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# Saudi Arabia Without Oil: Looking to Renaissance Florence to Determine the Potential Role of Social Capital in Supplanting Rentierism

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# **Saudi Arabia Without Oil: Looking to Renaissance Florence to Determine the Potential Role of Social Capital in Supplanting Rentierism**

by Allen Fordham

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## Abstract

*Since the discovery of oil on the Peninsula in 1932, Saudi Arabian society has been fractured by societal changes. Petroleum revenue has enabled the Saud dynasty to engage in rentier policies and bypass traditional methods of wealth extraction, civic participation, and institutions to build social capital. But as new conditions render the rentier policies of the Saudi state unsustainable, socioeconomic institutions may again rise to political prominence. In Early Renaissance Florence, guilds gained control of the government in response to the inability of the old ruling class to respond to the new conditions of the late Middle Ages. The guilds fostered social capital, which led to Florentine political and cultural dominance throughout the Renaissance and allowed the Medici dynasty to consolidate political power. In modern Saudi Arabia, rentierism has enabled social capital to atrophy, but the fall of rentierism will require an alternative means of income generation if the Kingdom is to remain politically and socially stable. One tenable method of achieving this goal is to create social capital. Three institutions already extant in Saudi society appear theoretically capable of transitioning to fill this role: income-focused petroleum corporations, the state-sponsored religion known as Wahhabism, and tribal affiliations. This thesis argues that while none of these institutions by themselves are capable of accomplishing all the tasks of Florentine guilds, each may hold part of the key to extending the tenure of the Saud dynasty. The Saud are currently positioning these institutions to adapt for the future as the Saudi economy transitions from rentierism. A deeper understanding of how social capital interacts with modern Middle Eastern economic and societal transitions can be gained by comparing the unconventional cases of the modern Kingdom of Saudi Arabia and the Renaissance Republic of Florence.*

My grandfather rode a camel,  
my father rode a camel,  
I drive a Mercedes,  
my son drives a Land Rover,  
his son will drive a Land Rover,  
but his son will ride a camel.

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Attributed to  
Sheikh Rashid al Maktoum  
Emir of Dubai

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## **Introduction**

The Kingdom of Saudi Arabia is facing imminent demographic, political, and social challenges in the 21st century. In the near future, Saudi Arabia will no longer be able to rely on oil wealth alone, and one or two years of oil revenues that exceed the forecast, temporarily building up the state's coffers, will not change the long-term need for building a diversified economy in place of sustained reliance on a single unsustainable resource (Ramady 2010). One of its key economic objectives, therefore, is to move away from a state-driven economy largely dependent on oil revenue in order to create a more diversified economy.

Institutions within any society are interdependent and linked. They shape activity in three realms: political, economic and social. No institution falls exclusively within one sphere (Becker 1968). When the Saudi economy shifts from petroleum export, some degree of social and political change will be inevitable. As this happens, the Saudi monarchy will be unable to rely on oil revenue for power maintenance. A shift will occur within Saudi Arabia; political, economic, and social institutions will reform to meet the new internal and external conditions. What shape that this new society will take is very much in question, as is the future of the members of the House of Saud. Democratic governments are becoming the global norm (The Polity Project 2014), and the Middle East seems to be one of the world's last bastions for absolute monarchical government. The threat of falling oil profits, however, places the future of the ruling family into question.

The strategy of relying primarily on a single resource is called rentierism, and Saudi Arabia is the most conspicuous modern example of a rentier state. The Saudi extract petroleum rents, bypassing the majority of the population in production. They then apply the oil profits to meet the needs of the people while simultaneously discouraging public participation in political

or economic processes. Rentierism will continue to protect the Saudi absolute monarchy as long as petroleum exports supply adequate revenue.<sup>1</sup> Oil has shaped every aspect of Saudi society, economics and politics since it was discovered in the 1930s. Members of the Saudi family are interested in maintaining power for as long as possible, but it appears that an institutional change is inevitable during the coming century. Saudi Arabia will soon experience an economic transition away from oil as global consumption patterns shift to other energy sources. The Saudi oil industry will face a “serious, irreversible decline” (Simmons 2005) in the 21st century, and the Saudi monarchy will be unable to finance the initiatives which currently sustain the royal family’s rentier and redistribution economic policies. Once the Kingdom is unable to fund its rentier policies, public discontent will begin to threaten the regime.

In the event of mounting opposition during times of social unrest (examples include the 1979 terrorist attack on Mecca, the 1991 Gulf War, the Riyadh and al-Khobar Towers bombings in 1995-1996, and the more recent Arab Spring uprisings) the Saudi government has had access to four possible avenues of response which are often used in combination (Ahrari 1997).<sup>2</sup> The first is neutralizing the opposition by creating new welfare policies, effectively “buying off” the disgruntled citizens. This is the strategy that rentierism facilitates; it is simple and effective, but expensive and will become increasingly difficult as oil revenues decline. The second response is the blunt force suppression of political dissent with violence or oppression. This option damages the regime’s credibility internationally and does little to address the underlying causes of discontent while increasing the risk of escalating the unrest. The third option is investigating other options for improving economic conditions and the popular perception of the regime’s

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<sup>1</sup> Care must be taken when generalizing causes of (in)stability in the Kingdom. Though oil revenue has assisted the Saudi in extending the tenure of their rule, rentierism is not a panacea for all the problems of society.

<sup>2</sup> Ahrari combines the 3rd and 4th response into a single point; they are separated here because of the possibility of using suppression without exploring economic solutions.

performance. This option is more complicated than the others, but has the benefits of being sustainable, progressive, and able to directly address the root causes of discontent. The fourth possible response is to open the political system and grant a voice to dissenters by creating public debate. This option is a last resort of a monarchy; since public political participation is inversely proportional to the power of a potentate, popularizing progressive democratic procedures proliferates the propensity for the people to push for power to pass to a president. This paper will explore unconventional tools for the Saud to pursue the third response as the first two become increasingly unsustainable. If this strategy is successful, the Saud will position themselves so that if the fourth option (democratization) becomes necessary, the royal family will maximize their chances of maintaining power during a democratic transition.

Discontent is dynamic and thus very difficult to predict, but demand for regime change is a common consequence of a government becoming unable to meet the needs of its populace. As oil incomes drop, systemic change in Saudi Arabia appears to be inevitable. Is the Kingdom destined to join the ranks of democratic nations? Are the days of the Saud monarchy numbered? These questions are the source of much excited speculation among political scientists, but perhaps a historical approach may enlighten the discussion.

The Medici dynasty, who rose to power in Florence, Italy during the Renaissance, provide a compelling comparison to the Saud dynasty. At the beginning of the Renaissance, the Medici were a modestly successful family of doctors and bankers within a city that appeared to value republican traditions above all else. Guilds had been an important part of the city's civic and economic activity, and it was the guilds that taught the Medici their political acumen. Over the course of the Renaissance, the Medici power grew within the city-state of Tuscany, gaining power that eventually exceeded that of kings. They personally challenged Popes and confronted

the Holy Roman Emperor, yet ruled behind the scenes and held no noble titles. They guided the city-state to greatness, and in the late Renaissance the people who had once so vehemently embraced republicanism and civic participation chose to renounce republicanism and bestow upon members of the Medici rule the feudal title of Dukes.

All political systems prefer regime stability. If economic factors endanger the monarchy of the Saud royal family, wouldn't the Saud prefer to retain their power? Wouldn't they prefer to continue as the Medici did, as 'kings in all but name' under the revised government, instead of resorting to Egyptian-style martial law or being wholly replaced by an administration beyond their control? By preemptively fostering institutions that will respond to economic change in predictable ways, the Saud royal family stands a better chance of maintaining their power during the state's imminent transformation. Instead of fighting to maintain the *status quo* despite increasing odds, perhaps the Saud could leverage the power they currently hold within the Kingdom to secure for themselves a future similar to that of the Renaissance Medici, who ruled Florence both with and without a royal title. If they can first shape civic institutions to mimic the operations of guilds and then position those institutions in the government, they could hypothetically extend their tenure as rulers into Saudi Arabia's foreseeable future, holding the reins of the new Saudi government as the Medici guided Florence through the Renaissance.

The two cases are surprisingly similar in many ways. The Medici controlled fantastic wealth, as the Saud do now. The Medici gained a substantial portion of their popular legitimacy from the religious establishment, which was in practice subservient to them on matters where the two clashed. If anything, the Saud have a better resource in their long-standing relationship with Wahhabists, whom they control directly when necessary but allow a certain degree of autonomy. Furthermore, the Saud control of Mecca and Medina, along with the state's massive investment

in mosques, religious education, and other cultural exports to Muslim nations throughout the world closely parallels the cultural output of Renaissance Florence, which for over a century was Western Europe's cultural hegemon. Saudi Arabia also shares Florence's advanced banking and financial sector, an educated yet relatively unproductive middle class, and a ruling class with a direct controlling stake in export-fueled industry.

The dependent variable of this case study is the level of social capital that a society can generate and direct toward specific political institutions. Social capital is based on the idea that social networks are an important factor in the production of material and immaterial resources. The presence of rentierism is the most important difference between Saudi Arabia and Renaissance Florence.<sup>3</sup> Nowhere else in Europe was social capital as strong as in Florence, where community identity was extremely developed, civic participation was high, and community members directly shaped the government. And perhaps nowhere are these aspects of society as conspicuously absent as in modern Saudi Arabia. The social institutions of modern Saudi Arabia are almost diametrically opposed to those of early Renaissance Florence. The Florentines valued republicanism and direct civic involvement in government, while the people of Saudi Arabia have a tradition of autocracy, authoritarianism, and more recently rentierism. These political characteristics are both shaped by and reflected in the Kingdom's current social and economic landscape.

Can aspects of the institutions which guided the economic transition of Early Renaissance Florence be applied to Saudi Arabian society to ease the political and social unrest during its upcoming economic transition? This essay will begin with a review of the literature relevant to this approach to the discussion of modern Saudi society, defining the unique set of circumstances

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<sup>3</sup> Beblawi and Luciani are careful to note that an open economy with high foreign trade is not a rentier state simply because it relies on the outside world, even if it generates its income from natural endowment (for instance, tourism) in as far as the majority of the society is engaged in the process of wealth generation (1990).

that the Saud dynasty faces. It will then evaluate the socioeconomic history of Renaissance Florence using the institutions of the guilds as a point of reference. This will provide a framework for discussing the viability of certain social institutions within changing contexts. Then focus will shift to modern Saudi Arabian society, highlighting the rise of rentierism as the single greatest factor which accounts for the differences in social capital between the two societies. This essay will conclude with an examination of the three institutions which now dominate the social landscape of Saudi Arabia: industry, religion, and tribal relationships. It will evaluate how each of these three institutions have reacted to changing conditions and how they might be used by the Saud to extend their rule beyond rentierism.

In the last decade Saudi leadership has begun to pursue initiatives which use these three institutions to nurture social capital, but the incompatibility of social capital generation with rentierism has initially retarded the success of these initiatives. By continuing to foster social capital among citizens despite the obstacles associated with rentierism, the Kingdom may be able to develop the social capital that Saudi Arabia needs in order to mitigate the effects of a steep decline in living standards, disastrous protest, and societal chaos as state welfare coffers run dry.

### **Theoretical Framework**

Social capital refers to the value of social networks. The term was first described in 1916 by Lyda Hanifan, who called it “those tangible assets [that] count for most in the daily lives of people: namely goodwill, fellowship, sympathy, and social intercourse” (Hanifan 1916). The term refers to the shared values, relationships, and interactions that enable individuals and groups to understand and trust each other and thus work together. Social capital works through multiple channels. Examples of social capital in action include barn-raising on the American frontier,

monthly newsletters sent by a club or association, and students meeting together to study for an upcoming test.

Social capital is distinct from social identity theory. Social identity theory refers to a perceived self-identification with an in-group, and the term is generally used to discuss interactions between different groups of people (Turner & Reynolds 2010). Discussions about nationalism, racism, and religious intolerance are referring to social identity. Social capital, on the other hand, refers to the ability of social connections to be channeled into productive undertakings. Social capital can be leveraged to produce economic value (trade shows), pursue political goals (grassroots petitions in the US), enhance education (study groups), and promote general welfare (office employees working together to ease the burden of an injured colleague).

The term has been revived in recent years with the work of sociologist Robert Putnam, who defines social capital as “social networks, and the norms of reciprocity and trustworthiness that arise from them” (Putnam 2000, 19), and admits that it can have drawbacks in addition to its benefits. Social capital is an integral part of a functioning democracy (ibid.) but, as we shall see, does not necessarily lead to democratic government. Social capital is built by civil society, which includes non-governmental and community organizations (ibid.). Civil society, in turn, naturally emerges from a cohesive social environment built by social relations and communications between citizens (Bryant 1995).

Social capital shapes and is shaped by political factors, and “the nature and extent of the interactions between communities and institutions holds the key to understanding the prospects for development in a given society” (Woolcock & Narayan 2000, 19). A society that adopts institutions which promote social capital is better able to overcome collective action problems and engage in reciprocally cooperative behavior (Uphoff 1999). For most societies, these

capabilities benefit both state and citizenry. However, due to the peculiar relationship between the government and the governed in a rentier state, for much of the 20th century in Saudi Arabia they were undesirable.

The work of historian Charles Tilly described how a state's political institutions are shaped by the social interactions of its people and the security needs of the state (Tilly 1990). Tilly's conclusion that "war makes states so states can make war" is an attempt to build on Weberian notions of statehood, adding that European states developed methods of extracting and directing wealth from their citizens. An important corollary to his thesis highlights the importance of social capital in creating productive economic and political institutions (Tilly 2000). Other scholars have expanded on his work, such as Rolf Schwarz (2004) who, by arguing against a constructivist approach in Middle Eastern studies, allows Tilly's conclusions to be applied to modern rentier states like Saudi Arabia that arose from conditions other than those of medieval Europe. The capability of a state government to extract and direct wealth from the people is associated with various internal and external factors that change over time. The influence and structure of socioeconomic institutions fluctuates in response to changes in a state's capabilities and resources.

The link between social capital and economics begins with the works of Durkheim and Weber, who explained that the values or norms within a certain culture or segment of society can alter how members of that group participate in economic activity. Social norms and institutions can influence economic activity within a society, and institutions which are developed by a community to address its particular set of problems cannot necessarily be applied to other societies with equal success (Sahlins 1972). Economic behavior is at "least tripartite in nature: social, moral, and economic" (Sahlins 1972, 200), and these three factors must be considered in

tandem to understand variances in economic institutions. Economic activity in Renaissance Florence was strongly influenced by the city's high levels of social capital (Stuard 2006). The social capital in the city was most clearly visible in the actions of a single set of institutions: the guilds.

Guilds in Europe emerged in response to regional conditions and, once formed, leveraged the social capital they fostered to exert pressure on political institutions (Black 1984). In the Arabian Peninsula the existence of institutions similar to guilds has shaped civic identity to varying degrees during periods when a centralized government was unable or unwilling to do so (Yildirim 2006; Dünyası & Meselesi 2010), including periods of weak Byzantine or Ottoman rule. Robert Michels's "Iron Law of Oligarchy" helps to explain the ebb and flow of these institutions which, over time, "displace their original goals, become wedded to routine, and ultimately accept the rules of the game of the existing system" (Tarrow 2011: 123). By virtue of their position between the state and the market, civic organizations such as guilds are able to adapt to capture community needs and to provide service and advocacy functions to meet the needs of citizens (Borzaga & Sforzi 2014). Rentierism has enabled the Saudi monarchy to meet the temporal needs of its citizens, and has neglected or discouraged the formation of institutions which may threaten its sovereignty. Today guilds, social clubs, and independent community associations are rare in the Kingdom, which provides little legal protection to institutions which it cannot closely monitor or directly control.

