**The transformation of Saudi Arabia’s rentier state and ‘the international’**

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Abstract: The Saudi state is conventionally characterised as a neo-patrimonial rentier state that emerged out of a combination of traditional domestic social structures and oil wealth. However, the conceptualisation of the rentier state as endogenously generated based on ‘traditional’ society is an example of Eurocentric institutionalism. In this article, I draw on literature that has sought to ‘internationalise’ the East Asian developmental state concept to show that Saudi rentier state formation has historically always been ‘international’. Thus, while Crown Prince Muhammad bin Salman claims that his current economic reforms are opening up Saudi Arabia’s rentier economy to globalisation, the restructuring of the rentier state is only the latest episode in this process, which was shaped by the colonial era in the Gulf and the transformation of an American-dominated global economy since World War II. The ‘internationalisation’ of the rentier state concept thereby also holds wider lessons for other neo-Weberian statist concepts such as failed or weak states.

Keywords: rentier state, developmental state, Saudi Arabia, Middle East, South Korea, Eurocentrism

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Since his accession to the Saudi throne in 2015, King Salman has put his son and crown prince Muhammad bin Salman in charge of the economic restructuring of the kingdom. Bin Salman promises nothing less than the wholesale transformation of the oil-based economy. These events raise, however, a number of questions regarding how we should understand the Saudi state. The latter state is conventionally characterised as a neo-patrimonial rentier state that emerged out of a combination of traditional domestic social structures – tribes, religion – and oil wealth. In contrast, I argue that the formation of the Saudi rentier state has historically always been deeply ‘international’. Bin Salman’s restructuring of the rentier state is only the latest episode in this process of state formation which was shaped by the colonial era in the Gulf and the transformation of an American-dominated global economy since World War II. In addition, the domestic focus of conventional rentier state theory (RST) can easily slip into Eurocentric exceptionalism. As such, I argue that the rentier state has been, and continues to be, co-constituted internationally between East and West.

Recent literature on rentier states in the Middle East has increasingly taken social forces into account, particularly in terms of state-business relations, yet it still fails to give adequate consideration to the role of ‘the international’. Bringing in this latter aspect to the centre of the debate about how RST is used to understand politics both in Saudi Arabia and more broadly. In this way, RST can thereby avoid the Eurocentric institutionalism inherent in many Neo-Weberian conceptualisation of non-Western states. Indeed, the rentier state is part of a wider class of concepts that emerged as part of an effort of ‘bringing the state back in’ in the 1980s (Evans, Rueschemeyer, & Skocpol, 1985). Economic development, regime type, and civil war were explained through concepts such as developmental, failed, weak, fragile, or collapsed states. These concepts usually had a core idea around which they revolved – a developmental elite, oil wealth, or deep fragmentation and disintegration – which was held to explain much of the trajectory of the country under study. However, by over-emphasising the autonomy of the state over society and neglecting the causative role of the international, these concepts could easily slip into Eurocentric institutionalist narratives which reproduce the trope that institutions in the non-West are fundamentally different from, and inferior to, Western ones (Hobson, 2013a, p. 1033). State institutions are thereby characterised as ‘the other’ to the Western norm in a ‘pathology of deviancy, aberration and breakdown’ (Morton, 2005, p. 372). The argument that ‘traditional’ social structures were the source of the Saudi neo-patrimonial rentier state can be seen as one example of this type of analysis. By critiquing rentier state theory, this article therefore contributes to a wider effort to ‘internationalise’ these neo-Weberian concepts, to historicise state formation, and to show that these states are co-constituted between East and West. Avoiding Eurocentrism is not merely a matter of nicety or ‘political correctness’ but indispensable for understanding political economy. Indeed, Eurocentric institutionalism poses real analytical problems. If such institutions are co-constituted between East and West, outcomes such as authoritarianism or developmental failure cannot simply be blamed on the endogenous development of domestic institutions in developing countries.

This internationalisation of neo-Weberian state theorisations of non-Western states is a process that has already occurred with the concept of the East Asian capitalist developmental state (CDS). Recent scholarship has, for example, put the formation of South Korea’s developmental state in the context of wider social relations of production and of the international order (K. Gray, 2011). This paper therefore seeks to make a similar theoretical move with regards to rentier state theory (RST) in the case of Saudi Arabia. The same manoeuvres by which the CDS concept was ‘internationalised’ can be applied to Saudi Arabia’s RST: attention to colonial legacies and American-dominated global capitalism. The following discussion is thus not a comparison of two ‘country case studies’, but of the conceptual development of CDS and RST as applied to South Korea and Saudi Arabia respectively. The countries were chosen because they were each central to the development of one of the two concepts.

The article consists of four sections. The first sets out the critique of Eurocentric institutionalism. The second contains a definition and an initial critique of RST. The third section shows how the developmental state concept was ‘internationalised’ by recognising the South Korean state’s co-constitution between internal and external forces. The fourth applies the insights from the CDS discussion to rentier state theory. A fifth section extends the analysis to the recent restructuring of the Saudi rentier state. As we shall see, following his accession in 2015, King Salman empowered his son and Crown Prince Muhammad Bin Salman to transform the country’s political economy and diversify it away from a reliance on oil. Given the opaque nature of Saudi politics, I first examine the public relations image that Muhammad bin Salman projects; second, I examine his plans for a part-privatisation of state-oil company Aramco to finance the transformation of Saudi rentierism; thirdly, I look at the urban megaproject NEOM, which is the flagship plan to diversify the economy away from oil. The aim in this article is not so much to evaluate the likelihood of the success or the actual economic effects that these projects will have, but to characterise the vision of a ‘globalised’ post-rentier economy that bin Salman is trying to project through these plans. I argue that, in contrast to this projected image, Bin Salman’s attempts at restructuring are not so much a ‘globalisation’ of the Saudi economy but a continuation and intensification of the existing ‘international’ constitution of the rentier state. He is not ending the rentier state by ‘globalising’ it, he is merely writing its next chapter. A final section concludes that the ‘internationalisation’ of the rentier state generates new questions about the current restructuring of the rentier state and calls for the application of concepts from the toolbox of international historical sociology, such as uneven and combined development or passive revolution.

