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Contemporary socio-political issues of the Arab Gulf moment

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Contemporary Socio-Political Issues of the Arab Gulf Moment

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Abstract
This paper introduces the Gulf moment in contemporary Arab history and examines some of the key internal socio-political issues that are at the forefront of the intellectual and academic debate in the Arab Gulf States (AGS). The central questions addressed in this paper revolve around whether much of the new thinking is in essence old thinking. What accounts for the suppressed demand for political reform? How did the business-friendly UAE model manage recently to outshine the more politically mature Kuwait model of development? What are the gains and the pains of going global, and have the AGS transcended their chronic dependence on oil and witnessed the end of the rentier state structure and mentality? The paper concludes that the way the AGS handle these pertinent questions will not only determine the future direction of the Gulf moment but ultimately decide the AGS’s ability to reshape the geo-economics and geo-politics of the region, and to set in motion a process for the Gulfanization of the Arab world.

Keywords
Arab Gulf states (AGS); change and continuity; Dubai; GCC; Gulfanization; Gulf middle class; Gulf moment; issue-centred approach; local and global; oil/security paradigm; political reform and stagnation; UAE and Kuwait models

1. INTRODUCING THE GULF MOMENT
This is the Arab Gulf moment in contemporary Arab history. The six mostly small but oil-rich states of Kuwait, Bahrain, Saudi Arabia, Qatar, Oman and the United Arab Emirates (the Arab Gulf states or AGS) are taking the lead, influencing events, assuming greater financial responsibilities, projecting socioeconomic confidence, and becoming increasingly conscious of their newly acquired status as a regional power that far transcends the rest of the Arab countries (Bin Huwedin 2009). Some decades ago few would have paid any attention to the AGS. But now these states, individually and collectively, have come a long way from their former relative remoteness and peripheral status and wield enormous power, mostly soft power as they take centre stage in Arab politics and move to the forefront of international finance. What distinguishes the AGS at this moment in history is their noticeable political stability,

* I would like to thank the three anonymous readers for their pertinent comments on the first draft of this paper.
almost incredible engine of prosperity, consistent moderate ideology, and
determination to achieve incrementally full economic and monetary integration and
create their own internationally recognized regional organizations. These are the main
pillars of the Gulf moment and the so-called ‘New Gulf’ (O’Sullivan 2008), which is
reshaping the region’s geo-economics and geo-politics and setting in motion a process
for the Gulfanization of the Arab world.1

The AGS have a high standard of living and enjoy a comparatively good
quality of life; the World Bank has classified their economies among the best
performing, with an average of 5.8 per cent annual growth during the first decade of
the twenty-first century, compared to 4.3 per cent for the world average and 2.3 per
cent for advanced economies. The 2009 Arab Knowledge Report indicates that
generous investment in human capital, economic reform and the building of
information technology infrastructure during the past ten years has increased the
AGS’s readiness for the knowledge economy, which is needed to compete globally
(UNDP and Mohammed bin Rashid Al Maktoum Foundation, 2009). The gradual
emergence of the Gulf moment has led some keen observers to claim that, ‘While the
outside world has portrayed the Arab world as downtrodden in time, a vigorous
entrepreneurial leadership has developed in the Gulf area. In places like Dubai, Abu
Dhabi and Doha, Arabness is chic and not backward’ (Fox, Mourtada-Sabbah and al
Mutawa 2006: 49).

Yet even if the AGS continue to flourish and assume a greater leading role in
Arab politics, as is widely expected, the Gulf moment is not entirely without its
challenges and shortcomings. The small AGS remain highly vulnerable to regional
tensions and dependent on foreign protection, mostly American, as they have been
since 1971. The rapid socioeconomic change of the last three decades has caused
massive dislocations and disorientations. The current double-digit economic growth
has come at a daunting social cost, whereby the citizens of these states are becoming a
disappearing minority in their own countries. The fast pace of globalization,
spearheaded by ambitious cities like Dubai and Abu Dhabi, has raised legitimate
concerns regarding the concept of citizenship, issues of authenticity and national
identity, and ultimately the social sustainability of the economic growth strategy of
the AGS. The real challenge facing the Gulf moment is closely related to the growing

1 David Ottaway (2010) observes that ‘Not only has the center of Arab wealth moved to the Gulf, so
too, has the source of new initiatives and thinking.’
middle-class demand for good governance and greater democratization. The prevailing political stagnation associated with entrenched Gulf monarchies may yet prove to be the Achilles heel of the Gulf moment in history.

Clearly the future direction will be largely decided by how the AGS deal not just with the issue of political reform, but also with a set of complex and interrelated socio-political challenges of independence, nation building, change and continuity, old and new, local and global, oil and post-oil structures, and adjustment to the powerful forces unleashed by the process of globalization.

This paper examines some of the key socio-political issues that are at the forefront of the intellectual and academic debate in the AGS at this moment in their historical unfolding. The paper shifts the focus of attention towards internal issues, that is, towards the domestic debates within rather than the external debates about the AGS. The central questions revolve around whether much of the new thinking is, in essence, old thinking. What accounts for the suppressed popular demand for political reform? How did the business-friendly United Arab Emirates (UAE) model manage to outshine the more politically empowering Kuwait model of development? Have the AGS finally transcended their unhealthy dependence on oil and are they witnessing the end of the rentier state structure and mentality? What remains of national identity in the ever problematic situation where the local citizens of the AGS are becoming increasingly a disappearing minority in their own countries?

How the AGS handle these pertinent questions will determine the authenticity of the New Gulf, the longevity of the Gulf moment and its future directions.²

2. UNDERSTANDING THE GULF MOMENT
The complexity of the issues and challenges facing the AGS at this promising moment in history requires a search for fresh concepts, as the prevailing approaches are those of an inappropriate old model and do not necessarily fit the newly emerging

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² May Yamani (2009) makes a clear distinction between Saudi Arabia, which she calls a ‘Frozen State’, and the other, smaller AGS, which she labels ‘Flourishing States’. She says ‘Frozen States include Saudi Arabia where democracy is omitted from political discourse, even limited partial elections have been put on hold, and the royal succession remains a secret kept from the population. Frozen States appear more stable in the short term, as oil revenues still buy the subservience and submission of most of the subjects, but stability coincides with the possibility of increased violence and civil unrest, owing to widespread grievance over sectarian rule. The small AGS are flourishing states that have joined the global economy through political and economic reform. Managing social and political inclusion is not difficult for states blessed with an advantageous position along one of the world’s major trade routes, a tradition of cosmopolitanism and commerce, massive oil wealth, and a small national population.’
realities of the twenty-first century. To understand the AGS’s experiences of the past fifty years and the contemporary socio-political issues of the Gulf moment better, it is necessary to experiment with simpler theories and approaches, such as the social issues-centred perspective.

There has always been more than one perspective on the rapidly changing, rapidly modernizing and rapidly globalizing AGS. However, approaches and concepts that have been around since the emergence of the oil-rich AGS on the world stage, such as the rentier theory, the oil-monarch concept, the new authoritarian approach, the small and microstate state analysis, the modernization school and the dependency model, are anachronistic and no longer give credible readings of the current realities of the AGS. While helpful in understanding the formative years of independence, the initial phases of the oil boom and the turbulent years of the 1980s, most of these theoretical formulations have lost the power to describe and explain the peculiarity of this Gulf moment. The AGS of the twenty-first century are visibly different from the AGS of the twentieth century, and the current issues and challenges have overtaken the models of the 1970s and 1980s. This has created a theoretical confusion and conceptual vacuum in the writings on the AGS.

The rentier state school advanced by Luciani and Beblawi (1987) has long dominated the literature on the AGS. This theory is responsible for reinforcing the exceptionalist view, which asserts that the AGS possess unique economic and socio-political attributes that are rarely found in any other comparable group of states. However, the ‘Gulf uniqueness’ writings and the many variations on this theme, including the recent ‘Dead Ends of transition’ version (Duderstandt and Schildberg 2006), are hardly as convincing as they used to be. The AGS have long gone beyond the stereotypes of the capital surplus and rentier economy, and those of the docile citizens and benevolent Gulf monarchies.