External rents of oil export revenue represent more than 60% of Saudi Arabia's state income (Cordesman 2003). The discovery of oil and the ability of Saudi Arabia to extract massive revenues while completely bypassing the populace enabled the Saud to implement an unprecedented new set of institutional mechanisms. Rentierism fosters behavior patterns of

dependence among citizens and discourages private sector participation in favor of revenue reallocation (Beblawi & Luciani 1990). This means that the Saud dynasty's "economic power and ultimately their political authority rest on their dual capacity to extract rents externally from the global environment and subsequently distribute these revenues internally" (Karl, 1997, 49). Hertog uses the concept of 'segmented clientelism' to complement rentier state theory; this paper will refer to *wasta* (Hertog 2010) which performs this role in Saudi society. As long as Saudi Arabia expects to rely on rentierism and has no powerful enemies to fight (Tilly 1990), the Kingdom has no pressing need to encourage social capital.

However, the future of Saudi oil is in doubt (Pierce 2012; Simmons 2005). Because of large reserves and relatively consistent discoveries of new oil reserves, oil as an energy resource will not be exhausted in the foreseeable future. Rather, when the price to extract oil reaches such a point that it becomes greater than the worth of the oil extracted, oil production will decline (Adelman 1995). Saudi oil policy is thus focused on maintaining a "moderate" price (Pierce 2012). Under-production will raise prices in the short term and might extend the longevity of the Kingdom's oil reserves, but will accelerate foreign investment in non-crude energy sources such as solar, shale oil, or nuclear power, and thus lead to demand destruction. On the other hand, over-production will deflate the price of oil over the short term, which will decrease demand destruction but drain the wells faster and will limit the Kingdom's budget initially due the short-term inelasticity of oil demand. Even if policies are successful in maintaining a steady, moderate price, alternatives to Saudi oil are becoming less expensive and more viable as technological developments, fuelled by a combination of environmental concerns (Bahgat 2013) and the

adaptation of technologies being developed in other sectors,<sup>5</sup> result in a bleak outlook for Saudi oil exports over the next century.

While overall global energy demand is expected to rise, producers are transitioning to lower-carbon and domestically-available fuels; the areas of natural gas, nuclear, solar, biofuel, wind, and hydro power are all expected to outpace growth in demand for liquid oil. Though the Middle East is expected to remain the world's top exporter of liquid fuels until at least 2040, North America's unconventional gas output is expected to exceed the Middle East's total gas production around the year 2020 (Exxon Mobil 2015)<sup>6</sup>. Global demand for oil is forecast to decrease by 15% in 25 years (ibid.) even as the rapidly-growing Saudi population consumes an increasing portion of the Kingdom's reserves at heavily subsidized rates<sup>7</sup>, thus decreasing the amount available for export (Bahgat 2013). Finally, oil wells in Saudi Arabia have been pumping the Kingdom's most accessible oil for over fifty years. Though the Kingdom still has plenty of reserves on paper, these fields tend to be deeper or otherwise more expensive to access. All these factors combined will combine to steadily reduce Saudi Arabia's oil profits, and therefore its ability to sustain rentierism, over the course of the 21st century.

The Saud family has so far been successful in their attempts to use rentierism to extend the tenure of the monarchy. But as oil income falls, they will need to adopt a new approach to governance in order to maintain power. If they are unable to develop an alternate method of producing the resources demanded by society, they will face increasing demands for regime

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<sup>5</sup> A few examples: new batteries developed for cell phones may increase the performance of electric and hybrid vehicles, research on silicon and carbon components for computers may be adapted to increase solar panel efficiency, and safer forms of nuclear power generation may reverse negative public perceptions.

<sup>6</sup> This is to a degree contingent upon fluctuations in oil prices as discussed above.

<sup>7</sup> In the coming years the Kingdom will burn more oil to produce the energy needed to meet its growing fresh water needs. Booming population, developing economy, and water scarcity have compounded Saudi electricity demand. The demand for electricity has risen at an annual rate of 8% in recent years and is expected to triple by 2032. According to a study in 2010, the electricity consumption per capita in Saudi Arabia was more than three times the global average. (Bahgat 2013: 568)

change. This paper will look to Renaissance Florence as a source for inspiration to inform Saudi Arabian governance decisions.

The exciting aspect of this project is that it attempts to reconcile a number of various disciplines; sociology, political science, economics, history, and a sprinkling of religious studies. These disciplines can tend to be rather myopic as individual scholars become specialized in a single field, resulting in each discipline creating its own vocabulary and viewing events from different perspectives. When writing books, researchers tend to focus on one single field, or perhaps the interplay between two disciplines.

When discussing the political aspects of this thesis, it appears that that little overlap lies between scholars of the Italian Renaissance and scholars of modern Saudi Arabia. Therefore, an additional benefit of this project lies in the opportunity to compare two cases which are seldom considered together. Renaissance historians wrote their accounts within different contexts changing interpretations based on the political *weltgeist* in which they lived (for example, much of the scholarly discussion of Florence's guilds in the early 1900s compared them to communist ideas, but by the 1980s they were discussed using the language of corporatism), while all the scholars discussing 21st century Saudi Arabia all tend to 'play by the same set of rules' which match our current understanding of the world. It seems that, like social institutions, even the nature of political discussion changes within certain contexts.

## **Part One: The Florentine Renaissance**

The early Renaissance is a period in European history associated with a spectacular burgeoning of culture, and the city of Florence was its crown jewel. Artists created breathtaking masterpieces, great advances were made in political and natural science, and information spread faster and more thoroughly than ever before. Northern Italy was at the crest of this wave of innovation and progress. Yet this period was also one of economic and political turmoil for the region. Social patterns changed urban patterns of consumption which led to an increase in unproductive but culturally significant luxury goods. New theories describe an economic “transformation” in which economic shocks and a lack of new industrial technologies were overcome by social innovations (Najimy 2004: 125) shaped by the city’s guilds. The actions of these institutions in response to changing conditions can provide a perspective for addressing Saudi Arabia’s current situation.

### **Guilds as Socio-political Actors in Renaissance Florence**

At the beginning of the Renaissance, around 1300 AD, the city of Florence was the capital of the small city-state of Tuscany in northern Italy. Florence was a relatively wealthy city, but was not especially noteworthy even among other northern Italian city-states. By the year 1500 AD, however, it was unquestionably one of the most prominent cities in Europe. This transition coincided with economic turmoil, intense regional competition and war, religious factionalism and extremism, a considerable economic shift from agriculture to the service and luxury goods industries, class struggles, financial difficulties and intellectual turbulence.<sup>8</sup> The guilds in Florence were able to guide the city’s development through their domination of both

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<sup>8</sup> All of these conditions can be found in Saudi Arabia today; some are incidental to this paper, while others will be discussed in more detail shortly.

politics and industry. The influence of these institutions permeated Florentine society and literally shaped the city, contributing materially not only to its temporary rise in prominence but also the city's return to banality by the 1700s as conditions within Florence and the rest of Europe changed.

A guild can be defined as a “government-licensed, local, professional associations” of craftsmen or merchants (Durgun 2009). They can be seen as “urban industrial organizations in which manual workers, merchants, or handicraft production as a whole were organized by the members of the same occupation who provided each other with mutual support (Yildirim 2006). These two definitions together give a satisfying account of the notion that, although guilds tend to be organized along economic lines, they are nonetheless influential in political and social spheres. In Saudi Arabia the exclusion of the majority of the population from wealth generation and extraction, combined with the Kingdom's dynastic monarchy, meant that institutions such as these, unless carefully controlled by the state, pose a threat to stability. A wealthy populace might gather the resources to challenge the state, especially in a society like Saudi Arabia in which citizens are poorly represented. Strong social and economic networks further increase the risk, as such institutions enable a disgruntled society to more quickly mobilize resources against the government. As a result, under rentierism Saudi Arabia has discouraged the growth of social capital unless the state can reliably control it.

The modern analogue of medieval guilds lies somewhere between a church, a corporation, and a trade union (Becker 1968; Black 1984). The Roman Empire was among the first to encourage the formation of civic trade associations, which were known as *collegia*. The *collegia* were more men's social clubs than economic cooperatives, but they were generally organized

around certain industries and each had its own distinguishing ethos (Black 1984: 14). In his book *Guilds and Civil Society*, Anthony Black explains the similarities:

The early social guild formed one basis for the later craft-guild, an evolution which may (using Durkheim's language) be described as the developments of 'segments' into 'organs' of society: that is, groups originally general and identical in function gradually assumed specialized and differentiated roles in particular branches of economic life. They were indeed the cells of a new kind of society (Black 1984, 3).

The English name is related to the German *Geld*, which means 'money', possibly referring to the entrance and membership fees that the organizations collected (Black 1984), but the Italians called them *arta*.

An *arta* was an organization for craftsmen to share and advance their arts, but they also served many other functions in political, economic, and social spheres. Examples of industries represented by guilds include butchers, doctors, judges and notaries, and bankers. The lower classes, such as farmers, porters, and unskilled laborers were prohibited from creating guilds of their own, though they could join existing guilds if they could pay the entry fee and demonstrate competence. The entry fee served as a barrier to entry for most commoners, prohibiting them from being eligible for leadership positions while permitting them to participate economically and socially through employment as unskilled laborers. The majority of Florentine citizens could not afford to join a guild, but they nonetheless self-identified as participating in one guild or another, and participated in guild events such as parades, religious observances and charity drives.

Guild halls were funded by membership dues, and these buildings hosted social events, organized religious services, and housed distinguished visitors. They were decorated (and situated) to maximize the prestige of the guild and evoke feelings of participation, belonging and pride within the community. Guild halls were sites of exchange where members gave up

neighborhood allegiances to work toward an overlapping corporate good, but the influence of the guild extended far beyond these edifices (Crum and Paoletti 2006). Guild members saw each other as brothers or friends who were entitled to mutual aid (Black 1984). Guilds defined a sort of kinship and so fostered what Marshall Sahlins calls ‘generalized reciprocity’ in economic sociability (Sahlins 1972: 124). Obligations to non-guild members were dependent on the degree to which producer and consumer interests were compatible, and at no point did guild membership outweigh family ties (Black 1984) though family bonds certainly did weaken over the course of the Renaissance (Becker 1968). Cooperation was not limited to guild allies. The Florentine guilds employed people not just within the capital city, but across the city-state of Tuscany.

The most significant way in which Florentine *arta* stood apart from other European guilds of the time was the fact that the guilds themselves controlled the government directly (Becker 1968). In 1115 A.D., *de jure* feudal rule over Florence had ended with the death of Matilda of Tuscany, though the old titled nobility (*grandi*) retained a good deal of their authority, ruling in a *de facto* oligarchy (Brown 2006; Najemy 2006). In the minds of Florentine citizens, the guilds were an institution that empowered the *popolo* (literally ‘people’, but in practice the middle class) against the *grandi* who were perceived as unproductive, self-interested enemies of republicanism (Najemy 2006). The *grandi* were thus removed from power in stages beginning with the enacting of a democratic constitution in 1228 (Brown 2006; Paoletti and Crum 2006). Florentine politics were guided by the *Signoria*, a council of nine citizens, selected by a process of sortition from members of the city’s guilds, to serve two-month terms as the city’s primary legislative body (Paoletti and Crum 2006). The only official prerequisite for candidacy was membership (in good standing) in one of the city’s guilds. By 1293, the twenty-one most

powerful guilds in the city had consolidated their power and the *Signoria* prohibited the formation of new major guilds, though their grip on power would often be challenged (Becker 1968; Brown 2006). In this way, the guilds maintained control of Florentine politics throughout the early Renaissance. Though actual popular governments underwent several changes, the civic, cultural, and intellectual achievement of the guilds had an overwhelming long-term impact (Najemy 2004). The victory of the *popolo* over the *grandi* cemented a Florentine tradition of a nascent form of social contract theory in which members of government were answerable to their peers for their actions. Mechanisms were developed to ensure they could be replaced if they failed to represent popular will. At the time, this was a rare concept in much of Europe. For example, Putnam explains that northern Italy's primary developmental advantage over southern Italy was the fact that in the south, foreign monarchs "destroy[ed] horizontal ties of solidarity in order to maintain the primacy of vertical ties of dependence and exploitation." (Putnam 1993, 136). This prevented it from matching the levels of Renaissance activity generated by the north as a result of the latter's strong social capital.

Guild involvement in Florence's government explains why modern members of the Saud dynasty may be interested in replicating their behavior. The King and Princes who currently rule Saudi Arabia are presumably interested in extending the tenure of the monarchy, and if social capital is unavoidably linked with democratic governance, then guilds (or similar institutions) may jeopardize that goal. As we shall see, Florentine guilds generated massive amounts of social capital but did not inevitably lead to democratic political institutions or necessarily strengthen republican tendencies. This suggests that the Saud might potentially capture the productivity generated by social capital while simultaneously preserving the monarchy.

The Florentine transition from *grandi* to *popolo* was facilitated by a new set of socioeconomic conditions which toppled the *status quo* in Tuscany at the end of the Middle Ages. Wars grew in number and intensity. Many Florentine banks (owned by *grandi*) collapsed as defeated foreign rulers defaulted on massive loans they had used to hire mercenary armies (Stuard 2006). A string of cold and rainy seasons further decreased harvests and jeopardized eastern trade routes (ibid.). The Black Death, which first arrived in Italy in 1348 on a Genoese ship returning from a trade outpost in Crimea (Tilly 1992), hit Tuscany harder than almost any other region of Europe, killing close to half the population of the commune (city-state) over the course of 50 years. It devastated the Florentine workforce and sent shockwaves through the Italian economy. But while the Black Death reduced the population, it did not affect land and capital (Malanima cited in Najimy 2004). The per capita wealth of Florence increased as a result of the reduced population. A smaller population also required less food overall, and the price of food dropped, reducing the strain on the economy for around a century (Malanima 2009). The Black Death created economic opportunity for the middle and lower classes, who were now able to consume better food and purchase better textile products (Cipolla cited in Najimy 2004). Many rural farmers, unable to make a profit off their crops and seeking physical safety, moved to empty homes in the city and found employment in the guilds. The guilds welcomed the cheap labor, and Tuscany became one of the most urbanized regions of Europe (Malanima 2009).

Newly-urbanized citizens were incorporated into the nuanced Florentine political atmosphere through codified guild statutes. Great political questions were debated in the guild halls so that the new citizenry, the *novi cives*, could become familiar with the city's politics. Elected administrators administered common funds and enforced regulations (Black 1984). Guild members drafted new legislation which became law through the agents of the *Signoria*

(Becker 1968). One of these laws was the requirement of a citizen to serve a period of political apprenticeship in one of the city's guilds for a period of between ten and twenty-five years before he was eligible for the *Signoria*.

Immigrants to Florence were not surprised by the city's atmosphere of public political participation. A great many of them had held public office in their rural parishes before they immigrated to the city. Rural town councils were also strongly influenced by local assemblies, so many of Florence's new citizens arrived in the city with an expectation of political participation, and they were accustomed to defending their political rights against all those who sought to dispute them (Becker 1968). Luckily, in Florence, the interests of the urban rulers tended to align with those of the *popolo*, so although sporadic unrest occurred, these two groups tended to cooperate politically (ibid.). A social sense of belonging was fostered by the socially-visible production of the various guilds; Florentine citizens could see the results of their work as their efforts and institutions visibly shaped the society and politics of the world around them.

