortion in World Business.
3. Concerning the oil industry changing the Saudi social structure: almost all mentioned data sources for the research contributed somewhat to the oil factor; more specifically, the British Public Record Office, the National Archives of the United States and some additional libraries which collected material throughout the United States helped a great deal.
4. Concerning education as a factor of changing statistical data: government reports and United Nations publications were utilized in addition to some articles and books both in Arabic and English.

Organization of the Study

This research is divided into seven chapters. Chapter two is meant, first, to lay the framework for the area of study that until the late 1920s was composed of five major separated territories that were only united in one state, proclaimed as Saudi Arabia, in 1932. Secondly, it is meant to briefly touch upon the socioeconomic suffering and change occurring in the territories before unification, especially during the 30-year Civil War before unity. Chapter three is devoted to the conception of class and class structure.

As a group the first three chapters of this dissertation are designed to set the stage for the last four, which deal entirely with Saudi class development since the modern Saudi State was proclaimed in 1932 and the discovery of oil. As a result, chapters four, five, and six investigate the Saudi upper, middle, and working classes, respectively, while the seventh chapter provides a brief summary, concluding analysis, and recommendations for further research.

CHAPTER 2

THE FORMATION OF SAUDI ARABIA

Introduction

Until the late 1960s and early 1970s most of the Arab Gulf States and South Yemen were under British control. Britain's areas of control were attained from a series of struggles against European and non-European powers, especially during the last two centuries. However, European rivalry over oil in the late 19th and early 20th century tremendously affected the Arab Peninsula's development, especially Saudi Arabia's. For this reason, it is important to examine the socioeconomic conditions of the Peninsula in the early part of this century. The first point can be formulated as the foreign rivalry over the Arab Peninsula, while the second was the socioeconomic conditions in the Peninsula early in this century. Then we will examine how these two points affected the formation of Saudi Arabia at an early stage.

Foreign Rivalry Over the Arab Peninsula

Only shortly before the inception of the twentieth century, the world focused even more strongly on the Arabian Peninsula than at the dawn of Islam. Throughout the greater

part of the nineteenth century, Britain had dominated the waterways from Aden in the Arabian Sea to Kuwait at the end of the Arabian Gulf. Late

> in the 1890s Britain suffered successive challenges from several rivals, mainly, France, Russia and Germany. These intrusions by the great powers were complemented by Turkish efforts, which were a manifestation of a general policy of consolidation in the Ottoman empire, to assert their shadowy authority in Kuwait and along the northern part of the Arabian littoral.[1]

Even then, however, it was known that the Ottoman empire was too weak to stand against all the industrial nations, which were searching for markets in which to sell their production surpluses as well as a place from which to buy raw materials. But, the Turks played the Germans and Russians off against British interests.

> In December 1897, there were rumors that Russia desired a coaling station in the Kuwait area. And by the middle of 1898 it was learned that the nephew of the Russian Ambassador to Vienna, Count Vladimir Kapnist, was seeking a concession from the porte to construct a railway from Tripoli in Syria to Kuwait . . . again in 1903 the Russians alarmed the British, this time in the form of a joint Russo-Franco visit to Kuwait.[2]

In the late nineteenth century, Germany acquired large railway construction concessions in Anatolia and the Asiatic Turkish provinces. Also significant was the Baghdad railway which was extended to the second holy city of alMedina in what

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[1]Gary Troeller, The Birth of Saudi Arabia (London: Frank Cass, 1976), 1.

[2]Ibid., 5-6; see also Abdul Aziz A. Alnaeam, The Kingdom of Saudi Arabia: Past and Present (Saudi Arabia: International House [Dar Almatbuat Adowliah], 1972), 67.

is now Saudi Arabia. Important, too, was a railway station in Kuwait, which was intended to connect the Arabian Peninsula through Anatolia and Turkey to Berlin in Germany. All of this was designed to open up "the Near and Middle East to German economic exploitation and political influence, check British predominance in the Persian Gulf[3] and beyond, and open the way to the heart of the British Empire, India."[4]

It was not only strategic and general economic considerations that sharpened the competition for Saudi Arabia among the great European powers, but oil as well.

> Oil had become important, and an area of such promising oil potential as the Middle East would have attracted attention for this reason alone. . . . In Mesopotamia, as in Persia, certain areas had for thousands of years been known to contain oil springs and seepages, but, apart from primitive local uses, there was no developed industry. European interest in the possibility of exploiting Mesopotamian oil commercially had been manifested since the last quarter of the nineteenth century.[5]

By the last two decades of the nineteenth century, it could almost be taken for granted that all of the area surrounding the Arabian Gulf was rich in oil.

Although many interested European companies were competing for oil concessions from the Ottoman Empire, the

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[3]Throughout the Arab World, it is called the "Arabian Gulf" instead of the "Persian Gulf".

[4]Marian Kent, Oil and Empire, (London: Macmillan Press, 1976), 4.

[5]Ibid., 4, 15.

first concession was granted to the German-owned Ottoman Railway company of Anatolia.

> . . . in 1888, a Vizerail letter promised the Deutsche Bank (then and thereafter the effective controller of German enterprise in Turkey) a priority of rights in mining development, including petroleum. Applications from other foreigners and from resident Greeks and Armenians were made in the same period for development rights in one part or another of the Empire.[6]

The rivalry of the European industrial nations over the Middle East's Arabian Gulf area and surface indications of petroleum in that particular area made the end of the nineteenth and beginning of the twentieth centuries a significant and crucial period in the recent history of the Arabian Peninsula. Actually Britain, which dominated the east and south littoral of the Peninsula, gave the Turks a free hand inside the Peninsula until 1892. However, Britain, in response to Turkish pressure, added non-alienation bonds to her original treaties with the Trucial Shaikhdoms, especially Bahrain and Muscat.

> The texts of these new assurances were all alike and obliged the respective rulers not to enter into agreement or correspondence with any power other than Britain, not to consent to the residence within their territory of an agent of any other government, except with British permission, and not to cede, sell or mortgage any part of their territory to any one but the British Government.[7]

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[6]Stephen Hemsley Longrigg, Oil in the Middle East, (New York: Oxford University Press, 1954), 13.

[7]Troeller, Birth of Saudi Arabia, 2.

Along the same lines, Britain made a secret treaty in 1899 with Mubarak al Sabah who had killed his two half brothers and seized power in Kuwait in 1896. As an immediate response, the Turks encouraged Ibn Rashid of Hail in Jabal Shammar, with whom they were on good terms, to attack Kuwait. However, Ibn Rashid, who had occupied Riyadh, the Saudi capital in 1891, tended to add the rest of the Najd territory to the Rashidi domain. As a result, the last Saudi ruler, Abd alRhaman, and his family were driven into exile, and ended up living on a monthly stipend granted by the Turks who allowed them to settle in Kuwait.[8]

The ruler of Kuwait did not wait to be attacked at home, but instead

> in 1901 Mubarak, fortified by his alliance with England and supported by the Al Saud, led an expedition against the Al Rashid to forestall the risk of an attack on his own territory. He was thoroughly defeated at Sarif, near Buraida, in February 1901.[9]

After Mubarak's defeat, Britain was faced with increasing Turkish presence in the Arabian Peninsula if they allowed Ibn Rashid, who was in league with the Turks, to rule Najd, the central point of the Peninsula. Not being able to tolerate this, Britain decided from their stronghold in India that it was in the British interest to restore Saudi control and eliminate the pro-Turkish ruler of Hail.

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[8]J. B. Kelly, Arabia, the Gulf and the West, (London: Weidenfeld and Nicolson, 1980), 228.

[9]Troeller, Birth of Saudi Arabia, 19.

> The Indian government went on to point out that '. . . [the re-establishment of the Sa'udi dynasty] would present no difficulty in respect of the British sphere of influence.' As opposed to this, if Ibn Rashid won through Ottoman assistance the situation would become serious. The Government of India stated further that if ibn Rashid grew all-powerful the Turks could become predominant in Najd and Mubarak's position would also be in jeopardy.[10]

Britain had shown no interest in affairs inside the Peninsula prior to the beginning of the twentieth century. However, in order to secure the eastern and southern coasts of the Peninsula, the British moved to wipe out the growing Ottoman threat in the Peninsula region. Although it took a decade or so, Britain was finally instrumental in pushing the Turks out.

The strategic threat of the Ottoman Empire was only one motivation for Great Britain. Another was the promise of petroleum which attracted the competing attentions of all the European powers to the Arab Gulf area. As early as 1872, an Iranian petroleum concession was acquired by Baron Julius de Reuter, a naturalized British subject, in a designated area only 150km from the Gulf region. Moreover, Britain was aware of traces of oil in lands of the littoral area. "Oil shales were known in the hinterland of Aden. In the Persian Gulf sign of oil or bitumen marked the crest of the ridge on Bahrain Island and were visible in the desert near Kuwait."[11]

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[10]Ibid., 22.

[11]Longrigg, Oil in the Middle East, 10.

J. Rives Childs, then U.S. Ambassador to Saudi Arabia, said, regarding the early potentiality of oil discovery in the land later designated as the Kingdom of Saudi Arabia, that he and George C. McGhee, who was the Assistant to the U.S. Secretary of State, met with King Abdul Aziz of Saudi Arabia on March 23, 1950. The King told them that

> he himself was well aware, on the basis of information given him by the Turks before the first world war which they had obtained from the Germans, that S[audi] A[rabia] was potentially one of the richest countries in the world so far as oil was concerned.[12]

Thus, before a barrel was pumped from the ground, Mid-East oil changed the political map throughout the Peninsula area. Not only did this change the mode of production in the Arabian Peninsula, but it altered the whole social structure and introduced modern social classes into the Peninsula societies.

Socioeconomic Conditions of Arab Peninsula in Early 20th Century

Within the first quarter of the twentieth century, a great portion of the Arabian Peninsula underwent drastic social and political change. Until then, Saudi Arabia was divided into several small political entities, each of which was marked by different economic characteristics. They had, in fact, developed separately, as Summer Scott Huyette notes:

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[12]J. Rives Childs (American Ambassador), United States - Saudi Arabian Relations, Memorandum of Conversation, from Jedda, Saudi Arabia to U.S., Department of State, 23 March 1950, Secret File, 611.86A/3-2350, declassified NND83293, 2.

> Although it is often assumed that the several regions of Saudi Arabia shared a common tribal history, their paths differed considerably owing to varying geographical and social influences and the fact that vast stretches of desert separated them.[13]

In more specific terms, Huyette distinguishes five main regions: Najd, al Hijaz, al-Ahsa (al Hasa), 'Asir, and Jabal Shammar. She then divided them into four categories:

1. Najd: including Jabal Shammar was "removed from day-to-day contact with the other provinces by vast stretches of desert, in the main developed independently of the other parts of the peninsula, and its social system revolved around the interdependence of nomadic tribes and settled people and the exigencies of survival. . . [T]ribal and village leaders received news of the outside world from roaming tribesmen who traded in outlying markets such as Kuwayt and the coastal town of Basra in Iraq, bringing back spices and finished products in exchange for dates, horses, camels and camel products available in the interior."
2. Al Hijaz: ". . . occupying a strategic position on the Red Sea coast, took an active part in both the sea trade route extending from India to Europe via Yemen and the lucrative camel caravan route northwest to Damascus, Baghdad and Istanbul."
3. Al-Ahsa: "the . . . region between the Najd and the Arabian Gulf . . . took an active part in Gulf trade. Unlike the Hijaz, however, it contained no major cities or ports . . . Life in al-Ahsa centered in small fishing villages and the oases of Hufuf and Qatif, where many of the inhabitants practiced the Shi'i Islamic faith amidst a Sunni Muslim majority."
4. 'Asir: the mountainous region southwest of Najd, resembled Yemen, its population for the most part settled tribes engaged in agriculture, made possible by rainfall and abundant supplies of water."[14]

However, these were not the only differences that existed among the people in those areas. The settlers and moving

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[13]Summer Scott Huyette, Political Adaptation in Saudi Arabia, (Boulder: Westview Press, 1985), 11.

[14]Ibid., 11-12.

Bedouins (al Hadar wa al Badu) were representative of the major differences and social conflict. The settlers in the barren desert of Arabia relied mainly on cultivating the oases land and trading with neighboring countries. Grazing livestock was vital to the Bedouins' survival. But, they also

> engaged in raids for sport and for loot, it being at once their method of diversion and re-distribution of wealth. Hafizh Wahba paraphrased them: We wake up poor in the morning and retire rich in the evening or we wake up rich and retire poor. Wealth belongs to God, today it's mine tomorrow yours.[15]

Another source of Bedouin income was the Tribute that merchants usually paid to tribes' sheiks as a security tax for passing through certain tribal grazing land. In other words, those who paid Tribute, or the Khawah,

> were granted full protection against raiding or harassment of any kind while they were travelling throughout the tribal territory of the powerful tribe. In many cases the sheik of such a tribe charged one of his tribesmen to accompany those travellers until they left his dirah [domain] in order to show that they were travelling with his consent.[16]

However, if we argue that the main vertical conflict existed between Bedouins and settlers in general, then it is equally important to see the minor antagonistic division always taking place on a horizontal level within each group.

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[15]John S. Habib, "The Ikhwan Movement of Najd: Its Rise, Development, and Decline," (Ph.D. diss., University of Michigan, 1970), 21.

[16]Taha Osman M. el-Farra, "The Effects of Detribalizing the Bedouins on the Internal Cohesion of an Emerging State: The Kingdom of Saudi Arabia," (Ph.D. diss., University of Pittsburgh, 1973), 62-63.

In other words, there was, to a certain degree, an exploitive relationship between the shaikh and individuals within the tribal structure. For instance, whatever the tribe gained through raids was habitually distributed among the members of the tribe, with the shaikh always getting a proportionately larger share than anyone else.

In economic terms, the settlers' situation was a little more complicated than that of the Bedouins. Investors, who will be extensively discussed in Chapter Four, had been and still are a small segment of the Saudi merchants. However, they had always exploited the artisans and peasants through high-profit, money-lending schemes. At the same time the people paid taxes (Za'Kat plus Zaribat al-jihad) to the city-state or the regional ruler.

In the final analysis, the Bedouins and Arab settlers may have harassed each other, but they led complementary lives. In fact, the tribes

> relied on trade with the settled populations, who supplied them with dates and farm produce. Hence, the badu and the villagers established mutually beneficial, though not always peaceful relationships in order to survive the severe desert conditions.[17]

Unification of Saudi Arabia

However, the wheel of political change began to rotate when Abdul Aziz Ibn Abdul Rahman al Saud recaptured Riyadh, the city that had been ruled by his father, from the Al-Rashid

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[17]Huyette, Political Adaptation in Saudi Arabia, 13.

forces early in January 1902. Abdul Aziz, the oldest son of the previous Saudi ruler, left Riyadh when he was eleven years old and lived with his father in exile for ten years in Kuwait before regaining Riyadh.[18]

Abdul Aziz's success in regaining Riyadh and expelling the Rashidi forces definitely served both Mubarak al Sabah and British interests. Ibn Rashid, as mentioned before, was in league with the Ottoman Empire and Britain was interested in eliminating all Turkish influence from the Peninsula. Although there in no evidence proving direct British support of Abdul Aziz's mission to recapture Riyadh in January 1902, there is evidence that "the Al Saud were supplied with arms by Mubarak,"[19] who was one of the British allies in the area.

Gary Troeller points out that a year

> after Ibn Saud's capture of Riyadh in 1902 and his assumption of the Amirate of Najd, he tried to elicit British support. In 1903 a Wah[h]abi emissary met Captain Prideaux, the Political Agent at Bahrain, and tried to obtain British backing. The emissary mentioned the upsurge of Arab unrest and the Wahhabi aim to drive the Turks out of Hasa.[20]

Other European nations were also seeking a foothold in the region. In the late nineteenth century, Russia attempted to gain influence in Kuwait, which it repeated by offering aid

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[18]George Rentz, "Wahhabism and Saudi Arabia," in The Arabian Peninsula, Society and Politics, ed., Derek Hopwood, (London: George Allen and Unwin, 1972), 62-63.

[19]Troeller, Birth of Saudi Arabia, 20.

[20]Ibid., 21.

to Abdul Aziz in 1903. Russia's offer was rejected and one year later Abdul Aziz's father asked Britain for protection. As Troeller points out:

> In 1904 after an important Sa'udi victory at Bukariya, Abd al-Rahman asked for British protection in the light of Turkish support of ibn Rashid. He also informed Britain of the Russian offer. The Foreign Department in India requested London to warn the Porte against aiding military intervention in Arabia.[21]

Abdul Aziz's progress in building a tribal coalition and additional support from Britain enabled him to continue to push Ibn Rashid's forces back and regain more of the Najdi territories under his domain. Another advantage to Abdul Aziz during the second half of the first decade of the twentieth century was the growing conflict between Britain and Turkey. Even before World War I broke out and the Turks stood with the Axis powers against the Allies, Britain gave Abdul Aziz plenty of financial, military and advisory support. With the inception of World War I:

> [T]he Chief British Political Officer in Baghdad, Sir Percy Cox, sent Captain Shakespear to [Riyadh] late in 1914 to persuade the then Nejdi Sultan Ibn Saud to undertake active operations against the pro-Turkish Ibn Rashid at Hail. . . . In October of 1917 a second mission left Bagdad to achieve the same end, that is, to set the armies of the Nejdi Sultan against the Turkish allies at Hail. Mr. Philby was placed at the head of this mission and remained in Arabia.[22]

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[21]Ibid., 22.

[22]Ibrahim al-Rashid, ed. The Establishment of the Kingdom of Saudi Arabia Under Ibn Saud, 1928-1935, vol. 3, Documents on the History of Saudi Arabia, (Salisbury, North Carolina: Documentary Publications, 1976), 13; see also Ibrahim al-Rashid, ed., Unification of Central Arabia Under Ibn Saud, 1909-1925, vol. 1,

With continuous struggles, Abdul Aziz was able to dominate south and central Najd by 1912. Then he turned his forces toward the eastern part of the Peninsula and by 1913 succeeded in seizing the al-Hasa and al-Qatif territories, added them to the Saudi domain, and drove the Turkish garrison off the entire Peninsula.

During the years just after World War I, Abdul Aziz' forces first annexed Asir; then Jabal Shammar, where the house of Rashid had been overcome; and finally, the Hijaz. King Al-Hussain, the former Sharif of Mecca who pretended to have sovereignty over the Arabs, was forced to abdicate. "In 1921, 'Abd al-'Aziz took the secular title of Sultan in place of the religious title of Imam borne by all his predecessors, and after the conquest of the Hijaz he took in 1926 the even more secular title of King."[23]

After al-Hijaz, the Western part of the Peninsula, was subjugated under Abdul Aziz, he gained a new secular title:

> On January 8th 1926, the notables of the Hedjaz pledged allegiance to ibn Sa'ud and proclaimed him King of the Hedjaz and Sultan of Najd and its Dependencies. Within the next three months, he was recognized by Great Britain, the USSR, France and the Netherlands.[24]

Abdul Aziz retained these titles until he militarily resolved the dispute that had arisen between himself and a

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Documents on the History of Saudi Arabia (Salisbury, North Carolina: Documentary Publications, 1976), 81.

[23]Rentz, "Wahhabism and Saudi Arabia," 64.

[24]Troeller, Birth of Saudi Arabia, 231.

great number of the Bedouins (Ikhwan movement) who were with him in the tribal coalition for al-jihad. The official name of the country then changed to the Kingdom of Saudi Arabia, and Abdul Aziz took the secular title of the King of Saudi Arabia.

Since then, the country has occupied a vast portion of the Arabian Peninsula. The country is estimated to be about 963 squares miles, or as Tachau says, Saudi Arabia "occupies about four-fifths of the Peninsula, an area equal to approximately one-third of the continental United States."[25]

Despite the large size of the country, it is very sparsely populated, being mostly desert. In 1932 there were hardly any cities, and the country was made up mostly of scattered towns and villages spread between the Red Sea and the Arabian Gulf, Yemen's boundaries in the south, and Jordan's and Iraq's boundaries in the north. In the absence of a Saudi census or other accurate indigenous estimates, the British estimated in January 1931 that the Saudi population was not in excess of five million,[26] which was most likely an overestimation.

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[25]M.W. Wenner, "Saudi Arabia: Survival of Traditional Elites," in Political Elites and Political Development in the Middle East, ed. Frank Tachau, (New York: John Wiley and Sons, 1975), 162.

[26]al-Rashid, Establishment of Saudi Arabia, 3:102.

Ikhwan Settlement

By recapturing Riyadh in 1902, Abdul Aziz's leadership attracted most of the tribes' shaikhs, especially in Najd territory. As an ambitious leader, he did not waste the opportunity to make a broad tribal coalition during his early years. Although very familiar with the antagonism which existed between the Bedouins and the settlers, there was no doubt that the power he sought was vested in the Bedouin tribes who represented the majority of the population. Tribal leaders

> used politically ambitious sheiks just as the latter used them: for convenience and material gain . . . sanctions could not be placed against them: they owned no land, or house, and only very little material wealth.[27]

Within the first ten years of the movement, Abdul Aziz extended his domain throughout almost the entire central Najd by mobilizing thousands of tribesmen alongside townsmen. Being dependent on the tribes's power was not a secure position for Abdul Aziz. He knew that the tribes

> mistrusted and rejected any central authority because of their fear of taxation, military conscription, and the general loss of autonomy.[28]

To secure his future, Abdul Aziz launched a large scale sedentarization project under the banner of "detribalization". Since the major tribes in central Najd and in the surrounding

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[27]Habib, "Ikhwan Movement of Najd," 22.

[28]Ayman Al-Yassini, Religion and State in the Kingdom of Saudi Arabia, (Boulder, Colorado: Westview Press, 1985), 51.

areas responded positively, it was a timely project. Within a few years, the hujar (settlements) exceeded two hundred in number and accommodated hundreds of thousands of people.

The intent of the settlements project was meant to serve two major functions. First, "detribalization" took place as a result of settling subgroups from different tribes together in order to weaken tribal ties. This was instrumental in implementing Saudi state ideology, such as the use of the hujar to instruct ash-shaykh Muhammad Ibn Abd al-Wahhab's interpretation of Islamic teaching.

Second, the hujar apparently served as military bases, fulfilling Abdul Aziz's ambition of controlling tribal power and expanding his domain.

As Ayman Al-Yassini, pointed out:

> The first Ikhwan settlement was founded in December 1912 at al-Artawiyah, an area that possessed good pasture land and wells. This area was within the domain (dira) of the Mutayr tribe. . . It was a tribe known for its warlike traits, its frequent raids against neighboring areas, and its rejection of central authority. Through skillful use of force and indoctrination, Ibn Saud settled this tribe along with a subgroup of the Harb tribe, thus weakening tribal ties and promoting relations based on a subscription to a common ideology. . . . Two hundred and twenty other settlements followed the experiment that began at al-Artawiya. The majority of these settlements were founded in Najd and on the fringes of the Hijaz and the Saudi-Transjordanian borders. The broad geographical distribution of these settlements in the region made Ibn Saud's physical presence felt across the peninsula and provided him with military bases, supply bases, and religious outposts.[29]

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[29]Ibid., 52.

So, on a temporary basis, the new settlement project helped to reduce some tribal differences. It also helped to build bridges and narrow traditional antagonisms between the Bedouins or nomads and the town-settlers or the Hadar, especially after the majority of the tribes settled in the new hujar, at least until they moved back to their old Bedouin life in the 1930s.

It is interesting to note that as the Bedouin settlement project was expanded, the number of Ikhwan warriors was also exceeded, thus making Saudi Arabia unification militarily achievable. John Habib in his extensive study of the Ikhwan movement pointed out that "the geographical distribution of Ikhwan colonies, and the wide range of tribes they represented enabled the striking arm of Ibn Saud to be flexed in such a way that no part of the peninsula would be more than a day's march from the wrath of his Ikhwan."[30] In the findings of Habib's study about the Ikhwan's increasing number, he declared that al-Rihani's total figure for the Ikhwan in the early 1920s did not exceed 75,000 warriors, while Majid bin Khathila in his interview told Habib "that the total strength of the Ikhwan at its height was 150,000 of which 75,000 were armed with rifles of some sort, and the rest armed with spears, swords, and other weapons."[31] These forces

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[30]Habib, "Ikhwan Movement of Najd, 112.

[31]Ibid., 140.

contributed a great deal in extending Abdul Aziz's domain into a vast Kingdom. However, the Bedouin settlement's failure to achieve the social assimilation goal will be given further explanation below.

Economic Consequences

The question that needs to be raised here is how did the Bedouin settlement project affect the economy within the Arabian Peninsula, at least within Abdul Aziz's domain?

As previously mentioned, the uncomfortable life in the desert with its subsistence economy depended on both the nomads and the settlers. Regardless of the discord and relationship between the two groups, a complementary economic relationship was always maintained, since

> the bedouins bought their frugal needs from the shops and in turn provided the townsmen with camels, livestock,and, in good years, milk products. For all the differences in the modes of daily life the town dweller and the occupant of the black hair tents lived a remarkably similar life.[32]

After the nomads were removed from a basic pastoral economy and placed in the life of the new settlements, society lost an essential source of production.

The tribes found it very difficult to cope with their new lives in the settlements. Those who took up farming in order to survive in the new communities found themselves without the necessary skills. Another inhibition of the

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[32]Ibid., 14.

tribes learning new trades was their religious indoctrination, particularly, al jihad (the religious war), denouncing worldly deeds and encouraging more sacrifices for the sake of the state as well as for gaining entrance into heaven. In describing the attitudes of the early settled tribes, Habib said they

> dedicated themselves totally to religious pursuits, shunning work, avoiding farming and business, and basking in the bliss that certain salvation awaited them now that they had become brothers and had renounced their old ways. Part of this attitude was the result of laziness, and part of it resulted from their lack of basic skills required for community living, but the overwhelming reason was their genuine conviction that pursuit of the accumulation of wealth was inconsistent with their total dedication to the things of God.[33]

The situation of removing the nomadic labor force from their pastoral field of production was simultaneously made more difficult with World War I, when the economic problems of the Peninsula increased.

The war also made trade, even with neighboring countries, almost impossible. For al Hijaz province the situation was much more severe. The main source of income there had always been pilgrim traffic to the area. But during the war, pilgrimages decreased drastically. This situation continued even after the war due to world depression. The Arabian Peninsula as a whole was severely affected and did not recover until the oil discovery of the late 1930s.

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[33]Ibid., 113.

At this point one needs to take a closer look at the Saudi domain to see how the social economy existed and assisted change. David G. Edens described the general picture of the Arabian economy as it existed in the early days of Abdul Aziz. He notes:

> at the turn of the century the economy of Arabia was vastly different from the more diversified economics of the western cases. Oasis agriculture, tribal livestock production and bazaar commerce were the major economic activities of the hinterland. Finished goods, sugar, rice and tea had to be imported. Fishing and pearling were important activities on the Gulf Coast. Caravans provided the commercial connections among oasis settlements and the Hajj traffic was a particularly important source of foreign exchange and trade. In general, life was conducted on the subsistence level.[34]

In the above statement, Edens gave a fairly clear description of local production, import trade, and in general, the major activities in Arabia's hinterland. As Edens points out, "economic data are scarce for the period around 1902, the year of the Saudi Restoration. However, the scanty time series which are available suggest that conditions were generally improving during the years just preceding 1902."[35]

However, the twenty-four years of war that Abdul Aziz waged to regain the land once ruled by his forefathers was enough of a drain to retard any economic progress and to shake up all socioeconomic bases. So, as previously mentioned, the

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[34]David G. Edens, "The Anatomy of the Saudi Revolution," International Journal of Middle East Studies 5 (1974): 53.

[35]Ibid., 53.

nomads were moved from grazing activities to settle in the hujar, which

> in fact, were never self-sufficient from a productive point of view, but survival was assured their populations by government assistance, and by the benefits deriving from raids carried out against enemy groups and from the spoils of war.[36]

In order to meet increasing expenses, the ruler would raise the Zaribat aljihad (Tribute tax) of the peasants and town-dwellers. The Bedouins now situated in the hujar became dependent on the state. The state, in turn, in regard to its scarce sources, became dependent on British support after the start of World War I. Some of the other rulers in the Arabian Peninsula reported Abdul Aziz "to be heavily in debt and repeatedly besought the British government for an increase in his subsidy."[37] Another source estimated that in 1922 alone, the British subsidy "to the Sultan of Najd (Ibn Saud) [was] -L5,000 a month and a lump sum payment of -L20,000."[38] Until the early 1940s, even after the discovery of oil, the Saudi government was dependent on foreign support. As Noel Busch wrote in 1943, "Of the King's total revenue, the pilgrimage,

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[36]Ugo Fabietti, "Sedentarisation as a Means of Detribalisation: Some Policies of the Saudi Arabian Government Towards the Nomads," in State, Society and Economy in Saudi Arabia, ed. Tim Niblock (New York: St. Martin's Press, 1982), 190.

[37]Troeller, Birth of Saudi Arabia, 162.

[38]al-Rashid, Unification of Central Arabia, 1:81.

the British Government and the California Arabian Standard Oil Company each supplies about a third."[39]

Government Organization After Unity

Having already taken over al Hasa province in 1913, Abdul Aziz extended his power to the Arabian Gulf. When he seized al Hijaz province in 1926, he had stretched his domain from sea to sea. Thus, twenty-four years of tribal coalition and continuous Jihad to fulfill his goal were closed. Becoming King of al Hijaz, Abdul Aziz "formalized his control over the urban and sophisticated Hijazis who were accustomed to centralized authority."[40]

Another major step that followed divided the governmental organization into two main branches and disappointed the Ikhwan. First, Saud, the oldest living son, was appointed Viceroy of Najd by the King; and Faysal, the King's second oldest son, was appointed Viceroy of Al Hijaz. With this act the tribal shaikhs, or the Ikhwan, felt that they had been left out. After the completion of his goal, Abdul Aziz no longer needed their services as he had before, and therefore, did not include them in the power distribution. He turned to the Hadar who viewed the Ikhwan as fanatical and a source of terror. The long tribal coalition between Abdul Aziz and certain Ikhwan leadership came to an end:

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[39]Noel Busch, "Life Visits Arabia," Life, May 1943, 78.

[40]Ibid., 54.

> Having reached the sea, the saga of the Ikhwan really ends here--the climax is reached and their raison d'etre no longer exists. . . . The Ikhwan soon learned that they were not welcome in the Hijaz . . . and so the Ikhwan were sent back to Najd. They had literally worked themselves out of a job. . . . The Ikhwan returned to Najd with wounded feelings. Led by Faysal AlDuwish and Ibn Bijad, they felt that they were responsible for the great military victories which brought Ibn Saud to his present position of power and they sincerely believed that without them he could not retain his control over the peninsula.[41]

Eventually, the stress between Abdul Aziz and the Ikhwan intensified during the three years that followed the conquering of al Hijaz. All attempts at settling the differences failed. Then Abdul Aziz's only given choice was to mobilize the hadar against the Bedouin Ikhwan, and the final military offensive was launched. So as to

> meet an open military challenge, Ibn Saud moved into the Qasim area where he recruited levies of town folk and oases dwellers, many of whom were especially anxious to fight the Ikhwan, not only to take revenge for their fellow townsmen who had suffered by Ikhwan raids, but to ensure the safety of their own future.[42]

On the morning of March 30, 1930, Abdul Aziz's loyalists confronted the Ikhwan forces in Sbila, located twenty miles east of Zulfi.[43] In barely over an hour, the battle was entirely finished with the Ikhwan rebels overwhelmingly subdued. After the Sbila battle, the Ikhwan rebellion came to an end.

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[41]Habib, "Ikhwan Movement of Najd," 213-20.

[42]Ibid., 257.

[43]Zulfi is the author's hometown, located about 150 miles north of Riyadh.

The Ikhwan conflict is very important. As previously discussed, the sedentarization policy Abdul Aziz had implemented early in 1912 successfully attracted hundreds of thousands of nomads to settle in more than two hundred hujra (settlements) scattered within a vast range of desert area. A major goal had been removing the nomads from their nomadic life, thus, encouraging them to settle and enjoy hadar life. This would consequently dissolve traditional antagonisms between the Bedouins and the hadar by virtue of the fact that they would be living the same settled life. This goal, nonetheless, failed due to the shortsightedness of the project and the rising conflicts between Abdul Aziz and the Ikhwan in the late 1920s.

In fact, during the Sbila battle all the hadar sided with Abdul Aziz, none with the Ikhwan. Apparently, the traditional antagonism was represented in the conflict. Furthermore, the Sbila battle was a reflection of the education program that was implemented among the nomadic-settlers during a period of eighteen years (1912-1930). The teaching program was persistently "manipulating the aggressive characteristics of the bedouin and channelling them into a holy war (jihad)."[44] Therefore, although Abdul Aziz felt that he had accomplished his goal, the Ikhwan felt otherwise. They had reached a dead end and did not know where to go if they could not raid the

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[44]Fabietti, "Sedentarisation," 190.

neighboring countries. The Ikhwan complained to Abdul Aziz for not continuing al jihad in order to fulfill his Islamic duty.

At this point it was understood that the nomads who were settled in several hujr for eighteen years had never adjusted from their previous nomadic life to the al Hadar life. In the past, their main subsistence had been pastoral plus whatever they gained from raids and tribute from the Hadar merchants or the small, weak tribes. During the settlement period, nothing much changed for the new settlers. On the one hand, they were dependent on what pension they received from Abdul Aziz (the State) and, on the other hand, on the spoils made through the forays (raids). Anything else was a very minor factor in the (Bedouin's) settler's life.

In summary, Faysal al-Duwish, one of the distinguished leaders of the Ikhwan, described his loss and bitter end in a way that reflected his nomadic thinking. In a letter to Saud, the oldest son of Abdul Aziz, al-Duwish stated you "prevented me from raiding the Bedouins. So we are neither Moslems fighting the unbelievers nor are we Arabs and Bedouin raiding each other and living on what we get from each other."[45]

However, the Ikhwan movement vanished after the Sbila battle.

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[45]Habib, "Ikhwan Movement of Najd," 318. For more information see the text in Appendix 2-1.

> The bedouin who had settled in the villages in response to the appeals made by abd al-Aziz and the religious hierarchy went back to the nomadic way of life or moved into the cities looking for jobs in the National Guard. The detribalisation process linked to sedentarisation and fusion of elements of heterogenous origin was thus frozen.[46]

Analytical Discussion

Before ending this chapter, two factors need to be recognized regarding the two government branches in al Hijaz and Najd: First is the early tension between al Hijaz and the Najd provinces, which was mainly generated by educational and social growth; second is the thirty years of continuous struggle for unification that eventually blockaded all possible early development. These two factors are important simply because they not only hindered Saudi socioeconomic development but they also both played a major role in promoting conflict between al Hijaz and the Najd provinces. However, they promoted some differences in economic interest, in competition over public positions among Saudi commoners within the two provinces, and in a power struggle at the royal family level, to be examined later.

Here, we shall be briefly elaborating on each point separately as follows: the first point is education and social growth, and the second point is the discussion of thirty years of war blockading possible development.

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[46]Fabietti, "Sedentarisation," 190.

First Point: Education and Social Growth

In addition to any economic difficulty, the different regions were marked by differences in education. Excepting al Hijaz province, the educational level very seldom went beyond al Qaitatib. This was a program in which individuals would teach young children reading and writing, especially as pertained to the Islamic Holy Book, the Koran. After completing the al Qaitatib program, a few select individuals would continue through the Mosques' religious education.

Lawrence Paul Goldrup, who studied Saudi Arabian development during the period 1902-1932, compared al Hijaz and Central Najd in cultural and educational development.

> While central Arabia produced little more than a handful of individuals who could read, the Hijaz was the home of a newspaper and some schools, not to mention a number of private libraries. Under the Ottoman and later the Sharifian administration the newspaper The Hijaz was published from 1301 (1883-4) to 1334 (1926) both in Arabic and Turkish; and there were two other newspapers that existed, however only for a few months. There was one government school which was conducted in Turkish and two private schools devoted to religion. . . . For al-Ahsa--in the Eastern province--the Turkish authorities built only one small school and that only after the "Declaration of the Turkish Constitution". . . . There were some private schools in Hijaz: two were founded in 1908 by Hajj Muhammad 'Ali Zayn ar-Reza one in Jidda and one in Mecca; and two Indian educational foundations tried to encourage some interest in education among the Hijazis.[47]

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[47]Lawrence Paul Goldrup, "Saudi Arabia: 1902-1932: The Development of a Wahhabi Society," (Ph.D. diss., University of California, 1971), 253.

Huyette also drew a sharp contrast between al Hijaz and Najd provinces. She compares the driving factors which made them different throughout history:

> Surrounded by vast stretches of desert, the Najd remained isolated from developments in the outside world during much of its history, and hence developed political institutions in keeping with its patrimonial and tribal heritage. Owing to its impenetrability and the absence of any major commercial spoils, the Najd attracted little attention and people lived as in biblical times, eking out a living in small villages or in nomadic tribes. By contrast, the Hijaz grew relatively cosmopolitan owing to the annual influx of pilgrims and merchants. As Hurewitz noted, the steady traffic enriched the Hijazi middle class as it absorbed the pilgrims who chose to settle there, bringing with them fresh skills and knowledge.[48]

Furthermore, before any school or type of modern education existed in Najd and two years before Abdul Aziz seized al Hijaz, merchants of Mecca and Jedda had progressed in social development by establishing the al Hijaz Patriotic Party in Jedda in 1924.[49] For latter discussion, it is important to mention here that Sharif Husayn who ruled al Hijaz before its unification with Najd in 1926 set a

> traditional Majlis [council] and established several councils with specific functions and titles, such as the Majlis al Ahli (Council of the People), the Majlis al Wukala' (Council of Deputies), and the Majlis Shura al-Khalafah (The Consultative Council of the Caliphate) in April 1924.[50]

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[48]Huyette, Political Adaptation in Saudi Arabia, 2.

[49]Abdalqadoos AlAnsary, History of Jedda City, 3d ed., ([Cairo]: Dar Misr Laytabah [Egyptian House for Publication], 1982), 1:283-84.

[50]Huyette, Political Adaptation in Saudi Arabia, 53.

The education and social advancement actually gave Abdul Aziz no choice but to treat al Hijaz differently, at least in the early years following its unification with the rest of his domain. He used Husayn's administrative system in al Hijaz, but did not apply it to the rest of his domain. Most likely, Abdul Aziz felt pressured at that time to keep this system because of

> the needs to manage the pilgrimage and its revenues and to win over the Hijazi notables, as well as the Muslim World at large, who were apprehensive about the arrival of Abd al-Aziz and his "Wahhabis," as the Ikhwan were known in foreign circles.[51]

He had no intention either to keep or develop the semi-parliamentary system that was inherited in al Hijaz and first introduced to the Arab Peninsula, in general, or Saudi Arabia, in particular. However, the system was ended as it began in al Hijaz during Sharif Husayn's rule, except of course, education which spread widely through all Saudi Arabia. The second point of our analytical discussion is the thirty years of war that blockaded all possible early Saudi development.

Second Point: Thirty Years of War and Early Tension Between al Hijaz and Najd

The previous discussion disclosed how the complementary nomadic-Hadar subsistence economy was interrupted from 1902 to 1930. Not only did the antagonistic forces keep a large percentage of the population out of production, but the Bedouin settlement program was unsuccessful. The removal of

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[51]Ibid.

the Bedouin from a pastoral economy contributed a great deal to the critical socioeconomic situation that the country went through from the start of this century until the discovery of oil in the late 1930s.

The country was definitely poor. It had also emerged from thirty years of war and experienced severe drought and epidemic disease during the first quarter of the twentieth century. In brief, al-Rashid said the Kingdom "had few economic resources and is of such a nature that it can be but little developed."[52] So the State depended heavily on the al Hijaz pilgrimage income to meet its expenses in other parts of the Kingdom. Consequently, this created antagonistic and separatist feeling among the Hijazis toward the central government, as portrayed by a well know Hijazi merchant who "complained of the financial exploitation of the Hejaz by the central government and indicated that the party to which he belongs has a separatist policy."[53]

Apparently, the Hijazis' negative attitude toward the government and the Najdis in general was coupled with the Najdis' jealousy toward the Hijazis' educational and social achievements. In fact, as previously mentioned, al Hijaz was

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[52]Ibrahim al-Rashid, ed., The Consolidation of Power in Central Arabia Under Ibn Saud, 1925-1928, vol. 2, Documents on the History of Saudi Arabia, (Salisbury, North Carolina: Documentary Publications, 1976), 233.

[53](Sd) Sir Reader Buller, British Legation, Jeddah to F.O., No. 78.(875/287/14), 25 April 1938, P.O. 905/57/ 046655, Confidential.

more socially advanced than other parts of the country. Because of the educational advancements, top officials, as well as low-paid employees, from al Hijaz filled the government positions.

Furthermore, the situation was aggravated because of the rising contradictions between the two brothers, Princes Saud and Faysal, who, as viceroys, ruled al Hijaz and Najd provinces on behalf of their father, the King. As a result, "the country is divided into two emirates, Nejd--(Emir Saud)--Hidzaz--(Emir Feisal)"[54] The struggle between the two brothers lasted for a period of time and took various forms. Finally, "in 1964 Faisal ascended the throne in place of his deposed brother,"[55] Saud, who had succeeded his father in 1953.

Conclusion

In summary, the old conflict between the nomads and the Hadar was eventually replaced by the new antagonism rising between the Hijaz and Najd provinces in the late 1920s. This condition held firmly until the oil economy began to shake up the traditional economy from the mid-1940s on. It was the oil

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[54]Report on a Visit to El-Hijaz, Saudi Arabia, FO 905/57 046655 Public Record Office, London, by Lieut, D. R. W. G. Charlton, 8th Hussars, APRIL/MAY 1938.

[55]Richard F. Nyrop, ed., Saudi Arabia, a Country Study, (Washington, D.C.: United States Government Printing Office, 1985), 3.

economy, which is a strength to the unionism among all Saudi provinces, that promoted one strong central government.

Moving from this point, one can argue that the oil influx closed the inherited egalitarian relations. At the same time, oil introduced a new phenomenon, which apparently changed the whole social pattern. A new class structure was introduced to Saudi society. The rest of this study will investigate that structure.

CHAPTER 3

CLASS AND CLASS STRUCTURE IN SAUDI ARABIA

Before the oil influx it had been said that, as previously mentioned, the Middle East has often been represented as an area in the world where one cannot speak about classes and where class analysis is least relevant. Hanna Batatu, author of The Old Social Classes and the Revolutionary Movements of Iraq, has a completely different idea than that held by most Western scholars about Middle East class composition. He points out that

> it has often been maintained that the classic sociological class analysis . . . is inapplicable to Arab societies, or that in Arab societies there are no such things as "classes." This is a generalization apart from the evidence, at least as far as post-World War I Arab societies are concerned.[1]

Saad Eddin Ibrahim narrowed the conceptual sense of class as originally introduced to the Arab world by stating that penetration to northern Arab states bordering on the Mediterranean paved the way for some degree of class development as early as the mid-19th century. For the southern Arab states including Saudi Arabia he added:

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[1]Hanna Batatu, The Old Social Classes and the Revolutionary Movements of Iraq, (Princeton, New Jersey: Princeton University Press, 1978), 5.

> Except for the Holy places in Hijaz and strictly military or trading outpost, the bulk of the population in the southern-tier countries did not come into contact with the outside world in a sociologically significant way until the middle of this [20th] century. None of the social and economic processes that Western penetration triggered in the north a century earlier took place in the southern tier. As a result of this time lag their social formations remained less differentiated and mostly tribalistic well into this century.[2]

In more specific terms, Lipsky declared that the "Saudi Arabian town, until the recent emergence of a new middle class, possessed what was basically a two-class system with a political and economic elite above the poor class."[3]

When discussing the class structure of Saudi Arabia, especially within the first half of this century, one should bear in mind the material scarcity of the country. Also, one should not forget that until the second half of the twentieth century Saudi Arabia maintained an elementary agricultural and pastoral subsistence economy. Such an economy is more likely to produce a stratification order other than social class in the sense that class is understood in the West.

In more specific terms before oil exploitation, Saudi society was more likely to fall into three social categories: (1) pastoral nomads who looked down on the villager-peasant, (2) the villager-peasants who scorned the nomads, and (3) the townsmen (merchants) who looked down on both groups. In other

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[2]Saad Eddin Ibrahim, The New Arab Social Order, (Boulder, Colorado: Westview Press, 1982), 151.

[3]George A. Lipsky, Saudi Arabia: Its People, Its Society, Its Culture, (New Haven, Connecticut: HRAF Press, 1959), 87.

words, noble and ignoble birth came before wealth. As Lipsky in the early 1950s noted about the Saudi village which, to a certain degree, was applicable up to the 1960s to the society as a whole:

> Life is very similar for all cultivators and herders, there is little class distinction in the Western sense, but there are differences in individual status. A man's status depends upon his ethnic group, occupation, religion, age, lineage, reputation, and wealth. Even though the lowly artisan tinker, smith or slave may be wealthier than a nearby Arab cultivator of noble tribal religion, he remains lower on the social scale.[4]

However, having in mind Saudi traditional stratification as mentioned above, it may strengthen the following discussion to bring to light a brief summary of the Arab historical experience of power and property before going any further.

Power and Property in the Early Arab State

In both the past and the present, Arabs showed a separation of power from ownership. However, presenting some historical background at this point may enlighten the discussion about Arab contemporary social change and how the leading forces for social change came about. It is also meant to lay the groundwork for showing the significant differences between the ruling forces of advanced western nations and those of developing Arab societies, especially Saudi Arabia.

Here what needs to be fully understood is that separating power from property is not really something new,

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[4]Ibid., 83.

particularly to the Middle Eastern societies in general, and not to the Saudi State, in particular. The political power in Saudi Arabia, however, is not vested in the wealthy segment of the upper class, and the new middle class is not ruling in Saudi Arabia either. So, the pertinent question is, who are the rulers?

Before answering the question it is worth explaining that whoever ruled the Saudi domain in the past, or the Kingdom at present, was enabled to do so by qualifications other than wealth. Just as it is commonly held among Middle East analysts that contrary to the modern western experience of wealth leading to power, ruling in the Middle East is almost always the bridge to wealth. Thus, in the case of Saudi Arabia, a combination of inherited status in addition to recently acquired wealth enabled the royal family to absolutely rule and control the upper echelon of the government.

Now, returning to the question -- who are the rulers in Saudi Arabia? The answer, of course, is "the people at the top of the Saudi political system are members of the royal family."[5] Though they are few in number, they are considerably wealthy, mainly because, as the "controlling government in the Middle East, it also comes to own or control

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[5]Enver M. Koury, The Saudi Decision-Making Body: The House of Al-Saud. (Hyattsville, Maryland: Institute of Middle Eastern and North African Affairs, 1978), 22.

the countries' largest and most significant means of production."[6] In the case of Saudi Arabia, this refers to the control of oil production. The main point then, is that the Arabs history in particular is rich with both joint and separated experiences between power and property. But ownership by itself has never been the determining factor of rule in the Middle East, so far, including the Saudi system.

Although it rarely mentioned the upper class or defined its membership and only briefly took cognizance of the lower class, S. D. Goitein's study of Islamic history and institutions found the middle class of early Islam worthy of special study.

> This class developed slowly during the first hundred and fifty years of the Muslim era, emerged into the full light of history at the end of the second century, became socially "admitted" during the third and asserted itself as a most powerful socio-economic factor during the fourth. However, it never became an organized body and, as a class, never obtained political power, although many of its members occupied first and second echelons in the state.[7]

Goitein noted that "how extremely specialized the economy of the Middle East was in those days, and secondly that in early Islamic times, it was predominantly merchants who were

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[6]Manfred Halpern, The Politics of Social Change in the Middle East and North Africa. (Princeton: Princeton University Press, 1963), 59.

[7]S.D. Goitein, Studies in Islamic History and Institutions. (Leiden, Netherlands: E.J. Brill, 1966), 218.

engaged in the development of the religious science of Islam."[8]

However, in the Early Islamic era, the middle class had within it knowledge seekers, as well as contributors to science and literature. These individuals maintained professional careers, but mainly worked independently of the state. In the preceding passage, notice how Goitein declared that the middle class occupied the first and second echelons in the state, but he made it clear that as a class it never obtained political power. The remarkable science and literature that has been translated from early Arabic Islamic history was mainly translated from Greek, Persian and other languages. This possibly occurred,

> Because in the third, fourth and fifth centuries of Islam there developed a broad and affluent middle class, which had the means, the leisure and the ambition to acquire knowledge and with it, social status. The extraordinary role of this middle class was the outcome of a many-sided historical process which cannot be described here.[9]

Who, then, ruled during this flourishing era of middle class development? The answer, in brief, is that twenty-seven years after the Prophet Mohammad's death, four caliphs were elected by Islamic Arab Elites. After the fourth caliphate (Ali), the reign was seized by the Umayyad Clan, who later passed it on to the Abassis Clan. The latter obviously held

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[8]Ibid., 221.

[9]Ibid., 64. For more information about stratification, see also Gustave E. Von Grunebaum, Medieval Islam. 2d ed. (Chicago: University of Chicago Press, 1953), 171-173.

the throne until the Arab world was divided into several parts under medieval Islam.

Interestingly, the "ruling clan" has been in domination almost four centuries--divided between the Umayyads and Abassids Clans.[10] Throughout this period, the throne either passed from father to son or from brother to another within the same ruling clan. In the meantime, the "ruling clan" was always headed by an "autocratic ruler who was praised as God's shadow on earth and as the very incarnation of justice, although he very rarely, if ever, lived up to this ideal."[11]

State, Property and Class

An essential point that needs to be addressed before moving further into a discussion of class structure is the dominant nature and type of proprietorship which existed in Saudi Arabia during the research period. What is most unique about the Saudi state is that all Islamic states in modern times, except Saudi Arabia, are ruled by designated constitution. However, the proprietorship that exists today in the Saudi state is rooted in Islamic law born in the seventh century and later revised in the eighteenth century by the Islamic preacher, Mohammed ibn Abdul Wahhab, who made

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[10]It is interesting to point out that the Umayyad and Abassid Clans both came from an aristocratic background. Before Islam, both families were distinguished and shared a major part in ruling the city-state of Mecca.

[11]Goitein, Islamic History, 242.

an alliance treaty with a najdi town-state ruler named Mohammed ibn Saud in 1745. This treaty laid the cornerstone for the Saudi ruling house.

Property

So, as far as ownership is concerned in Islamic law,

> the Arabs accepted and followed the Shari'a precept that everything on the earth belongs to Allah and his people are his representatives who share the utilization of what had been found. The Imam in the past, the Sultan later, and the King now is the qualified representative of the community, who has the authority of controlling community proprietorship.[12]

Islam respected and protected unlimited private ownership. But, at the same time, it preserved a type of communal (Musha') property. As the Islamic messenger Mohammed pointed out, all Muslims are partners in three things: water, pasture, and firewood. Until recently the large proportion of the Saudi population were roaming pastoral tribes where "the basic family unit owned livestock, while the tribe owned land and water rights."[13]

However, the type of proprietorship in the sedentary part of Saudi society is more complicated than in the nomadic situation. Four types of proprietorships that originated in Islamic Shari'a [law] still exist and are maintained by the state; they are as follows: Private, Musha' or communal

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[12]Hassan H. Hajrah, Public Land Distribution in Saudi Arabia, (London: Longman Group, 1982), 15.

[13]Ibid., 14.

property (especially land), Waqf (endowment for religious purposes), and Public Property.

As for land proprietorship, Islam

> restored the old principle on which land ownership on earth was established. When human beings began utilizing the world the principle which was followed was that a land was used, reclaimed or made utilizable by a person, then he would have priority in its use.[14]

Evidently, the principle of owning land by reclamation or utilization was determined by the state authority. Thus 80 percent of what used to be nomadic tribal territory became public land at the birth of the Kingdom. In the mid-1920s, after Abdul Aziz conquered "a number of rival tribes, he decided, to 'nationalize' their territories, to appropriate them by converting them into mira[15] lands."[16]

In addition to confiscating the land, the Saudi state preserved the right of utilizing all natural resources discovered in the land and sea for the general welfare. Islamic law states that the state "is the only legal agency that has the right to own such resources of the nation."[17] Consequently, the combination of the two aforementioned

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[14]Ibid., 4.

[15]literally "princely territories," in fact, "national territories."

[16]Ghassane Salameh, "Political Power and the Saudi State," MERIP Reports, no. 91 (October 1980): 10. See also Hajrah, Land Distribution, 18-19.

[17]Abdurahman A. Kurdi, "The Islamic State: A Perspective of the Islamic Holy Revelation," (Ph.D. diss., University of Arizona, 1983), 218; see also Hajrah, Land Distribution, 22.

Islamic doctrines gave the State the right to confiscate the land and exploit the natural mineral resources. This turned out to be the secret power of the Saudi state of today.

State

It may well be agreed that the Saudi state integrated into the world capital system as early as oil discovery in the late 1930s. Today, all mineral resources, including oil, are controlled by the State, making it the major agent for all kinds of business activities in the Kingdom.

It is interesting to note that the Saudi state at the present represents a unique pattern among the peripheral countries. It is, on the one hand, a free enterprise country, yet wealth is mostly controlled by the State. But in the final analysis it suitably falls into the "rentier"[18] pattern, where the state by concession(s) allows foreign agent(s) to develop the nation's natural resources with the state receiving a designated proportion of the revenue; though ARAMCO, which is the largest oil company, is now entirely owned by the Saudi government, all management affairs are still in American hands. In peripheral oil producing countries, the state may gain enormous wealth, enough to change the superstructure, including class composition; but indigenous producing forces may remain as though they were

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[18]For more information, see Monte Palmer, et al, "The Behavioral Correlates of Rentier Economies: A Case Study of Saudi Arabia," in The Arabian Peninsula, ed. Robert W. Stookey, (Stanford: Hoover Institution, 1984), 17-36.

undeveloped. The Saudi state is a striking example. To date (1986), almost all sophisticated technology and about 60 percent of the labor force are imported. Rentier economics and the State's dominant role in Islamic Saudi society pose a critical question about the inequality of class structure.

Class

This inequality of class structure is discussed in Islamic teachings, which state that all mankind, not just Muslims, descended from one set of parents. Accordingly, this make all who follow the Islamic sanction equal before God. As stated in the Qur'an,

> Mankind! We created you from a single (pair) of a male and female, and made you into nations and tribes, that ye may know each other not that ye may despise (each other). Verily the most honored of you in the sight of God is (he who is) the most righteous of you.[19]

Having righteous individuals within the tribes and nations as revealed in the above verse does not exclude economic inequality which may exist among people in the world. As another verse illustrates, differences such as wealth are bestowed by God to some men, while for others mere sustenance is a difficulty, "God has bestowed His gifts of sustenance more freely on some of you than on others: those more favored are not going to throw back their gifts to those whom their right hands possess, so as to be equal in that respect."[20] To

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[19]Abdullah Yusuf Ali, The Meaning of the Glorious Qur'an (Beirut: Dar Al-Kitab Allubnani, 1934) 2:1407.

[20]Ibid., 1:675.

this is added the following verse, which clearly indicates gradations and social stratification in Islamic community, "It is we who portion out between them their livelihood in the life of this world: And we raise some of them above others in ranks, so that some may command work from others."[21]

As previously discussed, social stratification found in early and later Islamic societies has a solid basis from an ideological sanction in the Qur'an, even though the law of inheritance in Islam plays a role in distributing accumulated wealth and diffusing properties among a large proportion of individuals. As Batatu noticed:

> The phenomenon of the extremely small proprietor was the direct effect of the Islamic law of inheritance which incidentally, by its repeated dispersal of large property, had persistently made for the political weakness of the "aristocratic" class in the history of Iraq.[22]

In closing, one can easily argue that the class roots of Saudi society are inherited from an Islamic tradition. And, without doubt, oil wealth has enabled the Saudi State to foster the nouveau riche class, which will be discussed in the next chapter. Clearly, the Saudi "government hopes to encourage the private sector by accomplishing planned intrastructural projects and by providing other economic and

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[21]Ibid., 2:1330-1.

[22]Batatu, Old Social Classes, 55; for more information see Kurdi, "Islamic State," 208-9.

financial incentives."[23] Furthermore, the second basic strategy of the Saudi Fourth Development Plan (1985-90) is to adopt a strong policy to give the Saudi "private sector the opportunity to undertake many of the economic tasks of the Government, while the Government would not engage in any economic activity undertaken by the private sector"[24] at any time.

In this respect Mansour Hussein Omar compared the Saudi government with the Japanese government's role in the early stage of development by clearly saying that

> The role of the Saudi public sector in helping the country's industrialization is similar to that of the government of Japan, which helped the private sector when the country started industrializing (in the late nineteenth and early twentieth centuries). The Japanese government at that time was directly involved in the establishment of the country's new industries and then later sold them to the private sector when they became strong enough to stand on their own.[25]

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[23]Anwar Shabon, The Political, Economic and Labor Climate in the Countries of the Arabian Peninsula (Philadelphia, Pennsylvania: Wharton School Industrial Research Unit, University of Pennsylvania, 1981), 31.

[24]Kingdom of Saudi Arabia, Ministry of Planning, Fourth Development Plan Strategy (1985-1990), (Riyadh, Saudi Arabia: [The Ministry], 1985), 3.

[25] Mansour Hussein Omar, "The Discovery of Oil and Its Impact on the Industrialization of Saudi Arabia: A Historical Analysis," (Ph.D. diss., University of Arizona, 1973), 163-4.

The Western Concept of Class

Alan Dawley pointed out that no event in Western history had a more massive impact on class than the Industrial Revolution. He stated that, "like the upward thrust of a mountain range, it formed a great continental divide across the streams of history, causing the past and the future to flow away from one another down the opposite slopes."[26] The last two centuries, therefore, witnessed a great flow of social analysis by Western theorists, who contributed massive amounts of literature in an attempt to explain not only the past and present history of social class but to anticipate its future developments as well.

This vast literature on class structure and class emergence throughout industrial history has raised a pertinent question about class definition with the inception of the industrial revolution. Ralf Dahrendorf stated:

> With the industrial revolution also, the history of the concept of class as a tool of social analysis began. Earlier, the concepts of "class" and "rank" could be interchanged as by Ferguson and Millar, indeed, that of "rank" could be preferred. The superficial observer at least was above all struck by "distinctions of rank" in late feudal society. In the emerging industrial society, however, rank and social position gave way to much cruder distinctions. As capital, property became transformed from a symbol of rank to an instrument of power growing steadily in strength and effectiveness. Much as nobility and small independent peasants might resent it, both became witnesses and victims of the disappearance of an old and the emergence of a new social order, before which

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[26]Alan Dawley, Class and Community. (Cambridge, Massachusetts: Harvard University Press, 1980), 5.

> all well-tried categories of understanding and an explanation failed."[27]

In other terms, as early as the last half of the 18th century, as the European socioeconomic system developed and the industrial revolution transformed the majority of the independent producers into wage-earners, the class of the capitalist and that of the working class made their appearance in Europe.

Karl Marx made class the central concept in his analysis of modern, capitalist society, as well as his conception of social change. Though many western theorists have criticized his formulations, most of what has been said in the social sciences about class is in response to Marx. Perhaps the most influential non-Marxian theorist has been Max Weber, who nonetheless agreed with Marx that "'property' and 'lack of property' are, therefore, the basic categories of all class situations."[28] Weber defined class, therefore, in terms of economic relations:

> We speak of a 'class' when (1) number of people have in common a specific causal component of their life chances, in so far as (2) this component is represented exclusively by economic interests in the possession of goods and opportunities for income,

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[27]Ralf Dahrendorf, Class and Class Conflict in Industrial Society (Stanford: Stanford University Press, 1959), 4-5.

[28]Hans H. Gerth and C. Wright Mills, eds., From Max Weber: Essays in Sociology, (New York: Oxford University Press, 1946), 182.

> and (3) is represented under the conditions of the commodity or labor markets.[29]

In this definition, however, Weber saw class as only one component of stratification; the others are status and party. Status, according to Weber, is that "every typical component of the life fate of men that is determined by a specific, positive or negative, social estimation of honor."[30] And by party(s), Weber referred to them as living "in a house of power, where action is oriented toward the acquisition of social 'power,' that is to say, toward influencing a communal action no matter what its content may be."[31] It is Weber's concepts of class and status that are useful for this study. Weber clearly recognized that:

> When the bases of the acquisition and distribution of goods are relatively stable, stratification by status is favored. Every technological repercussion and economic transformation threaten stratification by status and pushes the class situation into the foreground. Epochs and countries in which the naked class situation is of predominant significance are regularly the periods of technical and economic transformation. And every slowing down of the shifting of economic stratifications leads, in due course, to the growth of status structures and makes for a resuscitation of the important role of social honor.[32]

Furthermore, just as class can be denoted

> as an aggregate of individuals who thus share the same class situation . . . A status group is a

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[29]Ibid.

