

Saudi-U.S. Relations

Information Service

Item of Interest

July 20, 2004

Saudi Society, Reform and Terrorism By Dr. Haifa R. Jamal Al-Lail

Editor's Note:

Dr. Haifa Al-Lail, Dean of Effat College in Saudi Arabia, recently shared her views on developments in Saudi Arabia and the relationship between the Kingdom and the United States. In her comprehensive presentation she provided insights into the reforms underway, the joint U.S.-Saudi war on terrorism and the benefits that have been enjoyed by both countries through the 50-plus year strategic alliance.

The Saudi-U.S. Relations Information Service would like to thank Dr. Lail for permission to share her speech with our readers. Dr. Lail presented these remarks to the Norfolk World Affairs Council on May 31, 2004.

Saudi Society, Reform and Terrorism By Dr. Haifa R. Jamal Al-Lail

Dr. Haifa R. Jamal Al-Lail: Ladies and Gentlemen, it is indeed an honor to be here today, and it is a pleasure to be able to speak to you about my country, Saudi Arabia.

To understand the challenges my country faces, it is necessary to understand that the critical force in our history has been, and will continue to be, the dynamic between our tradition and our modernization. This dynamism is our brand of political and social evolution and our brand of reform.

We are the epicenter of the Muslim world. The historic relationship between our government and Islam is crucial. Our role as Custodian of Mecca and Medina is central to all that transpires in the Kingdom. We focus tremendous resources on the annual pilgrimage, or hajj. An entire ministry is devoted to the pilgrimage alone. Over two million Muslims perform the hajj pilgrimage each year. The government has built billions of dollars worth of infrastructure at the hajj locations, and it ensures that militant political activity does not desecrate this joyous occasion. One cannot overestimate the size of this task or the strength it gives the Saudi government at home and in the Muslim world.

It is also necessary to understand the centrality of the royal family is also central to our

evolution. The Al-Sauds are the nucleus of Saudi society, and they are past masters at the interplay between our rapid modernization and our culture.

Our modernization in the last few decades has been enormous. The government has presided over a rapid transformation from a nomadic society to an industrialized nation. In 1950, 16% of the Saudis were urban, and today the number is 85%. In 1970, we had 199 factories, and today we have 3,300. Since 1950, we have built 26,000 schools, over 100 colleges, 8 universities, and we have one of the world's best teacher/student ratios.

What has allowed us to preside over one of the most massive modernizations in human history? Our system of government.

Our material progress is a direct result of our governing technique, and at the center of our system is the Al-Saud family and its historical relationship with the conservative and deeply religious population.

According to our belief, a ruler is obliged to work for the good of society, and his actions are closely scrutinized. In present day terms, working for the good of society means providing modern social services, progressive economic programs and jobs. Therefore, our people demand that our government engage in the very modernization that so many Western critics of the Kingdom constantly repeat we are dead-set against.

Over the past 60 years, the government has amply demonstrated a unique ability to reform the Kingdom from a tribal desert land into an industrialized society. This same system will actually propel us to reform our government structure more as Saudi Arabia responds to the needs of its citizens and the demands of globalization.

I would like to emphasize that our approach, our evolution, is indigenous. First, our character, our culture and our religion all demand evolution, not revolution.

Second, our government, and particularly the Al-Saud family, reflect the people's values. The royal family's roots go back for more than 300 years. It is deeply connected with the population by marriages, political alliances and shared culture. The Al-Sauds are a national institution and a necessary unifying force.

The Western pundits and press often predict that the Kingdom of Saudi Arabia will fall like the Shah's regime in Iran, but a comparison between our Royal Family and the Shah of Iran is very instructive.

- The Shah was an isolated individual with a small family and small political clique, who had very shallow roots in Iran. The Saudi royal family's roots go back for 300 years. It is deeply woven into the population. The royal family is a national institution.
- The Shah's "White Revolution" pursued rapid Westernization regardless of popular opinion. Saudi Arabia's approach is sensitive to its conservative way of life. The country has pursued modernization without sacrificing its values.

- The Shah was, at best, indifferent to the religious leaders. The Kingdom has a long-standing alliance with its religious establishment.
- The Shah's monolithic leadership style offended the moderate Iranian intelligentsia. Saudi Arabia's intelligentsia and technocrats participate at the highest level of policy making.

This certainly does not mean we are without flaws. We want and need reforms on many levels.

Let's look at administrative and business reforms. First, there is the Council of Ministers. This body was formed in 1953, and at the present time, there are 27 ministers. It is the final authority for the nation's financial, executive and administrative affairs.

A year ago, there were five new ministers appointed to the Council, and every single one of these gentlemen were educated in the West .. in England, America and Germany. In fact, three of the five have PhD's from Western universities. We have more American PhD's in our cabinet than have ever existed in a U.S. cabinet. And, these technocrats provide our Ministers of Finance, Petroleum, Health, Planning, Industry, Water, Commerce, Information, and Labor.

