

[Home](#) > [Staff Papers](#) > [Article](#)

[Published: 01 July 1974](#)

The Economy and Finances of Saudi Arabia

L'économie et les finances de l'Arabie Saoudite

La economía y finanzas de Arabia Saudita

[Said H. Hitti](#) & [George T. Abed](#)

Staff Papers **21**, 247–306 (1974)

16 Accesses | **2** Citations | [Metrics](#)

Abstract

This paper provides background information for an appreciation of the anticipated emergence of Saudi Arabia as a major financial force on the world monetary scene. Besides presenting a history of economic and financial developments in Saudi Arabia, it illustrates the main characteristics of a typical oil economy. The Kingdom of Saudi Arabia, established in 1932, extends over an area of 2.23 million square

Your Privacy

We use cookies to make sure that our website works properly, as well as some 'optional' cookies to personalise content and advertising, provide social media features and analyse how people use our site. By accepting some or all optional cookies you give consent to the processing of your personal data, including transfer to third parties, some in countries outside of the European Economic Area that do not offer the same data protection standards as the country where you live. You can decide which optional cookies to accept by clicking on 'Manage Settings', where you can also find more information about how your personal data is processed. Further information can be found in our [privacy_policy](#).

[Accept all cookies](#)

[Manage preferences](#)

totalled \$2.8 billion, the oil sector accounted for nearly 64 per cent of the gross domestic product – 90 per cent of the Government's budget revenues, and more than 90 per cent of its foreign exchange receipts. During the mid-1950s the country's oil revenues grew only moderately in relation to the rapidly growing government expenditures. Recurring fiscal deficits resulted in depletion of foreign exchange reserves, and the Saudi Arabian riyal depreciated in the free exchange market. Late in 1958 the authorities initiated strict stabilization policies, which eliminated the fiscal deficits and led to substantial improvement in the external payments position. By the early 1960s the success of the stabilization program permitted the authorities to abolish all restrictions on trade and payments, to establish a par value for the riyal, and to accept the obligations of Article VIII of the International Monetary Fund's Articles of Agreement. During the 1960s, a period of consolidation, sound fiscal policies achieved moderate balance of payments surpluses. At the same time, the authorities accelerated economic development and administrative reform. Since 1970, however, the sharp rise in both production

Your Privacy

We use cookies to make sure that our website works properly, as well as some 'optional' cookies to personalise content and advertising, provide social media features and analyse how people use our site. By accepting some or all optional cookies you give consent to the processing of your personal data, including transfer to third parties, some in countries outside of the European Economic Area that do not offer the same data protection standards as the country where you live. You can decide which optional cookies to accept by clicking on 'Manage Settings', where you can also find more information about how your personal data is processed. Further information can be found in our [privacy policy](#).

Accept all cookies

[Manage preferences](#)

the oil producers - seem to have ushered in a completely new era in international oil trade.

Abstract

Cette étude fournit des données de référence sur l'économie d'un pays, l'Arabie Saoudite, qui va probablement s'imposer sur la scène monétaire internationale comme une puissance financière de premier ordre. Elle retrace l'évolution économique et financière du pays et met en évidence les principales caractéristiques d'un type d'économie fondé sur le pétrole. Le Royaume d'Arabie Saoudite, établi en 1932, s'étend sur 2,23 millions de kilomètres carrés et compte environ 7 millions d'habitants. La plus grande partie du pays est un désert, où les pluies sont faibles, voire inexistantes, mais on trouve quelques cultures dans les régions montagneuses de l'ouest et du sud-ouest. La ressource de loin la plus importante est le pétrole, dont les premiers gisements rentables ont été découverts en 1938 et dont les réserves sont, selon les estimations, les plus importantes du monde. En 1972, le secteur pétrolier a assuré 2,8 milliards de dollars de recettes à l'Etat (90 pour 100 du budget) et a

Your Privacy

We use cookies to make sure that our website works properly, as well as some 'optional' cookies to personalise content and advertising, provide social media features and analyse how people use our site. By accepting some or all optional cookies you give consent to the processing of your personal data, including transfer to third parties, some in countries outside of the European Economic Area that do not offer the same data protection standards as the country where you live. You can decide which optional cookies to accept by clicking on 'Manage Settings', where you can also find more information about how your personal data is processed. Further information can be found in our [privacy policy](#).

Accept all cookies

[Manage preferences](#)

programme rigoureux de stabilisation qui mit fin aux déficits budgétaires et ouvrit la voie à une nette amélioration de la situation des paiements extérieurs. Le succès de cette politique permit aux autorités de lever dès 1960 toutes les restrictions aux échanges et aux paiements, d'établir une parité pour le riyal, puis d'accepter les obligations énoncées à l'article VIII des Statuts du Fonds Monétaire International.

L'ensemble de la décennie devait constituer une période de consolidation, pendant laquelle une politique budgétaire saine permit à la balance des paiements de dégager de légers excédents. Dans le même temps, les pouvoirs publics accéléraient le développement économique et la réforme administrative. Depuis 1970, le vif essor de la production et des prix du pétrole, ainsi que les conditions de plus en plus favorables stipulées par les accords avec les compagnies pétrolières, ont fortement consolidé la situation tant budgétaire qu'extérieure de l'Arabie Saoudite. Les réserves officielles ont augmenté de près de 2 milliards de DTS en 1971 et 1972, et l'excédent de la balance des paiements s'est de nouveau inscrit en forte hausse en 1973. Les événements plus récents – essentiellement le relèvement

Your Privacy

We use cookies to make sure that our website works properly, as well as some 'optional' cookies to personalise content and advertising, provide social media features and analyse how people use our site. By accepting some or all optional cookies you give consent to the processing of your personal data, including transfer to third parties, some in countries outside of the European Economic Area that do not offer the same data protection standards as the country where you live. You can decide which optional cookies to accept by clicking on 'Manage Settings', where you can also find more information about how your personal data is processed. Further information can be found in our [privacy policy](#).

