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POLITICAL SCIENCE ■

*The merchant elite and parliamentary politics in Kuwait:
The dynamics of business political participation in a rentier state*

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Declaration

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Abstract

When applied to the Gulf region in general and Kuwait more specifically, the rentier state theory stipulates that the political relations between state and business are determined by the rent. Thus, business essentially ceases to represent a strong political force and withdraws from the formal political field in exchange for wealth provided by the state. However, the evidence from Kuwait's recent history suggests that there is great variation between the patterns of political engagement in Kuwait's merchant families. Some families have been continuously active in the country's parliamentary politics and political field more broadly; their political action has not always been pro-government and, in general, the merchant community in Kuwait still possesses powerful means to negotiate government distribution patterns and to influence political decision-making. Thus, the main research question posed in the Thesis is the following: why do we observe merchants' active political engagement in Kuwait counter to the prediction of the rentier state theory, and what can explain the variation of merchants' political activity? The Thesis will analyse and compare Kuwait business politics along the dichotomies of passive versus active engagement and voice versus loyalty towards the government. Through this analysis I will define the factors which explain why some merchant families engage in parliamentary politics, while others do not, and why at times the merchant community allies with the opposition, and at others with the government. I will further examine what impact this political engagement by business has on the country's economic reform policies. The analysis will establish that, although rent matters, the political action of business in Kuwait and its variation is defined by the country's semi-parliamentary political system, while factors such as rent-seeking, ascriptive features, relations with the ruling powers and the changing nature of the country's political field are essential intervening variables.

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Note on transliteration and translation

Transliteration of Arabic words and names in the present work is rendered so that it adheres to consistency and most common spelling in English sources. The Arabic letter 'ayn is indicated in most cases complying with the spelling and pronunciation rules of the Arabic language. However, some names of private companies are given as they appear on companies' websites. Transliteration of Arabic sources in the bibliography is given with full diacritics. All translations from Arabic into English have been done by the author.

List of Acronyms

BOT	Build-Operate-Transfer
BP	British Petroleum
CBK	Commercial Bank of Kuwait
CMA	Capital Market Authority
EPC	Engineering, Purchasing and Construction
FTZ	Free Trade Zone
GCC	Gulf Cooperation Council
GIC	Gulf Investment Corporation
IMF	International Monetary Fund
ISCC	Integrated Solar Combined Cycle
IWPP	Independent Water and Power Plant
KAC	Kuwait Airways Company
KCCI	Kuwait Chamber of Commerce and Industry
KD	Kuwaiti Dinar
KDIPA	Kuwait Direct Investment Promotion Authority
KEPCO	Korea Electric Power Corporation
KES	Kuwait Economic Society
KFAED	Kuwait Fund for Arab Economic Development
KFAS	Kuwait Foundation for Advancement of Sciences
KFH	Kuwait Finance House
KFIB	Kuwait Foreign Investment Bureau
KIA	Kuwait Investment Authority
KIPCO	Kuwait Projects Company
KNPC	Kuwait National Petroleum Company
KOC	Kuwait Oil Company
KOTC	Kuwait Oil Tankers Company
KPI	Kuwait Petroleum International
KSE	Kuwait Stock Exchange

KU	Kuwait University
KUNA	Kuwait News Agency
MAN	Movement of Arab Nationalists
MB	Muslim Brotherhood
MGRP	Manpower and Government Restructuring Program
NBK	National Bank of Kuwait
NIC	National Industries Company
OPEC	Organisation of Petroleum Exporting Countries
PAB	Popular Action Block
PAI	Public Authority for Industry
PIC	Petrochemical Industries Company
PTB	Partnership Technical Bureau
SME	Small and Medium Enterprise

Introduction

Almost every single interview or research-related personal conversation that I conducted during my fieldwork trips to Kuwait would begin in the same manner – with respondents describing Kuwait's pre-oil trading prominence and the role of merchant families as the economic backbone of the country and as its elite stratum, which elected the ruling family out of its own ranks. The notion of Kuwait's mercantile culture is deeply entrenched in the public consciousness, and the awareness of the merchants' dominant pre-oil role and their persistent business prominence is universal. However, the attitude towards the merchant community in its present shape and towards its post-oil engagement in the economy and politics of the country would vary greatly depending on the background and occupation of the respondent.

Talking to the representatives of the country's political and business elite, one would hear almost romanticised and nostalgic narrative about Kuwait having developed the most vibrant and advanced business environment due to the talent and wit of its merchant class long before new trading hubs like Dubai emerged. However, in recent times, more and more often the term "merchants" would acquire a critical and negative connotation. Respondents from a less affluent or elitist background would often view the merchant community as "big fishes of the market" (*hawamir al-souq* in Arabic¹), who get disproportionately large and undeserved benefits from the system just by virtue of being close to the distribution circles through their place in the social hierarchy and relations with the ruling family. Awareness of inequality spread particularly after the Iraqi invasion in 1991. This traumatic experience has given the population a painful notion of the temporariness of the state and the finite nature of resources, and subsequently the comfortable way of life, which those resources have been ensuring. This has induced almost apocalyptic visions of the day when the country's oil riches would be depleted and the merchant and ruling elite would simply move abroad together with their accumulated wealth leaving the ordinary Kuwaitis behind in poverty².

Whatever the normative connotations around the merchant elite are, one thing becomes clear from those conversations in the field – the acknowledgement of hierarchy – social,

¹ Hamour (pl. *hawamir*) is the Arabic for greasy grouper fish. The nickname derives from the popular perception that hamour eats small fishes, which is a metaphor for big traders dominating the market and not allowing small ones to emerge.

² Personal interview with a professor in political science, Kuwait University; Kuwait, April 2014.

economic and political – is universal in Kuwait. Despite it having its roots deep in the country's pre-oil history and being tied to ascriptive segmentation, this hierarchy is rigidly reproduced through social behaviour, consumption patterns, education, occupation and proximity to the ruling circles. The acknowledgement of hierarchy and the awareness of one's place within it largely defines social and economic interactions and political attitudes.

Another feature, which drastically distinguishes Kuwait from the rest of the GCC states is the presence of parliament. Despite being a hereditary monarchy, with a substantial number of high government positions taken by the members of the ruling Al Sabah family, until the present day it remains the only country in the region with an established and relatively functional parliamentary system. For this reason, Kuwait is sometimes called a semi-democracy and the closest country among the GCC states to having a constitutional monarchy (Kinninmont, 2012: 2). The National Assembly has been in place since 1963, and although its historical path and relations with the ruling powers have not been easy, it is a fully functional representative institution, which influences the country's policies and keeps the government's decision-making in check. Despite the rise of popular scepticism towards the Assembly lately, due to the continuous parliamentary crisis since the 2000s, the government's manipulation of the election law and the current Assembly being denuded of any opposition representatives, the parliamentary system is generally cherished by the public and is considered to be a vital part of Kuwait's political culture.

Thus, the socio-economic hierarchy with: (i) a distinct stratum of merchant families, which formerly had strong leverage vis-à-vis the ruling family and have preserved their economic prominence since pre-oil times, and (ii) the existence of a functional representation system, are the two main features, which make Kuwait stand out from the rest of the Gulf monarchies. The foundation of my research enquiry was an interest in investigating the relations between the two.

The basic research puzzle has arisen from the obvious contradiction that can be easily grasped when discussing the topic of merchant elite's political participation, and parliamentary engagement more specifically, in Kuwait. On one hand there is a strong opinion that the Kuwaiti merchant class is extremely politically powerful. Such a narrative occasionally borders on a conspiracy theory view, whereby almost every political issue, government action or initiative is written off as a result of behind-the-scene dealings between merchants and corrupt government

officials and is suspected to be designed specifically to benefit the business interests of the “big fishes”. On the other hand, there is a solidly reproduced myth about the post-oil unwritten pact, or “gentlemen’s agreement”, which divided the spheres of operation, i.e. politics and business, between the ruling family and merchants respectively and obliged non-interference³. Furthermore, some of the fundamental works on the history of ruler-merchant relations in Kuwait have asserted that the parliament itself was used by the ruling powers to counterbalance and disarm the potential merchant opposition, and the merchants have generally abandoned formal politics (Crystal, 1995). Thus, I have started my research with a basic enquiry – trying to identify where the truth lies in relation to merchants’ political engagement in Kuwait, and how they operate in the formal political field to sustain their economic interests.

A brief comparison of the state of business politics in the rest of the Gulf monarchies sheds light on the factors that might be responsible for merchants’ active political engagement. Recent literature on the topic suggests that there are some major common trends in all six countries. However, the patterns of state-business relations and levels of political influence/activity of business actors still vary from country to country due to the specificities of their historical development and their economic and political conditions. Thus, Oman, compared to the rest of the Gulf Cooperation Council (GCC) states, possesses the strongest and most politically influential business elite. With the absence of the ruling family as such⁴, many prominent Omani businessmen occupy high-rank government positions and, as a consequence, have a strong say in policy-making (Valeri, 2013). In this respect, the situation in the UAE is similar, despite the presence of powerful ruling families in each emirate: the merchants successfully use their links to the ruling powers, thus securing economic privileges and bureaucratic positions, while the members of the ruling families have always been actively involved in business. The boundaries between private and public sectors are blurred, and business and politics are interrelated and interdependent (Almezaini, 2013: 51). The private sector is in essence prospering under the initiative of state enterprises, while the state itself is managed like a business (Luciani and Hertog, 2010: 5). Unlike in Oman and the UAE, the ruling

³ Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

⁴ Unlike the rest of the Gulf states, Oman is not ruled by a family, but by a single ruler – Sultan Qaboos, who holds all the main powers in his hands and does not rely on the members of his family (Valeri, 2013: 20).

family in Bahrain has, to a large extent, monopolised the political field and greatly penetrated the Bahraini private sector (Valeri, 2013: 22). Historically, the Bahraini regime was not reliant on merchants, but rather the merchants were “dependent on the goodwill of Al Khalifa [family]”, who thus did not feel pressured to share its political power (Khalaf, 1998). Therefore, the influence of business actors on policy-making in the country is limited and, in most cases, can only be exercised through informal means and lobbying. Likewise, the business actors in Qatar and Saudi Arabia are politically marginalised by the ruling families. Yet, while Qatari merchants have never constituted a significant political force and were absorbed by the economically dominant ruling family (Crystal, 1995), the private sector in Saudi Arabia has recently acquired some economic independence from the state moving beyond rentier clientelism (Hertog, 2010a: 34) and even started to oppose the interference of princes in business and the unequal distribution of oil rents (Okruhlik, 1999: 298). Nevertheless it is still characterised by political “passivity ... and the lack of interest in complex policy issues” (Hertog, 2010a: 258).

The analysis of the dynamics of state-business relations and business politics in five of the six GCC states shows the obvious variation between them, which is determined by such factors, as the strength and level of expansion of the ruling families (i.e. the extent, to which the political and economic space is monopolised by them), the existence of formal political opportunities and venues for political participation, as well as the historical tradition of political engagement of business elements. With these factors in mind, one would expect to see a relatively politically active business community in Kuwait, given that: (i) the political field has never been completely occupied by the ruling family; (ii) the merchants have historically shared political power, and (iii) there is a functional venue for political representation. The empirical evidence in this research will later show that such expectation is correct.

Thus, the present research is ultimately about business political engagement in a rentier state, and specifically the impact of parliamentary politics on this engagement. The following section of the Introduction will provide an overview of the state of literature and theory on rentier state politics and rentier business politics in particular, and the provisions one could draw from it. I will further analyse how these provisions correlate with the empirical evidence in case of Kuwait, explain the main research question, argument, methodology and structure of my work.

Literature review and the evolution of rentier state theory

Since the mid-1980s rentier state theory has been a widely used theoretical framework to analyse resource-rich countries. The term was initially introduced by Hossein Mahdavy (1970) in relation to Iran⁵, but after the publication of the milestone work “The Rentier State” by Hazem Beblawi and Giacomo Luciani in 1987, the oil-producing Gulf states have been considered the most classic examples of rentier economy. Notwithstanding that the theoretical framework is almost 30 years old and has undergone significant critical assessments and revisions, the basic provisions of the rentier state theory are still broadly accepted (Gray, 2011: 23).

According to the classic rentier state theory approach (Beblawi and Luciani, 1987: 12), a rentier economy possesses three main characteristics: (i) rent is the dominant source of income; (ii) the origin of rent is external and (iii) only a minority of the population is engaged in producing it⁶. A rentier economy in turn generates a rentier state, i.e. a particular political system and mode of state-society relations. In such a system, government is the primary recipient of rent (Beblawi, 1987: 52), and therefore the “main intermediary between oil sector and the rest of the economy” (Beblawi and Luciani, 1987: 12), i.e. the main allocator, hence Luciani’s distinction between “allocation states” and “production states” (Luciani, 1987). Such mode of income generation and distribution, and its extreme centralisation within the system defines the government’s relations with the population. First and foremost, the government has no need to collect the revenue domestically through taxation, which makes it relatively independent/autonomous from its subjects. Furthermore, the external revenue and its distribution allows the state “to buy legitimacy through allocation” (Luciani, 1987: 76). As a result, following the “taxation-representation” proposition, the rent is considered to be impeding the development of democratic institutions (Ross, 2001). The population is thought to have no legitimate reasons to demand representation, while the state in its turn has no reason to give in to these demands should they ever occur. The government’s autonomy is further enhanced by

⁵ Before that the term “rentierism” was also attributed to Marxist theory, defining the type of profit-generation which is achieved through monopolisation of access to any kind of property and receiving income as interest, dividends, fees, etc. without playing a productive role in the economy. Adam Hanieh in his work “Capitalism and class in the Gulf Arab states” (2011: 210) also notes that the origins of the term “rentier state” go back to the early 20th century, when the term was used to describe European economies in the light of the growth of finance capital and profits gained from credits issued to overseas borrowers. Similar to the later version of the term, the earlier one also refers to financial flows derived externally.

⁶ Rentierism is not only typical for oil/resource-rich states, as rent can be derived from any natural advantage, such as climate or location (Beblawi, 1987: 49).

its independence from the national labour force, as only “a small fraction of the society” is involved in the process of wealth-generation, while the rest are primarily engaged in the distribution and utilisation of rent (Beblawi, 1987: 51). Moreover, in case of Gulf states, the national labour force in all other productive sectors beyond oil has been also to a large extent substituted by imported foreign labour, which further diminished the economic influence of the local population (AlShehabi, 2015a: 15). Neither does the “permanent precarity” (Hanieh, 2015: 67), in which the foreign labour exists in those states, allow for any possibility of economic leverage vis-à-vis the state. Thus, according to rentier state theory, the dependency lines in a rentier state go only one way – i.e. from population to government, while reverse dependency does not exist.

How does such rentier situation impact the population’s relation to the state? Firstly, Beblawi notes that the distribution mode of rentier economy and the lack of involvement of the national labour in income-generation leads to the spread of rentier mentality, that is “a break in the work-reward causation” (Beblawi and Luciani, 1987: 14). This in its turn results in rent-seeking being one of the major features that characterises the relation of the subjects towards the rentier state: “Getting access to the rent circuit is a greater preoccupation than reaching productive efficiency” (Beblawi and Luciani, 1987: 13). Rent-seeking defines social, economic and political interests, and Luciani argues that such a system is unlikely to witness genuine political demands from population. According to him, there are no sufficient reasons for the population to resort to “voice”, and there is very little popular interest towards representative bodies (Luciani, 1987: 74). Any existing political maneuvering is aimed at increasing personal economic advantage, and the opposition in a rentier state is not “any more democratic than the ruler” – it is rent-seeking by nature and can only develop when the state does not “take full advantage of the possibility of receiving income from the rest of the world” and fails in “cashing in fully the potential rent” (Luciani, 1987: 74-75; 1994: 132).

Another important feature of a rentier state, which has been pointed out by Beblawi (1987: 53) in reference to state-society relations, is the absence of clear distinction between public goods distributed by the state and private favours distributed “through the ruler’s benevolence”. Such mode of distribution, which combines formal and informal/personalised means, provides the major basis for the neopatrimonial approach to rentier states, according to

which a ruler is the centre of the web of “subordinate elites”, which receive the benefits and resources, but also compete among each other, thus allowing the ruler to keep them in check (Gray, 2011: 7). This web of patron-client relations is spreading further down the hierarchy of layers of rent-seekers, becoming the major “medium through which resources and political order are dispensed” and rents are gained (Gray, 2011: 7). Although in a rentier state, citizenship is a source of economic benefits distributed by the state (Beblawi, 1987: 53), citizenship in itself does not guarantee equality of access to government benefits and services (Khalaf, 2015: 50), and patron-client networks and intermediaries are instrumental in mediating allocation. Thus, the blurring between public and private distribution and the absence of the notion of conflict of private interest and public office is reproduced at all levels of these patronage networks.

Various authors have discussed the importance of such networks in both rentier states (for example, Khalaf, 1998, 2015; Hertog, 2010a, 2010b) and beyond (for example, Haddad, 2004; Heydemann, 2007). In both cases these patron-client networks as a mode of governance and rent distribution are considered vital for regime resilience and stability. Networks are constructed according to, what Abdulhadi Khalaf (1998) calls, “vertical segmentation”, i.e. hierarchies often based on “tribal, confessional and ethnic myths”. Such “vertical segmentation”, which is sustained by it being utilised for rent allocation, prevents the formation of “horizontal”, cross-hierarchical or class-based mobilisation, which could pose a threat to the status quo of a regime’s existence. Distribution based on informal, personalised and often ascriptive networks can be easily manipulated, and thus fosters the population’s dependency and subordination. They further cement socio-economic hierarchies, which provides the government with yet more tools of control.

Unsurprisingly, rentier state theory views business and its relations with the state from the same rent-seeking perspective. Business community is seen as a natural part of the rent-distribution circles, owing its wealth and trading opportunities “in one way or another, to some rent situation”, and traders’ main activity often “consist[s] in no more than taking advantage of special situations entrusted to them by law or fact” (“the kafil mentality”) (Beblawi, 1987: 55-56). Like the broader population, business is dependent on the state for distribution and is reliant on patronage networks to acquire rent. The business sector in rentier Gulf states most often

consists of representatives of pre-oil social elites, which places them higher up (or closer to the distribution centre) in the present-day networks.

Thus, the classic rentier state theory provides a robust framework to analyse the political economy and state-society relations of resource-rich countries, and GCC states as their epitome. However, later works on the topic have suggested that rentier state theory is overly static, not always adequate in explaining the political processes in certain cases and often lacks depth of political context (Gray, 2011: 9-10). In his essay on "Late rentierism" Matthew Gray (2011) suggests that there have been several waves of revisionist literature on rentier state theory. After the theory came to prominence in the mid-1980s (the first phase), the second phase of research, which took the theory further, emerged in the 1990s-2000s. Gray (2011: 12) divides the literature of this phase into "specialised rentier state theory" and "conditional rentier state theory".