Over time, generalized reciprocity extended beyond guild membership and into the greater social sphere of Tuscan society. As new skilled workers moved into the city, medieval ties loosened and ritual identity slackened (Becker 1968). The *popolo* were firmly in control of the city's politics, and the old aristocratic families realized this. By the 1360s, several dozen of the oldest Florentine families had renounced their coats-of-arms and even changed their family names to gain coveted "commoner" status. In a tight-knit community like Florence, this also served to distance their own reputations from the misdeeds of ancestors or kinsmen (for example, within the context of the context Guelf/Ghibelline feud which loomed over much of Italian politics in the 14th and 15th centuries). As the commune provided better physical and legal protection to an individual, the latter could afford to slacken kinship bonds, venturing out on his

own and gaining a “second family” in the guilds. Reciprocity and trust expanded, facilitating economic growth and stimulating social interactions.

Over the course of the Early Renaissance, a new ruling class emerged within the context of the traditional republic. By the time the Medici became the *de facto* rulers of the city in 1434, contemporary Florentine writers were already noticing that the city was being increasingly governed at supper parties and in private studies rather than the palace. Distinguished visitors to the city were advised to visit the Medici *palazzo* instead of the city hall as their first destination upon arrival. While the outward appearance of a republic remained intact, many Florentine citizens understood that Florentine republicanism was becoming a “folklore” (Brown 2011: xvi-xvii). Since their material needs were being met, they were content to surrender increasing amounts of control to the Medici family, which had developed a reputation acting in the interests of the *popolo*.

I have greatly simplified this tumultuous period of Florentine political history in the interest of brevity; the reader should not infer that the incorporation of guilds into direct government led to political stability. Conspiracies, uprisings, attempted *coups d’etat*, and street rebellions were quite common in Florence throughout the entire Renaissance, and the *Signoria* constantly adjusted its policies to maintain stability (Ricciardelli 2007). “*Mutar lo stato*” was a commonly-heard adage (Brown 2006: n.p.).<sup>9</sup> Those who served in the *Signoria* were expected to represent all of Tuscany, but the interests of their guilds were never far from their minds.

Whenever possible, they sought to gain social prestige and the approval of their peers by

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<sup>9</sup>Roughly translated to “The state changes”. This term gained prominence by merit of its presence in Machiavelli’s *The Prince*. Incidentally, *The Prince* was almost certainly written with the implicit (if not the primary) intent of bringing Machiavelli into Lorenzo de Medici’s favor (they had quarreled). Since his other writings suggest a preference for a stable republican system of governance, it might be argued that *The Prince* was little more than a sycophant’s Machiavellian (irony) bid for political amnesty (Maas 2013: 18). Nonetheless, perhaps due to its lucky publication coinciding with the rapid growth in popularity of Gutenberg’s movable type press, the book’s ideas became quite popular and have shaped western thought up to the present day.

enacting measures that increased the wealth and status of whichever guild they represented. The *Signoria* immediately began to enact policies which shaped economic activity. By enabling guild members to guide the government, Florence was able to increase profit from industries and practices that had been in use for centuries. The two institutions which were most influential in this regard were the banking guild (*arte del cambio*) and the wool guild (*arta della lana*). Combined, these two guilds accounted for over half of all economic activity in Florence. The activities of these groups serve as useful examples for guild involvement in the city's government, economy and society.

### **Guild Socioeconomics in Florentine Context**

The *arte del cambio* maximized its ability to use its position in the government to increase profit. An early priority for all members of the *Signoria* was the reduction of barriers to trade, enabling Florentine merchants to increase their customer base beyond the borders of Tuscany. The *Signoria* protected property rights and provided consumers protection against unscrupulous business dealings. In every industry, guild leadership monitored and regulated production, establishing clearly defined grades of quality that customers could rely on (Stuard 2006). In 1252 A.D., Florence had begun to mint its own coinage, the florin, which soon became a popular currency throughout Europe due to its reputation for purity (Crum and Paoletti 2006) which was carefully managed and preserved by the *arte del cambio*. This action was an indicator of the growing economic clout of the city and served as the foundation for future economic dominance (Paoletti and Crum 2006). Members of the Florentine banking guild managed branches in cities throughout Europe, and its bankers collaborated with local merchants to reach new markets, finance large purchases, and otherwise lubricate business transactions. “By mid-

fourteenth century, merchant capitalism had already perfected the instruments of economic power and business organization that were to serve it for the next four hundred years: foreign exchange, deposit banking, risk insurance public finance, international trading companies, commercial bookkeeping” (John Day in Stuard 2006: 220). The *arte del cambio* shared effective strategies among its members, who assisted each other in times of hardship to preserve the reputation of the florin and of the guild.<sup>10</sup>

The success of the banking guild was only matched by the larger wool guild, the *arta della lana*, (Stuard 2006). This guild was an active participant in shaping the new social and economic dimensions of the city (Crum and Paoletti 2006). Florentine craftsmen had a well-designed supply chain, mediated and shaped by the guild, which guided the processing of wool into cloth. Florentine traders dispatched merchants to purchase English wool, contracted Venetian ships to transport it to Italy, and processed it locally into a grade of wool that was superior to any other (Stuard 2006). A large source of alum in the Tuscan town of Volterra provided the material that gave the *arta della lana* a competitive advantage in luxury wool production and export. Additionally, a local lichen called *oricello* enabled guildsmen to produce the most striking red dyes on the continent. By 1338, Florence’s annual textile production (mostly wool, but some silk as well) was estimated at 100,000 sections of cloth, produced in some 300 locations across the city and employing as many as 30,000 workers, corresponding to roughly half the city’s population, though most of these workers belonged to the lower classes and were not guild members (Brown 2006).

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<sup>10</sup> The *arte del cambio* also contributed to the development of Florentine identity through the ingenious mechanism of the sale of government bonds. The government was able to compensate for budgetary shortfalls by selling bonds to its citizens. Thus the citizens were not just bound to Florence socially, but also financially; a great many Florentine citizens held a direct monetary stake in the success of the city (see Niall Ferguson’s *The Ascent of Money*; Becker 1968: 151-155) .

Other Florentine guilds, less endowed in locally-obtainable natural resources, were not as economically successful as the banking and wool guilds, but their contribution to Florence's civic nationalism can nevertheless not be discounted.<sup>11</sup> Financial struggles in these smaller guilds were to a large extent offset by the ability of the *arta della lana* to maximize its competitive advantage. They found it in their advantage to work in cooperation with the wool and banking guilds. Goldsmiths, for example, produced gold thread and filigree to decorate the finest wool fabrics. These industries depended on technological advances to remain competitive, but the early Renaissance did not bring many new production techniques (Malanima 2009). Industrial production, like agricultural production, still used technology that had been around for centuries. The output of the guilds increased as their membership grew, but per capita output and urban wages remained relatively steady after an initial spike associated with the labor shortage brought by the plague (ibid.). Technological advances which introduced new, more efficient production only began to be introduced in the late 14th century. Florentine wool workshops in the *arta della lana* had been mostly using labor-intensive methods that had existed for hundreds of years and were in use throughout Europe (Stuard 2006). Since production per worker remained relatively stable, the workshops needed more workers to increase production as demand grew. This was another cause of high levels of urbanization and immigration.

Though the majority of wealth in Florence was associated with only two of the city's guilds, Florence does not fit the definition of a rentier economy. In a rentier economy, the state focuses on the development of a single sector of the economy at the expense of the other sectors and then redistributes this direct income to the majority. Since the Florentine economy was so

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<sup>11</sup> Trexler in *Public Life in Renaissance Florence* implies that the guilds were similar to American sports teams in this regard. Even if the Seahawks or the Yankees appear to objectively be the best teams year after year, people still take pride in rooting for their own local teams, and friendly competition fosters civic nationalism. The Saddlers Guild might have been the San Diego Padres of Florentine socioeconomics, but they nevertheless had fans who proudly wore their colors.

diversified and interdependent, the guild members in the *Signoria* prevented the Florentine economy from favoring a single industry. Florence can more accurately be called a redistributive welfare state, in which tax profits from one class of society are distributed among members of other sections of society (Ramady 2010). This was accomplished through direct taxation of all citizens as well as informally through various guild charities.

Saudi Arabia has demonstrated its ability to develop highly efficient institutions similar to these two guilds; the Saudi Arabian banking sector is robust and well-organized, and the petroleum extraction industry (which, similar to the wool guild, relies on a comparative advantage) is also extremely efficient. Since income generation and management are the most important economic sectors for the Saudi ruling class, these industries have become extremely powerful in Saudi Arabia. The difference lies in the fact that in Saudi Arabia these two sectors are largely insulated from public participation, while in Florence the vast majority of people interacted with the guilds on a regular basis. The Saudi system discourages the growth of social capital, while the Florentine guilds nurtured it.

## **Religion and Guilds**

The influence of religion on this system deserves mention, and in fact religion can usefully be considered in combination with our three original spheres: economic, social, and political. The Protestant Reformation occurred near the end of the Renaissance, so for most of this period religious behavior in Florence was perceived in terms of the competing Guelph/Ghibbeline religious factions, which supported the Pope and Holy Roman Emperor respectively. Florence was nominally aligned with the Guelphs, though the relationship between the Pope and the city's inhabitants tended to be tumultuous throughout this period, to state it

mildly. But on practical matters within the city, the allegiance of the clergy was first to the people and government of Florence, with the Pope taking a distinctly second place. Tuscan prelates were “citizens before they were priests” and tended to be “comfortably indifferent” to Rome’s wishes when they conflicted with the interests of the *Signoria* (Trollope 1865: 370). In fact, though the entire city of Florence was twice placed under Papal interdict (in 1376 by Pope Gregory XI and a century later by Pope Sixtus), these interdicts were largely ignored by the people.<sup>12</sup> “The Papal interdict remained utterly inoperative in Florence [... a]nd doubtless many a pious Florentine citizen never heard anything about the interdict at all” (ibid.). Florentine clergy also supported the guilds in exploiting the lower classes for profit. Bruce Brown explains:

Georges Renard noted how, at the insistence of the *arta della lana*, local priests read pastoral letters to their flocks three times a year threatening to deny communion to rebellious spinners. Workers thus cast out could only gain re-admittance to the fold by paying large sums to the priests, which provided the church with a significant source of revenue, and made it resistant to reform, although some ecclesiastics denounced the system. (2006: n.p.)

Though religion was vitally important to the people of Florence, it seems that in the event of a dispute between church and state, Florentine citizens and clergy alike tended to take the side of the state. They perceived themselves as pious, but religion, it appears, could be remarkably flexible in interpretation and application of specific doctrines and rites. Despite differences in

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<sup>12</sup> An interdict meant that all religious rites were forbidden and technically declared Florentine citizenship “illegal”. The first occurred during The War of the Eight Saints. This situation lasted for 11 years, until Gregory died and his successor removed the interdict. A century later in 1478, Pope Sixtus hired a band of mercenaries to assassinate Lorenzo de Medici and his younger brother on the front row of the city’s cathedral during Easter Mass. On the day in question, Lorenzo’s brother was not in attendance, so the assassins went to his house where he was laying in bed severely ill and had him carried to the church so that they could murder him. Despite their efforts, the assassins nonetheless failed to kill the head of the family, Lorenzo, who escaped with minor wounds. Lorenzo used the event to consolidate power in Florence by publicly executing the assassins, as well as number of his political enemies (including the Archbishop of Pisa, who happened to be visiting Florence). Upon hearing of the assassin’s failure and execution of the Archbishop, Pope Sixtus excommunicated Lorenzo and placed another interdict on the entire city of Florence. Again, it was utterly ignored by most Florentines. Two years later, in 1480, The Pope relented and lifted the interdict.

religious tenets, Florence and Saudi Arabia are strikingly similar in this regard; religion, though a vital aspect of civic life, is in practice subordinate to the wishes of the ruling class.

### **Guilds and Social Transformation in Florence**

Guilds in Florence were superbly designed to shape economic output in a way that provided a fertile environment for socialization. Florentine production techniques changed remarkably little in the early Renaissance (Malanima 2009); the important change was the increased quantity, variety and mobility of goods that guilds cultivated. Italians consumed a greater variety of products, and had access to increasing amounts of luxury and imported goods. By 1427, Florentine wealth per capita was 30-40 per cent higher than in Italy in 1861 (Malanima 2009). As Florentine merchants and bankers expanded their trade and perfected their art, the city grew in prominence. Florentine traders were invited to marketplaces, courts and palaces throughout the known world<sup>13</sup>. The most profitable industries in Florence quickly became wool and banking, and shrewd members of these guilds became as rich as kings (Stuard 2006). The richest citizens (who were without exception also prominent guild members) funded hospitals, churches, orphanages, and great works of art for the benefit of the *popolo* (Crum and Paoletti 2006). These acts of patronage increased popular support for their benefactors, and were a mechanism by which guild members could translate economic wealth into political power.

The expansion of trade was also associated with an expansion of knowledge. Educational institutions and repositories of knowledge such as the Laurentian library were founded by wealthy citizens. Literacy increased in importance since the keeping of accurate records was so vital to managing a business, and teachers were paid directly by the guilds (Najemy 2004).

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<sup>13</sup> The phrase “the known world” is imprecise and no offense or patronization is intended. In this context the term refers to the regions that were familiar to people in Florence. As Florentines became aware of new geographies, they generally sent traders and ambassadors to parlay and trade.

Florence scholarship today is greatly enhanced by the existence of abundant written records which still survive; thus the ability of modern scholars to study this era is a direct result of the influence that the guilds exerted on society. Florentine schools were especially pragmatic, preferring instruction in mathematics and humanism over classical Latin (ibid.). These schools taught students the skills they would need to be leaders in their guilds and in their communities. Florentine students were eager to learn a trade and participate in civic life. Saudi Arabian students do not expect the opportunities for advancement that Tuscan students enjoyed.

The fall of the *grandi* necessitated the development of new bonds to replace the medieval ties of ritual, identity, and ceremony (Becker 1968). Horse races, parades, processions and new traditions all celebrated Florentine and Tuscan pride (Trexler 1991). The impact of human interaction was much stronger within this European region than elsewhere in the continent (Malanima 2009). Florentines developed a tremendous civil society, which is the representation of a cohesive social environment. Citizens understood their role in society and could position their identity within several urban contexts.

Luxury wares had always augmented the medieval trade in staples, but this sector grew considerably beginning in the fourteenth century (Stuard 2006). The Florentine guilds began to respond to customer demand by increasing the variety of goods that they produced (ibid.). They also changed their retailing process to appeal to new urban demographics and encouraged consumption by emphasizing fashion. For many goods, “diversification, not specialization, was the rule” (ibid., 177). The number of products for personal and domestic use increased. Forks augmented traditional spoons and knives, goblets and glasses joined cups at the table, and impractically ornate capes and hats became more fashionable (ibid.). Within just a few generations, luxury goods which had been completely inaccessible to lower-class people

suddenly became widespread. Consumers purchased luxury goods under the assumption that they were repositories of value. They were seen as liquid assets, but were also valued as fashionable ornaments and reflections of wealth (ibid.).

Luxury goods helped men dress for success and move with confidence within wider circles of power and influence (Stuard 2006). Profits were of course concentrated among the wealthy, but fashion affected the lower classes as well. In the city, the appearance of privately-held wealth was so important to citizens of all classes that poorer citizens spent an increasing percentage of their income on goods that imitated the more expensive luxuries flaunted by the truly rich (ibid.). In an attempt to maintain distinction between classes, the wealthiest citizens responded by creating new fashions at an ever-increasing rate, since only they could afford to continually buy the newest and coolest designs and styles (ibid.). Visitors to Florence often failed to grasp the nuances of ever-changing patterns of fashion and consumption, but their general impression of the city was one of glamour, beauty and wealth. The *Signoria* fostered this perception with city planning measures designed to hide the poorest neighborhoods from the public eye (Crum and Paoletti 2006). Despite (indeed perhaps because of) constant economic pressure, the public reputation of the city was continually enhanced by an increase in art and luxury goods (Malanima 2009).

