Saudi Arabia Neoliberalism Theory in International Relations

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Abstract. For the purpose of this essay, we will look at how Saudi Arabia's admission to international organizations has caused a significant shift in the country's ability to become a better nation. Saudi Arabia's oil sector, which is the largest in the world, has supplied the Kingdom with a number of benefits. The fact that Saudi Arabia earns a considerable amount of recurring foreign currency income, which can be used to enhance the Kingdom's economic growth and the well-being of its population, is undoubtedly the most crucial factor. When it comes to international relations, Saudi Arabia is studied through the perspective of Neoliberalism. A piece of work titled *Neoliberalism and International Organizations* is applied in this essay to examine the dominant political theory driving international relations today. When it comes to international relations and politics, the ideology of neoliberalism has been a relatively outspoken option, as indicated by the readiness of nations to collaborate and to expand their own sphere of influence into other countries' spheres of influence. Aside from that, during the last 30 years, the governance of international cooperation to confront the most serious global crises, such as the forced migration crisis and the global financial crisis, has improved in terms of efficiency and effectiveness. In order to effectively manage regional governing bodies, it is necessary to grasp the decision-making process. By becoming members of organizations such as the World Bank, the World Trade Organization, and the Foreign Direct Investment (FDI), these organizations have demonstrated their ability to make significant advances in either the condition of international relations or the economic position of the country in which they are active. According to this assessment, the neoliberal theory of international relations is a valuable tool for understanding the dynamics of international organizations, as well as the dynamics of international conflict and cooperation in general.

Keywords: Saudi Arabia, Neoliberalism, Accession, International Organizations, Benefits

1. Introduction

During the last twenty years or more, the idea of "neoliberalism" has gained broad acceptance in both political and intellectual discussions. For example, modern economics' inescapable facts underpin neoliberalism, which promotes itself as a system founded on these principles. The Wealth of Nation was written by Adam smith as a corruption and conscience mercantilist state, which got its income from taxing commerce and licensing monopolies and attempted to defend by maintaining an expensive military system and fighting costly wars. ‘Zero-sum game’ theory was the theory that backed up the state's actions in which force and fraud are used to extract as much value as possible from a deal in which neither side stands to earn or lose [1]. However neoliberalism is absolute gain thus this not a ‘zero sum game’.Neoliberal theories about international relations became more complex and rich in the 1990s. Keohane was a supporter of multilateralism, which meant working together with three or more countries at the same time [2]. This neoliberal framework looks at how rules and power play a role in an institutionalized environment and how International Organizations (IOs) can be agents in that environment, too. In international relations neoliberalism institutions argues for the maximum of overall economic revenue as a goal thus improving states economics. According to the hypothesis, this may be accomplished automatically via the use of market mechanisms through cooperation and opening up the market.

Saudi Arabia's accession to IOs is consistent with Neoliberalism's philosophy of international relations. Saudi Arabia benefited far more from membership in IOs than it did from non-membership. In Saudi Arabia, neoliberalism is defined as individual liberty; private ownership rather than state

ownership; and a free economy that results in a strong state that resolves disputes. Saudi Arabia was open to its free market, private property, collaboration, and capitalism, citing the protests of authoritarian politics, economic liberalization, and the roots of the revolt from the 1970s forward as examples of neoliberalism emerging. Saudi Arabia, as a valued partner in the World Bank's efforts to diversify away from oil and re-establish a renewed social contract, has also developed into a significant development partner for the World Bank through RAS. Additionally, Saudi Arabia's accession to the WTO in 2005 benefited Saudi Arabia in a variety of ways, including neutralizing its interactions with other nations that profit from free trade and are more open to freedom of movement, providing a more inclusive passport with greater visa privileges. On the other side, due to religious issues, imports of pork, cigarettes, and alcohol are subject to a 200 percent tax (GCC tariffs).

Specifically, the goal of this study is to investigate how Saudi Arabia used the neoliberalism theoretical lens to its international relations. The first section of this article will focus on how neoliberalism theory and IOs have shown the usefulness of collaboration in IOs. The second portion of the article discusses how Saudi Arabia's economic status has changed since it joined the World Bank and began receiving financial aid. At the end of this piece, we'll show how Saudi Arabia's willingness of accession into WTO has been beneficial to its economy and society overall.

