

Effects of fluctuations in oil prices on the general budget in Saudi Arabia a field study

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Abstract: As a result of the dependence of Saudi Arabia on oil as a main source in the general budget, which represents about 80% of government revenues that finance government spending in the Kingdom, it is clear that the fluctuations in oil prices will be reflected on the budget of the Kingdom. The study concluded that fluctuations in oil prices Direct impact on the state budget where these risks increase in the long term in the case of the adoption of the general budget on oil as a major source in the financing of government spending. The budget is also exposed to multiple levels of risk may be high, medium or low depending on the extent and atmosphere Deficit or surplus in the last budget before the fluctuations of oil prices in the short and medium term. The researcher recommended the need to rely on several alternatives: short-term alternatives, which are: rationalization of government spending, rationalization of government support, reduction of diplomatic missions and students, medium term Including: Re-evaluation of existing productive projects as in France for the possibility of development and maximum utilization thereof, and the development of the method of preparing the general budget and long-term alternatives, including: expansion of the establishment of industrial cities, encouraging the private sector to produce and export, Small and Medium Enterprises, Encouraging Joint and Direct Investment.

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Introduction**1-The nature of the problem:**

The current economic and political changes in the world - especially the Arab and Islamic world - new variables and conflicts have emerged as a result of the ambitions of some countries which aim to control other countries or weaken some countries or to implement a particular thought, political or religious. The purpose of these conflicts was to establish that these conflicts had clear and direct economic effects on all countries in the region. The result of these conflicts, whether intentionally or unintentionally, was that some countries, including Saudi Arabia, were affected by the decline in oil prices in the global market. That the king Of the world's largest oil producing and exporting countries.

As a result of Saudi Arabia's reliance on oil as a main source in the public budget, which represents about 80% of the government revenues that finance government spending in the Kingdom, it is clear that the fluctuations in oil prices will have an impact on the Kingdom's general budget. And the tools that the government can use to overcome or reduce these effects, both in the short, medium and long term.

2. Objective of the research

The research aims at explaining the effects of increasing the fluctuations of oil prices on the state budget, while developing a scientific framework that is applicable to face these effects.

3 - The importance of research:

The importance of research is that it highlights the shortcomings that can be reflected on the state budget and the consequent economic, social and political effects of the focus on a major financial resource to finance government spending, while proposing solutions to overcome these effects in the short, medium and long term.

4 - Research Methodology:

The deductive approach was used to analyze and derive the effects of fluctuations in oil prices on the state budget and proposed solutions.

5- Research hypotheses:

The research is based on the following assumptions:

The first assumption:

Lower oil prices - with a deficit in the current budget - can lead to an increase in the deficit in the new budget.

The second assumption:

Lower oil prices - equivalent to the surplus in the current budget - can lead to no deficit in the new budget.

Third assumption:

Lower oil prices - less than the surplus in the current budget - can lead to a surplus in the new budget.

Fourth assumption:

Short-term alternatives - raising subsidies and rationalizing government spending - can lead to quick

and immediate solutions to reduce the effects of oil price fluctuations (budget deficit).

Fifth assumption:

Medium-term alternatives - re-evaluating existing projects and developing budget preparation - can lead to medium-term solutions to reduce the effects of oil price fluctuations (budget deficit).

Sixth assumption:

Long-term alternatives - the creation of new industrial cities, the encouragement of the productive sector, export and others - can lead to long-term solutions to reduce the effects of oil price fluctuations (budget deficit).

6-splitting search:

The search has been divided into the following topics.

First: the theoretical framework

6/1: The importance of oil as the main source of financing government spending in the state budget.

6/2: The impact of fluctuations in oil prices on the state budget.

6/3: Proposed alternatives to overcome effects of oil price fluctuations on government spending.

Second: Field study

- General findings and recommendations

- Search references

First: The theoretical framework

6/1: The importance of oil as the main source of funding for government spending in the state budget

Saudi Arabia's economy is mainly dependent on oil, and it is proven that it has the largest reserves of crude oil in the world, estimated at about 267 billion barrels, which is equivalent to 57% of the reserves of the GCC countries and 29% of the total reserves of OPEC and 20% Of the world's reserves. The Kingdom is also the world's largest oil producer and exporter, with a leading role in the Organization of Petroleum Exporting Countries (OPEC) to produce 28% of OPEC's total production.

The oil sector accounts for 90% of total export revenues, 80% of government revenues and 45% of GDP. About 40% of GDP comes from the private sector. (Website, Gulf Base)

Therefore, oil is considered the main source of financing the Kingdom's government expenditure in all sectors of the Kingdom, be it service, security, economic, social, educational or other sectors.

