

Crown Prince extends purge of rivals in Saudi Arabia

By Jean Shaoul
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Crown Prince Mohammed bin Salman has expanded his purge of leading Saudi business and political figures, including some of the 20,000 princes. On Wednesday, the authorities carried out further arrests, amounting to 500 over the last few days, and froze more than 1,700 bank accounts under the pretext of clamping down on corruption.

It follows the arrest on Saturday of 11 princes and 38 government ministers and former ministers, including Prince Miteb bin Abdullah—son of the former King Abdullah and head of the National Guard, the 100,000-strong military force charged with protecting the Royal family and oil facilities, Prince Al-Waleed bin Talal—one of the richest men in the world who was close to King Abdullah, and a senior executive in the Bin Laden Group construction firm. They are accused of money laundering, bribery, extortion and exploiting public office for personal gain.

The purge plays well with the Saudi public, given the industrial-scale corruption in royal and business circles. Prince Bandar bin Sultan famously said in an interview with PBS in 2001, “If you tell me that building this whole country, and spending \$350 billion out of \$400 billion, that we had misused or got corrupted with \$50 billion, I’ll tell you, yes. But I’ll take that anytime.”

The crackdown, targeting the faction around King Abdullah, came just hours after the aging and ailing King Salman appointed bin Salman to head up the recently established anti-corruption body which has the power to seize their assets. Its aim is to strengthen Salman’s branch of the royal family and ensure a smooth succession to bin Salman when the 81-year-old king abdicates or dies.

The 32-year-old bin Salman was named as crown prince in June by his father, after the arrest of former Crown Prince Mohammed bin Naif. Since then, bin

Salman has brought the main levers of power—the military, the economy, foreign policy and the media and entertainment industries—under his control, while other key positions are held by his branch of the family.

The scale of the purge testifies to the mortal crisis wracking the venal ruling clique in Riyadh that treats the country as its personal fiefdom. Isolated from the broad mass of the population, the House of Saud is embroiled in factional rivalries and divisions that have led to a rapid turnover of Crown Princes and Deputy Crown Princes in the last few years.

In the last two weeks, two princes have died under circumstances that remain unclear. Prince Abdelaziz bin Fahd, a son of King Fahd who was critical of the removal from office of the former Crown Prince Muhammad bin Nayef, is believed to have been shot while resisting arrest, while another prince died in a helicopter crash near the border with Yemen.

These deaths and the arrests have raised widespread fears about the stability of the Kingdom, one of Washington’s key allies in the oil- and gas-rich region, on which it depends in its on-going efforts to establish its unchallenged global hegemony. Riyadh, along with the other Gulf monarchies, provides the crucial Sunni axis against Shi’ite Iran and its allies, Syria, Hezbollah in Lebanon, and Iraq’s powerful Shi’ite parties, which the US views as a regional threat.

Saudi Arabia’s stock market fell due to concerns about the economic impact of its anti-corruption purge, with shares in companies linked to people detained in the investigation particularly affected.

But US President Donald Trump has given bin Salman and his purge his approval, tweeting “Some of those they are harshly treating have been ‘milking’ their country for years!”

The arrests follow last September’s round-up of

more than 70 people, including influential clerics, writers, academics and judges on the Specialized Criminal Court that handles terrorism cases. The 70 are close to former Crown Prince Mohammed Bin Nayef, who was formerly in charge of the court, with claims that they were inciting violence against the state. Some had apparently voiced their opposition on social media to bin Salman's austerity measures, subsidy cuts and privatisation of state assets, while others had criticised Riyadh's blockade of Qatar.

Presiding over the largest known oil reserves in the world, the House of Saud maintains its grip on power and the country's vast oil wealth by a system of brutal repression, including public executions, torture and detention without trial, and outlaws all public protests, strikes and expressions of dissent. This is combined with its championing of an extreme version of Sunni Islam, Wahhabism, and a system of public welfare that includes free public services such as healthcare and education, public sector jobs and subsidies for basic commodities to compensate for the gross inequality that characterises Saudi society.

Systemic discrimination against the Shia minority has been a major catalyst for unrest in the oil-producing Eastern Province, as has the gross exploitation of migrant labour from South and East Asia, which constitutes about one third of the country's 32 million population. But social unrest is being driven by intense social and economic contradictions that affect the Sunni majority as well.

The official unemployment rate is 12.8 percent, not counting underemployment and not to mention the large numbers of women who are excluded from the labour market. This is set to double by 2030. For young people—70 percent of Saudi Arabia's population is under the age of 30—conditions are far worse. The unemployment rate among 20-24-year-olds is close to 30 percent. Many graduates cannot find work.

The Saudi monarchy sought to temporarily suppress social and political tensions that erupted in the wake of revolutionary movement that toppled longstanding dictators Hosni Mubarak in Egypt, Zine El Abidine Ben Ali in Tunisia and Abdullah Saleh in Yemen, and rocked the ruling al-Khalifa dynasty in Bahrain in 2011. It intensified repression and pledged an extra \$36 billion in benefits and social programs a year, including a 15 percent pay hike for public employees and

increased aid for students and the unemployed, with a further \$58 billion for education, health care and infrastructure.

But the huge cost of disastrous wars in Syria and Yemen and the global slump in oil prices—from more than \$110 a barrel in mid-2014 when they provided 90 percent of state revenues to around \$35 in 2015 and \$55 now—sounded the death knell for such measures. The fiscal deficit is expected to reach \$53 billion in 2017, while reserves have fallen sharply from a record \$737 billion in August 2014 to \$487 billion in July 2017.

The government therefore moved to cut the subsidies, privatise a 5 percent stake in oil giant Saudi Aramco, along with airports, electricity, water, transport, retail, schools and healthcare, repatriate its foreign workforce to make way for local labour and introduce VAT.

At a stroke, this destroyed the social contract that had bought domestic peace. Within six months, Saudi Arabia had cut the budget deficit from \$98 billion to \$79 billion in 2016. But this was not enough as GDP fell by 2.3 percent. It has contracted by 3.7 percent in the first quarter and 2.3 percent in the second quarter of this year compared with the same period last year.

In 2016, bin Salman launched his Vision 2030 to wean the country off dependency on oil and public-sector jobs in favour of private sector employment. Two weeks ago, he unveiled his plans for NEOM, a megacity on Saudi Arabia's western Red Sea coast incorporating a tourist resort with no restrictions on bathing and alcohol and an economic trade zone. To secure a social base among the better-off layers of Saudi society, he has announced that women will be allowed to drive and attend football matches from April 2018 and relaxed rigid rules on public entertainment, music and films. He has also curtailed the powers of the religious police and clerics.

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