The Saudi government has taken action on administrative reform. In order to move the structure to a completely new level of efficiency, the government created series of administrative committees.

- The new private Human Rights Commission.
- The National Dialogue, which has formalized the discussion on virtually every social issue in the Kingdom.
- The Ministerial Petroleum Committee, which ensures our long-term goals of oil-price stability are acted upon.
- The High Commission on Tourism, which is opening the country to foreign visitors and is a terrific investment opportunity.
- The General Investment Authority, which is a one-stop-shop for foreign investors.
- The Supreme Economic Council, which has taken the bit firmly between its teeth and continues to fast track transparency, equality and diversification. For instance:
 - The Kingdom's new foreign investment code gives foreign investors the same incentives as Saudi Arabians. Foreigners can own real estate. Foreign companies can qualify for soft-government loans and own 100% of projects.
 - There are more attractive tax rates on foreign business profits.
 - This goes hand-in-glove with Saudi admission to the World Trade Organization (WTO), which would be a watershed in market liberalization. In gaining

admission, an entire basket of trade initiatives would ensue including lower tariffs, negation of tax differentials and increased market access to the financial and communication sectors.

- Moreover, the Supreme Economic Council is focusing our energies on privatization in order to encourage new investment. Sectors now open to privatization include mining, insurance, higher education, telecommunications, civil aviation, desalination, highway management, electricity, postal services, mobile phones, railways, and many more.
- For instance a high-level Health Service Council is being formed to prepare a strategy for health care privatization. It is anticipated that some state-run hospitals will be sold or rented to the private sector in order to improve services and efficiency.

These administrative committees have resulted in the creation of many new laws, such as those on insurance, on the financial markets, on foreign taxation and on intellectual property rights. A large number of civil societies have also been organized including one for attorneys, for journalists, environmentalists and so forth.

And, our economic reform seems to be working. In 2003, our GDP rose by 6.4%, while our population rose by 3.8%. The private sector contributed 45% to our GDP and represented about 3% of our 6.4% GDP growth.

Back to our administrative reform, we have the Consultative Council, or the Majlis Al-Shoura. This is a group of experienced citizens who report directly to the King. The representatives serve four-year terms and originally were 60 in number, but it has been expanded twice, and there are now 120 members.

The representatives are usually business, civic, academic, community and retired government leaders. The responsibilities of the Majlis include review and comment on all matters of public interest, including the government's performance. However, the Consultative Council is primarily a legislative body, which proposes laws, drafts bills, passes them, and sends them to the Chief of State for signature. He may veto them, but to the best of my knowledge, this has never happened once.

Each of the 13 provinces, which are governed by their governors, has a Provincial Consultative Council. These 13 bodies deliberate on the needs of their respective regions and have budget, development and oversight responsibilities.

Our leaders realize that they need to create new and wider entrée into the political decision-making structure. For instance, Saudi Arabia recently decided to hold its first elections. Let me say that this is a major step for our country. While it may seem that this process is slow to an outsider, to Saudis, the reform is happening very quickly. To quote a Saudi political analyst, "One year ago, just writing about elections was considered an offense."

The only way to promote lasting reform is to develop according to your own indigenous culture. For instance, the notion that democracy must be based on secularism is a new concept and a very

American concept. Saudi Arabia cannot deal with its challenges merely by copying the West. We will progress in a Saudi way and on Saudi terms.

Quiet encouragement by the United States will be far more productive than demands. The wrong sort of pressure from Washington will be very counterproductive. It will trigger suspicion, and it will lead to accusations that reform is merely a concession to Washington.

To be successful in a conservative society like ours, we cannot have a helter-skelter experimental approach. The reforms should:

- Be gradual and cumulative,
- Reflect the needs of the community,
- Be popular, where possible,
- Avoid social upheavals,
- And then be cognizant of the successes and mistakes of other societies.

This balancing approach can be seen in our movement to more freedom of speech and freedom of the press. This is a bit of a conundrum. If you want to permit freedom of expression, you are going to get extremist speeches. So, should we gag the extreme end of our religious establishment? Franklin Graham, Billy Graham's son, stated that Islam is a wicked and violent religion, which does not worship your God. Ann Coulter called the Prophet Mohammed a "demon-possessed pedophile." These are not marginal figures, and what they continue to say is deeply offensive. So, we all have our challenges in this regard. When these renegade Saudi imams make their racist comments, they do not represent the Saudi government or the Saudi people. These gentlemen are called on the carpet when they express hateful opinions, and some have been sent to jail. The government re-emphasized several times that it is not permissible to use mosques to disseminate extremism and hatred nor to provoke or incite people. The government has forbidden that the mosques be used as political platforms, and more than 1,500 clerics who strayed across the line of hate have been re-educated. But, as I suggested, it is a balance between censorship and freedom of expression.