6/2: The impact of fluctuations in oil prices on the state budget

In this part of the research we review the effect of fluctuations in oil prices as a major source of financing government expenditure and achieve economic and social development of the members of the society on the public budget and the implications of that decline by addressing the following elements:

6 / 2-1: The philosophy of preparing the general budget of the state

The state budget is an annual plan that reflects the country's orientations within a specified period of time, in all economic, social or legal fields. It also reflects the priorities of the most favored government. It includes two aspects: the state's financial resources (oil revenue / other revenues) (Including all government sectors), and represents the difference between resources and expenditures, deficit or surplus.

The beginning of the emergence of the general budget in Islam, where the Islamic message was the first credit in the development of economic ideas in its current form, where the income of Islam (zakat, al-Jazeera, etc.) and the definition of expenditure (for the poor and beneficiaries of Zakat, the army and public services)

The current budget is the first to establish its modern rules England when there was a conflict between the King and the Parliament on the imposition of taxes and control in 1217, and in France in 1789 at the issuance of Decree No. 17, which was decided to be the expenses of each ministry within the appropriations allocated to it and then evolved later In accordance with current rules (Burkhead, 1989)

In Egypt, the first budget in 1880 under the Khedive Ismail, in Jordan in 1952, and Kuwait in 1960, and Bahrain in 1970 (O O Shukry, 1981)

In Iraq, the first budget in 1921 and provided for the right of parliament to discuss the budget and ratification (Al - Jazrawi, 1989)

There has been a development in the state budget in many directions in contemporary time and the most important of these developments in general: (D O Mohammed, 2006).

1 - Taking care of the areas of the previous pre-budget preparation for the next year .

2 - Interest in determining responsibility during the actual implementation - Accountability of responsibility.

3 - interest in the development of the system of government accounting to provide information necessary for performance evaluation.

4 - Developing the methods of preparing and controlling the budget.

The most important stages of development in the preparation of the general budget, which provides many modern methods of preparing the general budget, including: (Hassan, 2007), (Kushk, 1424 e), (Pyhrr, 1977), (d O Abdel Ghani, 2104).

1 - traditional budget

2. Software balance and Performance performance Programming Budget

3 - Budget Planning and Programming Planning Programming Budget

Zero-base budget

5. Contract Budget Contract Budget

The trends of development were from the financial control trend represented in the first type (the traditional) to the administrative control represented in the second type (programs and performance) to the planning direction represented in the third type and the fourth (programs and performance and budget planning, programming and zero budget) Implemented (contractual budget) And each type of these types needs to satisfy certain requirements to be applied properly and the researcher believes that budgets that depend on planning are appropriate in contemporary time and we present the following for two types of these budgets in some detail:

* Software balance and performance

The budget of the programs and performance appeared in 1954 at the US Department of Defense. In 1955, a proposal was made to implement the performance budget in the federal government apparatus, which led to the emergence of the concept of performance balancing and the application of performance balance and programs.

- 1 - a list of objectives to be achieved for each government unit
2. Preparing the necessary programs to achieve these objectives
- 3 - Estimating the expenses of these programs and notify the competent authorities in the budget
- 4 - Estimating the results of the programs developed (main and subsidiary)
- 5 - Appreciation of funds required for the implementation of programs
6. Establish a system and procedures for monitoring and control
7. Develop a system for obtaining reports and information
8. Performance evaluation of the units responsible for implementation (Kushak, 1424 e)

Budget planning and programming

Emerged after the Second World War in America in 1962.

The US Department of Defense adopted this system to develop planning and monitoring activities (Pyhrr, 1977), (Haponski, 1980)

To implement planning and programming budget, follow these steps:

1. Setting the objectives of government units
- 2 - Find programs that achieve these goals
3. Evaluate each program (return / cost)
- 4 - Choose the best program 0
5. Preparation of a unified program budget
6. Actual implementation
7. Developing a system for monitoring and evaluating performance (Briston, 1985).

6-2-2: Implications of Oil Price Fluctuations on the State Budget (Saudi Arabia)

Oil is the main source of Saudi Arabia to finance government spending for the sectors of the Kingdom. This may be very dangerous given the reliance on a single source of funding for government spending. The fluctuation of oil prices during previous periods led to many negative effects.

Where the price fluctuated between 2008 and 2015, where the average price of oil for the basket of "OPEC" \$ 77.20 per barrel in the first four months of 2010 compared to the same period in 2009, where the average price was 44.79 dollars a barrel, an annual decline of This is mainly due to the recovery of the global economy against the background of rising global energy demand and the rise in the business confidence index. Average crude oil prices for the OPEC basket reached about US \$ 82.33 per barrel in April 2010 compared with April of 2009 at US \$ 50.2; April of US \$ 105.16 in April and oil prices in the markets To a record high of US \$ 147.27 a barrel on July 11, 2008 due to uncertainty about the stability of the geopolitical situation in the Middle East and the increase in global energy demand. But fell sharply thereafter due to the global financial and economic crisis. (Website, Gulf Base).

The fluctuation of oil prices, especially in 2015, led to a drop in the price of a barrel of oil to more than 50% of what it was before the decline. As a result, oil is now the main component of the Kingdom's budget to finance government expenditures for all sectors. Which leads to the existence of a deficit and the search for solutions to this deficit, including external borrowing, which puts the burden of the State many burdens (Sadam, 2017).