As the availability and quality of luxury goods increased, the lines between social classes began to blur<sup>14</sup>. Guilds reduced the power distance between the upper and lower classes. Nobles and non-nobles mingled in shops and social circles (Stuard 2006). If a craftsman of humble birth showed exceptional talent, his success brought prestige to his guild and wealth to his family

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<sup>14</sup> Income inequality remained high even as civic involvement increased. In 1427, the richest 3000 families of Florence held more wealth than the remaining 57,000 households in all of Tuscany (Herlihy and Klapisch-Zubor, cited in Stuard 2006: 130).

(Stuard 2006). In this way, the guilds fostered a *capacity to aspire* (Pavan 2014) among all levels of Florentine society. In contrast to a caste-based socioeconomic system, guilds offered a degree of social mobility. Poor Tuscan farmers could gain wealth and fame if they were diligent and lucky; indeed, the Medici were just one of the many Florentine families that leveraged personal wealth to obtain political power during this period. The Saud family currently enjoys both power and wealth, but their source of income will be threatened soon. Can they use their current wealth to influence social capital in a way which will ensure their continued power after their primary source of income is depleted?

### **New Contexts and Institutional Transition**

Yet Florence clearly began to lose its cultural and economic momentum over the course of the sixteenth century. Historians present five economic factors which combined to limit the longevity of the Florentine system. The first explanation points to Florence's banking practices. Florentine Renaissance businesses were highly leveraged; some operated almost entirely on credit. This trend can reasonably be attributed to the social intimacy and generalized reciprocity fostered by the city's guilds. Friendship and co-operation, not pure profit-seeking, encouraged many loans. This allowed businesses to continue to operate despite economic hardship, but eventually the whole economy became over-leveraged and collapsed (Padgett 2009). Whereas the Great Depression of 1929 was caused by over-speculation and unchecked optimism, the decline of the Florentine financial system can be seen as the result of *too much* emphasis on civic obligation at the expense of fiscal responsibility. The banking guild was one of the two most powerful guilds in the city, and its decay sent shockwaves throughout all aspects of Florentine

life. This illustrates the dangers in assuming concepts like social capital are universally beneficial in all contexts.

A second death blow to the Renaissance *status quo* was the rise in intercontinental sea trade. In 1492, Christopher Columbus introduced the existence of the Americas to Europeans. Six years later, Portuguese explorer Vasco de Gama mapped a naval route to India by sailing counterclockwise around Africa. The potential for profitable high-volume trade in new resources encouraged a shift in European economic focus from the Mediterranean to India and the Americas. Spain, Portugal, and England happened to be located closer to these new trade routes, and these nations built large, powerful ships to exploit and protect new long-distance trade. Spices and teas were new, exotic, and trendy, and as they increased in popularity throughout Europe, the *arta della lana* became much less profitable. Florence's competitive advantage in the production of wool was outpaced by more productive production techniques in other nations (many of which were developed by foreign craftsmen desperate to compete with Florentine wool), and since up to 50% of the people of Florence were involved in some way in the wool trade, the decline in demand for luxury wool was a severe blow to the entire economy. The decline of the city's two most powerful guilds destroyed the viability of the *status quo*. Specialization in one or two industries was beneficial while demand for those products was high, but the lack of economic diversification became problematic when the market for Florentine goods began to dry up. This is the problem which Saudi Arabia faces; its reliance on oil is beneficial when oil is profitable, but when external conditions reduce oil revenue, a backup plan is needed.

A third shock to the guilds was the rising cost of food caused by population growth. The Black Death had reduced urban demand for food, deflating prices and drawing people to the city.

Throughout the Renaissance, low agricultural production in Tuscany was not an economic constraint since citizens could afford to import a greater percentage of their foodstuffs from other regions. Nowhere else in Europe was the rate of urbanization over a relatively wide area as high as in the Italian peninsula (Malanima 2009). The city competed for pilgrims as it competed for trade, excluding only those who were part of mass movements that might endanger urban stability (Trexler 1991). As the population continued to grow, the rising costs of food began to constrict economic activity, and unrest among the poor grew along with the cost of food staples. Saudi Arabia's domestic demand for water, electricity, and infrastructure is exploding with its urban population, and new methods must be developed to meet these needs in the future if Saudi Arabia is to remain a stable regional hegemon.

A fourth problem was the unsustainable level of conspicuous consumption. While luxury goods brought prestige to Florence, they tended also to be unproductive. This concept was explained by the American socioeconomics scholar Thorstein Veblen, and expensive but unproductive products are now called Veblen goods. As the appearance of wealth is associated with idleness, citizens concerned with their public image spent more and worked less. The desire for fashion and status among Florentine citizens hampered domestic productivity even as the city's wealth increased (Veblen 1899). Works of art, fine textiles, and sculptures are expensive to purchase but are intended for display. A fine woolen outfit, decorated with gold thread and silver buttons, might cost as much as a strong horse, but the horse could pull a plow. In the Kingdom, rentierism has resulted in a relatively unproductive society; name-brand electronics and flashy cars are valued more than less-expensive but practical goods. These high levels of conspicuous consumption will be unsustainable if Saudi society is forced to produce its own wealth instead of receiving financial assistance from the state.

Tilly offers a fifth explanation addressing the extraction of wealth from a populace. As military technology advanced, the countries that had institutions better-suited for taxation used tax money to pay for giant ships, cannons and well-trained standing armies, and military might turned out to be more important than really nice silk hats. This created the necessity of economies of scale as military innovation promoted the promotion of large, expensive, well-armed states (Tilly 1985). The republic, it turns out, wasn't as good at adequately taxing citizens as monarchies were. The state needed to extract more wealth from citizens than guild leadership was willing to provide, so the needs of the state shifted to meet changing external security needs, and guild involvement in direct governance was replaced by a Duke that the Tuscans already trusted.

### **Summary of Guild Effects in Florence**

At any rate, the economic decline of the guilds coincided with a shift in political power from the *Signoria* as a whole to the Medici family. The Medici rose to power in Florence during the second half of the Renaissance in Florence, within the context of the socio-political turmoil discussed above. The Medici ran a shadow government in Florence; though they seldom held any official titles, Pope Pius II referred to Cosimo de Medici as “king in all but name” (Hibbert 1985: 58-63). The Medici ruled in accordance with guild principles and served the needs of the *popolo* who gave them their power. In 1971, Christopher Hibbert calculated that Lorenzo de Medici spent the equivalent of \$460 million of his family's fortune on charitable works, libraries, churches, orphanages and works of art during his lifetime (Hibbert 1985). In 2015 dollars, that amount is over \$2.5 billion. That is a staggering amount, made even more astounding given that most of it was spent within the commune of Tuscany. Florence at that time is estimated at around

70,000 people, and all of Tuscany had a population slightly over 100,000 - similar to the city of Boulder.

The people of Renaissance Florence remained devoted to the ideals of Republicanism through a century of *de facto* Medici rule from 1434 until the year 1531, when Alessandro de Medici was officially given the royal title of Duke of Florence and guild influence in government officially came to an end. By this time, the city's guilds had begun to sink into decline, but once the Medici obtained a royal title and no longer had to contend with the pretense of republicanism, they began to institute ruinous restrictions on industry and personal freedom. The political history of Florence had come full circle: in the course of just over four centuries, the proud era of Florentine republicanism was at an end, and the region once again fell under the rule of titled royalty. The Medici, once the heroes of the republic fighting at the vanguard for the rights of the *popolo*, had themselves become *grandi*. The guilds became increasingly irrelevant in the changing conditions of the 17th and 18th centuries. Their fate was sealed in 1770 when a royal decree issued by the Grand Duke of Tuscany assigned their functions to a single Florentine Chamber of Commerce under complete control of the Grand Duke's government. Just as Robert Michels described in 1911 with his "Iron Law of Oligarchy", the institution of guild rule over time become displaced, wedded to routine, increasingly bureaucratic, and eventually absorbed into a new form of oligarchy.

Within the context of a Saudi comparison, the single most important factor guiding development in the Renaissance was the inherent political and cultural power that emerged from the social capital of the guilds. The guilds promoted participation in civic and political life, partially de-stratified society and strengthened a sense of community belonging. Guilds were the

dominant production institution of the era, and individual members of Florentine society acted on a daily basis within their social and economic context.

Yet the rise and fall of the guilds demonstrates a well-known fact in political science: no single type of government is objectively and universally the best. Guilds were the best choice for Florence within the context of the Renaissance, but their importance waned as internal and external conditions changed, eventually being adopted by a revised autocratic system (which itself, in turn, has experienced several evolutions between 1770 and the present). This demonstrates that institutions of governance must be suited to current internal and external conditions in order to be effective; institutions cannot be adopted wholesale by states and expected to function as they did in their native environments.

With that in mind, let's take a look at modern-day Saudi Arabia and see if this comparison is useful.

## **Part Two: Modern Saudi Arabia**

Saudi Arabian society does not currently have the strong social capital which was evident in Florence. The institutions which the people on the Arabian Peninsula developed over centuries to respond to conditions to nomadic life in the desert environment have been largely rendered moot by recent policies of the Saud government. Social capital is detrimental to the Saudi policy of rentierism, thus institutions which foster civic, economic, and political participation among members of the general public are neglected or discouraged by the government. The sole exception, as previously noted, is the case of Wahhabism, which has grown in mutual dependence with the Saud regime. The Saud have thus far succeeded in extending their tenure as Kings by following this strategy, and have used oil wealth to increase standards of living and education among citizens. However, the effects of rentier policies have stunted the social capital of the Kingdom, and the populace is struggling to adapt traditional civic institutions and identities within this new state of affairs.

### **Historical Arabian Society**

Modern Saudi society was shaped by the conditions peculiar to the region. The Saud/Wahhab partnership has been shaping the way people interact with each other and with their government for over 250 years. Before that, the tenets of Islam and the unforgiving desert environment have shaped interactions across the Arabian Peninsula for over a thousand years. Though the observance of certain rituals, tenets and interactions change over time, both Saudi Arabia and Renaissance Florence operated within a rich, developed cultural atmosphere with over a thousand years of strong heritage shaping behavior and perceptions. It is of course a preposterous understatement to say that little of note occurred between 1200 and 1900 AD across

the Peninsula, but the general nature of intra-societal relations changed little within the atmosphere of Islamic observance. In Florence, too, society had well-established rules of social interaction, shaped in part by Catholicism, which were universally accepted and which began to be overturned during the Renaissance.

Between 1200 and 1900 AD, life on the Arabian Peninsula tended to be dominated by the interactions of two groups: the nomadic Bedouin tribes and the sedentary oasis dwellers. Though empires, kings, sultans and caliphs came and went, the importance of tribal identity remained relatively intact. Tribal and familial groups were the predominant institutions in the desert. Tribal relationships dictated trading partners, marriage candidacy, social hierarchies, and primary loyalties among both oasis dwellers and nomadic peoples. Social capital was shaped by tribal and family ties. Unlike the Florentine guilds, which were mutually dependent on one another, tribal relationships were chaotic, competitive and deeply intricate.

Arab society had thoroughly adapted to pastoral nomadism in the harsh dry steppes of the Arabian Peninsula. Every year, variable weather patterns resulted in different areas of the Peninsula becoming suitable for pastoral or agricultural exploitation. Both society and capital had to incorporate mobility in order to maximize the extraction of natural resources. The camel, perfectly adapted to this purpose, was a crucial part of life. In addition to providing sustenance and mobility, the camel also permitted the rise of “warrior nomads” who could threaten the settled oases and retreat into the obscurity of the desert (Mundy & Musallam 2000, 1-2).<sup>15</sup> Historic attempts by the public and academics to mimic this endemic Arabic diametric nomadic dynamic in static urban centers like Riyadh have proven problematic.<sup>16</sup>

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<sup>15</sup> A modern Arab one-liner: “camel rustling was once the region’s official sport, until the Saud stole all the fun”.

<sup>16</sup> Attempts to do so often result in vitriolic polemics.

## **Guild Analogues Among Sedentary Peoples of Arabia**

Organizations similar to Florentine guilds have long existed on the Arabian Peninsula, but their importance has waxed and waned with the level of centralized governance in the region.

As trade throughout the Mediterranean increased during the Early Renaissance period, the under-governed region of Anatolia (present-day Turkey) experienced increased economic and cultural contact with Italian merchants. Understanding the benefits of cooperation, citizens in the region organized themselves into organizations known as *akhi*, which operated in a similar fashion to Florentine guilds (Durgun 2009). *Akhi* means brotherhood, referring to the union of traders or craftsmen. The *akhi* were locally-organized institutions which emphasized brotherhood, friendship, mutual aid and economic performance among members (ibid.). They set standards for occupational discipline, consumer protection, dispute resolution, financial assistance, and production standards. Like Italian guilds, they also incorporated local religious practices and social activities into their behavior (ibid.).

Yet the *akhi* arose in a different cultural setting, and so their behavior and effects were tailored to the conditions in Anatolia at the time. Recall that in Italy, guilds arose naturally from the social, political and economic conditions particular to that region and era. In time, they gained enough legitimacy to be codified into the legal framework and eventually incorporated into government directly. In Anatolia, the *akhi* arose from the conditions of political turmoil and decentralization that dominated the region in the 11th through 14th centuries. The region was at the time nominally under the control of the crumbling Byzantine Empire, which did not have the resources to administer it effectively. The Mongol invasions served the same gruesome function that the Black Death accomplished in Florence; large numbers of Turkish refugees fleeing westward through Iran settled in cities along the coast, resulting in a newly-urbanized society

desperate to protect their interests against proximal enemies in an under-governed region. In many coastal cities, the *akhi* grew as a form of *de facto* civil government in the absence of centralized authority. They became capable of enforcing laws, regulating imports and exports, and standardizing weights and measures (Durgun 2009). Due to the weak presence of the Byzantine government in the region<sup>17</sup>, the *akhi* arose to fill societal roles such as social welfare, local conflict resolution and trade negotiations with foreign governments. Over time, many of their practices spread inland and throughout the Middle East.

Members of the *akhi* tended to be petty merchants, tanners, bakers, and other tradesmen without the fantastic wealth and prestige of their Italian counterparts. Their location on the Mediterranean coast afforded them opportunities to build close ties to people from other cultures, and so the religious character of the *akhi* subscribed to a pragmatic, esoteric Islamic heterodoxy, and many considered themselves Sufi. They were also tolerant of other faiths, even allowing Jews and Christians to join their organizations (albeit with the tacit understanding that they would be converted to Islam eventually). Though the *akhi* grew in prestige and membership over the 12th and 13th centuries, their religious affiliations began to run afoul of the central Sunni orthodoxy. The power vacuum which allowed the *akhi* to thrive was also temporary. When the Ottoman Empire centralized power in the region around 1354 AD, the *akhi* were seen as a threat to the Sunni regime and were banned. Deprived of their legal rights, these organizations faded into obscurity (Durgun 2009). Thus the failure of *akhi* to thrive wasn't due to any inherent institutional flaw, rather it could be viewed as the result of power consolidation within the religious-political establishment. Drawing again upon Michels' Iron Law of Oligarchy, the duties

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<sup>17</sup> The Byzantine and Ottoman Empires had such notoriously bloated government that today we refer to a paralyzing bureaucracy as "Byzantine".

of these institutions were absorbed into a more centralized government and the aspects of their operation which were not essential to the new regime were discarded.

