

CHAPTER I

INTRODUCTION

1.1 Background

Religion, in short, is a belief in the existence of some divine authority(s), which translates to a set of values and moral codes and a set of rituals and practices in which a person of that belief is told to do so by such deities. That simple definition implies that religion is solely an individual and is not at all the whole truth. Religion is in fact so relevant to social life and international relations because most popular religions form and sustain communal institutions, a great example would be the Roman Catholic Church. Religion has a long list of conflicts throughout history, but it also a medium for cooperation. Religious conflict suggests a strong connection between religion and international relations due to it also being a story of conflict and cooperation.¹

When a group of people identify as a certain category, then the individuals in that group relate to each other by the identity that they hold as a person. Religion is the same way; therefore, we can accept religion as an identity of an individual and also a group of people with the same belief. For example, Islam has been identified as the religion of the Middle East region due to the high population of Islam within it. Saudi Arabia, a Middle Eastern country, and the birth land of the

¹ Zeev Maoz and Errol A. Henderson, *Scriptures, Shrines, Scapegoat, and World Politics: Religious Sources of Conflict and Cooperation in the Modern Era* (Michigan: University of Michigan Press, 2020), 1.

Islam religion is no stranger to this assumption. Moreover, Saudi Arabia's influence within the region due to its identity as an "Islamic state" is something that we cannot deny.

Saudi Arabia, commonly known as the Kingdom of Saudi Arabia, holds a pivotal position in the Middle East or Southwest Asia. Its geographic expanse includes borders with the Arabian Gulf, United Arab Emirates, and Qatar to the east; the Red Sea to the west; Kuwait, Iraq, and Jordan to the north; and Yemen and Oman to the south. Serving as its capital, Riyadh is centrally located within the nation. As of 2024, King Salman leads the nation, with Mohammed Bin Salman (MBS) holding the position of Crown Prince.

Governed as a monarchy guided by Islamic principles, Saudi Arabia is often termed an Islamic state.² According to the World Bank (2022), the country's population stands at approximately 36.4 million, predominantly Muslim, with Sunni Muslims forming the majority. While Islam is the only officially recognized religion, there is a small percentage of Christians, mainly comprising expatriates, along with smaller communities of Hindus, Buddhists, and other religious minorities such as Sikhs, Jews, and Baha'is. Additionally, some individuals adhere to no religion or practice indigenous beliefs. The official language of Saudi Arabia is Arabic; however English is a common second language as it is the primary language used between businessmen and their abundant number of expatriates working in Saudi. According to the Embassy of Saudi Arabia, today the education

² General Authority for Statistics, "General Information about the Kingdom of Saudi Arabia, 2019," <https://www.stats.gov.sa/en/page/259> (accessed June 13, 2024).

system in the country is open to all citizens and provides students with free education, books, and health services.³

Just as the conservative Islamic belief heavily shapes Saudi Arabia's laws, education, and norms – Saudi's dependence on oil shapes the country's economy. The dependence on oil has no direct relation to the country's identity of the Islam religion, however the oil sector is controlled by the state and the monarchy. Therefore, the most benefitted by the oil sector is the rulers who have direct control of oil production. The monarchy controlling the oil production is conservative in its religious identity.

Saudi Arabia's economy has always been centered around its oil revenues, ever since the oil revenue boom in the 1970s, which led to a dramatic increase in oil revenue from approximately 30 billion Saudi Riyals in 1972 to over 380 billion Riyals by 1981. This development in oil revenue significantly contributed to its balance of payments, government income, and overall development of the country.⁴ The situation in Saudi Arabia today, however, has been shifting in a different direction economically. Saudi Arabia has introduced and implemented a new program that shifted Saudi's economy away from the ever-decreasing oil reserves. The plan is to diversify the economy with a new program by MBS, Crown Prince and Prime Minister of Saudi Arabia.⁵ The plan is to shift the economy to focus on

³ The Embassy of the Kingdom of Saudi Arabia, "Education," under "About Saudi Arabia," <https://www.saudiembassy.net/education> (accessed June 10, 2024).

⁴ Tarek Tawfik Yousef Alkhateeb, Zafar Ahmad Sultan, and Haider Mahmood, "Oil Revenue, Public Spending, Gross Domestic Product, and Employment in Saudi Arabia," *International Journal of Energy and Policy* 7, no. 6 (2017): 27-31.

