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WEALTH AND POWER: POLITICAL AND ECONOMIC CHANGE IN  
THE UNITED ARAB EMIRATES

A. ANN FYFE

Thesis submitted for the degree of Doctor of Philosophy at the University of Durham in the Centre for Middle Eastern and Islamic Studies, Easter Term 1989.

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- 3 APR 1990

Wealth and Power: Political and Economic Change in the U.A.E.

A.A. Fyfe

This work tests how the sudden rise in the U.A.E.'s oil revenues after 1973 changed the Federation's political machinery set up in 1971 and, at the same time, asks how the fact of the country's federal structure, with its interdynastic dynamic, affected the outcome of those changes.

Chapter One begins with the historical background to the 'Trucial States' position on the eve of Britain's withdrawal. The story of the emergence of a seven-member Federation is told briefly to illuminate some features of the 1971 Provisional Constitution.

Chapter Two is devoted to the economic upheaval of the 1970s. The switch from a subsistence economy is documented in detail and social attitudes to modern employment are examined, but the Chapter's main thrust is the role played by mass immigration, especially from the Indian sub-continent, in the politicization of public opinion.

Chapter Three is a short account of the inter-dynastic dispute which paralysed the Federation in 1978 and Chapter Four describes the young, educated, non-royals who stepped into the breach. Their demands are brought together in a survey of the Arabic-language literature produced by these new "Young Turks".

The fate of the same young men when shaikhly control was reasserted is the theme of Chapter Five. Finally, Chapter Six examines how the oil glut of the 1980s and the consequent cuts in government spending were received by the now much more highly politicized and demanding public.

The thesis concludes that the shaikhs have not addressed the challenge of power-sharing and that their ability to respond to any challenge is still hampered by dynastic rivalries which neither the boom nor the slump have overcome.

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## Introduction

The act of federation between the shaikhs of the Lower Gulf was conceived as a response to the sudden withdrawal of the protecting British presence. Almost immediately after its birth, however, the Federation underwent, coincidentally, a unique experience. Because of the quadrupling of oil prices in 1973 and 1974, the middle seventies witnessed a sudden and complete transformation. The consequences of the rapid economic changes introduced into circulation political concepts that were new to the previously-insulated shaikhdoms. This thesis hopes to test how the vast changes of the 1970s affected the nature of the Federation and how, conversely, the existence and development of the Federation affected the outcome of those changes.

Britain's individual Treaties with the shaikhs of the coast had ensured for 150 years that the shaikhs had minimal contact with other Powers. Such exclusivity was the express intent of the 1892 Treaty. Internally, most of the shaikhdoms were still epitomized in the 1960s by extreme economic underdevelopment, due to the absence of natural resources, sizeable populations or large-scale British development efforts, and to their history of unstable alliances and feuds with each other. By the latter half of the decade Abu Dhabi had begun to disburse some oil revenues and a prosperous trading entrepot had long been established at Dubai.



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The obvious dialectic of the Federation's gestation period following the announcement of Britain's intent to withdraw was that of reconciling the security and economic advantages of joining a larger unit with each shaikh's determination to assert his sovereign rights over his own territory. This inherent tension has continued to generate the dynamic of Federal politics to the present day. Accordingly, this thesis uses a brief outline of the negotiations between the Rulers between 1968-1971 and the resulting Provisional Constitution of 1971 to illustrate which areas of control the Rulers felt able to cede to the central, Federal authorities and those areas over which they insisted on keeping their own rights.

The thesis then narrates the substantial growth of the Federation's organs during the original Constitution's five-year life to 1976, by which year the member Emirates had been able to agree on important, though not uniform, new transfers of power to the centre.

However during these years of expansion of the Federal apparatus, both the economic and demographic bases of the shaikhdoms were suddenly overturned. Because of the multiplication of oil revenues after 1973, the U.A.E. suddenly acquired one of the highest notional per-capita incomes in the world. Its population multiplied eightfold, equally suddenly, but as a result of a mass influx of foreigners that brought the proportion of U.A.E. nationals in it down to 20 per cent by 1980. In describing the huge changes that befell the U.A.E. in its early years, this thesis lays particular emphasis

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on the contribution this phenomenon of immigration made to the politicization of public opinion.

In 1977, the great boom began to subside, and differences of economic experience and expectations between the Emirates, differences which had been submerged from view during the years of easy prosperity, began to surface. Then, in 1978, a specific dynastic dispute paralysed the central machinery of the Federation, and newly politicized elements of the younger generation reacted with hostility to the freezing of decision-making. In their demonology, these "Young Turks" classified tighter Federal integration as progressive and individualism on the part of the shaikhs as reactionary. Their demonology also rated immigration, the foreign role in commerce and every aspect of American foreign policy as evils.

The leadership vacuum of 1978-9 gave the Young Turks a brief spell in the limelight, though their heyday did not survive the settlement of the mutual grievances between the President and the Vice-President which resulted in the Vice-President's assuming the premiership in 1979. By that unhappy year, internal dissent had become in any case a luxury in which the shaikhs could no longer afford to indulge without restraint.

Regionally, Britain's withdrawal catapulted the shaikhdoms out of their almost total isolation into an unenviably polarized environment. Territorial disputes abounded and soured the new state's relations with its immediate large neighbours Saudi Arabia and Iran. Both monarchical regimes were nevertheless in the final analysis on the same side of the great ideological divide as the



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U.A.E. It was Ba<sup>c</sup>athist Iraq and revolutionary Aden, independent since 1967, that were seen by conventional wisdom as the likely sources of radical contagion. Both acquired Treaties of Friendship with the Soviet Union in the 1970s.

In the wider Arab context, the humiliation of the 1967 defeat had proved fatal for a number of regimes and had strained relations between others. After the next Arab-Israeli war of 1973 and the oil embargo against the West, the Arab oil producers were propelled into the focus of world attention, attention which then intensified with the Gulf war of the 1980s and the concomitant threat to navigation in the Straits of Hormuz. Thus, apart from a brief Golden Age in the middle seventies when Iran and Iraq were at peace, the U.A.E. has been surrounded by rifts and revolutions; Camp David and the isolation of Egypt; the mutual hostility of Syria and Iraq; the overthrow of the monarchy in Iran followed by the Iran-Iraq war; the overthrow of the monarchy and the Soviet occupation of Afghanistan; the war in the Horn of Africa. The effect that this environment has had on Federal cohesion has been mostly but not always positive. There are few regimes for which the adage "united we stand, divided we fall" can have more aptness.

Ironically, though, the intensification of outside interest in the area has, as well as encouraging a closing of ranks, albeit incomplete, between the regimes, fostered at the same time the latent anti-Americanism that has long been a feature of Gulf public opinion. This is one of the main components of the thinking of the younger educated elite. Its twin is a desire for political modernization. Their thinking is the warp that entertwines with the woof of inter-Emirate relations to weave the stuff of politics in the U.A.E.

## Chapter One

The purpose of this chapter is to consider the form of the Federation erected in 1971 and the intentions of the founder members to it and to its future evolution. Accordingly, the Constitution of 1971 will be studied textually and contextually in detail. Its historical genealogy will be traced in the inter-Gulf discussions that followed the announcement of Britain's intention to withdraw from the area and comparisons will be made with the constitutions of the other Gulf states. The Rulers' sometimes-conflicting and sometimes-converging objectives will then be followed through the course of events during the Provisional Constitution's five-year life. First, however, an outline of the shaikhdoms' body politic is necessary.

### The Body Politic

The body politic of the shaikhdoms on to which a written form of government was grafted in 1971 consisted of four groups: the ruling families; the tribes, including those from which the ruling families spring; the merchant class and the first formally-educated younger generation. A U.A.E. national may belong to all four - they are not mutually distinct. Governing them to their satisfaction was then and is still a personal and not an institutionalized process.

## The Characteristics of The 1971 State

### The Ruling Families and The Tribes

Both the al-Nahayan ruling family of Abu Dhabi and the al-Maktum rulers of Dubai spring from what is usually called the Bani Yas confederation of tribes. Authorities differ on the number of Bani Yas subdivisions they recognize but the common names Suwaidi, Muhairi, Hamili, Rumaithi and Qubaisi for example, familiar to businessmen, all indicate Bani Yas lineage. The Nahayan of Abu Dhabi, who have been in power since the second half of the 18th century, are part of the small Bu Falah subsection whilst the Maktum of Dubai belong to the Bu Falasah who migrated east out of Abu Dhabi and founded Dubai in the 1830s<sup>1</sup>.

Historically concentrated around the inland oases and later the coastal areas, the Bani Yas maintained date gardens in the Liwa oases in the interior and joined the pearling boats in the summer season<sup>2</sup>. Other Liwa plantations were owned by the Manasir (singular: Mansuri), who were the largest of the non-Bani-Yas tribes in Abu Dhabi Emirate and were noted as camel-herders and as seasonal pearl-ers. Like the Bani Yas, the Manasir are Sunnis of the Maliki madhhab. Much of the land around the oases of al-<sup>ع</sup>Ain, which the Nahayan now portray as their family seat, was owned originally by the third of the Abu Dhabi tribes the Dhawahir<sup>3</sup> (singular: Dhahiri). Since the Nationality Law<sup>4</sup> of 1967 membership of the Bani Yas, the Manasir, the Dhawahir or the fourth tribe the <sup>ع</sup>Awamir

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(singular: 'Amiri) has been the legal definition of Abu Dhabi nationality. They form the core of the Emirate's political life, they inter-marry, have ready access to Shaikh Zayid and are well represented on the Abu Dhabi National Consultative Council.

On the fringe of this elite are a number of smaller tribes and families. The social gap between the tribal elite and the non-elite is argued to have been narrowed in the oil age by the massive influx of non-nationals into the shaikhdoms. In the face of the invasion the local population has developed a common sense of identity stronger, the argument runs, than the inter-tribal sensitivities of the past. Quantifying the importance of tribal balancing in politics today is however too perilous a task for an outsider to attempt.

Special mention must be made here of five Nahayan brothers whose contribution to Abu Dhabi politics and thus to Federal politics is particularly important. Shaikh Hamdan ibn Muhammad took over as Deputy Federal Prime Minister from the son of his cousin Shaikh Zayid and Shaikh Hamdan's brother Mubarak has been Federal Minister of the Interior since the Federation was created. Shaikh Saif ibn Muhammad was at one time Federal Minister of Health. Two other brothers, Shaikhs Tahnun and Surur ibn Muhammad, occupy the key posts in the Nahayan hierarchy of Ruler's Representative in the East Region, i.e. Governor of al-'Ain, and Chairman of the Presidential Diwan respectively. Shaikh Tahnun is also Chairman of the powerful Abu Dhabi National Oil Company.

## The Characteristics of The 1971 State

Their great influence in Nahayan family affairs stems from the prestige of their father Shaikh Muhammad ibn Khalifa (died 1979) whose own father Shaikh Khalifa ibn Zayid had been one of the sons of Zayid the First, who ruled Abu Dhabi through the peaceful years 1855-1909 and whom the Ministry of Information likes to label "Zayid the Great". On the death of Zayid the First, his son Shaikh Khalifa ibn Zayid declined to become Ruler. He declined again on the deaths of his brothers who succeeded. Several of those brothers of Shaikh Khalifa had a hand in a series of fratricides<sup>5</sup>, leaving Shaikh Khalifa himself something of a symbol of the old days of peace and prosperity.

In the next generation Shaikh Khalifa's son Muhammad ibn Khalifa, father of the five brothers, declined the position of Ruler in his turn<sup>6</sup> but was long regarded as the "kingmaker". The title of Ruler passed to the sons of his father's brother Shaikh Sultan; Shaikh Zayid is the second of Shaikh Sultan's sons to rule, having deposed his own brother the late Shaikh Shakhbut in August 1966.

These family relationships have been charted in detail because primogeniture is by no means the sole determinant of succession in tribal systems. Today the foreign appellation "Crown Prince" may appear to have frozen the process in favour of the sons of the current rulers but if so the appearance is deceptive. To freeze the succession into the primogenitive channel would be to do violence to Arab tribal mores.

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Traditional rivals of the Bani Yas, though sometimes in shifting alliance with them, were the Qawasim (singular: Qasimi) rulers of the Northern Emirates, whose possessions were divided in the early 1900s into the two Emirates of Ras al-Khaimah and Sharjah<sup>7</sup>. The Wahhabi Qawasim and the Hanbali Na'im rulers of Ajman were on the Ghafiri side of the old Ghafiri/Hinawi divide whilst the four tribes of Abu Dhabi and Dubai as well as the Sharqi rulers of Fujairah were all Hinawi<sup>8</sup>. This rift, which is rooted in the Omani civil war of the 18th century, has probably been rendered academic by the passage of time and the spread of education.

Nonetheless the Qawasim and the Sharqis fought a serious skirmish on the East Coast as recently as 1972<sup>9</sup> and resorted to further violence in a property dispute in the Hajjar mountains in 1980<sup>10</sup>. In the towns tribalism is less evident.

Throughout modern history the way of life of the interior tribes has been dominated economically by an extreme paucity of resources and socially by Islam. In the coastal towns, the grip of these two fundamental facts of life has been looser, a difference that continues to make itself felt.

Economically, the only resources available before oil to support life in the interior of what is now the U.A.E. were the date palm, the camel and the pearl banks off shore. Life styles remained simple in the extreme and even precarious, particularly after the collapse of the pearl market in the 1920s. That event was the main landmark in the shaikhdoms' history before oil.

## The Characteristics of The 1971 State

Long distances and insuperably hostile terrain would have made the development of sophisticated administrative machinery difficult even if it had been necessary, which in the absence of social or economic complexities it was not. Self-sufficient means of settling both economic disputes and social issues were provided by Islam and tribal custom<sup>11</sup>.

The religious homogeneity of the interior tribes was and is total. All of them are Sunni Muslims of either the Maliki or Hanbali schools and with the exception of proselytizing by the Wahhabis little had happened to change their affiliations since the original Islamic conquest in the seventh century. Their values were the bedu values of traditionalism, patriarchy, feud, courage, respect for elders, simplicity and openness<sup>12</sup>. Again, however the communities on the coast were in different circumstances. There, the effects of the Omani civil war, the strong mercantile tradition and the immigration of foreigners had combined to produce a society still dominated by mainstream Sunni Muslims but also tolerant of other Islamic sects and non-Muslim groups as well and showing some division into social classes<sup>13</sup>. Shaikh Zayid is famous in the Arab world for espousing the bedu values<sup>14</sup>, whilst Shaikh Rashid of Dubai is seen as embodying more urban mores<sup>15</sup>.

The legacy of the U.A.E.'s social and economic history is a strong motivation among the less well-off to share in the benefits of the current sole resource, oil, and a perception on the part of both rulers and ruled that the *raison d'etre* of a shaikh is to ensure that those benefits are indeed shared out. It is not an exaggeration to

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say that sharing out the oil wealth lies at the heart of the conceptual legitimacy of the Gulf shaikhs. But as nomads or inhabitants of the most inaccessible parts of the country, the interior tribes have been the last among the population in general to benefit from government spending on communications, utilities, medical services and, in particular, schools. They are thus in the greatest danger of becoming divorced from the new prosperity. As a result, part of the tribes' input into the political process today is the problem of their place in the economy, which can be said to dictate certain commercial tenets in the most tribal Emirates that are not held with equal faith in the non-tribal ones.

Thus those of the tribesmen who were attracted to Abu Dhabi in the late 1960s and the 1970s for example found themselves unqualified for all except the menial jobs that their value-system precluded them from accepting. The tribesmen differentiate clearly between work that an Arab may accept honourably and work that is unArab<sup>16</sup>. Their poverty was politically intolerable in a small state in which so many thousands of foreigners were making fortunes and was one of the reasons why Abu Dhabi pushed for commercial laws restricting the ownership of businesses to local nationals. Less tribal Emirates, led by Dubai, viewed this philosophy unenthusiastically.



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Table 1-1: Tribal Population by State and Tribe, 1968

Tribes	Abu Dhabi	Dubai	Sharjah	Ajman	U.A.Q.	R.A.K.	Fujaira	Total
Ahbab	319	1	25	-	7	-	-	347
Al- <sup>Ḥ</sup> Ali	60	155	508	85	2,862	1,445	3	5,118
<sup>Ḥ</sup> Awamir	1,721	69	37	7	19	34	5	1,892
Bidūwat	42	450	-	1	-	-	6	499
Dahanimah	9	59	13	7	-	551	94	733
Dahababiha	3	-	2	6	-	-	8	19
Dhawahir	2,844	42	109	41	-	9	57	3,102
Ghafalan	96	6	34	5	127	25	-	293
Habus-Shihuh								
- Dnahuriyin	147	74	74	13	-	5,845	244	6,177
Bani Jabir	49	8	4	-	5	15	-	81
Bani Ka <sup>Ḥ</sup> ab								
(inc Shawahiyin)	217	16	197	39	-	189	59	717
Muhariza	17	-	12	-	-	312	10	351
Manasir	3,224	275	49	21	-	38	-	3,607
Masafarah	6	-	39	-	7	19	1	72
Mazar <sup>Ḥ</sup> i	1,287	271	293	17	38	1,062	76	3,044
Na <sup>Ḥ</sup> im (inc								
Khawatir)	325	171	219	616	25	968	10	2,334
Najadat	662	29	5	1	-	11	85	793
Naqbiyin	16	-	1,345	-	-	541	3	1,905
Qawasim	101	108	3,592	8	3	1,055	14	4,881
Bani Qitab	617	156	1,458	21	6	112	-	2,370
Quwaid	3	1	162	-	4	19	6	195
Shahairah	-	3	1	11	-	69	-	84
Bu Shamis	370	769	689	190	12	408	-	2,438
Sharqiyin	80	65	116	69	25	82	8,372	8,809
Tunaij	13	2	372	7	-	21	22	437
Bani Yas	4,597	3,913	1,424	213	1	290	27	10,465
Za <sup>Ḥ</sup> ab	22	27	710	7	4	2,455	-	3,225
Other	903	1,194	1,280	226	69	2,366	256	6,294
<b>Total Tribal</b>	<b>17,750</b>	<b>7,864</b>	<b>12,769</b>	<b>1,611</b>	<b>3,209</b>	<b>17,941</b>	<b>9,138</b>	<b>70,282</b>
<b>Total population</b>	<b>46,500</b>	<b>59,000</b>	<b>31,000</b>	<b>4,200</b>	<b>3,700</b>	<b>24,000</b>	<b>9,700</b>	<b>179,000</b>
<b>Tribal population as % of total</b>	<b>38%</b>	<b>13%</b>	<b>41%</b>	<b>38%</b>	<b>86%</b>	<b>75%</b>	<b>94%</b>	<b>39%</b>

Source: 1968 Trucial States Census (unpublished).

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The same need to involve citizens without formal education in the oil wealth lies behind the distribution of land. When developed and let, buildings secure an easy income for the owner. All land on Abu Dhabi island belongs to the Government but is given away in perpetuity either for personal use or commercial development. Beneficiaries of this minha (gift) land can bequeath it to their heirs on death but can sell it only with permission and cannot then claim compensation or a fresh allocation. Soft loans and assistance with letting and maintenance further help the local owner to maximize his income from property and are taken up on massive scale by the population. When a foreign developer leases land from an Abu Dhabi citizen, furthermore, the maximum life of the lease is fixed by law a eight years<sup>17</sup>, whereafter both the land and the buildings on it revert to the ownership of the Abu Dhabi national.

This law was the first in a series of consistent measures implemented by Shaikh Zayid when he came to power in 1966 on the crest of the great demand for the new oil money to be spent. Again, the same need to include the beduin in the boom explains the Abu Dhabi regulation<sup>18</sup> requiring transport companies in Abu Dhabi to hire at least 50 per cent of their fleet from citizens and obliging the oil companies to hire local transport - vehicles and drivers - for journeys between the town and the distant oil fields. Along with land and transport, the exclusive right to sponsor companies<sup>19</sup> was the third link between the unskilled citizen and the bonanza. Abu Dhabi gave trade licences only to companies wholly-owned by locals, in contrast to the other Emirates, so that an individual's

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citizenship itself became, intentionally, a route to riches. Finally, an array of subsidies protected the citizen from the change in the cost of living, an array so wide that amending the subsidies upwards formed the overwhelming bulk of all Abu Dhabi local government business in the 1970s.

Legislating these means of wealth-distribution is within the gift of the Ruler. Patronage, it has been argued, has shifted the relative position of the shaikh and the rest of the people<sup>20</sup>. At one time merely a primus inter pares chosen for administrative tasks, the shaikh in the oil era has become the source of ease and plenty. Tribal virtues of equality and simple democracy are undermined, this argument continues. Commenting on its validity is outside the competence of this study.

The essential and enduring legacy of tribal custom is however the majlis system of rule. Itself portrayed as an embodiment of the Islamic precept of shura (consultation), the majlis has survived the upheavals of the oil era and remains at the heart of the political process today. Most Rulers still hold a majlis every day. A citizen with a grievance to air or a dispute to settle goes to the majlis, sits with the Ruler and makes his point. Far from being ceremonial, these sessions form the substance of day-to-day government. Local and Federal government departments are beginning to assume some of the functions of the majlis but this evolution towards institutionalized government is limited (not least by the Rulers' intentions) and the Ruler's majlis is still the final court of appeal on all important matters.

The Merchant Class

The largest group to be found in a Ruler's majlis today is the merchant group. Almost every indigenous family in the coastal towns of the U.A.E. has commercial interests, whether as import agents, contractors or landowners. The size and standing of this group are self-evident and well-known to the outside world. Tribal and mercantile interests have merged into one in recent years as the tribesmen have become landowners and property developers. The demands which the merchant class qua merchants makes on the political system are material and satisfied by material means. Hence the repercussions of the recessions of 1977 and the middle 1980s. In their capacity as the educated, cosmopolitan elite, on the other hand, the merchant class has in the past been the main source of reformist pressure on the shaikhs<sup>21</sup>.

The New Generation

During the later 1970s, the fourth and newest interest group, which might loosely be termed the younger generation, emerged on to the scene. This group embraces both the first graduates to be sent abroad to study at the Federation's expense and the first graduates of the U.A.E.'s own university at al-<sup>6</sup>Ain, which opened in 1977. Education is synonymous with the Federation for this generation, having been conspicuous for its absence before the Federal budget made school-building possible.

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As a generalization, this group can be said to attach rather less importance to considerations of their Emirate of birth and rather more to those of the Federation. Its concerns differ from those of the other interest groups in being only partly material and in having as well a less easily satisfiable ideological content that tends to favour more accountable forms of rule. In time both trends - the weakening of local chauvinism and the strengthening of interest in modern systems of government - will inevitably shift the arena of politics from inter-shaikhly manoeuvrings to the new territory of shaikhly versus elected rule. In the early 1970s this thinking was very new and exiguous and not widespread. It found its first public expression only in 1979 in the Joint Memorandum (see Chapter Four) of the Cabinet and the National Assembly. In the early days of the Federation, those with which this chapter is concerned, it was not in open circulation.

These pioneers were superseded in the 1980s, when mass education had become the norm, by the Islamic fundamentalist movement, whose demands were still less amenable to satisfaction by materialist means, but that development pertains to a later chapter.

### Individual Players

Completing the early Federal tableau were two extremely influential individuals who enjoyed the confidence of the President and the Vice-President respectively and who played a formative role in designing the 1971 Federation. In the case of the President his closest adviser was Ahmad Suwaidi, Federal Foreign Minister until 1980 and first educated scion of Abu Dhabi. In the case of the

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Vice-President the dominant influence was Mahdi Tajir, U.A.E. Ambassador to London and until 1980 Chairman of the all-powerful Department of Ruler's Affairs and Petroleum in Dubai. Suwaidi was a crusading Federalist<sup>22</sup> and Tajir a billionaire business entrepreneur.

### Demographic Peculiarities

Four parties are absent from this tour d'horizon of the body politic; the armed forces, the religious establishment, the media and the majority immigrant population. The armed forces' contribution to politics to date has been purely passive in that merging their commands was a serious issue both before and after their supposed merger under the constitutional amendments of 1976. Their highest-ranking officers are the sons of shaikhs, but at other levels the armed forces have been heavily dependent like all other sectors on expatriate personnel. As a body the armed forces have not put forward a political viewpoint of their own, as far as is known. There is reason to suppose however that this may change with the evolution of an educated, indigenous officer corps; national recruits to the armed forces seem not to come from the materially-minded merchant middle classes.

The institutionalized forces of religion, the ‘ulama and the Shari‘a qadhis, were not parties to politics in the 1970s. They too were for the most part expatriate. Some of the devout in the public at large did feel concerned that Islam should be upheld against the sudden influx of foreign ways, but there was no identifiable movement led or supported by the ‘ulama.

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Local newspapers for most of these years numbered only two. One, al-Ittihad (The Federation) belonged to the Ministry of Information and the other, though privately owned, restricted itself like the former to criticism of the public services and not of the system of government. Later in the 1970s the radical daily al-Khaleej and the very much more radical weekly al-Azmena al-Arabia appeared in Sharjah. Both were owned by the younger generations of merchant families and both openly advocated elections, the faster redistribution of wealth and the total merger of the Emirates, or rather the abolition of separate Emirates in a unitary state. Both were virulently anti-American in the broadest sense and al-Khaleej still is: al-Azmena was not allowed to survive for long.

Expatriates for their part did exert some influence on decision making, though again passively. Their huge numbers - they made up 80 per cent of the population by 1980 - generated a backlash that sometimes verged on xenophobia and coloured the views held by some nationals on the economy and internal security. The presence of so large a foreign and partly non-Islamic majority was also to make the U.A.E vulnerable to the Islamic fundamentalist revival. As organized groups on the other hand, the immigrants with a few exceptions did not themselves have the ear of the Rulers and were not in a position to provide political input. The few exceptions included a handful of foreign, mostly European and American, consultants whose friendships with the Rulers coloured the Rulers' spending decisions and thus the direction of economic development.

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It is surprising in fact how little expatriate politics intruded into the life of the U.A.E. In the cases of four of the country's largest suppliers of labour, India, Pakistan, Iran and the two Yemens, the 1970s saw the trial and imprisonment of Mrs Gandhi and the State of Emergency, the deposition and hanging of Mr Bhutto, the overthrow of the Shah and the murder in quick succession of three Presidents of the Yemens. But there was no violence on the streets of the U.A.E. and no demands were made of the host government. The immigrants' total failure to exercise their numerical muscle is always attributed to their purpose in working in the U.A.E. in the first place, the wholly material purpose of making money. Deportation was the usual sentence for foreign lawbreakers.

One exception must be made however. Most schoolteachers, broadcasters and journalists in the U.A.E. in these first years of mass education and mass media were Palestinian, Syrian, Egyptian or Jordanian. They gave the U.A.E. student a window on inter-Arab politics and their role came to alarm the Ministry of Education. Indiscipline and even isolated incidents of violence broke out in the secondary schools after the signing of the divisive Egypt-Israel Camp David accords. The U.A.E. has suffered fewer than half a dozen terrorist acts to date but all of them were manifestations of other Arab states' disputes unconnected with the U.A.E, itself.



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### The Genealogy of The Constitution

The Federation of 1971 was predicated on improving relations between the Emirates, not on dissolving them; its gestation between 1968 and 1971 casts light on why this was so. For 150 years the Pax Britannica had pursued two prophylactic, not prescriptive, goals in the Gulf, that of preventing the shaikhdoms from warring with each other and that of protecting them from external interference. After the decision to withdraw from the Gulf was made in 1968, Britain's continuing objective was to guide the shaikhdoms into some form of grouping that might preserve the same desiderata, namely "that there should continue to be a reasonable degree of stability within the area and that generally speaking the countries of the region should remain orientated towards the West<sup>23</sup>". The desirability of federating small states before their independence seems to have been part of late-colonial received wisdom and had lead to the experiments of the West Indies, Central Africa, Malaysia and Aden.

### The Nature of The Treaty Relationship with Britain<sup>24</sup>

The original treaty of 1820 between the Trucial Shaikhs and the East India Company followed on from the latter's successful raid of 1819 on the Qasimi pirate fleet based in Ras al-Khaimah. Both the raid and the subsequent treaty were designed to make the sea routes to India safer for British shipping and the Treaty contained an additional clause against the slave trade. Gradually, over the ensuing decades, lacunae in the 1820 pact were closed until in 1853

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the shaikhs agreed to turn a series of temporary truces between themselves into a perpetual one. Their territories thus became the Trucial States.

In the last two decades of the nineteenth century, rivalry between the European colonial powers brought about a change of emphasis. From then on, the primary goal of the treaty was to deny firstly the territories and later the natural resources of the shaikhdoms to rival Powers, specifically Germany, Russia, Turkey or France. In aim and content they were thus very similar to the 19th- and early 20th-century treaties governing Britain's relationship with the native states of the Aden Protectorate<sup>25</sup>. By the 1920, the scope of the treaties had been widened to restrict a Ruler's right to award concessions, be they for pearling or for oil-prospecting<sup>26</sup>, to any party other than Britain.

The independence of India in 1948 finally nullified the shaikhdoms' importance on the route there, but Britain retained a strong interest in the oil concessions and in the safety of surface communications to the Far East. The beginning of the Cold War also brought with it a notion of a Russian threat<sup>27</sup> but a recent study has concluded that by the 1960s Britain's main reason for remaining in the Persian Gulf was "force of habit"<sup>28</sup>.

In official parlance the Trucial States were never formal protectorates. They were "independent states in special treaty relationship with Britain"<sup>29</sup> and their internal administration was not in theory in Britain's hands, though "constant advice and

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encouragement" were offered to the Rulers<sup>30</sup>. Recent works<sup>31</sup> have detailed many examples of pressure on local shaikhs over domestic matters, however - a notable recent one being the confiscation of Shaikh Shakhbut of Abu Dhabi's travel documents until he agreed to grant the oil concession to a British company<sup>32</sup> - and an expert legal assessment of the situation in Aden Protectorate, where the "advice" system was the pattern for the Trucial States, was that Britain's control did extend to all areas of administration<sup>33</sup>.

More succinctly, the concept that accepting British advice was voluntary has been dismissed, not only by Arab commentators, as "purely academic"<sup>34</sup>, an "imperialist fiction"<sup>35</sup> or just "humbug"<sup>36</sup>. In any event, internal administration had not evolved in most shaikhdoms beyond the simplest and most informal level, social and economic catalysts being absent<sup>37</sup>.

What the Trucial States lacked therefore in 1968 when Britain decided to leave was not only a modern infrastructure and administration but also an international persona and the wherewithal to defend that persona, and this at a time of very considerable instability in Arab politics resulting from the defeat of 1967.

Though with hindsight it is possible to see the writing on the wall for Britain's presence in the Gulf as far back as the election of the Wilson Government in 1964, when a wide-ranging review of defence policy was set in motion "to relax the strain imposed on the British economy by the defence programme which it had inherited"<sup>38</sup>, the Defence Review which resulted from that study

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actually provided for an increase in British personnel in the Gulf, stating that "we... intend to withdraw our forces from the Aden base.....[but] we shall be able to fulfil our remaining obligations in the Middle East by making a small increase in our forces stationed in the Persian Gulf"<sup>39</sup>. A year later however came the first Annual Statement on Defence Estimates since the Malaya/Indonesia confrontation had ended in August 1966. Clearly embodying the new realities, this Statement was emphatic that Britain "should not again have to undertake operations on this scale outside Europe. The purpose of our diplomacy is to foster developments which will enable the local people to live at peace without the presence of external forces".

Still, however, "political arrangements have been made and practical preparations are under way for the small increase in our forces stationed in the Persian Gulf which we shall need to fulfil our remaining obligations in the area after we leave Aden"<sup>40</sup>. Shortly after, though, a supplementary statement pointed out that fixed bases were decreasing in importance as the flying range of aircraft improved<sup>41</sup>.

Officials toured the area to assure the shaikhs that Britain did indeed intend to stay in the Gulf<sup>42</sup>. Then, in November 1967, sterling was devalued and in January 1968 Harold Wilson made his famous statement to the House of Commons on "making devaluation work". "Abroad... this means reassessing our role in the world and realistically limiting our commitments and our outgoings to our true capabilities"<sup>43</sup>. The next month's 1968 Statement on Defence

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Estimates announced that, as a direct result of the need to reduce expenditure, the major decision had been taken to bring forward the withdrawal from Malaysia and Singapore to the end of 1971 and to leave the Persian Gulf by the same date<sup>44</sup>.

Clearly, then, the reason for Britain's withdrawal was financial<sup>45</sup>. A Supplementary Statement on Defence Policy in July 1968 went on to say that Britain had entered into consultations with the governments in the area about means of developing a new basis for peace and stability after the Britain's departure and that "we wish to see a steady evolution in the local arrangements for defence and co-operation.....[The Trucial States] appreciate the importance of using the intervening period to work out means whereby they can emerge successfully into unqualified independence in close co-operation with one another and with the support of their larger neighbours"<sup>46</sup>. It was hoped that the Trucial Oman Scouts would be incorporated into a Federal army<sup>47</sup>.

Rulers of the shaikhdoms received the news of the about-face with the word "khiyana", betrayal<sup>48</sup>. Shaikhs Zayid and Rashid offered to pay for the upkeep of the Sharjah base<sup>49</sup>. Their fears of their larger neighbours were historically well-founded; Sa<sup>u</sup>di Arabia disputed control of the Buraimi/al-<sup>u</sup>Ain oases so beloved of the Nahayans and Iran claimed all of Bahrain and the three islands of Abu Musa and Greater and Lesser Tunb off the Trucial States. That said, both Sa<sup>u</sup>di Arabia and Iran had a strong interest in preserving the monarchical status-quo.

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History does not record their owing up to a threat from internal sources on the other hand. The upheaval in Aden after Britain's departure the year before and the humiliation of the Arab defeat of June 1967 must have been felt to some extent but published material on the state of public opinion at the time is inconclusive. It is a moot point whether the phrase "public opinion" can have had any meaning in countries whose dominant characteristics, as far as most but not all the population was concerned, were isolation and illiteracy. British diplomats were fairly confident that the shaikhs were safe internally. Bahrain and Kuwait had both seen nationalist agitation in the 1950s and the British Resident in Bahrain Sir Rupert Hay had observed much susceptibility in those "advanced" shaikhdoms to the "ceaseless" nationalist propaganda from Cairo and Baghdad on the radio and from immigrant teachers, a particularly disturbing group, but he considered the Trucial States less vulnerable<sup>50</sup>. Sir William Luce strongly opposed the pull-out but still felt that "it never had even the makings of the cataclysm some people feared"<sup>51</sup>. Others shared his view<sup>52</sup>.

British journalists, by contrast, were unanimous that the shaikhs were about to "inherit the full blast of revolutionary propaganda once the Aden base is closed"<sup>53</sup>, though one or two thought the regimes might enjoy a temporary reprieve as result of the decline in Nasser's prestige after the defeat of 1967<sup>54</sup>.

Arabic-language historiography of the late 1960s suffers from no such contradictions: it portrays the shaikhdoms as seething with nationalist, anti-imperialist fervour<sup>55</sup>. The nationalist-orientated Arab League, whose charter includes a commitment to

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helping the non-independent Arab states to win their freedom, had been taking a growing interest in the Trucial States since the early 1960s and was prompted to send a fact-finding mission in 1964 after Iran was reported to have used Abu Musa during naval exercises the previous year. The mission's report is valuable for the picture it gives of political conditions in the shaikhdoms in the nationalist view. It voices grave concern over three areas: the threat to the shaikhdoms' Arab identity from large-scale immigration, particularly from Iran, which it compares in dangerousness to Jewish immigration into Palestine in the 1930s and which it goes so far as to accuse Dubai of encouraging; the threat to stability from the chronic border disputes, which was particularly urgent in 1964, when Dubai and Sharjah were in bitter hostilities after the sinking of an exploratory oil well in disputed territory; and Britain's failure to tackle the shaikhdoms' extreme backwardness in development<sup>56</sup>.

Iran, the League noted with concern, had already opened a showpiece hospital and a school in Dubai. To pre-empt further Iranian penetration, it was proposed that an Arab League office be set up in Sharjah as a channel for Arab aid. A League technical team recommended that an Arab-financed development programme should begin with the construction of a metalled road from Dubai to Sharjah<sup>57</sup>.

Arab accounts maintain that Britain's decision to set up the Development Office in 1965 was merely an attempt to thwart the League and the nationalism it represented. Britain's Minister of State George Thomas was reported to have warned the shaikhs sternly against allowing the League to open its office<sup>58</sup>, and these sources and

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others attribute the deposition of Shaikh Saqr of Sharjah in 1965 to his rejection of the warning<sup>59</sup>.

Interesting though this Arab nationalist picture of the shaikhdoms on the eve of the moves towards federating may be, it is not safe to assume that it reflects the view from the local street or that local eyes saw things from exactly the same angle as Cairene or Damascene eyes<sup>60</sup>. Any account of the politics of the street in the shaikhdoms of the 1960s must be tempered by the fundamental fact of the scantiness of their populations. Nonetheless, there is a record of pamphlets and petitions in circulation as the Rulers met for the first time, demanding representative rule and total unification<sup>61</sup>. Material on public opinion in the early years of the Federation is even rarer: the writer has heard occasionally of a wave of arrests of young people in 1973 for alleged membership of PFLOAG or similar groups, and has seen one reference to these arrests in print<sup>62</sup>.

Perhaps it is endemic in research into public opinion that conclusions cannot be definite. The present author, having known some of the personalities who were politically aware in the 1960s, inclines to the view that nationalist phraseology did excite as phraseology and that some institutionalized say in government would have been popular, but that organizing to press their views, let alone violent insurrection, were far beyond their thinking.

Whatever the true state of affairs was, the Gulf presence had become a luxury Britain could no longer afford and was ended for purely British reasons. Before the Wilson statement of January 1968 there had been no preparation for independence; as far as the shaikhs were concerned it was being thrust upon them unwelcomed.



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### The Dubai Agreement and The Negotiations 1968-1971<sup>63</sup>

In February 1968, a month after the issue of British statement of intent, Shaikh Zayid of Abu Dhabi and Shaikh Rashid of Dubai met and signed two agreements which set in motion the train of events leading to the 1971 Federation and gave the negotiations their tone over the next three years. First, they settled their border dispute; from the outset, their association was seen as a way of resolving border issues, not of abolishing borders. Second, they declared a federal union between their two Emirates encompassing foreign affairs, defence, internal security, nationality and immigration and some public utilities.

Bahrain, Qatar and the five smaller Trucial States were then invited by Shaikh Zayid and Shaikh Rashid to join the new Federation. Meeting in Dubai a week later from 25th to 27th February, the nine agreed to establish a "Federation of Arab Emirates" "to promote co-operation between them in all fields, .....to support respect for each other's independence and sovereignty, to unify their foreign policy, to regulate the collective defence of their countries in order to protect their people and preserve their security and to consider generally their mutual affairs and interests".

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The salient features of the Dubai Agreement<sup>64</sup> which they signed to these ends were firstly that all the shaikhdoms were to continue to exist separately, not as a merged unit, and secondly that the Federation's terms of reference were not to apply comprehensively to all areas of life. Each Emirate was to continue to manage individually all those of its internal affairs not expressly consigned to the Federation.

The Dubai Agreement created a Supreme Council between the nine Rulers "to formulate its high policy in international, political, defence, economic, cultural and other matters related to the purposes of the Federation....." Decisions in this Council were to be taken unanimously, each member having one equal vote and thus a veto. The Supreme Council was also charged with drafting a permanent constitution and issuing a budget, each member's contribution to which was to be determined at a later stage. An executive body subordinate to the Supreme Council and a Supreme Court were also to be set up, their composition and precise functions again to be specified by agreement later. In the sphere of defence, the contracting shaikhdoms were to "co-operate with each other and to support and strengthen their military capabilities".

The nine convened again in Abu Dhabi in May and July 1968 but differences on important matters were a feature of the discussions

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from the start<sup>65</sup> and such was the air of pessimism in some quarters that prospects for the Federation were being written off<sup>66</sup>. Nonetheless, the nine were able to agree at these sessions on appointing the Arab legal expert who had written Kuwait's constitution to draft the Federation's and to the formation of a temporary executive council under the premiership of Shaikh Khalifa ibn Hamad Al-Thani, then Deputy Ruler (now Ruler) of Qatar. This executive was to take its decisions on the basis of a two-thirds majority vote. Agreement on a federal capital was proving difficult and pending a final decision it was decided that the presidency should continue rotate between members<sup>67</sup>.

In October 1968 they met again in Qatar and this session brought forth the important decision to set up a common defence force with air, sea and land arms to operate alongside - not to replace - the existing separate armies, as well as a number of joint committees on social and economic affairs. Two Arab military experts were appointed to advise<sup>68</sup>.

Bahrain tried to persuade the Rulers to hold their next meeting in its capital Manama, perhaps as an expression of solidarity at the time when the Shah was proving obdurate over his claim<sup>69</sup>. Not all the Rulers saw such an act of defiance as wise, however, and eventually after some wrangling the next meeting assembled in Doha again instead.

A great deal of coming and going between the shaikhdoms themselves and between the shaikhdoms and their larger neighbours before this

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Doha meeting tried to resolve both the problem of venue and the substantive issues of where the Federation's capital was to be, the design of its flag, the size of the Federal army in relation to the members' individual forces, the extent of the Federation's legislative powers in relation to the members' own and the intractable problem of voting shares in the new state's various organs.

But as the negotiations became more detailed, the differences between the parties began to loom larger. Bahrain had over 40 per cent of the nine states' total population but less than one per cent of the total land area; Abu Dhabi, by contrast, had less than 12 per cent of the total population but over 75 per cent of the land area. Bahrain's population density was 800 persons per square mile and the highest in the Middle East whilst Abu Dhabi's was two persons per square mile and the lowest in the Middle East if not the world. Bahrain's population was urbanized, educated and on the way to becoming industrialized. In 1970 Bahrain's oil exports were 80,000 bpd and declining; Abu Dhabi's were 695,000 bpd and rising. Bahrain had 0.4 barrels of oil per day per head of population against Abu Dhabi's 11.6 and Bahrain's per capita income of \$390 per annum was less than a tenth of Abu Dhabi's \$4,000 per annum<sup>70</sup>. In 1968 and 1969, one of Bahrain's main requirements from the others was solidarity in face of the Shah.

Qatar was ahead of the Trucial States in education and oil production; Abu Dhabi had almost no administrative apparatus and a subsistence economy on to which oil revenues had suddenly begun to

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cascade two years earlier. Dubai had a sophisticated port and an influential class of cosmopolitan merchants, many of whom were of Iranian descent. Sharjah, for historical reasons, had better educational provision and a more developed administration.

Ras al-Khaimah had a determination to ensure that the historical weight of the Qasimis in the Gulf was reflected in the distribution of power within the new Federation, and its Ruler Shaikh Saqr, dissatisfied on this score, held out against joining until February 1972. He later revealed that he had approached Oman with a view to forming an alternative federation in preference to joining the other Trucial States<sup>71</sup>. Al-Azmena al-Arabia claims that his eventual joining was forced upon him by nationalist demonstrations in the streets but Dr Tariam alludes more soberly to an audience with a "popular committee"<sup>72</sup>. The smallest Emirates lacked both resources and administration.

Bahrain's contention that her larger and better-educated population merited a proportionately larger share of the votes in the Federation's decision-making and representative forums acted as a serious stumbling-block. Without proportional representation, Bahrain's rulers would have had a harder task convincing public opinion of the advantages of federating with the far less developed Emirates. The Federation could have drawn and in some cases did draw the accusation that it was a pact between Rulers<sup>73</sup> and not between peoples, who were not consulted - the same accusation was to be heard again a decade later a propos of the Gulf Co-operation Council. But the smaller shaikhdoms on the other hand were jealously unable to forego the one-shaikhdom one-vote principle which guaranteed them a

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veto irrespective of clout and exempted them from being bound by majority decisions.

Furthermore boundary disputes between the shaikhdoms were numerous. Ras al-Khaimah disputes its border with Fujairah; Umm al-Qaiwain has a claim on Sharjah's offshore oil field which necessitated the intervention of the Royal Navy in 1969<sup>74</sup>; Sharjah has claims on Ajman and Dubai and Fujairah, with whom it fought a border skirmish in 1972<sup>75</sup> as well as Umm al-Qaiwain; Dubai has claims on Abu Dhabi and Sharjah; Abu Dhabi on Qatar; and Qatar and Bahrain have two recurring disputes over the tip of the Qatar peninsula and the Hawar Islands in the Gulf<sup>76</sup>.

The Doha meeting resolved to push ahead with drafting a constitution before the next session but failed to agree on who was to be President; on the allocation of ministerial posts or the extent of ministers' powers; the capital; methods (election or appointment) of constituting the consultative body or the basis (equality or population-weighting) for awarding seats on it<sup>77</sup>, leaving all these issues to be settled later.

Little progress had been made<sup>78</sup> when the nine met in Abu Dhabi in October 1969 for what was to be the last time, but great strides were suddenly made nonetheless. Bahrain, perhaps jolted by an apparent improvement in Saudi-Iranian relations after the Shah's visit to King Faisal, gave way on proportional representation<sup>79</sup>, as the seats on the proposed consultative body were now to be four each regardless of size. Shaikh Zayid of Abu Dhabi was named Federal

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President and Shaikh Rashid of Dubai Vice-President for a term of two years. Qatari Crown Prince Shaikh Khalifa ibn Hamad was appointed Federal Prime Minister. Abu Dhabi was designated temporary capital<sup>80</sup> pending the construction of a permanent seat on the newly-settled Abu Dhabi-Dubai border.

Many other contentious issues such as the budget and the apportionment of ministerial seats were still left unsettled however, Shaikh Khalifa told The Times<sup>81</sup>, and as the meeting drew to a close the British Political Agent Mr James Treadwell appeared and made a speech urging progress. The Rulers of Qatar and Ras al-Khaimah declared his intervention an attempt at improper pressure and made it their pretext, whatever their real motives may have been, for not signing the final communique<sup>82</sup>. The meeting was regarded as a failure<sup>83</sup>. Iran stepped in with a statement strongly criticizing the communique. A dismayed Shaikh Zayid repeatedly invited the nine to reconvene the next month, but they were never able to do so.

The Deputy Rulers met twice in the course of the following year, 1970, but their negotiations stumbled<sup>84</sup>, not least on the old issue of proportional representation. When Iran accepted the findings of the U.N. commission in favour of Bahrain's independence and dropped her claims<sup>85</sup>, Bahrain felt free to revert to her previous stance seeking size-weighted votes. Bahrain then appointed her own separate Cabinet in early 1970 and Qatar adopted a separate constitution in April of the same year and a Cabinet in June<sup>86</sup>.

In June 1970 the surprise Conservative victory in the British general election gave rise to speculation that Britain might after all

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reverse her decision to withdraw from the Gulf, as Mr Heath had hinted while in opposition<sup>87</sup>, and the federation talks lost some of their momentum accordingly<sup>88</sup>. Sir William Luce made a tour of the area and recommended however that the withdrawal proceed. Finally a high-level joint Saudi Arabian and Kuwaiti delegation visited the nine shaiikhdoms in January and April 1971 and narrowed down and clarified the points of disagreement between them, but the various formulae the delegation mooted were to no avail. Bahrain declared its own independence in August 1971 and Qatar followed in September<sup>89</sup>.

Sir William made a further tour in November and spent six days in Tehran and one in Sharjah dealing with the problem of the disputed islands, which he now described as "the least important of the disputes between Iran and her Arab neighbours"<sup>90</sup> and which The Times quoted him as saying had now been resolved as far as Britain and Iran were concerned<sup>91</sup>. Sharjah and Iran arrived at an agreement under which Iran was granted a military post on the island of Abu Musa but control of civil affairs was to remain Sharjah's; the island's natural resources were to be divided equally and Sharjah was to receive a cash subsidy of £3.5m a year until her own revenue reached a similar level<sup>92</sup>. Ras al-Khaimah on the other hand would not accommodate Iran and on 30th November Iran invaded the two Tunb islands. The invasion caused loss of life. Britain was widely seen as having connived at the Iranian strike and feelings ran high. Iraq broke off diplomatic relations, Col Qadhafi expropriated British Petroleum and some observers attribute Kuwait's decision to introduce military conscription to the occupation<sup>93</sup>.



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Others, however, viewed the timing of the invasion as a deliberate formula to save the shaikhs' face. Since the reality of the situation was that the Shah was going to take the islands regardless, less danger to the shaikhs would result if he took them before the shaikhs became technically responsible for them<sup>94</sup>.

The Arab League protested to the UN and the issue was said to be one of the causes of the abortive coup in Sharjah in 1972. Shaikh Khalid, the Sharjah Ruler who had signed the agreement with Iran, was killed in an attempt to regain power by his predecessor Shaikh Saqr, who had himself been deposed in 1965 allegedly for his interest in League and nationalist affairs<sup>95</sup>. Ras al-Khaimah was believed to have supported Shaikh Saqr's attempt and there was speculation that Ras al-Khaimah and Sharjah were to have formed a mini-Federation of their own had it succeeded<sup>96</sup>. It failed, but the issue of the islands was still alive in December 1972 when the inhabitants of one of the islands petitioned Shaikh Zayid to continue to uphold their Arabness<sup>97</sup>. In November 1973 a magazine was closed down allegedly for carrying an article on the islands which displeased the Shah<sup>98</sup>.

Generated by reaction to external events and not their own initiative, the nine Rulers' federal motivation had been sufficient to make possible a degree of co-operation in the fields of defence and foreign affairs of which they had no previous experience, but clearly insufficient at the same time to wrest from them substantive concessions of power over the management of their own domains. They feared external aggression but differed in their responses to the

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threat or even on its source. They were able to approve joint defence forces but only if able to retain their own local armies. Though unequal in size, resources and development, they held out against majority decision-making. The equality of separate units was hallowed.

The Constitution that bound the remaining seven bedfellows together was thus to some extent born "by Caesarean section"<sup>99</sup>. Britain's interest, too, lay only in passing on a defensible international persona to shaikhdoms co-operating peacefully with each other and did not extend to merging them completely. The 1971 Provisional Constitution of the United Arab Emirates thus enshrines the continuing existence of separate Emirates who were to join together for the defence and foreign affairs previously monopolized by Britain and for some internal purposes. But its joint defence provisions did not go as far as unifying existing armed forces and its joint development philosophy did not go as far as federalizing the control of natural resources. Federalism as an ideology could not prevail any further, given the Rulers' motivation and perceptions at the time.

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### The Distribution of Powers in the 1971 Constitution

The U.A.E. was the third Gulf state to acquire a constitution after Kuwait and Qatar, whose constitutions are dated November 1962 and April 1970 respectively. Unlike Kuwait and Bahrain, whose constitution took effect in 1974, the U.A.E.'s constitution did not pass through any stage of popular consultation in its evolution and on that ground, and on the grounds of the absence of provision for election and on others, the Federation was criticized in progressive circles as a victory for reaction<sup>100</sup>, having been written off all along by leftist organizations as an imperialist plot against nationalism and progress<sup>101</sup>.

All four constitutions show fundamental similarities but also bring to light important differences of attitude towards the questions of legitimacy and accountability, among others.

Kuwait, Bahrain and Qatar make haste to affirm the inviolability of hereditary shaikhly rule<sup>102</sup>. Succession is expressly confined in all three cases to the families in power at the time. The U.A.E. constitution does not concern itself with the internal rule of its member Emirates but the hereditary shaikhly system is perpetuated in any case as an effect of the provision that members of the Supreme Council must be Rulers (see below).

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Islam is the second common denominator, in that all four constitutions stipulate that Islam shall be a main source of law<sup>103</sup>. More generally, all contain commitments to improving the quality of life and to providing employment<sup>104</sup> and safeguarding private ownership of property.

The main differences are to be found between Kuwait and Bahrain on the one hand and Qatar and the U.A.E. on the other. Kuwait elevates "the people" to the source of all power and sovereignty<sup>105</sup>, limits the ruling family's share of the oil revenues<sup>106</sup>, gives ultimate power over legislation<sup>107</sup> to a representative body elected by "universal" suffrage<sup>108</sup> and permits trade unions<sup>109</sup> and the right of association<sup>110</sup>. Bahrain also cites the people as the source of all power<sup>111</sup> and regulates future allocations to the privy purse (though not for the present Ruler)<sup>112</sup>. Legislation was to have been ratified by a National Assembly<sup>113</sup> again elected by "universal" suffrage<sup>114</sup> but Bahrain's National Assembly experiment was so short-lived as to render these two provisions academic. "Universal" in Gulf terms excludes local women and immigrants of either sex. Bahrain's constitution allowed trade unions to be formed "for lawful purposes"<sup>115</sup> and the right of association was guaranteed<sup>116</sup>, as in Kuwait. In Bahrain and Qatar, however, the executive is ultimately responsible to the Ruler<sup>117</sup>; in Kuwait it is, or was, responsible to the

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National Assembly<sup>118</sup>. Kuwait and Bahrain both devote much detail to the circumstances in which the elected Assembly can be dissolved; in both countries the relevant provisions state that the Assembly may not be dissolved twice for the same reason<sup>119</sup> and that elections for a new Assembly must follow the dissolution within two months<sup>120</sup>. In practice both countries abandoned these safeguards when their Assemblies were dissolved.

Qatar's constitution does not specify the source of power or sovereignty but refers to the Ruler's right to rule "by virtue of consensus"<sup>121</sup> in accordance with the Islamic Shari'ah. No limits are set on the ruling family's share of the oil revenues. By way of a "representative" body Qatar is equipped with only an Advisory Council empowered only to "express opinions"<sup>122</sup> and The Ruler is bound only to listen to this opinion before legislating<sup>123</sup>. Unlike the National Assemblies of Kuwait and Bahrain, Qatar's Advisory Council has no right to discuss the state budget - it may discuss the budgets of major projects only<sup>124</sup> and may not discuss any subject at all that has not been approved in advance<sup>125</sup>. Members are nominated by notables of ten districts, who put forward four names per district to the Amir, who in turn selects two from each group of four<sup>126</sup>. Like Kuwait and Bahrain, Qatar enjoins the convening of a new Council within two months of the dissolution of a previous one<sup>127</sup>. There is no mention of trade unions or the right of association.

The Provisional Constitution of the U.A.E. has some features of those of Kuwait and Bahrain but is more similar to that of Qatar. The accountability of the executive is to the Rulers, not the

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representative arm; that representative arm is appointed rather than elected and does not have the final say on legislation.

The U.A.E. Constitution's main task is to differentiate between the powers to be assumed by the Federation and the powers to be retained by the separate member Emirates; it is not concerned with the internal affairs of its members. Essentially, the act of federation has the effect of liquidating the Emirates internationally - or, more precisely, of preventing their acquiring separately those foreign-policy attributes of sovereignty that they did not enjoy during the British period - whilst enshrining their separateness at home<sup>128</sup>. All matters not specifically arrogated by the central, Federal government remain in local hands in addition to matters expressly designated as local. The powers of the Federation were thus viewed as finite and determinate and the residual powers of the member Emirates, contrastingly, as wider and more encompassing<sup>129</sup>. This limitation of central authority is the first of two constitutional mechanisms that guarantee not only the continuing existence but also the continuing internal self-rule of the Emirates. The second is the voting system inside the supreme decision-making body, discussed below.

### Federal Powers

The powers delegated to the Federation consist chiefly of the right to conduct foreign representation and defence, to print the currency, grant nationality and administer some but not all public utilities such as inter-Emirate highways and the mail<sup>130</sup>. As an exception to the Federal monopoly of foreign contacts, members were

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empowered to "conclude limited agreements of a local and administrative nature" with other countries but only with the approval of the Federal Supreme Council<sup>131</sup>. This right, which is similar to that enjoyed under the British, legitimized Sharjah's deal with Iran over the latter's presence on Abu Musa<sup>132</sup>.

### Local Powers

The powers left to the individual Emirates on the other hand include the right to fly a local flag, the right previously enjoyed by Britain to decide the exploitation of natural resources found in their territories, and the right to levy troops, which add up to a textbook definition of sovereignty<sup>133</sup>. The right to have armies was repealed by the constitutional amendments of 1976 and a number of the Emirates surrendered their flags as a voluntary initiative at the same time but the Federal state as conceived in 1971 clearly acquires no prescriptive economic or political rights over members' local governments and does not presume to address itself to members' internal affairs even to the extent of enjoining upon them the hereditary shaikhly system, as the constitutions of Kuwait, Bahrain and Qatar are careful to do, or of defining the source of sovereignty.

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### The Structure of Government

The Government as created by the 1971 Constitution consists of an unusual three-part executive, a non-legislative consultative assembly and the judiciary. The tripartite executive comprises the top policy-making and legislative body the Supreme Council, its chairman the President, whose office combines a wide range of powers, and the Ministerial Council<sup>134</sup>. This executive is answerable to the Supreme Council, not the consultative arm, and the system is thus not parliamentary.

#### The President

The President of the Federation, Shaikh Zayid of Abu Dhabi, represents the U.A.E. both ceremonially and politically. The process by which he became and has been reconfirmed as President is described officially as "election" by the other members of the Supreme Council but in practice there has never been any contender for the post other than Shaikh Zayid, who was not only a prime mover of the federal idea but also rules the Emirate that occupies over 85 per cent of the Federation's land area and supplies 90 per cent of its budget.

Ex officio, the President convenes and chairs all Supreme Council meetings, takes responsibility for the Ministerial Council's performance and heads the Supreme Defence Council.



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His other powers are exercised through the Supreme Council or the Cabinet or both. With the agreement of the Supreme Council on the one hand he ratifies and promulgates all laws and treaties and declares war, appoints the Chief Justice and the judges of the Federal Supreme Court and the Prime Minister. He appoints senior diplomats and civilian and military officers in conjunction with the Council of Ministers, on the other hand, theoretically on the nomination of the minister concerned<sup>135</sup> but in practice also after an inter-Emirate political process.

Since the Constitution requires the President and the Vice-President to be "elected" from among the members of the Supreme Council, who must be Rulers or Rulers' deputies, it would seem that the powers wielded by the President can never pass constitutionally into the hands of a non-royal<sup>136</sup>.

The fact that the holder of this position has always been Shaikh Zayid, in other words that the person with the theoretical constitutional status has also been the person with the real power-political clout, has had a strong positive influence on Federal cohesion<sup>137</sup>. It gave the later movement towards integration a momentum it could not have had otherwise. It follows necessarily, however, that any change in Shaikh Zayid's attitude towards federalism or in Abu Dhabi's relative financial position could cause that influence to change, that is to weaken.

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### The Supreme Council

Supreme power belongs in name and in fact to the Supreme Council of the Federation, which consists of the seven Rulers of the seven Emirates. Since the Supreme Council is the highest policy-making body, the provision that each Emirate enjoys one equal vote in its deliberations means that rule remains collective, not centralized, and is the second guarantee of the members' continuing internal sovereignty<sup>138</sup>. Ten years later the same voting system was adopted by the Arab Gulf Co-operation Council for its own policy-making body<sup>139</sup>.

It is the fact of being a Ruler that qualifies the member for membership of the Supreme Council and the loss of power in his own Emirate disqualifies an ex-Ruler; thus it is the local function that defines the composition of the Federal supreme body and not the Federal function that defines the local Ruler's position<sup>140</sup>.

The U.A.E. Supreme Council was meant to meet at least once every two months during an annual session of eight months but has never done so<sup>141</sup>. Resolutions on matters of substance have to be carried by a majority of five votes including those of both Abu Dhabi and Dubai, each of whom therefore has an absolute veto<sup>142</sup>. This system reflects the reality that when Abu Dhabi and Dubai agree on a measure it will proceed and when they do not, it will not. Vice-President Shaikh Rashid of Dubai used his veto in 1977 and 1978 to block important federal legislation on the vital subjects of land-ownership, the control of commerce and the Central Bank. As a

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result of his deep reservations over these and other issues, the Supreme Council was unable to meet between November 1977 and June 1979 when Shaikh Rashid agreed to become Federal Prime Minister himself. The absence of the Supreme Council effectively paralysed federal decision-making.

### The Council of Ministers

Supreme Council policy is implemented by a Council of Ministers whose function is clearly defined as executive only and without political initiative<sup>143</sup>. Ministers are collectively responsible to the Supreme Council and not to the representative arm; in Kuwait and Bahrain Ministers were responsible to the National Assembly and in Qatar to the Amir.

Originally, Federal Ministers were to be appointed in the fields of foreign affairs, the interior, defence, finance economy and industry, justice, education, health, public works and agriculture, planning, communications, information and labour and social affairs, a total of 14 portfolios including the Prime Minister and his Deputy<sup>144</sup>. Oil was a notable exception.

The writ of certain Ministries ran less than comprehensively, however. The Ministry of Communications for example had no connection with Ras al-Khaimah's earth-satellite station, which belonged to that Emirate individually. The Ministry of Electricity and Water operated only in the three poorest Emirates as the four larger ones each had their own separate authorities. Dubai's

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showpiece Rashid Hospital was independent of the Federal Ministry of Health. Devoid of binding powers the Ministry of Planning was in practice a statistical service and the Ministry of Petroleum and Mineral Resources, when eventually set up, was once described by its Minister Dr al-<sup>6</sup>Utaiba as no more than a token Ministry<sup>145</sup> and a conference-organizing service and suffered the embarrassment at those conferences of not being able to speak for the Federation's second main oil producer, Dubai<sup>146</sup>. More importantly, control of the police and armed forces was not ceded to the Federal Ministries concerned until the end of the Provisional period, and then only incompletely.