[30]Ibid., 187.

[31]Ibid., 194.

[32]Ibid., 193-4.

> number of individuals who share the same status situation. Status groups unlike classes are almost always conscious of their common position.[33]

But class and status do not operate independently, but always influence one another.

Weber's analysis of social stratification has made it clear that status phenomenon in any society is always reduced by economic advancement. But status can also affect class:

> In the past the significance of stratification by status was far more decisive above all, for the economic structure of the societies. For, on the one hand, status stratification influences the economic structure by barriers or regulations of consumption, and by status monopolies which from the point of view of economic rationality are irrational, and on the other hand, status stratification influences the economy very strongly through the bearing of the status conventions of the respective ruling strata who set the example.[34]

However, Saudi Arabia is not, or at least not yet, an advanced society, and its history is not that of the Industrial Revolution of the West. As capitalism integrates globally, the Western capitalist nations are the core of the global system, others are on the periphery. This recent formulation - core, semi-periphery, and periphery--has suggested a pattern of both similarities and differences in class structure between core and periphery. An examination of such differences is essential in laying a groundwork for a later analysis of Saudi class structure.

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[33]Anthony Giddens, Capitalism and Modern Social Theory (New York: Cambridge University Press, 1971), 164, 166.

[34]Gerth and Mills, From Max Weber, 301.

Class Structure in Core and Peripheral Societies

Daniel Chirot in his extensive study, Social Change in the Twentieth Century,[35] developed three models intended to fit the core, semi-peripheral, and peripheral class structures. The first model of class structure is that of the core; Chirot's five categories: elite, middle class, lower middle class, working class, and agriculturalists are shown in Table 3.1.

Table 3.1
Class Structure in Core Societies

Elite	Major controller of capital (big industrialists. Bankers, financiers, owners of the largest enterprises)
Middle Class	Proprietors of enterprises, managerial and professional groups, supervisory white collar employees (both private and public.)
Lower Middle Class	Lower white collar employees (mostly clerical and sales)
Working Class	Blue collar workers (manual laborers) and lower service workers (servants, janitors, etc.)
Agriculturalists	Owners and managers of farms (at the top), tenants and hired laborers (at the bottom)

Source: Daniel Chirot, Social Change in the Twentieth Century (New York: Harcourt Brace Jovanovich, 1977), 60.

[35]Daniel Chirot, Social Change in the Twentieth Century (New York: Harcourt Brace Jovanovich, 1977), 14.

For peripheral class-structure, Chirot added two more categories by separating the upper and lower-middle classes into "old" and "new" segments. The "old" categories referred to the remnants of traditional classes and "new" meant the classes introduced by the development of a modern economy and with it, a modern class structure. This is shown in Table 3.2. While for the semi-peripheral model, he clearly stated that "class structures of semi-peripheral societies were quite similar to those of some peripheral societies (the most highly developed ones)."[36] For further elaboration Chirot pointed out that peripheral societies were much more heterogeneous than core societies, and generalizations are consequently more difficult. In comparison between "developed" and "less developed" peripheral societies, two distinctive points were clearly raised. First the "more-developed" peripheral societies (with large core investments) were relatively highly involved with the World System, while others (the poorly developed) had just recently been brought into the system and had experienced only very limited core influence. The second distinctive point however, includes both the presumably independent countries and those that were legally colonies.

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[36]Ibid., 77. For better insight about the models, see Chirot's examples about selected societies, Tables 13, 15, 16, pp. 61-78, Appendix 3-1.

Table 3.2
Peripheral Class-Structure

Elite	Controllers of the land (landowners, authorities with power over the land, and-where they were present-foreign officials and investors)
New Upper-Middle Class	Westernized intellectuals, civil-service and white-collar employees, Western-oriented merchants ("compradors," both foreign and native)
Old Upper-Middle Class	Small landowners, officials of traditional pre-Western bureaucracies, the clergy.
New Lower-Middle Class	Clerical and service workers in foreign enterprises or the civil service.
Old Lower-local Middle Class	Artisans, small, non-Western-oriented merchants, prosperous peasants
New Working Class	Blue-collar workers in enclave cities and transportation networks, in the few industries, and in mines; non-agricultural servants in the enclaves.
Agriculturalists	Small peasant owners, tenants, plantation or other hired laborers.

Source: Daniel Chirot, Social Change in the Twentieth Century, (New York: Harcourt Brace Jovanovich, 1977), 64.

In direct colonies, Chirot asserts that the top elite consisted of officials from the ruling core power, while in the remaining peripheral societies there was a domestic administrative elite--but usually one that collaborated (willing or not) with core interests.

Between core and peripheral class-structures, Chirot recognized two obvious differences. First, peripheral middle classes were split between the "new" element that participated in and profited from the enclosed, core-dominated sector of the economy and the "old" element that did not. Second, the middle and working classes in peripheral societies were relatively much smaller than those in core societies, while the proportion of agriculturalists was much larger, as illustrated in Table 3.2 (and Appendix 3-1). An interesting point is made in the last chapter of his study about Third World developing countries, including Saudi Arabia: "Conservative new semi-peripheral societies, such as Brazil, Iran, or Saudi Arabia, turn out to be dubious allies of the core since their own plans for development are based on a challenge to core hegemony."[37]

Social Class in Modern Saudi Society

As late as the 1930s, no modern industry existed in Saudi Arabia. The country was economically poor and mostly isolated from the rest of the world. Oil was first discovered in 1938.

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[37]Ibid., 250.

> Only since World War II has Saudi Arabia begun to emerge from the economic isolation imposed by the hot climate and desert terrain of the Arabian peninsula. For thousands of years the economy consisted basically of autonomous clusters of people around wells and oases.[38]

In the early stage of development, Saudi industry was almost entirely limited to the crude oil industry. However, "the pace of industrialization began to accelerate in the 1960s. The average rate of growth of manufacturing (excluding oil refining and construction) was over 11 percent annually from the early 1960s to the mid-1970s."[39]

As late as early 1986, Riyadh Newspaper declared that Saudi industrial growth, had reached 2,000 firms. The source added at least 1785 are all in operation.[40] Furthermore, the volume of invested capital, enormous imported technology, and the millions of workers involved in the Saudi general development program, especially for the last twenty years, shook the old social structure.

Lipsky stated "despite the strong puritanical and conservative influences of Wahhabism, all classes of Saudi society have been subjected in varying degrees of intensity

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[38]Richard F. Nyrop, ed., Area Handbook for Saudi Arabia (Washington D.C.: United States Government Printing Office, 1977), 219.

[39]Ibid., 299.

[40]Ryhan Alharbi, "The Industrial Sector in the Kingdom Accomplishes the Highest Annual Growth," Riyadh Newspaper, 19 March 1986.

to the new social and economic forces."[41] Nyrop also noticed how the simplicity of the Saudi old society was drastically changed. New, more complicated strata arose; he pointed out that "desert democracy had vanished and had been replaced by class justice; the royal family, foreigners, and westernized administrators received treatment different from the rest of the population."[42]

As a consequence of the tremendous oil revenue, an industrialization program was implemented, and a "simultaneous increase in both social stratification and social mobility was the result of the new money flooding the country. Differences of wealth and poverty are increasing, opportunities for personal advancement are increasing as well."[43]

Down the stream of Saudi industrial development, social strata changed noticeably as urban areas expanded. While some of the traditional social groups as Bedouin and artisans were drastically diminished, others, such as entrepreneurs, a mass of wage-workers, a very rich group, and well educated skilled workers and professionals emerged.

However, at this stage of social development in Saudi Arabia, it is still not easy to distinguish sharply between

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[41]Lipsky, Saudi Arabia, 88.

[42]Richard F. Nyrop, ed., Saudi Arabia, A Country Study (Washington, D.C.: United States Government Printing Office, 1985), 34.

[43]Nyrop, Area Handbook for Saudi Arabia, 146.

status and class, because wealth still is not the only determining factor. For instance "Ulama', tribal sheiks, and military generals may not all be rich, but they all still hold a very high status position in contemporary Saudi Arabia. On the same line, compared to the expatriates who still represent the majority of the Saudi labor force, the indigenous workers are in a relatively better status position, even if they may earn less in wages.

Chirot's detailed and complex peripheral model of class structure may not quite fit Saudi class structural analysis at this stage of development, therefore, a simpler model needs to be applied.

Before that, let's contrast the concepts of class as previously discussed. Just as the Industrial Revolution three hundred years ago set all Western societies in motion, the post-World War II oil industry drastically changed the class structure in Saudi Arabia. Here one needs to bear in mind that the Western concept of class and class structure cannot be applied to Saudi society without an essential consideration of the socioeconomic background and the nascent stage of Saudi development. Contrary to the Western hemisphere, status is still a decisive factor of Saudi stratification and strongly influences the economic structure. Saudi Arabia plainly inherited the Islamic concept of class which inevitably intermixed with the class concept of the core to construct the contemporary class structure in Saudi Arabia.

As in the Western concept of unlimited property acquisition, Islam does not prohibit public ownership but encourages and never limits private property unless a monopoly or illegal means are applied for accumulating wealth.[44] In comparing the size of the bourgeoisie and the relation between wealth and power, Halpern points out the difference between the Western and Middle Eastern bourgeoisie in saying,

> The bourgeoisie of the Middle East constituted for centuries a much smaller portion of the population than its counterpart in Europe. Trade has always been uncertain, confiscation frequent, taxation heavy, inheritance fragmentive. Power led to wealth far more often than wealth led to power[45]

as experienced in Western nations. In brief, full discussion of common and different elements have to be utilized in the study of Saudi class structure.

Yet the following analysis of class structure in Saudi Arabia will examine the upper-class, the working (lower) class, and the middle class, with due attention to both traditional and new elements in each class.

And finally, Chirot's analysis of class structure in both core and peripheral societies will provide a basis for comparison with a specific case--Saudi Arabia--to reveal both its unique features, as well as those typical of a peripheral society.

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[44]Abdalhalim Awas, "Public Property Under the Light of Islamic Law," Asharq Alawsat (London), 25 July 1984.

[45]Halpern, Politics of Social Change, 46.

CHAPTER 4

UPPER CLASS

In modern times the upper stratum, which is always a small minority, owns a substantial percentage of the national wealth, including the major means of production, consequently, holding the political power and upsetting the balance of equality. In most advanced societies, this minority always is pinpointed by their sum of wealth, while in some developing countries it may be characterized by more than the measurement of its wealth. In modern Saudi society for instance, this proportion is represented by composite elements, the Saudi royal family, which owns much of the wealth and exclusively controls the political power. In other words, "at the top of the social structure the House of Saud still holds unchallenged economic and political power. . . . Below the royal group is a lower-upper class consisting of wealthy businessmen and landowners, high government officials, and the leading members of the ulama, especially the Al ash Shaikh,"[1] as well as the high ranking military officers and tribal chiefs.

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[1] Richard F. Nyrop, et al., Area Handbook for Saudi Arabia (Washington, D.C.: United States Government Printing Office, 1977), 146.

Nonetheless, complete quantitative data is not available at this stage of Saudi development in order to measure either class brackets or between classes at large. Subsequently, qualitative data will be analyzed in discussing class brackets in order to produce any possible quantitative data of use in illustrating the class point, and in satisfying the research question.

Before proceeding any further, it may illuminate the following discussion to designate Saudi upper-class elements. In doing so, the Saudi upper-class consists of: The Royal Family, the "Ulama", high government officials, high ranking military officers, tribal chiefs, wealthy businessmen (big entrepreneurs, merchants, compradors, bankers, financiers, and money exchangers), and landowners.

The Royal Family

The royal family, which, as mentioned before, still holds unchallenged economic and political power in Saudi Arabia today may not, in reality, fit the description of the traditional Arabian family regarding size. The royal family, whose exact size is unknown[2] may extend to a clan's size. However, even though it has grown to several thousand, it is still smaller in size than a tribe. In the mid-1970s Nyrop

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[2] Ibrahim Mohamed Al-Awaji, "Bureaucracy and Society in Saudi Arabia" (Ph.D. diss., University of Virginia, 1971), 119.

described the size and social function of the royal family when he said:

> The lineage descended from abd al Aziz and his collateral relatives has grown to enormous size, consisting in the 1970s of several thousand members, and has intermarried with many of the most prominent tribal groups of the country. Its members are active in all aspects of government, commerce, and industry and enjoy the perquisites of their privileged position.[3]

Exact figures of the royal family and collateral relative members were not publicly available at the time of research. Nonetheless, scattered pieces of information regarding the total number and the perquisites that each newborn of the above-mentioned families receives monthly from the state general treasury can be found here and there. However, it should be made clear that the monthly perquisites discussed here, refer only to the type of stipends earned by individuals of the royal family and its collateral relatives by birth, regardless of the hierarchical distribution which affects the monthly amount allocated. As The New York Times recently stated, "the royal family receives yearly allotments of oil revenues determined by seniority and predominance in the hierarchy. Leading tribal figures get land and benefits. Senior officials who are not royalty are rewarded for services with land and cash, and so on."[4]

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[3] Nyrop, Area Handbook for Saudi Arabia, 146.

[4] Yousef M. Ibrahim, "In Saudi Arabia Stability Rests on Loyalty to Saud Family," New York Times, 26 October 1979, sec. A, p. 2. For related information see also Ramon Knauerhase, The Saudi Arabian Economy (New York: Praeger,

However, it is important to note that except for the Prophet Mohammad and his first four Caliphates, all Arab royal families and sheiks allocate allotments for all family members as an inherited right, regardless of whether or not the individual works for the state. In modern times, the Saudi royal family is no exception. In general terms, Arab dynasties habitually held a very thin thread between the state treasury and the ruler's coffer (personal pocket). Subsequently, some dynasties disdained mercantile or any type of work in business outside of official state affairs and did not allow the dynasty members to get involved in business for two reasons. First, from a division of labor point of view, business was considered sordid work for a royal family member. Second was the fact that political power was always almost completely vested in the royal or sheik's ruling families, leaving no space for the commoner businessman to compete with royal members in this matter. For this reason, some dynasties banned their members from getting involved in business affairs so as not to alienate their subjects.

> King Abdul Aziz had always banned his family strictly from taking part in business. "There are two things which do not mix," he liked to say: "running a government and making money." A ruler should concern himself with spending money, not with the sordid business of accumulating it, and he despised the "Persian Gulf" sheiks who dabbled in

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1977), 238, and David Holden and Richard Johns, The House of Saud (New York: Holt, Rinehart and Winston, 1981), 105.

> trade. "Do not compete with the merchants," he would say, "and they will not compete with you."[5]

Later, after the death in 1953 of Ibn Saud, the founder of the third Saudi state, more and more members of the extended royal family became noticeably involved in business affairs, to a degree which allowed The New York Times to exaggerate by writing:

> Saudi Arabia is perhaps best described as the only family-owned business recognized at the United Nations. . . . Scholars say that in Saudi Arabia, the Government, in effect, works for the royal family. There are 3,000 adult males in the extended family, about 300 of whom are active in commerce and government. Sixty of them form an informal inner circle that rules the country, according to Mr. Iseman and other specialists.[6]

Furthermore, concerning the top of the upper-social class in Saudi Arabia, the political power is vested within the estimated number of the extended royal family's members. In direct illumination of the first point, the author may insert that the Saudi Kingdom "is ruled by the Royal House of Saud, a feudal monarchy that permits little political freedom, consults no parliament and limits all power to members of the royal clan of about 5,000 male princes."[7] Bligh pointed out who controls the ascendancy in saying, "the

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[5] Robert Lacey, The Kingdom (New York: Harcourt Brace Jovanovich, 1981), 305.

[6] Philip Taubman, "U.S. Aids Say Corruption is Threat to Saudi Stability," New York Times, 16 April 1980, Sec. A, p. 8.

[7] "Saudi Arabia: How True a Friend?," U.S. News and World Report, 2 April 1979, 23.

exact number of living Saudi princes is unknown, but it has been estimated at anywhere between 2,000 and 7,000. The most frequently cited figure is 5,000. Only a small minority of these can ever assume major political responsibility in the Kingdom or participate in the succession process."[8]

It is interesting to note that almost all authors who have written about the Saudi royal family discuss the movements and numbers of the princes, but do not concern themselves with the number of princesses in that family. This may be due to the lack of published information. Yet, Holden and Johns are exceptions to the rule, since they also include females in their research, thereby giving a complete estimate. "With about 5000 princes descending from Abdul Aziz, together with wives, daughters and collateral branches of the family, the House of Saud today [1981] cannot number less than 20,000 people"[9] or 3,333 households as the average Saudi family consists of six persons.[10]

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[8] Alexander Bligh, From Prince to King. (New York: New York University Press, 1984), 4.

[9] Holden and Johns, House of Saud, 14. For more information see also John Bulloch, "Saudis Close Banks Around King Khaled," Times (London), 24 April 1979, sec. C, p. 6; "The Desert Superstate," Times, 22 May 1978, 40; Abdul Aziz Rahman AlNaeam, Kingdom of Saudi Arabia, ([Riyadh], Saudi Arabia: Dar almatbuaat adowliah (International House), 1972), 29-54.

[10] Kingdom of Saudi Arabia, Ministry of Higher Education, National Atlas Committee, Population Atlas of the Kingdom of Saudi Arabia, (Riyadh, Saudi Arabia: [The Committee], 1981), 22.

In summary, most of the state wealth still stems from oil revenue which is virtually controlled by the ruling Saudi family. Joining wealth with exclusive political control places the Saudi family at the top of the Saudi upper-class or the social pyramid.

So the lower strata of the class can be divided into six main brackets that can be illustrated as follows: high government officials, high ranking military officers, tribal chiefs, the ulama, landowners, and wealthy businessmen. Each of the above mentioned brackets will be separately discussed in the rest of this chapter.

High Government Officials

The high government officials is the first bracket of the lower-upper class that came to discussion after the Royal Family. In fact, statistically, the total number of public civil employees by grade is available. But the difficulty actually lies in knowing where to draw the line between low and high government officials in order to meet the previous assumption which links high government officials with the Saudi upper class. In the Statistical Yearbook for 1981/82 (AH 1401/02), the civil employees were separated into two main categories: in-cadre and out-cadre employees. The in-cadre employees were divided into two segments. The first segment includes ministers, vice-ministers and superior grade, totalling 119, including 69 ministers. The second segment contains the bulk of the in-cadre civil employees,

which was broken down into fifteen grades (1-15) ranks, totalling 286,190. The second category, the out-cadre civil employees, is also divided into three grades (1-3 ranks), totalling 85,507 for the same fiscal year. The grand total for both in-cadre and out-cadre employees is 371,816, as illustrated in Table 4.1.[11]

The monthly base salary for the out-cadre employees lies between SR 950-1950 (3.7 Saudi Riyals are approximately equal to $1.00), while for the second bracket (1-15 ranks) in the in-cadre group, monthly base salary lies between SR 1,500-15,000.[12] Unfortunately, for the first bracket in the in-cadre category (minister, vice-minister and superior grade new cadre), data that shows the monthly base salary is not publicly available. But a knowledgeable source claimed that a minister's monthly base salary is SR 45,000 while the vice-minister and superior grade receive a monthly base salary of SR 30,000. In addition to the monthly base salary, however, the government secures a suitable chauffeur-driven car for transportation and pays for all expenses. This is not only available to the above-mentioned three ranks in the first segment, but also to the 15th grade position in the other segment of the in-cadre category. The latter receives a new

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[11] Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, Statistical Year Book. ([Riyadh, Saudi Arabia: The Department], 1982), 515.

[12] Ibid., 59.

car every three years while the rest receive one every two years.[13] Among the above-mentioned, only the ministers receive a financial allotment of approximately 600 to 1,000,000 Saudi Riyals at the time of appointment. It is called "Tahsain Maaesh" or "financial arrangement" as revealed by the previous knowledgeable source.

As shown in the previous discussion, the 15th grade of the civil employees share transportation privileges with the first segment. However, this does not make the former equal to the latter in position, since the basic differences in monthly salary are doubled in the superior grade and tripled in the case of ministers. But that is not the only difference distinguishing the superior grade, (ministers and vice-ministers) from the rest of the civil employees (including the 15th grade). The former are always appointed, promoted and dismissed only by the king's decree. Additionally, this segment has a separate "Nizam" regulation governing all of their affairs.

Accordingly, the point needs to be made that of the in-cadre and out-cadre Saudi civil employees, the minister, vice-minister and superior grade positions total 119 out of

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[13] Kingdom of Saudi Arabia, Central Service Bureau, Nizam alkhidmah almadaniah wa llawaah altanfithyah almajmoah alowla. (Riyadh, Saudi Arabia: East Publisher, 1983), pt. 1, 59.

the 371,816 governmental employees budgeted in the 1981/82 fiscal year (See Table 4.1 below). Without hesitation, they can be considered the highest government officials to fall within the lower-upper class brackets.

The most interesting characteristic that has changed over the years with regard to the Saudi civil employees pattern is the identity of high-ranking officials who come after the royal family members. As early as the late 1920s educated Arabs and some non-Arabs found an open door to high and middle-ranking government positions. Examples of this are Yusuf Yassin, Dr. Rashad Pharoan and Dr. Midhat Shaikh Al-Ard (Syrians); Faud Hamza Bey and Jamal Husseini (Palestinians); and Hafez Wahba (Egyptian) among others. Very few indigenous people outside of the royal family, of course, have ever reached high governmental positions. Examples of a few exceptions are Abdulah Ibn Suleiaman (Finance Minister), Abdullah Ibn Uthman, Mohammad Ibn Dugaithir and Fahad Ibn Kuraidis.

The situation exemplifies,

> The multinational character of immigration into Saudi Arabia, a fact which may be attributed primarily to thelarge residue of persons unwilling, or financially unable to return to their own countries after making the pilgrimage to Mecca. In a second category are those,

Table 4.1

Government Budget: Budgeted Number of Civil Employees by Grade, (1401/1402 AH) 1981-1982

In-Cadre Employees			
Grade	Monthly Base Salary	Transportation	Number of Employees
Minister	45,000	*	69
Vice-Minister	30,000	*	3
Superior Grade	30,000	*	47
SUBTOTAL			119
15	15,000	*	274
14	12,095	600	249
13	10,705	600	350
12	9,390	600	671
11	8,165	600	1,283
10	7,000	600	3,615
9	6,240	600	9,554
8	5,285	600	19,976
7	4,530	600	34,347
6	3,815	600	42,399
5	3,190	400	78,173
4	2,655	400	45,054
3	2,210	400	25,156
2	1,825	400	20,348
1	1,500	400	4,741
TOTAL			286,309

Out-Cadre Employees

Grade	Monthly Base Salary	Transportation	Number of Employees
33	1,950	400	34,862
32	1,350	400	30,722
31	950	400	19,923
TOTAL			85,507
GRAND TOTAL			371,816

Compiled Information: Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, Statistical Year Book, ([Riyadh, Saudi Arabia: The Department], various years); and Kingdom of Saudi Arabia, Central Service Bureau, Nizam alkhidmah almadaniah wa llawaah altanfithyah almajmoah alowla (Riyadh, Saudi Arabia: East Publisher, 1983) pt. 1.

*Besides a monthly salary for high grade employees, secured "transportation" includes a car, chauffeur, and all vehicle related expenses.

> particularly Arabs of Palestinian origin, who come seeking refuge, power or fortune in a country whose government has long been staffed mainly by Arabs of other than Saudi extraction. . . . Many of those who do apply do so only to facilitate ownership of land, something that is legally well-nigh impossible for a foreigner in Saudi Arabia. . . . Among those naturalized are many who may be considered as having arrived in Saudi Arabia primarily for the purpose of using their education and experience to obtain good positions in government or business.[14]

The above quote is from a restricted document that was written on November 29, 1951 by the U.S. Embassy in Jedda to the Department of State, which actually provided a very good description on how the early roots of the high government officials grew and also showed who belonged to the Saudi lower-upper class.

It is, however, important emphasize again what is generally known among scholars, particularly in the Third World: political power is always a path to gaining wealth. Here the Saudis are no exception. Later, this chapter will elaborate on how being a part of the State apparatus facilitates wealth making.

High Ranking Military Officers

Generally speaking, as with any other state, the military personnel of Saudi Arabia consists of low- and high-ranking officers. Eventually, the more difficult point is

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[14] Ibrahim al-Rashid, ed., The Struggle Between the Two Princes: The Kingdom of Saudi Arabia in the Final Days of Ibn Saud, vol. 8, Documents on the History of [Saudi] Arabia, (Chapel Hill, North Carolina: Documentary Publications, 1985), 43. See also Ibid., 118.

where to draw the line in singling out the ranks which may fit into the lower-upper class. In fact, "there were 10 grades of commissioned officers in the army, navy and air force"[15] ranging, for example, from Mulazim Thani (second lieutenant) as a first grade to Fariq Awwal (general) as the top rank in the Saudi Army. The National Guard, Royal Guard and Coast Guard follow the same ranking system.

Since Saudi Arabia is a large country with a small population (5.5-6.5 million),[16] the armed forces are also relatively small in number. Yet, military personnel in Saudi Arabia receive the highest monthly base pay in the country, in addition to certain allowances and privileges. These are summarized as follows.

> In the mid-1970s Saudi officers and enlisted men were probably the best paid of any military personnel in the Arab countries. In addition members of the armed forces and their dependents receive free medical and dental care and hospitalization at military installations, a few of which have special military hospitals. . . . All officers receive living, clothing, and housing allowances. There are also special allowances for those officers in certain positions of command or those who perform hazardous duties.[17]

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[15] Richard F. Nyrop, ed., Saudi Arabia: A Country Study (Washington, D.C.: United States Government Printing Office, 1985), 286.

[16] Ismail A. Sirageldin, Saudis in Transition. (New York: Oxford University Press, 1984), 30-34.

[17] Nyrop, Area Handbook for Saudi Arabia, 327.

Until the late 1930s, the idea of a modern army had never entered the mind of the Saudi government. In fact, the Ministry of Defense and Aviation did not come into existence until December 1944, before the end of World War II. Also, due to the state's limited finances and a high illiteracy rate, the armed forces, until the mid-1960s, were extremely limited in number and inefficient in combat.

However, after oil prices rose in the mid-1970s, the government generously started allocating a high proportion of the national income for defense and security, as shown in Table 4.2.

Table 4.2

Defense Expenditures from 1981-1984

Year	Total GDP in Billions	Defense Expenditure in Billions	Percent
1981	$153.90	$25.0	16
1982	146.18	26.9	18
1983	119.60	21.9	18.3
1984	108.45	22.7	20.9

Source: The International Institute for Strategic Studies, The Military Balance, 1985-86 (London: The Institute, 1986), 83 and Mark Heller, The Middle East Military Balance (Boulder, Colorado: Westview Press, 1984), 178.

It is striking to note that only $36.5 million was allocated for defense including installations in 1953[18] and similarly, four years later (1957), $56 million was allocated for the Saudi Ministry of Defense and Aviation,[19] compared with the billion dollar sums allocated in the 1980s.

Nonetheless, the armed forces are still not attracting enough young men because of the availability of jobs in the civil sector. In addition, women are not allowed to serve widely in Saudi society and are thus excluded from the military ranks as well. Recruiting had always been on a volunteer basis in Saudi Arabia. But since the 1970s, the need for security has drastically increased to the extent that

> Some Saudi officials, as well as outside observers, expressed the opinion that a system of conscription was needed to maintain armed forces strength at the desired level. Kings Khalid and Fahd have preferred to retain the volunteer system, and although in 1984 conscription remained a topic of conversation in the Kingdom, it had not been instituted.[20]

Out of an estimated 6 million Saudi citizens in 1983, Nyrop pointed out in his country study that approximately 1.2 million Saudi males were judged fit for army service. He added that 76,000 reach military age annually in the Kingdom.

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[18] Arthur N. Young, Saudi Arabia: The Making of a Financial Giant. (New York: New York University Press, 1983), 130.

[19] K.S. Twitchell, Saudi Arabia, 3d ed. (New York: Greenwood Press, 1969), 187.

[20] Nyrop, Saudi Arabia, A Country Study, 265.

Yet, the total number of active armed forces did not exceed 76,500 as estimated in 1984/85.[21] Other sources with more in-depth analysis used published data to calculate the Saudi regular armed forces as well as the para-military forces for the period between 1967/68 to 1981/82 and to project accordingly the growth from the latter period to 1985 applying an average of 7.8 percent. Consequently, the source concluded that the Saudi military manpower and officer corps totalled 111,300 members with 11,100 officers among them as shown in Table 4.3.

Table 4.3

Saudi Military Manpower and Officer Corps
(in thousands)

	1967	1970	1975	1980	1985
Armed Forces	36	36	47	47	69.8
Paramilitary	20	24	22.5	26.5	41.5
Total Manpower	56	60	69.5	73.5	111.3
Officers	5.6	6	7.0	7.4	11.1

Source: Mark Heller and Nadav Safran, The New Middle Class and Regime Stability in Saudi Arabia. (Cambridge, Massachusetts: Center for Middle Eastern Studies, Harvard University, 1985), 32-33.

[21] The International Institute for Strategic Studies, The Military Balance 1984-85, (London: The Institute, 1985), 69.

As expressed in Table 4.3, the officer corps is "assumed to comprise one-tenth of total manpower"[22] which is equal to 11.1 thousand officers of varying rank previously mentioned. The above table does not suggest where to draw a line between low and high ranking officers, and which of them to place in the lower-upper class. However, there is a status distinction which stems mainly from hierarchical ranking among Saudi officers. To such occasional events as the King's departure to or return from an official trip, or a reception for distinguished international or state guests, only high ranking officers are invited along with the princes and the more notable civilians.

As for accumulation of wealth, high ranking officers have open access to this and, more than others, the chance to request and obtain land tracks through royal decrees. They are free to either sell the land afterwards or in some cases to develop it. Subsequently, land donation has formed the major source of wealth for top officials including officers, especially within the last two decades.

In addition to the above-mentioned privileges, high ranking officers maintain a distinct pattern of housing among their colleagues in the newly built residential military towns. As part of the military forces' development program,

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[22]Mark Heller and Nadav Safran, The New Middle Class and Regime Stability in Saudi Arabia. (Cambridge, Massachusetts: Center for Middle Eastern Studies, Harvard University, 1985), 33.

several towns for the Saudi Army and National Guard in various parts of the country include among other things "extensive recreational facilities--in short, all of the conveniences available to civilians in major urban centers."[23]

Within the military structure, different patterns of housing exist for the Army and National Guard, revealing the distinctions by rank. As recently as 1986, Riyadh Newspaper described one of the newly completed military cities of the National Guard near Riyadh as having three types of housing. Each consisted of 4,577 units for the low ranks including the soldiers (aljunud), 492 units for the officers and 32 units for the high ranking officers.[24] In the course of an interview with King Khalid, the military city Commander Brigadier General A. Alalkhamy described the residential divisions as 1,000 mostly one-bedroom apartments, 2,540 units for unmarried officers, 180 villas for officers, and four villas for high ranking officers.[25]

There is no exact information on the number of active military personnel nor any regarding the ten grades of commissioned officers in categorical brackets. It was, however, much easier to draw the line between low and high

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[23] Nyrop, Saudi Arabia, A Country Study, 266.

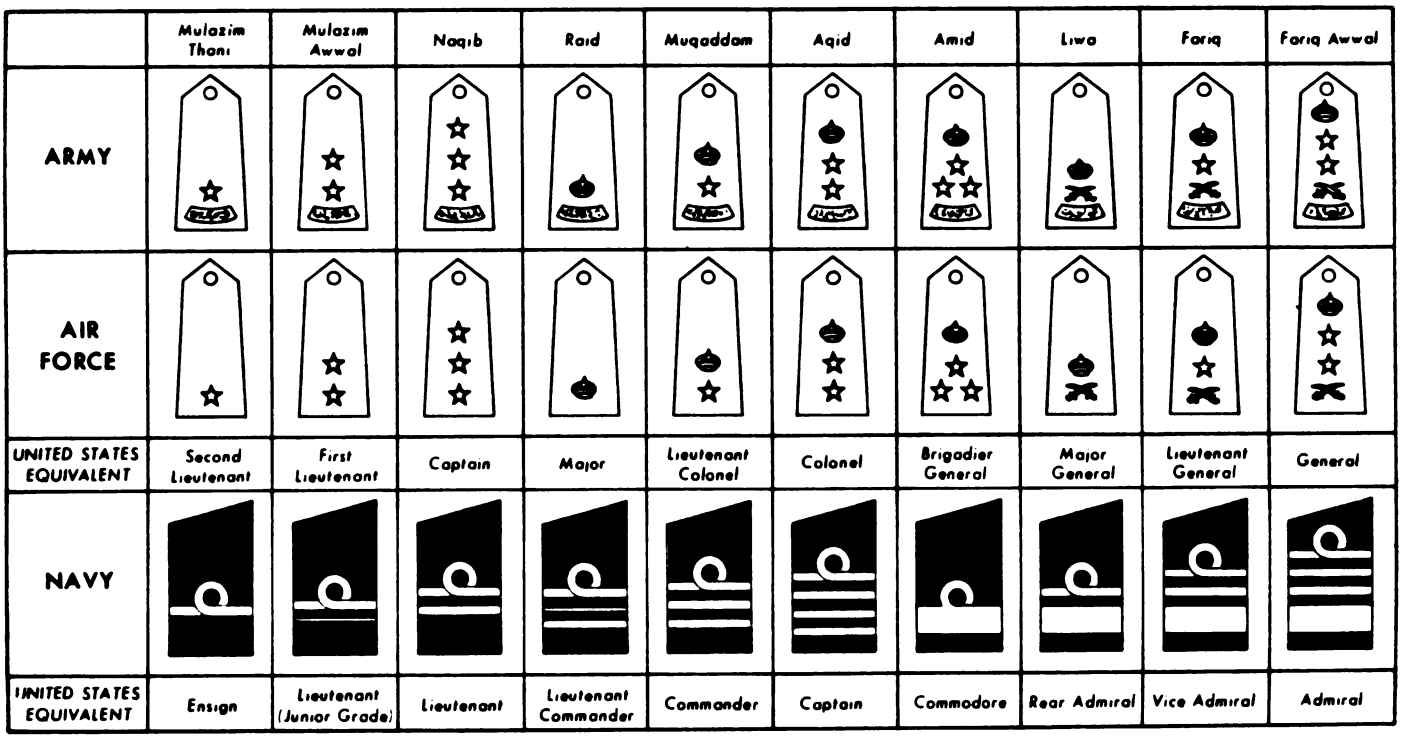
[24] "The N.G. Celebrate. . .," Riyadh Newspaper, 13 April 1986.

[25] Al-Majalla, (London), 3-9 April 1985, 14.

grade civil employees because the allotted number of each grade, in addition to the total number of government civil employees, were known. In the case of the military forces, the ten grades of military ranks are shown in Figure 4.1.

Four of the top ten grades in Figure 4.1 were selected to represent the military upper class. The specific grades--amid (brigadier general), liwa (major general), fariq (lieutenant general), and fariq awwal (general)--were chosen because they occupy key positions next to royal family members in leading positions of the military and security forces.

Though information on the total number of generals in the military and security forces is not available, a close estimate can be drawn from various data extensively discussing the Saudi military forces, from data on administrative personnel chains, and through the total number and breakdown of military and paramilitary forces, including the major units of brigades and independent battalions. Significantly, the figures on the military brigades and battalions can be used as indicators in determining the number of generals. This is possible by exploring the available positions in the military brackets. Table 4.4 presents facts on the Saudi armed forces including the number of personnel, brigades (7) and major battalion units (41).



Source: Richard F. Nyrop, ed. Saudi Arabia: A Country Study, (Washington, D.C.: United States Government Printing Office, 1985), 286.

Figure 4.1

Insignia of Officer Ranks

Table 4.4

Personnel and Units of the Armed Forces

Personnel: Military Forces	
Army	38,000
Air Force	14,500
Navy	2,500
National Guard (regular)	25,000
Royal Guards	2,000
TOTAL	82,000

Para-Military Forces	
Mujahidun (affiliated with the National Guard)	29,000
Coast Guard	6,500

Army and National Guard: Major Units

Unit Type	Brigades	Independent Battalions	
Armored	2	Artillery Battalions	5
Mechanized	2	Antiaircraft Artillery Batteries Battalions	18
Infantry	2	Surface-to-air Missile (SAM) Batteries	18
Airborne/Special Forces	1		
TOTAL	7		41

Compiled information: Mark Heller, ed., The Middle East Military Balance 1984 (Boulder, Colorado: Westview Press, 1984), 181; and Richard F. Nyrop, Saudi Arabia, A Country Study, (Washington D.C.: United States Government Printing Office, 1985), 278.

On close examination of the published literature, all indications are that brigade commander is not less than the liwa rank (major general). It is also known that a brigade consists of four divisions, each one being led by not less than amid rank (brigadier general) which means that thirty-five ranked generals already exist. Other analysts see the high ranking leading figures in the armed forces as not limited to only brigades or military cities' commands, as some observers think. But, in addition, "the country is divided into nine command areas, which serve as intermediate headquarters between the Ministry of Defense and Aviation and units in the field"[26] where nine generals serve.

As for the National Guard, the Kingdom was divided into "four area commands that provided the links between the commander of the National Guard in Riyadh and the units in the field."[27] In other words, adding the four commanding generals of the National Guard to the nine in the Army equals thirteen general-ranked officers. These can be easily added to the thirty-five ranked generals and the fifteen administrative generals occupying the next highest positions and to the princes within the chains of command in the Army, National Guard and interior security forces, (see Figure 4.2), for a total of sixty-three highest ranking officers

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[26] John Keegan, World Armies. (Sandhurst, United Kingdom: Royal Military Academy, 1979), 613.

[27] Nyrop, Area Handbook for Saudi Arabia, 320.

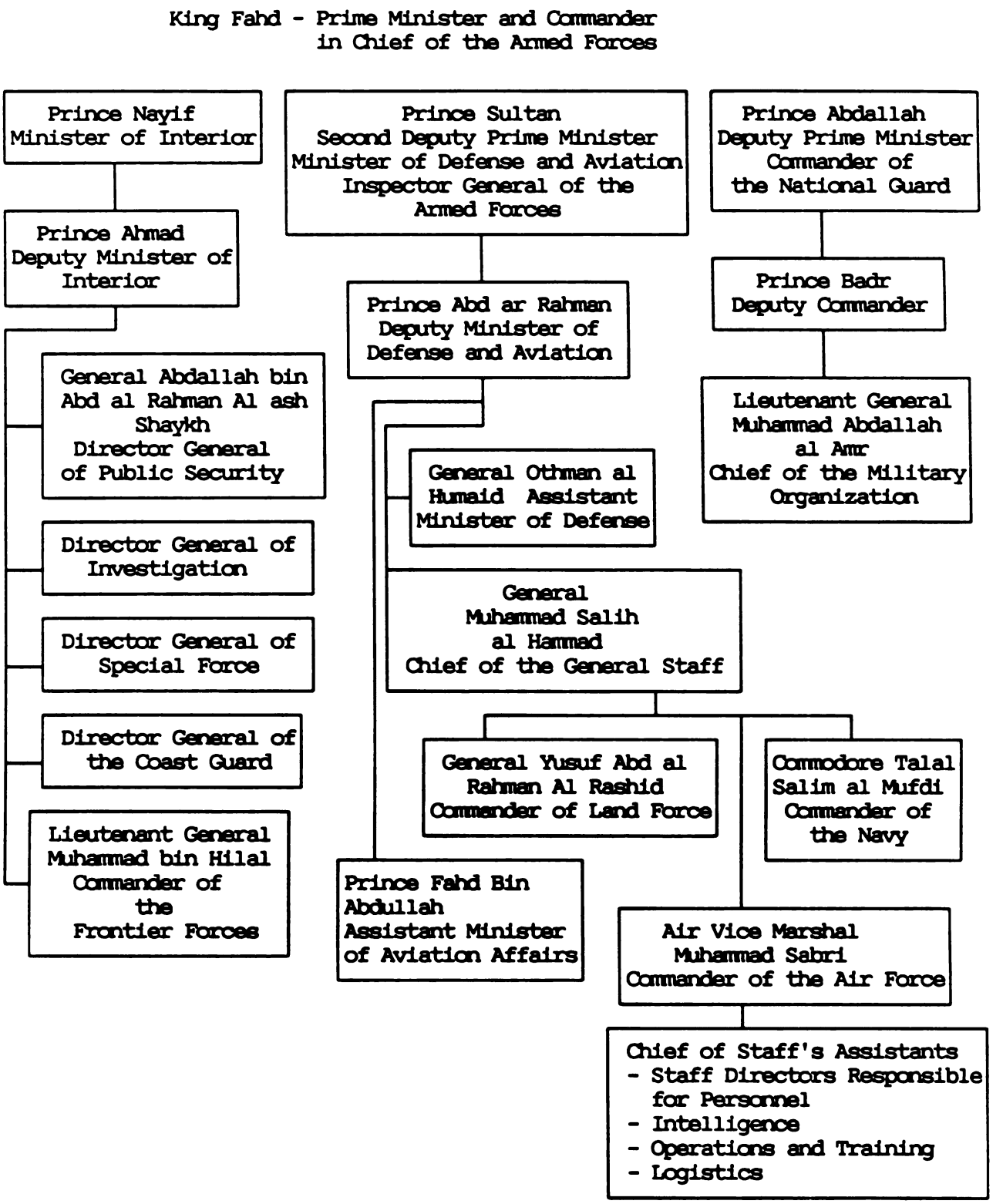

Figure 4.2

Armed Forces Command Structure

Compiled Information: Richard F. Nyrop, ed., Saudi Arabia: A Country Study, (Washington, D.C.: United States Government Printing Office, 1985), 277.

of the Saudi armed forces within the lower-upper class brackets. Moreover, it is not merely the authority granted, substantial salaries and allowances, or distinguished residences that these positions secure, but also social prestige and status as well. And given that generals have easy access to top rank officials, it is easy for them to obtain such privileges as land grants and thus generate much wealth.

Tribal Chiefs

Before proceeding further, it may be helpful to raise the following questions: are the nomadic tribes increasing or diminishing in number and how many chiefs figure into the Saudi lower-upper class?

The word "tribe" usually connotes a precise way of life. In fact, tribes maintain peculiar pastoral and unsettled lives, that is,

> They migrate almost continuously with their camels, sheep, and goats in the search for water and grazing area. The tribe remains a basically autonomous political entity which demands loyalty from its members; indeed, it is widely recognized by both government and tribe alike that governmental laws and regulations which are applicable in villages, towns and cities are not necessarily relevant nor applicable to the tribes.[28]

As recently as the beginning of the century, nomadic tribes were still quite numerous and powerful. Only by

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[28] Frank Tachau, ed., Political Elites and Political Development in the Middle East (New York: John Wiley and Sons, 1975), 167-168.

forming a coalition in the early 20th century with the strongest tribes in the central Arab peninsula was King Abd Alaziz Ibn Saud able to subjugate his rivals and reestablish the current state.

As late as the 1950s, Lipsky discussed tribal organization that still remained in Saudi Arabia. He pointed out that "approximately two-thirds of the population still continues to live a nomadic or semi-nomadic life."[29] In contrast, Islami in his book The Political Economy of Saudi Arabia, said, "In 1980, two-thirds of the Saudi population lived in cities"[30] thus transposing the population figures from two-thirds nomadic to two-thirds urban dwelling; a clear expression of the drastic change that took place during the last thirty years.

With the increase of nomadic tribes in number, wealth and power, Hajrah asserted that the time is long gone when the Bedouin represented 70 percent of the Saudi population, (which they did twenty years ago). They now represent a mere 23 percent and are diminishing in number year after year. "The immovable property wealth, the land, of tribes had

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[29] George A. Lipsky, Saudi Arabia: Its People, Its Society, Its Culture (New Haven, Connecticut: HRAF Press, 1959), 68.

[30] A. Reza S. Islami and Rostam Mehraban Kavoussi, The Political Economy of Saudi Arabia (Seattle, Washington: University of Washington, 1984), 45.

become the property of the state."[31] Keegan added, "The continuing steep decline in the Kingdom's genuinely tribal population [is] now down to a half a million."[32]

Although the State at a different time expressed mixed feelings about detribalization and bedouin settlement plans, growth and job availability in urban centers are increasingly attracting nomads to the cities. At early stages of his domain expansion Abd Al-Aziz succeeded in his settlement plan. Accordingly, more than 200 settlements (hujar) were separately established in the late 1920s as previously discussed. However, many viewed the rise of the National Guard (since its appearance in the early 1950s) as a trend away from the State policy, which meant that instead of encouraging the early detribalizing of the settlements, the State "through the structure of the National Guard provides a mechanism for maintaining tribal unity at the same time that it incorporates the tribes into its own power structure."[33]

Others, however, did not see the rise of the National Guard in its tribal formation as part of a retreating State policy. As a matter of fact, three major sedentary projects (Wadi Sirhan, Harad and Jabri) were implemented afterwards. Consequently, the State's movement to build up tribal

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[31] Hassan H. Hajrah, Public Land Distribution in Saudi Arabia (London: Butler & Tanner, 1982), 18, 35.

[32] Keegan, World Armies, 613.

[33] Nyrop, Area Handbook for Saudi Arabia, 144.

organization through the National Guard formation was seen as suitable protection for the monarchical system, which was threatened by the regular army and challenged in some of the Arab countries. In Egypt, for example, as a result of a military coup, the monarchical system was ended in 1952, in Iraq in 1958, and in North Yemen, brought down by the State army officers, in 1962. Admittedly, the task of the National Guard is to protect the monarchy as well as provide internal security for the State. As clearly stated by Nyrop:

> In the post World War II era, as Arab monarchs in other countries fell to coups and revolutions, e.g., Libya, Syria and Egypt, the Saudi royal family evidently decided that a parallel army such as the National Guard could be a form of coup insurance, but in the 1970s and early 1980s, the guard's role was expanded. It continued as the most powerful internal security force, but it has received considerably more training for the role of reinforcing the regular and armed forces in case of invasion.[34]

The preceding discussion is meant to illuminate the tribal chiefs' background within the Saudi State structure. Long before the creation of the National Guard, most of the strong tribal chiefs received annual grants from the State to win the tribes' allegiance. In time, the chiefs became totally economically dependent, their power diminishing as well as the number of their followers.

The establishment of the National Guard in the early 1950s then came as a revival of tribalism. The tribes'

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[34] Nyrop, Saudi Arabia, A Country Study, 284. For more information see also Keegan, World Armies, 613.

chiefs regained notable leadership positions among the tribal members and within the State structure. Before going any further, it is very important to point out that most of the nomadic tribes participated in the National Guard, but not necessarily all. Subsequently, the largest ones formed more than one troop. Each troop, called a liwa, consisted of 1,000 members and was led by a tribal or subtribal chief. At least in the early stages, many lesser tribes participated in the National Guard formation.

This may pose a question: How many tribes still maintain a nomadic life in Saudi Arabia? In answer to this question, in the mid-1970s Tachau said, "there are about 100 major tribes in the country with a membership of over 1,000 persons."[35] Although there was no accurate census regarding the number of tribes, Lipsky pointed out, "the exact number of distinct tribal units in Saudi Arabia has probably never been determined. Conservatively, there are probably 100 major tribes with a membership of 1,000 or more."[36]

All of the nomadic tribes of the Arabian Peninsula, split among the several states inside the peninsula, may not add up to 100. But, the two above-mentioned authors may have counted clans and divisions of large tribes as tribes. Lipsky, in his example of the largest Arab nomadic tribes (in the 1950s) pointed out the relationship between tribes and

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[35] Tachau, Political Elites, 167.

[36] Lipsky, Saudi Arabia, 68.

subtribes when he said, "the two largest are the Anazah and the Harb each numbering more than 50,000 persons and divided into many dependent tribes and subtribes."[37]

Lipsky's map (Plate 4.1) presents the tribes of Saudi Arabia. As shown on Plate 4.1, the author designated only 35 tribes leading to the conclusion that he and Tachau must have counted the subtribes as tribes to come up with the 100 major nomadic tribes of Saudi Arabia. As shown on Plate 4.2, Nyrop also failed to show more than twenty-eight tribes, some of which are still mentioned as subtribes. While there are a number of small tribes remaining which are not included on the two maps, these are still far less in count than 100.

Interestingly, stratification among tribes has, for the most part, always been attributed to military prowess, generosity, largeness of tribe, and mobility. As regards mobility, nomadic tribes are divided into camel- and sheep-breeders. The camel tribes are more mobile, making them more prestigious (aristocracy) in comparison to the sheep-breeder tribes.[38]

Accordingly, when the National Guard was established, only the chiefs of the large prestigious tribes and subtribes were appointed as leaders (amirs) within their tribal lines,

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[37] Ibid.

[38] For more information, see Lipsky, Saudi Arabia, 68-70; Hanna Batatu, The Old Social Classes and the Revolutionary Movements of Iraq (Princeton, New Jersey: Princeton University Press, 1978), 68; and Nyrop, Area Handbook for Saudi Arabia, 134-138.

Plate 4.1

Suggested Number of Tribes in
Saudi Arabia in the 1950s

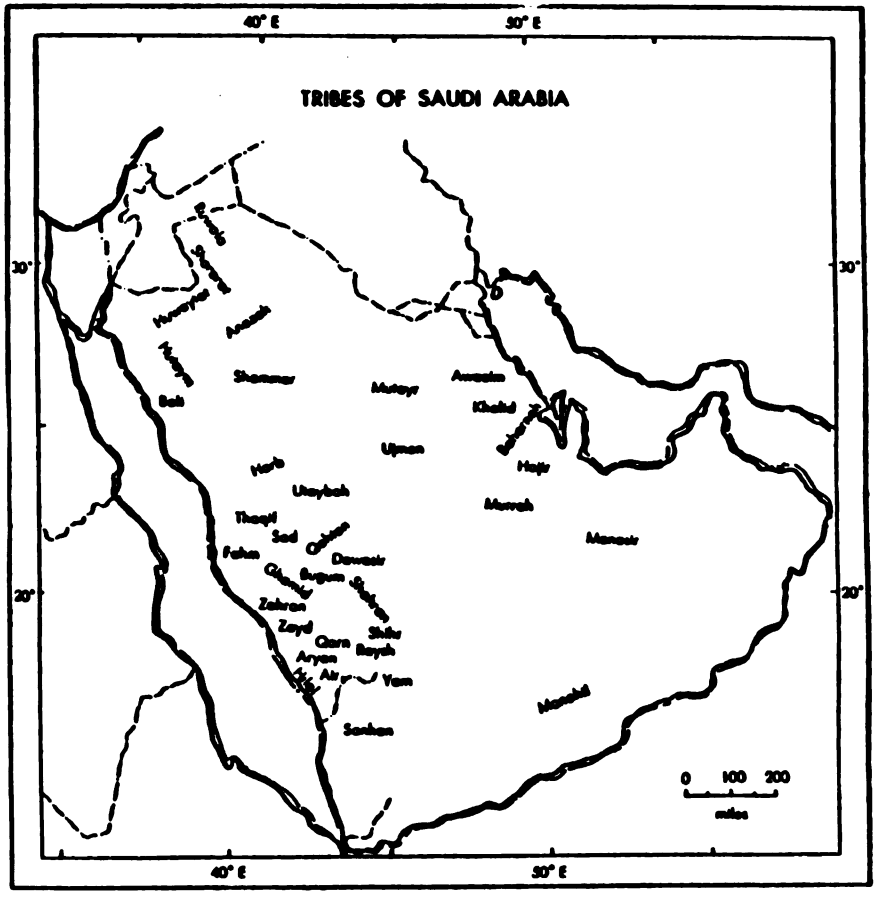
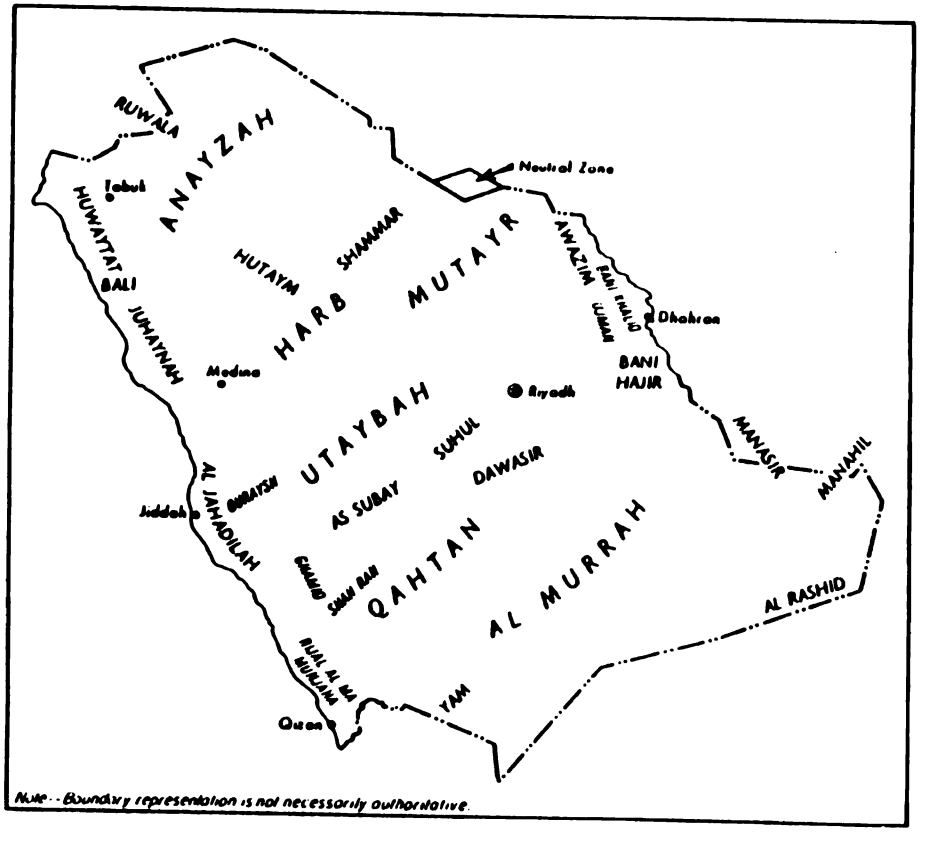


Plate 4.2

Suggested Number of Tribes in
Saudi Arabia in the 1970s



Sources: George A. Lipsky, Saudi Arabia: Its People, Its Society, Its Culture, (New Haven, Connecticut: HRAF Press, 1959) 69, (Plate: 4.1), and Richard F. Nyrop, Area Handbook for Saudi Arabia, (Washington D.C.: United States Government Printing Office, 1977) 135, (Plate: 4.2).

as previously mentioned. However, in the early 1960s, the National Guard entered a new stage. The name became the National Guard instead of 'Al Mujahidin' or the White Army.[39] The recruiting was still "from bedouin groups who owe tribal loyalty to the regime."[40] But, the young enlisted tribal sons went through a schooling (education) program that continued into the military college level.

Consequently, this has changed the old organization type into two branches: the moderate or regular National Guard branch, and the traditional or irregular branch. The moderate program for the regular National Guard went beyond tribal lines where it became a melting pot for various tribes; young men study, train and live together under military leadership. The second branch, which is the irregular or paramilitary forces, under National Guard leadership, remained within the tribal structure. The two branches,

> . . . appeared to be two national guards. The first, and most important militarily, was the active duty component that served as an additional armed force, having internal security as well as national defense responsibilities. The second was made up of the tribal battalions under the command of local shaykhs. These men reported for duty about once a month for the purpose of receiving stipends; although neither particularly well-trained nor well-equipped, they could be counted on

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[39] Al Mujahidin (religious warriors) got the name white army because they wear white robes instead of uniforms.

[40] Keegan, World Armies, 613.

to be loyal to the House of Saud if called on for service.[41]

"The exact number of the irregular National Guard (Al Mujahidin)," Nyrop said, "is not known, but they were usually under the authority of loyal tribal leaders (known as shaykhs or amirs) and were paid regularly by the government to meet one day a month."[42]

The exact number of loyal tribal shaykhs is not known either. However, a close estimate can be drawn first from the information represented in Plates 4.1 and 4.2, both designating about thirty major tribes in Saudi Arabia. Second, it is obvious that some of the tribes shown in both maps are not included among the Mujahidin troop leaders (amirs). But, there are some major tribes such as Utahbah and Harb which represent more than a liwa (a troop of consisting of 1,000 men) among Al Mujahidin's troops. Therefore, it seems that Heller's estimate of 29,000 is acceptable for the number of Mujahidin in the National Guard.[43]

Consequently, the last part of the first question raised in this section of the research concerns the possible number of chiefs of tribes that may contribute to the Saudi lower-

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[41] Nyrop, Saudi Arabia, A Country Study, 285-286. For more information see also Nyrop, Area Handbook for Saudi Arabia, 320.

[42] Nyrop, Area Handbook for Saudi Arabia, 320.

[43] Mark Heller, ed., The Middle East Military Balance, 1984, (Boulder, Colorado: Westview Press, 1984), 181.

upper class. In summary, with 29,000 members of Mujahidin, 29 chiefs (amirs) lead 1,000 men each. They are all structurally connected to the State, and at the same time the chiefs exercise power over their tribal followers. They are advantageous and prestigious individuals. They have access to wealth through their strong relationship with the royal family. Finally, the twenty-nine chiefs seem to be the tribes' contributions to the lower/upper Saudi class.

The Ulama

The term ulama, plural of alim, "refers to the collective of Islamic scholars and interpreters who have, since the early days of Islam, occupied a respectable status in the Muslim community."[44] Although a comparison between the early Islamic and contemporary ulama may be very hard to make, during the first three centuries of Islam a large community of economically independent scholarly people developed, whose main concern was the correct interpretation and strict observance of Islam. As a rule, these people did not need the government. Therefore, they could easily keep aloof from it, whenever their conscience recommended to them such a course of action.

"In later centuries when the 'ulama', or Muslim religious scholars, used to gain their livelihood mostly as employees of the government (as judges, secretaries or

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[44] Summer Scott Huyette, Political Adaptation in Saudi Arabia (Boulder, Colorado: Westview Press, 1985), 37.

professors), the situation changed fundamentally. The push for promotion inevitably lead to subservience to the rulers."[45]

From Arab/Islamic civilization of the 10th century, through the era of the Ottoman Empire, different types of Arab/Islamic rulers emerged. Many of these rulers maintained dictatorships, thus disregarding Islamic doctrine or Arab unity when constructing their empires. But, the dictatorial rulers,

> recognized that the rule of naked force is the least secure of all authority. They required an ideological justification for their power consonant with pre-Islamic and Islamic folk insistence upon the unity of politics and religion, even though they refused to accept the sharing of sovereignty implicit in this folk tradition.[46]

Yet the ulama closely integrated into the states and shortly became the ideologists of some states, rationalizing and justifying most of the rulers' acts.

In a political regard, the ulama do not necessarily represent all of the knowledgeable, religious and Shari'ah interpreters. But, besides their knowledge, they have almost always had a social base. Just as Halpern said:

> The minority of ulama who counted politically--the Muftis appointed by the Sultan to issue formal interpretations of the Shari'a, the Kadis who not

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[45] S.D. Goitein, Studies in Islamic History and Institutions (Leiden, Netherlands: E. J. Brill, 1968), 212. See also Manfred Halpern, The Politics of Social Change in the Middle East and North Africa (Princeton, New Jersey: Princeton University Press, 1970), 15-18.

[46] Halpern, Politics of Social Change, 16.

> only pronounced legal judgement but usually also supervised urban or provincial administration, and the ulama who acted as advisors to the Sultans--almost invariably came from the most prominent families of the town or empire.[47]

The rise of the Saudi ulama and their relation to the State goes back to the mid-17th century--to the time of the alliance between the preacher Muhammad Ibn Abd Al-Wahhab and the early Saudi State founder Muhammad Ibn Saud. In a clearer sense, the ulama's role developed in the 20th century along with the emergence of the modern Saudi State.