⁵ Kingdom of Saudi Arabia, "Vision 2030, 2024," <https://www.vision2030.gov.sa/en/vision-2030/overview/an-ambitious-nation/> (accessed June 13, 2024).

its tourism and manufacturing sectors to combat the decline of revenue in the oil sector, which also meant the decline in oil price per barrel, from \$96.3 in 2014 to only \$40.7 per barrel in 2016.⁶ However, Saudi Aramco oil prices hit \$130 per barrel in 2022 due to the Russo-Ukraine war and resulted in a budget surplus for the kingdom. Saudi Arabia is aiming to diversify the country's economy using the income from its energy sector to fund the transition. The oil prices fell back to \$85 per barrel later on in 2023. Saudi Aramco has also cut back on production to help support the oil price, which provides a further challenge to profits after the surge in profit back in 2020.⁷

Before MBS ascended to the position of crown prince and Prime Minister, public music performances were strictly prohibited, causing offense to the religious authorities. However, under his leadership, there has been a significant shift, with an increase in rave concerts and public celebrations, actively supported by MBS himself. This transformation is aligned with his ambitious Vision 2030, which aims for economic diversification. The old rules of society are no longer as strongly ratified as they were before MBS took charge. Now, women are allowed to drive, concerts and parties are allowed, and some places are selling alcohol. All these

⁶ Tarek Tawfik Yousef Alkhateeb, Zafar Ahmad Sultan, and Haider Mahmood, "Oil Revenue, Public Spending, Gross Domestic Product, and Employment in Saudi Arabia," *International Journal of Energy and Policy* 7, no. 6 (2017): 27-31.

⁷ BBC, "Saudi Aramco boosts dividends despite profit fall." *BBC*. March 10, 2024. <https://www.bbc.com/news/business-68527115> (accessed August 29, 2024).

things are just some of the changes to society that was once forbidden, is now one of the factors of change in Saudi Arabia.⁸

Vision 2030 outlines three main pillars: A Vibrant Society, A Thriving Economy, and An Ambitious Nation. The first pillar focuses on fostering a culturally rich society with modern Islamic values, while offering top-tier entertainment, healthcare, and social services. The second pillar aims to position Saudi Arabia as a global economic leader through diversification and sustainability initiatives. The third pillar envisions a well-governed and transparent country where everyone contributes to shaping the future. These pillars support each other: a vibrant society fosters a thriving economy and an ambitious nation, while a thriving economy provides resources for societal development and national ambition.⁹

MBS has made diversifying the economy and broadening Saudi Arabia's revenue streams a top priority, leading to the establishment of Vision 2030. This strategic initiative aims to reduce the kingdom's dependence on oil, diversify its economic foundations, and improve various public services such as healthcare, education, infrastructure, leisure, and tourism. MBS is keen on attracting both foreign individuals and investors, positioning Saudi Arabia as their preferred destination for both leisure and business activities.

⁸ Firstpost, "Saudi Arabia's Journey from Banning Music to Organising Rave Concerts Reveals MBS' Bigger Ambitions." *Firstpost*. January 3, 2023. <https://www.firstpost.com/opinion/saudi-arabias-journey-from-banning-music-to-organising-rave-concerts-reveals-mbs-bigger-ambitions-11917702.html> (accessed August 29, 2024).

⁹ Kingdom of Saudi Arabia, "Vision 2030, 2024," <https://www.vision2030.gov.sa/en/vision-2030/overview/an-ambitious-nation/> (accessed June 13, 2024).

As per the official Saudi Press Agency, Saudi Arabia has established ambitious goals, seeking to generate between 35 billion and 40 billion Riyals, roughly equating to nine billion to 11 billion USD, in non-oil revenue through its privatization initiative by 2020. This effort is anticipated to generate up to 12,000 job opportunities.¹⁰ Introduced in 2018, the privatization initiative was designed to spur economic development and bolster the participation of the private sector in Saudi Arabia's economy. Aligned with Vision 2030, the nation aims to elevate the private sector's contribution to the economy from its existing 45 percent to 60 percent within the coming 15 years, showcasing a dedication to nurturing economic growth and diversification.¹¹

There is no doubt that aside from being economically influential to the region, Saudi is also religiously influential that is primarily due to its role as the birthplace of Islam and home to the Holy cities for Islam, Mekkah, and Medinah. Other than that, Saudi Arabia promotes Wahhabism, a conservative interpretation of Sunni Islam. The Wahhabi doctrine serves as a powerful means to consolidate authority and manage the populace within Saudi Arabia. The Wahhabi governance structures encompass a wide array of institutions—economic, governmental, and educational—along with the interplay between these institutions, guided by established rules and norms dictating their operation. The House of Saud of Saudi

¹⁰ Reuters, “Saudi Privatisation programme targets \$11 billion non-oil revenues by 2020”. *Reuters*. April 25, 2018. <https://www.reuters.com/article/us-saudi-privatisation/saudi-privatization-program-targets-10-billion-non-oil-revenues-by-2020-idUSKBN1HV2PS/> (accessed June 13, 2024).