The composing of Cabinets observes two desiderata, the balance of prestige between the Emirates and the need to present an acceptably high ratio of commoners to shaikhs. After Ras al-Khaimah became the seventh member of the Federation in 1972, the number of Cabinet posts had to be increased to accommodate nationals of that Emirate in proportion to its relative standing and size, and the Cabinet grew that year to comprise the Prime Minister, his Deputy, 16 Ministers and five Ministers of State. Both the Prime Minister and the Deputy Prime Minister were shaikhs of the Dubai ruling family as were the Ministers of Finance, Economy and Industry (in the same person as the Deputy Prime Minister in this instance) and of Defence. The Interior Ministry was awarded to Abu Dhabi's Shaikh Mubarak ibn Muhammad and that of Foreign Affairs to Ahmad Suwaidi, an Abu Dhabi commoner so closely associated with the ruling family as to obviate the distinction. Minister of Information Ahmad ibn Hamid was also an Abu Dhabi shaikh<sup>147</sup>.

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Qasimi shaikhs of Sharjah and Ras al-Khaimah now had the second-ranking and technical portfolios of Education, Justice, and Electricity, Water and Public Works; Agriculture was detached from this last and given to the son of the Ruler of Fujairah as a separate Ministry. Members of the Ajman and Umm al-Qaiwain ruling families took Communications and Health respectively. Commoners therefore had Housing, Labour and Social Affairs, Planning, Youth and Sports and four of the five Ministries of State. Education in addition was given to a commoner on the accession of the original shaikhly Minister as Ruler of Sharjah.

The preponderance of shaikhs - eleven shaikhly full Ministers to five non-shaikhs - receded in the next Cabinet in 1973, when Abu Dhabi's separate Ministries were dissolved into the Federal structure and the number of Cabinet seats grew again to 20 Ministries, the Prime Minister and his Deputy and six Ministries of State. Petroleum and Mineral Affairs and Islamic Affairs had been created, Economy detached from Finance and Industry and Labour detached from Social Affairs. Of this total, the Prime Minister and Deputy Prime Minister, 12 Ministers and two Ministers of State were shaikhs whilst eight Ministers and four Ministers of State were commoners, if Ahmad Suwaidi be counted as such<sup>148</sup>.

Graduate or indeed educated candidates to fill high-level posts were very few in number at this juncture in the U.A.E.'s development. Before oil few cash resources had been available for spending on education and the two systems that did exist, the Abu Dhabi Ministry of Education and the Kuwaiti-financed schools in the Northern Emirates, were of necessity concentrated at the primary level.

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Secondary education was introduced in Dubai in the early 1960s and in Abu Dhabi in the late 1960s.

Despite the favour civil service jobs enjoyed in the local population's social scale of values, by the end of the 1970s only just over half of all Federal civil servants were U.A.E. nationals<sup>149</sup>. Abu Dhabi, the largest of the local government employers, had fewer than 4,000 locals in its staff of 24,000<sup>150</sup>. The best of the few graduates available were creamed off by the Ministry of Foreign Affairs.

Nonetheless the ratio of shaikhs to commoners among full Ministers had been reversed by the time of the next Cabinet reshuffle in 1977 to five shaikhs plus the Prime Minister and Deputy Prime Minister against 11 commoners. One of the five Ministers of State was also a shaikh. The progression attests the willingness of the shaikhly families to cede places on the albeit non-policy-forming Council of Ministers at least as far as the less important Ministries are concerned<sup>151</sup>.

Posts to which the shaikhly families attached importance, by contrast, were apportioned between them by bargaining and were open neither to free geographical redistribution nor to commoners. These are the posts controlling the forces of coercion and law and order and the purse strings. Abu Dhabi's share of the Ministries rose to nine in December 1973 and included the Deputy Premiership for the first time with two additional Ministries of State to compensate for the abolition of the Emirate's own local Ministries. Dubai retained the Premiership and four other seats<sup>152</sup>. But regardless of the

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numerical balance, the Dubai Ruler's sons Maktum, Hamdan and Muhammad remained Prime Minister, Minister of Finance and Minister of Defence respectively in all administrations up to Shaikh Rashid's own of 1979 and relations of the Ruler of Abu Dhabi held on to the posts of Deputy Prime Minister and Minister of the Interior. In keeping these key positions in royal hands, the U.A.E. is conforming to the norm in the Gulf's political systems<sup>153</sup>.

### The Federal National Council or National Assembly

In theory, laws drafted by the Council of Ministers in pursuance of Supreme Council policy have to be shown in normal circumstances to the consultative Federal National Council. In the event of a disagreement between the Cabinet and the F.N.C. over a bill, the Supreme Council can act as mediator under the terms of the constitution and can require the executive to re-submit drafts to the consultative body for reconsideration. If compromise still proves impossible the Supreme Council may finally enact law without the F.N.C.'s approval<sup>154</sup>. The reverse was the case in Kuwait and Bahrain, where the two National Assemblies had ultimate power to pass legislation not approved by the Amir<sup>155</sup>.

The executive may in addition enact decrees when the F.N.C. is not in session and is then bound only to notify it when next it sits. In urgent cases the Supreme Council can legislate without reference to the F.N.C. even when it is in session and such urgent laws have permanent force<sup>156</sup>. Nor is the F.N.C. the party to which the executive is accountable; it is the Supreme Council and the

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President who have that status<sup>157</sup>. There is no provision, either, for the F.N.C. to table votes of no confidence in the Government or individual Ministers, a power granted to the deputies of Kuwait and Bahrain<sup>158</sup>. With these limitations on its powers, the F.N.C. or National Assembly cannot have been intended as a legislative arm of government<sup>159</sup>. It is a striking feature of the Assembly's history up to the end of the "Golden Age" of the mid-1970s that its voice was nonetheless generally heeded.

Ways of selecting Assembly members are left by the constitution to each Emirate's preference<sup>160</sup>. Elections are not precluded. Indeed, the Preamble credits the Rulers with the ambition of "progressing by steps towards a comprehensive, representative, democratic regime"<sup>161</sup>. In practice in all cases the representatives have been appointed by the Rulers from the prominent, often commercially prominent, families.

Like Kuwait's and Bahrain's, the U.A.E. National Assembly was meant to be reconvened within 60 days of any dissolution<sup>162</sup> but when the U.A.E.'s experiment with its National Assembly was put on ice, the U.A.E. Government neither dissolved it nor formally reconvened it. No explanation was ever offered for its absence.

Abu Dhabi and Dubai each send eight members to the F.N.C., Sharjah and Ras al-Khaimah six each and the remaining Emirates four<sup>63</sup>. Members tend to be young; the Speaker estimated their average age as about 32 in 1977<sup>164</sup>. Although appointed by Rulers of separate Emirates, they tended to see their mission as a federalizing one.



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Fundamental political issues such as the nature and purpose of the Federation did not come to dominate the Assembly's concerns until the first Speaker, Thani ibn Abdullah, was replaced at the end of 1976 by Tariam Tariam, returning Ambassador in Cairo. Instead, much of its time in these earlier years was spent debating public services and exposing their shortcomings. Sometimes Ministers were subjected to quite strong criticism of their performances. A de facto division of the political arena into two seemed to be in force; on the acceptable side fell criticism of housing provision, standards in the schools and hospitals and other services whilst foreign policy, the conduct or competence of the shaikhly families and certainly the fact of shaikhly rule remained taboo.

Later, the F.N.C. eagerly took up the cause of speeding the transfer of vital aspects of sovereignty from the individual Emirates to the central Government. From early 1977 the Assembly ventured into the political and contentious fields of a Ruler's control over natural resources and contributions to the Federal budget, for example, and became obsessed with immigration and the role of foreigners in the economy, to which it was hostile.

But it was not only the content of its debates that changed radically at this time. The Assembly's modus operandi also switched from a reactive, as envisaged under the 1971 constitution, to an initiating one, a mode which overstepped those constitutional parameters. In the absence of the Supreme Council in 1978, the Assembly began to send delegations to chivvy the Rulers and to arrange joint sessions with the Cabinet in pursuit of its policy

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objectives, in short seizing an initiative that the Rulers had not intended it to have. From a mechanism for letting off steam evolved first a pressure group and later an opposition, an opposition agitating against those Rulers who dragged their feet on federal integration.

That evolution seems all the more remarkable when placed in its Gulf context. In the recent past the Gulf's other quasi-parliamentary experiments had been terminated, Bahrain's in August 1975 and Kuwait's a year later in August 1976, when parts of the constitution were also suspended.

At the height of its campaigning zeal however the Assembly's goals coincided with those of the integrationist Rulers on the Supreme Council; it did not follow that the Assembly's muscle could continue to grow if that coincidence proved impermanent. These developments postdated the five years of the Provisional Constitution however and few intimations of them were in evidence to occupy the Rulers' minds when they reviewed the constitution's clauses on representation in 1976.

### The Federal Supreme Court

A Federal Supreme Court, the fourth arm of the 1971 state, was set up to adjudicate in disputes between the other arms, between the Emirates' local governments and the central government and between the Emirates themselves. With "final and binding powers"<sup>165</sup>, the Supreme Court was empowered to pronounce on the constitutionality or

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otherwise of both local and federal laws if so requested and to try Ministers and other senior Federal officials and cases affecting national security. The status of legislation in the member Emirates was thus open to challenge by the Federation on constitutional grounds<sup>166</sup>; further, an enabling clause paved the way for the Emirates to transfer all or part of their own local jurisdiction to the Federation as and when they so wished<sup>167</sup>.

As a test of the Emirates' intentions towards centralized rule however the most telling incident in the Supreme Court's history was negative. Sharjah and Dubai resisted all pressure to refer to it their chronic border dispute. Shaikh Zayid dismissed the land at issue as insignificant and found the antagonists' disregard of the Supreme Court so provocative that he threatened to stand down<sup>168</sup>. Previous battles over the territory had proved intractable despite legal and diplomatic efforts; now the squabble was rekindled when Sharjah publicized plans by France's Renault company to build a very large complex of shops, offices, residential and leisure facilities at the site, which was opposite the Khan roundabout on the Dubai-Sharjah Road. As soon as the site was fenced, Dubai sent armed police to prevent work from continuing. Finally the quarrel was referred to a private British legal company and was never raised in the Federal Supreme Court<sup>169</sup>.

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### Five Years of Constitutional Developments

During the life of the Provisional Constitution, initiatives were put forward from the top and others sprang up from below which tested the members' willingness to take the Federation further than that original charter had provided. The testing process produced different results from Ruler to Ruler. As the five years came to an end, these initiatives culminated in a draft of a permanent constitution which greatly expanded Federal at the expense of local powers and transformed the appointed, consultative National Assembly into an indirectly-elected legislature. The draft was rejected by the Supreme Council and was never published. The Provisional version of the constitution was extended for a further five years with amendments instead. It can be judged from the amendments how far attitudes to federalism had or had not developed and how far attitudes to institutionalized participation had or had not progressed.

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### New Initiatives

Federal institution-building began with the setting up in late 1972 of the Supreme Defence Council<sup>170</sup> consisting of the President and Vice-President and the Ministers of Defence, Foreign Affairs, Finance and the Interior with the Commander in Chief of the Armed Forces and the Chief of Staff. This was the body that supervised preparations for the unification of the separate armies at the end of the five-year period. The U.A.E. Currency Board was set up in 1973<sup>171</sup> and set about introducing a uniform currency to replace the Qatar/Dubai riyal and the Bahrain/Abu Dhabi dinar then in circulation in the Northern Emirates and Abu Dhabi respectively. A National Planning Council<sup>172</sup> was created and briefed to draw up a comprehensive social and economic development plan.

At this stage the Supreme Council seems to have been able to agree on the desirability of at least looking at tighter forms of federation, for in July 1973 it delegated a committee of the Ruler of Sharjah, the Deputy Ruler of Ras al-Khaimah, the Minister of Finance and the Minister of State for the Interior to recommend measures to dispose of obstacles and strengthen the Federal apparatus<sup>173</sup>. In December Abu Dhabi anticipated one of the committee's findings by taking the most important federalizing initiative of the U.A.E.'s two-year life when it abolished its own Ministries and merged them with their Federal counterparts<sup>174</sup>.

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The Ruler of Sharjah's full report came before the Supreme Council in January 1974. The details were not published but a recent work suggests it recommended the unification of the armies and the judiciaries<sup>175</sup>. No new measures were announced, which implies disagreement. In December 1974 the Council of Ministers, which is not charged with policy innovation, intervened by setting up its own commission to follow up the implementation of the constitution, suggest ways of strengthening the Federation and negotiate faster unification with the local authorities<sup>176</sup>.

This latter report was discussed by the Rulers in April and May 1975 and prompted them to decide in principle to unify the armed forces, cede control of immigration and internal security to the Federal Ministry of the Interior, enforce the Federal Foreign Ministry's monopoly of external contacts, co-ordinate oil policies and study the reapportioning of Federal and local powers over services such as health<sup>177</sup>. Most significantly, however, this historic Supreme Council meeting of May 1975 resulted in the appointment of a constituent committee to draw up the permanent constitution.

Sharjah, in a burst of federalist fervour, went beyond the in-principle measures and announced in November 1975 that the Sharjah National Guard was to be merged with the Union Defence Force. Sharjah's law courts were to be handed over to the Federal Ministry of Justice and her broadcasting station to the Federal Ministry of Information. Symbolically, the Sharjah flag was to be abolished<sup>178</sup>. Fujairah and later Ajman followed suit, as did Abu Dhabi in abolishing its flag.

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Next, during discussion of the following year's budget, Abu Dhabi committed 50 per cent of her individual oil revenue to the Federal coffers for the first time<sup>179</sup>. Abu Dhabi had always contributed over 90 per cent of the Federation's budget since the first one, but that 90 per cent had been only a fraction of Abu Dhabi's own revenue. Abu Dhabi's local budgets in the previous years had been larger than the Federation's.

All three moves clearly transcended the member Emirates' obligations to the Federation as envisaged by the 1971 Constitution. They represented the first confrontation between those Rulers who insisted on retaining their sovereign rights as perpetuated by that document and the integrationist Rulers who for ideological or political motives sought to extend Federal powers over the local Emirates.

### The Fate of the Draft Permanent Constitution

Meanwhile, the 28 authors of the permanent constitution composed their draft. Among them were the two "Grand Viziers" Ahmad Suwaidi and Mahdi Tajir; Shaikh Surur ibn Muhammad of Abu Dhabi; a few Ministers, several rising stars of the younger civil servant generation and in addition a considerable number of the young intelligentsia and National Assembly members including one of the future drafters of the radical Joint Memorandum of 1979<sup>180</sup>.

The most radical of their innovations were the abolition of the Abu Dhabi/Dubai veto in the Supreme Council and a statutory commitment by each Emirate of 75 per cent of its income to the Federation.

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Two-stage elections to the National Assembly were also proposed. Under this radical proposal, each Ruler would nominate a number of electors equalling five times the seats already held by that Emirate on the Assembly. Thus Abu Dhabi and Dubai for example, with eight seats, would appoint 40 electors each. This group of electors would then elect one fifth of their number by ballot. Abu Dhabi and Dubai, to use the same example, would thus still have eight representatives but each of them would have been elected by forty voters<sup>181</sup>.

The Supreme Council rejected all the proposals. An initiative from below had hit a ceiling of resistance in the first of what was to be a number of comparable incidents. Shaikh Zayid made little secret of his disappointment with some other Rulers' grudging concessions to federalism, even expressing his views openly in the Gulf press in the latter half of 1976. He complained that the Emirates were even dragging their feet over concessions already agreed, such as the police and army mergers. When the Dubai-Sharjah border dispute resurfaced, Shaikh Zayid was provoked into threatening not to stand again as President when his term expired in December 1976.

Shaikh Zayid left the country to attend the Colombo Non-Aligned Summit in August 1976 and during his absence a Bahraini paper quoted his intention to stand down<sup>182</sup>. On his return in September the U.A.E. witnessed its first demonstration, a small and peaceful affair in support of his presidency<sup>183</sup>. A second was staged in al-Ain the following month and the National Assembly ventured to send a petition to the President asking him to remain<sup>184</sup>.



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The twice-postponed Supreme Council session at which these issues were to be resolved was finally convened on 6th November 1976. As always its deliberations were secret but the communique broadcast at the end informed the public that in order to decide the question of the budget, a committee of the Rulers of Sharjah, Ajman and Fujairah had been asked to draw up a binding formula to be implemented with effect from the 1977 financial year. These were the three Emirates that had merged part of their local administrations voluntarily into the Federal structure the year before and had gained the most integrationist reputations; in the cases of Ajman and Fujairah they were also the poorest and in the case of Sharjah the most indebted, and therefore the most dependent on the Federal finances that were provided to the tune of 90 per cent by Abu Dhabi.

The communique also stated that discussion of the Dubai-Sharjah border dispute had been postponed for further studies, so that the two issues on the resolution of which Shaikh Zayid had made his remaining in office conditional had thus been deferred rather than settled. On the armed forces, on the other hand, the Rulers' right to raise separate air, sea or land forces was abrogated formally by the repeal of Article 142. A new security machine was to be set up reporting directly to the president and a civil guard established with Saudi Arabian advice to protect vital institutions and property in times of crisis<sup>185</sup>.

Shaikh Zayid appeared satisfied and no more was heard of his resignation. On 27th November he was re-elected President by the Supreme Council and the Provisional Constitution was extended for five years with amendments embodying the merger of the armies<sup>186</sup>.

Conclusion: Federalizing Progress to 1976

By the time the Provisional Constitution expired in 1976, the Rulers' willingness to allow the Federation to grow had made possible a number of institutional additions to the Federal edifice and one radical concession of sovereignty, that of separate defence. Sovereignty over natural resources was left unfringed on the other hand but the idea of looking for a formula to govern obligations to the central treasury had proved acceptable. The surrender of the veto in the Supreme Council had been rejected and a permanent constitution had been found to be still premature. On popular participation, the National Assembly was to remain wholly nominated by the Rulers and no experiments with elections had been countenanced. Non-shaikhly participation in the Council of Ministers had been encouraged, on the other hand, and commoners had been included in the constituent assembly, though their conclusions had been rejected.

Hidden in the compromises of 1976 were positions separated by a wide gulf. Some Rulers had handed over various of their local departments, others had not. Some of the poorer had pushed for higher Federal spending whilst others resisted. The 1976 outcome of this first constitutionalist-integrationist clash was subsequently shown to have been more apparent than real; the merger of the armed forces was still incomplete five years later and the issue of the budget was never amicable. Far from laying the ground for a permanent settlement, the constitutional amendments of 1976 sowed the seeds of the dispute that brought the Federation to its severest test in 1978.

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## Chapter Two

After the quadrupling of oil prices in 1973 and 1974, Gulf governments embarked on a frenzied spending spree on a scale which won worldwide celebrity. Contractors, banks, suppliers and individual entrepreneurs swarmed in. Not surprisingly, the two-year-old and severely underdeveloped U.A.E. addressed the problem of its underdevelopment by throwing the new bonanza money at it. Federal Budget allocations multiplied from Dhs0.5bn in 1973 to Dhs13bn in 1977 and gross domestic product from Dhs11bn to Dhs52bn in the same period. Imports soared from Dhs3bn to Dhs20bn as the population grew from a little over 200,000 to 862,000 and deserted the villages for the towns. As a result the indigenous population had been reduced by 1977 to a tiny minority in its own country and to a state of questionable relevance to the new order.

Three events then combined to end the boom. The first signs of saturation in the market place began to appear just as a draconian shake-out at the Currency Board curbed the banks' expansiveness and the price of oil began to soften. Merchants now had too much stock on their hands, and heavy indebtedness to their banks in the face of dwindling contracts; profits slumped. Among the uprooted and bemused population in general a backlash began to gain ground against the boom experience, against the foreign majority and in some quarters against Western-style development itself. The surrounding

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Islamic world was in the throes of its puritan revival at this time. Historically-rooted differences of ethos surfaced between the two largest members of the Federation over the best approach to the economic challenge.

Part of the aim of this chapter is to tell the story of these unique events but additionally it aims to pick out the contribution they made to the Federal dynamic and to the politicization of public opinion.

### The Economy Before The Oil Era<sup>1</sup>

Before the 1970s the livelihood of much of the small indigenous population came from subsistence agriculture and from fishing by traditional methods. Pearling, the main cash occupation, was established on the coast and general trade was carried on in Dubai. Some small-scale industries existed to serve the fishing community, such as boat building and the manufacture of nets and traps. A British Embassy in Beirut survey of the Northern Emirates on the eve of Britain's withdrawal reckoned that in 1968 Ajman and Umm al-Qaiwain had public revenues of just BD0.08m; Fujairah's was BD0.24m, Ras al-Khaimah's BD0.30m, Sharjah's BD1.02m and even Dubai's was only BD3.73m<sup>2</sup>.

Fishing was the main livelihood of the smaller Emirates of both East and West coasts - Ajman, Umm al-Qaiwain and Fujairah. Agriculture

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was limited by the availability of water to four areas; Ras al-Khaimah, the Batinah coast, the chain of oases on the Jiri gravel plain at the foot of the Hajjar Mountains and the Liwa in the southern Abu Dhabi desert. Date palms and tobacco dominated farming and camels and goats were the predominant livestock. The camel, goat and date palm between them fed, clothed and housed this population for generations, the camel and goat by their milk, meat and hide and the palm by its dates, fronds - woven into barasti walls, roofing, floor matting and utensils - and trunk, which was used for corner poles.

The population had grown very little since Lorimer's fieldwork at the turn of the century; Fenelon estimates that 18,000 adult males of working age had been lost to emigration during the leanest years of the 1940s and 50s<sup>3</sup>. Its life-style knew of very few imported or non-essential artefacts; experience of the outside world among the tribal population of the interior was minimal. Illiteracy in 1968 was about 80 per cent<sup>4</sup>.

Commonly, families divided their labour seasonally between tending the date-gardens and a cash job, originally at the pearling banks and later at the oil industry sites. As the number of such modern job opportunities grew, fewer families remained dependent on farming or fishing, and the date gardens and fishing fleets gradually dwindled. Government ministries grew at such a pace to cope with the unprecedented administrative demands of the new oil era - and proved so attractive to local nationals - that they employed 15 per cent of the workforce by 1973. Allied in this case to the common propensity of state organs to proliferate in less developed countries are a



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number of social and political factors peculiar to the U.A.E., discussed below.

Britain's prime concern during the Trucial period had been with the maintenance of security and not with the economy<sup>5</sup>. A Five-Year Development Plan giving priority to education and administration and costing £450,000 had been implemented between 1955 and 1961 and a second Plan allocated £550,000 for 1961 - 66. To these small sums was added aid from Kuwait, Qatar, Bahrain and Saudi Arabia<sup>6</sup>. The Arab League delegation sent to the area in the mid-1960s to investigate conditions produced a report severely critical of Britain's failure to initiate development projects, recommending, as was noted in Chapter One, that the League set up its own aid organization for the area<sup>7</sup>. Britain then saw fit to step up its own efforts, some say to pre-empt further attention from the League in the light of the effects that Nasserism in its heyday was having in South Arabia at the time<sup>8</sup>. The Trucial States Development Fund was set up in 1965 with an initial contribution from Britain of £1m<sup>9</sup> and the Arab League's proposed office was quashed by means of a personal warning by George Thomas to the Rulers to have no truck with it<sup>10</sup>.

When Shaikh Zayid ibn Sultan came to power in Abu Dhabi the following year the pace altered sharply. Abu Dhabi contributed 50 per cent of the Fund in 1967 and 90 per cent in 1968 and undertook numerous extra road-building, utility and education projects in the Northern Emirates<sup>11</sup>.

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Within this overall pre-oil scenario of extreme simplicity, however, wide dissimilarities marked the individual Emirates from each other. When Wifrid Thesiger visited the Trucial Coast just after the Second World War, Abu Dhabi had declined from the arid principality of 11,000 souls owning 410 pearling boats described by Lorimer<sup>12</sup> to "a small, dilapidated town..... there were a few palms, and near them a well"<sup>13</sup>. It then had two thousand inhabitants. In the early 1950s, Sir Rupert Hay found "a howling wilderness"<sup>14</sup>. Dubai, by contrast, was in Lorimer's time a larger town of nearly 2,000 houses and 400 shops with already-considerable and expanding trade and a large community of foreign merchants<sup>15</sup> and in Thesiger's "the largest [town] on the Trucial Coast with almost 25,000 inhabitants"<sup>16</sup>. Sir Rupert Hay put its population at 35,000 in the early 1950s<sup>17</sup>.

By then about a quarter of Dubai's large population was foreign, furthermore, and the largest foreign group was the merchant community that had migrated across the Gulf from the southern coastal area of Persia<sup>18</sup>. These inhabitants of southern Persia claimed Arab origin and were largely Sunni by religious practice and Arab by mother-tongue.

For most of the 19th century a Qasimi Arab governor had administered Bandar Lingeh, the most important port on the Persian littoral of the Gulf, on behalf of his kinsmen on the Arab shore. Qasimi hegemony had been challenged intermittently, however, by the centralizing ambitions of the Qajar dynasty and during the last two decades of the century Lingeh's Sunni merchant class began to cross to the Arab side, where they were especially attracted to Dubai.

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This wave reached its peak when Lingeh fell finally to the Qajars in 1899. Some of Dubai's senior merchants of today are the grandsons of those turn-of-the-century migrants.

One of the pillars of Lingeh's prosperity had been the regular call by the Bombay steamship, which unloaded there goods destined for the Arab shore and its hinterland. When the new centralized Persian administration imposed high customs tariffs on imports through its southern ports, Dubai maximized the opportunity by abolishing its own customs duties. Encouraged by the Dubai ruler, the mutahawwil ("transferring") merchants then persuaded the steamship company to abandon Lingeh and call at Dubai instead, which it did on a regular basis from 1902.

After the accession of Reza Shah in 1921, his tight monopoly of foreign trade sparked a second major wave of migration from southern Iran to the Trucial Coast again consisting for the most part of well-to-do merchants. Reza Shah's high taxes on sugar and tea tempted them into illicit trading in such items and smuggling flourished. It grew still more important when the world market for pearls collapsed with the Great Depression and deprived the Trucial States of their main cash income.

Others of the mutahawwil (or Hula) were driven out of Persia by distaste for Reza Shah's policy of secularization, especially the forced unveiling of women; still more made the move after Shaikh Khaz<sup>e</sup>al, leader of their ethnically Arab southern province of Arabistan, was finally defeated in 1924<sup>19</sup>.

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Many of this second wave originated from the Bastak region and the land they were given in Dubai became known as the Bastakia. The Dubai Bastakia was, and still is, the symbol of Hula culture. The characteristic wind-towers stand facing the Ruler's Office, a neat embodiment of the place of the merchants from Persia in the life of the town.

Dr Muhammad Morsy Abdullah ascribes their successful penetration of Gulf trade to the sociological factor of the value-system held by the indigenous Arabs. These tribal Arabs might concern themselves honourably with warfare, pearling and dhows but eschewed both trade in other merchandise and shopkeeping<sup>20</sup>.

The two communities, tribal Arabs and Hula, did not inter-marry or encroach on each other's spheres of influence; rather they lived symbiotically. In time a backlash against the Persians' eminence gained ground among the "true" Arabs who disparaged or denied altogether the Hulas' Arab ethnicity. The tensions were in evidence by the 1960s and had hardened by the depressed 1980s, when the Bastakia was partly demolished to make way, symbolically, for a new enlarged Ruler's office. Nonetheless, Dubai during the heyday of Shaikh Rashid in the 1960s and 1970s - which included the gestative and formative years of the Federation - was an alliance, a "quasi-contractual" one<sup>21</sup>, between the then-dominant faction of the Arab Maktums and the Hula merchant class.

After Shaikh Rashid formally succeeded his father in 1958 Dubai, having already started improving its Creek, embarked on two decades

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of rapid modernization, acquiring a land registry, a Municipality, a National Bank, a police force, public utilities and a Chamber of Commerce by 1965, followed by a port and international airport<sup>22</sup>. Imports into Dubai multiplied ten-fold in the ten years 1964-73 - before, that is, the great oil price rises and the mega-projects of the mid-seventies<sup>23</sup>. Shaikh Rashid continued to give land to foreigners occasionally, including refugees from Zanzibar after Karumeh's coup and the Bengali boat-people after the break-up of Pakistan, despite the fact that by then giving land to non-nationals had come to be regarded in nationalist circles as incompatible in spirit with nationalism.

Despite the far larger oil revenues spent by Abu Dhabi, Dubai thus remained the largest town in the Federation until the late 1970s and, even after Abu Dhabi overtook it numerically, remained the capital of private-sector commerce. At the time of the 1975 census, Abu Dhabi Emirate had overtaken Dubai Emirate in terms of population but the town of Abu Dhabi was still smaller than the town of Dubai<sup>24</sup>.

## The Boom Years

In Abu Dhabi crude oil exports began in 1962 but revenues arising from them did not begin to be spent lavishly until Shaikh Zayid replaced his brother Shaikh Shakhbut in 1966. In 1968 and 1969 they were spent so determinedly that Abu Dhabi succeeded in running into deficit; revenue in those two hectic years stood at BD55.4m and

BD68.1m respectively whilst expenditure reached BD59.4m and BD82m<sup>25</sup>. Again in 1974 Abu Dhabi overspent its development budget of Dhs1.5bn<sup>26</sup>, indicating the vast sums poured into its economy by the Emirate's new Government in those years and its relative success in achieving spending targets, which was better than the Federal Government's record even though the Federal Government had smaller sums to spend until 1977.

As a result Abu Dhabi now began to overtake Dubai as the largest population centre<sup>27</sup>. Its faster quantitative and different qualitative growth produced discrepancies which were plainly apparent by the middle 1970s. Although the construction industry absorbed the largest percentage of labour in all the Emirates in 1968, - 26 per cent of total labour on average - in Abu Dhabi fully 40 per cent of the labour force was concentrated in that sector (see Table 1). Abu Dhabi's relative share of the Federation's labour force grew to 42 per cent compared with Dubai's 34 per cent<sup>28</sup>.

Having been brought to power expressly to spend the oil revenues of which his brother and predecessor Shaikh Shakhbut had been so apprehensive, Shaikh Zayid evolved for Abu Dhabi amid the unimaginable physical changes a conscious philosophy of saving the local national, especially the unskilled local national, from being left behind.

The three cardinal examples of that philosophy, the land use system, the trade agencies system and the transportation laws, have already been mentioned. Land can only belong to nationals; foreigners have

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to rent it. In 1968 the maximum life of a lease was fixed by decree at eight years, after which not only the original land but also any buildings which the foreign lessee had developed on it reverted to the ownership of the local citizen<sup>29</sup>.

Import agencies, one of the prime routes to riches, were granted only to companies which were wholly owned by local nationals, in contrast to the practice of other Emirates<sup>30</sup>. Transport vehicles could be registered under the Traffic Law of 1973 by Abu Dhabi citizens only or by companies wholly owned by Abu Dhabians. Contracting companies, if less than wholly local-owned, and the onshore oil company had to hire their transport from the local owners. In 1976 the system was amended so that contractors had to hire 50 per cent of their fleets from local owners at rates stipulated by a special department of the police<sup>31</sup>. ADMA and later the various other offshore oil ventures were exempted but the law remained an effective channel of wealth distribution - and an irritant to company managements.

Combined with an extensive network of social welfare benefits and subsidies, these characteristic Abu Dhabi groundrules added up to a distinct, protective philosophy which was not shared in toto by Dubai.

But by 1975 all seven Emirates were in the throes of urgent transformation and it was symbolic that Fujairah, the most remote one, lying entirely on the East Coast beyond the Hajjar Mountains, was linked by metalled road to the other Emirates and thus to the rest of the world for the first time that year.

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Federal budget expenditure trebled from Dhs865m in 1974 to Dhs2.278bn<sup>32</sup> and imports rose from Dhs7.1bn to Dhs10.9bn<sup>33</sup>. Lebanese businessmen, flocking to the Gulf at the outset of the Lebanese civil war, epitomized the new atmosphere with their sophisticated advertising agencies and smart boutiques.

In Abu Dhabi the local development budget jumped in 1975 from Dhs1.5bn to Dhs3.5bn<sup>34</sup>. Work began at Das Island on the Gulf's first natural gas liquefaction plant complex, costing over a billion dollars, and elsewhere on a range of smaller industries mostly serving construction, such as the cement plant. The congested Port Zayid was expanded and plans were drawn up for a multi-billion dollar petrochemicals city at Ruwais where heavy oil- and gas-based industries would be concentrated, along with a population of between 40,000 and 80,000 employees.

The most conspicuous activity was on the building sites; the Corniche was soon lined with high-rise blocks and housing sprang up in a sprawl all over the untidy, rubble-strewn town. Water supplies and electricity were stretched beyond their limits by the soaring population and frequently failed. Accommodation in flats and villas for residents and in hotels for visiting businessmen was unable to keep pace with demand and rents shot up to Dhs100,000 per annum (then \$25,000) for a house, often of poor finish. Landowners and merchants made fortunes and the euphoria masked the necessarily cyclical nature of the property boom.



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In Dubai, rents followed the same trajectory. Dubai's 39-storey International Trade Centre, started in 1975, was to be the tallest building in the Middle East. The 220m dry-dock was designed to take tankers twice as large as any so far built. The Middle East's first (it was a decade of superlative adjectives) underwater road tunnel was opened under the Creek to relieve traffic congestion on the bridge linking the city's two halves. An earth-satellite station was inaugurated to provide the most modern telecommunications - Dubai at this juncture was reported to have the highest number of telex machines per head of population in the world. An income in the region of an estimated Dhs4bn a year in the mid-seventies, collected from the two small offshore oil fields that began producing in 1969 and 1972 respectively and reached an output level of around 330,000 bpd, was supplemented by borrowings on the international market to finance a 22-berth extension to the 15-berth Port Rashid, the dry dock, the Gulf's second aluminium smelter and a natural gas liquids plant. Again, construction was the most visible activity.

It was in the third-largest Emirate Sharjah however that some of the most eye-catching schemes were hatched. Oil exports had begun only a year earlier in 1974 from a small field off the island of Abu Musa that had been occupied by Iran on Britain's withdrawal in 1971. Revenue from production, estimated at 50,000 bpd at the time but destined to drop sharply in the coming years, was shared in theory on a 50-50 basis between Iran on the one hand and Sharjah plus Umm al-Qaiwain on the other. Sharjah and Umm al-Qaiwain made this sharing the subject of a continuing dispute throughout the 1970s<sup>35</sup>.

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On the strength of this part share in a small oil field, Sharjah had under construction by 1975 a port and an international airport, a dozen luxury hotels, a man-made lagoon dredged on a man-made island in the middle of a natural lagoon, a "square mile" of 12 tower blocks to house banks and other financial institutions, a deep-water port in the East Coast dependency of Khor Fakkan, and the inevitable cement plant.

The young Ruler's energetic American advisor campaigned to attract private-sector light industries, marketing Sharjah on the strength of its liberal attitude to investors. Even tourism was promoted, despite the U.A.E.'s ungenerous visa policy, and in subsequent years Prince Alfonse de Hohenloe opened one of his jet-set Marbella clubs in the Emirate. Land ownership was not restricted to U.A.E. nationals, which made Sharjah a magnet for Lebanese emigres.

By the end of 1975, the U.A.E. had suddenly acquired a population of around 600,000, three times its 1968 size, served by most of what urban life in the West has to offer, from hospitals and colour television to hamburgers, drive-in cinemas and the epitome of that lifestyle, the take-away Chinese restaurant. It was also served by 45 competing banks with 298 branches. Bank lending grew by 70 per cent during the year<sup>36</sup> and 50 per cent of that lending financed the import trade.

By the end of the same year, the U.A.E.'s citizenry had abandoned its fishing creeks and farming villages en masse for life and jobs in the towns. If the trend seems to have established itself remarkably

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fast, the explanation is easily found in the extreme contrast between the hardship of the farming livelihood in the remote interior on the one hand and the security and ease on the other of the modern town jobs provided by a Government which seemed to have limitless largesse with which to provide them, and which viewed itself and was viewed by its people as having an absolute obligation to do so.

Between 1968 and 1975, as Tables 3 and 4 show dramatically, while the population trebled and the workforce quadrupled, that proportion of the inhabitants of the four small Emirates that supported itself by agriculture and fishing had dropped by a low of 40 per cent in the case of Ajman to a high of nearly 100 per cent in that of Umm al-Qaiwain. Over the same period the proportion employed in the new government services had risen by hundreds and in two cases thousands of percentage points.

The rush out of farming and into the civil service was to continue through the second half of the decade especially in the case of Fujairah, which because of its remoteness beyond the Hajjar mountains suffered a time-lag before the changes reached it. There, the proportion of the economically-active population engaged in agriculture and fishing slumped from 77 per cent in 1968 to 25 per cent in 1975 and to nine per cent in 1980 while the average change for all sectors together was a rise of 103 per cent. In Ras al-Khaimah the proportion fell from 49 per cent to 15 per cent to eight per cent against an average rise for all sectors of 115 per cent. For Umm al-Qaiwain the drop was from 49 per cent of the population engaged in agriculture or fishing in 1968 to 10 per cent

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in 1975 and 8.5 per cent in 1980 in the context of an aggregate rise in the economically-active population of 144 per cent. In Ajman, farmers and fishermen declined from 36 per cent of the economically-active population in 1968 to 4.5 per cent in 1975 and just three per cent by 1980 in the midst of a rise of 463 per cent in all sectors taken together.

Taking the four small Emirates together, the growth in their economically-active population between 1968 and 1975 was an aggregate 146 per cent: the growth in that proportion of their economically-active population employed in the government was however exactly ten times as great, at 1,460 per cent<sup>37</sup>.

Not being broken down by nationality, these aggregate figures do not necessarily tell us that it was the U.A.E. national as opposed to the immigrant who left the land (though most farmers were in fact locals before oil) or that it was he whom the civil service beguiled away. The aggregates reflect also the huge rise in employment in general caused by immigration and in some cases they demonstrate no more than the extreme paucity of government services available to the small Emirates before oil. Figures for the employment choices of U.A.E. nationals do however confirm both tenets (see Table 8b).

The number of nationals in the workforce according to the 1975 census was 43,888<sup>38</sup> but the "establishments census" of the private sector in the same year puts only 8,829 U.A.E. nationals in the private sector, where they constituted only 5.495 per cent of that total private-sector workforce of 160,672<sup>39</sup>. By the time of the next

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population census in 1980, the number of nationals in the work force had risen to 54,248<sup>40</sup>; the establishments census of the same year puts those of them who were in the private-sector at 9,292, having declined as a percentage of the total (366,726) to 2.53 per cent<sup>41</sup>. By contrast, the number of nationals in the Federal Civil Service alone, which does not include the larger local governments or the Federal or local police or military forces, was by then 11,786<sup>42</sup>, i.e. more than the entire locally-born private sector.

In the industrial sector, according to a survey by Dubai Chamber of Commerce in 1984, U.A.E. nationals made up just one per cent of the workforce. Broken down in more detail by job-title, the survey showed that nationals occupied six per cent of the administrative posts in industry but only 0.3 per cent of the technical and engineering jobs - just seven persons in all - and 0.02 per cent of the blue-collar jobs or 13 U.A.E. nationals in all<sup>43</sup>.

Although Abu Dhabi's National Consultative Council protested regularly in its fortnightly debates and annually in its reply to the opening address<sup>44</sup> against the failure of the majority state-owned oil companies to nationalize their staffs - which were still only 12 per cent national by 1985, they said<sup>45</sup> - it was not the shop-floor jobs they coveted. In-house training schemes had difficulty in attracting and keeping local personnel; proposals to open a technical training institute had a markedly hostile reception in the Federal National Council on the grounds that such an institute was incompatible with the U.A.E.'s cultural climate and had to be dropped<sup>46</sup>. This sharply-perceived distinction between culturally-

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acceptable and culturally-unacceptable jobs is common to all the Gulf societies. Indeed in Saudi Arabia it has been demonstrated that the incentive of high wages carries little or no weight in attracting citizens to certain jobs if the jobs in question are not "honourable"<sup>47</sup>.

In the private sector as a whole U.A.E. nationals were outnumbered 50:1 by 1980, according to a Ministry of Planning report. Nationals made up one per cent of the workforce in construction, two per cent in petrochemicals, three per cent in manufacturing, five per cent in trade, hotels, restaurants, transport and communications and eight per cent in banking and finance<sup>48</sup>.

In sharp contrast, by 1983 some 31 per cent of all civil servants were U.A.E. nationals<sup>49</sup>. Graduates and secondary school leavers took it for granted that the Government should and would find them a desk job, an assumption so confident that 95 per cent of all graduates applied to the civil service in 1985, according to the head of the civil service commission<sup>50</sup>.

This is a well-documented preference throughout the Arab world<sup>51</sup> but one which the U.A.E. has been enabled to indulge to the full by the abundance of cheap imported labour. In Abu Dhabi all national graduates were guaranteed a state-sector job by decree in 1982<sup>52</sup>.

As well as the obvious relative ease and security of desk jobs, the public sector benefits from both a political assumption and a cultural inhibition. It is accepted implicitly in the UAE as in

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other Gulf states that the government's *raison d'être* is to make amends for the times when life was hard. This obligation, expressed in Arabic as the philosophy of "ta<sup>ʿ</sup>awidh", compensation, is so pervasive as to form in some ways the Gulf's equivalent of the *contrat social*. Some writers contend that it may have its roots in or be reinforced by the tribal custom of sharing booty and of buying loyalty with subsidies and gifts<sup>53</sup>.

The most obvious and immediate way of "compensating" is to give out salaries. Thus it was often the fact of being a U.A.E. national that entitled an applicant to a civil service position, rather than his qualifications and regardless of any actual need for staff<sup>54</sup>. The political need to create jobs proved so strong as to prevail over the need to cut current expenditure when the oil glut decimated the U.A.E.'s revenues in the 1980s. In the worst year, 1986, 600 new Civil Service jobs of high rank were created for new graduates but that number was inadequate and had to be increased to 700, whereupon the civil service commission immediately began to agitate for a further increase to 1,000 new jobs annually to cope with demand from nationals. In short, the U.A.E. like the other Gulf oil-exporters pursued a policy of "creating jobs for applicants, not applicants for jobs"<sup>55</sup>.

As a result many civil service jobs entailed either very light demands on the employee or none at all, which further sharpened the contrast between civil service jobs and the private sector and further sharpened the attractiveness of the former at the expense of the latter<sup>56</sup>.

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Culturally, job choices are restricted by an inhibition which seems to militate strongly against becoming another individual's employee. This attitude encouraged those who did not work for the state to borrow money from banks, which were competing to lend it to them in the mid-1970s, and open their own small businesses rather than work in someone else's. In 1975 only 8,829 UAE nationals worked in the private sector, as we have seen, but only 5,222 of those 8,829 were actually employees, the other 3,607 being classified as "working proprietors"<sup>57</sup>. By 1980, UAE nationals had declined as a proportion of the private-sector workforce to only 2.53 per cent or 9,292 out of a total of 366,726, but by that time the number of "working proprietors" had actually overtaken the number of U.A.E. nationals who were employees: 5,430 UAE nationals owned the businesses they worked in but only 3,862 nationals worked in the capacity of employee. Thus fewer nationals were wage-earners in the private sector at the end of the boom than when it began<sup>58</sup>. The number of U.A.E. nationals in the federal civil service alone was now 11,786 (see above), by way of comparison.

In 1975 the smallest and poorest Emirates of Fujairah, Umm al-Qaiwain and Ajman were already in the curious position of having more nationals who were employers than nationals who were employees<sup>59</sup>, perhaps because "working proprietor" includes farmers. By 1980, however, all of the Emirates were in that position. To take two extreme examples, Abu Dhabi Emirate's western-most village of Ghiyathi in the desert boasted 36 commercial establishments in 1980 but not a single UAE national worked in any of them. At the other end of the country, the fishing village of Badya at the foot of the



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Hajjar mountains on the north-east coast supported 87 establishments in 1980 but again not one of them had a single employee who was a U.A.E. national<sup>60</sup>.

There are two implications. One is that not even the severe hardship of the far-flung villages could induce the school-leaver to take on the status of someone else's employee when there were immigrants available instead. The other is that aversion to private-sector jobs is not the product of the luxury of choice available in the new urban centres; it pre-dates urbanization.

The impersonally-owned and impersonally-managed public shareholding company, which might have escaped this inhibition, was very slow to gain acceptance and did not contribute to the formation of employment patterns. Only 373 companies or 2.2 per cent of the total 16,997 were shareholding companies at the time of the 1975 establishments census whereas 15,454 or 90 per cent were owned by individuals or partnerships of individuals<sup>61</sup>. Five years later the number of shareholding companies was still only 507, down to 1.4 per cent of the total of 36,847<sup>62</sup>. By then ninety-five per cent were owned by individuals or partnerships of individuals.

Both of these idiosyncrasies - the preference for civil service work and for owning companies - might have had to yield in some degree to a process of adaptation had it not been for the proximity of the ever-overflowing labour pools of the Indian subcontinent. In the event they were both rigidified and, as both depended directly or indirectly on Government spending, they set up an employment

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structure for the U.A.E. which was threatened in its entirety by any future change in Government revenue, that is in the price of oil. It is in this absence of an imperative to adapt that any comparison breaks down between the U.A.E.'s experience and that of other countries which have undergone a sudden economic transformation.

By the end of 1975, the U.A.E had a workforce which was 40 per cent Indian, 25 per cent Pakistani, eight per cent other Asians, nine per cent European and 18 per cent Arab<sup>63</sup>.

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More of the same high-speed growth and physical change characterized 1976. Luxury goods filled the new shops and boutiques. Abu Dhabi's oil receipts rose from Dhs14.4bn to Dhs19bn and development allocations from Dhs3.5bn to Dhs5bn<sup>64</sup>. Dubai announced plans for one of the world's largest ports, to be built at Jabal<sup>e</sup>Ali at a cost of \$1,6bn together with an industrial town housing an aluminium smelter and an eventual population of 400,000 - more than the entire population of the U.A.E. in 1973. Ras al-Khaimah, still not accessible from the other Emirates by dual carriageway, opened its international airport, the U.A.E.'s fourth, and began building an earth-satellite station independent of the Federal communications ministry. It was noticeable that plentiful cash encouraged rivalry and not co-ordination between the Emirates as far as prestige projects were concerned<sup>65</sup>.

The Federation's budget grew from Dhs2.278bn to Dhs4,152bn<sup>66</sup> and imports from Dhs10.9bn to Dhs13.6bn<sup>67</sup>. Transport equipment and machinery, imports for the construction industry, accounted for 42 per cent of all imports and for 52 per cent of Abu Dhabi's<sup>68</sup>. Bank lending expanded by 85 per cent during the year, three-quarters of it for construction and trade. When the number of banks operating reached 55, the Currency Board imposed a moratorium on new licences<sup>69</sup>.

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In the cases of Sharjah and Ras al-Khaimah, some of the ambitious projects were being funded by foreign loans. Repayments due to foreign banks and to contractors began to add up to deep indebtedness<sup>70</sup>. As an input into the future of Federal politics, the debts were a significant product of the economic upheaval, for they coloured the Rulers' expectations from the Federation.

By 1977 GDP had mushroomed from Dhs6.4bn in 1972 to Dhs51.5bn<sup>71</sup>. The volume of imports sucked in by development on such a scale was extremely large in per capita terms and the rewards for the merchant class were rich. Imports rose from Dhs3bn in 1973<sup>72</sup> to Dhs20.5bn in 1977<sup>73</sup>, at a rate of 112 per cent during 1973, 54 per cent during 1974, then 25 per cent and 49 per cent during 1975 and 1976<sup>74</sup>. The hypothetical share of the individual in total imports leapt from Dhs6,973 in 1972 to the very high level of Dh20,362 in 1977, a level high enough to cause concern for the future of the balance of payments.

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The larger part of these imports were routed through Dubai.

2:Table 9

Emirate	1975		1977		1979		1980	
	value	%	value	%	value	%	value	%
Abu Dhabi	3,795	34.8	5,430	26.9	7,752	29.1	10,471	32.0
Dubai	7,117	65.2	12,660	62.6	16,737	62.7	19,551	59.0
Sharjah	-	-	2,128	10.5	2,153	8.1	2,567	8.0
R.A.K.	-	-	-	-	15	0.1	413	1.0
Total	10,912	100.0	20,218	100.0	26,657	100.0	33,002	100.0

(Sources: 1975 and 1977, Dr Khaz<sup>e</sup>al al-Jasim, Dawr al-Tijara, op.cit; 1979 and 1980, al-Ittihad 18 October 1982)

Given the smallness of the U.A.E.'s indigenous population, it is obvious that so high a level of imports can be sustained only by a continuing high level of immigration. Hostility elsewhere in the population to immigrants is not shared by the established merchant class who wield great, and in the case of Dubai decisive, influence.

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### Peculiarities of the U.A.E. private sector

In short, these three peak years of the boom 1975-77 saw the formation of a private sector in the U.A.E. that was highly idiosyncratic in size, structure, sectoral composition and above all in national make-up. Its size doubled from 16,997 companies with 160,672 staff in 1975 to 22,350 with 324,596 in 1977, a remarkable enough development in itself<sup>75</sup>. Most of these concerns were very small. Smallness was especially characteristic of the trading companies, meaning to all intents and purposes importing companies, that accounted for 60 per cent of all companies in both years and where over 90 per cent in both years had fewer than 10 staff<sup>76</sup>. The largest single segment of the workforce - 35 per cent in 1975 and 46 per cent in 1977 - was employed by just one sector, construction<sup>77</sup>.

Only 32 per cent of all companies in 1975 and 39 per cent in 1977 were owned outright by U.A.E. nationals or by U.A.E. nationals in partnership with others<sup>78</sup>; the majority of the remainder were owned by Asians, particularly Indians<sup>79</sup>. These dominating features of the U.A.E.'s business life were to exacerbate economic problems when the boom ended and inevitably became a political hot potato, but despite their drawbacks and dangers the private sector was to prove peculiarly impervious to reform.

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### 1977: The Great Reversal

All the record-breaking increases and statistical superlatives sprang from Government spending. But sums allocated for spending and sums actually spent differed by a wide gap. It was revealed by the Higher Budget Committee set up at the end of 1976 under the chairmanship of the Ruler of Sharjah that targets had been met at a rate of only 40 per cent on average in the three years from 1974. The 1976 rate was 41 per cent<sup>80</sup>.

Up to and including 1975 capital outlay, according to a later Ministry of Planning analysis, had not exceeded the country's absorptive capacity. By the end of 1976, on the other hand, the absorptive bounds had been over-run<sup>81</sup>. For the first time since Federation, therefore, allocations for new projects were cut back in the 1977 budget and fell by 225 per cent from Dhs478m in 1976 to Dhs147m. Overall, the total 1977 budget of Dhs10.9bn, later increased to Dhs13.1bn, appears to dwarf 1976's Dhs4.15bn. Abu Dhabi, however, having pledged 50 per cent of her private revenue to the Federal budget during the manoeuvring at 1976 re-election time (see Chapter One), had now for the first time charged her own big-spending departments of education, health and information to the central budget. These accounted for Dhs5.6bn of the total Dhs13.1bn<sup>82</sup>.

Any cutback in Government expenditure was especially bad news for the construction sector; some 52 per cent of all capital investment in the U.A.E. between 1972 and 1977 (Dhs23.5bn out of Dhs45.5bn) stemmed directly from the Government. But after two years of hectic building the supply of housing and offices, so inadequate in the

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earlier years, was soon to catch up with and then overtake demand<sup>83</sup>. Sharjah, where so much property had been built in those years, faced a particularly severe squeeze when rent rises began to decelerate. The Currency Board, already alarmed by the uncontrolled growth in bank lending and money supply, now feared for some of the banks that had made extensive lendings to developers.

Because of the quick returns to be made hitherto from property or imports, few private-sector capitalists had made the move into alternative sectors. Industry consisted of a few factories making ice-cream, canning soft drinks or producing cement blocks. When the construction boom ended and rents and imports ceased rising, the average businessman had little alternative income to cushion the blow.

With lending to property still increasing but returns no longer so attractive, the Currency Board took drastic action in May 1977. Banks were required by Circular 376 to reduce their lendings to a multiple of 15 times their capital plus reserves. The ratio of their dirham deposits that the banks had to lodge with the Board was increased from five to 7.5 per cent, taking the statutory multiple of that increase out of the economy.

No licences for new banks or new branches of existing banks were to be granted. Further, a 25 per cent deposit in cash was exacted on all letters of credit opened to finance imports. Following an outcry to the Head of State, however, this last measure was dropped within the week, illustrating neatly the tenuous extent of a Federal body's authority in comparison with the real power of the commercial lobby.



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As a result of these steps, which the Currency Board came to call "the corrective measures", the expansion of money supply slumped from its peak of 82 per cent during 1976 to nine per cent during 1977<sup>84</sup>. Bank credit followed suit with its own expansion slowing from its peak of 87 per cent in the course of 1976 to just three per cent in the final quarter of 1977<sup>85</sup>. But of this total lending, the construction sector continued to absorb an ever-increasing share, some 45 per cent in Abu Dhabi and 23 per cent in the Northern Emirates. Trade took a further 35 per cent of all lending by banks in Abu Dhabi and dominated lending in the other Emirates, where it was 49 per cent of the total<sup>86</sup>.

But the import trade too grew by less than one per cent in 1978 compared with 49 per cent in 1977<sup>87</sup>. Clearly, if the property market was reaching saturation and imports were no longer to rise by the huge leaps and bounds of the earlier 1970s, many of the banks were now in an exposed position. Two closed their doors, the Janata Bank, owned by the Government of Bangladesh, and the Ajman Arab Bank, which numbered among its founders the ruling family of Ajman.

None of the success in bringing banking under control was achieved without bitterness, especially against the Currency Board's Managing Director Mr Ronald Scott. But the measure that provoked the sharpest protest from the merchants did not come from the Currency Board and did not stem from the clampdown in bank lending. On 25th October 1977 a Palestinian assassin, in an attempt on the life of visiting Syrian Foreign minister Abd al-Halim Khaddam, killed instead the U.A.E. Minister of State for Foreign Affairs Saif Ghobash. This was the U.A.E.'s first political assassination outside of shaikhly family

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squabbles. Outraged, the local populace, already ill-disposed to the foreign presence after a year of worsening recession, now castigated the immigrants as a security threat as well. The Supreme Council met at the beginning of November in what was to be its last session until March 1979 and decided on security grounds to abolish the transit visa.

Three-day transit visas had previously been available at airports to any visitor in possession of onward travel tickets. Dubai had become the stopping-off point for hundreds of thousands of Indian sub-continent migrants to the other Gulf shaikhdoms, who would each spend a thousand or two thousand dirhams in the suq on their journey home. This important source of profit dried up overnight and caused further alarm in Dubai over the way in which decisions affecting Dubai's interests were being made.

## The National Assembly and The Politicization of Commerce

Then, also in November 1977, the Federal National Assembly in its character as a vociferous mouthpiece for anti-immigrant sentiment and a pressure group for nationalistic legislation approved a draft law requiring that at least 51 per cent of every business be owned by local interests. The law divided the Rulers bitterly, however, and was destined to be blocked for years to come. It imposed the 51 per cent local-ownership rule on all companies with an annual turnover of more than Dhs30,000 and stipulated that import agencies could be held only by companies which were 100 per cent locally-owned.



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Abu Dhabi already had laws requiring 100 per cent local ownership for both agencies and companies<sup>88</sup>. Once the Federal Assembly had approved the Federal bill, the Ministry of Economy and Trade formed a number of joint committees with the Municipalities and Chambers of Commerce of the various Emirates to allow each to put forward its views. It soon became clear that merchant circles felt that the economy could not support new restrictions at a time of recession. When the committee's report was published in March 1978, all the Emirates were shown to be unanimous that the law should be enacted later rather than sooner and that the local authorities should be able to grant a wide range of exemptions, with many professions from barbers to accountants exempted altogether.

Differences came to light over the power to exempt, with Abu Dhabi arguing that the power to grant exemptions to a Federal law lay with the Federal authority only whilst the other Emirates insisted that the power belonged to the local Ruler concerned. Sharjah, in line with its policy of attracting light industry, moved that no local holding be mandatory for industrial ventures with a capital of more than Dhs15m and that a local stake of only 15 per cent be required for similar ventures capitalized at between Dhs2m and Dhs5m, with the local Ruler empowered to reduce the compulsory local stake in even purely commercial matters to 25 per cent at his discretion. Views on the time-scale for implementing the law ranged from the 18 months proposed by Fujairah to the five-year moratorium sought by Ras al-Khaimah.

To the Government's considerable displeasure the F.N.C. went on in

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January 1978 to alter fundamentally a law regulating the ownership of land by foreigners. In its original draft prepared by the Ministry of Justice, this bill provided that foreigners in possession of land or buildings in the U.A.E. before the law took effect be permitted to retain them but that such property, when sold, could be sold only to U.A.E. citizens. Little land was in fact owned by non-Arabs and such as there was had often been gifted by Rulers in reward for long service or because of special interests or sometimes hardships. Other Arabs did sometimes buy and speculate in land, however, especially in Sharjah.

While passing through the hands of the Assembly's legislative committee however, prior to discussion in plenary, the bill acquired a new paragraph changing it into an expropriation bill. The new clause would have obliged all foreigners to divest themselves of their land and property in the U.A.E. within three years and to local citizens only. Nationals of Saudi Arabia and other Gulf states were to be exempted. Given the severely depressed state of the property market at that juncture, it was obvious that a foreign landowner could have little hope of a fair deal.

Although the Assembly debate which ensued was one of the most heated in the body's history, the need for further deliberation was finally accepted and the bill was handed back to the legislation committee. In February the F.N.C. agreed to send the Cabinet a compromise formula giving foreigners six years rather than three to dispose of their property to local nationals but empowering the Government to dispose of any such land itself in the interim if it saw fit to do so in the national interest. Dubai held up this second divisive bill

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in the Supreme Council, claiming its provisions were a blot on the nation's image abroad.

One of the principal outcomes of the F.N.C.'s venture into commerce and the role of foreigners in the economy was thus to spotlight the divergence of attitudes between Abu Dhabi and Dubai, making their differences harder to reconcile until they paralysed political life in early 1979.

Dubai's merchants were well aware that their livelihoods depended as much on imported consumers as on imported consumer goods. Dubai persisted in blocking all seven contentious pieces of restrictive legislation approved and ardently desired by the F.N.C., thus fuelling the frustration in that body that finally found expression in the Joint Memorandum of 1979 (see Chapter Four).

### Immigration - The U.A.E.'s Formative Experience

But the Assembly went on to vent ever more spleen over the size of the immigrant majority. At a rare secret session in April 1978 devoted to the dangers of what it called "free" immigration, the Council of Ministers, the executive, was formally invited by the Assembly to join it in a joint commission to formulate proposals on the immigration issue for presentation to the Rulers in the Supreme Council. Thus the F.N.C.'s first attempt to exceed its constitutional powers was inspired directly by the presence of the foreign majority.

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Mass immigration has been the distinguishing experience of all the Gulf states in their modern history and of all the Gulf states the U.A.E.'s has been the extreme case. As Table 11 shows, the gross population of the then Trucial States at the time of the 1968 census had been 180,000, out of which nationals were 63 per cent and foreigners 37 per cent. But by the 1975 census the position had been reversed: out of a total of over 600,000, only 36 per cent were local nationals (Table 10). By 1980 the proportion of nationals in the population had fallen to 28 per cent according to the census<sup>89</sup> but was reported in a Memorandum by the Ministry of Planning to have fallen below 20 per cent<sup>90</sup> and to be faced with dwindling to only seven per cent by 1990 and only 2.5 - 4 per cent by the year 2,000 if the influx continued<sup>91</sup>.

Non-Arab immigrants made up 45 per cent of the population in 1975 and 51 per cent in 1980 in the census figures<sup>92</sup> but again the Ministry's Memorandum figures were more pessimistic, calculating that immigrants from the four supplying countries India, Pakistan, Bangladesh and Iran alone constituted 54 per cent of the U.A.E. population. Comparable figures for the mid-seventies put the indigenous population of Qatar, by comparison, at 38 per cent of the whole, of Kuwait at 48 per cent, of Saudi Arabia at 73 per cent and of Bahrain at 76 per cent<sup>93</sup>.

Within the workforce, the immigrant majority was 57 per cent, 85 per cent and 90 per cent in the three census years respectively<sup>94</sup>. Each year, the number of work permits issued to non-Arabs far exceeded the number issued to Arabs. Of the 239,555 issued in 1976,

for example, some 170,510 or 71 per cent were to Indians, Pakistanis and other Asians.

During the peak inflow years 1975-8 the already-small proportion of Arabs entering the U.A.E. workforce declined from 18.4 per cent of work-permit holders to 15.7 per cent. Indians and Pakistanis maintained their share and the fastest-growing community was that from the Far East, which from only 6.4 per cent in 1975 had come to represent 15.4 per cent by 1978 (Table 13). By that year the workforce was thus 15.7 per cent Arab and 84.3 per cent non-Arab. The rise in the proportion of Far Eastern nationals reflects the switch in demand towards relatively more highly skilled personnel at the end of the construction boom<sup>95</sup>.

Within these aggregates, Abu Dhabi's and Dubai's experiences were divergent. In terms of general population, Abu Dhabi had attracted 66 per cent of all the Arab migrants in the U.A.E. at the time of the 1975 census and they made up 32 per cent of Abu Dhabi's total inhabitants. Abu Dhabi's Arab immigrant community then grew in absolute terms by 107 per cent between the 1975 census and the next in 1980, when 64 per cent of all the Arab immigrants in the U.A.E. lived in Abu Dhabi and accounted for 31 per cent of its population.

Only 17 per cent of the country's Arab community made its home in Dubai on the other hand, according to the 1975 figures, and they constituted only 9.5 per cent of Dubai's total population. In the next five years to the 1980 census Dubai's Arab migrant community grew by only 51 per cent - less than half the rate in Abu Dhabi - so that in 1980 Dubai hosted only a 12 per cent share of all the Arabs

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in the U.A.E. and they represented only 9.7 per cent of Dubai's inhabitants<sup>96</sup>.