Specialised rentier state theory is characterised by incorporating historical dynamics, exceptionalism or international relations in the analysis of a rentier state dynamics (Gray, 2011: 12-13). Such an approach aims to explain the variations that can be observed among rentier states that the classic theory fails to tackle. Among the works that can be categorised as applying specialised rentier state theory, and one of the most crucial sources for my own research, is Jill Crystal's "Oil and politics in the Gulf: rulers and merchants in Kuwait and Qatar" (1995). The work is dedicated to the analysis of historical transformations of state-business relations in the two Gulf countries and their pre-oil and post-oil political development. Crystal applies all the basic provisions of the rentier state theory approach. She explores the power balance that has dramatically shifted after the ruling families started to receive and distribute oil revenues, which resulted in the establishing of a specific social contract. Oil wealth allowed the rulers to "buy off" the merchants collectively as a class making them abandon their claims for political power, and thus "the oil pact – [...] tacit trade of wealth for power – emerged" (1995, 10). However, through the comparison of the pre-oil ruler-merchant relations in Kuwait and Qatar and their different post-oil political development, the author also introduces the idea that the pre-existing domestic social structures and alliances affected the patterns of politics and balance of power that was established after the onset of the rentier economy (Crystal, 1995: 2).

Several works on the UAE's political economy and state-society relations – the article “The emirates of Abu Dhabi and Dubai: contrasting roles in the international system” (2007) and monographs “Dubai: the vulnerability of success” (2008) and “Abu Dhabi: oil and beyond” (2009) by Christopher Davidson – are also examples of nuanced rentier states’ analysis which focus on the historical development and legacies, which partly define the economic and political structures. Thus, the variance of the emirates’ post-oil economic paths in terms of diversification and investments, and its subsequent implications on the rentier “ruling bargain” with the population, is explained by the divergence of the available hydrocarbon reserves in the two emirates of Abu Dhabi and Dubai, as well as the difference in their pre-oil business environments and their respective rulers’ contrasting treatment of merchants in the pre-oil period. The author emphasises the importance of the non-economic sources of legitimacy (personality cults, tribal and religious heritage, government institutions, etc.), which are determined by the specificities of the socio-economic and historical development of each emirate, and which further define the “ruling bargain” and the subsequent evolution of political structure.

Conditional rentier state theory approach (in Gray's classification) treats rentierism as dynamics, characteristics or condition of politics, rather than the explanation for the whole political structure (Gray, 2011: 17). Therefore, it suggests that the rentier state theory is insufficient for explaining political processes in resource-rich states and should be paired up with other approaches.

An example of conditional rentier state theory approach is Steffen Hertog's work “Princes, brokers and bureaucrats: oil and the state in Saudi Arabia” (2010a)⁷. The author shows that the simplified approach of the classic rentier state theory does not explain the divergence in economic policy outcomes in case of Saudi Arabia. He argues that the explanation lies in the “segmented clientelism” of state structures on meso- and micro-levels, and the variance of how state-society relations play out on each of them. While the state dominates over meso-level networks (organisational level), where policies are initiated, it has little control over micro-level hierarchies and clienteles. This contradiction often defines the outcome of political initiatives (Hertog, 2010a: 11). This variance of state-society relations, and the limits it imposes on the

⁷ Although Gray (2011) considers Hertog's work to be an example of specialised rentier state theory, it has the features of both specialised and conditional approaches.

regime's autonomy, is itself the result of the state's early autonomous decisions on rent-allocation, which created clienteles and "micro-level distributive obligations" (Hertog, 2010a: 20).

The similar argument about the constraints on decision-making imposed by prior decisions and institutional legacy is central to Terry Lynn Karl's work "The paradox of plenty" (1997). The primary case-study of the work is Venezuela. However the main research outputs are broadly applicable to resource-rich rentier states in general. Karl suggests that rentierism in itself does not provide sufficient explanation, as to why rentier states develop "Dutch disease" and cannot embark on a stable development path despite the revenues brought by oil booms. She argues that the past preferences of policy-makers determine the institutions of the state, and later those very institutions and institutional legacy start to determine and constrain the decisions of the politicians. Such "structured contingency" ultimately explains how the government becomes trapped in its policies and extensive distribution obligations, which are adopted during the periods of oil boom, and cannot reverse them when facing fiscal pressure (Karl, 1997: 10-11).

Finally, within the earlier mentioned classification of rentier state theory literature, Gray (2011) distinguishes the third and most recent phase of research on rentier states, which he calls "late rentierism". The literature within this stream has its primary focus on relatively recent developments that the rentier states have been undergoing since the early 1990s, i.e. dealing with the impacts of globalisation, developing more mature policies towards rent utilisation and allocation, responding to economic and political imperatives stemming from growing fiscal pressure and the problem of population growth and national employment (Gray, 2011: 19). Thus, unlike the classic rentier state theory, which is relatively static, "late rentierism" approach addresses the change and dynamics that rentier states have been facing.

One of the distinct debates within this new type of approach is related to the prospect of economic and, as a consequence, political reforms in the rentier states (specifically the GCC), and particularly the role of the private sector in this process. The topic was on the rise since the early 2000s induced by the most recent oil boom, the subsequent increase of business and investor activities in the region (AlShehabi, 2015a: 31), but also the rising domestic awareness of (as well as external pressure for) the necessity of reforms to ensure the system's economic and political sustainability. Thus, during the first decade of the 2000s multiple works appeared

arguing that the private sector in the Gulf is a potential driver for reform measures, i.e. diversification from oil revenues, economic liberalisation and shifting of national labour from public sector. Furthermore, as economic reforms and liberalisation are widely assumed to be a precondition for or leading to political liberalisation, the private sector was also seen as a potential link between the two.

Thus, in the chapter “From private sector to national bourgeoisie” (2005) Giacomo Luciani argues that the direct dependence of Saudi private sector on the government has reduced and business has become relatively “autonomous” from the state in economic terms. It has “mutated” into a national bourgeoisie, and therefore has become “increasingly class-conscious and ready to play a political role” (Luciani, 2005: 146). The government will need the private sector to execute economic reforms and boost diversification, and the private sector itself will push for reforms for more investment and growth opportunities, while also slowly pursuing a more democratic system (Luciani, 2005: 181).

In his later chapter “Linking economic and political reform in the Middle East: the role of the bourgeoisie” Luciani reiterates his argument about the Gulf private sector’s potential role in the economic reform process, as it has become “the social base of the process of economic reform and liberalisation” (2007: 171). The author however is more cautious here about the ability of the business to “link” economic and political liberalisation quickly enough. He emphasises the opposition of the middle class and “bureaucratic resistance”⁸ towards economic reforms as some of the main obstacles in the process. Similarly in the article “Has Arab business ever been, or will it be, a player for reform” (2010) co-authored with Steffen Hertog, Luciani focuses more on what prevents the private sector from fulfilling its role as a proponent of economic and political reforms. The authors argue that apart from “bureaucratic incoherence” and resistance, it is also the informal stratification of business, the general informality and “behind closed doors” nature of business dealings, and the private sector’s preference of abstention from formal politics that restricts its reforms-promoting role (Hertog and Luciani, 2010: 11-12).

Another essential work, which talks about the role of business in economic reforms is Pete Moore’s “Doing business in the Middle East: politics and economic crisis in Jordan and

⁸ For more elaboration on “bureaucratic resistance” see also Seznec “Stirrings in Saudi Arabia” (2002).

Kuwait” (2004). The author’s aim is to trace the influence of representative business organisations and institutions on policy-making and on the progress of economic liberalisation, particularly in times of fiscal crisis. He argues that economic recession strengthens coordination between the state and the private sector, and in countries with deeply rooted ruler-merchant relations and strong business associations, like Kuwait, the business community starts to play a more active political role and becomes the main engine of economic reform implementation. Unlike other authors who emphasise the importance of the informal connections between business and ruling powers, Moore focuses on formal business associations, i.e. chambers of commerce and industry, deliberately dismissing informal ways of state-business communication. The author argues that it is only these official organisations that give us an idea about the ability of business community to function as a united body.

This optimistic approach towards the private sector’s potential role in economic and political transformation of rentier states later became subject to substantial revision and criticism. Thus, in the works “Private sector and reform in the GCC” (2013b) and in the Introduction to the volume “Business politics of the Middle East” (2013a), Steffen Hertog shows that despite the growing attention to the potential role of the private sector in building up a sustainable, less oil-dependent economy, the actual performance of the business community in this direction is far from being outstanding. He argues that the role of business actors in promoting economic liberalisation and reforms is marginal, and the reason for this is, first of all, state policy towards it. The nature of the rentier state implies that the private sector is still neither economically, nor politically autonomous from the government, and ruling powers can use such dependency to formally and informally penetrate private sector activity through co-optation and neo-patrimonial top-down policies. This results in fragmentation of the business community and reduction of its capability to act as a collective force vis-à-vis the ruling family. Furthermore, discussing the social role of business actors, the author argues that, although some business families obviously possess high status and respect in the society, the private sector in general does not have a real reach into the broader community. The high social status of some families might be based on sectarian or cultural divisions; however they do not share or represent the economic interests of wider population.

A similar argument can be traced in Rivka Azoulay's chapter "The politics of Shi'i merchants in Kuwait" (2013). In her analysis of the Shi'i business community in Kuwait and its relations with the ruling family, Azoulay applies a micro-sociological approach, which has not been widely used in previous works on state-business relations in the Gulf. This approach allows her to go beyond the perception of the topic merely through patron-client relations and to explore the roots of social power of the merchant elite, in order to understand the social mechanisms of its reproduction. Azoulay argues that the emergence and current prosperity of the Shi'i merchant elite in Kuwait can be partly attributed to the state's desire to co-opt the Kuwaiti Shi'a minority by using the merchants as legitimate representatives of the community, tied to it by strong religious and cultural links. The study thus shows that the merchant community in the country is not at all homogeneous. It is subdivided into groups of various origins and with various interests; the only thing that truly unites merchants is their dependence on the ruling powers. Azoulay concludes that comprehensive class-based politics of the business community is not taking place in Kuwait. This idea contradicts Moore's argument about the capabilities of organised business to exercise significant influence on economic policy-making.

Within the stream of research, which opposes the notion of private sector being able to promote economic and political reforms, several works exhibit a more nuanced approach. Rather than arguing that rentier business is incapable of any substantial political action and contribution to economic reforms because of its dependence on the state and general political passivity, these works show that business is often not supportive of economic liberalisation and reform initiatives at all, as they pose risk to the privileged positions and rent-seeking interests of the established private sector actors. For example, Marc Valeri's work "Oligarchy vs. oligarchy" (2013) shows how business elite members in Bahrain and Oman are able to shape the reform discourse and oppose the implementation of measures that would have a negative impact on their economic interests (such as labour nationalisation) either through direct involvement in formal politics (like in Oman) or through lobbying and coalitions with ruling family members, who are themselves active in business (like in Bahrain). Similarly, the recent work by Nimah Mazaheri "Oil booms and business busts" (2016) discusses government policies supporting entrepreneurship in the rentier states and emphasises the importance of the distinction between

the elite and non-elite private sector, as the two have opposing preferences when it comes to economic policies. Thus, when looking at the private sector's role in the promotion of economic reforms it is necessary to distinguish between measures which would benefit dominant business actors, and those which contradict their interests. It is these rent-seeking preferences that would shape the private sector's political response.

This relatively recent research stream falls within the wider literature, which offers a critical assessment of the economic liberalisation policies and the results they have brought in the Middle East region and in developing countries more broadly (for example, Perthes, 1994; Harvey, 2007; Achcar 2013; Hanieh, 2015). This literature suggests that the measures of economic opening did not lead to political liberalisation, but rather resulted in the further enrichment of the existing economic and political elites and the growth of disparity between them and the population at large.

Further development of the argument about the principal divergence between the interests of the business elite, or rentier capitalist class, and the population of the rentier state at large, has formed the basis of another type of approach towards the analysis of the Gulf rentier states, which explains the paths of political development pursued by those state through their internal class relations and class rivalry for distributed resources. Such an approach has become increasingly relevant, as the Gulf's dwindling resources, rising budget pressure and desperate search for a more sustainable economic system start to impede the states' ability to sustain old distribution schemes. This, on one hand, poses risk to the rentier political system, and on the other, exacerbates the rivalry for distribution of resources among various groups.

A class-based approach to the analysis of the rentier states is not new, and is characteristic of both dependency theory and Marxist literature. For instance, in her book "Kuwait: social change in historical perspective" (1982) Jacqueline Ismael examines the historical development of the Kuwaiti merchant class from the perspective of dependency theory. According to Ismael, peripheral capitalist development is tightly connected to, and dependent upon, central capitalism of developed states. Analysing Kuwait's pre-oil economy and social relations, she suggests that the country's autonomous development of the relations of production and class structure was curtailed by foreign (colonial) penetration. The economic interests of the financial and commercial class have gradually become more externally oriented,

until all sectors of socioeconomic infrastructure have been subordinated for the sake of primary commodity production after the discovery of oil. Thus, Ismael stresses that peripheral capitalists (Kuwaiti merchants), as a class, have become tied directly to the oil revenues extraction circle, and maintaining dependency relations on central capitalist structure (through dependence on the importation of foreign technology and essential goods) is vital for them. Therefore, they are by default antagonistic towards the development of domestic productive forces, which could potentially disrupt the mechanism of dependency (Ismael, 1982: 101).

Similar ideas about the close connection between the Gulf and global capitalism and class-formation are developed in Adam Hanieh's work "Capitalism and class in the Gulf Arab States" (2011). Through the analysis of the evolution of global capitalism after World War II, the author shows that the Gulf capitalist class was integrated into the global capitalist system through internationalisation of Gulf business and its externally oriented activity. In such resource-rich systems, the state and capitalist class are not autonomous from each other: the state is in essence the expression of class formation, and its role is to manage the interests of capitalist class. According to Hanieh, there are no actual borders between the state and private sector capital in the Gulf. Both are tightly connected to oil revenues extraction, with the upstream production controlled by the state and the "concentric circles" of this production, such as petrochemical-related industries, construction, retail, etc. owned by large business family corporations (Hanieh 2011, 67). At the same time, the state and private sector interpenetrate each other, with the ruling families also being "a component" of the capitalist class (Hanieh 2011, 81), and with the strong involvement of state capital in private sector activities. Thus, such complex merging of state and business interests has resulted in a highly concentrated accumulation of capital in the hands of a narrow social layer, which ensured the reproduction of social elites and, by doing so, antagonised the rest of the population, which is also dependent on the oil-wealth distribution by the state.

The rivalry of economic interests between the population and business and the growing socioeconomic isolation of the latter is the main focus of Michael Herb's "A nation of bureaucrats" (2009) and "The wages of oil" (2014). In the first work, the author analyses the tendencies and prospects of political liberalisation and economic diversification in the region. Stating that certain progress has been made in both directions, he nevertheless shows through

the examples of Kuwait and the UAE that the two processes have not gone hand in hand. While Kuwait has a functional parliamentary system, its economy continues to be highly undiversified and dependent on oil. At the same time, the UAE, which succeeded in expanding its economy beyond oil rents, has not seen the development of representative institutions. The author argues that the major reason for Kuwait's lagging behind its neighbours in terms of economic progress is the very structure of its political system. The National Assembly, which represents the interests of the broader population, is not willing to reduce public spending to fund private sector development, while in the UAE, on the contrary, business interests of the elite and ruling family are not constrained by any representative body.

This argument is further developed in "The wages of oil". According to Herb, the major socio-economic conflict underlying the development in oil rentier states is the one between the two models of wealth distribution by the state, i.e. public sector-oriented versus capital spending-oriented. Within this analytical framework it is argued that in the GCC the capitalist class benefits from continuous economic growth, i.e. growth, which is promoted by expansion of private sector activity. However this type of growth provides fewer benefits to the rest of the national population, i.e. mainly government-employed middle class, which is not involved in private sector activity, while private sector does not pay taxes either. Herb distinguishes between two types of Gulf states – "extreme rentiers", which have enough resources to hire/cater for all national population (Kuwait, Qatar and the UAE), and "middling rentiers", which have less resources to appease the population (Oman, Bahrain, Saudi Arabia). He further describes two contrasting modes of development, which arise from the conflict around distribution: "Dubai model", which follows the capitalist-oriented path and is highly reliant on foreign workforce and consumption, while the national population becomes a hugely outnumbered and marginalised (albeit well-off) minority, and "Kuwait model", which is centred around the interests of the public sector-employed middle class and where the demographics of the national population is not as unbalanced, while the capitalist development is much slower. In the case of Kuwait, Herb explains the inability to progress with economic reforms and follow the purely capitalist Dubai model by the existence of the National Assembly, which he sees as the voice of the middle class/public sector employees and which possesses powers to reverse and question the economic policies that the government and capitalist class would want to adopt. By

protecting the interests of state employees and preventing the economic policies from disproportionately benefiting the capitalist elite, the diversification, austerity measures and reform attempts are being blocked all together. In case of “Dubai model”, there are no meaningful representative bodies to question/audit/control the policies of the ruling powers, therefore the decision-making is carried out unscrutinised and the population has little say in it. Other “extreme rentiers” (Abu Dhabi and Qatar) also generally follow the capitalist, or “Dubai” model of development. This model is more attractive for “middling rentiers” too, not least because in these states the political/ruling elite and ruling families are themselves the integral and largest part of capitalist class. However, due to the insufficiency of resources and the rising pressure from their larger population (particularly after 2011), they cannot afford to go “Dubai”.

A work which complements Michael Herb’s main argument and develops it further is Omar AlShehabi’s two chapters “Histories of migration to the Gulf” (2015a) and “Rootless hubs” (2015b). AlShehabi analyses the conflict “between welfare and goals of capital accumulation” from the perspective of national and expatriate labour and the growing imbalance between the two in the GCC states (2015a: 25) The creation of a “petro-modernist state” (i.e. a specific political structure, state-society relations and super-welfare system) and establishing capitalism as the dominant mode of production, thus integrating the GCC into the global capitalist system, led to the influx of a vast number of expatriates (AlShehabi, 2015a: 3). This in its turn resulted in marginalisation of the local workforce, which confined its economic role primarily to consumption, as well as created an identity crisis and “hyper-alienation” (AlShehabi, 2015a: 28-29). The author further argues that apart from representing the labour force, expatriates also fulfill an important function as consumers, investors and property owners. Therefore, the constant increase of expatriate residents as a consumption force is crucial for stirring the domestic capitalist development and generating revenues for businesses, which are involved in this development. The author provides an example of mega real estate projects, the vast majority of which are ultimately aimed at expatriate end-consumers, rather than at the much more limited (in terms of number and consumption power) local consumers. Hence, the author’s use of the term “rootless urbanism” to describe such capitalist development of the Gulf cities. Thus, foreign employment and residence, and the national/expatriate demographic imbalance

represents another dimension of the conflict line between the capitalist class and the population at large.

