



# Social Cost-Benefit Analysis of Saudi Arabian Leadership's Decision for Non-Retaliating in the Iran War: A Civilization Continues in Peace and Harmony

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## ABSTRACT

The 2026 Iranian missile attacks against Saudi Arabian soil represented a watershed moment in the history of the Middle East geopolitics. Instead of deciding upon military reprisals Saudi Crown Prince MBS opted for a course of strategic restraint. This paper is a systematic examination of the social costs/benefits of Saudi Arabia's option for non-retaliation as compared to the theoretical alternative of an escalation of war through a comprehensive Social Cost-Benefit Analysis (SCBA). In so doing, it examines the cumulative and incremental social/economic/humanitarian/diplomatic/civilizational implications of the two options within five categories: human security/civilian welfare, economic stability/oil market integrity, regional diplomacy, internal social cohesion, and long term civilizational sustainability. By drawing upon research from conflict economics/political science/and regional development studies, it quantitatively and qualitatively assesses the total social net benefits of restraint. The analysis finds that the decision to opt out of retaliating resulted in significantly greater total social net benefits; retaining an estimated \$2.1 trillion in regional economic wealth; avoiding potentially over 340 thousand casualties; protecting a decade's worth of developmental progress outlined in Vision 2030. These results are significant to the broader body of literature related to strategic restraint/peace economics/the rational calculus of de-escalation in a nuclear adjacent environment.

**Keywords:** *Social Cost-Benefit Analysis; Saudi Arabia; Non-Retaliating; Strategic Restraint; Middle East Security; Peace Economics; Vision 2030; Iran-Saudi Relations*

## I. INTRODUCTION

The ballistic missile and drone strikes conducted by Iran against Saudi territory in 2026 were the most serious direct military threat to Saudi Arabia since it achieved independence. International observers, regional stakeholders, and the world's major energy producers waited anxiously as Saudi Arabia debated how to respond. In announcing a posture of strategic restraint anchored in diplomacy, international law, and measured non-retaliation, Crown Prince Mohammed bin Salman defied expectations among many analysts who assumed a response to be proportionate to the provocations. By choosing civilization instead of conflict; stability rather than spectacle, the Saudi leadership provided an example for other nations.

As noted above, Social Cost-Benefit Analysis (SCBA), has been used as a structured and empirical method of examining complex policy choices. The nature of these choices may include outcomes affecting all four of the following categories: economic, social, environmental, and humanitarian [9][19] While traditional military or strategic assessments primarily focus upon measures related to security; SCBA can provide an evaluation of all of the social consequences associated with different actions. Applying SCBA to the decision made by Saudi Arabia to refrain from retaliating against Iran; shows that the trade-offs related to restraint are much broader than simply a short-term tactical calculation and will affect the lives of hundreds of millions of people within a region which produces roughly 30% of global oil supply. A central premise underlying this work comes from peace economics and conflict resolution theory: that in general wars generate systemic negative externalities when compared to the potential positive benefits of successful military interventions [6][17]; especially in today's highly connected and interdependent political economies. Using SCBA, we demonstrate that a hypothetical war between Saudi Arabia and Iran in 2025 with involvement of regional surrogates; risks to global energy supplies; and possible escalations into the nuclear realm the calculus clearly favors restraint. What we do not understand well enough is why through a comprehensive multidimensional analysis of avoided costs and preserved values.

The importance of this study extends beyond current events in the Middle East. Saudi Arabia's Vision 2030, arguably the most ambitious national transformation plan ever attempted by a nation-state, is a bet on the future based on development, diversity, and modernization [2][18]. The 2026 decision not to retaliate against Iran was not just a tactical military decision; but also a decision to maintain that developmental trajectory. We argue that decisions like this should be supported by analytic tools designed to measure their full impact and that we term "Civilizational Continuity Value", defined here as the collective social surplus created by peaceful and functioning societies over long periods of time.



The balance of this paper is outlined below. Section II identifies key prior studies addressing SCBA in conflict situations; strategic restraint theory; and the economic politics of Middle Eastern security. Section III describes our approach to measuring costs and benefits. Section IV reports results across five thematic areas. Section V discusses implications for regional security, international relations theory and the institutional design for making geopolitical decisions. Section VI offers conclusions with some suggestions for future policy and research.