As in early Islamic time, teaching and learning scripture as well as Islamic thought in Saudi Arabia was performed only in mosques until the mid-20th century. The ulama of Najd almost entirely centered their teachings around the Hanbali school of Islamic interpretation, once introduced to the area by the Adda'ayh preacher Muhammad Ibn Abd Al-Wahhab. From the latter descended a family attached to the State who had leadership over the ulama in Najd. This raises a very prominent point about the loss of inherited prestige that religious leaders traditionally maintained within the Islamic communities.

Al-Yassini is one of those who believed that religious leaders eventually reduced their position in the community by tying themselves to State affairs, while the State turned to them only when religious support (fatwa) was needed. He argued that,

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[47] Ibid., 17.

> The ulama were given prominence when religious legitimation was needed, and they assumed a secondary position when their stance contradicted that of the ruler or when other sources of legitimacy were invoked. As the process of territorial shaping neared completion, the ulama lost whatever limited autonomy they had enjoyed; they became paid civil servants whose status, income and general activities were governed by State regulations and objectives.[48]

However, the ulama may see their countenance for the modern Saudi State not as a retreat at religion's expense, but as a necessity at a time when,

> They could not deny legitimacy to the actualities of Islamic history lest they imply that the Community of believers had fallen away from the sacred law, and hence that the community's judicial and religious activities were void. "The concessions made by us are not spontaneous", said Abu Hamid Al-Ghazzali, the greatest of medieval Moslem theologians, "but necessity makes lawful what is forbidden".[49]

At the present time, careful observers view the relationship between the ulama and the modern Saudi State from a different angle. Many believe that the former did not give all to the State in exchange for nothing. Direct evidence to support this argument is that the Saudi ulama either control or guide four important institutions of the State, illustrated as follows: Ministry of Justice; Directorate of Religious Research, Ifta' (legal interpretation), Da Wa (preaching), and Guidance; the Directorate Committees for Commanding the Good and Forbidding

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[48] Ayman Al-Yassini, Religion and State in the Kingdom of Saudi Arabia (London: Westview Press, 1985), 67.

[49] Halpern, Politics of Social Change, 17.

Evil; and the General Directorate for Women's Education. These above-mentioned institutions are all "independent State department[s] that [account] directly to the king in his capacity as prime minister"[50] as shown in Figure 4.3.

In the early part of this century, the ulama of Najd contributed a great deal in teaching tribes (in the hajur) about Islamic religion and devotion and obedience to the State.

> When the [ikhwan] movement began to slip out of Abd Al-Aziz's control in 1927-30, they issued fataway (singular fatwa: religious pronouncement) intended to strengthen the King's position and they rallied support for the central government in the general assembly convened to discuss the escalating differences with the Ikhwan in 1928.[51]

But, even when antagonism occurred among royal family members, the ulama took sides. For example, "In March 1964 a fatwa endorsed by the royal family and the ulama reduced Saud's [deposed king] powers and his personal budget."[52]

However, this again did not go without regaining power and prestige as previously mentioned. Niblock argued that:

> The ulama's involvement in the direct admini-stration of religious education and of the legal system, together with their power to regulate public conduct through the hay'at al-amr b'il ma-ruf

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[50] Al-Yassini, Religion and State in Saudi Arabia, 70.

[51] Tim Niblock, "Social Structure and the Development of the Saudi Arabian Political System," in State, Society and Economy in Saudi Arabia, ed. Tim Niblock, (New York: St. Martin's Press, 1982), 92.

[52] Nyrop, Area Handbook for Saudi Arabia, 39.

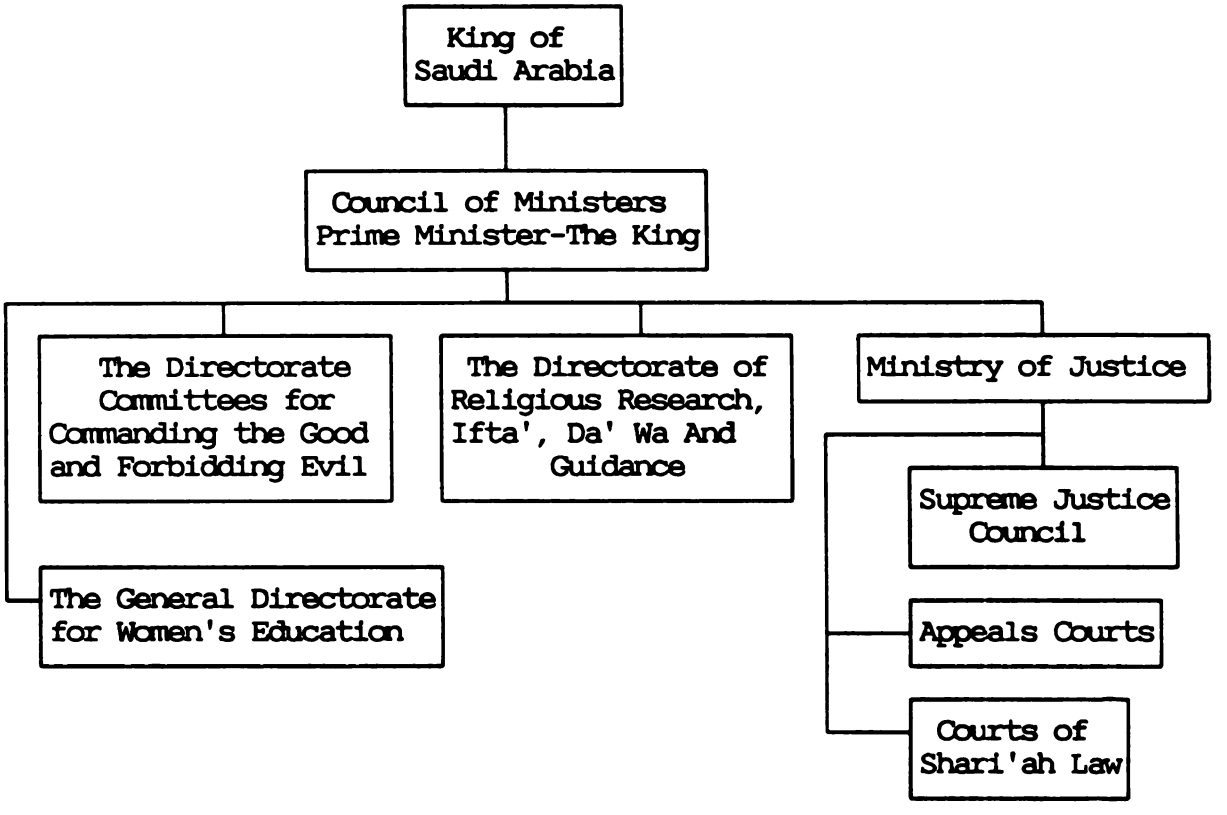

Figure 4.3

Main Institutions of the Ulama

> w'al nahi anal-munkayr (Committees for Encouraging Virtue and Preventing Vice), placed significant authority in their hands . . . while the ulama enjoyed ready access to the King's majlis they had one further and more effective channel of influence: a regular weekly meeting with the King held on Thursday afternoons, in which views were exchanged and policy coordinated.[53]

As previously mentioned, mosques were the only means in existence by which to teach religion, law and thought from the founding of the first Saudi State and thereafter. It is, therefore, logical to consider how scarce the religious educated men or the ulama were in number before the middle of this century; before the first institute of higher education was established in Mecca (1949) to teach Islamic Law (Shari'ah). Since then, several colleges and institutions, specializing in Islamic theory, preaching and law, came about to expand the number of not only educated men and women, but the ulama as well.

For more of a focus the author tried to trace all Islamic theory, preaching and law (Shari'ah), and other religious studies majors ever to graduate from Saudi colleges and universities since the first college was established in 1949, up to 1982, as shown in Table 4.5.

As shown in the table, 10,071 students in Islamic studies have already graduated from Saudi colleges and universities over a 50-year period. Eighty-five percent of the graduates from Islamic University were non-Saudi, meaning

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[53] Niblock, "Saudi Arabian Political System," 92.

that only 7,797 Saudis graduated from all Saudi colleges and universities during the designated period. Compared to approximately 50,000 graduates in all subjects during the same period, Islamic studies' graduates made up 15.59 percent of all students who graduated.

The significance of showing the higher education graduates of Islamic studies in terms of numbers is to lay the groundwork for the ulama's size and reach into the community in general and into the State institutions in particular. However, this is not to suggest that graduates of Islamic studies necessarily become a part of the ulama, who usually occupy a respectable status in society, because the ulama as a collective group of Islamic scholars in Saudi Arabia, both historically and currently, are still a rather small group.

In Saudi politics, this small group is always considered a part of "ahl alhal wa alaqd" (the decision makers), who are usually called on by the royal family regarding important matters. As one example, in the transference of power from King Saud to Crown Prince Faisal in 1964, Huyette said that "the ahl al-hall wa al-'aqd, comprised of twelve senior 'ulama and some sixty-eight members of the Al Saud gathered together to issue a formal legal opinion (fatwa) granting Faisal all authorities usually exercised by the

Table 4.5

Islamic Graduate Students Majoring in Islamic Law, Islamic Preaching, and Islamic Theory in Various Saudi Universities During the 1949-1982 Period

Institutions	Total Graduates During the Designated Period
1. Shari'ah: College of Islamic Law of Mecca's Graduates (1949-1970)	494
2. Shari'ah: Islamic Law College Riyadh Graduates (1953-1973)	1,931
3. Islamic University Total Graduates (1961-1982)	2,676*
Islamic Law	1,558
Islamic Preaching	(853)
Islamic Various Studies	(265)
4. King Abd Alaziz University Graduates (1968-1982) (Shari'ah)	1,406
5. Muhammad Ben Saud Islamic University Total Graduates (1974-1982)	3,230
Islamic Law	(2,811)
Islamic Theory	(419)
6. Umm al Qura University Total Graduates (1981-1982)	334
Islamic Law	(291)
Islamic Theory-Preaching	(43)
TOTAL (Saudis and Non-Saudis)	10,071
TOTAL (Saudis Only)	(7,797)

Compiled Information: Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, Statistical Year Book ([Riyadh, Saudi Arabia: The Department], various years) and William Rugb, "Emergence of a New Middle Class in Saudi Arabia," Middle East Journal, 27. no. 1, (1978): 11.

*Approximately 85 percent of Islamic University graduates are non-Saudis.

King."[54] More recently, when Juhayman Ibn Saif Al-Utaybi and his group took over the Grand Mosque in late 1979, before fighting them, King Khalid "convened a council of ulama to seek a fatwa (legal opinion) permitting the assault to recapture the privileged sanctuary."[55] Riyadh Newspaper, which also published the fatwa, pointed out that twenty-nine of the notable ulama had signed it.[56]

It is evident that few ulama were called on regularly by the State on important matters. On the other hand, such events showed the ulama as increasing in number. In the first event, only 12 participated with some of the royal family, while in the second event, 29 alim participated, thus indicating that the ulama are not all of the 7,797 Islamic studies graduates previously discussed. There are a few select religious scholars not participating in the day-to-day affairs of State, yet called upon regarding occasional matters. This has brought them substantially and hierarchically into the second position, next to the royal family. As Huyette pointed out:

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[54] Huyette, Political Adaptation in Saudi Arabia, 73. For more information see Ibrahim Mohamed al-Awaji, "Bureaucracy and Society in Saudi Arabia," (Ph.D. diss., University of Virginia, 1971), 120-121.

[55] R. Hrair Dekmejian, Islam in Revolution: Fundamentalism in the Arab World (New York: Syracuse University Press, 1985), 143.

[56] Riyadh Newspaper, 6 January 1980 (1400 A.H.).

> The King, as Imam and Head of State, is vested with the ultimate decision-making authority, while the family legitimates and supports his rule. The second group is the 'ulama', or community of religious leaders and scholars. Though not directly involved in the day-to-day political process. . . . They are the modern representatives of the Unitarian Movement, with which the Al Saud has been continuously allied since 1744.[57]

Assuming that the above-mentioned statements are sufficient to place the ulama within the upper class category, the next step is translating that into figures. One should, however, bear in mind that the Saudi ulama came almost entirely from large towns and cities and mainly from prominent families in the Kingdom. Ultimately, the ulama do not involve themselves personally in business doings, but they have complete access to the benefits of State wealth at all times. Evidently, the ulama's essence of capital is not, in fact, money or land, but more likely descent of lineage and specialized (religious) knowledge.

Subsequently, the State structure for the judicial system, guidance, and all related religious institutions, to a large degree affects and controls the number of religious scholars eligible for ulama status. In general, when a person talks about or officially refers to the ulama they usually mean the senior religious scholars who officially occupy a position in either the Directorate of Religious Research, Ifta', Da'Wa and Guidance, which consists of

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[57] Huyette, Political Adaptation in Saudi Arabia, 4-5.

thirteen members,[58] or occupies a position in the Supreme Judicial Council, which consists of twenty members.[59] A few other leading positions to be added to the list are the General Chief of Committees for Commanding the Good and Forbidding Evil, Director of the Grievance Court, the General Chief of Women's Education, and the Director of the Two Grand Mosques in Mecca and al Medinah. In brief, thirty-seven religious alim (scholars) fit into the Saudi lower-upper class.

Land Ownership

Land ownership in Saudi Arabia has always been small in the size of holdings and more likely was cultivated by the owners. As Chamieh said in precise terms, "There are no vast land holdings in the Kingdom. Ninety-five percent of the cultivated land is owned by those who cultivate it. The small holdings hinder the mechanization of agriculture and the use of modern techniques in irrigation."[60]

Given the large amount of land in Saudi Arabia and its small population, why are the size of the land holdings so small? In 1959 Lipsky answered the question in a general way by saying, "Of Saudi Arabia's total land area estimated at

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[58] Al-Yassini, Religion and State in Saudi Arabia, 145.

[59] Nyrop, Saudi Arabia, A Country Study, 216.

[60] Jebran Chamieh, Saudi Arabia Record of Economic Development. (Beirut, Lebanon: The Research and Publishing House, 1983), 73.

maximum of 930,000 square miles, about 358,146 square miles are pasture land, while at present only 800 square miles are arable."[61] In other words, one can say that most Saudi land is barren desert, with only a small proportion of arable land. As recently as 1983, Chamieh affirmed that "of the vast area of Saudi Arabia only 0.13 percent is cultivated, and the total area used for agriculture and forests is less than three percent. Of the estimated arable land only twelve percent is cultivable."[62] Nyrop wrote that "the lack of water is the major constraint on agriculture. There are no lakes or rivers in the Kingdom. Rainfall is slight and irregular over most of the country."[63]

In more explanatory terms, a survey done by the Ministry of Agriculture in the early 1960s showed all of the characteristics of the number of holdings by size and region, as shown in Table 4.6. The table reveals that agriculture in Saudi Arabia was mostly carried out by small farmers. Out of 70,352 holdings, 33,242 or 47.3 percent were between 0 and 5 dunums[64], and 46,903 or 66.7 percent of the total were between 0 and 10 dunums. Holdings of 100 dunums and over did

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[61] Lipsky, Saudi Arabia, 204.

[62] Chamieh, Saudi Arabia Record of Economic Development, 73.

[63] Nyrop, Saudi Arabia, A Country Study, 186.

[64] A dunum is 10,000 square meters.

Table 4.6

Number of Land Holdings by Size and Region

(Dunums)	Total	Southern Region	Central Region	Medina	Jedda & Mecca	Taif	Eastern Region	Qaseem	Northern Region
- 5	33,242	9,259	1,715	5,280	827	4,749	4,201	1,025	6,186
5 - 10	13,661	5,679	932	1,021	309	1,761	2,232	414	1,313
10 - 15	6,036	2,691	686	255	93	860	708	347	306
15 - 20	2,929	1,120	408	144	44	320	538	207	148
20 - 25	2,540	1,002	445	93	827	323	201	240	122
25 - 30	1,183	321	275	46	827	120	146	191	68
30 - 35	1,117	299	265	45	827	99	195	136	53
35 - 40	889	434	134	25	827	42	109	108	34
40 - 45	1,040	150	331	20	827	110	60	319	41
45 - 50	719	213	165	19	827	58	84	141	35
50 - 55	538	90	176	14	827	49	39	143	24
55 - 60	304	57	93	--	827	28	21	86	17
60 - 65	671	194	218	14	827	58	69	78	24
65 - 70	276	35	80	4	827	31	28	69	19
70 - 75	306	82	106	3	827	18	15	66	15
75 - 80	212	36	75	6	827	11	29	45	10
80 - 85	438	37	152	2	827	53	10	164	11
85 - 90	189	21	64	2	827	24	9	60	9
90 - 95	376	25	154	9	827	32	33	105	6
95 -100	211	34	89	5	827	20	12	42	9
100 & Over	3,475	268	1,448	29	104	319	179	963	174
TOTAL	70,352	22,047	8,020	7,036	1,501	9,076	9,098	4,950	8,264

Source: Kingdom of Saudi Arabia. Ministry of Finance and National Economy, Central Department of Statistics, Statistical Year Book, ([Riyadh, Saudi Arabia: The Department], 1966), 21.

not, in fact, exceed 3,475 and represented only 4.9 percent of the cultivated land holdings.

Just as the wide range in holdings between 5 dunums or less, and 100 dunums or more already existed, the wide difference in holdings by size among different Saudi regions existed as well, as clearly shown in Table 4.7.

Table 4.7 shows a 64-dunum average for all holdings divided among holders in different regions. However, cultivated land in all regions did not exceed 22.2 dunums per individual in the mid-1960s. But, the case was not the same for all of the eight agricultural regions. For example, comparing Medina to Qaseem in all areas of holdings showed 15.9 to 544.6 dunums on average respectively, which constituted a very significant difference.

What is equally important in relation to the above contrast among different regions and holdings size, is in knowing the farm or holding size which offers just enough sustenance to a holder and also, an explanation for the regional difference in holding sizes. Before going any further, it is very important to point out that all figures dealt with in the table come from the agricultural survey which was done in the mid-1960s. In this regard, "it is estimated that an area of 10 dunums is sufficient in most regions to sustain an average family."[65] In explaining the

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[65] Ramon Knauerhase, The Saudi Arabian Economy (New York: Praeger, 1975), 120.

Table 4.7

Size and Tenure of Agricultural Holdings in the Mid-1960s
(area in dunums)

Region	Area of Holdings		Number of Holdings*	Area Per Holding		Percent of Area Rented
	Total	Cultivated		Total	Cultivated	
Northern	326,507	104,682	8,624	37.9	12.1	0.1
Eastern	126,136	101,593	9,098	13.9	11.2	18.6
Medina	111,987	44,819	7,036	15.9	6.4	5.0
Jedda-Mecca	39,786	35,112	1,501	26.5	23.4	9.9
Taif	187,875	172,167	9,076	20.7	19.0	2.8
Qaseem	2,695,748	319,635	4,950	544.6	64.6	9.3
Central	680,274	515,128	8,020	84.8	64.2	16.4
Southern	336,213	268,711	22,047	15.2	12.2	2.2
TOTAL	4,504,526	1,561,847	70,352	64.0	22.2	9.0

*Excludes livestock holdings

Source: Ramon Knauerhase, The Saudi Arabian Economy. (New York: Praeger, 1975), 121.

difference in size of regional holdings Knauerhase traced it to unequal governmental support. The central and Qaseem regions obtained more mechanization mainly through private and government support in the two regions. Machines helped a great deal in land preparation, irrigation, and the remainder of field work.[66] In summary, introducing more technological facilities into the Qaseem region increased the cultivated average holding size to 64.6 dunums. Not having the same opportunity, the Medina region's cultivated holding stayed at an average size of only 6.4 dunums, which was below the 10-dunum average required for subsistence for an average family in the 1960s.

As more agricultural mechanization became available from the 1960s on, the demand for agricultural land increased as well. And, given the fact that the land was completely owned by the State, as mentioned earlier in this research, it became necessary for the King to delegate land distribution by forming an institution which eventually became the Ministry of Agriculture and Water. In other terms, as Hajrah pointed out, "traditional land granting in the form of Iqt'a had become a heavy burden on the Ruler, due to the huge number of bedouins and settlers asking for land grants. A new process clearly had to be devised."[67]

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[66] Ibid., 116-118.

[67] Hajrah, Land Distribution, 63.

The size of holdings, which were limited in a 1960 land distribution law (Royal Decree No. 113 of 26/11/1380 A.H. [1960]) to 1-5 hectares for individuals and 400 hectares maximum for companies, did not continue to hold at the same level. In 1968 it changed (by Royal Decree No. M126 of 6/7/1388 A.H.) to increase the holding size for individuals to a minimum of 5 hectares and a maximum of 10 hectares.[68]

Nevertheless, the ruler can authorize the Ministry of Agriculture and Water to distribute land grants in the traditional manner, thus not limited by the maximum ten hectares, as the Ministry is limited. As an example, a seven-year period of land grants, exhibited in Table 4.8, demonstrates that the ruler's grants were always one of the main sources of large land and property holdings, as shown in column 3.

As the 1970s progressed, not only did the size of land holdings increase, but the number of land-holders in the Kingdom as well. As previously seen in Table 4.6, about 47 percent of the mid-1960s holdings did not exceed 5 dunums in size. And those who owned 100 dunums and over did not represent more than 4.94 percent of the mid-1960s owners.
In the 1970s, as the Saudi Government encouraged and supported a long-term agricultural program, many more people
In the 1970s, as the Saudi Government encouraged and supported a long-term agricultural program, many more people

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[68] Ibid., 63-71.

Table 4.8

Areas in Dunums Granted According to Royal Orders
From 8/1/1384 to 8/7/1391 (1964-1971)

Area	No. of Utilizers (Beneficiaries)	Area Distributed	No. of Royal Order	Date of Royal Order
Madinah	55	8,518.7	624	8/ 1/1384 (1964)
Taif	1	27.1	20,399	26/ 8/1384 (1964)
Ha'il	1	2,880.0	15,032	15/ 7/1384 (1964)
Bishah	115	3,828.0	17,447	14/ 8/1385 (1964)
Qasim	1	250.0	17,719	19/ 8/1385 (1965)
Qasim	1	1,000.0	16,677	20/ 8/1385 (1965)
Al-Howta	1	708.0	24,879	29/10/1386 (1966)
Unaizah	1	100.0	936	21/11/1386 (1966)
Al-Hassa	1	75.0	27,647	4/12/1386 (1966)
Al-Hassa	6	400.0	3,909	24/ 2/1387 (1967)
Yanbo'a	1	10.0	12,285	22/ 6/1387 (1967)
As-Salsalah	69	5,199.0	10,668	18/ 5/1388 (1968)
Tarabah	206	2,238.2	11,808	2/ 6/1388 (1968)
Tathlith	42	652.2	19,172	10/ 9/1388 (1968)
Qasim	5	500.0	5,194	8/ 3/1391 (1971)
Qasim	2	3,250.0	9,550	29/ 4/1391 (1971)
Qasim	1	100.0	14,654	8/ 7/1391 (1971)
TOTAL	509	29,736.2		

Source: Hassan H. Hajrah, Public Land Distribution in Saudi Arabia, (New York: Longman, 1982), 79.

Table 4.9

Distribution of Holdings in the Kingdom According to the Size and Type of Tenure in 1973

Size of Holding (Dunums - 01.ha)	Owned Holdings Number	%	Rented Holdings Number	%	Mixed Holdings Number	%	Total Number	%
Less than 10	75,333	56.10	1,362	42.70	368	30.82	77,063	55.57
From 10 to less than 30	27,235	20.28	654	20.50	309	25.88	28,198	20.34
From 30 to less than 100	21,370	15.92	553	17.34	270	22.61	22,193	16.00
More than 100	10,345	7.70	621	19.46	247	20.69	11,213	8.09
TOTAL	134,283	100.00	3,190	100.00	1,194	100.00	138,667	100.00

Source: Hassan H. Hajrah, Public Land Distribution in Saudi Arabia, (New York: Longman, 1982), 82.

Incidentally, the data represented in Table 4.9 was collected in the early 1970s. It is, however, the most current data available at the time this research was conducted. Subsequently, contrasting the data in Table 4.9 with that in Table 4.6 gives a clear indication of the growth of the Saudi owners' land holdings over time. In Table 4.6, from data collected in the mid-1960s, the total number of holdings was 70,352, while the total number of holdings in Table 4.9 in the early 1970s was 134,283; a difference of 63,931. This means a 90 percent increase occurred in less than a decade.

Also, as shown in Table 4.6, slightly more than 47 percent of landowners held 5 dunums or less, while in Table 4.9, 56.10 percent of the owners possessed less than 10 dunums. Large landowners represented a very small portion of holders, i.e., 3,475 or 4.94 percent in Table 4.6, while in Table 4.9 they did not exceed 10,345, or 7.70 percent, but they actually increased in percentage as well as in number. For further comparison, it is necessary to do some simple arithmetic such as multiplying 33,242 (number of holdings that appear at the top of the lowest bracket in Table 4.6) by 5 (dunums) to come up with less than 166,210 dunums. Similarly, multiplying (also from Table 4.6) the highest bracket of 100 dunums and over by 3,475 (number of holdings), provides a figure of 347,500 dunums. The results showed that less than 5 percent (4.94 percent) of the landholders owned more than 347,500 while more than 47 percent of Saudi (small) landholders owned less than 166,210 dunums. In practical terms, this means that 5 percent of Saudi landholders owned more than double of what the 47 percent of the small holders owned in the mid-1960s.

In the same manner, in Table 4.9, 56.1 percent of the small holders owned only 753,330 dunums, while 7.7 percent of the large landholders owned 1,034,500 dunums. Substantially, this means that in the early 1970s, 7.7 percent of Saudi landholders owned one-third more than the 56.10 percent of small landholders who owned arable land.

The following points summarize the above discussion.

1. In the mid-1960s the arable land distribution between the smallest and largest Saudi landholders is exhibited as follows:
   a. Smallest landholders represent 47.3 percent of total owners and own 166,210 dunums.
   b. Largest land holders represent 4.94 percent of total owners and own 347,500 dunums.

   The ratio between the two categories is 166,210: 347,500 or 1: 2.09.
2. In the early 1970s arable land distribution between the smallest and largest Saudi landholders is exhibited as follows:
   a. Smallest landholders represent 56.1 percent of total owners and own 733,330 dunums.
   b. The largest landholders represent 7.7 percent of total owners and own 1,034,500 dunums.

   The ratio between the two categories is 733,330: 1,034,500 or 1: 1.37.

The two points directly above respond to those who argue that there is equal distribution of arable land in Saudi Arabia, among whom is Hajrah, who once said that there is "no concentration of land ownership in a few hands and the cultivated lands are remarkably evenly distributed."[69] These two points, along with the previous discussion, show that the

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[69] Hajrah, Land Distribution, 82.

majority owned less and the minority owned more of the arable land in Saudi Arabia. The discussion also singled out a small proportion (10,345 or 7.7 percent) of landowners who as of the 1970s, not only own the largest portion (more than 100 dunums), but also control more than 50 percent of the total Saudi arable land. Furthermore, this small proportion of Saudi landowners benefited the most from the government agricultural allocated incentive funds. In the mid 1970s "to enlarge expansion of farm output and improvement of farm productivity, the government administers one of the country's oldest subsidy programs. Subsidies cover a substantial portion of the cost of fertilizers and farm machinery."[70] Table 4.12 clearly disclosed that the Saudi Arabian Agricultural Bank's (SAAB) subsidization for just ten years (1973-83) surpassed SR6.6 billion in spending.

As recently as the early 1980s, Robert E. Looney who closely observed Saudi socioeconomic development interpreted the political and social powers between the royal family and Saudi businessmen by saying "in a state where the absolute monarchy dominates the system and where political and social powers are mobilized by the royal family, economic power is sought by the Saudi businessmen as a matter of fair play."[71] So that within Looney's understanding of the Saudi political

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[70] Robert E. Looney, Saudi Arabia's Development Potential (Toronto: Lexington Books, 1982), 171.

[71] Ibid., 36.

and economic power relationship the small proportion of (10,345) Saudi large landholders easily fits into the lower/upper Saudi class.

Wealthy Businessmen

With the exception of Egypt as the only great "peasant" country, Amin argued that the rest of the Arab World was basically a commercial grouping.[72] Before and during the early period of Islam, Amin added:

> The Arabs were organized to carry on large scale trade between the Eastern Roman Empire and Persia on the one hand, and South Arabia, Ethiopia and India on the other. It was the profits obtained from this trade that made possible the existence of the urban merchant republics of the Hejaz.[73]

As early as the late 14th century long before Amin, Ibn Khaldun realized that the nature of the social formations of the Medieval Arab states in North Africa was "based not on a surplus levied from the peasants of the region, but on the profits of large-scale trade."[74] However, as the course of history drastically or gradually changed, Arabs lost the traditional intermediary role that they once played in world trade. As a result of the lost trade, the peninsula Arab habitants evidently suffered the most. Among the many analysts attempting to explain the regression that led to the

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[72] Samir Amin, Unequal Development (New York: Monthly Review Press), 1976, 47.

[73] Ibid., 39.

[74] Ibid., 43.

decline of Arab civilization and the general shifting of the commercial route was Samir Amin. He pointed out several events from a series of historical occurrences that contributed to the change of the Arab role, these being

> . . . the crusades--expedition--and the shifting of the commercial center of gravity from the Arab to the Italian cities, the fall of Baghdad under the assault of the Mongols in the 13th Century, then the Ottoman Conquest in the 16th Century, the shift of Mediterranean trade to the Atlantic during the same period, and consequently the direct link Europe established with Eastern Asia and Black Africa, thereby depriving the Arabs of their traditional role of intermediary."[75]

The significance of establishing the preceding introduction, however, is to bring attention to the historical alteration that the Arab Peninsula in particular has been through--especially since the early 16th Century. Just as the geographical discoveries paved the way for European colonization to expand, the oil discovery in the late 1930s turned the wheel of history forward in Saudi Arabia, leading to the wealthy modern Saudi businessmen of today.

To facilitate the following discourse, the rest of this section will be divided into merchants, entrepreneurs, enterprisers (compradors), bankers, financiers, and money-exchangers. Within each division, a brief discussion will be given.

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[75] Samir Amin, The Arab Nation. (London: Zed Press, 1976), 82.

Merchants

Indeed, the term "businessmen" was introduced in Saudi society just after the oil discovery. Before that time, "merchants" was the term in wide use in the area which is designated as Saudi Arabia today, but also in the Arabian Peninsula as a whole.

As mentioned previously, losing the intermediary role in world trade caused the whole Arabian Peninsula, including Saudi Arabia, to become entirely dependent on the barren desert economy. It is important to mention here that the decline of the pearl industry, which constituted the main base economy of the Arabian Gulf States in the 19th and early 20th centuries, also affected the decline of the economy.[76] As a result of the international economic depression (1929) and also the production of cultured pearls,[77] the entire industry came to an end.

As an effect of a meager economic surplus, the merchants' level of wealth, until very recently, was relatively humble. The larger towns in Saudi Arabia, of which there were only a few, played the role of being economic and commercial centers for their respective hinterlands. Merchants in these centers played the role of

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[76] Mohamed G. Rumaihi, "The Mode of Production in the Arab Gulf Before the Discovery of Oil", in Social and Economic Development in the Arab Gulf, ed. Tim Niblock (London: Croom Helm, 1980), 50.

[77] Ibid., 65.

intermediary between the nomads and settled cultivators and the towns to obtain the few necessities not derived from animals or fields.[78] More specifically, those who lived along the coast and caravan routes in Saudi Arabia were more likely to engage in commercial activities.

Coastal merchants, whether in the east or west part of Saudi Arabia, had a better chance of making wealth. After trucks replaced camels in the late 1930s and early 1940s, and after the country became wide open to various foreign products, the import and export trade centered around coastal harbor towns (cities), either on the Arabian Gulf, where the oil fields had already been discovered, or on the Red Sea, where the annual pilgrimage traffic occurs.

Up until very recently, however, there were no records that could be used to measure the wealth of merchants or their number in Saudi Arabia, except pieces of information which mainly indicated merchants' activities in the main provinces without supplying the number. C. Doughty, in his visit to Al Qasim (in the Central Province), pointed out that a great proportion of the area's population maintained merchant occupations.[79] Only after 1960, when the Saudi Ministry of Commerce was established, were these records kept. In the mid-1960s, a governmental decree was issued to

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[78] For more information, see Lipsky, Saudi Arabia, 204, 240-241.

[79] C. Doughty, Travel in Arabia Deserta. (New York: Random House, 1920), 312.

limit commercial activities only to Saudi citizens and also to instruct every merchant who owned over SR 5 thousand (approximately a little more than $1,400) to obtain licenses from the Ministry of Commerce in order to operate in trading activities.

Troeller later said that while Ibn Saud and the British Representative, Sir Percy Cox, were discussing economic damages that Arabia faced as a result of siding with the Alliance during the First World War, Ibn Saud "emphasized that his main source of income, the camel trade with Syria, was interrupted by the war."[80]

J. B. Mackie, after his journey to Arabia in the early 1920s also gave no figures for the number of merchants or their wealth, either in Al Hasa (Eastern Province), the area that he visited, or in Saudi Arabia as a whole. But in general, he asserted the numerous merchants in Al Hasa as well as the unequal amount of wealth among them, by saying:

> Ibrahim Al Qusaibi, the leading merchant and land owner in the Hasa, and agent for Ibn Saud in Bahrain, has recently built himself a handsome new office and reception room which is much frequented by the principal merchants of Hasa, and where all the news regarding current events in all parts of the Arabian Peninsula can be heard.[81]

Saudi merchants in the Western Province, especially in Jedda (the main harbor on the Red Sea for both pilgrims and

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[80] Gary Troeller, The Birth of Saudi Arabia: Britain and the Rise of the House of Sa'ud (London: Frank Cass, 1976), 100.

[81] J.B. Mackie, "Hasa: An Arabian Oasis," Geographical Journal, 63 (January-June 1924): 201.

trade landing), very much enjoyed the shift of trade that took place causing the destruction of the camel trade of Najd (Central Province). Before this time, as stated previously, export-import trade with neighboring countries (i.e., Iraq, Syria and Egypt) was almost entirely controlled by the merchants of Najd. But as a result of the importation and penetration of trucks and Western products especially in the 1940s, Jedda became the sea gate for the whole country. This continued until much later when a harbor was built at Dammam (in the Eastern Province).

The available information does not indicate the number or wealth of early Saudi merchants in any province of the country; however, among all merchants those in Jedda played the most prominent role in the early moderate development of trade in Saudi Arabia, including being able to regulate the foreign free hand in the Saudi market.

After World War II, many Western companies swept into Saudi Arabia. Consequently, the indigenous merchants of Jedda felt threatened by foreign interest in the import trade, especially by U.S. firms. These firms were described by the British in the confidential document, "Annual Economic Report on Saudi Arabia, 1946," where it stated:

> Foreign interest in the import trade of Saudi Arabia has not been lacking. The initiative in this matter came from the Americans, when in 1945 Messrs. American Eastern Inc. opened a branch in Jedda. In November 1946 the old-established firm of Sharqieh Ltd. was absorbed into the Mitchell Cotts (M.E.), Ltd., group of companies, the services of Mr. St. John Philby being retained.

> Messrs. Gellatly, Hankey and Co. (Sudan), Ltd., continued to expand their commercial activities in Jedda. Towards the end of the year, enquiries were received from Messrs. Gray, Mackenzie & Co. (Bahrain), Ltd., indicating that the firm intended shortly to establish a branch in Ras Tannura.[82]

The British document went on to express the indigenous merchants' reaction and the measures they took toward preventing foreign intrusions into the Saudi market. It stated that:

> Local reactions to foreign intrusions have been mixed. Messrs. American Eastern, Inc. have throughout experienced hostility amounting at times to sabotage. Messrs. Mitchell Cotts (M.E.), Ltd., largely insured themselves against local reactions by employing Mr. St. John (alias Haji Abdullah) Philby's influence. The establishment of a native chamber of commerce in Jedda [January 18, 1946] is perhaps also indicative of local reaction; at any rate the President of the Chamber has on occasion expressed his resentment at the activities of foreign firms in the Hejaz.[83]

Local reaction was not only directed against the intrusions of Western firms, but against all outsiders including other Arab firms as well. As early as October 29, 1935, a British document clearly described the feelings that arose between the Syrian Importation Co. owned by Husain Al Uwaini, and a local Hejazi enterprise over a governmental contract to provide uniforms for the Saudi Army. The Saudi enterprise obtained the deal just because Sheikh Muhammad Surur [a Saudi official] sided with the local enterprise.

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[82] (Sd.) L.B. Grafftey-Smith, British Legation, Jedda, to F.O., No. 17338. (E5274/5274/25), 19 June 1947 F.O. 371162103 46558, p. 3.

[83] Ibid.

The document then concluded that, "there is some feeling between the Hejazis and the Syrians, and nothing could exacerbate it more than economic competition."[84]

The antagonistic feelings that developed between Saudi merchants and non-Saudi import firms led to the establishment of the Saudi Chamber of Commerce at Jedda. One can ask: Did the Chamber that came about as an attempt to protect the indigenous merchants by preventing the penetration of foreign firms in the local market succeed? The answer is obviously no.

K. S. Twitchell, in his illustration of the Saudi royal decree for the formation of the Jedda Chamber of Commerce dated January 18, 1946 mentioned that a committee of thirteen leading merchants was formed and elected Mohamed Alireza as the first president of the Chamber of Commerce. But, as for the foreign firms' membership in the Chamber of Commerce, he clearly pointed out, "one of the first rules enacted was to give foreign companies established in Jedda the right to membership."[85] Twitchell also concluded that only fifty-one companies, including non-Saudi firms, initially registered for membership in the Jedda Chamber of Commerce.

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[84](Sd.) R.W. Bullard, British Legation, Jedda, to F.O., No. 296 (1872/238/54), 29 October 1936, F.O. 905/41 XC/A 46624 dispatch.

[85]Twitchell, Saudi Arabia, 203-204.

Entrepreneurs

While Jedda (in the Western Province) was climbing to the position as the capital of commerce for the whole country, the embryo of entrepreneurs was born in the Eastern Province where the oil fields are. Some young Saudis who had a basic education and who joined the oil companies benefitted early from their work experiences to become pioneer Saudi contractors. For instance, Suliman Olayan, who is a Saudi billionaire today, held a job with California Arabian Standard Oil Company (CASOC), as a teenager. CASOC was the forerunner of Aramco. "In this he was doing exactly the same as a large number of other young Saudis, including Ahmed Hamad Algosaibi [another Saudi millionaire and still active entrepreneur]."[86]

Lipsky, who has discussed in detail the early growth of Saudi contractors within the Aramco enterprise said:

> Saudi contractors have built houses, sewers, roads, hospitals, schools, dining halls, social centers, stores, post offices, mosques, laundries, libraries, and carpenteries. . . . In 1951 six non-Saudi companies - two American and four British- were under contract to Aramco. These companies also used local contractors for some of their work. In 1956, Aramco paid about $12 million to 135 Saudi contractors for company projects and services.[87]

Subsequently, the second Chamber of Commerce was established

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[86] Michael Field, The Merchants: The Big Business Families of Saudi Arabia and the Gulf States (New York: Overlook Press, 1984), 313-314.

[87] Lipsky, Saudi Arabia, 231-232.

in the Eastern Province in 1952, to serve the emerging new Saudi business.[88]

Enterprisers (Compradors)

In addition to the commerce and entrepreneur activities discussed above, private and public enterprise began to emerge in Saudi Arabia on a limited scale as early as the 1930s. For instance, a cloth-making enterprise established in Mecca in 1936 operated under the name "Arab Saving and Economic Company".[89] It employed about 75 workmen. Furthermore, a concession for the electricity supply to the town of Jedda was given to some leading merchants in the same year.[90] Abdalqadus Alansary, in his book History of Jedda, pointed out several enterprises that developed in Jedda before and during World War II. These enterprises included service and repair facilities and others.[91]

The merchant, Mohamed Abdullah Alireza, who was the first president for the first Saudi Chamber of Commerce, was appointed as the first minister for the newly established Ministry of Commerce and Industry in 1953. A joint effort of

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[88] Al-Youm Newspaper (Dammam) (8/10/1403, A.H.)

[89] (Sd.) R.W. Bullard, British Legation, Jedda, 29 October 1936.

[90] (Sd.) Sir Andrew Rayn, British Legation, Jedda, to F.O., 238/18, 17 April 1936, F.O. 905/41 XC/A46624, Minute Sheet.

[91] Abdalqadus alAnsary, History of Jedda City, 3d ed. (Cairo: Dar Misr Publishing, 1982), 1:468-469.

the Chamber of Commerce and the new ministry showed progress by:

> . . . the establishment of the following enterprises: ammunition, auto service and repair facilities, cement and block manufacture, fishing and fish cannery, ice, iron foundry, leather goods, tanning, pearls, pottery, printing, rug making, sheetmetal working, soap manufacture, tile and marble production.[92]

But the inevitable trend that took place with the increase in oil production cannot be ignored. The availability of cash, especially after World War II, pulled the Saudi economy into the world capital system. As a result:

> The handicraft industries have experienced a general decline in recent years [1950s] under the impact of increasing imports of cheap manufactured items and a decline in the use of such articles as embellished daggers. Bisht cloaks seemed to provide an exception, but since 1954 the demand for this garment has fallen off, and some of the most skilled weavers have emigrated to Syria and Kuwait.[93]

It was not only the handicraft industries which deteriorated in Saudi Arabia, but the moderate plants which produced small goods in small amounts suffered as well. In the early 1970s, Knauerhase, in discussing the few factors that restrained industrial development in Saudi Arabia, stated:

> On the whole it appears that Saudi industry suffers from capacity under-utilization. It has been estimated that the 271 plants surveyed operated at

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[92] Twitchell, Saudi Arabia, 204.

[93] Lipsky, Saudi Arabia, 232-233.

> only about 64 percent of capacity. The cause of this condition is not entirely known, but it has been suggested that shortages of skilled manpower or raw materials, the small size of the product, market, and intense competition from imports, are the main factors.[94]

While the national industrial sector was discouraged, and the whole economy was deteriorating, some individuals (the compradors) were obviously making a fortune in the importation business. So, it would be fair to argue that:

> The growing wealth of some [Saudis] was, in fact, directly linked to the deteriorating economic conditions of others. While the commercial sector benefitted greatly from the boom in consumer demand and from the increased resources available to finance imports, the rising imports virtually destroyed the handicrafts sector of the economy and seriously affected the agricultural and pastoral sectors (by satisfying local demand for the products of these sectors).[95]

The oil revenue that mainly financed the tremendous imported goods was simultaneously associated with Saudi urban expansion which attracted rural migration and consequently drained agricultural production, causing it to decline in absolute value, especially during the two decades beginning in the early 1950s and ending in the late 1960s. Alan George, who described the urban rise and local agricultural decline, said:

> Following in the wake of the oil wealth, Saudi Arabia has experienced an unprecedented urban expansion during the last twenty years, parallel with this expansion has been a rural exodus as the nomads have sought urban wage labour, particularly

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[94] Knauerhase, Saudi Arabian Economy, 142.

[95] Niblock, "Saudi Arabian Political System," 96.

> in the booming construction industry . . . and yet local agriculture, already suffering from the adverse effects of the migration to the cities, and basically geared to a subsistence economy, has been unable to satisfy this increasing demand for food.[96]

In summary, it is obvious that the oil revenue, especially after World War II, raised the consumption desire in Saudi Arabia. Consequently, the Saudi open market led to the influx of various imported goods which apparently resulted in the deterioration of early indigenous attempts in manufacturing and strained the development of local agriculture as well. In other words, the failure of developing industrial and agricultural sectors to meet the new consumption needs benefitted the traditional merchants.

Interestingly, within the availability of finance for imports, the leading Saudi merchants were transformed into representatives (agents) for all foreign firms interested in the Saudi market. This led to the birth of the Saudi "comprador", which happened simultaneously with the development of Saudi contractors in the early 1950s.

Bankers

The fourth category in the wealthy businessmen of Saudi Arabia bracket is the banker. All those who are familiar with Islamic law know that Shari'ah inhibits usury. So,

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[96]Alan George, "Bedouin Settlement in Saudi Arabia," Middle East International, 8 (September 1975): 28-29.

banking was not really encouraged or introduced into the area that later constituted Saudi Arabia until perhaps the late 1920s. When banks originally got started, banking was limited mainly to the business of foreign import firms in Al-Hejaz.

But in some analysts views it was not the religious factor that delayed the banking emergence, at least in the case of the holy land - in al-Hijaz. Wilson argued that economic scarcity hindered the presence of banks in some Muslim worlds, including the holiest places, during Ottoman rule, and not the Islamic law. He declared that "the main factor inhibiting the Ottoman Bank must have been lack of potential business, rather than any qualms about operating in Islam's holiest place, as the Ottoman authorities would undoubtedly have encouraged rather than discouraged the bank's presence."[97] However, according to Lipsky, "religious factors have worked against the development of banking and credit institutions"[98]

The banking system, in any case, was primarily developed by foreign firms to serve the import trade,

> With no provision for banking institutions, most financial business for Jeddah's small European community was carried out by the trading firm of Gellatly Hankey [British] which was quite active in

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[97] Rodney Wilson, "The Evolution of the Saudi Banking System and Its Relationship with Bahrain" in State, Society and Economy in Saudi Arabia, ed. Tim Niblock, (New York: St. Martin's Press, 1982), 279.

[98] Lipsky, Saudi Arabia, 203.

> the 1920s. The Dutch Bank, which was to be the forerunner of Algemene Bank Nederland, had a seasonal office for pilgrims from Dutch Indonesia, and the Banque de l'Indochine et de Suez performed a similar function for those visiting Mecca from the French colonies, but neither of these institutions could officially serve the local market.[99]

However, the banks were evidently conducting local business with the Saudi government and with the big companies since the early 1930s. Twitchell affirmed that:

> The counting and handing over to the Saudi government of the first loan of the oil company consisting of 30,000 gold sovereigns was made during the torrid heat of a July afternoon in 1933 . . . [through] Netherland Trading Society [Bank of Holland]. This bank handled the accounts of the oil company and the mining company for many years . . . which is also worth noting that during the early days - that is, prior to 1930 - the British Westminster Bank, Ltd., represented by Gellatly Hankey & Co., Ltd., served many business firms as well as the Saudi government.[100]

Consequently, the penetration of the local financial market by foreign banking institutions obviously contradicted the Saudi money-changers' interest. These money-changers who had been traditionally in the market, especially in Al-Hejaz, had served the pilgrims for ages. So, in order for the indigenous money-changers to survive with the foreign banking institutions, it was necessary to join with the stage of development and help with the country's need for modern

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[99] Ibid., 280. For more information see (Sd.) Sir Andrew Rayn, British Legation, Jedda, to F.O., No. 73(E920/920/25) 23 February 1932, F.O. 371/16023 046655, p. 127. See also Twitchell, Saudi Arabia, 201-202.

[100] Twitchell, Saudi Arabia, 201.

banks. Subsequently, this led "two of the country's leading money-changing families, the Mahfouz and the Musa Kaki families, to petition the king to let them establish a bank. Thus the National Commercial Bank was established in 1938."[101] As the first established bank in Saudi Arabia, it has grown to more than 100 branches inside the country with five representative institutions outside by 1985.

More commercial banks were gradually established in Saudi Arabia, but they were mainly non-Saudi. As Lipsky pointed out, of seven commercial banks operating in Saudi Arabia in 1957, among them there was only one Saudi commercial bank in addition to the Official Monetary Agency which was founded in 1952. Table 4.10 shows an illustration of the banks and owners.

Apparently, at the early stages the Saudi monetary market was controlled by the spontaneous rule of request and demand. Only "in 1966 a major banking control law clarified and strengthened SAMA's [Saudi Arabian Monetary Agency] role in regulating the banking system."[102]

Although the banking industry in general extended from the mid-1960s up to the mid-1970s, the foreign share obviously maintained the upper hand, dominating the Saudi monetary business market. The whole picture, however, can be shown in the drastic change which took place in 1975, when

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[101] Wilson, "Evolution of Saudi Banking System," 280.

[102] Nyrop, Saudi Arabia, A Country Study, 193.

Table 4.10

Bank Ownership in Saudi Arabia in 1957

Name of Bank	Main Office
Arab Bank, Ltd.	Amman
Banque de l'Indochine	Paris
British Bank of the Middle East	London
National Bank of Pakistan	Karachi
National Commerce Bank	Jedda
Netherlands Trading Society	Amsterdam
Saudi Arabian Monetary Agency	Jedda
First National Bank of New York	New York

Source: George A. Lipsky, Saudi Arabia: Its People, Its Society, Its Culture, (New Haven, Connecticut: HRAF Press, 1959), 202.

"twelve commercial banks with 77 branch offices operated in the Kingdom - two of the banks, the National Commercial Bank and the Riyadh Bank, were Saudi owned; three were owned by non-Saudi Arabs; and seven were owned by other foreign interests."[103]

Until the late 1970s, however, Saudis were not, in fact, involved in the banking business, except for a few families and individuals who owned the two Saudi banks previously mentioned among the other ten commercial banks. But, within

[103] Nyrop, Area Handbook for Saudi Arabia, 226.

the second Five-year Development Plan that was implemented in 1975, public spending increased tremendously to create a necessity for the expansion of the banking system. So, within the governmental intention for wealth distribution, a decision was made to convert the ownership of all of the foreign commercial banks into a 40/60 partnership. This meant that every original bank owner only had the right to retain 40 percent of the bank's capital, and the other 60 percent was to be held by private Saudi citizens. The conversion or "decision was therefore taken in 1977 to Saudi-ise the foreign banks already operating in the Kingdom, and then permit them to expand their activities."[104]

The Saudi government's regulation of the takeover of foreign banks permitted any designated bank to choose the so-called "Saudi share founder." This "founder" must be a Saudi that holds one-third (20 percent) of the Saudi partnership (60 percent) while the other 40 percent of the shares were to be open for public subscription. In other words, "the procedure for foreign bank take-over was that one-third of the shares to be Saudi-ised should be offered to so-called 'founder-members'. These were defined as important Saudi clients of the particular bank, the selection being left to the banks themselves"[105] while the Saudi two-thirds, or the 40 percent, should be opened for public subscription.

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[104] Wilson, "Evolution of Saudi Banking System," 286.

[105] Ibid., 287.

As a consequence of the Saudi Government Saudi-isation program, seven out of ten non-Saudi commercial banks were Saudi-ised. Only three small foreign banks have not yet been Saudi-ised; however, they are all in the process.

It is important to point out the remarkable expansion of the commercial banks, which in 1985 had more than 600 branches spread throughout the Kingdom.[106] Equally important is the fact that some 100 individuals, previously referred to as "founder-members", invested sums of wealth in the banking business. This led to a new phenomenon in the types of Saudi businesses. For instance, when Al-Bank Al-Saudi Al-Holondi was Saudi-ised in early 1980, 61 Saudi founder-members invested SR 46.5 million which was equally distributed among them.[107] The exact number of individuals who were in a position to invest as "founder-members" is not publicly known, but there are hundreds of individuals who should be added to the wealthy business bracket.

Financiers and Money-Exchangers

The last two categories of wealthy Saudi businessmen are the traditional financiers and money-exchangers. Even now, traditional financiers and money-exchangers are known in

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[106] Documents and Accomplishments, Second Convention of Saudi Businessmen, 26-28 March 1985, (Riyadh, Saudi Arabia: Maraamar Lectronic Publishing Co., 1985), 33.

[107] Riyadh Newspaper, 17 March 1980.

Saudi society as they fulfill a function in the modern banking system. However, they are declining in both numbers and activities. Money-exchangers may survive for some time to come, while the traditional financiers seem to be in the final stages of disappearance. The latter may still exist in big cities as well as towns and villages, but their activities are limited to a small segment of Saudi society, especially among either the poor or the soldiers and low rank government employees.

Traditional financiers can be distinguished by certain characteristics such as:

1. They always limit their investment activities within their local area, i.e., in the same city or town where they live or, at most, within the limit of satellite villages.
2. They do not usually lend high sums of money to one debtor.
3. They do not lend money directly to the client because Islamic law inhibits lending money for interest, which is considered usury (riba). So, as a mock act, the person in need of money goes to the financier and then buys an item on contract. For example, he may buy an appliance or car worth $1000 on contract for $1100, due one year from the date of purchase. After the contract is signed, either the person needing the money or, more likely, the

financier sells the car either back to the creditor or to another person for whatever he can get (usually much less (20-50 percent of the actual worth) than the contract price). The amount of money that the item sells for then becomes the loan, and the contract requiring payment in one year is valid. Thus, the creditor receives interest because the contract is worth more than the amount of money received.[108]

Rumihi explained this process of how the financier made money in a similar situation.

> The charging of interest is contrary to Islamic Law, but the merchants circumvented this by a system known as Mukalabah or turn-over. The merchant sold to the captain certain goods or provisions, for a fixed sum; the goods were immediately resold by the captain to the merchant for a cash payment which was appreciably less than that originally specified. The difference between these two prices formed the interest payment to the merchant.[109]

4. The upper segment of the traditional financiers may extend their merchant activities into the real estate business, particularly where there are folk-concentrated residential districts.

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[108] A. Alhamid, "Masraf Shaabiesmoh Al-Geofrah," [Folk Bank Named Al-Geofrah], Riyadh Newspaper, 5 August 1981.

[109] Rumaihi, "Mode of Production in the Arab Gulf", 55.

Finally, it may be concluded that although traditional financiers still exist in Saudi Arabia today, they will not do so for long. While they still hold a part of the country's wealth, there is no data available to show how much wealth they hold or how many traditional financiers are still functioning in Saudi society although, the top proportion of this segment owns enough wealth to be included in the Saudi lower/upper class.

Money-changers (assayarifah) are similar to the traditional financiers in their place and function in the modern banking system; nonetheless, they differ from the financiers because they are able to conduct their various merchant and money-changing activities more openly. Money-changers, with their long history, led to the necessity of introducing the indigenous modern banking system. In fact, the first Saudi commercial bank established in 1938 was initiated by two money-changing families--the Mahfouz and the Musa Kaki--as previously mentioned.

Prior to the discovery of oil, Saudi Arabia's economy was of a subsistence nature where the only,

> . . . extensively monetarized [region] was the Hejaz, where annual influx of pilgrims led to some demand for money-changing services. . . . Elsewhere in the country there was little money-changing activity, although the Al-Rajhi family had a small establishment in Al-Riyadh as early as the 1920s and in Madina and Taif.[110]

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[110] Wilson, "Evolution of Saudi Banking System," 279.

So, as oil revenues increased after World War II, the Saudi economy in general revived. Commercial activities expanded particularly in the big cities as well as in the Eastern Province where the oil fields and the expatriot labor force were concentrated. Accordingly, money-changers were no longer only limited within Al-Hejaz Province and the service of pilgrims. Money-changing became a big business, especially in the major cities.

As early as the 1930s, money-changers were strong enough to play a part in destabilizing the money market and in the corruption of government employees. An English document about the economic aspects of the Al-Hejaz described the role and relationship between the two above-mentioned, pointing out that:

> The clerk in charge of the exchange in the Ministry of Finance, who changes riyals into gold pounds, in order to keep intact the prescribed rate of the government, i.e. 20 riyals to a gold pound, always plays some tricks with the money-changers (who apply to him for exchange) in order to get something out of their pockets. In order to avoid unnecessary delay in getting their business done, the money-changers very often pay this clerk a few piasteres per gold pound. As a result, the market is always unsteady and on some occasions the rate of exchange even went up to 20 1/2 riyals to a sovereign. Usually, there is always 2 or 3 piasteres over the prescribed rate of the government . . . in view of the fact that whenever a money-changer buys from the market, they always charge a few piasteres more in order to pay the bribery to the exchange clerk from the pockets of the public.[111]

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[111] (Sd.) Sir Andrew Rayn, A British Legation, Jedda, to F.O., No. 238/53, 10 December 1936, FR.O. 905/41 XC/A46624, Minute Sheet.

After World War II, money-changers grew in number as well as in accumulation of wealth. They did not limit their activities to exchanging money, as they also conducted a mercantile business. Subsequently, the sum of accumulated wealth has paved the way for money-changers to hold a respected and high position among the several segments of the Saudi upper-class income bracket. This phenomenon first appeared during the 1970s, as pointed out by Wilson.

> Money-changers are a powerful force in Saudi Arabia. Their role in absolute - and perhaps even relative - terms has expanded enormously in recent years, although their precise significance is difficult to gauge in the absence of reliable or comprehensive data. The functions they fulfill are certainly much wider than the money-exchanging operations which they seem to dominate . . . they seem to be prominent in credit provision, providing advances for industry, agriculture, commerce, building materials, timbers, etc.[112]

In discussing the growing wealth of money-changers in Saudi Arabia, it is interesting to note that Saleh Al-Abdul-Aziz Al-Rajhi was listed among sixty-four world bankers that Institutional Investor pointed out as being "super rich" in the year 1983. The magazine wrote the following about him. "Today, Al-Rajhi Co. has hundreds of branches throughout Saudi Arabia and maintains an office in London; it is active in foreign exchange, commodities trading and is, for all

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[112] Wilson, "Evolution of Saudi Banking System," 285.

intents and purposes, a full-fledged bank . . . estimated net worth $1 billion."[113]

However, the golden age of money-changers came to an end as a result of intense competition that developed between the money-changers and commercial banks in Saudi Arabia, as well as governmental regulations. In December 1981, the Minister of Finance and National Economy issued a resolution placing a moratorium on the issuance of new licenses for money-exchangers and prohibited money exchangers from accepting deposits.[114] Along with the Ministry of Finance's regulations in 1981, the Saudi Arabian Monetary Agency (SAMA) issued more formative regulations in the same year. The regulations limited the exchangers' future activities, stating that "new licenses for money exchange be it as a main occupation or as part of other trading activities shall be totally halted."[115]

In conclusion, with the regulations on money-changers, their ability to gain wealth and increase in number is severely limited, thus paving the way for the expansion of commercial banks. The occupation of money-changers, much like financiers, is threatened with shrinkage by the growing number of commercial banks in Saudi Arabia. At present

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[113] "World's Richest Bankers," Institutional Investor, 17 (June 1983): 137.

[114] TIHAMA, Banking and Investment in Saudi Arabia, 2d ed. (Jeddah, Saudi Arabia: Tihama, 1982), 21.

[115] Ibid., 22.

however, a great proportion of the money-changers still own a great deal of wealth, enough to be regarded as a part of the Saudi lower-upper class.

Wealthy Businessmen in Perspective

Furthermore, as mentioned in the previous discussion, wealthy businessmen in Saudi Arabia make up the largest proportion of the upper class brackets. This category includes merchants, entrepreneurs, enterprisers, bankers, traditional financiers and money-changers. However, there is no available data on how many individuals belong to each segment. The only available indicator is the Commercial Registration Record that has been maintained by the Saudi Ministry of Commerce since the early 1960s. One should bear in mind, however, the possibility that one individual may be registered as being active in more than one of the above-mentioned segments. The Deputy Minister of Commerce in August 1983 pointed out that 214,000 were listed in the Ministry Registration Record. The previous year (1982), he added 30,000 records which were almost all cancelled for reasons of repetition. He also anticipated that if the records were checked, the 214,000 would be cut in half.[116]

Using the Statistical Yearbook - Saudi Arabia, 1983, which includes all private companies and establishments for

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[116] "United Commercial Record for All of the Kingdom in the Coming Muharram," Riyadh Newspaper, 8 August 1983.

the same year (1983), the following Table 4.11 shows 219,818 registered companies. It must be remembered that there is a possibility of repetition here also. This can be further illustrated by the fact that Abdulla Alireza owns twenty-five registered companies and the Olayan Group owns twenty-three registered companies in Saudi Arabia.[117] Undoubtedly, there are other people or groups who own multiple companies. Based on this, it can be said that the number of wealthy Saudi businessmen is probably less than 200,000.

As late as the mid-1980s, all individuals registered with the 18th Chamber of Commerce and Industry in Saudi Arabia did not extend to 110,105 members.[118] However, membership in this chamber is optional; it is not necessary for all Saudi businessmen to subscribe. In fact, many small businesses and some others have not registered.

If the figures from the Deputy Minister of Commerce and the members of the Chambers of Commerce and Industry are compared (214,000:110,105), there is a difference of 103,895. This represents a 2 to 1 ratio. This comes very close to what Al-Zamil (the Deputy Minister of Commerce) suggested when he was criticizing the figures given by the

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[117] Business International Corporation, Saudi Arabia Issues for Growth: An Inside View of an Economic Power in the Making (Geneva: International Business, 1981), 72-75.

