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Saudis Fight Militancy With Jobs Private Posts Formerly Held by Foreigners Are Offered to Locals By Scott Wilson, *Washington Post* Foreign Service

The government of Saudi Arabia is drawing on a multibillion-dollar oil windfall to place hundreds of thousands of young Saudis in jobs traditionally held by foreigners, betting that greater economic opportunities in the kingdom will counter the rising Islamic militancy challenging the royal family.

Millions of dollars are flowing into job-training, technical schools and cash incentives for Saudi companies to hire local citizens. In a process known as "Saudization," some of the foreigners who have long been the backbone of the kingdom's private-sector labor force are returning home.

The new approach was on display this week at the grand opening of the Azizia Mall in downtown Riyadh, where Saudi men in head scarves and black-cloaked women were strolling along cool marble aisles, holding cups from Seattle's Best Coffee and wandering past a McDonald's, sporting goods stores and boutiques.

In former days, a Filipino, Indian or Pakistani might have greeted these patrons at the mall's information kiosk. But at this mall, it was Hamad Anazi, a 27-year-old Saudi wearing the customary floor-length white tunic and red-checked head scarf, offering a quick smile and a glossy map of the new mall.

With a university degree in computer science and ambitions to match, Anazi is among the 350,000 Saudis entering the job market each year, many of them concerned about their prospects. He holds this job, which he hopes will lead to one in computers, in part because the government pays half of his \$1,200 monthly salary as an incentive to his employer to hire Saudi nationals.

Starting with the oil boom in the 1970s, income from foreign energy sales provided cradle-to-grave security for Saudi citizens, mostly in the form of government jobs and lavish education and health benefits.

But those days have ended, as the kingdom's population has grown faster than its ability to provide public-sector jobs and other entitlements enjoyed by the previous generation.

"Saudi guys right now are angry, frustrated because many have training but no place to work," said Anazi, whose father retired from a police career on a comfortable government pension. "If you don't have a friend who can help you, you have to take whatever you can."

A Matter of Security

Across the Middle East, millions of young Arabs are struggling to break into stagnant job markets. Political analysts say this mismatch is starting to generate pressure that could bring governments down if they're unwilling to reform economies hobbled by cronyism, Byzantine regulation and rigid state control.

The problem is particularly acute in this resource-rich country of more than 25 million people, where many have long viewed work as something done by others. The government is struggling to provide economic possibilities for the 60 percent of the population under 18 years old.

After bombings and shootouts this year that have killed about 50 people in the kingdom, the Saudi government has come to view putting more of its people to work as a matter of national security. With oil prices hovering near a two-decade peak, it is putting some of the new income into a languishing campaign to recast the labor market with a Saudi face.

"I believe that not being able to get a job for young Saudis will lead to disaster, whether in security or moral terms," said Saleh A. Aboreshaid, the development director at the government's General Organization for Technical Education and Vocational Training, whose budget is blooming.

Economists estimate that the Saudi government, which receives 80 percent of its revenue from oil sales, will post a \$35 billion surplus this year, almost all of it due to higher oil prices. Next year, much of that money will be used to pay down the government's domestic debt, repair roads and schools that were built during the last oil boom, purchase U.S. Treasury bonds, and finance the rising cost of defending the royal family's rule from armed Islamic radicals.

But Saudi officials say a healthy portion of the money will also go to the Human Resource Development Fund, which subsidizes the salaries of as many as 30,000 Saudis each year as an incentive for companies to hire them. Technical and vocational-training institutes will build 59

new campuses, doubling the number of annual graduates in fields such as cosmetology, computer programming, meat cutting and plumbing to 200,000. Nearly all jobs in those fields are currently held by foreigners.

Underscoring the government's commitment to the program, Crown Prince Abdullah, the kingdom's de facto ruler, announced plans last week for a series of national forums exploring "youth aspirations." All employment issues have been consolidated under Labor Minister Ghazi Gosaibi, a noted reformer and writer who is a close ally of the ruling prince.

The campaign to bring Saudis into the workforce officially began in 1995 with a royal decree that private-sector companies must replace 5 percent of their foreign workforce each year with local nationals. The program contained few reforms to create jobs in the private sector, long dominated by the Saud royal family and a small number of privileged families close to it. Rather, the focus was on clearing foreigners from existing jobs to make room for Saudis.