In terms of workforce, Abu Dhabi's largest percentage of work permits was awarded to Arab nationals whilst Dubai's preference was again for Indians. Dubai granted fewer work-permits to Arabs than to Europeans, in fact<sup>97</sup>. This contrasting tendency reflects Abu Dhabi's position as the de facto capital and thus home of the Government Ministries, which tended to recruit Arabs, against Dubai's position as the commercial capital. Dubai housed 42 per cent of all private-sector workers in 1975 against Abu Dhabi's 39 per cent and by the time the boom peaked in 1977 the distinction had become more marked: Dubai still had 42 per cent of the private sector workforce but Abu Dhabi's share had dropped to 32 per cent. In figures Dubai town's private sector workforce in 1977 was 135,103 against Abu Dhabi town's 63,749<sup>98</sup>.

### The Debate

The reasons for the U.A.E. private sector's preference for Asian migrants is a topic of hot and hostile debate among Gulf intellectuals and has inspired a large literature. Chief among the reasons usually cited is the explanation that Asians are perceived as relatively more willing than Arabs to tolerate minimum wages and conditions<sup>99</sup>.

Then comes the assumed relative political apathy of Asians compared with Arabs, and the Gulf governments' concomitant failure to ratify any of the Arab League instruments on the inter-Arab transfer of



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labour<sup>100</sup>; their supposed tendency to stay for shorter periods - which is however rebutted by some statistical studies<sup>101</sup>; their superior skills - again rebutted by reference to the sectors in which they predominate<sup>102</sup>; the strength of pre-existing historical links between the U.A.E. and India<sup>103</sup> compared with weaker ties to other Arab countries, links which are elevated by some commentators into conspiracy theories by which the oil companies sought to insulate their industry from Arab nationalism<sup>104</sup>; the popularity of "turn-key" contracting, which left recruitment in the hands of the foreign contractor<sup>105</sup>, and the sheer quantity of labour needed during the boom years<sup>106</sup>.

The well-organized character of labour exporting bureaux in the subcontinent and Far East is also put forward as a reason<sup>107</sup>, as is the structure of the private sector, which favoured very numerous small companies wasteful of labour, and the legal framework of the private sector, which allowed foreigners to own companies and import their fellow-countrymen<sup>108</sup>.

This legal framework was untrammelled by Federal legislation, since the licensing of companies, and thus the power to control their number, rested with the local municipal authorities, as a result of which two-thirds of all ventures in the U.A.E. were owned by foreigners<sup>109</sup>. Underlying that framework is the weakness of central planning in the face of the free market ideology, as the anti-immigration lobby sees it, a central weakness exacerbated by the evident rivalry between the Emirates who vied with each other to appear bigger and more "modern"<sup>110</sup>. The sponsorship system also takes much of the blame, whereby citizens were able to make money by

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importing numbers of Asians in the guise of personal servants and then releasing them to find work in return for an annual fee for the renewal of the visa. This very large segment of the workforce - immigrants brought in as personal servants - was not even subject to the powers of control that the Ministry of Labour did have, or to the Labour Law. The importation of these "servants", who are then released illegally to fend for themselves, is also arranged by service bureaux whose activities are again licensed by the local municipalities and not the Federal Government<sup>111</sup>. Finally the sheer force of habit of using the familiar, supposedly cheaper labour-intensive operating methods, in preference to newer capital intensive ones requiring higher outlays<sup>112</sup>, is given as a general reason, a habit again reinforced by the fact that two-thirds of all companies in the U.A.E. were owned by nationals of the subcontinent.

Legislation impinged very little on the private sector's freedom to indulge its preferences since no visa quotas were operated for particular nationalities. The U.A.E. did have labour-importing arrangements with Morocco, Tunisia and Sudan but these were government-to-government agreements which had little relevance in practice, despite the fact that the governments of Morocco and Tunisia offered discounts of up to 40 per cent on airline tickets for employees hired under the scheme.

It was the non-Arab immigrants who tended to stay longest, as a demographic study in 1975 concluded. The longest stayers in the U.A.E. were found to be the Iranian immigrants, who had an average stay of 6 years. Non-Arab immigrants on average stayed 3.5 years whilst the Arabs' average length of stay was 2.9 years. This is the

reverse of the experience of Kuwait and Saudi Arabia<sup>113</sup>. Of all the Gulf states, the U.A.E. had the workforce with the highest proportion of Asians, the collective term used both in the official statistical aggregates and the many commentaries for foreigners from both the Indian sub-continent and the Far East: Asians made up 90.2 per cent of the U.A.E.'s workforce in 1980, 85 per cent of Qatar's, 78 per cent of Kuwait's, 58 per cent of Bahrain's and 16.5 per cent of Saudi Arabia's, according to the same study.

The Asian was statistically more likely to be illiterate and less likely to be accompanied by his family<sup>114</sup>. The visual impact on U.A.E. society needs no emphasis. The population developed marked social abnormalities<sup>115</sup>. A disproportionate tranche of the population was of working age and a hugely disproportionate number were males<sup>116</sup>. Only 31 per cent of the population was female in 1975 and there had been no improvement by 1980. Abu Dhabi showed the greatest imbalance, with a 73 per cent masculine population in both years<sup>117</sup>. Illiterates constituted 41 per cent of the workforce and 68 per cent had no education whatever<sup>118</sup>. Arabic was the language neither of the street nor of business: nearly 80 per cent of all sales staff in the country and 60 per cent of all clerical workers were non-Arabs<sup>119</sup>.

Public opinion in the U.A.E. fell easily into the habit of blaming the country's growing crime rate on its peculiar demography. Quasi-academic studies laid an extraordinary variety of charges at immigration's door, from low productivity in the workplace to the spread of disease, spying, economic and moral sabotage conspiracies and subversion<sup>120</sup>.

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As immigration became one of the central facts of life in the U.A.E. and dominated daily life, so public opinion lost sight of the fact that few of the desired material improvements would have been possible without imported labour, given the mismatch of skills available and skills required and the innate disinclination of much of the local population towards many categories of employment:-

"The U.A.E. citizen has lost his close social ties, and at a time when he had imagined they would be deepened by prosperity. That was his ideal, and his most important one. It was crushed beneath the boatloads of invading immigrants, who broke down all social bonds and set about annihilating the country's Arab identity by their huge numbers and their dissimilar cultures. The country's characteristic features have changed, yes, but in which direction? The buildings and roads and electric lighting have multiplied, that is also true, but for whom? Who lives in the buildings and uses the roads and the lighting? How much of the citizens' money has it all cost? If the citizens plus the Arab with whom he works need one third of what has been built, by what right were the other two thirds spent? This question also applies to streets, services, public buildings, hospitals, communications, spending on security, electricity consumption and similar services financed out of the country's resources for the benefit of the non-citizen"<sup>121</sup>.

The most serious of the economic charges made out against large-scale immigration has been the distortion of public spending. Medical and educational capacity, roads, communications facilities, etc., have had to be supplied from scratch on a scale quite unrelated to the needs of the indigenous population, the argument runs, and are therefore an unacceptable drain on the financial returns from non-renewable oil reserves. To the announced price of any contract has to be added the cost of all such extra utilities entailed by the importation of the labour, plus in addition the savings remitted home by the immigrant workforce. The true cost of any development

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effort is thus in the end a multiple of the cost of the contract<sup>122</sup>.

In the case of Kuwait it has been estimated that 553 extra posts in education, health, security, etc., are needed for each 10,000 immigrants<sup>123</sup>; it is said that in Qatar an employee costing his employer around QR2,000 a month also costs the state a further QR4,000 a month in utilities, services and fuel and food subsidies<sup>124</sup>.

A more invidious effect of immigration, as we have seen, has been to foster the U.A.E. national's already strong preference for civil service or managerial jobs and his disinclination for menial work or indeed any work in the capacity of an employee. Concern has been prompted not only by the direct results such as the proliferation of an absurd number of small companies operating in the same field and the loss of any incentive to discard labour-intensive methods but also by less palpable consequences.

Many Arab sociologists and economists have argued that a population structure and a politico-economic system that allow all citizens to indulge their disdain for labour to the full may cement their socially-based view of labour to the extent that it may fail to respond to subsequent economic changes<sup>125</sup>. Further, a system that allows the local national to make a living out of the mere accident of nationality - by selling his sponsorship to companies and individuals - greatly weakens the link between effort and reward<sup>126</sup>. Expectations of high reward from minimal participation

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add up to what the literature calls the "marginalization" of the citizen<sup>127</sup>.

Politically, the argument runs, the new order has not only habituated the local national to a life of ease but has led him to assume unquestioningly that providing that life of ease is the Government's over-riding duty<sup>128</sup>. Radicals go on to claim that capitalism has become enshrined and the influence of the merchant classes enhanced<sup>129</sup>.

Finally, the centrality of the public debate on immigration has been argued to have had the effect of displacing what might otherwise have been expected to be the central debate in a society rapidly acquiring modern education: the debate on the un-modernized system of government. Since the government is easily able to satisfy the people's expectation of superior status over the immigrant majority's, it is content to see such demands dominating public concern<sup>130</sup>.

A loose parallel could perhaps be drawn with Elie Halevy's famous thesis that the energies which the early industrial proletariat in Britain might otherwise have channelled into revolution were diverted by the Methodist revival<sup>131</sup>. The immigration issue has even been dubbed the Gulf's own "opium of the masses"<sup>132</sup>.

Though such a parallel cannot be more than speculative, one of the most significant features of the immigration debate is that it was allowed to rage without constraint in the Government-guided and self-censoring press. Evidently some of their Rulers did see the

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Young 'Turks' obsession with the issue as having potential advantages outweighing the cost of allowing free expression to the indirect criticism of their entire oil-era strategy that hostility to immigration implied. Intra-Federal as well as abstract considerations may have been at work, too; Abu Dhabi's al-Ittihad and the Young Turks' al-Khaleej were keenest on the debate, Dubai's al-Bayan less so.

So full in fact was the discussion that in this particular instance the question of how far the controlled press can be taken as a genuine indicator of public opinion loses some of its weight. Here was an example of the not unique phenomenon whereby the presentation of an issue was itself formative of the issue; whether accurate and unbiased or overstated and partial, the portrayal of the immigration issue by al-Ittihad and al-Khaleej was so pervasive that it moulded the popular perception of the state of the nation, rather like the portrayal of industrial change and dislocation by Dickens and Mayhew<sup>133</sup>.

Also at work is a common readiness to look for scapegoats in preference to applying self-analysis and self-criticism to problem-solving. Blaming foreigners did not of course prevent some nationals from continuing to make a living out of selling visas to them. Though rarely acknowledged in the immigration literature, this trade is still a thriving source of income<sup>134</sup>.

A serious as opposed to polemical attempt to grapple with the massive social, political and economic distortions forced on the U.A.E. by its dependence on imported labour was made by the farsighted former

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Minister of Planning Sa'ïd Ghobash in November 1978. His Ministry submitted a long Memorandum to the Cabinet analyzing the demographic problem and proffering a choice of policy options. One of its fundamental suggestions was that the moribund National Planning Council of 1973 be re-constituted with a more active brief.

This move was approved by the Supreme Council in March 1979<sup>135</sup> when the Rulers also approved the idea of drawing up a "comprehensive medium-term social and economic development plan" to run from 1981 to 1985. The Plan was completed with immense effort but then shelved. Mandatory central planning powers have proved to be too radical a surrender of local sovereignty and too unpopular with the merchant lobby. Some Gulf writers regard the whole concept of planning as too foreign in any case to impose on a society whose whole economic experience has been of great hardship interspersed with chance bonanzas outside their control and which is culturally inhibited by a resulting belief in the primacy of chance<sup>136</sup>. In the U.A.E. neither the Plan nor the new Planning Council ever saw the light of day.



Continuing Stagnation

By February of 1978 the Currency Board, estimating that inflation had fallen to around 20 per cent<sup>137</sup>, felt able to relax the "corrective measures" and business life began slowly to revive. Under the terms of Currency Board Circular 418, the percentage of their dirham deposits the banks were required to lodge with the Board was reduced from 7.5 per cent to seven per cent; that half per cent represented at the time some Dhs50m which, when multiplied by the statutory deposits:lending ratio specified for each individual bank, made something like Dhs250m - Dhs300m extra available for borrowers.

Both local and foreign banks received long-awaited clarification of how their deposits and thus their total permissible lending were to be calculated. Foreign banks were authorized to include under "deposits" sums set aside for the purpose by their head offices abroad whilst local banks were allowed to include their borrowings on the inter-bank markets of more than six months' maturity. Though crucial if lending were to be resumed, the decision was a difficult one for the Currency Board. While foreign banks with small local deposit bases had been unable to make lendings on any scale before the clarification, local banks complained of unequal competition if foreign banks' overseas offices were allowed to contribute in this

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way. Anti-inflationary brakes were added to the Circular 418 package<sup>138</sup> but as far as the Currency Board was concerned the era of tight money was over.

The injections of Government money that the merchants and the F.N.C. alike looked for in the 1978 budget were not forthcoming, on the other hand. The upwards curve in oil prices had started to level out. From 1977's Dhs13bn (which had again been greatly underspent) 1978's budget shrank to Dhs10.5bn<sup>139</sup>. For the first time, the F.N.C. approved the budget only with reservations. In a strongly-worded Memo to the Supreme Council the Assembly protested at the continuing state of stagnation and demanded quicke reflation and more spending on education and health<sup>140</sup>. Other, unconsciously contradictory voices in the forum called for access to the U.A.E.'s schools and clinics to be restricted to citizens and, inevitably, for tighter controls on immigration.

The merchants too were still unhappy at the end of that year of change 1978, despite the Currency Board's liberalization. For the first time, imports into Dubai failed to rise materially in value, reaching Dhs12.71bn compared with Dhs12.66bn the year before, and they actually fell in terms of volume<sup>141</sup>.

Though it was not widely realized at the time, the end of the boom was irreversible: over the coming five years 1978-83 Dubai's imports

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were to grow by an annual average of only 3.4 per cent compared with the annual average of 41 per cent during 1974-1978. Imports of capital goods for construction projects, which had been increasing by 47 per cent a year in the earlier period, grew by only 0.5 per cent in the latter<sup>142</sup>.

Nor did the Government's success in spending its allocations improve. The overall achievement rate went down in 1978 to 32 per cent from 54 per cent the previous year, with some projects involving inter-Emirate co-operation down to one and two per cent of target<sup>143</sup>.

Towards the end of the year, the merchants organized themselves under Saif al-Ghurair, Chairman of the Federation of U.A.E. Chambers of Commerce, to lobby the President. Among their chief burdens was that of interest repayments due to their banks on loans taken out to build buildings which were now standing empty - a burden which was to become all too familiar in the years to come. The Currency Board, always concerned at the banks' exposure in the property market, shared their anxieties. The solution hit upon was the real Estate Bank, a state body which was to take over the commercial banks' loans to property developers - in other words a state rescue. Borrowers would repay the state bank at reduced rates of interest. It was received like manna from Heaven.

Throughout the worst of the recession suffered by the other Emirates however, Abu Dhabi by contrast busily awarded the largest contracts in its history. An onshore gas liquefaction scheme costing an estimated \$1.6bn got underway and a consortium put together for the

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development of offshore oil fields was reported to be the largest in the world in terms of capital<sup>144</sup>.

### Long-term Effects of The Economic Upheaval

But if the manifestations of change have differed from Emirate to Emirate, the overall result of the economic experience of the mid-1970s has been the creation of expectations increasingly, not decreasingly, dependent on oil and therefore on the Government. If sectoral contributions to GDP appear to show a decline in the share of oil in some years (see tables overleaf), the crude figures are misleading<sup>145</sup>. Closer examination will show that the percentage contribution of non-oil sectors to the GDP grew by exactly that percentage by which oil declined and at exactly the same time, the years of soft crude prices. It was not the non-oil sectors that grew in importance but the price of oil that declined: when crude prices rose again in 1979, the percentage contribution of non-oil sectors fell back to the level before the oil price erosion of 1977-8. In other words, there are no significant indices of the U.A.E. economy except the price of oil.

Government spending is growing at a faster rate, furthermore, than the value of non-oil production. This means that the Government's and therefore the entire economy's dependence on oil has intensified over the period of the boom. Not only capital investment but also current spending outstripped non-oil income, an opportunistic use of oil revenue to cushion consumption<sup>146</sup>.

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Government Spending (Consumption plus Fixed Capital Formation) and  
Non-oil Domestic Product 1972-77 (in Dhs million)<sup>147</sup>

<u>Year</u>	<u>Government Spending</u>	<u>Non-oil GDP</u>
1971/2	1,500	2,351
1972/3	2,100	3,538
1973/4	4,500	6,079
1974/5	7,600	9,516
1975/6	11,500	14,268
1976/7	15,400	19,289
Average growth:	59.3 per cent	52.3 per cent

Increasingly, rewards come from the state, directly or indirectly; in sum a new manner of social organization, and one which channels expectations over the whole spectrum of economic, social and political issues increasingly towards the Government.

Official figures<sup>148</sup>, though slightly different, tell the same story:

Public Finances, 1975 and 1980 (in million dirhams at current prices)

<u>Category</u>	<u>1975</u>	<u>1980 Growth p.a.</u>	
Crude oil revenue	18,025	52,050	23.6
Other revenues	1,626	3,972	19.6
Public revenue	19,651	56,022	23.3
Public expenditure	13,364	39,811	24.3
Surplus	6,287	16,211	20.9
Ratio of 1 to 3 (%)	91.7	92.9	
Ratio of 2 to 3 (%)	8.3	7.1	
Ratio of 4 to 3 (%)	68.0	71.1	

## The Impact of Rapid Economic Change

### Conclusion: The Political Legacy of the Boom Experience

By the end of the boom years therefore the economy of the U.A.E. had been revolutionized. From an economy of extreme underdevelopment with a tiny population supported by subsistence agriculture, fishing and some trade, it had metamorphosed into an economy of high per capita imports, the highest per capita income in the world and a large population swamped by foreign immigrants, increasingly urbanized, confirmed in its distaste for menial work and above all dependent for its lifestyle on Government decisions. This new economy had in few respects developed out of the old; except for importing, the new skills were not adaptations of the old; the new lifestyle had not grown out of roots in the old. For those those who were unable to find a niche in the new order, a feeling of deracinement began to grow.

Within this scenario differences in ethos and living standards still separated the Emirates. Abu Dhabi's oil boom continued. Dubai insisted on the mercantile values in keeping with its entrepot tradition and in keeping with its merchants' view of the importance of the immigrant population as a market for their goods. By blocking interventionist laws Dubai was brought into confrontation with the intelligentsia of the National Assembly, whose own views had come to be dominated by immigration. Deadlock on these lines was to be a main cause of the Federal doldrums of 1978-9.

Chapter Two

Table 2:16

	<u>Emirates'</u>	<u>Income as % of Abu Dhabi's</u>	
	1972	1975	1980
Dubai	34.4	32.8	32.9
Sharjah	15.8	19.9	13.3
Ajman	12.9	10.4	13.1
Ras al-Khaimah	12.1	10.9	14.8
Fujairah	9.1	9.2	11.8
Umm al-Qaiwain	15.7	12.8	14.6

Increase in per capita income 1975-1980

	1972	1975	1980
Abu Dhabi		225.9%	41.8%
Dubai		234.7%	42.6%
Sharjah		341.3%	-5.2%
Ajman		180.6%	79.2%
Ras al-Khaimah		216.1%	93.0%
Fujairah		253.3%	81.9%
Umm al-Qaiwain		185.6%	61.9%

## The Impact of Rapid Economic Change

Outside the main towns, some levelling effect had obviously been produced by the spending on electrification, roads, schools and housing of the boom years. After a time-lag in the early years during which Abu Dhabi, Dubai and Sharjah enjoyed the biggest increases in per capita income, the poorer Emirates in the second half of the 1970s saw faster rises than the oil-exporting ones (see Table 16). If per capita income in the other Emirates is expressed as a percentage of Abu Dhabi's, however, it becomes clear that the poorer Emirates enjoyed only a relatively modest improvement: by 1980, per capita income in Fujairah was still only 11.8 per cent of per capita income in Abu Dhabi<sup>149</sup>.

But while enjoying only some of the benefits of what Shaikh Sultan of Sharjah later disparaged as the merely "concrete" revolution, the villagers of the poor Emirates began to suffer at the same time from a new perception of the unacceptability of their still relatively deprived conditions. The fact that the immigrant workers were present in such huge numbers while many local nationals lived on social security defined and underlined the marginality of the latter's role in the new order.

In their Joint Memorandum to the Rulers during the troubles to come in 1979, the Assembly and the Cabinet complained openly of the "economic inequalities" and protested that:-

"the state's responsibility is to all its regions, which means that equality and equilibrium must be established between each region. If one region has a surplus of wealth whilst another suffers because of the lack of it, this does not tally with the principle of equality. The effects of this situation are reflected in the disparate capacity for development in each region and the disparate economic and social opportunities open to their citizens".



## Chapter Two

The disparities had always been there; only the consciousness and the open articulation of discontent over them were new. The Memorandum embodies the first fruits of mass education - the Young Turks with their hostility to the wealth gap, to the foreign stake in the new economy, to immigration and to personal, unmodernized forms of rule, in sum a generation whose ideological input into the political system represents potentially the most innovative product of the economic upheaval of the 1970s.

Table 2:1(a) Economically-active Population by Sector and Emirate, 1968

Sector	Abu Dhabi	Dubai	Sharjah	Ajman	U.A.Q.	R.A.K.	Fujairah	Total
Agriculture & Fishing	2,284	1,601	2,503	437	582	3,736	2,398	13,541
Processing Industry	880	1,546	392	25	22	153	11	3,029
Construction	11,731	4,029	2,530	183	142	939	320	19,874
Oil	2,428	410	162	16	4	40	2	3,062
Trade	1,787	4,434	1,006	150	114	469	68	8,028
Banking	153	483	76	2		15	1	730
Transport & Communications	2,073	4,153	1,359	98	82	704	65	8,534
Government Services	4,536	3,607	1,818	218	141	1,111	143	12,678*
Other Services	3,412	3,700	796	93	93	418	78	8,595
Total	29,284	24,014	10,642	1,222	1,180	7,585	3,086	78,071

\* Including the Trucial Scouts force of 1,058.

Source: U.A.E. Ministry of Planning, Central Statistical Department, reprint of 1968 census.

Table 2:1(b) Economically-active Population by Sectoral Importance and Emirate, 1968

Sector	Abu Dhabi	Dubai	Sharjah	‘Ajman	U.A.Q.	R.A.K.	Fujairah
Agriculture & Fishing	7.8	6.6	23.5	35.8	49.3	49.3	77.7
Processing Industry	3.0	6.4	3.7	0.2	1.9	2.0	0.4
Construction	40.0	12.8	23.8	15.0	12.0	12.4	10.4
Oil	8.3	1.7	1.5	1.3	0.3	0.5	0.1
Trade	7.1	18.5	9.5	12.3	9.7	6.2	2.2
Banking	0.5	2.1	0.7	0.2		0.2	
Transport & Communications	7.1	17.3	12.8	8.0	6.9	9.3	2.1
Government Services	15.5	15.2	17.1	17.8	11.9	14.6	4.6
Other Services	11.6	15.3	7.5	7.6	7.6	5.5	2.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: U.A.E. Ministry of Planning, Central Statistical Department, reprint of 1968 census.

Table 2:2 U.A.E. Population by Emirate, 1968, 1975 and 1980.

Emirate	1968	%	1975	%	1980	%
Abu Dhabi	46,500	25.8	211,812	38.0	451,848	43.3
Dubai	59,000	32.9	183,187	32.8	276,301	26.5
Sharjah	31,000	17.7	78,790	14.1	159,317	15.3
Ras al-Khaimah	24,000	13.7	43,845	7.9	73,918	7.1
Fujairah	9,700	5.4	16,655	3.0	32,189	3.1
<sup>c</sup> Ajman	4,200	2.4	16,690	3.0	36,100	3.5
Umm al-Quaiwain	3,700	2.1	6,908	1.2	12,426	1.2
Total	179,100	100.0	557,887	100.0	1,042,009	100.0

Sources: 1968: 1968 census reprints from Ministry of Planning files;  
 1975 and 1980: U.A.E. Ministry of Planning Central Statistics  
 Department, Population Census 1975, Table 1 pp 29-39 and Population  
 Census 1980, Table 1 pp33-48.

Table 2:3(a) Economically-active Population by Sector and Emirate, 1975

	Abu Dhabi	Dubai	Sharjah	°Ajman	U.A.Q.	R.A.K.	Fujairah	Total
Agriculture and Fisheries	5,957	1,384	1,609	320	295	2,461	1,543	13,569
Processing Industry	8,043	9,538	2,861	764	192	1,776	345	23,529
Construction	39,436	31,905	13,021	1,657	964	4,934	1,953	93,870
Oil	3,959	1,975	413	95		381	45	6,868
Trade	12,657	19,538	3,448	499	190	1,111	272	37,716
Banking	2,249	2,843	506	106	42	15	1	5,997
Transport and Communications	8,822	4,153	1,359	98	82	704	65	23,601
Government Services	42,175	22,888	11,669	3,038	1,121	4,663	1,812	85,376
Other Services	3,412	3,700	796	93	93	418	78	8,595
Total	123,299	101,335	35,653	6,875	2,875	16,277	6,212	292,526

Source: Ministry of Planning, Central Statistics Department, from 1975 census.

Table 2:3(b) Economically-Active Population by Relative Importance of Sector  
and Emirate, 1975

Sector	Abu Dhabi	Dubai	Sharjah	°Ajman	U.A.Q.	R.A.K.	Fujairah
Agriculture and Fisheries	4.8%	1.4%	4.1%	4.7%	10.3%	15.1%	24.8%
Processing Industry	6.5%	9.4%	8.0%	11.1%	6.7%	10.9%	5.6%
Construction	31.9%	31.5%	36.5%	24.1%	33.5%	30.3%	31.4%
Oil	3.2%	1.9%	1.2%	1.4%	-	2.3%	0.7%
Trade	10.3%	19.3%	9.7%	7.3%	6.6%	6.8%	4.4%
Banking	1.8%	2.8%	1.4%	1.5%	1.5%	1.3%	0.6%
Transport and Communications	7.2%	11.1%	5.9%	1.4%	2.5%	4.5%	3.3%
Government Services	34.2%	22.6%	32.7%	44.3%	38.9%	28.7%	29.2%
Other Services	2.8%	3.7%	2.2%	1.4%	3.2%	2.6%	1.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: totals may not add up because of rounding.

Source: 1968 and 1975 censuses

Table 2:4 Percentage Growth in Economically-Active Population, by Sector and Emirate 1968 - 1975

Sector	Abu Dhabi	Dubai	Sharjah	Ajman	U.A.Q.	R.A.K.	Fujairah	Total
Agriculture and Fisheries	+161%	+140%	-56%	-37%	-97%	-52%	-55%	+ 0.2%
Processing Industry	+814%	+518%	+630%	+2,956%	+773%	+1,061%	+3,306%	+677%
Construction	+236%	+692%	+415%	+806%	+679%	+426%	+510%	+372%
Oil	+ 63%	+382%	+155%	+494%	-	+853%	+2,150%	+124%
Trade	+608%	+341%	+243%	+233%	+ 67%	+137%	+300%	+370%
Banking	+1,380%	+498%	+566%	+5,200%	-	+1,313%	+3,800%	+722%
Transport and Communications	+ 326%	+ 171%	+ 56%	+ 294%	- 16%	+ 5%	+ 212%	+177%
Government Services	+ 830%	+ 526%	+ 542%	+1,298%	+ 695%	+ 320%	+1,167%	+917%
Other Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Total	+ 321%	+ 322%	+ 235%	+ 463%	+ 144%	+ 115%	+103%	+ 275%

Source: from 1968 and 1975 censuses.

Table 2:5(a) Economically-Active Population by Sector and Emirate, 1980

Sector	Abu Dhabi	Dubai	Sharjah	<sup>c</sup> Ajman	U.A.Q.	R.A.K.	Fujairah	Total
Agriculture and Fisheries	15,556	2,160	3,200	478	476	2,553	1,190	26,513
Mining and Petroleum	9,688	1,141	366	65	41	544	7	11,852
Manufacturing	9,446	12,128	6,901	2,188	348	3,040	824	34,875
Electricity, Gas and Water* (a)	5,302	2,515	1,939	264	139	539	254	10,952
Construction	90,100	30,472	16,510	2,795	1,447	7,322	6,332	154,978
Wholesale and Retail Trade* (b)	24,023	34,532	10,472	1,634	420	2,435	816	74,332
Transport and Communications	16,136	17,004	5,901	923	207	1,473	394	42,038
Finance, etc.	6,066	6,026	1,863	271	74	457	189	14,946
Community Services	96,402	40,591	26,115	5,969	2,399	12,382	3,838	187,696
Total* (c)	261,766	147,334	73,661	14,702	5,591	30,940	13,931	559,960

Note (a) Not previously listed separately

(b) Includes hotels and restaurants

(c) Allows for undefined activities and those seeking work for first time.

From: U.A.E. Ministry of Planning Central Statistics Department, Annual Statistical Abstract, Ninth Edition 1984, table 27 pp 51 and 52.



Table 2:5(b) Economically-Active Population by Relative Importance of Sector and Emirate, 198

Sector	Abu Dhabi	Dubai	Sharjah	Ajman	U.A.Q.	R.A.K.	Fujairah	Total
Agriculture and Fisheries	5.7%	1.5%	4.3%	3.3%	8.5%	8.3%	8.5%	4.7%
Mining and Petroleum	3.5%	0.8%	0.5%	0.4%	0.7%	1.8%	0.1%	2.1%
Manufacturing	3.5%	8.2%	9.4%	14.9%	6.2%	9.8%	5.9%	6.2%
Electricity, Gas and Water* (a)	1.9%	1.7%	2.6%	1.8%	2.5%	1.7%	1.8%	1.9%
Construction	32.0%	20.7%	22.5%	19.0%	25.9%	23.7%	45.5%	27.7%
Wholesale and Retail Trade* (b)	8.8%	23.4%	14.2%	11.1%	7.5%	7.9%	5.9%	13.2%
Transport and Communications	5.9%	11.5%	8.0%	6.3%	3.7%	5.6%	5.9%	7.5%
Finance, etc.	2.2%	4.1%	2.5%	1.8%	1.3%	1.5%	2.8%	2.7%
Community Services	35.2%	27.6%	35.5%	40.6%	42.9%	40.0%	27.6%	33.5%
Total* (c)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0	100.0%	100.0%

Note (a) Not previously listed separately

(b) Includes hotels and restaurants

(c) Allows for undefined activities and those seeking work for first time

From: U.A.E. Ministry of Planning Central Statistics Department, Annual Statistical Abstract, Ninth Edition 1984, table 27 pp 51 and 52.

Table 2: 6Growth in Economically-Active Population by Sector and Emirate, 1975 - 1980

Sector	Abu Dhabi	Dubai	Sharjah	‘Ajman	U.A.Q.	R.A.K.	Fujairah	Total
Agriculture and Fisheries	161%	56%	99%	49%	61%	4%	-23%	95%
Mining and Petroleum	145%	-42%	-11%	-32%		43%	-543%	73%
Manufacturing	17%	27%	141%	186%	81%	71%	139%	48%
Electricity, Gas and Water* (a)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Construction	129%	-5%	-27%	69%	50%	48%	224%	65%
Wholesale and Retail Trade* (b)	90%	77%	204%	227%	121%	119%	200%	97%
Transport and Communications	83%	51%	178%	842%	192%	99%	94%	78%
Finance, etc.	170%	112%	156%	76%	116%	385%	149%	
Community Services	129%	77%	124%	96%	114%	166%	112%	120%
Total	122%	45%	107%	114%	95%	90%	124%	91%

Note (a) Not previously listed separately  
 (b) Includes hotels and restaurants

From: U.A.E. Ministry of Planning Central Statistics Department, Annual Statistical Abstract, Ninth Edition 1984, table 27 pp 51 and 52.

Table 2:7(a) Economically-Active Population by Industry

Industry	1968	1975	1977	1980
Agriculture, forestry, hunting and fishing	13,541	13,229	14,580	26,513
Mining, quarrying and petroleum extraction	3,062	6,791	10,200	11,852
Manufacturing	3,029	17,205	36,200	34,875
Electricity, gas and water		6,237	11,500	10,952
Building and construction	19,874	93,411	157,150	154,978
Wholesale and retail trade, restaurants and hotels	8,028	37,524	74,690	74,332
Transport storage communication	8,534	23,383	52,350	42,038
Finance insurance & real estate	730	5,960	13,300	14,946
Government services	12,678	63,272	72,130	187,696
Personal and social services		8,595	23,318	35,500
Not defined or stated/ seeking work for first time	-	-	-	2,678
Total	78,071	290,330	476,600	559,960

Source: Ministry of Planning Central Statistical Department, Annual Statistical Abstracts 1979 p 54 and 1982 pp 46 and 47.

Table 2:7(b) Number of Employees by Sector 1975 - 1980

Sector	1975	1976	1977	1978	1979	1980	growth p.a.
Agriculture, husbandry, fishing	23,156	24,711	25,269	28,738	29,741	31,300	6.2
Extractive industries							
a) crude oil	3,352	3,479	3,565	3,864	4,115	4,630	7.0
b) other	833	951	1,115	1,307	1,532	1,795	16.6
Processing industry	17,205	24,100	33,140	34,000	35,170	39,200	17.9
Electricity and Water	6,200	7,000	9,600	11,200	13,000	16,190	21.2
Building and Construction	73,870	120,240	156,900	145,240	157,190	142,700	14.1
Wholesale and retail trade, hotels and restaurants	50,700	61,800	74,000	80,400	84,700	90,300	12.2
Transport storage communications	31,021	43,925	59,850	65,950	68,300	73,900	19.0
Finance, Insurance and Property:							
a) finance and insurance	6,899	8,266	9,112	9,880	10,188	10,500	8.8
b) property	185	266	423	686	884	900	37.2
Government services	43,575	51,665	60,000	64,800	66,500	72,018	10.7
Domestic services	8,000	10,000	12,500	15,000	17,000	20,694	21.0
Total	288,414	383,983	477,301	494,480	523,240	541,033	13.4

from: al-Tatawwurat al-Iqtisadiyya w'al-Ijtima'iyya fi Dawlat al-Inarat al-ʿarabiyya al-iuttahida, li'sanawat 1975-1980, op. cit. p98.

Table 2:7(c) Structure of Labour by Relative Importance of Sector

Sector	1975 %	1976 %	1977 %	1978 %	1979 %	1980 %
Agriculture, husbandry, fishing	8.0	1.4	5.3	5.8	5.7	5.8
Extractive industry:						
a) crude oil	1.2	0.9	0.7	0.8	0.8	0.9
b) other	0.3	0.2	0.2	0.3	0.3	0.3
Processing industry	6.0	6.3	6.9	6.9	6.7	7.2
Electricity and water	2.1	2.1	2.1	2.3	2.5	3.0
Building and construction	25.6	31.3	32.9	29.4	30.1	26.4
Wholesale and retail trade, hotels and restaurants	17.5	16.1	15.5	16.2	16.2	16.7
Transport storage communications	10.8	11.4	12.5	13.3	13.0	13.7
Finance, insurance and property:						
a) finance and insurance	2.4	2.2	1.9	2.0	1.9	1.9
b) property	0.1	0.1	0.1	0.1	0.2	0.2
Other services	8.1	6.9	6.7	6.8	6.7	6.8
Government services	15.1	13.5	12.6	13.1	12.7	13.3
Domestic services	2.8	2.6	2.6	3.0	3.2	3.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

From: previous source table 5-2 p 99.

Table 8(a)

Percentage of U.A.E. Nationals in Workforce 1980

Sector	U.A.E.	%	Immigrants	%	Total	%
Agriculture	6,910	20.0	27,390	79.9	34,300	6.1
Petroleum and Mining	1,280	20.0	5,120	80.0	6,400	1.1
Petroleum-related Industries	174	3.3	5,026	86.7	5,700	0.9
Manufacturing	1,063	2.9	35,938	97.1	37,000	6.6
Electricity and Water	1,910	9.9	17,290	90.0	19,300	3.4
Construction	2,876	1.9	142,874	98.1	145,700	26.1
Trade, Hotels and Restaurants	4,430	4.9	85,870	95.1	90,300	16.2
Transport, Storage and Communications	3,900	5.1	73,000	94.9	76,900	13.8
Finance, Insurance and Property	910	8.1	10,490	92.0	11,400	3.0
Personal Services	560	0.9	60,040	99.1	60,600	10.8
Government and Public Administration	41,738	58.0	30,362	42.0	72,000	13.0
Total	65,700	11.8	423,300	88.2	559,000	100.0

Source: Manpower Planning Study by Ministry of Planning quoted in al-Ittihad 17 July 1984 p 15.

Table 2:8(b) U.A.E. Nationals in the Workforce by Sector, 1968, 1975 and 1980

Sector	1968	%	1975	%	1980	%
Agriculture, Forestry & Fishing	12,461	37.1	6,244	14.2	4,676	8.6
Petroleum & Mining	1,500	4.5	890	2.0	959	1.8
Manufacturing & Electricity	576	1.8	2,322	5.3	2,258	4.2
Construction	3,577	10.7	2,216	5.1	1,497	2.8
Trade	3,452	10.3	3,685	8.4	3,876	7.1
Transport, Storage & Communications	4,011	11.9	4,115	9.4	3,144	5.8
Finance and Insurance	314	0.9	762	1.7	996	1.8
Services	7,680	22.9	23,654	53.9	36,842	67.9
Total	33,571	100.0	43,888	100.0	54,248	100.0

Source: Faris, op.cit., table 7-1 p193 quoting unpublished sections of the 1968, 1975 and 1980 censuses.

Table 2:8(c) i Expatriates in Workforce by Sectoral Distribution, 1975

Sector	Gulf Arabs	Other Arabs	non-Arab Asians	Europe/US	Total
Agriculture & Fishing	2.9	0.7	3.4	0.2	2.9
Mining & Petroleum	2.6	2.4	1.8	20.4	2.4
Manufacturing	4.4	6.5	9.6	3.5	8.6
Construction	12.0	33.8	40.4	37.5	37.1
Trade	6.4	10.2	15.4	6.8	13.7
Transport & Communications	9.5	4.5	8.1	1.5	7.9
Finance & Insurance	0.9	3.8	1.8	4.9	2.1
Services	61.3	38.1	19.5	11.2	25.3
Total	100.0	100.0	100.0	100.0	100.0

Source: Faris, op.cit, table 6-2 p 169



Table 2:8(c)ii Expatriates in Workforce by Sectoral Distribution, 1980

Sector	Gulf Arabs	Other Arabs	non-Arab Asians	Europe/US	Total
Agriculture & Fishing	2.6	8.9	88.3	0.2	100.0
Mining & Petroleum	7.4	31.7	47.1	13.8	100.0
Manufacturing	1.3	12.8	83.9	2.0	100.0
Construction	0.5	8.5	87.5	3.5	100.0
Trade	1.6	9.9	86.0	2.5	100.0
Transport & Communications	3.5	8.0	84.2	4.3	100.0
Finance & Insurance	1.8	23.0	65.4	9.8	100.0
Services	15.1	24.4	58.5	2.0	100.0
Total	5.6	14.7	76.6	3.1	100.0

Source: Faris, op.cit., p171

Table 2:10 Population by Nationality 1975 and 1980

Nationality	1975		1980	
	number	%	number	%
U.A.E.	202,000	36.1	291,000	27.9
Other Arabs	103,000	18.5	220,000	21.1
Indians	83,000	14.8	247,000	23.7
Pakistanis	109,000	19.5	187,000	18.0
Iranians	38,000	6.8	26,000	2.5
Europeans/Americans	12,000	2.1	30,000	2.9
Other non-Arabs	12,000	2.1	42,000	4.0
Total non-Arabs	253,000	45.3	532,000	51.0
Total non-U.A.E.	356,000	63.9	752,000	72.1
Total population	558,000	100.0	1,042,000	100.0

Source: al-ʿummala al-Ajñabivya fi Aqtar al-Khalij al-ʿarabi,  
(Foreign Labour in the Arabian Gulf States), op.cit., tables 5-1 p533  
and 11-1 p536 quoting U.A.E. population censuses 1975 and 1980.

Table 2:11(a) Population by Emirate and Nationality (National/non-National), 1968, 1975 and 198

	1968			1975			1980		
	UAE	non-UAE	Total	UAE	non-UAE	Total	UAE	non-UAE	Total
Abu Dhabi	23,287	23,288	46,575	54,886	156,926	211,812	90,792	361,056	541,848
Dubai	29,685	29,586	59,271	50,816	132,371	183,187	62,516	213,785	276,301
Sharjah	23,336	8,632	31,968	41,227	37,563	78,790	60,495	98,822	159,318
Ajman	4,203	43	4,246	7,442	9,248	16,690	13,376	22,724	36,100
U.A.Q.	3,706	38	3,744	4,458	2,450	6,908	5,845	6,581	12,426
R.A.K.	20,276	4,411	24,687	29,613	14,232	43,845	39,148	34,770	73,918
Fujairah	9,540	195	9,735	13,102	3,553	16,655	18,372	13,817	32,189
Total	114,033	66,193	180,226	201,544	356,343	557,887	290,544	751,555	1,042,099

Sources: based on Faris, op.cit., tables 3-1, 3-2, and 3-3, pp52-4.

Table 2:11(b) Population by Emirate and Nationality (% National/non-National), 1968, 1975 and 1980

	1968			1975			1980		
	UAE	non-UAE	Total	UAE	non-UAE	Total	UAE	non-UAE	Total
Abu Dhabi	50.0	50.0	100.0	25.9	73.1	100.0	20.1	79.9	100.0
Dubai	50.0	50.0	100.0	27.7	72.3	100.0	22.6	77.4	100.0
Sharjah	73.0	27.0	100.0	52.3	47.7	100.0	38.0	62.0	100.0
Ajman	99.0	1.0	100.0	44.6	55.4	100.0	37.0	63.0	100.0
U.A.Q.	99.0	1.0	100.0	64.5	35.5	100.0	47.0	53.0	100.0
R.A.K.	82.0	18.0	100.0	67.5	32.5	100.0	53.0	47.0	100.0
Fujairah	98.0	2.0	100.0	78.7	21.3	100.0	57.1	42.9	100.0
Total	63.3	36.7	100.0	36.1	63.9	100.0	27.9	72.1	100.0

Sources: based on Faris, op.cit., tables 3-1, 3-2, and 3-3, pp52-4.

Table 2:12(a) Population by Emirate and Nationality Group (Arab/non-Arab) 1975

Emirate	National	%	Arab immigrant	%	non-Arab immigrant	%	Total	%
Abu Dhabi	54,886	25.9	67,742	32.0	89,184	42.1	211,812	100.0
Dubai	50,816	27.7	17,357	9.5	115,014	62.8	183,187	100.0
Sharjah	41,227	52.3	9,069	12.1	27,994	35.5	78,790	100.0
‘Ajman	7,442	44.6	3,153	18.7	6,095	36.5	16,690	100.0
U.A.Q.	4,458	64.5	741	10.7	1,709	24.7	6,908	100.0
R.A.K.	29,613	67.5	4,106	9.4	10,126	23.1	43,845	100.0
Fujairah	13,102	78.7	682	4.1	2,871	17.3	16,655	100.0
Total	201,544	36.1	103,350	18.5	252,993	45.4	557,887	100.0

Sources: from ‘abd al-Razzaq Faris al-Faris, Takhtit al-Quwa al-‘amila fi Dawlat al-Inarat al-‘arabiyya al-Muttahida, op.cit., tables 3-5 p58 and U.A.E. Ministry of Planning Central Statistics Department Population Census 1975, Part 3 table 1 pp29-39.

Table 2:12(b) Population by Emirate and Nationality Group (Arab/non-Arab) 1980

Emirate	National	%	Arab immigrant	%	non-Arab immigrant	%	Total	%
Abu Dhabi	90,792	20.1	139,975	31.0	221,081	48.9	451,848	100.0
Dubai	62,516	22.6	26,277	9.7	187,508	67.9	276,301	100.0
Sharjah	60,495	38.0	30,481	19.1	68,341	42.9	159,317.	100.0
Ajman	13,376	37.0	8,038	22.3	14,686	40.7	36,100	100.0
U.A.Q.	5,845	47.0	1,662	13.8	4,919	39.6	12,426	100.0
R.A.K.	39,148	53.0	10,481	14.2	24,289	32.9	73,918	100.0
Fujairah	18,372	57.1	2,837	8.8	10,980	34.1	32,189	100.0
Total	290,544	27.9	219,751	21.1	531,804	51.0	1,042,099	100.0

Sources: Faris, op.cit., table 3-6 p 59 and U.A.E. Ministry of Planning Central Statistical Department Population Census 1980, table 1 pp33-48.

Table 2:13(a) Work Permits Issued, by Nationality 1975 - 1979

Nationality	1975	1976	1977	1978	1979
Arab Countries	23,532	48,508	40,440	25,767	14,700
India	47,749	99,642	96,581	60,384	54,969
Pakistan	37,403	57,880	53,131	36,455	25,093
Other Asians	8,165	12,988	18,248	25,338	14,538
Africa (non-Arab)	248	511	458	511	399
European	9,108	16,660	14,662	13,617	8,737
American	1,607	2,996	2,661	2,039	1,407
Oceania	121	370	323	290	216
Total	127,938	239,555	226,509	164,401	120,109

Sources: U.A.E. Ministry of Planning, Central Statistical Dept., Annual Statistical Abstracts, Fourth Edition 1979, Sixth Edition 1981 and Seventh Edition 1982.

Table 2:13(b)Percentage of Total Work Permits Issued to Various Nationalities, 1975-79

<u>Nationality</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Arab Countries	18.4%	20.3%	17.9%	15.7%	12.2%
India	37.3%	41.6%	42.6%	36.7%	45.8%
Pakistan	29.9%	24.2%	23.5%	22.2%	20.9%
Other Asians	6.4%	5.4%	7.2%	15.4%	12.2%
Africa	0.19%	0.21%	0.21%	0.31%	0.3%
European	7.1%	6.9%	6.5%	8.3%	7.3%
American	1.3%	1.3%	1.2%	1.2%	1.2%
Oceania	0.09%	0.16%	0.15%	0.18%	0.18%
Total	100%	100%	100%	100%	100%

Source: U.A.E. Ministry of Planning, Central Statistical Dept., Annual Statistical Abstract, Fourth and Sixth Editions, 1979 and 1981.



Table 2:14(a) Work Permits by Emirate and Nationality, 1978.

<u>Emirate</u>	<u>Arab</u> <u>Countries</u>	<u>India</u>	<u>Pakistan</u>	<u>Other Asian</u> <u>Countries</u>	<u>African</u> <u>Countries</u>	<u>Europe</u>	<u>America</u>	<u>Oceania</u>	<u>Total</u>
Abu Dhabi	13,933	13,017	12,883	11,428	84	4,802	503	46	56,696
Dubai	5,987	32,397	14,743	9,947	287	6,357	1,359	188	71,256
Sharjah	3,379	7,502	3,262	2,166	94	2,028	159	48	18,638
Ajman	999	2,647	1,626	1,005	27	147	6	2	7,282
Umm al-Quaiwain	218	392	191	60	-	-	-	-	861
Ras al-Khaimah	1,158	3,855	3,173	580	17	278	12	6	9,079
Fujairah	102	574	577	152	2	5	1	-	1,413
Total	25,767	60,384	36,455	25,338	511	13,617	2,039	290	164,401

Source: U.A.E. Ministry of Planning, Central Statistical Dept., Annual Statistical Abstract,  
Fourth Edition 1979, Table 34 page 68

Table 2:14(b) Percentage of Total Work Permits Awarded to Various Nationalities, 1978.

<u>Emirate</u>	<u>Arab Countries</u>	<u>India</u>	<u>Pakistan</u>	<u>Other Asian Countries</u>	<u>African Countries</u>	<u>Europe</u>	<u>America</u>	<u>Oceania</u>	<u>Total</u>
Abu Dhabi	24.6%	23.0%	22.7%	20.2%	0.15%	8.5%	0.9%	0.08%	100%
Dubai	8.4%	45.4%	20.7%	20.7%	0.40%	8.9%	1.91%	0.26%	100%
Sharjah	24.8%	40.3%	17.5%	11.6%	0.50%	10.9%	0.9%	0.30 %	100%
Ajman	13.7%	36.4%	22.3%	13.8%	0.37%	2.02%	0.82%	0.03%	100%
Umm al-Quaiwain	25.3%	45.5%	22.2%	7.0%					100%
Ras al-Khaimah	12.8%	43.6%	35.0%	6.4%	0.19%	3.1%	0.13%	0.07%	100%
Fujairah	7.2%	40.6%	40.8%	10.8%	0.14%	0.4%	-		100%
Total	15.6%	36.7%	22.2%	15.4%	0.30%	8.3%	1.24%	0.18%	100%

Source: U.A.E. Ministry of Planning, Central Statistical Dept, Annual Statistical Abstract,  
Fourth Edition 1979, table 34 page 68.

Table 2:15(a)Percentage of Total Work Permits Issued to Various Nationalities, by Emirate, 1981

Emirate	Arab	India	Pakistan	Other Asians	African	Europe	America	Oceania	Total
Abu Dhabi	19.8%	36.3%	22.5%	13.3%	0.14%	6.9%	0.97%	0.13%	100%
Dubai	8.0%	50.7%	22.5%	12.6%	0.26%	4.7%	1.15%	0.12%	100%
Sharjah	13.5%	48.6%	23.2%	8.5%	0.54%	5.1%	0.51%	0.15%	100%
Ajman	14.3%	43.2%	25.3%	14.5%	0.23%	1.87%	0.66%	0.06%	100%
Umm al-Qaiwain	9.04%	61.1%	17.4%	7.3%	0.62%	3.2%	1.35%	- -	100%
Ras al-Khaimah	6.25%	52.6%	32.9%	7.18%	0.07%	1.02%	0.03%	-	100%
Fujairah	5.9%	43.9%	25.6%	20.7%	0.13%	3.8%	0.03%	-	100%
Total	14.2%	43.8%	23.3%	12.1%	0.23%	5.4%	0.88%	0.12%	100%

Source: U.A.E. Ministry of Planning, Central Statistical Dept., Annual Statistical Abstract, Seventh Edition 1982, table 43 p65.

Table 15(b) Work Permits Issued, by Emirate and Nationality, 1981

Emirate	Arab	India	Pakistan	Other Asians	African	Europe	America	Oceania	Total
Abu Dhabi	13,094	23,992	14,895	8,759	89	4,529	643	83	66,084
Dubai	3,449	21,837	9,677	5,407	114	2,025	496	53	43,058
Sharjah	2,796	10,084	4,818	1,763	113	1,051	106	30	20,761
Ajman	498	1,507	881	505	8	64	23	2	3,488
Umm al-Qaiwain	87	588	167	70	6	31	13	-	962
Ras al-Khaimah	552	4,648	2,902	634	6	90	3	-	8,835
Fujairah	139	1,039	606	491	3	89	2	-	2,369
Total	20,615	63,695	33,946	17,629	339	7,879	1,286	168	145,557

Source: U.A.E. Ministry of Planning, Central Statistical Dept., Annual Statistical Abstract,  
Seventh Edition 1982, table 43 p65.

Table 2:17(a): GDP by Sectoral Importance 1975 - 1980  
(at current prices)

Sector	1975	1976	1977	1978	1979	1980
Agriculture, husbandry, fishing	0.8	0.8	1.0	0.8	0.7	
Extractive industry:						
a) crude oil	66.5	62.7	55.7	53.2	59.3	63.3
b) other	0.2	0.3	0.3	0.3	0.3	0.2
Processing industry	0.9	1.2	2.9	3.6	3.1	3.8
Electricity and water	0.5	0.6	0.7	1.1	1.2	1.2
Building and construction	10.9	11.6	13.3	13.5	11.6	8.8
Wholesale and retail trade, hotels and restaurants	8.2	7.9	9.8	9.2	8.5	8.2
Transport storage communications	3.3	3.8	4.1	4.7	4.2	3.3
Finance, insurance and property:						
a) finance and insurance	1.6	2.5	2.7	2.4	2.2	1.9
b) property	4.0	5.3	5.8	4.9	3.3	3.6
Other services	1.0	0.9	1.0	1.0	0.9	0.7
Less: banking services	(1.4)	(2.1)	(2.2)	(1.6)	(1.4)	(1.3)
Total industrial sectors	96.5	95.5	94.9	93.3	94.0	94.4
Government services	3.4	4.4	5.0	6.5	5.8	5.4
Domestic services	0.1	0.1	0.1	0.2	0.2	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total sectors without oil	33.5	37.3	44.3	46.8	40.8	36.7

Table 2:17(b): Gross Domestic Product by Economic Sector 1975 - 1980  
(in Dhsm at current prices)

Sector	1975	1976	1977	1978	1979	1980	growth pa
Agriculture, husbandry, fishing	329	432	492	604	680	827	20.2
Extractive industry:							
a) crude oil	26,364	32,275	35,575	32,618	47,884	70,532	21.8
b) other	98	133	187	207	220	235	19.1
Processing industry	369	593	1,853	2,197	2,533	4,191	62.6
Electricity and water	209	313	467	689	985	1,297	44.1
Building and construction	4,308	5,963	8,474	8,271	9,338	9,834	17.9
Wholesale and retail trade hotels and restaurants	3,248	4,075	6,243	5,589	6,850	9,094	22.9
Transport storage communications	1,255	1,981	2,662	2,866	3,420	3,731	24.4
Finance, insurance and property:							
a) finance and insurance	626	1,265	1,727	1,450	1,737	2,123	27.6
b) property	1,592	2,739	3,731	2,979	2,676	4,006	20.3
Other services	382	483	610	675	740	814	16.3
Less: Banking services	(550)	(1,096)	(1,401)	(970)	(1,124)	(1,403)	20.6
Total industrial sectors	38,231	49,156	60,618	57,175	75,949	105,271	22.5
Government services	1,364	2,295	3,195	3,981	4,700	5,989	34.4
Domestic services	40	57	82	114	148	200	38.0
Total	39,635	51,508	63,895	61,270	80,797	111,470	23.0
Total sectors without oil	13,271	19,233	28,320	28,652	32,913	40,938	25.3

Table 2:7(c): GDP by Economic Sector 1975 - 1980  
(in Dhsm at 1980 prices)

Sector	1975	1976	1977	1978	1979	1980	growth pa
Agriculture, animal husbandry and fishing	367	480	563	649	732	827	17.6
Extractive industry:							
a) crude oil	35,820	39,456	41,653	37,266	52,504	70,532	14.5
b) other	118	155	204	202	220	235	14.9
Processing industry	472	702	1,923	2,274	2,542	4,191	54.8
Electricity and water	287	392	547	792	1,122	1,297	35.2
Building and construction	4,770	4,746	7,381	9,749	9,753	9,834	15.6
Wholesale and retail trade hotels and restaurants	4,940	6,631	9,054	8,046	8,316	9,094	13.0
Transport, storage and communications	1,608	2,295	2,915	3,188	3,552	3,731	18.3
Finance, insurance and property:							
a) finance and insurance	825	1,459	1,948	1,591	1,868	2,123	20.8
b) property	1,326	1,667	2,044	2,482	2,956	4,006	24.8
Other services	516	587	666	703	736	814	9.5
Less: Banking services	(600)	(963)	(1,227)	(1,407)	(1,514)	(1,403)	18.5
Total industrial sectors	50,449	57,607	67,676	65,891	82,787	105,681	15.9
Government services	2,551	3,761	4,189	4,496	5,125	5,989	18.6
Domestic services	54	69	91	119	147	200	29.9
Total	53,054	61,437	71,956	70,506	88,059	111,470	16.0
Total without oil	17,234	21,981	30,293	32,884	35,555	40,938	18.9

Table 2:17(d): GDP by Sectoral Importance 1975 - 1980  
(in Dhsm at 1980 prices)

Sector	1975	1976	1977	1978	1979	1980
Agriculture, husbandry, fishing	0.7	0.8	0.8	0.9	0.8	0.7
Extractive industry:						
a) crude oil	67.5	64.2	57.9	53.4	59.6	63.3
b) other	0.2	0.3	0.3	0.3	0.3	0.2
Processing industry	0.9	1.1	2.7	3.2	2.9	3.8
Electricity and water	0.5	0.6	0.8	1.1	1.3	1.2
Building and construction	9.0	7.7	10.3	13.8	11.1	8.8
Wholesale and retail trade hotels and restaurants	9.3	10.8	12.5	11.4	9.4	8.2
Transport storage communications	3.0	3.7	4.1	4.5	4.0	3.2
Finance, insurance and property:						
a) finance and insurance	1.6	2.4	2.7	2.3	2.1	1.9
b) property	2.5	2.7	1.8	3.5	3.4	3.6
Other services	1.0	1.0	0.9	1.0	0.8	0.7
Less: Banking services	(1.1)	(1.6)	(1.7)	(2.0)	(1.7)	(1.3)
Total industrial sectors	95.1	93.8	94.1	93.4	94.0	94.4
Government services	4.8	6.1	5.8	6.4	5.8	5.4
Domestic services	0.1	0.1	0.1	0.2	0.2	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total without oil	32.5	35.8	42.1	46.6	40.4	36.7



Table 2:18(a) Trade Balance 1975 - 1980

(in Dhsm at current prices)

	1975	1976	1977	1978	1979	1980
Total commodity exports	29.112	36.012	41.049	39.444	56.250	84.512
Total commodity imports	10.912	13.601	20.218	21.473	26.642	34.116
Trade Balance	+18.200	+22.411	+20.831	+19.971	+29.608	+50.396

From: (this table and following table) al-Fatawwurat al-Iqtisadiyya w'al-Ijtima'iyya fi Dawlat al-Imarat al-ʿarabiyya al-Muttahida 1975 - 80, op. cit. pp 143/4

Table 2:18(b) Trade Balance 1975 - 1980

(in Dhsm at 1980 fixed prices)

	1975	1976	1977	1978	1979	1980
Total commodity exports	41.632	47.088	52.452	48.714	65.671	84.512
Total commodity imports	18.539	24.223	32.978	30.399	34.270	34.116
Trade Balance	+23.093	+22.865	+19.474	+18.315	+31.401	+50.396

Source: as previous table.

Table 2:19(a) Public revenue 1985 - 1980

Category	1975	1976	1977	1978	1979	1980
Current revenue	19,033	24,766	27,347	25,489	34,653	53,550
crude oil revenue	18,025	23,484	25,794	24,937	32,950	52,050
other revenues	1,008	1,282	1,553	1,552	1,703	2,500
Capital revenue	618	1,158	1,671	1,848	1,395	1,472
Repayment of other loans	29	13	191	83	108	232
Loans	589	1,145	1,480	1,765	1,287	1,240
Total revenues	19,651	25,924	29,018	27,337	36,048	56,022

Source: al-Tatawwurat al-Iqtisadiyya w'al-Ijtimaiyya fi Dawlat al-Imarat al-'arabiyya al-Muttahida 1975 - 1980, op.cit. p157

Table 2:19(b)Public Expenditure 1975 - 1980

Category	1975	1976	1977	1978	1979	1980
Wages	1,867	2,298	3,312	4,145	5,044	6,590
Commitments	1,789	2,753	3,501	3,691	4,477	7,349
Current transfers	388	652	900	1,059	1,172	2,824
Total current expenditure	4,044	5,703	7,713	8,895	10,693	16,763
Total gross capital formation	4,075	6,761	10,332	11,391	10,154	9,592
Capital transfers	5,245	6,098	6,431	5,964	8,770	13,456
Total capital expenditure	9,320	12,859	16,763	17,355	18,924	23,048
Total public expenditure	13,364	18,562	24,476	26,250	29,617	39,811

Source: as above.

## Chapter 2

### Footnotes

1. This is the theme of Frauke Heard's From Trucial States to United Arab Emirates, op.cit., and is surveyed comprehensively in al-Munadhdhama al-ʿarabiyya l'il-Tarbiya w'al-Thaqafa w'al-ʿUlum, Dawlat al-Imarat al-ʿarabiyya al-Muttahida, Dirasa Mashiyva Shamila, op.cit. pp313 onwards.
2. An Economic Survey of The Northern Trucial States, British Embassy, Beirut, unpublished, undated, in the University of Durham's Centre for Middle Eastern and Islamic Studies.
3. K.G. Fenelon, The United Arab Emirates, Longman, London, 1973, p6, passim.
4. extracts from 1968 census from Ministry of Planning files, unpublished.
5. Donald Hawley, The Trucial States, George Allen and Unwin, London 1970, p226, passim.
6. Ibid pp229-230.
7. Al-Munadhdhama al-ʿarabiyya l'il-Tarbiya w'al-Thaqafa w'al-ʿUlum, op.cit., pp62-65 and Dr Jamal Zakaria Qasim, published by same organization, al-Khalij al-ʿarabi, Dirasat li-Ta'rikhihi al-Muʿasir 1945-1971, op.cit., passim.
8. Dr Mohammad Morsy Abdullah, op.cit. p137 and John Duke Anthony, Arab States of The Lower Gulf, op.cit., pp176-195.
9. Hawley, op.cit., p228 and Abdullah, op. cit., p137.
10. See Chapter One above.
11. Abdullah, op.cit., p139.
12. J.G. Lorimer, Gazetteer of the Persian Gulf, 'Oman and Central Arabia, Irish Academic Press reprint, Dublin 1986, Vol 2A pp 405-411
13. Thesiger, op.cit. p244.
14. Sir Rupert Hay, op.cit. p117.
15. Lorimer, op.cit. pp454-456.
16. Thesiger, loc. cit.
17. Hay, op.cit., p119.