Perhaps the most important effects of fluctuations in oil prices on the general budget in general can be presented in the following possibilities:

The first possibility:

A deficit in the general budget before fluctuations in the price of oil

If there is a budget deficit before oil price fluctuations - that is, revenues are less than expenditures or expenditures greater than revenues - the budget deficit after fluctuations will increase by this decrease in oil prices, and the total budget deficit will be equal to the deficit that exists before price fluctuations. The decrease in oil revenues than before the decline in oil prices, assuming the stability of other revenues from another period Total deficit = deficit in the last balance before oil price fluctuations + decrease in oil revenues due to fluctuations in oil prices.

The second possibility:

The absence of a deficit in the last balance before the fluctuations of oil prices

In the event that the general budget of the Kingdom before the fluctuations of oil prices do not have a deficit or surplus in the case of if a drop in oil

prices by a certain amount will appear deficit in the new budget by the decline in oil prices, assuming the stability of other income.

The third possibility: if there is a surplus in the budget before the oil price fluctuations

If there is a surplus in the budget before the fluctuations of oil prices to the last budget there are three cases are:

The first case: If the surplus is less than the fluctuations of oil prices:

In this case, there will be a deficit in the general budget of the state as a result of the decline in oil prices more than the surplus available in the last budget, causing a deficit in the next budget, assuming the stability of other factors.

The second Case: If the surplus is equal to the decrease in oil price fluctuations

In this case the surplus will disappear and become zero, and there is no deficit, because the decline in oil prices is equal to the amount of surplus available in the state budget with the stability of other factors.

The third case: if the surplus is more than the amount of decline in oil price fluctuations:

In this case, the surplus will be reduced only by the drop in oil prices but there will be a surplus in the state budget.

From the above it is clear that the effects of oil price fluctuations on the Kingdom's general budget may lead to the following effects:

First: Increase or decrease of budget deficit:

The increase in the budget deficit comes as a result of the first possibility, namely, the existence of a budget deficit mainly prior to oil price fluctuations. The decrease in oil prices led to the increase of the deficit, or the emergence of a budget deficit as a result of the second possibility or the third possibility - the first case - The decline in oil price fluctuations is not covered.

Second: the absence of deficits and surpluses:

The result of the third possibility - the second case - is that the amount of surplus in the budget is equal to the amount of decline in oil prices.

Third, the surplus of the general budget:

This is shown in the case of the third possibility - the third case - the existence of a surplus covering the amount of decline in oil price fluctuations, which means lower the amount of surplus than before the occurrence of oil price fluctuations.

As a result, in the case of a general deficit, it is necessary to find ways to fill this deficit, whether through borrowing from abroad or from abroad, which places a heavy burden on the state in terms of how these loans are paid and their benefits, which constitutes a greater burden on the state and creates obligations that directly affect On the standard of living, economic growth, and all government and non-governmental sectors.

The burden of debt and obligations on the state increases as the budget deficit increases and can be shown as follows:

Table (1) Effects of oil price volatility on the state budget

possibility	State of the budget before oil price fluctuations	The state of the budget after oil price fluctuations	Financial Risk Levels - Near term
the first	inability	Increase the deficit	High
The second	----	Impotence	Medium
The Third-1	Surplus less than price curves	Impotence	Medium
The Third-2	Surplus = decline in the price of oil	----	Few
The Third-3	A larger surplus than the decline in the price of oil	Surplus (decrease by price)	Few

From the table, it is possible to determine the extent of the risks faced by the State with regard to the risks of loans and the burdens faced by the State in the face of the deficit in the general budget in the near term - but these risks increase in the long term if the situation continues as it is without improvement in market conditions and in the decline in Prices Where:

- The State faces a high level of risk in the case of a deficit in the state budget before oil price fluctuations.

- The State faces a moderate level of risk in the absence of a deficit in the last budget of the state before the oil price convulsions, but the emergence of the deficit due to fluctuations in oil prices.

- The State faces a low level of risk in case of surplus in the last budget of the state before the fluctuations of oil prices.

With the continuation of the decline in oil prices in the future will lead to the reduction of the surplus until it disappears with the increase in the decline in oil prices and could turn the surplus to a deficit after that while continuing to fall in oil prices in the future.

So what is the solution!! The solution is the need to find alternatives and solutions to address this deficit or potential deficit through solutions based on alternatives that do not impede the process of economic and social development and away from the

process of borrowing and load the state additional burdens, which will be addressed in the next section.

6-3: Proposed alternatives to overcome the effects of oil price fluctuations on government spending

The dependence of the state on a specific type of income to finance government expenditure is subject to many risks - especially in the light of fluctuations of this resource - and the country is exposed to multiple risks depending on the level of economic growth of the state and the extent of the state's surplus or deficit.