Though the *akhi* themselves did not survive, they had nonetheless shaped the societies in which they operated, and fragments of the economic and social functions of these institutions made their way into Arabian society in various forms (Yildirim 2006). The concept of *gedik*, for example, became a traditional way of economic self-management within individual cities throughout parts of the Ottoman Empire (Dünyası & Meselesi 2010). Each city could only support a certain number of producers in any given industry, and so production developed a form of quasi-legal regulation. *Gedik*, or “slot” refers to the idea that market participation in a city was heritable. A craftsman’s *gedik* was his permission to participate in a certain industry, like weaving, oil production, or baking bread. A *gedik* was generally transferred from father to son, but could also be sold in case of severe economic hardship or relocation (ibid.). Another remnant of the *akhi* is the concept of *futuwwa*, meaning “chivalry” but the name also referred to social confraternities which operated in various poorly-documented capacities throughout parts of the Ottoman Empire from the 12th through 18th centuries. The *futuwwa* functioned similarly to the early Roman *collegia*, and as their name implies, they were primarily social organizations which tended to be segregated along lines of production. Much as guilds in Renaissance Florence arose to fill a society’s political needs after the nobility were ousted, the political influence of socioeconomic institutions similar to guilds grew during periods of decentralization on the Peninsula.

The Saud family first rose to royal might in 1744, when the leader of a relatively small clan with big dreams married his daughter to the son of a savvy religious philosopher named Wahhab. Saud offered Wahhab political protection and armed might, while Wahhab provided

religious legitimacy and the ideological foundations to support the Saud right to rule. That bond between *umara* and *ulama* (statesmen and divines) marks the modern inception of the use of religion as an instrument for both consolidating a collective identity and legitimizing the ruling family (Nevo 1998). Thus united, the two families carved out a portion of the Ottoman Empire larger than modern-day Saudi Arabia over the next several decades, but their rule was short-lived. Offending both Shia and Sunni sensibilities with their rapid expansion and new ideology, the Saud/Wahhab union ran afoul of the Ottoman Caliph, and the Saud were driven from power by the sword.

The power of the Saud family in the Peninsula waxed and waned until the 1920s, when Abdul Aziz bin Saud would again consolidate power, using a combination of luck, military acumen and the help of a religious warrior confraternity called the *ikhwan* to finally defeat the tattered remnants of the once-mighty Ottoman Empire. The new nation of Saudi Arabia was one of the poorest in the world, however, and the Saud did not have the resources to effect much change. For the vast majority of people within the geographic confines of the nascent Kingdom, nothing much changed under the new regime. Bedouin roamed the desert freely, oases remained largely independent and underdeveloped, and traditional tribal feuds persisted, with the Saud family exerting little influence over the landscape.

### **Oil and the Rise of Rentierism**

And then, in the late 1930s, everything began to change very quickly. The discovery of massive oil reserves was arguably the single most important event in the last thousand years of the Peninsula's history. Since this time, Saudi society has undergone a radical transformation and much of the tension that the Kingdom is experiencing today is the result of the society struggling

to adapt to these new conditions. The system of social, economic and political interactions which had been in place for centuries was no longer suited to address the new problems of the Kingdom. The Saud monarchs have also been forced to adapt, and their tenure is evidence of their considerable proficiency in this arena. They have resorted to wholehearted rentierism, a tactic which was only barely visible in the final decades of the Renaissance.

Early Renaissance Florence demonstrated the benefits of a society focused on economic efficiency. The ability of middle-class Florentine citizens to earn fabulous amounts of wealth through savvy business enterprises fostered a tremendous capacity to aspire in Florentine citizens. You will recall that as early as the 1330s some 50% of Tuscan citizens were involved in some aspect of the textiles business, despite the majority not enjoying guild membership and thus having no part in government. Social capital was high because of economic activity and vice versa. The government nurtured the community because it had economic incentives to do so.

Rentierism, on the other hand, develops very differently. Rentierism is a national economic strategy in which a government seeks to maximize its revenue from a single resource (in this case, oil) and distributes the proceeds among various sections of the population (Ramady 2010). In a rentier state, a large amount of wealth can be generated with a very small part of the population. Since the majority of the people don't need to be involved in the process whatsoever, the state can use its deep pockets to buy the loyalty of a populace without encouraging their participation.

The discovery of oil was initially a windfall for the Saud. Besides attracting the attention of powerful allies interested in the resource's strategic value during the Second World War, the presence of oil made the Saud immediately and immensely wealthy. The state didn't need to rely as heavily on strong social connections, and with the money to build lavish palaces there was

reason to settle down. The only institutions that were important to the Saud were those that related to the extraction and sale of oil and responsible management of those profits. Thus banks and oil corporations became the two most developed aspects of the Saudi Arabian economic strategy. Unfortunately, neither of these industries are capable of gainfully employing a workforce of 20 million unemployed and increasingly restless Saudi citizens.

It makes sense that, upon taking power, the Saud should consolidate their holdings and begin making their Kingdom easier to rule. Again citing Tilly:

With respect to state making (in the narrow sense of eliminating or neutralizing the local rivals of the people who controlled the state), a territory populated by great landlords or by distinct religious groups generally imposed larger costs on a conqueror than one of fragmented power or homogeneous culture” (1985, 182).

Smaller city-states in Renaissance Europe had the advantage of being more homogeneous, more physically accessible, and thus easier to govern. In modern times, however, geographic size is easier to maintain as long as citizens can be tracked. The Saud had to be careful to keep an eye on any potential rivals, and they did this by encouraging unprecedented urbanization in the Kingdom. This, to an extent, negated traditional identities and fragmented potential opposition by breaking traditional social institutions. When King Abdul Aziz formed the modern Saudi State in 1932, the majority of their citizens lived in rural areas (Pavan 2014), but they immediately set about changing that. Roughly 49% of the total population was urbanized as early as 1970, and 12% of the population was living in cities with a population of 1 million or more. By 2005, the percentage living in cities was 83%, with 35% of the population living in cities of 1 million or more (Ramady 2010). The new urban landscape is easier to govern, but the transition from a pastoral society to an urban one has had dramatic consequences for society.

Saudi society is in a state of flux, with many millions of citizens struggling to redefine their identities within this new urban environment. The anticipation of civic participation or

sense of social belonging that new arrivals to Florence could expect are not part of the experience of newly-urbanized Saudi Arabians. They have little expectation of shaping their communities, and government welfare programs foster no capacity to aspire (Pavan 2014) among the new arrivals or the Kingdom's youth. Huntington would describe this as a "society without community" (1968, 8). He elaborates:

In a society of any complexity, the relative power of each group is exercised through political institutions which temper, moderate, and redirect that power so as to render the dominance of one social force compatible with the community of many. (1968, 8)

Rentierism therefore stands as the primary obstacle to reforming Saudi society to foster the development of institutions that encourage civic participation. The existence of a rentier state helps to conserve socio-political norms in Arab societies and polities such as the patrimonial nature of social interactions and primordial loyalties (Ross 2001). While these norms were well-suited to the nomadic lifestyle which previously dominated society on the Arabian Peninsula, within the modern urban environment they are no longer productive. Rentierism discourages an efficient private sector outside of oil and finance within the Kingdom and contributes to sluggish public sector performance. Though technically an economic policy, rentierism affects every aspect of life in Saudi Arabia, including politics, society, religion, and education. The traditional aspects of human interaction, including remnants of *akhi* which remained in Arabia until the 1800s, have withered.

### **Attempts to Compensate for New Conditions**

Though shared oil wealth has raised the standard of living (measured by Western metrics) for most Saudi citizens, it has had some problematic consequences. The Kingdom has been attempting to shift from its dependence on oil for decades, with some success, though its

initiatives have generally neglected the development of productive social capital among its citizens until the last fifteen years or so. Since the turn of the 21st Century, Saudi rulers have begun to re-evaluate the sustainability of rentierism and have implemented a number of programs and initiatives to better address the Kingdom's increasing need for social capital in coming decades.

Realizing the limitations of oil reliance, in the 1970s the Saud initially attempted an economic growth strategy based on import substitution. The plan was to locally produce consumer goods that were previously imported from Asia and Europe, thus keeping capital inside the Kingdom and creating jobs for local Saudi workers and merchants. This failed for two reasons: lobbying from the Saudi merchant class, and lack of expertise among local Saudi citizens. Import substitution required substantial tariffs if domestic goods were to compete with lower-cost and higher-quality imports. Economic protectionism is detrimental to importers. A small number of large Saudi merchant families (each with several hundred members) virtually controlled the import and export of non-petroleum products in the Kingdom. They effectively lobbied senior princes and the King to preserve their privileges (Seznec & Kirk 2010). Additionally, the Saudi education system, with its emphasis on religious studies, had not adequately prepared a sufficient portion of the population to produce advanced goods at low prices. The lack of social capital presented obstacles in anticipating supply and demand for various goods.

One additional consequence of the Saudi rentier economy has been the development of a powerful state bureaucracy which has perpetuated a preference for government jobs at the expense of the private sector. Since the majority of profitable economic activity in the Kingdom comes from oil revenue and the Kingdom does not currently tax its citizens directly, the private

sector has developed a subservient relationship to the public sector (Ramady 2010). Public sector jobs, though popular among citizens, tend to be focused around the state's operations as a redistributive agent and offer few merit-based advancement incentives, thus depriving ambitious public servants of a sense of fulfillment for a job well done. Senior civil servants demonstrate deficiencies in "psychological drive, flexibility, communication, client relations and impartiality" (Hegelan and Palmer 1999; Ramady 201, 20). In Hertog's words, the Saudi state operates on a "wide array of very different, parallel client bodies that have not been functionally integrated and in some cases constituted veritable worlds unto themselves" (Hertog 2010, 249). This allows for islands of administrative efficiency in banking and oil-related sectors while effectively paralyzing many others such as public safety, justice, and infrastructure.

The composition of the private sector is one of the biggest obstacles to modern Saudi Arabian development. Today, as many as 95 percent of private sector jobs are filled by foreign workers, though expatriates comprise only one-third of the Kingdom's estimated population of 28.8 million (Seznec & Kirk 2010).<sup>18</sup> These expatriates drain billions of dollars from the Saudi economy annually in the form of remittances sent to families abroad.<sup>19</sup> This is not too much of a problem when oil rents are high, but as the price of oil drops (as it has recently) it quickly becomes an issue that cannot be ignored (Seznec 2010). Efforts to encourage Saudi businessmen to hire local citizens are met with resistance by employers who are disinclined to hire more expensive domestic employees (*ibid.*). Saudi citizens, in turn, feel no pressing desire to replace expatriates in these jobs, which tend to be unskilled labor and are seen as undesirable. The remaining 5 percent of private sector jobs, then, are thinly distributed among the remaining 19

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<sup>18</sup> Despite efforts by the government to enact measures to facilitate keeping track of citizens, demographic estimates for the Kingdom tend to vary wildly. Another source places the 2014 population of the Kingdom at 25 million, with expatriates comprising 5 million of that number (Maisel 2014).

<sup>19</sup> Ramady estimates the total amount of remittances sent abroad between 1970 and 2008 at \$327 billion in 2010 dollars (2010: 31).

million Saudi citizens. To a degree that is difficult to conceptualize, the extent of the rentier state in Saudi Arabia has fostered “a nation of beggars” (House 2012, 25). In the event that rentier policies are discontinued, the people of Saudi Arabia have little productive capacity which they can leverage to maintain their current levels of consumption.

### **Family Solidarity and *Wasta***

Family and tribal solidarity remains the primary social institution within Saudi Arabia. An overwhelming majority of jobs which are available and desirable to Saudi citizens are allocated using a form of patronage called *wasta*, or “intercession”. This term refers to family or social connections, and it is not dissimilar to the western concept of social ‘clout’ (Cunningham & Sarayrah 1994, 29). Saudi society, unlike that of Renaissance Florence, is deeply fragmented and rule of law is not prevalent. Often, in order to conduct business, Saudi citizens must leverage personal connections, favors and bribes to gain the favor of an influential official who can facilitate business transactions like the purchase of land, obtaining a business license or loan, the clearance of a shipment of goods through customs, or the bestowal of lucrative government contracts. Steffen Hertog explains:

Ever since the creation of modern bureaucracy in Saudi Arabia, princes and the commoners around them have been linked through patron–client relations: long-term, deep and unequal links of fealty. Royals provide access to power, resources and status, whereas the commoners provide loyalty and defend the interests of their patrons in state and society. These ties have been keeping elites with seemingly divergent interests – princes and technocrats – tightly knit together for more than half a century. In their diversity, these links are reaching deep into the state apparatus. As sticky as they tend to be in Saudi Arabia, however, they are seldom simple ‘dyads’, but rather part of more complex networks of patronage in which clients themselves are patrons for actors further down in the hierarchy, clients can have several patrons, and links can shift over time, changing their utility as the context changes. (Hertog 2008, 647)

*Wasta* is a reciprocal agreement; favors in exchange for loyalty. It is a vital feature of the Saudi economy, yet like the production of art in Renaissance Florence, one which is virtually impossible for scholars to objectively quantify. Where the early Florentine guilds tended to lean toward meritocratic promotion, the bureaucratic Saudi public sector is handicapped by the fact that individual employees seldom need to be efficient.

Florentine citizens living in the closing decades of the Renaissance would recognize the concept of *wasta*. The Medici ruled from behind the scenes as Florence's "Big Men", conferring offices as favors instead of as the due reward for tax-paying citizens (Brown 2011: xvi). Bankers extended credit to insolvent friends and relatives at discounted rates with the expectation of future reciprocity. Though a certain amount of generalized reciprocity is associated with economic growth, if the expectation of further extended credit reduces the cost of failure to close to zero, then individual citizens have little incentive to succeed. *Wasta* and rentierism have the effect of reducing a community's capacity to aspire (Pavan 2014) and incentivizing the application of the bare minimum of exertion in business undertakings. This dynamic also helps to explain the continued importance of honor and social standing in a society that has undergone drastic changes in the last three generations (House 2012, 63). Since jobs are allocated based on *wasta*, and *wasta* is based on reputation, ambitious newly-urbanized Saudi citizens have no choice but to participate in consumerism if they wish to participate in the labor market. They purchase name brand clothing, accessories, and cars to give the appearance of success in order to impress friends and relatives, thus becoming eligible for the job that might make them successful.

The conspicuous consumption of Veblin goods is comparable to the Renaissance taste for fine art, but Saudi society, unlike Florentine society, is not broadly involved in the production of the wealth which pays for these goods. Florentine citizens worked together to build individual

wealth, and wealthy patrons nurtured the growth of social capital, returning a portion of that wealth to the people in the form of welfare, charity, and public works. The participation of a large segment of society was vital to the Medici; their wealth was contingent on the city's social capital. In Saudi Arabia, wealth is generated independent of the majority of the population, and this wealth is distributed to society at large.

Each system has benefits and drawbacks, and so are suited to different situations. The Medici had a close connection with the people of Florence.<sup>20</sup> The guilds fostered transparency and accountability since individual performance was linked to the economic wealth of others and social capital was paramount. The Saud are able to veil a majority of their actions from the public eye since the people aren't the source of their power. The Kingdom has little accountability and transparency in its actions, which discourages public participation in political discussions (Alastair Hirst cited in Seznec & Kirk 2010, 10). The Saud system widens the gulf between political and social life, fostering a deep conventional respect for authority which is already present in paternalistic Arabian society. Wahhabism has been carefully cultivated to foster this submissive tendency (even the word *Islam* means submission). An ingrained culture of public politeness and a distaste for public confrontation further decreases the accountability of the Saud to the people by raising the threshold for open protest in the event of public discontent.

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<sup>20</sup> Lorenzo de Medici once wrote in a narrative poem "...I was approaching town along the road that leads into the portal of Faenza, when I observed such throngs proceeding through the streets, that I won't even dare to guess how many men made up the retinue. The names of many I could easily say: I knew a number of them personally...There's one I saw among those myriads, with whom I'd been close friends for many years, as I had known him since we'd both been lads..." ("Il Simposio," qtd. in Miles J. Unger's "Magnifico: The Brilliant Life and Violent Times of Lorenzo de' Medici." New York: Simon & Schuster, 2008.)