The modernization school, which typically views the AGS as in a state of transition from traditional society to modern state, has been less prolific than the rentier approach. In a similar way, though, it has failed to yield a comprehensive reading of the striking anomaly of economic modernity and lack of political reform in the AGS. Even Khaldoun Naqeeb’s (1987) theoretically sophisticated ‘new authoritarian’ approach, which rejects the assumptions of both the oil-centred rentier view and euro-centred modernization, has not been credible in its assertion that the AGS ‘managed, to a large extent, to peacefully transform their traditional
authoritarian regimes into modern bureaucratic kingdoms’ (Al Naqeeb 1987: 23).

This proposition, borrowed from the theoretical literatures on Turkey and Latin American, turned out to have had meagre relevance to the Gulf socio-political transformation of the past forty years.

Except for the ‘new authoritarian’ perspective, all the conceptual approaches have contributed to the development of what can be labelled the ‘oil/security’ paradigm that still dominates the field of Gulf studies. This prevailing paradigm views oil as the sole independent variable and as the fundamental catalyst for change in the AGS. Oil is made into the only worthy unit of analysis, which explains everything of significance. The oil/security paradigm has also developed a fixation with the issue of regional security as the sole problematic worthy of serious consideration and investigation. Oil is evidently important, but it is far from being the decisive force that is shaping present-day realities in the Gulf. Gulf security is a critical issue for the AGS, which happen to live next to difficult neighbours and in a region full of tensions. Yet regional conflicts aside, the people in the Gulf have other daily socio-political issues that concern them. Gulf security is understandably of the utmost interest to the industrialized world but less so to the citizens of the AGS, who are preoccupied with the domestic challenges of rapid change, foreign intervention, demographic imbalances, internal violence, extremism, sectarianism, regional integration, national identity, creeping corruption, political reform, unemployment and equal distribution of wealth. These are more than simple issues; they are firmly interconnected forces, challenges and realities shaping policies and politics.

The oil/security paradigm that permeates Gulf literature is sadly a reductionist view of the region. That is why the Kuwaiti sociologist Muhammad Al Rumayhi had to assert that ‘there is more to the Gulf than oil’ (Al Rumayhi 1995). The exclusive preoccupation with oil and the security of oil has prevented scholars from a deeper examination of the power relationships and social structures that shape and reshape politics and society in the AGS. Ironically, the region that is being studied by this paradigm has long gone beyond oil/security, whereas the majority of the writings are still stuck with oil and oil-security topics. The oil/security paradigm has failed on three accounts. First, it has failed to provide a comprehensive understanding of domestic Gulf issues. It has neglected the emergence of the new Gulf and the vast changes that have taken place in the AGS since 1971. Second, despite its concentration on security matters, it has failed to make the region any more secure.
Third, and despite its fixation with oil, the oil/security paradigm has failed miserably in making oil any more predictable. All of the problems associated with oil and oil security persist; the Gulf is no more secure and the world is no less independent of Arab Gulf oil.

Hence, it is probably time to shift to a less grandiose approach, such as an issues-centred view of the AGS. This inchoate approach is highly relevant and more interesting than theory-centred studies. The main attraction of this rather simple framework is that issues reveal the essence of the moment. Several points distinguish issues-centred analysis from the more traditional approaches: issues are identified from current social discourse, are used for the collection of useful data, are situational, are governed by local conditions and are time sensitive. However, issues also impact decision-making processes and influence individual and group behaviours. Above all, issues are dynamic, constantly interact with the events of the moment and mutually influence each other.

An issues-centred approach is based on four major assumptions. First, these issues do not exist in isolation but are to be understood in their regional context and historical unfolding. Second, the content of the issues is usually organized around themes and questions that generate societal debates about long- and short-term controversies. Third, educators who apply an issues-centred approach have found that a focus on social issues and problems is more fruitful than the study of abstract ideas and theories from textbooks. Fourth, issues-centred research is highly interdisciplinary and is uniquely eclectic.3

Whatever the merits of this approach it is the issues under debate, more than anything else, that define the historical moment. That is why the issues-centred

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3 For more details on these and other features of issues-centred analysis see Zevin (2007) and Evans (1992: 93). See also materials available on the net, such as http://findarticles.com/p/articles/mi_qa4033/is_200410/ai_n9467567/, http://www.indiana.edu/~ssdc/issuedig.htm and http://www.naturalborders.com/docs/kpreister_issuecenteredapproach.pdf.
approach is more fitting for this paper and may be so for the better understanding of this Gulf moment as well as its historical unfolding.

3. THE CONTEXT OF THE GULF MOMENT

Socio-political issues do not exist in a vacuum. They are deeply rooted in their realities, interact with their surroundings and continuously shape and become shaped by objective conditions and regional and global events. Most of the socio-political issues of the Gulf moment have deep roots in the historical turning points of the past half century, beginning with the oil discovery of the 1950s, political independence in 1971, the oil boom of 1973, the turbulent years of the 1980s, the establishment of the Gulf Cooperation Council (GCC) in 1981, Iraq’s invasion of Kuwait in 1990, the advent of globalization during the 1990s and the tragic events of 11 September 2001, which exposed the AGS to severe global scrutiny. All these epochal developments have had a profound influence on current socio-political issues, and have contributed in great measure to the emergence of the current Gulf moment. Since the end of the Second World War the Gulf has experienced four major phases: pre-modernity in 1950–70, the first stage of modernity in 1971–90, the second stage of modernity in 1990–2010, and finally the global moment of 2010 onwards.

The starting point of most of the contemporary socio-political issues of the AGS is the British colonial legacy in the Gulf and the British withdrawal in 1971. The pre-modernity phase is essentially linked to the nearly 150 years of British involvement in Gulf affairs. Britain was the sole power, and unilaterally tampered with the social and political realities in the region. It changed rulers, imposed artificial borders,4 prevented change, and basically preserved the existing tribal order (Qasim, n.d.). Many of the socio-political dilemmas created by Britain continue to exist well into the twenty-first century. They decisively influence issues of change and continuity, political reform and stagnation and the various developmental options confronting the AGS. When Britain suddenly decided to remove its direct military presence from the Gulf in 1968, it instantly created a power vacuum and a politically fragmented region full of small states that also happened to be massively oil rich (Crystal 1990). The immediate task confronting the vulnerable AGS was the

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4 John C. Wilkinson (1994: 95) states that ‘For most of the history of defining territories in Arabia, Britain has been the sole arbiter of boundaries.’
challenge of nation building. They had to learn from scratch how to deal with the political, social and economic intricacies of the modern world.

The years from 1971 to 1990 mark the first phase of modernity for the Gulf. The sharp oil price increase in 1973 was the main catalyst for this second historical turning point. The policy emphasis was on nation building, breaking with the traditional mode of thinking, a sudden rush to upgrade and modernize the infrastructure to build the economy, and setting up a generous welfare state using the available oil revenue (Bulloch 1984). These states became simultaneously more important and certainly richer than they had ever been in all of their recorded history. The massive wealth associated with an oil price increase of no less than 400 per cent overnight transformed the societies of the AGS beyond recognition. The scope of the socioeconomic changes was far-reaching and the transformation is still continuing at an unusually high rate. But while triggering rapid socioeconomic changes, oil wealth has ironically led to political rigidity and consolidated the one-family political system. The combination of oil wealth and colonial legacy is the root cause of the centralization and personalization of authority in the AGS. Change and continuity remained the constant issue and the most enduring feature of that Gulf phase, with its logical contradiction of doing things in new ways while at the same time preserving the fundamentals of the old ways.

The first phase of modernity also witnessed the downfall of the Shah in 1979 and the gradual consolidation of the revolutionary Islamic Republic in Iran, which represented an unwanted challenge to the socio-political status quo in the more conservative AGS (Saikal 1980). The 1980s were rightly characterized as ‘the turbulent decade’ in Gulf history (Graz 1990). It was also a decade of lost opportunity as the price of oil dropped sharply, causing financial strain for the AGS. These states had to reorder their socio-political agendas, curtail important features of the generous welfare programmes, postpone lofty development goals and concentrate on defence and security matters, which topped the national priorities of the AGS as Iran and Iraq engaged in eight years of escalating military conflict. This war, dubbed ‘the longest war’ (Hiro 1990), was possibly the deadliest conflict in Gulf history and confirmed the proposition that when it comes to the Gulf, tensions and wars are the rule whereas cooperation and peaceful coexistence are the exception (Abdulla 1994). The eight years of that Gulf war were a violent reminder that the AGS live in a volatile region ready to explode at any time.
Iraq’s invasion of Kuwait confirmed this rather pessimistic view of the Gulf region. The shocking invasion on 2 August 1990 shattered the political innocence of the AGS. It raised immediate concerns and lasting questions regarding the territorial integrity and political viability of small states in the region, exposing the vulnerability of not just Kuwait but the other AGS including Saudi Arabia. However, the 1990s and 2000s were also the years of the second phase of modernity in the Gulf, fuelled by the new oil boom. The primary policy imperative of these decades was quality education, a consumer economy, media and information technology advancement and the seeking of direct foreign investment and expertise.

