



Parahyangan Catholic University
Faculty of Social and Political Science
International Relations Program Study

Accredited A

SK BAN –PT No: 451/SK/BAN-PT/Akred/S/XI/2014

**Saudi Arabia's Response Towards Oil Price Decrease (2014-
2016)**

Thesis

By

Rizky Melia Aitken

2012330214

Bandung

2017



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International Relations Program Study



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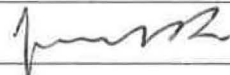


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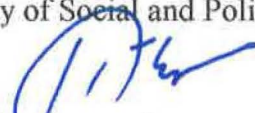


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Hereby declare that this thesis is a result of a self-written scientific paper and not the work of another scientific paper that has been submitted to obtain academic degrees from other parties. As for the works or opinions of others cited, have been written in accordance with the applicable rules of scientific writing.

I make this statement with full responsibility and am willing to accept any consequences according to the rules, if later emerged that this statement is not true.



Bandung, 2nd August 2017

Abstract

Name : Rizky Melia Aitken

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Title : Saudi Arabia's Response Towards Oil Price Decrease
(2014-2016)

Oil prices had plunged in the year 2014, and impacted the world. Starting from different kinds of sectors from agriculture to businesses, and unquestionably countries both consumers, and producers.

The aim of this thesis is to discuss and analyze the response of Saudi Arabia in facing the plunge of oil prices that started in the year 2014, and its' impacts towards the Kingdom. This research has found that it took two year to finally affect the Kingdom enough to finally to finally be aware of the changes that needs to be made by the Kingdom.

In the first part, the oil price decrease will be discussed, and the causes that contributed to the on-going fall of prices. In the second part, Saudi Arabia's response will be discussed and elaborated. The nation responded the decrease of prices with a goal of economic reform "Vision 2030" by Crown Prince bin Salman. The response will be analyzed and related using the theories of: Shock Therapy, Rational Expectations, and Structural Adjustment Programs.

In conclusion, this thesis hopes to offer readers the knowledge of how a fall of oil prices had impacted one of the world's oil powers. The purpose of this research paper is to learn about crude oil and its significant effects, and share a deeper understanding of how a high-living country adapts to a crash on their only commodity for economic growth, and the reasons behind their response, and decision-making.

Keywords: *ARAMCO, Vision 2030, Economic Reform, Structural Changes*

Abstrak

Nama : Rizky Melia Aitken

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Judul : Saudi Arabia's Response Towards Oil Price Decrease (2014-2016)

Harga minyak telah jatuh pada tahun 2014, dan memberi dampak kepada dunia. Dimulai dari berbagai sector dari pertanian sampai bisnis, dan tidak dipertanyakan lagi pastinya Negara-negara dari sisi konsumen dan produsen.

Tujuan dari skripsi ini adalah untuk membahas dan menganalisis respon dari Saudi Arabia terhadap jatuhnya harga yang dimulai dari tahun 2014, dan dampaknya kepada negaranya. Skripsi ini telah menemukan bahwa butuh waktu dua tahun untuk Negara tersebut untuk merasakan dampak yang membuat Negara tersebut memilih untuk melakukan perubahan di negaranya.

Pada bagian pertama, akan dibahas tentang jatuhnya harga, dan penyebab-penyebab yang berkontribusi kepada harga minyak yang terus-terusan jatuh. Dalam bagian kedua, akan dibahas tentang respon Saudi Arabia. Negara tersebut merespon dengan "Vision 2030" oleh Crown Prince bin Salman. Respon tersebut akan di analisis menggunakan teori Shock Therapy, Rational Expectations, dan Structural Adjustments Program.

Untuk menyimpulkan, skripsi ini berharap untuk memberi pembaca ilmu tentang bagaimana turunnya harga minyak berdampak kepada salah satu kekuatan minyak dunia. Kegunaan dalam penelitian ini adalah untuk belajar tentang minyak dan sebagaimana besar efek nya, dan membagi pengertian lebih dalam tentang bagaimana sebuah Negara kelas atas beradaptasi dengan sebuah jatuhnya harga komoditas satu-satunya kepada pengembangan ekonomi, dan alasan-alasan di belakang respon nya, dan pengambilan keputusan.