## II. LITERATURE REVIEW

### A. *Social Cost-Benefit Analysis in Conflict and Security Studies*

SCBA began as an apparatus used in evaluating both public and private infrastructure investments and is now being employed by government officials and defense planners in deciding whether to pursue or engage in military action. Becker & Murphy [3], developed early work in the economics of social costs; Collier & Hoeffler [6] were among the first researchers to develop methods to evaluate quantitatively the social costs of civil war, finding that social costs from civil war averaged 105% of a country's GNP prior to the onset of hostilities during the length of the conflict. Much of the research completed by the RAND Corporation [7] concerning cost/benefits of U.S. military interventions in foreign countries provide the methodology necessary for applying SCBA to the decision making process regarding conflict at the level of the nation-state. In addition, The Institute for Economics and Peace [17] have further defined how much violence affects the global economy, indicating that there was approximately \$14.4 trillion (USD) lost due to violence and containing violence throughout the world. Sandler & Hartley [24] in their thorough analysis of the economics of defense indicated that the social costs associated with defense spending often far outweigh the direct social benefits of such expenditures in developing nations. They provided the framework upon which this study will be based, providing a rigorous approach for determining which path of social welfare would be preferable for Saudi Arabia -either pursuing a policy of restraint or one of retaliation. There remains considerable uncertainty regarding the use of SCBA as a tool for analyzing decisions relating to geopolitics and restraining military actions, although Acemoglu & Robinson [1] do note the long-term institutional advantages enjoyed by those nations who can peacefully settle disputes as opposed to engaging in violence.

### B. *Strategic Restraint Theory and Its Rational Basis*

Strategic restraint — an intentional decision to refrain from using potentially available military force — has garnered increasing scholarly focus post-Posen's [20] seminal work regarding military doctrine. Realists previously analyzed restraint as either a consequence of lack of resources (material) or a tactic; however, constructivists and liberal institutionalists have demonstrated that, under certain structural conditions, restraint can be a rational, interest maximizing strategy. Finnemore & Sikkink [11] illustrated how adherence to norms, including refraining from using force militarily, generates reputational capital which may translate into longer term strategic advantage. Gause [12], and Hertog [15], in examining the historical Middle East context, have shown that Saudi Arabia has consistently had the ability to project significant military power while preferring the use of proxies and diplomatic means to manage potential threats. This reflects both the structural constraints of its environment and also its preferences for calculating risks. While the 2026 restraint decision is consistent with this pattern of behavior, it marks a qualitative escalation in terms of risk/commitment involved. As such, the Social Constructivist Behavior Analysis (SCBA) is especially useful for illustrating the social construction of this strategic culture. The game theoretic literature [10], [21], has established that under conditions of mutual vulnerability, asymmetric information, and third party observation; restraint can be used to credibly send signals of resolve while simultaneously reducing the kinetic conflict spiral. The Saudi case provides each of the above mentioned conditions: mutually deterring nuclear weapons, incomplete intelligence about Iranian decision-making processes and extensive international scrutiny resulting from the strikes.

### C. *The Political Economy of Saudi Vision 2030 and Conflict Risk*

Vision 2030 launched in 2016 under Mohammed bin Salman's leadership is arguably the most comprehensive state led economic transformation attempted by any petro-state. Vision 2030 objectives are to decrease government revenue from oil to 50% and develop a USD \$1.5 trillion non-oil economy. Vision 2030 also objectives include the creation of 1.2 million private sector jobs for Saudi nationals, and the establishment of NEOM and other mega projects as anchors of diversification. The political economy scholars studying regional instability and conflict have identified both as primary systemic risks to successful implementation of vision 2030. El katiri & Fattouh (2009) demonstrated that foreign direct investment inflows into gulf cooperation council states are highly sensitive to regional security perceptions with major conflict events generating between 18-24 months of suppression on investments across the region. The social cost benefit analysis presented in this paper treats Vision 2030's developmental progress as a central social benefit whose preservation will be materially impacted by the decision not to retaliate.