Two socio-political issues dominated the debate during this phase of modernity. The first was the gradual retreat of Kuwait, which had played a pioneering role during the first era of modernity, and the rise of the UAE/Dubai development model as the new trendsetter. The emergence of Dubai as the new hub and the centre of growth, innovation and modernity captured regional imaginations and heightened competition among the AGS for a fresh round of fast-track economic growth. The second issue was the rising demand for political reform and the relentless foreign pressure, mostly American, for greater democratization emanating from the tragic events of 9/11, which generated much public discussion and preoccupied policy responses. These two issues, as with the previous ongoing dichotomy of change and continuity, were never satisfactorily settled. The first decade of the new millennium brought its own opportunities and concerns, mostly associated with the forces of globalization. This is the global moment for the AGS, which has added yet another new set of socio-political issues on top of the old ones.

These four phases are historical milestones for the AGS. No account of the Gulf moment is complete without an adequate understanding of the lasting impact of these turning points that have shaped the public consciousness, created many of the existing opportunities, influenced government decisions and sharpened the societal issues in the AGS. These states have had to face some daunting socio-political challenges, which confirm that the last four decades have not been luxurious but have, in fact, been extremely tough. Hence, the conventional wisdom that the AGS have had an easy time, acquiring massive wealth and enjoying a prosperous way of life while others were undergoing many hardships, is simply a gross misunderstanding of the complexity of the Gulf moment.
The historical trajectory is important but so is the regional context of which the AGS is an integral part. Three layers of regional forces have governed the evolution of the Gulf moment. These are the GCC, the Gulf Regional System (GRS) and the wider Arab Regional System (ARS). The AGS opted single-handedly and voluntarily in May 1981 to launch their own regional integration venture and establish the GCC. This was a timely response to the extraordinary regional events of 1979–80, which presented the AGS with formidable regional dangers. These detrimental events necessitated a higher level of security and political integration and cooperation. The GCC was a ‘political and security necessity but also would not have been possible without the deep socio-political and ideological affinity’ between the AGS, which share family and tribal ties, and political and cultural values and beliefs (Abdulla 1999: 155). The formation of this integrative organization elevated local socio-political issues to a regional level, and in the process made them more integrated than ever before. Thirty years since the creation of the GCC, these issues are now no longer local but regional, and hence much more complex in nature.

Politically the GCC is only a subsystem of the GRS, which is composed of eight independent states: the six AGS plus Iraq and Iran. This systemic setup determines many of the political choices and pending security dilemmas confronting the AGS. It has never been easy for these newly independent small states to live next to Iran and Iraq, which are ambitious and often aggressive and expansionist neighbours. Iraq has already invaded Kuwait. Iran has been occupying three UAE islands since 1971, makes frequent threats against Bahrain and is engaged in a fierce competition for ideological and political domination with Saudi Arabia (Abdulla 2006b). In such a danger zone, it is only natural that priority is given to regional security, which has invariably topped the national agenda of the AGS.

Finally, the AGS are an integral part of the wider ARS and are deeply rooted in Arabic culture and history. These states pride themselves on being the cradle of Arabism, and see themselves as quintessentially more Arab in character than the rest of the Arab world. The AGS are historically, geographically and politically inseparable from the Arab world, and this determines many of the contemporary socio-political issues and much of the timeless cultural identity of the Gulf moment. Michael Hudson, the author of *Arab Politics: The Search for Legitimacy*, notes that ‘although the AGS developed sui generis, in so many ways it remains an organic part
of the Arab World and cannot remain indefinitely immune to the issues and problems of the wider region’ (Hudson 2006: 148).

4. ISSUES OF THE MOMENT
Of the host of new and old, fleeting and constant socio-political issues that engage the public, four stand out as the issues of the moment for the AGS. These are the issues of change and continuity, political reform and political stagnation, the agonizing contrast between the UAE and the Kuwait models of development, and finally the local versus the global. These issues are historically specific and delineate different phases of the Gulf moment. They also vary in intensity of debate and societal significance from one AGS to the other. Needless to say, all of these issues are interrelated and closely interconnected but each has an inner logic and a lifespan of its own.

4.1. Change versus continuity
Of the four key issues of the moment, it is change and continuity that is certainly the oldest and the most intricate. It is also proving to be the most constant and is not likely to go away any time soon as it permeates all of the other issues. There are sure to be plenty of changes as well as plenty of continuities, but the perennial question often asked is how much of the new thinking is in essence old thinking and how much of the old thinking is still an integral part of the new thinking.

The issue of change versus continuity is a very tricky one for the AGS since there are two diametrically opposing views on this topic. The first view states that everything has changed in the AGS, whereas the second claims that nothing has changed. Ironically, both readings are correct since there is ample evidence to support the change as well as the continuity paradigm.

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5 While most of the socio-political issues discussed in this part of the paper are applicable across the board, they are more relevant to the smaller AGS. Hence reference to Saudi Arabia, which deserves separate treatment of its own, is noticeably infrequent. It is also worth mentioning that the aim is to introduce these issues as debated with limited effort to connect them analytically.

6 This part of the paper depends heavily on issues discussed during the annual meetings of the Muntada al Tanneya al Khaleeji (Gulf Development Forum, or DF). Most of these discussions are available in more than twenty books published in Arabic over the past thirty years. For more on the DF see www.df.ae.

7 The issue of change and continuity was the topic for discussion in the Thirteenth Annual Conference of Markaz al Emirat li Dirasat wal Buhuth al Stratejeyah (Emirates Center for Strategic Studies and Research), Abu Dhabi, 2008. The papers are published by the centre under the title Al Khaleej al Arabi beena al Muhafazhah wa al Taghayeer.
It is almost self-evident that the AGS have gone through massive socioeconomic transformations that have been deep, been multifaceted and encompassed all aspects of life. Yet, and despite the fact that change is seemingly so obvious and so pervasive, there are still those who strongly believe that hardly anything meaningful or substantial has changed. Despite the abundance of change, a much greater degree of continuity is also visible in the socio-political landscape of the AGS. Change, as much as it is abundantly clear, is also ironically in considerable doubt. Many aspects of life have undoubtedly changed, and changed beyond recognition. The AGS have been experiencing more systemic and stressful changes than probably the rest of the Arab countries. On the other hand, many aspects of life, including values, institutions and relations, have resisted the forces of change. Therefore, when it comes to continuity versus discontinuity, that is to say what has and what has not changed in the AGS in recent history, the issue is vigorously debated and is legitimately surrounded with considerable controversy, which has led some to observe ‘the coexistence of mutually exclusive stereotypes of Gulf culture. One view is that the Gulf is a backward region, in which inadequate education, easy wealth, male dominance and persistence of tribalism have militated against cultural dynamism, so traditional cultural norms and practices persist. A contrasting view is that the AGS are super modern, with a rapid pace of globalization having thoroughly undermined traditional culture, replacing it with a cosmopolitan, international one in which women are leading the way’ (Springborg 2008: 9).

However, the continuity perspective, which asserts that hardly anything worthwhile has changed, is the more popular view. This line of thinking assumes that the AGS, beneath the façade of change, are essentially at the pre-modern stage of development as they have been for centuries. They are still in essence traditional societies wrapped in a façade of modernity. Traditionalism primarily governs political relations and determines social structure and the way these states attend to their daily business. Despite oil and oil wealth, modernity and globalization and massive exposure to the outside world, the AGS have remained virtually the same. Indeed, the net impact of the oil wealth of the 1970s and the 1990s has been the consolidation of the existing medieval order. Oil, in its own unique way, has strengthened the socio-political status quo and the old frame of references, including the typically conservative and old-fashioned mode of thinking. Continuity rather than change has
emerged as the most desirable wisdom and popular choice. Tribalism, traditionalism and even unhealthy sectarianism are back and seem to be decidedly stronger.