Kata Kunci: *ARAMCO, Vision 2030, Economic Reform, Structural Changes*

Preface

Praise and gratitude from the researcher to God Almighty (Allah SWT) because of *Allah's* blessing and grace, the researcher is able to complete this final thesis entitled “**Saudi Arabia’s Response Towards Oil Price Decrease 2014-2016**”. The preparation of this thesis is one of the requirements for the researcher in earning her degree in Political Science at the Faculty of Social and Political Sciences, Parahyangan Catholic University.

During the writing of this thesis, the researcher with no doubt received a lot of guidance, help, and encouragement in various forms from many parties, either directly or indirectly. Therefore the researcher would like to send the sincerest thanks and appreciation to:

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Here is an end to the words of gratitude. The researcher would like to apologize if there are any mistakes in this thesis, as it is far from perfect. Hopefully this thesis can bring benefits to the reader and the researcher by expanding our knowledge. Conclusively, the researcher would like to say thank you and best regards.

Bandung, 2nd of August 2017

Rizky Melia Aitken

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CHAPTER I

INTRODUCTION

1.1 Research Background

Economy is a common term derived from the Greek words, household and manage, that has been taught and used for ages. It is a part of almost everything in this globalized world. It encompasses all activity related to production, consumption and trade of goods and services in an area.¹ A broad understanding of economy,

*“... Economy is producing, distributing, and consuming wealth, goods and services in an organization or geographic region. Organizations include a household, government, or business. Wealth, in general, means money, goods and services. It can mean anything that is an asset or is traded...”*²

A process of an economic act can be as simple as an exchange of things. Trading plays a vital role in achieving a successful civilization, or to be frank, humans are economic species themselves, and without a financial system, would not survive. People have needs to fulfill.³ A plain example would be, food. It would not be possible to sustain oneself without feeding

¹ Investopedia, “Economy”, investopedia.com, accessed through <<http://www.investopedia.com/terms/e/economy.asp>> on 22nd October 2016

² Madison Dupaix, “Economy Definition”, The Balance, accessed through <https://www.thebalance.com/economy-definition-2085358> on 22nd October 2016

³ Social Studies for Kids, “The Importance of Trade”, socialstudiesforkids.com, accessed through <<http://www.socialstudiesforkids.com/articles/economics/theimportanceoftrade1.htm>> on 22nd October 2016

themselves. To acquire that certain necessity, a gesture of bargaining is required. Transactions may happen between goods, money, and services. Not only do people have needs, but they also have wants. It is something that is not crucial to have, but delight comes to a person being in possession of a want, which is definitely a good thing.⁴

The economy has evolved since the earliest of days when trading was used as a way to acquire food, which was the most valued commodity, by bartering what they had plenty of with what was scarce. However, their aim stays the same till this day, as in the objective of their transactions was to survive, or improve their standard of living.⁵ To obtain the desired degree, money takes a crucial part in doing so. People would think of money as only paper and coins in general, although, it could actually be anything a superiority of numbers would agree on it to be.⁶

The concept of wealth does not only apply to individuals, but also to entities such as corporations, and even governments.⁷ Not only does it merely apply to governments, but also states would put their focus on exceeding their country's national interest, as a large foundation of political power is constructed from economic growth.⁸ It is vital for states to pay

⁴ Social Studies for Kids, "Wants and Needs", socialstudiesforkids.com, accessed through <<http://www.socialstudiesforkids.com/articles/economics/wantsandneeds1.htm>> on 22nd October 2016

⁵ Quora, "How Did the Worlds Economy Start?", quora.com, accessed through <<https://www.quora.com/How-did-the-worlds-economy-start>> on 22nd October 2016

⁶ Social Studies for Kids, "How Money Has Changed", socialstudiesforkids.com, accessed through <<http://www.socialstudiesforkids.com/articles/economics/howmoneyhaschanged1.htm>> on 22nd October 2016

⁷ Investopedia, "Economy", investopedia.com, accessed through <<http://www.investopedia.com/terms/e/economy.asp>> on 22nd October 2016

⁸ Jackson, Robert, and Georg Sorenson. *Introduction to International Relations: Theories and Approaches*. 4th edition. Oxford. 2009. Page 182

close attention to their economies and the people who determine the success or failing of it, as just like ecosystems, they are complex. How the countries grow economic-wise, or how people involved such as political leaders, consumers, employees, and firms make decisions are all dependent on the not so much predictable human beings.⁹