2. International organizations and neoliberalism theory

IOs diversifies a states, the full name of IOs is International government Organizations and it also includes Non-governmental Organizations [3]. The popularity of IOs in recent times has proved their effectiveness in resolving foreign challenges for the country. Relations are cordial in a variety of areas, from peace discussions to shipping and postal services. Two characteristics highlight their value as topics of study for students of international relations other than state relations: first, their low death rate; and second, IOs may form new IOs outside of treaties between nations. The foundation of neorealist theory in international relations is that governments in a state of international anarchy would unavoidably be self-interested, power-seeking, and competing players, with essentially no actual chance of success, thus they choose to cooperate with IGOs to a small extend to manner the anticipation [4].

The United Nations, for example, was a peacemaker during the Gulf War, which included several nations, including Saudi Arabia, as war belligerents, and in which Iraq attacked Saudi Arabia as a result of the invasion. The United Nations' armed forces contributed to the establishment of peace [5]. Inspite of the fact that the task is frequently dangerous and extremely difficult, the United Nations maintains a permanent operational presence in order to monitor developments, maintain critical lines of communication between the groups, and devise innovative methods to aid in the recovery effort.

Neoliberalism is the fundamental assumption of government interference in the economy, and the interaction between the market and the government is the only source of bad economic performance. In order to secure the development and prosperity of the market economy. With no price controls and no restrictions on capital, goods, or services moving freely across the market, the implication is that “an unfettered market is the best strategy to promote economic development and advancement, which would benefit everyone in the long run [2].”Neoliberal thought is rooted in the classical liberal tradition, which was originally articulated by Adam Smith in the 18th century [1].A number of modifications in the interaction between societies and governments are advocated by neoliberalism in order to attain the increase in economic. Some example given were: Firstly, increasing market size by eliminating government policies that interfere with the market. Secondly, tax reduction and resource reduction by inefficient government, with the proceeds channeled to private investors in order to form capital. Lastly, privatization through the sale of public property to private economic agents [6]. This was a form of neoliberalism theory, the objective is in which the states open their markets to free trade in order to encourage more cooperation and a zero-sum game known as the 'zero sum game,' in which actors evaluate gain solely in terms of their own profits, was the object of Saudi Arabia's accession into international organizations.

3. Economic development in Saudi Arabia and the world bank

World Bank as one of the three pillars of post-war international economic governance, a quantum leap forward in terms of creativity. Is a big platform for many countries during post-war to its status as a public, multinational agency tasked with steering credit toward developing countries [7]? So as for Saudi Arabia it is a good platform no matter if it is under the circumstances of post war or not. According to available evidence, the Kingdom of Saudi Arabia has played a key role in the World Bank Group since 1957, when the Kingdom of Saudi Arabia became an important member of the International Bank for Reconstruction and Development (IBRD) [8]. Working closely since 1974, when the Kingdom of Saudi Arabia signed a Technical Cooperation Program (TCP) Agreement with the World Bank that created the World Bank office in Riyadh], the Kingdom and the World Bank have been able to achieve significant results [9].

The above evidence showed that The world Bank has stated that Saudi Arabia's joining is successful, however Saudi Arabia also gained from joining of the international organization in world bank; the economic development of Saudi Arabia. Oil output has grown from 60 million barrels in 1946 to 421 million barrels in 1957, as shown by the date presented and over the same time period, the government saw a rise in oil income from 10 million to 308 million [10].In addition, in the trading industry, aside from oil exports, imports of food production and machinery transport equipment were in high demand and did not balance with the earning from oil exports, so with the assistance of the International Monetary Fund in 1958, though there have been difficulties in returning the money, the agreement made with the Monetary Fund had Saudi Arabia pull through and had a relatively balanced presentation of internal and external financials [10].

Regarding a number of countries, Saudi Arabia is a proponent of international collaboration in the fields of economy, commerce, and foreign policy. Saudi Arabia, which is well-known for its oil industry, has long been a target of British and American imperialism, whose oil riches has piqued the interest of both countries. When they infiltrated Saudi Arabia to loot the robbers, they utilized any and all methods at their disposal to demonstrate the tremendous riches of Saudi Arabia's oil industry. The Saudi Arabia government encourages the expansion of the private sector in order to minimize the country's economic reliance on exports while at the same time providing more employment possibilities for the country's continually growing population. When compared to these other resources, Saudi Arabia's economic foundation is plentiful; it also has an established international trade strategy; the extent of its commerce is wider; and it possesses significant market expansion potential [11]. National and international trade have a great deal to offer inhabitants of the United States, China, and other nations. As a result, Saudi Arabia permits foreigners to engage in and participate in the ownership of commercial firms in vital areas of the Saudi Arabia economy, such as upstream oil and gas production, as well as in other emerging markets. Non-residents are authorized to own property in Saudi Arabia without the aid of a Saudi Arabia partner or sponsor. According to Saudi Arabia investment legislation, foreigners are permitted to own 100 percent of a company, with the exception of negative listing activities; some of these were caused by religious issues, which will be discussed further below; and it relaxes regulations on sponsoring foreign employees, which will also be discussed further below.

