

Is Saudi Arabia on the Brink of Regime Change?

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It seems that Saudi Arabia has started to undergo the transformation various experts predicted. Those became obvious when the sitting king Salman bin Abdulaziz Al Saud replaced his deceased elder brother Abdullah bin Abdulaziz Al Saud in January 2015, and made a number of quite unusual arrangements within the ruling elite, appointing the head of the Ministry of Interior Muhammad bin Nayef from Abdullah's clan the Crown Prince, while his 33-year-old son Mohammad bin Salman Al Saud from the Sudairy clan received the appointment of Deputy Crown Prince.

Even back then it was clear that within a short period of time the king would try to hand over all power in the country to his own son by sidestepping Muhammad bin Nayef, while he himself would retire due to Alzheimer's disease, becoming sort of a "king-father" with no real power, but with the right to an advisory vote on important decisions. Needless to say, it's a direct violation of the tradition of succession to the throne from brother to brother that has been in place in Saudi Arabia, that is going to be replaced by the father-to-son succession. To make such a transition one should be able to carry out a coup d'état or win the approval of the succession board, which is formed according to different sources by 7 or 11 members of the Al Saud dynasty.

Now it seems that the wheels of the political machine are moving again.

Last week reports from Riyadh indicated that his disease is taking a toll on the king and he wants to renounce his reign in favor of the Crown Prince. But then neighboring states, especially Qatar and the United Arab Emirates, started hinting that the members of the Saudi royal family along with the sheikhs of the strongest tribes, which are the foundation of Al Saud's rule, are extremely dissatisfied with the sharp deterioration of the economic and social situation in the country, leading to a major drop in their personal incomes.

It is no secret that Riyadh increased the volume of oil production to weaken the positions of its main competitors – Russia, Iran and Venezuela. But the kingdom had to take a punch as well, it was forced to unseal its reserve fund and cut the funding of numerous social programs.



And then came the execution of 47 Shia public figures, including the popular human rights activist Nimr Baqir al-Nimr. The executions were designed as a form of retaliation to Iran and Hezbollah for the help they have provided to the Syrian people in the fight against pro-Saudi militants. This step provoked massive unrest in the Shia areas of the kingdom, the areas that produce the better part of all Saudi oil.

The country has found itself on the brink of a civil war and a military conflict with Iran at the same time, which has also provoked major discontent in the West. After all, the West needs a politically loyal Iran, a country in which huge investments can be made, especially in oil and gas sectors, in order to push Russian out of the European gas market and the international oil markets at the same time. In this context Tehran is forced to carry on relying on Moscow in the confrontation with Saudi Arabia to ensure its safety and continue providing military assistance to Syria, Iraq and Shia rebels in Yemen.

Now the highly respected Institute for Gulf Affairs is stating that the king of Saudi Arabia Salman bin Abdulaziz Al Saud is preparing to renounce the throne in favor of his son Mohammad bin Salman Al Saud, and has since brought his country to the brink of a disaster.

It means that the 80-year-old Salman is trying desperately hard to persuade his brothers on the succession board to allow him to change the principle of succession of the Saudi throne, since he's ready to leave, but not so ready for his nephew Mohammad bin Salman Al Saud to rule the country. What the king has been doing is allegedly done "only for the sake of the stability of the kingdom." Although the reality of the situation is clear – should Salman retain his position, the disintegration of the kingdom is imminent, with certain Shia areas breaking away, while the regions on the border with Yemen which are mostly populated by Yemeni tribes, more than happy to return home. Moreover, the Minister of Interior used to be a habitual cocaine user, so he was only able to "produce" two daughters, and now he's somewhat incapable of producing more children. Should the king manage to carry out the above described scheme, he will become the first Saudi monarch to leave the throne to his son.

And the fact that there's a growing crisis in Saudi Arabia was evident from the cuts in subsidies and bonuses that king Salman started at the beginning of this year to reduce the country's total dependence on oil. After decades of extensive use of oil revenues to subsidize companies' payment of generous salaries and providing enormous social benefits, falling oil prices struck Saudi Arabia at its heart.

It's enough to say that revenues from oil exports in 2015 alone dropped by half. Ultimately it's hard to say which country suffers the most from these oil wars – Russia or Saudi Arabia, since the latter has virtually no other sectors to support the economy. Saudi economist Turki Fadaak believes that Saudi Arabia is exiting the policy of "universal welfare", so there's an ongoing psychological shift in the minds of the ruling elite of the state. Fadaak is convinced that the ultimate aim of king Salman's measures is to eliminate the Saudi dependency on oil. But is it really? According to leading international experts – the answer is a resounding "no", with all the arguments to the contrary nothing more than fantasy.

Although initially it seemed that Salman, who came to power after the death of his brother, King Abdullah, will continue his course, after assuming the throne Salman generously spent over 30 billion dollars from the budget on bonuses for civil servants, military personnel, and students. Additionally, prices for basic goods and services, including fuel, electricity and water prices were kept at extremely low levels due to government subsidies from oil revenues. However, due to falling oil prices, under the pressure of such costs the budget started to rupture.

The most important thing now for the kingdom is to execute the transition from the extremely lavish social security system to a productive economy, but then the subjects

of the king will be forced to cut their costs, and it looks that they do not agree with this notion. And accusations in the imminent economic collapse will go Salman's way, so it is better for him to leave now, before protests even start.

It is curious that Saudi Arabia has been rather realistic about its budget for the year 2016, since it was based on the average price of oil keeping at the level 29 dollars per barrel. Last year, the Saudi budget deficit amounted to almost 98 billion dollars and the costs were considerably higher than it was originally planned due to bonuses for civil servants, military personnel and retirees. In 2016 the authorities decided to put up to 49 billion dollars into a special fund to provide funding for the most important projects in case oil prices drop even further. But it was Saudi Arabia back in 2014 that proposed new tactics for OPEC, that implied that there would be no cuts in the level of production, the tactics that drove oil prices to today's levels.

So we are to learn pretty soon should Riyadh choose the path of the utter and complete collapse of the kingdom, or the path of giving power to the young and pragmatic technocrats who are going to pursue a comprehensive oil policy. Either way, Saudi Arabia will be forced to put an end to the costly military adventures in Syria and Yemen as well as its confrontations with Russia and Iran.

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