This rivalry for resources and conflict between two development models is further exacerbated by the weakening ability of the most of the Gulf states to sustain the initial distribution practices and the very rentier social contract, upon which the political structure of rentier states is built, according to the classic rentier state theory. Steffen Hertog, in his research paper on “Rent distribution, labour markets and development in high rent countries” (2016: 6), highlights two main channels, which high-income rentiers, like the GCC states, use to distribute rents to their population: subsidised energy prices for domestic consumers and employment in the public sector. Both strategies have come increasingly under threat, as the governments are faced with the looming fiscal deficits and are not able to sustain the same level of spending for multiple external and internal reasons. Christopher Davidson’s work “After the Sheikhs” (2012) provides an elaborate analysis of the immediate internal (increased domestic energy consumption, population growth, “youth bulge”, unemployment, discrimination in distribution, etc.) and external (oil price fluctuations, economic liberalisation, influx of expatriates, etc.) pressures that Gulf states are facing, the strains they put on the “ruling bargain” and the existential threat they pose to the regimes themselves.

These pressures mean that the rivalry for existing, but more limited resources is further increasing, and all Gulf states are facing a dilemma of resource allocation and their development mode. On one hand, they can pursue diversification strategies of capitalist development with ever increasing import of foreign labour and an expatriate consumption force, and establish a “post-oil, private sector rentierism” (Davidson, 2012: 8), further antagonising and marginalising the nationals. On the other, hand, they can stick to satisfying the interests of the local population and pursue strategies, which would engage national labour force and sustain welfare distribution, but which can be detrimental for ambitious development projects, diversification and private sector, and which feeds off the state’s capital spending.

The overview of the evolution of literature and theoretical approach towards resource-rich rentier states, and Gulf monarchies in particular, allows us to draw conclusions about the basic provisions regarding the positions of business/capitalist class in a rentier state, its political activity and relations with state and society. To sum up, according to the classic rentier state

theory, rentier business is rent-seeking and highly dependent on the state. The second wave of rentier state literature (specialised and conditional) did not differ much from the earlier theoretical approach in terms of its treatment of business politics. The classic work of this stream – Jill Crystal's "Oil and politics in the Gulf" – suggests that even when the merchant class could represent opposition in the pre-oil period, after the establishment of rentier economy, it traded wealth for power (1995: 10), and from then on ceased to represent a strong political force. Therefore, rentier state theory and its later variations generally do not allow for much "voice" or active political engagement from the side of rentier business.

The works, which could be classified as "late rentierism" literature, have paid more attention to the private sector's political and economic role, as it reviewed the static provisions of the classic rentier state theory in the light of the new dynamics of the 1990s-2000s. Some works suggested that business can be a proponent of reforms in a rentier state; others argued that the private sector is too impotent and apathetic politically to challenge the status quo, while a few authors showed that business actors are actually able to actively protect the status quo and resist changes that do not benefit their economic interests.

Most recent works draw attention to the fundamental conflict between capitalist development (consumption-centred, externally-oriented) and the development centred on the interests of the broader population (welfare and employment provision, the struggle against being marginalised by expatriate labour and consumption force). This conflict underlines the increasing rivalry for dwindling state-distributed resources and represents a clear and present danger that the GCC future development faces. Although the capitalist class is the key player in this unfolding competition, the literature, which develops this idea, is state-centred and hardly speaks about business politics or how the representatives of the capitalist class itself pursue their interests within this rivalry for resources. These works are largely dismissive of the agency of business actors and still stick to the classic rentier state theory understanding that they are passive cronies of the state, who follow the government's decisions, while trying to extract as many rents as possible from it whenever opportunity arises. My research is aspiring to question this approach to business politics.

Research question

The main question that my research is posing is derived from a counter-narrative to the existing literature. This counter-narrative is based on the set of empirical evidence, which shows that the reality of Kuwaiti case differs from the reality one would expect to observe, if the rentier state theory provisions about business politics were universally correct.

Firstly, even a brief look at Kuwait's parliamentary history and political development reveals that there is a great variation in the patterns of political engagement of Kuwait's merchant families, and some families have been continuously active in parliamentary politics. This observation contradicts the argument that merchants as a class withdrew their claims for formal political power and left the realm of formal politics for good in exchange for wealth (Crystal, 1995).

Secondly, merchants in Kuwait rarely act as a united and coherent political force, which conforms with the argument proposed in various works by authors like Hertog (2013a; 2013b), Azoulay (2013) and Luciani. However, this does not prevent them from carrying out political action as individuals and influencing decision-making and policies.

Thirdly, merchants' political engagement does not make them proponents of economic reform policies, apart from those which directly benefit them. This contradicts some of the works (for example, Moore, 2004; Luciani, 2005, 2007), which argued that private sector can facilitate economic and political transformation.

Fourthly, despite the economic isolation from the broader population and the opposing economic interests, the reproduction of social hierarchy and the elitist status of merchants allows some of them to be elected. Some authors (Crystal, 1995; Hertog, 2013a, 2013b) previously developed the idea that merchants have generally lost their ability to function as social intermediaries and do not have a constituency, which could guarantee their election.

Fifthly, the political action of business community is not always pro-government, despite state-dependency. Throughout Kuwait's modern history politically active merchants have shifted between "voice" and "loyalty" on multiple occasions, contrary to the prediction of the rentier state theory.

Lastly, conforming with the argument proposed by scholars such as Herb (2009; 2014) and AIShehabi (2015a; 2015b), the business class economic interests are in opposition to the

interests of the broader population, but the Kuwait case further shows that merchants are able to actively engage in the formal political field to promote and protect them (rather than being passive followers of the government).

Thus, the main question of my research is the following: why do we observe merchants' active political engagement in Kuwait counter to the prediction of the rentier state theory? Why did the tacit agreement to exchange political power claim for economic benefits not quite work in case of Kuwait? And furthermore, what can explain the variation between the patterns of political engagement within the Kuwaiti merchant community itself?

Argument

The answer to this research question, i.e. the main argument that I will develop throughout the Thesis, is that business political activity in Kuwait can be explained by the very structure of the country's political system and the existence of the parliamentary institution. I argue that the Kuwaiti parliament, which was meant to be a mechanism of control and distribution, however has become a tool of leverage on the ruling powers, a platform for political empowerment and struggle of various fractions, and thus an endless source of political contingency. Therefore, the rentier pact/social contract is constantly in flux. Due to the existence of the parliament, various social groups, including merchants, are able to negotiate and renegotiate the distribution on one hand, and are pushed to engage in parliamentary politics to protect their existing benefits on the other.

The Kuwaiti parliament was established as a result of a combination of external pressure and long-standing internal demand. Crystal (1995) explains the incentive to create a parliamentary system by the specific ruler-merchant relations, which have been in place since pre-oil times and have pushed the ruling powers to use the parliament as a forum where a broader support base could be built and potential merchant opposition would be counterbalanced. Similarly, Sean Yom (2011) suggests that parliamentary development was defined by the pre-oil social relations of the ruling family and its inability to consolidate power, which was manifested in the threat to the regime in the 1930s. Therefore, the Al Sabah chose to maintain their coalitional obligations through sacrificing the absolute power, thus preventing the formation of "maximalist" opposition and acquiring tools to control "moderate" opposition (Yom, 2011: 219). Possibly the most coherent explanation for the emergence of the National Assembly

is offered by Michael Herb (2014; 2016), who argues that the establishment of the parliamentary system was necessitated by the expansionist threat from Iraq, which forced Kuwaiti ruler to urgently embark on a quest for domestic and external legitimacy to prove Kuwait's right for sovereignty. Another factor, which the author rightly points out, is that Kuwait's transition into an independent state happened during the rule of Sheikh 'Abdullah al-Salim Al Sabah, who himself was the head of the merchant opposition movement in the 1930s, which demanded the establishment of the legislative council. Thus the political heritage of the ruler, his personality and close relations with the merchant families, also partly explains why the regime opted for a parliamentary system at the beginning of the 1960s. A similar explanation – the combination of external threat, the personality and social relations of the ruler, but also the continuous pressure from the local Arab Nationalist Movement – is given in the memoirs "Kuwait: from emirate to state" (2007) by Ahmad al-Khatib, the leader of Kuwait's Arab Nationalists, who was a witness and active participant in those events.

The parliament, which was created in these circumstances, acquired an ambiguous role. On one hand, it was meant to become a control tool for the authorities, which would allow them to manipulate the regime's support base of various social groups through co-optation by distribution, or punishment by restricting the access to benefits provision. The fact that political parties were never allowed meant that members of parliament are most often elected based on their ascriptive identities and their ability to channel down the rents to their respective social groups (through *wasta*, or intermediary, functions), which reinforces the "vertical segmentation" and patronage networks that allow the rentier state to sustain control over constituencies. Such distribution/control role of the National Assembly is not a unique Kuwaiti feature. Ellen Lust-Okar (2009) has developed a notion of "competitive clientelism", which is created by elections in authoritarian regimes and allows the state to ignite competition among elites for the perks of being in the parliament, and thus to keep them in check.

However, at the same time, the Kuwaiti parliament was never a façade institution. The fact that its creation was pressured by mobilised domestic opposition, which struggled to put some restraints on the ruling powers' dealings with the windfall of oil revenues, to ensure a more equal distribution and to curb corruption among the government officials and the ruling family, meant that the established representation body had real political powers upheld by

constitutional provisions, and was able to constrain the autonomous decision-making of the state/ruler. By the nature of its creation, the parliament was destined to pursue a confrontational path towards the ruling powers, with the major contention being developed around the control over resources and distribution (unsurprisingly so in the conditions of a rentier state).

Thus, in my conceptualisation of the parliament's role I am borrowing Terry Lynn Karl's (1997) notion of "structured contingency" – the situation when the institutions and institutional legacy, created by earlier political decisions, themselves become a constraining mechanism for the following political development and decision-making. The parliament in Kuwait therefore serves both as means of rent-seeking and rent-distribution and means of political leverage due to its institutional legacy. Those functions often appear as the two sides of the same coin. Political leverage – through the ability to question ministers and block cabinet's decisions – increases the parliament members' negotiating power with respect to distribution of wealth and benefits to them and their constituencies. Simultaneously, the intermediary function that MPs are fulfilling to channel wealth to their social groups and the existence of their support base increases their political leverage vis-à-vis the state.

These intertwined roles of the parliamentary body are reflected in the contentious political cycles that Kuwait has been experiencing. The confrontational nature of the parliament meant that since the very establishment of the body the government would struggle to control its content and would try to fill it with co-opted obedient members. It therefore was constantly counterbalancing the opposition groups by empowering and politicising new social groups and communities. However, as Crystal (1995: 83) rightly puts it, "once politicised ... these communities became harder to control". Empowered by the institutional structure of the parliament, they often turned into opposition force themselves, using their political leverage to gain more rents and pushing to expand the parliamentary control over wealth distribution.

To sum up, parliament has become a platform for rent-seeking and competition with other groups for rents and benefits, which reinforces "vertical segmentation", patronage networks and informality, but also for political empowerment and the ability to challenge the state over distribution patterns and control of resources. Therefore, the regime in Kuwait has never been totally autonomous in its decision-making, while the rentier "ruling bargain" has been in a constant state of flux, and the content of political field has been changing over time.

What does these dynamics mean for business politics in Kuwait? In essence, merchants utilise the parliament for the same basic purposes as the other groups of the society. The Assembly first of all provides immense business opportunities and state contracts, due to the direct access to cabinet ministers. It further allows the merchants to shape economic policies and business-related legislation according to their interests. It also provides leverage and control over the state's dealings with resources and revenues, which allows merchants to ensure that the business opportunities are not usurped by rent-seeking state officials and their cronies. Lastly, parliament presents a platform for competition over distribution, both between merchants and population at large, and within the merchant community itself. Such institutional development of the National Assembly since its establishment meant that the post-oil rentier "unwritten treaty" between rulers and merchants, which was supposed to keep merchants away from politics, would not work for too long.

Business politics in Kuwait is therefore defined by the fact that the institutional framework of the parliament both allows merchants to sustain their rent-seeking interests, and produces contingencies and changes of the political field in a way that requires merchants to engage in parliamentary politics to protect their basic economic interests from encroachments of rival groups.

The further question that my research is posing, however, is what can explain the variation of political participation within the business community itself. Why do some merchant families actively engage in parliamentary politics, while others do not? Why did merchants join opposition forces at some points of Kuwait's modern history, while at others they preferred to stay as a government's support pillar? In order to answer these questions I will try to dissect Kuwait's business community and approach it at a micro-level, as individuals and families. I will further analyse several factors, which could potentially determine the choice and success/failure of merchants' political activity. My first argument line here follows Robert Vitalis' (1995) approach ("When capitalists collide: business conflict and the end of empire in Egypt"), according to which the factor of business competition (which includes the factor of the type of business activity) plays a crucial role in business politics. The further argument line was largely inspired by the work on Kuwaiti Shi'i merchants by Rivka Azoulay (2013), who herself was using the framework of Albert Hourani's "politics of notables". According to this framework, "urban

notables” have freedom of political action, first, because of their social power (“natural leadership”), and second, because of their access to authority (Hourani, 2004: 87). Therefore, the argument that I develop is that merchants’ political action is further determined by their ascriptive features (i.e. their social power and place in patronage networks) on one hand, and their relations with the ruling family on the other.

To sum up, in the present Thesis I will argue that the political engagement of the merchant community in Kuwait is generally explained by the existence of the parliamentary body, and the opportunities (rent-seeking) and contingent obstacles (changing political field) it creates, while the choice and success of political action of individual merchants and families is further defined by the features of their business activity, their ascriptive characteristics and relations with the rulers.

Overview of methodology and sources

As is clear from the main question and argument of the Thesis, in this research I am adopting inductive inference approach. The research of the case of Kuwait is not meant to test a certain theory, but is rather aimed to shed more light on the rentier state political economy and sociology with the emphasis on the role of the parliamentary institution.

In order to identify the reasons behind the merchants’ political activity and the factors, which explain the variation of political engagement within the merchant community, I will carry out a comparative analysis and use Mill’s methods of causation. I will first compare Kuwaiti merchant families along the lines “active vs. passive”, and will further compare the instances of merchants’ active political engagement along the lines “voice vs. loyalty”.

In the first part of comparison (Chapter III) I will apply Mill’s methods of agreement and difference – I will compare a sample of 35 merchant families, both politically active and passive, which will allow me to determine what micro-level factors are responsible for the variation. The sample has been compiled mainly based on the analysis of the ownership and board membership of the companies listed in Kuwait Stock Exchange (KSE). I have also taken into consideration whether a family name is commonly known to be part of the old or more recently emerged merchant elite and whether members of the family have been on board of the Kuwait Chamber of Commerce and Industry (KCCI). In order to proceed with comparison, I gathered the information about each family’s political engagement since the establishment of the

parliamentary system and until the present day. The main source which I used to trace the parliament and cabinet involvement of merchants was the Kuwait Politics Database compiled by Michael Herb. Based on the collected information, I identify five groups or categories of families: (i) those which have been consistently active in the political field and have successfully participated in the elections throughout Kuwait's parliamentary history; (ii) those which have been active in the past, but have chosen to withdraw from parliamentary politics; (iii) those which have been actively taking part in the elections, but have not been successful in getting elected; (iv) those which have kept a very low political profile and have not been visible in either parliamentary elections or in the cabinet; (v) those which have not been active in the parliamentary field, however some of their members have become prominent political figures due to their ideological, political or religious affiliation.

Having identified the patterns of political engagement I further investigate which factors are responsible for the variation by carrying out comparisons of different categories of families (active and passive, successful and unsuccessful), as well as families within the same categories. Such analysis allows me to identify the role of sector of business operation, competition, relations with the ruling family, availability of other means of influence, as well as ascriptive features (sect and origin), heritage of political participation, ideology and political and religious affiliation. Thus, the comparative approach here is mainly based on Mill's method of agreement: the comparison of multiple merchant families with diverse characteristics but similar patterns of political engagement allows me to identify which particular features that they share are responsible for the choice and outcome of their political action.

In order to proceed with the comparative analysis, I compiled information about each family in accordance with above-mentioned factors, i.e. origin, sect, age (the time of settling in Kuwait), participation in the pre-oil merchant opposition movements, political/religious affiliation, major features of family businesses, specificities of relations with the ruling family including intermarriage, and availability of other means of influence, such as ownership of media outlets, sport clubs, top positions in various economic decision-making bodies, KCCI, trade unions, societies, etc. The data was collected from multiple sources. The origin, age, sect and family structures of the merchant families were identified mainly based on Khaldoun al-Naqeeb's Archive website, Rivka Azoulay's work on Shi'i merchants (2013), works on merchant families

by Carter (1984) and Field (1984), websites of some of the families (for instance, Al-Marzook, 2016; Diwan Marafie, 2016; Alqenaei, 2016) and Kuwait History website, which has a separate page for each Kuwaiti family listing its origin, time of settling in the country, most prominent individuals, pre-oil history and relative connection to other families. The pre-oil political activity of families is summarised based on the list of members of 1921 and 1938 merchant legislative councils, and the names of merchants with Arab Nationalist leaning mentioned in Ahmad al-Khatib's memoirs (2007). The political affiliation of merchant parliament members and candidates was gathered from Michael Herb's Kuwait Politics Database, as well as from interviews with those individuals themselves during my fieldwork in Kuwait. The conclusions about the major sectors, in which each family is operating, were made on the basis of the analysis of websites of each family company, as well as the analysis of board membership of family representatives in KSE-listed companies. Similarly, the information on the positions of family members in various economic decision-making bodies, such as Kuwait Investment Authority (KIA), Kuwait Fund for Arab Economic Development (KFAED), Kuwait Direct Investment Promotion Authority (KDIPA), Kuwait Chamber of Commerce and Industry (KCCI), Public Authority for Industry (PAI), etc., advisory positions, for example in al-Diwan al-Amiri, positions in sport field and ownership of media, was collected mainly from the websites of the relevant bodies, newspapers and sport clubs. Data on intermarriage with Al Sabah and special relations with the ruling family in general was gathered from Kuwait History website, The Royal Ark website and personal interviews.

In the further parts of the Thesis (Chapters IV and V), I compare two instances of political contention in Kuwait – in 1989 and in 2011-2012 – when the merchants' response was diametrically opposite. Here I use process tracing in order to establish the causal path which led to specific political actions from the business community. I chronologically describe the development of the two major contentious events, addressing in detail the potential alternative class- and economic competition-based explanatory variables, which, as I suggest, do not fully explain merchants' political behaviour in those instances. I further combine the process tracing approach with Mill's method of difference, i.e. comparing two very similar systems with different outcomes. From the analysis of the two contentious events, it will become evident that there are a lot of similarities in the conditions, in which those popular movements emerged and

developed. Nevertheless, the reaction of the major politically active representatives of the merchant community was different. While in 1989 not only did they become part of the opposition movement, but were at its vanguard, after the 2011 development they largely chose to distance themselves from the opposition forces and re-emerge as government allies. I therefore compare the two events in terms of the settings, reasons for discontent, popular demands, and response of the authorities, in order to identify which particular factors are responsible for the variation and explain the difference in merchants' attitudes towards the opposition and the ruling powers in similar conditions.