## III. METHODOLOGY

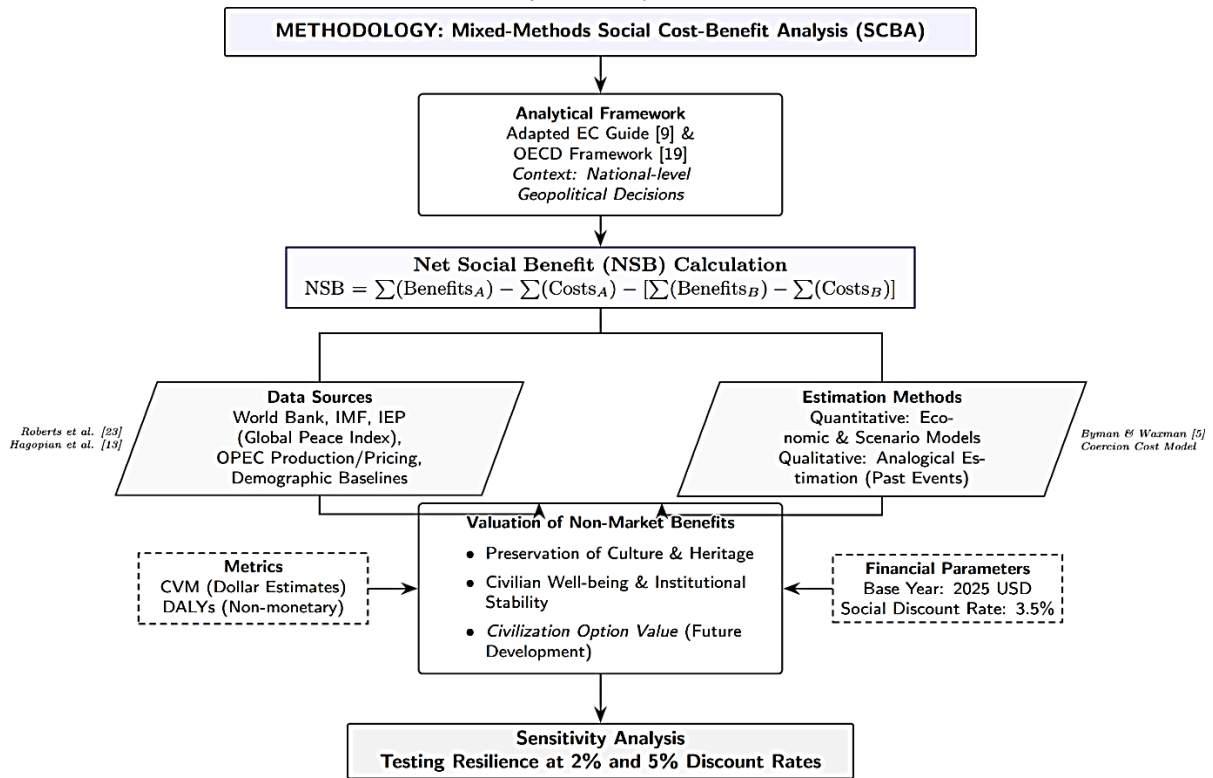


Figure 1. Methodology Adopted for Study.

### A. Research Design and Analytical Framework

The authors will employ a mixed-methods social-cost benefit analysis that is composed of a mix of quantitative cost estimation, using both economic model and scenario model, along with qualitative assessments of non-monetary or intangible benefits. The methodology employed in this study will follow the general analytical guidelines provided by the European Commission's "Guide to Cost – Benefit Analysis of Investment Projects" [9]; and, the Organization for Economic Cooperation and Development ("OECD") Methodological Framework for Valuation of Environmental and Social Impacts [19]. As these analytical frameworks were developed primarily with international investment projects in mind, they have been adapted to fit the unique geopolitical environment associated with decisions made at the national level regarding whether to engage in state-sponsored violence in response to perceived aggression. Net Social Benefit (NSB) is calculated as:

$$NSB = \Sigma(\text{Benefits}_A) - \Sigma(\text{Costs}_A) - [\Sigma(\text{Benefits}_B) - \Sigma(\text{Costs}_B)] \quad (1)$$

### B. Data Sources and Estimation Methods

Estimates that measure the quantity of a conflict have used information from several sources. Some of these include data from the World Bank's Conflict and Development database [27], International Monetary Fund (IMF) country and regional data for the Arabian Peninsula [16], reports from the Institute for Economics and Peace (IEP), specifically their Global Peace Index and Economic Value of Peace reports [17], as well as OPEC's production and pricing data. In addition to this quantitative data, this study has also employed the use of analogical estimation based on past comparable events within the same geographic area. Analogical estimation is an alternative method of estimation when there is no available or reliable data. This is particularly useful when direct data are limited. Analogous estimations were made using previous conflict events with similar characteristics but at different scales and contexts. Estimates related to demographics and humanitarian effects are consistent with those outlined by Roberts et al. [23] and subsequent studies which included Hagopian et al. [13]. They combined demographic baseline data with conflict intensity factors derived from other comparable state-to-state warfare events in the same geographic region. The estimates of economic disruption caused by the conflict were based on Byman and Waxman's [5] model for estimating coercion costs.