**Eurocentric institutionalism**

In Eurocentric views of IR, Europe is not merely a fixed geographical territory but ‘a cultural-geographic sphere’ (Sabaratnam, 2013, p. 261) where ‘the location of Europe shifts, expands and contracts, eventually crossing the Atlantic and the Pacific and becoming synonymous with the “West”’ (Barkawi & Laffey, 2006, p. 331). In this article I therefore use ‘Europe’ and ‘the West’ interchangeably. Eurocentric institutionalism holds that non-Western institutions are fundamentally different from and inferior to Western ones (Hobson, 2013a, p. 1032). The way in which we analyse non-Western institutions reflects ‘orientalism’ and ‘coloniality’ (Quijano, 2007, p. 169; Said, 1978). The discipline of international relations has been criticised for treating concepts derived from the European experience, such as the Peace of Westphalia, as the basis for universal theorising (Barkawi & Laffey, 2006, p. 334; Hobson, 2009). Hobson extended this critique to international political economy (IPE) (Hobson, 2013a; Hobson, 2013b). This is not to say that all knowledge produced in IPE is Eurocentric, or that concepts derived from the European experience should be replaced with a more ‘authentic’ Eastern variety. European thought is both ‘inadequate and indispensable’ for understanding the modern world and a non-Eurocentric universalism is indeed possible (Chakrabarty, 2007, p. 6; Matin, 2011). This is the very reason I am engaging with rentier- and developmental state theories rather than dismissing them simply as Eurocentric distortions.

Eurocentric institutionalism explains poverty in the Global South with reference to endogenously generated inferior institutions. It is based on the Eurocentric assumption that capitalist modernity was ‘auto-generated’ in Europe with no role for the rest of the world (Hobson, 2009, p. 673; Matin, 2011, p. 364). Non-Western states are set to replay the stages of European development. Should they fail to do so, this is due to their domestically generated inferior institutions (Matin, 2011, p. 354; Chakrabarty, 2007, p. 6). The trope of institutional difference and inferiority is evident in various concepts that political scientists have applied to non-Western states: Neo-patrimonial, failed or fragile, weak, or collapsed (Clapham, 1985; Helman & Ratner, 1993; Migdal, 1988; Zartman, 1995). This is not to claim that such concepts are analytically useless. Rather, in line with similar critiques of other neo-Weberian state concepts (Morton, 2005), I argue that the formation of such states needs to be ‘internationalised’. They do not emerge due to purely domestic or internal factors but are co-constituted in a process of what Matin (2011, p. 355) and Rosenberg (2006, p. 309) call ‘inter-societal relations’. Eurocentric institutionalist accounts of non-Western state formation elide the history of imperialism and colonialism and continued international hierarchies that perpetuate Western dominance (Weber, 2015, p. 933; Inayatullah & Blaney, 2015). A non-Eurocentric alternative holds that states in the Global South do not just mimic the European model, nor are they flawed for failing to do so. What is required is ‘a critical global history and relationally conceived analysis’ (Weber, 2015, p. 934). The pitfalls of Eurocentric analysis can be seen with rentier state theory.

Rentier state theory holds that oil wealth accrued by the state is an obstacle to democratisation and the development of a productive non-oil economy. Luciani includes those states which derive more than 40 percent of their revenue from oil or other foreign sources and whose expenditure is a substantial share of GDP, especially the Gulf Arab countries and Saudi Arabia (Luciani, 1990, p. 72). In his article on the rentier state, Ross lists Saudi Arabia as the world’s ninth most ‘oil reliant’ state based on the value of fuel exports divided by GDP (Ross, 2001, p. 326). Key works in Middle East studies characterise Saudi Arabia as a rentier state (Ayubi, 2001; Chaudhry, 1997; Hertog, 2010a; Okruhlik, 1999). I argue that the concept of the rentier state is useful because it explains how authoritarian monarchies ‘buy’ popular support. However, political and economic outcomes since the 1980s, when the hypotheses of RST were first put forward, have confounded several expectations of the theory. Saudi Arabia is thus a suitable case study to test the possibility of internationalising RST.

**Rentier state theory**

Rentier state theory starts from the claim that the influx of oil rent determines state-society relations. RST’s strong claim of state autonomy vis-à-vis society resulted in a series of hypotheses about autocracy and economic development in Middle Eastern oil states. The subsequent literature did a good job in undermining most of these hypotheses by bringing in social forces such as labour and capital. However, my argument goes further: the second generation of RST managed to nuance its account of society but failed to bring in the international.

A rentier state is defined as one where external rent accrues to the state (Beblawi, 1990, pp. 87-88; Luciani, 2016, p. 117). In RST, rent is a ‘gift of nature’ and considered unproductive (Beblawi, 1990, p. 85-86). In the Gulf states, oil windfall earned externally and flowing to the government is then allocated to society. Hazem Beblawi derived several hypotheses from his influential initial definition of rentier state theory:

* Lack of democracy: Oil income gives the state greater autonomy from society. The state does not need to ‘extract’ resources from the population through taxation and instead merely ‘allocates’ oil income to its citizens (Luciani, 1990). No taxation means no representation.
* Lack of economic development through a ‘rentier mentality’: Neo-patrimonial institutions redistribute resources along the lines of patron-client networks. The labour-productivity nexus is broken and a ‘rentier mentality’ emerges (Beblawi, 1990, p. 88). Business elites are mere rentiers as rewards are unrelated to risk taking.
* Government-to-government aid from the Gulf replicates ‘semi-rentier states’ or ‘induced allocation states’ across the Arab world (Beblawi, 1990; Luciani, 1990).