[118] [Membership List of Eighteen Saudi Chambers of Commerce and Industry]. Council of Saudi Chambers of Commerce and Industry, Riyadh, Saudi Arabia. (Source did not wish to be published), May 1986. For further information see Appendix 4-1.

Table 4.11

Number of Commercial Registration Numbers Assigned to Private Companies and Establishments Up to the End of 1983 (1403 A.H.)

Year	Number of Registration Numbers Assigned
Before 1977	38,896
1977	14,968
1978	19,005
1979	30,901
1980	34,165
1981	29,442
1982	26,301
1983	26,140
TOTAL	219,818

Source: Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, Statistical Year Book, 1983 (1403) ([Riyadh, Saudi Arabia: The Department], 1983), 508.

Commerce Registration Record, anticipating that half of that figure was more accurate.[119]

The Deputy Minister of Commerce's comments on the decreasing number of businessmen may stem from small families and businesses leaving the market. In February 1985, the New York Times said, "Over the past 18 months, some 1,500 companies have either gone out of business or asked for emergency financing."[120] In April 1985 the same source pointed out that, "Last year, hundreds of companies filed for bankruptcy or went out of business in all sectors of the economy. Many of them were either small family operations or unprofitable units of larger businesses."[121] About one year later, the paper further followed this up when it stated, "Many big Saudi trading companies have been forced to restructure their debts, including Shobokshi, Jameel and Helwani. Countless smaller companies simply ceased trading."[122] More and above, one should bear in mind that the above-mentioned figure of 214,000 Saudi participants in

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[119] "United Commercial Record for All of the Kingdom in the Coming Muharram," Riyadh Newspaper, 8 August 1983.

[120] Kenneth N. Gilpin, "Saudi Economy is Ailing: Three Years of Recession," New York Times, 18 February 1985, sec. D., p. 3.

[121] Elaine Sciolino, "Saudis Tighten Belt a Notch: Oil Income Has Plunged," New York Times, 20 April 1985, p. 19.

[122] Paul Lewis, "Belt-Tightening by Saudis," New York Times, 28 January 1986, p. 29.

professional commerce in the early 1980's definitely included some small and all Saudi middle businesses.

Consequently, it would seem that the number of members of the Chamber of Commerce and Industry (110,105), more accurately represents the number of wealthy Saudi businessmen that have been discussed in this research.

Public Spending and the Upper Class

At this point, it seems important to elaborate in order to show how the growing upper class was substantially fostered by state support. Especially since the inception of the 1970s, a noticeable proportion of the Saudi oil wealth was allocated for various subsidies to reduce the acute inflation and to encourage economic diversification resources. Consequently, the public's available loans and subsidies inspired a good proportion of Saudi's wealthy businessmen to become involved in indigenous industry, while the same policy encouraged all kinds of foreign goods to be imported. The logic of this policy, however, was meant to maintain the market price and to raise the quality of local production. But the result was only channeling a proportion of the country's wealth to a segment of the Saudi merchants who always benefited and maintained the comprador role by undermining indigenous industry. As a consequence, all business activists made their wealth mainly through the public expenditure. To be sure, in general the economy is

flourishing, but only for a certain segment of the population who has made a fortune, as will be explained in the following part.

But before going any further, it may benefit the following discussion to mention that the abundance of wealth in the early 1970's coincided with quite a few educated Saudi young men who had just returned from abroad full of new ideas and energy. Those early educated men came from merchant and gentry backgrounds. From their positions in the state bureaucracy, socioeconomic development policies were directed to serve their class interest, as will be explained when noble families' participation in the Saudi Ministers Council is discussed.

But first it needs to be clear that oil, which is totally owned by the state, is the main source of Saudi wealth. Also, the government is the one which distributes this wealth. In theory every Saudi has the chance and right to benefit on an equal basis from the abundant oil wealth. In practical terms "there are many indications that government expenditures tend to be biased in favor of very large firms in which influential persons have an interest."[123] Therefore, the state's bias of wealth distribution may correspond with Thomas' analysis that "it is more correct [in peripheral countries] to argue that the

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[123] Rostam Mehraban Kavoussi, "Oil Exports and the Changing Occupational Structure in Saudi Arabia," Arab Studies Quarterly, 6, no. 4 (Fall 1984): 292.

state has become, as it were, an instrument of class creation."[124]

As mentioned earlier, ever since the mid-1940s, increasing oil revenue has opened new job opportunities that paved the way for small merchants as well as Saudi entrepreneurs (traditional middle class) to move forward. In the early 1980s, Ibrahim discussed the revival and business expansion of the merchants and entrepreneurs particularly in the Arab oil states when he said:

> Mainly Saudi Arabia and Kuwait have had a traditional commercial class equivalent to the Bazarries in Iran and the Khan Khalili merchants in Egypt. But along with them a new class of entrepreneurs has evolved. These new Saudi entrepreneurs are not fruitfully productive, nor are they completely parasitic. But they could be anything in between.[125]

The growing class that was characterized in the above passage is substantially fostered by Saudi state support. Actually, acute inflation which accompanied the first Five-year Development Plan was a result of expanding public expenditure. This compelled the state to implement assistance in the form of subsidies in order to maintain a satisfying welfare life for low income citizens in particular, as well as for the rest of the Saudi citizens in general. Only social security subsidies, however, were directly received by the beneficiaries, who by definition are

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[124] Clive Y. Thomas, The Rise of the Authoritarian State in Peripheral Societies, (New York: Monthly Review Press, 1984), 60.

[125] Saad Eddin Ibrahim, The New Arab Social Order (Boulder, Colorado: Westview Press, 1982), 8.

unfortunate individuals, and their shares were very humble (not exceeding S.R. 4,000 per person or S.R. 8,000 per family a year). Other forms of subsidies were indirectly received, for instance, food subsidies that were collected by merchants who import food in order to maintain reasonable prices in the local market.

The government's subsidy policy helped a great deal in keeping the price of major foodstuffs down, but it also served the merchants and some of the entrepreneurs, helping them make a great fortune in a short time. Table 4.12 discloses that about S.R. 43 billion was appropriated for subsidies during a 13-year period--of which S.R. 34.6 billion was received by merchants and Saudi entrepreneurs.

Industrial Enterprise

More and above the availability of wealth, the Saudi state, especially in the mid-1970s, launched an ambitious socioeconomic program in order to diversify the country's income resources instead of depending only on oil revenues. To implement the program, the Saudi state found it essential to take the first initiative and start with petrochemical plants, and also to encourage indigenous enterprisers in local industry, productive projects, and other businesses.

The state made clear rules as declared by the Mideast Business Exchange:

Table 4.12

Government Subsidies
(Million Saudi Riyals)*

Year	Food Subsidies	Agriculture Subsidies	Social Security Subsidies	Subsidies to Electric Companies	Total Subsidies
1971			47.6	1.0	48.6
1972			58.4	1.0	59.4
1973		4.0	68.4	15.0	87.4
1974	300.0	11.0	143.1	14.0	468.1
1975	750.0	69.0	349.0	13.0	1,181.0
1976	700.0	333.0	442.1	25.0	1,501.1
1977	600.0	603.0	625.1	175.0	2,003.1
1978	700.0	772.0	855.0	312.0	2,639.0
1979	800.0	874.0	924.3	563.0	3,151.3
1980	1,450.0	586.0	960.1	749.0	3,745.1
1981	3,000.0	766.0	968.0	1,234.0	5,968.0
1982	5,000.0	1,129.0	1,375.0	3,500.0	11,004.0
1983	4,476.0	1,472.0	1,586.1	3,553.0	11,087.1
Total	17,776.0	6,619.0	8,402.2	10,155.0	42,953.2

Source: Kingdom of Saudi Arabia, Ministry of Planning, Achievements of the Development Plans (1970-82), (Riyadh, Saudi Arabia: [The Ministry, 1983]), 170.

*3.5 Saudi Riyals = $1.00

> The industrial sector is still relatively small in Saudi Arabia. But it is growing rapidly with government financial and administrative encouragement, such as interest-free loans for up to 50 percent of the cost of establishing manufacturing facilities and the 'Buy Saudi' program under which government procurement preference is given to Saudi-made products.[126]

Eventually, for lending purposes, the Saudi government established specialized public credit institutions.[127] "[C]umulatively, [the total] credit disbursed by all public financial institutions until the middle of 1403 (1983) amounts to S.R. 157.7 billion."[128]

Persistently, the state's program of free or minimal charge loans, in addition to some other encouraging opportunities for all participating entrepreneurs (such as getting land and electricity at a very minimal charge) has substantially induced the indigenous merchants to take part in the new industrial and agricultural businesses in Saudi Arabia. However, the latter still, in a large sense, maintains strong, compradoric relations with foreign bourgeoisie. A good proportion of Saudi entrepreneurs are still importing goods in spite of the fact that, "the average

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[126] "Saudi Arabia: Development Still Emphasizes Islamic Traditions," Mideast Business Exchange, June 1980, 28.

[127] Saudi Arabian Agricultural Bank, Saudi Industrial Development Fund, Public Investment Fund, Real Estate Development Fund, Saudi Credit Bank, and Credit Fund for Contractors.

[128] Kingdom of Saudi Arabia, Ministry of Planning, Achievements of the Development Plans (1970-1983), (Riyadh, Saudi Arabia: [The Ministry], 1984), 22.

propensity to invest (in fixed assets) rose from 15 percent in 1389-90 (1969-70) to nearly 44 percent in 1402-03 (1982-83)."[129]

Accordingly, one may confidently argue that only because of the government induced industrial-agricultural program the indigenous merchants were inspired to invest in productive projects inside the country. Compared to the near past (1960s), later (1980s) capital investment in Saudi Arabia was enormously significant. "In current prices, gross domestic fixed capital formation rose from S.R. 2.6 billion in 1389-90 (1969-70) to 117.4 billion in 1402-03 (1982-83). Gross domestic investment also grew rapidly from S.R. 2.8 billion to S.R. 130.4 billion over the same period."[130]

Before going any further, it may be important to mention again the total expenditure of the Saudi government's three 5-year development plans which were implemented between 1970-85 and cost $468 billion. Bearing this in mind may make it easier to understand how that much indigenous capital, as explained above, could grow and be invested in Saudi Arabia in such a short time.

As a consequence of the expanding public expenditure, the growing capital, and public and private sector investments, both the country's urban and rural maps changed drastically. The major cities expanded enormously. Large

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[129] Ibid., 14.

[130] Ibid.

farms, as well as big and small factories, sprang up into thousands of various small and big companies and establishments only recently introduced to Saudi society.

In contrast, until 1955 only thirty-six industrial establishments[131] were in operation. As late as 1962, all industrial licenses did not exceed 315 in number and S.R. 341 million in capital.[132] Yet in 1984, the commercial registration record demonstrated that 243,870 companies and establishments already existed in Saudi Arabia.[133] As shown in Table 4.13, the number of companies increased from 923 in 1972 to reach more than 6,000 units in 1984. The same table shows that more than S.R. 62 billion was invested by companies by 1984.

Factories expanded from a few hundred in the early 1970s to around 3,000 licensed units by the mid 1980s, with an estimated capital of S.R. 117,345 million.[134] Up to 1985, as represented in Table 4.14, 1,785 factories were all in operation, costing S.R. 55,431 million and employing 117,360.

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[131] Kingdom of Saudi Arabia, Industrial Studies and Development Centre, Techno-Economic Industrial Structure and Growth Prospects in Saudi Arabia, pt. 2, (Riyadh, Saudi Arabia: The Center, 1973), 257.

[132] Ibid., pt. 1, 56.

[133] Kingdom of Saudi Arabia. Ministry of Finance and National Economy, Central Department of Statistics, The Statistical Indicator ([Riyadh, Saudi Arabia: The Department], 1985), 36.

[134] Kingdom of Saudi Arabia, Achievement of the Development Plans (1970-83), 202.

Table 4.13

Companies and Their Capital Invested in the Kingdom
For Selected Years, 1972-1984
(Million Saudi Riyals)*

Year	Saudi	Non-Saudi	Joint	Total
1972				
Capital	894.1	268.0	133.8	1,295.9
Number	781	34	108	923
1974				
Capital	967.7	269.1	406.4	1,643.2
Number	884	36	130	1,050
1976				
Capital	1,815.4	270.0	4,946.8	7,032.2
Number	1,185	39	249	1,473
1978				
Capital	14,160.5	270.0	10,122.7	24,553.2
Number	2,005	39	650	2,694
1980				
Capital	21,069.1	270.0	13,616.4	34,955.5
Number	3,012	39	1,038	4,089
1982				
Capital	36,068.5	21.6	18,381.2	54,471.3
Number	3,760	15	1,252	5,027
1984				
Capital	40,897.0	21.0	21,426.0	62,344.0
Number	4,624	15	1,456	6,095

Source: Kingdom of Saudi Arabia, Ministry of Planning, Achievement of the Development Plans (1970-83) (Riyadh, Saudi Arabia: [The Ministry], 1984), 170 and Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, The Statistical Indicator ([Riyadh, Saudi Arabia: [The Department], 1985), 38.

*S.R. 3.5 = $1.00

Table 4.14

Factories in Operation and Total Financing of Employment Up to 1984

No. of Factories	No. of Workers	Total Financing (Million S.R.)
1,785	117,360	55,431

Source: Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, The Statistical Indicator, ([Riyadh, Saudi Arabia: [The Department], 1985), 104.

Farming Enterprise

Farming is also attracting a good proportion of Saudi enterprise, so that it is important to examine the farming changes that are taking place in Saudi society today. Traditionally, farms have always been small, and cultivated and managed by families. In spite of this, many analysts of Saudi economy clearly noticed that since the mid-1960s, farming has no longer been as it used to be as it was attracting "almost 50 percent of total employment."[135] In the late 1970s, large farms and farming business attracted many enterprises to become the decade's phenomenon. So the question that needs to be raised here is: How could the farming business, in a country such as Saudi Arabia, arid

[135] Ramon Knauerhase, "Saudi Arabia's Economy at the Beginning of the 1970s," Middle East Journal, (Spring 1974), 128.

and lacking sufficient water resources, attract agricultural enterprise?

In brief, the answer is that agri-business was actually inspired by three steps implemented by the Saudi state. These can be summarized as follows: (a) providing mostly interest-free loans: (b) generous subsidization for all agricultural production: and (c) distribution of arable land at minimal cost. As a result of these actions, Saudi entrepreneurs became interested in farming.

For more elaboration, small and large land grants were distributed. From "1968 (1388) until the end of 1983 (1403), the land distribution totalled 292,629 hectares; 32,000 individual farmers have benefitted from the scheme so far and 900 dairy and poultry units have been set up."[136]

In encouraging the program, particularly for big firms, the fourth Saudi 5-year development plan revealed that between 1970 and mid-1984 not less than 559,000 hectares were distributed. Among these, 435,000 hectares were distributed only during the first three years of the third 5-year development plan. The same source added that 35 percent (154,000 ha) of the above-mentioned figure was allocated for 10 joint stock companies, 40 percent (175,000 ha) for 1,456

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[136] Kingdom of Saudi Arabia, Saudi Arabian Monetary Agency, Research and Statistics Department, Annual Report, (Riyadh, Saudi Arabia: [The Department], 1403 (1983)), 81.

specialized agro-projects, and 25 percent (106,000 ha) distributed to 18,621 individual farmers.[137]

Furthermore, the Saudi Arabian Agricultural Bank raised the amount of disbursing credit allocated for private agricultural enterprises from S.R. 16 million in 1970 to S.R. 4,166 million in 1983.[138] Total state disbursement between 1962 and 1986 for the same purpose reached more than S.R. 18.5 billion.[139]

It is most important here to notice that labor participation in the agricultural sector has drastically declined from about 50 percent in the early 1960s as previously mentioned to only 13.9 percent in 1985,[140] while agricultural production in general significantly increased. Wheat production, for instance, rose from 26,000 tons in 1970 to more than 2 million tons in 1985.[141] This astonishing increase in the agri-sector was attributed, as the annual

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[137] Kingdom of Saudi Arabia, Ministry of Planning, Fourth Development Plan, (1985-1990) ([Riyadh, Saudi Arabia: The Ministry], 1985), 211. (Arabic Version).

[138] Kingdom of Saudi Arabia, Achievements of the Development Plans 1970-1983, 169.

[139] Abdulfattah Musa, "The New Budget," Asharq Al-Awsat (London), 27 January 1987.

[140] Kingdom of Saudi Arabia, Fourth Development Plan (1985-90), 66.

[141] "Extensive Report About the Achievement of the Three Development Plans of Saudi Arabia," Asharq Al-Awsat (London), 3 February 1985.

report of Saudi Monetary Agency disclosed, to several factors, of which:

> Government support, adoption of modern techniques (e.g., use of improved seeds and saplings and improved irrigation systems), and the consolidation of land holdings to facilitate mechanisation. . . . Wheat production, in particular, recorded unprecedented growth as a result of government incentives: through the General Grain Silos Organization, the government now purchases locally produced wheat at the support price of Riyals 3.5[142] per kilo.[143]

Another significant indication revealing the agricultural growth in Saudi Arabia is boiler chicken production that rose from 8,310 tons in 1973 to 194,480 in 1985.[144]

As another dimension in looking at the agricultural sector expansion over the last two decades, Knauerhase in the early 1970s indicated that the total number of agricultural land holdings under cultivation did not exceed 160,000 hectares.[145] While in 1983, the Saudi Ministry of Agriculture and Water's survey showed that the amount of cultivated land more than quadrupled in less than two

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[142] Government price is triple what a kilo of wheat may be worth in the market.

[143] Kingdom of Saudi Arabia, Annual Report, 1983, 81.

[144] Kingdom of Saudi Arabia, Ministry of Agriculture and Water, Department of Economic Studies and Statistics, Agricultural Sector Development, "Graphical Indicator," 1985, 11.

[145] Knauerhase, Saudi Arabian Economy, 113.

decades. Also, as the same survey indicated, land holdings also expanded to 212,000.

Saudi's New Bourgeoisie

In the early 1970s, some flashy Saudi millionaires came under the focus of world news, attracting much attention. Among those named were Akram Ojieih, Adnan Khashoggi, Gaith Pharaon, etc. The latter two millionaires were characterized by Newsweek in early 1975 as "upwardly mobile Saudi Arabian moneymen is Gaith Pharaon, who is buying control of the Commonwealth Bank in Detroit. Like Khashoggi, whose father was court physician to the late King Ibn Saud, Pharaon's rise was helped by strong connections to the throne: His father is one of King Faisal's chief advisers."[146] Later in the mid-1980s, Khashoggi was the world's richest man. All three millionaires, however, have one thing in common, with some minor exceptions--all their main investments are in areas outside of Saudi Arabia.

Furthermore, during the late 1970s and early 1980s, an increasing amount of Western literature discussed, in some depth, the developing Saudi bourgeoisie phenomenon. For instance, J. R. L. Carter in his book, Leading Merchant

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[146] Joe Clark, "All About the New Oil Money," Newsweek, 10 February 1975, 62.

Families of Saudi Arabia,[147] disclosed more than sixty very well-established wealthy families. Business International Corporation, in a very lengthy report titled Saudi Arabia Issues for Growth,[148] pointed out sixty-two Saudi bankers and other extremely rich Saudis. Field's book The Merchants: The Big Business Families of Saudi Arabia and the Gulf States singled out some supper-rich Saudi families who noticeably expanded their wealth in the mid-1980s.[149] Furthermore, International Investor, under the title "The World's Richest Bankers," examined "64 bankers who have joined the ranks of the supper-rich"[150] among whom were four Saudis each of whom were worth between $1 billion and $2 billion. As a follow up, Middle East Research and Information Project, in two different issues under the titles "The Saudi Bourgeoisie" and "The New Bourgeoisie of the Gulf," offered a rather good analysis of how the Saudi bourgeoisie emerged under the sponsorship of the state.[151]

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[147] J. R. L. Carter, Leading Merchant Families of Saudi Arabia, (London, England: Scorpion Publications, in association with The DR Llewellyn Group, 1979).

[148] Business International Corporation, Saudi Arabia Issues for Growth, 77-80.

[149] Field, The Merchants.

[150] Tim O'Neil and Harold Brooks, "The World's Richest Bankers," International Investor, 17 (June 1983): 123-38.

[151] Ghassani Salameh, "The Saudi Bourgeoisie," MERIP Reports, no. 91 (October 1980), 16-17; James Paul, "The New Bourgeoisie of the Gulf," MERIP Reports, no. 142 (September-October 1986), 18-22.; For more information see also Vahid Nowshirvani, "The Yellow Brick Road: Self-Sufficiency or

The Bourgeois Outlook

In James Paul's inspection of the new bourgeoisie of the Gulf, he introduced a very fundamental question: is this new bourgeoisie "nationalist" or "comprador"? His immediate answer to the question was

> like their older cousins in Turkey and Egypt, the new bourgeois of the Gulf are ready to wave the nationalist banner when it suits them, but nearly all are intimately linked to international capital through investment partnerships at home and abroad. By law, local business must be majority-owned by nationals--this is the nationalist side of the coin, but the vital minority partner is often a foreigner--this is the international side.[152]

It should be mentioned that in another part of the same article, Paul particularly emphasized Saudi bourgeois development. Therefore, it is obviously clear that the Saudi bourgeoisie must have been included in Paul's questioning of whether the new Gulf bourgeoisie are "nationalist" or merely comprador bourgeoisie.

Proceeding from Paul's question, one may say at this time that the Saudi bourgeoisie without doubt play dual roles in the Saudi economy. First, a good proportion of them are still, and probably will for a long time to come, making their main fortune only through outside connections such as the importation of foreign goods for sale on the Saudi

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Self-Enrichment in Saudi Agriculture?" MERIP Reports, no. 145 (March 1987), 7-13; Kavoussi, "Oil Exports," 290-92.

[152] Paul, "New Bourgeoisie," 20.

market. Consequently, the compradoric bourgeois' self-interest apparently created a negative attitude, within the group circle, toward national self-reliance. Thus, it seems that at least a segment of the Saudi compradors will retain their connection to the foreign capital market. Their role, in this case, is to import and sell all possible consumable merchandise. The rationale, of course, is to facilitate the arrival of dry goods, yard goods, and all consumable commodities to Saudi consumers for a very satisfying low price. This can be done only if the tariff is kept low enough to allow the foreign product to infiltrate the local market in order to suppress nascent national production. This is exactly what is happening in Saudi Arabia at this stage of development. However, the Saudi producer will survive as long as the state subsidy is maintained.

Second, the rest of the Saudi compradors have been attracted by the large government incentives. So far, they have completely merged with part of the new Saudi private industrial program. Furthermore, some of the new Saudi entrepreneurs take a part in joint-venture industrial enterprise as their amount of capital and number of projects disclose in Table 4.13.

It seems rather minor to discuss the Saudi new bourgeois' origin. The most important point is to recognize their existence and pursue their possible future course. It

is vital to this discussion to point out, once more, that the Saudi government

> has done everything in its power to encourage private citizens to pursue their individual choices to the maximum. As a result of this policy the private sector today contributes not less than 53 percent to the country's real gross domestic product.[153]

Mainly because the Saudi bourgeoisie were reluctant to participate in a venture such as oil at that time, all large public projects, particulary petro-chemical, are executed entirely by the government. Today, the government has adopted "a policy of giving the private sector the opportunity to undertake many of the economic tasks of the government, while it will not engage in any economic activity undertaken by the private sector."[154] Some of the gigantic petro-chemical production projects' shares have already passed to private investors. The plan is for it to be entirely transferred to Saudis, in general, and The Gulf Co-operation Council Citizens private sector, in particular.

The government sent an open invitation to the new bourgeoisie, asking them to take a major part in modern economic development. By accepting the invitation, they obviously secured tremendous advantages such as financial and material support. This is just an evaluation of the past, as

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[153] Kingdom of Saudi Arabia, Ministry of Planning, Fourth Development Plan (1985-1990), ([Riyadh, Saudi Arabia: The Ministry], 1985), xiv.

[154] Ibid., 117.

all of the above discourse merely concerns Saudi old merchant (compradors) and the nouveau riche's transformation into modern bankers, joint-venture and national capitalists, or new Saudi bourgeoisie.

Now, the pertinent question is: what is the new Saudi bourgeoisie position within the Saudi upper-class format?

In an extensive elaboration of the previous discussion, this chapter was divided into seven components. First is the royal family, then landowners, and finally all moneymen who occupy the last two categories in the upper-class bracket.[155] The uniqueness, however, of the Saudi bourgeoisie at this stage of development is that they are the only major body holding "elections [which] appear to be businessmen's elections of two-thirds or more of the board members of the quasi-official Saudi Chambers of Commerce and Industry."[156]

There are at present eighteen Chambers of Commerce and Industry scattered among several cities and towns all over the country (see Appendix 4-1).

> Establishment and working of the Chambers are regulated by a statute issued by Royal Decree. Every Chamber has an administrative committee to guide its operation. Two-thirds of the members of the committee are elected while one-third are nominated by the Ministry of Commerce.[157]

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[155] For better insight, see Figure 4.4.

[156] United States Department of State, Country Reports on Human Rights Practices for 1986, (Washington, D.C.: United States Government Printing Office, 1987), 1290.

[157] Chamieh, Saudi Arabia Record of Economic Development, 95.

All eighteen Chambers of Commerce and Industry are represented in one council that was formed in 1980 and located in the Saudi capital. While the Council consists of all the Chambers of Commerce and Industry's elected presidents, its main principles stem from the Chambers' original functions which

> include giving assistance to the members in making contracts with foreign collaborators, in securing government bids and in settlement of industrial disputes. . . . help to draw the attention of the government and other agencies to problems faced by industry and to the need for official assistance.[158]

With the foundation of the Council of Chambers of Commerce and Industry in 1980, all Chambers become one voice. Early in 1983, the Council, for the first time, called for a general convention for all Saudi businessmen, under the banner of better participation from the private sector to promote national development. Under the same banner the Council also held the second and third conventions in 1985 and 1987 in Riyadh and Abha, respectively. Though he only attended the second convention's opening and was represented at the first by Minister of Interior Prince Nayif and at the third by Abha's governor Prince Khalid al-Faysal, all the conventions were held under King Fahd's guidance.

Most concerned officials such as Ministers of Planning, Agriculture and Water, Commerce, Industry, etc. attended all

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[158] Ibid., 94; for more information about the Council's principles, see also Documents and Accomplishments, Second Convention of Saudi Businessmen, 33.

the conventions. The main themes discussed at most of the conventions centered around (1) businessmen's profound frustration with competition of foreign contractors in Saudi construction projects, (2) importation of foreign products interfering with indigenous rudimentary products' growth,[159] and (3) private banks' problems that originated from the existing rules to employ their surpluses inside the country, presented in the second and third convention.[160] The complaints and grievances were discussed among the participants and attending government officials. It needs to be realized that the new Saudi bourgeoisie follow a sophisticated method in conducting business. They publish journals and bulletins through the Chambers of Commerce and Industry to "disseminate mutual cooperation among industrialists and businessmen and help to draw the attention of the government and other agencies to problems faced by industry and to the need for official assistance."[161]

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[159] Documents and Accomplishments, Second Convention of Saudi Businessmen, 35-83.

[160] Interest such as modern banks usually charge is considered usury which is not allowed in Islamic Shari'ah; for further insight, see Abdulrahman A. Kurdi, "The Islamic State: A Perspective of the Islamic Holy Revelation," (Ph.D diss., The University of Arizona, 1983), 213-14; for more information from the businessman's point of view see "The Final Memorandum, Third Convention of Saudi Businessmen--Abha, Saudi Arabia March 15, 1987," (n.p., n.d.) p. 5, which recommended needed regulations to establish a trust between the banks and their customers.

[161] Chamieh, Saudi Arabia Record of Economic Development, 95.

The Extended Saudi Bourgeois Role

On the Gulf Arab States' level, the Saudi bourgeoisie played a leading role, especially in the late 1970s, with the aim of creating cooperation among the local bourgeoisie to pave the way for market unity. The Gulf bourgeoisie successfully established one council for all Gulf Arab States Chambers of Commerce and Industry including Iraq in 1980,[162] just one year before the Gulf Arab States Cooperation Council (GCC) was formed. It is a common belief among educated citizens that the economic accord which shortly followed the GCC formation was manipulated by the new bourgeoisie of the Gulf. An obvious argument supporting this belief is a declaration made by Abdulaziz Al-Sagar (President of the Kuwaiti Chamber of Commerce) during one of the (GCC) Chambers of Commerce and Industry conventions. He said that without exception, all (GCC) Chambers of Commerce an Industry deeply share a belief in the common political, economic, and social structure among all states. Thus, he added, we should move quickly to direct our common interest into practical steps to develop the (GCC) states on all levels, until unity among them is reached.[163] Furthermore, when the European market raised the tariffs against Saudi petrochemical production in

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[162] "The United Gulf Chambers," Riyadh Newspaper, 16 March 1983.

[163] Al-Sagar, "Economic unity is the logic of historical return, while separation is a temporary state that should be ended," Alwatan (Kuwait) 13 July 1986.

1984 the (GCC) General Council of Commerce and Industry took a strong stand in support of the Saudi position. This may not only indicate class consciousness but it also reflects a national interest as illustrated by Article 4 of the Economic Accord, which was aimed to reduce the tariff rate among GCC members and raise it for nonmembers in order to protect the local market.[164]

Unity and Disunity Within the Upper Class

Only five years ago Eyad Ameen Madany, a Saudi writer, observed the rise of class phenomenon in Saudi Arabia and in a cheering way wrote "The door is wide-open for the phenomenon of the Saudi businessmen who are with us here [in Saudi Arabia]. We happily smile because they as a stratum or a class--if you wish--replaced the landlord and tribal sheik's previous status."[165] This is not quite true, because the landlords in all the GCC societies are the ruling families and still maintain the highest status in society.

In discussing the emergence of the new bourgeoisie as a growing force, one should not ignore that they are still only one of six strata of the designated class. One also needs to realize that, at the present stage of development in Saudi Arabia, material wealth by itself is not the only determining

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[164] Secretariat General of the Gulf Arab States Co-Operation Council, Economic Accord, signed 11 November 1981, (Riyadh, Saudi Arabia: Samacah-Riyadh, [198?]), 4-5.

[165] Eyad Ameen Madany, "Saudi Businessmen Phenomenon," Okaz Newspaper, 21 March 1982, 10.

factor of power. Futhermore, one can easily argue that Saudi society is still generally tied to its Arabic-Islamic background where "political influence, military power, administrative rank, wealth, birth, and schooling, in every possible combination, strengthened or counteracted one another in assigning a given individual his place in society."[166]

Within the scope of class outlook, two important points concerning weakening and strengthening the unity of the upper class. First, three weakening elements can be demonstrated by the following points:

1. Businessmen are actually divided into, as previously stated, into either the comprador or industry group. The comprador groups generates its fortune from importing foreign products for sale in the country. Consequently, it is to their benefit that the tariff be reduced on all imported goods. From the industry group's point of view, indigenous production needs to be protected by:
   a. Raising the tariff on all foreign products, especially if they are similarly produced inside the country.
   b. Transferring government subsidies from the import agent in Saudi Arabia to the local

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[166] Gustave E. Von Grunebaum, Medieval Islam, 2d ed. (Chicago: The University of Chicago Press, 1953), 212.

producer in order to keep the price down, and to encourage indigenous industry.

c. Issuing official regulations to force all foreign contractors doing business in Saudi Arabia to use indigenous products wherever possible.

2. Tariff regulations are always economic and political decisions. In the Saudi situation the final decision is made by the ruling family, which must balance full support of indigenous enterprise and consumer satisfaction which may be upset by acute inflation. This moderate position may not please the indigenous producer, so the argument goes on.

3. The nature of modern private banking and finance contradicts policies in Saudi Arabia. After the government Saudi-isation program, all the eleven indigenous private banks are either completely or at least 60 percent owned by Saudis. These banks today have more than 600 branches inside the country and more than 20,000 Saudis are employed by them. At this time, the banks are facing legal difficulties. According to the Ulama's interpretation of the Islamic Shari'ah, most of today's banking business is prohibited by Islam, which does not allow any form of usury. Thus,

> there is a complicated problem of religious, economic, and political dimensions where the Ulama and bankers are on different sides. Both are waiting for the government decision. Recently, the Ministry of Commerce formed what is called 'Hayat Hasm al Monaza'at al Taijariah' which means certain specialized chambers (boards) to receive, investigate, and solve all suits of banking and matters similar in nature.[167]

Second, the three strengthening points of the upper class outlook may be illustrated by the following elements:

1. The abundance of wealth which was originally generated from oil helped to fight illiteracy and poverty and also strengthened the unity of the country as a whole. As a result, political stability became possible and socioeconomic development occurred.
2. Without the state abundance and the government encouragement, the old Saudi merchant's may have continued to limit themselves to the importation and sale of foreign products. However, because of the government, traditional merchants as well as the new Saudi rich were transformed into capitalist bourgeoisie.

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[167] "Final Memorandum, Third Convention of Saudi Businessmen," 5-13.

3. Among the Saudi upper-class the new bourgeoisie that emerged are the most formative, growing body. In contrasting the new bourgeoisie to other groups of the same class, the former is distinguished as being more receptive to social change, ambitious toward political power-sharing and economically dynamic. Their uniqueness, however, actually stems from being at the melting point of other upper-class members. Princes, high-ranking military officers, and rich, high-ranking government employees all share the same business interest.

Consequently, irrespective of some competition among the different parties, the new bourgeois plays the main role in strengthening the relationships among all Saudi upper-class groups. At present however, Chambers of Commerce are the only web where all wealthy Saudi men meet; within each organized body they elect the Chamber's leaders and hold their general conventions in order to discuss business affairs among themselves and with state representatives.

But, the Chamber of Commerce's body is not the only bridge connecting wealthy Saudis to the State. However, some prestigious families, mostly from wealthy backgrounds, found a way to participate in Saudi politics through the Ministers Council. From the period of 1932 to 1986, an examination of the period covering more than fifty years disclosed that individuals from only fifty different Saudi families ever

participated once or more in the Saudi Ministers Council during the designated period as shown in Chart 4.1. Just within the circle of the fifty participating families, frequencies and duration of holding ministry positions held are different from one family to another. However, let us only examine the frequencies as disclosed in Chart 4.2. During the past fifty-four years (1932-1986), 104 ministers were either first time or repeat appointments. The royal family's share is a frequency of thirty six out of 104, or 34.6 percent, while the second family's (AL-Shaykh) share is 5.8 percent. The chart indicates that only the first thirteen ranked families had participated more than once during the designated period. The other thirty-seven families' participation did not exceed one time throughout the period. Yet, since socioeconomic policies are all made in the Saudi Ministers Council, the participation of representative upper-class families serves to both protect and advance their class interests.

The reciprocal or debatable point has been raised--is it the government which transformed the old merchants and the nouveau riche into capitalist enterprisers or is it the latter's sons who obtained ministerial and high administrative posts in the government that helped to channel an enormous proportion of the public wealth for the benefit of their own class. This point would apparently raise another question--are all ministerial posts limited only to

Chart 4.1

Saudi Participants
in Positions of Minister,
Prime Minister, or Minister
of State without Portfolio since
Saudi Arabia was Proclaimed in 1932
until 1986, by Family and Frequency of Participation

Family Name	Frequency	Family Name	Frequency
AL-SAUD	36	AL-HUSAYN	1
AL-SHAYKH	6	AL-JAZAYRI	1
AL-HEJAILAN	4	AL-MANGOUR	1
ABA AL-KHAYL	3	AL-MANSOURI	1
AL JAMJOOM	3	AL-MULHIM	1
AL-'ANGARI	3	AL-NASIF	1
NAZER	3	AL-QURAISHI	1
AL KHOWAITER	2	AL-SABBAN	1
AL SUDAYRI	2	AL-SA'D	1
AL-GOSAIBI	2	AL-SHA'ER	1
AL-SUDARY	2	AL-SHUBAILI	1
AL-SUWAYYIL	2	AL-TARIKI	1
AL-ZAMIL	2	AL-UMRAN	1
ABED SHAYKH	1	AL-ZAGHAIBI	1
ADHAM	1	ALIREZA	1
AL DABBAGH	1	'ARAB	1
AL HARKAN	1	HARSANI	1
AL MISHARI	1	KEYYAL	1
AL SAQQAF	1	KUTBI	1
AL SOLAIMA	1	MASOUD	1
AL SULAYMAN	1	PHARAON	1
AL WASIE	1	SHITA	1
AL-AWADI	1	TAWFIQ	1
AL-FAYEZ	1	YAMANI	1
AL-HAHTI	1	YAMANI, ZAKI	1

	Family Participants	Frequency
Total	50	104

Compiled Information: Summer Scott Huyette, Political Adaptation in Saudi Arabia, (Boulder, Colorado: Westview Press, 1985), 139-146.

individuals with a wealthy background? The answer is simply no. As explained earlier, the Saudi upper-class is based on several elements such as: lineage, wealth, military and administrative rank, education, etc. Of course, the more elements an individual possesses, the greater his chances for a high social and political position. However, it is evidently clear that most ministerial posts are filled by individuals with varying combinations of merits, but most belong to the Saudi upper-class. Now, who created the new capital bourgeoisie? Based on available data, it would seem that a reciprocal effort between both parties generated the emergence of the new bourgeoisie.

The Size of the Upper Class

To transform each segment of the upper-class into numerical data, it should be pointed out that the wealthy businessmen category overlaps the other upper-class brackets. It has been assumed that the upper-class includes the royal family, the ulama, high government officials, high-ranking military officers, tribal chiefs, large landowners (farms) and wealthy businessmen (which includes merchants, entrepreneurs, enterprisers, bankers, traditional financiers and money-changers). Structurally, the whole upper-class is illustrated in Figure 4.4.

Looking at the figure below, seven brackets are clearly demonstrated. Each bracket contains a certain number of

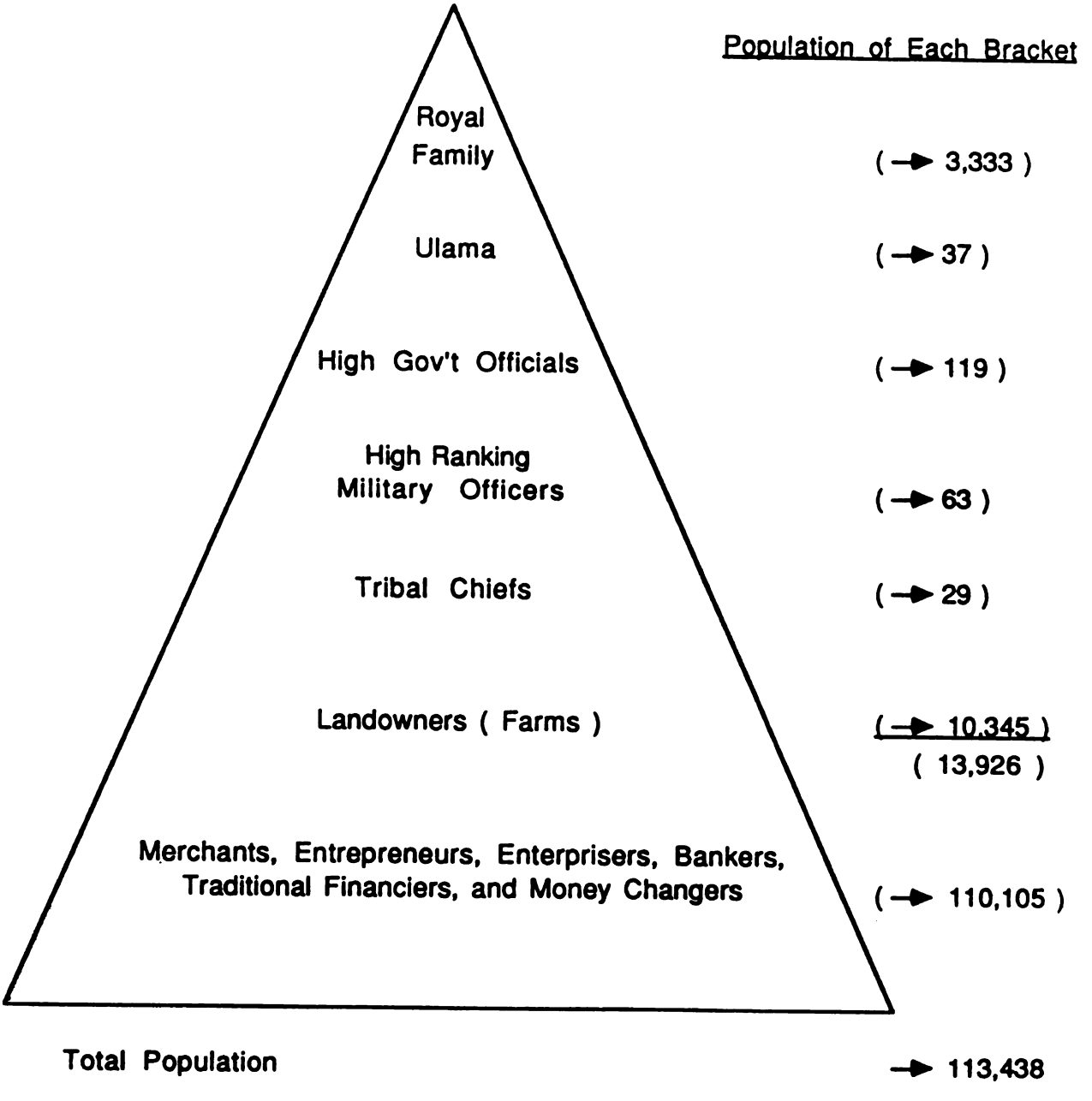

Figure 4.4

Saudi Upper-Class Structure

members of the upper-class. Starting from the top down to the sixth bracket, the total is 13,926, the seventh bracket by itself contains 110,105 members, and the total for all brackets is 124,031. So, the main point is that any member included in the first six brackets most likely also overlap the Saudi businessmen bracket. As stated by Hobday:

> Some Saudis, in fact use government service as an obvious stepping stone to better deals in the private sector. Through their jobs in a ministry, they make contacts; some quite simply use their positions to make some money (money earned in return for influence, in short, bribes), and put that to good use in the private sector.[168]

Even the royal family is not excluded from business dealings. As mentioned earlier in this chapter, the New York Times stated that there are 3,000 male adult members in the extended royal family, 300 engaging in commerce and government activities.

Large landowners (farms) appeared as the second largest bracket in this figure; however, the 10,345 land owners are easily identified as those receiving big government wheat subsidization, among 21,000 Saudis farming wheat.[169] Subsequently, the researcher tends to believe that the large landowners can be included in the number of registered members of the Chambers of Commerce and Industry. The ulama,

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[168] Peter Hobday, Saudi Arabia Today. (New York: St. Martin's Press, 1978), 81.

[169] Compiled information: Okaz Newspaper, 1 October 1985; Asharq Al-Awsat 26 November 1985 and 16 November 1986.

tribal chiefs, and high-ranking military officers did not, however, clamber the pyramid of high class because of wealth, but for other qualifications as has been previously discussed. Nonetheless, they are small in number and those who are rich would also be included in the wealthy businessmen bracket.

In conclusion, if the number of royal family households (3333) is added to the numbers in the last segment of the pyramid (110,105), the sum would be 113,438 Saudi upper-class members.

Also, it is meaningful to relate the upper class standing figure in proportion to the whole Saudi population. Knowing that the estimated Saudi population for 1985 was six million[170] and that the average Saudi family has about six individuals[171], the figure 113,438 can be multiplied to reach a sum of 680,628 individuals, which clearly indicates that a total upper-class figure is 680,628. In terms of proportion then, the upper-class represents only about 11 percent of a population of six million in Saudi Arabia.

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[170] Sirageldin, Saudis in Transition, 30-34.

[171] Kingdom of Saudi Arabia, Ministry of Higher Education, National Atlas Committee, Population Atlas of the Kingdom of Saudi Arabia. ([Riyadh, Saudi Arabia: The Committee], 1981), 22.

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CLASS STRUCTURE IN SAUDI ARABIA
VOLUME II

By

Ali A. Al-Sultan

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CHAPTER 5

MIDDLE CLASS

Since this chapter is devoted to the middle class, it may be useful to point out that in our modern times, the expansion of public schooling has enormously increased in all developed as well as developing nations. Consequently, a new socialization process has created masses of intellectuals and intelligentsia in all industrial societies. Subsequently, the last half of this twentieth century has witnessed several new theorists who interpreted the "intellectuals and intelligentsia who are technically and professionally highly educated,"[1] as an emerging new middle class in all advanced, as well as newly developing countries, just as in modern Saudi Arabia of today.

The Saudi middle class is composed of both a traditional and new middle class, as will be extensively discussed. The two categories of the same class can be illustrated as follows:

a. The new middle class mainly consists of three elements: senior employees in the oil industry, military officers, and Saudi university graduates.

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[1]M. Saleem, "Is There a 'Third Class' Under Advanced Capitalism?," The Peninsula and Arabian Gulf (Ann Arbor, Michigan) (June 1987): 46.

b. The traditional middle class is composed of two elements: groups such as shopkeepers, real estate brokers, artisans, small entrepreneurs, etc. and the small business farmers.

Economic Background

Until the discovery of oil in the late 1930s, the Saudi pastoral economy did not allow the semi-egalitarian society to develop a significant degree of stratification. But then the increase in oil revenue, especially after World War II, opened the door for the nouveau riches as well as the middle class to emerge. Table 5.1 shows the drastic change in oil revenues from $0.1 million in 1938 to $10.4 million in 1946. If that is compared with the mere $7.17 million[2] that stood as the only income for the Saudi state in 1938, it shows the increasing difference just in the state's annual oil income, which exceeded $101 billion in 1981 (see Table 5.1).

So, as the available means of payment rose, so did the unprecedented demand for import commodities, chiefly food stuffs. Consequently, the flowing "inflation has also served to create a large, and in the main objectionable, class of nouveau riches in commercial and official circles."[3] As a

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[2] Arthur N. Young, Saudi Arabia: The Making of a Financial Giant. (New York: New York University, 1983), 126.

[3] (Sd) Scott Fox, British Legation, Jedda to F.O. No. (17338), E5274/5274/25, 19 June 1947, F.O. 371/62103 46558. (Annual Economic (A) Report on Saudi Arabia, 1946), p. 5, Confidential.

Table 5.1

Oil Revenue, 1938-1981
(Millions of Dollars)

Year	Amount	Year	Amount	Year	Amount
		1951	110.0	1966	789.
		1952	212.2	1967	909.1
1938	0.1	1953	169.8	1968	926.8
1939	3.2	1954	236.3	1969	949.0
1940	1.2	1955	340.8	1970	1,214.0
1941	1.0	1956	290.2	1971	1,884.9
1942	1.1	1957	296.3	1972	2,744.6
1943	1.1	1958	297.6	1973	4,340.0
1944	1.7	1959	313.1	1974	22,573.5
1945	4.3	1960	333.7	1975	25,676.2
1946	10.4	1961	377.6	1976	30,754.9
1947	10.5	1962	409.7	1977	36,540.1
1948	52.5	1963	607.7	1978	32,233.8
1949	39.1	1964	523.2	1979	48,435.1
1950	56.7	1965	662.6	1980	84,466.4
				1981	101,200.0

Source: Arthur N. Young, Saudi Arabia: The Making of a Financial Giant, (New York: New York University, 1983), 125.

result of the flourishing rentier economy, public expenditure expanded enormously. In the late 1940s and early 1950s, money was spent on such infrastructure projects as roads, hospitals, etc., which were mainly allocated by the Saudi government and implemented by American enterprise. In a letter sent to King Abdul Aziz Ibn Saud, dated October 31, 1950, President Truman heralded the good relationship between the two countries and praised Ibn Saud's motivation toward social development. As summarized in a British document:

> The two countries have been comrades in arms and are now joined in the common cause of opposing the Godless forces of communism . . . . The efforts which King Ibn Saud is making to improve his country's standard of living are admirable and praiseworthy . . . [President Truman] is proud that American enterprise has been able to assist His Majesty in many worthy projects.[4]

As was previously mentioned, after World War II modernization was introduced to some extent into Saudi society. As a consequence of this development, the traditional middle class was no longer limited to one area of the kingdom. As Summer Scott Huyette quoted Hurewitz, "the steady traffic enriched the Hijazi middle class as it absorbed the pilgrims who chose to settle there bringing with them fresh skills and knowledge."[5]

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[4] (Sd) B.A.B. Burrows, British Embassy, Washington, D.C., to F.O., NO AIRBAG Confidential (1080/292/52) 24 October 1952, F.O. 371/98826XC/A45410.

[5] Summer Scott Huyette, Political Adaptation in Sau'di Arabia (Boulder, Colorado: Westview Press, 1985), 2.

In other parts of the country, namely cities and big towns where trade and civil services flourished, the stage was set for artisans, small merchants, entrepreneurs, and state bureaucrats to lay the foundation for the Saudi middle class to emerge. It is noteworthy to mention here that since the early creation of the state, "high officials and others continued to amass considerable fortunes, as often by peculation as by private commercial activity. Contracts made with foreign firms were often wasteful from the Saudi point of view, e.g., the 'cost plus' contract by which an American construction firm made vast projects."[6] In a sense, peculation as other forms of corruption in past and modern times, has in fact elevated some of the state bureaucrats in their accumulation of wealth.

Corruption among various governmental employee ranks is occasionally noted in Saudi as well as Western literature. As early as 1953, a number of articles followed a line of highly oblique and allegorical criticism of Saudi local administration in Al Hijaz Province. An article written by Aziz Dhia was, "an editorial letter clearly implying that the honesty of some Junior Civil Servants might not be above

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[6](Sd) Allan F. Trott, British Embassy, Jedda to F.O. No. (17913) ES1011/1, 28 February 1950, F.O. 371/82638 XC/No. 46475 (Saudi Arabia: Annual Review For 1949), p. 3, Confidential.

suspicion."[7] In a flat critique, the writer compared two governmental employees. One of the employees was of a lesser rank, but lived a luxurious life. On the other hand, the other was higher in salary, rank, and prestige; nevertheless, he lived financially tight and always had a long list of debts. The two employees, he concluded, "trample good examples and dreams underfoot on the smooth part of the hill of corruption and silver."[8] Or, as mentioned earlier in Chapter 4, Hobday stated that some Saudis evidently use government service as a position advantageous for obtaining better deals in the private sector.

State employment actually turned out to be the foster father of the rudimentary traditional middle class to be initiated at an early stage. Lipsky, in his discussion of oil revenue disruption in the 1950s, emphasized that a great proportion of the share went to the state bureaucrats.

> Perhaps half the annual revenue, presently about $400 million dollars, goes to the royal family, and relatively little finds its way down to the community level. Large sums have also gone to wealthy merchants and to the numerous government officials and advisers involved in the administration of the new state.[9]

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[7] Ibrahim Al-Rashid, ed., The Struggle Between the Two Princes: The Kingdom of Saudi Arabia in the Final Days of Ibn Saud, vol. 8, Documents on the History of [Saudi] Arabia, (Chapel Hill, North Carolina: Documentary Publications, 1985), 89.

[8] Ibid., 90.

[9] George Lipsky, Saudi Arabia: Its People, Its Society, Its Culture (New Haven: HRAF Press, 1959), 89.

The oil industry in the Saudi Eastern Province, coupled with some governmental projects that started in the late 1940s, have opened new job opportunities and created new types of needed services maintained by the surrounding communities. Consequently, small shopkeepers, real estate businessmen, money-exchangers, artisans, small entrepreneurs, and others grew in number with increases in public expenditure. Moreover, "a larger group, corresponding to a middle class, consisting of numerous gradations of merchants, traders,"[10] etc. rose to fill the second echelon in the Saudi middle class category. In other words, on the social ladder the above-mentioned categories come just next to the state middle rank employees, while the military officers ranked above both.

For the purpose of analysis in this chapter, the major division of new and traditional middle class will be treated separately, as will each subdivision.

The New Middle Class

The Saudi new middle class emerged recently under very rudimentary economic conditions that were entirely different from those in Eastern Europe or any Western industrial country. The new middle class in Saudi Arabia is still small in number and politically weak. Within this context, then,

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[10] Ibid., 63.

the developing new middle class in Saudi Arabia will be examined.

The new middle class, which began to grow as a result of economic change and state apparatus, needed more sophisticated personnel, especially after World War II. It is significantly important to mention that, "as elsewhere in the Middle East, the new middle class in Saudi Arabia was the product of modernization,"[11] a search for sophistication, and a quest for security.

Though the embryonic emerging new middle class did not appear until the late 1940s, it helped the state to fulfill its managerial and professional needs. At the same time, however, the emerging new middle class had interests of its own which were invested in the course of state expansion. As Alvin W. Gouldner noted, "the new middle class among the 'helping' professions, is increasing its influence over the welfare, the education, the lifestyles, the mental and physical health of families."[12] Ever since the emergence of intellectuals and intelligentsia came into existence in Saudi Arabia, this is true there as well.

In tracing the root of the birth and growth of the new middle class, "it is important to mention that the first four

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[11] William Rugb, "Emergence of a New Middle Class in Saudi Arabia," Middle East Journal, 27, no. 1 (Winter 1973): 7.

[12] Alvin W. Gouldner, The Future of Intellectuals and the Rise of the New Class. (New York: Seabury Press, 1979), 14.

Saudi university graduates returned from Egypt in 1945."[13] Until 1949, however, only fifty-one Saudi university students had graduated from Cairo University. One needs to bear in mind that the first four-year college of higher education did not open in Saudi Arabia until 1949. Until 1970 the total of national and foreign Saudi university graduates up did not exceed 3,655 Saudis.[14]

The inception of the 1970s witnessed a tremendous socio-economic change in Saudi Arabia that for the first time put the country on the road of planned development. A discussion of the development in general is not the concern of this part of the research, so only three specific sectors, namely oil companies' employment, security personnel, and education will be separately examined to see how much they contributed to the growth of the new middle class.

Oil Companies' Employment

There are actually three oil companies operating in Saudi Arabia today: Arabian American Oil Company (ARAMCO), Geti Company, and Arabian Oil Company, Ltd. The last two companies are relatively small. Their oil production hovers around five percent of all oil produced in Saudi Arabia. They both maintain training and higher education programs

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[13] Rugb, "Middle Class in Saudi Arabia," Middle East Journal, 11.

[14] Ibid.

inside the country and abroad to develop their personnel. In general, both companies' employment is very small and slow in increasing (see Table 5.2.)

Table 5.2

Personnel in two Saudi Oil Companies -- Geti Co. and Arabian Oil Co., by Nationality, 1981-1984

Company	Nationality	Years 1981	1982	1983	1984
Geti Company	Saudi	793	790	809	834
	Non-Saudi	128	135	135	151
	Total	921	925	944	985
Arabian Oil Co.	Saudi	1,295	1,298	1,313	1,299
	Non-Saudi	527	588	625	635
	Total	1,822	1,886	1,938	1,934
Total	Saudi	2,088	2,088	2,122	2,133
	Non-Saudi	655	723	760	786
	Total	2,743	2,811	2,882	2,919

Source: Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, Statistical Year Book, ([Riyadh, Saudi Arabia: The Department], 1984), 235.

Only 2088 Saudi employees were employed by both Geti and Arabian Oil companies in 1981. Three years later, in 1984, the employment for Saudis did not exceed 2,133, which represents 73 percent of the two companies' total 1984 employment. There were no statistics available to show how many Saudi employees may fit into the new middle class category. But from the Aramco labor workforce analogy, one can easily calculate the Saudi new middle class proportion

among both Geti and Arabian oil companies. Aramco's Saudi employees numbered 34,000 (Table 5.4) in 1986 and only .008 percent of the total (281 individuals) fit into the new middle class bracket. Assuming the same proportion applies to the Geti and Arabian oil companies' total of employees in 1984 results in 2,133 individuals, and .008 percent of the total equals 17 employees, who fit into the Saudi new middle class category.

ARAMCO Employees

Next to these two oil companies is the largest oil company in Saudi Arabia and the second major employer in the whole country: ARAMCO. Aramco still represents the backbone of the Saudi economy. As a result, it will receive special attention in the following discussion, in order to explore how a significant proportion of the Saudi new middle class developed in the Aramco cradle with a militant attitude among workers.

Within the giant Aramco, the Saudi new middle class developed at an early stage. As clearly expressed in Table 5.3, among 2,441 individuals of Aramco senior staff in 1950, only five individuals were Saudis. Nine years later, the composition of the Aramco work force greatly changed. A capital-intensive policy was introduced to help the company cut the total labor force from 24,160 in 1952 to only 16,257 in 1959. While doing that, the number of Saudi senior staff

increased from five to forty-four employees, and the intermediate grade increased from 369 to 3,017 Saudi employees for the same period (1952-1959). The logic of the decline of Aramco employment in the 1950s can be easily explained, in part as a response from Aramco to the workers' demands for raises and improved working conditions, demands which were apparently supported by all middle class segments.

The New Middle Class Emergence and Role in the Oil Fields

Particularly regarding the Eastern Province where the oil fields and ARAMCO are, of course, located, a valuable document was recently published. This document did not plainly discuss the middle class, but it drew a close relationship between an oil field workers' strike in September 1945 and some individual Saudi merchants in the surrounding area. Aramco described this group as an interest group trying to profit by raising the price of merchandise so that the workers could get higher wages. The workers' grievances and demands that actually led to the strike were ignored by the company. Among several expressed grievances, the strikers' main demand was a wage increase. This was interpreted in an Aramco statement:

> The organizers of the strike were of office worker class and they had been working closely with a certain Galib Tewfik Effendi, former Chief of Police in Dhahran and now a merchant who is reputed to bear a grudge against the company . . . [moreover] the company relations department expresses the opinion that Galib Effendi and

Table 5.3

Saudi Senior Staff Growth Among Aramco
Workforce Composition from
1949-1959

	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Americans, Senior Staff	2,201	2,390	2,861	3,389	3,166	3,141	2,989	2,878	2,676	2,593	2,464
Foreign Contract											
Senior Staff	30	46	60	185	142	127	108	87	69	54	57
Intermediate	284	1,264	2,754	3,235	3,272	3,414	3,382	3,092	2,649	2,319	1,986
General	2,773	2,442	2,565	2,532	1,659	994	547	362	202	143	68
Total	3,087	3,752	5,379	5,952	5,073	4,535	4,037	3,541	2,920	2,516	2,111
Saudi Arabs											
Senior Staff	—	5	6	9	11	18	20	25	31	36	44
Intermediate	80	129	262	369	731	1,113	1,510	1,967	2,452	2,843	3,017
General	9.943	10,633	13,518	14,441	23,052	13,051	11,841	11,221	10,246	9,189	8,621
% Saudi Arabs	24%	27%	29%	29%	38%	46%	51%	56%	62%	63%	66%
Total Saudi Arabs	10,023	10,767	13,786	14,819	13,555	14,182	13,371	13,213	12,729	12,062	11,682
Total Employees in Saudi Arabia	15,311	16,909	22,026	24,160	21,794	21,858	20,397	19,632	18,325	17,171	16,257

Source: Adapted from: Roy Lebkicher, et al., Aramco Handbook, [2d rev. ed.] ([New York: Arabian American Oil Co.], 1960), 211.

> some of his merchant associates have instigated labor trouble not only to embarrass the company, but to bring about a general wage increase from which they could expect to profit almost immediately by raising prices.[15]

Two points can be drawn from the above passage. One is the organizers of the embryonic new middle class that led the workers' strike, and the second is the joint effort between the workers' leaders and the small merchant group. This gives a clear indication for early class awareness that led to an alliance between the two segments of the middle class. Later, the alliance between the two middle class segments became even more clear. It was reported during a strike in October 1953 that it, "appeared to be well-organized--13,000 out of 15,000 Saudi Arab employees in all of Aramco's centers joined in, while independent shopkeepers showed their sympathy by refusing to do business with non-strikers."[16]

In assuring the role of the new middle class in leading the early Saudi labor movement, The New York Times said,

> Several of the arrested strike leaders had attended college in Beirut under [a scholarship] program and others had received special training in the United States under company auspices. They epitomize the dilemma of the Saudi Arab who is subject to foreign influences and then returns to his homeland.[17]

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[15] William J. Kennedy ed., Secret History of the Oil Companies in the Middle East (Salisbury, North Carolina: Documentary Publications, 1979), 1:13-16.

[16] "Unrest in the Persian Gulf," Middle East Journal, 8, no. 1, (Winter 1954): 71.