The contentious events of 1989 were traced through special media reports, interviews with participants and witnesses, memoirs and secondary historical sources; while the material on the most recent wave of discontent (2011-2012) was primarily collected through tracing media, analytical reports and multiple interviews with political actors (politicians and activists) and merchants themselves.

In the further part of the Thesis (Chapter VI) I use case study approach to provide in-depth analysis of several economic policies in order to illustrate the ramifications of merchants' political involvement and its impact on policy-making. The evolution of the policies is chronologically traced to identify how and when the merchant community was able to amend or even reverse the course of those policies through their domination of the post-2013 formal political scene. The data for the case studies was collected mainly from media and analytical reports, as well as interviews with policy-makers, government officials and analysts.

Apart from the well-established secondary sources on Kuwait's history and politics (for example, Crystal, 1995; Tétreault, 1995, 2000; Herb, 1999, 2014; Moore, 2004, and multiple others), the present research is heavily reliant on the primary information collected during three fieldwork trips to Kuwait in January-June 2014, October-November 2014 and April-May 2015. During those trips I conducted personal interviews, both in English and in Arabic⁹, with 60 respondents from a large variety of backgrounds¹⁰. The technique of semi-structured (as opposed to structured) interviews was chosen as the most appropriate for the conditions in which the interviews were carried out. Although a thorough preliminary research on respondents

⁹ Interviews in Arabic were conducted when an interviewee did not speak or preferred not to speak in English. In all cases but one interviews in Arabic were conducted by the author without using an interpreter.

¹⁰ With some of the respondents more than one interview was conducted.

was conducted prior to each interview, very often it was difficult to predict the depth of respondent's knowledge about certain questions or the willingness to talk on certain topics. Therefore, in most cases a list of topics and general questions for discussions was prepared (or occasionally forwarded to the respondent) in advance, while the choice to address more specific questions had to be made during the interview itself judging by the knowledge, area of expertise, and openness of a respondent.

The interviewees included members of the merchant elite, businessmen of small/medium rank, government officials (former and present), members of parliament (former and present), members of parliament and government officials of merchant background, opposition leaders and activists, editors-in-chief of Kuwaiti dailies, Kuwaiti academics (including historians, economists, political scientists), members of the ruling family and young Kuwaitis employed in public and private sectors. The collected information could be divided into two main types – the opinions of the respondents about certain topics and issues, and the storytelling, i.e. the information, which the respondents presented as facts. The latter was naturally biased and was further verified through media, secondary sources and cross-checking with other respondents. However, I consider the bias itself to be a valuable source of information about the attitudes of the respondents and conflicting relations within the society. Most of the interviews were conducted under conditions of anonymity due to the sensitivity of the topic and therefore will be referenced throughout the text under description. Occasionally names of certain public figures, who did not object being quoted, will be revealed in the text.

In order to collect material on the pre-oil and pre-independence period of Kuwait's history (Chapters I and II) I used some of the primary archival material collected by Alan Rush ("Records of Kuwait", 1989; 1994), memoirs by Kuwait's historical personalities, like Khalid al-'Adsani (n.d.), the secretary of the 1938 legislative council, and Ahmad al-Khatib (2007), the leader of the Arab Nationalist Movement and one of the founding fathers of the parliamentary system in Kuwait, as well as secondary literature by Kuwaiti and foreign historians.

The full information on methodology and sources for each part of the Thesis is provided in the introductory sections and throughout the text of respective Chapters and Parts.

Structure

The Thesis is divided into four main parts. The first Part, which includes Chapters I and II, provides the background of business politics in Kuwait. Chapter I narrates the history of Kuwait's merchant community and its relations with the ruling powers in the period prior to independence. Chapter II talks about the further evolution of private capital and merchant community as a social group in the oil era. It will be shown that the main features, which form the basis of merchants' relations with the state are state-dependency and vulnerability to oil economy fluctuations, while the structural autonomy of the private sector from the broader population and its monopolistic, elitist composition defines its contentious relations with the population at large. Through the analysis of those relations (merchants and state, merchants and population) these chapters will explain why business has vested interests in politics, and why it has to manoeuvre between the state and the wider population.

The next section (Part II, Chapter III) develops a broad "passive vs. active" comparison and defines a combination of factors, which explain why some families engage in parliamentary politics, while others do not. It will firstly challenge the argument about merchants' withdrawal from the rentier political system, and further show how the factor of economic competition in different business sectors, availability of means for rent-seeking other than the parliament, sociological features and relations with the ruling powers determine the merchants' choice to engage in parliamentary politics, as well as the success or failure of those political endeavours.

Part III (Chapters IV and V) provides the "voice vs. loyalty" comparison. Chapter IV will analyse the pro-democracy movement of 1989 in Kuwait and the role of the merchant community in it. Chapter V then will compare it with the contentious processes, which started in 2011, and explain why we saw an opposite response from the business sector, despite the great similarity between the two events. The comparison will suggest that "voice" is the choice when the regime puts the whole parliamentary system under threat, thus diminishing merchants' leverage on the ruling powers and endangering their ability to negotiate the flow of rents. "Loyalty" becomes an option when the business rent-seeking interests come under attack by rival socio-economic groups, which reach political prominence as a result of the empowerment through the parliament and changing political field. In this case, alliance with the ruling powers would allow merchants to re-establish their dominance over the parliamentary institution in order

to counter rival interests. These chapters challenge the argument that merchants are invariably deployed as the supporters of the regime and show that rent-seeking interests can be realised in a variety of ways.

The last section (Part IV, Chapter VI) offers an overview of how the state's economic policy changed with the merchant interests domination of parliamentary politics. Through a set of case studies the Chapter illustrates how the parliament allowed merchants to fulfil their rent-seeking goals through reversing and amending economic policies and reforms in accordance with their interests. The analysis will show that those interests indeed contradict the preferences of the population at large. Furthermore, business interests do not comply with economic reforms agenda, and merchants naturally pursue only those policies, which could benefit their interests, while opposing other reform initiatives, which could endanger their privileged economic positions.

The Thesis will end with a concluding section, which will reiterate the main argument, show how it relates to the existing literature and contributes to the theoretical discourse, and what implications it might have for the further research on business politics in other semi-parliamentary regimes.

Part I: The historical background and the major features of the business sector in Kuwait

Introduction

Part I of this Thesis aims to provide background information on the merchant community in Kuwait, thus defining the main object of research. It is predominantly descriptive, outlining the history of formation and the main features of the business sector in its present form.

The Part is divided into two Chapters. Chapter I discusses the establishment of the merchant community and its relations with the rulers in the pre-oil era, and its further evolution and formation of the new type of state-business relations during the turbulent period of the emergence of the oil economy. Chapter II focuses on the analysis of the main characteristics of the Kuwaiti business sector both as an economic class and as a social group vis-à-vis the state and vis-à-vis the population at large. Thus, while Chapter I shows the historically powerful position of the merchant community vis-à-vis the ruling powers and the ability of merchants to retain their economic privileges within the oil economy, Chapter II points out the Kuwaiti business' extreme state-dependency and vulnerability on one hand, and elitism and autonomy from the broader population, on the other.

The analysis in the two Chapters will further enable me to conclude on what the merchant community is, whom it is comprised of, and how its history and main features potentially shape its political action.

Chapter I: The evolution of the merchant community in Kuwait from the pre-oil times to the establishment of the modern political system

1.1 Introduction

When analysing any aspect of the modern history of Kuwait, including its state-business relations, one inevitably has to refer to the historical background and the evolution of the country in the pre-oil period, when the basis and foundations of the state-society and ruler-merchant power balance were first established. The majority of the authors, who have written on Kuwait's political economy and political and social development, begin their narratives by

pointing out the peculiarities of the country's pre-oil political and economic system, which in various ways impacted its further development in the modern times. For some authors (like Crystal, 1995 and Ismael, 1982), the comparison between the pre-oil and modern periods and the analysis of the country's transition from one to another forms the very basis of analysis and the core of their main arguments. Crystal examines the change of the political power balance upon the establishment of the rentier economy, while Ismael focuses on social and economic change that was brought by the oil-induced dependency of the local (peripheral) capital on the world capital centres.

The aim of the historical part of the present Thesis is, first, to explore the pre-oil settings, in which the merchant community was established, and further trace how its composition and relations with the ruling powers developed upon the emergence of the oil economy. However, unlike the authors who focus on the change brought by the oil, I will instead attempt to emphasise the continuity in the ruler-merchant relations and the business elite's patterns of political activity. Such historical analysis will enable me to make conclusions about the major features of the business community in Kuwait, which have been inherited from the pre-oil times, and highlight those, which have been acquired more recently. The analysis of those features will be the focus of the Chapter II of the Thesis.

1.2 The history of Kuwait's merchant community and ruler-merchant relations before oil

1.2.1 The emergence of the merchant elite and the political system in pre-oil Kuwait

The emergence of the merchant elite in Kuwait is tightly connected to the very establishment of the country as a separate political entity. Although the fact of Kuwait's foundation is surrounded by myths, historians and researchers (Abu-Hakima, 1983; Crystal, 1995; Tétreault, 2000; Moore, 2004) agree that it took place in the early 18th century when a group of Bani 'Utub tribes¹¹ was forced to migrate to the shores of the Persian Gulf from Central Arabia by a prolonged drought (Tétreault, 2000: 33). It was the advantageous geographical position of Kuwait (or Grane, as it was known at that time) that attracted the newcomers. Kuwait's gateway location between the desert and sea trade routes, as well as its strategic

¹¹ According to Abu-Hakima (1983, 3-4), Bani 'Utub is a group of originally related families, which belong to 'Anaza tribe and inhabited Najd and Northern Arabia before coming to Kuwait in the early 18th century. However, according to a senior respondent from an old merchant family (which is itself part of the Bani 'Utub), the term 'Utub means pact or agreement, which reflects the arrangement that was made between the families on sharing power and dividing responsibilities (personal interview; Kuwait, October 2014).

proximity to the river systems of Shatt al-'Arab, gave it the necessary potential to become a shipping centre and a regional market (Broeze, 1997: 149). In fact, the topography of the settlement was virtually its sole advantage and resource, as the harshness of environment sharply limited Kuwait's agricultural production (Al-Abdul-Razzak, 1983: 12). The only local products Kuwait had in abundance were fish and pearls.

These geographical and ecological factors determined the future development of the town and the activities of its newly settled population. Kuwaiti settlers were engaged in maritime industries – fishing, pearl-diving, ship-building and trade. Fishing was the only source of local production, as Kuwait lacked almost all the main consumption necessities. Therefore, life in pre-oil Kuwait was largely dependant on the activity of its seafarers and merchants who were supplying the population of the settlement with all consumption products.

Since the settling of Bani 'Utub families in Kuwait in the early 18th century, and the beginning of their involvement in regional commercial activity, the town started to grow steadily in size and wealth, transforming into one of the major seaports and markets in the Persian Gulf. It greatly benefited from the overall rise of trade and pearl industry in the region in the 19th century (Broeze, 1997: 155). The growth of economic prosperity further triggered the establishment of the nascent political system. At the beginning of the Bani 'Utub's independent political existence, they faced the necessity of choosing a family that would be responsible for internal and external political affairs and security of the newly established settlement (Tétreault, 2000: 33; Moore, 2004: 30). A member of the Al Sabah was selected in a tribal manner by other Bani 'Utub clans (Abu-Hakima, 1983: 6), but the question of how and why exactly this family was chosen is unclear and has a number of possible answers. Lieutenant-Colonel H. R. P. Dickson, the British Political Agent in Kuwait in 1929-1936, notes, quoting the Amir of Kuwait Sheikh 'Abdullah al-Salim Al Sabah (1950-1965), that the Al Sabah family "was enjoying predominance over the whole great tribe of the 'Anizah" even before the migration from Najd to Kuwait (Dickson, 1956: 26). However, most researchers (Crystal, 1995; Tétreault, 2000)¹² and historians (Abu-Hakima, 1983; Al-Shamlan, 2000) state that it was selected not because of its social prominence or economic wealth. On the contrary, some of them claim that the Al Sabah

¹² In their discussion about the foundation of Kuwait and the establishment of the Al Sabah dynasty, those researchers mostly rely on the accounts of Kuwaiti and foreign historians, such as Abu-Hakima, J. B. Slot and Alan Rush, and observers, like H. R. P. Dickson, who in their turn gathered the information from oral narratives and accounts of early travellers to Kuwait.

were the poorest and did not have any significant business source of income that could be distracted by their involvement in political affairs, as was the case with other families (Tétreault, 2000: 34).

Thus, in the middle of the 18th century Kuwait saw the establishment of its political rule, the main function of which was to protect and represent the economic interests of the town's population. It is important to emphasise, that the ruling family was chosen by equals and from equals, and moreover, was financially dependent on merchants' revenues, receiving them through customs dues, taxes and loans (Crystal, 1995: 4). The ruler had to consult the heads of the most influential merchant families about all the major policy issues, including war and peace affairs, as these families were the ones who provided the means for conducting policy. This formed the major basis of state-society relations in Kuwait: the separation of economic and political functions between the ruling family and the merchants, and at the same time, their interconnection and mutual dependence. Al Sabah could never suppress the merchant elite because the latter's "political power grew from [its] economic strength" (Crystal, 1995: 4). Such a pattern of relationships ensured that the elite of society could always take part in policy-making. As early as 1756 the Principal Resident of the Dutch East India Company, Baron van Knipphausen, described the political structure of Kuwait as "an oligarchy of heads of families" (Slot, 1998: 131), rather than an autocracy with the absolute rule of the Sheikh.

To sum up, Kuwait witnessed the establishment of the political and economic hierarchy and the emergence of the powerful merchant elite as early as in the middle of the 18th century. The wealthiest merchant families controlled trade and the pearl industry – the main sources of income for Kuwaiti society at that time, and it was these prominent clans that selected the al-Sabah family to rule the country. As Mansfield (1988: 18) and El Mallakh (1968: 6) state, Kuwaiti society became stratified into three major socio-economic classes: the ruling family administering the political affairs, the merchants gaining the main income of the country and providing the population with all necessary commodities, and the working class employed in fishing, shipping and pearl diving; "the most influential group...[being] the merchants upon which both the working and the ruling groups depended for their economic viability" (El Mallakh, 1968: 6). For this reason, the interests of the merchants were always predominant, and the ruler's policy was aimed at supporting and protecting them. Although the economic and political

roles in pre-oil Kuwaiti society were nominally divided between merchants and the ruling family, there was actually no clear-cut line between the two, the business elite possessing both economic and political power.

Various authors (for example, Moore, 2004; Ismael, 1982; Carter, 1984; Al-Shamlan, 2000) provide different lists of merchant family names that were prominent in the pre-oil times. One of the sources that researchers tend to base their knowledge on is Dickson's list of what he evaluated were the most important (according to the number of population) and well-established families in Kuwait by the early 20th century. The list consists of eight families, which are Jana'at, al-Khalid, al-Zayid (or al-Ghanim; includes al-Ghunaim and al-Qatami), al-Saif (including al-Roumi and al-Shamlan), al-Badr, al-Jalil, al-Saleh and al-Saqr (Dickson, 1956: 41). The list of pre-oil merchant families provided by Al-Shamlan (2000: 95, 98) is much larger. According to him, the prominent families of Eastern Quarters (al-Sharq) included al-Saif, al-Mudhaf, Hilal Mutairi, al-Nisf, al-Ghanim, al-Qatami, al-Bourisli, al-Qina'i, and 18 more; while the families of Western Quarters (al-Qibla/al-Jibla) included al-Badr, al-Marzouq, al-Hamad, al-Khudhair and nine more. Chapter II will discuss the content of the merchant elite in the pre-oil and modern times in more detail.

1.2.2 Merchant opposition and contentious events in the beginning of the 20th century

The first signs of alteration of the ruler-merchant social pact came with the establishment of the treaty relations with Britain in 1899. As happened in other Gulf states, "by allying with a powerful protector..., a ruler...reinforced his position within his shaikhdom" (Onley, 2009: 12). This alliance led to the significant growth of the political power of Kuwaiti Amir (at that time, Sheikh Mubarak Al Sabah, 1896-1915) and the beginning of the establishment of his economic independence due to British financial support (Onley, 2009: 39). Political power became mostly concentrated in the hands of the ruler, and he started to neglect the tradition of consulting with the elite members of the community on vital political and economic issues (Baz, 1981: 112). This undermined the very basis of his relationship with the merchant elite. Furthermore, such reinforcement of the ruler's political and economic power was also followed by his unpopular unilateral decision-making, such as introduction of new taxes, price controls, and attempts at direct interference in merchants' business. One of the measures, which had the most serious negative ramifications on the ruler-merchant relations, was Sheikh Mubarak's decision to

increase customs duties on several instances in the 1905-1908 period. He further ordered to build customs warehouses, through which all the trade in the country had to go through, and all the customs payments had to be paid to the Sheikh personally (Alghanim, 1998: 138-139). All these measures greatly increased the ruler's ability to control the trade and extract revenue from it.¹³

Such development inevitably alienated the Kuwaiti merchant community from the ruler and ultimately solidified its opposition against him. This was expressed in several noticeable contentious acts, through which the merchants tried to restore their economic positions and political power by ensuring their participation in political decision-making. Thus, in 1909 several prominent traders and pearl brokers – Hilal al-Mutairi, Ibrahim al-Mudhaf, and Shamlan al-Saif – decided to protest the ruler's policy by using the traditional tactic of secession¹⁴, and left Kuwait for Qatar and Bahrain. Amir Mubarak, who was still largely dependent on merchants' economic power, canceled the newly imposed taxes and personally wrote letters to the dissident merchants inviting them to return (Slot, 2005: 337). Although the 1909 merchant protest dissipated quickly and involved only a small part of Kuwaiti society, it was the first evidence of the gradual emergence of merchants' coherent opposition group that could further act as a contentious political force. As Zahlan (1989: 26) concludes, "the rift between...[rulers and merchants] had [since] become a feature of Kuwaiti political life". However, it was the last time when merchants embarked on the traditional tactic of exit as a means of exerting political influence (Crystal, 1995: 25). Further opposition actions of the merchants tended to be more politically organised and institutionalised.