¹¹ Financial Times, “The Privatisation of Saudi Aramco,” *Financial Times*, <https://www.ft.com/content/45295af2-bff6-11e6-9bca-2b93a6856354> (accessed June 13, 2024).

Arabia is granted its political legitimacy by the religious leaders known as Wahhabi clerics, which proves that Islam is very much intertwined with Saudi Arabia's politics, and therefore it is also a massive part of the identity of Saudi Arabia and its people as a whole.

However, now with the newfound freedom that comes with modernizing all aspects of Saudi Arabia, concerns are surfacing. If the people take this freedom too far, it raises the concern that countries that see Saudi Arabia as a pillar of their religious identity and practice would not respond well to the change. Therefore, I have decided to write this thesis to ascertain the regional response and the challenges they face due to the modernization of Saudi Arabia titled **“Modernization of Saudi Arabia Through Vision 2030 and Its Impact on the Region”**.

1.2 Research Questions

This research focuses on the influence of the Vision 2030, a program run by Saudi Arabia under the leadership of MBS, and the challenges and changes that may imply on the rest of the countries in the region. The identity that Saudi Arabia has assumed throughout history is one that became an example of what an Islamic country should look like. With this nationwide scale of modernization, there is no doubt that the change within society challenges the religious identity domestically, and internationally. In particular, it challenges the identity as an Islamic country, and therefore also challenges the identity of the countries that have been following

in Saudi Arabia's footsteps in terms of their religious identity. Therefore, taking these into account, the research questions will be as follows:

1. What are the political economy changes brought about by Saudi Arabia's Vision 2030 to the country?
2. How do the changes in Saudi Arabia, as the consequences of Saudi Arabia's Vision 2030, challenge the religious identity of the Middle East region?

1.3 Research Objectives

Regarding the research questions written above, the research objectives will therefore be as follows:

1. To address and assess the changes as the result of applying the new Vision 2030 policy towards the identity and economy of Saudi Arabia
2. To analyze the consequences of Saudi Arabia's Vision 2030 and the challenges that may influence the identity of the Middle Eastern countries

1.4 Research Significance

The completion of this paper is significant for education and broadening knowledge, more specifically for the following purposes. As the author of this research, I have been given the opportunity to share my analysis and write them on paper to be published and read by other people. It has ultimately broadened my

views and extended my knowledge about Saudi Arabia and their new development program, as well as the impact it has on the countries surrounding Saudi Arabia.

For the readers, it is a significant topic, especially those who study International Relations and Middle East Studies. This thesis aims to expose the topic to the readers in hopes that it can become a food for thought and challenge the readers to think and analyze for themselves what they think on the topic. It is also written to broaden their understanding of the identity challenges that occur in the Middle East as a result of MBS's Vision 2030 program for economic diversification and development and the modernization of Saudi Arabia along with the shifting of their identity towards moderate Islam.

1.5 Structure of Thesis

This research comprises of five chapters: introduction, theoretical framework, methodology, discussion and analysis, and conclusion and recommendations. The first chapter, introduction, emphasizes on the definition of religion, Saudi Arabia's country profile, the background of Vision 2030 program and the concerns of implication on identity of the state, and relevance to International Relations. Introduction presents the research questions along with the objectives and significance of the research.

The Theoretical Framework presents the Literature Review that was used as the foundation for this research – mainly the emphasis on Vision 2030, economic diversification, and religious identity of Saudi Arabia – along with the International Relations theory and concepts that are applied in this research. The theory explained

is the Constructivists theory as well as its concepts, in this research I used three concepts: ideas, beliefs, and identities, intersubjective understanding, and social discourse.

The third chapter focuses on the methodology of this research. It explains that this research uses the qualitative approach. It also explains the method, data collection technique, and data analysis technique.

The fourth chapter focuses on the analysis of this research and holds the substance and results of the research. It emphasizes answering the questions presented in the first chapter. The findings of data and sources from other works are compiled in this chapter to make a comprehensive analysis of the topic using the theory and concepts mentioned in chapter two. The findings of the analysis are then used to answer the research questions.

The last chapter, conclusion, concludes this research and acts as a summary of the whole research taken from the background of the topic and the whole of chapter four. It also includes recommendations for future researchers and scholars who specialize in Middle East studies.