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18. Rosemarie Said Zahlan, The Origins of The United Arab Emirates, op.cit. pp11-13.
19. Abdullah, op.cit., pp104-5, 230, 255-9, passim.
20. Ibid., p105.
21. Frank Stoakes, "Social and Political Change in the Third World; Some Peculiarities of the Oil-Producing Principalities of the Persian Gulf," in The Arabian Peninsula, Society and Politics, edited by Derek Hopwood, George Allen and Unwin, London, 1972, p198.
22. Hawley, op.cit., pp246-8 and Heard, op.cit. pp258-70.
23. Hawley, op.cit., Table 1 p363 (to 1968), and Government of Dubai Central Accounts Section, Statistical Office, Annual Statistical Report 1973, table on p39.
24. U.A.E. Ministry of Planning Central Statistical Department, Population Census 1975, Abu Dhabi, January 1977, Part 3, Table 1 p32-3.
25. Government of Abu Dhabi Ministry of Cabinet Affairs Directorate-General of Planning and Co-ordination, Statistical Abstract Volume 2 1973 Table 61 p62.
26. Emirate of Abu Dhabi Department of Planning Statistical Yearbook 1975, Table 83 p85.
27. See Table 2.
28. 'Abd al-Razzaq Faris al-Faris, Takhtit al-Quwa al-'amila fi Dawlat al-Imarat al-'arabiyya al-Muttahida, (Manpower Planning in the U.A.E.), al-Kadhimi Publishing, Kuwait, 1985, pp118-9 quoting Athar al-Hijra al-Kharijiyya 'ala al-Namu al-Suksani fi Dawlat al-Imarat 1968-1980, (The Effects of Foreign Immigration on Population Growth in the U.A.E. 1968-1980), confidential Ministry of Planning paper.
29. Amiri Decree 33 of 1968 in Emirate of Abu Dhabi Secretariat-General of the Executive Council, Mawsu'a al-Tashri'at, al-Juz' al-Thani, fi al-Marasim al-Amiriyya, op.cit., p68.
30. Law 11/1973, al-Jarida al-Rasmiyya, (Official Gazette) [NB: of Abu Dhabi], 2nd year No. 32, September, 1973, and Mawsu'a, op.cit., p628.
31. Law 7/1973 al-Jarida al-Rasmiyya, 2nd year No.20, July 1973 and al-Mawsu'a, op.cit., p614 and Directive 12/1976 of the Secretariat-General of the Executive Council, al-Jarida al-Rasmiyya, Vol. 5 nbr 22 November 1976 and al-Mawsu'a, op.cit., pp932-4.

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32. U.A.E. Ministry of Planning Central Statistical Department, Annual Statistical Abstract 1977, Tables 147 p230 and 148 p232.
33. Ibid, Table 168 p263.
34. Emirate of Abu Dhabi Department of Planning, Statistical Yearbook 1975, Table 83 p85.
35. John Duke Anthony, Arab States of The Lower Gulf, op.cit., p22, 213, passim.
36. U.A.E. Currency Board Annual Report, 31st December 1976, p7.
37. Tables 1(a), 7(b), 2, 3(a) & (b), 4, 5(a) & (b) and 6.
38. Faris, op.cit., p194, quoting confidential portions of 1975 population census.
39. U.A.E. Ministry of Planning Central Statistical Department, Establishments Census 1975, Abu Dhabi, January 1977, Table 11 pp81-4.
40. Faris, op.cit., pp193-7.
41. U.A.E. Ministry of Planning Central Statistical Department, Establishments Census 1980, Abu Dhabi, January 1983, table 16 pp346-375.
42. Faris, op.cit., Table 7-5 p 201.
43. Trade and Industry, the Magazine of Dubai Chamber of Commerce and Industry, Vol.9 nbr. 100, March 1984 pp16-28.
44. e.g. text of replies in al-Ittihad 13th January 1981, 6th February 1984 and 31st March 1986 and coverage of NCC session in al-Ittihad 28th April 1986 p11.
45. al-Ittihad, 1 April 1985, p5.
46. al-Ittihad, 5th May 1984.
47. Dr. Khazal al-Jasim, "al-Athar al-Iqtisadiyya w'al-Ijtima'iyya l'il-Hijra fi Dawlat al-Imarat al-'arabiyya al-Muttahida", (The Economic and Social Effects of Immigration in the U.A.E.), paper presented to the Symposium on Aspects of Economic and Social Development in the Arabian Gulf, Baghdad, 1980, (unpublished) and Ramon Kanwarz, "al-'awamil al-Ijtima'iyya w'al-'ummala fi al-Mamlaka al-'arabiyya al-Sa'udiyya" (Social Factors and Labour in the Kingdom of Saudi Arabia), Journal of the Gulf and Arabian Peninsula Studies, nbr.21, January 1981, pp69-88, which lists acceptable and unacceptable jobs.
48. Report quoted in al-Bayan, 16 January 1982. See also Faris, op.cit., pp165.

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49. Dr. Khaz<sup>al</sup> al-Jasim, op.cit., and U.A.E.'s paper at Seminar on Manpower Utilization, Muscat, organized by the Follow-Up Office of the Council of Gulf Labour Ministers, summarized in al-Ittihad, 30th December 1984 p17; also Ministry of Planning manpower study, unpublished, quoted in al-Ittihad, 17 July 1984, p15.
50. Interview with Head of Civil Service and feature article in al-Ittihad, 7th July 1985, p15, and Faris op.cit., pp199-200.
51. This preference and the social disapprobation of menial work is the theme of Ibrahim Sa<sup>ad</sup> ad-Din's paper "Athar al-<sup>Ummalat</sup> al-Ajnabiyya <sup>ala</sup> al-Tanmiya wa Tanmiya al-Quwa al-Bashriyya al-Kuwatina, (The Effects of Foreign Labour on Development and The Development of Indigenous Human Resources), the tenth paper in the proceedings of the seminar on Foreign Labour in the Arabian Gulf organized by the Centre for Arab Unity Studies and the Arab Planning Institute, Kuwait, 15th-18th January 1983, published in book form by the Centre for Arab Unity Studies, Beirut, 1983, as al-Ummalat al-Ajnabiyya fi Aqtar al-Khalij al-<sup>Arabi</sup>, (Foreign Labour in the Arabian Gulf States), edited by Nadir Firjani, pp331-2, *passim*; also see Dr Amin <sup>Izz</sup> al-Din's paper (number 2) "Tandhim Istikhdam al-<sup>Ummalat</sup> al-Ajnabiyya" (Regulating The Use of Foreign Labour), *ibid*, p63 and Ahmad Murad's critique thereof p123; also the discussion of <sup>abd</sup> al-Razzaq al-Faris' paper "Dawr al-Qita<sup>al-Khass</sup> fi Intishar al-<sup>Ummalat</sup> al-Ajnabiyya fi Dawlat al-Imarat", (The Role of the Private Sector in the Spread of Foreign Labour in the U.A.E.), *ibid*, p 163, and Robert Mabro's paper "al-<sup>Ummalat</sup> al-Wafida w'Anmat al-Tanmiya al-Iqtisadiyya fi al-Buldan al-Niftiyya" (Foreign Labour and Patterns of Economic Development in the Oil States), *ibid*, p 380; also Faris, Takhtit al-Quwa al-<sup>amila</sup>, op.cit., p126, 167, *passim*.
52. al-Ittihad, 1st April 1985, p5 (NCC debate).
53. Dr Ali Khalifa al-Kuwari, Oil Revenues in The Gulf Emirates, Patterns of Allocation and Impact on Economic Development, published by Bowker in association with the Centre for Middle Eastern and Islamic Studies, University of Durham, Epping, Essex, 1978, p10, 17, *passim*.
54. Faris, Takhtit al-Quwa al-<sup>amila</sup>, op.cit., p206, *passim*.
55. Dr Ali Khalifa Kuwari, Nahwa Fahm Afdhal li-Asbab al-Khalal al-Suldkani fi Aqtar al-Jazira al-<sup>arabiyya</sup> al-Muntija li'l-Nift (Towards a Better Understanding of The Reasons for The Demographic Imbalance in The Oil-Producing States of the Arabian Peninsula), published by the Journal of The Gulf and Arabian Peninsula Studies, Kuwait, 1983, p21, *passim*; Muhammad Tawfiq Sadiq and William P. Snavely, op.cit., p155 and p180; Shamlan Alessa, The Manpower Problem in Kuwait, Kegan Paul International, London and Boston 1981, p19, 24, 88-92, *passim*; figures for job-creation in U.A.E. in interview with Head of Civil Service Commission in al-Ittihad, 4th April 1987 p11 and working paper discussed by National Assembly at 28th June 1988 session, reported by al-Ittihad, 29th June 1988 p11.



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56. Paris, Takhtit al-Quwa al-ʿamila, op.cit., p190, 199, *passim*.
57. Establishments Census 1975, op.cit., table 11 pp81-84.
58. Establishments Census 1980, op.cit., table 16 pp346-375.
59. Establishments Census 1975, op.cit., Table 9 pp53-59.
60. Establishments Census 1980, op.cit., Table 12 pp 263-286.
61. Establishments Census 1975, op.cit., Table 16 pp113-114.
62. Establishments Census 1980, op.cit., Table 17 p391.
63. Dr Kazʿal al-Jasim, "al-Athar al-Iqtisadiyya", op.cit. p7.
64. Emirate of Abu Dhabi Department of Planning Statistical Yearbook 1977, Tables 108 p107 and 110 p109.
65. Dr Ibrahim Saʿad al-Din, "al-Wamu al-Iqtisadi fi Dawlat al-Imarat wa Ta'athiruhu ʿala al-Ittihad", (Economic Development and Its Impact on The Federation) paper 10 of Centre for Arab Unity Studies, al-Tajarib al-ʿarabiyya al-Wahdawiyya al-Muʿasira: Tajriba Dawlat al-Ittihad al-ʿarabiyya al-Muttahida, op.cit., pp391-406, and Taryam, op.cit. p256.
66. U.A.E. Ministry of Planning Central Statistical Department, Annual Statistical Abstract, 4th Edition 1979, Table 102 p304.
67. Ibid p274.
68. Ibid, loc.cit., and Emirate of Abu Dhabi Department of Planning, Statistical Yearbook 1976, Table 94 p75.
69. U.A.E. Currency Board Annual Report, 31st December 1976, p10.
70. U.A.E. Ministry of Planning, al-Tatawwurat al-Iqtisadiyya w'al-Ijtimaʿiyya fi Dawlat al-Imarat al-ʿarabiyya al-Muttahida li'l-Sanawat 1975-80, (Economic and Social Developments in the U.A.E. 1975-1980), Abu Dhabi, 1982, pp38-9, *passim*.
71. U.A.E. Ministry of Planning, al-Tatawwurat al-Iqtisadiyya li-Dawlat al-Imarat al-ʿarabiyya al-Muttahida khilal 1972-77 (Economic Developments in the U.A.E. 1972-1977), Abu Dhabi, undated, p1, *passim*.
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75. Establishments censuses 1975 op.cit., Table 2 page 18 and 1977, op.cit., Table 1 pp 13-29.
76. Establishments censuses 1975 op.cit., Table 15 pp110-112 and 1977, op.cit., Table 1 pp 13-29 and Paris, Takhtit al-quwa al-ʿamila, op.cit., pp 254-259.
77. Establishments Census 1975, op.cit. Table 12 pp35-100 and 1977, op.cit., Table 1 pp13-28.
78. Establishments censuses 1975 op.cit., Table 4 pp23-27 and 1977 Table
79. Paris, Takhtit al-quwa al-ʿamila, op.cit., pp 238-9.
80. al-Ittihad, 6th May 1978.
81. U.A.E. Ministry of Planning, al-Tatawwurat al-Iqtisadiyya khilal 1972-77, op.cit., pp4-5.
82. M.E.E.D., 24th June 197, p36.
83. U.A.E. Ministry of Planning, al-Tatawwurat al-Iqtisadiyya 1972-77, op.cit.
84. U.A.E. Currency Board Bulletin, November 1977 p2.
85. Ibid pp12-20.
86. Ibid p24.
87. Dr. Khazal al-Jasim, "Dawr al-Tijara", op.cit., Table 6 p17.
88. Law 11 of 1973 on The Regulation of Commercial Agencies, Abu Dhabi Secretariat-General of The Executive Council, Mawsuʿa al-Tashriʿat, op.cit., al-Juz' al-Awal, fi al-Qawanin, pp628-633, and al-Juz' al-Thalith, fi al-Andhima, etc., pp686-688.
89. See Table 10.
90. U.A.E. working paper submitted to Seminar on Manpower Utilization, Muscat, op.cit., summarized in al-Ittihad, 30th December 1984, p17.
91. Memorandum 39/40 of 1979 by the Ministry of Planning quoted by al-Khaleej, 8th August 1983 in interview with Khalfan Rumi, the Minister of Labour and Social Affairs, p7.
92. For census breakdown by nationality see Paris, Takhtit al-quwa al-ʿamila, op.cit., tables 3-5 and 3-6 pp58-9; statistical

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- supplement to al-ʿummalat al-Ajnabiyya fi Aqtar al-Khalij al-ʿarabi, op.cit., tables 5-1 p533 and 11-1 p535 and paper 4, "Dawr al-Qitaʿ al-Khass" by Abd al-Razzaq al-Faris, ibid, and Dr Kadir Firjani, "al-Rift w'al-Taghayyur al-Sultani fi al-Watan al-ʿarabi" (Oil and Demographic Change in the Arab World), paper presented to seminar on on Petroleum and Social Change organized by the Arab Planning Institute (Kuwait) and al-Munadhdhama al-ʿarabiyya li'l-Tarbiya w'al-Thaqafa w'al-ulum in Abu Dhabi, 11th-15th January 1981, Table 1, p5, passim (unpublished).
93. Firjani, op.cit., loc.cit.
94. Faris, Takhtit al-Quwa al-ʿamila, op.cit., p164-5.
95. See Migrant Workers in The Gulf, Minority Rights Group, London, Report no. 63, Dr. Roger Owen, September 1985, p5, p16, passim.
96. Faris, Takhtit al-Quwa al-ʿamila, op.cit., p58-9.
97. See Tables 14 (a) and (b).
98. Establishments Census 1977, op.cit., Table 1 p18.
99. Faris, Takhtit al-Quwa al-ʿamila, op.cit., p163 and Abd al-Basit al-Muti, "Athar al-ʿummala al-Ajnabiyya ʿala al-Ta'alluf al-Ijtimaʿi", (Effects of Foreign Labour on Social Cohesion), Chapter 7 of al-ʿummala al-Ajnabiyya fi Aqtar al-Khalij al-ʿarabi, op.cit., p216.
100. Ibid, Dr Amin ʿIzz al-Din's paper (number 2) "Tandhim Istikhdam al-ʿummala al-Ajnabiyya" (Regulating the Use of Foreign Labour), pp49-65 and critique and discussions thereof pp65-82, and ʿAli Labib's paper (number 4), "Asbab Intishar al-ʿummala al-Asiawiyya", (Reasons for the Spread of Asian Labour), ibid pp135-9.
101. ibid, Ali Labib, op.cit., p124.
102. ibid, pp124-125.
103. ibid p126 and commentary p135.
104. Faris, Takhtit al-Quwa al-ʿamila, op.cit., p161 and Muhammad Ghanim Rumaihi, al-Bitrul w'al-Taghayyur al-Ijtimaʿi fi al-Khalij al-ʿarabi (Oil and Social Change in the Arabian Gulf), al-Munadhdhama al-ʿarabiyya li'l-Tarbiya w'al-Thaqafa w'al-ulum, Cairo, 1975, p30, 57-56, passim.
105. ʿAli Labib's paper (number 4) in al-ʿummala al-Ajnabiyya fi Aqtar al-Khalij al-ʿarabi, op.cit., loc.cit p127.
106. ʿAbd al-Razzaq al-Faris' paper (number 5), ibid p154 and critique thereof pp157-9 and Robert Mabro's paper (number 11) "al-ʿummala al-Ajnabiyya wa Anmat al-Tanmiya al-Iqtisadiyya fi al-Buldan al-Niftiyya" (Foreign Labour and Patterns of Economic Development in the Oil States), ibid, and critique and discussion thereof.

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107. 'Ali Labib's paper (number 4), ibid, p126.
108. This is the theme of 'abd al-Razzaq al-Faris' paper (number 5), ibid, op.cit., p155-6, passim and discussion thereof p163; also Muhammad Jallal al-Din's paper (number 12) "al-Siyasat al-Su'daniyya w'al-'ummaliyya fi al-'andhur al-Tammawi" (Population and Labour Policies in the Development Perspective), ibid p411. See also Faris, Takhtit al-quwa al-'amila, op.cit., pp174-175, 238-239.
109. Faris, ibid.
110. Ibid p238.
111. Dr 'abd al-Basit al-Mu'iti's paper (number 7), op.cit., in al-'ummala al-Ajnabiyya fi Aqtar al-Khalij al-'arabi, op.cit., p218; Dr 'Umar Ibrahim al-Khatib, "al-Tammaya w'al-Musharika fi Aqtar al-Khalij al-'arabi" (Development and Participation in The Arabian Gulf States), al-Mustaqbal al- arabi, nbr. 40, Kuwait, June 1982, pp4-29 and comment columns Fi al-Haqiqa (Truthfully) in al-Ittihad, 27th October 1987 p22 and 23th October 1987, p22. Powers to regulate these labour-importing bureaux centrally were taken by the Ministry of Labour in 1987. See al-Jarida al-Rasmiyya Vol.17 nbr.174, April 1987, pp150-155 and feature article with interview with Undersecretary at Ministry of Labour, al-Ittihad 3rd March 1988 p10..
112. See commentary on 'abd al-Razzaq al-Faris' paper (number 5) op.cit., in al-'ummala al-Ajnabiyya fi Aqtar al-Khalij al-'arabi, op.cit., pp160-162 and 'Ali Khalifa Kuwari, Nahwa Fahm Afhdal, op.cit., pp24-5.
113. Study by Dr Baqir al-Najjar for the Bahrain Central Statistics Agency summarized in al-Khaleej, 16th July 1985, p3.
114. Ibid and Nadir Firjani's paper (number 1) "Hajm wa Tarkib Quwa al-'amal w'al-Sukkan" (Size and Composition of the Workforce and Population) in al-'ummala al-Ajnabiyya fi Aqtar al-Khalij al-'arabi, op.cit., p24, passim.
115. Faris, Takhtit al-Quwa al-'amila, op.cit., p65-102.
116. Ibid and U.A.E. Ministry of Planning Central Statistical Department, Annual Statistical Abstract, 9th Edition 1984, Table 8 p23, also Nadir Firjani's paper (number 1), op.cit., in al-'ummala al-Ajnabiyya fi Aqtar al-Khalij al-'arabi, loc.cit. pp24-28, passim.
117. U.A.E. Ministry of Planning Annual Statistical Abstract 1984, op.cit., Table 8 p23.
118. U.A.E. Ministry of Planning, Population Census 1975, op.cit., Table 33 pp215-233.
119. Faris, Takhtit al-Quwa al-'amila, op.cit., p174.

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120. See for example "al-Bitrul wa'-Siyasat al-Tanmiya fi al-Buldan al-arabiyya al-Bitruliyya: al-Nata'ij al-Magsuda w'al-Athar ghair al-Mahsuba", (Oil and Development Policies in The Arab oil States: Intended and Unintended Consequences), paper by Muhammad Sadiq presented to the Symposium on Oil and Social Change, organized by the Arab Planning Institute, Abu Dhabi, 11th-15th January 1981, unpublished, and thesis submitted to University of Qatar, summarized in al-Khaleej 14th April 1986 p3, which holds immigrants responsible for the spread of malaria, typhoid, venereal diseases, parasitic infections, leprosy and tuberculosis; the collapse of moral standards; the introduction into the Gulf of drug addiction, alcoholism, theft, juvenile delinquency and fraud; and attributes immigration itself to a number of Western conspiracies aimed at infiltrating a "fifth column" into the Gulf; also feature article in al-Ittihad 21th December 1983 blaming foreigners for rape, wastage of money, economic sabotage, spying and the adulteration of Arabic cultural values; and in al-Khaleej 1st December 1983 blaming crime in general on immigrants.
121. al-Azmena al-Arabia Nbr.78 3-9 September 1980 pp2-3.
122. Dr. Khazal al-Jasim, "al-Athar al-Iqtisadiyya", op.cit., p20, and "Man al-Mustafidu min Mashru'at al-Tanmiya fi Dawlat al-Imarat?" (Who benefits from the U.A.E.'s Development Projects?), article by former Planning Minister Sa'id Ghobash in al-Ittihad 3rd June 1982, p15 and Faris, Takhtit al-Quwa al-amila, op.cit., p114, 237; also al-Khatib, op.cit., p3, and Ali Khalifa Kuwari, Nahwa Fahm Afthal, op.cit., pp29-30, 42.
123. Ali Labib's paper "Asbab Intishar al-ummala al-Asiawiyya", op.cit., loc.cit p128.
- 124 See Ibrahim Sa'ad al-Din's paper (number10) op.cit., loc.cit., pp331-3, passim and Robert Mabro's paper (number 11), ibid, p380, passim.
125. Ibrahim Sa'ad al-Din, ibid, pp330-332 and Robert Mabro, ibid, p382 and Muhammad Jallal al-Din, ibid p411 and Dr Muhammad Tawfiq Sadiq, al-Tanmiya fi Duwal Majlis al-Ta'awun: Durus al-Saba'inat wa Afaq al-Mustaqbal (Development in The GCC: Lessons of the 1970s and Future Horizons), published by The National Council for Culture, Science and The Arts, Kuwait, 1986, as part of its alim al-Ma'arifa (World of Knowledge) series, p115, passim.
126. Robert Mabro's paper, op.cit., paper 11 of al-ummala al-Ajnabiyya fi Aqtar al-Khalij al-arabi, op.cit., (this is the theme of this paper); Muhammad Tawfiq Sadiq, al-Tanmiya fi Duwal Majlis al-Ta'awun, op.cit., p126, and Faris, Takhtit al-Quwa al-amila, op.cit., p205.
127. Critique of Amin 'Izz al-Din's paper (number 2) of al-ummala al-Ajnabiyya fi Aqtar al-Khalij al-arabi, op.cit., p77.
128. Critique of Ali Labib's paper (number 3) ibid p140, passim, and Sadiq, al-Tanmiya fi Duwal Majlis al-Ta'awun, op.cit., p115.

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129. Abdullah Nafisi's critique of abd al-Malik Tamimi's paper "al-Athar al-Siyasiyya l'il-Hijra al-Ajnabiyya", (The Political Consequences of Foreign Immigration) paper 9 of al-Summala al-Ajnabiyya fi Aqtar al-Khalij al-ʿarabi, op.cit., p310-312.
130. Nafisi, ibid.
131. For critique of the Halevy thesis see E.P. Thompson, The Making of The English Working Classes, Pelican, England, 1982 edition, pp45, 49 and 386.
132. Discussion of Tamimi's paper, paper 7 of al-Summala al-Ajnabiyya fi Aqtar al-Khalij al-ʿarabi, op.cit., p319.
133. Gertrude Himmelfarb, The Idea of Poverty - England in the Early Industrial Age, Faber and Faber, London 1984, pp312-56, 405, 453-88, passim.
134. al-Khatib, op.cit., p18.
135. al-Jarida al-Rasmiyya no.73, 19th December 1979, and Ghobash, "Man al-Mustafidu", op.cit.
136. Ali Khalifa Kuwari, Oil Revenues in The Gulf Emirates, op.cit., pp164-5, passim.
137. U.A.E. Currency Board Bulletin, Vol.5 No.1 December 1978 p5.
138. Circular 418 of 8 February 1978.
139. U.A.E. Ministry of Planning Central Statistical Department, Annual Statistical Abstract, 4th Edition 1979, Table182 p304.
140. Arab Report and MEMO, Vol.2 No.11 March 13th 1978, p6 (by this writer).
141. Government of Dubai Central Accounts Department Statistics Office, Dubai External Trade Statistics 1978 p3.
142. "Dubai Foreign Trade, a Decade of Growth", Trade and Industry, the Magazine of Dubai Chamber of Commerce and Industry, Vol.9 No.102. May 1984, pp4-17.
143. U.A.E. Ministry of Planning Department of Annual Programmes and Follow-Up, "Follow-Up Report on The Capital Expenditure Programme for Projects 1978", Abu Dhabi, February 1979, (unpublished), p5.
144. A.E.E.D., 7th July 1978, p52.
145. This is the theme of Dr Muhammad Tawfiq Sadiq's al-Tanniya fi Duwal Majlis al-Taʿawun, op.cit., especially Chapters 3 and 4, pp71-92.
146. Ali Khalifa al-Kuwari, Oil Revenues in The Gulf Emirates, op.cit., p187, passim.

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147. Muhammad Sađiq, al-Bitrul wa-Siyasat al-Tanmiya, op. cit., p19.
148. U.A.E. Ministry of Planning, al-Tatawwurat 1975-80, op.cit., Table 12 p37.
149. Shakir ʿIsa Musa, "Tawziʿ al-Dakhl fi Dawlat al-Imarat", paper 10 of Centre for Arab Unity Studies, al-Tajarib al-Wahdawiyya al-ʿarabiyya al-ḥuʿasira, op.cit., pp446-450.

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On 1st February 1978, banner headlines in the newspapers trumpeted that Shaikh Zayid's second son Sultan ibn Zayid had been appointed Commander-in-Chief of the armed forces and that the regional military commands had been abolished in completion of the 1976 merger. Abu Dhabi's motives for the timing of the move remain unexplained; it may be that there was no explanation and that Abu Dhabi was simply showing what a Western diplomat described at the time as a "criminal negligence" of Dubai's feelings. Both Shaikh Rashid and his son the Minister of Defence, who were visiting Tehran at the time, were taken completely by surprise. Coming at a time when the year-long economic gloom was already aggravating differences of philosophy and when integrationist pressure, following on from the constitutional changes of 1976, was already beginning to provoke resentment in Dubai, Shaikh Sultan's appointment brought relations between Abu Dhabi and Dubai abruptly to their nadir.

Whatever its rights or wrongs, the main contribution the controversy made to the future of the Federation was to crystallize and force into the open the fundamental differences between the President and the Vice-President over the meaning of federalism, that is over the merits of the federalism that their Constitution embodied versus the total integration with which Abu Dhabi and an element of the population were seeking to replace it. Indeed, the novel feature



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of the events of 1978 was the use Shaikh Rashid chose to make of the press. While the dispute simmered the Supreme Council of the U.A.E. was immobilized and the newly-active Young 'Turks stepped eagerly into the breach. Thus the inter-dynastic crisis of 1978 led directly to the heyday of the Young 'Turks in 1979 and to the introduction of a new political vocabulary into U.A.E. affairs. External events too were creating a fertile environment for ideologues.

The decree promoting Col. Shaikh Sultan ibn Zayid to the rank of Brigadier and appointing him Commander-in-Chief of the U.A.E. Armed Forces "with the approval of the Council of Ministers" based itself in its preamble on Article 138 of the Provisional Constitution<sup>1</sup>. Article 138 specifies that the appointment of the Commander-in-Chief shall be made by means of a Federal decree<sup>2</sup>; a Federal decree, in turn, must be approved by the Council of Ministers plus either the Head of State alone or the whole Supreme Council, according to their various jurisdictions<sup>3</sup>. It is the whole Supreme Council on the one hand that must join with the Cabinet in approving Federal decrees appointing the Prime Minister and members of the Supreme Court; only the Head of State alone, on the other hand, need add his approval to the Cabinet's in the case of the Commander-in-Chief<sup>4</sup>. Legal opinion has it however that since the nomination for comparable civilian appointments reaches the Cabinet from the Minister concerned, who originates it, the Commander-in-Chief should have been nominated by the Minister of Defence. As the latter was not consulted, it would appear on the strength of this argument<sup>5</sup> that

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Shaikh Sultan's appointment was indeed unconstitutional, as Dubai always maintained.

Fidelity to the constitution was thus the core of Shaikh Rashid's demands in an interview of unprecedented frankness he gave to the daily Sawt al-Umma, the interview that first brought home to the U.A.E. the gravity of the dispute<sup>6</sup>. First, Shaikh Rashid demanded an enquiry into all the amendments that had ever been incorporated into the constitution to determine whether or not the manner in which they had been passed (not their substance) were constitutional. Secondly, he sought a review of Supreme Defence Council Resolution 1/76 on the merger of the military bodies, to the same end. His third point contested the validity of Shaikh Sultan's appointment since it was not supported by a Cabinet resolution despite the claim in the preamble. Next, Shaikh Rashid called for all Federal laws to be examined for possible transgressions of the constitution. Finally, the Vice-President demanded an immediate start on the building of the Federation's permanent capital. In the 1971 Constitution Abu Dhabi is designated as only a temporary capital, to be replaced by a new city called al-Karamah to be built for the purpose by the end of 1978<sup>7</sup> in the no-man's land separating the two Emirates. No work had started at the site, which had been largely-forgotten by the time Shaikh Rashid voiced his demand in the summer of 1978 and it was obviously impossible for al-Karamah to be built in the remaining few months. Karamah was being used as a symbol for the re-institution of collective rule in place of the trend towards domination by Abu Dhabi in Federal decision-making.

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The next round in the dispute was an interview in the Lebanese weekly al-Hawadess in which Shaikh Rashid again began by declaring Shaikh Sultan's appointment unconstitutional but then went on to berate a list of other hostile actions by Abu Dhabi beginning with an "economic blockade" against Dubai<sup>8</sup>. He complained that Abu Dhabi's Executive Council, whose chairman was Shaikh Zayid's eldest son Khalifa, had imposed a boycott on oil-industry companies operating from headquarters in Dubai. A photostat was reproduced in the magazine of a circular dated 11th April 1978 by the Abu Dhabi Department of Petroleum ordering all such companies to move their headquarters to Abu Dhabi within six months in compliance with an Executive Council decree of 9th April<sup>9</sup>. The signature on the Department's circular was that of its chairman Dr Man'ā al-'Utaiba who, in his other capacity as Federal Minister of Petroleum, had frequently urged greater co-ordination between the Emirates in oil affairs. Dr al-'Utaiba intimated in the al-Hawadess article that the circular had been issued to him by the Executive Council.

The hasty abolition of the transit visa<sup>10</sup> had dealt another serious blow to Dubai's mercantile economy, Shaikh Rashid went on; so had regulations issued in supposedly-federalist Abu Dhabi to the effect that citizens of the other Emirates needed an Abu Dhabi sponsor before doing business there. Restrictions such as these were anathema to Dubai. But Shaikh Rashid insisted throughout that their inspiration was not Shaikh Zayid himself but his "mercenary" integrationist advisers.

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Continuing his list of grievances, the Vice-President went on to accuse the Federal, Abu Dhabi-based Ministry of Information of waging propaganda campaigns against Dubai. The same Ministry had delayed granting a licence for a new Dubai paper authorized by Shaikh Rashid personally. On sensitive issues of nationality and citizenship, his own bona-fides were being disregarded. Although decisions on U.A.E. nationality were the bailiwick of the Federal authorities, Shaikh Rashid insisted that under the constitution each Ruler had the right to decide who was a citizen of his own Emirate and therefore eligible to apply for Federal nationality. In practice, he claimed, Dubai citizens were being refused nationality despite the Vice-President's personal attestations.

Furthermore, Dubai was being attacked for not contributing 50 per cent of its income from oil to the Federal budget when in fact no Emirate was required to do so by the constitution. Although Dubai stood accused of lacking federal fervour, it was Abu Dhabi that had ignored the Federal Minister of Defence, had made top-level appointments without his knowledge and had breached a joint undertaking not to import new armaments except for the Federal army. Only strict adherence by all, including Abu Dhabi, could prevent these quarrels.

The same point was made in the second part of the al-Hawadess investigation by Shaikh Rashid's closest adviser, the U.A.E. ambassador to London Mahdi Tajir, who diagnosed that Abu Dhabi had tipped the balance of power too far in its own favour by awarding the Commander-in-Chief's title to Sultan ibn Zayid when his older brother

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Khailfa already held the rank of Deputy Supreme Commander, renounced willingly by the Vice-President Shaikh Rashid, to whom it properly belonged<sup>11</sup>.

Pinpointing the crux of the dispute, Tajir explained that Shaikh Rashid had always been a loyal federalist but had never agreed to integration. As complete integration was to become the slogan of the Young Turks as the drama dragged on, their interests coincided fortuitously at this juncture with Abu Dhabi's, and the seeds were sown of an enduring hostility between the intelligentsia and Shaikh Rashid.

The next twelve months saw little improvement in the atmosphere. It was read as a hopeful sign that Shaikh Rashid's role as Vice-President was bolstered somewhat in the autumn of 1978 when he went to Egypt on his first overseas visit in his vice-presidential capacity<sup>12</sup>. On returning he chaired the Cabinet for the first time at its emergency meeting to repudiate the Camp David accords<sup>13</sup>. In December however the Vice-President left for a private visit to Pakistan and made his strongest statement so far in the dispute by failing to return for the sacrosanct National Day celebrations.

The new National Assembly session was to devote much of its time to the subject of Federal legislation desired and passed in its chamber but held up by the Supreme Council's failure to meet. It went on to voice open criticism of those who impeded integration, by which it plainly meant Shaikh Rashid.

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In April 1978 the F.N.C. had already taken what was to be the first of a number of initiatives by inviting the Cabinet to form a joint commission on immigration and to present its findings to the Supreme Council<sup>14</sup> - initiatives which exceeded the role laid down for the F.N.C. by the Provisional Constitution.

In the summer a second joint commission, chaired jointly by the Assembly Speaker Tariam Tariam and the Deputy Prime Minister Shaikh Hamdan ibn Muhammad, who was a leading shaikh of Abu Dhabi, was created specifically to "overcome difficulties impeding the progress of the Federation"<sup>15</sup>. A subcommittee took its recommendations to the Rulers individually towards the end of 1978<sup>16</sup>; it appears to have produced no results but the demarche marks the beginning of the heyday of the Young Turks.

Waiting around the corner of the new year 1979 was the fall of the Shah of Iran. Surprised in their divided state by the revolution, the leaders of the U.A.E. might have been expected to close ranks against the potential menace of radicalization from Iran and polarization among the Arab states over the Camp David accords. Even so, the untimely dispute dragged on and it was only Kuwaiti intervention that finally convinced the President and Vice-President of the wisdom of resuscitating the Federation. This they achieved by the means of placing the energetic Vice-President in day-to-day control of the executive as Prime Minister. But between the furore of February 1978 and Shaikh Rashid's inauguration in July 1979 the non-shaikhly radical thinkers had leapt into the vacuum and led the U.A.E. to an entirely new, ideological phase of its development.

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#### Footnotes

1. Federal Decree number 3 of 1978, al-Jarida al-Rasmiyya, nbr 24, 21st January 1978.
2. U.A.E. Ministry of Information, Provisional Constitution of the United Arab Emirates, Abu Dhabi, undated, Article 138, p37.
3. Ibid, Article 114, p30.
4. Ibid, Article 47, pp10-11 and 54, p13.
5. Ibrahim, Usus al-Tandhim, op.cit., p248.
6. Reprinted in full in Akhbar Dubai, nbr 23, 10th June 1978, pp4 - 7. The Sharjah-based Sawt al-Umma was closed down by the authorities shortly after but for reasons unconnected with this interview.
7. Provisional Constitution, op.cit., Article 9, p3.
8. al-Hawadess, nbr 1128, 16th June 1978, pp28-32.
9. This Executive Council resolution does not appear in the Mawsuf al-Tashri'at, the compendium of Abu Dhabi laws, Amiri Decrees and Executive Council proceedings 1965-70 published by the Secretariat-General of the Executive Council.
10. See Chapter 2.
11. al-Hawadess, nbr 1129, 23th June 1978, pp24-26.
12. "Ahdath 1978", (Events of 1978), al-Ittihad, 2nd January 1979, p5.
13. Ibid.
14. Ahdath 1978, loc.cit., and Chapter Two above.
15. See Chapter 4.
16. Akhbar Dubai, nbr 46, 2nd December 1978, pp9-10, and Chapter 5 below.

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After the constitutional amendments of December 1976, a Cabinet reshuffle in January 1977 brought into office for the first time an echelon of young men who were all graduates of foreign universities, were not related to the ruling families and were familiar with an abstract political vocabulary. Credit for promoting them generally goes to the President and his right-hand man Ahmad Suwaidi. Their moment in history begins with that year's National Assembly session, when the elderly Dubai businessman Thani ibn<sup>C</sup>Abdullah was replaced as Speaker by the former U.A.E. Ambassador to Cairo Tariam Tariam. Under Tariam's leadership, the Assembly was to undergo a fundamental change in its view of its own function: from limiting itself to expressing opinions, its constitutional role, the Assembly went on to pressure the Rulers and demand change. Then, during 1978, because Abu Dhabi and Dubai remained deadlocked in their dispute, the Young Turks stepped willingly and extraconstitutionally into the vacuum. Active public participation in politics in the U.A.E. was thus triggered initially by default.

The demands the radicals pressed fell into two categories, for more federalization on the one hand and for more democratization on the other. Their attachment to a stronger Federation reinforced the Young Turks' natural inclination towards the Abu Dhabi camp, from which many of them had drawn their original encouragement. During



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their heyday in 1979, the Young Turks loudly questioned the right of the shaikhly families to obstruct reforms and to dispose of the country's wealth at will. The fall of the Shah in January of that year galvanized debate on systems of rule throughout the Gulf. It also aggravated US fears for Western interests in the region; attitudes to the West were to drive one of the biggest wedges between the regimes and their radical intelligentsias.

### Gulf Representative Bodies in Their Historical Context

In theory, the idea of popular participation in government is sanctioned in Islamic terms by the Quranic precept of shura, consultation. Its embodiment in informal councils such as Kuwait's diwaniyyas is a long-established feature of Gulf politics but formal, modern representative institutions have only a short and chequered history and elected parliaments with binding, as distinct from advisory, powers have been unsuccessful to date.

Dubai was administered for six months in 1938 and 1939 by a partly-democratic body of 15 notables selected by their peers. Rooted in the rivalry which was normal between individual members of the ruling families, the self-styled Dubai Reform Movement drew nourishment from opposition to Britain's policy on the manumission of slaves, to the air agreement and later to the terms of the oil concessions<sup>1</sup>. Economic deprivation during the world depression of the 1930s lent cogency to differences over the proper allocation of state revenue.

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In 1938, when the Majlis finally forced itself on the Ruler, Shaikh Sa'id, after two failed attempts in 1929 and 1934, it was this issue of revenue-sharing that brought about its rapid abolition. Public amenities such as schools, security patrols and pensions were financed by the Majlis out of income from the port ceded to it by the ruling family, but finding funds from this source inadequate for more ambitious projects, the Majlis decreed the income from the air agreement and the oil concession as well to be the public property of Dubai. The ruling family was to be paid only a fixed allowance from it. Shaikh Sa'id, who had avoided the Majlis after its first two sessions, found the proposal humiliating and rejected it. Deira was taken over by Majlis partisans but reconquered by Shaikh Sa'id's son Rashid ibn Sa'id, the next Ruler, under cover of his own wedding festivities<sup>2</sup>.

Both Kuwait and Bahrain have experimented since independence with parliamentary democracy, that is with elected parliaments. Kuwait prides itself on its history of free constitutional debate extending back to the beginning of this century and its majlis al-umma enjoyed real powers, including the power to select the heir apparent and thus the next Amir from among the Sabah family's nominees<sup>3</sup>. All legislation had to be approved by the Majlis and the Government was obliged to submit to it drafts of its policies in all spheres including foreign policy. The first Majlis lasted 16 years and grew more outspoken with every general election. In 1965 the Speaker and a group of members resigned over a dispute with the executive and in 1967 the opposition accused the Government of ballot-rigging<sup>4</sup>. By 1976 the chamber's comments on other Arab regimes, especially on the Egypt-Israel disengagement and the parties to the civil war in

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Lebanon, had become a source of serious embarrassment and potential danger to the regime and the Majlis was suspended for four years. During those four years the constitution was "revised".

Insights into where the Majlis transgressed, in the Government's eyes, were volunteered by the Crown Prince in February 1980 when he addressed the inaugural session of the committee formed to revise the constitution on 19th February 1980. The import of the speech is that the return to democracy

"must not be turned under any slogan whatsoever into a cause for disunity and division, a starting point for controversy and strife.....shaking confidence, frustrating decision-making and encouraging disregard for the duty to act in the service of the country" <sup>5</sup>.

The heresy of "disunity", like the danger of external threats, is a common stick with which to beat dissent in the Arab world as elsewhere but this particular litany of sins was presumably chosen to some degree for its pertinence to the previous parliament.

The need for the new emphasis on responsibility and stability is justified as follows:

"Our need for this new conception is made more urgent by the character of the age in which we live, the age of international tensions, wars hot and cold, fought by diverse weapons through artful techniques. Much of what is going on around us again confirms that the Arab and Islamic worlds are the butt of ambitions, the target of dangerous, concealed, cunning conspiracies. We hope these facts will be in the forefront of your minds as you tackle your mighty task".

The elections for the revived Majlis in 1981 produced a membership more sympathetic to the Sabahs' concerns.

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Bahrain's National Assembly survived for a much shorter time. After independence in 1971, preparations began for elections to a Constituent Assembly which would draft a constitution. Of this body's 44 members, 10 were to be members of the Government and a further 12, i.e. together half the total, were to be appointed by the Government, with the remaining half elected by male suffrage. Opposition groups both Nationalist and religious<sup>6</sup> boycotted the ballot when it was held on 1st December 1972. A constitution was drafted and published nonetheless the following June and elections for the 30 non-Government seats provided in the National Assembly were organized for December 1973. These were not boycotted and the results of the 85 per cent turnout came as a shock to the Al-Khalifa. Instead of returning representatives of the influential merchant families who had fielded so many of the candidates, the voters elected 18 members of a recognizably anti-Establishment complexion including Communists<sup>7</sup>.

The authorized version of its history is that soon after convening, the Assembly was inundated with draft bills from left and right as well as with a number aimed at settling personal scores and furthering personal interests. Legislation desired by the Government was not passed and, on declining by an atypically-united majority to pass an internal security law permitting detention without trial, the Assembly was dissolved sine die in August 1975<sup>8</sup>.

In conversation, but rarely in print, few commentators would fail to add as a main or even the main reason for the dissolution of the Assembly its unpopularity with the rulers of Saudi Arabia<sup>9</sup>.

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### Abu Dhabi's National Consultative Council

Since 1971, Abu Dhabi has had a Consultative Council. Its statutory brief is to "assist the Ruler and the Council of Ministers in carrying out their duties" and its membership is to consist of "leading figures, notables and persons of sound judgement and status". It goes without saying that they must also be men. The 50 members are nominated by Shaikh Zayid in his capacity of Ruler of Abu Dhabi<sup>10</sup> but as members tend to be already-acknowledged tribal leaders, to some extent Shaikh Zayid endorses rather than chooses.

NCC members represent the four main Abu Dhabi tribes and their subdivisions and seats on the Council are often bequeathed in the customary tribal way. When a tribal representative dies, the Chairman of the NCC Shaikh Sultan ibn Surur al-Dhahiri, head of the Dhahiri tribe and formerly Ruler's representative in the Western Region until removed from that post to make way for a member of the Bani Yas, passes on to Shaikh Zayid the Council's view as to which of the deceased's heirs is emerging as the most fit for membership. Shaikh Zayid normally appoints that heir. The NCC's constituency is thus very different from that of the Federal National Assembly, covering the non-urban as well as the urbanized segments of society.

NCC members' concerns have tended to be largely material and of a day-to-day administrative nature, with land ownership as one of the main issues. Land-ownership, and the prospect of generous compensation for land under the Emirate's policy of benevolent expropriation, is the key to riches; an NCC committee formed in

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1980 to canvas complaints found that 75 per cent of all communications it received concerned land<sup>11</sup>.

Non-material issues such as girls' education (which the NCC often seeks to restrict in scope), marriage to foreigners (which it deplores), municipal services (which are never good enough), labour laws (which the NCC considers too generous to immigrants) and what members see as the excessive leniency of sentencing in local lawcourts are also debated however. The NCC can normally expect its resolutions to be heeded by the Abu Dhabi Government and can become quite agitated when they are not.

Because it reflects the pre-existing power structure in Abu Dhabi, NCC members can argue that their forum exerts greater influence than the Federal National Assembly, where members are appointed by Rulers whose freedom to appoint and dismiss is not so circumscribed. Similarly, because of the tribal system on which it is based, the NCC likes to claim closer contact with the grass roots.

To compare the power of the NCC over the Abu Dhabi Government with that of its Federal counterpart over the Federal Government, the case of the Federal labour sponsorship law is instructive. In 1980 the Federal Minister of Labour set a deadline by which all immigrants wishing and entitled to change their employer had to do so; thereafter all immigrants found not working for their original legal sponsor were to be deported. Fearing the effects of a totally immobile workforce on the economy, the NCC demanded a long extension of the deadline, even though it had no legal right to address itself

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to a Federal Minister. The Federal Minister in question rejected categorically any extension; the NCC appealed to Shaikh Zayid and the following day the president over-ruled the Minister and decreed an extension of four months.

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### The National Assembly and The Rise of The Young Turks

Like the Abu Dhabi National Consultative Council, the Federal National Council, or National Assembly, was designed as a purely consultative rather than legislative body. Its terms of reference, which are modelled on those of the NCC, are "to discuss any general subject pertaining to the affairs of the Federation", but that brief is immediately qualified by the next clause "unless the Council of Ministers informs the Federal National Council that such discussion is contrary to the highest interests of the Federation"<sup>12</sup>. That qualification means that the FNC may only discuss what the executive allows it to discuss. The FNC may also question Cabinet Ministers and must in normal circumstances be given the opportunity to express its views on draft laws before their enactment. However, as we have already seen, its views need not prevail if they differ from those of executive (see Chapter One).

Two further constraints circumscribe the FNC's powers: the Supreme Council may enact laws when the Assembly is not in session if it considers that the need is urgent<sup>13</sup>, and the Supreme Council is not required to consult the Assembly before signing international agreements<sup>14</sup>. The Assembly has the right only to "be apprised of" such agreements and laws. With these restricted functions, the Assembly does not amount to a legislature and members are well aware of the fact<sup>15</sup>.



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In January 1977 a new Cabinet was formed which introduced six new commoners, Khalfan Rumi, Muhammad ʿabd al-Rahman al-Bakr, ʿAbdullah Mazruʿi, Muhammad Khalifa al-Kindi, Saʿid Ghobash and Thani ibn ʿIsa al-Harib, as Ministers of Health, Justice, Labour and Social Affairs, Public Works, Planning, and Electricity and Water respectively<sup>16</sup>. Some of the changes were the result of mergers between previously separate Ministries or demergers from previously integrated Ministries but in each case except Planning a shaikh appointed for family considerations had been replaced by a commoner appointed at least in part for his qualifications. The four disappearing shaikhs were minor ones and no member of the Abu Dhabi or Dubai ruling families was unseated with the one exception of Shaikh Hamdan ibn Muhammad al-Nahayan who was replaced as Minister of Public Works, but only because of his elevation to Deputy Prime Minister. Nor were the major political portfolios of Defence, the Interior or Finance delegated to commoners; they remained within the two families. At the end of the day, the concession of relatively junior posts to non-royals was not a radical tilt in the power structure.

Because of their youth and social and educational background, however, these new Ministers inclined naturally to sympathize with their contemporaries on the new National Assembly who, because both the Ministers and the National Assembly delegates usually came from already-prominent families, were often relations as well. Together

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with the existing Minister of Education 'Abdullah Tariam, the new Speaker's brother, they became the nucleus of the new movement. The Tariams own the "radical" Sharjah daily al-Khaleej.

Three of the new Ministers were to gain particularly progressive reputations. 'Abdullah Mazru'ei, whose family is one of the largest numerically in the U.A.E., was a reforming Minister of Labour and grappled with the immigration issue. Sa'id Ghobash, who numbered an illustrious judge and historian among his Ras al-Khaimah forebears as well as the Russian-educated Minister of State for Foreign Affairs Saif Ghobash<sup>17</sup>, was a far-sighted and articulate Planning Minister. The Ghobashes owned the very radical weekly al-Azmena al-Arabia. The new Health Minister Khalfan Rumi, from a leading Sharjah family, was a member of the President's commission drafting the Permanent Constitution<sup>18</sup> and went on to become a co-author of the Joint Memorandum.

By a fateful coincidence 1978, the year the Supreme Council was immobilized by its dispute, was also the year in which the economic recession reached its depth. Urgent decisions were needed but not made and the National Assembly under Tariam's new leadership grew restive. Laws the Assembly desired strongly included for example the Commerce Law restricting import agencies to companies wholly owned by nationals, which had been approved by the Assembly in November 1977 but had since disappeared from sight. All other commercial ventures would have had to transfer 51 per cent control to nationals within 12 months of the bill's becoming law (see Chapter Two).

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In January 1978 the Assembly drastically altered a draft land-ownership bill. From a draft that would merely have restricted future ownership of land and property in the U.A.E. to nationals, the Assembly fashioned a law compulsorily transferring land and property already owned by foreigners to U.A.E. citizens. As originally drafted by the Ministry of Justice, the bill allowed non-nationals to retain existing holdings but required them when selling to sell only to nationals. After three acrimonious sessions, the Assembly inserted amendments forcing foreigners to divest themselves of all land and buildings to locals within six years. In short, the Assembly had on its own initiative drafted an expropriation bill<sup>19</sup>.

Even more radical in its implications was the Industries Bill which the Assembly approved in March 1978. By investing the power to grant or withhold licences for industrial projects in a Federal Higher Industries Committee, this law clearly infringed the local Rulers' absolute rights, enshrined by the Provisional Constitution, over the exploitation of natural resources within their own territories. The new law also gave existing industries two years to appoint a local manager and laid down the minimum percentage of the workforce that had to be local. Licences were to be granted only to ventures with 51 per cent local capital. Like the others this bill<sup>20</sup>, ardently desired by the FNC, met interminable delays.

The Assembly's shedding of its inhibitions passed a milestone when in March it approved the Federal Budget only with reservations. At Dhs10.5bn, the new Budget was slightly smaller than the previous

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year's and the Assembly was driven to sending a telegram to the Supreme Council demanding faster reflation through higher Government spending<sup>21</sup>.

In April 1978, the Assembly held a session in camera to debate immigration and afterwards pressed the Cabinet into taking part in a joint Assembly-Government enquiry into this favourite subject, the first joint demarche of the kind<sup>22</sup>.

During the summer the Supreme Council still failed to meet and the Federal legislation urged by the Assembly still drew no nearer to enactment. A second milestone was passed when the Assembly grasped the nettle and invited the Cabinet to a joint, closed session that resulted in a joint commission "to remove the obstacles to Federal progress" - in other words to persuade the quarrelling Rulers to reach a settlement. This initiative clearly exceeds the Assembly's constitutional terms of reference. The Speaker, Tariam Tariam, and the Deputy Prime Minister Shaikh Hamdan ibn Muhammad chaired the commission and a sub-committee took itself off to visit the Rulers individually over the remainder of the year<sup>23</sup>. Its efforts came to nought.

Shaikh Rashid failed to return to the country to attend the Federation's annual National Day celebrations in December; in January 1979 the Shah fell and a wave of turmoil swept the Gulf. On 9th January the Assembly forced the Minister of State for Supreme Council Affairs, Shaikh 'abd al-'Aziz ibn Humaid al-Qasimi, to name the Ruler opposing the centralizing legislation and to state his reasons.

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Of the bills being blocked by Dubai, the Minister explained, four had been rejected by Shaikh Rashid on legal grounds - two quarantine bills and a fraud and deception bill because they exceeded Federal jurisdiction and a Civil Defence bill because it needed further study; the fifth and sixth, the industries law and the land ownership law most crucial to further centralization and most ardently desired by the Assembly, had been rejected outright as unacceptable to Dubai; on the seventh, the important question of the Central Bank, Dubai was reserving its position and on the last, the ownership of commercial agencies, Dubai was insisting on amendments<sup>24</sup>.

Three weeks later on 28th January, shortly after the flight of the Shah, the Assembly held an emergency session in camera in the presence of the Ministers of the Interior, Defence and Foreign Affairs to discuss "the deteriorating situation"<sup>25</sup>. Opening the meeting, Tariam warned boldly that "some states near us imagined that their regimes were safe, their thrones mighty, and closed their eyes to the lacunae in their internal affairs, with the result that the winds of change blew through those lacunae to overthrow those regimes"<sup>26</sup>. The outcome of this meeting was a third and fourth joint session with the Cabinet in February 1979 at which two Assembly members and two Ministers drew up the Joint Memorandum.

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### The Joint Memorandum<sup>27</sup>

Breaking entirely new political ground, the Memorandum's three-fold significance derives firstly from the sophistication of its ideological content, secondly from the novel frankness of its critique and thirdly from the alliance of the younger elements on both the executive and the consultative arms of government against the supreme powers.

As to its content, the burthen of the Memorandum is a demand for tighter control by the Federation over the Emirates and for parliamentary democracy. It begins by addressing itself to the unification of the armed forces, supposedly effected by the 1976 merger, and says outright that the merger was a sham:

"despite the decision to unify the armed forces and to annul the constitutional right of the Emirates to retain their own forces, no serious step has been taken towards the true unification of these forces. Their state has remained fragmented since the resolution just as it was before. The resolutions on unification must therefore be put into effect now and the reorganization of the country's armed forces under one unified command completed".  
Arms purchases too should be the province of the Federal authorities alone, the Memorandum continues;

"with regard to the procedure for importing arms, the recommendation of the Council of Ministers put before the Supreme Council on 16th April 1975 must be implemented. This authorized the Federal body and the Federal body alone to import arms and to exercise control over their entry into the country, in preference to the present state of affairs in which the Emirates purchase and import arms".

As they had reneged on their pledge to unify their armies, so the Emirates had failed to subject their police and security forces to the vaunted unification:-

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"The Supreme Council issued a decree merging the police forces and passed a Federal law in respect of state security, which was to be entrusted to an apparatus having sole and complete authority in all matters of public order in the country. Despite this, however, the new system has not been instituted and the security forces have remained in their separate, unco-ordinated state without being merged".

The Rulers' failure to comply with these Federal resolutions, though widely known, had not previously been aired in public; indeed, it was a daring departure to impute any shortcomings at all to the Rulers.

The most radical change theoretically possible to the U.A.E.'s existing political complexion, the abolition of the separate Emirates, was the Memorandum's next demand:-

Our people.....appeal to the Rulers to lay aside their differences, settle the root causes of those differences and, guided by the supreme national interest, to abolish internal borders between the Emirates and rid us once and for all of all vestiges of them".

Picking up the thread after a digression on immigration, the manifesto progressed from the abolition of territorial borders to the abolition of the Emirates' ownership of and control over natural resources and revenue therefrom accruing within their arbitrary confines:-

"The state does not possess any resources of its own on which to draw ....it is no longer acceptable that the state, in managing its resources, should have to depend on what one Emirate donates or another does not donate. The state's responsibility is towards all the regions, which means that equality and equilibrium must be established between each region. If one has a surplus of wealth whilst the others suffer for want of wealth, then that state of affairs is incompatible with the principle of equality. Its effects are reflected in the disparate capacity for development in each region and the disparate opportunities for their inhabitants socially and economically. Merging the Emirates within one framework and tying them to that mother nation is economically and politically incompatible with the retention by each Emirate of exclusive control over its natural resources, with all the profound internal contradictions and economic inequalities that entails, where one Emirate cannot absorb its wealth and the others cannot marshal even a minimum of revenue...."

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A further allusion to the Supreme Council's shortcomings follows in the Memorandum's complaint that the current constitutional framework of the Federation is arbitrary and inadequate. At the top,

"the volume of work pouring into and issuing from the Supreme Council requires that it should convene regularly and frequently. Failure to do so.....leaves matters in abeyance, undecided, for long periods with the result that public policy becomes non-existent."

After the diagnosis comes the prescription: "with these considerations in mind, the Supreme Council should meet regularly once a month on a fixed basis". It is hard to convey how shocking it seemed at the time that anyone, especially of the younger generation, should be addressing the shaikhs in the imperative mood.

The Council of Ministers, as the executive, should be given real powers:-

"The Council and its members the Ministers cannot fulfil their responsibilities in their Ministries unless they are given the necessary power....and granted the funds".

The judiciary too was in a confusing state that needed to be set to rights:

"Four of the Emirates merged their lawcourts with the Federal judiciary and three remained outside.....Failure to implement laws even after they have been enacted poses a challenge to those laws and a threat, undermining respect for them in the community."

Above all, the FNC must become a legislative, parliamentary arm of government:-

"The FNC must be granted full legislative powers to enable it to carry out its mission and practise effectively in a true democracy, so that it becomes a true legislative authority and not merely a consultative council whose role stops short at debating and expressing opinions."

The slogan "man does not live by bread alone" then preceded the sentences that sum up the feelings and aspirations of this new generation:-



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"The vanguard of our young people, who have drunk at the fountains of knowledge at home or are returning from their studies abroad, is pouring back into the country armed with the knowledge and understanding they have gained. Their aspirations include political participation.....It is not possible to stop them playing their part in the democratic process".

After this pregnant remark, the Memorandum concludes with a call for an "immediate start on drafting a permanent constitution to.....satisfy the nation's longing for a stronger Federation."

In recognition of the dignity-conscious local custom of extreme obliquity in criticism, the authors of the Memorandum took care throughout to blame the federation's ills on foreign conspiracies. Internal security problems were imported by immigrant labour; the contentious internal borders between the Emirates had been fabricated by imperialism; the strained state of the public utilities was caused by pressure on them from expatriates; the banking system must be rid of the "evils of foreign exploitation"; the economic reverses of the recent past had been engineered "by foreign hands"; foreign capital and skills were competing "unequally and unlawfully" with local capital and skills; foreign landholdings posed a threat to national sovereignty. No-one was left in any doubt however that the real blame for blocking federal progress was placed squarely on the shoulders of Shaikh Rashid.

Public debate on the Memorandum was to prove in the end short-lived. Indeed, the frontiers of allowable dissent rolled backwards, not forwards, in its wake, and only two or three years later it would have been inconceivable for anyone to apostrophize the shaikhs in such a tone. That fact however in no way diminishes the manifesto's significance in U.A.E. and in Gulf politics. In pleading for a modern, elected Government, the Memorandum gave voice to the needs

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of the boom generation formed by the great upheaval of the 1970s, needs which the regimes have not yet understood they must face.

That the ideal of democracy and equality should have become identified with hostility to the Ruler of Dubai was partly coincidental. The younger, educated vanguard envisaged the fulfilment of their ideals through an integrated state ruled by democratically-enacted law; Shaikh Rashid, supported by the Provisional Constitution, saw the Federation as a grouping of individual shaiikhdoms retaining power over the conduct of their own internal affairs. Since by resisting further integration Dubai was also resisting Abu Dhabi's philosophy of federalism, Abu Dhabi's political interests coincided for a time with those of the radicals and Shaikh Zayid's natural inclination to champion them was thereby redoubled.

Shaikh Rashid also saw clearly the question-mark over the future for hereditary Rulers in the Young Turks' unitary state. In a final exchange before he became Federal Prime Minister, Zayid and Rashid restated their positions on the Commander-in-Chief, contributions to the Federal Budget, and the Federal media but Shaikh Rashid went further. Shaikh Rashid claimed that the Federal Ministry of Information had refused to handle his reply to the Joint Memorandum; Shaikh Zayid said the Ministry had never been asked to do so. Shaikh Rashid said that Dubai had contributed to the Federal Budget and had in addition built at its own expense projects of general value to the U.A.E; Shaikh Zayid countered that to include such individual projects under contributions to the Federal Budget made nonsense of

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the idea of a Federal Budget for Federal purposes. Shaikh Rashid insisted that though he had no objection to Shaikh Sultan ibn Zayid personally - he was "like one of his own sons" - the manner of his appointment had been unconstitutional; Shaikh Zayid maintained that Article 138 of the Constitution gave him the power as President to make that appointment.

But of the Joint Memorandum Shaikh Rashid demanded,

"a unitary state means no borders, therefore no Rulers..... it means elections, .....it means placing finance, revenue and decision-making in the hands of the central government. I am asking you [to the interviewer] so you can go and ask Zayid himself: does he want this unity? If he does, I agree" <sup>23</sup>. Shaikh Rashid's question was prescient: the fate of one of the Rulers was indeed questioned directly in April 1979 as a result of the Memorandum movement. The marches and demonstrations went on longer in Ras al-Khaimah than in the other Emirates and Shaikh Saqr, the Ruler, eventually intervened to ask the protesters for a written list of their demands. When compiled the list called for total fusion to replace federation, for Shaikh Saqr to endorse the Memorandum unreservedly and for the formation of a consultative council which the Ruler would consult over legislation and administration in the Emirate. The body that drafted this note had 30 members and called itself the "People's Committee".

When the "People's Committee" arrived at a pre-arranged meeting with the Ruler to present their list of demands, they found him surrounded by armed tribesmen and took offence. The meeting was reported to be so heated that weapons were unsheathed. Shaikh Saqr asked for eight days' grace to consult his family, whose future was gravely affected by the demands. During the eight days however,

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reports began to reach the Committee that it was being slandered. The day before their next appointment with the Ruler, the Committee tried to hold a meeting in a mosque but found it cordoned off by armoured cars. A spokesman for the Ruler is said to have accused them of fomenting civil war and they dispersed.

The meeting with the Ruler went ahead as planned on 10th April and was dominated by discussion, provoked by Shaikh Saqr, of what the role of a Ruler was to be in the unitary state. Significantly, he was assured that his position was not under threat as no alternative system of rule was being sought.

Shortly afterwards, however, Shaikh Saqr and his son the Crown Prince summoned another group of citizens to voice their side of the story, which was that the Federation had had little to offer Ras al-Khaimah. Badly-needed finance for electrification had had to be borrowed; prices of essentials like rice and petrol were far higher in Ras al-Khaimah than in Abu Dhabi; Sharjah, Ajman and Fujairah had opted to integrate with the Abu Dhabi but had it done them any good, the Ruler mused<sup>29</sup>, or were they, like Ras al-Khaimah, still paying unfair prices? The demonstrators had tried to tear down the Ras al-Khaimah flag for which "blood had been shed" the Crown Prince added, successfully enraging his audience.