[17] "Arab Labor Strike Tied to New Ideas," New York Times, 20 December 1953, sec. A, p. 20.

Perpetually, Aramco has been and still is an important field for the new middle class to develop. Nonetheless, a capital-intensive policy, as mentioned before, coupled with allowing Saudi contractors to handle Aramco construction, helped the company to make another cut that reduced total employees from 16,257 in 1959 to 10,865 in 1969. While, in absolute terms, the number of Saudi workers declined, in terms of percentage, they not only increased, but, their prestige and status were also augmented.

> Over the years, more and more Saudi nationals have been promoted into professional and management positions. In 1963 Saudi Arabs held 75 percent of the first-line supervisory positions, 42 percent of the technical positions, and 8 percent of the professional positions. In 1969, 37 percent of the 573 supervisory and management positions were held by Saudi Arabs, and by 1973 this proportion had risen to 40 percent.[18]

After 1969, however, employment grew five-fold during the next twelve years (Table 5.4). Explaining this rapid growth is important in understanding the growth of the new middle class within Aramco's dynamic change. More important than seeing the statistical differences, however, is realizing the driving factors behind the sudden increase in the number of Aramco employees. These factors can be summarized into two main elements: internal and external. These two combined elements pressured the Saudi system for socio-economic change in the 1960s.

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[18] Ramon Knauerhase, The Saudi Arabian Economy. (New York: Praeger 1975), 206.

The internal element was a result of the generally poor conditions that existed among Saudi citizens who felt that after twenty-five years of oil exploration, the country was still backward in many ways. The ruling family even debated the rudimentary question of development in the early 1960s. They were split over the question and so nothing concrete came out of their discussions until June of 1969 when popular feelings were expressed by the attempted military coup.[19] At that time, King Faisal took an historical initiative to defuse the popular tension and to meet the socio-economic demands. Consequently, "in September 1969, Saudi Arabia announced a five-year development plan for 1970/71 to 1975/76, [which was clearly] designed to raise the Kingdom's rate of economic growth."[20]

A year after King Faisal's announcement of the five-year development plan, Hisham Naser, head of the Central Planning Organization (CPO), who later became the Minister of Planning and then Minister of Petroleum and Mineral Resources, expressed the wish of the Saudi government to raise oil revenues in order to finance the government's plan. The message was sent directly and plainly to the oil companies in Saudi Arabia.

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[19] Helen Lackner, A House Built on Sand (London: Ithaca Press, 1978), 102.

[20] Knauerhase, Saudi Arabian Economy, 171.

Table 5.4

ARAMCO: Employment Growth from Selected Years (1959-1986)

Year	Total Employment	Number of Saudis in Workforce	Saudi Employees as Percent of Workforce
1959	16,257	11,682	72
1962	13,573	10,582	78
1966	12,664	10,258	81
1969	10,865	9,018	83
1973	13,001	10,238	79
1977	25,526	16,740	66
1979	38,243	21,839	57
1981	50,581	26,321	52
1982	57,077	33,067	58
1984	55,819	34,817	62
1986	48,000	34,000	71

Compiled Information: Ramon Knauerhase, The Saudi Arabian Economy (New York: Praeger 1975), 207; Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, Statistical Year Book ([Riyadh, Saudi Arabia: The Department], 1981 and 1984), 194 and 235, respectively; Gerald F. Seib, "Aramco Wrestles with Staff Cuts After a Decade of High Oil Prices," Wall Street Journal, Eastern ed., 18 March 1986, 32.

> The success of the plan depends on a number of factors, one of which was the oil companies' appreciation of the government's need for greater financial capability, necessitating an increase in oil company payments to it, and called on them to redouble their efforts in this regard.[21]

Aramco responded by producing as much as 10 million barrels per day to fulfill the requirements of the government.

> From 1972 to 1982 Aramco hired 38,000 Saudis, officials say. The workers were recruited both to help push up production to a peak of 10 million barrels daily in 1980, and to launch a much-heralded 'Saudization' program in which Saudis were trained to take over jobs from foreign workers.[22]

Table 5.4 illustrates the tremendous increase in Aramco's workforce as well as changes in its composition.

The second element (external) pressured Aramco to change its employment policy from decreasing to increasing the number of employees over the last 15 years. It may be attributed to the Arab/Israeli war in 1967 that caused the Arab world to lose its stability. Rising Palestinian resistance followed the 1967 war defeat. In 1969 there were military coups in Sudan, Iraq, and Libya. The new middle class that seized power, especially in Iraq and Libya, raised the slogan of oil nationalization. At least partially, Colonel Qadhafi of Libya in 1970, "forced major concessions

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[21] Ibid.

[22] Gerald F. Seib, "Aramco Wrestles with Staff Cuts After a Decade of High Oil Prices," Wall Street Journal, Eastern ed., 18 March 1986, 32.

from the oil companies operating in his country."[23] Houarri Boumedienne, President of Algeria, also in 1970, "called on the members [of OPEC] to seize control over the pricing mechanism in the international oil markets."[24]

Under these circumstances, Aramco felt the Arab pressure. As Anderson declared in 1974,

> According to the secret paperwork, Aramco calculated that a price increase would boost its "rate of return." So the company, fearing nationalization of its Saudi oil works, "well before 1980" and wishing to squeeze out more profits before the takeover pressed quietly for higher prices.[25]

As mentioned above, Aramco's fear of losing its concessions apparently led to maximizing oil production in order to increase profits in a very short period. So, the sudden employment increases (to more than 57 thousand) came along with Aramco's new policy to maximize the profit today and sell the shares tomorrow. As far as the future, however, Aramco started negotiating a total deal for its shares sold to the Saudi government since the mid-1970s. This resulted in final payments for an unpublished price.[26] In 1980, the Saudi government took over full ownership of Aramco.

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[23] Knauerhase, Saudi Arabian Economy, 171.

[24] Ibid.

[25] Jack Anderson, "American Firm Sought Increase: Aramco Squeezes Oil Users," Detroit Free Press, 10 January 1974.

[26] Ismael I. Nawwab, ed., et al, Aramco and Its World: Arabia and the Middle East (Dhahran, Saudi Arabia: Aramco, 1981), 238.

With all that has been accomplished so far, the main question is: How many individuals in the oil companies in Saudi Arabia could be designated as new middle class, remains unanswered. In 1986 the oil companies maintained over 50,000 employees, among which over 36,000 were Saudis--34,000 of the latter being Aramco employees.

Senior staff at Aramco are more or less equal to middle government employees (grades 15-6)[27] in status. A college certificate is required for the first low grade in this category. However, in this regard, Aramco's office in Houston, Texas was asked: How many senior staff members were budgeted and/or actually employed in 1986? (or the latest year for which this data were available), Number of Saudis? and Number of others?[28] Later the Houston office maintained that it could not release the information without permission from Aramco headquarters in Saudi Arabia and that it had received no answer.

Various available statistical and literature sources indicated that all three companies employ college graduates and above, and that all companies maintain higher education programs. Three high-ranking Aramco employees declared in 1981 that Aramco hired 250 university graduates in addition to about 1,000 students studying in either Saudi Arabia or

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[27] For a more detailed explanation, see Table 6.13.

[28] See Appendix 5-1 for the letter sent to the Aramco office in Houston, Texas on January 7, 1987.

abroad under the company's educational program. They also concluded that 281 out of 1,139 positions were all from grade 15 and above, which are classified as top positions occupied by Saudi employees.[29] For the purpose of this research, the figure 281 provides the only available figure at this time to indicate Aramco's contribution to the Saudi new middle class.

Security Personnel/Military Officers

There is no doubt that the modern Saudi state was founded mainly by traditional combat forces as previously explained in Chapter 2. As soon as the domain extended into the Red Sea, then al Hejaz became a part of the domain in the mid-1920s, Abd Alaziz (Ibn Saud) seriously thought that to secure his domain, his forces must be modernized. But the question he faced was how to use modern Western innovations without agitating the religious leaders of Najd.

In any case, those who seriously watched the early Saudi state development realized the existence of the dual treatment of al Hejaz Province and the rest of the kingdom; al Hejaz was always treated with more consideration. Education and early imported technology went to that province first. Most analysts, however, attributed this action to the Abd Alaziz policy of not offending the "Ulama" of Najd. This benefited the former province and limited the development of

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[29] "Aramco Decision is Saudi 100 Percent." Riyadh Newspaper, 26 January 1982. (Interview with three top rank employees of Aramco, among whom was Ali Al-Naami who became a president for Aramco in 1984.)

the rest of the country, until the mid- 1950s, when everything was mostly balanced. This section is primarily concerned with how state security at an early stage of development pushed toward creating a modern military institution which, consequently, created a suitable environment for the new middle class to come about within the security institution's development and expansion.

As early as the 1930s, before the state had a single pilot:

> King Ibn Saud has purchased four British aeroplanes. It is presumed that these planes are to be employed for military purposes, as Ibn Saud has had an opportunity to observe the success attending their use on the Transjordan, Iraq and Aden-Yemen borders in spying out raiding parties, dropping messages or warnings, bombing disaffected villages and tribes, and the like . . . they will be flown by British pilots.[30]

Abd Alaziz, in his time, expressed more tolerance and understanding of modern technology's use and importance. In contrast with the Imam of Yemen or the rest of the sheiks either in the Trucial or the Gulf Territories, he was farsighted in local and foreign relationships. While he was receiving his spiritual support from the ulama of Najd, he used al Hejaz Province as a base to strengthen his modern state. The interesting point is that by doing so, Abd Alaziz made the ulama happy by isolating Najd from modern change,

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[30] Ibrahim Al-Rashid ed., The Establishment of the Kingdom of Saudi Arabia Under Ibn Saud, 1928-1935, vol.3, Documents on the History of Saudi Arabia. (Salisbury, North Carolina: Documentary Publications, 1976), 69-70.

and the Hejazi elite happy by containing imported technology and modern change as much as possible.

In the early 1930s, the Evening Standard wrote:

> It was largely by the use of motor transport and telegraph facilities that Ibn Saud completed his conquest of Arabia since it enabled him to gain information and to move more quickly than his enemies. Afterwards he tried to make these innovations more general, but aroused such protest from fanatics that he wisely decided to wait.[31]

Military Schools

Along with the quest for security, the first military school was established in Mecca in the mid-1930s. Teachers from different Arab countries were contacted by the Saudi government to start the new school, where, according to a British document, "an army of about 300 pupils has now begun to take lessons in English--the only foreign language taught in Mecca."[32] The document did not specify the level of the newly established school, but use of the term "pupils" may indicate that the above-mentioned school was only at the elementary level.

At the Riyadh Annual Conference held by Abd Alaziz in 1938, he called for a modern military organization to replace all of the traditional forces. But that did not go beyond establishing a defense agency managed by the Ministry of

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[31] "Mechanized Arabia," Evening Standard, 103-1936 (clip sorted in British Documents file) 238/16, 10 March 1936, F.O. 905/41 XC/A46624.

[32] (Sd.) Sir Andrew Rayn, British Legation, Jedda, to F.O., No. 238/53, 12 September 1936, F.O. 905/41 XC/A46624.

Finance, until, "in 1944 the Ministry of Defense (now Defense and Aviation) arose out of an earlier agency for Defense."[33] According to Richard F. Nyrop, establishing the Saudi Ministry of Defense was coupled with President Franklin D. Roosevelt's declaration in 1943, "that the defense of Saudi Arabia was of vital interest to the United States, thus making the kingdom eligible for lend-lease assistance."[34]

Since then, the Saudi government has maintained a good military relationship with the United States. This eventually paved the way, especially in the late 1940s and 1950s, for Saudi officers to pursue their education and training in the United States, as well as at home, under the tutelage of certain American military experts.

The first military college (King Abd Alaziz Military College) was opened in the mid-1950s. At present, four military colleges for higher education are operating in Saudi Arabia. They are under the guidance of various security branches. Military preparation as well as service schools also still serve along side of the military colleges. So, most service schools "offered basic and advanced courses of instruction for both officers and enlisted personnel. As the number of Saudi officers trained in the United States

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[33] Lipsky, Saudi Arabia, 118.

[34] Richard F. Nyrop, Saudi Arabia, A Country Study, (Washington, D.C.: United States Government Printing Office, 1985), 261.

increased, so did the effectiveness of the instruction offered at the service schools."[35]

As briefly mentioned, attempts to modernize the Saudi security forces started as early as the late 1930s. But, "the need for rapid modernization of the armed forces became apparent in 1962 when the Egyptian Air Force, giving aid to the republicans in the Yemeni Civil War, staffed the southern parts of Saudi Arabia, which had extended assistance to the monarchists".[36] This was clearly manifested by the immediate rise in security expenditures, done in order to increase the number of defense personnel and to improve the quality and capability of the combatants. So, the state increased the $59 million allocated for security in 1960 to $130.4 million in 1965. Although the increase was continuously maintained during the 1970s in figures and percentage, in the 1980's a generous expenditure was made for security purposes (See Table 4.2), exceeding $22 billion in 1984. In other words, the amount that security consumed from the central government's total expenditures during the four implemented five-year development plans is given in Table 5.5.

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[35] Richard F. Nyrop, et al, Area Handbook for Saudi Arabia, (Washington, D.C.: United States Government Printing Office, 1977), 325.

[36] A. Reza S. Islami and Rostam Mehraban Kavoussi, The Political Economy of Saudi Arabia. (Seattle, Washington: University of Washington Press, 1984), 24.

Table 5.5

Saudi Defense Expenditure as a Percentage of Central Government Expenditures for Selected Years From 1969-1987

Year							
1969	1971	1973	1975	1977	1979	1982	1987
24.9	30.6	17.5	34.1	25.3	27.3	28.0	36.0

Compiled Information: Anthony H. Cordesman, The Gulf and the Search for Strategic Stability. (Boulder, Colorado: Westview Press, 1984), 508. Kingdom of Saudi Arabia, Saudi Arabian Monetary Agency, Research and Statistical Department, Statistical Summary (Riyadh, Saudi Arabia: Middle East Press, 1985) 23; and Asharq-Al-Awsat, 30 December 1986.

The consistent effort, however, increased the number and improved the quality of the military combatants. More than 80,000 men were serving in the army and more than 35,000 men were also serving in the paramilitary forces (Table 4.4). As the armed forces increased, the number of officers expanded as well. One estimate said, "officers corps numbers [are] twelve thousand,"[37] While another estimate, as discussed in more detail in Chapter 4 (Table 4.3), gave an estimate of 11,100 officers in the Saudi Armed Forces in 1985. This last estimate will be accepted as the number of the armed forces in the Saudi new middle class.

University Graduates

Admittedly, education is the element that brought the new middle class into being. As early as the 1920s, modern

[37] Ibid., 30.

education had not yet been formally introduced into the Ibn Saud domain. Even now, it is not clear whether it was the impact of British airplanes and armored cars, which were there in order to protect Jordanian and Iraqi boundaries and severely hit Ibn Saud's traditional forces (Ikhwan) at the boundaries' reach, or the logical outgrowth of Abd Alaziz's feelings that after the Kingdom's unification people in the country needed modern skills. What is clear regarding this matter, according to Goldrup is that, "in 1923 Abd Al-Aziz had remarked to Amin Rihani that what his countrymen needed was an education that would enable them to gain skills necessary to maintain a viable state."[38] Only three years later, in April 1926, the First Directorate of Education was established in Ibn Saud's domain. At the start, "the number of students was approximately 700, and the budget amounted to 5,665 pounds at its inception, 14,791 pounds in 1347/1928-29, and 23,140 pounds in 1348/1929-30."[39]

Along the stream of development the first four-year college was founded in 1949 in Mecca. And, while the directorate in 1953 was shifted to the Ministry of Education, the first university was established in Riyadh in 1957. Three years later (1959/60) appropriations for education were raised to $33 million and enrollment increased to 116,826

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[38] Paul L. Goldrup. "Saudi Arabia: 1902-1932: the Development of a Wahhabi Society," (Ph.D. diss., University of California, Los Angeles, 1971), 261.

[39] Ibid., 256.

students. Ten years later, when the Saudi state decided to implement the first five-year development plan (1970-75), it was necessary for the price of oil to increase enormously to raise the state's revenues.

Eventually, when the state was faced with acute needs for human skills in order to fulfill the socio-economic development plan's request, the state was able to finance and implement an ambitious educational program that increased the school's enrollment, as exhibited in Table 5.6.

Table 5.6 makes clear the enormous growth of funds appropriated for education, which rose more than forty-eight-fold in only fifteen years. Moreover, the increased student enrollment reached almost four-fold during the same period (Table 5.6). Up until 1986, seven universities and ten colleges (for females) were in operation. However, until 1983 more than 11,000 students were still studying abroad.

The educational result of all of the indigenous institutions of Saudi higher education, as well as the educational program abroad that has been maintained for the last four decades, can be seen in Table 5.7.

The table shows that 57,087 Saudis graduated from local universities and colleges since the first college of higher education was founded in Saudi Arabia 37 years ago. The table also demonstrates that 8,476 Saudi graduates had already earned their four-year college degrees from

Table 5.6

Annual Growth of Financial Appropriations for Education and Student Enrollment 1970-1985

Year	Dollars* (in Millions)	Saud Riyals	Students Enrolled at All Levels		
			Male	Female	Total
1970	170.0	598.1	411,529	126,230	537,759
1971	190.4	666.3	448,938	143,630	592,568
1972	328.6	1,150.1	488,722	171,380	660,102
1973	454.7	1,591.5	538,525	200,786	739,311
1974	637.9	2,232.7	602,623	241,685	844,308
1975	1,074.4	3,760.3	667,905	310,067	977,972
1976	3,697.4	12,941.0	705,327	352,667	1,057,994
1977	4,299.7	13,977.5	752,661	390,552	1,143,213
1978	4,330.0	15,155.0	865,600	463,728	1,329,328
1979	4,970.3	17,396.0	942,942	509,914	1,452,856
1980	6,083.7	21,293.1	977,245	571,040	1,548,285
1981	6,768.6	23,690.0	1,042,650	639,045	1,681,695
1982	8,497.3	29,740.7	1,115,815	702,593	1,818,408
1983	7,454.4	26,090.3	1,118,319	791,009	1,972,328
1985	8,171.0	28,598.4	N.A.	N.A.	N.A.

Compiled Information: Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, Statistical Indicator, (1985) and Statistical Year Book, (various years), ([Riyadh, Saudi Arabia]: The Department).

*$1.00 = 3.5 Saudi Riyals.

Table 5.7

Saudi Indigenous Universities and Higher Education Graduate Programs Abroad During the Last Four Decades (1945-1985)

Year	University (College) Graduates: Indigenous University Graduates	University (College) Graduates: Higher Education Program Abroad	Total
1945-70	2,646	1,009	3,655
1971	833*	310	1,143
1972	1,145*	306	1,451
1973	1,263*	134	1,397
1974	1,996*	404	2,400
1975	1,909*	202	2,111
1976	2,223*	171	2,394
1977	3,210*	186	3,396
1978	3,875*	249	4,124
1979	4,023*	335	4,358
1980	5,124*	503	5,627
1981	5,951*	639	6,590
1982	6,455*	999	7,454
1983	7,925*	1,019	8,944
1984	9,635*	1,005	10,640
1985	11,641*	1,005	12,636
Total	57,087	8,476	65,561

Compiled information: Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, Statistical Year Book, (Riyadh, Saudi Arabia: The Department, various years); Kingdom of Saudi Arabia, Ministry of Higher Education, Statistical Index on Progress of Higher Education From 1969/70 to 1983/84, no. 2, (Riyadh, Saudi Arabia: King Saud University Press, 1985); Kingdom of Saudi Arabia, Ministry of Planning, Achievements of the Development Plans 1970-1983, (Riyadh, Saudi Arabia: [The Ministry], 1984); William Rugb, "Emergence of New a Middle Class in Saudi Arabia," Middle East Journal, 27, no. 1, (Winter 1973): 7-20; Dalail AlKharrageen Al Mobtaatheen, (Riyadh, Saudi Arabia: [The Ministry], 1983-1985); "Saudis Studying Abroad Their Duties and Rights," Asharq AL-Awsat, (London) 10 February 1987.

*Non-Saudi students attending Saudi universities (1970-85) averaged 19 percent (See Kingdom of Saudi Arabia, Ministry of Planning, Fourth Development Plan (1985-90), 283); total readjusted accordingly.

institutions of higher education abroad within the course of the last 40 years. In other words, it may be concluded that indigenous colleges and universities in Saudi Arabia as well as the outcome of educational programs abroad, develop improvement in Saudi skills. Together they graduated 65,561 Saudi students during the 1945 to 1985 period. One more important point that needs to be clearly understood about Table 5.7 before proceeding any further is that the table only exhibits Saudi four-year college degree earners. This means that any graduate who ever earned above or under a four-year college degree is not included in the table's calculations, mainly to avoid repetition.

In conclusion, this research points out that up until 1985, both indigenous and overseas Saudi programs for higher education contributed 65,561 individuals to the new middle class in Saudi Arabia.

Traditional Middle Class

During the 1950s, Morroe Berger declared that, "when we speak of middle class in terms of its economic role, we are referring to two related but distinct elements within it: an entrepreneurial class that accumulates, organizes and allocates capital; and a technical-administrative bureaucracy that manages industrial enterprises."[40]

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[40] Morroe Berger, "The Middle Class in the Arab World," in The Middle East in Transition, ed., Walter Z. Laqueur (New York: Praeger, 1958), 61.

Three elements of the new middle class have been discussed. The remainder of the middle class is the traditional division which includes, "those merchants and small manufacturers, self-employed whose income and influence are not great enough to place them among the really powerful men in political or economic life"[41] simply because, "The main beneficiaries of government subsidies and incentives have been the very large firms."[42]

However, middle-size businesses willing to participate in the productive economic mainstream have had no difficulties in getting state support thus far. Some analysts, though, see future business opportunities as opened only for the big firms. Among these analysts is Kavoussi who believes that because of the lack of political "influence, the medium-sized entrepreneurs are not likely to obtain the necessary government support for a permanent role in the process of industrialization."[43]

In brief, with the rise of large Saudi firms it would be hard in the future, especially for middle-size business groups, to survive without state support. At present, only because of state support, Saudi middle-size business has flourished and remains fairly large in size.

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[41] Ibid., 63.

[42] Rostam Mehraban Kavoussi, "Oil Export and the Changing Occupational Structure in Saudi Arabia," Arab Studies Quarterly, 6, no. 4 (Fall 1984): 292.

[43] Ibid., 295.

Multifold Groups of Traditional Middle Class

In lieu of an absence of data disclosing information on the Saudi traditional middle class today, "it is possible to use indirect information to gain some insight into the characteristics of this group."[44] It is essential, however, to bear in mind that the Saudi private sector is mainly composed of small establishments engaged in various activities. In fact, the majority of the giant firms (e.g., the petrochemical plants) still, for the most part, belong to the public sector. Some large firms with substantial economic power gradually emerged to shift the balance from small establishments toward medium and large firms.

Rostam Kavoussi noticed that 60 percent of the private establishments in Saudi Arabia in 1976 were each operated by a single employee, and that more than 90 percent of Saudi establishments employed fewer than ten persons during this same period of time.[45] By 1983, however, the proportion of one-employee establishments dropped from 60 to 34.7 percent, while the number of establishments with fewer than ten workers rose slightly from about 90 to over 92 percent. Along with a total increase in the large-sized businesses category for 1983,[46] the shrinkage in the number of one-

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[44] Ibid., 290.

[45] Ibid.

[46] Kingdom of Saudi Arabia, Ministry of Labor and Social Affairs, Deputy of Labor Affairs, Department of Statistics and Research, Statistical Bulletin ([Riyadh: Al-Haromain],

employee establishments simultaneously suggested an expansion in the number of establishments that employed between one and ten workers.

Table 5.8 demonstrates the number of private sector establishments that existed in 1981, and later in 1983. In both periods (1981 and 1983), due to the size of employment in each establishment, they were divided into seven categories. As shown in the table, the first category includes all of the establishments that employed only one worker, while the last category contains all establishments that employed 100 or more workers. The table reveals that the total number of establishments changed from 150,858 in 1981 to 152,652 in 1983. This represents a difference of 1,794, or a .012 percent increase, in the private establishment figure over the designated period of time.

It is evident that most of the changes took place within the first category (establishments with one worker), which in 1981 represented 44.61 percent of the total establishments and in 1983 represented only 34.73 percent. Continuing on the same line of comparison, three categories may be grouped together ranging from 2-19 employees. This grouping reflects a different direction and characteristic than the first category. In 1981 the three categories only represented 52 percent of the total private establishments, while in 1983 the share rose to 62 percent. One-hundred and over

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1983), 12.

employment size also indicated slight growth rising from .77 percent in 1981 to .88 percent in 1983.

Table 5.8

Number of Establishments by Employment Size in 1981 and 1983 (Private Sector)

No. of Employees	1981	Percent	1983	Percent
1	67,298	44.61	53,020	34.73
2- 4	58,315		71,922	
5- 9	14,255	52.00	15,795	62.00
10-19	5,985		6,837	
20-49	2,747		1,093	
50-99	1,093		1,060	
100+	1,165	.77	1,337	.88
Total	150,858		152,652	

Compiled from: Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, Statistical Year Book, ([Riyadh, Saudi Arabia: The Department], 1982), 566; and Kingdom of Saudi Arabia, Ministry of Labor and Social Affairs, Deputy of Labor Affairs, Department of Statistics and Research, Statistical Bulletin, ([Riyadh, Saudi Arabia: Al-Haromain], 1983), 12.

So, generally speaking, the table suggests that the whole private sector in Saudi Arabia is moving gradually toward larger business enterprises.

At this point, however, it is important to utilize the existing private establishments (as of 1983) and to divide them into two categories using size of employment as a

denotation, dividing the social class grouping by ownership. This is in order to designate Saudi Arabia's traditional middle class and to show, in the meantime, that while the Saudi upper class may own less of the total private establishments in number, it employs a higher proportion of the total Saudi labor force, as illustrated in Table 5.9.

Table 5.9

Social Class by Ownership of Number of Private Establishments and Employment Size as of 1983

Private Establishments and Worker's Distributions	Social Class		Total
	Middle Class	Upper Class	
Employment Size	1 - 19	20 - Over	
No. of Establishments	147,574	5,005	152,652
Percent Distribution	96.67	3.3	100
Worker's Distribution (1983)	391,078	691,257	113,355
Percent Distribution	40.00	60.00	

Compiled Information: Table 5.8 and the Kingdom of Saudi Arabia, Ministry of Labor and Social Affairs, Department of Statistics and Research, Statistical Bulletin, ([Riyadh, Saudi Arabia: Al-Haromain], 1983), 12.

Before proceeding any further it is important to point out that most of the characteristics of Table 5.9 were drawn from Table 5.8. The arbitrary grouping, however, was made with full consideration that an establishment with one worker could possibly be owned by a small family enterprise. On the

other hand, both categories fall below the Saudi government's law which requires any establishment that employs twenty workers or more to maintain social security (including medical and disability insurance) for all of its workers,[47] so both can be grouped into one category along with the middle class range.

Second, realizing the stage of socioeconomic development, one cannot argue that Saudi Arabia is still a rudimentary country. But it is not by any means an advanced industrialized country, either. Accordingly, the point that needs to be made here is that because the Saudi economy is not well-advanced, traditional middle-class businesses still maintain reasonably small firms and there is still room for them to survive and to flourish, to a certain extent, for some time to come as long as government inducements for the Saudi private sector are preserved.

However, the number of establishments may not give a really clear picture about the distribution of private Saudi ownership. For instance, the middle class category as shown in Table 5.9 controlled 96.67 percent of the total existing establishments in 1983, while the upper class only controlled 3.3 percent. But that is indicative of the number of establishments, which has nothing to do with the sum of capital or the magnitude of labor involved. So, to see the

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[47] Kingdom of Saudi Arabia, General Organization for Social Insurance, Annual Statistical Report, no. 2, ([Riyadh, Saudi Arabia: The Organization], 1981), 27.

real weight of the upper class establishments' share it is necessary to understand that the upper class employed 60 percent of the total labor force that participated in the private sector in 1983 (as revealed in Table 5.9), while the middle class category employed only 40 percent for the same year.

In summary, it seems that all establishments employing between one and nineteen workers are owned by the Saudi traditional middle class, as Table 5.9 indicated. This includes 147,574 establishments, or 96.67 percent of all 152,652 private establishments that existed in 1983. So, it can be concluded that the Saudi traditional middle class in 1983 was equal to 147,574 individuals.

Middle-Sized Farms

The second subdivision of the traditional middle class in Saudi Arabia is owners of middle-sized farms. Until the early 1950s, the farming occupation attracted at least 50 percent of the Saudi workforce. Then, the available, easy, and better paying jobs pulled out a good proportion of the rural laborforce into urban centers, leaving the farming profession almost abandoned in Saudi Arabia.

In the early 1970s, abundant wealth enabled the Saudi State to implement a socioeconomic development plan which included, among other things, agricultural improvement. Subsequently, state incentives encouraged big and middle Saudi businessmen who own capital to participate in agri-

business. Especially in the late 1970s and early 1980s, quite a few Saudis became involved in the agricultural industry. It is apparently clear that Saudi farms are drastically changing in size and increasing in number.

Unfortunately, all available statistics are either too general or incomplete. For instance, Knauerhase pointed out that excluding livestock farmers, farm holdings totalled 70,352 with an average of 6.4 hectares (ha) of which only an average of 2.2 hectares were under cultivation in 1975.[48] In more general terms, the Bulletin of Current Agricultural Statistics (1981-84) enumerated 212,000 holdings that were distributed among 8,880 Saudi villages around the country.[49] The Bulletin did not provide any data that indicated the farm holding sizes in any categorical type. It also did not indicate how many farms were actually under cultivation.

However, an overwhelming majority of Saudi farm holdings are very small in size and they belong to the lower class in the rural areas. While the moderately middle and large farms are small in number, they always occupy a tremendous area and are greatly productive. Clear evidence of the small farms is that among 134,283 owned holdings which are shown in Table 4.9, 56.1 percent are one or less hectare in size. Thirty-

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[48] Knauerhase, Saudi Arabian Economy, 121.

[49] Kingdom of Saudi Arabia, Ministry of Agriculture and Water, Department of Economic Studies and Statistics, Bulletin of Current Agricultural Statistics, 1981/82-1983/84, ([Riyadh, Saudi Arabia: The Department, 1984]), 1.

six percent of the holdings range in size from one to nine hectares. On the other hand, among 956 specialized Saudi farms of crops and livestock, 192 holdings owned 38 percent of the total area (550,000 ha) designated for wheat crops from 1973 through 1985. Just within 1985, the 192 wheat farms produced 46 percent (919,645 tons) of the total wheat production which was estimated to be about 2 million tons for the same year.[50]

As previously stated, save livestock farms, farm holdings in 1975 reached 70,352. Statistically the number increased more than three-fold to 212,000 farm holdings in 1984. However, in the absence of any categorical figure to disclose where to draw the lines among Saudi large, middle, and small farms, it may fit the research purpose in designating the middle-size farms to use a governmental announcement directed to Saudi farmers. In October of 1985 the General Grain Silos Organization published an announcement for all wheat producers indicating that the first opportunity of gain from the government support price was previously given first to small farmers. Accordingly, twelve thousand farmers who were designated as small producers delivered their total production (460,000 tons).

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[50] Kingdom of Saudi Arabia, Ministry of Agriculture and Water, Department of Economic Studies and Statistics, Annual Bulletin of Complete Enumeration of Specialized Farms, Crops, and Livestock, 1984/85, ([Riyadh, Saudi Arabia: The Department], 1985), 15-16.

Yet, the door was also opened for the big producers to deliver their wheat production, the announcement concluded.[51]

The government announcement divided the Saudi wheat producers into only two categories, big- and small- (but no middle) size farm producers. As for the small-size category, only 12,000 farmers were designated as small producers benefiting from the government support price for their 460,000 tons of wheat produced in 1985. This means that each of the 12,000 farmers produce 38,000+ tons of wheat per year. However, as discussed in Chapter 4, the characteristics of small Saudi farms clearly reveal that these farms significantly exceed 12,000 in number and are extremely small in size. They are also owned by the rural Saudi lower class who have no investment capital.

Based on the foregoing information, the 12,000 farmers denoted in the government announcement can be nothing but middle-sized farm producers. That is, they are by no means small Saudi farmers. Consequently, due to a lack of clear cut data to distinguish among large-, middle-, and small-sized farm producers, the 12,000 farmers declared in the government announcement will be counted as middle-sized farm owners and thus representative of the middle-class farmer segment.

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[51] "The General Grain Silos Organization, Announcement to All Brother Wheat Farmers," Okaz (Jeddah), 1 October 1985. (See the text in Arabic in Appendix 5-2).

The Composition of the Middle Class

In concluding, the preceding investigation and discussion for each separate segment of the Saudi middle class, Figure 5.1 illustrates the five portions of the class. As can be seen in the figure, each portion is numerically different from the other. However, they can be divided into two major divisions. First, military officers, college graduates and senior oil employees may be designated as the new middle class division, which altogether includes 76,859 individuals. The second division includes quite a long range of the segment: small entrepreneurs, merchants, shopkeepers, real estate brokers (artisans), small farm owners and so on (159,574 individuals). Generally speaking, the Saudi middle class as shown in Figure 5.1 totals 236,433 individuals.

An Alternative Approach of College Graduates

A large proportion of the Saudi New Middle Class consists of college graduates, whose number was calculated from all possible existing records regarding Saudi graduates at home and abroad during the last 40 years. But there is another approach to calculating the Saudi college level at the present time. This will be done in order to compare the two methods and to adopt the one that appears to be most accurate and logical.

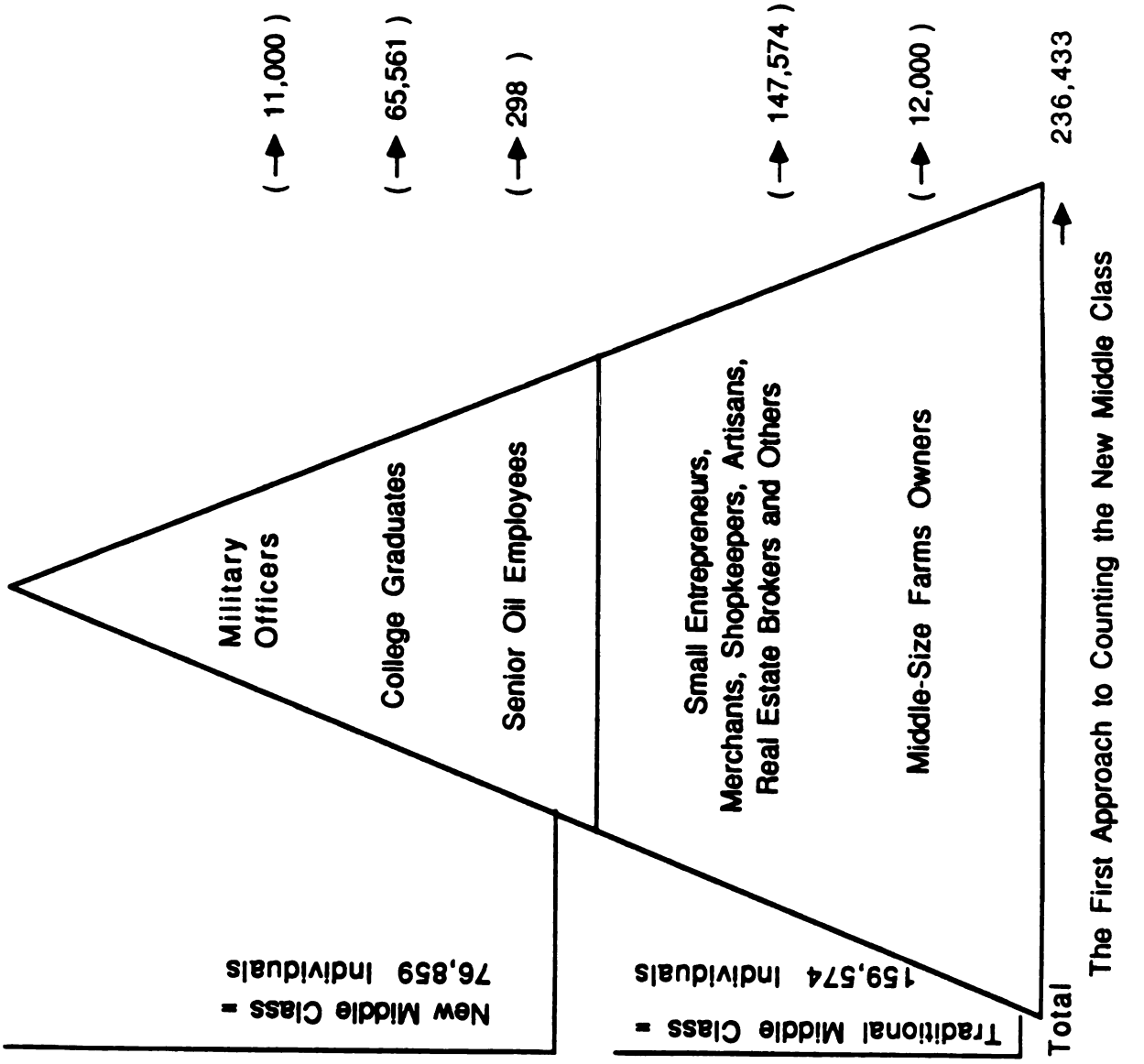
Military Officers
College Graduates
Senior Oil Employees
Small Entrepreneurs, Merchants, Shopkeepers, Artisans, Real Estate Brokers and Others
Middle-Size Farms Owners
(→ 11,000)
(→ 65,561)
(→ 298)
(→ 147,574)
(→ 12,000)
236,433
New Middle Class = 76,859 Individuals
Traditional Middle Class = 159,574 Individuals
Total
The First Approach to Counting the New Middle Class

Figure 5.1

For this second approach, two main sources were utilized: (1) government employment budget records for 1982,[52] and (2) the Statistical Bulletin, which includes all private sector establishments and workers by main occupations and education divisions for the year 1983.[53]

The first source is useful because, in order to get a government job at grade six and above, an applicant is most likely to have a college degree. As a result, this second approach utilizes grades six through fifteen in the government. Total budgeted positions (grades 6 to 15) in 1982 were 79,146,[54] of which only 56 percent were Saudis, as shown in Table 5.10. This table shows that 44 percent of the positions budgeted for 1982 were either vacant or filled by expatriate employees, leaving only 56 percent for Saudis. In practical terms, this means that 79,146 times 56/100 equals 44,321 Saudi employees in grades 6 through 15 in the government employment cadre for 1982. The monthly salary for these workers ranged between S.R. 3,815 and 15,000 ($1,014 to

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[52] Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, Statistical Year Book, ([Riyadh, Saudi Arabia: The Department], 1983), 531.

[53] Kingdom of Saudi Arabia, Statistical Bulletin, 1983, 19.

[54] Kingdom of Saudi Arabia, Statistical Year Book, 1983, 531.

$3,989) for the designated year, representing 24.2 percent of all government employees for the same year.[55]

The second source used in processing enumeration of the Saudi new middle class was the Statistical Bulletin for 1983, which includes and discloses all workers involved in the private sector. The bulletin, as demonstrated in Table 5.11, mainly illustrated educational status of the labor force involved in the private sector in 1983.

Table 5.10

Budgeted Positions: Occupancies and Vacancies for the 1982/83 Fiscal Year

Budgeted:	
In-Cadre Employees	353,229
Out-Cadre Employees	89,213
Total	442,442
Occupied:	
By Saudis	182,899
By Expatriates	86,243
By Out-Cadre Saudis	65,019
Total	334,221
Total Vacant Positions	108,221
Percent of Positions Occupied by Expatriates	19.5
Percent of Positions Vacant	24.5
Percent of Vacant and Occupied Positions by Expatriates	44.0

Source: Kingdom of Saudi Arabia, Civil Service Bureau, Alkhaidmah Al Madanyah Ba'alarqam 1402 Hijra [Civil Service Figures, 1982] (Riyadh, Saudi Arabia: Dar Althaqafah Alarabyah, 1982), 15.

[55] For the government cadre salary table, see Table 4.1.

Table 5.11

Workers in Private Sector Establishments in Saudi Arabia According to Main Educational Status in 1983

Category	Number
Illiterate	201,601
Read and Write	388,268
Primary School	110,364
Intermediate School	116,087
High School (General)	110,270
High School (Technical)	47,267
Some University	61,494
University Degree	93,276
Advanced Studies	6,368
TOTAL	1,135,355

Source: Kingdom of Saudi Arabia, Ministry of Labor and Social Affairs, Deputy of Labor Affairs, Statistical Bulletin ([Riyadh, Saudi Arabia: Al-Haromain], 1983), 19.

Among the nine categories (from illiterate to advanced studies) shown in the table, only two of them (university degree and advanced studies) are vital to this research. The two categories total 99,646 individuals, which includes both Saudis and Non-Saudis. Since 40.2 percent of the whole labor force in Saudi Arabia in 1985 were Saudis,[56] this means that 40,056 Saudis with college degrees or above were participating in the private sector in 1983. Since the government employed 44,321, in combination with the private sector, 84,377 Saudi individuals were employed who had earned

[56] Kingdom of Saudi Arabia, Ministry of Planning, Fourth Development Plan, (1985-1990), ([Riyadh, Saudi Arabia: The Ministry], 1985), 66.

college degrees or had completed advanced studies. In the case of government employees, however, some employees may not have college degrees, but for employment qualifications they must have earned some merit in order to be in grade 6 and above in the employment cadre.

The two ways to calculate the new middle class yield contrasting results. Approach one was limited to Saudi college graduates during a 40-year period, while approach two concentrated on college graduates, but was not exclusively limited to college graduates in government employment. Approach one counted 65,561 individuals in the Saudi new middle class, as shown in Figure 5.1; however, approach two counted 84,377 individuals. The second method increased the college graduate category by 18,816 individuals than the first method did, as revealed in Figure 5.1. This difference may result for two reasons: (1) possibly inadequate Saudi statistical records as in the case of the first method, and (2) the second method allows for middle rank government employees who may not have a college degree, but who are equal in position and salary to the college graduates.

Other Dimensions of the Middle Class

Before reaching this chapter's conclusion, however, it seems important to extend our discussion into three related points, which are meant not only to add a more focused

dimension to the inquiry but also to explain and speculate--if you wish--on what may happen in the near future. The first point is the future of the Saudi traditional middle class. The second is the educated junior Saudi princes' emergence within the new middle class which Western literature has lately discussed in relation to Saudi modernization. The third and last point is the effect of the Saudi new middle class' educational origin and social fabric on the internal development of the new middle class itself. Each of these three points will be discussed with some analytical depth and prospective perspective in the order just given.

First Point: The Future of the Traditional Middle Class

Throughout the 1970s, the traditional middle class or small and middle size businesses exhibited tremendous growth in Saudi Arabia. Among 255,249 middle class members 159,574, or 63 percent, belong to the traditional Saudi middle class.

All indications clearly suggest that in the future the traditional middle class will face a great deal of difficulty not only in growth but in retaining what has been accomplished so far. Government policy in encouraging Saudi big business projects turned out to be one of the main obstacles facing small and middle size businesses today.

Actually, declining oil revenues have severely affected the Saudi middle class' economic status since at least 1983.

For instance, this decline forced "the government to trim its fiscal 1983 budget from $100 billion to $80 billion."[57] Furthermore, Saudi "oil revenues fell from a peak of about $110 billion in 1980 to $26 billion last year [1985] . . . The result has been a steady deterioration in the Saudi business climate since the oil revenue cuts started to be felt in 1983."[58] All sectors felt the recession, although in different magnitudes. "This year [1984], some contractors could no longer stand the strain. National Chemical Industries, a large domestic contracting firm, went into voluntary liquidation. Hundreds of smaller businesses did the same."[59] As indicated in Chapter 4, the New York Times referred to Saudi Arabia's previous hard year as one where hundreds of companies either filed bankruptcy forms or went out of business in all sectors of the economy. The source mainly indicates either small family operations or unprofitable units of larger businesses were affected the most. In a more extensive article, the New York Times concluded that

> ...the private sector that Saudi Arabia is counting on to spur growth is much smaller than it was even two years ago.

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[57] "Saudi Arabia: The Rich Get Poorer," Newsweek, 28 March 1983, 44.

[58] Paul Lewis, "Belt-Tightening by Saudis," New York Times, 28 January 1986, p. 29.

[59] "Arabia: Uneasy Lies the Head," Economist, 15 December 1984, 80.

During only an eighteen-month period, hundreds of companies either merged with others or went out of business, the source concluded.[60]

In late 1984, the Deputy Minister of Commerce declared that 1200 companies with limited liabilities were financially investigated. Of this number, 330 either lost money or could not make a profit, 70 others were bankrupt; only the rest, he added, actually did well.[61]

In brief, as all the reviewed literature suggests, just as Saudi economic expansion reduced the number of old merchants, later Saudi economic hardship or recession, if you will, evidently diminished the number of the traditional middle class. Yet, generally speaking, the middle class as a whole may not necessarily decrease because of the increase of the new middle class.

Second Point: The Saudi Junior Princes[62] Emergence

Royal family male members are estimated to number at little over 3.3 thousand households. All available

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[60] Kenneth N. Gilpin, "Saudi Economy Is Ailing: Three Years of Recession," New York Times, 18 February 1985, sec. D, p. 3.

[61] Abdulrahman Al-Zamil, "Plain Inquiry with Saudi Deputy Minister of Commerce," Asharq Alawsat (London), 12 October 1984, 4.

[62] Junior Princes: Term in current literature indicating third generation Saudi males within the royal family (including collateral branches); King Abd Alaziz Ibn Saud, the founder of the modern Saudi state, is considered first generation.

literature reveals that some hundreds of princes are involved in private business activities, while many others participate in the public sector.

The term "Saudi junior princes," however, became popularized through Western literature as early as the mid-1970s and replaced the terms "free princes" or "liberal princes" used in the late 1950s and 1960s. The old terms clearly indicated some princes and junior princes' views toward the need for modernization in the early 1960s. As Alexander Bligh stated, "Saud's coalition with liberal princes, headed by Talal[63] became more concrete during the first half of the 1960s. During the summer of that year the liberal princes actively submitted new proposals for reforms."[64] As Enver M. Koury stated, "the royal family has been responsive to calls for political reform, as manifested by the establishment of the Council of Ministers and later followed by demands of the 'free princes' under the leadership of Prince Talal."[65]

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[63] Talal is the 18th son of King Abd Alaziz, the founder of the modern Saudi state.

[64] Alexander (Blay) Bligh, "The Interplay Between Opposition Activity in Saudi Arabia and Recent Trends in the Arab World," in The Arabian Peninsula: Zone of Ferment, Robert W. Stookey, ed., (Stanford: Hoover Institution Press, 1984), 70.

[65] Enver M. Koury, The Saudi Decision-Making Body: The House of Al-Saud, (Hyattsville, Maryland: Institute of Middle Eastern and North African Affairs, 1978), 35.

Now the point that needs to be emphasized is that Bligh and Koury referred to the Saudi liberal princes intellectual contribution in the late 1950s and 1960s. Both writers made it clear in the above quotation that the princes might have different views but they were still a part of the upper-echelon of the Saudi upper-class.

By the same logic, educated Saudi junior princes also should not be detached from their upper echelon of the Saudi upper-class to be treated as the new middle class, simply because their capital is not just education. In other words, they do not depend on their salaries in order to survive. As Bill and Leiden pointed out, educated members of the upper-class enjoy wealth and authority while members of the new middle class have only their educational capital to fall back on.[66]

Regardless of how the issue was more likely presented in Western literature and seldom discussed in Arabic literature, the pertinent question that still needs to be properly answered is: are the educated junior princes different than the senior princes of the 1960s? The immediate answer is no and yes. No, they are not different in the sense that the junior and senior princes both belong to the same high echelon of the Saudi upper-class. But yes, they are different because the junior princes have been educated in

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[66] James A. Bill and Carl Leiden, Politics in the Middle East, (Boston: Little, Brown and Company, 1984), 123.

universities at home or abroad to play a significantly integral interior role in Saudi modern socioeconomic and political development and to fill the gap between the higher and lower administrators.

The expanding participation from educated young junior princes, in both private and public sectors, is something to look at as a new reality in Saudi society. But then, we must recall that as recently as 1970 less than four thousand Saudis were university graduates (see Table 5.7), while in 1985 more than sixty-five thousand Saudis had graduated. This must be another new reality that can formulate a new course and be passed to the future.

At present, educated princes fill mostly upper and upper-middle echelon positions in the public sector. In his book, Quandt discussed several junior princes by name, among whom he emphasized Saud al Faysal, Foreign Minister, and Bander ibn Sultan, Saudi Ambassador in Washington, D.C., describing them as "Western-educated, quite cosmopolitan, and very articulate in explaining Saudi foreign policy concerns to Western audiences."[67] In addition to mentioning these same individuals, John Shaw and David Long, stated:

> Among the more prominent younger members of collateral branches of the family are Colonel Fahd bin Abdallah, director of operations of the air force, Deputy Education Minister Khalid bin Fahd bin Khalid, and Deputy Director of the Royal Commission for Jubail and Yanbu Abdallah bin Faisal bin Turki. Others now

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[67] William B. Quandt, Saudi Arabia in the 1980s, (Washington, D.C.: The Brooking Institution, 1981), 84.

> finishing universities in Europe and the United States will doubtless make an appearance in public affairs in the coming years.[68]

In his presentation of the emergence of junior princes, Emile Nakhleh discussed the more fundamental, intellectual point. He drew attention to how the secular orientation of the educated junior princes may contribute to Saudi Arabia. He also spoke of a possible interlink between educated junior princes and the Saudi new middle class:

> Secular orientation, attitudes on modernization, perceptions of nation building in the country, national consciousness, advanced education, and technical training have made them more attuned to the hopes and aspirations of the new middle class. These princes find themselves in the unique position of being able to exercise influence through three channels simultaneously: the royal family, the formal bureaucracy, and the new middle class. As a special group and a unique elite within the new generation of Saudis, this groups of princes still have a strong impact on the future course of Saudi politics."[69]

However, the educated junior princes may be attuned to the hopes and aspirations of the new middle class, but only within the upper-class scope and interest. At this stage of development however, the most important anticipated role that educated Saudi princes may possibly play is to draw the educated Saudi commoner closer to the mainstream of the system. In the meantime, the educated princes' contribution

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[68] John A. Shaw and David E. Long, Saudi Arabian Modernization, (Westport, Connecticut: Praeger, 1982), 63.

[69] Emile A. Nakhleh, The United States and Saudi Arabia, (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1975), 41.

toward Saudi modernization is to facilitate change and to reduce the degree of conflict.

Third Point: New Middle Class Educational Origins

Proceeding from the previous discourse about the Saudi new middle class past, present, and anticipated future growth, it seems important to discuss the educational origins of the Saudi new middle class. First, it must be noted that male and female education is segregated from primary through the higher education level in Saudi Arabia. Second, male education is also divided into modern, or secular, and traditional, or religious, educational divisions.

The secular division in education is the most dominant inside the country as it is also supported by education abroad. Religious education, on the other hand, is very small at the elementary school level, but enlarges at seventh grade or intermediate school and continues to the college level.

In higher education, two out of seven universities represent the religious system. One university (Islamic University) is entirely devoted to theology and theocracy while the second (Mohammad Ibn Saud Islamic University) is in general religiously oriented, but within the Islamic scope it offers some social science studies in addition to theology, Shari'ah (Islamic Law), and theocracy specializations.

Internal Divisions and Tensions

Bill and Leiden's interpretation of the failure of the new middle class to implement much change in the Middle East points out that just

> like every other social unit in the Middle East, this class is torn by internal divisions and tensions. These divisions are along the lines of kinship, ethnicity, religion, occupation, social origins, geography (urban and rural), and university background. All of these divisions in turn affect the individual's orientations toward modernization and political development.[70]

Despite such dividing factors, all Saudis are Muslim by birth. To become naturalized one has to be a Muslim or married to a Saudi citizen. Except for the sect tension, religion is a uniting force in Saudi Arabia.[71] In the absence of political participation in the sense of modern democracy, the Sunni, as well as the Shiite sect, equally have no legal voice either as a sect or as a party in Saudi Arabia. Hence any anticipated disputes in the near future would more likely be against the central authority than between the Sunni and Shiite sects. However, the Shiite sect makes up only about six percent of the total population, so they cannot be a serious threat to the system.

The sharpness of geographical contention existed at certain stages of development mainly between two regions--

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[70] Bill and Leiden, Politics in the Middle East, 125.

[71] The Saudi population is all Muslim, composed of two Islamic sects: Sunni, the overwhelming majority, and Shiite, estimated at about 300,000-350,000 or about 5 to 6 percent of the total population.

Hijaz and Najd, in Saudi Arabia. Fundamentally, the competition between the two regions rose over ministries and other governmental institutions that have been transferred from al Hijaz to Riyadh, the capital in Najd during the mid-1950s. However, because the oil economy and the spread of secular education reshaped the country's unity this geographical opposition is no longer significant. William Rugb in the early 1970s pointed out,

> ...competition was aggravated at first by regional, mainly Hijazi-Najdi, competition in the ministries, since Hijazis had a head start on secular education. But the regionalism factor has declined somewhat with the spread of secular education and increased communications among secular educated".[72]

Kinship and ethnic background can potentially play a negative role in relations among the Saudi new middle class.[73] But, the greatest dividing elements among new middle class fractions are occupations and university background. In Saudi Arabia just as with the rest of the Middle Eastern Islamic Countries "power position has been closely related to occupational functions. This has been partially due to the fact that one's mode of employment has greatly widened or narrowed the opportunities for one to operate in the environment outlined above."[74]

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[72] Rugb, "Middle Class in Saudi Arabia," 15, (Footnote).

[73] Kinship in Saudi Arabia may go beyond family and intermarriage relationships to tribal relations.

[74] James A Bill, "Class Analysis and the Dialects of Modernization in the Middle East," International Journal of Middle East Studies, 3, no. 4, (31 October 1972): 424.

Particularly in Saudi society, until four decades ago, traditional education dominated and the religiously educated person was the most prestigious and advantageous. That held true until the state, in the mid-1940s, started to modernize its institutions and update its economy. Then the shift from traditional to secular education took place, and prestige shifted from the traditionally to the secularly educated Saudi man.

It was the modern Saudi state that expressed the need for natural scientists and medical doctors over the religious or social scientists. In other words, one might say it was the state's interest, but also the peoples' needs, which previously dictated that advanced salary grades were appointed for scientists in general, and medical college graduates in particular, to grades 7 and 8 respectively, while college graduates in religious or social science studies were appointed at grade 6.

Consequently, the educated who were needed to manage and administrate the updated institutions and modern economy helped to hold high positions in the state, earning not only a good income but high prestige as well. So here, it might only be proper to say that it was the needs of modernization which channeled the banner of prestige from one Saudi group to another. Typically, as Morroe Berger in the early 1960s described, "traditionally, Islamic Society has revered the man learned in religion, but this reverence appears to be

shifting to secular learning. It is the middle class that has thus far profited most from the rapid growth of state-supported education."[75] As the growth of the Saudi middle class continues, the contention between traditionally and secularly educated fractions over high salary and better position has continued. Until the early 1970s Rugb did not have any doubt that "the main job competition seems to be between secular and traditionally educated middle class Saudis, rather than between the middle class and the upper class or lower classes."[76]

Dividing education into traditional and secular usually starts at the elementary level on a very limited scale, and expands at the intermediate level and continues in higher education. Secular education, as well as traditional, is free and open to everybody in Saudi Arabia. There are also private secular schools which may offer better quality education for those who can afford the high cost.[77] Due to

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[75] Morroe Berger, Arab World Today, New York: Doubleday Anchor Books, 1962), 249.

[76] Rugb, "Middle Class in Saudi Arabia," 15.

[77] Previously there were only two schools for the elite. One is in Jeddah, known as "Thaghr Model School-Jeddah", the other is known as "al-'Asimah Model Institute." Both are totally financed by the state. Now in addition, quite a number of expensive private schools were established in different cities. Annual cost per student may go over SR10,000 ($2703+). They teach music and foreign languages, which are not available in general schools as much, for all levels. However, these also are elite schools. For more information especially about cost and type of students who attend private schools see, "The Private Schools Between the Negativity and Positivity," al-Yammama, 5-11 February 1982,

the fact that stipends are paid to students at all levels in the traditional education division, mostly students from low income background are enrolled in this program. Others who enroll in it are those from rural areas where there are no alternatives. A very small proportion enroll just to maintain their prestigious family profession.

In Chapter 4 it was noted that the Ulama carried out the tradition of teaching reading and writing in ways that limited further development. The study of the scriptures (Kuran), Shari'ah, and all the rest of Islamic thought were limited to study within certain families. A family known as "But Alm" or intergenerational theologians usually learned it and passed it as a profession from one generation to another. The actual learning, however, always took place in mosques until the theological colleges were established in the late 1940s and early 1950s.

At this stage of evolution, two simultaneous events took place when the state attempted to modernize its institutions and economy. The first event was the founding of theological colleges, which produced an increase in graduates of Islamic Studies. Second, modernization produced an expanded need for engineers, physicians, pilots, administrators, economists, etc. Consequently, the technocrats not only shifted attention away from the theologians but also filled the most

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3-7; "The Private Schools--Are They Necessity or Luxury," al-Yammama, 14 August 1985, 3-9.

important positions in the state apparatus as well as in the private sector. When the theologians graduated, only the low echelon of middle employment positions were available. An exception existed for those who majored in Shari'ah since they were needed by the judicial system. In terms of number, though, the need for judges is not great. An official statistical reference indicated in 1982/1983 that the appointed positions did not exceed 591 judges.[78]

However, the demand for secularly educated graduates continues to be high. As previously noted, almost one hundred and fifty thousand expatriates with college degrees were employed in Saudi Arabia in the mid-1980s. The need for updating Saudi institutions in particular and modernizing the economy in general caused a heavy dependence on secular education. Consequently, five out of seven Saudi universities all provide secular education in many subjects.

Many Saudi students still study abroad, mainly in westerns institutions. Furthermore, only when the modern economy became decisive did secular education become a new need in Saudi Arabia. So, because of modernization, the theological universities' graduates fell to the second echelon of the middle employment and are likely to stay there

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[78] Kingdom of Saudi Arabia, Civil Service Bureau, Alkhaidmah Al Madanyah Ba'alargam 1402 Hijra, [Civil Service Figures -1982] (Riyadh, Saudi Arabia: Dar Althaqafah Alarabyah, 1982), 41.

as long as the new secular values of the Saudi economy continue to flourish and modernization proceeds.

Progressive and Conservative

The contention between the "progressive" and "conservative"[79] Saudi new middle class that developed is based on the discord that arose between the traditional and modern middle class. Saudi society has already been at variance regarding the state modernizing program. Some were, and are still, against secular education for females, women working, importing technology, allowing non-Muslim believers to enter the country, and so on. It may not be surprising to say that only a small proportion of the population supported the government modernization program, at least in the beginning, since the overwhelming majority of Saudi's population were illiterate at that time. One should emphasize, however, that until 1970 the government program was very modest. But, it was effective enough to activate those for or against modernization.

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[79] Progressive and conservative Saudi groups can be simply defined by each of their main characteristics. Progressive: In general terms, they strive to instruct rational and utilitarian values. They not only accept but promote change, as well as innovation. They strongly believe in the importance of freedom, equality, and action for social progress. Conservative: In general terms, they strive to keep all aspects of life under control. Change is always opposed unless it fits in with traditional and cultural values. They anticipate glory and wisdom not in the future of social development, but in what has been accomplished through Islamic teaching and heritage.