Therefore, many alternatives should be sought to avoid the country from the risk of relying on a major or primary economic resource. These alternatives can be addressed according to the time period to:

*Short-term alternatives

*Medium Alternatives

* Long-term alternatives

6-3-1: Short-term alternatives:

The aim of these alternatives is to provide immediate and quick solutions so that their results appear in a short period of time - within a year - at most, and the most important of these solutions:

6 – 3-1 -1: Rationalization of government expenditure:

The rationalization of spending is defined as "economic rationalism", which means the government's good conduct in spending money, including: controlling expenses and controlling them, reaching the minimum fluctuation and waste, and avoiding the unnecessary expenses, ie, the maintenance of maintenance to the scientific concept of cost. If there are two conditions of use and benefit, that is, expenditure is a need and satisfies this need, otherwise it is considered loss and waste is not necessary. This leads to increased productivity of the sectors of the economy and local government and the maximum utilization of available resources. There are programs of action for short and long-term plans, so in the short term can focus on the rationalization of government spending through the following:

1 - Prepare plans at the state level for all sectors (education - health - security - communications - and others) aimed at tightening the control and control of the government spending process.

2. Each sector-specific plan shall include specific programs of work in which the implementation officer shall determine the duration.

3. Setting up a system for monitoring and evaluating performance for all government sectors.

4. First focus on the implementation of the first items or the relative importance of the state budget in the field of rationalization of government spending. The following are the main items in the government sector that are of relative importance that require rationalization:

First, the study of wages and salaries:

The most important items in the field of rationalization of the current government is the salary item, and perhaps the decisions of the Council of Ministers last beginning in 1438 e one of the quick solutions to counter the effects of fluctuations in oil prices in Saudi Arabia, where some allowances were canceled and others were reduced by a certain percentage, In addition to some other adjustments made to the salary item.

The item of salaries is one of the most important items in the field of government spending since it represents a large proportion of the state budget. Therefore, this item should be considered well, taking into account the level of education and experience and the employee's offer in the field of government services. Where: performance at work - experience - qualifications - training courses provided and their seriousness and need - assignments - overtime - assignments - and transfers - and other similar items, which should be studied so as not to exaggerate the process of rationalization of government spending in terms of salaries And Lat and what does not affect the performance of government services in all sectors.

Second: Office tools and supplies (writing tools):

This item includes current expenses such as paper, printing, stationery, files and other office equipment in all government sectors. This type of expenditure represents a large proportion of the state budget, Without having to follow the necessary documentary course of the need for documents and records to record supplies or office equipment that enter stores or warehouses or that come out of warehouses or warehouse This means that there is no control over the item of stationery or stationery. Therefore, in the case of strict supervision and follow-up and follow the correct accounting systems will help to rationalize government spending in the field of stationery or writing tools and provide financial resources that can be directed to another source of exchange and contribute to reduce the effects of price fluctuations Oil.

Third: Consumption of electric power:

The consumption of electric power is of great importance in the state budget in all sectors of the government and rationalization of consumption of electricity will provide electricity that can be directed to productive sectors or provide electricity for the future, as it is noted the use of electricity in many of the government sectors that the electricity is not controlled by the air conditioners operate during the work and after the end of the work, as well as lighting lights both at the time of work or after the end of working time, and can follow a plan to rationalize the consumption of electric power, namely:

1 - Ensure that the use of electricity in its proper place, both within government units or outside during the day or night.

2 - To control the consumption of electrical energy and not leave air conditioners and lights in times of no work or provide service to the public.

3 - Assigning a body to evaluate and follow up the consumption of electric power and submit periodic reports to the higher authorities.

Fourth: the use of capital assets:

Of particular importance is the optimum use of machinery, equipment and vehicles in all government sectors in terms of:

1 - Maintain the use of fixed assets of cars - Buildings - Computers - Cameras Air conditioners - and other devices.

2 - Interest in the regular maintenance of fixed assets.

3 - Repair fixed assets from any failures and reuse again, where it is noted that in case of failure of some devices are replacing this device and get a new device, and this is a waste or waste of economic resources.

4 - Stop buying new fixed assets for a certain period of time - especially cars - and only existing fixed assets.

5- Disposal of surplus assets such as sale and utilization of financial resources.

6 – 3-1 - 2: Rationalization of government support:

Energy subsidies cost Saudi Arabia's budget equivalent to 4.60% of its output directly, which means the importance of rationalizing energy support and reducing subsidies like other countries. (Al-Sharq Al-Awsat, 2015).

Gulf States: Qatar raised diesel subsidies in May 2015, and the emirate of Dubai increased diesel and gasoline subsidies. The Kingdom can reduce energy subsidies like these to mitigate the effects of oil price fluctuations.

* **Jordan:** Jordan has also solved the problem of energy support since the 1980s has adopted a method to mitigate the effects of support through the provision of compensation to poor families and middle income.