According to this view the politically conservative regimes of the AGS are at this moment of Gulf history more conservative. That is also why the religiously inclined societies of the AGS today appear more religious and even more fundamentalist than they were during the pre-modern phase. Furthermore, the seemingly traditional and medieval socio-political settings of the AGS are now stronger as well as more enduring, denying in the process the early but ongoing pessimistic predictions regarding their longevity and stability. In brief, hardly anything changes in the AGS. When it comes to these states, it seems as though ‘the old way is the best way’. The AGS have been cogently resistant to change and most probably will remain so for years to come.

The hallmark of continuity is the centuries-old Gulf monarchies, which are entering their seventh generation. The ruling families of the AGS are the one constant pillar of the Gulf moment. They have survived tough challenges and emerged stronger, and have proved to be adept in the art of survival and ruling. Keen scholars have been forced to revisit their previous propositions and are now asserting that, ‘While a generation ago scholars were forecasting the demise of the Gulf monarchies, more recent interpretations have come to appreciate the political strength of this form of government and are now predicting its longevity’ (Springborg 2008: 13). A similar verdict is cast by J. E. Peterson, who states that ‘For decades, the imminent demise of the monarchies of the Gulf has been predicted. They have been described facilely as anachronistic absolute monarchies in an age of republics and democratic aspirations. But the Gulf monarchies have confounded their critics, surviving both the challenge of the radical Left and, so far, that of the Islamic Right. Far from being fragile crumbling relics from the past, these young states have confronted the challenge of development and, in many respects, have matured and grown even stronger’ (Peterson 1988: 1).

The Gulf monarchies seem to be more powerful today than they were in all previous generations. Their legitimacy is hardly in doubt. In essence they still use Islam, tradition and tribalism as symbols of legitimacy as much as they rely on oil, socioeconomic achievements, modern administration and bureaucracy including state-of-the-art security apparatus. The Al Saud ruling family of Saudi Arabia is more than two and half centuries old. Both the Al Sabah in Kuwait and the Al Khalifa in Bahrain
established their rule in the late eighteenth century. The Al Nahayan of the UAE came to power in Abu Dhabi in the 1760s. The Al Said family is part of a dynasty which ruled Oman as far back as 1700. The Al Thani clan of the small yet super-rich state of Qatar is the AGS monarchy with the shortest history in power, going back to 1868. Gregory Gause, the author of *Oil Monarchies*, says ‘It would be a serious mistake to underestimate their staying power or to assume that the only support for their rule is the protection of the US’ (Gause 1994: 146).

But the continuity viewpoint, while carrying some elements of truth, drastically underestimates the existence of forces of change in the AGS. These forces are rapidly gaining momentum; it is no longer convincing to argue that hardly anything changes in the AGS. Indeed it is not feasible to conduct ‘business as usual’ in what have become the highly open, globalized and massively modernized if not postmodernized societies of the AGS.

This is the essence of the second perspective on the issue of change and continuity. This view claims that the AGS have experienced more changes in the past fifty years than in their 500 years of recorded history. These states are pregnant with all types of changes, some deep-rooted and structural and some superficial and cosmetic. Changes in the AGS have not only been massive, but occurred at a tremendous pace. Change was inevitable after a series of important developments including the discovery of oil in the 1950s, the British withdrawal in the late 1960s, the sharp rise in oil prices in the 1970s, and the complete integration of the economies of the AGS into the world capitalist system in the 1980s and 1990s. These and similar historical turning points have unleashed a set of awesome socioeconomic forces that have profoundly ‘turned the AGS once and for all away from tribalism to modern state’ (Redha 1992: 11)

The net result has been impressive. The largely traditional and conservative ways of life have been almost completely replaced. Old-fashioned uniformity has been superseded by a vigorous and prosperous diversity. A more modern, urban and distinctly affluent society is coming into being. Relatively diversified economies are now in full operation, with extensive links to the global financial and commercial markets. Importantly, there is now a better quality of life for the fast-growing
population of the AGS, including the hundred thousand Western expatriates who are benefiting from one of the most elaborate welfare systems provided tax-free.  

Admittedly, change has not been without cost. Its disruption and negative impact have been just as discernible as change itself, and in some instances they have even been destabilizing. The effects include the unequal distribution of oil wealth, a considerable amount of psychological dislocation and disorientation resulting in increasing social alienation, growth of a highly individualistic culture, conspicuous consumption, a deepening of dependency and the presence of large number of foreigners. The expatriate community, mostly of Asian origin, is becoming virtually indispensable to the smooth running of the economy and the society as a whole, but in the process the citizens of the smaller AGS have been transformed into a disappearing minority in their own country. The side-effects notwithstanding, the AGS have experienced an ‘avalanche of changes’ which have engulfed policies, societies, infrastructure, values and economies, all of which are converting the AGS into postmodern societies geared to the world economy.

Change has been most visible in the rise of an entrepreneurial middle class, which represents a fundamental rupture with the past and is turning out to be one of the most permanent signs of change in the AGS. It is a sign of a modern and democratic future. This class has not yet pushed hard enough for its rightful share of political power. However, socio-politically there has already been a discernible shift of social power away from the old tribal leaders and business oligarchies, which are still around but have lost much ground as a social force for continuity. The existence of a well-established middle class is the most concrete proof of change.

The new Gulf is predominantly a middle-class Gulf, which is a formidable force behind the Gulf moment. This class, which barely existed in the pre-modern phase, is expanding exponentially in both size and influence. In terms of societal impact, the members of the middle class not only tend to act as the drivers for modernization, democratization, globalization, social mobility and entrepreneurship, but above all inject a healthy dose of rationality and political stability. This

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8 The exception is the millions of manual labours and domestic workers, mostly from South-East Asia, who lack basic human rights and safeguards, as documented by various Human Rights Watch reports.

9 This include Gulf nationals as well as non-nationals, as it is amply demonstrated by Syed Ali (2010). The prospects and challenges facing the rising ‘new Muslim Middle Class’ are the topic treated by Vali Nasr in his latest book, Meccanomics: The March of the New Middle Muslim Class (2010).
progressive and forward-thinking segment of AGS society is characteristically reformist and evolutionary, not revolutionary, in its thinking.

Numerically, this class is the largest indigenous social group within Gulf society. They make up nearly 80 per cent of the total number of citizens in the AGS. In Saudi Arabia, ‘60–70% of the nearly twenty million citizens are members of the expanding middle class of varied income and life style’ (Seale 2010: 8). The majority of the Gulf middle class happen to be salaried bureaucrats and technocrats, heavily employed by government enterprises. But above all the Gulf middle class enjoy government affiliation, status and privileges. They are still timid, preferring job security and taking prosperity for granted. That is why they are just as politically loyal to the regime and to the ruling families as the old tribal class and the older generation. Indeed they are becoming even more indispensable to the outcome legitimacy of Gulf monarchies and the stability of the Gulf moment.

No other class can generate as much of the needed resources as members of the burgeoning middle class, who are the very first in their families to be fully literate. Many of them also have specialized modern knowledge and skills and carry a degree from either a national or an internationally reputable university.10 They are active agents in the realm of the production of ideas, as much as they advance actions for and have careers in the state apparatus. Yet this group is not a homogeneous one with clear social and political agendas and roles in society. The middle classes in the AGS are made up of the new bourgeoisie, prosperous business people and entrepreneurs, bureaucrats, military and security officers, the intelligentsia, and professionals of all types, such as teachers, doctors and lawyers.11

As for their attitudes and role in society, a recent survey reveals that the majority of the Gulf middle class think they are better off materially than the generation before, and feel secure in their jobs. They are generally confident and upbeat in their outlook about the future. Surprisingly, members of this class are satisfied with the education and health services provided by the state, are mostly positive about internal changes, and believe that hard work pays and brings achievements. In addition, the Gulf middle classes exhibit a high sense of national pride and tend to identify more closely with their own country than with Arabs or

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10 There are some 110,000 students from the AGS enrolled in American, European and Australian colleges and universities, 80,000 of them from Saudi Arabia as of 2010, of whom 30,000 are women.
11 The Gulf middle class would mostly fit the Western description of white-collar workers.
Muslims in general (Zogby 2007: 31–7). However, the Emirati middle class achieves the most satisfaction and enjoys the greatest social recognition from employment, feeling that hard work and ambition can bring career advancement. The Saudi middle class appears to be the most financially secure. The Bahraini middle class is ‘less well off, less optimistic and less confident and certainly the most troubled’ among their middle-class counterparts in the other AGS (Zogby 2007: 36).