After this emotional meeting, no more was heard of the People's Committee or the consultative council. A Ruler had asked if his family's rule was to be ended, and the dissidents had balked at the prospect<sup>30</sup>.

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### Crisis Session of The Supreme Council

The Supreme Council convened on 19th March 1979, for the first time since November 1977, to discuss the grave condition of the Federation in general and the Memorandum in particular<sup>31</sup>. Demonstrating schoolchildren, whom Shaikh Rashid claimed were organized by the Federal Ministry of Education, waved banners supporting total integration. Female students joined in the much-publicized marches on the East Coast. A "people's charter" was quoted in the Abu Dhabi newspapers demanding an end to the veto privilege on the Supreme Council and a genuine merger of the armed forces, the abolition of internal borders and a new social justice<sup>32</sup>. After debating throughout the day, the Supreme Council session was left open until 27th March<sup>33</sup>.

The 26th March 1979, the day before the session resumed, was the day the Egypt-Israel peace treaty was signed in Washington and thus the day of the greatest agitation in the Arab world since the Six-Day War. When the Supreme Council resumed the following day, Shaikhs Rashid of Dubai and Saqr of Ras al-Khaimah were absent. Only the presence of five Emirates including both Abu Dhabi and Dubai legitimizes a Supreme Council meeting<sup>34</sup>. Press photographs of the

Supreme Council with two empty chairs drove home the full gravity of the situation. The BBC mentioned that Britain was mediating to prevent the U.A.E. from collapse.

On the day he boycotted the resumed Supreme Council, Shaikh Rashid issued his own refutation of the Joint Memorandum showing that he

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knew full well that the target of the campaign was himself. The "Dubai Memorandum" <sup>35</sup> attacked the Young Turks for seeking unconstitutional powers, criticized Abu Dhabi's behaviour over the armed forces, accused the National Assembly of sullyng the country's image with its land expropriation bill and finally called for outside help to save the Federation.

The law cannot be over-ridden by individuals whatever their status in a modern country, the Dubai Memorandum began; all must adhere to the Constitution. The joint FNC-Cabinet manifesto:-

"shows that those who drafted such a Memorandum totally ignored the provisions of the Constitution, thus aiming in an unconstitutional manner to shake the foundations on which the Federation of the United Arab Emirates is built".

Getting to the crux of the matter from Dubai's point of view,

"Federal decree number three of 1978 regarding the appointment of the Commander-in-Chief of the Armed Forces was issued in contravention of all constitutional principles".

The land-ownership bill

"tarnishes the reputation of the state at home and abroad and also represents a clear violation of the rights of the individual";

the commerce bills

"were drawn up without serious study of their consequences and repercussions with regard to our economic situation and the acute recession from which we are presently suffering .....and are a flagrant violation of the principles of the Constitution".

Although a permanent constitution is a cherished goal, it "must not prevail over every other consideration and whimsically repeal the Provisional Constitution which is in force now". Finally, :-

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"in view of the various prolonged phases through which the present crisis has passed and which make it insupportable, particularly as the appropriate solution does not appear to be available to us, we propose that the Supreme Council request certain fraternal nations [meaning Kuwait] in the Gulf region to exert their good offices to conciliate, so as to safeguard the interests of the Federation....".

Out in the open, therefore, were all Shaikh Rashid's grievances from the appointment of Shaikh Sultan ibn Zayid to the unpalatable legislation sought by the FNC. For the first time, the possibility of the Federation's demise had been acknowledged publicly.

The final salvo in what became known as "the Battle of the Memoranda" was fired on 30th March by a group which saw fit to remain anonymous. Repudiating Dubai's nine points, its authors cast the by now routine accusations of unconstitutional behaviour and ridiculed Shaikh Rashid's charge that it was the Joint Memorandum that had sought to overthrow the Constitution<sup>36</sup>. The Joint Memorandum had simply expressed "through lawful channels" "the hopes and aspirations of the citizen masses for the consolidation of the federal movement".

This last document re-iterated the Memorandum's call for a unified judiciary and defended the decree abolishing the separate military commands, though on erroneous grounds. It also defended the draft commerce, industry and land ownership bills against the Vice-President's objections, ending with a list of violations by Dubai of the very Constitution that Dubai sought so sedulously to uphold.

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These were Dubai's alleged failure to contribute a specific percentage of oil revenue to the Federal Budget; to implement the law merging the armed forces, to co-operate with the Federal Supreme Court, to merge its medical services with the Federal Ministry of Health, to enforce the immigration laws, to co-ordinate oil policy and to supply the Currency Board with hard currency.

No Emirate was burdened by the 1971 Constitution with the obligations Dubai is here accused of derelicting. Control of oil resources and law courts, for example, are specifically retained by the Emirates and not transferred to the central authorities. This Memorandum was inaccurate as well as anonymous and received little attention after a few days. Its value here is as an indication of the depth of feeling harboured by the integrationists against Shaikh Rashid.



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### The Beginning of The End for The Memorandum Movement

During April 1979 the Crown Princes of Ajman and Umm al-Qaiwain with the Deputy Prime Minister and Shaikh Surur ibn Muhammad al-Nahayan called on Shaikh Rashid in an unsuccessful attempt to mediate between Abu Dhabi and Dubai<sup>37</sup>. Then the Crown Prince and Foreign Minister of Kuwait undertook a lengthy mediation mission and the outcome was announced on 25th April: Shaikh Rashid had accepted the post of Federal Prime Minister. This was the beginning of the end for the Memorandum movement; as soon as the Vice-President took control of the executive, the conditions in which the radicals had flourished came to an end. Their demise is the subject of the next chapter.

In May the National Assembly met for the first time since the Memorandum had been presented in March, only to prorogue itself until a new Government could be formed<sup>38</sup>. This took time, but when the new Cabinet was finally announced on 1st July, the Minister who had helped compose the Memorandum, 'Abdullah Mazru'i of Labour and Social Affairs, had lost his job and so had the Minister of Education, whom Shaikh Rashid had accused of complicity in the Spring demonstrations. This Minister, 'Abdullah Tariam, was the brother of the Speaker of the National Assembly.

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Summer 1979 saw an unprecedented level of political debate in the Gulf shailkhdms as a result of the revolution in Iran. The question of American bases loomed; this was to alienate the intelligentsia from their Rulers more than any other topic. November saw the attack by fanatics on the Grand Mosque at Mecca, then with Christmas came the Russian invasion of Afghanistan. Kuwait and Bahrain both suffered incidents of terrorism, though the U.A.E. escaped.

Tariam Tariam's address to the opening session of the National Assembly in November 1979 was the acme of his career and a classic case-study of the challenge of modernization<sup>39</sup>. It challenged the hereditary regimes directly on the subject of democracy and contained few paragraphs without reference to freedom. The implicit warning is clear from the beginning:

"no regime or country is safe except with a solid internal front and national participation.....This cannot be unless.....the citizen expresses his opinion on internal events, his freedom of speech and action guaranteed".

The Islamic credentials of democracy are adduced to show that "the participating citizen is not an innovation";

"the Prophet listened to the opinions of the lowliest of men and acknowledged the validity of views contrary to his own.....We seek a country on that pattern, in which the freedom of the individual is deeply-rooted.....justice is not a favour but a matter of impartial law, impartial to all citizens without any consideration other than Right".

Crucially, material handouts would no longer suffice in lieu of representation.

"Today, the nation is not food and drink and clothes and housing and social security: today the nation is freedom, participation....."

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"The executive should be unitary to the core", Tariam prescribed, "and subject to the scrutiny of the people". The FNC's task, for its part, was to "guide the executive away from its mistakes" - a breathtakingly audacious thing to say to a shaikh in the context of the U.A.E. - and to create

"an enlightened internal front which may criticize but not incite hatred, participate ....and never remain silent through weakness or surrender. Your Cabinet was formed with one clear, specific task,"  
Shaikh Rashid was enlightened as he watched expressionless from the rostrum, "to complete the process of integration".

Finally, some response to the Joint Memorandum was demanded. On this point, "we are open to dialogue but we shall not be ignored". This speech of unprecedented daring was widely admired and dominated conversation in the days that followed.

The Young Turks were not however to live up to its promise once a strong Prime Minister took up the reins, and the 1979 session was in fact the one that marked the beginning of the Assembly's retreat into its earlier, generally rubber-stamping role.

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### The Foreign Experience and The Radicalization of The Intelligentsia

But if domestic political and economic circumstances conducive to radical thinking had come together in 1978, in 1979 came the turn of external catalysts to play their part in the radicalization of the intelligentsia. As the Joint Memorandum opened up debate on new ideas about government, so events starting with the revolution across the water unleashed previously unmentionable criticism of the regimes' foreign friends.

In their relations with the outside world, the Gulf states' recurring dilemma in modern times has been that their best friends have been their worst enemies. External relations have had a strong influence on the U.A.E.'s internal development, moreover, because most of the country's formative experiences have been engendered to a greater or a lesser degree by foreign powers. These have been the experience of living under protective imperialism, with its legacy of political attitudes and economic idiosyncrasies, and of the geographical accident of living above a resource vital to larger powers - in short the experience of smallness combined with covetability. Since Camp David, the Gulf Rulers have had a harder task selling their continuing friendship with the Western camp to their public.

The Truces and Treaties of the British period aimed to deny the Gulf to all powers other than Britain and to keep the peace between the shaikhdoms themselves. Controlling internal affairs was not the prime goal, and the problem of the shaikhdoms' extreme economic deprivation was not addressed until the end of the colonial period. Some involvement in local affairs was always a feature, however,

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for example the protection of the commercial interests of British subjects<sup>40</sup>.

Britain's interest in the tenor of internal government later began to intensify when firstly the air-route agreement and then the oil concessions made stability desirable on land as well as at sea. Preferences were formed for particular shaikhdoms over others and force was used on occasion to express such preferences as well as to ensure the settlement of debts (a prominent feature of the pearling economy) and similar disputes<sup>41</sup>. These are the themes that lead the nationalist element to claim, as it does in the Memorandum and elsewhere, that the legacy of colonialism is backwardness, isolation, dependency and internal strife.

The defence and foreign representation of the Trucial States was solely Britain's responsibility. As the shaikhdoms' larger neighbours Saudi Arabia and Iran have both tried at times to expand into what is now U.A.E. territory, the shaikhdoms were heavily dependent on the protecting power to uphold their integrity<sup>42</sup>, a state of affairs which rendered the imperial presence at once humiliating and indispensable. After Britain's withdrawal the predicament lived on when the Shah of Iran became at one and the same time the aggressor against and guarantor of the Federation. It is vivid in the contradictions of today, since the superpower that ultimately underpins the shaikhdoms' survival is the same superpower that threatens them intermittently with invasion.

Regionally, the environment in which the U.A.E. found itself in the early years of independence was dominated by the armed hostility

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between Iraq and Iran and the war between the Sultan of Oman and the Communist-backed insurgents in Dhufar. The new state's particular foreign policy problem was that of its border disputes with its two largest neighbours. Shaikh Zayid attaches great personal importance to good-neighbourliness and his efforts helped to enable Saudi Arabia to recognize the three-year-old Federation in 1974 after an unpublished understanding which is reported to have given the Kingdom access to the coast near the base of the Qatar peninsula via a corridor across Abu Dhabi Emirate<sup>43</sup>. Iran, by contrast, had pre-empted Britain's withdrawal by landing on the three disputed islands of Abu Musa and Greater and Lesser Tumbs. A complaint was lodged with the United Nations in 1972 but the military realities kept the question in abeyance (see Chapter One).

In the early 1970s, it was the perception of the Gulf regimes that the main danger stemmed from the possible infiltration of revolutionary ideology from Iraq and/or Dhufar. Clashes broke out between Kuwait and Iraq in 1973<sup>44</sup> and in the same year Iraq further estranged itself from its southern neighbours by signing its Treaty of Friendship with the Soviet Union. The Shah considered it his mission to police the Gulf against both the Iraqis and the Popular Front for The Liberation of Oman and the Arabian Gulf and thus gave the states on the Arab side simultaneous relief and discomfiture.

By 1974, however, PFLOAG had been forced to drop its ambitions in the Gulf and had shortened its name to just The Popular Front for The Liberation of Oman<sup>45</sup>, one of a number of factors that enabled the Gulf states to consider a more relaxed approach to regional security.

By the middle of the decade the atmosphere of detente was established. Saudi Arabia had sent an ambassador to the U.A.E. and Shaikh Zayid had paid a first state visit to Tehran. Between this and his final visit late in 1977 relations were said to have grown cordial. Reasons usually advanced for the improvement suggest that the Shah had grown to accept the Federation as a slightly less unequal partner and to have grasped that Federal cohesion was more conducive to Gulf security than siding with individual Rulers. In 1978, U.A.E. Foreign Minister Ahmad Suwaidi went on record as saying that "the U.A.E. would not welcome the departure of the Shah" <sup>45</sup>.

In March 1975, at an OPEC meeting in Algiers, the Shah and the Iraqi Vice-President Saddam Husain embraced publicly, signalling the end of the era of polarization. The gesture was greeted with much fanfare in the Gulf. In June formal agreement was reached between the military and ideological enemies on the disputed Shatt al-Arab. Iran ceased supplying Mulla Mustafa Barzani's Kurds inside Iraq and Iraq reduced its support for the guerrillas in Dhufar. Saudi Arabia recognized the Russian-backed People's Democratic Republic of Yemen. Peace had arrived.

Proposals for Gulf security pacts, some mutually competing, were now circulated by the new Crown Prince Fahd, by the Shah, the Iraqis and the Sultan of Oman and in November 1976 the Foreign Ministers of all the Gulf states including Iraq and Iran met in Muscat to discuss five different schemes<sup>47</sup>. The meeting was not successful but these mid-seventies years are still regarded as something of a Golden Age in the Gulf.

In the U.A.E. they were years of a booming economy, the easing of neighbourly tensions, and much-feted status in international organizations. They were the years when the Gulf oil-exporters enjoyed great deference after the 1973/4 price rises. Oil and aid diplomacy thus dominated this second phase in the U.A.E.'s foreign relations. In 1974 Shaikh Zayid undertook his first extensive tour as Head of State and was careful to include countries on both the left and the right of the Arab divide<sup>43</sup>. Subsequently he was to initiate or support mediation efforts in numerous inter-Arab conflicts and remained in demand as a conciliator until the U.A.E. entered a more introspective phase later in the decade.

The Abu Dhabi Fund for Arab Economic Development, which began operations in 1973, was the main official channel for aid and in 1974 its brief was widened to include Asian, African and other developing countries outside the Arab world. ADFAED committed itself to loans totalling \$600m in the six years to the end of 1978. Ad-hoc aid was handed out liberally as well during this phase.

But it was in the experience of exporting oil that the dilemma of dependence on powers sometimes hostile was sharpest. That the oil weapon was two-edged was soon perceived; the fact of exploiting the West's dependence on cheap and plentiful supplies quickly laid bare the exporters' own reciprocal dependence on the West's prosperity and good will. This is fertile soil for the "keep it in the ground" lobby who argue that as the Gulf states cannot invest their surplus revenues profitably outside the industrialized nations, they are obliged to produce more oil than they need for domestic development



in order to support the currencies in which they are forced to invest the proceeds of oil they do not need to produce in the first place. The possible fate of this "hostage" money became one of the main worries permeating the "alternative" literature (see below).

Dr Kissinger's first public threat to consider retaliatory measures was broadcast soon after the Gulf states had agreed on their total embargo against the USA during the October War of 1973 and their cumulative five per cent cut in supplies to other "unfriendly" Western countries<sup>49</sup>.

The threat was re-iterated throughout 1974 by the then Secretary of Defence James Schlesinger and others<sup>50</sup> and was still alive in 1975 when Dr Kissinger, in an interview with Business Week that achieved notoriety in the Arab World<sup>51</sup>, weighing the pros and cons of overthrowing the Gulf regimes, came down against the idea of military action aimed solely at reducing the price of crude but left open the option of using force to break any future embargo. The threats provoked hostile questioning in Bahrain's National Assembly, soon to be abolished, about the 1971 agreement giving the US naval facilities at Juffair<sup>52</sup>.

The same threats were revived after the fall of the Shah and the new round of oil price rises which it triggered. When the Thatcher and Reagan administrations came into office, the Gulf intelligentsia viewed their proposed Rapid Deployment Force as the epitome of Western ill-will<sup>53</sup>. Their Rulers' policies on the level and price of oil exports thus act as major irritants to the radicals of the

Gulf and therefore a major potential restraint on the regimes' freedom to deploy their main asset<sup>54</sup>.

One of the principal stated aims of oil and aid diplomacy was to rally support for the Palestinian cause. Saudi Arabia and the U.A.E. were the mavericks at the OPEC pricing conference in Qatar in December 1976 where all the other members raised the price of crude by ten per cent whilst Saudi Arabia and the U.A.E. stuck to a rise of only five per cent<sup>55</sup>. The gesture was warmly welcomed in the United States<sup>56</sup> and the following twelve months of the Carter administration were the hey-day of the Washington-Riyadh axis.

It was to be a short hey-day. President Sadat initially managed to retain the support of the Gulf states for a time even after half of the Arab world had rejected his US-backed approach to peace after the second Sinai disengagement in 1975. From a Gulf tour in January 1976 he returned home with promises of an extra \$700m in aid. A month later he abrogated the moribund Treaty of Friendship with the Soviet Union. January 1977 saw large-scale food riots in Cairo caused by the removal of government subsidies; the Gulf Organization for Development in Egypt responded by raising its commitment to \$1,575m.

When President Sadat went to Jerusalem in November 1977 in pursuit of a bilateral, not comprehensive, peace however, it seemed to the Gulf states as if all their investment in a comprehensive settlement had been nationalized without compensation. In September 1977, America's sponsorship of the Camp David accord brought its relations with the Gulf states to their nadir. It became all but impossible

for the Rulers to defend oil policies clearly favouring the West to their educated populations. Throughout that year the dollar plummeted in value, lending added cogency to the keep-it-in-the-ground argument.

1979 and 1980 were the years in which all these themes began to converge. Bloody revolution came to Iran and the Soviets to Afghanistan. Western anxiety for the stability of the oil-exporters intensified and Western interest became in turn ever more of a red rag to the radicals. Above all, the United States' continuing adherence to Camp David in the face of ever-increasing Israeli hawkishness meant that the US could do no right in the eyes of al-Khaleej's and al-Azmena's constituency. Mockery and vilification in those two forums of the Arab regimes that enjoyed close links with America became an embarrassment to the U.A.E. Government. Nor were the radical outpourings tempered by any acknowledgement of a Soviet design: public opinion in the U.A.E., in this instance meaning a far wider public than the intelligentsia, simply does not believe in a Soviet threat.

In an atmosphere in which the US can do no right, the Soviet Union need do little to win friends. Mr Brezhnev's speech in New Delhi in December 1980 calling for the neutralization of the Indian Ocean was well received by the Young Turks<sup>57</sup>, as was the Kuwaiti Amir's tour of East Europe in September 1981<sup>58</sup>. Having "only half a foreign policy" became another accusation against the shaikhs.

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### The Content of "The Alternative"

The Young 'Turks' primary contention is that political reform has failed to keep pace with material and social change. In all the Gulf states including the U.A.E., the cardinal point of their domestic platform is the need for modern, institutionalized, participatory democracy. As well as the political complexion of their regimes, they deplore the direction that economic development took after the 1973 upheavals, the direction of mass immigration, wasteful spending on prestige projects and the investment of the surpluses in the West, all of which resulted, they argue, in a widening of the rich-poor gap and a cultural parasitism that has sapped the citizen of any work ethic. Their two great foreign policy bugbears are what they see as their shaikhs' servile dependence on America and their inertia on or merely verbal support for the Palestinians, the two being mutually interconnected.

The regimes' refusal to allow wider participation in decision-making or to make themselves accountable to any representative body has been presented as so serious a lacuna as to undermine their legitimacy<sup>59</sup>. Instead of participation and accountability, the shaikhs are depicted as cynically resorting to hand-outs, favouritism and patronage to buy support<sup>60</sup> and to iron-fist security measures to suppress dissent<sup>61</sup>. Such consultative bodies as the shaikhs

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have permitted, except Kuwait's, are portrayed as invalid, because their membership is appointed not elected, and toothless, because their powers are not binding<sup>62</sup>. Kuwait's National Assembly was seen by the intelligentsia as a light shining, albeit palely, in the darkness and its final extinction in 1986 was seen as pitching the internal politics of the Gulf states into total darkness<sup>63</sup>. Later, the literature goes further and ventures to spell out explicitly that in the absence of any legal channels for expression, dissidence has no option but to express itself through illegal ones<sup>64</sup>, though this development pertains to the next chapter.

As well as being unaccountable and unrepresentative, the existing executive arms of government have been condemned for the personal fealty basis of appointments. Despite their Western-sounding names, posts are really still awarded according to allegiance, not merit<sup>65</sup>, with obvious effects on efficiency and justice. The two most widely read "alternative" writers in the GCC have both coined words for this system: to Muhammad Rumaihi it is "bedocracy"<sup>66</sup> and to Abdullah Nafisi it is "Anglo-bedouism"<sup>67</sup>.

Excessive spending on defence and security is argued to be the corollary to the regimes' refusal to admit the educated but non-royal elite to the circle of decision-makers<sup>68</sup>. External defence policy, the argument runs, is no more than a footnote to the grand American strategy<sup>69</sup>, and since their pro-Western orientation is

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their gravest offence in the intelligentsia's eyes, the regimes that allow Western bases or "facilities" at Dhahran and other locations in Saudi Arabia, at Masira and Thumrait in Oman and at Juffair in Bahrain are the most offensive to the radicals. Some writers allege that the huge white elephant port of Jabal Ali in Dubai should be added to this list<sup>70</sup>. These regimes have only half a foreign policy, the argument continues, a policy predicated on subjection to America<sup>71</sup>, which is seen as the protector of the status-quo against legitimate demands for reform<sup>72</sup>.

Palestine has of course always played a role in the radicalization of public opinion<sup>73</sup> and the Young Turks' contempt for the inertia or "absence" (al-ghiyab)<sup>74</sup> of their governments on the issue, or their governments' merely "hollow" expressions of support<sup>75</sup> are not unique to the Gulf but part of the wider disillusionment that adds up to "The Arab Predicament"<sup>76</sup>.

On the economic level, the outcome of the oil boom is seen as having turned a depleting real asset into Western paper instruments vulnerable to both erosion<sup>77</sup> and to exploitation as a weapon against the Arabs - to being held hostage, as this contingency was often described after America froze Iran's assets after the revolution and then Libya's in 1986<sup>78</sup>.

The boom is also blamed for driving a dangerous and widening wedge between haves and have-nots<sup>79</sup>, augmenting the shaikhs' ability to buy off change<sup>80</sup>, nurturing the despised "consumerist mentality"<sup>81</sup> and the attendant air of depravity, excess and

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corruption, and permitting the fabulous enrichment of the shaiikhly families<sup>82</sup> and of the amoral merchant classes<sup>83</sup>. The "oil nationalism"<sup>84</sup> that swept the Gulf in the 1970s was epitomized by irresponsible splurging on absurd copy-cat projects<sup>85</sup>, and by parochial vanity manifested in excessively luxurious public buildings<sup>86</sup>, as well as the personal vanity manifested in the "consumerist mentality", by territorial sensitivity and petty border disputes<sup>87</sup> and by the abandonment of any pretence of planning<sup>88</sup>.

Above all, the oil boom in the Young Turks' eyes was synonymous with the mass immigration that at best encouraged parasitism by nationals on the immigrants they sponsored and relegated the parasitic national to a role of only marginal importance in the economy and at worst laid the Gulf states open to conspiracies to use the docile Asian to side-step the demands an Arab presence of comparable size might bring or to use Far Eastern immigrant "militias" to seize the oil wells for America<sup>89</sup>.

Some key phrases recur like a litany in the "alternative" literature. They include "US interests", "popular participation", "foreign bases", "rich-poor gap", "depleting assets", "paternalism", "cultural inundation", "petty parochialism" and "Palestine". The mantra is "Arab unity". No detailed plan of action for overcoming the evils and bringing about the desired changes is to be found. Much of the writing has a slightly negative tone as a result, though not usually a violent one. In the 1970s and early 1980s at least, the radical writers, with their middle-class backgrounds, were reformers not revolutionaries<sup>90</sup>.

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The following list is a recent abstract of their grievances:-

"Vast expenditure on arms, the absence of the most basic political freedoms, the hollow stance supporting only verbally the victory of the Arab cause, the strong relationship with America: all these are obvious sources of hidden discontent"<sup>91</sup>.

The following two passages from the two most widely-read "alternative" writers summarize their analysis of the problem and their ideal solution:-

"with the growth of the population and the availability of educational opportunity.....the extent of political and social discontent has started to increase....."<sup>92</sup> and

"although the appearances of the modern state are present, the populations of the GCC states are still governed by a tribal mentality. In the GCC the state, as a political institution, is merely a skin: the heart is tribal, and specifically that of the ruling tribe. The step from tribalism to statehood is a long one, a very long one, and the transition from the tribal form to modern statehood has to be accompanied by and complemented by a very complex operation. For the state is not a flag unfurled and a national anthem and colour photographs and colour<sup>93</sup> television and loud celebrations and cardboard triumphal arches; it is much profounder and more serious. Statehood is a stage of development experienced by human groups towards more mature relationships and clearer understandings and towards written systems and values....It is a stage of codified relations between the political authorities and the people on the basis that the code favours the ruled, not the individual in power and that it is the ruled who enjoy the right to supervise and evaluate the ruling individual, not vice-versa, and that the state progresses from rule by individuals to rule by political institutions accommodating the new social powers which develop with time. Whereas the tribe, as an archaic political system, has values represented in exclusivity, cohesiveness, sanctuary, taboo, pride, contempt, power, victory, protection and fealty, etc., the state, as a political system new to the Gulf and the Peninsula, should differ radically in its value system from the tribal value system. There is the constitution, the laws derived from it and the regulations and administrative decrees giving expression to it. There [should be] guarantees for the individual in the context of the group and guarantees for the group by the individual, all within clear, binding laws and modern progressive parameters in which so-and-so son of so-and-so has no special position and in which the biological accidents that dictate lineage have no weight"<sup>94</sup>.



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But precisely because of this new vocabulary, the Iranian threat, the Russian advance, the Iran-Iraq war, the softening of the price of crude and the destabilizing spin-off of inter-Arab feuds, life has become a minefield for the Gulf shaikhs and the rein they feel able to give their Young Turks is shorter in the 1980s than it was during the "Golden Age" of the early and middle 1970s. This is why the radicals in the U.A.E. lost their lofty sponsorship.

The regimes' anxieties were to find expression in the formation of the Gulf Co-operation Council which, though careful to project itself as anything but a defence pact, appeared to the radicals as an attack on the boundaries of permissible dissent and which, as such, crystallized the intelligentsia's opposition.

## Chapter Four

### Footnotes

1. Muhammad Morsy Abdullah, The United Arab Emirates, A Modern History, op.cit., pp125-133.
2. Ibid, and Rosemarie Said Zahlan, The Origins of The United Arab Emirates, op.cit., pp150-161.
3. See Chapter One.
4. Dr Abdullah Fahd Nafisi, Kuwait, al-Majh al-Akhir, (usually translated as "Kuwait, The Alternative View"), Ta Ha Advertising, London, 1978, pp98-101, passim.
5. Carried by most Kuwait dailies on 20th February 1980.
6. Majid al-Majid, Majlis al-Ta'awun al-Khaliji, Azmat al-Shar'iya w'al-Siyasa (The GCC: Crisis of Legitimacy and Politics), Ta-Ha Publishers, London, 1986, p16, 33-39.
7. Emile Nakhleh, "Political Participation and the Constitutional Experiments in The Gulf: Bahrain and Qatar," in Social and Economic Development in The Arab Gulf, edited by Tim Kiblock, Centre for Arab Gulf Studies, University of Exeter, Croom Helm, London, 1980, pp166-170, and Fuad Khuri, Tribe and State in Bahrain, University of Chicago Press, Chicago and London, 1980, pp213-234, passim.
8. Emile Nakhleh, op. cit., loc. cit.
9. Nadav Safran, Saudi Arabia, The Ceaseless Quest for Security, Harvard University Press, Cambridge, Massachusetts, and London, 1985, p268, and Majid al-Majid, op. cit., p12.
10. Abu Dhabi law number 2 of 1971, Mawsu'a al-Tashri'at, Al-Juz' al-Awal, fi al-Qawanin, op.cit., pp454-458.
11. al-Fajr, 12th February 1980.
12. Provisional Constitution of The United Arab Emirates, UAE Ministry of Information, Abu Dhabi, undated, Articles 89-92, pp23-24.
13. Ibid, Article 110 para 4, p29.
14. Ibid, Article 91, p23.
15. Proceedings of seminar on the Federal National Council held in Sharjah, March 1985, reported in al-Ittihad, 22nd March 1985, p3.

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16. al-Jarida al-Rasmiyya (Official Gazette), nbr 44, January 1977, pp36-37.
17. Saif Ghobash was one of only two U.A.E. nationals the writer has been able to discover who acquired their university education in an East-bloc country. This came about, Ghobash explained to this writer, because at one time secondary-school leavers could be sent to Iraq, with which Ras al-Khaimah in particular had close relations, for further education and from Iraq these two went on to the Soviet Union, in Ghobash's case to Patrice Lumumba University. Ghobash married a Russian wife who remained in the U.A.E. after her husband was assassinated in 1977.
18. The members of this commission are listed in al-Jarida al-Rasmiyya nbr.28, 1st July 1975, pp55-56. See also Chapter One.
19. For details, and an account of the debate at the session, see Arab Report and MEMO, Vol.2. numbers 5, 30th January 1978 pp10-11 and 8, 20th February 1978 p8, both by this writer, and al-Ittihad 1st February 1979 p6.
20. Text of law in al-Jarida al-Rasmiyya (Official Gazette) nbr 67, 31st March 1979 pp5-17.
21. an-Nahar Arab Report and MEMO, Vol.2 number 11, 13th March 1978, by this writer.
22. an-Nahar Arab Report and MEMO, Vol.2 number 18, 1st May 1978, p7, by this writer.
23. See Alhbar Dubai, nbr 46, 2nd December 1978 p10 for report on this committee's activities.
24. al-Ittihad, 10th January 1979, p3.
25. Dr Sayyid Ibrahim, Ma<sup>e</sup> Masirat al-Majlis al-Watani al-Ittihad (The Career of the Federal National Assembly), quoted by al-Khaleej, 11th January 1987, p3.
26. Ibid, quoted loc.cit.
27. Printed in full in al-Ittihad, 21st March 1979, p5.
28. Shaikh Rashid's remarks were made in an interview with al-Rai al-Sam, Kuwait, 4th April 1979, which was reprinted in Alhbar Dubai, 14th April 1979, and Shaikh Zayid was speaking to al-Rai al-Sam, Kuwait, in interviews on 4th and 11th April 1979.
29. Shaikh Saqr had made the same points, with vehemence, in an interview with Sawt al-Khalij, Kuwait, in January 1978 which was reprinted in Journal of The Gulf and Arabian Peninsula Studies, Vol.4, nbr 4, April 1978, pp169-172.

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30. These events are narrated in al-Azmena A-Arabia, nbr 3, 25th April - 1st May 1979.
31. al-Ittihad, 19th March 1979, p1.
32. al-Ittihad, 20th March 1979, pp3-5.
33. Ibid pp1-2.
34. al-Jarida al-Rasmiya nbr 6, 23rd September 1972.
35. Given in English in Emirates News, 31st March 1979, p3.
36. Given in English ibid.
37. See Chapter Five below and al-Azmena al-Arabia, nbr.121, 14th July 1981, p6.
38. al-Ittihad, 9th May 1979, p5.
39. Given in full in al-Ittihad, 28th November 1979, p4.
40. See Chapter One and Dr. Muhammad Horsi Abdullah, op.cit. pp24-29.
41. Abdullah, ibid, pp40-41, passim.
42. Rosemarie Said Zahlan, op.cit., pp125-140, passim.
43. Leaks of this understanding were carried by al-Siyasa, Kuwait, 11th September 1974 and by The Journal of The Gulf and Arabian Peninsula Studies, Vol.1 nbr.1, January 1975 pp150-160.
44. Dr. Husain M. al-Baharna, op.cit., pp329-336.
45. "Communique of The Second National Conference of The Popular Front for The Liberation of Oman", carried by the Journal of The Gulf and Arabian Peninsula Studies, Vol.1 nbr.1, January 1975 pp155-158, quoting al-Hadaf, Beirut, 24th August 1974. See also J.E. Kelly, Arabia, The Gulf and The West, Weidenfeld and Nicolson, London, 1980, pp146-147.
46. Interview with al-Siyasa, Kuwait, 12th December 1978.
47. Safran, op.cit., pp267-270.
48. Rihla Zavid, undated pamphlet published by the U.A.E. Ministry of Information, Abu Dhabi.
49. Kelly, op.cit., pp494-495.
50. Ibid.
51. Reprinted in The Journal of The Gulf and Arabian Peninsula Studies, vol.1 nbr.2, April 1975, pp169-175.

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52. Journal of The Gulf and Arabian Peninsula Studies, Vol.1 nbr.2, April 1975 p176, quoting al-Qabbas, Kuwait, 5th January 1975.
53. The Times, 2nd March 1981, by this writer.
54. The dangers to the regimes of their Western connections are spelled out in Charam Chubin, Security in the Persian Gulf, 4 - The Role of Outside Powers, published by Gower For the International Institute for Strategic Studies, London, 1982, pp56-58, passim, and David Holden and Richard Johns, The House of Saud, Sigswick Jackson, London, 1981, p345, passim.
55. The Middle East, nbr.28, February 1977, pp84-86; Middle East Economic Digest, vol.20 nbr.52, 31st December 1977, pp305 and Safran, op.cit., pp270-1.
56. Holden and Johns, op.cit., pp450-452.
57. al-Khaleej 14th December 1980 and 25th and 30th April 1981 and discussion of Ghassan Salama's paper "Ta'athir al-ʿalaqat al-ʿarabiyya w'al-Duwalīyya ʿala al-Ittihad", (The Influence of Arab and International Relations on the Federation), Chapter Nine of al-Tajarib al-Wahdawiyya al-ʿarabiyya al-Muʿasira: Tajriba Dawlat al-Imarat al-ʿarabiyya al-Muttahida (Contemporary Experiments in Arab Unity: The Case of the U.A.E, Centre for Arab Unity Studies, op.cit., p362.
58. e.g. al-Azmena al-ʿArabia nbrs.130, 15th September 1981 p9 and 132, 29th September 1981, pp4-5.
59. Muhammad Ghanim al-Rumaihi, Muʿawwizat al-Tammīva al-Ittimāʿiyya w'al-Iqtisadiyya fi Mujtamaʿat al-Khalīj al-ʿarabi al-Muʿasira (Obstacles to Social and Economic Development in Contemporary Arabian Gulf Societies), al-Kadhimi Publishing, Translating and Distribution, Kuwait, 1977, pp14-15 and Chapter Two; Majid al-Majid, op.cit., pp10-15. 93-94, passim; Dr ʿAbdullah Fahd Nafisi, Majlis al-Taʿawun al-Khalīji, al-Itar al-Sivasi w'al-Istratīji (The GCC: The Political and Strategic Context), Ta-Ha Publishers, London, 1982, pp43-52 and Riyadh Majid al-Rais, Al-Khalīj al-ʿarabi wa Riyah al-Taghayyur (The Arabian Gulf and The Winds of Change), Riad al-Rayyes Books, London, 1987, pp49-53.
60. Dr Ali Khalifa al-Kuwari, Oil Revenues in The Gulf Emirates, Patterns of Allocation and Impact on Economic Development, op.cit., pp156-7, passim; al-Tajarib al-Wahdawiyya al-ʿarabiyya al-Muʿasira: Tajriba Dawlat al-Imarat al-ʿarabiyya al-Muttahida (Contemporary Experiments in Arab Unity: The Case of the U.A.E), Centre for Arab Unity Studies, op.cit., pp251; Majid al-Majid, op.cit., pp85-90, passim.
61. Nafisi, Majlis al-Taʿawun al-Khalīji, op.cit., pp25-26, 44-46, passim; Majid al-Majid, op.cit., p71, 93-94, passim.

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62. Dr. Umar Ibrahim al-Khatib, "Al-Tanmiyya w'al-Iusharika fi Aqdar al-Khalij al-ʿarabi" (Development and Participation in The Arabian Gulf States), al-Mustaqbal al- arabi, Kuwait, nbr.40, June 1982, p19, passim; Dr. Muhammad Ghanim al-Rumaihi, al-Bitrul w al-Tashayyur al-Ijtimaʿi fi al-Khalij al-ʿarabi (Oil and Social Change in The Arabian Gulf), al-Munadikhama al arabiyya li'l-Tarbiya w'al-Tafaafa w'al-ʿUlum, Cairo, 1975, pp152-153, passim; Majid al-Majid, op.cit., pp10-15, 38, 66-68, passim; Nafisi, Majlis al-Taʿawun al-Khaliji, op.cit., pp46-52.
63. Majid al-Majid, op.cit., p10; Riyadh al-Rais, op.cit., pp50-53.
64. Nafisi, Majlis al-Taʿawun al-Khaliji, op.cit., p27, 47, passim; Majid al-Majid, op.cit., p58, 71; Riyadh al-Rais, op.cit., p53.
65. Majid al-Majid, op.cit., pp62-65, passim.
66. Muhammad Ghanim Rumaihi, al-ʿawwamat al-Tanmiyya al-Ijtimaʿiyya w' al-Iqtisadiyya fi Mujtamaʿat al-Khalij al-ʿarabi al-Muʿasira, op.cit., p15 and Chapter Four.
67. Nafisi, Majlis al-Taʿawun al-Khaliji, op.cit., pp46-7.
68. Dr. Muhammad Tawfiq Sadiq, al-Tanmiyya fi Duwal Majlis al-Taʿawun: Durus al-Sabʿinat wa Afaaq al-Mustaqbal (Development in The GCC States: Lessons of the Seventies and Future Horizons), published by the National Council for Culture, Science and The Arts, Kuwait, 1986, (as part of its ʿalim al-Maʿrifa [World of Knowledge] Series), pp98-99, 110; Kuwari, op.cit., p154 (table), passim.
69. Majid al-Majid, op.cit., pp54-58; Nafisi, Majlis al-Taʿawun al-Khaliji, op.cit., pp53-58.
70. Majid al-Majid, op.cit., p56.
71. Ghassan Salama, op.cit., loc.cit., Nafisi, Majlis al-Taʿawun al-Khaliji, op.cit., pp53-58; Majid al-Majid, op.cit., pp36-37, 60-62, passim; al-Khaleej editorial, 22nd March 1987, front page.
72. Nafisi, Majlis al-Taʿawun al-Khaliji, op.cit., pp6-10.
73. Rosemarie Said Zahlan, "The Gulf States and The Palestine Problem" 1936-1948, Arab Studies Quarterly, Vol.3 nbr.1, Winter 1981, pp1-21; Riyadh al-Rais, op.cit., p27.
74. This has been the subject of innumerable editorials in al-Khaleej, the best of many examples being 22nd February 1983. See also Saʿad Mahiu, "Mudhba Thulathiyya Tatahammal Mas'uliyat al-Muksat al-ʿarabiyya al-Rahina" (Tripartite Elite Responsible for Current Arab Setbacks), al-Khaleej, 15th February 1987, p3.

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75. Riyadh al-Rais, op.cit., p69.
76. This is the subject of Fuad Ajami's book of the same name, Cambridge University Press, London, 1981.
77. Hazem Sablawi, The Arab Gulf Economy in a Turbulent Age, Crown Helm, London, 1984, Chapter One; al-Khatib, op.cit., loc.cit.; and "al-Taliyya al-Sa'ada li-Duwal Majlis al-Ith'awun: waqtira hawaliyya fi waqi'na wa tathmalatna wa kasa'ijha" (The Public Finances of The GCC States: A preliminary Look at Their Present Situation, Possibilities and Outcome), lecture by Jasim Khalid al-Sa'adun to The Gulf States Development Symposium held in Dubai 7th-9th January 1976 and serialized by al-Khaleej 13th-15th January 1987.
78. e.g. al-Khaleej, 6th February 1986, p6 and editorial; al-Khaleej editorials 11th and 14th January 1986; al-Ittihad editorials 11th and 12th January 1986.
79. al-Khatib, op.cit., loc.cit., and Shakir Musa 'Isa, "Tawzi'a al-Dakhl fi Dawlat al-Imarat" (Income Distribution in The U.A.E.), Chapter 11 of al-Tajarib al-Wahdawiyya al-'arabiyya al-Ith'asira: Tajriba Dawlat al-Imarat al-'arabiyya al-Muttahida (Contemporary Experiments in Arab Unity: The Case of the U.A.E.), Centre for Arab Unity Studies, op.cit., pp327-393.
80. Kuwari, op.cit., pp166-167, passim, and Walid Mubarak, "Tajribat al-Kuwait al-Siyasiyya al-Dakhiliyya wa Ta'athiruhu 'ala Dawlat al-Imarat" (Kuwait's Internal Political Experience and Its Influence on the U.A.E.), Chapter Seven of al-Tajarib al-Wahdawiyya al-'arabiyya al-Ith'asira: Tajriba Dawlat al-Imarat al-'arabiyya al-Muttahida (Contemporary Experiments in Arab Unity: The Case of the U.A.E.), Centre for Arab Unity Studies, op.cit., pp210-213, and special supplement on 7th GCC summit published by al-Khaleej, November 1986, p59.
81. Dr. Baqir al-Wajjar, "Siyasat al-Tawzif fi al-Sharikat al-Niftiyya bi-Duwal al-Khalij al-'arabi" (Oil Company Recruitment Policies in The Arabian Gulf States, Journal of the Gulf and Arabian Peninsula Studies, Vol. XI nbr. 48, October 1978, pp87-98; Muhammad Ghanim Rumaihi, Mu'awwizat al-Tanmiyya al-Ijtima'iyya w'al-Iqtisadiyya op.cit., pp23-24, passim; Sadiq, op.cit., loc.cit., pp128-129; al-Sa'adun, op.cit., loc.cit., and al-Khaleej supplement on 7th GCC summit, op.cit., p62.
82. Kuwari, op.cit. (this is the theme of the book).
83. eg "al-Watan Laisa fi Raja li-him" (The Nation Can Do without Them), al-Azmena al-Arabia nbr.81, 24th September 1980 pp4-5; Muhammad Ghanim al-Rumaihi, Mu'awwizat al-Tanmiyya, op.cit., pp16-17; al-Khatib, op.cit., pp12-13.
84. Riyadh al-Rais, op.cit., p67.
85. Ibid and al-Wajjar, op.cit., pp87-143.

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86. Riyadh al-Rais, op.cit., pp65-69 and Maryam, op.cit. p255.
87. e.g. The Joint Memorandum, al-Ittihad 21st March 1979 p5.
88. Ibrahim Sa<sup>c</sup>ad al-Din's paper "al-Namu al-Iqtisadi fi Dawlat al-Imarat" (Economic Development in the U.A.E.), Chapter 19 of al-Tajarib al-Mahdawiyva al-<sup>c</sup>arabiyya al-<sup>c</sup>asira: Tajriba Dawlat al-Imarat al-<sup>c</sup>arabiyya al-<sup>c</sup>attahida (Contemporary Experiments in Arab Unity: The Case of the U.A.E.), Centre for Arab Unity Studies, op.cit., pp391-420.
89. See Chapter Two above. The entire dissident view of the oil economies is summarized in al-Azmena al-Arabiya, nbr.9, 2nd May 1979, pp4-5.
90. Riyadh al-Rais, op.cit., pp49-53, 69.
91. Ibid, p59.
92. Muhammad Ghanim Rumaihi, al-<sup>c</sup>awwamat al-Tamniyya, op.cit., p15.
93. National Day festivities, comprising parades, speeches, decorations, fairy lights and the said cardboard arches, are the highlight of the year for the Gulf's Ministries of Information.
94. Nafisi, Majlis al-Ta<sup>c</sup>awun al-Khaliji, op.cit., p43.



## Chapter Five

Shaikh Rashid became Federal Prime Minister in June 1979 with the aims of re-starting and steering the Federal engine, restimulating the economy and mastering the Young Turks. His method was to re-establish Federal activity in areas he considered appropriate such as the budget and the Central Bank, whilst curbing the growth of the Federation's role in others by tight control of spending - and all the while ignoring the intelligentsia. What the impact of his drive would have been on the Federation in the long term must remain, alas, one of history's imponderables, for he was not given enough time. The Vice-President fell ill, never to recover, in the winter of 1980/81.

In view of Shaikh Rashid's beliefs, personality and authority prior to his illness, it is perhaps hardly surprising that what might otherwise have been a public debate during the last year of the Constitution's life in fact failed to develop. Despite the Memorandum movement's earlier volubility and the succession of events in the Arab and Islamic worlds at that time conducive to agitation, the radicals voiced very little public opposition when the Constitution was extended without amendment for a further five years from 1981. Thus, in the event, the measure of further Federal integration by the end of the U.A.E.'s first decade and of the responsiveness of the political structure to the socio-economic changes both proved to be small.

## Shaikh Rashid's Administration

### Part One - Shaikh Rashid's Premiership

The problem paralysing the U.A.E. before Shaikh Rashid agreed to become Prime Minister was the fundamental difference between the constitutionalists and the integrationists over the purpose of the Federation and its power structure. While the many consequent specific disputes remained unreconciled, the executive organs of Government had become ineffective. The new Prime Minister's immediate task then was to restart executive activity, but only in areas and within limits acceptable to himself under the 1971 Constitution, limits that precluded centralization for centralization's sake. As the Supreme Council's forcefulness had atrophied, the National Assembly's profile had risen. Shaikh Rashid was not impressed with its vociferations as a serious problem, but neither could he condone its continuing press and public lionization.

Unequal living conditions and persisting economic stagnation, on the other hand, were concerns which Shaikh Rashid and the National Assembly held in common, though their approaches to them were incompatible. It was to these issues that the new Premier addressed himself in his first policy statement. The issue of poor and slow performance by the huge federal bureaucracy (whose civil servants gave an average of five hours' work a week according to an IMF report) was the other long-standing irritant that the Ruler of Dubai set out to remedy.

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### Kuwaiti Mediation: Shaikh Rashid Becomes Prime Minister

After the Supreme Council meetings of March 1979 ended in acrimony, the Crown Princes of the two smallest Emirates <sup>e</sup> Ajman and Umm al-Qaiwain, together with the Deputy Prime Minister Shaikh Hamdan ibn Muhammad of Abu Dhabi and his brother Shaikh Surur, had been charged as a committee with mediating<sup>1</sup>. Shaikh Surur enjoyed high esteem in the Vice-President's eyes but this committee was soon relegated to oblivion after paying a few calls on the Rulers. At the beginning of April 1979 the President and Vice-President berated each other in separate press interviews for abusing the Constitution<sup>2</sup> and in the third week the Head of State mused in al-Mustaqbal that the Federation was voluntary and he was not going to force any dissatisfied Emirate to remain a member<sup>3</sup>. During that first week of April 1979 however the Emir of Kuwait sent his Foreign Minister to Abu Dhabi and Dubai to hear their points of view and offer Kuwait's good offices. The Foreign Minister returned in the third week and saw both sides again. On 25th April it was announced that Shaikh Rashid himself was to become Prime Minister of the Federation. Placing a Ruler in charge of the executive had been considered before as a possible antidote to the Federation's doldrums: Shaikh Rashid's agreement to take on the job was a major turning-point, a recognition by both disputing parties that their interests lay in reviving the Federation and relieving the pressures on it.

Shaikh Rashid's son Muhammad was in the process of marrying his cousin at the time and Dubai was afire with pyrotechnic displays, shooting competitions, parachuting extravaganzas, horsemanship

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exhibitions and open-air theatre, songs and traditional dances to which the entire population, local and expatriate, was invited en masse. Shaikh Zayid arrived from Abu Dhabi to join in the final night of the feasting. Borne along by the exuberance, he danced a tribal dance on the palace lawn. Ecstatic headlines and photographs the next day proclaimed a new era of total unity. The Supreme Council convened quickly on 30th April formally to announce Shaikh Rashid's appointment but left over until June the approval of a new Council of Ministers to be chosen by then, a deadline that was not met.

What had the Kuwaiti mediation achieved? Clearly, Shaikh Rashid had agreed to remain a member of and to resume an active role in a revived Federation. He soon agreed for example to hand over 50 per cent of Dubai's income from oil to the Federal Budget, one of the main bones of contention<sup>4</sup>; this sum was to be paid into a Central Bank, the statute of which was finally agreed - a great leap forward in federalizing terms - after three years of wrangling<sup>5</sup>. In return, Shaikh Rashid had been awarded the direction of nearly all aspects of the U.A.E.'s internal life and, crucially, the support of the President to enable him to exercise it.

## The New Cabinet and Its Programme

Agreeing on the new Cabinet proved an unexpectedly long process. Thus <sup>c</sup>Abdullah Tariam, the Education Minister whom Shaikh Rashid had accused<sup>6</sup> of orchestrating the demonstrations against the Government was an obvious target for dismissal and found no protection from his

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erstwhile patrons. His sacking surprised no-one. The Minister of Labour and Social Affairs, <sup>c</sup>Abdullah Mazru<sup>c</sup> i, had been one of the authors of the Joint Memorandum and the Minister of Health Khalfan Rumi had been on the fringes of the Memorandum movement, but in their cases their removal was also attributable to Shaikh Rashid's dissatisfaction with the performance of their high-spending, essential-service Ministries. Morale in the schools and hospitals was widely regarded as something of a blot on the national escutcheon. The Ministry of Electricity and Water, whose incumbent was also replaced, had fared little better.

Three of the four new entrants to the Cabinet were returning ambassadors from the U.A.E.'s more important missions abroad. Hamad al-Midfa<sup>c</sup> a returned from Washington to the Ministry of Health, Sa<sup>c</sup>id Salman from Paris to the Ministry of Education and Saif al-Jarwan from Cairo to the Ministry of Labour and Social Affairs. The fourth, the new Water and Electricity Minister Humaid al-<sup>c</sup>Uwais, was a Sharjah businessman.

No changes were made in the posts of Minister of Finance, Defence, Foreign Affairs or the Interior - the posts to which the ruling families attach the greatest importance - despite the fact that the unfortunate Minister of the Interior, Shaikh Mubarak ibn Muhammad of Abu Dhabi, was incapacitated by injuries from a car accident in England during the period of the new Cabinet's gestation<sup>7</sup>.

Two goals were spelled out in the new Prime Minister's policy statement introducing his new Cabinet. On the one hand the country's resources were to be utilized for the benefit of "all the Emirates

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without exception"; standards in schools and clinics and the provision of water and housing were to be overhauled in all including the most remote and thitherto neglected corners of the Federation. On the other, the economy was to be restimulated to the furthest possible extent. The machinery implementing these policies was to be "simple and uncomplicated" and was not to be an obstacle to speed. These were practical aims; they were accompanied by a promise to "lead the Federation forward" by all possible means and an admonition to the citizen to participate, but to participate in the hard work required. The Joint Memorandum, like all ideological issues, was not addressed<sup>8</sup>.

Shaikh Rashid's personality and beliefs were clearly immanent in the policy statement. In ruling Dubai, he made it his practice to encourage efficiency before doctrine and to seek commercial prosperity before political chic. His thrift and tough bargaining were legendary, but in so far as social services were concerned, Dubai's at that time were second to none. Its hospitals were among the finest in the Middle East and its land development and housing programmes were equally successful. For so important an occasion, the speech is also remarkable for its brevity - just seven column inches. Shaikh Rashid was by nature given neither to abstractions nor flights of rhetoric.

### Re-activating The Federation

Great leaps forward in federalizing terms now followed at speed. Dubai undertook to place 50 per cent of her revenue from oil at the disposal of the Federal Treasury. This settled a difference

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outstanding since the constitutional revision of 1976 and caused Federal Budget estimates for 1980 to be exceeded by 45 per cent and to reach an actual Dhs23.2bn against the budgeted Dhs16bn<sup>9</sup>. In March 1980 Shaikhs Zayid and Rashid reached agreement on the Central Bank formula, which had been blocked since 1977. Agreeing on a Governor for the Central Bank took rather longer, but these two achievements contained the main promise of Shaikh Rashid's administration for the Federalists.

In September 1979 the Supreme Council had agreed to revive the moribund 1975 National Planning Council and to commission this body to draw up a "comprehensive medium-term economic and social development plan", the U.A.E.'s first<sup>10</sup>. The enormous task now got underway under Sa'id Ghobash; its end product was a perceptive and detailed document which acknowledged that the fundamental determinant of the U.A.E. economy is the size and make-up of its population. Strategically, one of the Plan's two main aims was to shift the emphasis on to productive industry, for which a target growth rate of 27 per cent a year was set. Precise targets were also laid down for all other sectors. The second axiom was the need to narrow the gap between the rich and the poor Emirates - the Plan was peppered with allusions to the current inequitable distribution of wealth<sup>11</sup>.

Had the Plan taken effect, as it was supposed to do on 1st January 1981, it would have marked a turning point away from the opportunistic approach which had prevailed during the boom years. In the event, however, nothing came of it<sup>12</sup> and Ghobash resigned in 1982<sup>13</sup>.

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In May 1980, agreement was finally reached on placing the vital resource of water under central control, a major transfer of power from the Emirates to the Federation<sup>14</sup>. A Higher Water Authority was to be set up and empowered to regulate water consumption by licensing well-drilling centrally. Previously licensed by the local authorities, unco-ordinated drilling had endangered the water table to the degree that a grave threat had arisen to the future of the country's supplies. Ministry of Agriculture experts had been advocating central control since the mid-1960s to halt the damage but their efforts had always been frustrated by the clause in the 1971 Constitution which leaves all natural resources under the jurisdiction of the individual Emirates.

In August 1980, the long-argued Federal Industries Law of 1979 took effect in theory<sup>15</sup>. Thenceforth, licences to set up industrial ventures were to be granted solely by a Federal board, a further significant hand-over of power from the Emirates to the Federation. As well as a Federal licence, all industries were required by the law to have a controlling 51 per cent U.A.E. shareholding. Finally, an important labour law regulating the importation and use of immigrant labour came into effect that same autumn.

In contrast, laws extending Federal control over trade licences and local partnership requirement remained stalled. Two "summit meetings" of the Ministers concerned were held in May 1980 and resulted in a report for the Cabinet, but no unanimity was reached. The Agencies Law was gazetted in 1981<sup>16</sup>, but immediately ran into opposition<sup>17</sup>, while the local partnership law, so desired by the F.N.C., again dropped out of discussion.



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### The Standard of Living

Initiatives to improve the standard of living of the less well-off also went ahead, but not speedily enough to stifle all criticism. Defining living standards is a subjective and perilous exercise; what a U.A.E. national considers to be satisfactory or unsatisfactory varies, obviously, according to his background, education and personal taste. Indeed, social historians would find the U.A.E. a most rewarding arena over which to fight their "quality of life" battle. Those criteria capable of measurement are necessarily the material ones, but when speaking of the smallest, poorest Emirates, it is not wholly unsafe to concentrate on those material gauges. The population of the least-developed Emirates was still preoccupied for the most part with its housing and income. It is safe to assert that the herdsmen and fishermen of Ajman and Umm al-Qaiwain spent a negligible proportion of their time debating constitutional formulae, though the assertion does not imply that the same people were without opinions on how matters affecting their lives were ordered, especially during this period of anchorless material change.

Farmers and fishermen represented the great majority of hardship cases receiving social security payments and to improve their lot a central agricultural marketing board was created to guarantee the farmer a reasonable return and at the same time reduce prices to the consumer by eliminating the middleman. Financial support was promised to the co-operative movement to the same end.

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Social security benefits were examined and rises of nearly 100 per cent approved from the beginning of 1981. The minimum payable to a head of family rose to Dhs800 per month plus an entitlement of Dhs480 per month for the wife or second member and Dhs240 per month for each remaining child or dependent up to a maximum of Dhs4,640 per month for a household of 16 persons, compared with the maximum Dhs1,250 for 10 persons provided under the original 1977 law<sup>18</sup>.

In May 1981 a report by a housing expert claimed that 30,000 local families, out of the 48,400 local families making up the total local population, were living in sub-standard accommodation. The same report estimated that 50 per cent of all local families were on low incomes, that is 5,400 out of Abu Dhabi's 13,500 local families, 4,680 out of Dubai's 10,400, 4,750 out of Sharjah's 9,500 and 9,750 out of the 15,000 local families in the remaining four Emirates. To house this section of the population, the report calculated that the U.A.E. needed to build 22,400 housing units at an estimated cost of Dhs5bn by 1985<sup>20</sup>.

As an immediate measure, Shaikh Rashid's Cabinet offered the middle-income group Dhs200m in loans of Dhs150,000 - Dhs400,000 per family to build homes of a suitable standard<sup>21</sup>. It became apparent at once, when more than 12,000 applications poured in, that the Dhs200m was going to be quite inadequate<sup>22</sup>.

For the public in general, a nationalized company was set up to distribute petroleum products<sup>23</sup> at subsidized prices, replacing the foreign distributors Shell, Caltex and BP. Next, a review was set in motion of civil servants' salaries, not increased since 1977.

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Table 5-1: Social Security Recipients 1973-1979

<u>Emirate</u>	<u>1973</u>	<u>1975</u>	<u>1977</u>	<u>1979</u>
Abu Dhabi	1,741	3,587	5,241	6,018
Dubai	1,294	4,767	5,841	7,083
Sharjah	2,619	5,211	6,085	7,133
Ras al-Khaimah	2,747	5,224	5,853,	6,523
<sup>c</sup> Ajman	840	1,336	1,698	2,022
Fujairah	1,658	2,883	3,096	3,429
U.A.Q.	641	863	1,032	1,202
<u>Total</u>	11,540	23,871	28,836	33,410

Source: see Footnote 19

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### Applying The Brakes

As far as many of these federalizing moves and welfare improvements were concerned, however, Shaikh Rashid's administration was not to live up to its promise. Among the reasons for shelving some of them were the overall tighter attitude to spending which was beginning to develop and which was later to dominate the early 1980s, and the great demands made on the Budget by defence procurement, but the main brake was the general slowing down of decision-making after the Prime Minister became ill in 1981.

The implementation of the Industries Law was obstructed by political opposition from some Emirates and by non-compliance on the part of industrialists<sup>24</sup>. The Agricultural Marketing Board was stillborn<sup>25</sup>; the Higher Water Authority never functioned<sup>26</sup> despite the very grave, indeed life-threatening deterioration in the country's water resources which struck in the early 1980s after a series of dry winters. The Authority informed the Rulers by letter at the beginning of 1982 of the depletion and increasing salinity of ground water reserves and asked for land distribution for agriculture to be discontinued as an emergency measure and for urgent funds to build dams and implement other water-saving measures. In November 1984 the Cabinet was again pressed to give the Authority the powers it needed, but nothing was done<sup>27</sup>.

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Civil servants' salaries were not after all increased, causing school bus-drivers in Ras al-Khaimah to strike and two newspapers to be suspended for reporting the fact<sup>28</sup>. Social security supplements were offered instead to those civil servants who were U.A.E. nationals. State subsidies on essential foods were proposed but never in fact applied. Although the Ministry of Public Works and Housing completed its priority list of 700 citizens out of the 12,000 applicants who were entitled to take advantage of the housing loans<sup>29</sup> scheme, no loans were disbursed<sup>30</sup> and the organizing committee was wound up when the Real Estate Bank was gazetted<sup>31</sup> in June 1981, though the Real Estate Bank itself was destined never to open its doors.

Although the new Administration's stated priority was to spend money on the remoter regions, development spending from federal sources in fact increased only marginally under its first two Budgets. Federal development allocations had been put at Dhs1.6bn in 1978 and then at Dhs1.2bn in the "holding" Budget of 1979. In the full year 1980, development still attracted only Dhs1.9bn or 12 per cent of the original total of Dhs16bn. Of that Dhs1.9bn, moreover, the great bulk was for the completion of existing projects and only Dhs551m was for new starts - including the Dhs200m for set aside for the housing loans<sup>32</sup>.

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Fears for future revenue were not yet in this 1980 Budget the main reason for restraint. It was an essential aim of Shaikh Rashid's that the Federal bureaucracy should cease to be viewed as the sole provider of largesse. Indeed, a degree of competitiveness entered into Abu Dhabi's and Dubai's aid to the smaller Emirates, and the role of the Federal Ministry of Public Works shrank noticeably.

Shaikh Zayid was paying through his Presidential Court for a \$40m hospital on the medically-deprived East Coast and the Abu Dhabi Executive Council, in its first project undertaken outside Abu Dhabi, was paying Dhs26m towards the setting up of 180 farms in the Northern Emirates<sup>33</sup> while the Abu Dhabi Fund administered a loan of Dhs200m for development in Fujairah<sup>34</sup>.

Shaikh Rashid meanwhile was financing fishing harbours in Ras al-Khaimah, Fujairah and Sharjah's East Coast territories plus improvements to the creeks and road systems of Ajman and Umm al-Qaiwain, street lighting in Ras al-Khaimah, two hospitals in Diba and Khor Fakkan and mosques and social clubs in addition to thousands of low-cost houses costing in total about Dhs800m<sup>35</sup>.

By the end of 1981 the three richest Emirates Abu Dhabi, Dubai and Sharjah had built slightly more low-cost houses for the poorer Emirates than had the Federal Ministry - 5,400 between them compared with just over 5,000 built by the Ministry since its creation<sup>36</sup>.

