# Saudi Arabian regime gripped by factional infighting amid mounting economic crisis

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The ruling House of Saud recently [or has] issued a series of royal decrees unceremoniously dumping its longstanding oil minister Ali al-Naimi, central bank governor Fahad al-Mubarak, and other senior officials.

The wide-ranging shakeup of government bodies is part of an attempt to resolve the Kingdom's growing economic crisis at the expense of the Saudi masses.

The sackings follow the removal last month of Abdullah al-Hasin, the water and electricity minister, in a bid to deflect popular anger over high water rates and new rules over the digging of wells and cuts in energy subsidies aimed at saving the ruling family collectively in excess of one and a half trillion dollars.

The shake-up is intended to concentrate power in the clique around Crown Prince Mohammed, the 30-year-old son of the aging King Salman. It will further exacerbate the enormous political, economic and social tensions wracking this semi-feudal regime that has, since 1945, constituted an essential prop for US imperialist policy in the region and a bulwark of reaction and repression in the Arab world.

The Saudi monarchy, threatened by the revolutionary overthrow of Egyptian President Hosni Mubarak and the subsequent political turmoil that threatened almost every regime in the region, moved rapidly to topple the elected Muslim Brotherhood-led government of President Mohammed Mursi, even at the risk of conflicting with Washington, and helped install and bankroll the brutal military dictator Abdul Fatah el-Sisi to suppress the Egyptian masses.

It sought—at the cost of tens of billions of dollars—to move against the Syrian regime of President Bashir al-Assad in Syria by funding an Islamist insurgency, and to shore up the rule of its regional allies in Yemen, Bahrain and Jordan. Accompanying its moves in Syria, it sought to undermine pro-Iranian governments in Iraq and Lebanon, through direct or covert military interventions, the use of Islamist fighters as proxies, or economic aid.

Its relations with its chief backer, US imperialism, are now at an all-time low. Riyadh was furious over Washington's failure to sustain its support for Mubarak against the Egyptian masses in 2011.

The US-led interventions in Iraq and Syria to assert Washington's hegemony over the Middle East's vast energy resources have destabilised Saudi Arabia's neighbours. Washington's various pragmatic manoeuvres, its failure to intervene decisively in the war to overthrow Assad in Syria allowing Russia to intervene to shore up the regime, its deal with Iran and support for the Shi'ite government in Iraq, helped strengthened the influence of Saudi Arabia's main regional rival, Tehran.

At home, Riyadh attempted to assuage popular opposition and protests in the Shia-dominated Eastern Province with a combination of violent suppression and a $350 billion package of benefits and social spending, a lifeline for the estimated 28 percent of the population who live in poverty. Between 2 million and 4 million Saudi citizens are believed to be living on less than $530 a month. With its thousands of princes, the parasitic Saudi monarchy deprives its citizens of basic democratic rights It has sought to ruthlessly suppress public discussion of social inequality, imprisoning bloggers who dare to raise such issues or criticise the regime.

This attempt at repression is being undermined by the precipitous fall in oil prices, the result of the Saudis' political decision to maintain output in an attempt to undermine Russia and Iran. This has led to a $100 billion government deficit in 2015 (15 per cent of GDP). The new oil minister Khalid al-Falih is not expected to rein in oil production and thus boost oil prices because this would also boost the revenues of Saudi Arabia's rivals.

With 70 percent of its revenue dependent on oil, the government has cut public spending for 2016 by 25 percent, slashing subsidies on fuel, power and water, with gas prices set to increase by 80 percent. It took the unprecedented step of introducing a tax on Saudi nationals—a 5 percent value added tax—in a bid to prevent the budget deficit soaring to $140 billion and to conserve its $600 billion in reserves.

Riyadh's sponsorship of Islamist forces has led to the advance of ISIS, al-Qaeda and similar outfits with their own agendas in Saudi Arabia and the Arabian Peninsula. ISIS cells have launched dozens of attacks over the last two years and were alleged to have been behind a spate of bombings targeting the Kingdom's Shia minority.

Last week, Saudi forces carried out an operation against ISIS in Mecca, killing four "wanted" men in a shootout, and another in the southwestern province of Bisha, killing two ISIS suspects and injuring another. It followed the arrest of Ukab Atibi, allegedly a member of the ISIS cell that carried out a suicide attack on a mosque used by members of a local security force in southwest Saudi Arabia in August 2015. Security forces carried out another raid on a house in Jeddah, arresting two suspects.

The ruling clique is torn with dissent over the succession to the ailing King Salman, who promoted his 30-year-old son Prince Mohammed bin Salman to the positions of deputy crown prince and minister of defence in charge of the murderous, but largely unsuccessful war in Yemen, sidelining other older claimants to the throne. Mohammed has overturned the Kingdom's decades-long policy of buying political quiescence with a social contract that has provided some security—via low utility prices, social subventions and public sector jobs—for the Saudi population, and promoted a wave of Sunni-based Saudi nationalism.

Last month, in an announcement that the *Economist* described as "manic optimism," Mohammed unveiled his Vision 2030, drawn up by the McKinsey & Company global consultants McKinsey and aimed at ending the Kingdom's dependence on oil by 2030. He later declared on Saudi-owned *Al-Arabiya* news channel an end to "any dependence on oil" by 2020. The measures include the public listing of 5 percent of Aramco, the world's largest oil company valued at $2.5 trillion, the creation of a sovereign wealth fund with a potential value of $2 trillion to invest in assets, the development of non-oil industries, including a domestic arms industry; more private sector jobs and a new visa system to allow expatriate Muslims and Arabs to work long-term in Saudi Arabia.

Symptomatic of the insoluble contradictions of the Saudi economy was the announcement last week that one of the largest companies, the construction giant the Saudi Bin Laden Group (SBG) that has built most of the country's public buildings, was unable to pay its workforce.

SBG fired 77,000 of its 200,000 workforce and issued them with exit visas. Immigrant workers, angry that they had not been paid for months, have held daily protests outside SBG's offices, burnt company buses in Mecca and refused to leave the country until they are paid. The company also dismissed 12,000 of its 17,000 Saudi managerial and professional staff, calling on them to resign or wait for their wages and a two-month bonus worth $220 million.

With $30 billion in debts, SBG's financial problems stem from the cutbacks in government spending and the crane collapse on a major expansion of the Grand Mosque in Mecca last year that killed 107 workers and pilgrims. It prompted an investigation of its government projects, many of which were reportedly being carried out without any signed contracts. The company was hit with a withholding of government payments and a ban on SBG tendering for further public building projects.

The impending collapse of SBG provoked such a crisis that the government agreed to allow it to bid for state contracts, said it would ensure that government payments would continue and urged other companies to honour their commitments and pay up on their contracts with SBG.