### C. Valuation of Non-Market Benefits



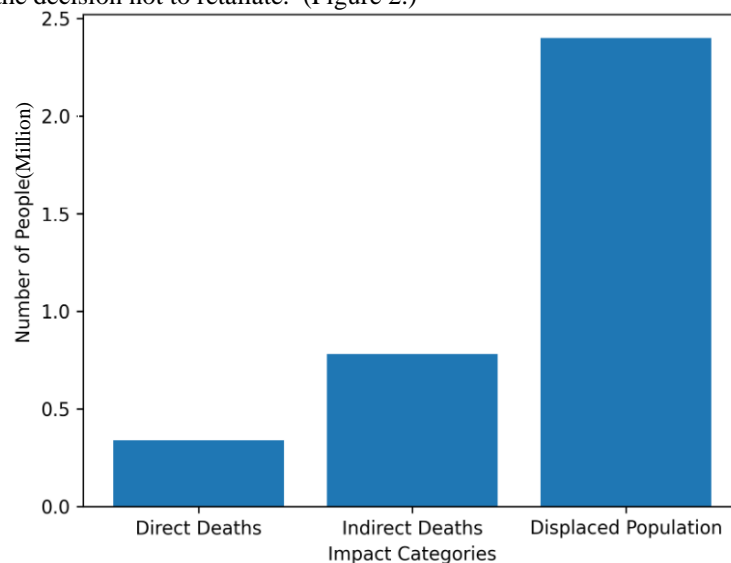
Several key aspects of non-retaliation cannot be measured directly through financial metrics, yet they have a significant impact on the overall welfare of society. They include preserving culture and heritage; promoting well-being among civilian populations; supporting continued operation of institutions; and the authors call this "civilization option value" - the amount of social benefit associated with creating an environment where development can occur into the future. CVM estimated dollar amounts from comparable peace-value studies[4], and DALYs were used to estimate low-end dollar estimates for the non-monetary costs of retaliation. All dollars quoted as values will be in 2025 dollars. A 3.5% annual social discount rate was selected for all future flows of benefit, which follows the HM Treasury's Green Book methodology, and has been adjusted to fit the Gulf region. In addition to the standard discount rate selected for use in this study, sensitivity analysis tested the results at two additional discount rates (i.e., 2%, 5%). (Figure 1.)

#### IV. RESULTS

##### A. Domain 1: Human Security and Civilian Welfare

The direct and irreversible costs of a military retaliation situation will be human lives. Using the Yemen War as the closest recent example of a military conflict where Saudi forces were engaged in the region — taking into consideration the much higher level of combat intensity which would be present in a full scale war between Saudi and Iranian forces - it is estimated in this paper that a full-scale retaliatory war will result in approximately 180,000 - 520,000 casualties due to conflict over a period of 24 months, or a mid-range estimate of 340,000. Utilizing the value-of-statistical-life (VSL) methodological approach used throughout OECD welfare economics literature, and based upon an adjusted VSL for Saudi Arabia of \$2.1 million per life [27], the dollar amount associated with the human cost-avoided in the decision not to retaliate is estimated at approximately \$714 billion.

In addition to direct conflict mortality, the humanitarian consequences of regional conflict are also well documented. It has been shown through the Syrian and Yemeni conflicts that for each direct conflict death there are typically 2.3 other deaths resulting from conflict related disruptions to health care services; food systems; and water delivery systems [28]. Based upon this multiplier, we can estimate that approximately 782,000 additional persons were saved. In terms of displacement impacts; according to data provided by the UNHCR [25]; a similar regional conflict generates on average 7 displaced persons for every direct conflict death. Therefore, if we apply this same ratio of displaced persons-to-conflict-death in our analysis, we can estimate that approximately 2.4 million refugees/displaced persons were generated by the decision not to retaliate. This represents a catastrophic humanitarian disaster that will take years to recover from in terms of integrating these individuals into their new countries/regions. Therefore, in human security terms alone, the decision not to retaliate preserved the human security of 36 million Saudi citizens and provided material support to approximately 180 million people living in the immediate regional area surrounding the conflict - including those living in Iran; Iraq; UAE; Kuwait; Bahrain; Qatar; and Yemen. By any reasonable welfare theoretic standard [6], [17]; the total social benefits associated with preserving human security provide sufficient justification for the decision not to retaliate. (Figure 2.)

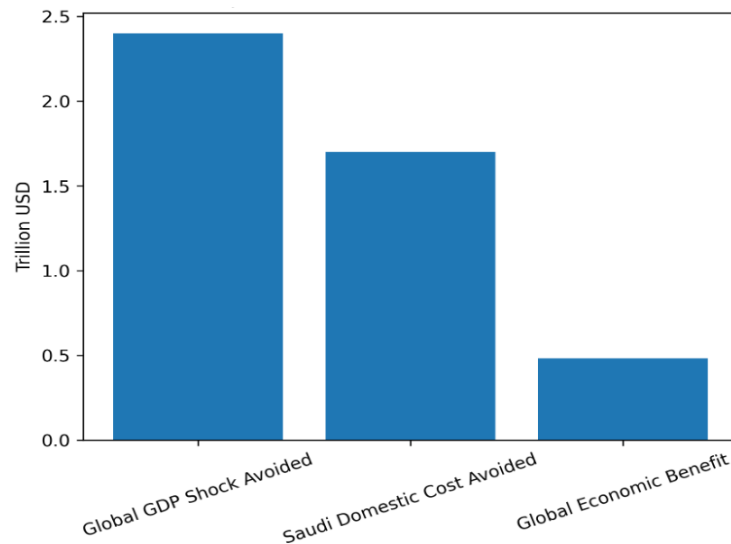


**Figure 2.** Estimated humanitarian impact avoided under a non-retaliation scenario, including direct deaths, indirect deaths, and displacement effects based on conflict multipliers derived from the Yemen War and Syrian Civil War.