Accept all cookies

[Manage preferences](#)

Saudita como una de las más importantes fuerzas financieras dentro del panorama monetario internacional. Además de presentar una historia de la evolución económica y financiera del país, se explican las principales características de una economía petrolera típica. El Reino de Arabia Saudita, establecido en 1932, cubre una superficie de 2,23 millones de kilómetros cuadrados y tiene una población estimada en unos 7 millones de habitantes. El terreno es en gran parte desértico y la precipitación pluvial escasa o nula. No obstante, en las cadenas montañosas de las regiones occidental y sudoccidental se logra alguna producción agrícola. El recurso más importante de Arabia Saudita es el petróleo, descubierto en cantidades comerciales en 1938; se calcula que sus reservas de petróleo son las mayores del mundo. En 1972, cuando los ingresos derivados del petróleo ascendieron a \$2.800 millones, el sector petrolero originó cerca del 64 por ciento del producto interno bruto -90 por ciento de los ingresos presupuestarios del Gobierno y más del 90 por ciento de los ingresos en divisas. A mediados del decenio de 1950, los ingresos del país derivados del petróleo sólo aumentaron

Your Privacy

We use cookies to make sure that our website works properly, as well as some 'optional' cookies to personalise content and advertising, provide social media features and analyse how people use our site. By accepting some or all optional cookies you give consent to the processing of your personal data, including transfer to third parties, some in countries outside of the European Economic Area that do not offer the same data protection standards as the country where you live. You can decide which optional cookies to accept by clicking on 'Manage Settings', where you can also find more information about how your personal data is processed. Further information can be found in our [privacy_policy](#).

Accept all cookies

[Manage preferences](#)

1960 y, gracias al programa de estabilización, las autoridades pudieron abolir todas las restricciones al comercio y a los pagos, establecer una paridad para el riyal y aceptar las obligaciones del Artículo VIII del Convenio Constitutivo del Fondo Monetario Internacional. Durante el decenio de 1960, que fue un período de consolidación, se lograron superávits moderados de balanza de pagos con políticas fiscales sanas. Al propio tiempo, las autoridades aceleraron el desarrollo económico y la reforma administrativa. Sin embargo, desde 1970 el pronunciado aumento de la producción y de los precios del petróleo así como las condiciones cada vez más favorables obtenidas de las compañías petroleras han fortalecido considerablemente las posiciones fiscal y de pagos externos del país. Las reservas oficiales aumentaron en cerca de DEG 2.000 millones durante 1971 y 1972, a la vez que continuó registrándose un notable aumento del superávit de balanza de pagos en 1973. Acontecimientos más recientes -principalmente los precios mucho más altos impuestos por los productores de petróleo a partir de principios de 1964- parecen haber iniciado una era sin precedentes en el

Your Privacy

We use cookies to make sure that our website works properly, as well as some 'optional' cookies to personalise content and advertising, provide social media features and analyse how people use our site. By accepting some or all optional cookies you give consent to the processing of your personal data, including transfer to third parties, some in countries outside of the European Economic Area that do not offer the same data protection standards as the country where you live. You can decide which optional cookies to accept by clicking on 'Manage Settings', where you can also find more information about how your personal data is processed. Further information can be found in our [privacy policy](#).

Accept all cookies

[Manage preferences](#)

39,95 €

Price includes VAT (Poland)

Instant access to the full article PDF.

[Learn more about Institutional subscriptions](#)

Rights and permissions

[Reprints and Permissions](#)

About this article

Cite this article

Hitti, S., Abed, G. The Economy and Finances of Saudi Arabia. *IMF Econ Rev* **21**, 247–306 (1974).

<https://doi.org/10.2307/3866467>

Published

01 July 1974

Issue Date

01 July 1974

DOI

<https://doi.org/10.2307/3866467>

Your Privacy

We use cookies to make sure that our website works properly, as well as some 'optional' cookies to personalise content and advertising, provide social media features and analyse how people use our site. By accepting some or all optional cookies you give consent to the processing of your personal data, including transfer to third parties, some in countries outside of the European Economic Area that do not offer the same data protection standards as the country where you live. You can decide which optional cookies to accept by clicking on 'Manage Settings', where you can also find more information about how your personal data is processed. Further information can be found in our [privacy policy](#).

[Accept all cookies](#)

[Manage preferences](#)

Your Privacy

We use cookies to make sure that our website works properly, as well as some 'optional' cookies to personalise content and advertising, provide social media features and analyse how people use our site. By accepting some or all optional cookies you give consent to the processing of your personal data, including transfer to third parties, some in countries outside of the European Economic Area that do not offer the same data protection standards as the country where you live. You can decide which optional cookies to accept by clicking on 'Manage Settings', where you can also find more information about how your personal data is processed. Further information can be found in our [privacy_policy](#).

Accept all cookies

[Manage preferences](#)