## **Part Three: The Kingdom's Future**

Rentierism currently stands as the primary obstacle to reforming Saudi society to foster the development of institutions that encourage civic participation. The existence of a rentier state helps to conserve socio-political norms such as the patrimonial nature of social interactions and primordial loyalties (Ross 2001). Rentierism discourages an efficient private sector outside of oil and finance within the Kingdom and contributes to sluggish public sector performance. It is also incompatible with high levels of social capital growth. Can the fissures in a deeply fragmented Saudi society be bridged by some variation of a latter-day guild? Can the traditions of weak political and civic participation in Saudi Arabia be overcome? Most importantly, if it can be done, what is the result to those currently in power?

### **Looking Forward**

Saudi Arabia is aware that its petroleum reserves will not sustain economic growth forever. A priority of the Saudi monarchy is “empowering the private sector to become the engine of growth through meaningful Saudi national job creation and exports” (Ramady 2010). The key to creating sustainable growth through social institutions lies in cultivating a capacity to aspire (Pavel 2014) among the Saudi population. Guilds in Renaissance Europe fostered “the construction of a great social and moral machine, calculated to produce wealth, knowledge, and happiness, with unprecedented precision and rapidity” (Black 1984, 177). Every member of society was a cog in this machine, and each individual could benefit from the system’s triumphs. Saudi development has led its people in the opposite direction, and this strategy has been effective in maintain Saud control over the region so far, despite high levels of volatility in the region in recent decades. But signs currently point to a decline in the Kingdom’s ability to

sustain rentierism, and though the Saud have been successful so far, they will soon find themselves presented with a new set of challenges in which their current strategies will be counterproductive.

Why should the King of Saudi Arabia consider guilds as a basis for guiding social policies? Upon consolidating power, the Medici tended to rule from behind the scenes, seldom holding elected office personally. Yet the city-state remained a nominal republic<sup>21</sup> until the end of the Renaissance. The people supported Medici rule because of the family's popular reputation, eventually going so far as to support the bestowal of the Medici title of Duke despite the city-state's long history as a republic. During the upheaval which may occur in Saudi Arabia during the 21st Century decline of rentierism, the shape that the government will take is uncertain. But if aspects of the Florentine experience can be adopted by Saudi Arabia during this transition, then the new shape which the society selects to rule over it need not necessarily exclude the continued primacy of the Saud dynasty.

A rentier economy requires vast amounts of wealth independent of the majority of the population. This money is used to provide the people enough services to keep them content. The Saud have subsidized many public services within the Kingdom in an effort to keep costs down and prevent social unrest. For example, the prices of fuels, electricity, and desalinated water in Saudi Arabia are just a fraction of their market values. Proponents of subsidies argue that they shield the population against price fluctuations, ensure that the poor have access to electricity and fuel, distribute hydrocarbon wealth, and buy domestic political support (Bahgat 2013). This is true, but they are also fantastically expensive and thus untenable in the long term.

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<sup>21</sup> Even Medici rule was not constant; family members were exiled from Florence on no fewer than four occasions between 1400 and 1537. For a majority of Florentine citizens, exile was almost as severe a punishment as death, since it meant the loss of their social identity which they held very dear. Luckily for the Medici, their exiles were rescinded when things quieted down.

Tilly explains how, beginning at the end of the Renaissance, European absolutist monarchs were increasingly forced by military necessity to extend rights of representation in government to those sectors capable of paying the taxes necessary to fund the needs of the state (Tilly 1990).<sup>22</sup> In Tilly's model, a transition necessitated increased military expenditures which led to the development of social capital in order to better extract wealth from a society. In the case of Saudi Arabia, the factor spurring growth is likely to be not war, but the fall of rentierism. But the result is the same: Saudi Arabia will need to greatly improve its ability to extract wealth from its populace in coming decades.

It is thus advantageous to the Saud dynasty to foster private sector economic activity and institutions. These institutions, similar in operation to the guilds, can be relegated a certain amount of economic protection and independence, much as the Florentine guilds were. By granting these institutions a measure of freedom to shape their own operations, the Saud can begin to build the foundations of a society without rentierism. An increase in civic participation in economic and social spheres will encourage the growth of social capital, and the people can leverage this to increase productivity to meet the falling profitability of the oil sector. This might have the added benefit of allowing the Saud to use these institutions as a blame avoidance measure if necessary, shifting blame to the private sector to protect the dynasty in the event of economic underperformance. This may serve the purpose of extending Saud tenure in the context of increasing levels of public economic independence. Finally, institutions which nurture social capital will also facilitate the creation of civic identity among Saudi citizens, strengthening social

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<sup>22</sup> The possibility of war has been omitted from this essay because of the inherent difficulty in predicting future international armed conflicts. In an unpublished draft paper from 2004, Rolf Schwartz explains the difference between "empirical" states which fit Tilly's criteria for development in the face of military threats, and "quasi-states" which generally were created or gained independence in the 20th century after national boundaries were largely given and thus developed different ways of resource extraction, such as rentierism. He concludes that that the level of rentierism is a better indicator for the path state-formation has taken in the Arab Middle East than a focus on the war-making capacities of states.

networks and expanding reciprocity while assisting in the formation of individual identities which are more relevant under the Kingdom's current conditions.

### **Obstacles to Immediate Change**

Though the Kingdom has been making steps to reform his economy to satisfy both international organizations and domestic demands, many obstacles prevent modern Saudi leaders from superimposing Florentine guild socioeconomic institutional organization into their own society. Firstly, cultural paradigms of leadership and governance vary across societies. Participatory leadership is traditionally valued in cultures with European influence, and Renaissance Italy was no exception. Newcomers to the Florentine political scene arrived with an expectation of political participation and civic involvement. Saudi society, on the other hand, has a long tradition of deference to authority dating back to the formation of Islam (which itself means submission). Saudi Arabia does not share Florence's tradition of political and civic participation. Citizens in Arab nations tend to prize authoritarian management practices in a combination of family or tribal norms and bureaucratic organizational structure (Wolf 2006). Acceptable management practices found in one country are not guaranteed to work even in a neighboring country (Hofstede 2001); can one expect them to be comparable across seven hundred years of technological advances and cultural divergence? In addition, Arabs are aware of the encroachment of Western influence in their society, and tend to be suspicious of institutions which they perceive to be Western in origin because these institutions do not tend to suit the needs of Arabia. Guilds arose in Florence under conditions which do not exist in Saudi Arabia, and might not serve the interests of either the people or the Saud if they did.

Secondly, the Saud family has now grown so large that the prospect of consensus among the Saud princes is becoming a pipe dream. Historically, institutional change within the Kingdom tends to reflect power shifts among a select few princes and technocrats rather than a unified Saud strategy (Hertog 2008). The fractures in society and tenuous alliances based on *wasta* are not limited to the general population; the ruling family is also divided, fractious and bureaucratic. Saudi development from the 1970s up until now has not been the result of carefully considered long-term strategy. “How these different institutions evolved, and which ones emerged on top, was not predetermined. In the absence of powerful political forces outside of the regime core, it rather was contingent on the quirks of a small section in the Saudi elite – their personalities, their patronage relations and their more or less petty conflicts” (Hertog 2008, 661).

This relates to the third problem, the fact that relatively minor decisions made today often have major consequences down the road. An analysis of the Saud society today isn't necessarily a useful indicator of how its people will react to changing conditions in the future. In many groups, the actual history of experiences may not be indicative of an unambiguous social paradigm (Schein 2010). Culture cannot be inferred from behavior, and behavior is not necessarily demonstrative of culture (Schein 2010, 20). Unanticipated external shocks are often capable of influencing a nation's development in ways which appear to directly contradict external understanding of local cultural paradigms. The developments of the Arab Spring could scarcely have been forecast 20 years before they took place because the effects of the introduction of social media in the Arab world could not have been predicted. In other words, political science tends to be more of a descriptive discipline than a prescriptive tool. There are so many factors which might influence the success or failure of a particular strategy that it is

difficult to make a confident recommendation, especially regarding a society decades into the future.

In order to guide societal change, it seems that the Saud must give its people something to work towards; a goal which can only be achieved through cooperation. A war would serve this function; if the Saud encouraged its people to unify against a common foe who presented a clear and present danger to the existence of the state, it could conceivably accomplish this task in a few short years. Wars, however, also have undesirable and unpredictable effects, and though they can drastically alter the shape of a state's development for better or worse, war is outside the scope of this essay. A slower but more reliable method of supplying a common goal to the people of Saudi Arabia would be the transition to social and economic participation. While rentierism remains viable, the Saud would be advised to subsidize the formation of institutions which promote the growth of social capital. These can be economic institutions like guilds, but other organizations are also capable of building social capital. In an economic example, the subsidies would make participation in these ventures highly profitable, encouraging participation. In non-economic institutions such those which are tribal, religious, or educational in nature, government subsidies can nonetheless encourage activities, norms, and interactions which build social capital, such as government sponsorship of intra-tribal camel races, academic competitions, or community centers.

The Saud have always been careful to implement social reforms gradually. As aspects of guilds changed over time to meet the changing needs of the people, perhaps institutions already in Saudi Arabia could be adapted to accomplish the task of building social capital. Three organizations within the Kingdom appear to possess both the motive and the means to build social capital in the new Saudi Arabia. The first is the highly-developed industrial export sector,

which shares the Florentine guild aspect of being primarily an economic institution. The second is the Wahhabist movement, which has the advantage of the participation of a large portion of Saudi society. The third is the traditional tribal ties which are being redefined in the new urban environment. Each of these institutions has developed advantages and drawbacks in terms of social capital generation, and in the last decade the Saud have targeted each of these entities for significant reform.

### **The Case for Industry**

First, let's look at industry. Modern Saudi state-owned companies tend to be extremely efficient and relatively immune to corruption. The largest, Saudi Aramco, was originally an American company which transitioned to a Saudi state-owned company in the 1970s, leaving the western-style corporate management infrastructure largely intact. Large state-owned companies like Aramco, SABIC and *Ma'aden* are therefore largely immune to the financially-problematic tradition of *wasta* (Hertog 2008). Their huge profit margins permit them to hire and train professional employees, develop their own technology and infrastructure, and develop a meritocratic management system (Seznec and Kirk 2010). State-owned companies in the Gulf may be the fundamental engine of development. This meritocratic framework could be applied to a number of other countries with similar success, "although the lack of corruption and the meritocratic management system may be difficult to implement elsewhere" (Seznec and Kirk 2010: 10).

Hertog proposes a new development structure linking large state-owned companies. The Saudi banking system today is one of the most capitalized, liquid and profitable in the world (Ramady 2010). A parallel to Florentine economy is clear, even if the two cases developed from

different conditions. Florentine Renaissance banks were successful due to a tightly-knit guild social structure, developed over centuries, which hinged on personal relationships with foreign royalty, disseminated best business practices, and arose from a tradition of meticulous record-keeping. Saudi banks, on the other hand, are productive today because of the necessity of the Saudi economy to maximize its staggering oil profits.

Saudi industry appears at first glance to operate similarly in many ways to the *arta della lana*. Take the petroleum behemoth, Aramco, as an example. Aramco operates as a “kingdom within a kingdom” (Hertog 2008). The company funds its own educational institutions, is permitted to make and enforce its own laws to an extent, and its isolated corporate compounds provide all the social amenities its employees desire. Since the Saudi regime relies almost exclusively on the profitability of the oil industry for its budget, Aramco, much like the *arta della lana*, is able to influence Saudi politics in realms with economic consequences. A young aspiring Florentine immigrant had a variety of trade opportunities to select from, but eager Saudi citizens are very limited in their career choices. In Florence, guild members lived and worked with citizens from all walks of life and built social capital with members of various social groups. Saudi Arabians employed by Aramco generally live in fenced-in corporate compounds and live in relative isolation from the bulk of Saudi society. Since Aramco is the best opportunity for aspiring young people, other sectors suffer a “brain drain” as the most capable employees are snatched up and isolated.

But to what extent can Aramco shape the whole of Saudi society throughout the 21st century? The most significant obstacle is associated with rentierism and the fact that participation in the petroleum industry is limited. Saudi Arabia has an obvious comparative advantage in the production of petroleum, but the institutions for the extraction and production of

this resource were intentionally designed by American investors to be independent from the bulk of Saudi society (Hertog 2008). While the Florentine guilds shaped a society that operated in close partnership with the government, the finance and petroleum industries were designed to exclude the Saudi people to the greatest extent possible.

Hertog asserts that “the preservation of Aramco’s American managerial structures would not have been thinkable in a nationalistic political environment” (Hertog 2008: 662). Any attempts to expand the oil industry to a greater percentage of the Saudi population will result in the dilution of its meritocracy, thereby decreasing its efficiency and depriving the Kingdom of its most important source of income. But Hertog also argues that linking large Saudi corporations to diversified economic development will also introduce the populace to the effective meritocratic business methods employed by these large firms.

Also, since one of our initial assumptions was that falling oil profits will contribute to political instability, it stands to reason that if the *status quo* is maintained then Aramco will begin to shrink even as Saudi society begins to roil. But Aramco has little incentive to dilute its profits, paying a greater percentage of Saudi society to participate in a shrinking petroleum industry. As a public company, Aramco is interested in the financial bottom line. The other corporations within the Kingdom are mostly ruled by Saudi Princes and a small number of oligarchic merchant families with whom the Saud have reciprocal *wasta* arrangements; favors in exchange for loyalty. Private enterprise and small business, like the bulk of Saudi society, can be conveniently ignored until it starts causing trouble.

Small private enterprise within the Kingdom, as mentioned before, suffers from a lack of support by the government. Since Saudi Arabia’s accession to the World Trade Organization in 2005, an increasing number of Saudi citizens have begun expanding into entrepreneurial

ventures, but the bureaucracy has been slow to implement comprehensive regulations that would facilitate entry of new small businesses into the marketplace (Alharbi 2014). Despite obstacles, membership in the WTO brings pressure from the international community for the Kingdom to develop protections for private enterprise, small business, and social capital.

It is fallacious to assume that the shortcomings of the Kingdom's current institutions are the result of some deficiency in Arabic or Muslim culture. The Ministries of Finance, Labor, and Oil have developed efficient training techniques in the fields which are vital for the Kingdom's development. In short, the lack of public sector participation by Saudi citizens isn't due to any inherent inadequacy among Saudi citizens; it is because public sector participation has not been a priority within the Saudi rentier system, so it has been neglected by the government. In the last couple decades, the Saud have begun to implement programs to increase the participation of its citizens in local labor markets. This process is nicknamed "Saudization" and it is an attempt by the regime to increase the Kingdom's social capital by encouraging citizens to participate in economic activity. The program, known as *Nitaqat*, "aims to offer job opportunities to Saudi nationals and demands that companies operating in the Kingdom hire a certain number of Saudi employees to be determined in accordance with the company's size" (Mustafa 2013, 1). The initiative has grown by kicks and starts, but has growing support among the populace, especially young Saudis eager to join the workforce. If the program is successful, it will build social capital among the Kingdom's youth. This in turn will increase their productivity, help to develop civic identity, encourage a capacity to aspire, and make them generally more content, fulfilled, and less likely to demand regime change as state welfare benefits decline. The program faces criticism for aspects of its performance (ibid.), yet as time progresses and rentierism becomes less viable, the program will likely begin to attract more participants. This is one example of a

societal shift that may occur as the result of changing economic conditions, and the Saud appear to be aware of the benefits of addressing the needs of the Kingdom's youth.