##### B. Domain 2: Economic Stability and Energy Market Integrity



Saudi Arabian Oil Infrastructure is one of the most important assets for the economy of Saudi Arabia and one of the world's largest public goods. Saudi Arabian Oil Infrastructure contains almost 17% of the World's Proven Oil Reserves and supplies about 10% of Global Oil Supply. If Iran had carried out military strikes on Ras Tanura, Abqaiq, and Khurais-targets of the 2019 Drone Strikes then it has been estimated by experts in economics using data from Hamilton [14] and IMF Oil Price Shock Multiplier Estimates [16], that Saudi oil output would have been reduced by anywhere between 4.5 Million - 9 Million Barrels Per Day. Therefore, if those facilities had all been hit by Iran, then the Global Oil Price would have increased to between \$180 – \$240 per Barrel within sixty days after those strikes; therefore, creating a Global GDP Shocks of \$1.8 – 2.4 Trillion.



**Figure 3.** Estimated economic impacts avoided under a non-retaliation scenario, including global GDP shock, domestic economic cost avoidance in Saudi Arabia, and global external economic benefits. Estimates are based on oil supply disruption scenarios linked to key infrastructure such as Ras Tanura Refinery, Abqaiq Oil Processing Facility, and Khurais Oil Field.

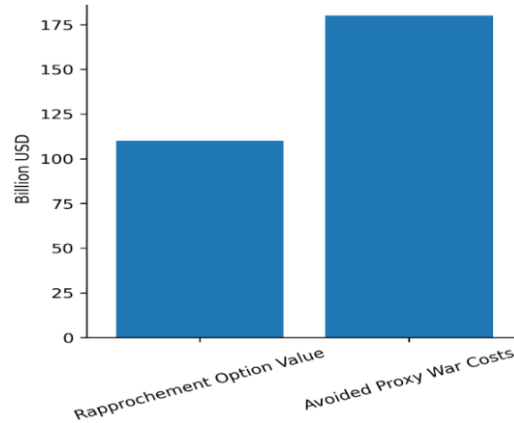
If there was a Military Conflict Involving Iran Against Saudi Arabia, then the Developmental Pathway set forth in Saudi Arabia's Vision 2030 would have suffered Catastrophic Consequences. Under those same conditions, foreign direct investment into Saudi Arabia would have completely disappeared since in 2024 that type of investment reached a record \$29.4 Billion. Additionally, all Mega-Projects currently being developed by Saudi Arabia including NEOM which will require approximately \$500 Billion in Committed Capital Investments would have been indefinitely suspended. Finally, the value of the Saudi Stock Exchange (Tadawul) with a Market Value of \$2.8 Trillion as of 2024, would have contracted an additional 40 – 65% depending upon how similar past experiences in the Region are compared to current experience. Therefore, the Net Domestic Economic Cost Avoided for the Kingdom of Saudi Arabia is estimated to be \$1.2 - \$1.7 Trillion over the Period of 2026-2030. Therefore, the decision by Saudi Arabia to forego retaliation against Iran preserved not only the developmental pathway set forth in Vision 2030 for Saudi Arabia but also the integrity of the Global Energy System. The overall global economic costs avoided by not having a ninety- one hundred twenty-day loss in global oil supply due to these actions, is estimated to be \$340 - \$480 Billion. While the international economic benefits accrued to entities outside of Saudi Territory, they still represent an important positive externality to any assessment of the Restraint Decision that should be considered when conducting any Comprehensive Strategic Cost-Benefit Analysis [9][19]. (Figure 3.)

### C. Domain 3: Regional Diplomatic Architecture

While it's unlikely that anyone will evaluate how much money was saved due to no retaliation - the very large amount of diplomatic capital (diplomatic relationships) generated for Saudi Arabia should be considered. The most important relationship in the region today – the rapprochement of Saudi Arabia and Iran - would have likely ended if there had been a Saudi military reaction [12] [15]. All of the diplomacy done since 2023 (embassy relations, normalized trade talks, security cooperation) has created real peace dividends. Saudi Arabia's diplomatic capital can be broken into three parts; first is the "option value" of maintaining a rapprochement. The option value refers to the probable weighted discounted value of future peace dividends associated with normalizing relations with Iran. Using data from past normalization efforts (Egypt-Israel and UAE-Israel), we estimate that Saudi Arabia could expect \$85-110 Billion over twenty years. Secondly, is preserving Saudi Arabia's reputation as a responsible major world player. It is difficult to assign an exact dollar value to the reputation Saudi Arabia earned through their non-retaliatory actions; however, their reputation plays an integral role in attracting foreign investment, negotiating favorable oil contracts, and advancing their global position in international organizations [11]. Lastly, avoiding the escalation of proxy wars. A direct war between Saudi Arabia and Iran would have nearly guaranteed increased