* **Egypt:** In Egypt, the government rationalized the support of energy from the year before last by liberalizing the price of natural gas for homes and the purest categories of gasoline with the gradual increase of the remaining categories of gasoline, and increase electricity bills in an upward link to the consumption segment, and this coincided with the reform of the system of bread and catering, Lives of thousands of poor.

The rationalization of subsidies for public services other than energy leads to the possibility of achieving some kind of savings for financial resources, which can reduce the effects of oil price

fluctuations such as: rationalizing health support, supporting education and others.

In general, rationalization of subsidies gives a boost to economic growth from the maximum price fluctuations of oil prices (Nedal, 2016, Taha, 2017).

6- 3-1 - 3: Reduction of diplomatic missions and students

The reduction of diplomatic missions in different countries is one of the options that rationalize the provision of government expenditures and direct them to alternative sources of expenditure that are more in need in light of fluctuations in oil prices, such as Egypt, where diplomatic missions were reduced by 50%, in addition to activating the role of external missions and marketing Of the kingdom's projects abroad will bear fruit in the short term.

As for the student missions to complete the postgraduate studies, this type of government spending should be rationalized. It is noted that many student missions do not achieve their goal, and that the expenditure on the scholarship abroad is paid while the return or return is not equal to the benefits obtained by the state. Reviewing the status of these student missions so that certain rules and conditions are put in place. Those who are subject to these conditions and conditions are entitled to scholarships and also specify a specific number of students who are sent abroad.

6.3.2: Medium Term Alternatives

Medium term alternatives can cover solutions for more than one year and not more than two years. The aim is to provide medium-term solutions to reduce the impact of oil price fluctuations on the state or the Kingdom while at the same time providing future results and reserves which may induce future fluctuations in prices or fluctuations More severe.

The most important of these items:

6- 3-2 - 1: Development and modernization of existing productive projects (re-evaluation):

One of the important alternatives to be taken care of is to re-evaluate the existing productive and service projects with a view to developing them and making maximum use locally by setting priorities for development and re-evaluation. The same approach could be taken by France in re-evaluating the existing projects. In the late 1960s, With the development projects have to re-evaluation through specific indicators and launched the slogan "rationalization of options" in the projects through an objective mirror and not through the owner of each project, and this was a leading method of rationalization of government spending.

6- 3-2 - 2: Development of the method of preparing the general budget - the method of budgeting planning and programming:

The stage of preparation of estimates of the state budget for the next period of time is one of the most important stages of the general budget because it involves identifying the main and secondary goals of each government unit separately in the light of the general policy plan of the state. The authority responsible for the estimates may differ, 0 (Hammad, 1990).

As we discussed earlier there are several methods for preparing the public budget and budget planning and programming is one of the best methods that the state can follow in the preparation of the general budget for the following reasons:

- This type of budget is based on estimating the costs and benefits of each program, which means that a feasibility study is carried out for each government unit before the adoption of the general budget.
- The preparation of multiple alternatives for each program in terms of the cost and benefits of each program and therefore are addressed all the alternatives available for the implementation of the program, which means rationalizing government expenditure before the implementation of the budget.
- Provide a mechanism for monitoring and evaluating performance and feedback - This method is considered a development of software balancing and performance.
- It is suitable for this stage and is looking for short and medium term solutions to reduce the effects of fluctuations in oil prices.

6.3.3: Long-term alternatives

The aim of these alternatives is to provide alternative long-term solutions for more than two years to search from multiple sources of government spending based on one main source as well as some other secondary sources, so that there is a variation in state revenue. Antiquities, and these alternatives:

- The establishment of industrial cities in different regions, and this is what the Kingdom has done for some time, where a number of industrial zones have been established in different parts of the Kingdom, to produce products covering the local market first and then the direction to export.
- Encouraging the private or private sector to establish productive projects by developing incentives and advantages to encourage production.
- The trend towards activating small and medium enterprises.
- The direction to the joint and direct investment system for the establishment of production projects abroad and inside.

Second: Field study

1 - Study Society:

The study community is represented in government units in Saudi Arabia.

2 - Sample of the study: A random sample was taken from employees at the Ministry of Finance and some Saudi universities.

3-Methods of study:

The questionnaire method was used to collect the data needed for the field study. A total of 90 questionnaires were sent and 46 responses were obtained by 51%. Forty-four questionnaires were not answered by 49%. Statistics.

4-Statistical methods used:

Spss was used for the statistical analysis of the study hypotheses. The first hypothesis concerns questions 1 to 3, the second is the fourth and fifth question, the third is from the sixth question to the eighth, and the fourth is from the tenth question, Fifth of question 18 to twenty, and the sixth of the twenty-first to twenty-fifth.