Education, however, was the field where both conservative and progressive middle classes developed. Their intellectual contributions always find a way into state programs and actions. But it is safe to conclude that the regulator key is always in the government's hand. So, with some reciprocal consideration of all surrounding circumstances, this conservative or that progressive idea may soak through at one time or another. For instance, conservative efforts against the employment of women caused there to be fewer openings in the 1980s than in the 1970s for Saudi women to work outside their homes. This was true although over 40,000 expatriate women were employed in Saudi's economy as late as 1985.[80]

On the other hand, neither interjectional or objectionable ideas from conservative points of view are always taken into account. Just as studying abroad has been and still is distrusted and objected to by the conservatives, the actual increase or decrease in the number of students studying abroad is determined by indigenous economic needs. Nevertheless, in 1982 the conservatives succeeded in initiating a plan, which was then carried out by the non-secular Imam Muhammad Ibn Saud University. This (Durah) plan required four weeks of an intensifying assigned program of

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[80]Ali A. al-Sultan, "Expatriates Withdraw from Saudi Job Market, Would It Open Better Chances for Saudi Women to Work?" Alwahda Magazine, (United States) 1, no. 8, (1986): 16.

study that every student going abroad has to pass. Generally speaking, this program includes all that one is supposedly either to watch out or to look for while he is out of the country.[81] Furthermore, to control students' extra-curricular activities while studying abroad, all of them are always inspired through the thirty day programs to associate only with designated Islamic organizations, either in Europe or in the United States. By doing so, the conservative perspective has been introduced, and division in the present as well as the future has clearly effected the student body. Conservative efforts inside and outside of the country formed a movement among the students, either through the Muslim Students Association (M.S.A.), most active in the United States and Canada, or at indigenous universities through the various local groups and student societies.

Conservative behaviors alienated some and worried many inside and outside Saudi University. The Economist quoted a "leading Saudi" as saying "our problem is the religious crazies in the universities. If the government does not crack down on them, we are going to have a big problem on our hands in five years time."[82]

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[81] "45th Instructed Preparatory Program for 7,000 Students Studying Abroad," Asharq Al-Awsat, (London) 24 September 1987 (See text in Appendix 5.3).

[82] "Growing Pains: The Gulf Co-operation Council Countries; A Survey," The Economist, 14 February 1985, 17.

The Economist also indicated that contention between the progressive and conservative new middle class sprouted within other Arab Gulf states. It declared that "Saudi Arabia's, in particular, has to hold a careful balance between the aspirations of its westernized middle class and the prejudices of its conservative theologians. With the voice of the religious lobby ever louder, and with less money to keep the middle class content, the balance becomes more difficult to maintain."[83]

In contrast, the progressive Saudi faction may have an advantage in numbers over the conservative element. But in relation to contact with the masses or to formal authority, the latter operates within all existing formats under the banner of religious concerns, including preaching in mosques, and reaching high authority through influential Ulama contact. On the other hand, the progressive faction invested their effort to form professional societies such as medical, geographical, geological, cultural and artistic, to improve their merits and to transfer their progressive ideas to Saudi society at large, though they lag behind.

The most advantage, however, that the professional progressives faction has over the conservatives is that they fill most of the important upper middle and lower high echelon positions in the public and private sectors. Eventually, most of the progressive intellectual

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[83] Ibid.

contributions generated from the Saudi professional faction infiltrate the Saudi economy.

Nevertheless, at this stage of development all of the new middle class in Saudi Arabia can be divided into two categories, conservative and progressive. The conservatives act as though they are not sure of the present and are extremely frightened of the future. They feel that security is found only in the old values. In contrast, the Saudi progressives are optimistic and a rather ambitious and proud group. This seems to be true of those Bill and Leiden described:

> ...many of them prefer professionalism to personalism, justice to wealth, intellectual freedom to imposed stability, and effective political participation to political cooperation. Even in Saudi Arabia, when this kind of individual seeks a role in the economy, he typically places a higher value on the prestige or dignity of the job than on its monetary reward.[84]

Finally, the contention between the progressives and conservatives is the driving force of modern change. In other terms, the mechanism of acceleration and deceleration between the two opposing forces gives rise to social alteration and modernization.

But the contention between progressives and conservatives is anticipated to be sharp in the future. It seems fairly clear that the conservative element in Saudi Arabia, as in the rest of the Arab world, is gaining ground that may exceed the progressive element in the near future.

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[84] Bill and Leiden, Politics in the Middle East, 124-5.

However, if this holds true, the modernization program will inevitably deteriorate.

Conclusion

Striving for adequacy and accurate information about the Saudi new middle class, this study divided the whole middle class into five segments, some of which included more than one category. However, the main five portions can be summarized, (see Figure 5.2), as the following: military officers; college graduates and those completing advanced studies in addition to government middle employees who, because of their special qualifications, occupy equal positions as college graduates; senior oil employees; small entrepreneurs; shopkeepers; real estate brokers and others; and small farm owners.

All of the above-mentioned segments were also divided into two categories: traditional and new middle class as shown in Figure 5.2. Both categories, added up to equal 255,249 Saudi individuals, which will be accepted as a middle class figure total.

The remaining question now is how the Saudi new middle class figure is related to the labor force in particular and to the Saudi population in general. For 1985 the Fourth Saudi Development Plan declared that the indigenous labor force represents only 40.2 percent of total participating laborers, or 1,786,000 individuals. This means that the

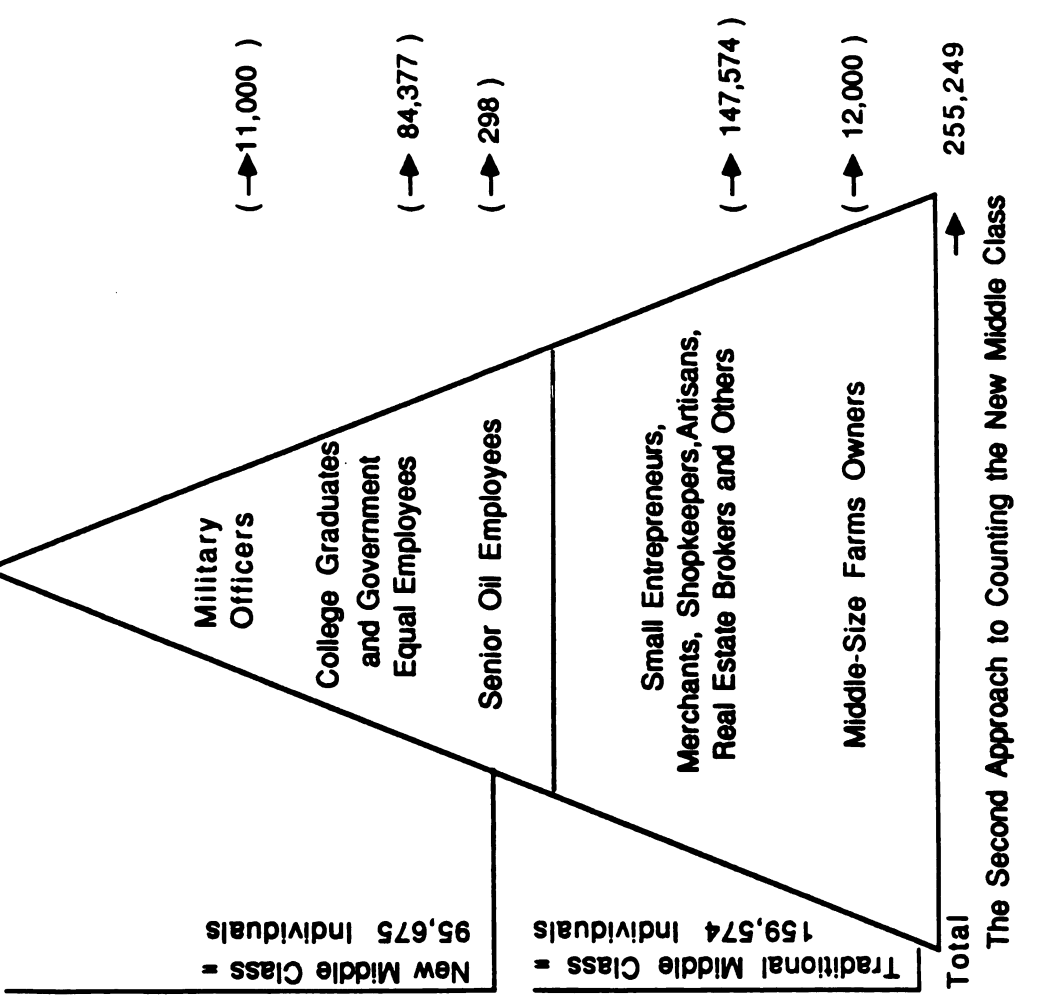
Military Officers
College Graduates and Government Equal Employees
Senior Oil Employees
Small Entrepreneurs, Merchants, Shopkeepers, Artisans, Real Estate Brokers and Others
Middle-Size Farms Owners
(→11,000)
(→ 84,377)
(→ 298)
(→ 147,574)
(→ 12,000)
→ 255,249
New Middle Class = 95,675 Individuals
Traditional Middle Class = 159,574 Individuals
Total
The Second Approach to Counting the New Middle Class

Figure 5.2

Saudi new middle class represents 255,233 divided by 1,786,000 giving a total percentage of 14.29 of the total indigenous labor force. But, in regards to the total population, it was clearly stated in Chapter 4 that the estimated Saudi population is 6 million.[85] The average Saudi household consists of six people.[86] In other words, multiplying the middle class members (255,249) by the average Saudi household (6) divided by the population, results in the middle class equaling 25.52 percent of the total population.

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[85] A Saudi household is comprised of six individuals on the average. (See Chapter 4, Ismail Sirageldin, for more information).

[86] Saudi population estimate for 1985. (See Chapter 4, Population Atlas of the Kingdom of Saudi Arabia.)

CHAPTER 6

WORKING CLASS

Slavery may never have been a cornerstone of the Arabian Peninsula's economy, even though maintained until recently in the whole peninsula. Until the early 1960s slaves in Saudi Arabia constituted a small proportion of the working class. J. B. Kelly in evaluating traditional menial jobs, discusses how certain attitudes still influence Saudi students to shun vocational studies in order to avoid certain professions "which in the past were performed by slaves--of whom there were any thing from 500,000 to 750,000 in the country--and which are performed today by emancipated slaves or poverty stricken Yemenis."[1] Although Kelly did not specify the time period, Statesman's Year Book of 1961/62 did state that the "Slave population [in Saudi Arabia] is estimated to be over 500,000."[2] However, both seem to have exaggerated the number of slaves. Many other sources asserted that slavery existed up until its abolition by King Faisal in 1964, but they gave lesser figures.

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[1] J. B. Kelly, Arabia the Gulf and the West, (New York: Basic Boods, 1980), 251.

[2] S. H. Steinberg, ed., Statesman's Year Book, 1961/62, (New York: St. Martin's Press, 1961), 1372.

At this point however, it needs to be cleared that tracing the development of the Saudi working class is the subject of this chapter, which will be divided into the following three stages and discussed separately:

1. Saudi working class before the discovery of oil
2. Saudi working class after the discovery of oil
3. Saudi working class since the first five year development plan was implemented (1970-1986)

Before the end of this chapter, four categories from among the working class and the social security recipients will be separately discussed, in order to complete the whole scheme of the Saudi lower class.

In order to examine fully the Saudi working class, the main elements of the working class must be reviewed: the Saudi Working (Lower) Class in brief, is composed of old journeymen workers, oil industry workers, fishermen, lower echelon workers at public and private industry and service sectors, peasants, nomads, and social security recipients.

First Stage: Saudi Working Class Before Oil

Before the oil influx, wage-work was limited to a small portion of journeymen who usually lived in large towns and worked in the service of wealthy merchants. Most of the settled population depended on self-employment, working by either cultivating land or fishing. In the early Saudi subsistence economy, artisans, just as farmers or fishermen, owned their tools and worked for themselves.

A very small number, particularly those in towns, were specialized artisans who were paid for their needed services; these included, for instance, masons, carpenters, smiths, and so on. However, their pay was not necessarily in money; instead, they received goods in exchange for their services. Particularly at this stage, it was very common among community members to exchange service for service in a cooperative way without the involvement of money--a barter system. For instance, digging a well or building a house could both be done with free help from community members. This type of service was always available for anyone needing it in the community. At that time, life was difficult but simple. All members of any family, including children (age seven and older), had to work for survival.

Economically and socially, the Kingdom was not integrated as it is today. Nevertheless, there were similarities among various regions. As mentioned before, the inhabitants of Saudi Arabia consisted of a number of small communities scattered over a large area. For some Saudi communities it was easier to trade with neighboring countries than to do so with other communities within the same region. For example, Al-Zulfi[3] exists almost in the center of Najd province, about 40 km east of Qaseem community, 180 km north of the capital Riyadh, and about 350 km west of Kuwait and

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[3] Al-Zulfi is a small region consisting of some small villages all clustered around the largest town Albilad.

Southern Iraq (al-Zubair). It actually was easier for Al-Zulfi to trade on a small scale with neighboring Qaseem and on a large scale with Kuwait or al-Zubair in Iraq than with Riyadh or other communities closer to Al-Zulfi such as Sudair, because what was needed by the people in al-Zulfi was not produced by the these neighboring Saudi communities.

What was the main division of labor at the early stage of Saudi working class development? In brief, from the beginning of the century up until the discovery of oil, the following three categories constituted Saudi Arabia's division of labor: (1) town inhabitants (the Hadar), (2) nomads (the Bedouin) and (3) the merchants.

Most Hadar were involved in land cultivation with a number of them being artisans. The nomads were involved in pastoralism, mainly raising camels, sheep, and goats. Merchants, the highest profession, were involved in buying and selling. They were the ones who secured all needed commodities for both the Hadar and Bedouin.

At this early stage of development, no available record indicates the existence of a working-class. However, since the subjugation of al Hejaz (1925), as the Saudi domain shaped its government, salaried employees emerged as a few hundred individuals were employed by the state. Also, as the embryonic state engaged in car importation, expatriates worked as drivers and mechanics. They entered the country when

> [the] automobiles were first imported into the Hejaz during the latter part of 1926; from December 1926 to January 1930, it is estimated that 1,475 automobiles and trucks were imported into the country, of which 953 were in operation in January 1930.[4]

Apparently, most of the automobile drivers and all vehicle mechanics were non-Saudi wage-earners.

In the mid-1930s, two Saudi firms were established in Mecca. The first of these was a car transportation firm named "Hejaz Motor Service," the number of workers it employed is unknown.[5] The second establishment was a clothing industry named "Arab Saving and Economy Company" and employed about seventy people.[6] These two firms indicate the embryonic state of wage earning. At that point, there was no Saudi record to either measure wage rates or to disclose how many wage-earners were around. Some available sources in the early 1930s, however, specify servants wages as such: cook, £5 to £7 per month; head servant, £5 to £6; and door keeper or messenger, £3.[7]

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[4] Ibrahim al-Rashid, ed., The Consolidation of Power in Central Arabia Under Ibn Saud, 1925-1928, vol.2, Documents on the History of Saudi Arabia, (Salisbury, North Carolina: Documentary Publications, 1976), 112.

[5] (Sd.) R. W. Bullard, British Legation, Jedda, to F.O., NO 238/53, 12 October 1936, F.O. 905/41/XC/A46624 dispatch.

[6] (Sd.) R. W. Bullard, British Legation, Jedda, to F.O., NO 296(1872/328/54), 29 October 1936, F.O. 905 41/XC/A46624 dispatch.

[7] (Sd.) Sir Andrew Rayn, British Legation Jedda, to F.O. E920/920/25 5 February 1932, F.O. 371/16023 046555 dispatch.

At this stage of development, there was no large wage earning or working class, as defined in modern terms, in Saudi Arabia. Instead, most Saudis were self-employed and worked hard just to survive.

Second Stage:
Saudi Working Class After Oil Discovery

Oil discovery in the late 1930s brought Saudi Arabia from being a poor isolated country into the arena of the highly industrialized, advanced countries that need oil. In fact, oil not only paved the way for the Saudi rudimentary economy to gradually integrate into the international capitalistic system, but it also planted the real seeds of Saudi working class development.

Wage-earning before the oil industry was limited to journeymen and a few other individuals who might work for either the public sector or the limited small private firms. Twitchell in his book about Saudi Arabia discusses the first two concessionaire foreign companies that existed in Saudi Arabia. The first was the Arabian American Oil Company (ARAMCO), which signed the concession May 29, 1933, the second, a metal mining company, the Saudi Arabia Mining Syndicate, Limited, which signed the concession December 24, 1934, and operated for seventeen years. During operation of the metal mining company of al Mahed in Saudi West Province, "There were 800 to 925 Saudi Arabians employed and a staff of

30 to 35 Americans, British, and Russians."[8] Twitchell, however, did not specify how or when employment reached more than nine hundred people that worked for the metal mining company.

ARAMCO, on the other hand, the largest private firm ever in Saudi Arabia, laid the seeds and rooted the working class. No record covering the initial period of 1933 to 1938 and indicating exactly how many Saudis were involved with ARAMCO during the period of geological research was found. Fortunately though, ARAMCO employment records are available since the oil discovery in 1938. The record covering the first twenty years of ARAMCO operation (see Table 6.1) shows that in 1938 among ARAMCO's 3085 employees 2745 were Saudi. In 1952, the peak of ARAMCO employment, as Table 6.1 reveals, employment reached 24,160, including 15,000 Saudis.

Another factor which enlarged the wage-earning class in Saudi Arabia was the oil strategy of the United States of America, but so did Saudi Arabia's increasing oil revenues, particularly in the post-World War II period. Even before ending the war the U.S. government started a dialogue with their Saudi oil partners. They realized

> that the Saudi Arab government, due to conditions directly related to the United Nations war effort, is running a deficit, and will continue to do so on a decreasing scale until five years after the end of the

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[8] K. S. Twitchell, Saudi Arabia: With an Account of the Development of Its Natural Resources, 3d ed. (New York: Greenwood Press, 1969), 200.

> war. . . . [So] the big question is, should this help come from the oil company or from the U.S. Government?[9]

Prior to this, Saudi oil had already been attracting both U.S. economists and military strategists. This interest was manifested in two main Saudi-American projects: first, the oil pipeline that went from Eastern Saudi Arabia to Sidon Harbor of Lebanon on the Mediterranean Sea, and second, the Saudi railway project, which went from Dammam Harbor in the Eastern province to the Saudi capital, Riyadh, a distance of 357 miles. In early 1944, regarding the first project's importance to U.S. strategy, Newsweek wrote that

> Petroleum Administrator Harold L. Ickes's announcement that the United States Government would finance up to $165,000,000 a 1,250-mile oil pipeline across the northeast corner of Saudi Arabia from the Persian Gulf to the Mediterranean Sea. . . . Outside of the fact that quite obviously the stage is being set for a power play in world politics.
>
> The net result of the Arabian oil venture, it seems to industry observers, will be: (1) to provide greater and cheaper petroleum products for postwar European consumption and protect United States military needs if pessimistic views on the war's length are borne out; (2) to reduce exports from America's remaining oil reserves; (3) eventually to change other aspects of the prewar supply and marketing picture--Venezuela, for instance, which could compete in nearly all world markets before the war, might have to turn to this country as its major outlet."[10]

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[9] William J. Kennedy, ed., Secret History of the Oil Companies in the Middle East, (Salisbury, North Carolina: Documentary Publications, 1979), 1:8-9.

[10] "U.S. Finger in Middle East Oil Starts a Gusher of Speculation," Newsweek, 21 February 1944, 58-59.

Table 6.1

ARAMCO Work Force: Composition and Growth, 1938-1958

Year	1938	1940	1942	1944	1946	1948	1950	1952	1954	1956	1958
Workforce Composition											
Saudi Arabs	2745	2668	1654	7585	7927	12226	10767	14819	14132	13213	12062
Americans	236	226	87	961	1158	2586	2353	3389	3141	2878	2593
Others	104	156	84	636	3844	3742	5952	4535	3541	3541	2516
Total	3085	3050	1825	9060	9091	14850	16862	24160	21838	19632	14681

Compiled information: Roy Lebkicher, ARAMCO and World Oil, (New York: Russell and Moore, 1952), 55; and Roy Lebkicher, et al, ARAMCO Handbook, ([New York: Arabian American Oil Company], 1960), 211.

Along the same lines as the argument concerning oil interest control, the U.S. Memorandum of March 27, 1945 clearly stated that the navy wanted "Arabian oil developed to supply European commercial demand, replacing Western hemisphere oil which might otherwise go to Europe, thus concurring supplies which are subject to U.S. military control."[11] By 1950 the pipeline project was completed and the oil flowed into the western world.

Before the pipeline was completed the railroad project which was

> started in 1947 and, after many troublesome problems of desert engineering had been solved, was completed in 1951. . . . ARAMCO [however] constructed the railroad at a cost of $52.5 million. No interest was charged, and the government agreed to repay in yearly installments ending in 1960.[12]

Twitchell pointed out that at the end of 1951, the Saudi railroad and port project employed a "total [of] 905 including 385 Saudi Arabs, 98 Americans, 203 Palestinians, and 89 Italians."[13]

In addition to these two early projects, new job opportunities for the Saudis were opened by the Metal Mining Co., Arab American Oil Co., Trans-Arabian Pipeline Co., and the Railways Co. which later converted into public

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[11] Kennedy, Oil Companies, 1:8.

[12] George A. Lipsky, Saudi Arabia: Its People, Its Society, Its Culture (New Haven, Connecticut: HRAF Press, 1959), 245-46.

[13] Twitchell, Saudi Arabia, 88.

transportation. Also, oil revenue increases, especially after World War II, gave the Saudi government an ability to conduct several reform projects. These projects also brought more Saudi laborers to participate in the wage-earning market.

During the 1940s and early 1950s, Saudi projects were constructed almost entirely by foreign firms. In the mid-1950s, the whole picture, to a certain degree, was changed. Saudi contractors emerged as indigenous project implementors as well as a source of employment for job seekers in Saudi Arabia.[14] Concerning the wage-earning increase, Rugb stated that

> during the 1950's alone, the private sector of the economy grew to approximately 70,000 industrial wage earners and had ten times that many self-employed while the public sector expanded from a few hundred to over 50,000 civilian and 35,000 military personnel.[15]

Through the 1960s, oil revenue increased tremendously, reaching more than $1.2 billion in 1970 alone. During the same period, socioeconomics also evolved and the wage-earning body expanded.

Third Stage: Working Class Growth Since the First Five-Year Saudi Development Plan Implemented (1970-1985)

As a result of the Saudi adoption of five-year socioeconomic development plans, which were first implemented

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[14] Lipsky, Saudi Arabia, 231-32.

[15] William Rugb, "Emergence of a New Middle Class in Saudi Arabia, Middle East Journal, 27, no. 1 (1973): 8-9.

in 1970, the country not only achieved full employment, it also absorbed a significant number of expatriates into the work force.

As Table 6.2 shows, the total Saudi workforce surpassed 2.5 million in 1980. However, the same table also indicates that expatriates significantly exceeded the indigenous laborer in number and rate of growth during most of the last two decades.

Table 6.2

Estimate of Work Force in Saudi Arabia

Item	Estimates (thousands of persons) 1963	1970	1975	1980	Implied growth rate(%) 1963-70	70-75	75-80
Workforce							
Total	815	1,187	1,679	2,525	5.5	7.2	8.5
Saudi	700	867	1,010	1,178	3.1	3.1	3.1
Expatriate	115	320	668	1,347	15.7	15.9	15.0

Source: Ismail A. Sirageldin, et al, Saudis in Transition, (New York: Oxford University Press, 1984), 32.

The near future may present a different picture concerning workforce growth in the Saudi economy. All indications are that the indigenous workforce will continue to grow. In contrast, the expatriate workforce has already hit its ceiling point in 1985 and has declined in growth and number since then (see Table 6.3). This table also

demonstrates that the total Saudi indigenous workforce had already exceeded 1,700,000 and was expected to surpass 2,000,000 in 1990. Table 6.3 reveals that Saudi women participating in the workforce did not exceed 7.6 percent of the indigenous workforce, which in turn only accounted for 40.17 percent of the total workforce in 1985.

Social Hindrance

Examining the high proportion of expatriate participation in Saudi's modern economy, raises a question about the proportion of the indigenous workforce in relation to the estimated Saudi population of six million in 1985. Why did the proportion of all indigenous participants not

Table 6.3

Expected Civil Workforce for Saudi Arabia by Nationalities and for the following periods: 1984/85 to 1989/1990

Nationalities	Gender	Workforce 1984/85 (Thousands)	Workforce 1989/90 (Thousands)	Net Change (Thousands)	Annual Growth Rate (%)
Saudi	Males	1,649.2	1,9841.1	334.9	3.8
Saudi	Females	136.8	176.6	39.8	5.2
Total All Saudis		1,786.0	2,160.7	374.7	3.9
Expatriates		2,660.0	2,059.8	-600.2	-5.0
Grand Total		4,446.0	4,220.5	-225.5	-1.0

Source: Kingdom of Saudi Arabia, Ministry of Planning, Fourth Development Plan, (1985-1990) ([Riyadh: The Ministry] 1985), 113, (Arabic Version).

surpass 29.77 percent in 1985? Such a phenomenon makes the whole country look underemployed while almost 60 percent of the total workforce were expatriates.

Knauerhase in his discussion of social factors and labor structure in Saudi Arabia said that "sociological underemployment may result from sex discrimination or cultural patterns which label some work as socially inferior, thus, automatically assigning anyone engaged in such activities a lower social position."[16] The cultural patterns and sex discrimination that keep women from working in the modern Saudi economy are actually the main causes restricting indigenous laborforce participation. In the early 1970s, Mohamed A. Hammad, in referring to the social backwardness pattern stated, "A major obstacle to Saudi Arabia's development has been the established attitude that manual labor is an inferior type of work and that manual laborers represent an inferior class."[17] In reference to women's exclusion from work in modern Saudi Arabia, Shabon says,

> In spite of the increasing demand for labor, about one-half of the Saudi population does not participate in economic activities outside the home. The female labor force in urban areas contributes only about 1 percent to the economy. This small percentage works only in social institutions. Rural women participate more in providing

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[16] Ramon Knauerhase, Social Factors and Labor Market Structure in Saudi Arabia (Central Discussion Paper no. 247), (New Haven, Connecticut: Economic Growth Center, 1976), 4.

[17] Mohamed A. Hammad, "The Education System and Planning for Manpower Development in Saudi Arabia," (Ph.D. diss., Indiana University, 1973), 50.

> a livelihood for the family, but their low productivity reduces their share in the total national product.[18]

Only 7.6 percent of Saudi women work and only 29.77 percent of all Saudi's are employed in the labor force. Comparing the aforementioned statistics with those in three other following countries shows the significance of women being excluded from the workforce.

> In modern times we have not seen developed countries without full participation of the entire labor force--women as well as men. In the U.S.A. for example, statistically 45.2% of the population is in the labor force with 35% coming from the female sector and 55.9% from the male sector. In the U.S.S.R 48.4% is in the labor force, 45.3% is female and 52.1% is male. In Japan 48.6% is the total labor force, 35.2% is female and 62.3% is male.[19]

In brief, it may be true to say that low participation of the indigenous labor force stemmed mainly from two factors. The first is women's limitations, that is, access to only certain professions, such as teaching in female schools, or medical and similar professional participation. Second, Saudi laborers, disdainful of some manual vocations, have contributed to the low participation of the Saudi labor force, which will be discussed in more detail in the next chapter.

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[18] Anwar Shabon, The Political, Economic, and Labor Climate in the Countries of the Arabian Peninsula, (Philadelphia: University of Pennsylvania, 1981), 55.

[19] Ali A. al-Sultan, "Social Class and University Enrollment in Saudi Arabia," (M.A. thesis, Michigan State University, 1979), 89-90.

Unequal Urban-Rural Development

In addition to workforce growth and participation, it is equally important to discuss the sectoral distribution of the labor force in the modern Saudi economy. During the last fifteen years, when the first five-year development plan was implemented in 1970, a tremendous socioeconomic change took place. The concentration of development in urban areas actually shifted the economic balance between rural and urban dwellers. So, "the poor incomes earned from agriculture have forced many farm workers to try and earn additional income from jobs outside agriculture."[20] Specifically, the unequal development resulted in an exodus from rural to urban centers, especially during the 1960s and 1970s.

Table 6.4 demonstrates the change in the labor force in 1967 when 46 percent of the Saudi labor force was involved in agricultural activities. Just eighteen years later, the percentage drastically dropped to 13.9 percent, a loss of two-thirds of agricultural workers in less than twenty years. This contrasts with the gains made in the industrial, which more than doubled, and service sectors.

In analyzing development, economists observed that developing nations have a significant proportion of the labor force involved in agriculture, while Saudi Arabia does not

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[20] Saleh Ahmed Nasser, "The Importance of Community Development in the Development Program of the Southern Region of Saudi Arabia," (Ph.D. diss., Michigan State University, 1976), 47.

follow the same path (see Table 6.4). However, Saudi economy is different from developing countries in several ways. For example, now as before, Saudi Arabia is not able to employ as much of their workforce in the agricultural sector as other developing countries do. Knauerhase explains the obstacle by saying that "the proportion of employed persons in agriculture itself is less than in most developing countries because of climatic constraints."[21]

The future of agriculture may be better, due to the government incentive program and the availability of advanced technology. This involves distribution of land for minimal cost and loans free of interest over a ten-year period. This and other incentives have encouraged Saudi enterprises to take part in agricultural production. Unfortunately, it may take some time before the Saudi worker is attracted to this sector. However, the agricultural business should grow easily as long as capital-intensive and government incentive programs remain. But, due to nature, the future of the agricultural industry in the long run is not really secured in Saudi Arabia.

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[21] Ramon Knauerhase, "Saudi Arabia's Economy at the Beginning of the 1970s," Middle East Journal, 28, no. 2 (Spring, 1974): 127.

Table 6.4

Sectoral Distribution of Saudi Labor Force
in Contrast with Developed and Developing Nations

	Percent		
	Agriculture	Industry	Service
Developed Nations (1960)	22.9	36.0	41.1
U.S.A. (1980)	2.0	32.0	66.0
Austria (1985)	1.29	40.27	58.44
Developing Nations (1960)	73.1	11.2	15.6
Bangladesh (1980)	74.0	11.0	15.0
South Korea (1985)	24.94	24.44	50.62
Saudi Arabia (1967)	46.2	16.9	36.9
Saudi Arabia (1985)	13.9	34.1	52.0

Compiled information: Kingdom of Saudi Arabia, Ministry of Planning, First Development Plan (1970-75), ([Riyadh, Saudi Arabia: The Ministry], 1970), 67; Kingdom of Saudi Arabia, Ministry of Planning, Fourth Development Plan (1985-1990), ([Riyadh, Saudi Arabia: The Ministry], 1985), 66.; The World Bank, World Development Report, 1984, (New York: Oxford University Press, 1984), 258-9; United States Department of Labor, Bureau of International Labor Affairs, Foreign Labor Trends: Korea, (Washington, D.C.: United States Government Printing Office, 1986), 3; U.S. Department of Labor, Bureau of International Labor Affairs, Foreign Labor Trends: Austria, (Washington, D.C.: United States Government Printing Office, 1986-1987), 2.

Wage Struggle and Increase

During the course of workforce development, wages and salaries have drastically changed. This change has come about despite the fact that in Saudi history there has never been a group recognized as either an opposition body or trade union.

Since the mid-1920s all known records reveal that the source of almost all early employment in the entire country was the modern Saudi state. As a consequence, the first wage strike ever to take place was against the government. Lackner said that in 1931 Saudi government car drivers who were mostly non-Saudis walked out over wage demands.[22] Ahmed, who was one out of twenty-five car drivers and came from Sudan to work at government car-driving in 1927, said that at the beginning of his employment his monthly salary was £10; it was reduced to only £5 a month, which may explain why the strike took place.[23] Two other events, both regarding salaries, occurred in 1936. The first was the strike of the Syrian Quarantine doctors over salaries, which in some areas lasted for months.[24] The second incident, also motivated by salaries, occurred in 1936 when Jedda policemen also went on

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[22] Helen Lackner, A House Built on Sand, (London, Ithaca Press, 1978), 90.

[23] Okaz Newspaper (Jeddah),"[Interview of Abdulmutaal Najjar Ahmed]," 20 Ramadhan 1397, (1977 A.D.).

[24] (Sd.) Sir Redder Buller, British Legation, Jedda to F.O.1 NO 287160, 19 October 1938, F.O. 905/57 OH6655 dispatch.

strike.[25] From the available records, it is evident that the strikers received harsh punishment and did not achieve any of their goals.

Early Major Private Employers and Wage Improvement

The two concessionaire companies, ARAMCO and the Saudi Arabian Mining Syndicate, emerged in the mid-1930s to become large employers. There is no available data on how much either of the two companies paid their workers in daily wages at the beginning of operation. Information from various sources, however, revealed that the minimum daily wage did not exceed a few Saudi piasters, which was probably equal to $.10 at the most. After seven years of operation, (1940) ARAMCO's minimum daily wage did not reach even one Saudi Riyal ($.25 or less) (see Chart 6.1).

After a time, ARAMCO's Saudi employees protested wages, housing, health care, and other discriminatory actions. The workers fully explained their grievances in twenty-six summarized points which were submitted to ARAMCO and the Saudi government representative committee in demand form (See Chart 6.2).

In regards to the existing wage differences between Saudi and non-Saudi employees, Saudi worker representatives

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[25](Sd.) Sir Andrew Rayn, British Legation, Jedda to F.O., NO 243/36, 23 September 1936, F.O. 905/42 046655 dispatch.

responded to ARAMCO's skill justification for the differential based on skill level by noting that

> many of the Italian are being used on unskilled and semi-skilled jobs, such as truck drivers and gas station operators, and that hence such men should not receive more pay or better treatments than Saudi Arabs who perform similar work.[26]

However, the Saudi workers felt that this, and similar arguments, did not help them receive their just demands. As a last resort, they proceeded to enforce the first strike ever in the oil fields in 1945.

All available sources indicate that some success occurred as a result of the 1945 strike. For instance, minimum wages almost doubled between 1940 and 1945 (see Chart 6.1), rising from less than one Saudi Riyal in 1940 to one and a half Saudi Riyals in 1945.

It is noteworthy to mention here that Saudi oil revenues increased noticeably during the last year of World War II. The augmentation rose from $1.1 million in 1943 to $4.3 million in 1945, and to $18 million in 1947.

Consequently, the Saudi government had an ability to carry out some reform programs, especially during the second half of the decade. As the job market was enlarged throughout the decade, wages in general rose fairly high in order to meet the acute inflation taking place as a result of the economic expansion.

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[26] Kennedy, Oil Companies, 15.

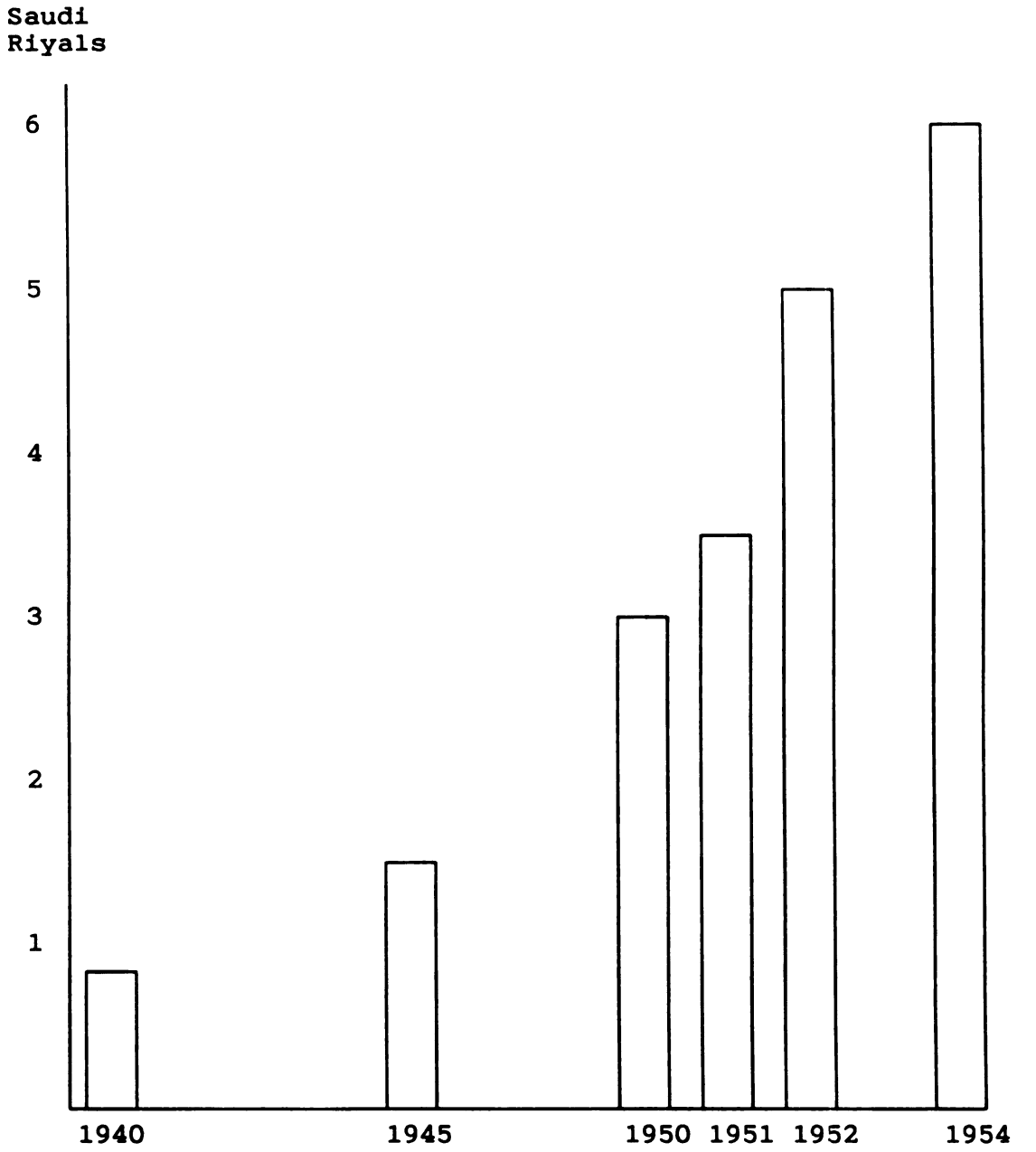

Chart 6.1

Minimum Daily Wage 1940-1954 For ARAMCO Employees

Compiled Information: Arabian American Oil Company, "Report of Operations to the Saudi Government," 1952, 33; and (Sd.) H. Phillips British Embassy Jedda, to F.O. NO 21(E), (154/12/54), 3 February 1954, F.O. 371/110132/69602, Confidential.

Series	
1	Wages
2	Housing
3	Arab Hospital at Dhahran
4	Equal Treatment of Saudi Arab Nationals and Foreign Employees with Respect to Wages
5	Employment Contract, paragraph 9 - employee dismissal pending government approval
6	Pay for Holidays - government recognized holidays
7	Seventh Day Pay - Friday the weekly day of rest.
8	Transportation
9	Summer and Ramadhan Working Hours
10	Use of Employment Contracts
11	Distribution of Food - centrally located food stores
12	Vacation Period - one full month requested
13	Consideration of Wage Increases
14	Lay-off and Discharge of Workmen
15	Laundry in Ras Tanura for Clerical Group
16	Handling of Transportation Chits
17	Transportation to Rahaima
18	Kitchens for Clerical Staff at Rahaima
19	Kitchen Facilities at Rahaima
20	Water Supply in the North Camp
21	Pay Lines - protection from the sun
22	Transportation to Bahrein - where many spend their vacations
23	Treatment of Employees Upon Arrival - giving the same treatment to Saudis upon their arrival to as is given to foreign employees
24	Simple Requests - Company Policies to grant reasonable employee requests
25	Re-Employing After Resignation or Lay-Off - at lesser pay
26	Judgment of Employee's Ability - questioning of Company's criteria

Chart 6.2

Summary of Twenty-Six Saudi
ARAMCO Employees
Complaints Submitted to
ARAMCO And Saudi Government Representative
Committee; Answered Later by Aramco, 1945

Source: William J. Kennedy, ed., Secret History of the Oil Companies in the Middle East, (Salisbury, North Carolina: Documentary Publications, 1979), 1:18-29.

In combining inflation with wage increases the source said:

> Certain local inflationary effects are however already evident. The daily rate paid by Messrs. Bechtel to unskilled labourers has attained the level of 4 riyals, plus overtime which may bring the total up to 7 riyals (over 10/-). From Mecca it is credibly reported that local contractors are paying Egyptian labourers 10 riyals (say 15/-) a day, while skilled Egyptian workmen engaged upon concrete mixing are paid at the rate of £.E.1 daily.[27]

Though oil production tremendously increased and the Saudi share of revenues zoomed to reach $56.7 million in 1950 and $212.2 in 1952, workers' wages in the oil fields did not keep up with inflation and wage increases in the other sectors of Saudi economy. As Chart 6.1 demonstrates, until 1950 wages stayed within a three Saudi Riyals range. However, Saudi workmen continuously protested all forms of ARAMCO's discriminatory acts and unequal treatments. In fact, the workers felt at certain times that they were aliens in their own country. An Afghan Minister who was on an official visit to ARAMCO in early 1949 stated that "at one point in his tour [he] the Minister saw drinking fountains piped with ice water on which a sign was posted 'For Americans Only'."[28] Another discrimination problem involved ARAMCO's housing which was divided into three categories with

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[27](Sd) Allan F. Trott, British Legation, Jedda, to F.O., NO. 214/17/476., 29 September 1947, OF 371/6209 46558 dispatch.

[28]Kennedy, Oil Companies, 2:259.

Saudi workers, among others, always occupying the lowest level.

Workers' Demand for Trade Union

One reason the Saudi workers were not able to achieve their goals was that they were "not permitted by the government to syndicate or otherwise organize, and therefore their collective thoughts are not expressed to management except through the intervention of Government."[29] The oil company knew this weakness very well and always capitalized on it to prevent workers from gaining their rights.

The tension between Saudi workers and ARAMCO reached its peak in early 1953. At this time, some activist workers called for a vote to select a workers' committee to represent them in all Saudi workers' affairs. The election finally took place at three of ARAMCO's main centers: Dhahran, Ras Tanura, and Abqaiq. Consequently, employees were elected to a committee.[30]

On June 3, 1953, the elected committee met with ARAMCO representatives and submitted a long list of worker's grievances and demands. The fact that no alteration was made

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[29] Ibid., 349.

[30] Windsor G. Hackler, AMCONSUL, Dharan, Saudi Arabia, No. 61, 4 November 1953 to The Department of State Wash., E.O. 12386, Sec. 3.3 NND 822900; for more information see Appendix 6-1.

between June 1953 and September of the same year probably caused the committee to

> put to the company a long list of demands, the general tenor of which was requested for the same conditions of pay, living and employment as enjoyed by the American employees. They agreed to give the company five weeks to consider them.[31]

The company immediately responded by ceasing to meet with the Workers' Committee and suspended Abdulrahman al Buhaijan, one of the Committee-elected members, from work, in order to teach the rest of his colleagues a lesson.

Consequently, the workers collected 6500 signatures on petitions with a telegram dated September 22, 1953 which were sent to His Royal Highness the Crown Prince, Saud, in Jedda. Also submitted was a copy of their just demands and a request by the workers for permission to establish labor unions to defend their rights and demands or recognition and support from the government for the Workers Elected Committee.[32]

Until October 1953, all the Saudi government representative did was to suggest to ARAMCO that it make some concessions to the workers' demands. However, the company not only refused the suggestion but they also released a great deal of distorted information and rumors about the Workers' Committee's purpose. ARAMCO's actions were intended to agitate the government against the Workers' Committee and

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[31] From Bahrain to British Foreign Office, No 852, 21 October 1953, F.O. 371 104882 69602 Confidential.

[32] For more information see Appendixes 6-2 and 6-3.

cause its abolishment. Concerning the Company's actions, the workers declared:

> It seems that the Company was annoyed at the attitude of our Committee on our just case and equitable demands, and conceived plots to undermine it and get rid of it and spread rumors about a "strike" before and after the 'Id al Adha [Islamic religious feast], after it had studied the rebellious psychology of the workers and their preparations for stopping work after the Id holidays. But our patriotic committee nipped their attempt in the bud, and exposed it before the workers and revealed the people who were behind it and who tried to arouse the Government against our committee.[33]

Workers on Strike

Until mid-October 1953, none of the workers' demands were achieved, negotiations had collapsed, and above all the Workers' Elected Committee was jailed October 14, 1953. In response, the workers called a general strike at ARAMCO and all related sectors on October 16, 1953. This immediate, well-organized action was without doubt a turning point in Saudi working class history.

Before concluding the discussion on the workers strike, it may be interesting to show how this action was reflected in some of the Western world's literature. In early November 1953, Time wrote, "Saudi Arabia's delayed awakening began in August when nine employees marched into ARAMCO (the Arabian American Oil Co., biggest enterprise in the land) demanding

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[33] Windsor G. Hackler, AMCONSUL, Dharan, Saudi Arabia, No. 61, 4 November 1953 to The Department of State Wash., E.O. 12386, Sec. 3.3 NND 822900; for more information see Appendix 6-1.

justice for all the Company's 15,000 native workers."[34] One month later The New York Times reported that "the twelve-day strike of 13,000 Saudi employees of the Arabian American Oil Company (ARAMCO), which began Oct. 27, was the first evidence of wide spread unrest in the oil fields."[35]

In more comprehensive coverage regarding the main points of the Saudi workers demands and cause of the strike, The Middle East Journal explained:

> During the last week of October occurred a strike of the Saudi Arabian employees of ARAMCO. Early in the summer a workers' committee had been formed which claimed to represent 6,500 of their number. It handed ARAMCO a petition requesting, in general terms, higher cost-of-living allowances and additional transportation privileges in order that Saudi Arabs of "intermediate" and "general" status should be on the same footing as American and other foreign employees. . . . The committee addressed an open telegram to Crown Prince Su'ud on September 21 and a petition to him on October 16, asking that ARAMCO be required to grant it official recognition and that the workers be permitted to form a union to press and defend their rights vis-a-vis the Company. The Government . . . responded by forming an investigating committee of its own which solved the issue by throwing the workers representatives into jail. It was this action which precipitated the strike, noteworthy because it was the first by Saudi Arabian employees, and because it appeared to be well-organized--13,000 out of 15,000 Saudi Arab employees in all of ARAMCO's centers joined in, while independent shopkeepers showed their sympathy be refusing to do business with non-strikers.[36]

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[34] "Saudi Arabia: The First Strike," Time, 2 November 1953, 32.

[35] "Arab Labor Strike Tied to New Ideas," New York Times, 20 December 1953, sec. A, p. 20.

[36] "Unrest in the Persian Gulf," Middle East Journal, 8, no. 1 (Winter 1954): 71.

Furthermore, Saudi workers who worked outside of the oil field sector expressed their mutual interest by joining the oil field strike. As reported on October 25, 1953, "More than 70% of the company's Arab employees are still on strike; also about 60% of those at the United States' air base at Dhahran"[37] were on strike.

There are conflicting reports in the British documentary records at the Public Records Office in London. In an attempt to explain the cause of the Saudi general strike at the oil fields, a telegram which came from Bahrain (Residency) to F.O. (Foreign Office) stated, "Reports have been circulating here since October 16 that Arab workers of ARAMCO are on strike against the Company's failure to concede to their demands of exact equality of treatment with the Americans."[38] A contradictory response came from the British embassy in Jedda, Saudi Arabia:

> ARAMCO confirm their 14,000 Arab workers on strike. Protest is not against the company but against Saudi imprisonment of six leaders of self-appointed Workers' Committee which refused to supply information to a Governmental Commission under director of Jedda Public Security which has been investigating the committee's status and activities.[39]

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[37](Sd) H. Phillips, British Embassy, Jeddah, to F.O., NO 332, 25 October 1953, F.O. 371 104882 69602 Confidential.

[38](Sd) Mr. Burrows, British Residency-Bahrain, to F.O., NO 845, 19 October 1953, F.O. 371 104882 69602, Restricted.

[39](Sd) H. Phillips, British Embassy, Jedda, to F.O., NO 325, 20 October 1953, F.O. 371 104882 69602 Confidential.

In the above report, Aramco is the only source of information, and the reports claim that ARAMCO had nothing to do with the strike is a distortion of the facts. It also contradicts what has been stated by ARAMCO officials who on more than one occasion plainly admitted "That there is a growing awareness of the disparity between the Arab and the American standard of living and that the workers naturally follow anyone who promises easy benefits."[40]

Along the same lines, an ARAMCO official admitted that he tried to convince Prince Saud not to encourage striking workers by giving in to their demands. As reported once more by the British Embassy in Jedda, "Garry Owen, the head of the ARAMCO office here, told us that the Crown Prince (as he then still was) as soon as the strike was over urged ARAMCO to make some popular concession to the workers. ARAMCO succeeded in dissuading him on the grounds that this would be misinterpreted as a sign of weakness and might be an awkward precedent on future occasions."[41]

It is evident that ARAMCO played an advisory role with the government, while being careful not to offend the government. Yet, they succeeded in preventing the Saudi workers from achieving their demands. For some time,

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[40](Sd) H. Phillips, British Embassy, Jedda, to F.O. NO 1534/54/53, 27 October 1953, F.O. 371 104882 69602 Confidential.

[41](Sd) H. Phillips, British Embassy, Jedda to F.O., NO 1534/6053, 23 November 1953, F.O. 371 104882 69602 Confidential.

however, ARAMCO succeeded in winning the government stand by stating that the source of contention lay with the workers' unjust demands. Consequently, the government, at certain levels, firmly played the buffer zone between the company and its workers.

ARAMCO, however, maintained a well-organized intelligence apparatus which, as the literature reveals, surveyed the Saudi employees' mail.

> [Back to 1945] the Manager of Relations of ARAMCO informed [U.S. Vice Consul in Dhahran] that three letters came into the possession of the Company definitely proving that the organizers of the strike were of the office worker class and that they had been working closely with a certain Galib Tewfik Effendi, former Chief of Police in Dhahran and now a merchant who is reputed to bear a grudge against the Company.[42]

The manager concluded that the exchanged letters between workers in Ras Tanura and Dhahran were brought to a company official by an informer.

Workers Achievements

The conflict ended when the High Commission,[43] which was appointed by Crown Prince Saud in late 1953 to study the workers grievances and demands, decided against ARAMCO. The lengthy Commission report suggested three categorical levels

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[42] Kennedy, Oil Companies, 1:16.

[43] The High Commission had four members: Abdulla bin Adwan, an Assistant Deputy Minister of Finance; Ali Jamil, former Chief of the Security Forces in the Hijaz; Nassib Subai, Syrian financial expert; Hateem Zurbi, bin Adwan's Staff member. He was also in charge of the Labor Office in Dhahran.

of wage increase for all Saudis: 20 percent, 15 percent, and 12 percent, respectively. A daily minimum wage for ARAMCO employees of six Saudi Riyals was also suggested. Housing, transportation, paid vacation and several other demanded services were strongly recommended as benefits for the laborers by the Commission.

After his father's death and very shortly after the workers' protest, Crown Prince Saud inherited the throne and became King. During his visit to the Eastern province where the oil fields are located, all the proposed recommendations by the High Commission were adopted by His Majesty's order, then pronounced on January 17, 1954 with this following introduction:

> Since His Majesty's arrival in this province, he has been giving the employees' affairs his royal attention, in addition to giving attention to other matters which lead to the general prosperity of this growing area. His Majesty, being greatly interested, has presided over the official meetings held by Government officials and the Royal Commission with the Company in order to reach a just settlement which would guarantee the rights and interests of the employees. His Majesty has ordered the execution of what he became certain would be of benefit, to the employees and the public welfare.[44]

Equally important to these achievements is that all Workers' Committee members previously jailed were also released. Also, all who lost their jobs because of the strike were allowed to return.

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[44](Sd) H. Phillips, British Embassy, Jedda, to F.O. NO 14, 14 January 1954, F.O. 0371 110132 69602 Dispatch; see the text in Appendix 6-4.

The Saudi oil workers' triumph over ARAMCO caused the British Embassy in Jedda in 1954 to say (probably the same or more than ARAMCO would say):

> That ARAMCO concession over wages which may well have unforseen repercussions, it is obvious also that the method by which this and other concessions have been announced is primarily designed as a piece of domestic propaganda to show how much the new King has already achieved personally for his people.[45]

ARAMCO: Shifting Policy to Reduce Employment

Interestingly enough, ARAMCO drastically changed its employment policy from one of growth to one of reduction. As shown in Table 6.1, there were a total of 24,160 employees in 1952 of which almost two-thirds, 14,819, were Saudis. However, in 1969, the total was reduced to 10,865 employees of whom 9,018 were Saudi (see Table 5.4) This raises two questions. First, how was it possible to cut the number of laborers and maintain business? Second, why did ARAMCO choose to reduce its employees? Such a reduction was accomplished by implementing capital-intensive programs and gradually shifting all manual work to indigenous Saudi contractors.

Why ARAMCO chose to do so is more complicated. It seems that ARAMCO monitored the Saudi workers' characteristics during a ten-year period, which started precisely with the

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[45](Sd) H. Phillips, British Embassy, Jedda, to F.O. No. 2(E) (1534/12/54), 3 February 1954, F.O. 371 110132 69602 Confidential; for more information see the text in Appendixes 6-4 and 6-5.

first strike in 1945 and ended with the third in 1956. The workers' demands during each of these strikes clearly reflected their syndicatal awareness as well as their growing class consciousness.

ARAMCO knew that Saudi workers in general, except for oil field workers, still lived in a rudimentary stage during the 1950s. So, from ARAMCO's point of view, why make it possible to syndicate and let political polarization take place? Therefore, it significantly reduced the number of laborers and introduced welfare programs. This made it possible to prevent class awareness from expanding, especially in the oil fields.

Accordingly, from the mid-1950s and on, not only did ARAMCO substantially raise salaries, they also offered other benefits, including housing, health care, transportation facilities, and savings programs. ARAMCO was thus able to become the best of all major employers in the entire country, making employment with them very attractive for young educated Saudis. Thomas Shea, who studied the changing family consumption patterns of ARAMCO's Saudi Arab employees from 1962 to 1968, emphasized as a cause of change both ARAMCO's employees' socioeconomic, progressive change and noticeable decreases in the employment number in general. Concerning this development, Shea said that

> Aramco salaries and benefits are higher on the average than those paid by other major employers in the area for comparable jobs. Aramco benefits are of types which significantly influence expenditure patterns. For

> example, all Saudi employees of Aramco receive free medical care for themselves and their dependents. Aramco's Home Ownership Plan makes it possible for Saudi employees to buy houses on easy payment plans which also incorporate an approximately 20 per cent subsidy. . . . Aramco, as a major employer is a leader in establishing both compensation norms and living standards in the Eastern Province as well as elsewhere in Saudi Arabia. . . . ARAMCO's operations have entered a phase requiring a smaller number of employees than was true in past years.[46]

In regards to socioeconomic advancement among ARAMCO's employees in the late 1960s, Shea points out that among the 9615 total Saudi employees in 1968, 8352 or 86.8 percent owned houses. He also averaged the gross income of different job grades as disclosed in Table 6.5, which clearly supports the evidence that the minimum daily wage increased six-fold in just fourteen years (see Chart 6.1).

ARAMCO: Wage and the Government Salary in Contrast

It may be useful to contrast ARAMCO's basic wages with the Saudi government's monthly basic salaries. However, governmental payroll (cadre) records are available only back to 1945, which coincidentally coincides with the first oil field workers' strike of 1945. At that time ARAMCO's minimum daily wage did not exceed 1 1/2 Saudi Riyal (see Chart 6.1), while the government's low monthly salary as it appeared in the 1945 cadre was equal to 70 Saudi Riyal or 2.33 S.R. per day (see Table 6.6).

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[46] Thomas W. Shea, "Measuring the Changing Family Consumption Patterns of ARAMCO's Saudi Arab Employees-1962 and 1968." in The Arabian Peninsula: Society and Politics, ed. Derek Hopwood, (London: George Allen and Unwin, 1972), 231-232.

Table 6.5

Average Gross Aramco Earnings by Job Grade in 1968

Job Grade in 1968	23	24	25	26	27	28	29	30
Daily (S.R.)*	24.17	28.64	33.80	39.72	47.98	57.13	67.86	73.34
Monthly (S.R.)	724.98	859.31	1013.97	1191.63	1439.38	1713.78	2035.87	2200.10
Annual (S.R.)	8699.7	10311.7	12167.6	14299.6	17272.6	20565.4	24430.4	24402.2

Source: Thomas W. Shea, "Measuring the Changing Family Consumption Patterns of ARAMCO's Saudi Arab Employees-1962 and 1968," in The Arabian Peninsula: Society and Politics, ed., Derek Hopwood, (London: George Allen and Unwin, 1972), 250, Table XI.

*Originally converted from Saudi Riyals into English pounds at the exchange rate of 10.80 riyals per pound, p. 247.

Table 6.6

Public (Government) Salaries Increment During the Last Four Decades (1945-1985)

Grade	Year 1945	Year 1953	Year 1958	Year 1971	Year 1973	Year 1975	Year 1976	Year 1977	Year 1981	Total Increment 1945-1985
[a]			10000							
[b]	1200[b]		8000							
15	900	6000	5000	5000	5750	6610	9450	9255	15000	14100
14	745	3000	1800	4000	4600	5380	6030	8020	12905	11350
13	610	2000	1400	3590	4130	4875	5460	7200	10750	10140
12	490	1500	1200	2990	3400	4130	4630	6390	9390	8900
11	385	1100	975	2490	2865	3495	3915	5600	8615	7780
10	295	930	800	2075	2385	2985	3310	4800	7000	6705
9	220	760	650	1730	1990	2510	2815	4110	5240	6020
8	160	615	525	1440	1655	2100	2355	3485	5285	5125
7	115	480	400	1200	1380	1765	1980	2970	4530	4415
6	85	370		100	1150	1495	1675	2515	3815	3730
5	70			835	960	1250	1400	2100	3190	3120
4				695	800	1040	1165	1750	2650	1960[c]
3				580	665	865	970	1455	2210	1630[c]
2				480	550	715	805	1210	1825	1345[c]
1				400	460	600	675	1015	1500	1100[c]
33			500	550	635	825	925	1390	1950	1450[c]
32			300	370	425	555	625	940	1350	1050[c]
31			150	250	300	390	440	660	950	800[c]

Compiled information: Abdullah Shalaby ed., Nizam Tasnif alWadayaf Fi alMamlakah alArabia alSaudia, Mahad aladarah alamah, (Riyadh, Saudi Arabia: Management Institute,1982), 114-125; and "Laydywan al Khedmah al Madaniah," [Fruitful Efforts] Al-Youm (Dammam), 30 December 1982.

[a]Minister's salary only showed up in the employees cadre in 1958 and disappeared as of 1971.

[b]Superior Grade's salary first appeared in cadre 1945. In 1953 it did not show up but was left for the King to decide. It did appear in cadre 1958 but has disappeared for good since 1971.

[c]It needs to be noted that these grades were added into the employment cadre later on but at different periods of time.

The same table also reveals that government salaries increased the same year, 1953, that ARAMCO's employees went on strike for the second time demanding, among other things, a wage increase. In that year the low government monthly salary rose from 70 to 370 Saudi Riyals or a minimum of 12.33 S.R. per day. Until 1954, ARAMCO's minimum daily wage did not exceed six Saudi Riyals a day. Not until the 1960s, did ARAMCO's wages exceed the government's. However, by comparison, the average monthly salary of S.R.724.98 in 1968 for job grade 23 of ARAMCO Cadre with the government monthly salary of S.R.250 in 1971 for the lowest grade (31) in its Cadre, makes it clear that the government's lowest wage was much less than that which ARAMCO paid in the late 1960s.

It is rather interesting to compare the Saudi industrial sector with both ARAMCO (oil fields) and government (public sector) pay salaries in 1970. As clearly shown in Table 6.7, Saudi employees in general were paid less than non-Saudi employees. This goes along with ARAMCO employment policies. This table also exhibits that private industry salaries in general are much less than ARAMCO salaries (see Table 6.5). However, Saudi employees in the private industrial sector receive much lower wages than government employees.

Wage Fluctuation

All through the 1970s, workers' wages changed dramatically, especially after rising oil prices in 1973.

Table 6.7

Average Monthly Salary (Given in S.R.)
of Saudi Industrial Sector (Except Oil Fields) in 1970

Type of Work	Saudis	Non-Saudis
Administration Workers	300-1000	450-1700
Technical and Related Workers	300-800	689-1850
Skilled Laborers	300-600	350-750
Unskilled Laborers	190-300	240-400
Others	180-340	250-380

Source: Arab League, Industrial Development Center of the Arab States (IDCAS), Dalil al-Estithmar almamlakah alarabiah alsaudia [Directory of Saudi Arabia Industrial Investment], ([Cairo]: The League, October 1970), 7.

The drastic wage change took place during the last two years of the Saudi first 5-year development plan (1970-75) and continued through all of the second development period (1975-80).

