

Book Review



✓ Ragaei El Mallakh, *Saudi Arabia: Rush to Development* (London: Croom Helm, 1982), 472 pp.

Saudi Arabia: Rush to Development is a comprehensive survey of the Saudi Arabian economy and the Saudi government policies shaping and directing its development. While historical materials are presented for earlier periods, this book concentrates on the period from 1970 to 1980, a period that coincides with the first two development plans and the introduction of the Third Development Plan (1980–1985). This book will be very useful to persons who are not familiar with the Saudi Arabian economy. Ragaei El Mallakh is Director of the International Research Center for Energy and Economics at the University of Colorado. He has used his wide range of contacts in Saudi Arabia and the resources of the Center to provide a comprehensive look at the Saudi economy.

The book is more descriptive than analytical. The analyses that are presented tend to be of others who have worked on particular sectors or aspects of the Saudi economy. The book performs a service by presenting these in one volume and by then relating them to the overall performance of the economy. In this regard the book will be interesting reading not only for those interested in the Saudi economy but also for those who would like to understand the process of development in a setting peculiar to the major oil-exporting nations.

The strength of the book is that it concentrates on the essential and persistent elements of government policy and of the economic development of Saudi Arabia. While the attention of most to the Saudi economy began in the period after the OPEC pricing decisions of 1973–74, Saudi Arabia was then completing its First Development Plan and preparing the second. Since Saudi development policy predates the first plan and encompasses most of the period of the 1960s, a much better picture of development policy emerges when this earlier period is integrated into the developments after oil revenues jumped. Those who were familiar with this earlier period in Saudi development policy were less surprised than others by the massive expenditure programs that followed the increase in revenues. The book understands and describes this continuity of Saudi development policy.

Two limitations of the book are acknowledged in the introduction and are familiar to those who study the Saudi economy. One is the lag in the publication of statistical data; most of the data presented in this book are available only through 1979. Second, because of the dynamic character of the Saudi economy, which has experienced such rapid changes, and because of the fluctuations in the prices and output of petroleum, events in Saudi Arabia can quickly overtake the emphases of existing studies. Two examples illustrate the problems. The strategy and projects of the Third Development Plan were formulated with financial constraints that assumed oil revenues consistent with oil priced in the range of \$14 to 18 per barrel. A foreign manpower constraint was imposed by assuming an increase for foreign labor of only 1.2 percent per year during the 1980–1985 period. Both constraints were abandoned with the increase in spending that accompanied the doubling of the price of oil

when the Third Development Plan was initiated. Second, in 1983 a principal issue is how development policy must adjust as the economy copes with lower levels of oil production and revenues. Lower levels of production have special significance for the major projects at Jubail and Yanbu that rely on associated natural gas for fuel and feedstocks. As oil production has decreased so has the availability of associated gas. The Saudis have begun to develop resources of nonassociated gas, but they will not be available at the earliest until 1985. Because of the timing of the publication of this book, these and related issues are not considered in this study.

Donald A. Wells
University of Arizona;
University of Petroleum and Minerals