The next wave of opposition activity emerged in 1921, when a group of merchants tried to utilise the political vacuum created after the death of the ruler, Sheikh Salim Al Sabah (1917-1921), as an opportunity for empowerment. They organised a council led by Hamad al-Saqr and forwarded a petition to the ruling family demanding the establishment of a consultative body that would ensure their participation in political decision-making (Tétreault, 2000: 39). The newly chosen Amir Sheikh Ahmad Al Sabah (1921-1950) promised to rule in accordance with

¹³ Kuwaiti merchants previously enjoyed relatively free trade and customs regime. Throughout the second half of the 19th century Kuwait managed to escape multiple attempts of the Ottoman authorities to establish centrally controlled customs houses on its territory (Alghanim, 1998: 9-10).

¹⁴ The secession (or "exit", as Crystal (1995: 21) puts it) was one of the merchants' most effective tools of influence: protesting the ruler's policy, the merchants could leave Kuwait to another port-city taking a significant part of population involved in pearl-diving with them and depriving the ruler from his source of financial income.

merchants' advice and in cooperation with their council, but did not keep the promise for too long: the irregular activity of the council and the lack of attention paid to it by the ruler finally resulted in its dissolution after only two months of existence (Crystal, 1995: 45). The attempt of the merchant elite to actively participate in the state's policy-making eventually failed.

Nevertheless, in the 1930s Kuwait witnessed the most remarkable wave of merchant opposition in terms of the scale of the protest and the significance of its consequences. It culminated in the establishment of a Legislative Assembly – *majlis* – in 1938, and for this reason is referred to as the Majlis movement (see Appendix A for the list of Assembly members). It was caused by a combination of both internal factors and external processes. One of the most obvious and important reasons for merchants' mobilisation was that in 1934 the ruler of Kuwait signed preliminary oil concessions and started to receive regular revenues without sharing them with the rest of the population (Zahlan, 1989: 28). Moreover, during the interwar period Kuwait was suffering from a serious economic crisis mainly caused by the decline of pearl industry as a result of the introduction of Japanese cultured pearls in the 1920s. The country's economy was further hit by the Saudi embargo combined with frequent raids of Ikhwan from Central Arabia (due to the Saudi-Kuwaiti border dispute of 1919-1920), and the consequences of the Great Depression later on in 1930s. The situation was further aggravated by the ruler's unpopular taxation policies (Crystal, 1995: 44), as well as some religious regulations that put additional burden on business (Tétreault, 2000: 63).

An important role in the emergence of the Majlis movement was also played by the rise of anti-British sentiments and independence movements in the whole region triggered by the Palestine conflict and the consequent Arab Revolt in 1936-39. During this period, Kuwaitis were the most active among the Gulf residents in supporting Palestine, and the Kuwaiti ruler greatly alienated himself from the population by prohibiting the collection of financial aid for the Palestinians in accordance with his pro-British political orientation (Zahlan, 1989: 27-28, 54).

Similar to 1921, the opposition movement in the 1930s expressed itself in the form of establishing new administrative institutions, namely the Education Council and Municipality¹⁵, which was an elected body, financially independent from the authorities (Crystal, 1995: 46). These newly established institutions gave birth to the Majlis movement and the first calls for

¹⁵ Both Education Council and Municipality outlived the Majlis movement itself and were ultimately successfully incorporated into the country's administrative system (Crystal, 1995: 58-59).

administrative reforms. In June 1938, the leading families of the country elected a Legislative Assembly of fifteen members, all being prominent Kuwaiti citizens, mostly of the merchant background.

The Assembly was headed by 'Abdullah al-Salim Al Sabah – Sheikh Ahmad's political rival. The formation of an opposition group within the ruling family was noticed by the British Political Agent as early as in 1921, when he reported to the High Commissioner in Baghdad that “there has been a rather serious quarrel between Abdullah as-Salim and rest of Subah family” (Rush, 1989: vol. 2, 78). The conflict was exacerbated by the unequal distribution of revenues from oil concessions among the members of the ruling family, and Al Sabah dissidents provided important support to the merchant opposition movement.

The elections were followed by the organisation of Kuwait's first political group – the National Bloc (Crystal, 1995: 48) and the preparation of the Basic Law. Opposed by such a highly organised political movement, Sheikh Ahmad Al Sabah had to accept the Legislative Assembly and sign the Basic Law (Tétreault, 2000: 48). Although the work of the Assembly lasted only six months, this remarkable historic period is still remembered and referred to in Kuwait as the “Year of the Majlis” (Zahlan, 1989: 29). Indeed, these six months were extremely fruitful in terms of legislative activity. Apart from establishing the Basic Law, the Assembly introduced a number of important reforms in such fields as jurisdiction, finance, education, public health care, security, and so on (Moore, 2004: 39). Eventually the Assembly tried to gain control over oil concessions, and it was this attempt that brought it to an end. The merchants' claims for controlling the oil revenues, which had recently started to flow into the country, could not be tolerated by the ruler who eventually dissolved the Assembly, although promising to form a new one shortly (al-'Adsani, n.d.: 75). The council that was later established by the ruler to replace the Assembly faced a similar fate, and its dissolution triggered clashes between the council's members and the police, which resulted in the death of one participant and the imprisonment and exile of others.

Despite its failure, the Majlis movement has left an important state-building legacy by establishing the pattern for further parliamentary-constitutional development of the country: the Legislative Assembly is fairly considered to be the predecessor of the present-day National Assembly, while Tétreault (2000: 62) calls the merchants' petition to the ruler (1938) the

antecedent of the 1962 constitution. Through these events, a solid perception was established about the democratic nature of the merchants' political activity prior to independence, which presents them as "godfathers" of the present parliament – "the other side of the political system, which allows participation, election, semi-democratic forward-looking" development¹⁶. It has also been persistently reproduced in the social consciousness and the merchants' self-perception, who see their historic role as "defenders of the constitution" and "protectors of the jewel of Kuwait"¹⁷.

Although the business community indeed challenged the ruler's autonomous power and established an important precedent, which had democracy-boosting consequences, the nature of the movement was at the same time elitist and exclusionist. While forming the new institutions, the merchant elite tended to retain its internal coherence by not relying on other parts of the population, and therefore did not establish a broader coalition, which is often cited as one of the main reasons for the failure of the movement. According to Zahlan (1989: 29), Shi'a and bedouins kept their loyalty to the ruler during these events. Although the secretary of the first and second Legislative Assemblies, Khalid al-'Adsani, notes in his memoirs (n.d., 28) that merchant families of Persian origin and other Shi'a were participating in electing the members of the first Majlis, indeed, there were no Shi'i elements in the Assembly itself.

The elitist and exclusionist nature of the movement therefore gives rise to a more sceptical view, according to which the merchant elite took advantage of the rising popular movement in the region and the succession chaos in the ruling family and "pushed for democracy for their own benefit"¹⁸. The 1938 movement was quite clearly first and foremost aimed at reinstating the economic positions and political power of the merchants through the Majlis, and thus it would be more precise to define it as the struggle of elite versus ruler, rather than people versus ruler, although the latter definition is most often used by the members of the merchant community themselves to describe the events¹⁹. As further chapters will show, this pattern of merchants' political activism, motivated by the desire to protect economic interests, has been consistently repeated throughout Kuwait's modern history.

¹⁶ Personal interview with a professor in political science, Kuwait University; Kuwait, April 2014.

¹⁷ Personal interviews with members of two old merchant families; Kuwait, February 2014 and October 2014.

¹⁸ Personal interview with a dissident member of Al Sabah family, former editor-in-chief of an opposition leaning newspaper; Kuwait, February 2014.

¹⁹ Personal interview with a member of an old merchant family; Kuwait, October 2014.

All in all, the analysis of the contentious events of the early 20th century shows that the merchant elite represented a highly active and efficient political force, which was able to challenge the ruler's growing autonomy in decision-making. Although the nature of this opposition movement was oligarchic (Broeze, 1997: 170) and the merchants were clearly motivated by their economic interests and several decades of economic hardship caused by various internal and external factors, the movement set an important historic precedent and launched a path of semi-democratic political development, which was pursued by broader political forces two decades later and resulted in the establishment of the country's parliamentary system.

The culmination of the merchant opposition movement in Kuwait coincided with the discovery of oil in 1938, which eventually completely changed the nature of state-society relations in the country. The flow of oil revenues ultimately broke the ruler's financial dependence on the merchants' income from trade. Instead, all groups of population, including the business elite, were put in financial dependence of the ruler – the possessor of the new source of wealth. It allowed him to guarantee the merchants' economic prosperity – both through special distribution policies and direct state support of their businesses. Nevertheless this distribution pattern did not emerge straight away after the discovery of oil. Rather, it was preceded by a period of contention, during which the merchants were faced with bitter rivalry from the members of the ruling family and the British companies, and yet again became part of the movement, which pushed for the establishment of parliamentary political system. The next section of the Chapter will focus on that period.

1.3 The formation of the oil economy and political system

1.3.1 The rivalry for oil revenues: merchants, Sheikhs and Britain in the 1950s

As was mentioned, oil in Kuwait was discovered in 1938, while production at commercial levels did not start until 1946, having been delayed by the war. However, even the start of the flow of oil revenues in the late 1940s did not immediately result in a boost to the domestic economy, nor did it relieve the local mercantile community from almost half a century of economic hardship (Tétreault, 1995: 80). In general, oil industry tends to develop as an enclave and have a vertical structure, therefore having little connection with other sectors of economy (Tétreault, 1995: 15). If anything, the first and most noticeable effect of the increased income

was the ultimate distortion of the old model of socio-economic relations between various contending forces – the ruler, the British, the ruling family, the merchants and the population at large, and the emergence of sharp competition for the portion of the newly acquired wealth.

Since the signing of the concession agreement with Britain in 1934, Sheikh Ahmad Al Sabah was largely monopolising the revenues, taking up to 80% and leaving only 10% for the rest of the family (Herb, 1999: 71). This caused discontent among the Sheikhs, which they expressed to the British Political Agent, and which was one of the main reasons for some members of the ruling family to join the 1938 movement discussed earlier. As the revenues drastically increased after 1946, the stakes for the Al Sabah members to ensure more equal distribution got even higher. The merchants were equally unhappy with the growing economic and political autonomy of the ruler. Furthermore, they were worried that the oil industry would attract the majority of the local labour force leading to the ultimate demise of traditional economic activities. Therefore, initially, as Tétreault states quoting Alan Rush (1995: 79), “no one genuinely wanted it [oil] to be found or exploited”.

In the beginning of the 1950s two new factors had major implications on the struggle over oil revenues and the power balance between the main contending forces. Firstly, in 1950, Sheikh ‘Abdullah al-Salim came to power after the death of Sheikh Ahmad. With the heritage of him heading the 1938 movement and cordial relations with some of the merchants, ‘Abdullah al-Salim’s rule meant that the merchant community would have much stronger leverage in the question of distribution of the oil rents.

Secondly, in 1951 the new ruler demanded the change of the royalties agreement with the British. By that time major oil-producing countries across the world were already renegotiating the distribution of revenues with foreign oil companies or had successfully done so. In 1951 oil was nationalised in Iran, while Venezuela and Saudi Arabia managed to increase their share of income from oil production to 50% (Tétreault, 1995: 81-82). The success of those countries pushed the Kuwaiti ruler to follow the trend, and the new 50-50% royalties agreement was signed the same year (1951). This immediately resulted in an immense rise of revenues, as the increased share coupled with rising amounts of production. The revenue in 1952 (KD 34.85 million) was 4.5 times higher than in 1951 (KD 7.5 million), and continued to rise steadily throughout the 1950s (Smith, 1999: 143).

The increase in revenues naturally had a great impact on the speed and scope of development throughout the decade and the emergence of related commercial opportunities. The development plan of 1952-1957 exceeded UK £ 90 million (Smith, 1999: 50). In 1953 the government commissioned the first desalination and power plants, while in 1954 a new town plan was agreed upon (Khouja and Sadler, 1979: 29). At the same time, the welfare system started to take shape in the 1950s as well, with the beginning of the provision of free healthcare, education and housing to the population (Khouja and Sadler, 1979: 29). All this development required an immense amount of construction projects and infrastructure-building almost from scratch, and this is where the interests of the British, the merchants and the ruling family collided.

Since the beginning of the oil production, and since the UK Foreign Office assumed direct responsibility over the Gulf in 1948, Britain started to pay much closer attention to the region and its policies towards it began to be much more intrusive (Smith, 1999: 14). The drastic rise of revenues in Kuwait and the subsequent economic distortions posed a risk to the whole Sterling area (Smith, 1999: 15). While at the same time, Britain was eager to ensure that newly acquired wealth in Kuwait was invested back in Britain (Smith, 1999: 44). Thus it was putting pressure on first Sheikh Ahmad and then Sheikh 'Abdullah to appoint British advisors. The proposal was rejected by both on multiple occasions and under various pretexts, until in 1951 the ruler finally agreed to accept two British experts to be appointed in financial and customs departments (Smith, 1999: 24). Crystal (1995: 68) suggests that it was done in order to counterbalance the ruler's then powerful rivals within the family itself.

At the same time, with the immense increase of development projects and business opportunities, British consultants and companies were rushing to reserve as many contracts as possible while the ties between the British government, as "an imperial power in decline", with the country's ruler were still strong (Tétreault, 1995: 84). The major five British firms, or the "big five" as they were called locally at the time, virtually monopolised all the development projects in the beginning of the 1950s (Smith, 1999: 51), which naturally caused discontent both among the local merchants and the ruling family members, who tried to gain a larger share of the revenues and business opportunities. Furthermore, the Kuwait Oil Company (KOC) also had a "mostly

British face” (Tétreault, 1995: 86) – it employed few Kuwaitis and generally kept interaction with the local businesses to minimum (Smith, 1999: 55).

Another rival force to the merchants’ interests was represented by several members of the ruling family, particularly Sheikhs Fahad al-Salim and ‘Abdullah al-Mubarak, and the ruler’s powerful secretary ‘Abdullah Mulla Saleh, who were trying to break the monopoly of the British firms. ‘Abdullah al-Mulla was dealing with the country’s finances almost in parallel to the financial department headed by the British advisor (Smith, 1999: 29). Fahad al-Salim (the ruler’s half-brother) headed the municipality and health department, and later gained control over the development finances and became the head of Development Board in 1952, while Abdullah al-Mubarak (the ruler’s uncle) headed the military and had an ambition to become the next ruler (Herb, 1999: 76). Upon the appointment in the Development Board, Sheikh Fahad informed the British advisor that all development projects would have to be approved by him personally before being implemented and that the advisor’s role would be restricted to giving technical advice (Smith, 1999: 42 and 52). He also obliged the British companies to acquire local agents in order to obtain state contracts (Herb, 1999: 77), while ‘Abdullah al-Mubarak clashed with the British about the issue of developing the police force (Crystal, 1995: 70).

In general the power of the family was on the rise during the 1950s. The major executive bodies, which were established at that time in order to oversee the development, such as the High Executive Committee (1954), the advisory Supreme Council (1956) and municipality board (which until 1954 was an elected merchant body) were dominated by the Sheikhs, and the projects and opportunities were divided between Sheikhly “empires” in partnership with the British contractors (Crystal, 1999: 65, 70, 71, 73).

Moreover, in the early 1950s the process of the government’s land acquisition was on the rise. The state was purchasing land from its owners at highly inflated prices for development and infrastructure projects as a means to distribute wealth (Herb, 2014: 153), as well as to persuade people to move away from the old part of the city to the new areas (Al-Najjar, 1984: 91). At the beginning of the land acquisition programme in 1951-1953 the biggest beneficiaries of that scheme were the ruling family members who reserved the land in advance, with over 60% of distributed wealth going to them (Herb, 2014: 153). The merchants’ earnings from the programme were initially insignificant (Al-Najjar, 1984: 385).

Thus, it is clear that upon the launching of massive development and distribution of revenues through contracts, business opportunities and almost direct hand-outs (like the land acquisition scheme), most of the merchants were initially sidelined. Only a few of them, who enjoyed the closest relations with the ruler and the most prominent members of the Al Sabah, benefited from the development at the early stages. Those were the ones who benefited from Fahad al-Salim's and the ruler's request that all British companies should acquire local partners, and became agents of the "big five", i.e. Khalid 'Abdullatif al-Hamad, Yousef al-Ghanim, Khalifa al-Ghanim, 'Abdul'aziz al-Saleh and 'Abdullah 'Alireza, while the fifth firm was represented by 'Abdullah Mulla Saleh (Rush, 1989: 552). This resulted in other merchants, who were not in partnership with the monopolist "big five", pushing for more diverse contract allocation and introduction of new firms (Smith, 1999: 54).

Gradually the merchants' grievances started to be heard, and their demands were met. The good relationship between Sheikh 'Abdullah al-Salim and the merchant community played its role in the change of the power balance. In 1953, the Kuwait government stopped allocating some of the contracts to the "big five" directly and introduced a tendering system, in which the five British firms had to compete with other British and foreign companies (Smith, 1999: 54). This obviously created new opportunities for a larger number of local merchants. The ruler further pressed Kuwait Oil Company to purchase from local suppliers and employ more Kuwaitis (Tétreault, 1995: 84). The merchants' opportunities to benefit from the oil windfall also increased with the ousting of Sheikhs Fahad al-Salim and 'Abdullah al-Mubarak from their posts in the Supreme Council in 1959 and 1961 respectively (Smith, 1999: 99 and 140).

Furthermore, from 1954 onwards merchants started "catching up" in earnings from land acquisition programme (Al-Najjar, 1984: 385). Their ability to gain access to the ruler and voice their discontent resulted in the gradual change of distribution policy. If in 1953 merchants constituted 14.6% of the beneficiaries of the land acquisition programme and were allocated only 10.53% of the total distributed wealth, in 1954 they already constituted 48%, with the number rising to 79% in 1961 (Al-Najjar, 1984: 327).

As the opportunities and state support for the merchants increased in the 1950s, the first shareholding companies (owned by the merchants, but with a large portion of state capital) started to emerge. The first public company and the first Kuwaiti bank – the National Bank of

Kuwait – appeared in 1952, breaking the monopoly of the British Bank for the Middle East (Darwiche, 1986: 1). Its founders were members of al-Khalid, al-Ghunaim, al-Hamad, al-Rifa’i, al-Fulaij, al-Ghanim, al-Khorafi and al-Saqr merchant families (NBK, 2016). In 1954 Kuwait National Cinema Company and Kuwait Airways Company emerged²⁰, while in 1957, the establishment of Kuwait Oil Tankers Company (KOTC) signified that the merchants had gained access to the oil sector. KOTC’s capital came from the merchants, but the company was 53% owned by the state, and the company was partly seen as the way to substitute the dying long-distant trade (Tétreault, 1995: 108). KOTC establishment was not opposed by Britain and British Petroleum (BP) because it was assumed that it would purchase British oil tankers, and the company was doing very well in the beginning (Tétreault, 1995: 107).