The same phenomena can be seen in our government censorship of the Internet. This is not a case of the glass being half empty or half full but clearly an instance of a full glass indeed. According to a recent U.S. report, only 3% of all Web pages are filtered out, and the overwhelming majority of these are sexually explicit, pornographic, gambling, or drug related. We remain a very conservative and religious society. It is natural that our authorities are a bit protective in the face of new technology. But, look at the positive side, which is that every Saudi citizen has access to the Internet, and the usage is growing by leaps and bounds. We have nearly one million Internet connections now.

On another level, we have freedom of expression and an independent media but not to the extent that you do .. yet. Let's take a look at our media situation:

- First, many people have access to international media sources through television networks, radio stations, and the Internet, so there isn't a news vacuum. In fact, there is one TV set for every three people in the kingdom and over one million satellite receivers.

- Second, as to local media, 60 years ago we had very few newspapers and no magazines. Today, we have many newspapers, magazines, radio stations, and television stations. We are inundated with local media, and there is substantial debate and criticism in our print media. Our media may not be very sensational, but it addresses all issues important to our society.
- Third, look at the articles and editorials that were written in the last year. There is a wonderful opening-up that continues to grow in the Kingdom.

Turning to educational reform, let me be very clear that our education system does not foster hatred of the West, America, or Western values.

We teach our children our Islamic values of peace, compassion and tolerance, not violence or hatred. Over the past 60 years, tens of thousands of Americans have lived safely and securely in Saudi Arabia. English has been taught starting in the 7th grade. Currently, there is a large train-the-teacher program to dramatically increase teachers of English, and the government has decided to introduce English language in the 6th grade, and much of our academic curricula comes from the West. We have schools and universities that instruct students only in English, and we encourage our students to learn Western philosophy and history.

Certainly, we are far from perfect. After 9/11, the government surveyed the school textbooks to screen them for questionable material. Eighty-five percent was fine but 15% was disturbing. So, this part has been changed. But also, please note that the government sends thousands of students to study in the United States and Europe on full scholarships. In 2001, there were more than 5,000 in the United States alone. It's estimated that well over 200,000 Saudis have had education in the United States. This does not sound like a government policy to teach anti-Americanism.

Our educational reform is also driven by our belief that our unemployment has emerged because of a mismatch in skills. We are addressing this through a number of educational means:

- We have made curriculum changes in order to better prepare our students for the job market. We have also looked into our teaching methods. We've established two pilot programs in our biggest cities, and we'll perfect this new program and establish it nationwide.
- We are expanding our technical and vocational education. We are keenly aware that we must train our young people to be truly competitive in today's marketplace. The market requirement is not only for top executives but also for technicians, accountants, welders, plumbers, electricians, and masons. The number of technical and vocational school trainees has risen over 30-fold in the last 30 years.
- And, there are new initiatives in training. One example is a cooperative project between a number of Saudi auto dealers and the Japanese government, which created a two-year technical institute graduating auto mechanics.

- The Saudi business class recognizes that many graduates are not equipped for jobs. They are expanding their dialogue with the education sector, so that market requirements are understood, and there is continuous feedback from the business sector.

However, the job market should also be viewed in context. Seventy years ago, our country relied on yearly receipts from the pilgrimage for our revenue. Commercial employment existed in the smallest way; there were no large, or even medium-sized, businesses. Today, our national income is in the top 16% of the world. This roller coaster ride of development and progress has had its ups and downs, but we are determined to level it off, and we will solve our unemployment through education reform and job creation.

Terrorism has also triggered reform. It is our unparalleled position as the lynchpin of the Muslim world, as Custodians of Mecca and Medina, and as leaders of international Muslim organizations, which gives us a very unique position in the War on Terrorism. We are engaged in a battle against terrorist financing and in a contest of ideas in the Islamic world to combat the bin Laden doctrine. And, this should be no surprise because we have been the victims of terrorism for the last 40 years. In the 1960s, there were bombs in our capital. In the 1970s, Carlos the Jackal kidnapped our oil minister, our embassies were attacked, and a group of fanatics took over the Holy Mosque in Mecca. In the 1990s, Al Qaeda and bin Laden struck at us before striking at America. And now, most Al Qaeda attacks are either against Americans or Saudi Arabians or a common interest of our nations.

Accordingly, we have engaged in a massive reform program, which has instituted an impressive arsenal of new laws and regulations that combat terrorists and terrorist financing.