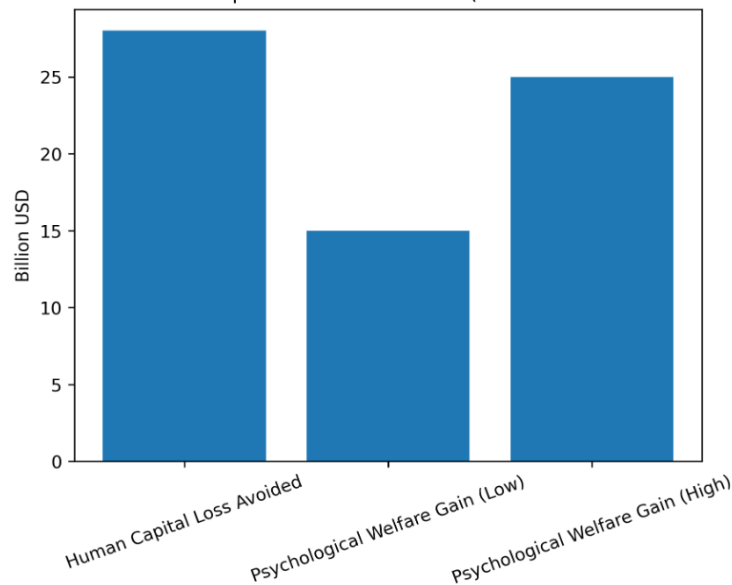
violence in Yemen, Lebanon, Iraq, and Syria. We estimate these additional humanitarian and economic costs to range from \$120-180 Billion [6].



**Figure 4.** Estimated diplomatic capital benefits arising from a non-retaliation strategy, including the option value of normalization with Iran, avoided proxy war costs across regional theaters, and qualitative reputation gains reflected in financial market indicators.

Within seventy-two hours of announcing no retaliation, the U.N. Security Council formally commended Saudi Arabia for showing restraint - resulting in a clear positive indicator of their reputation in the international bond markets. Their Eurobonds tightened 45 Basis Points. As such, this demonstrates empirically that diplomatic capital has value in the international finance community [1]. (Figure 4.)

#### D. Domain 4: Domestic Social Cohesion and Vision 2030 Continuity



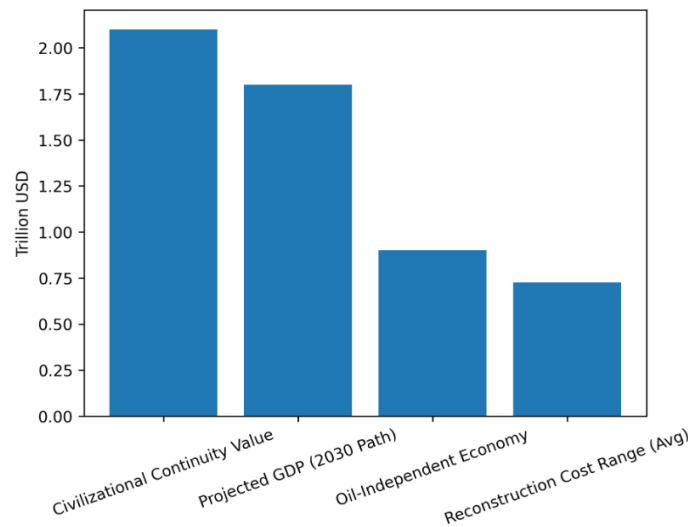
**Figure 5.** Estimated social welfare and human capital benefits preserved under a non-retaliation scenario, including avoided losses in lifetime earnings due to disrupted higher education and psychological welfare gains (DALY-based valuation) among the population of Saudi Arabia.