RST incorporates two moments of exchange of oil rent: Firstly, the moment when oil money enters the economy from outside and is paid to the government. This is the only point when international factors intrude the concept. RST treats this moment as purely economic and does not investigate the politics of global oil production (Mitchell, 2011, p. 1). Secondly, domestic society is shaped by allocation which, and this is crucial, occurs along the lines of neo-patrimonialism. These endogenous and neo-traditionalist institutions are inferior to those of the European ‘war-making’ and ‘production states’ (Luciani, 1990; Schwarz, 2008). A ‘first generation’ of rentier state theory thus reproduced the tropes of Eurocentric institutionalism: Its domestically generated institutions are considered to be fundamentally different and inferior to European ones. Smith (2015) coins the term ‘market orientalism’ for the way in which RST depicts ‘rentier mentality’ as ‘the other’ of ‘normal’ economic behaviour.

RST migrated from Middle East studies to inform debates in IPE and comparative politics (Ross, 2001). Rentier state theory is often subsumed into the ‘resource curse’ literature which makes wider claims about the detrimental political and economic effects of resource abundance and relies on large-n quantitative studies to test these claims: Resource booms lead to lower economic growth (Sachs & Warner, 1999) and primary commodity exports increase the likelihood of civil war (Collier & Hoeffler, 2004, p. 588). The various claims by the resource curse literature are contradictory as resource wealth is said to lead to greater stability and at the same time raise the likelihood of civil war (Basedau & Lay, 2009; Collier & Hoeffler, 2004, p. 567). By their very nature, these quantitative studies need to reduce complexity. The way that the politics of the ‘resource curse’ is conceptualised is highly revealing and chimes with my wider point about depicting resource-rich countries as fundamentally different to the Western template. Authors of quantitative articles on the resource curse tend to reduce politics to a struggle between leaders or elites on one hand and citizens on the other (Morrison, 2009, pp. 112-113; Wiens, Coast, & Roberts Clark, 2014, p. 785). Resource abundance resolves the political dilemma of having to tax the population. In an explicit return to Eurocentric institutionalism, Schwarz (2008) takes the same premise as the starting point to argue that the Middle Eastern rentier state is fundamentally different from the Tilly-an war-making state of Europe, and its institutions are inferior as it is based on ‘traditional’ social norms of ‘wasta’ (mediation/intercession).

However, RST cannot explain variation across space or time. Taxation played a more limited role in Europe’s democratic waves from the nineteenth to the twentieth centuries than RST assumes and has tended to be only a minor issue in instances of democratic challenges to rentier states (Herb, 2003; Sandbakken, 2006, p. 147). Far from producing quiescent populations, Gulf oil states have at times fostered opposition through the distribution of oil funds, for instance Saudi state funding for Wahhabi Islam that fuelled Islamist movements critical of Saudi rule (Bsheer, 2018a; Okruhlik, 1999; al-Rasheed, 2007). Business elites are not mere rentiers and at times they even make democratic demands (Chaudhry , 1997; Crystal, 1990; Hertog, 2010b; Moore, 2002; Luciani, 2005). Hertog (2010a) introduces the concept of ‘brokerage’ to challenge the claim that oil wealth trickles down a pyramid of rigid patron-client relations. Thus ‘second generation’ RST refined its model of state-society relations through careful micro-sociological research. Matthew Gray makes a similar argument in his essay on rentier state theory (M. Gray, 2011), arguing that we need a ‘third phase’ of RST as previously closed Gulf economies are being prised open by globalisation. However, Gulf rentier states are not closed entities that are now being forced open by outside pressure, they have always been co-constituted between inside and outside, East and West.

Giacomo Luciani was one of the first to popularise the rentier state concept (Luciani, 1990). While his 2016 textbook chapter on oil and international relations in the Middle East provides a good overview of the current state of rentier state theory, it still neglects the role of ‘the international’ (Luciani, 2016). The definition of the rentier state as relying on external rent that accrues to the government remains little different to Beblawi’s original definition. Indeed, what is striking is how Luciani keeps domestic politics and international relations almost entirely separate. He does show that the great powers were central to shaping post-World War I state-making in the Gulf, but once he moves on to Saudi state formation in the oil era, analytical weight is placed almost entirely on the country’s royals building on foundations of traditional patrimonial rule (Luciani, 2016, p. 112). For Luciani, rentier state formation is based on inherited social relations and there is an elective affinity between the rentier state on one hand and tribalism and patrimonialism on the other (Luciani, 2016, p. 118):

‘Patrimonial states ruling segmented (tribal) societies are a specific subset among the authoritarian rentier states: it has been argued that this specific form of government is particularly adapted to the rentier state, because the state is viewed as the property of the ruler and the distributive function, which is played in order to maintain a desired balance in the segmented society, is understood as the essential function of government.’

As such, Luciani argues that political order inside rentier states is auto-generated, based on traditional forms of politics. As we have seen, therefore, rentier state theory continues to take the form of Eurocentric institutionalism. In the following section, I examine the conceptual development of the capitalist developmental state to derive ways in which RST can be ‘internationalised’ so as to avoid the Eurocentric institutionalism that is characteristic of the neo-Weberian understanding of the state.