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### Economic Reflation Thwarted

The first Federal monies to be spent specifically on restimulating the economy comprised the Dhs1.6bn repaid to the commercial banks in mid-1980 to settle U.A.E. nationals' property loans. By this time the 1977-79 recession had reached the bottom of that mini-cycle. Money supply in all three definitions had shown real decreases throughout 1979 and the first half of 1980 in sharp contrast to the huge 82 per cent increase recorded for example in 1976. Bank lending, similarly, grew by less than three per cent in the first half of 1980; in 1976 it had grown by 87 per cent<sup>37</sup>.

Near-empty blocks of flats and near-empty hotels made the position conspicuous. Rents had fallen by up to half in the Northern Emirates and hotels were struggling to stay open with occupancy rates lower than 20 per cent in some cases.

Reimbursing the banks for property loans was considered the single greatest step towards reflation. The original Dhs1bn set aside for the purpose was quickly increased to Dhs1.6bn. Individuals who had taken out loans before 1978 were able to apply to a committee headed by the Minister of Planning Sa'id Ghobash to have their outstanding debts settled subject to a maximum of Dhs10m per applicant<sup>38</sup>. The committee then repaid the loan and the interest due on it to the bank in question and the debtor in turn repaid the committee on much easier terms. Working quickly, the committee had dealt with all applications by the end of the year. Some 600 citizens benefited. As its task neared completion, the committee was transformed into a Real Estate Bank with a capital of Dhs2bn and a mandate to finance

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future residential and commercial property construction<sup>39</sup>. More of this type of specialized banks were mooted to fund industry and agriculture<sup>40</sup>.

To a small extent the economy also benefited spontaneously in the immediate aftermath of the Iranian revolution. Iran's internal chaos generated a brief period of golden opportunities for suppliers of all manner of foreign goods from cigarettes to video recorders. Full plane-loads and dhow-loads crossed the Gulf from Dubai throughout 1979, especially after the U.S.A. and Europe imposed trade sanctions on Iran after the seizure of the American hostages and Dubai became al-thughra - the gap.

However this was a risky business on which to hang a livelihood and it became riskier still when the Iran/Iraq war broke out in September 1980. 1981 saw a spate of bankruptcies among merchants who had speculated on the war. Despite the lifting of the property loan burden, private-sector activity in general remained low throughout 1980 and Government spending remained too restricted to lead a wide-scale revival. As the security situation in the Gulf deteriorated sharply, the dirhams which might have funded local activity flooded out westwards, speeded in their flight by the record interest rates then available on the U.S. dollar, creating a vicious circle. All of the U.A.E. was becalmed commercially, for a major factor in the prosperity of the smaller Emirates is the prosperity or otherwise of their larger neighbours.

In 1981, development allocations in the Federal Budget rose from Dhs1.9bn (in 1980) to Dhs2.556bn but delays in agreeing the Budget



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prevented the higher spending target from being met. Only Dhs1.3bn, or 49 per cent of the Dhs2.556bn, was actually spent<sup>41</sup>. 1981 was to be in fact the second most significant watershed in the U.A.E.'s economic history after the oil price rises of 1973, for it was to be the last of the surplus-revenue years. Though its lasting importance was not fully realized at the time, in the middle of 1981 the oil glut began to build up and the U.A.E. like its neighbours was to face a succession of deficit budgets.

These lean years were still in the future as 1981 closed, but it was widely recognized that the state of the Federal economy had not improved greatly since Shaikh Rashid took office 18 months before.

Abu Dhabi suffered less, as usual, than the other regions. Though its Department of Finance pegged 1979 spending under the Development Programme at the 1978 level and scaled down projections for 1980 and 1981, the Development Programme does not include projects in the oil sector and the years 1978-1980 in fact saw the largest contracts in Abu Dhabi's history awarded for the Ruwais petrochemical projects<sup>42</sup>. Nonetheless the Ruler saw fit to inject Dhs643m (\$175m) into the Emirate in 1980 by means of land compensation to families in al-<sup>c</sup>Ain and a massive Dhs2.5bn (\$681m) in 1981 by means of recompensation to citizens of Abu Dhabi whose land had already been compensated before at less generous rates<sup>43</sup>. Thus the largest sums spent on restimulating the economy were spent by a local Ruler on his local inhabitants, not by the Federation on the Federation.

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### The Decline and Fall of The Memorandum Movement

Shaikh Rashid's performance in starving the Young Turks of the limelight was in contrast a complete success. One of the essential features of his tenure was his indifference to ideologues and in particular to Tariam's National Assembly. The Assembly's first ordinary session after its fiery opening in 1979 found itself undermined legally, to its ~~fur~~<sup>44</sup>, when no member of the Government attended. According to the constitution, Assembly sessions must be held in the presence of at least one Government representative<sup>45</sup>.

Months passed during which the Assembly debated everyday concerns without public mention of the Memorandum. Then in February 1980 petrol prices were raised in the Northern Emirates and secondary school children took to the streets in protest. Some of their Rulers went out to meet them. Shaikh Sultan of Sharjah toured his secondary schools and listened to his students' complaints about commercial exploitation, their grants, the cost of living and the absence of any response from the Rulers to the Memorandum. On the same day Shaikh Zayid held an open exchange of views with the University students at al-<sup>c</sup>Ain. Here, the undergraduates' concerns were quoted as the cost of living, Federal integration, oil policy and the Memorandum<sup>46</sup>.

Minutely-detailed coverage was devoted to these dialogues and marches by al-Ittihad of Abu Dhabi and al-Khaleej of Sharjah, arousing suspicions in Dubai that the protests were being orchestrated as a means of disparaging Shaikh Rashid's style of Government.

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Seizing the opportunity afforded by the petrol price rises, the F.N.C. sent members to call on Shaikh Zayid on 19th February and Shaikh Rashid on 23rd February to discuss prices and the Memorandum. By this time a Dhs200m state subsidy for petrol had already been announced, leaving the Memorandum. Shaikh Zayid, enthused al-Khaleej, "expressed .....his readiness to receive members of the F.N.C. at any time to discuss national issues. His Highness renewed his assurances that he will find quick solutions to the problems raised, including the price of petrol and the Joint Memorandum". With Shaikh Rashid, by contrast, the meeting was just "frank"<sup>47</sup>. This was the last that was heard in the media of the Memorandum.

A year had now passed since the Memorandum and the demonstrations which had accompanied it. Frustrated by their own impotence and the Government's evident intention to ignore them, F.N.C. members considered resigning en masse. Much heat was generated but soon dispersed. When the delegates to Shaikh Zayid and Shaikh Rashid returned to the Council with the few unspecific reassurances they had culled, there was little outcry<sup>48</sup>.

An intentional snub was delivered to the Assembly when the Central Bank Law passed the stage of Cabinet approval and was sent on to the Supreme Council without being first referred to the Assembly for discussion, even though the Assembly was in session at the time. On hearing indirectly what had happened, the Assembly sent a Note to the Premier pointing out that his Government had committed a constitutional violation<sup>49</sup>. The Central Bank Law was promulgated nonetheless in the Assembly's summer recess in 1980.

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During that 1980 summer recess a Press Law drawn up by the Ministry of Information also completed its stages and was enacted. The Ministry had felt for some time the need for an up-to-date instrument to regulate generally the rapidly-growing number of newspapers and magazines and in particular to avert the dangers to the U.A.E which might arise if the local Press were to adopt the habit of slandering Heads of other Arab States, a habit which was flourishing in the rest of the Arab world in the atmosphere of vituperation following Camp David. The detailed drafting had been left to expatriate Arab advisors and the result, though apparently answering the Ministry's need, was atypically repressive.

Impugning the Head of State or the Rulers was now prohibited along with denigrating Islam, incitement against the system of government, advocating "destructive" ideas or principles, "provoking hatred or spreading a spirit of discord among members of the society", censuring the head of any Islamic country or Arab state, disclosing facts about the private lives of an individual or impugning his commercial reputation and criticizing the conduct of a person carrying out an official task<sup>50</sup>.

Power to close down offending publications was vested in the Minister of Information as an administrative matter without recourse to the courts of law and the Ministry itself was made court of appeal against its own decisions. Even the state-guided al-Ittihad feared that the new law would be open to arbitrary interpretation<sup>51</sup>, though the journalist who argued so found himself silenced for several weeks afterwards<sup>52</sup>.

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Its content apart, the Press and Publication Law's wider significance lies in the fact that it, too, was promulgated when the Assembly was not sitting and that it showed the episode of the Central Bank Law to have been more than a one-off oversight. Both in this and by virtue of its content, the Law contributed to the general souring of relations between Shaikh Rashid's Government and the intelligentsia<sup>53</sup>. Two more laws - on the organization of the legal profession and the foundation of the Emirates General Petroleum Corporation<sup>54</sup> - were also enacted in the Assembly's absence.

Ahmad Khalifa Suwaidi, guiding light of the educated younger generation, resigned from his post as Foreign Minister in April 1980. As the President's right-hand man, his clout in previous Cabinets had been disproportionate to his job-title but under Shaikh Rashid his status was simply level with that of the other Ministers. Health reasons helped him to come to his decision. Suwaidi did not retire into private life, however, but reverted to his earlier position of strength as advisor to and personal representative of Shaikh Zayid<sup>55</sup>.

Al-Azmena's constituency found itself wholly impotent when faced with an executive leader of Shaikh Rashid's forcefulness. Tariam Tariam's speech to the opening session of the F.N.C. in November 1980 was as different as it could possibly have been from his fiery oration of the year before. Then, he thrilled his partisans with his ringing demands; a year later his one-minute address offered no analysis, no demands and no prescriptions<sup>56</sup>.

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As its new 1980/1 session wore on, it became clear that the National Assembly's heyday was over. On 9th December 1980 members debated what action to take over the four laws enacted without their participation during the summer recess. An extraordinary session on the same subject a week later accepted that there was in fact no action open to them in the face of the Government's constitutional right to pass laws in the Assembly's absence when necessary. They did not agree that the four laws in question were truly urgent, however, and sent a Note to Shaikh Rashid saying so<sup>57</sup>.

The same session formed a delegation headed by the Speaker to visit the Rulers and find out what was being done towards drafting the permanent constitution<sup>58</sup> that was due to take effect in 1981. This delegation failed to gain appointments with the Rulers<sup>59</sup>.

Throughout the new year 1981 meetings continued in the same disheartened vein until at the end of the parliamentary session in June 1981 Tariam Tariam was quoted as saying, "you all know that the Assembly has been on ice for two years now, making resolutions that nobody adopts"<sup>60</sup>.

### The Weakness of the Young Turks' Challenge

The Young Turks' failure to achieve any of their concrete goals can be attributed to four reasons. Firstly, given the novelty of their ideological sophistication and the contrasting, time-honoured longevity of shaikhly rule, their demands for elections and the abolition of shaikhdoms were premature to the point of unreality.

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Next, the environment in which they flourished was the leadership vacuum of 1978 and 1979. Once that vacuum was filled, and filled by a leader of Shaikh Rashid's forcefulness and authority, the Young Turks were unable to sustain activity. This is the sufficient reason: it implies in itself an inherent fragility in their grass-roots appeal.

Thirdly, whatever Shaikh Zayid's personal views, once faced with the true gravity of the Federation's problem in 1979 the President was obliged to give a higher priority to reviving the executive and thus supporting Shaikh Rashid as head of it. Finally, the content of the radicals' views on other regimes, regional and foreign, was a luxury no Gulf ruler could afford to indulge boundlessly given the context of war, revolution and polarization that had bedevilled the Gulf from the end of the 1970s.

But to say that the Young Turks failed to achieve their goals in 1979 is not to say that they never will and is not to say that the issues which the Young Turks brought out into the open have faded away or will fade away. Indeed, the successive turmoil of religious revival, the war, the fate of the PLO and the ordeal of the Palestinians in Beirut, and at home the recession and the cutbacks in Government spending were more likely to sharpen these issues than to blunt them. The two trends which emerged in the last years of the 1970s - the expression of new views unwelcome to the shaikhs and the shaikhs' instinct to shorten the leash on which they keep their people - could be argued to be set on a collision course.

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When the Iran-Iraq war broke out in September 1980, the shaikhs' room for manoeuvre shrank; meddling in such dangerous affairs was one of the things the regimes feared most from their radicals, who in turn were quick to see that the war could be used as a pretext for suppressing dissent<sup>61</sup>. Although the war was between an Arab and a non-Arab country, the frightened shaikhdoms felt unable to support Iraq too openly. Their policy was silence.

But most supporters of the Memorandum movement do not appear to have suffered for their flirtation with free expression. Some continued to hold Federal appointments and others were given vaguely-defined but well-paid posts in Shaikh Zayid's and Shaikh Sultan's entourages. According to al-Azmena, though, there was a stick as well as a carrot, and some did suffer materially<sup>62</sup>.

### The Old Constitution Extended

Meanwhile discussion of the new constitution due to be introduced upon the expiry of the old one in December 1981 was being kept alive by al-Khaleej and al-Azmena, both demanding as usual tighter integration and parliamentary democracy. During May 1981<sup>63</sup> al-Khaleej ventured to point out that since the existing Constitution required the Rulers to submit the draft of its permanent replacement to the F.N.C. at least six months before it expired, the Rulers would be in violation if no draft reached the F.N.C. by 2nd June 1981. Al-Azmena duly marked 2nd June 1981 prominently as the day the Rulers violated their own Constitution, and called on professional bodies such as the lawyers and students to take matters into their



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own hands and draw up a constitution themselves<sup>64</sup>. Their efforts were hopeless; five years later on 2nd June 1986 al-Khaleej had to make the same point again.

That was as far as the campaign went. In October al-Azmena was closed down for good by the Ministry of Information and on 28th October the Supreme Council met to extend the Provisional Constitution for a further five years<sup>65</sup>. A few days later, despite an exhortation by al-Khaleej not to do so<sup>66</sup>, the National Assembly approved the extension with only three dissenting voices<sup>67</sup>. Tariam Tariam, one of those three "no's", refused a seat in the next Assembly.

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### Part Two - The Gulf Co-operation Council

In 1968, Britain's statement of intent to withdraw from the Gulf had confronted the shaikhs with the most fundamental change in their circumstances for over 100 years. Ten years later, the Gulf shaikhs were again confronted with a sudden and perhaps still more fundamental challenge, the threatened overthrow of the strongest hereditary monarch in the region. This time, the shaikhdoms were manifestly more covetable and the stakes were correspondingly higher. Thus the late 1970s and the early 1980s brought with them a long series of blows to the regimes' sense of security. They were to be years of preoccupation and anxiety.

As in 1968, the rulers' reaction was to group together for mutual support - though the Gulf Co-operation Council was careful to present itself as anything but a defence pact. Alliances and blocs go against the party line of classical Arab nationalism and the GCC put the accent on its functionalist and economic machinery instead. In common with the U.A.E. federation, the new organization has one member which is much larger than the others and which has the will and the capacity to act as the focus. Again like the U.A.E., the GCC is plagued by border disputes and dynastic rivalries. The main conceptual difference between the two entities is that as an association of already-independent states with their own established

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administrations and economies, the GCC is less ambitious than the U.A.E. of centralization. The difference is embodied in the fact that the executive organ consists of members' Foreign Ministers.

The GCC has to accommodate differing attitudes to internal and external security ranging from Kuwait's at one pole, expressed (until 1986) in her elected parliament and pioneering diplomatic relations with Warsaw Pact countries, to Oman's at the other, expressed in the Sultan's recorded advocacy of observer status for the GCC in NATO. From the beginning, the existence of Kuwait's parliament was perceived as a possible bone of contention between member governments; with regard to Oman, the Sultan's failure to condemn Egypt's separate Camp David treaty with Israel was seen as tarnishing the Council's image<sup>68</sup>.

But the most radical circumstantial difference between the Federation and the GCC is that the latter has a body politic much more aware and educated in a society greatly more complex than that of the isolated, undeveloped and homogeneous shaikhdoms of the Lower Gulf which had come together in the late 1960s. Public opinion on the GCC is on record - and it is hostile.

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### Background

The precise circumstances of the GCC's birth were grim indeed. In the spring of 1978 Somalia was defeated by Soviet-backed Ethiopia in the Ogaden. That summer President Ruba<sup>ḥ</sup>i Ali of Aden was deposed and executed for a crime rumoured to be that of rapprochement with Sa<sup>ḥ</sup>udi Arabia. His successor, regarded as much more firmly within the Soviet orbit, waged war on Sa<sup>ḥ</sup>udi Arabia's immediate neighbour North Yemen in the following year 1979 and went on to sign a Treaty of Friendship with the Soviet Union in December.

In March 1979 the signing of Camp David inflamed public opinion all over the Arab world to its hottest pitch since 1967. Perhaps none of these blows compared in psychological effect however with the one that fell on 21st November 1979, when the grand Mosque of Mecca - on the guardianship of which the legitimacy of the Sa<sup>ḥ</sup>ud dynasty partly rests - was overrun by religious fundamentalists. Soon, fundamentalist-inspired anti-Western riots were raging from Turkey to Bangladesh.

In January 1979 the Shah of Iran fled after a year of failing, for all his arsenals and techniques of repression, to suppress revolution. At first the Arab states of the Gulf did not rule out the possibility of continuing some sort of normal relationship with the new Iranian regime, which was still bourgeois and partly secular for the first few months, and in public they felt obliged to support it and dismiss any idea of feeling threatened. Shaikh Zayid reassured the Press<sup>69</sup> that the revolution was "an internal

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Iranian affair" and that "all indications at present are reassuring and augur well". By April the U.A.E. Justice Minister, who had been the first official to call on Khomeini, was fulsomely praising the revolution and calling on all Muslims to support it as the champion of the Muslim, Arab and Palestinian causes<sup>70</sup>.

Such optimism was gradually stamped out by the fighting in Khuzestan or Arabistan, where Arab sentiment favoured the ethnic self-rule demands of the Arab population, and then by Ayatollah Rouhani's revival of Iran's claims on Bahrain in April and the Iranian-inspired unrest in Bahrain throughout the summer and autumn. In November Bazargan handed over complete control to the mullahs. Fanatics seized the US Embassy in Tehran and Washington froze Iran's assets in the US; it would be difficult to say which of these actions dismayed the Gulf shaikhs the more.

Debate began to be heard, inevitably, as to whether the conditions that had led to the revolution were applicable to the Amirates on the Arab shore<sup>71</sup>. Some affected to see no comparison and Shaikh Zayid, asked by an untypically frank journalist if there were any lessons to be learned, replied that "a tree cannot grow unless the ground has been prepared for it to take root"<sup>72</sup>. Others found this complacency to be wishful thinking and argued that the root causes of the revolution, the conspicuous wealth of a small elite and the appeal of resurgent Islam, did obtain in the Arab Gulf states. A researcher quotes one Gulf Ruler as saying "I would rather deal with ten Communists than one Muslim fundamentalist"<sup>73</sup>.

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In the last week of December, 1979, the Soviet Union invaded Afghanistan. Two invariables of post-war geopolitics had thus been swept away in ten months. First the Nixon Doctrine's "twin-pillar" approach, which relied on regional powers as distinct from a direct US presence, lost one of its pillars with the fall of the Shah, and secondly Soviet troops moved into a foreign country outside the Warsaw Pact for the first time since World War Two.

President Carter made no bones about calling the invasion a serious threat to the West's oil supply routes. The strategic reversal to US interests was seen as all the more dangerous in that the US had no bases in the Gulf area. In January 1980, the Carter Doctrine was enunciated: the US would use force if necessary to repel any foreign intervention in the Gulf<sup>74</sup>. Plans for a Rapid Deployment Force sealed the about-face from the Nixon Doctrine. In the summer, separate agreements were reached with Oman, Kenya and Somalia allowing the US to use facilities in those countries under various circumstances.

Foreign bases and American support are however a grave liability to Gulf regimes in their self-presentation to their domestic intelligentsia. Al-Khaleej came dangerously close to the forbidden ground of criticizing the U.A.E.'s larger neighbour Oman by describing the base facilities as "completing American economic hegemony over the Arab world and America's plunder of Arab resources, especially oil .....and protecting the security of the racist Zionist entity in Palestine."

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"The "facilities" which certain states have offered to America are an affront to the sovereignty of the people of those states over their own territory and an insult to their national pride.....they cause hatred between the countries of this region and are an attempt to rebuild the oil imperialist alliances by new means"<sup>75</sup>.

Vilification of America was growing more febrile by the day. "The source of aggression against the Arab world is well-known" asserted al-Azmena,

"for if it is not the United States directly then it is one of the United States' agents. But when it comes down to attacking the Gulf and its people, it seems that the United States has no intention of delegating."

Americans ceased being human when they exterminated the Red Indian, this piece went on, but

"even if many people are ignorant of their brutalities in Latin America, the world cannot ignore the ten million people killed at Hiroshima or Nagasaki or the survivors who are still dying today, mutilated. Whereas the Zionist murders of Palestinian women and children and the Savak murders of the Iranians were American murders by proxy, in Vietnam at Mai Lai it was American hands that slaughtered the whole population .....for fun. These are the people who are threatening to invade the Gulf, our Gulf: these are the people with whom we are so regrettably dealing, forgetting what they have done to us and to others; pinning our hopes on their friendship when all they see in us is just fatheads for their amusement."<sup>76</sup>

Shaikh Zayid felt obliged to declare repeatedly that he would not countenance foreign military bases or alliances<sup>77</sup>.

In short, the Gulf was an uncomfortable place for rich Western-backed hereditary rulers at the turn of the new year 1980. It might have seemed that the new year could hold nothing worse for them, but in September Iran and Iraq went to war. It would be an understatement to say that they had a strong incentive for pulling together.

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### Chronology and Structure

During 1980 a number of working papers on the security of the Gulf and of the Straits of Hormuz in particular were circulated<sup>78</sup>. Oman's secret paper was reported to call for a larger and more direct US role<sup>79</sup>. Kuwait's parliament from the opposite end of the spectrum had already criticized the concept of association with a Sultanate that stepped so far outside the consensus.

The Foreign Ministers of Sa<sup>c</sup>udi Arabia, Kuwait, Bahrain, Qatar, the U.A.E. and Oman met in Riyadh on 4th February 1981. Two meetings of experts then followed before the Ministers met again on 8th March, in Muscat this time, to agree on the charter and structure of the new organization. Their statement to the Press after that meeting is faintly tautologous and markedly defensive:-

"In recognition of the special ties which bind each of the United Arab Emirates, Bahrain, Sa<sup>c</sup>udi Arabia, Oman, Qatar and Kuwait to one another, arising from their common ideology and heritage and the similarity between their social, political and demographic structures, and out of a desire to promote their people's prosperity, growth and stability through closer co-operation, the Foreign Ministers of these states met in Riyadh on February 4th 1981.

The talks at this meeting were aimed at drawing up a practical framework for the consolidation and development of co-operation between the states concerned. As a result it was decided to establish a co-operation council between these Arab Gulf states which would have a general secretariat and hold regular meetings both on the summit and Foreign Minister levels in order to achieve the goals of the states and their peoples in all fields.

This step conforms with the national aims of the Arab Nation as expressed in the Charter of the Arab League, which encourages regional co-operation as a means of strengthening the Nation. In this way the formation of the Gulf Co-operation Council can be seen as confirming the support of these states for the Arab League, its Charter and objectives, and for Arab and Islamic causes as a whole."

\* The order is alphabetical in Arabic



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On the organization's structure"-

"In recognition of the special ties, common characteristics and similar institutions linking each of the United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait and due to the importance of establishing close co-operation in all fields, particularly economic and social, the afore-mentioned states see a need for the establishment of an organization aimed at strengthening ties and co-operation between its members in all spheres. This organization, to be known as the Gulf Co-operation Council, shall have its headquarters in Riyadh, Saudi Arabia. It shall be a means of achieving a greater degree of co-ordination and integration in all fields and of forging closer relations between its members. To this end it will form corresponding organizations in the fields of economics and finance, education and culture, social affairs and health, communications, information media, nationality and passports, travel and transportation, commerce, customs and the movement of goods, and finally in legal and legislative affairs"<sup>80</sup>

This is a comprehensive brief but conspicuously lacking in any mention of defence or security. Both that omission, and the rejection of the charge that the GCC derogates from the pan-Arabism of the Arab League, are recurring themes in GCC propaganda.

The Heads of State of the six countries gathered in Abu Dhabi from 25th to 27th May 1981 for the first summit and signed the basic documentation. The working paper which this conference studied makes it clear in its first sentence that the GCC was conceived in reaction to outside events:

"The coming into being of the Co-operation Council of the Arab Gulf States is a response to the historical, social, cultural, economic, political and strategic circumstances through which the Gulf region is currently passing and is a more pressing necessity at the present time than at any time in the past for the good of the peoples of the region".

An uncharacteristically frank admission that unresolved disputes within the Gulf constitute a gap in its security is followed by an even more uncharacteristically self-searching question:

"we must face up to answering the big question of how we are to translate oil into stable, comprehensive development for the good of our peoples"<sup>81</sup>

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The constitution which the Heads of State approved in Abu Dhabi creates a Supreme Council, a Ministerial Council, an ad-hoc disputes arbitration body appended to the Supreme Council and a Secretariat, whose staff are enjoined to work in the joint interest rather than the interest of individual members. Unlike the U.A.E. federation, the GCC is to be financed by equal contributions from all the founders and is not dependent on the largest.

The first of the organs, the Supreme Council, consists of the six Heads of State and is the policy-making organ. As in the case of the U.A.E.'s Federal Supreme Council, each member has one equal vote regardless of relative size, but substantive decisions must be taken unanimously and not by the U.A.E.'s device of a majority including the largest members<sup>82</sup>. All members of the GCC have therefore an absolute veto and not merely the larger or richer members, a state of affairs which reflects and respects their established independence. This body was to meet twice a year in May and November and exceptionally at other times as required but since the first year has met only once annually. Its procedural motions maybe carried by a majority; a quorum consists of two-thirds of the members. The Supreme Council appoints the Secretary-General.

Next, the Ministerial Council consists of the six states' Foreign Ministers under a chairmanship rotating, like that of the Supreme Council, in alphabetical order according to their countries' Arabic names. It is to meet every three months regularly and on extra occasions where necessary with the purpose of making recommendations to the Rulers and generally encouraging co-operation. Voting procedures are the same as those for the Supreme Council.

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The disputes arbitration body was empowered to review, at the invitation of the Supreme Council, both disputes over the interpretation of the GCC rules and substantive disputes between member states. Membership was to be designated on an ad-hoc basis from countries not party to the dispute. Its majority recommendations to the Supreme Council are not binding, however.

Just as its U.A.E. equivalent the Federal Supreme Court had proved irrelevant to the border dispute between Dubai and Sharjah however, the GCC disputes arbitration body was bypassed completely during mediation over the Council's first serious internal territorial dispute, which came to a head between Qatar and Bahrain in 1982 and again in 1986. In both rounds, it was Saudi Arabia's individual influence and not the GCC's supranational machinery that persuaded the two sides to freeze the case (see Chapter Six).

The Heads of States' closing statement at the end of this first summit affords a significant pointer to the issues to which they claimed to have attended and to those over which they did not see fit on the other hand to admit concern. First they "re-iterated their absolute rejection of any foreign intervention regardless of its source", repeating the slogan that the security of the Gulf was the responsibility of its peoples; secondly they reaffirmed their commitment to the Arabs' prime cause, the creation of a Palestinian homeland under the leadership of the PLO; third came a restatement of their adherence to the charter of the Arab League and Arab summit resolutions and finally a reassertion of the Gulf's nonalignment. No mention was made of defence or internal security.

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This summit also set up five committees on social and economic planning, financial economic and trade co-operation, industrial co-operation, oil affairs and lastly social services and culture<sup>83</sup>.

Six months after this largely procedural first summit, the second GCC summit convened in Riyadh on 10th and 11th November 1981. 1981 had not been any kinder to the six members than 1978, 1979 or 1980. Popular reaction to the US-Israel Strategic Co-operation pact was hostile; Iraq suffered severe reverses in the war; in June Iranian President Bani Sadr was ousted. Inevitably, the Gulf states were driven to abandon in part though to varying degrees their public neutrality<sup>84</sup>.

In August 1981 the three hostile state of Libya, South Yemen and Ethiopia signed an unwelcome friendship and co-operation treaty. President Sadat was assassinated in October, the fate of a leader who stepped off the fence.

Against this background the Heads of State convened in Riyadh in November. One of the second summit's purposes was to endorse the recently-presented Saudi Middle-East peace initiative, but the Heads of State in their closing statement again took care to reaffirm their commitment to the Palestinian homeland under the PLO and their adherence to the Arab League's Charter and resolutions; again they rejected the idea of foreign bases in the area but this time they also expressed anxiety over the situation in Afghanistan and gave

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their blessing to all attempts to end the Gulf war. They approved the Economic Agreement drawn up by Gulf Finance Ministers earlier in the year but, in a departure from previous communiques, they now acknowledged that they had invited their Defence Ministers to meet "to define priorities for preserving the independence and sovereignty" of their states<sup>85</sup>.

### Reactions at Home and Abroad

The architects of the GCC felt obliged to defend themselves against two accusations, that of down-grading the Palestinian cause to a lower priority and that of forming a separatist block inside the Arab world ranged against other Arab states. Much more radical criticisms, which official statements did not acknowledge even with implicit refutation, were circulated in print outside the Gulf. The most serious was that the GCC's professed economic and functional aims were mere window-dressing, a facade for a security organization bent on suppressing all dissent or progress and a "rich men's club" formed to protect its own reactionary interests without reference to popular consultation.

Quotes to the effect that as a regional grouping the GCC deviated from the pan-Arab causes were numerous<sup>86</sup>. In refutation, the Crown Prince of Bahrain for example said that forming a co-operation council between the six states did not mean that those states were "washing their hands of the Arab causes or distancing themselves from them"<sup>87</sup>. Arab public feelings towards Israel deteriorated to their worst-ever point during these years. The Egypt-Israel talks on the Palestinian autonomy provided for under Camp David expired without

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result; Israel formally annexed the Golan at the end of 1981; in the summer of 1982 Israel invaded Lebanon and inflamed passions to a pitch only exceeded by the massacres at the Sabra/Chatila refugee camp in the autumn.

Throughout, new Israeli settlements were being built on the West Bank and Israel's treatment of Palestinian residents hardened. Incidents of terrorism such as the maiming of the West Bank mayors and attacks on Islamic holy places fed an atmosphere of angry resentment in the streets of many, possibly all, Arab capitals against their leaders' impotence and inertia. The charge of abandoning the Palestinian cause is one the shaikhs can ill afford.

Official denials that the GCC also constituted a bloc aimed against any other party issued from King Khalid and Crown Prince Fahd downwards. The late King said

"the GCC.....will in no way, directly or indirectly, be hostile to anyone. The Council is not a military bloc against any power"<sup>88</sup>.

Kuwait's Crown Prince, asked to respond to the same charge during a press conference, said,

"[concerning] the last part of your question relating to some people's belief that the establishment of the Gulf Co-operation Council means the formation of a bloc against some parties, in fact quite the reverse is true. I have noticed in some foreign newspapers a sort of plot to distort the glowing image of the Council so as to give some countries the impression that the Council has been formed at the instigation of foreign parties"<sup>89</sup>.

Oman's Foreign Minister and Saudi Arabia's Information Minister both gave interviews saying emphatically that the Council was not directed against anyone, as did the then Crown Prince Fahd.

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Further, the formation of regional groupings was argued repeatedly to be compatible with membership of the Arab League; the Foreign Ministers' original announcement of the new body took pains to make this point (see above). The Arab League Secretary-General ash-Shadhli al-Kulaibi attended the first GCC summit and subsequently said that the GCC was compatible with Article 9 of the Charter of the League.

Care was also taken to prevent the Council's appearing to be a pro-Western block notwithstanding that its creation was welcomed by Mrs Thatcher<sup>90</sup>. Kuwait's Deputy Premier and Foreign Minister said during a visit to Moscow in April 1981,

"we explained to Soviet officials the object of setting up this Council and assured them that it is not directed against anyone, in so far as it is to serve the interests of states with similar institutions in the region", adding "no-one has imposed the Council on us...rather our desire to direct our forces against foreign influence has prompted us to form it....we hope that our friends<sup>91</sup> in the Soviet Union will view our effort in a positive spirit".

Pravda had previously charged that the GCC would be a military alliance and linked its formation with Western efforts to organize a security pact in the Gulf.

The intelligentsia were unconvinced and scorned the GCC's professed non-alignment as another sham: the new organization was little more than a smokescreen for U.S. facilities<sup>92</sup>, an American ruse for clamping Saudi Arabian control over the whole Gulf<sup>93</sup>.

The charge of being a rich men's club was heard more often than it was seen in print but the Secretary-General of the Arab Planning Institute, Mr Abd al-Muhsin Taqi Muzaffar wrote that the absence of Iraq and the two Yemens from the grouping might widen the gap between

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rich and poor in the Arabian peninsula and might lower or obstruct levels of co-operation in the area, sanctioning differences instead of unity<sup>94</sup> and 'Abdullah Nafisi has made the same point<sup>95</sup>.

The more ominous charge of being a rulers' clique motivated by security and thus inimical to freedom of dissent had been laid at the door of the U.A.E. ten years before and was now directed forcefully against the GCC<sup>96</sup>. In the GCC's case however this focus of criticism was magnified by ten years' greater sophistication in the body politic, ten years' development and social dislocation and above all by the intensification of anti-Western sentiment. 'Isa Shahin, an official at Kuwait's Foreign Ministry, who was also a respected academic and a member of the National Assembly, wrote that one of the major challenges facing the GCC was the lack of popular participation in the government of the six states and in the direction of their national wealth, and Dr 'Adil al-Tabtaba'i, a Professor of Law at Kuwait University, expressed the caveat that Kuwait's democratic example would have to be followed by the other members if the GCC were to win popular legitimacy<sup>97</sup>.

Its perceived design as a tool to crack down on dissent is the GCC's greatest crime for a wide sector of public opinion. Sa'udi Arabia is routinely blamed for this triumph of reaction, and bilateral security pacts with Sa'udi Arabia are seriously unpopular<sup>98</sup> in the smaller Gulf states. The U.A.E.'s pact was the subject of resentful talk in the U.A.E National Assembly on a number of occasions<sup>99</sup> and Kuwait's was abandoned (like the multilateral version) as inconsistent with the Constitution. Sa'udi Arabia is also routinely



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blamed for killing off Kuwait's National Assembly<sup>100</sup>.

In the organization's earliest years the Secretariat, if not the higher authorities, did make an attempt to tackle the domestic political issue. It commissioned a study paper on the true meaning of development from a symposium of prominent academics, who, after a year's work, presented a report which defined true development as the nurturing of resourceful, economically-productive and socially-responsible citizens. That goal could not be reached, the report warned however, without participatory government. It went on to criticize the "consumerist" life-style to which the meaning of "development" had been reduced in the GCC states. The Ministers of Planning, to whom it was submitted, rejected the report on the grounds that it had exceeded its brief by dabbling in politics<sup>101</sup>.

Like the U.A.E., the GCC as an organization has the centripetal advantage that one of its members, Saudi Arabia, is much larger than all the others and is committed to the association. Saudi Arabia and the other five states are not quite so unequal on the other hand as were Abu Dhabi and the tiniest Emirates in 1971; Saudi Arabia's largesse instrument is correspondingly less efficient. Equally, the tendency to resent domineering behaviour is stronger, to the same effect.

The fundamental motive for closing ranks however has been reinforced by many events and shocks since the organization's birth - including an attempted coup in one of its members immediately after the second summit - and the GCC is likely to survive its internal frictions at

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least as long as the threats to its members are extant.

But the unintended side-effect of the formation of the GCC has been to crystallize sharply in the minds of the opposition the features of their regimes that they dispute the most vehemently. A large literature now exists (in London, not the Gulf) decrying the organization as an American-inspired Saudi ruse to frustrate all progress. Some examples of this literature state bluntly that by stifling all legal openings for expression, the advent of the GCC has hastened the day when dissent will erupt through illegal ones.

### Conclusion: Some Characteristics of the 1981 State

For the U.A.E. as a Federation, membership of the Gulf Cooperation Council reinforces the Federation's persona as a single entity. It weighs against any secessionist tendency, though to what extent remains to be seen.

Meanwhile, the U.A.E. ten years on still had not reached agreement on a permanent constitution but the Rulers' inability to do so cannot be cited as evidence that their commitment had stagnated, for it was not politics alone that stalled their proceedings this time also but the supervision of Shaikh Rashid's illness.

In many respects the health of the Federation after two years of Shaikh Rashid's premiership was stronger than before. It had been resuscitated from the coma of 1978 and its ability to survive the worst-case scenario of a deadlock between Abu Dhabi and Dubai had

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been proven. It had been fortified by a Central Bank and the apparent acquisition of rights over 50 per cent of each Emirate's oil revenues. Important nation-wide legislation had been made possible including a law controlling the crucial issue of immigrant labour, but other contended laws had not.

In other respects, new accretions to the Federal machinery and in particular the disbursement of federal largesse had been restrained, though this too was only partly intentional and was in part due to the coincidental strains on the exchequer imposed by the changing situation in the world oil market. Nonetheless, the continuing omission of the Government to reflate the stagnant economy represented a major contraction in its Federal role.

But above all Shaikh Rashid had recaptured for the Rulers - effortlessly - the initiative which had begun to devolve by default on the National Assembly and if he had not resolved the issues that had been thrown up by the intellectual debate of the vacuum years, he had for the time being silenced them, at least at home. We can only surmise what he might have achieved with that initiative regained.

During the five years to the Provisional Constitution's next expiry date in 1986, the Government's presence was not after all to revive. In 1981 the U.A.E. was on the brink of fresh economic changes which were to be the mirror-image of the leapfrogging revenue years of the 1970s. Oil plummeted in value and the Gulf war escalated and spread, but Shaikh Rashid lingered, a sick old man, and the U.A.E. had to face these trials with its leadership still frozen.

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### Notes

1. Akhbar Dubai, Vol.14 nbr.17, 26th April 1979 and al-Azmena al-Arabia nbr.121, 14th July 1981, pp6-7.
2. al-Rai al-ʿamm, Kuwait, 4th and 11th April 1979.
3. al-Mustaqbal, Paris, 21st April 1979, reprinted in al-Ittihad, 22nd April 1979, p5.
4. al-Ittihad, 14th March 1980.
5. Ibid.
6. Interview with al-Rai al-ʿamm, loc.cit., and Chapter Three above.
7. For a complete list of this Cabinet, see al-Jarida al-Rasmiyya, nbr. 69, 6th July 1979, pp16-17.
8. The policy statement was carried by al-Ittihad, 2nd July 1979. See also "No Surprises in Rashid's Cabinet", The Middle East, August 1979, p17, by this writer.
9. Central Bank Bulletin Vol.1 Nbr.1, December 1980, p55 and al-Ittihad, 4th April 1980.
10. al-Jarida al-Rasmiyya, 9th year, nbr.73, December 1979, p7.
11. The Plan is reprinted in al-Tatawwurat al-Iqtisadiyya w' al-Ijtimaʿiyya fi Dawlat al-Imarat al-ʿarabiyya al-Muttahida l'il-Sanawat 1980-82, op.cit., pp79-84.
12. See below, Chapter Six.
13. al-Jarida al-Rasmiyya, Vol.12, nbr.107, July 1982, p9.
14. al-Ittihad, 4th May 1980.
15. See feature articles in al-Ittihad and al-Khaleej, 20th August 1980.
16. al-Jarida al-Rasmiyya Vol.11 nbr.94, 24th August 1981, pp10-17.
17. Interview with Minister of Economy and Trade in al-Ittihad, 3rd November 1985, p17 and Chapter Six below.
18. Federal Laws 6 of 1977, al-Jarida al-Rasmiyya, nbr.48, 20th June 1977, pp33-42 and, 13 of 1981, al-Jarida al-Rasmiyya, nbr. 93, 30th July 1981, pp7-24.
19. The table is from Shakir ʿIsa Musa's paper "Tawziʿ al- Dakhl fi Dawlat al-Imarat" (Wealth Distribution in the U.A.E.), Chapter 11 of al-Tajarib al-Wahdawiyya al- ʿarabiyya al-Muʿasira: Tajriba Dawlat al-Imarat al- ʿarabiyya al-Muttahida, op.cit., p473.

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20. Report summarized in a series of features in al-Ittihad, 14th, 15th and 17th April 1984.
21. al-Jarida al-Rasmiyya, nbr.72, 4th November 1979, pp11-15.
22. Interview with Ahmad Jasim al-<sup>C</sup>abduli, Under-Secretary at the Ministry of Public Works and Housing, al-Ittihad, 17th April 1984, p3.
23. al-Ittihad, 25th February 1980 and al-Jarida al-Rasmiyya, nbr.85, 30th November 1980, pp32-39.
24. See al-Bayan, 28th April 1982, interview with Under-Secretary for Industry at Ministry of Finance and Industry, statement to the 8th May 1984 session of the F.N.C. by the Minister of State for Finance and Industry quoted in al-Khaleej, 9th May 1984 and interview with Undersecretary for Industry in al-Bayan, 15th January 1986 p2.
25. Minister of Agriculture's statement to the same F.N.C. quoted in al-Khaleej 9th May 1984; statement by Minister to 8th March 1988 session of F.N.C. quoted by al-Khaleej, 9th March 1988.
26. Minister of Agriculture's statement to 8th May 1984 session of the F.N.C. carried by al-Khaleej, 9th May 1984; interviews with Ministry officials in al-Bayan, 22nd January 1985 p7; statement by Minister to 8th March 1988 session of F.N.C. carried by al-Khaleej, 9th March 1988, p8.
27. Interview with Minister of Agriculture, al-Bayan, 19th January 1985, p5; for depletion of stocks and drying-up of wells see also investigations in al-Khaleej, 26th and 29th September 1985 (p8 and p3) and al-Ittihad, 22nd December 1985 p11.
28. al-Khaleej, 6th May 1981. Strikes were also reported in al-Azmena al-Arabia nbr.112, 12th-18th May 1981, pp5-8.
29. Interviews with Undersecretary at Ministry of Public Works and Housing Jasim al- abduli in al-Bayan, 4th January 1981, p2, and al-Ittihad, 17th April 1984, p3.
30. al-Ittihad, 22nd November 1980.
31. al-Jarida al-Rasmiyya, nbr. 92, 27th June 1981, pp9-17.
32. Central Bank Bulletin Vol.1 Nbr.1, December 1980, p55.
33. al-Khaleej, 1st September 1980.
34. Abu Dhabi Fund for Arab Economic Development Annual Report 1980, pp49-51.

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35. Government of Dubai Central Accounts Section, Dubai Annual Trade Review 1981, pp14-16, and al-Bayan, 14th September 1980 and 4th January and 1st July 1982.
36. Interview with Minister of Housing and others, al-Khaleej, 6th January 1986, p7.
37. U.A.E. Currency Board Bulletin, Vol.6 Nbr.2, June 1980, p21.
38. al-Jarida al-Rasmiyya, nbr.80, 20th May 1980, pp31-33.
39. al-Jarida al-Rasmiyya, nbr.92, 27th June 1981, pp9-17.
40. al-Bayan, 17th June 1981.
41. al-Ittihad, 8th May 1982
42. "Abu Dhabi Puts Brake on Spending", Arab Report and Memo, Vol.2 nbr 18, 1st May 1978, and "New Company to Exploit Natural Gas from Abu Dhabi Oilfields", Arab Report and Memo Vol.2 nbr 31, 31st July 1978, both by this writer, and Emirate of Abu Dhabi Department of Planning, Statistical Yearbook 1981, Table 136 p257.
43. al-Ittihad 19th June and 21st September 1980 and 29th June 1981.
44. al-Ittihad, 5th December 1979, p3.
45. United Arab Emirates Ministry of Information, Provisional Constitution of the United Arab Emirates, Abu Dhabi, undated, Article 93, p24.
46. al-Ittihad and al-Fajr, 19th February 1980.
47. al-Ittihad, 20th February 1980.
48. al-Azmena al-Arabia, nbrs. 51 and 53, 27th February and 12th March 1980 and 129, 7th September 1981.
49. al-Khaleej, 13th June 1980, p5.
50. al-Jarida al-Rasmiyya, nbr.85, 30th November 1980, pp5-31.
51. al-Ittihad, 5th October 1980, back page comment.
52. al-Khaleej, 22nd November 1980.
53. al-Azmena al-Arabia nbrs.80, 17th September 1980 pp4-5 and 83, 8th October 1980 pp24-25; commentary by Muhammad Ubaid Ghobash on Chapter 14, "Ittihadhiyya Dawlat al-Imarat - al-Nass al-Dusturi w'al-Mumarisa" (The Federalness of the U.A.E.: Constitutional Text and Practice), of al-Tajarib al-Wahdawiyya al-Carabiyya al-Mu<sup>c</sup>asira, op.cit., p637. For criticism of Shaikh Rashid's style of rule, see "Umm Ghair Ittihadi" (A non-Federal Year), al-Azmena al-Arabia nbr.91, 3rd December 1980 pp4-5, also nbr.63, 25th July 1980 pp6-7 and nbr.128, 1st September 1981 pp6-7.

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54. al-Jarida al-Rasmiyya, nbrs. 80, 20th May 1980 pp9-22 and 85, 30th November 1980, pp32-39 respectively and al-Azmena al-Arabia nbr.130 15th September 1981 pp6-7.
55. al-Ittihad, 8th April 1980.
56. Carried in full by al-Ittihad, 23rd November 1980, p3.
57. Debates recorded in coverage of F.N.C. sessions in al-Ittihad and al-Khaleej 10th December 1980 and al-Khaleej 17th December 1980, where text of Note is given.
58. al-Khaleej, 17th December 1980, p5.
59. al-Khaleej, 16th May 1981, p5.
60. al-Azmena al-Arabia, nbr. 120, 7th July 1981
61. e.g. al-Khaleej, 1st November 1980, editorial.
62. al-Azmena al-Arabia nbr.103, 10th March 1981, pp4-5.
63. al-Khaleej, 16th May 1981 p5.
64. al-Azmena al-Arabia, nbr. 115, 2nd June 1981 pp4 - 5.
65. al-Jarida al-Rasmiyya, nbr.98, 21st November 1981, p3.
66. al-Khaleej 3rd November 1981, editorial and feature p5.
67. al-Khaleej, 4th November 1981 p5, where each member's vote is recorded. The "no" votes were Rashid <sup>ali</sup> al-Dimas, Salih Ahmad Shal and Tariam Tariam. al-Khaleej called the vote a betrayal.
68. These and other tensions are discussed by Abdullah Bishara, the GCC Secretary-General, in an interview in The Middle East, September 1981, p35. See also The Middle East, April 1981, pp8-15.
69. al-Ittihad 13th March 1979, interview reprinted in Journal of the Gulf and Arabian Peninsula Studies, nbr.19, July 1979, pp154-158.
70. BBC Summary of World Broadcasts ME/6099/A/9, 24th April 1979.
71. James A. Bill, "The Arab World and The Challenge of Iran", Journal of Arab Affairs, vol.2 nbr.2, Spring 1983, pp155-171.
72. Interview in al-Ittihad, 13th March 1979, reprinted in Journal of the Gulf and Arabian Peninsula Studies, loc.cit.
73. James A. Bill, op.cit., loc.cit.
74. For a critical evaluation of the thinking behind the U.S. response see Herman Eilts, "International Security Considerations in the Persian Gulf", International Security, Fall 1980, Vol.5, nbr.2, pp79-113.

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75. al-Khaleej, 25th August 1980, editorial.
76. al-Azmena al-Arabia, nbr.76, 20th-26th August 1980.
77. e.g. interview with al-Rai al-ʿamm, Kuwait, reprinted in Journal of The Gulf and Arabian Peninsula Studies, nbr.23, July 1980, pp212-214, and interview with al-Ittihad, 22nd May 1981 reprinted ibid, nbr. 28, October 1981, pp133-136.
78. Various schemes had been proposed by a number of Gulf states including Iraq and Iran since the mid-1970s; all eight countries met in Muscat in November 1976 - see above Chapter Four above.
79. The Middle East, September 1981, p36.
80. Communique issued by the Foreign Ministers, 8th March 1981, reprinted in English in Kuwait News Agency (KUNA) Documentation Department, Digest: The Gulf Co-operation Council, Ninth Issue, December 1982, Third Edition, Kuwait, pp8-9.
81. KUNA Documentation Dept., Milaff ul-Abhath - 19: Majlis al-Taʿawun al-Khaliji, (Research File 19: The GCC), part 2, Kuwait, February 1983, pp20-23.
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92. Dr. ʿAbdullah Fahd Nafisi, Majlis al-Taʿawun al-Khaliji, al-Itar al-Siyasi w'al-Istratiji (The GCC: The Political and Strategic Context), op.cit., pp6-10, passim; and Majid al-Majid, Majlis al-Taʿawun al-Khaliji, Azmat al-Siyasa w'al-Sharʿiyya (The GCC, Crisis of Politics and Legitimacy), op.cit., p18, pp54-56, passim.



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93. Majid al-Majid, ibid, pp20-22.
94. KUNA, Digest 9, op.cit., pp67-68.
95. Nafisi, op.cit., pp6-10.
96. Dr. ʿUmar Ibrahim al-Khatibi, "al-Tanmiyya w'al-Musharika fi Aqtar al-Khalij al-ʿarabi" (Development and Participation in the Arab Gulf States), op.cit.
97. KUNA, Digest 9, op.cit., pp65-66.
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99. See below, Chapter Six.
100. Riyadh Najib al-Rais, Al-Khalij al-ʿarabi wa Riyah al-Taḡhayyur (The Arabian Gulf and The Winds of Change), op.cit., pp52-53.
101. report summarized in al-Khaleej 10th December 1985 p17 (as part of a lecture by Dr Ali al-Kuwari) and 6th March 1986. It was published in book form by the Centre for Arab Unity Studies, Beirut, under the title Nahwa Istratijivya Badila li'l-Tanmiyya al-Shamila (Towards an Alternative Strategy for Comprehensive Development).

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For all the Gulf states, the years following 1981 were dominated by the escalation of the Iran-Iraq war and by the steep fall in the price of oil, but U.A.E. was faced also with the terminal illness of the Vice-President Shaikh Rashid. Each of these baleful developments interacted with the others. The war itself not only escalated in intensity but took on the triangular shape, with the GCC states as one side of the triangle, that brought Dubai and Sharjah within Lloyds' definition of the war zone for insurance purposes. Shi<sup>c</sup>i militancy, encouraged directly or indirectly by Iran, brought with it the destabilization and occasional acts of terrorism the shaikhs feared the most and was blamed for an attempted coup in one GCC member and an attempt on the life of the Amir of another. The war dominated the GCC's concerns and was contributed to its greater coherence, though members' apprehensions of it were not identical. U.A.E. President Shaikh Zayid played a part in the various unsuccessful mediation attempts but a growing lack of confidence and fear of possible loss of face ruled out their being publicized.

The war was negative however for the level of economic activity, which was severely blighted as well by the simultaneous plunge in the price of oil and later the decline of the dollar. The slump undermined the Federation's will to decide its economic path. Ever-gloomier business prognostications led to an exodus of the immigrants; in an economy that imported not only its consumer goods

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but also its consumers, the departures further depressed the level of activity which further swelled the departures, and so on.

Shaikh Rashid's illness continued to slow all decision-making on the Federal front almost to the point of extinction. This was the context in which the twice-extended Provisional Constitution came due to expire again in December 1986. Obviously, it was not feasible to expect any radical decisions to be reached on a new Constitution under the circumstances. Shortly after the provisional one was re-extended, however, the Federation was put to its severest test by a coup d'etat in Sharjah. This thesis will end with an evaluation of the Supreme Council's response to that test.

The threat of Iranian-inspired instability became a reality immediately after the second GCC summit in November 1981 when Bahrain experienced an attempted coup. In February 1982 the Foreign Ministers went to Manama to hold their first emergency session and to declare their absolute support for Bahrain. Their statement named names by resolving to resist acts of sabotage perpetrated by Iran. Iraq's readiness to seek a peaceful solution to the Gulf war was singled out for praise, in a further departure from earlier attempts to cultivate a neutral image, and Iran was called upon to reciprocate<sup>1</sup>. It is significant that the threat was considered sufficient to enable members, despite their differing relations with Iran, to reach this degree of unanimity on a very dangerous substantive issue.

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The coup attempt also brought ministers responsible for internal security to an urgent meeting in Riyadh in February 1982. Like the foreign ministers, they declared that their reaction was collective and set their technical experts the task of drafting the detailed multilateral internal security pact<sup>2</sup>.

The idea of drafting this internal security pact was given the go-ahead at the next council session<sup>4</sup>. It proved unpopular in some member states and eventually had to be abandoned<sup>5</sup> in favour of a more vaguely-defined security "strategy"<sup>6</sup>.

A third emergency foreign ministers' session was again devoted to the Iran-Iraq war. Held in two parts separated by two weeks, it reviewed talks which Saudi Arabia and Kuwait were holding with Iran's two Arab allies Algeria and Syria. Both meetings commended Iraq's response to mediation efforts<sup>7</sup>.

The next regular session, in Ta'if in July 1982, took place shortly after the Israeli invasion of Lebanon. Members condemned the United States for using its Security Council veto against a motion critical of Israel, and called on the Council to impose economic sanctions against Israel in the wake of the invasion<sup>8</sup>.

Defence co-ordination was clearly an early and high priority. As was noted in Chapter Five, the second Heads of State summit was followed by a meeting of members' defence ministers which was subsequently held in November 1981 in Riyadh, preceded by a meeting of the Chiefs of Staff. At this first meeting the defence ministers broached the

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idea of starting an indigenous Gulf arms industry but their communique missed out the expected reference to the creation of a joint army command<sup>9</sup>.

A second defence ministers' meeting took place in Riyadh in October 1982, and the following year joint exercises got underway with "Peninsula Shield", held in October on U.A.E. territory<sup>10</sup>. Reliable reports say that the 1982 summit in Bahrain pledged \$1bn for upgrading the island's defences<sup>11</sup>.

Just as the second summit in Bahrain had been overshadowed by an attempted coup, the fourth in Doha in 1983 was to be surrounded by rumours of a plot. An arms cache was said to have been discovered belonging to conspirators who were apparently planning either, depending on the source, to blow up the Sheraton Hotel, where the Heads of State were staying, or to shoot down the aircraft bringing one or more of them to Qatar. Naturally, no confirmation of these rumours was ever forthcoming. However the summit was followed by the first wave of bombings in Kuwait.

Other GCC members - except Kuwait - now hastened to sign bilateral internal security pacts with Saudi Arabia, but the draft multilateral version failed to gain approval when the interior ministers met in Kuwait in October 1982 for their second session and again when they met in October 1983 for their third. Instead the Ministers asked a panel of experts to work out some revisions<sup>12</sup>. A month later Kuwait experienced its bomb explosions, for which members of an Islamic fundamentalist group with Iranian connections

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were later brought to trial, but Kuwait's reservations over the pact were not overturned. The Kuwait News Agency quotes the draft as aiming to "preserve security and stability and protect the Islamic Shari'a and ideals against atheism, subversion and military activities"<sup>13</sup> but it was criticized openly in the U.A.E. National Assembly and was condemned as an illiberal "conspiracy" by the well-known dissident Dr Abdullah Nafisi at the opening session of the new Kuwaiti Parliament in March 1985<sup>14</sup>.

Much co-ordination was also attempted in the first years on the functional and economic plane and this indeed received more publicity than the defence and security arrangements. In June 1981 finance and economy ministers approved the cornerstone Unified Economic Agreement<sup>15</sup>, which aimed to promote free trade and the free movement of capital and expertise between members and was to enter into effect in 1983. At the end of 1982 the same ministers approved the setting up of the Gulf Investment Corporation with a capital of \$2.1bn, to be subscribed equally by each member.

Trade ministers recommended that a strategic stockpile of foodstuffs be built up; electricity ministers commissioned studies of a Gulf power grid and oil ministers discussed a gas distribution network. Communications ministers commissioned a study of a railway line to link the GCC states with each other and perhaps with Europe via Turkey; in 1984 they approved a project for a trunk road from Kuwait to Muscat, though the new climate of austerity later caused some of the schemes to be retrenched.

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Intensifying threats to navigation in the Gulf inspired the GCC oil ministers to work out an agreement guaranteeing that any member whose oil exports were interrupted by an emergency would be compensated out of the production of other members, sold on the afflicted member's behalf. They recommended the strategic stockpiling of refined products and decided to give priority in siting future joint petrochemical projects to the relatively poorer members Bahrain and Oman, beginning with a 250,000 bpd export refinery to be built at Salalah in Oman<sup>16</sup>.

The GCC's preoccupation with the war intensified throughout 1983, as it became clear that Iraq's early gains were not to be repeated or sustained and had indeed been reversed<sup>17</sup>. The organization's line of approach still concentrated on mediation and one of the leading mediators seems to have been U.A.E. President Shaikh Zayid, though the people of the U.A.E. were kept in the dark except for the bare facts of his itineraries. After previous trips by the Qatari and Saudi Arabian Foreign Ministers, Shaikh Zayid went to Iraq, Syria and Algeria in October<sup>18</sup>.

Some sources have it that he then put a plan to end the war and launch an Islamic "Marshall Plan" for reconstruction<sup>19</sup> to the fourth summit in Doha in November, a summit which was largely taken up with the mediation efforts. If he did so, the plan was not adopted, for no mention of it was made in the closing communique. Instead, the communique returned again to the contrast between Iraq's and Iran's responses to international mediation efforts and urged Iran to follow Iraq in accepting the 31st October Security Council resolution calling for an end to operations against

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civilian and economic targets and in international shipping lanes. This time, however, the Heads of State added an appeal to the permanent members of the Security Council to fulfill their statutory obligations under the UN Charter to ensure that its resolutions were carried out<sup>20</sup>.

Though GCC pronouncements on the subject had now tilted towards Iraq, GCC members' individual attitudes to Iran had of course always been less than uniform. The Crown Prince of Abu Dhabi Shaikh Khalifa ibn Zayid was still insisting in 1984 that the U.A.E. retained good-neighbourly relations with both sides<sup>21</sup> and in April 1985 Dubai staged an Iranian trade fair billed as the largest ever held outside Iran since the Revolution, despite the fact that the Iraqi Deputy Prime Minister and Foreign Minister had already condemned the relations of one un-named but easily-identified GCC member with Iran as "a disgrace"<sup>22</sup>.

In April 1984, the Gulf war saw a serious escalation when the tanker war broke out. Iraq aimed to blockade Iran's oil export terminal at Kharg Island; Iran responded by bombing oil tankers and commercial vessels of non-belligerent states heading for Iraq and thereby confronted the Gulf states with the possible cut-off of vital imports plus the possibility of not being able to export their oil. The war now took on the triangular shape that was to characterize its future phases: Iraqi attacks on Iran's economic targets were met by Iranian pressure not on Iraq but on the GCC states.

In response, the GCC foreign ministers met in Riyadh the same month



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for their fifth emergency session and decided to take the matter to the Security Council via the Arab League; the latter was called into emergency session and demanded that Iran stop the attacks<sup>23</sup>. To appeal to the international community represented something of an inconsistency; Shaikh Zayid's slogan that "the security of the Gulf is the responsibility of its citizens" had been adopted by other Ministries of Information and was trumpeted routinely in the complacent official press. The Bahraini Foreign Minister Shaikh Muhammad ibn Mubarak was now quoted as saying

"nobody can help you if you cannot help yourself. The Gulf states collectively are capable of defending themselves but on the other hand all the world's interests pass through the Gulf and the security of the Gulf is therefore an international issue as well. It would be nothing remarkable if we asked our friends for help if circumstances required"<sup>24</sup>

- a tortuosity destined to grow all the more acrobatic as the war escalated.

The Security Council quickly adopted a resolution asking that freedom of navigation in international waters be respected but the atmosphere of crisis thickened when Saudi Airforce fighters shot down an Iranian F4 on 5th June 1984. It was later revealed, much to the Saudis' embarrassment, that the Saudi fighters had been refuelled in mid-air by U.S. forces<sup>25</sup>.

Also in June 1984 the implications of the tanker war for oil prices and sales were discussed by the GCC oil ministers, who were reported to have agreed to build a strategic pipeline to a new terminal on the Gulf of Oman coast in either the U.A.E. or Oman to bypass the

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Straits of Hormuz. Kuwait was reported to be ferrying its oil via a shuttle service to tankers waiting outside the Straits of Hormuz, and Sa<sup>u</sup>di Arabia to be keeping reserves of crude in tankers anchored outside the Gulf<sup>26</sup>.

Meanwhile, the Chiefs of Staff worked out plans for a unified Gulf defence force, the Rapid Deployment Force, which was to be based on co-ordinating units from members' individual forces rather than on creating a separate force under GCC command. In September 1984 the foreign ministers and the defence ministers held a joint meeting at Abha in Sa<sup>u</sup>di Arabia - a meeting which the press build-up indicated was of exceptional importance - and approved a policy paper on defence prepared by military experts. Their paper and the unified force was adopted and approved at the fifth summit in Kuwait<sup>27</sup>.

But at the same time, also in June 1984, the Kuwaiti Foreign Minister and his U.A.E. counterpart went to both Baghdad and Tehran on a fresh peace mission. It was not blessed with success. At first the two emissaries were encouraged by the response of both combatants to the new initiative, the Kuwaiti Minister explained later in a statement on 13th June, but the position of the "brethren in Tehran" had then undergone a "sudden change", bringing the mission to a halt. They had hoped that Iran might look on the "balanced" Security Council Resolution 552 in the same way as Iraq did. Now, although they had not given up hope of Iran's being brought to the negotiating table, the GCC states were determined to defend themselves and to "respond collectively to any danger to which a member might be exposed". All aspects of that response had been worked out<sup>23</sup>.

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The GCC's fifth summit was celebrated in Kuwait in November 1984 and adopted the slogan "the summit of self-reliance" (all subsequent summits adopted similarly fanciful titles). Iran now got harsher verbal treatment than before in the press build-up. The GCC states had refused to lose their composure or to allow themselves to be sucked into the war despite continual provocations not only in the form of propaganda campaigns against them but also of armed attacks against installations and commercial shipping<sup>29</sup>.