As a result of the Saudi's capital abundance, tremendous sums of money were allocated for ambitious development programs, which generated at least two million skilled and unskilled expatriates entering Saudi Arabia by mid-1978.[47] Volume and labor costs became serious issues throughout the country as a whole during the late 1970s. Many questions

[47] Abdullah Alkhattabi, "Two Million Foreigners Work in Saudi Arabia," Al-Medina, (Medina), 26 August 1978.

were raised about the possibility of successful implementation of the Saudi development plans if the monthly wages of expatriates, which rose over five thousand Saudi Riyals or about $1500 in the 1970s,[48] were to stay that high or increase.

Although the extremely high wages of expatriate workers in Saudi Arabia became an unforeseen hindrance to development, expatriates were necessary for the programs to be carried out. As a solution to acute labor cost (inflation), the Saudi planners realized that most developing countries have always had a labor surplus, but not Saudi Arabia.

> In the case of Saudi Arabia the abundance of oil revenues and the ability created to buy capital goods has transformed it into the position of a labour-deficient economy, resulting in a number of manpower problems. Not only is the volume of domestic labour inadequate to support economic development at a rapid rate, it is also lacking in the skills required in the expanding sectors. . . . The deficiency in volume and quality of Saudi manpower has been counteracted by government policies which are both short and long term in nature. The immediate solution to the labour shortage was to import skilled and unskilled, labour on a large scale.[49]

To confront the immediate labor shortage and high wage increases, the Saudi government adopted a semi-open door expatriate labor policy. According to this new policy, any

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[48] Turky A. Al-Sudary, "Matloob Nizam Uhadeed Ohjour Alammal" [Regulations to Limit Workers' Wages are Required], Riyadh Newspaper, 5 alqa'adah A.H. (1977).

[49] John R. Presley, A Guide to the Saudi Arabian Economy, (New York: St. Martin's Press, 1984), 44.

Saudi meeting the easy governmental requirements is eligible to go anywhere in the world--except, of course, Israel or South Africa--to contract or import skilled and unskilled workers. Some of the Saudi contractors or entrepreneurs need the expatriate workers for their own businesses. But for others who do not have a business, the expatriate importation became a business in itself. As long as the expatriate stays in the country, obligations exist between the worker and his sponsor (Kafil). This relationship resembles that which existed in feudalistic Europe between a vassal and his serf.

In quite an interesting discussion, Ibrahim explains the benefits and obligations existing between the Saudi Kafil and expatriate.

> A kafil may simply import labor and then retail it out to other local employers for a percentage of their wages. In the least activist version, a kafil may lend his signature to enable potential workers from other countries to come to Saudi Arabia. They would be on their own until they found employment, and would then pay their kafil a fee.
>
> The kafil, of course, has some vague legal responsibility vis-a-vis both the government and the sponsored (al-makful). He may be held accountable for the public behavior of those sponsored by him. . . . the kafil not only extracts a substantial profit from the sponsored ones, but he also controls them almost completely while they are in his country.
>
> In its stark and extreme form, this "human trade" comes very close to what might be called "temporary slavery." The local legal codes are entirely on the side of the kafil. He has the right to terminate the employment of, or partnership with a sponsored person at will. He can demand his deportation at any time. While these rights of a Kafil are occasionally abused, the bulk of the transactions carried out under this

institution are mutually beneficial, although far from being equal.[50]

It may be a slave-like policy. Nevertheless, it is an official policy and supported by local codes. Although, not humanitarian, this policy actually did serve the purpose of providing the workers needed to meet Saudi demands. Above all, the semi-open door laborforce policy pressed the wage level down since being implemented in early 1979.[51]

It may illuminate the previous wage discussion to study Table 6.8 which illustrates wage earnings growth and wage characteristics in the late 1970s and early 1980s. Except for government employees, who are only covered under the retirement pension fund, all the rest of the public and the private sector workers are included in this table. As the table discloses, the number of workers rose from 655,731 in 1979 to 788,457 in 1980, to 876,255 in 1981, an increase of 20 and 11 percent respectively. The table also demonstrates that a proportion of the workers for all three years earned less than 500 Saudi Riyals or $142 per month. However, this group is noticeably decreasing in number. The rest of the fifteen wage-earning categories, which ran from S.R.501 to more than S.R.10,001 increased in 1980 and 1981. In

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[50] Saad Eddin Ibrahim, The New Arab Social Order, (Boulder, Colorado: Westview Press, 1982), 12-13.

[51] Nassir al-Kara'awi, "Permeation for More than 20 Agencies to Import Expatriate Labourforce," (Dr. Ibrahim al-Awaji, Internal Ministry Deputy's Declaration), Riyadh Newspaper 6 March 1979.

Table 6.8
Monthly Categorical Wage
Distribution by Participant Workers in
Saudi Arabia for the Three-Year Period of 1979-1981

Wage Categories	No. of Participant Workers 1979	1980	1981	Augment 1979-80	Augment Percentage	Augment 1980-81	Augment Percentage
≤ 500	55,783	36,764	28,457	-19,019	-34	-8307	-23
501-1000	165,884	186,357	189,929	20,473	12	3572	2
1001-1500	155,613	203,035	224,406	47,422	30	21,371	11
1501-2000	85,151	107,558	123,932	22,407	26	16,375	15
2001-2500	53,962	66,407	68,791	12,445	23	2,384	4
2501-3000	33,277	43,357	52,049	10,080	30	8,6922	20
3001-3500	22,040	29,291	36,537	7,251	33	7,2236	25
3501-4000	14,884	20,790	27,775	5,906	40	6,985	34
4001-5500	12,088	13,718	19,139	1,630	13	5,421	40
5501-6000	9,548	12,087	15,602	2,539	27	3,515	29
6001-6500	12,704	16,577	20,173	3,873	30	3,596	22
6001-7000	8,803	11,831	14,060	3,028	34	2,229	19
7001-8000	6,721	9,511	11,123	3,240	52	1,612	17
8001-9000	4,282	6,910	8,861	2,628	61	1,951	28
9001-10000	3,586	5,430	7,697	1,844	51	2,267	42
10001 +	11,855	18,834	27,723	6,979	59	8,889	47
Total	655,731	788,457	876,255	132,726	20	87,798	11

Source: Kingdom of Saudi Arabia, General Organization for Social Insurance, Annual Statistical Report, no. 2, ([Riyadh, Saudi Arabia: The Organization], 1981), 132.

percentage terms, it is clear from Table 6.8 that the four highest pay categories are increasing in number more than the four lowest pay categories are. This may indicate wage increases in Saudi Arabia during the period covered in the table, 1979-81. Also, 70 percent of the workers were in the S.R.2000 or less earnings category in 1979. In 1981, 65 percent of the workers were within this same category, where wages did not exceed $540 per month. In summary, this means that the majority of Saudi workers received considerably low pay.

Table 6.9, which only includes Saudi private sector employees, shows another important factor--the weekly wage category by worker size in 1983. The table indicates that of the more than one million employees working for the Saudi private sector in 1983, 25.6 percent fell into the S.R.400, $108 per month category. Table 6.9 also shows that more than 80 percent of private sector workers are in the S.R.2000, $540, monthly wage or less category. In comparing Table 6.9 with Table 6.8, it is clear that 70 percent of the employees in 1979, as shown in Table 6.8, earned S.R.2000 or less, which decreased to 65 percent in 1981, as disclosed in the same table. This means that either public employment, which was taken into account in Table 6.8, makes the difference or that wages in general decreased two years later, as shown in Table 6.9. In the final analysis, however, the real cause of the wage decrease was having a greater supply of expatriate workers than for which there was demand.

Table 6.9

Weekly Wage Category by Number of
Workers Employed in Saudi Private Sector in 1983

	Weekly Wage Category																
	100	100	250	500	750	1000	2000	3000	4000	5000	6000	7000	8000	9000	10000	Unknown	Total
# of Workers	352	269201	397513	188145	72569	83689	17918	5572	1666	639	331	231	122	71	663	1740	1043722
Percent		25.7	38	18	7			5	1.6								100

Source: Kingdom of Saudi Arabia, Ministry of Labor and Social Affairs, Deputy of Labor Affairs, Department of Statistics and Research, Statistical Bulletin, ([Riyadh, Saudi Arabia: Al-Haromain], 1983), 28.

Private Competing with Public Salary Raised - 1981

Before ending this discussion concerning wages, it is important to indicate the slowdown in government spending in the early 1980s and the large inflow of foreign workers, the latter of which helped to contain wage increases in the private sector. But what caused the sudden and drastic salary raises by the government, which since May 1981 have increased 35-40 percent for all government employees?[52] The only public explanation given at the time for the salary augmentation was that the government just granted it to all its employees as a gesture of wealth distribution.

The fact of the matter is that because of tremendous growth the Saudi private sector was able to pay very good salaries. Therefore, Saudi college graduates, especially those educated abroad, were attracted to jobs in the private sector. Apparently, a brain drain resulted in the expanding government apparatus. Consequently, the government responded to the competition by the high salary increases of May 1981.

A typical example of Saudi establishments seeking well educated Saudi employees is Saudi American Bank in Riyadh, Saudi Arabia. In order to meet the government strategy of Saudi-ization, any joint-venture operating inside the country is required to have at least half of its employees be Saudi

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[52] International Monetary Fund, Middle Eastern Department, Saudi Arabia--Recent Economic Developments, 9 July 1985, SM/85/197, 22-24, Confidential.

nationals. So, the Saudi American Bank in January 1985 circulated a memo at Michigan State University inviting all Saudi students on campus

> to learn about exceptional career opportunities available with Saudi American Bank (SAMBA) for Saudi nationals returning after graduation to their home country of Saudi Arabia. All class levels (Freshmen, Sophomore, Junior, Senior, Graduate student) and all majors in any field (particularly in business, economics, accounting, management, marketing, finance, engineering, computer science, etc.) are welcome to attend an orientation/briefing meeting.[53]

After illustrating several advantages, the memo concluded with the minimum starting compensation for bachelor's and Master's degrees as shown in Table 6.10.

The aforementioned memo and Table 6.10 not only reflect the existing competition between the Saudi private and public sectors, but also clearly indicates the direction in which the job market is headed. Professionals' and highly trained technicians' shares of the employment payroll in both private and public sectors are expanding. As clearly demonstrated in Table 6.8, the four highest paid categories grew the most during the 1979-1981 period. This growth agrees with the Saudi "Fourth Development Plan [which] envisages that expatriate workers, mostly unskilled, will be reduced by some 600 thousand by the end of the plan period (1985-90)."[54]

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[53] "Saudi Arabian Students Plan to Attend an Orientation/Briefing Meeting, Jan. 15, 1985, 12:00 p.m.;" see Appendix 6-6.

[54] International Monetary Fund, Saudi Arabia--Recent Economic Developments, 24.

Table 6.10

Minimum Annual Starting
Compensation at Saudi American Bank
for Saudi Graduates of American Universities

	Bachelors Degree	Masters Degree
Base Salary (ABS)	S.R. 90,000	S.R. 100,000
Housing Allowance	41,538	46,152
Vacation Allowance	6,923	7,692
Total	S.R. 138,461 ($39,560)	S.R. 153,692 ($43,955)

Source: Circulated memo to all Saudi students at Michigan State University dated Jan. 15, 1985, for job recruitment by Saudi American Bank, Riyadh, Saudi Arabia, (For more information, see Appendix 6-4).

Considering the emphasis placed on high paying jobs, are Saudis going to fill the needed low-level manual jobs? The answer would seem to be no, at least in the short-run. Only because the cultural patterns that label some work as socially inferior, and prevent women from working, have not changed. Also, the government would need to enact a wage policy that gave high pay for low-labeled jobs. However, during the next decade, the manual work in Saudi Arabia will continue to depend on expatriate participants.

The overwhelming majority of payroll employment in the private sector, especially in the early 1980s (as shown in Table 6.11), were non-Saudi workers. This table demonstrates

that in only twelve years private sector employment rose from less than 150,000 in 1971 to over 1,100,000 in 1983. The table also reveals the low participation of Saudis in the private sector where they did not number more than 183,025, or 18 percent of the total workforce, in 1981. This was true even though private establishments more than doubled in just twelve years (1971-83).

Table 6.11

Payroll Employment Growth in Saudi
Private Sector for Selected Years 1963-1983.

	1963	1971	1981	1983
# of Paid Workers	n.a.	87,761	n.a.	1,127,817
# of Unpaid Workers (family & own account)	n.a.	51,761	n.a.	7,538
% of Unpaid Workers	n.a.	35	n.a.	70
# of Saudi	148,109	n.a.	183,025	n.a.
# of Non-Saudi	39,255	n.a.	828,990	n.a.
Total	187,364*	146,710	1,012,015	1,135,355
# of Establishments	80,338*	61,109	150,858	152,652

Compiled Information: Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, Statistical Year Book ([Riyadh, Saudi Arabia: The Department], 1972), 8:273, and (1982), 18:569; and Kingdom of Saudi Arabia, Ministry of Labor and Social Affairs, Deputy of Labor Affairs, Department of Statistics and Research, Statistical Bulletin ([Riyadh, Saudi Arabia: Al-Haromain], 1983), 26.

n.a. data not available. (n.a. = not applicable)
*Includes private and public establishments from 1963 Census.

In contrast, the overwhelming majority of employees in the public sector were Saudi. As Table 5.13 showed, 247,198 of 334,161 government employees during the 1982/1983 fiscal year were Saudi, or in other words non-Saudi government employees numbered no more than 86,243 or 19.5 percent in the public sector at that time.

In conclusion, it needs to be recognized that the third stage of workers class development in many ways is significantly different from the other two stages, including the following:

1. Although during the 1970s and 1980s the Saudi labor force tremendously expanded in size, indigenous workers became a minority among expatriate workers
2. The availability of the job facilitated ease in mobility for Saudi job seekers. This enabled them to move into easier and better paying jobs, mainly in the service division of the public sector
3. The over-supply of expatriates, especially in the manual labor field, pushed wages extremely low
4. All manual workers who come to Saudi Arabia are from poor countries, where the pay is extremely low. Also, most expatriates work under contract obligations which always designate the salaries and period of the contract. Whoever breaks the contract has to pay a severe penalty, which means deportation for the worker

5. There has never been a Saudi or non-Saudi trade union anywhere in the entire country

These points were obstacles that virtually halted wage growth all along the last stage of development as well as restraining the development of the indigenous working class. Partially because of local social norms against participation in crafts and manual work, but mainly because of the extremely low wage of unskilled laborers almost all Saudis have either left or avoided the socially degrading and low paying manual labor jobs. There is no doubt that Saudi workers' shifting from the production sector to the service sector first defused the incipient proletariat potential of the 1950s (oil field workers) and secondly stagnated wage development.

Expatriates' Working Conditions in Saudi Arabia

This analysis of the characteristics of labor force composition in Saudi Arabia also needs to discuss wages and working conditions from the foreign workers point of view. A weak background and the necessity for survival push expatriate workers to cope with whatever rudimentary working conditions they face in the host oil states, including Saudi Arabia. Fred Halliday explained that

> they have come to the oil states on a temporary basis to make money for their families and are reluctant to interrupt the flow of badly needed money to their homelands. They have no savings or strike pay to fall back on. They know too that the governments of the oil states can deport them immediately, and that as there is

> no overall shortage of labour they can be replaced quickly. On top of this, the workforce of a small oil state will be drawn from a number of different countries, and will speak different languages.
> . . . . Industrial countries send their managerial and skilled personnel to the oil states: they are obviously doing this to recycle as much as possible of the oil revenues back into their own economies and are, in so doing, redressing some of the advantage which OPEC has been able to gain. As such the top level expatriates are agents in the continued reappropriation of income from the oil producers.[55]

To clarify the background of both workforce composition and working conditions, Nigel Disney pointed out that in the Saudi case "large sums of money are being spent on the construction of roads, harbors, oil refining complexes, steel works and similar projects. But few of these projects are using indigenous labor power. Most skilled and managerial personnel come from the Western countries, while the unskilled labor comes mainly from other Arab and third world countries."[56]

Disney argued that unskilled laborers usually suffer the most. But then, they are either from Southeast Asia or from the Arab World. In both cases, they have a similar background of coping with low wages and such rudimentary working conditions as they find in Saudi Arabia. For an

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[55] Fred Halliday, "Migration and the Labour Force in the Oil Producing States of the Middle East," Development and Change, 8 (1977): 284-85.

[56] Nigel Disney, "South Korean Workers in the Middle East," Middle East Research and Information Project (MERIP) Reports (October 1977): 22.

example, he pointed out that South Koreans have been used to incredibly low pay, especially at home where just

> up to $1 per day for skilled and 50¢ for unskilled labor for up to 12 hours work is the norm and in 1970, one half of the 27,000 person labor force in the Seoul garment industry was below 15 years of age and was working up to 16 hours a day for a daily wage of 30 cents. Strikes are illegal; in May of this year [1977] eleven women garment workers were sent to prison for striking for a 35% increase in their 25¢ an hour wages.[57]

The multinational workforce composition in the Saudi case makes communication almost impossible among the various elements of people. As Azzi in 1978 declared, "Saudis talking to Americans who are talking to Korean who work alongside Filipinos and Malaysians on a job designed by Germans with British surveyors, some of these people don't even like each other."[58] What makes the workers' conditions even more complicated is that some foreign governmental entrepreneur's companies, such as Hyundai of South Korea, conduct business in Saudi Arabia and import the needed labor force from Korea through the company itself. In such a case the Korean workers operate in Saudi Arabia but their wages and working conditions are controlled by Korea's rulers or laws of their native land. This may not necessarily serve either the South Korean workers or the indigenous workforce. But, according to Disney

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[57] Ibid.

[58] Robert Azzi, "The Saudis Go For Broke," Fortune, 31 July 1978, 111.

> the use of South Korean labor is mutually beneficial for the rulers of both the Middle East oil producing states and South Korea. For the former it is one way of blocking the emergence of an indigenous working class which could pose a threat to their rule. For South Korea, it is a source of badly needed foreign exchange earnings.[59]

A similarity between South Korean and Saudi Arabian workers' rights may generate the same working conditions for the laborers. It also may strengthen the business relationship between the two countries. The similarity, however, may stem from the "royal decree of June 11, 1956, (No. 217/23) [which] imposes a penalty of at least one year in prison for striking or inciting strikes."[60] Along the same lines, The Economist states that South Korean contract companies are gaining credibility in the Middle East Oil States' competitive business partially because they always employ their nation's own workers--"Who do not have the right even to strike at home."[61]

Expatriates' Low Wage Protest

However, it is not necessarily true that it always goes as planned. Hyundai, a South Korean governmental company, which only employs Korean nationals and which conducted several projects in Saudi Arabia, faced a workers strike in

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[59] Disney, "South Korean Workers in the Middle East," 22.

[60] Ghassane Salameh, "Political Power and the Saudi State," MERIP Reports, 10, no. 8 (October 1980): 22.

[61] "Underpaid Boom," Economist, 118.

which low pay and unsatisfactory working conditions at Jubail, Saudi Arabia were protested. Far Eastern Economic Review reported:

> South Koreans sparked three days of rioting by several thousand South Korean workers, in which many people were injured and facilities and equipment were extensively damaged. . . . Seoul officials, it is reported, promised that working conditions would be improved and successfully pleaded with Saudis not to throw out Hyundai construction.[62]

Business Week referred to the protest as

> recent riots by Korean workers on a $931 million project at the Saudi Arabian port of Jubail are threatening Seoul's blossoming economic and diplomatic relations with the Saudis. Korean construction minister Shin Hyoung Sik was in Riyadh last week seeking to soothe Saudi displeasure over the incident, during which some 150 Korean workers rampaged through their camp, protesting low pay and bad working conditions.[63]

In addition, The Economist reported that "at Jubail on the Saudi Arabian coast, 3,000-4,000 Korean workers went, in Mid-March, on what one source calls a 'rampage.' It lasted two and a half days and left parts of the port construction site seriously damaged."[64]

It is interesting to note that South Korean workers went on strike in Saudi Arabia despite the fixed orthodox regulations of either country toward strikes. Also, it was rather clear that the South Korean government feared that the

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[62] Suaumu Awanohara and P. Bowring, "Saudi Orders Flow Again," Far Eastern Economic Review, 96, no. 18 (May 1977): 49.

[63] Business Week, (World Roundup: South Korea) 16 May 1977, 53.

[64] "Underpaid Boom," Economist, 121.

Jubail workers' strike might destroy the myth of blind obedience of their workers. This could lead to losing business with the Saudi government. In order to settle the Jubail workers' strike and quell any Saudi government resentment, South Korea first pressured the company to raise the workers' pay and second, made all possible efforts to explain and assure the Saudi government that no more trouble would come from South Koreans. As Disney stated:

> the Saudis were less than pleased with the behavior of South Korean workers at Jubail when in March of this year several thousand workers rioted, decisively shattering the myth of the total passivity of Korean workers. . . The Korean government was alarmed: government officials and Hyundai representatives scurried to Saudi Arabia and managed to placate the Saudis. The Korean government also told companies to increase wages and improve leisure facilities.[65]

A year after the Jubail strike, Fortune Magazine interviewed one of the Korean strikers who explained the need and the accomplishment of the strike, "We had to demonstrate to get taken into Al Khobar [city] every weekend for shopping. The ringleaders were sent back home. But things are a little better now."[66]

In summary, a news leak in the late 1970s stated that Pakistani sanitation workers in Mecca protested low pay but with no success. As a result, they faced deportation and replacement. Other than that, the Koreans' strike was the

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[65] Disney, "South Korean Workers in the Middle East," 23.

[66] Azzi, "The Saudis Go for Broke," 112.

only protest that occurred for the purpose of improving wages and working conditions, all through the designated third stage (1970 and on). If there was success at all, it was limited only to the Koreans. Plus, working class in this chapter refers to "all people who earn all their income through the exertion of their pure labor which in a clear sense includes 'wage earners, self-employed workers, and unpaid family workers engaged in production, sales transportation, and services'"[67] which excludes the middle class as discussed in Chapter 5. Thus, working class in this discussion can be divided into three main subgroups: wage earners (working class), nomads, peasants, fishermen; and social security recipients.

The Diminishing Categories and Social Security Recipients

Nomads

As Saudi socioeconomics have changed, so has the fact that Bedouins or the nomads represent a large proportion of the Saudi population. This is because the number of nomads has extremely diminished. As a matter of fact, "in the early years of oil development, thousands of bedouin, attracted by the high wages they could obtain in the oil industry, abandoned nomadism and worked as unskilled laborers in the

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[67] A. Reza S. Islami and Rostam Mehraban Kavoussi, The Political Economy of Saudi Arabia, (Seattle: University of Washington Press, 1984), 50

oil camp."[68] Many others, however, were employed by the military services (National Guard) or absorbed by the expanding metropolitan areas. Another contributing factor is that all the

> good grazing areas have deteriorated because of irregular rainfall, but more particularly due to overgrazing and cutting of shrubs. The extremes of climate, deficiencies of soil and, therefore, of fodder, and the problems of diseases and parasites combine to reduce the productivity of livestock on the open range. Nonetheless livestock production is increasing and under irrigation supportive forage production can be improved manifold, both in quantity and quality.[69]

At present, grazing contributes minimally to the economic activities of the country. The modern Saudi livestock-agricultural industry, which is generously supported by the state and growing, as disclosed in Table 6.12, has almost replaced the nomads' production. Therefore, it seems that traditional livestock production is losing ground and thus, the Bedouin way of life will disappear sooner than many think. In conclusion, nomads still constitute a good percentage of the Saudi working class. As late as 1985, the International Monetary Fund estimated Bedouin workers as numbering upwards of 300,000.[70] This is higher than was expected for the mid-1980s.

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[68] Alan George, "Bedouin Settlement in Saudi Arabia," Middle East International, no. 51, (September 1977): 28-29.

[69] Kingdom of Saudi Arabia, Ministry of Planning, Third Development Plan (1980-85), (Riyadh, Saudi Arabia: The Ministry, 1980), 138.

[70] International Monetary Fund, Saudi Arabia: Recent Economic Developments, 24.

Table 6.12

Livestock Growth in Industrial Agriculture (1981-1984)

Livestock	1981/82	1982/83	1983/84
Sheep	5,856,654	6,949,254	6,940,314
Goats	2,444,031	2,973,488	2,973,486
Camels	391,247	198,777	367,411

Compiled Information: Kingdom of Saudi Arabia, Ministry of Agriculture and Water, Department of Economic Studies and Statistics, Bulletin of Current Agricultural Statistics, 1981/82-1983/84 ([Riyadh, Saudi Arabia: The Department, 1984]), Tables 11-61 to 11-69.

Peasants

The third subgroup of the working class is (al muza'ra'an or al falahain) the peasants. Earlier in our discussion Table 6.4 showed that fewer Saudis are employed in the agriculture sector than in most other developing countries. For instance, in the 1960s the average work force employed in agriculture in developing countries exceeded 73 percent while in Saudi Arabia it did not exceed 46 percent. Plus, in 1985, this figure drastically fell to only 13.9 percent (see Table 6.4). Despite the rapid development of oil and other industries and the service sector, agriculture

> has remained the primary occupation of the population. In 1974/75, it is estimated that about 700,000 persons or 40% of the civil labor force, was engaged in agriculture. By 1979/80 agricultural employment declined by about 100,000 due to migration of farm labor to the cities, but, the sector remained the largest

> employer with about a quarter of the civil labor force.[71]

The author would like to point out that the abundance of capital enables the Saudi government to encourage all agricultural business enterprises, mainly by land distribution as well as by financing for very little or no interest. Consequently, plot holdings increased to 212,000 (1981) and cultivated land area also enormously expanded. However, those increases were a result of capital-intensive programs applied to agriculture since the agricultural work force was reduced from 700,00 in 1975 to 617,400 or 13.9 percent of total Saudi labor force in 1985.[72]

The importation of sophisticated machines significantly changed Saudi agriculture. Farming size expanded; agricultural production increased enormously. Thus, the door was opened for expatriates to enter into the Saudi agricultural sector. Both foreign professionals and manual workers were demanded for the enlarging

> size of the new farms and their technological complexity [which] has meant near-total dependence on foreign managers and technicians, who are mainly European and American. The unskilled farm hands are also largely expatriates (Asians and Egyptians), because production is located either in remote areas (wheat) or near the large cities (factory-type units). This limits the supply of local rural labor. . . In 1981, the

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[71] Jebran Chamieh, ed., Saudi Arabia Record of Economic Development, (Beirut: The Research and Publishing House, 1983), 73.

[72] Kingdom of Saudi Arabia, Ministry of Planning, Fourth Development Plan (1985-1990), ([Riyadh, Saudi Arabia: The Ministry], 1985), 66.

agricultural census recorded about 240,000 non-Saudis.[73]

That seems to be a rather striking figure just within the Saudi agricultural sector.

Fishermen

Fishermen in Saudi Arabia, just as Bedouins, are diminishing in number, although fishing still produces a substantial source of the population's food. Ironically, it now involves only a small proportion of the work force. In late 1981, a long article appeared in al-Yammamah indicating how traditional fishing is no longer profitable in Saudi Arabia. The article revealed that the traditional way of fishing is now diminishing and the poor, traditional fishers will soon disappear unless the government helps them to survive.[74] In 1980 the Saudi 3rd 5-year development plan referred to the 2320 km Saudi coastline, 560 km long on the Arabian Gulf with the rest on the Red Sea. "Although there is an abundance of fish in these coastal waters, the fishery resource has hardly been-exploited."[75]

So, in order to fulfill the local demand, modern industry was adopted as a replacement for the declining

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[73] Vahid Nowshirvani, "The Yellow Brick Road: Self-Sufficiency or Self-Enrichment in Saudi Agriculture?" MERIP Reports, 17, no. 2 (March-April 1987): 11.

[74] "The Fishers in the Trap," al-Yammamah, (Riyadh) 21 August 1981, 3-7.

[75] Kingdom of Saudi Arabia, Third Development Plan (1980-85), 141.

traditional type of fishing. Jebran Chamieh states the "fishing fleet in the Red Sea consists of about 1,200 boats in the 6-8 meter range supporting about 2,400 full-time fishermen. In the Gulf, the fleet is about 200 and supporting about 2,000 fishermen"[76]

In summary, the modern fishing industry involves 4,400 individuals out of the total Saudi labor force. There is, however, no available data to indicate how many fishermen are still using traditional methods. Traditional fishermen are still around, but there are not many, and no possible number can be calculated.

Social Security (Welfare) Recipients

This presentation of the Saudi working class cannot be complete without including the impoverished segment of the Saudi population. These are Saudis who are either too old or too young to work and have no source of income. These are men, for some reason, unable to work and Saudi women who, with some exceptions, are not allowed to work and thus, in some cases, do not have a source of income. In 1962, the state formulated and implemented the Social Security program for this group.

Allocated funds for the program were so limited, especially at the beginning, that only a few thousand individuals were lucky enough to benefit from it. In the

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[76] Chamieh, Saudi Arabia Record of Economic Development, 76.

early 1980s, the situation dramatically changed. As the Deputy Minister of Labour and Social Security Affairs, Abdullah Alna'am, declared in May 1983 that the program was expanded to reach about 300,000 families or 1.3 million individuals.[77] The minimum and maximum benefits of this program were significantly humble in the beginning but increased in 1974. "The current 1980 maximum annual payment for a family of seven persons is only S.R. 5,400 (only $1,622) per year comprising a basic rate of S.R. 1,080 for the family head/supporter plus S.R. 720 for each additional family member."[78]

A Saudi government document revealed decreases in the number of Social Security beneficiaries, but increases in the annual benefits at the end of 1983. The previous source indicated 1.3 million Saudi beneficiaries from the Social Security program, while the document stated that

> the number of families or cases receiving assistance under Social Security rose from 64,000 in 1389-90 (1969-70) to 309,000 in 1402-03 (1982-83) representing an average yearly growth of 13 percent. The corresponding number of beneficiaries is reported to be 198,000 in 1389-90 which rose to 924,000 in 1402-03. The average amount disbursed per family or case (not beneficiaries) increased from S.R. 652 in 1389-90 to about S.R. 5,000 in 1402-03. In terms of beneficiaries, the

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[77] Abdullah Aba al Babtain, "There will be those in need of social security, and all social security cases are correct 100 percent," "Interview With the Deputy Minister of Labour and Social Security," al-Yammamah, 11 May 1983, 14-17.

[78] Kingdom of Saudi Arabia, Ministry of Planning, Second Development Plan (1975-80), (Riyadh, Saudi Arabia: [The Ministry], 1980), 389.

corresponding amounts were S.R. 211 and S.R. 1,667, respectively.[79]

There is a definite discrepancy between the two aforementioned sources concerning the number of beneficiaries being either 1.3 million or 924,000 individuals. From all indications, Saudi state policy is still strong on implementing the Social Security program; therefore, the reduction in the number of beneficiaries can be explained as either a statistical error or possibly as economic improvement in Saudi society. It is rather hard to believe that 1.3 million individuals are all social security recipients. Yet as long as women still are prevented from working and must be dependent, the number is somewhat plausible. It seems more reasonable, however, to solve the differences by averaging the two figures (1.3 million + 924,000 ÷ 2) thus adopting the sum of 1.112 million as the total number of beneficiaries from the Saudi social security program at the end of 1983.

In Summary: Groups Constituting Saudi Lower Class

The emphasis of Chapter 6 has been to give the reader a clear picture of how the Saudi working class genuinely started as well as showing how wages and salaries developed, with some contention, over a span of time. In addition, along with the discussion, the researcher gave some attention

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[79] Kingdom of Saudi Arabia, Ministry of Planning, Achievements of the Development Plans (1970-83), (Riyadh, Saudi Arabia: [The Ministry], 1984), 118-20.

to some of the class subgroups such as wage and salary earners in general, farmers, fishermen, Bedouins, and finally, Social Security recipients. The following groups should also be added in order to give a complete picture of Saudi working class constituents, self-employed unpaid family workers, daily wage paid workers, piece-work paid workers, and so on.

It also needs to be clarified here that not all salaried recipients necessarily fit into the working class category. Although one subgroup mentioned was those who are not receiving wages nor salaries but are poor enough to depend completely on stipendiary pensions that are "paid to the old, the permanently disabled, orphans, and single women without means of support"[80] from the state Social Security program. These were included simply because the working class embodied the lower income proportion in the Saudi pyramidal social structure.

In order to distinguish between high- and low-rank salaried recipients who may fit into the lower class category, the researcher has chosen to use the public employment budgeted cadre for selective years (See Table 6.13). In general, the table indicates the tremendous growth of public employees during the 26-year span. In particular, Table 6.13 clearly illustrates that the low- grade employees

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[80] Islami and Kavoussi, Political Economy of Saudi Arabia, 67.

category (Grade 5 and below) increased six-fold and more than doubled just between 1970 and 1985. Grade Six,[81] as shown in Table 6.13, was chosen as the point at which to separate professional civil employees "whose major source of income is their endowment of human capital skills and know-how obtained through education and training"[82] from the poorly educated and untrained who only hold clerical positions, service positions, and those positions within the fifth grade or below.

The low category in the public cadre retains 229,675 out of 328,040 or 70 percent of the total government budgeted employees for 1985 (See Table 6.13). Monthly base salary for the low category in the public sector lies between S.R. 950 ($257) and S.R. 3,190 ($862). In contrast, the base salary for the high category lies between S.R. 3,815 ($1,031) and S.R. 15,000 ($4,054).

Applying the same analogy to the private sector employees, Table 6.8 discloses that 687,564 out of 876,255 employed individuals in 1981, or 78.5 percent of monthly salary earners in the private sector, earn below S.R. 3,001

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[81] Saudi public employees are divided into two categories, in-cadre and out-cadre. The first includes grades one to fifteen. Grades six and above are usually reserved for those with college degrees. The second category is the out-cadre which only includes three (33, 32, and 31) grades listed in the lowest ranks respectively of the employment cadre: for more information see Table 4.1.

[82] Rostam Mehraban Kavoussi, "Oil Export and the Changing Occupational Structure in Saudi Arabia," Arab Studies Quarterly, 6, no. 4 (Fall 1984): 283.

Table 6.13

Total Civil Budgeted Public Employees for Selected Years (1959-85) Broken into High and Low Rank Grades

No. of Employees	1959	1962	1965	1968	1970	1974	1978	1981	1983	1985
Grade 6 & above (high grade)	3,040	5,168	9,442	13,342	16,060	33,812	52,833	86,022	79,271	98,271
Grade 5 & below (low grade)	38,872	53,513	82,728	100,336	113,236	156,859	191,280	221,514	212,849	229,675
Total	41,912	58,681	92,170	113,078	129,296	190,671	244,113	307,536	292,120	320,046

Adapted From: Kingdom of Saudi Arabia, Ministry of Finance and National Economy, Central Department of Statistics, Statistical Year Book, ([Riyadh, Saudi Arabia: The Department], (various issues)).

Note: Until 1971 some 4-year college graduates were placed in Grade 5.

($811) level. Even more striking is that 1,043,733 individuals were employed in the previously mentioned subgroups, such as farming (See Table 6.9). Consequently, it would seem that the only way to determine the number of people in the working class is to use available data on the total indigenous labor force, and then subtract the total of upper and middle Saudi classes. But, before proceeding any further, it is necessary to mention Table 6.9 which shows that in the private sector in 1983, 88 percent of the total employees made S.R. 3,000 ($811) or less a month, which makes the overwhelming majority of private sector employees fit perfectly into the working class category.

Conclusions

To provide further insight into the working class, the following pertinent question needs to be asked: Is it possible at this point to transform the small elements of the working class, which have been previously discussed, into quantitative data in order to illustrate the class scheme? The answer is yes, but the following must be remembered: (1) The fragmented and scattered nature of the Saudi working class and (2) the unavailability of data.

Table 6.14 actually demonstrates upper and middle class figures which were previously given respectively in Figure 4.4 and Figure 5.2., while the total labor force figure in Saudi Arabia was also given in Table 6.3. Totaling the upper and middle class figures (368,670) as shown in Table 6.14 and subtracting this sum from the Saudi labor force total (1,786,000 - 368,670), results in 1,417,330 individuals constituting the Saudi working class. Therefore, one may conclude that the Saudi working class represents 79.3 percent of the total work force as indicated in Table 6.14 and constitutes all disclosed components as illustrated in Figure 6.1 below.

Epilogue: The Expatriate and Saudi Labor Force

Before closing this chapter, the remaining question which needs to be raised is--what was the indigenous work force composition in 1985 in relation to the expatriate labor force in Saudi Arabia? Briefly, Table 6.3 reveals the Saudi labor force in 1985 totaled 4,446,000 individuals, of which

Figure 6.1

Saudi Working (lower) Class Structure

only 1,786,000, or 40.17 percent of the total work force, are Saudi nationals. This means that an overwhelming majority, or almost 60 percent, of the laborers are still expatriates. An enormous importation of laborers, however, did not occur without leaving a deep mark in the development of the indigenous labor force. Many of both the higher and lower-level jobs are performed by expatriates. As a result of the competition between indigenous and foreign workers, wages, especially in construction and production sectors, drastically dropped. Consequently, the Saudi laborer moved to either the public sector or, as most did, to the service sectors.

This overwhelming number of expatriates did not win the competition in Saudi Arabia. They ended up performing socially low jobs and receiving the lowest pay. Halliday compared the immigrants of Western Europe to the expatriates of Saudi Arabia in the following manner:

> The social position of the unskilled immigrant workers is in some other ways analogous to that of the immigrants in Western Europe: they form the bottom section of the working class, are confined to unskilled jobs, paid the least, and hired on a temporary basis.[83]

In addition to low pay and hard working conditions, unskilled expatriates face other difficulties as Ibrahim explains:

> Invariably the migrant receives much less pay for the same work, has no freedom of movement, and is almost

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[83] Halliday, "Migration and Labour Force in Oil Producing States," 282.

> entirely at the mercy of the employer. . . Some unscrupulous private sector employers force the migrants to work in appalling conditions and live in minimal residences without any protection from other migrants or from abuse by citizens of the host country.[84]

Table 6.14

Working (Lower) Class Denoted by the Two Previously Known Upper and Middle Classes

(Based mainly on labor force distribution.)

Social class	Number of	Percentage of Workforce
(Upper Class)	(113,438[a])	6.4
(Middle Class)	(255,249[a])	14.3
Working Class	1,417,313	79.3
Total	1,786,000[a]	1000

[a]All three figures originated from Figure 4.4, Figure 5.2, and Table 6.3.

In conclusion, Figure 6.2 is intended to exhibit the general scheme of the entire working class structure in Saudi Arabia. It also demonstrates the particular shape of the Saudi working class structure among the expatriate and indigenous workers in Saudi Arabia. The three triangles making up the base of the large triangle represent the mixture of expatriate and indigenous laborers. Also, wages and salaries decrease towards the base of the triangle.

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[84]Saad Eddin Ibrahim, The New Arab Social Order: A Study of the Social Impact of Oil Wealth (Boulder, Colorado: Westview Press, 1982), 114.

Thus, it is possible to see that although expatriates are the major participants in the work force, Saudi national laborers (whose representative triangle is inverted) receive the highest wages among the lower class workers and possibly better working conditions.

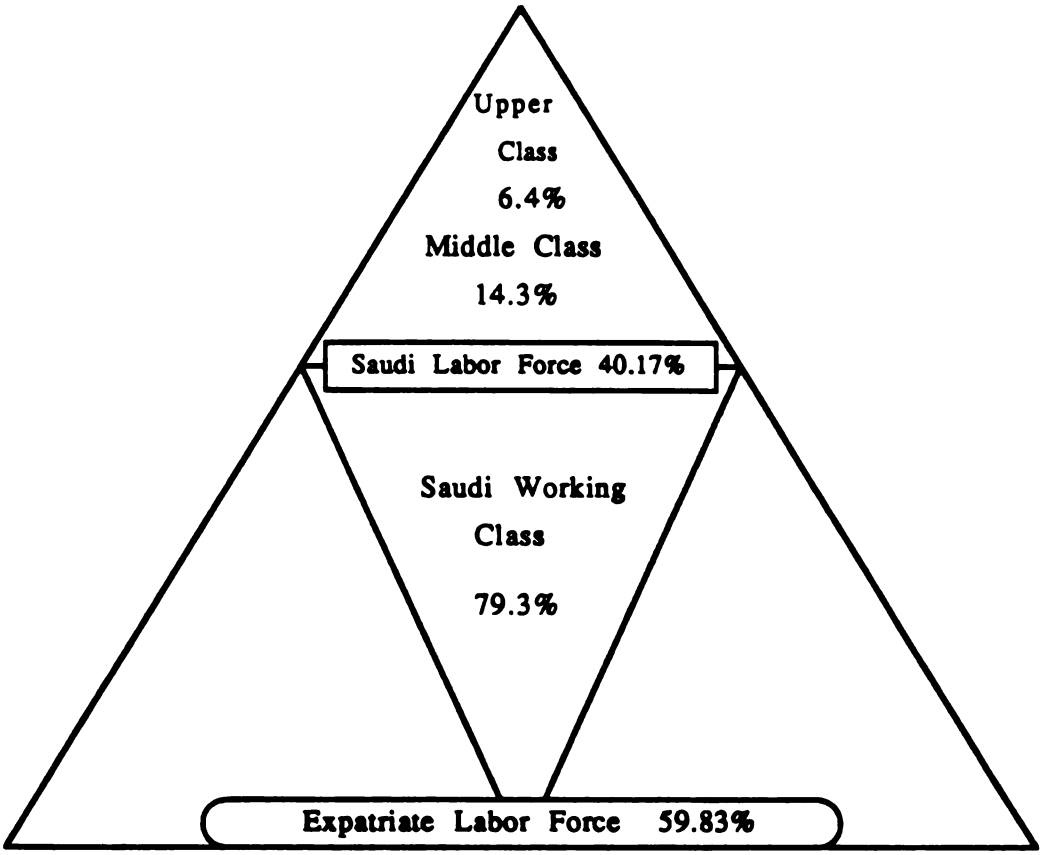

Figure 6.2

Expatriate vs. Indigenous Labor Force in Saudi Arabia

CHAPTER 7

CLASS STRUCTURE IN SAUDI ARABIA

This study has investigated the following research question: What is the new class structure that is developing in Saudi Arabia? This chapter will be divided into three parts: a summary, conclusions, and recommendations.

Summary of Findings

In order to conduct research on Saudi class structures, it was necessary to shed some light on early Saudi historical development. Specifically, all significant historical occurrences were discussed in relation to the socioeconomic alterations that finally led to the proclamation of the Saudi modern state in 1932.

Chapter 2 described the shape of the state at its early formation in order to describe Saudi society's socioeconomic background. It also examined the old conflict between the nomads and the Hadar. This was eventually replaced by tensions between al Hijaz and Najd provinces, which was promoted by educational and social differences rising between the two. Also noted was the rise of socioeconomic competition over public position among Saudi commoners within

the two provinces and in a power struggle at the royal family level.

After World War I, however, the Saudi pastoral economy was gradually replaced by the oil economy, which strengthened the unity among all Saudi provinces and promoted one strong government; this changed all Saudi social features. In Chapter 3, class and class structure in Saudi Arabia were examined in relation to modern class in core and peripheral societies. To answer the question: Who was ruling the Saudi domain in the past, or the Kingdom at present?, qualifications other than wealth were required. Just as it is commonly held among Middle East analysts that contrary to the modern western experience of wealth leading to power, power in the Middle East is almost always the bridge to wealth. Thus, in the case of Saudi Arabia, a combination of inherited status and recently acquired wealth enabled the royal family to absolutely rule and control the upper echelon of the government.

The inequality of class structure in Islamic teachings discloses the roots of Saudi society inherited from an Islamic tradition. As power is associated with property in modern western societies, Arabs in both past and present showed a separation of power from ownership, as discussed in Chapter 3.

The western concept of class developed from the impact of the Industrial Revolution on pre-capitalist structure. As

the European socioeconomic system developed, it transformed the majority of the independent producers into wage-earners, and the class of the capitalist and that of the working class made their appearance in Europe. This became a central concern of western social theorists. Among those was Karl Marx, who made class the central concept in his analysis of modern capitalist society, as well as his conception of social change. Though many western theorists have criticized his formulations, most of what has been said in the social sciences about class is in response to Marx's analysis. Perhaps the most influential non-Marxian theorist has been Max Weber, who nonetheless agreed with Marx that property and lack of property are, therefore, the basic categories of all class situations.

However, Weber went on to distinguish class from status and to indicate that class and status do not operate independently, but always influence one another. Weber's analysis made it clear that status in any society is always affected by economic development.

But Saudi Arabia is not, or at least not yet, an advanced society and its history is not that of the Industrial Revolution of the West. But what needs to be brought to attention is that, as capitalism integrates globally, the western capitalist nations become the core of the global system, others being on the periphery. This recent formulation - core, semi-periphery, and periphery-

has suggested a pattern of both similarities and differences in class structure between core and peripheral societies.

A fairly recent study by Chirot of social change in the twentieth century developed three types of class structures to fit the core, semi-peripheral, and peripheral societies. For the class structure in the core, Chirot described five levels: elite, middle class, lower middle class, working class, and agriculturalists' class. For the peripheral class-structure, Chirot separated the upper and lower-middle classes into "old" and "new" segments. The "old" categories referred to the remnants of traditional classes and "new" meant the classes introduced by the development of a modern economy and with it, a modern class structure. For the semi-peripheral type, he clearly pointed out the similarity of class structures, especially between semi-peripheral and the most highly developed peripheral societies. Between core and peripheral class-structures, Chirot recognized two obvious differences. First, peripheral middle class were split between the "new" and the "old" element. Second, the middle and working classes in peripheral societies were relatively much smaller than those in core societies, while the proportion of agriculturalists was much larger in peripheral societies.

In the case of Saudi Arabia, some unique characteristics reveal its differences from the typical peripheral society, as in implementation of Islamic Law. At this point, however,

we may repeat that at this stage of social development, it is still not easy to distinguish sharply between status and class in Saudi society, because wealth still is not the only determining factor, and tribal kinship is strongly valued. Some individuals may not possess wealth while still holding high status in contemporary Saudi Arabia.

For this research, a model was developed to analyze Saudi class structure in terms of an upper class, a working (lower) class, and a middle class, with due attention to both traditional and new elements in each class. Chapters 4, 5 and 6 were devoted to describing the modern Saudi class structure.

Until recently, the pastoral economic system of Saudi Arabia did not support a complex class structure, and exchange of material goods was limited; the economic surplus was small, and differences between rich and poor moderate. In general, life was calm and changes rare. Early Saudi society was composed of only two major communities: settlers (al Hadar) and the moving tribes (al Badu). Above the two communities came the Saudi royal family and the merchants, who mainly rose from being town and city dwellers and began to exchange production surplus within each and between the two, the settlers and the Bedouins. Since the production surplus of both Bedouin and settler sectors was apparently small, the merchants' profits were only modest.

Even before the oil influx, stratification, as well as economic inequality, was recognized in the Saudi dualistic society. Nevertheless, income in general was very low, and the difference between rich and poor was small. Only after the production of oil appeared in the late 1930s did the socioeconomic wheel make a decisive turn towards fundamental change. The degree of acceleration was slow at first, although analysts are still debating as to when the acceleration of recent Saudi modernization started. However, many agree that the 1970s was the turning point in Saudi's socioeconomic development. The impact of the oil era brought on an overwhelming change for the Saudi population; in a fairly short time (1938-1987), most became urban dwellers, leaving only a small proportion maintaining a Bedouin life. Abandonment of fishing, pearl-diving, grazing, and subsistence agriculture occurred on a large scale within one generation. Illiteracy declined swiftly, seven universities began operation, and a total of two million students enrolled in the various Saudi educational institutions. The most important change was that the pastoral economy was transformed into a modern industrial system of the 1980s.

As the newly introduced modern Saudi entrepreneurs became a part of the economy, traditional merchants almost entirely lost their place in Saudi economy. Self-employment was extensively replaced by salary and wage earners. In brief, the corrosion of regional activities and inherited

rudimentary relationships has increasingly led not only to Saudi nation-state development, but also laid the foundation for the nascent modern class structure.

In 1970, for the first time, the Saudi state adopted a long-term planning program, which extends for thirty years (1970-1999). The program was divided into six periods of five years each. From the beginning until the middle of the thirty years program (1985), the State disbursed $468 billion for development in a country with only an estimated six million citizens.

So far in this summary, the only element that has been briefly raised in regard to the new Saudi class structure was the socioeconomic development in Saudi Arabia. In this regard, four factors, however, were carefully considered in discussion of Saudi class structure. First, the Bedouin early settlement program (1912-1929) apparently upset the integrated indigenous economy by moving the Bedouins from their traditional way of life to a completely new one. Practically speaking, the settled Bedouin were moved in order to share in a sedentarized society, but without enabling them to learn any new occupations to cope with their new lives. Consequently, the sedentarization program contributed some to the decline of the Saudi economy from 1912 to the close of World War II and did not succeed in assimilating the Bedouins.

The other three factors--oil, education, and corruption--are all interlocking or intermixing components and contributed to reshaping the class structure. Corruption, in particular, led to an amassing of personal wealth. Some analysts argue that corruption is not all bad, that it contributes to national integration, fosters political stability, promotes political development, and enhances economic growth.

Oil, which is owned totally by the State, is generally still the main source of Saudi wealth. So the abundance of oil revenues, especially during the last two decades, has enabled the Saudi government to launch an ambitious socioeconomic program. Billions of dollars that were appropriated under different forms of subsidies opened the door for Saudi merchants, entrepreneurs and other groups to make great fortunes in short periods of time.

Education formally started in Saudi Arabia in the mid-1920s. But until 1970, the number of college graduates did not exceed 4,000 individuals. However, in only the last two decades, education has expanded tremendously. Through 1985 (1945-1985), the total number of college graduates had totaled nearly 70,000, with around two million students enrolled in all levels of Saudi Schools. As a consequence of the aforementioned intermixing of factors, Saudi class structure changed enormously from two simple strata where the royal family and the merchants were at the top and the rest

were poor people in the lower strata, to a more complicated modern three-class structure of upper, middle, and lower classes. Each of these modern classes is composed of various segments, and each based on labor force distribution, constitutes 6.4, 14.3, and 79.3 percent, respectively.

Conclusions

To lay the groundwork for this study's conclusions, two points need further elaboration; the first being Chirot's suggested three models, the second, Ibrahim's suggested diamond-shaped class structure. Both points need clarification before answering the research question: What is the new class structure that is developing in Saudi Arabia?

Core, Peripheral, and Semi-Peripheral

The first point was raised by Chirot, who discussed three models of class structures but brought to light only core and peripheral models and neglected the semi-peripheral model. He did say, however, that:

> The key difference between peripheral societies and semi-peripheral societies at the start of the twentieth century was that while in the former this revolutionary process was barely beginning, in the latter it was already well under way. Thus, while the class structures of semi-peripheral societies were quite similar to those of some peripheral societies (the most highly developed ones), semi-peripheral elites were already much more nationalistic than peripheral elites. The semi-peripheral middle classes, though still split

> between the 'new' and the 'old', were no longer dominated by comprador or pariah capitalists.[1]

Chirot labels peripheral classes as: elite, new upper-middle class, old upper-middle class, new lower-middle class, old lower-middle class, new working class, and agriculturalists. He also inserts a "conservative new semi-peripheral societies" term and includes Saudi Arabia, Iran, and some others. But he did not explain how class structures in such conservative new semi-peripheral societies would be similar, or different than non-conservative semi-peripheral societies. However, the substantial problem with Chirot's models are in not including the Ulama, high-ranking military officers and tribal chiefs, either in the peripheral or semi-peripheral class structure where they still exist. In fact, the three elements just mentioned (e.g., the Ulama in Saudi Arabia) still play a chief role in the third world political and economic arena. Furthermore, the failure not to include Rentier States (especially oil producers) within the Chirot model of peripheral class structures made it hard to apply it to the Saudi class structure of today. As it has been explained, oil-producing countries of the Middle East, in particular, are all distinguished by an oil economy, or, in other words, rentier state economies, which are countries that receive substantial amounts of external rents on a

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[1] Daniel Chirot, Social Change in the Twentieth Century, (New York: Harcourt Brace Jovanovich, 1977), 76-77.

regular basis, paid by foreign governments or foreign concerns. In the case of Saudi Arabia most of the State's revenue is derived from rents on a natural resource, rather than from the capital-producing agencies of the economy. In relation to class structure rentier economy made the Saudi state the central agent of modern economy. This consequently reduced the private sector to become dependent, mainly on state activities and support.

Hence, the contemporary abundance that generated from the Saudi oil revenue has completely replaced the scarce pastoral subsistence economy of the past and also created unique conditions. In summary, it is quite true that Saudi Arabia operates economically and politically within the circle of the peripheral countries. But what may not be quite true is for Chirot's model for the peripheral class structure to fit contemporary Saudi's class structure. However, all preceding inquiries and findings lead to the conclusion that Saudi Arabia's new class structure at present is composed as illustrated in Table 7.1.

Saudi Class Structure: Diamond or Pyramid?

The second point about Saudi Arabia's new class structure is whether it forms a diamond or pyramidal shape. Saad Eddin Ibrahim, suggested that vast oil revenues put

Saudi Arabia and several other Arab countries in a category by themselves as the capital-rich, then argued that a diamond instead of a pyramid shape fitted "The Southern Tier" class structure of Arab oil countries. The sudden transition took place because the increase in production and price of oil

Table 7.1

Modern Saudi Class Structure

Upper class consists of	Elites -- Royal family, the 'ulama', tribal Chiefs, high government officials, and high-ranking military officers. Wealthy Businessmen -- (big entrepreneurs, merchants, compradors, bankers, financiers, and money exchangers) and big land owners.
Middle class consists of	Traditional middle class -- 1) shopkeepers, real estate brokers, artisans, small entrepreneurs, etc. 2) small farm owners New Middle Class -- three main elements--recent college graduates in professional and administrative positions, military officers, and senior oil employees.
Working class (lower) consists of	Traditional working class -- journeymen workers, farm workers, fishermen, nomads, and social security recipients. New working class -- industrial workers, and lower echelon employees in public and private sectors.

"has led to, among other things, the emergence of what may be called a 'society-class' . . . direct and indirect policies have enabled most of the natives to be financially well-to-do or outright rich. . ." In terms of income alone the stratification of these rentier societies is more of a diamond shape than pyramid, he concluded, (see Figure 7.1).[2]

Ibrahim assumes that the middle class in any of the Arab Gulf oil states, including Saudi Arabia, is larger than both lower and upper classes. This assumption, however, is basically built upon a citation taken from Rumaihi's general discussion, which was devoted primarily to Kuwait's social structure during the mid-1970s. The original citation said only that "if what has been stated is true, Kuwaiti middle class represents the majority."[3]

In contrast, Jasim Khalid Al-Saadon, in an in-depth study in 1977, indicated that a sharply unequal distribution of wealth was taking place in Kuwait, and that, since oil exploitation, the gap between poor and rich in Kuwait has grown wider than ever.[4] He did not claim that the middle class was expanding in number to become the majority in Kuwait.

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[2] Saad Eddin Ibrahim, The New Arab Social Order (Boulder, Colorado: Westview Press, 1982), 30, 152.

[3] Muhamed Rumaihi, Obstacles of Socio-Economic Development in the Contemporary Arab Gulf Societies (Kuwait: Dar al-Syasa, 1977), 23-24 (in Arabic).

[4] Jasim Khalid Al-Saadon, "The Effected Factors in Equal Income Distribution," Journal of the Gulf and Arabian Peninsula Studies 3, no. 12 (October 1977): 89-98.

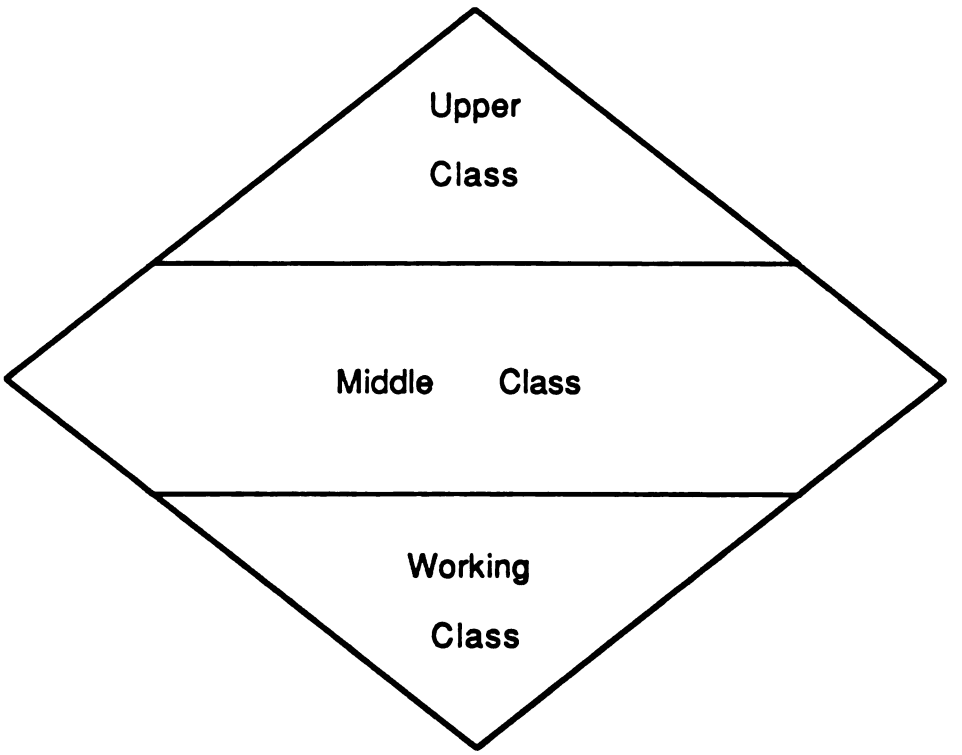

Figure 7.1

[Assumed:] Income Stratification Among Natives of Oil-Rich Countries [including Saudi Arabia] Source: Saad Eddin Ibrahim, The New Arab Social Order (Boulder, Colorado: Westview Press, 1982), 153.

But most observers of Saudi Arabia's changing class structure see it otherwise. George Lipsky, for example, states that "the government has not successfully narrowed the gap between the wealth of the few and the poverty of the many."[5] More recently, "Observers note a simultaneous increase in both social stratification and social mobility, results of the new money flooding the country. Differences of wealth and poverty are increasing; opportunities for personal advancement are increasing as well."[6]

Furthermore, official Saudi sources have admitted to the existence of economic differences:

> In general, it can now be said that the Saudi Arabian population is relatively prosperous. While there are still large numbers of people who can be described as deprived . . . poverty is still a social problem, and although it is by no means as widespread as before, there is still a large number of people with low income . . . Many of the low-income groups have been greatly assisted by the government services, but these are remedial programs which can only alleviate poor conditions, not eliminate them.[7]

In fact, all of the literature supports the pyramid stratification shape rather than the diamond shape. Moreover, the research findings in Chapters 4, 5, and 6, indicate that the Saudi upper class constitutes 6.4 percent

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[5] George A. Lipsky, Saudi Arabia: Its People, Its Society, Its Culture, 152.

[6] Richard F. Nyrop, et al., Area Handbook for Saudi Arabia (Washington, D.C.: United States Government Printing Office, 1977), 146.

[7] Kingdom of Saudi Arabia, Ministry of Planning, Third Development Plan, (1980-1985) (Riyadh, Saudi Arabia: The Ministry, 1980), 55-57.

of the population and the middle class 14.3 percent. But by far the greatest proportion is that of the lower class, 79.3 percent. Therefore, the final answer for the research question--What is the New Class structure that is developing in Saudi Arabia?--is that the Saudi social class structure is pyramidal in shape and composed of three classes, an upper, middle, and lower, each correspondingly larger than the one above it (see Figure 7.2). Due to a lack of data, it is not possible to assess the proportionate distribution of national wealth among the several social classes.

Some Further Thoughts on Class Structure in Saudi Arabia

The emergence of a new class structure in Saudi Arabia has, however, produced a number of problems. For example, all findings suggest an emerging potential conflict between indigenous industry and comprador Saudi segments of the upper-class over local market competition. At this stage of development, however, the contention between the two groups is reduced by the Saudi State's generous subsidies. The traditional Saudi middle class is also a part of this market competition. But this group is suffering the most because of competing with both the local big producer and the foreign agent. Consequently, a proportion of this middle class is already losing business, while some others are declining.