4. Saudi Arabia and World Trade Organization accession

In order to achieve economic independence, Foreign Direct Investment (FDI) is one of the most important factors in improving a country's economic standing. Regardless of their ideological differences, most countries throughout the world are attempting to attract FDI in some form. Saudi Arabia managers, according to study, are generally welcoming of FDI entering the country; yet, the research suggests that they have conflicting feelings about the anticipated benefits of FDI [12].

Before entering the WTO in 2005, Saudi Arabia had oil trade agreements with a number of nations. For starters, it was a means of seeking fair competition in the petrochemicals market with the EU, as Saudi Arabia did not have a superior market. The WTO made guarantees to Saudi Arabia on the EU's

exclusion, thus if Saudi Arabia joined the WTO, shipments of oil and petrochemicals from Saudi Arabia to far East China would increase greatly since the Germans would not be able to invoke WTO laws to harm Saudi Arabia's exports. Saudi Arabia is also eligible to join [13]. Second, joining the WTO increases the international community's confidence in seeking much-needed investment to expand infrastructure, industry, services, and peaceful commerce. Finally, to accelerate the government's development toward the use of FDI to meet the requirement of massive infrastructure investments; FDI facilities access to modern technologies and more advancement in building, such as upgrading and professions the management system, and skills of the local workforce. Saudi Arabia's economy is heavily reliant on oil earnings, therefore entering the WTO gives them a greater chance of promoting and cooperating with the rest of the world.

Saudi Arabia has exclusive rights to trade and use upstream petroleum production as a result of its position as one of the world's largest oil producers. The government owns 70% of Saudi Arabian Basic Industries (SABIC), making it one of the companies that will benefit from WTO membership. SABIC is the country's main industry and source of comparative advantage, and it is one of the companies that will benefit from WTO membership. Members of the WTO gain from their participation since they have the ability to reorganize and enhance their businesses via the worldwide organization that this platform gives [14]. The platform also assists corporations in entering new markets with confidence while also improving market diversity, which eventually results in more revenue and increased cooperation between companies and organizations. After joining the WTO, Saudi Arabia will be able to expand its international trade, particularly with Israel. It will also be able to eliminate limitations on Israel, such as passport restrictions and tax rates. In order to comply with the Washington consensus, which may be considered a kind of neoliberal ideology, it was necessary for Saudi Arabia to honor its promise to halt its boycott of Israel. It is expected that the boycott would be withdrawn in order for Saudi Arabia to become a full member of the WTO; nevertheless, the embargo was only partly lifted in 2006, with select items being exempted [15,16]. This demonstrates the legitimacy of the neoliberal theory of the economy.

5. Conclusion

In light of discussion from the discussion of neoliberalism theory in International Relations that the main key areas of neoliberalism are cooperation, accession and state's capacities; national interests; free trade; the pursuit of survival security in international affairs; and the state as the only unitary player in international affairs, all of which have been discussed in depth above. On the generation and distribution of wealth in Saudi Arabia, Islamic Organizations IOs will continue to have a significant impact. Support from the World Bank for Saudi Arabia will continue, and the WTO will continue to play a role in promoting harmony between Saudi Arabia and its neighbors, as well as in presenting Saudi Arabia with numerous opportunities in trade as a result of becoming a more open state with more opportunities for both foreigners and its own citizens. However, despite the fact that oil continues to account for a substantial amount of Saudi Arabia's mineral goods trade, the Kingdom also produces non-oil items such as plastic and rubber, which has contributed to the country's successful membership to the WTO. As a consequence, the economy of Saudi Arabia is heavily reliant on international trade. International organizations and institutions may be obligated to monitor others to verify that they are complying with the terms of their international agreements. International institutions and organizations act as debate and negotiation venues for the settlement of coordination problems as well as the discovery of the preferences and limits experienced by other nations. According to neoliberalism, the basic relevance of international institutions and organizations in the international political system or politics is underlined and highlighted. Furthermore, globalization has been referred to be "the realization of neoliberalism" since it promotes free commerce as well as trustworthy purchasing and selling across governments throughout the world. In other words, neoliberalism encourages the free flow of information and cultural interchange around the globe.

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