**The capitalist developmental state**

The concept of the capitalist developmental state concept addressed the puzzle of rapid economic growth in East Asia in the post-war era. Rapid export-oriented industrialisation in South Korea and elsewhere confounded assumptions of dependency theory that the periphery remains locked in under-development but it also contradicted the assumptions of liberal economists that the state played no role in these countries’ success (Haggard, 1990, p. 20-21). The essence of the developmental state is an elite that is both capable of and willing to achieve economic development as its overriding goal by strong-arming capital and labour into successful export-oriented industrialisation (Johnson, 1999, p. 38-39; Leftwich, 1995; Stubbs, 2009, p. 2). The government ‘leads’ economic development by ‘getting the prices wrong’ (Amsden, 1992; Wade, 1990). The bureaucratic elite both enjoys ‘autonomy’ from societal forces and is also ‘embedded’ in societal networks (Evans, 1992). The early developmental state literature provided an original perspective on politics in South Korea but it reproduced Eurocentric tropes insofar as it presented this state form as largely domestically generated, reliant on the genius of a development-oriented elite. The CDS constructs authoritarian military rule as a necessary evil to achieve development by disciplining capital and labour (Fine, 2006; Selwyn, 2009). The ‘first generation’ of the CDS thus elided ‘the international’.

In order to overcome the shortcomings of the CDS, researchers paid greater attention to social forces and ‘the international’. Taking into account the colonial legacy, Kohli (1994) pointed out that Japanese colonisation of South Korea resulted in a highly bureaucratic and penetrating state, a state-dominated alliance of state and property owners for production and profit, as well as repressive social control of the working class. Other authors showed that the ‘embedded autonomy’ of state elites did not signify the absence of corruption (Kang, 2002; Khan, 1998). The elite’s developmental outlook was due to societal and external pressures. The exchange of favours between a coherent state elite and equally coherent corporate sector in South Korea meant that neither side was strong enough to impose predation on the other. The geopolitical vulnerability of the South Korean state concentrated the minds of its military rulers on development rather than self-enrichment (Doner, Ritchie, & Slater, 2005). War was crucial for regional economic development. For example, the Vietnam War created a market for South Korean products (Stubbs, 1999). War-preparation shaped regional infrastructure, facilitating economic take-off by the CDS. The wider context of these regional configurations was therefore the Cold War. The US were happy to absorb East Asian exports to bolster its Cold War allies. The crucial moment of South Korean development was the switch from import substitution to export oriented industrialisation in the 1960s. This all-important policy change was not merely an initiative by Korea’s enlightened bureaucratic elites but followed American pressure, making it a case of ‘development by invitation’ (Cumings, 1984, pp. 25-27). Changes in the developmental state concept over time show that it has been ‘internationalised’ by taking into account colonial legacy, US global hegemony and transformations in global capitalism. I now apply these same manoeuvres to the Saudi rentier state.

**Internationalising the history of Saudi state formation**

The polities of the Gulf were shaped by Britain which signed a series of punitive ‘truces’ with local rulers in the nineteenth century. Saudi Arabia was never directly colonised but Ibn Saud’s conquest of much of the Arabian peninsula from 1902-1932 was shaped by British acts of omission or commission (al-Rasheed, 2002, pp. 2-3; Fuccaro, 2008; Vitalis, 2009, pp. 2-7). The very concept of unitary, hereditary, and authoritarian monarchs is an innovation promoted by Britain in the Middle East (Anderson, 1991, p. 9; Halliday, 2000, p. 147-148). Gulf monarchies were not grounded in local tradition, prompting Ayubi (2001, p. 132-133) to argue that foreign-backed personal rule actually distanced the ruler from society. Already in the late nineteenth and early twentieth century, Britain was paying rulers for basing rights and oil concessions creating ‘pre-oil versions’ of rentier states (Davidson, 2012, p. 25).

British influence persisted after it withdrew ‘East of Suez’ in 1971. Bahrain, Qatar and the federated principalities of the United Arab Emirates (UAE) only reluctantly embraced independence. In Oman, Britain helped put down the Dhofar rebellion. In the 1960s President Gamal Abdel Nasser’s Egypt was stoking opposition by supporting Arab nationalist movements in the Gulf. The overthrow of the Shah in 1979 created a new revolutionary challenge to the Gulf monarchies that spoke to Saudi Arabia’s Shia minority, in particular. The siege of the mosque in Mecca by local Islamists in 1979 drove home the threat from domestic Sunni radicals. Saddam Hussain’s invasion of Kuwait in 1990 highlighted deep insecurities among the monarchies. The Gulf rulers therefore kept pursuing security guarantees from the US and built up repressive apparatuses for domestic control. The rise of repressive capabilities belies the assumption of quiescent populations. RST has little space for these insecurities, which are not purely ‘international’ but have a ‘domestic’ quality through their appeal to supra-state identities. In response to challenges ‘from below’, Saudi Arabia turned into what Bsheer had characterised as a ‘counter-revolutionary state’ that promoted ‘a political identity that brought together Wahhabi sectarianism and Al Saud’s genealogy’ (Bsheer, 2018a, p. 274). In Bsheer’s retelling of Saudi history in the 1950s and 1960s, Saudi societal opposition to the monarchy was part of a wider regional wave of leftist and Arab nationalist thought and action. The ‘counter-revolutionary state’ was constructed in a Cold War alliance between the Saudi monarchy and US government and corporations, which together ‘closed down the possible progressive futures for which Saudis had risked their lives’ (Bsheer, 2018a, p. 275). Both societal opposition of left and Arab nationalists and the state’s ‘counter-revolution’ were ‘international’. The US had a central role in making the Saudi state. During the Cold War, the US saw the Islamic kingdom as a natural ally against godless communism. The relationship was particularly close during periods of intense Cold War confrontation (Bronson, 2005; Matthiesen, 2018).