As the AGS economies have grown more prosperous over the last two decades, the sizeable Gulf middle class has also produced its own new generation, further consolidating change and even taking it to a higher social level. This new generation of the Gulf middle class is visibly more global in its lifestyle, IT skills, aspirations, spending habits and above all place of work. It is responsible for integrating the AGS into the global age; hence, whereas the previous generation were the pioneers of the modernity phases, the new generation of the middle class are agents of the global moment in AGS history. In addition, the new middle class prefer the private-sector and knowledge-economy jobs which are linked to the global economy, rather than being salaried bureaucrats and technocrats employed by the government. They are the urban-based creative and the talented class of the AGS.

The fundamental difference between the old and the new Gulf middle classes is the difference between the local middle class and the growing global middle classes of the world. The mandate of the first is limited to local and national needs, whereas the other is completely focused on the growing requirements of the global moment and market.

The younger generation of the Gulf middle class are probably just as global as the newly up-and-coming global middle classes, once confined to the triad of North America, Europe and Japan but rapidly expanding at a rate of 80 million people per year to become a global social trend of its own. Over time, as the economies of the AGS change, many basic values of the new Gulf middle class also appear to change. They start to acquire a set of socio-political views shared by the global middle class, such as assigning more importance to individual liberties, considering religion less central, holding more liberal social values, and expressing more concern about the environment and democratic institutions (Pew Global Attitudes Project 2009). However, it is not yet clear that this global middle class will be more receptive to the significantly large non-citizen community of the AGS. The dynamics of the evolving power relationships between these two social segments will determine the AGS’s
political future, including the notion of national identity and the issue of
democratization. The possibilities are endless and almost impossible to predict;
among them are a unique experience in the ‘blending of cultures’, a multicultural
society, and the creation of global citizens with variations such as ‘Global Emirati’ as
the first product of this cultural blend (Thekkepat 2010).

Ultimately it is not the old or the new middle class but the Gulf monarchies
that shape the future course and decide issues of change and continuity; they still
remain the bedrock of continuity in the AGS. However, the middle class and the
monarchy coexist amicably with very few clashes even when the topic becomes as
controversial as the issue of political reform.

4.2. Political reform versus political stagnation
The second socio-political issue of the moment is political reform versus political
stagnation, intrinsically linked to the ‘change and continuity’ debate in the AGS.
These issues are two faces of the same process, except that political reform is
confined to the political sphere rather than the larger societal space. Structurally it is
an immediate concern for the Gulf middle classes, who immensely value
democratization but are politically impotent to carry it to its logical conclusion.
Globally, the middle classes are among the largest social advocates of democracy and
political participation, but the politically docile Gulf middle classes are timid about
challenging the historical and institutional supremacy of the Gulf monarchies. The
first true historical opening for political reform appeared when a younger generation
of Gulf monarchies assumed power during the second modernity phase. These
younger rulers, lacking the charisma of the older generation, recognized the need for
institutional legitimacy to complement traditional and charismatic sources of
legitimacy. They also found it politically convenient to respond positively to outside
pressure, emanating mostly from Washington, in the light of the tragic events of 9/11.
This democratic window of opportunity resonated well with the Gulf middle classes
and the few local reform advocates who felt that it was an issue that could not be
delayed indefinitely.

Yet the political reform process turned out to be extremely ‘mute, patchy and
halting’ (Abdulla 2006d: 6). Public demand never went beyond scattered articles,
occasional conferences and a few cases of petitions signed by a handful of academics,
intellectuals and human rights activists. Saudi Arabia has seen several high-profile
petitions explicitly demanding constitutional reform. They were promptly brought to the attention of the reform-minded King Abdulla bin Abdul Aziz, who responded favourably by initiating an ongoing national dialogue and taking the timely decision to go ahead with the first ever municipality election in Saudi Arabia during 2005 (Abdulla 2004). That was the full extent of political reform seen in Saudi Arabia, although the eighty-six-year-old monarch has ‘set in train radical changes which are nothing short of revolutionary’ (Seale 2010: 8) in other areas, such as the media, women’s empowerment, civil liberties, education and economic and financial reform. In Bahrain, the better-organized opposition movements have the longest history of petitions and agitations, and forced the government of the newly crowned King Hamad Al Khalifa to declare a national accord and agree to establish a bicameral legislative body, one chamber of which is fully elected. Both Qatar and the more inward-looking Oman have seen similar cases of popular petitions and the occasional burst of local demands for constitutional reform, but little has happened apart from a few cosmetic institutional openings. As for the more globally disposed UAE, demand for political reform has always been flat and the government has never taken democratization seriously.

This has been the full extent of the domestic demand for political reform, which soon lost its momentum and is unlikely to gain traction in the near future. Even the global financial crisis of 2008–9 did not lead to any visible political agitations in the AGS. External interests in democratization evaporated just as fast as they had bubbled up. The meagre political changes introduced by the Gulf monarchies during the second modernity phase are not yielding any significant institutions of democracy. The younger generation of Gulf monarchs are feeling secure and sufficiently legitimate to ignore early promises of democratic openings. All told, the spring of democracy in the AGS and indeed throughout the Arab world has turned out to be short-lived. There is a return to the old, non-democratic political systems and paternalistic political culture that appear as strong as ever. The prevailing thinking is that there is no genuine domestic appetite for political reform and a preference for the status quo. The AGS can afford to postpone democracy as long as they deliver on

12 The first of these petitions was the ‘Mudhakkarat al Nassiha’ (Memorandum of Advice) presented to King Fahd by 107 liberals and Islamist human rights activists in 1992. 13 This is the final verdict of the second Arab Reform Initiative, in ‘The State of Reform in the Arab World 2009–2010’, which covers democratic transitions in eleven Arab states: Algeria, Egypt, Jordan, Kuwait, Lebanon, Morocco, Palestine, Saudi Arabia, Syria and Yemen.
socioeconomic development and adhere to the welfare programmes as policy priorities.

The logic of the governing system is simple: why enact political reform when the old social contract is still binding and almost all of life’s necessities are amply provided for? No one is genuinely interested in changing the political status quo when prosperity, security and stability are fully guaranteed. There are no grounds for political reform when 86 per cent of citizens in a country such as the UAE express strong satisfaction with their life and feel optimistic about the future.\(^\text{14}\) It should come as no surprise that the only domestic demand for reform is the occasional petition of questionable value that can be easily dismissed by governments who command wide loyalty among the citizens. Where there is no demand, there is no policy response and outcome; governments throughout history have not voluntarily initiated policies and undergone reform if the demand was lacking. It is commonly believed in the AGS that democracy is divisive and destabilizing; it breeds conflict and is proving to be synonymous with political instability. It is this innate fear of political instability that quietens demand for reform in the Gulf. The majority do not want to tamper with political and economic stability, even if this implies an indefinite postponement of democratic transformation. To put it succinctly, why scratch where it does not itch?

It is not political reform but rather political stagnation that is the prevailing order in the AGS. According to the Arab Human Development Report, the AGS suffer from chronic freedom deficit (UNDP 2004). The report shows that the gap between the human development index and the political freedom index is larger in the AGS than it is in other Arab states. The AGS scored badly on the good governance index, which includes accountability, rule of law and level of corruption, on political stability and on government efficiency. Kuwait is considered among the better and Saudi Arabia the worst case in the region. Bahrain is the front runner when it comes to political participation, which includes political associations, frequency of elections and freedom of civil society. The 2010 Freedom House report classifies all the AGS as ‘not free states’, except for Kuwait, which is classified as ‘partially free’ (Freedom House 2010).

Undoubtedly the AGS ‘made enormous strides on social and economic modernization but have almost totally neglected the political leg of modernity’.