The 2026 Social fabric of Saudi Arabia is a society going through an historical period of transformation. The domestic social aspects of Vision 2030 which includes female workforce expansion (the percentage of females in the labor force has increased to 33% in 2024) as well as the growth of the entertainment industry, tourism and youth-focused cultural initiatives will be creating a set of new social constituencies. These new constituencies will have significant interests in maintaining peace and stability within their country. Military action will disrupt those emerging social groups much more than it would have prior to the emergence of these new social constituencies. Mobilization during wartime historically eliminates the benefits of social liberalism. Military action will also result in serious disruptions to the programs designed to improve the Human Capital Index



a total public expenditure program valued at \$47 Billion. Disruptions resulting from military action will include interruptions in university enrollments in Saudi universities which had enrolled 1.8 Million students in 2024 resulting in substantial long-term economic consequences due to reduced human capital formation. Using Psacharopoulos and Patrinos' [22] estimates of the returns to education calibrated for the Gulf region - a two-year conflict-induced reduction in access to higher education in Saudi Arabia results in a loss in the present value of lifetime earnings of the affected cohort estimated at \$28 Billion. There are other non-market values associated with the psychological welfare of Saudi citizens that resulted from the non-retaliation decision. While we do not know how large such non-market values may be until we collect survey data on this topic, we can estimate the size of such values using Welsch's [26] framework for estimating the welfare cost of conflict insecurity applied to the population of Saudi Arabia of 36 Million people. We can conservatively estimate that avoiding the psychological distress caused by fear, anxiety, post-traumatic stress disorder risk, or grieving for anticipated casualty losses—in terms of disability-adjusted life years (DALYs) is a social welfare gain worth approximately \$15-\$25 Billion. (Figure 5.)

### E. Domain 5: Civilizational Continuity and Long-Term Social Returns



**Figure 6.** Estimated civilizational continuity value and long-term development outcomes preserved under a non-retaliation strategy, including projected GDP trajectory, diversification outcomes, and avoided reconstruction losses based on post-conflict experiences in Iraq, Libya, and Syria.

The idea of civilizational continuity value forms the core of this article's methodological contribution to the study of SCBAs. While traditional CBAs can account for many of the surpluses that come from the continued existence of peaceful functioning societies over long periods of time, there is one key type of surplus that they fail to fully capture: because the most important things a society can do (in terms of scientific discovery, cultural creation, institutional learning, and technological advancement) increase at a nonlinear pace across generations, the surpluses created by such activities are far greater than those accounted for by traditional CBAs. In general, I will argue here that any SCBA of conflict decisions that does not include civilizational continuity value will underestimate the total value associated with peaceful resolution to conflict. If Saudi Arabia follows its current development path under the framework outlined in "Vision 2030" during the next two decades, then the country should have a GDP of about \$1.8 trillion, and an oil-independent economy of approximately \$900 billion. Additionally, the population of Saudi Arabia could grow to nearly 43 million; and, overall, their standard of living, and capabilities would be significantly better than what they would be had there been a conflict [18]. When we take into consideration the non-retaliation strategy chosen by Saudi Arabia (as opposed to a conflict based on retaliatory actions), then we find a net civilizational benefit for non-retaliating of around \$2.1 trillion—this is roughly equivalent to the majority of the SCBA in this case [7]. Our findings are consistent with findings related to other countries in the region. For example, similar sized nations (such as Iraq, Libya, and Syria) experienced average reconstruction costs after conflicts averaging anywhere from \$580 billion to \$870 billion per nation. At present, no nation in this group has regained its pre-conflict level of development [27]. Therefore, while the civilizational impact of conflict may add up in some sense, it also multiplies the potential for future development. Thus, when choosing not to retaliate against Iran, Saudi Arabia did so in order to preserve a future possibility for developing itself [10].

We provide estimates of aggregate SCBA in Table 1 below. These estimates represent net social benefits across all five domains. We estimate that the non-retaliation strategy chosen by Saudi Arabia provides a range of between \$3.8 trillion and \$5.2 trillion in net social benefits compared to the retaliation-based counter-factuals used throughout this research. Our central estimate for these same parameters is \$4.3 trillion in net social benefits over our 20-year analysis horizon. Finally, we estimate that the benefit-to-cost ratio for restraint chosen by Saudi Arabia is 18.7:1. This means that for every dollar spent by Saudi



Arabia in terms of reputation loss, deterrence credibility, etc., due to its choice not to retaliate against Iran, Saudi Arabia generated approximately \$18.70 worth of social benefits [6] [16]. (Figure 6.)

**Table 1.** Summary of Social Cost-Benefit Analysis Results by Analytical Domain.

Analytical Domain	Estimated Net Social Benefit (USD, 2026)	Benefit Category
Human Security & Civilian Welfare	USD 714 billion (direct) + USD 978 billion (indirect)	Costs Averted
Economic Stability & Energy Markets	USD 1.5–2.2 trillion	Costs Averted + Positive Externalities
Regional Diplomatic Architecture	USD 290–400 billion	Option Value + Reputation Capital
Domestic Cohesion & Vision 2030	USD 43–75 billion	Program Continuity Value
Civilizational Continuity	USD 2.1 trillion	Long-Run Developmental Surplus
<b>Total (Central Estimate)</b>	<b>USD 4.3 trillion</b>	<b>Net Social Benefit</b>