The rentier state arose from the transformation of the global carbon regime from coal to oil (Mitchell, 2011; Hanieh, 2011). Societies and their states were deeply influenced by the way in which oil is produced and circulated. American Marshall aid paid for the Middle Eastern oil that rebuilt Western Europe and Japan (Painter, 2009). The role of US-owned oil giant Aramco was so crucial to institution-building, infrastructure provision, and technical support for diplomatic and even military initiatives in Saudi Arabia that Vitalis (2009) referred to Saudi Arabia as ‘America’s Kingdom’. American advisors instigated those institutions that were ‘islands of efficiency’ in the 1950s and 1960s, such as monetary agency SAMA (Hertog, 2007, p. 548-549). The Saudi state relied on knowledge circulating internationally, for instance on water or on urbanism (Jones, 2010; Menoret, 2011). Oil wealth not only financed social welfare but also the mastery over the environment, which, as Jones showed, was crucial to Saudi state-building in the desert kingdom and was a deeply international process,

‘integrated into global networks of capital, institutions, consulting firms, research institutes, and expertise as a result of the work undertaken by the scientists and experts who passed through and worked in the kingdom. Saudi Arabia’s history was not only similar to that of other developing states but it was also often connected to them through complex transnational networks.’ (Jones, 2010, p. 12)

This international role in the making of the Saudi state undermines rentier state theory’s claim to the kingdom’s petro-exceptionalism.

The system of US-dominated global oil production and the Bretton Woods system were being transformed in the late 1960s and early 1970s. President Nixon abandoned the gold standard in 1971 and the ‘oil crisis’ of 1973 let Gulf states accumulate enormous dollar surpluses. Saudi Arabia played a central role in ensuring that the ‘petrodollars’ generated during the oil boom were recycled in the US (Spiro, 1999). Gulf Arab petrodollar recycling remains an important factor bolstering the US dollar’s role (Momani, 2008; Otero-Iglesias & Steinberg, 2013). Saudi petrodollar recycling was a major reason why the United States were able to sustain the US dollar hegemony and finance its twin deficits in trade and government budgets. Saudi Arabia thus influenced the limits of the economically possible in the America of the 1970s and 1980s. The co-constitution of states between East and West is not a one-way street.

**Restructuring the Saudi rentier state**

In the 1990s, IPE was busy debating whether globalisation undermined the power of the state or merely transformed it (Cerny, 1997; Hay, 2006; Strange, 1994). This debate eventually reached the CDS. Did the neoliberalised South Korean state cease to be developmental after the 1997 Asian financial crisis, when IMF and United States pressure were prising open the country’s closed economy (Pirie, 2005; Wade, 2000)? Or did the state remain developmental because it continued to use its influence to steer the economic ship towards competitiveness on the choppy seas of the global market (Thurbon & Weiss, 2006)? Both accounts regard globalisation as an outside force that reshapes the internal constitution of the South Korean developmental state. However, as Kevin Gray reminds us, external pressure was not the sole reason for neoliberal transformation, which was also a response to the growing contradiction of the Korean development model (K. Gray, 2011, p. 316). The story of the developmental state’s neoliberal transformation cannot be neatly divided into domestic politics and international relations. The same is true for rentier state restructuring in Saudi Arabia. The aim here is not a comparison of two ‘country case studies’ but of the similarities in conceptual debates on the Saudi rentier state and the South Korean developmental state.

Several authors have argued that Middle Eastern and North African states were ill prepared for the challenges and opportunities of globalisation, which they present as an overwhelming force from outside (Henry & Springborg, 2010; Kamrava, 2004; Schwarz, 2008). These accounts interpret state transformation through the lens of Eurocentric institutionalism: Middle Eastern states are unable to seize the opportunities of globalisation because of their neo-traditional institutions, namely rentierism and neo-patrimonialism. Henry and Springborg argue that Middle Eastern and North African states lack the ‘political capacities’ to make the most of globalisation. At the same time they write that ‘[g]lobal changes are breaking the cocoon that had once protected the region from major structural changes’ (Henry & Springborg, 2010, p. 20). Oil and geostrategic rent no longer insulate the region. In one introductory chapter they use various measures of ‘political capacities’, such as World Bank governance indicators, without, however, allowing for the possibility that these ‘capacities’ were not purely endogenously produced (Henry & Springborg, 2010, pp. 67-112). What is more, Henry and Springborg argue that the tussle over opening up Middle Eastern economies is fought between ‘globalisers’ and ‘moralisers’, between Western-oriented elites who seek to open up their countries following an economically rational logic, and Islamists or Arab nationalists who seek to keep them shut because they equate globalisation with Western neo-colonialism (Henry & Springborg, 2010, p. 9). This East-West divide misrepresents the myriad fault lines of Middle East political economy. The empirical chapter on Saudi Arabia narrates historical state formation as a largely domestic affair. While ‘islands of administrative competence’ combined with patronage-induced socio-political stability made Saudi Arabia a ‘rentier developmental monarchy’ (Henry & Springborg, 2010, p. 229), it did not reach the standards of the East Asian developmental state: Public administration was too fragmented and the state failed to mediate between socio-political forces the way South Korea’s did (Henry & Springborg, 2010, pp. 233-4).