\(^{14}\) See Al Khaleej, 5 April 2004, p. 1. \(^{15}\) See also MacFarquhar (2005).
Kuwait, Qatar, Bahrain and the UAE are among the top fifty countries in the world according to the 2010 *Human Development Report* (UNDP 2010). However, when it comes to freedom, democracy and political participation the AGS have an embarrassingly dismal standing. This invites the perennial question of how these economically flourishing states have been so ambivalent, politically frozen and almost completely uninterested in political modernization. Why is it that the AGS are able to meet the daunting challenges of economic globalization, yet cannot face up to the equally cumbersome demands of political globalization? In other words, what explanation is there for political stagnation, and why is there no cogent popular demand for reform in the AGS?

There are no simple explanations of this dichotomy, and debate on political reform and political stagnation is inconclusive. It should be noted, however, that while the AGS are not democratic states, they are by no means despotic or overly repressive authoritarian regimes. They do not rely on unmitigated coercion and fear for survival. Rather, the preferred approach is a co-optation policy, which has been remarkably effective in pre-empting opposition and demand for reform. Despite the lack of political reform and a lukewarm attitude towards democratization, these states are in essence benevolent and paternalistic. The largely obedient tribal culture, which is unlikely to disappear soon, is heavily used by the Gulf monarchies to keep political loyalty to the sheikhs, emirs, sultans and kings of the AGS. This culture is typically consensual and patriarchal and does not allow for direct opposition. In addition, the AGS value highly their exceptional internal stability, which often militates against any call for radical change of the political status quo. Democracy seems to have been wittingly traded off for stability and security. This is greatly helped by the abundance of social liberty, especially in the smaller AGS. The citizens of these states enjoy a relatively high level of individual and social liberty which compensates for the lack of political participation.

While these factors are very relevant, it is also possible that lack of active demand for political change in the AGS could be due to fear of the security apparatus. This is especially true in the case of Saudi Arabia. The heavy-handedness of the secret police looms large and impedes reform throughout the region. According to the 2004 *Arab Human Development Report*, ‘the central role of the secret police force, with its stealthy and octopus-like reach, is the single biggest impediment to political reform throughout the Arab world’ (UNDP 2004). Certainly the security-conscious AGS
have prevented the emergence of political opposition, non-governmental organizations, human rights associations and labour unions. Lately, Islamist intellectuals and organizations in particular have been the main target of the security apparatus. The hunt for Islamists after 9/11 has become standard practice locally as well as regionally and globally. This in turn has scared other activists, who have become decidedly timid in their demand for change. State security’s encroachment into the affairs of civil society is among the many reasons responsible for the sharp reversal in the political reform movements in the AGS.

Demand for reform has been additionally set back as a result of the general dissatisfaction with the perceived negative outcomes associated with the ongoing democratization transformation in places such as Lebanon, Iraq, Palestine and even Kuwait and Bahrain. These supposedly old and new democracies have revived sectarianism and produced violence, domestic instability, political strains, social setbacks and occasionally economic gridlock. The fruits of the first wave of political reform in the region have not been particularly appealing. Since democracy trickles down by example, the existing models have not provided a positive incentive. Iraq, which ran a successful election in 2010, stands out as the most frightening case of democratic transition. Instead of becoming a role model, Iraq has degenerated into a fragile state bordering on failed state status. According to the 2009 Global Peace Index, Iraq is ranked the least peaceful country in the world (Institute for Economics and Peace 2009). Lebanon is a unique case of confessional democracy that cannot be emulated by the AGS. Turkey is becoming an attractive case of moderation and Muslim democratization in the region, but it is demographically large and geographically too far away from the Gulf region. As for neighbouring Iran, its theocratic democracy and radical regime are not attractive to the mostly Sunni and conservative AGS. Kuwait was once a democratic pioneer but is no longer as appealing as it used to be in the second half of the twentieth century. Bahrain is a democratic newcomer which is turning unpalatably sectarian.

When it comes to political reform, what has been badly needed is one credible case of democracy in the region. All the existing ‘democracies’ are externally driven and are not convincing. In the absence of a successful democratic role model, it is difficult for political reform advocates in the AGS to make a strong case for democracy. Indeed the role model in the region is not Kuwait, the oldest democracy, but rather the more global UAE, which, according to the Gulf Strategic Report (n.a.
is ‘the least democratic of the AGS’. The supposedly best case of democracy, Kuwait, and the worst case of political participation, the UAE, have further complicated the issue of political reform in the AGS.

4.3. Kuwait versus the UAE

In the AGS region, Kuwait is currently full of political mobility, but it is the UAE that arguably has the most dynamic economy. As the UAE, most recently Abu Dhabi, goes from one economic success story to another, Kuwait seems to slide deeper into a vicious cycle of political crisis. The developmental gap between these two AGS is deepening by the day, yet both models have a profoundly negative impact on the political reform movement throughout the region.

Kuwait is highly admired for having the best written constitution among the AGS. Its lively democracy is certainly the oldest and the most institutionalized, and the fifty-seat Kuwaiti parliament is setting the standard for accountability, transparency and democratic maturity. No one doubts Kuwait’s democratic credentials. Its cogent political opposition is nearly always in full operation and uses the interpellation mechanism to extend parliamentary control over the executive branch, which has always been the exclusive domain of the ruling family (Salih 2006).

However, democracy, usually a messy affair, has made this previously progressive country look increasingly regressive and consumed by renewed political, tribal and sectarian tensions. Kuwait appears totally exhausted by internal bickering and experiences occasional government paralysis. An enduring political impasse has held back development of the economy and infrastructure. Paradoxically, the politically liberal Kuwait has adapted a heavily protectionist economic policy, unlike the politically autocratic UAE, which has opted for an open and laissez-faire economic approach. The ‘no confidence’ parliamentary tool has been overused and even abused to score personal goals at the expense of national priorities.16 Worse, Kuwait’s celebrated political mobility is preventing economic progress; the country is lagging behind in fulfilling its economic diversification plans and, unlike the other AGS, has done poorly in attracting direct foreign investments. Contrary to

16 Kam Salih states that ‘In the last ten years it was alleged that the exercise of interpellation was abused to the extent that it lost credibility as an effective supervisory instrument. It is generally observed that the majority of interpellations initiated in this period either focused on marginal issues or targeted certain personalities. This generated some instability and negatively affected the democracy process’ (2006: 44).
modernization theory, democracy in Kuwait has not generated a corresponding economic reform. The apparent setback of the Kuwait model is not confined to the economic sphere but is all-encompassing. The country is more conservative socially, more fundamentalist ideologically and more sectarian and tribal than it was during the 1970s. Even in sport, where it was once the football champion in the Gulf, Kuwait is occasionally losing to newcomers like Qatar, Bahrain and the UAE. This is considered particularly bad for Kuwait since sports events, according to Abdullah Baabood, ‘have become the most important contributors to national identity and regional status’ (Baabood 2008: 108).

Kuwait is still one of the most striking examples of democracy in action in the Arab world, but the behaviour of its legislators has made democracy totally perplexing and outright disappointing (Al Najar 2010). While Kuwait is certainly the role model for democratization, the UAE has evolved as a trendsetter for rapid economic growth. Ironically, this AGS stands as a sharp contrast to Kuwait as its ostensibly successful economic reforms have not led to any genuine democratic openings. The UAE has focused very clearly on business, and nothing but business. The result has been impressive. The UAE, followed closely by Qatar, is emerging as the fastest-growing economy in the Gulf region, with GDP exceeding $200 billion in 2009.

The UAE’s economic success is in no doubt but it has little to show in terms of political reform; it has been extremely slow to attend to the age of democracy. Its ageing Federal National Council (FNC) ‘is a big political liability for a supposedly progressive county like the UAE’ (Abdulla 2005). Even after the limited election introduced in 2006 and the appointment of several women as members, the FNC remains, embarrassingly, the weakest legislative body in the Gulf region (Shaheen 2010). There is hardly any public discourse or political happenings of any sort in the county. The UAE is certainly an impressive economic power, but looks more like a political dwarf. Once again, this is an exceptional case that does not fit well with the basic tenets of the theory of modernity. For a county that claims to be the first in economic prosperity among the AGS, it is rather strange to be the last in constitutional and political reform.