1.3.2 The political development in the 1950s-1960s: merchants and the Movement of Arab Nationalists

The important political development that Kuwait witnessed in the 1950s, which substantially increased the merchants’ counterbalancing power vis-à-vis their rivals in the shape of the British and the Al Sabah Sheikhs, was the rise of the Movement of Arab Nationalists (MAN) in Kuwait. It was induced by a combination of internal and external factors and became a trigger for transformation of the country’s political system and a threat to the British hegemony.

Kuwait’s Nationalist group was established in the early 1950s, and was largely a reaction to the perceived atrocities of colonial powers in the Middle East, specifically in Palestine. It was inevitably energised by the spread of Nasserism in the region and by transmission of pan-Arab Nationalist ideas to Kuwait through the influx of Arab migrants (Chalcraft, 2011). The group was organised by Dr Ahmad al-Khatib, who was educated in the American University of Beirut, and during his studies there became deeply influenced and inspired by Pan-Arabism and the Palestine Liberation group. Upon his return to Kuwait, he established the “embryo group”, which later became the main headquarters of the nationalist movement in the Gulf (Takriti, 2013: 51). The group revived the call for the establishment of an assembly (Crystal, 1995: 85), constitutional development and reforms (al-Naqeeb, 1990: 91). It was demanding full independence and had a clear stance against the British and, initially, dynastic hegemony as

²⁰ The government acquired 50% interest in KAC in the second year of its existence (1955); however, the company was loss-making and was fully nationalised in 1963.

well (Takriti, 2013: 68). In 1956, during Suez crisis, the Nationalists organised marches in support of Egypt, calling for the boycott of French and British goods and for the nationalisation of oil.

Many authors (Smith, 1999: 70; Crystal, 1995: 82) note that the content of the nationalist opposition was different to the earlier merchant-led movements. Its ranks were of less elitist, and more so-called educated middle class origin. However, the group and the Pan-Arabist, pro-independence and pro-reform causes it advocated had very broad popular support, in which the merchants played an important role²¹. Their relationship with MAN was cordial and symbiotic, as their goals and demands were largely coinciding with those of the movement at that moment, i.e. the establishment of the assembly in order to have a direct say in wealth-distribution and to curb the Sheikhly wealth acquisition and British hegemony. The merchants did not support the movement out of purely mercantile interests though: according to Ahmad al-Khatib's memoirs (2007: 129), many of them were deeply allied with the nationalists ideologically and were seen as a genuine and inseparable part of the reformist stream due to their pre-oil democratic heritage and experience. This nationalist-merchant connection, and the branch's "bourgeois" composition later became one of the main reasons for harsh criticism of the Kuwaiti MAN branch by the representatives of other (more radical) regional nationalist groups (Takriti, 2013: 95).

The merchants supported the movement financially, and were also able to use their own close ties with the power circles to transmit the nationalists' demands and grievances directly to the ruling family and the ruler himself (al-Khatib, 2007: 122 and 129). Some of the leading merchants were affiliated with MAN. Ahmad al-Khatib (2007: 122-124) particularly emphasises the patronal role of Nisf Yousef al-Nisf, with whom he had close relations, 'Abdulhamid al-Sane' and Yousef Ahmad al-Ghanim²² in the establishment of the nationalist movement in Kuwait in the early days. 'Abdurrazzaq Khalid Zaid al-Khalid and Ya'qub al-Humaidhi were editors-in-chief of two nationalist newspapers – Sada al-Iman and al-Fajr respectively. Jasim al-Qatami, who was the chief of police and resigned after being ordered to attack the popular demonstration in 1956, became one of the prominent MAN leaders (Takriti, 2013: 51). The

²¹ Among Kuwaiti population, only 'Ajam community was naturally antagonistic towards the group's Pan-Arabist stance.

²² Yousef al-Ghanim was himself a member of a secret Arab Nationalist society, according to al-Khatib (2007: 124).

founder of the group – Ahmad al-Khatib, was himself of humble origin, although he married into al-Mulla family, to the daughter of earlier mentioned ‘Abdullah Mulla Saleh, the Amir’s secretary and a large business-owner.

The merchants’ support gave social and political weight to the movement. At the same time, their participation was defined by their “special position”, meaning that they also had to make sure that it would not provoke retaliation from the authorities (al-Khatib, 2007: 130). Thus, in order to encourage more active cooperation of merchants with nationalists and at the same time to ensure the non-provocative nature of their involvement, it was decided to create a special group – *al-Rabita al-Kuwaitiya* (Kuwaiti Nexus) – which consisted of prominent merchant figures who were politically active and showed concern for the country’s affairs (al-Khatib, 2007: 164). It was proclaimed that the group’s aim was to “study important problems of Kuwait ... scientifically, logically and calmly, without spats, agitation or provocation” and provide solutions to them (al-Khatib, 2007: 166). Almost all large families were represented in *al-Rabita*. The following individuals of merchant background were part of the group: Yousef Ibrahim al-Ghanim, ‘Abdurrazzaq Khalid Zaid al-Khalid, Saleh al-Ibrahim, Badr Yousef Ben ‘Isa, Sulaiman Khalid al-Mutawwa’, Jasim al-Qatami, Khalid al-Khorafi, Ahmad al-Shaya’, Ya’qub al-Humaidhi, ‘Abdul’aziz Ahmad al-‘Isa, ‘Abdul’aziz al-Saqr, ‘Abdul’aziz al-Shaya’, Mohammad al-Khorafi, Hamad Saleh al-Humaidhi, Yousef al-Fulajj, Sulaiman al-Musallam, ‘Abdullatif Thunayan al-Ghanim (al-Khatib, 2007: 164-165). Although the group existed for only one year and was dissolved together with other clubs and societies during the authorities’ crackdown in 1959, it illustrates well the scope and specificity of merchants’ support to the nationalist movement.

During the same year (1958) Kuwait saw the first elections after a long-standing call by the MAN and merchants. The majority of elected members were of merchant background, however the authorities were wary of openly nationalist elements in the assembly and demanded that Ahmad al-Khatib, ‘Abdurrazzaq Zaid al-Khalid and Jasim al-Qatami resign from the *majlis*. The assembly considered that following this request would set a dangerous precedent for the future democratic development and resigned as a whole, without holding a single session.

The unsuccessful assembly trial was followed by the deterioration of relations between the Amir and the nationalist movement. The escalation of the nationalists’ rhetoric came in 1959,

when during the celebration of the anniversary of the United Arab Republic, around 20,000 people came out to the streets and Jasim al-Qatami made his famous speech demanding reforms and directly targeting the Al Sabah (Smith, 1999: 97). These events indicated to the Amir that the movement had gained unprecedented power and could pose direct threat to the authority of the ruling family, which subsequently cracked down on the group and demonstrators. Al-Qatami was dismissed from his position as the head of the Kuwait National Cinema Company, while clubs, societies and press outlets were forcibly closed down.

However, the crackdown did not stop the development that had been initiated by the nationalists and which eventually changed the power balance in the country. The rise of the movement signified that Britain's political positions in Kuwait, and in the Gulf more broadly, had been substantially weakened by the late 1950s and early 1960s. The combination of local discontent and tough domestic economic realities (Smith, 1999: 133) forced it to choose less obtrusive policies in the Gulf and to start gradually moving towards granting independence to Kuwait, which eventually happened in 1961. At that time Kuwait started practicing more independent policies: in 1960 it became one of the founding member states of OPEC, and in 1961 Kuwait Fund for Arab Economic Development was established, which was an indication of the beginning of a more diverse state investment policy.

Immediately after independence, Kuwait faced an existential threat from Iraq, when 'Abdulkarim Qasim announced that Kuwait was an Iraqi province. As Michael Herb (2014) convincingly argues, this threat (coupled with the long-standing local call for a representative body) became the ultimate reason that pushed the ruler to establish the National Assembly. In order to gain international recognition as an independent state, the Kuwaiti regime had to solidify its internal support base and come to terms with the popular movement. Furthermore, the ruler sent a delegation headed by Sheikh Jabir al-Ahmad and comprising a number of merchant representatives ('Abdul'aziz al-Saqr, Yousef Ibrahim al-Ghanim, Yousef al-Nisf) to several Arab countries in order to mobilise regional support for the Kuwaiti cause in exchange for lucrative investments (Smith, 1999: 126; al-Khatib, 2007: 215). One of the criticisms of Kuwait expressed by the states, which the delegation visited, was related to the absence of a

representative body in the country²³. Thus, in 1961 the long-standing demand of Kuwaiti merchants and the broader population to get an elected assembly was finally fulfilled.

The Amir called for the elections of the Constituent Assembly, which was supposed to oversee the election of the first National Assembly and prepare the country's Constitution – the “crowning achievement to the 1938 movement” (al-Naqeeb, 1990: 97). Preparations for the elections of the Constituent Assembly were done by an 11-member committee chosen from merchants (Baz, 1982: 158). The Assembly itself consisted of 20 people with almost half being from merchant families (see Appendix A). It existed for one year, during which it drafted the Constitution that was signed by Sheikh ‘Abdullah al-Salim in January 1963, and in the same year the first parliament was elected. In those elections the Arab nationalist group (National Block) extensively drew support from the merchant districts of the town (Crystal, 1995: 86), while ‘Abdul‘aziz al-Saqr was elected as a Speaker.

The dominance of merchants and nationalists in the founding period of Kuwaiti political system was reflected in the adopted Constitution. It was presented as a contract between the Amir and the people of Kuwait, who are considered “the source of all powers” (Baz, 1982: 151-152). It stipulated that all natural resources are the property of the state, while the government is obliged to provide the citizens with welfare and social services (Baz, 1982: 140). Furthermore, the National Assembly was granted extensive powers vis-à-vis the government: it gained the right to control financial affairs, grant concessions to exploit Kuwait's natural resources, interrogate cabinet ministers and initiate legislation (Baz, 1982: 161-162).

Thus, in the beginning of the 1960s, Kuwaiti political life witnessed the setting of the major lines of all future conflicts between the government and the Assembly – the control over economic policies and oil revenues distribution. The parliament effectively and legitimately assumed the role of representing the people who, in their turn, shared the ownership of the oil resources, according to the Constitution. All further dissolutions, parliamentary crises, rigged elections were directly or indirectly related to the contention over oil, fiscal, economic, distribution policies. The first of such parliamentary contentious moments happened in a few years after the elections, when in 1965 the Assembly refused to ratify the government's royalty agreement with oil companies (Baz, 1982: 190; Crystal, 1995: 91).

²³ Personal interview with a member of an old merchant family; Kuwait, October 2014.

As the parliament's role and power, determined by the Constitution, expanded, the control and dominance over the body became a highly contested issue. MAN block and allied merchants were very successful in the first elections winning at least 13 seats. The appointed cabinet of 1964 also included several ministers of merchant background with nationalist leanings, such as 'Abdullatif Thunayan al-Ghanim (Minister of Public Works), Hamoud Yousef al-Nisf (Minister of Public Health), Mohammad Ahmad al-Ghanim (Minister of Justice), 'Abdul'aziz Mohammad al-Shaya' (Minister of Electricity and Water). They were also close to Sheikh Jabir al-Ahmad – one of the contenders for the position of the Crown Prince. Such dominance was not in line with the interests of another royal contender – the powerful Sheikh Jabir al-'Ali, who managed to mobilise his supporters in the Assembly to demand the resignation of the cabinet under the pretext that it included merchants (al-Khatib, 2007: 269), which contradicted Article 131 of the Constitution prohibiting politicians from engaging in business activities (Baz, 1982: 177). A year later several nationalist MPs also resigned protesting undemocratic measures of the new government dominated by Jabir al-'Ali's supporters. Thus, despite the initial success, the group, which pushed for the elections, could not keep control of the body.

After those events, the National Block and merchants were preparing to make a victorious come-back to the political scene in the 1967 elections (al-Khatib, 2007: 309). However, those were rigged by the government (or, to be precise, by the fraction of ruling family members, including Jabir al-'Ali, who dominated the government at that time) and the next parliament hardly included any nationalist elements or merchants allied to them.

Thus, for the merchants, the long-awaited Assembly, on one hand, provided constitutional tools of influence and restored their ability to have a formal say in decision-making and wealth-distribution. The Constitution legislatively settled economic privileges of local business (which are addressed in detail in the next Chapter), relieving it from competition with Al Sabah and foreigners, while the parliament, as a powerful decision-making institution, was a natural platform for the merchants to express grievances and pursue their interests further (Crystal, 1995: 86). On the other hand, unlike the 1938 Majlis, the National Assembly was no longer elitist and secluded, and was permanently contested since its very establishment by other groups and ruling powers with vested interests in its control. Similar to the events during the first

parliament and the rigged elections of 1967, manipulations by subsequent governments of the Assembly – the dissolution in 1976 and the change of election law in 1980, the dissolution of 1986 and the attempt to introduce a less independent body instead of the parliament in 1990, up until the multiple dissolutions of the 2000s and the change of election law in 2012 – all reflect the struggle to control the content of the body, and by extension, its power over influencing crucial economic decisions and distribution practices.

1.4 Conclusion

This Chapter has aimed to provide the historical background of the merchant community in Kuwait and its relations with the state and the ruling powers from the pre-oil period until the emergence of the oil economy and the establishment of the modern political system in the early 1960s. The overview of the merchants' economic and political role throughout the 18th-19th centuries and its opposition activity on the eve of the oil era in the beginning of the 20th century, in the first section of the Chapter, has emphasised the dominant position of the commercial elite in the country's economic and political affairs, as well as its historically formidable position vis-à-vis the Amir and the ability to protest the autonomy of ruling powers. The second section of the Chapter focused on the development of those ruler-merchants relations and the evolution of the latter's economic status and political involvement during the transition period of the 1940s-1960s. It was shown that the growing oil revenues inevitably distorted the pre-oil power balance and unleashed the competition for resources. However, the continuity of the merchants' strong pre-oil positions, their special relations with the ruler Sheikh 'Abdullah al-Salim and their alliance with the Movement of Arab Nationalists ultimately allowed them to reserve their economic privileges and the large portion of the oil-generated wealth and business opportunities and to push for the establishment of the parliamentary system, which aimed to secure their participation in political decision-making. It will be the main focus of the further Chapters of the Thesis to analyse the subsequent parliamentary development of Kuwait and the merchants' role in it in further detail.

Chapter II: The major features of the business sector in Kuwait

2.1 Introduction

Moving on from the historical background, the aim of Chapter II is to define the key features of the business sector in Kuwait and its relations with the state and population at large at the present time. In the first section Kuwaiti business will be addressed as an economic class. I will analyse the development of private capital in the country from the 1960s until the present day, i.e. the emergence of the major companies, the beginning of stock market trading and the relations between private and state capital throughout the major fiscal crises, recessions and oil booms. Such examination of the private sector development, alongside the evolution of the oil economy, will reveal the scope of the state-dependency of Kuwaiti business and its vulnerability to the fluctuations of the oil industry (as the two main features of business as economic class).

The second section of the Chapter will focus on the sociology of the business sector in the country. Namely, I will analyse the structure and content of the business community at the present time (based on ownership in Kuwait Stock Exchange) and compare it to the content of the merchant elite in the pre-oil period. Such analysis will, on one hand, reveal the elitist and oligarchic nature of the business sector, and on the other will show to what extent the capital and business opportunities are monopolised by a relatively small group of merchant families.

Based on the conclusions about the elitism and monopolism of the business sector and the skewed distribution of business opportunities, the last section of the Chapter will examine the relations between the business sector/community and the broader population, which is largely state-employed and does not enjoy similar economic privileges. The section will particularly focus on the issue of employment autonomy of the private sector, its struggle to preserve high barriers of entry and exclusivity of its economic benefits and preferential treatment from authorities.

Identifying these key characteristics will reveal the “common denominator” features of the business sector, which form the basis of its relations with the state, the ruling powers and the population at large, and therefore inevitably shape its political activity and partly explain the motivation behind its political participation or the lack of it.

2.2 The development of private capital and its relations with the state after oil: the establishment of state-dependency and vulnerability

With the establishment of the political system and the representative body, the economic relations between the merchants and the ruling powers were legislatively settled. The system that the merchants largely designed enabled them to get a significant “piece of cake” of the oil-generated wealth. Most importantly, their substantial economic benefits and business opportunities were secured by protectionist legislation. The Commercial Companies Law (Law No. 15 of 1960) barred foreign companies or individuals from operating in Kuwait, unless they have a local agent or a partner who retains at least 51% of company ownership, while the ownership of shareholding companies was restricted only to Kuwaiti nationals (Al-Yaqout, 2013). These regulations effectively created immense opportunities for local business actors and protected them from foreign competition. Agency became a particularly important fiefdom for private sector, as it does not require a local businessman “to do much apart from signing off a contract and getting a commission”²⁴. At the same time, state contracts have become one of the most substantial sources of enrichment for business. Furthermore, ‘Abdullah al-Salim ensured that the Al Sabahs were out of business by providing them with regular generous allowance, thus leaving the business field as a merchants’ fiefdom (Crystal, 1995: 75). The merchants continued to benefit further from the land acquisition scheme, which accounted for 35% of government expenditure in 1961-1962; notably, from 1952 to 1982, KD 783 million was transferred to merchants, as opposed to KD 339 million to the ruling family members (Herb, 2014: 153).

With all the legislatively secured state support and privileged business opportunities, the 1960s saw the quick rise of multiple new public companies. They were most often joint ventures between merchants and the government, substantially supported by state capital, therefore, some authors call them “joint sector” companies, rather than public or private (Khouja and Sadler, 1979: 127). This was a typical model of establishing a shareholding company at that time. According to a Kuwaiti professor in public policy (Kuwait University), “all merchant enterprises and banks started in a similar way – they would bring up an idea, expertise and

²⁴ Personal interview with a senior member of staff in Economics Department, Kuwait University; Kuwait, November 2014.

some capital, and government would approve it and add capital. That's how banks, insurance companies, telecom and so on started"²⁵.

Within two years from 1960 to 1962 13 new companies were established; the government had shares in seven of them, owning 43% of capital (Darwiche, 1986: 3). Throughout the 1960s the state was holding up to 60% of total authorised capital in new companies (Darwiche, 1986: 4). The purpose of government investments was both to support the companies and to reduce the risks for the private sector, as well as to encourage industries that were beyond the capacity or interest of private investors, but were important for the government's socio-economic goals (Khouja and Sadler, 1979: 129).

As Tétreault (1995: 4) notes, having historically kept their capital in ships and inventories, Kuwaiti merchants were not used to investing in immobile fixed assets and therefore were initially wary in investing in industrial or manufacturing enterprises. The first sector that attracted the largest merchants' interest and money was banking and finance, as it allowed quick gains and was poorly regulated at the time (Darwiche, 1986: 3). During the 1960s three new banks (Commercial Bank of Kuwait, Al-Ahli and Gulf Bank), three insurance companies and two investment companies were established (Darwiche, 1986: 6). The sectors that developed straight after were the industrial sector, particularly in the fields directly related to oil industry (such as petrochemicals, cement and pipelines manufacturing, etc.), and in those, which were catering for rapid development and rising consumption (for example, transport, trading, food, etc.). The private investments in industrial sector were encouraged by the fact that in 1965 the state started to lease land to industrial enterprises at significantly reduced prices (Herb, 2014: 153). Furthermore, in 1973, Kuwait Industrial Bank was established with joint public and private capital specifically to support industrial enterprises.