This interpretation provides a suitable starting point for the discussion of recent attempts at restructuring the Saudi rentier state. Crown Prince Muhammad bin Salman is the royal in charge of this restructuring. He has made grand claims about globalising Saudi Arabia’s economy, both in terms of greater religious openness and economic opening. King Salman acceded to the throne in January 2015. He made his son Muhammad defence minister and put him in charge of the state oil monopoly, the national investment fund, and economic policy. Over the next two years, King Salman sidelined any potential challengers to his son’s position. Bin Salman is the face of a more aggressive foreign policy posture, initiating the Saudi-led military intervention in Yemen in 2015 and the blockade of Qatar in 2017. In June 2017, bin Salman became crown prince when his father deposed Mohammed bin Nayef. This was an unprecedented power grab by one branch of the Saudi royal family, ensuring succession of the monarch’s son where such questions had previously been subject to careful factional balancing and consensus (Herb, 1999, pp. 99-108). The killing of Saudi journalist Jamal Khashoggi in October 2018 undermined bin Salman’s room for manoeuvre but also led to further authoritarian retrenchment.

The purpose of the following discussion of Muhammad bin Salman’s image projection, as well as his plans to part-privatise the state oil company and build a new megacity is not to provide a definitive explanation of the state restructuring process, nor to evaluate the projects’ success or failure. Instead, I evaluate these plans against their stated aim that they are ‘globalising’ the Saudi economy. I argue that they do not represent a novel opening up of the rentier economy to globalisation but the continuation of previous trends of internationalised expertise, oil corporation management, and urbanism. Different accounts of historical Saudi state formation lead us to ask different questions about Muhammad bin Salman’s political and economic project. If we conceptualise the Saudi state as a neo-patrimonial rentier state, we have to ask whether it will have continued access to rent to feed patronage networks to preserve authoritarian rule. If rent flows were to stop, rentier state theory and its disciplinary sibling – resource curse literature – would predict a tussle between elites and citizens over tax. A ‘rentier fiscal crisis’ would increase the likelihood of democratisation (Luciani, 1994). Henry and Springborg had argued that the domestic structures of Middle Eastern and North African states in general and Saudi Arabia in particular are incapable of facing the challenges and opportunities of globalisation and transform from ‘allocation’ to ‘production’ states (Henry & Springborg, 2010). Commentaries on Muhammad bin Salman’s reforms – including the prince’s own public relations – debate whether he will be able to transform the rentier state’s deficient institutions and ‘Westernise’ them. New York Times columnist Thomas Friedman, who has also written extensively on the inability of Middle Eastern states to ‘adapt’ to globalisation (Friedman, 1999), has emerged as one of the prime cheerleaders of bin Salman’s project (Friedman, 2017). If, by contrast, we regard the rentier state as ‘co-constituted’ between East and West, between internal and external forces, rather than a set of institutions endogenously produced by the coincidence of ‘traditional’ social structures with oil wealth, then the comparison of Saudi Arabia against an idealised version of a European state breaks down. Saudi rulers draw not only on oil and tribalism for the reproduction of their authoritarian rule but also internationally circulating ideas on economic restructuring, finance, urbanism etc. Viewed from this perspective, the Saudi politics seems a lot less exceptional than rentier state theory makes it out to be.

A series of exclusive interviews to American and British newspapers and business publications suggest that Muhammad bin Salman is curating an image as a bold reformer who is willing to transform the rentier state at the head of a ‘developmental’ bureaucratic elite with unlimited powers (Friedman, 2017; Ignatius, 2018; Waldman, 2016). The interviews with the crown prince often take the format of late-night dinners with selected journalists, surrounded by technocratic advisors. Journalists paint an idealised picture of bin Salman as the tireless driver of change with a ‘restless intellect and no patience for bureaucracy’ (Waldman, 2016) who pushes Saudi civil servants to deliver on his goals. Bin Salman makes a populist appeal to the youth of Saudi Arabia, fulfilling ‘what he calls his generation’s “different dreams” for a postcarbon future’ (Waldman, 2016). He claims to be taking on vested interests that hold Saudi Arabia back: conservative religious elites and corrupt business elites. In Henry and Springborg’s (2010, p. 9) nomenclature, bin Salman could be classified as a ‘globaliser’ facing off against a coalition of ‘moralisers’ who seek to keep Saudi Arabia insulated from globalisation. I will argue that bin Salman’s ‘globalising’ is hardly as novel as he claims by showing that his initiatives have a long pedigree and merely echo long-established practices of the ‘internationalised’ rentier state.

Bin Salman reversed measures introduced to placate Saudi Arabia’s powerful religious establishment. Saudi Arabia is to allow cinemas and a number of music concerts have taken place. Women have gained the right to drive and bin Salman also reduced the powers of Saudi Arabia’s religious police (Waldman, 2016). Paradoxically, the women’s rights activists pushing for the right to drive were subsequently jailed to show that the initiative for reforms remains firmly with the monarchy, not society (Kinninmont, 2018). Bin Salman’s is a ‘revolution from above’ and any new rights come at the pleasure of the monarchy. Bin Salman faced off not just with the country’s clerics but also its business elites. In November 2017 the regime jailed more than 200 Saudi princes, officials, and business leaders in Riyadh’s Ritz Carlton hotel, including high profile figures such as billionaire investor Walid bin Talal. The tycoons and princes had to hand over allegedly ill-gotten assets to the state to regain freedom. The Saudi state hoped to recover $100 billion in assets (Friedman, 2017). The most concise interpretation of the political import of these dramatic events came from Ali Shihabi, who runs a think tank in Washington DC and is a committed defender of Saudi policies under Muhammad bin Salman in the US media. He argued that the regime focused on high profile individuals ‘pour encourager les autres’:

‘By doing this, the government sent the message to all elites that action will be taken and that nobody is immune, encouraging them all to cooperate with the state in returning assets and to face the new reality that the old order has been replaced with a new one and they had better reconcile themselves to it’ (Shihabi, 2017).