Results of statistical analyzes:

1- Descriptive results of the qualitative characteristics of the respondents:

The first section of the questionnaire distributed to respondents includes demographic characteristics, which include gender, educational level, specialization and years of experience. Table (2) shows the distribution of the sample according to these characteristics, showing that all the respondents are male (100%), while the scientific level shows that most of the respondents have different university degrees (eg 32% Ph.D., 30 Masters, 19%. With regard to the type of scientific field of respondents, most of them (87%) have a close background in business administration (accounting, administration, finance, economics). Finally, the table shows that the respondents have different professional experience. Most of them have experience in the field for at least 20 years (44%), and those with less than 10 years of experience (26%) and others over 20 years (14%).

2 - Results of testing the validity and stability of the study tool:

As previously mentioned, this study relied on the questionnaire tool to answer the study questions that represent the practical aspect of the study. This questionnaire contains five sections devoted to the examination of the hypothesis of the research, where these topics contain the paragraphs prepared by the researcher as well as arbitrated by academic experts or professionals. In addition, alpha-cronbach analysis was used to measure the validity and reliability of the questionnaire. Table (3) shows the results of the Alpha-Cronbach analysis, where the value of the alpha-cronbach coefficient for all paragraphs of the questionnaire is shown as 0.815. On the other hand, the table shows that the value of the alpha-cronbach coefficient for each axis ranges from 0.60 to 0.70. These values fall between the accepted values to measure the reliability and stability of the

questionnaire and thus the paragraphs in the questionnaire can be relied upon to test the hypotheses of the study and answer the questions raised.

Table (2) Distribution of respondents on the basis of qualitative characteristics

Characteristic	Category	number	percentage
Type	Male	46	100%
	Female	0	0%
Educational level	Ph.D.	15	32%
	M.A.	9	20%
	Higher Diploma	1	2%
	BA	19	41%
	Other	2	4%
Education field	administration science	40	87%
	Other	6	13%
Experience	1 – 10	12	26%
	11 – 20	20	44%
	21 - And more	14	30%

Table (3) Results of the validity and stability analysis of the study

Axis	Number of paragraphs	lpha coefficient Cronbach
First axis	3	0.604
Second axis	2	0.620
Third axis	3	0.614
Fourth axis	9	0.690
Fifth axis	3	0.695
Sixth axis	5	0.616
For all axes	25	0.815

3 - Results of the test of study hypotheses

The study included six hypotheses to answer the study questions. Respondents can choose between 5 to 1, where 5 is very agreeable and 1 indicates very disagreeable. To test these hypotheses, the descriptive method was used to test this hypothesis and to rely on the SPSS program to perform these tests. Essentially, the mean, standard deviation, and phenom were used to examine these hypotheses. These tests were reviewed based on each hypothesis.

Results of the first hypothesis:

The first assumption assumes that the decline in oil prices with a deficit in the current budget can lead to increase the deficit in the new budget. Table (4)

shows the results of the tests for each paragraph of the first axis, where respondents agree very (4.59) that the decline in oil prices lead to a deficit in the general budget at its estimate for the new year, while they agree that the decline in oil prices lead to deficit In the current budget (4.391) as well as in the budget for the next year at a rate exceeding the rate of decline in oil prices (4.282). In general, the table indicates the acceptance of the first hypothesis, where the general average of this axis showed that the respondents agree that the decline in oil prices with a deficit in the current budget can lead to increase the deficit in the new budget.

Table (4) Results of the first hypothesis test

number	paragraph	Arithmetic average	standard deviation	The vein
1	The decline in oil prices will result in a decrease in the revenues of the general budget and consequently a deficit when estimating the budget for the new year.	4.59	0.686	5.00
2	It is possible that there is a deficit in the current budget that is implemented during the low oil prices.	4.391	0.829	5.00
3	Lower oil prices - with a deficit in the current budget that is implemented at a rate higher than the drop in oil prices - could lead to a new budget deficit.	4.283	0.528	4.00
General average		4.420	0.528	4.67

Results of the second hypothesis:

This hypothesis states that low oil prices - equivalent to the surplus in the current general budget - can lead to a deficit in the new budget. The following table shows that the respondents agree that the decrease in oil prices will lead to a decrease in the new budget at a rate equal to either the budget surplus

(3.826) or the absence of any budget deficit (3.978). In general, respondents show that the decline in oil prices by the equivalent of the surplus in the current general budget will lead to the absence of a deficit in the new budget (3.902), which confirms the acceptance of the second hypothesis.

Table (5) Results of the second hypothesis test

number	paragraph	Arithmetic average	standard deviation	The vein
1	Fluctuations in oil prices can occur during the implementation of the general budget leading to lower oil prices at a rate equal to the surplus available in the new public budget.	3.826	0.797	4.00
2	The drop in oil prices at a rate equal to the surplus available in the public budget means that there will be no deficit in the new budget.	3.978	0.856	4.00
General average		3.902	0.704	4.00

Results of the third hypothesis:

This hypothesis is discussed that it is possible that the drop in oil prices by less than the surplus in the current general budget to the existence of surplus in the new budget. Table (5) shows the results of the third hypothesis where it appears that the respondents agree to the budget can be in a state of surplus before the fluctuations of oil prices (4.196), while

fluctuations in prices decline while a surplus or surplus above the rate of decline in oil prices does not lead to a deficit In the new budget. In addition, the table shows that the general average of this axis indicates the respondents' agreement that the decrease in oil prices by less than the surplus in the current general budget may lead to a surplus in the new budget is a proof of the third hypothesis.