In order for a state to keep up with civilization and provide their citizens with the utmost quality or standard of living, it must face and adjust with the globalized and modernized world. The course of modernization is the process of alteration from conventional to industrial. The modern society emerged alongside with the industrial society as to why it is said that for a society to become modern, it must first undergo intense industrialization.¹⁰ It is essential as we are living in a time where the country's economy is mostly dependent on factories, especially the large-scaled dominant ones. In addition, nations have opened up to the concept of free market systems due to globalization, where transnational integration among many parts of a nation emerges and affects the economic developments around the world as they are tied up as one big economic web. Ergo, states must discover to take advantage of its international industrial structure and its opportunities in foreign markets by understanding their own economy first, as economies varies from one another due to the difference in factors such as culture, laws, history, and

⁹ Marron, Donald. *30-Second Economics*. New York: Metro Book, 2010. Page 6

¹⁰ Encyclopedia Britannica, "Modernization", Britannica.com, accessed through <<https://www.britannica.com/topic/modernization>> on 22nd October 2016

geography.¹¹ The finest way in taking advantage and profiting from a free-trade system is to provide and sell a certain product that is most likely a specialty, or if not, possessing a great deal of it.

A primary need for human beings is energy as almost everything from the simplest tasks to the complicated is connected to it, and energy comes mostly from natural resources.¹² It is a favorable substance in the international market for a country to be immensely blessed with and take advantage of. It has been the main source of armed conflict around the world, as it is distributed unevenly throughout globe, and so far on high-demand by the industrialized nations, is regularly increasing due to the growth in population and its standards.¹³ A natural resource that the researcher believes that plays a large commodity in the world is oil. It is a raw material that is easier to extract rather than coal, and more cost effective.¹⁴ Mankind is more or less dependent on this easy to handle, store and transport resource as most of his needs are powered by this high density and easy availability energy. A number of countries use this energy to power electricity, and almost every car throughout the world functions with the help of petrol or gasoline, which comes from crude oil.¹⁵ Not only does

¹¹ Globalization 101, "What is Globalization?", globalization101.org, accessed through <<http://www.globalization101.org/what-is-globalization/>> on 22nd October 2016

¹² Energy Story, "Introduction", energyquest.ca.gov, accessed through <<http://www.energyquest.ca.gov/story/index.html#table>> on 22nd October 2016

¹³ Natural Resources, "Natural Resources", science.jrank.org, accessed through <<http://science.jrank.org/pages/5818/Resources-Natural.html>> on 22nd October 2016

¹⁴ DLIST Benglua, "Energy Sources: What are the Pros and Cons", dlist.org, accessed through <<http://www.dlist.org/burning-issues/energy-sources-what-are-the-pros-and-cons#oil>> on 22nd October 2016

¹⁵ Abhishek Shakh, "Advantages and Disadvantages of Oil – Cons Disregarded by Powerful Lobbies", Green World Investor, accessed through <<http://www.greenworldinvestor.com/2011/07/07/advantages-and-disadvantages-of-oil-cons-disregarded-by-powerful-lobbies/>> on 22nd October 2016

crude oil provide the world with gasoline and diesel fuel, but is also used to produce other chemicals, which is called the petrochemical industry. A number of 1,200 gallons of oil issued per year by industrialized nations, and that excludes fuel oil.¹⁶

Petroleum based products are also crucial in agriculture as it needs healthy crop yields, and to attain that, it depends on the use of pesticides which are mostly produced from oil. A number of things that are also petroleum based are plastics, tires, pharmaceuticals, dyes, and detergents. A list of unexpected products that are made from or containing petroleum, are: ink, upholstery, CDs, vitamin capsules, denture adhesive, guitar strings, heart valves, crayons, pillows, deodorant, lipstick, hair coloring, aspirin, etc.¹⁷

The reason behind the researchers choice in this topic is seeing the fact of how the world depends on such a substance, and how it affects the worlds, or a certain country's economy. Not every country is able to produce oil, but nearly every single country depends on it.¹⁸ It seems appealing to the researcher to understand more on why it is so important and its significance towards the economic sector of a country's well being. The researcher will focus on recent substantial issues in the oil and economic industry.