At this summit the GCC's strategy for Gulf security had crystallized into what was described as a twin-track approach combining neutrality on inter-Arab differences with active joint defence plans. Accordingly, the Heads of State in their closing communique redoubled their praise for Iraq's positive stance on international resolutions and mediation efforts and called on Iran to match it. But at the same time, Shaikh Sabah said, plans had been agreed for a joint defence force under a single command. Its existence was to be for a specific period of time, after which the concept would be re-evaluated. No internal role was envisaged for the force<sup>30</sup>. Plans for a Gulf armaments industry had also been discussed but their realization remained far off.

Whatever the effect of the dual signal sent out by the Kuwait summit, however, March 1985 saw a further major escalation of the war and the high-casualty "war of the cities"<sup>31</sup>. Fierce land battles over the Hor Huwaiza marshlands had been raging for a week and Iraq had declared all Iranian airspace a military exclusion zone

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when the Foreign Ministers met for their ordinary session on 17th March. This time, their communique declared "total solidarity with Iraq". Kuwaiti Foreign Minister Shaikh Sabah protested strongly against Iran's occupation of Iraqi territory. Since Iraqi territory was Arab territory, it was the duty of all Arabs to defend it<sup>32</sup>.

The new harder line notwithstanding, Shaikh Sabah left the meeting for Baghdad and later went to Algiers with his Sa<sup>c</sup>udi counterpart as part of the same errand while the GCC Council repeated its readiness to send emissaries to Tehran as well if Tehran agreed - the U.A.E. Foreign Minister was reported to be the obvious candidate. Like earlier mediation efforts, these errands came to nothing<sup>33</sup>. Meanwhile Iran claimed to have taken several kilometres of the Basra-Baghdad highway; Kuwait's defences were strengthened and the Shatt al-<sup>c</sup>Arab island of Bubian was turned into a military zone; intelligence-sharing and joint defence plans were drawn up. The agreement to spare civilian targets which the U.N. Secretary-General had secured in the summer of 1984 was cast aside and throughout the month both Baghdad and Tehran cities suffered repeated missile attacks and bombing raids.

In such an atmosphere of deepening crisis a sudden visit by the Sa<sup>c</sup>udi Foreign Minister to Tehran in May, in which the U.A.E. may have played a preparatory role<sup>34</sup>, had an element of drama. The Prince's visit was immediately overshadowed however by the attempted assassination of the Amir of Kuwait on 25th May by a suicide car bomber.

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The Amir escaped death by inches; the sound of his shaking voice on T.V. broadcasting to the nation was a nail in the coffin of any lingering Iranian attractiveness to middle-class disaffection. Whatever the Young Turks wanted, the murder of their shaikhs by suicidal Shi'is was not it.

In the autumn of 1985 moreover the Iranian navy started intercepting neutral shipping bound for Gulf ports and checking cargo for goods going to Iraq. The implications for life in the non-belligerent Gulf states were so serious that the GCC was obliged to consider reverting to a more placatory line towards Iran.

At the sixth GCC summit, (officially "the summit of take-off"), which was held amid unparalleled ostentation in Muscat in November 1985, the Heads of State for the first time failed to favour Iraq. Instead, Sultan Qabus spoke evenly in his welcoming speech of the need for "good-neighbourliness"<sup>35</sup>. Their closing communique called on Iran to respect the U.N. resolutions on the freedom of navigation in the Straits but was free of strong language. It also expressed the GCC's readiness to revive mediation efforts yet again with both combatants.

The Muscat communique's omission both of praise for Iraq and of condemnation of Iran was seized on by commentators as a qualitative change in the GCC's position<sup>36</sup> and was praised fulsomely by both the Prime Minister and the Foreign Minister of Iran<sup>37</sup>. In December the latter went to Riyadh to return his Saudi counterpart's May visit to Tehran.

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The talks were presented officially as a failure<sup>38</sup> despite the fact that Velayati chose this point in time to praise the U.A.E. as "an exemplary good neighbour to Iran"<sup>39</sup> and despite hints from other sources that the coolness was for public consumption and in truth masked a bargain by which Iran got an undertaking from the Gulf states to distance themselves from Iraq in return for an Iranian promise not to extend the scope of the war - in other words an institutionalization of the war's triangularity - and not forcibly to limit oil exports through the Gulf to help stem the giddy slide in prices that had followed upon OPEC's decision that month to abandon its traditional defence of prices. At any rate contacts intensified in the New Year 1986 as the price of oil fell through \$15 a barrel towards \$10.

Whatever the true tone of the Saudi-Iranian talks may have been, however, Iran launched its long-heralded land offensive on the night of 9th February 1986 and succeeded at once, in a night long to be remembered by those who spent it glued to their radios, in crossing the Shatt al-Arab. Iran gleefully described itself as Kuwait's new neighbour. The Gulf states were horrified; even the U.A.E. felt able to issue an official statement condemning the attack<sup>40</sup>. Iraq responded by taking the war to economic targets inside Iran<sup>41</sup>.

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### The End of the Surplus-Revenue Years.

While the war overshadowed the Gulf as a region, at home the development most immediate in its impact on daily life was the plunge in oil revenues. Revenue from oil fell from Dhs52.7bn (\$14.3bn) in 1980 to Dhs45.5bn (\$12.35bn) in 1981, then to Dhs34.6bn (\$9.39bn) in 1982, and to Dhs27.0bn (\$7.33bn)<sup>42</sup> in 1983 after OPEC cut back its output and reduced the marker price by 15 per cent to \$29 per barrel in March of that year. In October 1984 OPEC was forced to lower its production ceiling further from 17.5m bpd to 16m bpd, and the U.A.E's oil revenue fell again to Dhs23.9bn (\$6.508bn)<sup>43</sup>.

As a result, 1981 turned out to be the last of the years of surplus revenue. The revenue side of the Federal budget decreased from Dhs26.233bn (\$7.142bn) in that year to a projected Dhs20.276bn (\$5.52bn) in 1982<sup>44</sup>. Of that projected 1982 sum, however, only Dhs16.050bn (\$4.37bn) was actually forthcoming, whereas expenditure was put at Dhs22.6bn (\$6.16bn)<sup>45</sup>.

The full implications of a continuing slide in revenues did not penetrate immediately. The period up to the end of 1982 saw current expenditure continuing to rise at a steep incline regardless of the sharp drop in income (see table overleaf). Government services continued to improve, as expressed for example in the pupil:teacher

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ratios in the schools and in the patient:doctor ratio, and in the individual's share in final consumption, which grew significantly.

After the great shortfall in 1982's expected revenue, however, the "rationalization" spirit was implemented with a vengeance. Ironically, since the 1981-5 Plan was based on the assumption that oil prices would stabilize at 1980 levels, the Plan would now have been overtaken by economic events even if it had not been tacitly shelved for political reasons.

In the following year 1983 the Federation's projected budget revenues fell sharply again to Dhs12.945bn (\$3.513bn) (they in fact reached an actual Dhs13.8bn) against expenditure of Dhs18.406bn (\$5bn), a second projected deficit of Dhs5.5bn (\$1.5bn)<sup>46</sup>. Next, 1984's projection put revenue at Dhs12.859bn (\$3.50bn) against expenditure of Dhs17.229bn (\$4.69bn), a third deficit of just over Dhs4bn. In practice, however, revenues again fell short of expectations and reached only Dhs12.4bn (\$3.376bn), pushing the actual deficit up to Dhs5.4bn<sup>47</sup>.

This time, Abu Dhabi's individual finances followed the same sorry course. Indeed this time around, in contrast to the 1978 recession, Abu Dhabi was affected as severely as and in some respects more severely than the other main oil-exporting Emirate of Dubai and than Sharjah, where new oil discoveries in the late 1970s



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Table 6:1 Comparative Standard of Living Indices, 1980 and 1982

<u>Item</u>	<u>Unit</u>	<u>1980</u>	<u>1982</u>	<u>Growth</u> <u>p.a.</u>
National income:				
fixed prices	dhs m	98,746	97,611	(0.6)
current prices	dhs m	98,746	87,844	(5.7)
Population	thousand	1,042	1,186	6.6
Per capita income:				
fixed prices	1,000 dhs	94,8	82,3	(6.8)
current prices	1,000 dhs	94,8	74,1	(11.6)
Individual's share in final consumption				
fixed prices	1,000	29,7	42,0	17.6
current prices	1,000 dhs	29,7	36,7	11.2
Individual's share in government consumption:				
fixed prices	1,000 dhs	11,5	19,4	27,5
current prices	1,000 dhs	11,5	16,6	20.1
Individual's share in private consumption:				
fixed prices	1,000 dhs	18,2	22,6	11.2
current prices	1,000 dhs	18,2	20,0	5.1
Individual's share in savings: fixed prices				
current prices	1,000 dhs	58,6	38,2	(19.3)
current prices	1,000 dhs	58,6	35,5	(22.2)

Source: al-Tatawwurat al-Iqtisadiyya 1980-82, op.cit., p 41.

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Table 6:2 Economic Variables 1980-82 (in dhs m at current prices)

<u>Variable</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>Growth</u>
Population	1,042,100	1,122,000	1,186,000	6.7
Workforce	541,033	580,362	596,235	5.0
Crude oil output				
(million barrels)	625,508	548,128	450,535	(15.1)
GDP	109,833	119,266	113,633	1.7
GNI	98,746	105,541	97,611	(0.6)
Disposable income	91,989	101,525	95,101	(1.7)
National savings	61,029	58,113	45,323	(13.8)
Expenditure: final				
consumption	30,960	43,412	49,778	26.8
of which Government				
final consumption	11,992	19,471	22,940	38.3
and private final				
consumption	18,968	23,941	26,838	18.9
Fixed capital formation	30,155	29,018	32,181	
of which Government	12,454	10,226	13,600	
and of which private				
business sector	17,701	18,792	19,581	
Total imports	34,116	35,594	34,800	1.0
Total exports	84,512	83,350	63,800	(10.1)
Trade surplus	50,396	47,756	33,535	(18.4)
Current balance of				
payments surplus	38,909	36,050	22,338	(24.2)
Wages	16,011	20,161	22,174	17.7

Source: Ibid, p97.

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had caused a temporary local boom. Abu Dhabi's oil revenues slumped drastically from Dhs37.885bn (\$10.315bn) in 1981 to Dhs27.495bn (\$7.486bn) in 1982 and to Dhs19.523bn (\$5.315bn) in 1983 and then to only Dhs17.951bn (\$4.887bn) in 1984, less than half of the 1981 figure. Total revenue dropped accordingly from Dhs40.312bn (\$10.975bn) in 1981 to Dhs30.099bn (\$8.195bn) in 1982, to Dhs22.119bn (\$6.024bn) in 1983 and Dhs19.625bn (\$5.513bn) in 1984. Against these incomings, outgoings were put at Dhs37.852bn (\$10.306bn) in 1981, Dhs29.554bn (\$8.046bn) in the last surplus year of 1982, then Dhs25.787bn (\$7.021bn) in 1983 and Dhs22.418bn (\$6.104bn) in 1984. Thus 1982's surplus of Dhs545m (\$148m) was turned into the large deficits of Dhs3.683bn (\$1.003bn) in 1983 and Dhs2.793bn (\$760m) in 1984<sup>48</sup>.

These deficits and the consequent spending cuts can be argued to have been more apparent than real, since in practice budget allocations were never fully spent. Thus, though Abu Dhabi's 1982 Development Programme of Dhs6.7bn (\$1.824bn) looks smaller than the previous year's Dhs7bn (\$1.906bn), of that Dhs7bn in 1981 only Dhs5.7bn (\$1.55bn) had been actually spent, so the 1982 budget was in fact bigger.

The 1983 Development Programme of Dhs5.995bn (\$1.633bn) looks in turn to be smaller than 1982's Dhs6.7bn, but of 1982's Dhs6.7bn only Dhs5.4bn (\$1.47bn) had been spent, which means that 1983's allocation was again more. Again in 1984 the allocated Dhs5.021bn (\$1.367bn) was less than the Dhs5.995bn allocated in 1983 but more than the Dhs4.507bn (\$1.227bn) actually spent. In that year 1984, actual

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disbursements under the Development Programme totalled Dhs3.899bn, so that 1985's allocation of Dhs5bn was again higher. Total spending in 1985 was Dhs4.206bn<sup>49</sup> (See Table 3:3).

The same argument can be applied, though less convincingly, to Federal expenditure as well. 1982's was estimated at Dhs22.6bn (\$6.16bn) for example, but in practice reached only Dhs19.3bn (\$5.25bn), according to Central Bank figures. Compared with this latter figure, the following year's budgeted Dhs18.4bn (\$5.6bn) is not far below. Real expenditure in 1983 and 1984 was Dhs16.3bn (\$4.438bn) and Dhs15.195bn (\$4.138bn), not the budgeted Dhs18.4bn and Dhs17.299bn. From a real Dhs16.3bn to a budgeted Dhs17.299bn the following year and then from a real Dhs15.195bn to a projected Dhs16.634bn in 1985 is actually an improvement<sup>50</sup>.

But the most significant feature of the new austerity budgets in both cases, in an economy overwhelmingly dependent on Government spending, was their extremely small provision for new project starts. In 1983 only Dhs4m (\$1.1m) was earmarked in the Federal budget to new schemes and all the remainder of the Dhs1.7bn (\$463m) allowed for projects was for the continuation or completion of existing ones. As a consequence of the policy of approving no new projects, the total, cumulative valuation of the Federation's whole capital expenditure programme fell by 20 per cent from Dhs15bn (\$4.1bn) at the end of 1982 to Dh12bn (\$3.3bn) at the end of 1983. It then fell steeply in 1984 to Dhs7.46bn (\$2.03bn), or half the 1982 level, and to Dhs6.2bn (\$1.688bn) in 1985<sup>51</sup> (See Table 6:4).

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Abu Dhabi Emirate's Development Programme (that section of the budget devoted to projects) was cut from Dhs7bn in 1981 to Dhs6.7bn in 1982 , to Dhs5.9bn in 1983 and Dhs5.02bn in 1984 as we have already seen but again, out of 1983's Dhs5.9bn, only Dhs179m (\$48.7m) was for new projects. Before the Development Programme for 1983 was approved, furthermore, some 120 projects on which work had not yet started were erased altogether and cost-cutting measures saving Dhs1.9bn (\$0.52bn) had to be applied to those already under construction<sup>52</sup>.

The third-largest Emirate of Sharjah had entered the 1980s with rekindled bullish hopes but, as after the 1974 boom, soon needed help with mounting debts. Amoco's discovery of condensate at the Saja<sup>c</sup> a onshore site in December 1980 gave rise to visions of an annual income in excess of \$1bn from oil exports of up to 100,000 bpd by the mid-1980s<sup>53</sup>. However exports from the new field began in July 1982, just as the price of crude began to slide. Imports into Sharjah fell from Dhs3.3bn in 1981 to Dhs 2.1bn by 1985 and from 1983 onwards airport statistics show an outflow of population<sup>54</sup>.

A bank loan of \$200m was taken out on the guarantee that Abu Dhabi would repay if Sharjah failed to do so; Sharjah did fail to do so and the burden of honouring the instalments became unacceptably irksome to Abu Dhabi as the latter's own finances degenerated into disarray. In May 1985 Sharjah reached a lucrative agreement to sell gas from Saja<sup>c</sup> a to Dubai and in September of that year Abu Dhabi refused to make any further repayments on Sharjah's behalf. Sharjah then obtained an international syndicated loan of \$180m. By the

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time the price of crude hit its lowest point in the autumn of 1986, Sharjah owed \$140m to contractors and \$600m to domestic and foreign bankers. In 1986 and 1987 her projected surplus income was insufficient to service these debts.

One of the reasons for the shortfall was the failure of Emirates General Petroleum Corporation, the federal body set up after the disturbances of 1979 to monopolize the distribution of petrol products in place of the foreign companies, to pay its outstanding bills to Amoco for its own supplies of Saja<sup>ca</sup> gas. EGPC was by far the largest customer for the gas and its failure to pay Amoco meant that Amoco could not pay its royalties and taxes to the Government of Sharjah. EGPC's stance plus Sharjah's failure to contribute to the Federal budget exacerbated already-strained relations with Abu Dhabi. Relations between Dubai and Sharjah, by contrast, improved further with the doubling of Dubai's purchases of Saja<sup>ca</sup> gas to \$70m-worth a year from 1986<sup>55</sup>. This second disappointment for Sharjah thus had the effect of reshuffling the three-cornered relationship between the three largest Emirates that had stood since the Federation's earliest days, and so led to the severest test yet of the Federation in 1987.

As development spending was cut back throughout the Federation, current expenditure was also subjected to what was called "rationalization". The building of new low-cost housing was suspended by a Cabinet decree in 1982<sup>56</sup>, and recruitment to new positions in the civil service was virtually frozen. School admissions and grants were restricted and the subsidy on petrol reduced. Revenue-raising innovations were introduced such as charges

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for previously-free health services. Delays arose in Government payments to contractors and suppliers, who were in turn unable to repay bank loans; and during part of 1984 the Government was late in paying salaries.

The effects were felt most immediately by the contracting industry, the country's largest employer. For suppliers, the value of imports through Dubai declined for the first time in recent history in 1982, reaching only Dhs18.9bn (\$5.146bn) compared with Dhs19.7bn (\$5.364bn) in 1981. In 1983 imports climbed back to Dhs19.6bn (\$5.336bn) in Dubai<sup>57</sup> but still registered their first decline in the Federation as a whole, to Dhs33bn (\$8.9bn) compared with Dhs34bn (\$9.2bn) in 1982<sup>58</sup>. Abu Dhabi's imports were cut by half between 1982 and 1984, from Dhs12.70bn (\$3.458bn) to Dhs6.092bn (\$1.659bn), and fell as a proportion of the whole Federation's imports from a high of 37 per cent in 1982 to 24 per cent in the first half of 1984<sup>59</sup>.

Merchants who were saddled with large loans from commercial banks taken out to finance this depressed area of activity reacted by turning to the Government for a solution, not least because the Government's failure to pay its debts was one of the causes of their cash-flow problems. Debt burdens were especially heavy for those local entrepreneurs who had made the move from importing and re-tailing into industry. During 1984 Dubai Chamber of Commerce's journal ran a series of investigations into the plight of local factories and found that many of them were producing at only a fraction of their rated capacity and incurring large losses.

The Chamber's Industrial Committee sent a memorandum to the Ministry of Finance and Industry drawing attention to the gravity of the situation but received no reply<sup>60</sup>.

Parallels were being drawn with the 1980 rescue of property loans, when the state took over and refinanced commercial banks' property loans to the private sector (see Chapter Five). In November 1983, the Federation of Chambers of Commerce arranged a meeting with the Central Bank and the Local Bankers' Association to try to find a way of rescheduling the private sector's debts or easing the burden of interest due.

A Memorandum by the Ministry of Economy and Trade was presented to the Cabinet in the spring of 1984 setting out the major causes of the recession and some proposed cures. In response, the Cabinet set up a study committee to be chaired by Finance Minister Shaikh Hamdan ibn Rashid. The committee met infrequently and without result but prompted four more Memoranda prepared by the Federation of Chambers of Commerce, the Local Bankers' Association, the Emirates Industrial Bank and the Secretariat of the Council of Municipalities. These five papers bear quoting in some detail for the light they shed on the U.A.E. merchants' own diagnosis of the economy's ills and on their apportioning of the blame, which has both economic and political significance.

First, the Ministry of Economy and Trade's Memorandum contended that the current recession differed essentially from the 1977 round in that the Government could not lead the way out of it this time by massive new spending. Out of the immediate domestic causes, the



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Ministry puts at the top of the list the 50 per cent drop in oil revenues accruing to the Federal Treasury since 1980 as a result of the glut of supply and the fifteen per cent cut imposed by OPEC in the marker price of crude. In turn, the sharp 41 per cent fall in public spending from Dhs6.4bn (\$1.74bn) in the third quarter of 1982 to Dhs3.8bn (\$1.035bn) in the third quarter of 1983 had gravely affected the private sector, for which the public spending was the principal engine. Personnel reductions by Government and quasi-governmental bodies and the large oil companies had seriously depressed consumer spending.

External contributing factors were listed as the world-wide depression, the Iran-Iraq war, and the crash of the Suq al-Manakh stock market in Kuwait, which had wiped out substantial amounts of liquidity in the the U.A.E. - an amount put at Dhs400m - 600m by other sources<sup>61</sup>.

Finally, the position was aggravated by the fact that many commercial companies were still owned by foreigners who, the Ministry claimed, remitted most of the profits they made in the U.A.E. to their headquarters overseas, and by the related fact that most foreign employees similarly remitted most of their earnings to their home countries.

Government action on the problem of accumulating interest repayments on the merchants' borrowings, meaning in effect a rescue, was urged as a short-term solution<sup>62</sup>.

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In the second paper submitted to the committee, the Federation of Chambers of Commerce and Industry endorsed the Ministry's diagnosis that public spending cuts due to the oil glut were one of the prime causes of the recession and agreed too that the remittance of profits and earnings by foreign companies and employees was a drain on the economy. The Chambers, however, went further and criticized the Government explicitly: it had failed to issue the budget on time, or even in the first half of the financial year; it was not paying its debts to the private sector and was failing to enforce commercial legislation with the result, for example, that some supposedly nationalized commercial agencies were still effectively in foreign hands. Since this memorandum was written after the June 1984 Supreme Council meeting (see below), the Chambers were able to tone down their criticisms by grateful references to the Supreme Council's decision to repay Dhs2bn owed to the private sector and to devote 50 per cent of each Emirate's own revenue to the Federal budget henceforth.

This second Memorandum laid more of the blame for the economy's dire straits on foreigners than the first. Foreign partners in local ventures and foreign businessmen sponsored by local nationals were guilty of fleeing the country and leaving behind huge debts, the Chambers protested. Representative offices of foreign companies were not observing the restrictions on their activities laid down by law and were engaging in substantive activities direct, thereby undercutting their local agents and posing unfair competition.

Underlying the whole problem, however, according to the Chambers,

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was the fact that there were far more companies in the U.A.E. than the size of the market-place could support, and this had generated unsustainable cut-throat competition between them. This state of affairs was blamed on irresponsible licensing, and the Memorandum's first recommendation was for licensing to be placed on a more rational and realistic basis.

Other measures urged by the Federation of Chambers were restrictions on the remittance on profits and earnings overseas and the introduction of exit visas to stop foreigners with alleged debts to locals from leaving the country without the written permission of their local sponsors. Commercial legislation on the ownership of companies should be enforced.

The Emirates Industrial Bank prepared for Shaikh Hamdan's committee its own list of the problems facing the economy and its suggestions for solving them. The first of the Bank's complaints was the non-implementation of the 1979 Industries Law, which would have centralized the licensing of new industrial projects. Because licensing had in practice remained in the hands of each Emirate's local authorities, too many copycat projects had been built, causing over-production. Dumping by foreign competitors on the U.A.E. market was also alleged.

The Bank therefore called for the 1979 law to be applied in full, for protective customs tariffs to be levied on imported products competing with local output, and for Government incentives to industrialists, plus other minor suggestions<sup>63</sup>.

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The Local Bankers' Association concurred with all the points made in the Ministry of Economy and Trade's original Memorandum but raised its own particular anxieties in its presentation to the committee. Specifically, litigation between banks and their clients over unpaid debts and interest should be heard in future by special courts, whose first duty would be to enforce the agreement originally signed between the two parties - in other words to stop clients from citing religion as an excuse for not repaying, as was starting to happen (see below).

Here, the Local Bankers' Association launched a strong protest against a measure which the Central Bank had taken in 1982 to ban locally-owned banks from lending large proportions of their capital to their own directors. The step had been taken to reform bad banking practices on the part of the family-owned banks, but had caused those banks considerable difficulty (see below). It should be repealed or at least modified, this Memorandum demanded, as inappropriate to a family-orientated society like the U.A.E.<sup>64</sup>.

Lastly, the submission of the Secretariat-General of the U.A.E. Council of Municipalities is worth quoting as a summary of the others. It blamed the recession on the country's failure to diversify the economy away from reliance on a single raw material, oil, and on the Government's long delays in agreeing on the budget in the previous two financial years. In the long term, in the view of the Municipalities, a central planning organization was required with effective powers, plus a policy to determine the future size of the population<sup>65</sup>.

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Nothing came of the committee to which all these papers were presented except the observation that the market for Memoranda was in the same state as the market for practically everything else - glutted<sup>66</sup>. They are interesting for the assumption which underlies them all, namely that the prosperity of the merchant class is the Government's responsibility, and for the private sector's inability to take any of the blame for its shortsightedness upon itself. Either foreign scapegoats or the Government were to blame.

In June 1984 the Supreme Council held a meeting and agreed yet again that in future each Emirate would hand over 50 per cent of its revenue from oil to the Federation - which had in theory been the case since the agreements of 1980 which followed Shaikh Rashid's accepting the Premiership. The arrangement gave rise to a projected 1984 budget revenue of Dhs12.8bn (\$3.485bn) which would have been slightly smaller than the previous year's estimated revenue but which was not achieved in practice. Expenditure was also scaled down to Dhs 17.2bn (\$4.69bn) but still created a third projected deficit of Dhs4.3bn (\$1.107bn). The Supreme Council session also agreed that the Federal Government would earmark Dhs2bn for the urgent repayment of its debts to private-sector contractors and suppliers<sup>67</sup>. At the turn of 1985, however, newspapers were still questioning whether all, if any, of that sum had in fact filtered through.

As the GCC's Unified Economic Agreement began to enter into effect, its provisions faced local U.A.E business with even greater competition for a shrinking market. One of the first Articles of the Agreement to be implemented was that which abolished customs tariffs

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in each member state on goods originating in a fellow member state or acquiring 40 per cent of their value-added within the GCC. Private-sector U.A.E. industries were already suffering severely from over-supply and competition from imports. Some GCC member Governments subsidize their local industries more than others, moreover, with the result that industries in states less generous with incentives are less price-competitive<sup>68</sup>.

Complaints about the effects of the Agreement tended to be heard in conversation rather than seen in print. The GCC was sacrosanct and not one of the areas open to criticism in the local press. Its Secretary-General <sup>c</sup>Abdulla Bishara visited the U.A.E in March 1985 and held talks with the U.A.E. Chambers of Commerce at which the U.A.E.'s problems were however given an airing. The Chambers wanted exemptions from the free-trade rules where the protection of a local industry was absolutely necessary, and said that subsidies and incentives granted by GCC member governments should be standardized to eliminate price distortions and unfair competition<sup>69</sup>.

As the sixth summit drew closer, concern about the Agreement's unfairness began to be expressed more openly and it was expected that the issue would be dealt with at the summit level. In fact, the closing communique made no mention of any difficulties with the Agreement and said that a committee had been set up to work out a schedule for bringing more of its articles into effect. Other sources reported, however, that the committee's real purpose was to loosen the Agreement to take account of the objections of many members and that one of the options which had been considered was cancelling it altogether<sup>70</sup>.

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### Consequences for The Banks

During the years 1983 and 1984, the amount of money leaving the country began to give rise to popular alarm. In part, the flight of capital was due to the purely financial circumstance of the record interest rates then available on the U.S. dollar and the dollar's unprecedented strength, but in part also it was due to a growing realization that the economies of the Gulf states, flooded with small companies but deficient in legal controls and in planning, were not attractive economies in which to hold assets. The slump had led to numerous bankruptcies among the smaller companies and was later to lead to some spectacular collapses of big-name merchants, all of which meant bad debts for the banks and a further decrease in the size of the immigrant work force. Political uncertainties exacerbated the negative sentiment, particularly after the first serious incidents, the bombings which shook Kuwait in December 1983 and for which a group of fundamentalist Iranian-sympathizing Shi'is were later brought to trial.

In November 1984 the Central Bank's half-yearly bulletin revealed that what was called "the exodus of capital", i.e. the surplus of foreign assets over foreign liabilities, had reached Dhs20bn (\$5.445bn) in the first six months of that year, or twice the volume of the same period of the previous year<sup>71</sup>. The statistic made headline news in the local press and brought into the open arguments which had been heard in private for some time on the merits of introducing some form of exchange control, which would have been a radical departure from the free-market principles on which the economy was currently based.

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The Central Bank had in fact already seen fit to enact disincentive measures as early as 1982 to discourage banks from placing their dirhams overseas to the detriment of local liquidity<sup>72</sup> and had achieved some success both in keeping dirhams at home, not in Bahrain's offshore banks, and in helping the dirham to compete in attractiveness with foreign currencies. The Bank now turned its attention to the more fundamental problem of the public's lack of confidence in the smaller local banks.

To support and promote the locally-incorporated banks, the Central Bank announced in August 1982 that the number of branches that the foreign banks were to be allowed to operate in the U.A.E. was to be reduced to eight each and that branches in excess of that number were to be closed down by the end of December 1983.

The news came as a bolt from the blue for the U.A.E.'s 29 foreign banks and in particular to the ten who then had more than eight branches. The British Bank of the Middle East had 31 branches in the U.A.E. at that time; the Bank of Credit and Commerce International 28, Habib Bank and United Bank 19 each, Habib Bank Zurich 15, Bank Saderat Iran and the Arab Bank 12 each, Chartered Bank and Bank Melli Iran 11 each and Grindlays 10. Closing all those branches by decree brought about a striking change in the physiognomy of U.A.E. banking. By the expiry of the deadline all the closures had been put into effect and the U.A.E. entered 1984 with 29 foreign banks with a total of 128 branches against 24 local banks with 156<sup>73</sup>.



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Improving the image of the smaller local banks, on the other hand, was more difficult than closing down the foreign ones. For some years the authority had been urging the smallest banks to merge with each other into a group of 10 or so larger banks with larger deposit bases and smaller overheads. As the small banks were often owned by individual merchant families jealous of their identity and of the confidentiality of their business affairs, the call was not taken up voluntarily.

It was because some of these banks were being treated as virtually "in-house banks" by such families and were granting loans on the basis of dubious information and forecasting that the Central Bank took, in 1982, its most controversial step to date. Each bank was ordered to reduce its total lending to any one member of its Board of Directors to five per cent of its total capital-plus-reserves and to reduce its lendings to the whole Board to 25 per cent of capital plus reserves. Banks were given until the end of 1983 to unwind their positions and bring their lendings into line with the new limitations<sup>74</sup>.

Affected banks experienced considerable difficulty in complying and the dictum had to be relaxed twice by the Central Bank. In November 1982 exemptions were made for such directors' loans as were covered by adequate collateral and guarantees and in July 1983 the definition of "capital" was relaxed<sup>75</sup>.

Two prime causes of the recession, the Iran-Iraq war and the world oil glut, remained of course outside the Central Bank's control and

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the fortunes of some banks continued to go from bad to worse. Results for 1983 showed in many cases a marked drop in profitability from 1982. The realization gained ground that some banks' loan portfolios contained large percentages of loans which were now non-performing, doubtful or non-recoverable.

In November 1983, the Central Bank and the Government of Dubai had to intervene to support The Union Bank of the Middle East, one of the largest locally-owned banks, which was chaired by flamboyant Dubai entrepreneur Mr Abd al-Wahhab Galadari. Ahmad al-Ta'ir, the Minister of State at the Ministry of Finance of Industry, was installed as Chairman in Mr Galadari's place, some Dhs1.4bn of local and Central government funds were pumped in, giving the Government of Dubai control of 73 per cent of the bank, and Mr Galadari's assets were placed in the hands of a committee of receivers<sup>76</sup>.

A year later at the end of 1984, Emirates National Bank became the second local bank to require an injection of Government funds<sup>77</sup>. This was provided in the form of a buy-out by Union Bank of the Middle East. At the beginning of 1985, Dubai Bank, one of the oldest and most respected in the locally-incorporated sector, was placed under a government-approved management committee<sup>78</sup> and eventually merged with U.B.M.E.

In December 1984 and January 1985 the Central Bank issued two circulars giving precise instructions on the classification of debts in banks' published accounts and on the disclosure of secret reserves and provision for bad debts. The measures were expected to

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have the effect of preventing banks from disguising their real position<sup>79</sup>. Banks' 1984 results were thus awaited with redoubled anxiety. When published, they showed steep drops in profits.

In May 1985, after it had become "apparent to the UAE Central Bank that [their] financial condition.....was such that immediate remedial action was necessary", the three Abu Dhabi based "Commercials", Federal Commercial Bank, Emirates Commercial Bank and Khaleej Commercial Bank (which had already been rescued once before) were merged into one organization with a capital of Dhs1.2bn (\$326.8m) of which the Government of Abu Dhabi (not the Central Bank) subscribed Dhs690m or 60 per cent. The new merged institution lost Dhs194m (\$52.9m) in 1985 and Dhs67.6m (\$18.5m) in 1986<sup>80</sup>. At the same time, the tiny Bank of the Arab Coast, based in Ras al-Khaimah where many companies had been founded with Kuwait shareholders and had thus been badly hit by the the Suq al-Manakh crash, entered into talks with the First Gulf Bank of Ajman but these faltered. Thus the mergers which the Central Bank had been urging on the local banks for some years were brought about by necessity, not by persuasion.

The Central Bank tried to curb the capital outflow and bolster domestic liquidity in 1984 by floating a Dhs4bn Certificate of Deposit to be purchased by those strong banks that had large net foreign assets. Repatriating those assets and placing them with the Central Bank in this way, it was argued, would provide the Central Bank with sufficient liquidity to enable it to on-lend funds at favourable rates to the small banks suffering a shortage

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of liquidity. The banks pointed out that removing money from sound placements and channelling it to badly-managed banks was a classic example of throwing good money after bad, and would reward instead of correcting bad banking practices. After the offered interest rate was made more attractive, however, the Bank succeeded in selling Dhs1.87bn-worth (\$509m) of these CDs in 1985<sup>81</sup>.

By now it was recognized that the central Government was not in a position to launch a general "rescue" of loans to commerce as it had rescued the property sector four years before. Authoritative speakers were prophesying that the recession would get worse before it got better and that the recovery, if and when it materialized, would not return the economy to the boom days of the 1970s<sup>82</sup>.

## The Austerity Measures and Daily Life

For the man in street, the slump translated into either joblessness or fear of joblessness. Rumours of the "tafnishat" (an Arabization of the English verb "to finish" or make redundant) were a dominant feature of life in the U.A.E. from 1983 onwards. They were fuelled by repeated reports that the budgets did not allow for the automatic filling of existing vacancies and allowed of no new recruitment to new posts; by rumours of bankruptcies in the private sector, and by the visible evidence of an outflow of population - evidence substantiated by airport statistics which pointed to thousands more departures than arrivals.

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The radical nature of the demographic change now underway was highlighted by Ministry of Planning statistics which showed that in 1982 the growth rate of the immigrant population, at 5.5 per cent, fell below the growth rate of the indigenous population, which was 7.6 per cent, for the first time since the Federation came into being<sup>83</sup>.

Abu Dhabi's total population declined in absolute terms in 1984 for the first time, dropping by 2.3 per cent from 520,700 the previous year to 509,000. Its annual rate of growth had previously dropped from an average of 16 per cent during 1975 - 1980 to an average of 4 per cent during 1980 - 1983. As the size of the local population had grown by four per cent, the drop in the overall figure was due entirely to an outflow of expatriate labour, the Emirate's Planning Department reported, adding that as a result the proportion of U.A.E. nationals among Abu Dhabi's inhabitants had improved from 22 per cent in 1983 to 23.4 per cent in 1984<sup>84</sup>. The total Abu Dhabi workforce fell from 309,900 in 1983 to 299,400; the foreign workforce fell by 1.1 per cent in 1983 and a further 4.1 per cent in 1984, though foreigners still represented 92.4 per cent of the total as against the 7.6 per cent of the workforce who were local nationals<sup>85</sup>.

Together, these facts and these sentiments depressed consumer sales dramatically, causing further damage to company profits and thus a vicious circle.

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On top of the burden of job insecurity, large sections of the population were now faced with new additional living expenses. From 1982 the admission of most new expatriate children to the first stages of free, state education was discontinued. Expatriates - even expatriate teachers at state schools - were thrown on the mercy of the fee-paying sector. Subsequently, some education area authorities opened afternoon classes within state schools to cater for the children affected at a reduced fee. University education abroad at state expense was restricted mostly to U.A.E. nationals and controls on the length of studies were tightened.

From 1984, all expatriates had to pay a nominal fee for health care at hospitals. During the year, a health insurance card was offered to the public; those failing to purchase it were to pay for all medical care from 1st February 1985. The card was free to U.A.E. nationals and cost only a nominal Dhs10 for expatriates employed by the State, but was to cost foreigners employed in the private sector a not inconsiderable Dhs250 (\$68). In theory, employers were obliged by the 1980 Labour Law to pay the Dhs250 for each employee, but it was acknowledged to be unrealistic to force them to do so at a time of severe recession.

Treatment abroad, for cases with which the U.A.E. was not equipped to deal, ceased to an automatic right except for U.A.E. nationals: soon, the newspapers were full of heartrending appeals for money to save sick Palestinian and other children who needed urgent treatment abroad. Soon after they started to appear, equally, the Ministry of Information asked the papers to stop highlighting such sob stories.

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Though both of these cost-cutting exercises were greeted with dejection by the majority immigrant population, the single factor that contributed most to the general feeling of insecurity dogging the population at this time was the so-called "six-month rule". Enacted with uncharacteristic suddenness in February 1983, this amendment to immigration procedures banned any expatriate who left his job for any reason from applying to return until he had spent a minimum of six months outside the U.A.E. Its practical effect was to discourage any employee from leaving a job even if the employer took advantage of the situation to reduce wages and benefits. It became routine for employers to do so legally by sacking workers and re-hiring them under new contracts at lower salaries. Workers accepted such new terms, since the alternative was to be "tafnished"<sup>86</sup>.

Initially, the "six-month rule" was well-received by the large anti-immigration lobby and deplored by the merchants, only too aware of its effects on sales, but within a few months its unpopularity had spread beyond the merchant stratum as the dichotomy of modern life for the U.A.E. became inescapable: the economic and social standard of living of the influential classes was achievable only through the presence in large numbers of the immigrants they despised.

The Abu Dhabi National Consultative Assembly formally demanded that the measure be abrogated and rumours arose on several occasions that it was to be rescinded. No concessions were made, however, until the Supreme Council meeting of June 1984, and even then only a few

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narrow groups were exempted. After the severe economic reverses to come, however, liberalizing immigration became inescapable, and during 1986 the job-transfer restrictions were relaxed<sup>87</sup>. In 1987 a new concession was granted by which transit and visit visas could be converted into work permits<sup>88</sup>, so that the trend represented by the six-month rule was not only neutralized but reversed, and the system was now more liberal than the pre-1983 one.

U.A.E. nationals themselves were not totally insulated from the "rationalization measures". The Ministry of Social Affairs and Labour had to reduce spending on its programmes for the aged and for the handicapped and on its social development centres for local women<sup>89</sup>. Social security payments were not cut, but the Ministry tightened up its checks on applicants during 1984 and at the end of that year was instructed by the Ministry of Finance to suspend payments to beneficiaries who failed to produce a U.A.E. passport or identity card. Some 1,500 beneficiaries had their social security stopped as a result, most of them elderly<sup>90</sup>. Ministry of Health hospitals and clinics were hit by the freeze on new appointments and newly-built facilities were unable to open<sup>91</sup>.

The severance of the social security payments dominated the grievances taken up by the press<sup>92</sup> but the list also included the health service charges, the moratorium on new jobs in the civil service and disruption to essential services such as water and electricity, both of which utilities became a sore subject after the rainless winters of the early 1980s<sup>93</sup>.



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### Leadership Found Wanting

While at home the recession cut deeper into living standards and while the shipping lifeline was threatened by the "tanker war" in the Gulf, the Supreme Council of the U.A.E. met twice in 1982, not at all in 1983 and only once in each of 1984, 1985 and 1986. Its absence was criticized by al-Khaleej as compounding the nation's problems<sup>94</sup> and even the self-censoring al-Ittihad used the word "paralysis" again to describe the state of the Government<sup>95</sup>. In short, the conditions of 1979, the conditions of paralysis which had impelled the Young Turks into the vacuum, had resurfaced.

This time around, the vacuum arose not from a specific quarrel between Abu Dhabi and Dubai but from the insoluble problem of Shaikh Rashid's incapacity. February 1982 was the last time the Vice-President was seen in public on his feet, when he inspected the inland territory of Hatta after heavy rains. In May of that year, when he inspected the newly-discovered Margham oilfield, no pictures of him were shown in the media coverage of the event despite its importance. Brief glimpses of the Ruler seated immobile in the back of a car were offered in June when he opened a traffic underpass, but thereafter he took part in no public occasions and was never photographed outside his home or special vehicle and only very rarely inside them, as for example when very occasionally he received official callers.

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It may be necessary to point out that the option of simply replacing Shaikh Rashid with a new Prime Minister was not available to the U.A.E. To any traditional Arab society, the idea of stripping a tribal elder of an honorarium for purely practical reasons is inconceivable. It is slightly harder to explain, at least to anyone who has not lived in the Gulf, why the fiction had to be maintained that the Ruler was perfectly fit and still carrying out his duties. There was a characteristic fear of jumping the gun in operation here but also that rather desperate Panglossianism that shied away from nettle-grasping.

The substance of politics in Dubai in these years was the demarcation of power between the two most prominent of Shaikh Rashid's four sons, Shaikh Maktum ibn Rashid, the eldest, and Shaikh Muhammad ibn Rashid. Shaikh Maktum had been designated Crown Prince in the 1960s and Shaikh Muhammad, the third son in order of age, had been Federal Minister of Defence since Federation was created.

Shaikh Maktum ibn Rashid had the image of a quietly-spoken, cerebral person, nationalistic, committed to the the Federation, close to Shaikh Zayid and with a power base among young men of similar leanings. Among his own people he was known for his generosity and was once described as a sort of lender of last resort. Shaikh Maktum's wife was a daughter of the progressive side

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of the Maktum family, her mother being the celebrated Shaikha San<sup>ḥ</sup>a, herself the daughter of the leader of the Deira reformists in the 1930s. Shaikha San<sup>ḥ</sup>a was famous for having continued the struggle against Shaikh Rashid after he re-took Deira, and remained a spirited and active lady into old age. Her son Shaikh Mar<sup>ḥ</sup>a, Shaikh Maktum's brother-in-law, had a power-base among the same elements of the younger population as Shaikh Maktum.

Shaikh Muhammad ibn Rashid had a rather higher profile. In his younger soldiering days he appeared as often as not in his army uniform and clearly enjoyed his military image. At the beginning of the 1930s his father gave him control of the all-important Department of Ruler's Affairs and Petroleum which had previously been chaired by Mahdi al-Tajir. Shaikh Muhammad is better known than his elder brother to the world outside, though this fact is not of relevance internally. He is married to a daughter of his father Shaikh Rashid's sister.

Given that both of these two different personalities plus their middle brother Shaikh Hamdan ibn Rashid, who directed municipal affairs, had to be satisfied before any major decision could be put into effect in Dubai, it is easy to see how Dubai's participation in decision-making at the Federal level was a delicate matter in these years, especially as finding the money for the Federation was itself more painful than ever.

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Dubai's relations with neighbouring Sharjah also became tense again for a time after the discovery in 1980 of the new Saja<sup>a</sup> oil field in the inland border area between the two Emirates. Force was reported to have been threatened to remove the American oil company's personnel from territory claimed by Dubai. Delicate talks over a long period led eventually to a closing of ranks however and by 1986 Sharjah was supplying gas fuel from the same field to Dubai for \$70m a year. Thus Dubai's relations with Sharjah became mutually advantageous as Sharjah's relations with Abu Dhabi deteriorated over the loan guarantee and the question of contributions to the Federal budget.

Two Supreme Council meetings took place in 1982. The first was believed to have been concerned primarily with regional issues and an initiative of Shaikh Zayid's on the Gulf war and the split between Syria and Iraq, but the uninformative communique gave no details<sup>96</sup>. At the second session, in December, the Rulers turned their attention back to the domestic economy and decided to earmark Dhs100m for new graduates, to waive unpaid bills for farmers and fishermen and to return the stalled Companies Law, which made the majority local ownership of businesses obligatory, to the Council of Ministers for further consideration. It remained stalled<sup>97</sup>.

No Supreme Council meetings took place in 1983. Shaikh Zayid did however chair two consecutive weekly Cabinet meetings in August that year, when the long-delayed Federal Budget was being debated, and was rumoured to have expressed anger at the burden which Abu Dhabi was being expected to shoulder as a result of the revenue shortfall.

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No more Supreme Council sessions were held until June 1984, when in response to pleas by the merchants slight relaxations to the "six-month rule" were approved and the Federal Government promised to repay Dhs2bn of its debts to the private sector<sup>98</sup>. Only two further sessions were held before the Constitution expired again at the end of 1986, making a total of five meetings in the five years from the end of 1981 to the end of 1986.

### The New Vacuum and The New Young Turks

Did the Young Turks step into the vacuum again? In considering that question, it must be borne in mind that a conspicuous change had overtaken the whole political arena since their earlier heyday in 1979. Five years later, the largely secular and Western-sounding nature of their demands - a permanent constitution, the separation of powers, etc., - seemed either out-of-date or actively incompatible with the new spirit of religious fervour gripping the Gulf. The limelight now belonged to those who demanded hajib for women, Shari<sup>c</sup>a laws and an end to non-religious holidays and to frivolous types of entertainment.

In Kuwait for example, when elections were restored in 1981, religious fundamentalists had secured a hold on the new parliament at the expense of the nationalist tendency. Their numbers were small but their voice was not to be ignored. One of their prime goals was to change the designation of the Islamic Shari<sup>c</sup>a in Kuwait's constitution from "a principal source of legislation" to "the source of legislation".

Arab Nationalism and Islamic Fundamentalism

The Young Turks had little to offer this new generation of malcontents. Indeed, beyond a common addiction to wallowing in verbal abuse of America<sup>99</sup>, the two tendencies regarded each other with horror. The fundamentalists tended to see the bourgeois reformists as Mercedes-driving capitalists of Westernized ways and lax religious observance, lackeys of shaikhly masters, while the Young Turks for their part had an image of the fundamentalists as wild men, like the gang of fanatics which al-Khaleej said was terrorizing the Civil Service and controlling promotion boards, a gang so fanatical that it had declared even toothpaste unIslamic<sup>100</sup>. Above all, the two tendencies were irreconcilably adversarial on the subject of Arab nationalism.

Throughout the early 1980s, the pan-Arab nationalism of Nasser's secular type, which had inspired the graduates of the previous two generations, was in retreat<sup>101</sup> - though not without many devotees still<sup>102</sup>. The ill-feeling between the two movements is rehearsed in a series of typical editorials in al-Khaleej at the beginning of 1985 in which al-Khaleej railed bitterly against a number of Imams who had preached Friday sermons branding Arab nationalism as inimical to Islam. Those who waged war on nationalism in the name of Islam had twisted the meaning of the Quran, the paper accused. The word "umma" in the Quran meant any group distinguished from others by common characteristics; thus al-Umma al-Islamiyya "had always been and would continue to be distinguished from others by Muslims' religious adherence to Islam" whilst

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al-Umma al-ʿArabiyya was distinguished from other nationalities by its Arabness. The two were not in conflict with each other.

"The great majority of Arabs have always been and will remain part of the Umma Islamiyya to which all Muslims on earth belong regardless of their nationality, colour or language or motherland or state or fatherland, and none of them has precedence over the other except by virtue of strength of faith.

"According to the use of "Umma" in the Quran itself, all Arabs belong to one Umma ʿArabiyya distinguished from other peoples and nations by their unity of language, territory, descent, customs and traditions and communal life and their perceived desire for that communal life.....

"Thus, religious allegiance is one thing and national allegiance is another and it is not necessary that the two should be in conflict; not every religion has a territory and not every territory has a religion."<sup>103</sup>

These Imams seemed to be preaching according to a pre-arranged plan, al-Khaleej warned, asking whether they constituted an illegal party bent on stirring up sectarianism and who their masters were<sup>104</sup>. Even the legitimacy of the struggle for Palestine - where a secular state was the traditional goal - was questioned by a young student on Islamic grounds, the ultimate act of sacrilege not only to al-Khaleej's constituency but also to the widest spectrum of the public<sup>105</sup>.

At the end of the day, the distance between the shaikhs and the reforming youngsters of the 1970s was rather less than the distance between both of the former on the one hand and the new fundamentalists on the other.

Pressure from conservative Muslim opinion had of course long been one of the main inputs into the political process. In 1977 Shaikh Zayid brought in the former Chief Justice of Libya to review the U.A.E.'s existing laws for their compatibility or otherwise with the Shariʿa

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and to draft a penal code<sup>106</sup>. Occasional public floggings took place in al-<sup>ع</sup>Ain and later in the decade a few took place in the capital as well. A draft law prohibiting alcohol was drawn up but not enacted. Other social phenomena perceived by the older, conservative element to be on the increase in the late 1970s because of the influx of foreigners included drug abuse, marriage with foreign women and unseemly spectacles in the hotels and on television. Pressure from these mostly tribal sources, often expressed through the Abu Dhabi Consultative Council, was not however in any way subversive of the system of rule.

The new, post-Iranian revolution brand of Islamic fundamentalism, in the U.A.E.'s case, seemed to affect most deeply the first home-grown graduates from al-<sup>ع</sup>Ain University, where, the Young Turks claimed, it was actively fostered by the new Education Minister who had replaced <sup>ع</sup>Abdullah Tariam in Shaikh Rashid's new Cabinet. Many controversies arose in the girls' hall of residence in particular: was it proper for Muslim girls to use the telephone? If not, how were they to keep in touch with their parents in distant Emirates? Was it allowable for girls to go on field trips or even to the local suqs to do their shopping? Was the traditional kiss on both cheeks not an overly demonstrative and thus unIslamic way to greet returning friends of the same sex after the weekend break?

Since the fundamentalists, unlike the Young Turks, had no patrons among the ruling Shaikhs, their demands never became acceptable material for the media. Documentary as opposed to anecdotal evidence of their activities is therefore thin. One incident that did receive



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attention, albeit scanty, in the Press was the dismissal by the new Education Minister in May 1980 of six popular professors at the University, two from the Department of Politics, two from Sociology and two from History. Four of them had doctorates from American universities and the other two from Cairo University and the American University of Cairo.

All six complained that no routine disciplinary procedures had been followed before their summary dismissal. All believed that their downfall was due to their refusal to toe the fundamentalist line. Al-Azmena al-Arabia, the only journal to carry the story, quoted one as saying that at al-<sup>ḥ</sup>Ain, "to speak the word "Arab"....was to blaspheme". Another accused the University of wanting preachers, not teachers, and claimed to have been told that al-<sup>ḥ</sup>Ain was not an Arab Islamic university but purely an Islamic one. The historians complained that archaeology had been struck out of the history syllabus as "idolatrous". Some students agitated for the professors to be reinstated and petitioned the Chancellor, but to no avail<sup>107</sup>.

Sa <sup>ḥ</sup>id Salman, the new Minister, went on to earn more hostility from the traditional Arab nationalist school of reform for his alterations to the curriculum in the state schools. Under his predecessors in the latter 1970s, a wide review had been set in train of the curriculum the U.A.E. had inherited from the Kuwaiti system in force before independence. Much footwork was done by local and Arab experts on formulating a new set of policy aims and the detailed syllabuses required to meet them. In 1980 the Rector of the University, Dr <sup>ḥ</sup>abd al-<sup>ḥ</sup>aziz al-Dassam, reported on this work and

his study for a new curriculum was adopted at a special educational conference the same year<sup>108</sup>.

When Sa'id Salman replaced Abdullah Tariam as Minister however, the new curriculum was referred to a new committee whose chairman, al-Khaleej alleged, was a well-known religious activist and the leader of a religious party in Jordan, one Ishaq Farhan<sup>109</sup>. The draft was soon set aside in favour of Salman's own guidelines. Salman's guidelines<sup>110</sup> gave priority to the Islamic element in education and were regarded as "distorted" by the nationalists, who criticised the Minister particularly for abolishing national history and society as subjects and for banning the daily flag-saluting ceremony as "idolatrous"<sup>111</sup>.

Appointing Sa'id Salman to replace the reforming Abdullah Tariam was soon recognized by the shaikhs as a prime example of leaping out of the frying pan into the fire, and he was dismissed in July 1983 along with the then Minister of Islamic Affairs and Awqaf<sup>112</sup>.

A second area in which fundamentalist activity can be discerned in documentary evidence is in the law courts. In 1983 and 1984, the Federal Supreme Court was asked three times to declare the imposition of non-Shari'a sentences for drinking alcohol to be unconstitutional, since the Constitution obliges judges to use the Shari'a as their principle guide. In each case a lower court, one in Abu Dhabi, one in al-Ain and one in Sharjah, had sentenced Muslims found guilty of drinking to short prison sentences only. The three public prosecutors had challenged the sentences and sought a

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ruling that Abu Dhabi's 1976 law and Sharjah's 1972 law on the use of alcohol were incompatible with the Shari'a and therefore unconstitutional.

In all three cases, the Supreme Court found that the Rulers, in their temporal capacity, had the right to impose temporal punishments for the temporal aspects of drunkenness and that the two laws in question were therefore not unconstitutional, but that the imposition of such a temporal penalty did not preclude a prisoner's subjection to the Shari'a punishment as well<sup>113</sup>. No further cases of this type have appeared in the Official Gazette.

The only concrete hint of official concern over religious strife are to be gleaned from a reference to concern in the Ministry of Awqaf in Dubai over "excessive extremism" among some religious organizations whose conduct needed to be reviewed, and from two decrees by the Ministry. The first, in 1936, asked preachers to steer clear of contention and the second, in January 1988, required them to deposit written, advance copies of their Friday sermons with the Ministry and to avoid all areas of controversy and sectarian sensitivity, limiting their remarks to guidance on Islamic practice<sup>114</sup>.

It is of course impossible for any Ruler to stand openly against an "Islamic" demand. To do so would be to alienate not only the new militants but also the traditional Muslim constituency as well. When another new Education Minister tried to expunge Sa'id Salman's innovations from the school curriculum in 1987, for

example, he immediately came up against the tribal representatives on Abu Dhabi's National Consultative Council. Before, during and after the upsurge of the new-wave militancy, the NCC has campaigned against allegedly unIslamic practices in the schools such as the failure of some women teachers to wear full hajib, visits by male inspectors to girls' schools, insufficient emphasis (in the NCC's eyes) on religious education and, its particular bugbear, the teaching of music and physical education to girls<sup>115</sup>. Women teachers in the Abu Dhabi educational zone were subject to ferocious restrictions on their movement, their social contacts and even on their private conversation<sup>116</sup>.

To express its disapproval of the proposed changes to the curriculum and the dangers of secularism (or to try to "turn the clock back" as al-Khaleej saw it), the NCC held a meeting with the new Minister in March 1987 but did not win any concessions<sup>117</sup>. A public exchange of letters followed but again the Minister held his ground<sup>118</sup>. Religious extremism in the schools had by now become so "negative" that children's personalities and intelligence were being twisted, the Minister said in unusually strong language in a media culture renowned for its obliquity<sup>119</sup>. The fundamentalists were freely calling their opponents, including the Minister, "infidels"<sup>120</sup>.

A new statement of educational objectives drawn up to supersede Sa'id Salman's and incorporated in a new draft law on education<sup>121</sup> comes down firmly on the side of the acquisition by the students of modern skills in the modern environment and seeks to promote a national as well as an Islamic allegiance<sup>122</sup>.

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### The New National Assembly

The first new National Assembly or F.N.C. after the Constitutional extension of 1981 began life as a lower-key operation than its predecessor had been in Tariam's day. Its 1982/3 session was opened a month late, in December instead of November 1982, and all subsequent sessions were opened late except for the 1985/7 session, which was never opened at all<sup>123</sup>.

It was not long, though, before the same old issues resurfaced. In its members' own eyes the 1982/3 session was marked by the Government's indifference to it and failure to attend<sup>124</sup>. The next session in 1983/4 saw the return of many of the Young Turks' specific favourites: why did the Government insist on passing laws when the F.N.C. was not in session, even when the laws were not urgent? were Abu Dhabi and Dubai really paying to the Federal treasury the 50 per cent of their oil incomes they had committed to it verbally?<sup>125</sup>

Rather less confidently, the Assembly inched towards a no-go area by questioning the untouched allocations to defence and security in state spending<sup>126</sup>. Abu Dhabi, and later the U.A.E, had long been remarkable among the Gulf states for spending a very high percentage of its revenues on law and order: by 1970, this heading absorbed 42 per cent of current expenditure<sup>127</sup>. In the boom years after the oil price rises, defence and security expenditure soared like all the other budgetary headings. But in the years of the cut-backs for the other categories of spending in the 1980s, defence and security continued to expand. In 1985 and 1986, defence and the Ministry of

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the Interior, lumped together in the budget breakdown with the Ministry of Justice, took 50.4 and 60.2 per cent respectively of all current expenditure and in 1937 the figure for defence and the interior, without Justice, was 52 per cent<sup>128</sup>.

It is unremarkable in any society that defence spending should be unpopular at a time of spending cut-backs in other spheres but the debate is significant for the fact that defence is one of the areas of decision-making that is strictly the preserve of the ruling families is not yet open to popular comment.

The original draft of the traditional reply to the President's opening speech at this 1983/4 session was thrown out by members for being excessively sycophantic and failing to address the internal issues of the economic slump, internal security and the inter-Emirate border disputes which had resurfaced with the new round of oil exploration. These opening-speech replies had always been orgies of sycophancy; it was the impatience with the sycophancy that was new. Not agreed until the end of the session in June, the eventual version was severely critical of the political and economic state of the Federation.

Accompanying the text, moreover, was an unsolicited report to the Supreme Council from the F.M.C.'s economic committee proposing, on its own initiative, a number of possible formulae for financing the Federation<sup>129</sup>. These were:-

1. that seven dollars from the selling price of each barrel of oil sold by every Emirate should be handed over to the Federation without any deductions for individual defence or police expenditure; or,

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2.that if the Emirates chose, alternatively, to hand over to the Federation a full 50 per cent of their revenue from oil they should be allowed to deduct a maximum of 30 per cent of that figure for defence costs but no more;

3.that Abu Dhabi and Dubai should continue to pay for those facilities they were currently financing;

4.that the 55 per cent of the budget currently spent on the Armed Forces was too high a proportion and should be reduced to no more than 30 per cent of the Emirates' contributions to the budget.

Towards the end of the session, a new initiative was taken when members formed a delegation to try to secure a meeting on these issues with the Head of State. It was noted rather daringly that Shaikh Zayid had taken to spending long periods of time away in Morocco; the mission failed.

In his opening speech to the next session in November 1984, however, the President himself ordered that a joint committee be set up of Cabinet Ministers and National Assembly members including the Speaker to investigate the state of the economy.

After meeting four times, this committee drew up a report which was remarkable enough for its strong language but was unique for the fact that it blamed the economy's ills not on the routine scapegoats of the oil glut or foreign conspiracies but on the Rulers.

The root cause of the economy's ills was diagnosed as the paralysis of the Federal authorities due to the infrequency of the Supreme Council's meetings. Only the Supreme Council could remedy the situation by an act of political will.

In the short term, the joint committee called for all the Emirates to contribute to the Federal Budget and for the Budget to be 10 per

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cent larger than actual requirements so that a state reserve could be constituted. No Emirate should be allowed to appropriate to its own projects a Federal Ministry's allocation; the Federal Ministries should be given real executive powers. New sources of state revenue should be created, such as taxation. The state should pay its debts to the private sector and implement the spending cuts gradually, not all at once. The "burden" of foreign aid should be reduced.

In the longer term, the report called for two fundamental changes in the U.A.E.'s economic philosophy. All commercial, industrial and other economic activity should be nationalized and a population policy should be adopted not only to determine the future size of the country but also to increase the relative size of the local and expatriate Arab elements within it<sup>130</sup>.

Despite having been commissioned by the Head of State himself, this report dropped out of sight for over a year until December 1985 and then for ever.

In February 1985 the Assembly resolved to cease issuing resolutions. Resolutions had become "valueless", in the words of the Speaker, who was thereby echoing his predecessor. Ministers were failing to attend sessions and the joint FNC/Cabinet committee on the state of the economy had failed to get appointments with the Rulers<sup>131</sup>.

February 1984 was the fifth anniversary of the Joint Memorandum. Perhaps rather surprisingly in the new climate, al-Khaleej marked the occasion with editorial comment<sup>132</sup>. After the two Supreme



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Council meetings of 1979, al-Khaleej said, many citizens had been under the impression that the Rulers were about to lead the U.A.E. into a new era: those citizens had been deceived.

This and other articles borrowed much from the language of the old Memorandum; the still-disputed borders between the Emirates were a legacy of colonialism and should be removed; the National Assembly should become a true legislature to bring about a proper separation of powers; the gap between the wealth of a few Emirates and the poverty of the rest was unacceptable and all natural resources should belong to the Federation, not to the Emirates individually<sup>133</sup>.

More of the same Memorandum language appeared in long interviews with young local graduates<sup>134</sup> marking the U.A.E.'s 13th National Day in December 1984. What was the point of providing education if the educated citizen was still to be denied a say in the running of his country? the political structure of the U.A.E. had failed totally to keep pace with the social and economic progress of recent times; a referendum - a word not often seen in the domestic context - was demanded on any new constitution.

The issue of a permanent constitution was also revived by al-Khaleej at the beginning of 1985 in a series of articles pointing out that the new charter had in theory to be presented to the F.M.C. by June 1986, six months before the extended Provisional Constitution was due to expire for the third time<sup>135</sup>.

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### The Return of The Nationalists?

Kuwait's elections in February 1985, its second since the restitution of the Majlis al-Umma, were widely regarded as a surprise return to power for the classical Arab Nationalist school and a reverse for the religious fundamentalists, who retained five seats but in the persons of less vociferous Islamic propagandists. The return of the nationalists was symbolized by the re-election of Dr Ahmad al-Khatib, the nationalist leader whose defeat in 1981 had equally symbolized the triumph of the fundamentalists.

