

# The Economy of Saudi Arabia:

## Troubled Present, Grim Future

Aug 31, 1994



In-Depth Reports

**T**he kingdom of Saudi Arabia faces a grim economic future. Contrary to predictions in the late 1970s and early 1980s of rising prices for Middle Eastern oil, world oil demands and prices have followed a downward trend since 1981, resulting in a reduction in Saudi oil revenues. Since 1983 Saudi Arabia has stopped accumulating financial surpluses, forcing it to draw down its financial reserves and since, 1987, to resort to large-scale borrowing.

In this Policy Paper, Eliyahu Kanovsky examines Saudi economic policy and performance over three decades and offers a grim assessment about the economic viability of one of America's key regional allies. Kanovsky argues that excessive spending policies, encouraged in part by incorrect oil price forecasts, large deficits, and Riyadh's inability to implement necessary reductions in expenditures has trapped the regime into high-spending patterns that it can no longer afford.

- 106 Pages

---

### RECOMMENDED



BRIEF ANALYSIS

#### [Tracking Anti-U.S. Strikes in Iraq and Syria During the Gaza Crisis](#)

May 4, 2024

◆  
Michael Knights,  
Amir al-Kaabi,  
Hamdi Malik

[\(/policy-analysis/tracking-anti-us-strikes-iraq-and-syria-during-gaza-crisis\)](/policy-analysis/tracking-anti-us-strikes-iraq-and-syria-during-gaza-crisis)



BRIEF ANALYSIS

## Is Kataib Hezbollah Behind the Saraya al-Ashtar Claimed Attack on Israel?

May 4, 2024



Michael Knights,  
Amir al-Kaabi,  
Hamdi Malik

[\(/policy-analysis/kataib-hezbollah-behind-saraya-al-ashtar-claimed-attack-israel\)](/policy-analysis/kataib-hezbollah-behind-saraya-al-ashtar-claimed-attack-israel)



BRIEF ANALYSIS

## Nuclear Agency Chief Visits Iran: Expectations and Next Steps

May 3, 2024



Simon Henderson

[\(/policy-analysis/nuclear-agency-chief-visits-iran-expectations-and-next-steps\)](/policy-analysis/nuclear-agency-chief-visits-iran-expectations-and-next-steps)

### TOPICS

[Energy & Economics \(/policy-analysis/energy-economics\)](/policy-analysis/energy-economics)

[Gulf & Energy Policy \(/policy-analysis/gulf-energy-policy\)](/policy-analysis/gulf-energy-policy)

### REGIONS & COUNTRIES

[Gulf States \(/policy-analysis/gulf-states\)](/policy-analysis/gulf-states)