¹⁶ Petroleum.co.uk, "Other Uses of Petroleum", petroleum.co.uk, accessed through <<http://www.petroleum.co.uk/other-uses-of-petroleum>> on 22nd October 2016

¹⁷ *ibid.*

¹⁸ Oil Price, "What is Crude Oil? A Detailed Explanation on this Essential Fossil Fuel", oilprice.com, accessed through <<http://oilprice.com/Energy/Crude-Oil/What-Is-Crude-Oil-A-Detailed-Explanation-On-This-Essential-Fossil-Fuel.html>> on 22nd October 2016

1.2 Problem Identification

1.2.1 Problem Description

Natural resources as mentioned above is distributed unevenly throughout the globe, which means not every country is blessed with certain natural resources such as oil. Crude oil is used on mostly everything nowadays, which makes it so crucial, and a country such as Saudi Arabia that is blessed with plenty makes it one of the world's largest oil exporters. Its economy largely depends on oil, and as a country of being an oil exporter hit a rocky road when the Organization of Petroleum Exporting Countries (OPEC) decided to decrease the prices of oil prices in 2014.¹⁹ Due to the dropping of oil prices, the nation encountered a collapse in their GDP, therefore Saudi Arabia needs a more diverse development model, or take on necessary changes.^{20 21}

1.2.2 Research Focus

In this research case, the main actor that is going to be analyzed is Saudi Arabia. Researcher decided to focus on this country because Saudi Arabia is one of the worlds biggest oil

¹⁹ Miriam R. Lowi, "Notes on Low Oil Prices and Their Implications", Middle East Research and Information Project, accessed through <<http://www.merip.org/notes-low-oil-prices-their-implications>> on 23rd October 2016

²⁰ David R. Francis, "Saudi Arabia; From Nomadic Tribes to World Influence: the Rise of Saudi Arabia", The Christian Science Monitor, accessed through <<http://www.csmonitor.com/1983/0330/033041.html>> on 23rd October 2016

²¹ Nasdaq, "Low Oil Prices Forcing Saudi Arabia To Modernize Economy", nasdaq.com, accessed through <<http://www.nasdaq.com/article/low-oil-prices-forcing-saudi-arabia-to-modernize-economy-cm597990#ixzz4Nqtf6WuP>> on 23rd October 2016

exporter, and the nations dependency towards only one commodity for economic growth. With such a strong background on oil, researcher views this nation as one of the countries that would be mostly affected by the decline of oil prices in the year 2014, and the following two years whereas it was a downhill period for the nations economy. Researcher would like to focus on the impacts towards the country and the economy, and how the nation handles the shock. Elaborate the two-year period between 2014 and 2016, and the effects towards the decision-making in policies or structural changes after that period, therefore focusing on a middle term response, which is 1 to 5 years after the sudden price decrease in 2014.

1.2.3 Research Question

In this research paper, the research question that will be used, is:

“What is Saudi Arabia’s response towards the falling of crude oil prices 2014-2016?”

1.3 Purpose and Usefulness

1.3.1 Purpose

The purpose of this research paper is to learn about crude oil and its significant effects, especially towards one of the world’s oil power: Saudi Arabia. The impacts the country faces due to the lowering of crude oil prices in 2014, and their efforts in facing the

issue, or the adjustments constructed. The purpose of this research is to gain an understanding of one of the well-known topics in International Relations, for the most in the economic sector. The researcher would like to acquire knowledge on the effects and how the nation that relies on only one commodity being oil, adapts to the major change due to the dropping of prices of oil prices.

1.3.2 Usefulness

The researcher would like to learn and share a deeper understanding with the readers of how a high-living country adapts to a crash on their only commodity for their economic growth, and their efforts or response in saving the nation, and their reasons behind their decisions.

1.4 Framework

1.4.1 Literature Review

In this research paper, the researcher will provide a few literature reviews.

The first being a research note by A. Aparna titled 'Impact Of Oil Prices on the Indian Economy'.

In her research note, it emphasis on how crude oil play a crucial role on the economy of any country which researcher also agrees on. Her paper was made in attempt to study the impact of crude oil prices on the Indian economy, which researcher will

also on Saudi Arabia. However, her paper focused on the impacts towards the Gross Domestic Products (GDP), Index of Industrial Production (IIP), and Wholesale Price Index (WPI) towards the country, and the rise in crude oil prices, while researcher will focus more on the impacts the nation as whole is affected on, and what measures are being taken of or carried through.²²

The second literature review is by Nam Foo titled ‘Falling Crude Oil Prices: The Impact on the Economy of the Asia-Pacific Region’. In this paper, it elaborates the implications caused by the crude oil price decrease on Asia-Pacific countries which researcher would also like to do, but again, focus on one country, It mentions that falling of crude oil prices has an impact towards decision making in monetary, fiscal, and structural policies, depending on the country if it’s an oil importer or exporter. This researcher would like to dig deeper into the policies that have been made in Saudi Arabia to sustain economic growth, and the adjustments in the structure of the country.²³