Among the most prominent examples of early joint industrial companies was Kuwait National Petroleum Company (KNPC), which was founded in 1961 with 60% government capital, despite opposition from BP, and was effectively the first Kuwaiti oil company (Tétreault, 1995: 98). The company was established as a downstream operator refining Kuwait's crude oil (which is heavy and less desirable in the markets) into higher-value products (Tétreault, 1995: 98). However, the company was not profitable until the oil boom of the 1970s, and later was

²⁵ Personal interview; Kuwait, May 2014.

nationalised, when the government centralised the oil industry under its control in 1980. Petrochemical Industries Company (PIC) (established in 1963) and Kuwait Chemical Fertilisers Company (established in 1964) all followed the same path.

The trading of shares began together with the establishment of the first shareholding companies, although the official Stock Exchange did not emerge until 1976 (Darwiche, 1986: 2). Revenues were growing; however the investment opportunities for private capital were limited, as the market was small and the oil sector was dominated by the government. For this reason private funds were increasingly channeled into speculative share-trading and investments in land, real estate and abroad (El-Beblawi and Fahmi, 1982: 15; Khouja and Sadler, 1979: 106).

In the 1960s the traded shares were of very high value and therefore were inaccessible for small and medium investors. However the boom of the 1970s brought several important changes to the nascent stock market. First of all, the rise of oil prices from 1973 onwards and the nationalisation of Kuwait Oil Company in 1975 resulted in a drastic increase of capital and liquidity, which could only be accommodated by investments in real estate and land. At the same time, the economic boom induced by large revenues caused the increase of demand for real estate and the subsequent rise of prices (250% rise in two years) (El-Beblawi and Fahmi, 1982: 37 and 50). The real estate companies started to emerge one by one often for share-trading purposes only (Darwiche, 1986: 7), while the growth of the industrial sector stagnated (El-Beblawi and Fahmi, 1982: 35). This also led to the expansion of the base of traders, as the real estate sector was easier to penetrate for small investors.

All in all, as a result of this development, by the mid-1970s the market experienced an uncontrollable wave of speculative trading (El-Beblawi and Fahmi, 1982: 37). The government tried to intervene by introducing regulation and establishing an official Stock Exchange. Nevertheless, in 1976-1977 the market faced a drastic plunge and went into deep recession. The government had to forcefully intervene to bail out companies. It bought the shares at minimal market price, which increased the government's ownership in local companies from 24% in 1977 to 35% in 1979 (El-Beblawi and Fahmi, 1982: 60). Another measure to deal with stock crisis was to restrict the formation of new public companies until 1979. Notably, when the National Assembly tried to question stock market regulation and state finance in 1976, it was dissolved (Crystal, 1995: 92).

This restriction on establishing companies for two years, coupled with the increased capital and liquidity at the hands of the population, became the major reason for the emergence of the parallel unofficial stock market, which was again used for speculation and quick profit. Kuwaiti capital started to flow to other GCC states (particularly the UAE and Bahrain), where Kuwaitis established and registered joint Gulf public companies exploiting the absence of any comprehensive companies law in license-granting countries (Darwiche, 1986: 21). These companies were “Kuwaiti by virtue of structure” and capital, and “Gulf by virtue of birth and nationality”, and were largely created for speculative purposes only (Darwiche, 1986: 22). They then started to be traded in parallel Souq al-Manakh stock market in Kuwait (established in 1978).

There is a view in the literature (Moore, 2004; Crystal, 1995: 100) that this unofficial stock was used mainly by smaller investors, while the established business players were less involved in it. Indeed it emerged first as a speculation playground for smaller investors, or nouveaux riches families, as Darwiche calls them (1986: 95), who wanted quick gains, as large established private sector players were involved in those public companies that were created with government capital earlier and were traded in official Kuwait Stock Exchange. However, the speculative gains in al-Manakh reached such levels that it soon became a mass obsession, in which everyone got involved, including the so-called established business players²⁶. This gave a further boost to the market, as in the public view, the involvement of big names in trading and the “growing strength of the economic and social forces behind Gulf companies” meant that the market would never be closed down by the government despite being illegal (Darwiche, 1986: 56). At the same time, commercial banks in Kuwait (largely owned by the members of merchant elite families) and abroad were also profiting from loans and deposits (Darwiche, 1986: 48), and consequently were closely involved in the market’s activity. Therefore, it is difficult to talk about the non-involvement of the big merchants in Souq al-Manakh, as indeed its speculative activity ultimately touched all parts of the society.

²⁶ For example, the Arab Company for General Investments, which was one of the largest investment groups in the region and had al-Saqr on its board, was also created according to the Gulf companies pattern. Darwiche (1986: 36 and 107) also mentions that ‘Abdullah Mohammad Qabazard and Jawad Bukhamsin (both Shi’i merchants, although the latter is a more recent newcomer in the merchant circle) were among the largest players in the al-Manakh.

Deferred payment was hugely widespread there, and transactions were not backed up by sufficient liquidity, and many of the post-dated cheques were due in 1982. Therefore, when one of the investors with the biggest gains tried to get cash for a post-dated cheque, the people who drew the cheques were proclaimed bankrupt, and an avalanche of defaults happened. The amount of loss that resulted from the market crash was roughly \$92 billion in debt, which was more than 17 times the value of Kuwait's foreign reserves (Moore, 2002: 42). Every layer of society was affected by the crash, including state officials and ruling family members.

Despite the unofficial status of the stock market the government yet again had to intervene, following the precedent of 1977. It acquired 15 out of 45 offshore companies and created an investment company to supervise the painful bailout.

The market crash coincided with the general economic recession in the 1980s caused by the bust of oil prices and reduction of trade due to Iran-Iraq war. All these factors yet again resulted in increased government ownership of stock companies during the 1980s and deepening dependency of the local business on state support. Furthermore, as it was the case with the previous market crash, the Assembly's vigorous attempts to make the government accountable for its crisis management policies and a large-scale bailout resulted in dissolution and prolonged political crisis (these events are subject to more detailed analysis in Chapter IV).

The opportunity for business to change the power balance and strengthen its positions vis-à-vis the state came after the 1991 invasion. Firstly, some of the merchants were awarded lucrative state contracts for reconstruction (for instance, Bechtel represented by the agent Faisal al-Marzouq, was solely responsible for the reconstruction of all oil sites) (Tétreault, 1995: 140). Secondly, the state's financial affairs were in much worse condition, therefore for the first time the government started seriously considering and discussing measures of economic restructuring based around reducing the role of state in the economy and opening more space for private sector activity and investments. Thus, throughout the 1990s the government launched shares-privatisation programme aimed to ease the budgetary strains after the invasion. During this period part of state shares in stock market were disposed of, and the government's total ownership in the market declined from 62 companies in the early 1990s to 14 in 2011 (Sartawi, 2012: 102).

At the same time, discussions were held to partly return KNPC and PIC back to the private sector (Tétreault, 1995: 179), and in general, to open the oil industry to private investments. However, the proposal was strongly opposed by the parliament, as it would undermine the public ownership of the country's natural resources. Therefore, there was not much progress made in this direction.

As the revenues from oil were growing steadily towards the late 1990s and early 2000s, Kuwaiti businesses saw their wealth increasing once again during this period. The US invasion of Iraq in 2003 also had a positive effect on the local business environment, through multiple logistics and catering contracts for coalition troops²⁷.

Nevertheless, after the financial crisis of 2008 Kuwait saw the state bailout scenario repeating once again. The government interfered to prevent banks from collapsing, as well as created a fund to help out the real estate sector and a separate fund to invest more state capital in the Stock Exchange (see Chapter VI for more detail)²⁸. Moreover, it also indirectly helped some of the businesses, which suffered losses of their regional investments after the beginning of the Arab Uprisings in 2011. For instance, al-Khorafi family, whose large investments in Egypt were severely hit, received multiple state contracts, which is commonly seen as an "indirect way of bailing out" family companies during crisis times²⁹.

Thus, the historical overview of the development of private capital in Kuwait since the 1960s clearly shows that with lucrative business opportunities and state support, which were showered on the private sector with the emergence of the oil economy, also came extreme state-dependency. Irrespective of the field of operation, the private sector in Kuwait "feeds off the government"³⁰. As private sector actors acknowledge themselves, "as a businessman you are under the mercy of the government ... If the government is not spending you are in big trouble"³¹. Some Kuwaiti political scientists even concluded that "we don't have a real private

²⁷ Personal interview with a professor in public policy, Political Science Department, Kuwait University; Kuwait, May 2014.

²⁸ Personal interview with a senior member of staff in Economics Department, Kuwait University; Kuwait, November 2014; see also Herb, 2014: 177-178.

²⁹ Personal interview with a businessman of medium rank from an old Jana'at merchant family; Kuwait, November 2014.

³⁰ Personal interview with a senior member of staff in Economics Department, Kuwait University; Kuwait, November 2014.

³¹ Personal interview with a young businessman from a well-established Shi'i merchant family, owner of a small/medium enterprise; Kuwait, March 2014.

sector”; “Kuwait did not mature ... a private sector in a modern sense. The merchants did not transform into a business class”³².

Apart from state contracts and direct support of state capital, the private sector in Kuwait has been also heavily relying on state-subsidised utilities, such as water and electricity, as well as cheap foreign labour, which has skewed its industrial activity to utility-intensive low-tech manufacturing, often largely based on oil and gas, while the development of other manufacturing fields stays limited (Al-Kuwari, 2013; Hertog, 2013b). Land was also leased to industrial projects very cheaply, and often subleased by merchants at inflated prices to gain more income (Herb, 2014: 155).

Furthermore, as mentioned, many of the large enterprises established after the independence were substantially supported by government capital. Despite the attempts to reduce the state ownership in the 1990s, the government still retains significant amounts of shares in the biggest companies. The government invests mainly through Kuwait Investment Authority, Public Institution for Social Security, Public Authority for Minors Affairs, as well as Kuwait Awqaf Public Foundation and Zakat House, and such investments have been one of the means to keep the stock floating, and to distribute wealth and support to the private sector³³. Enterprises with state ownership have been also granted land concessions and customs exemptions (Sartawi, 2012: 96). Table 1 illustrates the government’s ownership in the Kuwait Stock Exchange. It currently holds shares in 35 companies (out of the total 185 traded in the market), with banking being the most heavily invested sector. Nine out of 12 Kuwaiti banks have the government as a large shareholder. Government ownership ranges from 5% (in NBK) to almost 49% in case of Kuwait Finance House.

³² Personal interviews with two professors in political science, Kuwait University; Kuwait, March and April 2014.

³³ Personal interview with a senior member of staff in Economics Department, Kuwait University, Kuwait, May 2014.

Sector and no. of co-s.	Oil and gas (8)	Basic materials (4)	Industrials (36)	Consumer goods (8)	Health care (4)	Consumer services (14)	Telecom (4)	Banks (12)	Insurance (8)	Real estate (36)	Financial services (47)	Technology (4)	Total: 185
Gov-t body													
Kuwait Investment Authority	0	0	2	1	0	0	2	3	0	1	2	0	11
Public Institution for Social Security	0	1	7	1	0	1	1	8	1	1	4	0	25
Public Authority for Minors Affairs	0	0	0	0	0	0	0	1	0	3	0	0	4
Kuwait Awqaf Public Foundation	0	0	1	0	1	1	0	1	0	0	0	0	4
Total gov. investments in sector	0	1	9	2	1	2	3	14	1	5	6	0	

Table 1: Government investments in the Kuwait Stock Exchange (by the number of companies). Source: Kuwait Stock Exchange website.

State-dependency, in its turn, has increased the vulnerability of the private sector to fluctuations in the state's oil-economy, as became obvious during the boom and bust periods and market crises. Oil prices largely dictate investors' choices, and therefore have direct impact on market capitalisation in all GCC states (Al-Kuwari, 2013: 21-23). At the same time, the market also sharply reacts to local and regional volatilities, which can be a reason both for its rises and recessions. As one of the former top officials of Kuwait Stock Exchange puts it, "in Kuwait it's all political ... Iran-Iraq war affected Kuwait's market, and after invasion disaster there was a fear that Saddam would come again – market was down. When Saddam was killed, everything jumped from 2,500 points to 16,000 points"³⁴.

This vulnerability ties Kuwait's private sector even further in its dependence on the state, because the government is seen as the main guarantor of assistance in the case of crisis. As was clear from the analysis, on multiple occasions, such as 1976-1977 stock market crash, 1982 Souq al-Manakh collapse and 2008 crisis more recently, the state stepped in to back up the market by increasing its ownership in listed companies and buying private debts (Sartawi, 2012: 98-99).

2.3 Social structure of business: elitism and monopolistic nature

Clearly a very different type of private sector emerged in Kuwait under the new state-dominated conditions after the emergence of the oil economy. However, despite all the structural changes, it has also retained its pre-oil elitist oligarchic composition. The pattern of distribution of wealth and protection to the private sector ensured that the business opportunities, agency rights and financial support were channeled to a relatively small merchant elite group. Respondents from the merchant background themselves identify approximately 50 large family business groups, which are currently active in the country³⁵.

With the protectionist legislation and state support, those merchant families and individuals have been able to largely monopolise the business opportunities and exclusively occupy various niches and fields of private sector economy. Most business groups would specialise in a particular sector, for example, food and catering for al-Ghunaim, al-Humaidhi, al-Wazzan, construction for al-Thuwaini, retail for al-Shaya', industrial manufacturing for al-Khalid,

³⁴ Personal interview; Kuwait, June 2014.

³⁵ Personal interview with a member of a Shi'i merchant family; Kuwait, November 2014.

automotive retail for al-Sayer, industrial equipment retail for al-Nisf, etc. However, the biggest ones, like al-Khorafi, al-Ghanim, al-Saqr, Bukhamsin, Bodai and al-Mulla are very diversified and have a presence in multiple sectors³⁶. According to an unwritten “gentlemen’s agreement” they normally do not interfere in each other’s sectors, and if the interference occurs, the business groups, which are established in the sector, would unite to oust the newcomer³⁷.

The existence of de-facto monopolies and division of sectors among business groups is acknowledged by the members of Kuwaiti business community themselves. However they would most often explain it by the fact that “those merchants just do it better”, as if the monopoly was a result of a fair competition rather than a timely appropriation of opportunities³⁸. As stated by one of the members of the National Assembly, who used to serve as a head of the parliament’s tenders committee, “it is well known that some of the family business groups in Kuwait are successful in winning most of the tenders for large projects ... They have a sort of monopoly of tenders. However the answer that is given most of the times is that those family businesses are getting the projects because they have best capability, expertise and information for fulfilling those projects”³⁹.

Although most family companies are not listed in the Stock Exchange, a look at the boards of directors and ownership of the listed companies immediately reveals that they are as well dominated by the same group of family names⁴⁰. The analysis of the concentration of the positions on boards of the companies in the hands of certain families (Graph 1) shows that approximately 46% of all board seats in all KSE companies are occupied by 50 families. These families have between six and up to over 20 board positions each in total in various companies. They constitute only 10.7% of all family names represented in Kuwait Stock Exchange⁴¹.

³⁶ Personal interviews members of two merchant families (Sunni and Shi’i); Kuwait, November 2014.

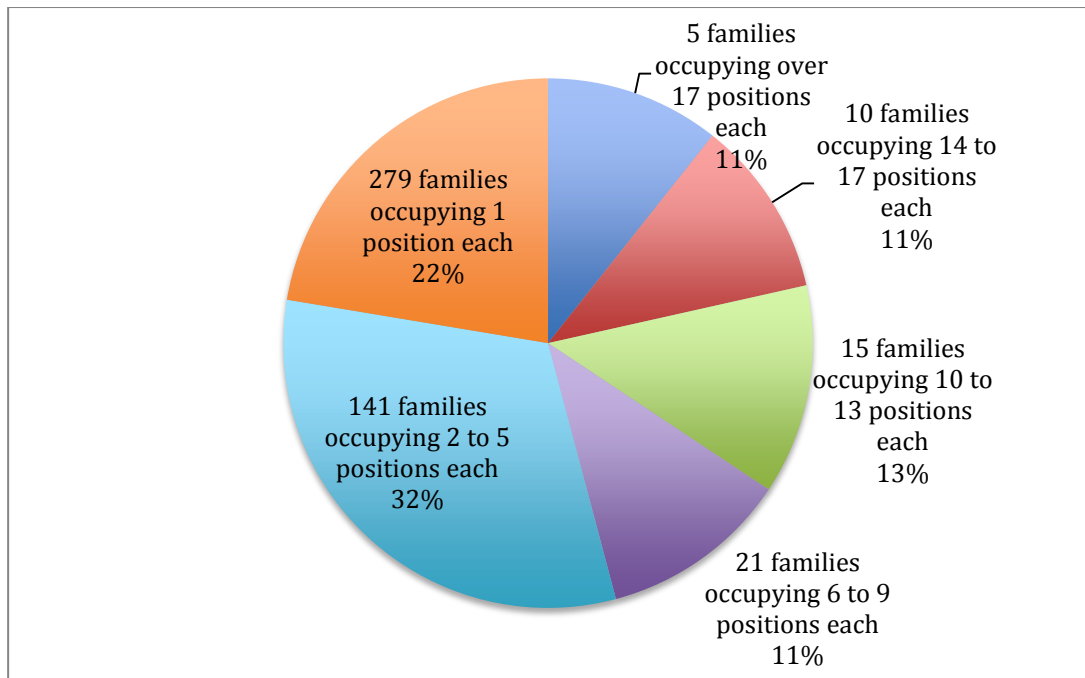
³⁷ Personal interviews with a professor in public policy, Political Science Department, Kuwait University, and a businessman of medium rank from an old Jana’at merchant family; Kuwait, May and November 2014.

³⁸ Personal interview with a member of an old merchant family; Kuwait, May 2014.

³⁹ Personal interview; Kuwait, February 2014.

⁴⁰ Listed companies include banks, investment, insurance, real estate, industrial manufacturing, telecommunication, services companies, etc. Family businesses and merchant individuals hold shares in listed companies and occupy directorship positions (for example, al-Khorafi family invests in the stock market through its subsidiary Al-Khair National for Stocks and Real Estate). At the same time, family business groups themselves are rarely listed out of fear of being overtaken by competitors. However, this trend is slowly changing. Some family businesses choose to enter the stock market in order to avoid disputes between its multiple heirs. The notable example is al-Wazzan’s Mezzan Holding listing in 2015.