- We are working closely with your government to shut-down charity organizations, which support Al Qaeda and have had several successes with more to come.
- We have established a Financial Intelligence Unit, which is the nerve center for analysis and information exchange on suspicious financial transactions.
- We have established the National Saudi Society for Relief and Charitable Works Abroad to oversee our charities overseas.
- We have implemented strict “know you customer” rules at banks.
- We have restricted charities to one bank account and no cash payments.
- We have reigned in the informal money transfer services used by foreign workers.
- We have even taken the collection boxes from our mosques and shopping centers.

And, our war on terrorism has given our people more confidence, not less. For example, during the April 21st terror bombing in Riyadh, our stock market was stable, and on April 22nd, the market went up.

In conclusion, let me stress that Saudi Arabia and the United States have been allies and friends for more than 50 years, and we must examine the benefits of this alliance before we cast it aside. Traditionally, the basis of our relationship has been oil, trade and strategic cooperation. With regard to the first, the Kingdom has been a leader in ensuring an uninterrupted supply of oil. The Kingdom has long held the view that unstable energy markets and unrealistically high prices are very harmful. For example:

- Saudi oil was used to rebuild the economies of Europe and Japan after World War II and thereby contributed to the thwarting of communist ambitions.
- Even during the 1974 oil embargo, Saudi Arabia continued to supply U.S. troops in Vietnam.
- During the Iranian Revolution and the Iran-Iraq War, the Kingdom played a crucial moderating role by increasing production.
- During the 1990-91 Gulf War, Saudi Arabia ramped up its production once again in order to stabilize the oil market. As a result, oil prices were lower when the allied troops attacked than when Saddam originally invaded Kuwait.

In 2003, the Kingdom kept the petroleum market steady when a series of events conspired to raise prices: civil unrest in Nigeria, a workers strike in Venezuela, a huge power blackout in the United States, the Arizona pipeline rupture, and your invasion of Iraq. The price of oil dropped from \$37 a barrel seven days before the invasion to \$26 a barrel two days after the invasion because of market intervention by the Kingdom.

With regard to trade, Saudi Arabia is the largest market for the United States in the Middle East, and Saudi private investment in the United States exceeds \$500 billion. Saudi Arabia is ranked the 25th largest importer/exporter worldwide, and in 2002, trade between the Kingdom and the United States amounted to \$18 billion. U.S. companies are the largest foreign investors in the Kingdom, with over 280 Saudi-U.S. joint ventures.

Our strategic relationship has a long history of success:

- During World War II, the Kingdom was an important way station for the allied effort and supply route for lend-lease.
- During the Cold War, the United States and the Kingdom were allied against all the communist regimes and many rebel movements in the Middle East and worldwide.
- During the 1960s and 1970s, Riyadh and Washington worked hard to contain socialist revolutionaries and their pro-Soviet allies.
- In the 1980s, under the leadership of President Reagan, God bless him, the two countries were joined-at-the-hip in their efforts to defeat the Red Army in Afghanistan and to

prevent the export of so-called Islamic Revolution.

- In the 1990s, the U.S. government and Saudi Arabia had a very effective alliance during *Desert Shield* and *Desert Storm* and allowed American pilots to maintain the southern “no-fly” zone over Iraq from our Prince Sultan Air Base.
- During the most recent campaign in Afghanistan against Al Qaeda and the Taliban, all U.S. flights were under command and control of U.S. forces at Prince Sultan Air Base in the Kingdom, and this comprised about 80% of the American contribution to the initial campaign.
- In the most recent war on Iraq, Saudi Arabia gave America the necessary support through military and economic cooperation:
 - The Kingdom gave the United States the necessary support through military and economic cooperation, including access to Prince Sultan Air Base and two other bases.
 - U.S. and Coalition aircraft launched attacks, reconnaissance flights and intelligence missions from these three Saudi bases.
 - Search and rescue missions were staged from our soil.
 - The key architect of the U.S. air campaign in Iraq, General Michael Moseley, called us “wonderful partners.”
 - The Kingdom deployed troops to Kuwait for its protection.
 - We gave massive support to Jordan to offset the cost of war.
 - We kept the price of oil down.
 - And, we did all this without asking for incentives or rewards.

In the continuing War on Terrorism, we are fighting Al Qaeda in our country every day. Our campaign will not quit until we have destroyed the terrorists. As for cooperation, the American administration has said time and again, there’s nothing they have asked for in the War on Terror that they have not gotten from Saudi Arabia. Hand-in-glove, we can prevail. This is not a clash of civilizations; it is a battle between those who are civilized and those who are terrorists. We must win this together.

Thank you.

ABOUT THE AUTHOR

Dr. Haifa R. Jamal Al-Lail graduated with a B.A. in business administration from the King Abdul-Aziz University in Saudi Arabia. She went on to receive a master’s degree in public administration and a Ph.D. in public policy from the University of Southern California. She recently completed a fellowship in “Making Corporate Boards More Effective” at Harvard Business School. She is the current dean of Effat College in Saudi Arabia.

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