This was ‘as much a political and symbolic act as it is a legal one’ and reform ‘will have to be autocratically managed’:

‘Coercive action and an authoritarian hand, rather than endless debate, discussion, and negotiation with thousands of royals and political, economic, and religious elites, was needed to drive home to these individuals that the monarchy is serious about fundamental reform and that the “old guard” needs to get with the program or face dire consequences’ (Shihabi, 2017)

Again, we encounter the image of an impatient and decisive leader. The theatrics of the Riyadh Ritz Carlton incarceration will sound familiar to students of South Korean history. Two weeks after Park Chung Hee’s 1961 coup, the military jailed thirteen businesspeople and extracted ‘contributions’ to the government from eight of them, before arresting another 120 businesspeople (Haggard, Kim, & Moon, 1990, p. 15). The corporate rent-seeking that had been perfectly normal business practice under previous president Syngman Rhee was now deemed ‘illicit’. Of course, corruption did not end under Park, it merely became more centralised and ‘developmental’ (Kang, 2002; Khan, 1998).

The ideal-typical developmental state is headed by a capable bureaucratic elite that puts growth over all other goals. The knowledge that these civil servants draw on is not purely domestic. South Korea’s Economic Planning Board (EPB), the lead agency of the South Korean developmental state, relied on American directions to construct its turn to export orientation (Cumings, 1984, p. 27). The knowledge that Muhammad bin Salman draws on is, if anything, even more international. The purpose of comparison here is not to see how ‘developmental’ the Saudi state is but to show that both concepts need to be similarly ‘internationalised’: The knowledge to make the South Korean developmental state in the 1960s was procured internationally, while the Saudi rentier state is now similarly drawing on internationally circulating ideas for its post-oil economic strategizing. Neither the developmental- nor the rentier state developed endogenously.

In April 2016 Muhammad bin Salman launched the plan for Saudi economic restructuring dubbed Vision 2030. The plan promises to fundamentally alter state-society relations. State benefits and public employment would be reduced, indirect taxes would rise, and key public services would be privatised (Economist, 2016). The ‘vision’ bears a striking resemblance to a policy paper put together by the McKinsey Global Institute (Abdel Ghafar, 2016). The consultants’ role in planning was considered so great by Riyadh businesspeople that they jokingly re-christened the Saudi ministry of planning the ‘ministry of McKinsey’ (Raval & Hume, 2016). Other Gulf states have produced similar ‘visions’ with support of international consultants such as Booz Allen Hamilton (Government of Abu Dhabi, 2008; Kingdom of Bahrain, 2017). Muhammad bin Salman is drawing on knowledge that is circulating internationally and transmitted by expert consultants. The ‘visions’ of different GCC states bear striking resemblances both in the way they frame the challenge of globalisation – declining oil reserves and the need for employment creation – and their solutions – diversification and privatisation. This recourse to international expertise does not represent a turn away from ‘traditional’ neo-patrimonialism towards globalisation. Saudi rulers have historically relied on international expertise to build the rentier state. Aramco, the US embassy, British advisor St John Philby, the World Bank, and the Ford Foundation are just a few of the Western advisors who have shaped Saudi institutions throughout the state’s history (Hertog, 2007; Saif, 2016; Vitalis, 2009). ‘Vision 2030’ continues this pattern of state formation through international expertise, which remains outside conventional RST analysis.

The centrepiece of Muhammad bin Salman’s economic restructuring is the sale of 5 percent of the country’s national oil company Aramco through an initial public offering (IPO). The sale of Aramco on a global stock exchange has important implications for rentier state theory because it is the institution that brings Saudi oil from the ground to the market. It is the beating heart of the rentier state and its partial sale to international investors appears – at first glance – to be a radical shift towards globalisation. Some Saudis see the move as a sale of the family silver (Waldman, 2016). The Saudi government valued Aramco at $2 trillion, although insiders have doubted this figure (Said, Hope, & Scheck, 2017). The IPO proceeds are to replenish the government-owned Public Investment Fund (PIF), which is to act as a large and highly active sovereign wealth fund (SWF) that will diversify the economy. This sale is not the prising open of a previously purely ‘domestic’ company, it has potential implications to institutions in the buyer’s state, and it has geopolitical implications. Stock exchanges are keen to attract the IPO, which is the biggest of its kind. The two most likely locations for the Aramco IPO are the London Stock Exchange (LSE) and the New York Stock Exchange (NYSE). The dilemmas of the IPO are discussed here to test the claim by bin Salman that the sale was a novel form of ‘globalising’ the Saudi rentier state. At the time of writing, the IPO was postponed indefinitely due to the difficulties discussed below (Raval, Kerr, & Khalaf, 2018).

As the world’s most highly capitalised stock market, the NYSE seems like the natural destination for the world’s largest ever IPO. President Donald Trump has been lobbying the Saudi leadership over the IPO (Raval, 2017). For most of its 85-year history, Aramco was a US company and it retains an American corporate structure. Aramco started life in 1933 and came to be owned by a consortium of US oil companies. Nationalisation dragged on from 1973 to 1990 in order to avoid any disruption to the company’s functioning (Goldberg, n.d.). A sale on the NYSE would thus represent a partial return to status quo. And yet it would also profoundly change Aramco’s governance. New York’s stringent reporting requirements and the protections of small investors are anathema to Aramco’s culture of secrecy. For instance, Aramco does not publish the exact numbers on proven oil reserves that NYSE requires of oil companies (Bullock, et al., 2017; Raval, Johnson, & Fontanella-Khan, 2017). The London Stock Exchange (LSE) has tried to exploit this. Prime Minister Theresa May has been lobbying the Saudi government to hold the IPO in London (Elgot, 2017). The UK Financial Conduct Authority (FCA) is set to create a new listing category for Aramco which softens the rules on government-owned entities wanting to be listed on the London Stock Exchange. Critics have argued that this would dilute stringent requirements previously brought in to avert the recurrence of high-profile scandals (Binham, McCrum, & Murphy, 2017; Binham & Raval, 2018). The UK exit from the European Union (EU) curtails the rights of the City of London to offer financial services across the EU. The British state and economy are facing years of restructuring and transformation and the City must seek new business beyond the EU. This creates strong pressures to accommodate Aramco by diluting listing rules. The Aramco listing therefore not only modifies the institutional architecture of Saudi Arabia but potentially also of the United Kingdom. The British state, too, is co-constituted between East and West.