By the turn of 1985, sect-based violence was making an adverse impression in most of the Gulf societies; some observers explained the reversal of the Kuwaiti fundamentalists' fortunes by reference to the loss of women's and children's lives in the bombings of 1983 and 1984 and the especially violent hijacking of the Kuwaiti aircraft "Kazimia" in January 1985.

Iran's Spring assault of 1985 dealt a further, decisive blow to any lingering admiration the Gulf intelligentsia might have been harbouring for the revolutionary regime and thus severed one of the few common threads of thinking between the first-generation, Young Turk discontents and their younger siblings the fundamentalists. The change of heart further narrowed the distance between the reformists and their shaikhs but at the same time it burdened the Gulf shaikhs with a nationalist duty towards Iraq at the very time when the most immediate threats were coming from Iran.

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As al-Khaleej's turning-point editorial expressed it:-

"Our sympathy with the Iranian nation, from the moment they were able to get rid of the Shah's spectre, was based on an objectivity which respected our joint convictions, primarily our determination to stifle international intervention and stand up to imperialism's undisguised ambitions. They are convictions to which we adhere from our humane Arab nationalist stand-point.

"But the dice fell the other way, and the limited border dispute turned into an armed conflict and then an all-out war consuming fertile and desert lands alike and, more dangerously, threatening a war of historic vengeance between two permanent presences in the region.....

"Iraq is Arab and will remain Arab, God willing. The people of Iraq are the sole deciders of their internal political system. And because we believe in the right of all peoples to defend their national identity, their national territory and their right to self-determination, and because we are Arabs and shall always be Arabs, we reject categorically any attempt to deny Iraq's Arab identity or to occupy its territory or to impose outside rule on its people.....just as from our humane standpoint we reject the same things should they befall Iran and its people.

"Iraq has shown its inclination for peace more than once.....and that is still Iraq's position. Why does Iran not accept that inclination for peace?"<sup>136</sup>

The intelligentsia's change of heart on the Iranian revolution was sealed in a keynote editorial in the Kuwaiti nationalists' leading magazine al-Tali'a, which explained:-

"Clearly, the Arab peoples' support for the overthrow of the Shah's regime sprang from its expectation that the overthrow would lend strong support to the Arab nationalist movement from the people of Iran: it was not support for a new type of tyranny over the Arabs."

Spearheading change was one thing, spreading sectarian strife another, the editorial added<sup>137</sup>. At the time of Iran's next spring offensive, "Dawn 8" of 1986, during which the Iranians succeeded in capturing the Iraqi port of Fao, the PNC issued a special statement condemning Iran and praising Iraq<sup>138</sup>.

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### The Worst Years

1985 was altogether a turbulent and depressing year. The attack on the Amir of Kuwait in May and the escalating Gulf war, rumours of more plots in Bahrain, the massacre of Palestinians in their camps south of Beirut by Lebanese Shi<sup>c</sup>i, Israel's destruction of the P.L.O. headquarters in Tunis and the February "Amman Accords" between King Husain and Yasir<sup>e</sup> Arafat, which were seen as a betrayal and a surrender by many<sup>139</sup>, all darkened the regional atmosphere while bank failures, bankruptcies and "tafnishat" spread an acute air of gloom at home. Still the Supreme Council failed to meet. A session which would have been the first for a year was fixed for June but cancelled at the last moment.

Agreement on the 1985 Federal budget was not reached until mid-December, whereupon it was immediately overtaken by events. At the end of that month OPEC abandoned its defence of an official price in favour of trying to keep a share of the world market at any price: by January 1985 the price of crude had hurtled down to \$10 a barrel and in August it touched a low of \$8. Abu Dhabi's 1985 ordinary budget was never signed at all.

Estimated Federal revenue rose slightly in this academic 1985 budget to Dhs12.955bn (\$3.527bn) from Dhs12.854bn (\$3.499bn) in 1984 against estimated expenditure of Dhs16.634bn (\$4.529bn), compared with

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Dhs17.229bn (\$4.691bn) the year before. The projected deficit of Dhs3.6bn (\$995m) would therefore have been smaller than 1984's projected Dhs4.376bn (\$1.191bn) but neither revenue nor expenditure were on target in either year. In 1984 revenue reached Dhs12.826bn (\$3.492bn) not Dhs12,854bn (\$3.499bn) but expenditure fared worse, amounting to only Dhs15.699bn (\$4.274bn) instead of the projected Dhs17.229bn (\$4.691bn). The next year 1985 revenue somehow managed to exceed the Dhs12.955bn (\$3.527bn) expected and reach Dhs15.525bn (\$4.2bn), but again expenditure failed to meet its Dhs16.634bn (\$4.529bn) target and totalled only Dhs15.939bn (\$4.3bn). Thus the actual as opposed to the budgeted deficits in the two years were Dhs2.873bn (\$774m) not Dhs4.376bn (\$1.191bn) in 1984 and Dhs414m (\$113m) not Dhs3.6bn (\$995m) in 1985<sup>140</sup>.

Abu Dhabi managed only a "provisional" budget for 1985 but it showed oil revenue down from Dhs17.951bn (\$4.837bn) in 1984 to Dhs15.823bn (\$4.303bn) and total revenue down from Dhs19.625bn (\$5.343bn) to Dhs17.385bn (\$4.733bn).

Gross estimated expenditure was cut from Dhs22.418bn (\$6.104bn) to Dhs19.228bn (\$5.235bn) but still created a deficit of Dhs1.343bn (\$502m)<sup>141</sup>.

Imports fell again, though this reflects in part the greatly increased purchasing power of the dollar, to which the dirham is

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ties, for some of 1985. Imports fell by eight per cent in the Federation as a whole from Dhs25.5bn to Dhs23.5bn. Dubai's dropped from Dhs17.2bn to Dhs16.8bn in 1985 but rose in volume to their highest level since 1982 and Abu Dhabi's also declined in value from Dhs6.092bn to Dhs5.596bn but increased in volume<sup>142</sup>.

The cumulative total cost of the Federal construction programme shrank by 16 per cent from Dhs7,430m in 1984 to Dhs6,192.2m in 1985 and the year's allocation by 34 per cent from Dhs1,209m to Dhs800m, of which only Dhs404m or 51 per cent was actually spent, a 46 per cent drop compared with 1984's actual spending of Dhs743m (see Table 6:4).

Whereas 1984's bank results had tended to show decreases, albeit sharp ones, in profits, 1985's tended to show actual losses, even for the large international banks such as Standard and Chartered, Citibank and Lloyds. The losses were attributable in large measure to the huge increase - from Dhs5.57bn at the end of 1984 to Dhs3bn at the end of 1985<sup>143</sup> - which the banks felt obliged to make in provision against bad debts, an extra expense which even draconian cost cutting and staff reductions failed to offset.

Many clients were unable to repay; others chose this point in time to discover an Islamic inhibition against paying the interest they had originally agreed to pay at the time of taking out the loan. It is not possible in the final analysis for a bank to sue a prominent client or to call in collateral if the client and the law courts do not cooperate. Some judges, especially in Abu Dhabi, would not

order the repayment of interest despite the Ministry of Finance's view that interest was legal under U.A.E. law and that clients were bound by the terms of the loan agreements they had signed in the first place.

The legality of interest charges in a country that bases its law on the Shari<sup>ca</sup> was tested and approved in the Supreme Court in 1981 by a finding that those sections of Abu Dhabi's pre-Federation Civil Law that had not been superseded by Federal law were still in force<sup>144</sup>. Abu Dhabi's Civil Law permits interest and requires courts to apply the rate agreed by the contesting parties before their dispute. Where no rate has been agreed, the law stipulates a maximum of nine per cent on loans to individuals and 12 per cent on corporate loans<sup>145</sup>.

Nonetheless, some judges ignored the official line and it became common for the nine and 12 per cent maxima to be applied even where the original loan agreement specified more. Some would not allow the concept of compound interest, with the result that some litigant banks were faced with the prospect of having to repay their clients instead of vice-versa. By 1987, the non-payment of interest had come to be seen as the greatest threat facing the banks in the U.A.E.<sup>146</sup>. Merchants began to agitate for an "interest amnesty" and the Abu Dhabi National Consultative Council, in its reply to the Amir's opening speech, formally demanded a rescue on the lines of the 1980 Government take-over of property loans<sup>147</sup>.

The long-debated Commercial Companies Law regulating the ownership of

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businesses was enacted in 1984 but immediately ran up against hostility, was frozen by a series of moratoria until January 1987 and then resubmitted to a committee for still further debate (ten years after it had first come before the National Assembly) on the relationship between foreign and local partners<sup>148</sup>, adding to the general feeling that the U.A.E. was floundering. The only growth area for the banks was lending to the governments.

In the early summer of 1985 the National Assembly tried to persuade the Cabinet to hold a joint emergency session on the pattern of the historic joint FNC/Cabinet session of 1979 which had led to the Joint Memorandum. The Cabinet stalled by insisting on seeing the proposed detailed agenda first<sup>149</sup>. Al-Khaleej tried to keep up the pressure by running a long series of interviews with prominent citizens arguing why the joint session was necessary to break the paralysis<sup>150</sup>, but to no avail. Under the impression that the Cabinet had in fact agreed to the session, the FNC held an emergency meeting to draw up the agenda, only to be informed that the Cabinet had unexpectedly demurred after all<sup>151</sup>. In June, it was announced that the promised Supreme Council meeting had been postponed. A new Memorandum appeared, addressed to the Supreme Council and drafted by a group of societies including the societies of lawyers, teachers, sociologists, economists, a chess club and the women's society<sup>152</sup>.

In its language and demands this document is similar to the 1979 Memorandum but stronger on details and weaker on passion and with a distinctly unhopeful tone, as though its authors despaired in advance of realizing their ideals. It calls specifically for controls on foreigners' rights to remit their earnings and profits



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overseas and for the nationalization of foreign companies especially the banks. Borders between Emirates should be abolished and each Emirate should hand over 75 per cent of its revenue to the Federation. Spending on defence and security should be reduced. Above all, the Supreme Council should shoulder its responsibilities by meeting regularly and the National Assembly should be given real legislative power. The Memorandum was carried only by al-Khaleej and very little newspaper comment followed.

In November it was announced that the postponed June session of the Supreme Council was to take place on 9th December. Al-Khaleej repeated its exercise of the previous year and ran page-long interviews with citizens about their preoccupations (demands for the stemming of the outflow of capital being a new focus this time)<sup>153</sup>.

The appointed day passed without the Council session taking place, while the media except for al-Khaleej maintained an embarrassed silence. It was thus amid an atmosphere of considerable suspense that the Rulers finally met on December 16th 1985.

They were faced with four memoranda, three of which had not been heard of previously. One had been drawn up by the Government of Ras al-Khaimah but its contents, rather mysteriously, were not divulged or hinted at; one came from Shaikh Zayid himself and concerned "the requirements of national actions in the forthcoming phase", presumably a reference to the impending expiry for the third time of the Provisional Constitution; one was a consolidated report of the Federal Ministries on their problems. The fourth was the 12-month

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old joint report commissioned by Shaikh Zayid in November 1984 from the Cabinet and the FHC on the recession. The outcome of the Rulers' meeting was a follow-up committee and a reassertion yet again that the Emirates would contribute 50 per cent of their individual oil revenues to the Federation<sup>154</sup>.

But in the wake of the December 1985 OPEC about-face, 1986 was an even worse year than 1985. In January the price of oil fell to \$10 a barrel. In February the Iranians captured the Fao peninsula. In April the United States bombed Libya. Also in April Qatari troops seized workers building a Bahraini coastguard station on a disputed coral reef and both sides increased their military presence facing each other. In May a U.S. aircraft carrier forced an Iranian naval ship which was about to interdict an American cargo vessel in the Gulf to stand off.

Agreeing the 1986 budget again took until October by which time, as al-Khaleej said, it had "lost all meaning"<sup>155</sup>. Expenditure was put at Dhs14.024bn (\$3.818bn), 16 per cent down on 1985, against estimated revenues of Dhs12.837bn (\$3.495bn), a deficit of Dhs1.19bn (\$323m). In the event however revenue exceeded estimates and reached Dhs14.8bn (\$4bn) but, reversing the trend of the previous deficit years in the first shock of low oil prices, so did expenditure, which totalled Dhs15.7bn (\$4.3bn). A real deficit thus arose of Dhs899m (\$245m)<sup>156</sup>. It would seem that the U.A.E. has reached the extent of its will or ability to cut back on current expenditure: in that 1986 budget, 700 new jobs had been created in the Civil Service for recent graduates<sup>157</sup>.

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By 1986 the cumulative value of the Federation's capital expenditure programme had fallen by a further 20 per cent from Dhs6.192bn (\$1.686bn) in 1985 to Dhs4.968bn (\$1.353bn) with a 1986 annual allocation down 26 per cent on 1985's Dhs800m (of which only Dhs404m was actually spent) to a mere Dhs595m (of which only 218m was spent)<sup>158</sup>. Abu Dhabi's Development Programme dropped from Dhs5bn (\$1.361bn) in 1985 to Dhs4.5bn (\$1.225bn) in 1986 and actual expenditure achieved under it fell from Dhs4.21bn (\$1.146bn) to Dhs3.798bn (\$1.034bn)<sup>159</sup>.

Toronto Dominion became the first foreign commercial bank to pull out of the U.A.E. Middle East Bank, owned by the al-Futtaim family, became the fourth locally-owned bank in Dubai and the seventh in the Federation to require state help when, after recording the largest losses of any bank to date in the U.A.E. on its 1985 operations, it increased its share capital to give the Dubai Government a 17 per cent stake<sup>160</sup>.

In June, al-Khaleej marked the second of the month, as it had done in the run-up to the previous constitutional extension five years earlier, as the day on which the Rulers had violated the temporary constitution by failing to make any proposed amendments or the permanent version available to the FIC six months before the temporary version's expiry date in December 1986<sup>161</sup>. In the event the Provisional Constitution was re-extended at the due time<sup>162</sup> without the extension ever going before the FIC at all. The Supreme Council decree was thus in breach, apparently, of Articles 144 and 145 of the Constitution<sup>163</sup>.

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On 1st July the Kuwaiti Government resigned because of the alleged "impossibility of co-operating with the Majlis"<sup>164</sup>. The Majlis was then dissolved by the Amir on 3rd July. Unlike its counterpart of 10 years earlier, the 1986 dissolution decree set no time limit for a restoration. It was accompanied by the suspension of some articles of the Constitution and the imposition of prior censorship on the press<sup>165</sup>.

The groups which might be called the opposition, though non-cohesive and indeed mutually antagonistic on some issues, had held a slight majority in the new Kuwaiti Majlis since its restoration in 1981 despite changes to the electoral districts. Diplomats had correctly expected the new body to be even more hostile to America, to be unsympathetic to the GCC's military provisions and the bilateral security pact with Saudi Arabia<sup>166</sup>, and to try to enforce the theoretical accountability of the shaikhly regime.

In August the Iraqis demonstrated that they had acquired the capacity to extend the range of their fighters to Sirri, Iran's alternative oil-loading terminal in the southern Gulf, and by the end of the year they had struck as far down the Gulf as Larak. Iran retaliated against the raid on Sirri by strafing commercial shipping en route to the Arab states, including the U.A.E.

The problem of the next, 1986/7 session of the U.A.E.'s own National Assembly and the attitudes it might strike on the war, the economy and the forthcoming expiry of the Constitution was addressed by the Government by a technique that had by now become characteristic. By

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21st November 1986, the latest date by which the FNC should be convened, the necessary Presidential decree had not been issued, but this was nothing new in the 1980s. All previous sessions since 1981 had begun months late. This time, however, the decree went on not being issued until the theoretical end of the session in June 1987. The oversight was never mentioned in any newspaper. Thus the ultimate fate of the final vestiges of the Young Turk challenge was that they were ignored to death<sup>167</sup>.

Of all these events the one with the most far-reaching implications was the Iranian capture of Fao and its push towards Basra. Iran was now in occupation of sacred Arab soil and it was Iran's apologists among the Islamic movement in the Gulf who were henceforth on the defensive not her detractors<sup>168</sup>. Specific Iranian threats against Kuwait further narrowed the circles in which support for the Islamic Republic was acceptable. The new moral situation helped to widen an emerging split between Iran and her main Arab backer Syria, providing a concomitant opportunity for a reconciliation between Syria and Iraq, though such hopes were not fully realized at the Arab summit in Amman in 1987.

Early in 1987 Iran stepped up the pressure on the Arab states of the Gulf by attacking oil tankers leaving Kuwait as well as commercial shipping bound for Kuwait and by mining the approaches to Kuwait's port. Kuwait appealed successfully to the United States, the Soviet Union, China and others for protection and for the use of those powers' flags on her ships (trying without conviction to present the move as "purely commercial"<sup>169</sup>). Both the GCC and the Amman summit endorsed the idea<sup>170</sup>. Iran's Deputy Foreign Minister

retorted that Iran would have no hesitation in attacking ships with either superpower's flag<sup>171</sup>. Iranian missiles fell on Kuwait.

Ironically, though, it was the Iraqi attack on the USS Stark in May 1987 that brought about the most serious step-up in tension in the Gulf. Congress questioned the US Defence Secretary on the possibility of a pre-emptive American strike against Iran's deployment of Chinese Silkworm missiles in the Straits of Hormuz<sup>172</sup> and rumours that such a strike might be imminent<sup>173</sup> brought down from Iran's leaders warnings of cataclysmic consequences for the Gulf States and America and "rivers of blood" for the whole world culminating in Iran's June 27th announcement that it deemed America to have declared war<sup>174</sup>. On 3rd July Iran's habitual retaliation against a Gulf tanker for every Iranian ship hit by Iraq became official, declared policy<sup>175</sup>.

Mines in the U.A.E.'s territorial waters caused loss of life in August and in the same month the pilgrimage to Mecca ended in mass bloodshed when Iranians clashed with the Sa<sup>C</sup>udi police. Sa<sup>C</sup>udi Arabia regarded Mecca as a watershed and pressed a special session of the Arab League for a complete breach of diplomatic relations with Iran<sup>176</sup>. The eighth GCC summit in Riyadh also heard strong demands from Sa<sup>C</sup>udi Arabia for a tougher line against Iran but these demands ran into opposition from the more circumspect U.A.E. Shaikh Zayid, who had proposed to the Amman summit that a commission of "three wise men" be delegated to Tehran and Baghdad<sup>177</sup> and had visited

Syria in August<sup>178</sup>, was now mandated by the GCC to explore new contacts with Tehran but was unsuccessful<sup>179</sup>. 1988 was to bring direct fighting between the US and Iranian navies and the partial destruction of the U.A.E.'s Mubarak oil field off Abu Musa as a result<sup>180</sup>.

### The Test

In the midst of this the tensest phase yet of the war, the Ruler of Sharjah was ousted in a coup d'etat that pitted Abu Dhabi against Dubai in a crisis which even the controlled press acknowledged<sup>181</sup> to be the most serious in the Federation's history.

On 17th June 1987 the Ministry of Information's WAM news agency carried a report from Abu Dhabi that Dr Shaikh Sultan ibn Muhammad al-Qasimi, Ruler of Sharjah, had abdicated voluntarily in favour of his elder brother and Commander of the Amiri Guard Shaikh Sa'ad al-Aziz ibn Muhammad. Dubai closed the Sharjah road that afternoon and interrupted evening television programmes to broadcast an atypically heated and uncompromising statement deploring the usurpation and calling on the forces of the Federation to restore legitimacy in Sharjah immediately. Shaikh Sultan was and would remain the rightful Ruler in Dubai's eyes. Dubai thus left itself no escape-route from re-instating Shaikh Sultan. Shaikh Sultan flew home from London; his own airport was closed to him and he landed at Dubai, where he was installed under armed guard in the guest palace.

The Supreme Council met the next day. As a first step they were able to agree on deeming both the WAM statement and Dubai's riposte as null and void. Keeping the meeting open as a continuous session, they then managed to arrive at an agreement recognizing Shaikh Sultan as Ruler but appointing Shaikh 'abd al-'Aziz as his Deputy and Crown Prince<sup>182</sup>.

However Shaikh 'abd al-'Aziz had leaflets dropped on Sharjah claiming the full support of (among others) the oppressed, the widows without succour and the merchants ruined by arbitrary economic decisions and accusing Shaikh Sultan of incurring Dhs5bn in debts by squandering money on "beautifying the town with decorated suqs and gardens" while debtors languished in gaol<sup>183</sup>. He too, therefore, had left himself no way out.

Neither the fact of Abu Dhabi's backing<sup>184</sup> for Shaikh 'abd al-'Aziz nor the motives behind it were ever discussed on the record, of course. Observers see in Abu Dhabi's position either exasperation with Sharjah's failure to repay the syndicated bank loan guaranteed by Abu Dhabi and her failure to contribute to the Federal Budget or a general consensus in the region that Shaikh Sultan had become too closely identified with the intelligentsia and its goals, or the longstanding personal friendship between Shaikh 'abd al-'Aziz and Shaikh Zayid, or all three<sup>185</sup>. Dubai's forceful and public stance was attributed in part to Dubai's investment in repairing relations with Sharjah but also, crucially, to a refusal to allow Abu Dhabi to decide unchallenged the legitimacy of disputed claims.



By the following Tuesday, after a statement by King Fahd which Dubai took as an endorsement of Shaikh Sultan and which Shaikh Sultan himself said had been crucial<sup>186</sup>, and after rumours of intervention by other regional powers, the Supreme Council had apparently persuaded both brothers to accept the two appointments, with Shaikh Sultan as Ruler and Shaikh ʿabd al-ʿAziz as Crown Prince.

An embrace of reconciliation between the two was filmed for TV and the press devoted pages of editorials to praising Shaikh Zayid's skill in solving the problem.

Table 6:3 Abu Dhabi Development Programme Expenditure

	<u>Actual</u>					
	<u>1983</u> <u>amount</u>	%	<u>1984</u> <u>amount</u>	%	<u>1985</u> <u>amount</u>	%
<u>Development expenditure</u>	<u>4,373.5</u>	<u>100</u>	<u>3,723.0</u>	<u>100</u>	<u>3,993.0</u>	<u>100</u>
1. Agriculture	214.2	4.9	137.4	3.7	140.2	3.5
2. Industry & Electricity	1,119.5	25.5	1,006.0	27.0	1,216.1	30.4
3. Communiactions <sup>1</sup>	852.4	19.5	723.8	19.5	601.9	15.1
4. Municipalities	1,513.1	34.5	1,260.9	33.9	1,656.8	41.5
5. Housing	201.2	4.6	243.0	6.5	49.6	1.2
6. Information & Tourism	332.8	7.6	217.0	5.8	154.5	3.9
7. Public Buildings <sup>2</sup>	150.3	3.4	134.9	3.6	174.4	4.4

Notes:

1. includes drains project;
2. includes certain headings not categorized.

Sources:

1. Abu Dhabi Dpartment of Finance;
2. Abu Dhabi Department of Planning.

Table 6:4 Changes in UAE Capital Expenditure Programme, by Sector, 1984-5

Sector	<u>1984</u>		<u>1985</u>		<u>1984</u>		<u>1985</u>	
	Total cost (Dhs m)	as % of all sectors	Total cost (Dhs m)	as % of all sectors	Annual allocation (Dhs m)	as % of all sectors	Annual allocation (Dhs m)	as % of all sectors
Services*	3,257.5	43.7	2,749.3	44.4	621.0	51.8	458.2	57.2
Water, Gas & Electricity	1,748.2	23.7	1,582.9	25.6	147.3	12.3	120.7	15.1
Transport, Storage & Communications	1,056.4	14.2	921.0	14.9	162.5	13.5	79.2	9.9
Finance, Insurance and Property	738.6	10.0	396.6	6.4	163.8	13.7	79.7	10.0
Agriculture	454.7	6.1	437.4	7.6	88.7	7.4	57.5	7.2
Processing Industry	99.5	1.3	90.0	1.5	12.2	1.0	3.4	0.4
Trade, Res taurants and Hotels	75.7	1.0	15.0	0.2	4.5	0.4	1.2	0.2
Total	7,430.6	100	6,192.2	100.0	1,200	100.0	800.0	100.0

\*Includes health, education, internal security, foreign relations, youth services, religion, information and tourism.

Sources: collated from several newspaper items quoting Ministry of Planning follow-up report in early 1986.

## Footnotes

1. Kuwait News Agency (KUNA), Milaff al-Abhath - 19 (Research File 19), Part 2, Kuwait, February 1983, op.cit., p72-3.
2. It was not quite sufficient, on the other hand, to kill off a dispute between two of its own members. Qatar objected to Bahrain's choice of the name "Ilawar", the name of islands claimed by both Qatar and Bahrain, for a new Bahraini warship. The dispute exercised the next ordinary session of the Foreign Ministers, held the following month. In its closing communique the Council regretted the dispute but omitted to refer it to the arbitration body. Instead, Saudi Arabia was commissioned to continue its good works and Qatar and Bahrain agreed to freeze the matter and end propaganda campaigns against each other. The freeze was broken in April 1986 when Qatar landed forces on a coral reef on which Bahrain was preparing to build a police post and again it was Saudi Arabia which froze the matter, not the arbitration body, which was not mentioned, KUNA, ibid, pp74-75.
3. Ibid, pp147-148.
4. Ibid, pp 76.
5. See Chapter 5 above.
6. al-Bayan 27th October 1986 p7 and al-Bayan 19th February 1987 p19.
7. KUNA, op.cit. pp78-81. A second emergency session had been convened in April 1982 to endorse King Fahd's call for a one-day strike in protest against an attack on the al-Aqsa mosque.
8. Ibid, pp81-84.
9. Ibid, pp138-40.
10. Ibid, p141, and Kuwait News Agency (KUNA), Special Dossier on The Occasion of The Fifth Gulf Co-operation Council Summit, Kuwait, November 1984, p41.
11. Middle East Economic Digest (MEED), Bahrain Special Reports, September 1984, p2 and October 1985, p6.
12. KUNA, Milaff al-Abhath - 19, op.cit., pp151, and KUNA Special Dossier, op.cit., p50.
13. KUNA Special Dossier, op.cit., pp50-51.
14. al-Bayan 19th January 1983 p5, coverage of National Assembly session, and al-Khaleej, 25th March 1985, p14.
15. KUNA Milaff al-Abhath -19, op.cit., pp118, 129, 134-6, 152-4; the full text of the Unified Economic Agreement is given in full on pp106-114 and in MEED 17th December 1982 pp125-5.

16. KUNA Milaff al-Abhath - 19, op.cit., pp130-131.
17. see Keith McLachlan and George Joffe, The Gulf War, Economist Intelligence Unit publication no.176, London 1984, for chronology of and background to the war. The effects of the Iraqi defeats of 1982 on Gulf leaders' thinking are discussed in James A. Bill, "The Arab World and The Challenge of Iran", op.cit., pp162-3.
18. KUNA Special Dossier, op.cit., p29, and interview with Shaikh Khalifa ibn Zayid in al-Ittihad, 20th October 1983, p5.
19. Professor Isma<sup>c</sup>il Sabri Miqlad, Anan al-Khalij wa Tahaddiyat al-Sira<sup>c</sup>a al-Duwali (Gulf Security and the Threats of The International Power Struggle), al-Rabiyya an Publishing and Distribution Company, Kuwait, 1984, p221.
20. press conference by Qatari Minister of State for Foreign Affairs Shaikh Ahmad ibn Saif Al-Thani, Secretary-General Bishara and his deputy Abdullah al-Quwaiz, 9th November 1984, reported in al-Ittihad and most Gulf dailies, 10th November 1984, and closing communique, reprinted in most Gulf dailies 10th November 1985. This summit also sent two Foreign Ministers to Damascus to mediate between Syria and the P.L.O. and restated its position that the P.L.O. was the legitimate and sole representative of the Palestinians.
21. Interview with Emirates News Agency carried by al-Khalooj, etc., 22nd May 1984.
22. MEED, 31st August 1984, p38, quoting Iraq Deputy Prime Minister's interview with Alkhar al-Yawm, Cairo, 18th August.
23. KUNA Special Dossier, op.cit., p33.
24. al-Sayad nbr2066, 6-12th June 1985, p43, interview.
25. Article by Commander of U.S. Central Command Gen. Charles Kingston in al-Watan al-<sup>c</sup>arabi, quoted in al-Bayan, 7th October 1985 and Arabia, July 1984 p32.
26. Afkar-Enquiry, September 1984, pp33-4
27. KUNA Special Dossier, op.cit., pp40-1 and lecture by Secretary-General Bishara reprinted in al-Ittihad, 15th January 1985, p6.
28. Kuwaiti Foreign Minister Shaikh Sabah al-Ahmad's June 18th Press Statement, reprinted in al-Sabah, Kuwait, nbr.27, 28th January 1985, pp22-3.
29. Shaikh Sabah's statement before the summit, ibid, p21.

30. Press conference given by Shaikh Sabah after the summit, ibid, pp27-9, and lecture by Abdullah Bishara, reprinted in al-Ittihad, 15th January 1984, loc. cit.
31. For the later stages of the war, see George Joffe and Keith McLachlan, Iran and Iraq - The Next Five Years, The Economist Intelligence Unit Special Report No 1083, London, 1987, pp2-10, passim.
32. Official communique issued after the meeting and statement by Kuwait Foreign Minister, carried by al-Ittihad and most Gulf dailies, 20th March 1985.
33. Statement by Omani Minister of State for Foreign Affairs Yusuf al-Alawi carried by most local papers 30th October 1985.
34. Arabia, August 1985, p46-47.
35. Communique reprinted in most Gulf dailies, 7th November 1985.
36. e.g. al-Khaleej, 7th November 1985, and al-Sayad nbr 2141, 13th-19th November 1985 pp21-3.
37. Iranian News Agency quoted in al-Ittihad, 9th December 1985, and statement by Mir Hussain Mussawi, al-Khaleej 11th December 1985.
38. e.g. al-Bayan and al-Khaleej 12th December 1985, both front-page editorials.
39. Velayati's statement to journalists on arrival in Abu Dhabi, al-Ittihad, 10th December 1985.
40. quoted in all local papers 12th February 1986.
41. Joffe and McLachlan, Iran and Iraq - The Next Five Years, op.cit., passim.
42. U.A.E. Central Bank Annual Report, 31st December 1983, p5.
43. U.A.E. Central Bank Annual Report, 31st December 1984, p6.
44. U.A.E. Ministry of Planning Central Statistical Department, Annual Statistical Abstract 7th Edition 1982, Table 163 p281.
45. U.A.E. Central Bank Bulletin, Vol.4 nbr.1, December 1983 p52.
46. Ibid.
47. Estimates in Central Bank Bulletin Vol.4 nbr.2, June 1984 p(v) and actual figures in Central Bank Annual Report 1985.
48. Emirate of Abu Dhabi Department of Planning Statistical Yearbooks 1983 tables 173 p259, 174 p260 and 176 p265 and 1984 table 08-1-1 p169, and al-Ittihad 2nd June 1986.
49. Emirate of Abu Dhabi Statistical Yearbooks 1983, table 176 p265; 1984, table 08-1-1 p169; and 1985, table 08-1-1 p165.

50. Central Bank Bulletin, Vol.5 nbr.1, December 1984, table 3-2 p55 and Vol.6 nbr.1, December 1985, table 3-2 p46.
51. al-Bayan 25th April 1984 p2, quoting Ministry of Planning report and al-Bayan 1st and 10th April 1986.
52. al-Bayan 9th July 1983, feature article p3.
53. Chronology of concession award, oil discovery, production and income estimates in special supplement on the Saja a field and its effects on Sharjah's economy in al-Ittihad 26th June 1982; further estimates from Sharjah Municipality report quoted in feature in al-Khaleej 14th April 1981; see also feature in 'The Times January 1981 by this writer and feature in al-Ittihad 21st July 1983.
54. Emirate of Sharjah Economics Department, Sharjah Statistics 1982-3, tables 86 p203 (imports) and 49 p141 (airport movements) [NB erratum: the headings "quantity" and "value" are transposed in table 86]; same provenance Sharjah Statistics 1983-4, tables 58 p144 (airport movements) and 101 p210 (imports) and Sharjah Statistics 1985-6, tables 94 p219 (imports) and 54 p155 (airport statistics).
55. All information on gas deals and pricing, debt position and servicing requirements and cash-flow projections taken from "Emirate of Sharjah", a confidential memorandum (unpublished), prepared by the National Bank of Sharjah in May 1987, a month before the coup, in author's possession.
56. Interview with Minister of Housing, al-Ittihad, 8th May 1986 p9.
57. Government of Dubai Central Accounts Section Dubai Annual Trade Review 1983 p89 and Dubai Annual Trade Review 1984 p83.
58. U.A.E. Central Bank Annual Report, 31st December 1983, p7.
59. Emirate of Abu Dhabi Department of Planning Statistical Yearbook 1984, Table 06-3-11 p141 and Central Bank Bulletin, Vol.5 nbr.1, December 1984, p 45.
60. Results of survey in Trade and Industry, the magazine of Dubai Chamber of Commerce and Industry, Vol.9 nbr.100, March 1984 pp11-21.
61. al-Khaleej, 12th March 1987, feature article p7.
62. Published in full in al-Khaleej 19th March 1984 p6, al-Wahda 20th May 1985 p3 and al-Ittihad 25th September 1984 p3.
63. Emirates Industrial Bank and Federation of Chambers of Commerce Memos given in al-Ittihad, 1st October 1984 p3
64. al-Ittihad 25th September 1984, loc. cit.
65. Ibid.

66. Dr. Ibrahim al-Tani, al-Rukud al-Iqtisadi wa rukud al-Mudhakhirat (Economic Stagnation and Memoranda Stagnation), in Iqtisadiyyat al-Imarat wa Dual Majlis al-Ta'awun al-Khaliji, (Economies of the U.A.E. and the GCC States), published by al-Bayan Publishing, Dubai, 1986, pp70-73.
67. al-Jarida al-Rasmiyya (Official Gazette), Vol.14 nbr.140, June 1984, pp11-16 and Statement by Minister of State at the Ministry of Finance and Industry Mr Ahmad Ta'ir, al-Ittihad, 10th July 1984.
68. Dr. Ibrahim al-Tani, op.cit., pp98-101.
69. For National Assembly criticism of Agreement see for example al-Khaleej 18th May 1985 p7 and al-Khaleej 14th May 1985, leader on economy page, and for general criticism al-Ittihad 1st June 1985. Bishara's meeting with the Federation of Chambers is covered in al-Bayan 30th March 1985, p3.
70. al-Sayad, nbr.2141, 13th-19th November 1985, p22.
71. U.A.E. Central Bank Bulletin, Vol.5 nbr.1, p14, *passim*, and Table A3 p74, and al-Khaleej, al-Ittihad and al-Bayan 14th November 1984.
72. In August 1981 and March 1982 Central Bank Circulars 42 and 100 doubled the ratio the banks were obliged to lodge with the Central Bank of those dirhams that they placed short-term outside the U.A.E from 15 per cent to 30 per cent. The idea was that the banks, penalized by the below-market interest which the Central Bank paid them on their lodged dirhams, would be encouraged to minimize their dirham placements overseas. In October 1984, Circular 300 increased the penalties by extending the 30 per cent "corset" to all dirham placements overseas with a remaining life of a year or less with a bank's own Head Office or branches overseas.

The same circular abolished the distinction between domestic bank deposits in dirhams and deposits in foreign currencies. Banks' dirham deposits had been subject since 1982 to a requirement that a percentage be lodged with the Central Bank; the Central Bank paid only a low rate of interest on that reserve percentage as a means of depressing the interest rates which banks could offer in turn to their depositors. Foreign currency deposits, as distinct from dirham deposits, been subject to a reserve ratio of only five per cent, half of which had attracted no interest and half of which had attracted interest close to the prevailing market rate. About three eighths of one per cent had been shaved off the interest rate which banks had been able to offer prospective depositors of foreign currency by this five per cent ratio. From October 1984, foreign currency deposits were liable to the same size of corset as deposits in dirhams; rates which banks could offer clients for them were reduced even further and foreign currencies became less attractive against the dirham. Ratios which banks had to lodge with the Central Bank were now graded so as to make longer-term maturities more



- attractive. Circulars 100 and 300 are given in English translation in U.A.E. Central Bank, Majmu'a al-Ta'amin al-Sadira ila al-Masarif al-Tijariyya 1982-1984 (Compendium of Circulars Issued to the Commercial Banks 1982-1984), Abu Dhabi, 1985, p20 and p221.
73. U.A.E. Central Bank Annual Report, 31st December 1983, pp56-57.
  74. Central Bank circular 126 dated 6th July 1982, in U.A.E. Central Bank Majmu'a al-Ta'amin, op.cit., p54.
  75. Circulars 156 of 2nd November 1982 and 208 of 5th July 1983, ibid, pp131-132.
  76. Statement by U.E.M.E.'s new Chairman, Minister of State for Finance and Industry Mr Ahmad al-Ta'ir, issued as a broadcast telex call, 19th April 1984.
  77. MEED 18th January 1985 p44.
  78. MEED 5th April 1985 p2.
  79. MEED 1st February 1985 pp41-2.
  80. MEED 3rd and 10th May 1985 and first Annual Report of Abu Dhabi Commercial Bank, published in Abu Dhabi, July 1986, and al-Ittihad, 27th April 1987 (1986 results).
  81. Interview with Central Bank Deputy Governor Shaikh Muhammad ibn Sultan al-Dhahiri in all local papers 18th November 1985.
  82. e.g. interview with Undersecretary at Abu Dhabi Department of Finance, al-Bayan 26th January 1984 p3.
  83. al-Khaleej 10th August 1983, quoting unpublished Ministry of Planning report.
  84. Abu Dhabi Department of Planning, al-Tatawwurat al-Iqtisadiyya w'al-Ijtima'iyya li-Emarat Abu Dhabi 1983-1985 (Economic and Social Developments in Abu Dhabi 1983-1985), Abu Dhabi, November 1985, table 6-1 p199.
  85. Ibid, tables 6-4 p202 and 6-5 p203.
  86. Interview with affected workers and Ministry of Labour officials, al-Khaleej, 24th April 1986 p8 and with Undersecretary at Ministry of Labour and company officials, al-Khaleej 24th November 1986 p8.
  87. al-Jarida al-Rasmiyya (Official Gazette), Vol.17 nbr.171, January 1987, pp151-153.
  88. al-Khaleej 19th January 1987.
  89. Interviews with officials of affected Ministries, al-Khaleej 13th March 1983, p7.
  90. Interview with Undersecretary for Social Affairs at Ministry of

- Labour and Social Affairs, al-Khaleej 12th January 1985, p3.
91. al-Khaleej 13th March 1983, loc.cit.
  92. Lists of grievances in al-Ittihad 19th December 1984 and 2nd January 1985, both in the editorial comment column "alimat al-Ittihad", and 14th January 1985.
  93. For exhaustion of water supplies in poorer Emirates see interviews with Director of Ajman Municipality, al-Bayan 2nd January 1986 and al-Khaleej 23th March 1987 and item on forced closure of Fujairah Hospital, al-Bayan 25th March 1987; also failure of East Coast farmers in al-Khaleej 11th July 1987 p3.
  94. al-Khaleej 19th June 1984, front-page editorial.
  95. e.g. 8th January 1985 and 12th February 1985, both in the "al-Satur" editorial column.
  96. al-Ittihad 12th June 1982 p1 and 20th June 1982 p1-2.
  97. al-Ittihad 22nd December 1982.
  98. al-Jarida al-Rasmiyya (Official Gazette), Vol.14 nbr.140, June 1984, pp11-16.
  99. Following the US raid on Libya in April 1986 the Society of Sociologists and other professional groups held a seminar on American policies at which the U.S.A. was accused of plotting to assassinate Arab leaders; staging the hijacking of the Italian cruise liner the Achille Lauro and the subsequent interception of the Egyptian airforce planes; inciting religious hatred in southern Sudan, Egypt and the Kurdish areas of Iraq; of practising racialism and of being responsible for the deaths of the 12m people who, it was claimed, had been killed by American weapons in the previous 40 years. (Proceedings of the seminar in al-Khaleej, 19th April 1986 p7).
  100. al-Khaleej 20th January 1985, comment column on back page.
  101. Fouad Ajami, "The End of Pan-Arabism", Foreign Affairs, Vol.57 nbr.2, Winter 1978/9, pp355-373.
  102. Ajami's contention is refuted in "Arab Nationalism, A Response to Ajami's Thesis on The End of Pan-Arabism", Journal of Arab Affairs, Vol.2 nbr.2, Spring 1983, pp173-197.
  103. al-Khaleej 5th February 1985, p3.
  104. al-Khaleej 5th February 1985, editorial on back page.
  105. al-Khaleej 25th February 1985, p4.
  106. "U.A.E. Opting for Stricter Dictates of Islamic Law", The Middle East, nbr.37, November 1977, by this writer.
  107. al-Azmena al-Arabia nbr.62, 4th-20th May 1980, pp43-54.

108. Dr. ʿabd al-ʿAziz al-Bassam, "Al-Siyasa al-Tarbawiyya fi Dawlat al-Imarat" (Education Policy in the U.A.E.), Chapter 12 of al-Tajrib al-Wahdawiyya al-ʿarabiyya al-juʿasira: Tajriba Dawlat al-Imarat al-ʿarabiyya al-Muttahida, proceedings of seminar organized by the Centre for Arab Unity Studies, Beirut, 1981, op.cit., pp525-534 and al-Khaleej 20th March 1983 (part of series on use of curriculum for political propaganda).
109. al-Khaleej 13th December 1982, feature p7.
110. al-Khaleej 20th March 1983 p15, feature.
111. al-Khaleej 23rd March 1983 p9, feature.
112. al-Jarida al-Rasmiyya (Official Gazette), Vol.13 nbr.129, August 1983 p13.
113. al-Jarida al-Rasmiyya (Official Gazette), vol.14 nbr.135, February 1984 pp83-92; Vol.13 nbr.124, March 1983 pp45-60 and Vol.13 nbr.129, August 1983 pp102-107.
114. al-Bayan 24th January 1983, al-Ittihad 19th July 1986 and al-Khaleej 18th 1986.
115. e.g. al-Ittihad 3rd March 1987 p11, coverage of ICC session.
116. al-Ittihad 22nd and 23rd November 1987.
117. al-Ittihad 2nd March 1987 p11 and 16th March 1987 p5.
118. al-Khaleej 12th April 1988 p8.
119. al-Khaleej 17th March 1987, front-page editorial.
120. Ibid and al-Khaleej 21st June 1987, readers' letters.
121. al-Ittihad 21st March 1988.
122. al-Ittihad 31st October 1987.
123. opening of 1982/3 session in al-Ittihad 22nd December 1982; delaying of 1983/4 session in al-Jarida al-Rasmiyya, Vol.13 nbr.132, November 1983 p24; of 1984/5 session in Vol.14 nbr.146, December 1984 p39; of 1985/6 session in Vol.15 nbr.157, November 1985 p14 and Vol.16 nbr.160, February 1986 p39; of 1986/7 session in Vol.16 nbr.170, December 1986 p17 and of 1987/8 session in Vol.17 nbr.183, December 1987 p15.
124. al-Khaleej 23rd June 1983 p7.
125. al-Khaleej 1st February 1984 p9.
126. Ibid.
127. Dr. Ali Khalifa al-Kuwari, Oil Revenues in the Gulf Emirates, op.cit., pp147-148.

128. al-Bayan 5th December 1987 quoting Ministry of Planning and al-Ittihad 8th February 1988.
129. al-Khaleej 30th May 1984 pp8-9 and 14th June 1984 p8.
130. Report published in full in al-Khaleej 6th June 1985 p17.
131. al-Khaleej 13th February 1985 p8, coverage of session.
132. comment columns on back page, al-Khaleej, 12th and 14th February 1984.
132. front-page editorial, al-Khaleej 6th January 1985
134. e.g. al-Khaleej 9th December 1984 p8 and 11th December 1984 p3.
135. al-Khaleej 5th January 1985, front-page editorial.
136. al-Khaleej 19th March 1985, front-page editorial.
137. Quoted in al-Tadhamun, Vol.2 Nbr.99, 2nd-8th March 1985.
138. al-Ittihad, 18th February 1986.
139. e.g. speech by Speaker of Kuwaiti Parliament Ahmad Sa'aduni quoted in al-Khaleej 21st October 1985, editorial comment in al-Khaleej 28th February, 2nd and 5th October 1985, in al-Ittihad 2nd October 1985 (back page) and al-Bayan, leader 2nd October 1985; interviews with nationals al-Khaleej 30th December 1985 p7.
140. U.A.E. Central Bank Bulletin, Vol.6 nbr.1, December 1985, pp45-46 (estimates); U.A.E. Central Bank al-Ishara al-Iqtisadiyya (Economic Bulletin), Vol.7 nbr.1, December 1986, Table 2b p92 (in Arabic) and al-Bayan, 18th december 1985 p3, feature articles with budget breakdown.
141. Emirate of Abu Dhabi Department of Planning Statistical Yearbook 1985, Tables 09-1-7 to 09-1-9, pp181-183.
142. U.A.E. Central Bank Annual Report 1985 p7; Government of Dubai Central Accounts Section Dubai External Trade Statistics January 1986, p64, and Emirate of Abu Dhabi Department of Planning Statistical Yearbook 1985 table 06-3-9 pp119-125.
143. U.A.E. Central Bank Annual Report 1985, p14.
144. al-Jarida al-Rasmiyya Vol.11 nbr.95, September 1981, pp115-120.
145. Emirate of Abu Dhabi Secretariat-General of the Executive Council, Mawsu'a al-Tashri'at, al-Juz' al-Awal, fi al-Qawanin (Compendium of Legislation, Part One, Laws), op.cit., pp300-302.
146. e.g interviews with bankers and officials in al-Bayan 31st May 1986 p3, 25th and 27th January 1987 (both p3) and 29th December 1987; al-Khaleej 18th and 19th October 1986 (both p7) and al-Ittihad 2nd March 1988 p19.

147. al-Ittihad, 28th March 1988 p5, coverage of NCC session.
148. al-Jarida al-Rasmiyya Vol.14 nbr.137, April 1984 pp7-91 (text of law); Vol.14 nbr.141, July 1984 p7 and Vol.16 nbr.161, March 1986 p57-59 (first and second moratoria); also al-Ittihad 3rd November 1985 p17 (interview with Minister of Economy and Trade), al-Khaleej 9th July 1986 p3 (Minister's statement to FNC) and al-Ittihad 15th November 1987 (committee meeting).
149. extract from Dr Sayyid Ibrahim, Ma'asirat al-Majlis al-Natani al-Ittihadi (The Career of The Federal National Assembly), extract published by al-Khaleej 12th January 1973 p3 as part of a serialization on 7th, 8th, 10th, 11th and 12th January.
150. al-Khaleej page-long interviews in editions of 5th, 13th and 19th May and 6th, 8th, 9th, 10th, 11th, 12th 15th, 23rd and 24th June 1986 as part of campaign to revitalize the FNC, e.g. interviews in 5th, 13th and 19th May 1985.
151. al-Khaleej 2nd June 1985, front-page lead, and 3rd June 1985 (FNC session).
- 152 al-Khaleej 24th June 1985 p2, full text.
153. e.g. interviews in al-Khaleej, 7th December 1985, p 8.
- 154 al-Jarida al-Rasmiyya Vol.16 nbr.159, January 1986, pp11-12 and al-Ittihad 16th and 19th December 1985.
- 155 al-Khaleej 21st October 1986, leader on economics page.
156. U.A.E. Central Bank, al-Mashra al-Iqtisadiyya (Economic Bulletin), Vol.7 nbr.1, December 1986, pp50-51 (in Arabic).
157. al-Ittihad 4th April 1987 p11, interview with head of Civil Service Commission.
158. al-Bayan 10th, 13th, 15th and 29th October 1986, al-Ittihad 24th December 1986, 3rd January, 28th March and 25th April 1987.
159. Emirate of Abu Dhabi Department of Planning Statistical Yearbook 1986, table 08-1-1 p175. NB slightly different figures are given for 1985 in al-Ittihad 2nd June 1986 and for 1986 in al-Ittihad 1st February 1987.
160. Official statement carried by all English-language papers, 30th May 1986; bank results appeared in March, April and May 1986 in various Arabic newspapers and were tabulated in IBED, 24th May 1986, p 31.
161. al-Khaleej, front-page editorial 2nd June 1986.
162. al-Jarida al-Rasmiyya Vol.17 nbr.171, January 1987 p11.

163. extract from Dr Sayyid Ibrahim, Ma'asirat al-Majlis al-Watani al-Ittihad, op.cit., quoted by al-Khaleej 12th January 1987, loc.cit.
164. Letter of resignation and speech in Journal of The Gulf and Arabian Peninsula Studies, Vol.13 nbr.47, July 1986, pp241-241.
165. Text of dissolution decree ibid, p240. See also al-Khaleej 4th July 1986, front-page lead and al-Bayan 5th July 1986 p13, feature.
166. "A Stronger Parliament for Kuwait", Arabia April 1982 p25, and al-Ittihad 22nd February 1985 p5 (election results and analysis).
167. A 1987/8 session was convened in January 1988 (al-Jarida al-Rasmiyya Vol.17 nbr.183, December 1987 p15) but met infrequently and discussed no issues of importance.
168. see for example "Masir al-Midham al-'Arabi Yatahhadu 'ala Abwab Basra", (Fate of The Arabic Political System Will be Decided at the Gates of Basra), al-Khaleej 29th January 1987 p3.
- 169 e.g statement by Kuwaiti Oil Minister at press conference on 22nd June 1987 carried by most Gulf papers 23rd June 1987.
170. Communique after the GCC Foreign Ministers' 23rd Council session, 'ai'if, carried in most Gulf dailies 26th July 1987 and communique of the Amman summit in al-Ittihad 12th November 1987 p5.
- 171 Interview with Iranian Deputy Foreign Minister Hossein Shaikhholislan [sic], Gulf News, Dubai, 25th May 1987.
172. "Khitta Amrikiyya li-Darb al-Sawarikh al-Siniyya fi Iran" (American Plan to Strike at Chinese Missiles in Iran), al-Watan al-'Arabi, Vol.11 nbr.14/540, 19th June 1987 pp22-24.
173. e.g. NEED 13th June 1987, "Reagan Seeks Backing for Gulf Policy" and "Iran Assesses Its Options".
174. e.g. statement by Minister for the Revolutionary Guards Rafiq Dost quoted from IRNA in most Gulf papers 16th June 1987; statement by Majlis Speaker Ali Rafsanjani to prayer meeting at Tehran University 26th June 1987 quoted by most Gulf papers 27th June 1987 and Radio Tehran report of 28th June 1987 carried by most Gulf papers 29th June 1987.
175. Speech by President Khamenei during Friday prayers at Tehran University on 3rd July 1987, carried by most Gulf papers on 4th July 1987.
176. al-Khaleej 24th, 26th and 29th August; "Saudis Launch Harsh Attack on Iran in Aftermath of Mecca", The Times 26th August 1987.

177. Shaikh Zayid's suggestion was first made in an interview with al-Rai al-Caum, Kuwait, reprinted in al-Ittihad 7th June 1987 p4 and was repeated in interviews with a Saudi press delegation reprinted in al-Khaleej 26th December 1987 p5 and with al-Hawadeth reprinted in al-Ittihad 10th december 1987 p5. Communique of Amman summit in al-Ittihad 12th November 1987, loc.cit.
178. al-Khaleej 18th, 19th and 20th August 1987.
179. interview with Shaikh Zayid in al-Musawwar, Egypt, reprinted in al-Ittihad 10th March 1988 p4; interview with King Fahd in al-Hawadeth nbr.1637, 18th March 1988 p21 and 23.
180. MEED 29th April 1988.
181. al-Ittihad 24th June 1987, front-page editorial.
182. al-Bayan 18th and 19th June 1987; al-Bayan, al-Ittihad, al-Khaleej, al-Wahda and al-Fajr 21st June 1987 (all front-page lead); al-Ittihad and al-Bayan 24th June 1987 and al-Ittihad 23th June 1987.
183. Leaflets in author's possession (author's translation).
184. "Emirates Seek Face-Saving Formula After Coup", The Times 19th June 1987 p9 and "Ruler Deposed for 'Corruption'", The Times 20th June 1987.
185. "Sharjah Coup Underlines Federal Uncertainty", The Financial Times 19th June 1987 p6.
186. al-Bayan front-page editorial 23rd June 1987 and interview with Shaikh Sultan in al-Sharq al-Awsat 30th June 1987 quoted in all U.A.E. papers 1st July 1987.

## Conclusion

The coup in Sharjah was the second crisis in relations between Abu Dhabi and Dubai to threaten the Federation with collapse. Like the former one, the appointment of Shaikh Sultan ibn Zayid as Commander-in-Chief of the Armed Forces in 1978, its root was Dubai's refusal to be ignored by Abu Dhabi, or to state the same proposition the opposite way, Abu Dhabi's failure to attach to Dubai's views a weight sufficient to satisfy Dubai.

Neither crisis killed the Federation in the end. After the first was overcome successfully, the Federation's character changed. It absorbed and accommodated the need to allow Dubai and Dubai's special ethnic a status which was not to be disregarded. The learning process strengthened the Federation by loosening it. In the 1980s the volume and pace of Federal legislation decreased, especially in the economic sphere, and the balance of power between the Federal authorities and the local authorities swung back towards the local centres<sup>1</sup>.

Sharjah's internal divisions and Shaikh 'Abd al-'Aziz' coup seem to have fogged Abu Dhabi's memory temporarily. As in 1979, when the prospect of an immediate collapse of the Federation was brought home to Shaikh Zayid, he opted for the Federation, even at the possible cost of that ultimate sacrifice for a shaikhly leader, loss of



## Conclusion

face. The unprecedented paeans of praise<sup>2</sup> for his wisdom and shrewd leadership in the days after the resolution of the crisis were perhaps an attempt to minimize that sacrifice.

Now that this second life-threatening crisis seems to have been survived, there seems to be room for a tentative assertion that seceding from the Federation is becoming a political impossibility. A perceived need to save the Federation has brought the largest and wealthiest Emirate to retreat from its position twice; and an entire generation, born or educated since 1971 and raised to very high expectations, has been taught by a no-expenses spared propaganda machine to regard the Federation as the source of all material bounty and all national respectability.

The opprobrium of that generation is only one of a number of disincentives to secession. Others might include the acceptance of the U.A.E. as a single unit in the Gulf Co-operation Council, which in appearance at least puts its unitary status beyond question; the great and growing regional dangers that might be expected to (but do not always) militate against disunity; and perhaps simply the passage of time, which gives reality to the Federal era as the memory of pre-Federal times fades.

But at present the speculation that membership of a regional grouping may eventually overcome local jealousies is still academic; though bloodshed arising from inter-dynastic feuds has been minimal since the Federation came into being, border disputes and the inter-dynastic rivalries from which they often spring are as common now as they were before the Federation, the Gulf war or the GCC. Both

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the U.A.E.'s life-threatening crises to date stemmed from inter-dynastic prickliness; the existence of the Federation may have kept in check the worst manifestations of what was always the main threat to the stability of these states, but does not seem to have eradicated the structure's inherent instability. There remains the possibility that some future action by one of the two largest Emirates might provoke the other to a degree beyond reconciliation. Nonetheless, failing that, the Federation looks more likely to survive for the duration of the current political order than to collapse.

The possibility of some such sin of commission is heightened by the Federation's great sin of omission: its failure to grasp that the interaction within and between the shaikhly families is not going to be the main arena of politics in the U.A.E. for ever, or even for very much longer - a failure of which however most of the other shaikhly regimes in the Gulf are as guilty as the U.A.E.

In this respect, the area of public opinion, the Federation has proved to be something of a genie out of a bottle for the shaikhs. For the shaikhs of 1971, federating was a necessary evil, a second best which they had to accept when it became clear that Britain was not going to stay. The limits of their willingness to cede their own sovereignty to the centre was always going to be the dynamic of Federal politics. The great oil boom of 1974 gave the Federation a breathing space, time for a honeymoon, before those inherent tensions had to be faced.

## Conclusion

For a time after 1974, those tensions were barely visible under the excitements of the boom years. There was no argument about financing the Federation or the allocation of its resources. The Government was exercised to find projects for the money, not money for the projects. Even so, differing experiences of foreign contact and of commerce pulled the Emirates in different directions. But the no-expenses-spared Ministry of Information devoted its resources to selling the Federation to the public, and a whole generation grew up with federalism firmly implanted as the basis of its values. In 1971, public opinion was irrelevant to the shaikhs' decision to federate; very soon, the shaikhs were having to rein in public enthusiasm for the result. Since the imperfectly executed "unification" of their armies in 1976, the shaikhs' enthusiasm for further concession has stagnated while the public's acceptance of the federalising ethic has taken root and flourished.

Neither the great oil boom nor the recession inspired any federalization of the ownership of natural resources. These were left to the individual members in the 1971 Constitution and that is still the case despite frequent assertions that Dubai hands over 50 per cent of its oil revenue to the Federation. Just as the ownership of the revenue has been unaffected by the Federation, so has the control of its disbursement. The spending of money is still a function of individual shaikhs' perceptions, not of Federal law.

Most development in the Northern Emirates was financed by Shaikh Zayid out of Abu Dhabi's surplus revenue before the Federation and has continued to be financed by him ever since, partly through the Federal budget but partly through personal gifts. In the recent lean

## Conclusion

years when oil revenue has not been in surplus, Shaikh Zayid has pumped more money into his own Emirate through land compensation schemes<sup>3</sup> than into the Federation through new development spending in the budget. The capital expenditure programme of the Federal budget has not had priority.

The structure of the Federation has if anything impeded the shaikhs' responsiveness to change in public opinion. The provision that major decisions in the Supreme Council must be unanimous, without which the shaikhs could not have been prevailed upon to federate, has made all decision-making slow. Fear of failure means that the Council meets very rarely. Since no policy-making powers have yet percolated down from the Supreme Council, and indeed can never do so under the existing Constitution, its absence perpetuates the characteristically reactive, low-profile style of government the shaikhs prefer at a time when the need for decision-making cannot but grow.

Oil money has changed the body politic of the former Trucial States beyond recognition through education and the mass influx of foreigners, but none of the changes brought about by oil has affected the shaikhs' attachment to their local sovereignty or their suspicion of power-sharing. The existence of a Federation to spread the benefits has greatly accelerated the albeit unequal spread of education and of sophistication and has created a constituency that can attack its rulers as unIslamic for failing to provide the people with free car telephones - but has not yet had any impact on the shaikhs' attitude to power. The Federal machinery for dealing with change has been found to be slow and easily stalled.

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Since 1971, three of the signatories to the Provisional Constitution have died in their beds. The Federation has survived all these changes without difficulty but none involved a major Emirate and none was contested internally. One Ruler (of Sharjah) has been removed by assassination and that crisis too was weathered successfully.

No other Ruler has yet been removed permanently by a coup, though one has been removed temporarily. In 1991 however, when the Constitution next expires, the Supreme Council will in all probability have lost its co-founder Shaikh Rashid of Dubai. Shaikh Rashid's lasting conceptual achievement of 1979 was to show that the Federation could award Dubai its due place and still cohere, an achievement at least as great as his material success in creating modern mercantile Dubai and one that has been underpinned by the resolute behaviour of his sons in the 1987 crisis. A Permanent Constitution enshrining this reality has never seen the light of day, but its absence may have been positive for the Federation's cohesion in the long run.

Like the Permanent Constitution, there remain other areas of contention which have been and are being addressed with a neglect that may or may not turn out to have been benign. Dubai has ensured that the economy remains mixed and not wholly nationalized but this is still the subject of unresolved soul-searching. Laws enacted in the commercial sector have tended to be simply ignored if inconvenient to the powerful merchant lobby. The 1984 Companies Law is a prime example of this phenomenon, which undermines the Federation's prestige and spreads a sense of drift.

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The U.A.E. has not yet decided, either, the relative importance it attaches to secularism versus Islam. This conflict has the potential to be a long-term source of dissension, even though the attractions of the Iranian version of Islamic fundamentalism have now worn off for all except a lunatic fringe, dissension that may be magnified by the different historical, economic and demographic experiences of the different Emirates.

Above all other challenges facing the U.A.E., however, rears the challenge of satisfying the abstract desire of growing numbers of educated people to share in decision-making as an inalienable right and not as a privilege. The shaikhs' policy of meeting this challenge by ignoring it proved successful in the first round of the battle against change in the late 1970s, but it would be unsafe to extrapolate from that victory that the shaikhs will win the next round with the same tactic. The next wave of challengers is likely to include a religious element for whom the shaikhs personally and their lifestyles are themselves unacceptable. The size of their material achievement notwithstanding, neither the Federation's present leaders nor their sons have any track record on the subject of power-sharing. If an individual shaikh ever did face up to the issue, it is unlikely that the Supreme Council as presently constituted would achieve the required unanimity to back him.

### Footnotes

1. al-Azmena al-Arabia nbr.63, 21st May 1980, pp4-5 and nbr.91, 3rd December 1980, pp4-5.
2. e.g front pages of al-Ittihad 21st and 24th June 1987, al-Khaleej 21st June 1987 and al-Bayan 24th June 1987.
3. See Chapter Five above.

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Al-Wathba	(Abu Dhabi)
Al-Ittihad	(Abu Dhabi)



b) Arabic-language periodicals:-

<u>Al-Azmena al-Arabia</u>	<u>(Sharjah) (now defunct)</u>
<u>Al-'Adhamum</u>	<u>(London)</u>
<u>Assayad</u>	<u>(London)</u>
<u>Al-Watan Al- arabi</u>	<u>(Paris)</u>
<u>Al-Mustaqbal</u>	<u>(Paris)</u>
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Middle East Economic Digest	
Arab Report and MEMO	
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Gulf Banking and Finance	(Bahrain)
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