Today, just 13 percent of the private-sector workforce is Saudi, or roughly 800,000 people, far below the 45 percent that was the goal for this year, say government officials, who began enforcing the law strictly only early this year.

A government paycheck, once nearly an entitlement of citizenry, is now available to only 25,000 to 30,000 young Saudis a year, or about 10 percent of the people entering the job market each year. "That skewed their expectations -- a secure job with an easy workload," said Abdel Aziz Abu Hamad, a Saudi who is the director of economic integration for the Gulf Cooperation Council, the alliance of six Arab Gulf states based in Riyadh. "And no one wanted to work in the private sector."

Such attitudes have helped keep the official Saudi unemployment rate at 10 percent, although economists say it is more than three times that for Saudis under 35 years old and even higher for Saudi women, who are seeking a larger economic role in society as wages decline in inflation-adjusted terms. But the Saudi government only measures employment within the pool of Saudis who say they want jobs or have one; a pro-government survey three years ago found that that group consisted only of half the citizens of working age.

Meanwhile, the government continues to push the number of foreign workers down. Recently, it announced a measure limiting the number of new visas available to these workers, who number 8.8 million and send roughly \$20 billion a year to families in their home countries. Plans call for the number of foreign workers to fall over eight years to 2 million, with nearly all of them in menial jobs that Saudis will not do or technical ones that citizens are not trained for.

The decision drew sharp criticism from many business owners, who have come to rely on the cheaper labor and vigorous work ethic of the foreigners. But a Western diplomat based in Riyadh described the effort as "a major change in the way they do business." It's already noticeable at hotel reception desks, supermarket checkout lines and other front-line service jobs, the diplomat said.

Breaking a Cultural Stigma

From a stark office near the women's mosque in the new Azizia Mall, Fahad Deghaither promotes the Saudization program throughout the vast holding company that owns the shopping center, Al Azizia Panda Co. He is vice president for real estate development; the company's largest shareholder of the company is the Saudi prince Waleed bin Talal.

Soon after the Saudization decree was issued, Deghaither, who worked as a bagger at a Safeway supermarket in Portland, Ore., during his college years, sought Saudis to be cashiers in the company's grocery stores. But he could not find any willing to take the jobs.

One day, he brought in his 14-year-old son and put him to work bagging groceries. "I needed to show them it was good enough for my son," Deghaither said. "It was cultural more than anything. They just didn't think these jobs were something they should be doing."

Deghaither said he hired 60 Saudis that summer. Of those, 30 are now store managers and three others have opened their own businesses and are supplying his companies. "Now we have butchers, bakers and baggers who are Saudi," he said. "Six years ago, this would have been unheard of."

Of the mall's 130 employees, all but the cleaning crew and the technical staff are Saudi. To deepen the effort, Deghaither's company has opened its own training academy. He noted that the academy's director has a background in psychology -- a requirement, he said, because much of the challenge in hiring Saudis is overcoming the cultural stigma attached to menial work.

"But I must say now there is much less of this," Deghaither said. "The Saudis are coming."

But the frustration is palpable among many Saudis who cannot find a job in their chosen fields. As oil revenues dipped through the 1990s, so did education budgets. Cash-strapped universities rarely opened new science departments, preferring less expensive programs such as Arabic studies, geography and other liberal-arts programs.

Saudis who studied those subjects are having trouble finding their footing in an increasingly technology-driven economy.

"The bottom line is that there are not a lot of degrees that will lead you to a job," said Mansour Outhaa, 30, who works for the government of the northwest province of Al-Jouf. "After the oil boom, work just didn't matter to us, and now the work available brings us no personal value."

Outhaa's father, like many Saudis of his generation, worked for the government, holding a coveted spot at the state-owned oil company Saudi Aramco. But Outhaa, who holds a political science degree, said the prospects for him and thousands of Saudis with similar training to find jobs in their fields are tied to the government's willingness to embrace political reforms.

"In the long term, the bottom line is that a new constitution and democracy is the solution," Outhaa said.

A stroll through the Azizia Mall clearly reveals the line between what Saudis are willing to do

for now and what they aren't. At the HyperPanda Supermarket, Saudi cashiers ring up long lines of shoppers. Next to them, in blue jump suits, Indians and Pakistanis bag the groceries.

"We don't need to Saudi-ize the entire job market," said Aboreshaid, head of the vocational program. "But our goal is to get jobs for our kids."

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