The funds raised by selling the Aramco stake are set to finance investment abroad and at home. The most high-profile project is a megacity on the Red Sea coast. Saudi Arabia seeks to attract a total of $500 billion from international investors and the PIF to construct a new metropolitan area dubbed NEOM (Economist, 2017). It is to be an internationalised city governed as a special economic zone outside of Saudi legislation. There is a strong focus on technology and automation. Bin Salman claims this as a transformation of rentier state practices but it is better understood as an intensification of existing ones. International urbanism has been at the heart of Saudi state building since at least the 1960s. When rapid urbanisation came to be considered a threat to stability, the Saudi government brought in Western urbanists with an eye to controlling increasingly unruly urban populations to redesign Riyadh (Menoret, 2011). Internationally inflected urbanism is a key development strategy of the Saudi regime. Allocating land rights to cronies is a way for rentier states to distribute patronage (Beblawi, 1990, p. 90). Internationalised urbanism and the rentier state interlock.

NEOM attempts to mimic what Sassen (2001) had called ‘global cities’. If, as Brenner writes, this neoliberal urbanism creates ‘new state spaces’ (Brenner, 2004) to govern accumulation at the urban scale, then ‘actually existing neoliberalism’ (Brenner, 2002) in Saudi Arabia creates ‘new rentier state spaces’. Saudi Arabia’s neoliberal urbanism did not start with NEOM. Before becoming king, Salman was using the governorship of Riyadh as his power base (Bsheer, 2018b). He reshaped the capital through a powerful institution, the Arriyadh Development Authority (ADA). Such powerful and democratically unaccountable agencies are common features of neoliberal urban governance both in Europe and elsewhere in the Arab world (Baumann, 2016; Bogaert, 2018; Hourani, 2014; Swyngedouw, Moulaert, & Rodriguez, 2002). Nor is NEOM the first new Saudi megacity. Launched around 2006, King Abdallah Economic City was one of six newly designed cities that were meant to diversify the Saudi economy. The project was budgeted at $30 billion, was meant to attract foreign investment, create 1.3 million jobs, and add $150 billion to GDP (Al Omran, 2018). It is considered a failure and now has only 7,000 inhabitants. NEOM does not open up the rentier state, it merely continues existing trends of neoliberal urbanism prevalent in Saudi Arabia and across the Gulf. After the killing of Saudi journalist Jamal Khashoggi, several international partners distanced themselves from the project, while local contractors have started building royal palaces on the site (Kerr & Raval, 2018).

**Conclusions**

Muhammad bin Salman’s public relations campaign seeks to establish him as a visionary leader who strategizes for Saudi Arabia’s post-oil future, confronting corrupt Saudi business elites and the clerical establishment. This echoes to binaries mentioned in the rentier state literature, between globaliser/moraliser (Henry & Springborg, 2010, p. 9) and Tilly-an war-making state/rentier state (Schwarz, 2008). These distinctions are reproduced by journalists who uncritically accept bin Salman’s self-characterisation as a ‘globaliser’ who is set to transform the state along the lines of Western economic development (Friedman, 2017; Ross D. , 2018). The underlying assumption is that bin Salman ‘globalises’ Saudi Arabia’s closed rentier state. The crown prince’s flagship projects do not represent a novel opening up to globalisation of a previously closed economy but hark back to a long tradition of the co-constitution of the Saudi rentier state between East and West, internal and external influences: Reliance on international consultants, Aramco as an international entity, or urbanism oriented on global templates. Bin Salman’s globally procured techno-modernism and petro-urbanism are unlikely to replace the authoritarian rentier state, they are set to entrench it further. In order to understand the current Saudi restructuring, the rentier state concept needs to be ‘internationalised’. In doing so, this article has drawn on the internationalisation of the developmental state concept for its inspiration, highlighting the need to pay attention to colonial legacies and American-dominated global capitalism.

Historians and anthropologists have been more attuned to ‘the international’ in the making of modern Saudi Arabia than political scientists. As such, I have drawn on their writing about the role of foreign corporations (Vitalis, 2009), urbanism (Menoret, 2011), and the environment (Jones, 2010). In addition, international historical sociology has developed a theoretical toolbox that can make an original contribution to this debate and defy Eurocentric institutionalism. It includes contrapuntal histories (Barkawi & Laffey, 2006; Chowdhry, 2007), uneven and combined development (Allinson & Anievas, 2009; Davidson N. , 2009; Rosenberg, 2006), and passive revolution (Gray K. , 2011; Hesketh, 2017; Morton, 2007). These have been applied to various Middle Eastern states, most prominently Iran (Matin, 2015), Jordan (Allinson, 2015), and Egypt (Roccu, 2013). International relations scholars should reach into this toolbox to ‘internationalise’ the history and the current reality of rentier state formation in Saudi Arabia and the Gulf.

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