Despite their deep historical and socioeconomic similarities, the two AGS monarchies of Kuwait and the UAE have taken two diametrically opposing paths to economic and political modernity. However, neither of these two models makes a
strong case for democratization in the Gulf region. Each in its own unique way is making political reform a very complicated affair. However, for the AGS the choice is clear: it is the UAE, not Kuwait, which is the preferable model at this global moment in Gulf history. The economics of modernization and globalization wins over the more dicey political modernity.

4.4. *The global versus the local*

The UAE is not only asserting itself as the Gulf economic powerhouse but is relentlessly branding itself as ‘Global Emirates’ (Al Nahayan 2009) and acting as the epicentre of the global moment in Gulf history. Kuwait was the regional pioneer during most of the two phases of modernity, but it is the UAE that has emerged as the new motor of the region. The UAE also finds itself struggling the most with the issue of ‘global versus local’, the latest of the hotly debated socio-political issues to which some AGS are responding more enthusiastically than others. The UAE stands out as the most forthcoming, with the city of Dubai striving to be a global city and confirmed as the regional, financial and service hub.

According to the 2008 KOF Index of Globalization, the AGS have been rated continuously as the most globalized Arab states. Not surprisingly, the UAE is ranked thirty-fifth worldwide, the most globalized among the AGS. Kuwait is the second most globalized AGS with a world ranking of fortieth, followed by Bahrain and Oman. However, when it comes to economic globalization Bahrain sets the standard: it is ranked seventeenth worldwide, whereas UAE society is considered as the twenty-seventh most globalized in the world.\(^{17}\) These rankings confirm that the AGS are no strangers to global attention, and signs of globalization are found all over the region. Some of the AGS are amongst the most open and perhaps the most integrated within the world market, and have always been dedicated to privatization and free market ideas, the essential tenets of economic globalization.

It is therefore no accident that, compared to other Arab states, AGS are well ahead in their initial response to globalization and are showing greater confidence in dealing with its prospects and risks. This is due in part to their history and geography, but more importantly it is also related to oil. Oil has forced the AGS to become directly involved in global affairs and thus become exposed to global influence.

Because of oil, their vitality and centrality to global economics and politics remain high and are bound to increase measurably in the near future (Al Manief 2000) Oil heavyweight Saudi Arabia was the only Arab state invited to join the Group of Twenty (G20),
18 established in 1999 to bring together systemically important industrialized and developing economies to discuss key issues in global economy and finance. However, the AGS had their first encounter with the forces of globalization during the Gulf crisis of 1990–1. This crisis epitomized how, in a densely interconnected world system, local decisions and regional actions could trigger global responses, and how the fate of a small Gulf state, Kuwait, could become intricately linked with the politics of superpowers thousands of miles away. The Gulf crisis served as a ‘powerful reminder that economic and political globalization is an inescapable fact of life and that the conventional separation between the internal and external is something of the past’ (Abdulla 2006a: 124).

The AGS have realized that globalization is immensely beneficial and often glamorous. The economic gains of globalization are undoubtedly impressive, but surprisingly there are also heavy costs to going global. This is especially true with regard to the tremendous impact on the social fabric and the cultural identity of the AGS. The city of Dubai typically exemplifies the extremes of the global moment.

Dubai, the second largest and most prosperous city in the UAE, with a population of 1.7 million inhabitants, is emerging at the forefront of the booming global cities of the AGS. Until recently the city, which is called by some the ‘City of Gold’ and by others the ‘kingdom of Bling’ (Barrett 2010), was ranked among the world’s fastest-growing cities. Established in 1832 by the Al-Maktoum family as an independent sheikhdom, Dubai steadily developed from a remote fishing enclave to a commercial town in less than a century. It has continued its gradual transformation into a prominent regional financial, trade and tourist hub in less than a half century. Dubai, which is considered ‘the world’s fastest city’ (Krane 2009), has under its current ambitious leader Mohammed bin Rashid Al-Maktoum managed to transcend its local and regional boundaries, and in less than a decade it has secured a presence as a regional business hub. It has overcome the misery of its past and frustrating

18 In ‘The Arab Tomorrow’, David Ottaway (2010: 7) asserts that ‘Saudi Arabia is the one new Arab powerhouse to have emerged as a player on the international scene. Its status as the world’s central oil bank – it has the largest reserves (267 billion barrels) and production capacity (12.5 million barrels a day) – and holder of massive dollar reserves ($395 billion in mid-2009) puts it in a unique position among the Arab states. The kingdom is the only Arab country in the Group of 20, the organization of the world’s major economic powers.’
regional circumstances to join a shortlist of the world’s most successful cities. These select cities are characterized by diverse populations and cultures that foster innovation and attract innovators in a secure and liberal social environment.

Essential to its far-fetched dreams is Dubai’s attempt to establish the first post-oil economy in the midst of the largest oil-producing and oil-exporting nations in the world. Oil currently accounts for only 7 per cent of Dubai’s gross domestic product (GDP), as opposed to 43 per cent in 1992. Dubai’s crude oil production also fell from 400,000 barrels per day in 1990 to 300,000 barrels in 1995, and less than 100,000 barrels in 2010. It became clear that the more oil declined, the more Dubai was forced to pursue the goal of building the first diversified economy in the Gulf. In fact, Dubai discovered that it was better off without oil. Signs of modernity and globality as well as affluence are visible in non-oil Dubai as they are in Riyadh, Kuwait, Doha, Abu Dhabi and other Gulf cities still heavily reliant on oil revenues. More significantly, the city has decided to build the first prototype knowledge-based economy in the Arab world. Dubai developed a reputation for being a pioneer when it comes to utilizing knowledge and innovative thinking. Its internet and media cities, as well as the more than twenty specialized free zone outlets, are nowadays replicated all over the region.

In terms of identity, Dubai is no longer what it was just a short time ago – Emirati, Gulf, Arab, Islamic or Middle Eastern. In fact, it has hurriedly become a global city that is intricately connected to the economic, financial and commercial global network. The globalization of the city is reflected in indicators such as multinational companies and international banks headquartered in Dubai, as well as the city’s vast links with international commercial and financial centres. On the basis of these indicators, Dubai is included in the exclusive list of 111 global cities of the world. Similarly, the city was ranked twenty-seventh among the most globalized cities, according to the 2008 Global Cities Index. In 2009, Dubai was visited by 6.9 million international visitors and was ranked eighth among the top most visited cities in the world. The city is also ranked twenty-fourth worldwide among the top evolving global financial centres. Many of these palatable global gains came to a sudden halt

19 Dubai Municipality, Dubai Essential Statistics 2010 (personal communication).
20 For a list of world cities, see www. Diserio.com/gawc-world-cities.html.
21 This includes twenty-four metrics across five dimensions: business activities, human capital, information exchange, cultural experience and political engagement. See http://www.foreignpolicy.com/articles/2008/10/15/the_2008_global_cities_index.
during the severe 2008 global financial crisis. It was also shockingly revealed that the city had accumulated a debt of more than $80 billion, mostly used to inflate the real estate sector that proved to be the weakest link in the Dubai project (Al Qasimi 2009). Being one of the most globalized economies in the region, it was inevitable that Dubai was hit the most by the de-globalization processes of 2008–9. Its GDP dipped into negative growth for the first time in fifteen years and the vibrant local stockmarket lost more than 70 per cent of its value (Abdulla 2009a). The global credit crunch brought a pause to some of Dubai’s wildest ambitions to build the tallest, the biggest and the largest of everything. The city had to learn the hard way that while high dependence on global economy has many advantages, in moments of crisis its pains may prevail. When the entire international economic system goes through a period of massive disruption, it is inevitable that things get a little tough for everybody around. The 2008–9 financial crisis was momentarily a humbling experience for Dubai and the other regional advocates of globalization. But while the crisis exposed the city’s global vulnerability and forced it to be financially more responsible, it was not decisively crippling and things did not fall apart. The AGS economies proved to be resilient22 and it was far from the end of the Dubai entrepreneur role, which is very similar in its fundamentals to the Singapore model (Abdulla 2009b). All the vital signs, including the traditional re-export trade and the more dynamic aviation sector, indicate that the city is slowly inching towards economic growth while its infrastructure, tolerant social atmosphere and economic diversification plans leave it irreplaceable as a regional and global business hub (Abdulla 2009c).

