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A Promising New Path for Saudi Arabia

By THE EDITORIAL BOARD APRIL 28, 2016

A year after ascending to Saudi Arabia's leadership circle, Mohammed bin Salman, the 30-something deputy crown prince, has moved quickly to revolutionize his country's economy in ways that offer tantalizing hints at even broader reforms. The blueprint he unveiled on Monday has generated excitement at home and abroad. The question is whether the inexperienced prince, the increasingly powerful son of King Salman, can deliver.

The component of the plan, called "Saudi Vision 2030," that has commanded the most attention is the prince's pledge to reduce Saudi Arabia's dependence on oil sales, which has made the economy extremely vulnerable to plummeting oil prices. To decouple the economy from oil without at the same time eroding living standards, his government plans to sell shares in the state oil giant, Saudi Aramco, funnel the money raised into a public investment fund, and shift vital services like education, health care and airports to the private sector.

The nation's reliance on oil will be further reduced, and its economy diversified, by new investment in solar and wind power, by building up the small defense sector and by opening up the Saudi market to "the finest talent and the best investments globally."

Such talk is encouraging. But previous reform efforts have produced only modest results, and the obstacles this time cannot be overstated. While the prince has consolidated his authority over the economic ministries, and operates with the clear backing of his father, it's unclear if he can manage competing interests in the royal family, the business community, the religious establishment and the population at large. With his rapid ascent in the political hierarchy, Prince Mohammed has effectively eclipsed the power and prominence of more senior family members, including Crown Prince Mohammed bin Nayef. But other rivals who aspire to succeed his elderly father may well want to sabotage his initiatives.

One formidable challenge is creating millions of jobs for the overwhelming majority of Saudis who are under 30 years old. Spoiled by decades of reliable oil revenues, many young people lack the education, the technical skills and the work ethic for private sector jobs. The young prince talks of creating an education system "aligned with market needs," a critical goal at odds with existing religion-centric education. There are also doubts about whether the kingdom, with its authoritarian government, can establish the kind of regulatory and legal structure needed for a large private sector.

International businesses want to know that the rules are clear and that commercial disputes can be resolved on the basis of law. Many such business may be uncomfortable investing in a country where powerful clerics practicing Wahhabism, an extreme form of Islam that inspires the Islamic State and other terrorists, exercise control over religious life and execute dissidents and those who run afoul of religious practices and Islamic law.

Still, Prince Mohammed's initiative suggests that broader reforms might be possible in a nation where women are second-class citizens, Shiites are disparaged and foreign workers have no real status. His plan makes no pretense of recognizing basic rights and freedoms for all people, but it does praise moderation, tolerance and equity, says opportunities for women will be expanded and raises the possibility of green cards for foreigners. It says that culture and entertainment are indispensable components of a healthy society and that the participation of women in sports will be encouraged. He seems to understand that these changes, at a minimum, are necessary if his dysfunctional country is to have a better future.

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