Table (6) Results of the third hypothesis test

number	paragraph	Arithmetic average	standard deviation	The vein
1	The kingdom could achieve a surplus in the budget that is implemented - before the fluctuations in oil prices - at an appropriate rate.	4.196	0.859	5.00
2	The drop in oil prices could affect the budget revenues and reduce the new budget surplus.	4.326	0.762	5.00
3	Despite lower oil prices and lower budget revenues, a new budget deficit may not emerge if the budget surplus increases more than the drop in oil prices.	3.783	0.867	4.00
General average		4.101	0.624	4.00

Results of the fourth hypothesis:

The fourth hypothesis is based on the assumption that short-term alternatives - raising subsidies and rationalizing government spending - can lead to quick and immediate solutions to reduce the effects of oil price fluctuations (budget deficit). Table (6) shows the results of the fourth hypothesis, showing that all respondents agree that all the short-term instruments proposed in this study are to reduce the deficit in the general budget in the short term as their responses ranged from 3.739 to 4.457. In general, the table shows that the results indicate that the fourth hypothesis is acceptable where the general average of

this axis is 4.227 and indicates the approval of the respondents to these suggestions.

Results of the fifth hypothesis:

This assumption assumes that medium-term alternatives - re-evaluating existing projects and developing budget preparation - can lead to medium-term solutions to reduce the effects of oil price fluctuations (budget deficit). Table (7) shows the results of this hypothesis, showing that all respondents agree that all medium-term alternatives are sufficient to reduce the effects of oil price fluctuations and their negative impact on the budget, showing that the arithmetic mean for all these paragraphs ranges from 4.261 to 4.391. Also, the overall average shows that

respondents agree that medium-term alternatives - re-evaluating existing projects and developing budget preparation - will lead to medium-term solutions to

reduce the effects of oil price fluctuations, which confirms the validity of the hypothesis.

Table (7) Results of the fourth hypothesis test

number	paragraph	Arithmetic average	standard deviation	The vein
1	When a new budget deficit emerges as a result of oil price fluctuations, the Kingdom should seek short-term alternatives to achieve immediate and rapid solutions to address this deficit.	4.283	0.807	4.00
2	The rationalization of government spending for all sectors and institutions of the Kingdom is one of the most important short-term alternatives to provide immediate and quick solutions to meet some aspect of the budget deficit.	4.261	0.773	5.00
3	Raising support for energy sources is one of the short-term solutions that provides an immediate and quick solution to address some aspect of the budget deficit in the Kingdom.	4.087	0.985	4.00
4	The most important items in the field of rationalization of the current government is the salaries item, and perhaps the recent decisions of the Council of Ministers beginning in 1438 e one of the quick solutions to counter the effects of fluctuations in oil prices in Saudi Arabia, where some allowances were canceled and others were reduced by a certain percentage, Salary item.	3.739	1.201	4.00
5	Office tools and supplies (written tools) is an important item in government spending which must be controlled because of its random use and the absence of a documentary cycle to monitor the disbursement operations of warehouses.	4.304	0.939	5.00
6	Power consumption of short-term solutions in the field of rationalization of government spending, which requires control and rationalization for the purpose of saving and not wasting electricity.	4.369	0.711	5.00
7	Use of capital assets (such as vehicles, appliances, and equipment) must be used properly with regular maintenance.	4.457	0.622	5.00
8	Short-term solutions raise energy subsidies. Energy support costs Saudi Arabia's budget of just 4.60% of its output, which means the importance of rationalizing energy support and reducing subsidies like some Gulf and Arab countries.	4.304	0.785	5.00
9	The reduction of diplomatic missions abroad is one of the most immediate and quick solutions in reducing the budget deficit of the Kingdom.	4.239	0.736	4.00
General average		4.227	0.459	4.00

Results of the sixth hypothesis:

This hypothesis suggests that long-term alternatives - such as the expansion of industrial cities and small and medium enterprises - have a role in reducing the deficit in the general budget in Saudi Arabia and long-term provision. Table (8) shows the results of this hypothesis, showing that all respondents agree very well (average between 4.500 to 4.630) that the long-term alternatives such as the establishment of industrial zones and encourage the private sector to contribute effectively to production to reduce the

negative effects of oil price fluctuations. While agreeing on the role of activating the role of small and medium enterprises as well as joint investments at home and abroad to reduce the impact of oil fluctuations (average between 4.261 to 4.435). Also, the general average shows that respondents agree that long-term alternatives - such as the expansion of industrial cities and small and medium enterprises - have a role in reducing the budget deficit in Saudi Arabia and providing long-term solutions, which confirms the proof of the hypothesis.