The third is a paper from 2015 titled ‘Global Implications of Lower Oil Prices’ by a number of people: Aasim M. Husain,

²² A. Aparna, “Research Note, Impact of Oil Price on Indian Economy”, nmims.edu, accessed through <<http://www.nmims.edu/NMIMSmanagementreview/pdf/Oct-Nov-13-Jan-14/Research-Note-Impact-Oil-Price-Indian-Economy.pdf>> on 23rd October 2016

²³ Foo, Nam. “Falling Crude Oil Prices: The Impact on the Economy of the Asia-Pacific Region”, International Association for Energy Economics, accessed through dev.iaee.org/en/publications/newsletterdl.aspx?id=311

Rabah Arezki, Peter Breuer, Vikram Haksar, Thomas Helbling, Paulo Medas, Martin Sommer, and an IMF Staff Team. As mentioned in the title, it elaborates on the implications that were affected throughout the world. This paper would be very helpful to the researcher as it could contribute to the research the researcher intends to write by providing to add or support data on the impacts of low crude oil prices.²⁴

1.4.2 Framework

Oil being a commodity, becomes a national interest for some nations. For a country having oil as its highest commodity for economic growth, oil is rated as highly important for its national interest. This research, and the country's response towards low oil prices is a part of an International Relations study.

To make this research structured, the researcher will need theories and concepts as the primary basis of thought. The theory and concept will be used as a tool to analyze the topic that has been selected by the researcher which is the decrease of low crude oil prices on one of the world's oil power: Saudi Arabia, with a research question questioning the impacts the issue has brought towards the country and its efforts in facing it. In analyzing this issue, the first theory the researcher is finds be applicable to this research is the

²⁴ Aasim Husain, Rabah Arezki, Peter Breuer, Vikram Haksar, Thomas Helbling, Paulo Medas, Martin Sommer, and an IMF Staff Team, "Global Implications of Lower Oil Price", imf.org, accessed through <<http://www.imf.org/external/pubs/ft/sdn/2015/sdn1515.pdf>> on 23rd October

theory of Shock Therapy. It is a theory that believes that once an economy crisis happens to a country is to fix it in one fell swoop.²⁵ Meaning, it usually consists or refers to a set of radical economic reforms aimed as rapid economic stabilization, liberalization, and privatization or opening of the economy to international trade.²⁶ It is a belief that the implementations of radical changes and introduce new market policies is the best way to fix a broken economy. This concept is associated with the economist Jeffrey Sachs who was a supporter of free market reforms for Eastern European countries in the early 1990s. This concept usually refers to policies to reduce inflation quickly, reduce budget deficit, and restore competitiveness and reduce current account deficits. In these policies, it involves acts such ending price controls, or government subsidies, acts of privatization, and tightening of fiscal policies.²⁷ Shock therapy is often associated with a list of generally accepted policies for developing countries, John Williamson's Washington Consensus:

“...1. Fiscal discipline is needed.

2. Among public expenditures, discretionary subsidies should be minimized, and education, health, and public investment should be priorities.

3. The tax base should be broad, and marginal tax rates

²⁵ Marron, Donald. *30-Second Economics*. New York: Metro Book, 2010. page 38

²⁶ Commanding Heights, “Up for Debate: Shock Therapy”, pbs.org, accessed through http://www.pbs.org/wgbh/commandingheights/shared/miniextlo/ufd_shocktherapy.html 11th August 2017

²⁷ Tejvan Pettinger, “Shock Therapy Economics”, Economics Help, accessed through <http://www.economicshelp.org/blog/7561/economics/shock-therapy-economics/> on 22nd July 2017

ought to be moderate.

4. Interest rates should be market-determined and real interest rates positive.

5. Exchange rates should be competitive.

6. Foreign trade policy should be rather liberal.

7. Foreign direct investment is beneficial but not a high priority.

8. Privatization is beneficial because private industry is managed more efficiently than state enterprises.

9. Deregulation is a useful means to promote competition.

10. Property rights need to be made secure... ”²⁸

According to the IMF, shock therapy consists of three radical, structural adjustment policies: liberalization, financial stabilization, and privatization.²⁹ In this research, this theory stands as a long-term policy for long-term gain.