In fact in 2013 the Kingdom began funding one of the largest vocational and technical education upgrades in the world. The capacity of the system will be increased from 110,000 students to more than 220,000 students by 2020, and the Kingdom continues to augment the system to meet local conditions (Pavel 2014). To bypass the obstacles in the Saudi bureaucracy, the Kingdom contracted with a number of international corporations to provide oversight, planning, and regulation. Vocational training facilities in ten cities will be independently run by international providers and regulated, funded and overseen by the Kingdom's Technical and Vocational Education Training (TVET) system. By 2020, the initiative will have provided technical and vocational training to nearly half a million students at a cost of \$3.65 billion to the Kingdom (ibid.). Once the project is running smoothly, Saudi Arabia expects to reduce the international presence and will transition its operations to domestic institutions. In other words, the Kingdom appears to have recognized its own administrative shortcomings and is enlisting the help of UK and US corporations to design sustainable institutions which are tailored to the current and future needs of Saudi Arabia.

A total of thirty-seven new vocational colleges, called "Colleges of Excellence", have begun training students within the last two years. In 1970 there were only three universities in the Kingdom. Today there are nine private and twenty-eight public universities, with ten more planned to open in the next five years (Pavel 2014). To fund these and other education reforms, the Ministry of Finance approved a record-breaking \$228 billion education budget in 2014 (ibid.). The King Abdullah Scholarship Program is one of the largest scholarship foundations in the world, currently funding or subsidizing the studies of over 110,000 Saudi students at universities

around the world. So many young Saudi citizens are taking advantage of this program that Saudi Arabian Airlines has inaugurated at least two new flight destinations to transport students (ibid.).

Perhaps most exciting, at least from the perspective of this essay, is a contract signed in 2014 with a British company called “City and Guilds” which specializes in expanding the social capital associated with economic activity in small businesses (City & Guilds 2014). This company is sending teams all over Saudi Arabia to evaluate how best to promote the growth of institutions which will connect businesses with communities to meet the needs of citizens.

Advances in education, training, and infrastructure are moot if jobs remain unavailable. Thus the Kingdom also is taking steps to create jobs using the Kingdom’s comparative advantages to expand economic activity outside the export of unrefined petroleum. Cheap energy positions the Kingdom to become the largest and cheapest producer of chemicals in the world within a few years due to the reliance of this industry on inexpensive energy and abundant capital (Seznec and Kirk 2010). Aramco has stated it will invest more heavily in new domestic refineries which will be staffed primarily by Saudi nationals. The smaller corporations run by Princes are learning ways to increase productivity among their employees as the increasing size of the Saud family spreads the Princely allowance a little too thin and the profitability of business becomes increasingly important. As businesses become more professional and successful, they hire new employees who experience a renewed capacity to aspire. Social capital will increase the productivity of these businesses by allowing owners to better anticipate supply and demand (Darley & Khizindar 2015), increasing reciprocity and profitability. Many of these employees will break out and start their own small businesses, and as rentierism declines, the private sector can grow to offset a portion of the economic shock to the people.

With more money at stake and in the context of international pressure, Saudi businesses are already pushing for judicial reform in order to protect their assets (The Economist 2009). Women, currently comprising some 60% of students at the Kingdom's universities, could soon enjoy greater legal protections, enabling the economy to benefit from this largely-untapped source of productivity. This will have second- and third-order effects as well, which will need to be considered.<sup>24</sup> Social networking will develop among small business owners eager to share best practices.<sup>25</sup> Ripples like these will spread through every aspect of Saudi life, and changes in other areas will flow into the economic realm.

### **The Case for Wahhabism:**

Wahhabism has several advantages that appear to position it nicely to encourage the growth of social capital. Most importantly, the Islamic faith offers a pre-existing social framework which includes virtually all members of Saudi society (adherence to Islam is a requirement for citizenship). Thus Wahhabism holds the greatest hope of fostering expanded reciprocity in social interactions, since Islam is one thing that all Saudi citizens have in common. Though not primarily an economic institution, religion nevertheless serves to regulate economic, political, and social activity. Through the vehicle of Wahhabism, the Saud have funded the construction of beautiful mosques in cities around the world. The state export of religion by the Kingdom can be compared with the Florentine export of culture. Saudi Arabia's reputation is enhanced internationally and Saudi citizens take pride in their Kingdom's achievements. The

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<sup>24</sup> For example, if women are granted permission to drive, hundreds of thousands of expatriate taxi drivers whose presence in Saudi Arabia is based on shuttling women will find themselves out of work. This will contribute to increased rates of Saudification in the workforce, but the foreign taxi drivers are not likely to be pleased (Seznec & Kirk 2010, 4).

<sup>25</sup> This is currently happening. A search of Saudi Facebook groups yields results like "Barista's Guild of Saudi Arabia", "Wig Enthusiast's Club" and several groups for people to post and solicit jobs. Of course, there's also one called something like "Crush those who would shake the throne of the Kingdom" (in Arabic: *أند - حاول لمدن - سحقاً*: *كأنه ما كان - ممل لك تي عن شدي هز*), so social networking works for both sides.

Wahhabist sect of Islam is exporting its values and achievements to the benefit and pride of those at home. Mecca has been developed into a major tourist destination<sup>26</sup> as Wahhabis encourage Muslims around the world to complete the *hajj*.

It would be inappropriate for non-Muslim Westerners to suggest doctrinal reforms within Wahhabist Islam that might foster social capital. This paper will therefore not speculate about possible internal religious reforms, but will instead focus on the current interactions and trends between the government, the religious establishment, and the people.

In 1924, after Abdul Aziz had consolidated his power and begun ruling his new nation, his allies the *ikhwan* found themselves without an enemy to fight. The religious confraternity had grown in size and power, and their leaders began to confront the Saud monarchy directly. King Aziz, they claimed, was not ruling in accordance with Wahhabist doctrine as they interpreted it. They presented a list of demands to the King, reminding him that his position as King was contingent on his ruling in accordance to strict Wahhabist tradition. The King was disinclined to acquiesce, and by 1927 enlisted the help of his new British allies to purge their ranks and wipe out the organization by force. This action is demonstrative of a consistent trait of Saud rule: religion is subordinate to the state.

From the rise of Islam to the present day, Muslims have circumvented Islamic prescriptions with ease when religious tenets conflicted with their interests (Kuran 2010).

In Saudi Arabia [the Koran...] remains the only recognized and enforceable code of law, so that the country is held in a 1300-year-old corset of town and desert morality that is deemed to be universally and eternally applicable - a fate that leads to a great many conflicts and expediencies. The insistence on unity as well as submission, however, was crucial to Muhammad, probably because it was the reverse of the actual disunity that existed in Arabia in his time - as, indeed, on many occasions since (Holden and Johns 1982: 18).

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<sup>26</sup> Thanks in no small part to the bin Laden family, of course.

Though Islam has dominated daily life on the Arabian Peninsula since the days of the Prophet, it has nonetheless been adapted to meet the current needs of the people. Wahhabism gained popularity because it was a reformulation of Islam which was relevant to the conditions in which the people of the Arabian Peninsula found themselves, and the convenient partnership between Wahhab and Saud was beneficial to both of these parties within this context. The church and state grew to become mutually reliant upon each other as they did in Florentine Italy. But the context within the Kingdom is changing, and so is the relationship between these two historical allies.

Historically, the Saudi government has defended its economic activity by emphasizing how its actions safeguard Islamic values, cultural heritage and traditions (Ramady 2010).<sup>27</sup> They have done so by promoting modernization while attempting to avoid the appearance of westernization (Abdalla 1983) in terms of ideals of education, institutions and development.<sup>28</sup> In addition, the Saud are careful to obtain the support of the *ulama*, the council of religious scholars who interpret laws. Continuing to package social reforms such as continued improvements to education, gender equality, and community mobilization initiatives under the pretext of economic reform makes these reforms more palatable to religious conservatives.

The Saud have historically relied upon the support of the Wahhabists to retain power, and though the relationship between church and state has changed since the rise of Saudi rentierism, the two entities remain intimately connected and to an extent co-dependent. While nationalism,

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<sup>27</sup> Moreover, even cabinet ministers with a 'secular' educational background, who head mundane departments such as Industry, Electricity, or Planning, tend to phrase the rationale of their policies in religious terms."(Nevo 1998: 36)

<sup>28</sup> This also helps explain why the workings of the westernized Aramco have remained so isolated from the bulk of Saudi society. Many traditional Wahhabists would have cause to object about the decidedly un-Islamic Western culture which prevails within Aramco, so it has been generally isolated to avoid exposure and decrease public outcry. As long as the money keeps flowing, it seems that even conservative Wahhabist *imams* are disinclined to criticize this arrangement openly.

usually associated with modernization and secularization, preaches the love of society and state and promotes loyalty to them, in Saudi Arabia religious faith and loyalty to the ruling family have been the traditional components of the collective identity (Nevo 1998). The Saud have made persistent efforts to cultivate Wahhabism into both a state religion and an essential attribute of Saudi national identity. The latter aspect is meant to substitute the declining and anachronistic militant nature of Wahhabism (ibid.).

Traditionally, the religious sector has held the reins of the Saudi education system. As Nevo explains:

Islamic issues account for more than a third of the reading material in the textbooks of the Saudi public schools. About a third of the elementary schools' curriculum is religious studies, and together with Arabic they make up more than half the curriculum. Similarly, a third of Saudi Arabia's university students major in Islamic studies. The state defines the main goal of its educational system as to promote Islamic values and 'to aim the students in the true Islamic direction'. The entire *raison d'etre* for the introduction of modern education into Saudi Arabia is that 'Islam teaches us that the pursuit of knowledge is a religious duty for every Muslim'. (1998, 36)

But this situation is not as beneficial as it once was. Changes are currently being made to reform the Kingdom's primary and secondary education system to meet the Kingdom's future needs. A \$2.4 billion project called the King Abdullah Project for Public Education Development (KAPPED) began its first phase in 2007 with the creation of fifty 'test' schools in twenty-five provinces across Saudi Arabia to evaluate the viability of a number of potential reforms (Alyami 2014: 1424). A related program, the Technical and Vocational Training Corporation (TVTC) aims to foster needs-based vocational training in industries which are expected to flourish in the Kingdom. The KAPPED is aimed at reforming primary and secondary school systems, which have traditionally been the domain of the religious establishment. The plan is to create a more practical curriculum for teaching exact sciences, research, and the scientific method. It will also

encourage extracurricular activities organized at the local level. The government is, as usual, careful to avoid publicizing the fact that this scheme signals a decline in the amount of Wahhabi religious courses taught in school (Seznec & Kirk 2010). The first phase relied heavily on Western-style education methods, which were quickly deemed unfit for application across the Kingdom's schools. The pilot schemes are being modified, with input from teachers and local administrators, to fit the needs of Saudi society (Alyami 2014).

The Saud regime has been implementing these reforms with its usual cautious pragmatism, supplying international institutions like the UN with vague politicized data demonstrating progress in education reform while tiptoeing around the issue in domestic circles to avoid attracting the public ire of the *ulama*. But external observers (Alyami 2014; Seznec & Kirk 2010) confirm that reforms are indeed being implemented and change appears to be forthcoming. For example, many schools have been operating with little oversight or direction, resulting in vastly different education standards between schools and even between teachers. The TVTC has suggested that teachers' pay be linked to performance in order to generate motivational impact (Alyami 2014).<sup>29</sup> This is just one way in which these job-oriented education reforms have been fostering a capacity to aspire, not just among young Saudi students, but among Saudis in the public sector who are not accustomed to such performance accountability or productivity incentives.<sup>30</sup>

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<sup>29</sup> These reforms, predictably, have not been popular with teachers accustomed to low performance standards. At some schools as many of 70% of faculty resisted the changes, and many quit (Alyami 2014: 1432). But the new standards are taught to young teachers-in-training in colleges and universities across the Kingdom, who will in coming years join the workforce and share this new paradigm with a new generation of Saudi youth.

<sup>30</sup> The new standards included a self-evaluation portion which were important in encouraging teachers to identify areas of potential growth. The teachers were initially reluctant to participate in the process because of a cultural aversion to admitting weakness. Top levels of management were thus enlisted to participate, which signaled to the teachers this institutional paradigmatic shift, and the teachers participated more readily and productively. This demonstrates that top-down institutional change is being effectively modified for implementation within the cultural context of the Kingdom (Alzamil 2014: 141).

King Abdullah was careful to include his name in the KAPPED, and for good reason. Education reform necessitates taking power from the Wahhabi establishment, which has traditionally propped up the Saud regime. By ensuring that his name was on the project, King Abdullah is encouraging the students to support him directly. He “branded” education reform under the Saud name, much as the Medici did with their patronage projects in Florence. As these children grow up to decide the new shape of the Saudi government, perhaps they will consider projects such as these which occurred during their childhoods, and will continue to support the Saud through the upcoming transition. Upon his appointment as Minister of Education in 2013, Prince Khaled summed up the context of Saudi education reform nicely when he said, “*Through Islam* the kingdom can prove to the world how it is capable of developing and progressing better than other states and *without imitating* the models of such states.” (cited in Pavel 2014, emphasis added). Framing the reforms in this manner reassures the religious sector that advances in education are not incompatible with Islam, and that they are being tailored to the unique needs of modern Saudi society.

Education is not the only part of Wahhabist authority that is being redefined within the Kingdom. Since the Ministry of Justice was formed in 1970<sup>31</sup> the power of the religious establishment in Saudi Arabia’s courts has been steadily reduced (Nevo 1998), paving the way to reforms which aim to increase public faith in the justice system. The percentage of religious authorities within the King’s inner councils has been dwindling for decades. The *ulama* has seen its political power dwindle in recent years, to the point where it has virtually become a ‘rubber stamp’ agency which struggles to muster the political capital to refuse the King. The symbolic importance of Mecca is of such importance to the Saudi people that when it was threatened by

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<sup>31</sup> Before this date, the rulings of the Grand Mufti were final and indisputable. After 1970, the Grand Mufti’s rulings became subject to the King’s approval.

extremists in 1979 the Kingdom instituted immediate reforms to reconfigure religious institutions under greater state control in an attempt to prevent the incident from being repeated.

Despite decreased religious participation in politics directly, Wahhabism remains a strong part of Saudi Arabian identity. Mosques dot the landscape and serve as social institutions for urban arrivals seeking socialization with those who share familiar historical identities. For hundreds of years, Wahhabism has performed tasks that could not be accomplished by the Saud alone. Wahhabism is adapting and evolving as the Saud dynasty proves itself increasingly capable and thus less reliant on Wahhabist legitimacy. The power of the *ulama* has increased whenever the Saud family needed additional legitimacy (Nevo 1998). If these current, ambitious reforms are successful, the Saud will have bolstered their own reputation of legitimacy independent of the 270-year-old Saud-Wahhab alliance.

The Saud are chipping away at aspects of this institution which are not useful to them anymore, and nurturing portions of the relationship which will be useful in the future. The KAICIID (King Abdullah Bin Abdulaziz International Centre for Interreligious and Intercultural Dialogue), which also conspicuously flaunts the Saud family's involvement, aims to emphasize "openness to all contemporary influential trends, in the domains of politics, research, academics, media, among others, and not limiting this openness to religious leadership alone" (KAICIID website cited in Pavel 2014, 41).

Islam remains a vital part of Saud identity, and the religion still has an important task to perform. It will likely retain much of its importance, but serve in a different capacity as rentierism declines. Currently the focus is shifting from Islam as the source of legitimacy of the ruling family to Islam as the source of the uniqueness of the Saudi nation. This is the regime's

best chance of drawing on the social capital and civic identity provided by the religion to secure the dynasty's future in the 21st century.

### **The Case for Tribalism:**

Tribal identities have played a dominant role in shaping identity and behavior in the Peninsula for millennia. The historical relationship between tribe and state is therefore, unsurprisingly, very complex. Both institutions have been intertwined and connected through a variety of social, economic and political bonds (Maisel 2014). Tribes formed states, states integrated tribes, tribes strain against states and states exploit tribes for political legitimacy (Khoury and Kostiner 1990).