The gains and pains of going global are still visible and are not limited to Dubai or the UAE. Other AGS cities have feverishly joined the global moment and are emulating the essentials of the Dubai model, especially its adaption of international standards, economic diversification, free zone facilities and above all building a knowledge-based economy as an alternative to an oil-based economy. The 2009 Arab Knowledge Report indicates that the AGS are leading in all of the four pillars of the knowledge economy: education, innovation, ICT and economic incentives and institutional regime (UNDP and Mohammed bin Rashid Al Maktoum

22 The World Bank in its June 2010 update to its Global Economic Prospect Report stated that ‘The high-income oil exporters AGS seem better placed to lead recovery for the broader MENA [Middle East and North Africa] region, as oil prices have traced an upward trend and financial conditions in the group are stabilising’ (http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/EXTGLBPROSP/ECTSAPRIL/0,,menuPK:659178~pagePK:64218926~piPK:64218953~theSitePK:659149,00.html).
The UAE, which is ranked forty-third among 135 countries in the world, leads the AGS and the rest of the Arab world in terms of readiness for the knowledge economy, followed closely by Kuwait, Bahrain and Qatar.

The economic benefits are impressive, but Dubai is discovering that the social cost of globalization is also massive. It appears that the more global the city, the more it has lost touch with everything that is local, a process that includes the ‘loss of identity and the erosion of the ruling bargain’ (Davidson 2008: 193). As global symbols expand, the local socio-political components increasingly tend to shrink. In the case of Dubai the clearest manifestation of this dialectical process of the global versus the local is the demographic issue, which is so alarmingly skewed that it is virtually unsustainable. The citizens of Dubai are becoming a disappearing minority in their own city. Officially they make up 15 per cent of the total population. Worse is to come, as the percentage is expected to go as low as 5 per cent by 2020 and the prospect of a zero-per-cent local population is becoming almost unavoidable by 2025. This zero-per-cent eventuality looms larger by the day and is viewed as one of the most daunting pains of globalization. This situation is not limited to Dubai and the UAE, with citizens in Qatar, Kuwait and Bahrain comprising 18 per cent, 31 per cent and 50 per cent of the population respectively.

Sociologically, the demographic imbalance means that the city is made up of a small local minority and a large foreign majority. While on the surface there appears to be social harmony between the two communities, it is a different story underneath. The central social contradiction has to do with the fact that the minority enjoys all the privileges, while the majority does not get the privileges they would expect in modern societies. From the perspective of democratic theory, it does not look like a healthy situation if the majority of the people living in a country does not have a voice, while the minority, whether citizen or otherwise, has the right to determine the country’s future. This calls into question the social longevity as well as the political sustainability of the ‘business of Dubai is business’ project.

Similarly, the national minority is growing deeply bewildered and tormented. On the one hand, most are well off and feel proud of the city’s global successes, no matter how vulnerable. This is probably the best moment in the city’s 170-year
history; after all, Dubai is recognized as the ‘first Arab Gulf tiger’. Yet sadly, at the moment when the citizens of Dubai should be celebrating, there is also deep fear of losing it all to the expanding expatriate population of 180 different nationalities occupying key positions in nearly all of the strategic sectors of the Dubai economy.

Hence pride and fear live inside not just the disappearing citizens of Dubai and the UAE but also the other AGS citizens, who are going through a serious identity crisis and often raise the perennial question of the sustainability of the Dubai model and therefore of the future of the whole Gulf moment.

5. THE GULF MOMENT: THE ROAD AHEAD

The future direction will be largely decided by how successfully Dubai and the AGS deal with the complex socio-political issues and challenges: the global and the local, change and continuity, the old and the new, political reform and stagnation, and the evolving relationship between the entrenched Gulf monarchies and the modernizing Gulf middle class that is bound to become more assertive both socially and politically in the years to come. The AGS have managed to manoeuvre their way through these contentious issues remarkably well in the past four decades. How these pending socio-political issues are handled could determine not just the transition of the AGS towards good governance and a more prosperous post-rentier society, but ultimately their eventual emergence as the major centre of economic power, shaping the shifting landscape of Arab politics in the first half of the twenty-first century (El Halawany 2010: 4–7). Geo-economically there is already a new map of the Arab world with the AGS attempting to play the leading role.

The AGS have all the right attributes to advance their current regional pre-eminence and assert their geo-political leadership. In a region full of violence, extremism and self-doubt, the AGS are the exception in terms of visible human capital advancement, social achievement, political stability, economic reform and regional and global vitality (n.a. 2009). They sit comfortably on top of 500 billion barrels of crude oil, nearly 40 per cent of the world’s oil reserves. At the current production rate this oil is presumed to last until 2160, and is figuratively worth a

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23 'Dubai shares a number of characteristics with the Asia economic tigers including a sustained double digit economic growth rate during 1994–2007’ (Abdulla 2006c: 33).

24 The future of the AGS was the topic of the twenty-eighth annual meeting of Muntada al Tanmeya, held in Bahrain in February 2008. The conference discussed the various future scenarios of the AGS put forth by the world economic forum. The full proceedings are published in Rumayhi (2010).
massive fortune of $40 trillion, more than the total GDP of the USA, China and all of
the EU combined. It is also projected that the AGS will be accumulating a net surplus
of more than $3.5 trillion by 2015, and based on IMF calculation the AGS GDP is
expected to reach $2 trillion by 2020. The Sovereign Wealth Fund Institute, which
ranked the Abu Dhabi Investment Authority as the largest sovereign wealth fund by
assent in the world in 2010, also estimates that the combined sovereign wealth fund of
the AGS stands currently at $1.3 trillion, which is more than 37 per cent of total
global sovereign wealth funds. Furthermore, these states are well ahead in human
development measures and readiness for the knowledge economy. In terms of social
and material well-being, the continuous prosperity of the AGS is in no doubt and the
road ahead for the Gulf moment is rather promising. It is also reasonable to expect
that the Gulf middle class will grow more potent over the next ten years to demand a
modicum of institutional and political reform. This will enhance economic prosperity,
internal order and stability, and further consolidate the Gulf moment in Arab history.

A 2007 World Economic Forum (WEF) study confirms this rather optimistic
outlook. The report presented three possible future scenarios for the AGS; two of
them range between being optimistic and very optimistic over the next twenty years.
The first is the *Oasis* scenario, where regional stability continues to be a challenge for
the AGS, which are nevertheless able to achieve substantial institutional reforms.
These states develop strong regional identity and work together to coordinate
diplomatic and economic policies through technocratic governance and a stronger
internal market. The second is the *Sandstorm* scenario, which describes a future where
regional instability is the defining factor affecting the ability of the AGS to carry out
effectively the necessary institutional reforms. This scenario sees a number of factors
that make the surrounding region significantly turbulent, including military conflict
involving the US, Israel and Iran. The final *Fertile Gulf* scenario essentially predicts
the rise of the AGS as innovation hubs in a global environment characterized by
robust demand for energy and increasing globalization. Regional stability gives the
AGS the opportunity to focus on enhancing their human capital at all levels, investing
heavily in education while at the same time proceeding carefully with energy and
economic diversifying and with political and institutional reforms to support their
growing economies and societies (WEF 2007). Some AGS, namely the UAE and

Qatar, are even expected to be at the cutting edge of the Global Redesign Initiatives launched in Doha in 2010 (WEF 2010) and have massively invested in the much-anticipated new economy of the twenty-first century to replace the rentier economy of the twentieth.

Whether the future is the _oasis_, the _sandstorm_ or the _fertile_ scenario, it appears that the Gulf moment is here to stay and flourish for a long time to come. Over the next decade the AGS will continue to draw the world’s attention, not just because of its huge energy potentials but also because of its global financial clout, expanding capital markets, innovative cities and growing regional impact. Even the 2008 global financial crisis did not shake the ambitious developmental plans of the AGS.\textsuperscript{26} They have made it to this point, and there is no reason why they cannot attend to the critical issues and challenges of the global phase of the Gulf moment in Arab history.

\textsuperscript{26} See the following official documents, all available on the net: *The Abu Dhabi Economic Vision 2030, Bahrain 2030, UAE National Charter 2021.*
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