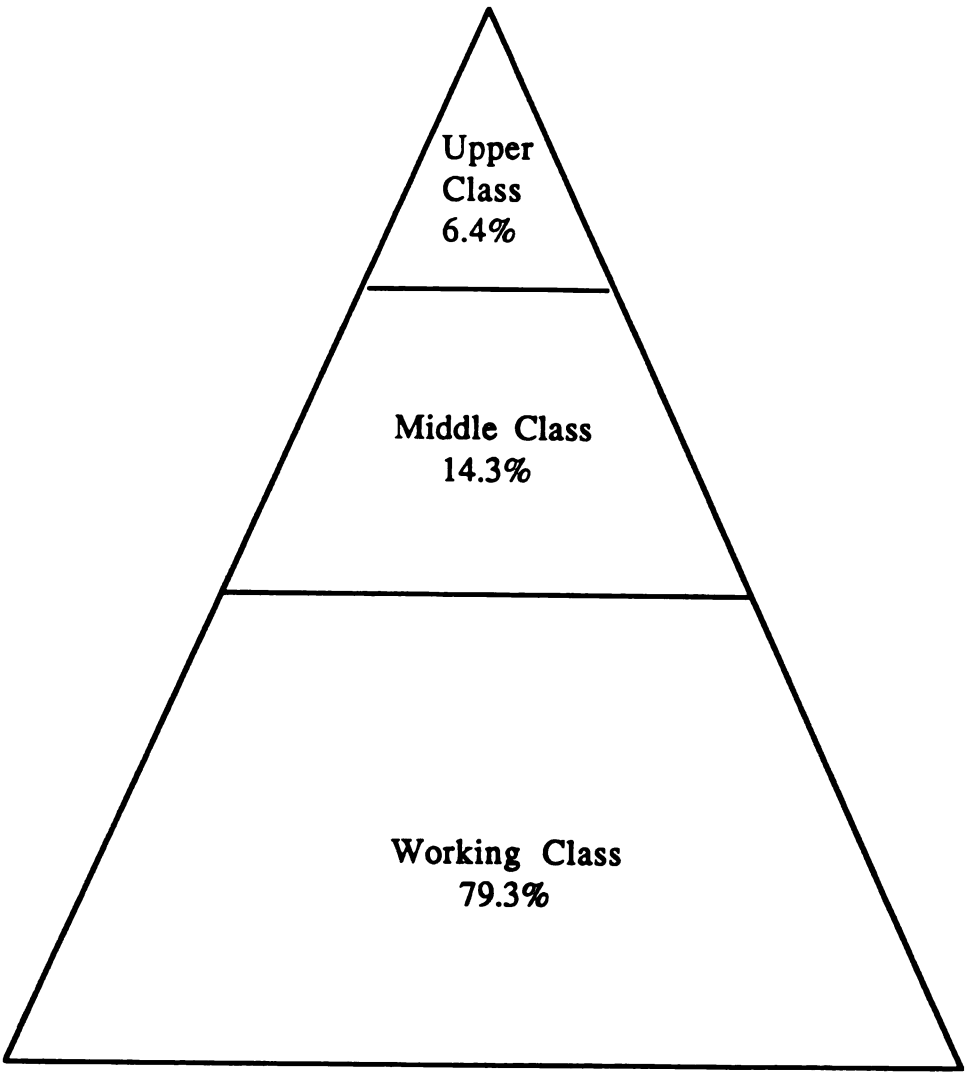

Figure 7.2

Saudi Social Class Composition

Within Saudi's new middle class, contention arises between conservative and progressive elements, mainly over the State's bureaucracy and the dissemination of ideas through state institutions. The dynamics of the contention between progressives and conservatives is one of the most important driving forces of modern change. So the mechanism of acceleration and deceleration between the two opposing forces gives rise to social alteration and modernization.

At the working-class level, there is the problem of the correlation between low wage-pay and the indigenous labor force, which avoids certain occupations, particularly manual jobs. Some analysts however, attribute this occurrence to inherited culture, while others strongly believe that low wage-pay is the main hindrance.

Some analysts claimed that the indigenous culture was the main factor in the Saudi workers' reluctance to accept manual jobs. Among those was Ibrahim, who pointed out that "many native Saudis, especially with well-known tribal origin, are reluctant to take up certain manual jobs that were at one time performed by slaves."[8] Along the same lines, Kelly mentioned "little desire among the thousands of Saudi Arab students in the secondary schools or universities

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[8] Ibrahim, New Arab Social Order, 102

for technical or vocational training, still less for careers as veterinarians or agriculturists."[9]

Although some of the above assessment is true, it should not be exaggerated. This is simply because the experience of early Saudi laborers has proved otherwise. They actively participated in the industrial job market at ARAMCO and in all other open sectors since wage-work came about in the Saudi economy. So the pertinent question is: When and why did Saudi laborers back away from manual work?

It needs to be understood that Saudi laborers competed with foreign workers for jobs at ARAMCO during the 1940s and 1950s, but the expatriates had better pay and working conditions than the Saudis. Thus, the Saudi workers struggled for better wages. But in the 1970s the whole picture turned around. Labor demand exceeded indigenous supply. As a result, possibly three million skilled and unskilled expatriates of several nationalities entered the country, seeking job opportunities. Most of them came either from poor Arabian or Asian countries where unemployment is very high and wages extremely low. The needs of survival, in most cases, forced the job seekers to take whatever job was available, regardless of the wage. For example, more than a quarter of a million expatriates were employed in the Saudi agricultural industry during the mid 1980s.

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[9] J.B. Kelly, Arabia, the Gulf and the West,(New York: Basic Books, 1980), 251.

Subsequently, the labor supply surpassed the demand, causing wages to fall drastically. As a result, the Saudi labor force moved from construction and the most productive sectors to public and service sectors where the pay was relatively better. Therefore, one can argue that wage reduction rather than cultural hindrance has shifted indigenous workers from manual to service-type jobs. In practical terms, this means that Saudi laborers, more than before, eschewed certain occupations, for instance, construction and also the large range of productive jobs to limit themselves to jobs in government and in the service sector.

It seems almost impossible to expect a worker in Saudi Arabia, with a per capita income above $13,000, to be willing to survive on only $108 as a monthly wage. Table 6.9 in Chapter 6 shows that a proportion of the private sector has monthly wages less than S.R.400 ($108) a month. In contrast, (see Table 6.6) the lowest government monthly salary, pays not less than S.R.950 ($257). Thus, the lowest government pay is more than double the lowest private pay. Therefore, it should not be surprising to see Saudi workers avoid certain occupations because of low pay and seek jobs with the public sector, similar jobs within the service sector, or wherever the pay is better. In contrast, the lower echelon of the expatriates in Saudi Arabia receive low pay and suffer from bad working conditions.

Subsequently, a pertinent question needs to be asked. Who is the real beneficiary of the Saudi semi-open door policy concerning foreign laborers, which has resulted in wage reduction and forced the indigenous labor force to leave almost all construction as well as productive sector jobs, and generated actual unemployment?

The question can be answered from the Saudi businessmen's point of view. The final memorandum of their Third Convention in early 1987 stated the only beneficiaries of the low wages and non-indigenous labor force participation were the foreign firms competing with Saudi entrepreneurs on almost all big Saudi projects. It was then and is possibly still true that foreign firms win most of the Saudi public projects since they bid low against indigenous contractors because they import cheap laborers. Therefore the final memorandum of that convention recommended forcing foreign firms to employ Saudi workers.[10]

Recommendations for Further Research

Some further issues have been touched upon in this research but not sufficiently explored. Among several possibilities, three issues for further research seem more significant. The three are as follows:

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[10] Saudi Businessmen, The Memorandum of the Third Convention, Abha, Saudi Arabia. (15 March 1987), 3.

1. For the last three decades, oil revenues have remained the major source of the national income and are entirely controlled by the Saudi government. To date, oil is still the public's main source of income, and it is anticipated to continue as such for some time to come. This study disclosed various forms of attempts by the Saudi government at distributing its oil wealth, such as salary increases, land distribution, financial loans at minimal costs, food, agriculture, social security subsidies, and others. What needs to be examined in depth are three questions: Who benefits the most from the government distribution program? To what degree do these programs increase or decrease the social gap among upper, middle, and lower Saudi social classes? How proportionally is the national wealth distributed in relation to each of the above mentioned classes?
2. In regards to the Saudi labor force, the research clearly indicates that almost 60 percent of the employed laborers (in 1985) were expatriates while at the same time about 18 percent of the Saudi population were social security (welfare) recipients. Within the total labor force, however, slightly over 40 percent are Saudi, among which only about 7 percent are Saudi females. So the question for further research becomes: To what

degree would expanding participation of Saudi women in the labor force affect expatriate labor dependence and the number of social security recipients?

3. This study has pointed out that the dual Saudi educational system, secular and traditional, has contributed to the existing acute contention between the Saudi progressive and conservative middle class elements. A national study is needed to measure to what degree the dualistic educational system at the higher and lower educational levels would contribute to the dichotomy of the two middle class elements' contention, and how deeply that would affect Saudi society at large.

GLOSSARY

Badu - Bedouin

Dawa - means introducing Islam and calling on non-Muslims to believe in the Islamic religion

Dunum - 1,000 sq. meters = 1 ha = 1.471 acres

Fatwa (Ifta) - Religious interpretation of Islamic law and belief.

G.C.C. - Gulf Cooperation Council established in 1981 by Saudi Arabia, Kuwait, United Arab Emirites, Oman, Bahrain, and Qatar

Hadar - Settlers who either live in a rural or urban community.

Halalah - The smallest fraction in Saudi currency, one Saudi Riyal = 100 halalahs.

Hectari (ha) - 10,000 sq. meters = 2.471 acres

Hujar (singular - hijra) - The newly established Bedouin Communities who, after a coalition with Ibn Saud in the early part of this century, were settled in various places of his domain.

Ifta - see Fatwa

Ikhwan (singular - Ikho) - Literally, brotherhood; within the religious connotation, specifically after the bedouin left the desert to settle in the hujar, they were called "Ikhwan" not only because they became religious, but also because the contention between hadar and badu was reduced by settlement and the badu became presumably brothers of the hadar.

In-Cadre employees - The high status majority of the public sector employees who have their separate nizam (rules) to regulate appointment required, qualifications, and employment privileges (employee benefits), and advantages.

Mujahadin (singular - mujahid) - Warriors to establish the law of God on earth.

Out-Cadre employees - The lower status and lower paid of the public employees' sector, which either maintains manual or similar services in public institutions.

Riyal (SR) - the offical Saudi currency. In relation to the United States SR fluctuates from time to time; in 1970 a dollar equalled SR 4.5, while in 1988 a dollar is only worth SR 3.76.

Shari'ah - Islamic law.

Shiite - Another division of the Muslims Community, in some aspects differing with the Sunni line. For example, they hold that after the death of the prophet Mohammed, the right to (the position of) Caliphate and leadership of the Muslim Community rightfully belongs to Ali Ibn Abytalib and his descendents.

Sunni - The larger (majority) proportion of the Muslim Community who believe that the Quran, the Hadith (the prophet Muhammad's words), and the precedent four Caliphats' deeds all compose the proper behaviour for Muslims to follow.

Ulama - Muslim religious scholars.

Working Class - In this research, the lower third class in Saudi class structure which receives less income and minimal advantages in relation to the other two upper and middle Saudi classes.

APPENDICES

APPENDIX 2-1

(**SOURCE:** Habib, John S., "The Ikhwan Movement of Najd: Its Rise, Development, and Decline," Dissertation, The University of Michigan, 1970, pp. 317-319.)

LETTER FROM FAYSAL BIN SULTAN AL-DUWISH TO AMIR SA'UD[11]

In the Name of God the Most Merciful the Compassionate.

From Feisal bin Sultan Ed Doweish to the respected brother Amir Saudi bin Imam Abd el Aziz ibn Abder Rahman Al Faisal, may God save him. Peace, Mercy and the Blessing of God be upon you always.

Your letter has been received and its contents noted. As for your advice to me to submit to the orders of your father the Imam, you will realize that my greatest desire is to comply with your orders especially after your father's kindness to me after the battle of Sabla. By God, I am willing to sacrifice my wealth and property for his satisfaction except for two reasons which make this difficult for me and beyond my power: first, my being compelled to bring back the missing property and the second, something more difficult.

a) We have raided only infidels and breakers of promises who build forts and encourage your subjects to rebel against you. I have informed your father of this and this is the reproach of the Akhwan against your father. Otherwise, all your actions when dealing with us are agreable (sic), may God reward you.

b) The missing property is gone and I have nothing of it left in my possession. It has occurred to me and other people have convinced me, that your order is only a device to entangle me and that you will either kill me or imprison me. Saud, I have left my desert, and my Sheikhship, and sacrificed my wealth in seeking the gifts of God and fighting the infidels. If you wish to prevent us from fighting them and if when one of us commits an infraction you will either imprison or kill him, this is a calamity and oppression of your subjects, who may desert you, doubt your belief and irrevocably decide that you are hindering them in their

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[11] Translation (as found in the British Public Record Office) of a letter from Faysal Al-Duwish to Prince Sa'ud, 1929, Public Record Office, MSS, Vol. 13736, document no. 3457.

Christians and their follower Faisal[2] have not failed to do what they can.

Anyone who goes over to them from the Nejd people is encouraged and favoured, and told to disobey Saud and that he will be given so and so. Since last year Abu Huneik[3] has been advising me and others and I have informed you accordingly. The ready proof is that you know Ibn Sabah[4] is not worth a hen to the Christians or the Arabs. He has given Ibn Mashur[5] arms, ammunition and money, and has communicated with the Ajman and told them that whatever they want is obtainable from him, and has promised to grant their requests. He has also told them to go to Wafra and he will keep Saud from them and that in case Saud should come after them, his territories are free for them to enter, and that he will speak to the Christians on their behalf.

You must understand that if the Christians were not only deceiving you and not only intending to seduce your subjects so that they may overpower you, the man of Koweit would not have disagreed with them, it is because he is under them that in these days I receive notices from Iraq and Koweit making me specious promises if I leave you. You have also prevented me from raiding the Bedouins. So we are neither Moslems fighting the unbelievers nor are we Bedouins raiding each other and living on what we get from each other. You have kept us away from both our religious and our worldly concerns. It is true that you have not failed to do what you can for me and my people but where are the rest of my tribes to go? They will perish and how can we be contented with this? In the past you used to forgive any of us who committed a sin, but now you treat us with the sword and pass over the Christians, their religion and the forts built for your immediate destruction, Saud.

So I have become frightened and have left Artawia for Lasafra. If you want us as your subjects you should look into our case. We want from you three things, which we wish

---

[2] Refers to Sharif Faisal, the son of King Husayn of the Hijaz.

[3] The nickname given by the Arabs to John Bagot Glubb, the British Political Officer in Iraq. It means "father of the chin."

[4] Refers to the Sheikh of Kuwait.

[5] A prominent leader of the Ruwalla tribe.

your father to promise us if the Sheikhs[6] approve, and which you, Al Saud, should undertake: firstly, to wipe out the past, secondly, to release your prisoners and each of us for his part will guarantee to do the same, and thirdly, to be allowed to fight the infidels, with one of you, sons of Abd el Aziz, accompanying us. We will do other work for you, we the people of Nejd. If we are killed, it does not matter, and if succeed it will be for your benefit, just as our brethren the Ghut Ghut took the Hejaz and it became yours in your name.

If you agree to these points I promise to be your servant and slave and to allow you a free hand over our lives and property. Our brethern the prisoners will promise you the same. Your people of Nejd, do not be deceived by those near you. As regards the Bedouins, if they see your treatment of us, and see how the infidels receive those who go from you to them, by God, none will remain. You know that the best of them as regards religion, and the nearest to you are those whom you have killed and imprisoned. So if you want us, let some well-known learned man come to us and release the prisoners at Riyadh and I swear by God in this meeting held by the Ajman, Mutair and others that we will attack the infidels before we go to you or as God may guide you. I am still hopeful and I know how your father loves his subjects and likes to forgive them. He is the politician of us Arabs. So give us a special guarantee securing the safety of the Ajman and Ibn Mashur and those who are with him, and forgiving their past.

We ask you by God not to send us away disappointed or deprived of your friendship and of the religion of Islam, and compelled to go to the Christians whom we dislike and who dislike us.

If you agree, by God, you may test us in anything you will and see what we will do. If a second incident occurs, you may do whatever you like. By God, we have left all the old folk weeping, the women weeping and we are weeping.

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[6] This was probably improperly translated: Ibn Sa'ud was called al-shayukh (the sheiks), probably to distinguish him from all other leaders holding the title sheikh, hence the word here refers to Ibn Sa'ud, and is misleading as given in this translation.

Saud, my brother, do not give up your friend for your enemy. Please send the reply quickly anything happens and note one thing namely the enemy of your religion does not help you.

Abd el Aziz[7] sends his compliments.

Please convey my compliments to the Sheikhs and the sons.

(Sealed) Feisal ed Doweish."

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[7] Refers to Faysal al-Duwish's son who was also known by the diminutive, Azayiz.

APPENDIX 3-1[1]

Chirot's examples of class structure in selected societies as illustrated in the following tables:

Class Structure in the United States, 1910

Elite	(Not measured in census; but top 1% of population earned 15% of all income in 1913 and owned one-third of all assets in 1922)
Middle Class	4,220,000 individuals n labor force, 11% of labor force
Lower-Middle Class	3,742,000 individuals in labor force, 10% of labor force
Working Class	17,797,000 individuals in labor force, 48% of labor force
Farm Owners and Managers	6,163,000 individuals in labor force, 17% of labor force
Farm Laborers and Tenants	5,370,000 individuals in labor force, 14% of labor force.

[1] Source: Daniel Chirot, Social Change in the Twentieth Century, New York: (Harcourt, Brace, Jovanovich, 1977), 61, 65, 78.

Class Structure in Mexico, About 1900

Elite	30 land companies and 8,000 haciendas owned one-third of all the surface of Mexico, and a larger proportion of the useful land.
New Upper-Middle Class	(Managerial and professional, private and in civil service) 200,000 individuals and their dependents, 1.5% of the population
Rest of the Middle ClassCombined	1,000,000 individuals and their dependents, 8% of the population
Working Class	2,600,000 individuals and their dependents, 20% of the population
Agriculturalists	(Mostly peasants, most of them very poor) 9,100,000 individuals and their dependents, 70% of the population.

Russian Class-Structure in 1897

Elite and Upper-Middle Class	2% of the population and their dependents (about half government officials, and half professionals, owners of larger enterprises, and large landowners)
Other Middle Class	6% of the population and their dependents
Working and Lower Service Class	11% of the population and their dependents
Peasants	78% of the population and their dependents
Soldiers and Police (not counting officers)	1% of the population and their dependents
In Custody, Criminals, Beggars, prostitutes, etc.	1% of the population

APPENDIX 4-1

Saudi Chamber of Commerce and Industry by Subscribers through May 26, 1986

Chamber of Commerce and Industry	No. of Subscribers	Chamber of Commerce and Industry	No. of Subscribers
Riyadh	35292	Yanbu	1887
Quaseem	6200	Tabuk	1240
AL-Magma'a	1515	Hail	2737
Dammam (Asshargyah)	14384	AL-Jouf	236
AL-Hasa	3297	Ar'ar	1500
Jeddah	24145	Abha	2277
Makkah	6428	AL-Baha	1448
Taif	4630	Jizan	1213
Medina	1287	Najran	479
TOTAL			110,105

Source: The information was received from the Council of the Saudi Chambers of Commerce and Industry in Riyadh Saudi Arabia dated May 26, 1986. Source wished not to be mentioned.

APPENDIX 5-1

Ali A. Al-Sultan
2314 Knob Hill Dr. #17
Okemos, MI 48864
(517) 349-5219

January 7, 1986

Samia Al-Adrasi
Aramco Service Co.
P.O. Box 4534
Houston, Texas 77210

Dear Ms. Al-Aderasi:

I am Ali A. Al-Sultan, a Saudi graduate assistant at King Saud University in Riyadh, through whom I got my scholarship for studying for my Ph.D. in Sociology at Michigan State University in East Lansing, Michigan. Now I am in the last stages of completing my dissertation research entitled, "Alteration of Social Stratification in Saudi Arabia."

At this point in my research, I have discovered that some information about Aramco personnel would be very beneficial for my research. I have summarized the information that I would like as follows:

1. For employee's cadre, how many grades does Aramco have (from 1 to what)? What is the basic salary for each grade? Do the lower or the higher grades hold more status?

2. At what grade and salary do graduates with B.A. and B.S. degrees start?

3. How many senior staff members were budgeted and/or actually employed in 1986? (Or the latest year for which this data is available.) Number of Saudis? Number of others?

4. How many intermediate staff members were budgeted and/or actually employed in 1986? (Or the latest year for which this data is available.) Number of Saudis? Number of others?

5. How many employees does Aramco currently have? (Please send the most current data available)

Just before writing this letter, I spoke on the phone with Mr. George Smalley about the needed information and he suggested writing to you. Please help me in this matter as it would greatly aid me in my dissertation research.

I would greatly appreciate it if you would answer these questions and mail your reply as soon as possible. Please accept my best regards.

Sincerely yours,

Ali A. Al-Sultan

An announcement from the Saudi General Grain Silos Organization to the farmers. (Source) Okaz, dated 1/10/1985. Shows differentiation between the middle and large grain farmers.

عاظ
١٤٠٥/١/١

بيان للأخوة مزارعي القمح

تود المؤسسة العامة لصوامع الغلال ومطاحن الدقيق

اعلام الأخوة مزارعي القمح بأن الصوامع قد استلمت لهذا الموسم وحتى ١٤٠٦/١/٤ هـ حوالي ٧٠٠ ألف طن من القمح قام بتوريدها حوالي ١٥٧٠٠ مزارع وأن من بين هؤلاء حوالي ١٤٠٠٠ من صغار المزارعين قد وردوا كامل انتاجهم للصوامع وهو أكثر من ٤٦٠ ألف طن من القمح وبذلك أنهوا توريدهم وفوه بابي الاستلام التي أعطته الأولوية للاستلام من صغار المزارعين ثم الذين يليونهم.

ويتم الاستلام حالياً بمواعيد محددة مسبقاً تتمشى واستهلاك القمح في المطاحن المرتبطة بالدقيق باعتبار أن جميع صوامع المؤسسة أصبحت مملوءة بالقمح حيث تحقق فائض العام ١٤٠٤ هـ فائض يزيد عن ٥٠٠ ألف طن وينتظر ان يتحقق فائض العام ١٤٠٥ هـ فائض آخر يزيد عن ٨٠٠ ألف.

وحتى يتم تحقيق التوازن بين استهلاك القمح في المملكة والذي يقدر بحوالي ٨٠٠ ألف طن في السنة وزراعته وإنتاجه فإن مؤسسة صوامع الغلال تتوجه إلى الأخوة المزارعين بالدعوة إلى:

عدم التركيز على زراعة القمح بل الاتجاه إلى تنويع المحاصيل الزراعية التي تحتاجها السوق المحلية وفي تحقيقها الوطن وكي تتمكن المؤسسة من القيام بواجبها نحوهم على أكمل وجه.. وتقدر المؤسسة للأخوة المزارعين كريم تعاونهم وحسن تفهمهم لما يحقق المصلحة للجميع.

والله الموفق للجميع

APPENDIX 5-3

Only in the late 1970s and early 1980s, Saudi students studying abroad in the United States of America surpassed ten thousand students. The ambitious socioeconomic Saudi program certainly demanded many students to study various subjects overseas in order to be implemented in Saudi Arabia. But the problem that was raised was that those students who study away from the Saudi universities may learn in the very advanced nations something too far ahead of its time or too radical for Saudi Arabia today.

To balance between the indigenous needs and the risk of students aborad gaining knowledge, and returning home, the Dura'h or the instructed preparatory program came about in early 1981 and still exists. As explained in the above (Arabic) article, 6,804 Saudi students have already been through the Dura'h four week instructed program (between February 1981-September 1987) before they leave Saudi Arabia to study abroad.

The aim of the Dura'h, as stated, is to instruct "righteousness" orientation for the students to behave "properly" in western societies where they study. Among other information, the students are provided with the addresses of all Islamic centers in each western nation that Saudi students are ever sent for study.

their involvement with either Sunni or Shii' Sectarian Islamic movements irrespective of whatever they study abroad. Though both of the Sectarian Islamic movements are no longer attracting the students studying abroad as they used to be in the last 15 years, they have still capitalized on and contributed a great deal to the stream of conservative, middle class in Saudi Arabia.

البرامج.

اما البرامج فانها تختار بعناية الموضوعات الهامة والمناسبة للمبتعث والتي من اهمها العقيدة واسس التوحيد والمسائل الفكرية والمذهبية المعاصرة مثل موقف الإسلام والمحضارات المعاصرة ايديولوجيا وسلبياتها وإيجابيات الحضارة في بعض الغرب ونظام المجتمعات الغربية والمجتمعات الحضارية والفكرية ومعالم النهضة بالاضافة الى دخول البرامج على العديد من المعلومات/العلمية عن الانحراف السلوكي والنفسي والخلقي في الغرب والمجتمع وعن التكيف الاجتماعي والنفسي في مجتمع الغربة وهذا فضول البرنامج على موضوعات عامة منها واجب الدعوة الى الله لحمل مسؤولية المبتعث عن ذلك الى جانب موضوعات اخرى تجد في الطرح مبينا ان تلك البرامج قابلة للتغير حسب الوقت كل دورة.

وعية المبتعثين

واكد الدكتور عبد الله الزيدي ان هذه الدورات حققت اهدافها التي وضعت من اجلها . واشار الى قيام الجامعة بالتنظيم برنامج خاص مع كل دورة لزوجات المبتعثين ممن سيصحبن لزوجهن في السفر مدتها اسبوع واحد

واوضح مدير الجامعة ان الجامعة تقوم بعد نهاية الدورة بتزويد المبتعثين بحقائب المعلومات عن البلاد التي سيسافرون اليها مثل الخرائط والخنادر والكتب ودليل عن الحياة اليومية بها وتعلمك تقوم الجامعة بتزويدهم بعناوين المكاتب التعليمية المسجونين واسماء البعثات المعترف بها وكذلك عناوين المراكز الإسلامية في تلك الدول اضافة الى بعض المعلومات التي يحتاجونها في حياتهم اليومية .

واكل في ختام تصريحه ان الجامعة تعتزم تنظيم عدد من الدورات للمبتعثين خلال العام الهجري الحالي ١٤٠٩هـ حيث توفر العدد الكافي لانعقادها موضحا ان الدورة الاولى قد عقد موعد بريطانيا في ١٤٠٨/١٠/١٢هـ والدورة الثانية ستعقد في الرياض في ١٤٠٨/١٢/٣٠هـ-والمقرر عقد اربعة اسابيع والدورة الثالثة والتي ستعقد ايضا في الرياض في ١٤٠٨/٧/٣هـ والمقرر عقد ثلاثة اسابيع . واضاف مدير جامعة الامام محمد بن سعود الإسلامية الدكتور عبد الله بن عبد المحسن التركي ان المبتعث يتلقى اثناء البرامج الموضوعة له تحريها شاملا ومتكاملا عن المتغيرات المعاصرة التي تطعثها المنطقة العربية السعودية والتحاور الداخلي في العالم والعالم بالعالم ستة بعد اخرى وذلك في مختلف المجالات التعليمية والصناعية والزراعية وغيرها من المجالات الاخرى .

واكل ان الجامعة عند تلقيه هذه المعلومات من عالمه وتحريفه بها من عليه يكون على صلة ايضا في الخريف بما وقعه على من يحاول ان يخلط او يغير الصورة الحضارية المشرقة في المملكة العربية السعودية .

ونوه بالجهود الكبيرة التي تقدمها حكومة خادم الحرمين الشريفين للمبتعثين مؤكدا اهتمام الدولة الرشيدة بكافة الخدمات المختلفة بالوقوف وتسهيل امورهم .

مدير جامعة الامام محمد بن سعود الإسلامية:

٤٥ دورة لتهيئة ٧٠٠٠ مبتعث للتكيف الرشيد في بلاد الغرب !

عبد الله بن عبد المحسن التركي

الرياض ـ واس : اوضح مدير جامعة الامام محمد بن سعود الإسلامية الدكتور عبد الله بن عبد المحسن التركي ان الجامعة منذ اضطلاعها بمهمة توجيه وتوعية الطلاب الذين ابتعثهم للخارج وهي تعمل جاهدة لتهيئة المبتعث واعداده بمعايير مستمدة من العقيدة الإسلامية وقواعيها الثابتة التي قد تحول دون تحقيقه اهداف بعثته .

واكل ان الجامعة معنية في غاية الاهتمام بمثله في هذا المجال وقد نظمت منذ

استلك تلك المهمة اليها في ١٤٠١/٤/٢٦هـ حتى الموعد سحرم الماضي ٤٦ دورة شارك فيها ٦٨٠٤ مبتعثين من مختلف الوزارات والهيئات والمصالح والمؤسسات الحكومية واستفادت عدد الدورات ١٣٨ اسبوعا شتوت اماكنها بين الرياض وجدة والقوران والجبيل .

اهداف الدورات

وبين مدير جامعة الامام محمد بن سعود الإسلامية ان الهدف الإسلامي من تنظيم دورات للمبتعثين هو تعريف الطالب بطبيعة البلاد التي سيذهب اليها تعريفا وصفيا واضحا وكذلك تعطاه الطالب معايير مستمدة من العقيدة الإسلامية يستطيع من خلالها ان يحكم على الاشياء قبل ان يقدم عليها او يحجم عنها اضافة الى تهيئة المبتعث للتكيف الرشيد في بلاد الغربة ليستطيع تجاوز العقبات التي قد تحول دون تحقيقه اهداف بعثته بسبب الاختلاف الكبير بين طبيعة المجتمع الذي انتقل منه والمجتمعات التي سيذهب اليها مؤكدا ان الطالب ما لم يتهيأ لهذه الحالة فانه سيجد صعوبة بالغة في الاستمرار في البعثة .

وعن مدة الدورة وبرامجها قال الدكتور التركي الاصل في تلك الدورة هو اربعة اسابيع اذا كانت في مقر الدورات بالرياض وتكلف الى ثلاثة اسابيع اذا كانت خارج الرياض على ان يحوض الاسبوع الاخير منها يوم الخميس .

Appendix 6-1
[Public Record Office - United Kingdom]
F.O. 371/104882 69602

Copy of a telegram dated 12th Muharram, 1373 [A.H.] (22.9.53)
[Sent to]:

His Royal Highness the Crown Prince,
Jedda.

In the name of 6500 Saudis workmen, intermediaries and others, who signed petitions of protest dispatched to you by mail, concerning the aggressive behaviour of the company against us and against our labour committee elected by our Saudi brothers and consisting of:-

Abdul Aziz Abu Sa'id, Salih Al-Zaid, Ibrahim al Faraj, Abdulla Al Ghanim, Abdulrahman Al Buhaijan, Omar Wazna and Abdul Aziz al Safyan.

The Company has today suspended from work a member of our committee (Abdulrahman Albuhaijan) our Ras Tanura Representative, after the failure of an attempt to tempt him to resign from the Committee and to deny the demands of the workmen, which have been submitted to Your Royal Highness. As his patriotism has prevented him from betraying his brothers, the Company has suspended him from his work without any consideration. This is how the company severely resists a Saudi who loves his country and acts sincerely to his Government and people. If the Company continues to follow this policy and suspends from work the Saudis whenever they want as happened on a previous occasion to Abdul Aziz Abul Sinaid and has happened today to another Saudi, the Company will, tomorrow, suspend from work all the Saudis - unless it is given a lesson of the importance and the priority to be accorded to the Saudi workman.

We take this opportunity to raise up our voices in support of our labour committee requesting that it may be recognized officially. The Company has withdrawn its recognition because of the Committee's patriotice attitude towards our equitable demands. The Company has refused to meet the Committee's members who are our representatives, following an agreement on five weeks to study our demands and in the presence of a representative from the Finance Department. Your intervention to press the Company to recognize it as an official committee will confirm our position and fulfill all our vital demands.

May God preserve Your Highness as a Treasure for us all and for the Saudi nation under the Shade of our beloved King.

Nasir Alrix, Mohamed Alqahtani, Jasim Salalama, Salih Rashid, Sulaiman el Jabil, Abdullah Ibrahim, Ahmad al 'Arfaj, Shahim Muhammed, Aqil al 'Aqil, Abdullatif al Abdul Aziz, Abdurrahman Sulaiman, Ahmad Hazza, Sa'id Muhammad, Fahad al Darman.

Note: [sic]

Appendix 6-2
[Public Record Office - United Kingdom]
F.O. 371/104882 69602

Translation of an article which appeared in "Al Qafilah" of October 16. [1953]

How They Demand Their Rights.

H.R.H. The Crown Prince.

Greetings,

We the undersigned Saudi workers and employees, skilled and unskilled men from the most important districts of the Company's operations (Dhahran, Ras Tanura, Abqaiq and Uthmaniya) have the honour to submit this our application to Your Royal Highness explaining the inhuman activities which ARAMCO is daily directing against us in the matter of work. Since 100 of us submitted our applications to the Company demanding the granting to us of a special dearness allowance and our equality with the Americans and foreigners and our non-inclusion from such privileges as transport facilities and other things which is not justified by different conditions of work, these being the same for the Americans, the Italians, the Saudis and other human races; the Company tried at first to get out of replying but the workers insisted on the realization of their demands. The Company then tried to elect a committee whose administration should be in their own hands, but the workers did not agree to that, and finally the Company was compelled by the will of the workers to accept a committee elected by the workers themselves. The election took place in the three districts (Dhahran, Ras Tanura and Abqaiq) and the workers won, the following employees being elected by a majority of votes:-

Abdul Aziz Abu Sunaid
Salih al Zaid
Abdullah Ali al Ghanim
Ibrahim Abdurrahman al Bahaijan
[Corrected to: Abdulrahman al Bahaijan]
Omar Waznah
Abdul Aziz Safyan.

The first meeting between the representatives committee of Saudi workers and the Company's representatives took place on 30 Shawal 1372 (June 3, 1953) and our committee

received from the General Department of Industurial Relations, a copy of the minutes of the session and submitted them to Your Royal Highness together with an Arabic translation. It seems that the company was annoyed at the attitude of our committee on our just case and equitable demands, and conceived plots to undermine it and get rid of it, and spread rumours about a "strike" before and after the 'Id al Adha, after it had studied the rebellious psychology of the workers and their preparations for stopping work after the 'Id holidays. But our patriotic committee nipped their attempt in the bud, and exposed it before the workers and revealed the people who were behind it and who tried to arouse the government against us and against our committee. But our distinguished Government could not be influenced by false propaganda and so this conspiracy found no fertile field and it died while still in its cradle. But the company was not satisfied with this treatment, but another idea and sent its followers to infiltrate into our ranks to diffuse ugly stories and false rumours against our beloved committee who, they said, wished to climb to the top on the shoulders of the workers, and they said that the company promised this leadership and had broken its work with them. Therefore they stood on the side of the workers against the company and claimed wrongly that the Government was going to imprison the members of the committee, and other nonsense of that kind.

But general opinion was aware of the source of all this, and when all these attempt against the committee came to nothing they employed various means - threatening and cajoling and so on -- to set up a second committee, but the workers were not to be deceived by this trick, and it failed. So finally the company withdrew its recognition and did not meet the Committee in accordance with the agreement which was made between them and the committee in the presence of a representative of the Labour Branch of the Agency of the Ministry of Finance in Dammam, dated 23 Dhul Hijja 1372 (September 2, 1953). It was agreed that they should have five weeks to study our demands and discuss them with the representatives of the Company and the first meeting was held on 26 Dhul Hijja 1372 (September 5, 1953) between our Committee and the Company's representatives without the intervention of the Government representative in the discussion. We acceded to this wish in the knowledge of our first application on 10 Ramadan 1372 (23 May, 1953) and this was sufficient time - more than 90 days - to find a solution to the most complicated problems, but the Company as it appeared quite clearly was not thinking about a solution to them but it considered the whole case of the Saudis which was thrown as usual into the wastepaper basket. If the object of the Company was not to scorn us and deride us why did it not like our vital demands? And why did it

recognize our committee and why meet it on these separate occasions. The Company was represented at this first meeting by:

Ralph Wallace: Representative of the Department of Industrial Relations, Dhahran District.

A.M. Moore: Representative of the General Department of Industrial Relations.

W.J. Afit: Secretary of the session

and at the second meeting by:-

D.J. Sullivan: Present Director of Dhahran District.

Ralph Wallace: (as above).

Gerry Lutzman: Representative of the General Department of Industrial Relations.

and at the third meeting by:-

Ralph Wallace: (as above)

M.D. Lafrinou: Director of the General Department of Employees' Affairs.

and at the fourth and last meeting which was held officially on 23 Dhul Hijja 1372/September 2, 1953 in the office of the Agency of the Ministry of Finance in Dammam and in the presence of the representative of the labour branch (Abdul Mon'ein Majdhub) the company was represented by:-

William Barley: Assistant General Director of the Department of Government Relations.

W.A. Sakwairz: Assistant General Director Department of Industrial Relations.

At that meeting the agreement about the five weeks was concluded, as was agreed our representation through our workers' committee. On the day appointed our committee was informed through the offices of labour affairs that the Company had concelled the meeting. Such was the interest (of the Company) in the progress and welfare of the Saudis, to keep the foreigners in their place, as the Company claims its general policy to be built on this basis, and in this the Company has denied as our natural right to defend our demands and explain our viewpoint through our committee because its position is strong, its patriotism sincere and the integrity of its representation was among the chief causes that led the Company to withdraw recognition and boycott the meeting and spread wicked propaganda against it. Its hatred of the

members of the committee touched all of us, and the numerous injuries which poured on their heads are too countless to mention - they were plain to see and some of them we are to ashamed to recount. Then the company played the last card in its hand and dismissed members of the committee from work- and it dismissed on 12 Muharram 1373 - September 21, 1953- Abdurrahman al Bahaijan member of the committee and representative of Ras Tanura, and it did that to test our reactions and arouse us but our nerves were of iron and our Government will never countenance such troublesome behaviour.

We feel, Your Royal Highness deeply and strongly that we shall be permitted to establish a union in cooperation with the Government and without anyone else, to defend our rights and uphold our claims to progress, education and obtaining the highest positions, and the union will be the best helper to the Government and to us in solving all the daily problems which beset us at work and which there is no one to solve now except a department representative only of the Company's side. The recognition of our present committee by Your Royal Highness will strengthen our position and achieve for us what we want in securing the attainment of our present demands which our committee has submitted to Your Royal Highness. We are all confident, Your Royal Highness that our demands- especially the union - will obtain Your Royal Highness' sympathy, and this will not be much to Your Royal Highness who spares no effort in raising the standard of his people and keeping our country in its rightful place among the rising nations. And we workers will never forget Your Royal Highness' speech to our delegation which was honoured at your noble hands during your historic visit to the eastern district last year, never forget those stirring words:-

> "Even we who are Kings are but servants of our people. The demand of any individual whomsoever among our people interests us and receives our sympathy even if he be only a sweeper."

Finally, long live the upholder of the youth, the Crown Prince, and long live our beloved kingdom, and long live our dear people in happiness and holiness under the shade of His Majesty the King.

On behalf of 6,500 Saudi workers and employees, Nasir al Ras, Muhammad al Qahtani, Jasim Salamat, Salih Rashid, Sulaiman Al Suhail, Abdullah Ibrahim, Ahmad Al 'Arfaj, Shahim Muhammad, 'Aqil al 'Aqil, Nasir al Sa'id, Abdullah a l Haqie, Abdullatif al Abdul Aziz, Abdurrahman al Sulaiman, Ahmad Hazza'. Sa'id Majid, Fahad al Darman.

Copied to: Consultative Council, Foreign Ministry, Ministry of the Interior, Ministry of Finance, Mines and Companies Office (Jedda), Administration, Dhahran District, Agency of the Ministry of Finance (Labour Division, Dammam), Public

Security Department, Amir of Ras Tanura, Amir of Abqaiq, Amir of Ras al Mash'ab, Amir of Uthmaniya.

Copied to the local press:- Umm al Qura al-Bilad al-Sa'udia, al-Madina al-Manura al-Hajj, al-Imamat, al-Manhal.

Copied to: Representative Committee of Saudi Workers.

Note: [sic]

Appendix 6-3
[Public Record Office - United Kingdom]
F.O. 371/104882 69602

CONFIDENTIAL
FROM BAHRAIN TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

Mr. Burrows
No. 852 D. 7.03 p.m. October 21, 1953
October 21, 1953 R. 7.00 p.m. October 21, 1953

PRIORITY
CONFIDENTIAL [E 51538/4]

Addressed to Foreign Office telegram No. 852 of October 21
Repeated for information to: Jedda
Kuwait B.M.E.O.
and Saving to: Washington

Your telegram No. 730 EA1081/936 to Jedda. Aramco.

On September 9 representatives of the Saudi employees of Aramco put to the company a long list of demands, the general tenor of which was request for the same conditions of pay, living and employment as enjoyed by the American employees. They agreed to give the company five weeks to consider them and cause of strike is reported to be failure of the company to reply within that time. Copy of demands follows by air mail. [published next]

2. It is reported that 20% of the employees reported for work October 20.

Foreign Office pass Jedda and B.M.E.O. as my telegrams Nos. 240 and 206 respectively and to Washington as my telegram No. 155 Saving.

[Repeated to Jedda and B.M.E.O. and Saving to Washington]

SUMMARY OF DEMANDS OF SAUDI ARABIAN LABOURERS

My bother the Labourer:

A meeting has been held between the Representatives of the labourers of the Ministry of Finance in Dammam, and between the Representatives of the Company in Dammam on the

23rd Dul Haja 1372 (2.9.53) in order to discuss your demands of which copies have been sent to H.E. The Crown Prince, Majlis Shura, Ministry of Foreign Affairs, Ministry of Finance, Office of Labour Affairs, Office of Metals and Companies in Jeddah, Emirate of Dhahran, Amirs of Ras Tanura and Abqaiq and the local Newspapers (Om Al Qura, Al Bilad Al Saudiya, Al Medinah Al Munawarah).

In the meeting we submitted a summary of your demands on the Agenda and some other necessary demands which are detailed below:-

My brother the Labourer,

We have devoted ourselves to serve you till the end and we ask God to help us in this service.

Living Allowance:-

The Saudi Arabian Labourer ask for the same living allowance paid to the Americans and the Italians which amounts to SR 800 and SR 1000.

Conditions of Labour:-

A. Terms of Labour are all the same for all employees and terms of Saudis may be worse.

B. Whether the Saudi Labourer is a new or a long service man, the treatment he gets from the Company is very bad.

C. No responsible posts are alloted to Saudis even if they remain for 20 years in the Company, whereas Americans take high and responsible jobs just after their arrival to Saudi Arabia after short period.

D. The Saudi Labourer is transferred from one Department to another just to keep him moving and not to master any job.

E. Residence and furniture:-

The Saudi Labourer is not supplied with furniture for his room or his family residence as the Americans and other foreigners.

F. Building towns for the workers' families in the three provinces.

G. Not to keep more than two persons in one room.

H. A private room must be alloted to every employee, who spent more than 2 years in the service of the Company the same as the Americans.

Transportation:-

A. Transportation must be made from working places to the residences and back and to the nearby towns during the work and the official holidays.

B. Transportation during Annual Vacations:-

The Company must pay for transportation fees whether by land or air when on annual leave.

C. Transportation of Saudi Labourers and their families to hospital:-

They must have transport to take the patients of the workers from their working places to the hospitals, and there must be vehicles to take the workers' families from the nearby towns. A special hospital be built for training their families and children.

Schools and Education:-

A. Primary, intermediate and Secondary Schools be built for the children of the Saudi workers. This school must be under the supervision of the Government Education Department. There must be also technical schools where its teachers can be brought from the Arab countries. These schools should be furnished with air-conditioning, baths, mirrors, books and library, club and students' committee be formed. The Arabic language is the official and all lessons are taught in Arabic except the English language.

B. Illiteracy Campaign should be carried out during the company's working hours in accordance with the order of H.E. The Crown Prince regarding education.

C. The Foreign Educational Scholarships:-

50 workers and staff should be sent abroad to continue their studies and not necessary to the American University of Beirut or to the College of Alleppo. The students should be sent according to their qualifications, some to primary schools and some to University.

D. An institute must be opened to prepare students for abroad studies of Petroleum and Geology.

Amendments of Pays and Wages:-

A. We must not follow the new regulations of promotion.

B. General increases to all Saudi labourers and staff till they reach the same standard as the foreigners who do the same jobs as the Saudis. The Saudi Labourer should be given the same rate of pay which is paid to Saudi labourers in other parts of the Kingdom.

C. Promotions must not be made on the basis of knowing the English language, but must be made on knowing how to do the job only.

D. Living Allowances must not only be paid to Middle Staff but to all staff and labourers.

New Staff and Medical and Qualification Examinations:-

Salaries should be given to new applicants according to their certificates which they hold, or according to their ability on technical and trade. They should be treated like other senior staff. Those applicants unfit for jobs physically must be treated and not to be deprived of work.

Facilities and other necessities:-

A. Commissary and free parties on official occasions.

B. Not to forbid the Saudis from taking tea and boiling water.

C. Instal water taps in public and nearby vicinities.

Amendment of Annual and Sick Leaves:-

14 days is not sufficient, and we ask for one month with full pay plus the sick leave and the short leave which the Americans get, and to facilitate for those employees wishing to spend their leave abroad especially in Summer.

Private Privileges:-

There must not be private privileges for certain employees or staff, therefore, we ask for all the privileges which the Americans enjoy.

Propaganda and ARAMCO Papers:-

The Company publishes topics and articles about the Saudi Kingdom and regarding the Saudi labourers and about the Service rendered by the Company and how the Company has helped to raise the standard of their living. This is all exaggeration and the Company must bear responsibility in publishing such articles or to stop such propaganda. The Saudis ought to have their own papers to enable them to express their ideas freely like the Americans.

The Intentional Insults:-

When you argue with an American he will be angry very soon and will start saying that the Saudis before the coming of ARAMCO were merely savage Bedouins, without food and homeless, this, they do not worth to live and they must not claim for demands or increase in pays etc.

Labour Regulations:-

Compensation must be paid in accordance with the regulations. There must be pension system for the labourers, and those employees leaving the Company's service under unavoidable circumstances should be re-engaged and their past services be counted for them. The Labourers working for contractors who have connection with the Company must be considered as company's employees.

Labour Corporation or an Official Labour Committee:-

The incidents and problems happening every day between the labourers and the Company cannot be solved properly unless there exists a labour Corporation defending their rights and demands. If the Government does not agree to have a labour corporation, we therefore ask that a Committee recognised and supported by the Government be formed.

AN IMPORTANT REMARK

My brother the labourers,

The Company representatives have asked for 5 weeks time to study your demands, and the Government Representatives and ourselves had agreed on this, and we shall keep you informed whenever we have meeting with them again.

My brother the Labourer,

Give no ear and attention to the circulating rumors which are spread by persons whose aim and purposes are to show to the Government and Public that you are not worthy of the demands and that you are savages and abide by no rules and regulations. Remember those who spread the idea of the strik before "Eid Al Athffa" just to spoil your name and keep you down, but you were not that stupid who could be deceived easily, and it is wise of you when you refused and discovered their trick.

Be Careful and Cautious of such things.

THE COMMITTEE OF THE SAUDI WORKERS REPRESENTATIVES IN ARAMCO.

Note: [sic]

Appendix 6-4
[Public Record Office - United Kingdom]
F.O. 371 110132 69602

Dhahran
January 17, 1954

TO ALL MANAGEMENT REPRESENTATIVES:

Herewith is a revised translation of the announcement to Saudi employees which was made by Government representatives at Abqaiq, Dhahran, and Ras Tanura on January 14, 1954. This will replace the preliminary dittoed translation which most of you have already received.

N.Hardy.

TCB:h1h

IN THE NAME OF GOD, THE COMPASSIONATE, THE MERCIFUL

ANNOUNCEMENT

by the Saudi Arab Government

Since His Majesty's arrival in this province, he has been giving the employees' affairs his royal attention, in addition to giving attention to other matters which lead to the general prosperity of this growing area. His Majesty, being greatly interested, has presided over the official meetings held by Government officials and the Royal commission with the Company in order to reach a just settlement which would guarantee the rights and interests of the employees. His Majesty has ordered the execution of what he became certain would be of benefit to the employees and the public welfare, as follows:

I. INCREASE OF WAGES AND IMPROVEMENT OF LIVING CONDITIONS

A. The increase of the wages of all Saudi employees in accordance with the following percentages:

(1) Present wages will be increased at the rate of 20% for all those whose wages are ten Saudi Riyals per day or less.

(2) Present wages will be increased at the rate of 15% for all those whose wages are more than ten Riyals, up to (and including) twenty Riyals per day.

(3) Present wages will be increased at the rate of 12% for all those whose wages are more than twenty Riyals per day.

These increases will apply to all Saudi employees who receive daily or monthly wages in all grades, to all wages for fixed rate jobs, and to the minima and maxima of the range rate jobs.

All these increases will become effective on Friday, 26 Rabi' 11 1373/1 January 1954.

B. The company will provide the employees with a daily substantial breakfast at SR 0.25 per meal. This is in addition to the lunch provided them at the same price. Those who do not wish to take these meals will have the right to purchase from the company's canteens food stuffs in the way of rice, flour, tea, coffee, sugar, and cooking oil at a 20% reduction from the regular prices in these canteens within the limit of SR 40 per month. The employees who do not live in Company camps will have the same right.

C. The Company will sell one pair of pants and one shirt to each employee once every six months at half the regular price in the Company's canteens.

II. TRANSPORTATION

A. The company will transport all the employees living outside the industrial areas to their place of work and back as is now done.

B. Due to practical difficulties in transporting the employees living in the industrial areas in the Dhahran and Abqaiq districts, the situation will remain as it is until the Government and the Company overcome these difficulties.

C. It is understood that this will apply to all Saudi and other employees and that no foreigner will be given preference over a Saudi in this regard.

III. VACATIONS

A. The company will grant all Saudi employees vacations similar to those given to foreign employees brought from the countries located east of the Atlantic.

B. The Company will provide its Saudi employees with means of transportation for their vacations if this procedure is followed by any other oil company similar to the Arabian American Oil company in the adjacent areas or in the United Sates.

IV. HOSPITALS AND MEDICAL CARE

A. All Saudi and other employees of the Company will be treated in the out-patient clinic in the new hospital unit in Dhahran beginning the middle of Jumada 11 1373/18 February 1954.

B. The Company will provide best and most competent medical attention to its employees and their families. In the case of emergencies reported to the company's medical facilities, the Company, at the discretion of the doctor, will provide patients with transportation over reasonable distances within recognised areas.

C. The Company will annex additional buildings containing 107 beds to the new hospital unit during this year, God willing.

D. The company will build permanent medical facilities in Abqaiq in 1955.

E. The Company will teach Arabic to its non-Arab-speaking foreign employees in the hospitals to facilitate their communications with Saudi employees.

The Company will continue to train Saudi male nurses to replace foreign nurses.

F. The Company will transport sick and injured employees from their places of work and living quarters in the industrial areas to and from the hospitals and will also establish medical aid centers in the industrial camps.

V. SCHOOLS AND EDUCATION

A. The company will construct industrial training centres in Dhahran and Abqaiq during this year. These buildings will be provided with air-conditioning units, cool water fountains, and all the most modern facilities required.

B. The Company will construct schools for the education of the sons of employees in the following towns in accordance with the plans agreed upon with the Government:

Dammam, al-Khobar, al-Thugbah, Rajihah, Rahima, Safwa, Qatif, and Hofuf.

VI. PROMOTIONS AND GRADES

A. The Company will endeavor to simplify supervisory jobs in order to provide greater opportunity for Saudi employees to assume positions of responsibility.

B. The lack of knowledge of English will not be a bar to the promotion of any employee except insofar as it is required for the performance of the work.

C. The company is now preparing a procedure whereby the employee can lay his grievances before supervisors higher in the Company than his direct supervisor, and he will have the right to see adverse reports written about him, to discuss them, and to reply to them, with it being necessary for his signature on such reports to be obtained, if possible.

D. The company will make every effort to provide the Labor Office and its branches with all statements and matters concerning employees, including statistical reports on employee affairs. The Company will endeavour to make it easy for the employees to become acquainted with Company procedures and regulations concerning their affairs.

E. When a Saudi employee becomes equal in capability to a foreign employee in the performance of a job, preference will be given to the Saudi employee and he will receive the same wage as that paid to a similar employee brought from the area located east of the Atlantic.

VII. HOUSING

A. Housing of Bachelor Employees

(1) The company will provide an adequate supply of cold water in its General Camps and will continue to supply hot water.

(2) The Company will provide the employees with necessary furniture according to the lists now used in the housing administration, and will concern itself with the maintenance and repair of such furniture so that it will always be in good shape.

(3) A temporary committee composed of representatives of the Government and the Company will be appointed to work out the best methods for preventing non-employees from living in employees' camps, for maintaining the cleanliness of these camps, and for fencing them in accordance with Government and Company regulations.

(4) The Company will see to it that its canteens are adequately supplied with good quality items required by employees.

(5) The Company will endeavour not to require employees to vacate their living quarters while absent on vacation.

B. Housing for Employees with Families

The Company will continue granting loans to its employees for building houses of their own in accordance with the Plan now in effect, with due regard to the fact that the following revisions have been made in that plan:

(1) The Company will bear twenty (20) per cent of the expenses of the house built or purchased by the employee under the company's Employee Housing Loan Plan, and this principle will be extended to the employees who have already built or purchased homes under the Loan Plan referred to.

(2) The Loan Plan referred to has been revised so that every employee who has purchased or built a home under the Plan and wishes to leave this home will be able to recover from the Company cash payments he has made after the deduction of the equivalent fifteen (15) per cent of the total of his wages and housing as rent for the home for the period during which it was in his possession. The Government for its part will take the steps necessary to carry this out.

(3) The employee will have the final word in the choice of the plan and the contractor, etc., in connection with the homes which are built under the Loan Plan.

(4) The Government will study the proposals made by the Company for assisting employees to secure the land necessary for the building of houses and the establishment of suitable sites for the construction of new towns.

The Government and the Company will continue to study this important subject.

C. Other Improvements

(1) The Company will provide cold water for employees at places of work.

(2) The Company will also provide sufficient toilets for the employees at places of work.

(3) The Company will not transfer an employee from his job to a job of another kind except at his request or with his consent or if required by conditions of the work. The provisions of the Labor and Workman Regulations in this respect will be observed.

Desirous of achieving these high aims, His Majesty has ordered that a permanent committee be formed with headquarters in Dhahran. This committee is to be composed of men of experience and ability, and among its most important activities will be the following:

A. Observing the execution of the decisions set forth above.

B. Following every claim and complaint by the employees in the quarters concerned, either with government departments or the Company or the Labor office.

C. The study of everything connected with employees' conditions, means of advancement, recreation, and the raising of their standard of living in keeping with the position of employees in all parts of the world.

His Majesty - may God preserve him - has also ordered that the Labor Office will have branches in all of the

Company's principal centres to facilitate the receipt of employees' complaints, and to expedite decisions regarding them in such a way as to protect their rights with respect to the Company and in accordance with the regulations, and in such away as to alleviate difficulties in presenting and following through their cases.

We ask God to bestow His protection on all and to grant success under the aegis of His Majesty the King, may God aid him. Amen.

Note: [sic]

Appendix 6-5

[Public Record Office - United Kingdom]
F.O. 371 110132 69602

Confidential
No. 21(E).
(1534/12/54)

British Embassy,
Jedda.

February 3, 1954

Sir,

I have the honour to give you my observations on the concessions announced by the Saudi Arabian Government to the Arabian-American Oil Company's Saudi labour force on the 14th of January (as briefly reported in my telegram No. 19 of the 27th of January). The text of this announcement was sent to you as my despatch No. 14 of the 30th of January.

2. By far the most important concession made is the general increase in wages (Section 1.A.), an increase which (as reported in my Chancery letter No.1534/60/53 of the 23rd of November last to Eastern Department) the ARAMCO negotiators did not concede in the beginning, at least. A percentage increase of this kind is not at all welcome to the company, since apart from anything else it complicates the method of calculating wages. They would have preferred a stated increase in riyals, once the principle of a general increase was forced upon them. The ARAMCO representatives in Jedda take the view that the increase is bound to lead to some measure of inflation on the east coast, with repercussions on the economy of the country as a whole. The Company's basic minimum wage, for instance, is now 6 riyals a day (as compared with 3 riyals as recently as 1950); a rise in prices and a further drift from agriculture and date cultivation in that part of the country seem inevitable.

3. Of the other concessions made the two most important are those in Section V1.C and V11.B(1). The idea of instituting a senior committee to receive complaints direct from workers is in line with ARAMCO's labour policy. Its creation at this stage, however, is regarded by the Company as premature: there appear to be no safeguards against irresponsible or misconceived grievances being lodged, and with the labour force at its present low level of education and intelligence a great deal of wasted time and minor friction in labour relations will probably result. Further difficulties seem likely from the fact that, apparently on the express order of King Saud, the committee (whose functions are outlined at the end of the official announcement) will be an adjunct of the office of the Governor of al Hasa province, the Emir bin Jiluwi, and have no connection with the Ministry of Finance office in Dammam.

The object of the King's advisers in arranging this is obviously to keep Sheikh Abdullah Suleiman or his Ministry from influencing the committee in any way. Yet it is clearly essential that there should be liaison with the Ministry of Finance since the committee will have to deal with many matters involving Governmental or ARAMCO finances. The provision that the Company should subsidise part of the cost oa house built for an employee (Section V11. B(1)) is also new, and will cost ARAMCO a substantial sum.

4. Of the other concessions made, only a few need specific mention. The provision in Section 1.B. to provide employees with a cheap substantial breakfast is an extension of the cheap lunch scheme already provided. In Section 111 the Company have neatly sidestepped the unofficial Saudi Workers' Committee's original demand for free vacation passages (principally to Beirut) by promising to grant these if any other oil company does so - knowing full well that in the Middle East at any rate there is no question of it. The stipulation in Section V11 A(3) is actually a concession to ARAMCO, who have been complaining for a long time that whenever they received accusations of overcrowding from the local authorities they invariably found on investigation that this was because the employee had brought in several of his relatives to roost round him. Section V11 C(3) contains a hollow concession, since if the employee refuses to give his consent to a necessary transfer, he can be dismissed under the existing Labour and Workman Regulations. The remaining concessions, high-sounding though they appear, consist almost entirely of restatement either of existing practice or of the Company's plans for the future, decided on before the October strike.

5. My conclusion is that, while it is clear that ARAMCO have as a result of the strike been driven to make a big concession over wages which may well have unforseen repercussions, it is obvious also that the method by which this and other concessions have been announced is primarily designed as a piece of domestic propaganda to show how much the new King has already achieved personally for his people. I suspect it is primarily because of the need for this that the Saudi Government insisted on a general wage increase to show even the cynics that at least one thing of substance really had been done. Mr. Owen, the Senior ARAMCO representative in Jedda, assures me that much of the restatement of company practices contained in the official announcement was due to the insistence of Sheikh Yusuf Yasin, the deputy Foreign Minister. King Saud did not apparently alter a word of the final draft submitted to him. The official announcement has been apparently well received and it seems certain that there will be no more labour unrest for the time being. ARAMCO have moreover, received a

broad hint from the Saudi Government that after such generous treatment this time they will adopt a tougher line should there be any further trouble.

7. I am sending copies of this dispatch to Her Majesty's representatives in Amman, Baghdad, Bahrain, Beirut, Cairo, Damascus, Tehran, Tel Aviv and Washington, and to the Head of the British Middle East Office.

I have the honour to be,
With the highest respect,
Sir,
Your obedient Servant,

The Right Honourable
Anthony Eden, M.C., M.P. Etc., etc.,
Foreign Office,
Whitehall,
LONDON, S.W.1.

Note: [sic]

البنك السعودي الامريكي
Saudi American Bank

ص.ب رقم ٨٣٣ شارع المطار – الرياض المملكة العربية السعودية تلفون ٤٧٧٤٧٧٠ تلكس ٢٠٠١٩٥ اس جي ٢٠٢٦٣٢ اس جي ٢٠٢٦٣٣ اس جي
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