The mobile nature of the Bedouin prevented the type of stable republican governance which arose in Florence. Northern Italy had well-established territorial boundaries which had been shaped by interactions of jockeying city-states throughout the Middle Ages. Such emphasis on property ownership was foreign to the Bedouin, who considered the entire desert their home and had no use for national boundaries. Little changed over the centuries, and interactions were regulated by a social code which had largely been in place for as long as anyone could remember. Unlike the Tuscan landscape, pastoral nomadism is characterized by movement and mobility. In place of the relatively-sedentary Tuscan society's emphasis on community or neighborhood solidarity, forms of Arab leadership and social solidarity had come to be expressed in familial or tribal terms.

Since books were cumbersome, record-keeping was based largely on oral tradition. Modern scholars know more about many aspects of 14th-century Florence, which safeguarded its knowledge in libraries, than about 19th-century Arabia. In place of books, the Bedouin had

developed a rich tradition of poetry and storytelling, and children learned social, economic and religious norms not in schools, but from the backs of camels swaying through the desert.

In the last century, the nomadic Bedouin have been specifically targeted for resettlement programs. As a mobile, independent segment of the population they pose a security problem for the Saud. Additionally, Saudi national objectives include sharing the fruits of economic development equally across all segments of society, and the nomadic Bedouin present challenges in achieving benchmarks for human development indices (Ramady 2010). Massive urban housing projects are made available only to nomadic peoples, who are offered free housing, education and healthcare if they choose to settle down. Not surprisingly, many choose to do so, but find it difficult to leave again once they arrive. Their camel herds which for thousands of years were vital to life in the desert are clearly a liability in the city. The herds are thus sold and the Bedouin, deprived of their traditional livelihood, become trapped in the cities, reliant on the welfare that the Saudi government funds through its oil profits. Tribal ties, which served as the dominant form of social interaction within Saudi Arabia for over a thousand years, have been sidelined during the last century and these new city-dwellers must now adjust to their new political, social, and economic realities (Maisel 2014).

That the king derives his power and authority from tribal identities is reflected in his official title: he is not merely the King of the Kingdom of Saudi Arabia, but also “*shaykh al-mashayikh* (Chief of the [tribal] chiefs)” (Nevo 2014, 45). Even today, tribal identities exert influence on social interactions. Marriages to someone from a rival tribe are almost unthinkable, and millions of dollars in ‘blood money’ changes hands annually as the result of feuding tribes. “People of different tribal background might work and live together, but they still respect the

invisible line that separates them from the ‘other’ and regulates or limits any interaction” (Maisel 2014, 104). Thompson describes why they retain their importance:

There are an estimated eighty separate tribal groupings in the Kingdom and it can be argued that tribalism constitutes a form of protection and networking in the absence of civil society institutions in the Kingdom. This lack of an intermediate strata means that there is nothing or no one to protect the individual from the state and, for this reason, people turn back to tribal and kinship ties as a form of societal protection and security. (2011, 175)

In other words, citizens turn to tribes to solve their problems when the state is unable or unwilling to do so. This obviously presents the danger of conflicting loyalties which is only recently beginning to be openly addressed by the government.

The King Abdullah Center for National Dialogue (KACND) is beginning to address the changing role of tribal affiliations in modern Saudi society. Though the program began in 2003, it has been expanded to include aspects of cultural discourse. This explicitly includes open discussion of the role of tribes in society, which for many years were taboo in the Kingdom. Secretary General Al’Muammar announced in 2009 that the semiannual conferences, which would take place in locations throughout the kingdom, would engage intellectual elites in public discussions with the express goal of “activat[ing] the role of civil society institutions in tackling and treating cultural issues” (Thompson 2011, 168). A conference in late 2010 addressed the topic of tribalism in Saudi society directly. Participants noted that “administrative favoritism” along tribal lines remained a hindrance to development, and suggested that a focus on the nuclear family instead of the tribe as a focus of development may help to de-emphasize tribal disputes and serve national interests (ibid., 171). *Wasta* has served to entrench tribal affiliations in government, and many ministries as well as the National Guard tend to be tribally homogenous. Applicants for government positions are asked not about their qualifications, but about their

tribal affiliations. Saudi citizens currently understand that tribalism is harmful to development, but they must rely on tribal allegiances in order to interact with partisan government officials. Addressing this problem is one of the greatest challenges facing the Saud in its attempts to reform.

Though the KACND is still in its nascent stages and has received criticism for its exclusivity, it is indicative of the government's apparent efforts to facilitate connections between people and the government, 'break the ice' between various constituencies, and created new socio-political spaces for individuals to publicly discuss common issues (Thompson 2011, 178). Institutional changes take time, and it remains to be seen how the KACND and other public forums will serve the interests of various segments of society. But one consequence of the KACND is already becoming evident. Publicly televised KACND forums have spurred conversation on issues such as tribalism, *wasta* and national identity in homes and other locations throughout Saudi Arabia simply by legitimizing their discussion. This shift in public discourse and media freedom, like the value of Florentine cultural goods, cannot be objectively measured but is nevertheless tangible within the Kingdom (ibid.) as people are beginning to believe that their voices are being heard and that improvements in women's rights and education are indeed possible. The rifts between different segments of society are beginning to close.

Social networking has even become a tool for traditional tribes to connect; Facebook groups like "Shabana Family Int.", a tribal affiliated group with a thousand members, are becoming commonplace as places for tribes to connect over great distances. Though social media can contribute to tribal tension, it can also alleviate it by exposing people to opposing views and connecting them along lines other than those of family or tribe.

Recently, reforms in education and economic freedom have begun to foster the creation of new identities which have begun to undermine the importance of tribal affiliation to status, which results in a homogenizing effect on social integration (Thompson 2011). The fact that tribalism is more common among marginalized groups than among well-integrated urban inhabitants shows that people cling to outdated tribal ideals when they have few alternatives (Maisel 2014).

Tribes are an important part of Saudi identity, and though aspects of tribalism stand as an obstacle to reform, they still perform important functions in developing and shaping human capital. They, too, can find a place in a modern Saudi Arabia. Maisel explains the function of tribes in fostering social capital within new contexts:

The twenty-first century sees tribal groups boosting their pride and leverage. They are recognized as a potent actor within the Saudi social contract. Today, tribal leaders seek stronger participation in public discourse and leadership; tribal judges cooperate with religious and state authorities in large-scale legal operations and cases; the young generation of tribal members proudly shows off its identity in public; popular television shows become tools for propagating tribal histories and animosities; and camel contests still earn the highest prize-money in the kingdom. (2014, 118-119)

These functions are reminiscent of guild operations in Florence. Though individuals were loyal to one guild or another, their primary loyalty remained with their nuclear families and the state. Tribal identity is not incompatible with a greater civic identity. The problem that tribalism causes in modern Saudi society is its influence over government.

As the result of over fifty years of rentier policies in the Kingdom, *wasta* has grown as a social institution that could meet the needs of the people in the absence of other, more equitable forms of interaction. The Saudi bureaucracy has become an impenetrable web of allegiances based not on merit, but on relationships. As rentierism falls, the Saudi government will need to present citizens with a viable alternative to tribal loyalties: one with loyalties to the state and the

Saudi people instead of to a single tribe or patron. As dialogue about these issues becomes more available, citizens will seek channels to increase accountability and transparency in governance, and the Saud will have to decide how to respond. Uprooting the traditional, unproductive ties will be difficult, but the risk of allowing them to remain is potentially greater in the context of the fall of rentierism. If the Saud can successfully remove tribal partisanship from government, the tribes can more easily adapt their functions to the new society without restraining economic, social, or political progress.

### **Conclusion:**

The largest source of difficulty in Saudi governance has been adapting society to the swift and fundamental restructuring of the economy which arose as a consequence of oil rents. Institutions take time to adapt, specialize, and naturally emerge (Huntington 1968). Oil revenue enabled the King to drastically and rapidly alter conditions which had shaped society on the Arabian Peninsula for over a thousand years, and the community has not yet had time to adapt to its new environment. The Renaissance was a process, not an event. “Nations do not remake themselves in fundamental ways by deliberate intention any more than do villages” (Banfield 1958, 166). The interconnectedness of the social, political, economic and religious realms is complicated, even for those living inside such a society, and small unanticipated changes within one realm can influence other realms with unforeseeable consequences.

The focus of this paper has been exploring the possibilities for a future Saud state without rentierism. It examined the ways by which institutions shaped social capital in the development of a prosperous Florentine society which rejected democratic republicanism. These two case studies have many similarities, and their primary difference for the purpose of this essay was the

existence of a high versus low level of social capital. The purpose was to combine various academic disciplines in an attempt to approach this issue from a unique perspective. The methodology was to examine how the social capital theory may assist the Saud in planning for the institutional changes that will accompany the Kingdom's increasing difficulty in sustaining rentierism.

The guilds of Florence provide unique perspectives into the relationship between society, economics, and politics, but the institutions arose from natural conditions over hundreds of years to fill specific roles in society. The people of Saudi Arabia live under greatly different conditions, and it is unrealistic to expect that institutions which perform as the guilds did will be successful in responding to the needs of modern Saudi Arabia. Despite the temporary success of Florentine institutions, the guilds also prevented the city from adapting to changing internal and external conditions, leading to the end of the Renaissance and the shift of hegemony to other regions.

However, the guilds highlight several key points which may illuminate the Kingdom's future plans. Firstly, social capital and economic activity are linked; any attempts by the Saud to encourage economic growth while ignoring social institutions will be unsuccessful. Secondly, fostering social capital doesn't necessarily lead to democratic governance, as shown by the Florentine rejection of republicanism in favor of a powerful family whom they admired for their services to the community. There is no reason to assume that a post-rentier government will necessarily exclude the Saud from continuing their rule. Thirdly, the Kingdom's export of Islam can be compared to the Florentine export of culture. Though the institution of Wahhabism is being adapted to meet new needs, the religion still has an important part to play in Saudi society as well as global perceptions of the Kingdom. The Saudi Arabian brand of Islam exerts great

cultural influence on the rest of the Islamic world, and the Kingdom currently has the power to shape the opinions of billions of people.

In 1992, King Fahd declared that Western democracy is unsuitable for Saudi society and traditions (Ahrari 1997). He was probably correct that Western institutions are unlikely to succeed in modern Saudi Arabia if adopted wholesale. But democracy cannot be categorically rejected as a viable option in Muslim countries, and the Kingdom has demonstrated that it is capable of adapting Western institutions to meet its peculiar set of needs. Initiatives such as KAPPED, KACND, the Cities and Guilds program, the KAICCND, the TVTC and others are designed to promote social capital, economic participation, civic identity and Saudi nationalism. Their success thus far has been limited since sustained rentierism presents stubborn obstacles, but as Saudi society builds social capital, rentierism will become less vital. Welfare programs will begin to decline and society will leverage its social capital to guide a transformation of economic, social, and political interactions. Most importantly, perhaps, is the fact that the programs are so strongly associated with the ruling family. Though social reform is continually being adapted to match the unique and changing needs of Saudi society, the Saud dynasty is careful to emphasize its own contribution to progress. The Medici in Florence were loved by the people because of their patronage and successful efforts to make Tuscany great. If the Saud continue to maintain these initiatives, focusing on transforming traditional tribal ties, religious observances and economic activity to create institutions to meet future needs, then the ruling family stands a chance of becoming popular enough to maintain power in the event that unforeseeable political changes bring increased democratic ideals to the Kingdom.

No single reform can prepare Saudi society for the challenges it will face in the 21st century, and no single institution appears poised to fill the dominant role in society that the

guilds achieved in Renaissance Florence. Social capital will grant a degree of flexibility in enabling society to respond to changes by allowing the population greater freedom to contribute. Though multiple institutions exist which could potentially enhance the development of social capital, each also has limitations to growth under the current system of rentierism. As long as rentierism dominates in Saudi Arabia, it will present significant obstacles to developing social capital. However, since the 1970s (and increasing in pace during the last decade) the Saud have begun to address this shortcoming and nurture the aspects of institutions which promote regime stability and social capital.

Luckily for the Saud, rentierism is not likely to collapse overnight. The Saud understand that their society will experience a gradual transition, and the government is implementing change at a pace which both reflects and shapes continuous changes in society. Of all the sectors of Saud reform, those targeting the youth are the most important. Reforms in education and job creation will build social capital among the younger generation of Saudi citizens; this younger generation will be important in shaping a Saudi future without rentierism. The Saud are actively taking steps to reduce their dependence on Wahhabism, building their own family branding independent of the aspects of Wahhabism which, while they once served a useful purpose, are no longer valuable to the 21st Century Saud dynasty. The Saud are also reevaluating their position within the context of tribal identities within the Kingdom, which are being naturally reformed by millions of individuals struggling to adapt to changing circumstances. *Akhi*, *gedik*, and *futuwwa* arose to meet a certain set of needs, and aspects of these institutions spread into the Arabian Peninsula to fulfill specific tasks. When conditions changed, they became irrelevant and were replaced or incorporated into new institutions. Tribalism and *wasta* were developed by nomads on the backs of camels, not in the modern city of Riyadh, but these concepts too are evolving to

meet the new needs of Saudi society. As rentierism declines, all these social factors will shift and rise to meet the new needs of the populace. The Saud must take care to carefully guide these reforms. If not implemented with a holistic perspective, they may fuel extremism.

Engagement with history will help Saudi society better understand and adapt to its new environment much more than the wholesale superimposition of Western institutions. As Saudi Arabians understand how their communities, values, and institutions evolved over centuries to meet the unique challenges of life on the Arabian Peninsula. Social capital will help modern Saudi society understand how best to adapt aspects of traditional society to meet changing needs. Institutions will evolve naturally as people find their place. The tendency of Western political scientists to criticize the slow pace of Saud reforms demonstrates a failure to appreciate the complexity and richness of the Saudi cultural landscape. The Saud must constantly reconcile changing conditions with respect for the tradition, culture and beliefs of the people. They are doing all they can now to secure their place at the head of the Saudi state in the future.

In many ways we are still developing our understanding of the relationship between social capital and development. We have a basic understanding of how a state's development is shaped by rentierism, but we know very little about how various social forces and institutions shape a state which is experiencing a transition away from rentierism. Saudi Arabia's access to substantial financial resources and political capital will likely help stabilize the state as it transitions, but the influence of the various factors which will shape this transition can currently only be speculated. It would be useful to apply these lessons to Arab nations such as Yemen and the United Arab Emirates which have adopted divergent strategies in response to oil revenue. The inclusion of Jordan, which has no oil to speak of, can further place into context the shape of social capital in the modern Arab world.

Florence was unable to sustain the high economic and cultural output of the Renaissance due to an inability to adapt to changing external conditions. The Saud have an advantage over the Medici; they can see the crisis coming a generation in advance and can begin now to plan for it. It remains to be seen whether King Salman and his successors will continue to follow King Abdullah's vision of reform. Future research will be better-informed and scholars in the future will have the benefit of knowing whether the current reforms will be successful. An enhanced understanding of the relationship between social capital and development will help other nations in all parts of the world focus their own development strategies and adapt historical lessons to their own unique and changing needs.

Taken together, the narratives of social capital in Florence and Saudi Arabia offer the international community insight into how systemic internal change may unfold in Middle Eastern states transitioning from rentierism. Social capital is not necessarily correlated to democratic political systems, nor is it universally beneficial for a regime or society. Modern monarchs seeking to extend their dynasty's tenure would do well to consider the Medici lessons of the importance of patronage and personal branding. This comparison also offers insights into how institutions react to various shocks. Just as Florence's success can offer insight into the role of social capital in long-term dynastic political strategies, the failures of Florentine guilds at the end of the Renaissance help modern politicians and researchers to better understand the need for both contingency planning and institutional flexibility.

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