Another theory the researcher will be using is one of the most popular approaches to modeling expectations in mainstream economics,³⁰ rational expectations. Fathered by John Muth, is a concept of thought that suggests that people learn from past mistakes, resulting in a hypothesis of the best guess for the

²⁸ Keunwon Song, “Four Reformers in Shock Therapy”, SRAS, accessed through <http://www.sras.org/shock_therapy_russia_fail> 11th August

²⁹ *ibid.*

³⁰ Iván H. Ayala and Alfonso Palacio-Vera, “The Rational Expectations Hypothesis: An Assessment from Popper’s Philosophy”, Levy Economics Institute, Working Papers Series (2014)

future.³¹ It is used in game theory, and many macroeconomic models. According to this hypothesis, it is a speculation, a guess of the future from analyzing all available information and calculating the best move for the future. Although there is no such thing as perfect foresights, errors or miscalculations may happen due to random and unforeseeable causes.³² This theory arose from numerous of economic situations where people's expectations play a role in determining the outcome. An example would be if a large number of investors begin to believe that Wal-Mart stock will lose value in the future, to save their own selves, they would be likely to sell their Wal-Mart stocks. This causes the Wal-Mart stock to fall, therefore concluding that stock prices are largely determined by what people expect the stock prices to be in the future.³³ It assumes that people behave in their own interests when they make decisions about how to spend their money. The economic decisions that people make, assumed by rational expectations, are only made after taking into account available forecasts, therefore, forming their expectations rationally, while not repeating their mistakes.³⁴ It is also

³¹ Tejvan Pettinger, "Rational Expectations", Economics Help, accessed through <<http://www.economicshelp.org/blog/25079/concepts/rational-expectations/>> on 31st July 2017

³² Business Dictionary, "Theory of Rational Expectations", businessdictionary, accessed through <<http://www.businessdictionary.com/definition/theory-of-rational-expectations-TRE.html>> on 31st July 2017

³³ Encyclopedia, "Rational Expectation Theory", encyclopedia.com, accessed through <<http://www.encyclopedia.com/finance/encyclopedias-almanacs-transcripts-and-maps/rational-expectation-theory>> 11th August 2017

³⁴ William Hoffman, "Rational Expectations", mbbnet.umn.edu, accessed through <<http://www.mbbnet.umn.edu/hoff/RationalExpectations.html>> 11th August 2017

sometimes described as expectations of firms, or the subjective probability distribution of outcomes.

Researcher would like to believe that in the topic that the researcher has chosen, that if, for example, Saudi Arabia would like to change its economic fate as an oil exporter, it must be will to give up something else, meaning making changes, such as structural adjustments. Which leads to a theory that researcher believes is quite possibly is linked to the topic: Structural Adjustment Program. It is a term that refers to a set of programs, which literally adjusts the structure of the economic life. These changes usually affect every aspect of the country, starting from the government, economic policies, to ownerships of firms. Structural adjustment programs are based on a belief that free markets are the best choice, and can lead to prosperity and development. SAPs usually contain elements such as privatization, removal of subsidies, tariff barriers, devaluation of the national currency, and financial liberalization. It is generally a liberalization of the economy so that the markets can function more easily, and more open towards foreign investment.³⁵ Countries usually go through SAPs for a loan from the IMF, or the World Bank. However, that part will not used due to it not being applicable to this research.

³⁵ Mohan, G. (2009). Structural adjustment. In: Kitchin, R. and Thrift, N. eds. International Encyclopedia of Human Geography, Volume 11. Oxford, UK: Elsevier, pp. 1–9. Accessed on 25th July 2017

The overall goal of Structural Adjustment Programmes is to reduce deficits, and improve the overall economy of a country, and in this case, by going through structural changes.

1.5 Research Methods

1.5.1 Method

In researching for this topic, researcher will use the method of collecting qualitative data from readings, articles, and writings from the Internet and books.

1.5.2 Data Collecting Technique

In this research, the researcher will collect data through secondary data such as articles, journals, books, and readings from the Internet and books that are related to the topic.

1.6 Writing Systematic

CHAPTER 1 – INTRODUCTION

- 1.1 Background – what is crude oil, why did I pick this topic, why is it interesting
- 1.2 Research focus
- 1.3 Purpose and usefulness of research
- 1.4 Research foundation/framework – economic liberalism
- 1.5 Research question

CHAPTER 2 – Crude oil price decrease 2014

- 2.1 impacts

CHAPTER 3 – Saudi arabia

- 3.1 Saudi Arabia

- 3.2 Response

CHAPTER 4 – Conclusion