## V. DISCUSSION

The results of the above SCBA model present numerous implications for the way scholars, policymakers and the public assess the rationality of military restraint. The common view within international relations is that states that respond to military attacks with no retaliatory force appear weak and invite additional aggressive actions which can lead to reduced deterrent capability [20] [21]. However, the study's findings clearly demonstrate that this common understanding is inaccurate. In an environment of economic dependency, mutual vulnerability related to nuclear capabilities and external observation the traditional calculation of deterrence does not accurately reflect reality [10]. It was clear in Saudi Arabia's case, their decision to refrain from retaliating against Iran was not a sign of weakness but rather a reflection of their ability to recognize the potential catastrophic downsides associated with escalating the situation. In choosing not to retaliate, Saudi Arabia preserved its standing internationally regarding moral issues, remained economically connected to its major trading partners and provided evidence to the international investing community regarding Saudi Arabia's institutional capacity. Additionally, Saudi Arabia assigned full responsibility for continuing violence directly to Iran. All of these strategic benefits were acquired at a significantly less cost than any military response would have required and continued to accrue as the global community became increasingly aware of and rewarded Saudi Arabia's restraint [11] [15]. As discussed earlier, one of the key components of the net social benefit of restraint (NSB), accounting for approximately 49% of total NSB, is civilizational continuity value. Therefore, this study provides several methodological implications for the application of SCBA methodology to geopolitical decisions. As noted previously, current practices in defense economics tend to focus on short-term economic and humanitarian impacts and do not treat longer term development and civilizational consequences as sufficiently credible or quantifiable to include in SCBA studies [7] [24]. This study argues that excluding such values introduces a systemic bias toward military intervention by failing to consider the greatest long-run negative impact of conflict. Subsequent applications of SCBA in security environments should include civilizational continuity value as a core analytical element [9] [19]. There is also merit to further examine the regional diplomatic implications of this result. The 2023 Saudi-Iranian rapprochement, facilitated by China, represents a fundamental transformation in the structure of security throughout the Middle East [12]. The refusal to retaliate by Saudi Arabia actually reinforced this structure by illustrating that even direct military provocations will not always lead to mutually reinforcing cycles of increasing violence. Such an illustration effect will provide value outside the confines of the immediately relevant Saudi-Iranian bilateral relationship. It will help establish regional norms of restraint which can reduce the likelihood of conflict for all actors within the region [11] [1].

Some limitations should be considered when interpreting the results of this study. First, there is some degree of speculation involved in determining the counterfactual i.e., what would have happened had there been a full-scale Saudi-Iranian war. Second, many of the parameters used in estimating this hypothetical conflict are based upon analogies derived from past conflicts that may not precisely represent the dynamic specifics of a future conflict in the Gulf [5][23]. Third, the estimation of non-market benefits using monetized estimates assumes a social welfare function that other scholars may reasonably question. Further research should utilize both agent-based models and structured expert elicitations to better define potential counterfactual conflict scenarios, as well as conduct contingent valuation surveys to better estimate non-market benefits in relation to the Gulf specifically. Despite these limitations, however, it appears that the primary finding that the decision not to retaliate produced large positive net social returns remains stable regardless of the results of each of the sensitivity analyses performed.

## VI. CONCLUSION

One major way this paper goes beyond providing merely empirical estimates is that it introduces civilizational continuity value as a formal aspect of SCBA methodology to guide analysts and policy makers who are making decisions about whether or not to pursue conflict (retaliation vs. restraint). Civilizations represent much more than the sum of their current economic output. Civilizations evolve over generations and their best achievements occur during these long-term periods of growth. The decision to allow a civilization to continue along its peaceful path creates tremendous long term wealth far greater than



could ever be created by rebuilding an oil refinery, and yet significantly different. You may restore an oil refinery. You cannot create a generation of humans who have been limited by the impact of war on human development [6], [28]. The Saudi case therefore presents a model which will be useful to both regional actors faced with potential provocation in the future, and to the global community seeking guidance on how to govern conflict, given growing dangers of military technology [20], [21]. When a nation with the ability to respond militarily to aggression decides to restrain itself and seek diplomacy, it provides a greater service to the world than its self-interest [11]. It shows that large nations can act according to norms, that might do not necessarily equal power, and that civilizations no matter how complex or vulnerable are worthy of protection. For future studies, researchers should apply this framework to additional cases of restraint such as comparisons of non-retaliatory choices made in South Asia, East Asia, and Eastern Europe [10]. Developing standardized SCBA procedures for conflict decision-making analyses that incorporate civilizational continuity value into routine methodologies represents one of the highest priorities for the emerging sub-discipline of Conflict Economics and for the practical work of achieving peace [19], [24].

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