Table (8) Results of the fifth hypothesis test

number	paragraph	Arithmetic average	standard deviation	The vein
1	Medium term alternatives can cover solutions for more than one year and not more than two years. The aim is to provide medium-term solutions to reduce the impact of oil price fluctuations on the Kingdom while providing future results and reserves. This may prompt future volatility or more severe volatility.	4.217	0.649	4.00
2	One of the important alternatives to be taken care of is to re-evaluate the existing productive and service projects with a view to developing them and making maximum use locally by setting priorities for development and re-evaluation. The same approach could be taken by France in re-evaluating the existing projects. In the late 1960s, With its development projects for re-evaluation.	4.391	0.649	5.00
3	Other medium-term alternatives include the development of estimates of the state budget for the next period of time, which is considered one of the most important stages of the general budget because it includes identifying the main objectives and sub-units of each government unit separately in the light of the general policy of the state.	4.261	0.681	4.00
General average		4.289	0.524	4.00

Table (9) Results of the sixth hypothesis test

number	paragraph	Arithmetic average	standard deviation	The vein
1	Long-term alternatives aim to provide long-term alternative solutions over a two-year period to search from multiple sources of government spending based on a single prime source as well as other secondary sources, so that there is a variation in state revenue so that if one source is affected, These effects.	4.630	0.488	5.00
2	The establishment of industrial cities in different regions, and this is what the Kingdom has done for some time since the establishment of a number of industrial areas in different places in the Kingdom, to produce products covering the domestic market first and then the direction to export.	4.522	0.547	5.00
3	Encourage the private or private sector to establish productive projects by developing incentives and advantages to encourage production.	4.500	0.681	4.00
4	The trend towards the activation of small and medium-sized enterprises.	4.261	0.681	4.00
5	The direction to the joint and direct investment system for the establishment of production projects abroad and inside.	4.261	0.713	4.00
General average		4.435	0.383	4.00

Results of field study

Through the field study, the following results can be achieved:

The First result: is that low oil prices - with a deficit in the current public budget - could lead to a deficit in the new budget.

The Second result: is that low oil prices - equivalent to the surplus in the current budget - can lead to a deficit in the new budget.

The Third result: conclusion is that low oil prices - less than the current budget surplus - could lead to a surplus in the new budget.

The Fourth result: Short-term alternatives such as raising subsidies and rationalizing government spending can lead to rapid and immediate solutions to reduce the effects of oil price fluctuations (budget deficit).

The Fifth result: Medium-term alternatives such as re-evaluating existing projects and developing budget preparation can lead to medium-term solutions to reduce the effects of oil price fluctuations (budget deficit).

The Sixth result: Long-term alternatives such as the creation of new industrial cities, encouraging the

production sector, export and others, can lead to long-term solutions to reduce the effects of oil price fluctuations (budget deficit).

Findings and Recommendations:

By studying the impact of fluctuations in oil prices on the general budget of the Kingdom of Saudi Arabia, the following conclusions were drawn:

1- Fluctuations in oil prices have a direct impact on the state budget where the levels of risks to the public budget vary depending on the extent of the deficit or surplus in the last balance before the fluctuations of oil prices on the one hand, and on the other increase these risks in the long term in the case of The adoption of the general budget on oil as a major source in the financing of government spending, especially with the persistence of fluctuations in prices, whether stability or decline than it is.

2 - The general budget is exposed to a high level of financial risks in the case of a deficit in the last budget before the fluctuations in oil prices.

3. The general budget is exposed to a medium degree of risk in the case of whether there is surplus in the last balance before the fluctuations of oil prices, but this surplus could not absorb the amount of decline in oil prices.

4 - The general budget is exposed to a low degree of risk in the case of whether there is surplus in the last balance before the fluctuations of oil prices.

As a result of these effects of oil price fluctuations on the Kingdom's general budget, the researcher recommends the following alternatives to overcome these effects:

Short-term alternatives:

It aims to provide immediate and quick solutions to reduce the effects of fluctuations in oil prices. The most important of these alternatives are rationalization of government spending, rationalization of government support, and reduction of diplomatic and student missions as well as other countries in this field.

Medium Term Alternatives:

These alternatives aim to provide medium term solutions to reduce the impact of oil price fluctuations on the Kingdom while providing future results and reserves, which may lead to future fluctuations in prices or more severe fluctuations. Existing productive projects as in France for the possibility of developing them and making the most of them, and developing the method of preparing the general budget of the Kingdom The budget of planning and programming can be used as an advanced method of balancing the programs and performance.

Long-Term Alternatives:

Aims to provide long-term solutions to diversify sources of income and not rely on limited sources to finance government spending, in addition to reserves of the future and the risks to which oil may be exposed. These alternatives include expansion of industrial cities, On the production and export, encouraging the establishment of small and medium-sized enterprises, encouraging joint and direct investment.

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