⁴¹ The data on companies’ ownership was collected mostly based on the English version of the official website of Kuwait Stock Exchange. However, the transliteration of the family names there is not always accurate or consistent, which could occasionally lead to confusion. For instance, the same family name is



Graph 1: Concentration of board membership in the KSE. Source: Kuwait Stock Exchange website.

Some analysts who conducted research on private sector in Kuwait even believe that the boards of listed companies in Kuwait and Saudi Arabia are the most interlinked by family ties on the regional scale⁴². Such analysis and observations indicate a high level of monopolisation of the Stock Exchange activity.

Table 2 shows the list of those families, which dominate the ownership of KSE companies, and the total number of board membership positions they have in each sector.

sometimes spelled with an article, and sometimes without, which in some cases could mislead me to count those members as being from two different families. Although effort has been made to cross-check the list of family names with the Arabic version of the website, I acknowledge that there might be minor errors in the exact numbers of family representatives, and therefore the provided data and calculations are approximate, rather than precise. However, the Table 2 and Graph 1 are provided only as an illustration of the high level of ownership concentration in the KSE, therefore, even if the calculations are not precise, they still serve the purpose.

⁴² Personal interview with a member of the ruling family working in investment company; Kuwait, May 2014.

Sector / Family name	Oil and gas	Basic materials	Industrials	Consumer goods	Health care	Consumer services	Telecommunications	Banks	Insurance	Real estate	Financial services	Technology	Total
Al Sabah	2	1	3	1	2	3	1	4	1	11	9		38
al-Khorafi		1	4	4			1	3	1		13	1	28
al-Ghanim		1	3		1	1		4	1	5	9		25
al-Mutawwa'	1		2			1		2		7	8		21
al-Bahar		1			1	2	1	4	3	4	5		21
Behbehani	1		3		1			4	3	1	4		17
Ma'rafie	1		2	2		1		2	1	3	3		15
al-Khalid			3			2		3	1	1	5		15
al-Marzouq				1		2		3		5	4		15
Ben 'Isa	1		3			4		1		4	2		15
al-Badr	1	1	3							3	5	1	14
al-Asfour	1		5					1	1	1	5		14
al-Shaya'		1						1	1	8	3		14
al-Humaidhi			2			1	1	2	1		7		14
al-Wazzan ⁴³	1		6	3	1						1		12
al-Rashid	2		4			1		1		2	2		12
al-Shimali	2		1			1	1			2	4		11
al-Saqr		1	2			2		2	1	2	1		11
al-Sa'ad			4	1		1			3		2		11
al-Nafisi	1		1				1	1		3	2	1	10
al-Hajri	1		1			1				1	6		10
al-'Isa	1		1	1	2					2	3		10
al-'Uthman			3					2		4	1		10
al-Saleh			4					1	1	3	1		10
Bodai			2	1		3		1			3		10
al-Nisf			1	1				1		2	5		10
al-Babtain		1	3		1					3	1		9
al-Mutairi		1	1	1				1	1	3	1		9
al-'Usaimi			2			2		1		1	3		9
al-Jau'an	1	1	1	1				1		1	2		8

⁴³ There are two al-Wazzan families (Sunni and Shi'i), and both are involved in business. As it is problematic to identify which board members belong to either of the families, the given number shows the amount of all members with a-Wazzan family name, not distinguishing between the two. Therefore, the information on their ownership might be inaccurate.

Sector \ Family name	Oil and gas	Basic materials	Industrials	Consumer goods	Health care	Consumer services	Telecommunications	Banks	Insurance	Real estate	Financial services	Technology	Total
al-Fulaij			2					2	1	1	2		8
Dashti			4			1				3			8
al-Sabeeh	2		3		1				1				7
al-Sumait	1					2	1	1		2			7
al-Faris		1	2	1			1				2		7
al-Sayer		2		1				2			1	1	7
al-Roumi			1	1						1	3	1	7
Bukhamsin						1		2	3	1			7
al-Rabi'	1		2	1							2		6
Zalzala	1										5		6
al-'Omar			2			1		1		1	1		6
al-Rifa'i			4		1					1			6
al-Mudhaf			1		1			1		2	1		6
al-Dakhil			1		1					2	1	1	6
al-Nassar			1							2	3		6
al-Amiri			2							2	2		6

Table 2: Families that occupy six and more board membership positions in KSE. Source: Kuwait Stock Exchange website.

The analysis of the family names, which are currently dominating the ownership in the KSE reveals that the core of the present-day business elite still consists of the families that were prominent since the pre-oil times and those who rose to prominence on the eve of the oil era. Khaldoun al-Naqeeb's online archive provides a comprehensive list and classification of the merchant elite in Kuwait. The comparison of al-Naqeeb's list with the families, which are currently most extensively represented in the Stock Exchange, shows the great deal of continuity in the composition of Kuwaiti business community (Table 3).

Khaldoun al-Naqeeb's list	Current representation in KSE
Old merchant elite (existed prior to 1900)	
al-Ibrahim	4 positions
al-Bahar	21 positions
al-Badr (and al-Rasheed)	15 positions
Bodai	10 positions
al-Humaidhi	13 positions
al-Khalid (and al-Kulaib and al-Mash'an)	15 positions
al-Khamis	3 positions
al-Roumi (and al-Shamlan)	7 positions
al-Raudhan (and al-Daoud)	1 position
al-Zaben	2 positions
al-Sudairawi	not represented
al-Sumait	7 positions
al-Saqr	11 positions
al-'Abduljalil	4 positions
al-'Abdurrazzaq	2 positions
al-'Uthman	10 positions
al-'Adsani	2 positions
al-'Adwani (and Mudayris)	2 positions
al-'Omar	6 positions
al-Ghanim	25 positions
al-Ghunaim	5 positions
al-Qatami	4 positions
al-Majid	3 positions
al-Marzouq	15 positions
al-Mudhaf	6 positions
al-Mulla	1 position
al-Nisf	10 positions
"Relatively new" merchant families (became prominent after 1920)	
al-Bishr	1 positions
al-Hamad	4 positions
al-Khorafi	28 positions
al-Rashid	12 positions
al-Rifa'i	6 positions
al-Zahim	1 position
al-Zamil	3 positions
al-Sayer	7 positions
al-Sa'ad	11 positions
al-Shaya'	14 positions
al-Fulaij	8 positions
al-Fauzan	3 positions
al-Mutairi	9 positions
al-Mu'ajjil	not represented
al-Mufarraj	not represented
Shi'i merchants (old and new)	
Abul	3 positions
al-Baghli	3 positions
Behbehani	17 positions
Bahman	3 positions

Dashti	8 positions
al-Sayegh	1 position
al-Sarraf	2 positions
Qabazard (new)	1 position
al-Mazidi	not represented
Ma'rafie	15 positions
Mousawi	1 position
al-Wazzan	12 positions
al-Hazeem	1 position
al-Kadhemi	2 positions
Bukhamsin (new)	7 positions
Hayat	5 positions
al-Saffar	not represented

Table 3: Comparison between al-Naqeeb's list of old merchant aristocracy and their current ownership in KSE. Sources: Khaldoun Alnaqeeb Archive and KSE website.

However, with the expansion of business opportunities, old families were also joined by newcomers "from middle class", in al-Naqeeb's terms. Table 4 provides al-Naqeeb's list of those who became merchants, despite not being from the merchant aristocracy stratum originally, and their current ownership in Kuwait Stock Exchange.

Khaldoun al-Naqeeb's list	Current representation in KSE
Families that rose to business prominence from middle class	
al-Barjas	1 position
al-Bourisli	4 positions
al-Jad	2 positions
al-Jau'an	8 positions
al-Hasawi	3 positions
al-Dabbous	2 positions
al-Rasheed	1 position
al-Shatti	2 positions
al-'Anjeri	not represented
al-'Ayyar	2 positions
al-Gharaballi	not represented
al-Ghannam	3 positions
al-Faris	7 positions
al-Farhan	3 positions
al-Fareeh	2 positions
al-Fallah	2 positions
al-Fadhala	1 position
al-Mishari	1 position
al-Mansour	3 positions
al-Munayyis	not represented
al-Musailim	not represented
al-Nafisi	10 positions
al-Hajiri	10 positions
al-Waqayan	4 positions
al-Sane'	3 positions
al-Tabtaba'i	1 position

al-'Ateeqi	not represented
al-'Ajeel	3 positions
al-'As'ousi	1 position
al-'Asfour	14 positions
al-'Usaimi	9 positions

Table 4: Comparison between al-Naqeeb's list of families that rose to business prominence from the middle class and their current ownership in KSE. Sources: Khaldoun Alnaqeeb Archive and KSE website.

Some of them emerged due to close ties with the ruling family, some gained business opportunities through political involvement, while others were directly supported by the ruling powers or certain members of the ruling family for political purposes (see Azoulay, 2013). The rises and falls of speculative stock market described in the previous sections also naturally contributed to re-drawing of the merchant map, as some of the new business families and individuals were able to rise, while some of the old disappeared⁴⁴.

It is widely believed that the Souq al-Manakh market was used by the then Crown Prince Sheikh Sa'ad al-'Abdullah to create a rival merchant class to counterbalance the established one⁴⁵. For instance, Souq al-Manakh saw a quick rise and enrichment of some of the nouveau riche from the Jana'at⁴⁶ and new Shi'i families. The Shi'a were also empowered in the late 1970s when the Oil Ministry was headed by a member of an old Shi'i merchant family, who oversaw the nationalisation of oil. However, in the 1980s, while positions of the Shi'a were undermined by regional upheavals, the Jana'at strengthened their positions in the oil industry and business through their close connection to the new Oil Minister Sheikh 'Ali al-Khalifa Al Sabah (Wikileaks Cable 89KUWAIT3922_a, 1989).

Despite all the changes in the structure, the merchant elite in Kuwait has been able to retain very high barriers of entry and has been successfully reproduced and upgraded by the oil rentier system and through the new type of dependency-based relationship with the state. Its composition has been transformed. The criteria for being included in or considered a member of the merchant class are not solely based on origin anymore, as with the emergence of new business groups, the pre-oil family prominence has lost ground to assets. However, neither is

⁴⁴ Personal interview with a businessman of medium rank from an old Jana'at merchant family; Kuwait, November 2014.

⁴⁵ Personal interviews with a veteran Kuwaiti politician and leader of nationalist movement and editor-in-chief of one of the liberal Kuwaiti dailies; Kuwait, both in April 2015.

Sheikh Sa'ad al-'Abdullah himself and his relations were among the largest investors in al-Manakh, as well as members of other Gulf ruling families.

⁴⁶ Jana'at (from the family name al-Qina'i) are Kuwaiti families of Iraqi origin (according to one of the versions of their origin). They comprise families like al-Mutawwa', Ben 'Isa, al-Musallam, al-Badr etc.

the inclusion purely based on assets, as there are also plenty of rich individuals in Kuwait, who are to a certain extent involved in business, but who would not be considered or consider themselves members of the business class⁴⁷ and “do not enjoy social or political status” (Baz, 1981: 87). The membership is in a way a combination of both assets and origin, along with another important criterion – the proximity to the ruling powers, which ensures the channelling of preferential treatment. This proximity is often sustained through establishing joint business with (or managing business for) the ruling family members, as well as intermarriages with the ruling family. At different points of Kuwait’s history, members of the Al Sabah, including the rulers, married women from al-Ghanim, al-Marzouq, al-Wazzan (Sunni family), al-Roumi and al-Humaidhi merchant clans (The Royal Ark, 2016). Although it is sometimes argued that the ruling family has been intermarrying with tribes more extensively than with merchant families for the purpose of solidifying political alliances (Herb, 1999: 38), multiple respondents in Kuwait (including members of the Al Sabah themselves) confirmed that the trend of intermarrying with merchant clans was currently on the rise again⁴⁸. The most recent example is the marriage between the Amir Sabah al-Ahmad’s grandson and the granddaughter of the former parliament speaker and one of the top business personalities Jasim al-Khorafi in 2014. Some of the respondents also suggested that a phenomenon of women from the Al Sabah marrying into old merchant families – something, which was extremely rare if not completely unprecedented in the past, – was not uncommon in the present times⁴⁹.

2.4 Merchants vis-à-vis the broader population: structural autonomy and socio-economic conflict

Having defined the major features of the merchant community in Kuwait and the basis of its relations with the state, the ruling powers and the Al Sabah family, it is further important to identify how the structure of the private sector impacts its relations with the broader Kuwaiti population. The crucial point to start with is to analyse the issue of national employment in Kuwait.

As was the case in the rest of the GCC states, rapid economic development on the emergence of the oil economy required a mass influx of foreign labour, due to the lack of skills

⁴⁷ Personal interview with a professor in public policy, Political Science Department, Kuwait University; Kuwait, May 2014.

⁴⁸ Multiple personal interviews; Kuwait, January-June 2014.

⁴⁹ Personal interviews with an anthropologist and professor in social sciences, Arab Open University, and with a member of the ruling family working in investment company; Kuwait, March and May 2014.

and insufficient number of the national population. The rise of the number of migrants was so fast that already by the end of the 1950s the Kuwaiti population barely represented 50% of the total number of residents (Randeree, 2012: 17).

Two parallel developments distorted the national labour market further. Firstly, the late 1960s-1970s saw the steady rise of the large industrial enterprises, which mostly relied on a non-Kuwaiti labour force. In the early 1960s the manufacturing sector was dominated by small enterprises (87% companies were employing less than 10 people in 1965), which used to employ Kuwaitis, while larger business houses were concentrated in commercial affairs and state-supported enterprises (Lawson, 1985: 17). Larger manufacturers stagnated by the early 1970s, and the government created earlier mentioned Industrial bank to support them. This in combination with the fast growth of economy during the oil boom led to the expansion of the large-scale industrial sector and a sharp increase of non-Kuwaiti labour, which substituted Kuwaitis in lower-level jobs and services, while small enterprises drastically declined (Lawson, 1985: 17). By 1980 Kuwaitis already constituted only 42% of the total population (Randeree, 2012: 17).

Secondly, the government employment was introduced as part of the welfare system. Kuwait's Labour Law No. 18/1960 stipulates that every citizen has the right to a job in the public sector (Abdalla and Al-Homoud, 2012: 5). Since the implementation of the first welfare state measures in the 1950s, government employment has been one of the important means of wealth distribution, as it is coming with significant financial incentives, and is in general less demanding compared to the private sector. At the same time however, like any other distribution mechanism in a rentier state system, it also serves to foster the economic dependency of the population on the state, thus enabling the latter to keep national labour in check and providing it with an effective leverage tool in case of political discontent.

This development resulted in a rapid trend of upward mobility/upward marginalisation of the Kuwait labour force and the creation of a so-called "labour aristocracy" (Karl, 1997: 47), which shifted Kuwaiti employees to higher-ranked clerical positions in the public sector (Lawson, 1985: 18)⁵⁰. This established the ultimate disconnection and autonomy of the private sector

⁵⁰ This, together with the growing amount of distributed revenues, created a large class of small investors, who were initially denied access to share-trading in Stock Exchange while it was monopolised by large

from the population at large with no employment lines connecting the two, whereby the private sector was not interested in employing national labour, and neither was the national labour much interested in being employed by the private sector.

However, the government's employment policies led to the bulging of the public sector and the subsequent fast increase of budget spending on wages. According to official statistics, as of 2014, 258,608 Kuwaitis (or 81% of total employed national population) worked in the public sector, as opposed to 61,652 (19%) in the private sector, constituting only 4.2% of the total number of private sector employees (Statistical Review 2016 of Central Statistical Bureau), while public sector salaries and subsidies increased by 540% within 2001-2011 period (Al-Zumai, 2013: 9). The important factor that contributes to the aggravation of the situation is the rapid rise of the population that Kuwait has been witnessing. It is estimated that 51% of the population is currently under 21 years old (Oxford Business Group, 2014), which means that the number of new labour market entrants will be growing in the coming years, while the saturated public sector already has little capacity to accommodate them. This situation is deemed unsustainable and is likely to cause a fiscal crisis if the flow of oil revenues is interrupted.

Since as early as 1978, the government was mulling labour nationalisation policies that would shift the part of the burden of employment to the private sector (Randeree, 2012: 18). The patterns of fulfilling those prescriptions have been more or less uniform in all GCC states and have been based around labour nationalisation quotas for existing private sector enterprises, and supporting small and medium entrepreneurship. Labour nationalisation policies, on one hand, aim to decrease the demand and supply of immigrant workers, and on the other hand – to increase the demand of national workers. Naturally, these attempts have not been welcomed by the private sector, which perceives it as a “tax on business”, because of higher cost and lower productivity of local employees (Hertog, 2013b: 16).

The idea of labour nationalisation was approached more seriously in the 1990s, when the government was facing grave financial difficulties after the Iraq invasion. In 1993 a bill was passed proposing a quota of 30% private sector jobs for nationals, with incentives (such as government contracts) if the companies comply with the regulation, and penalties if they do not. The quota was later reviewed and adjusted for each sector. Companies in some sectors, mainly

traders in the early 1970s, but later were able to speculate in real estate market and Souq al-Manakh, which eventually brought the market crash discussed earlier in the Chapter (Lawson, 2012: 18).

labour-oriented ones, were almost exempted from labour nationalisation requirement, as with the quota, they would simply become loss making⁵¹. For example, agriculture and manufacturing sectors have only 3% national employees quota. Other sectors, such as banking, financial services, communications, were assigned much higher quotas ranging from 15 to 66%, as they are less qualitatively affected by labour nationalisation and can afford paying higher salaries⁵². Penalties for not meeting the labour requirement are quite serious and include bans on importing foreign workers, barring from government contracts and government lands (Markaz, 2012: 17).

In 1997 the government also established a specialised entity, the Manpower and Government Restructuring Program (MGRP), which is aimed to develop policies to encourage the transfer of national labour from public to private sector. In 2000 the MGRP was authorised to pay salary subsidies to national private sector employees (as per Law 19/2000). Kuwait is the only GCC state providing those salary subsidies on consistent basis (Hertog, 2014), and this is arguably the major factor that explains the relative success of labour nationalisation policies in the country.

It is clear that apart from subsidies and the prospect of penalties there is little incentive for private sector actors in Kuwait to substitute foreign workers with national labour force. Although the owners of large family corporations and members of established business elite claim that they wholeheartedly support labour nationalisation, which they see as a “social obligation”, and even if their companies meet the quota or even exceed it⁵³, this does not necessarily mean developing the national workforce or integrating it in business operations. In reality there are multiple ways that private companies utilise to avoid meaningful fulfillment of quota requirements. According to one MGRP senior official, there are two major schemes of quota manipulation⁵⁴. One is based on increasing the amount of national employees in a company’s subsidiary or sector, which is not directly related to its major business activity. For example, a bank, which needs to meet a high quota can sign a contract with a call centre company and employ 66% of Kuwaitis in that establishment, claiming it to be the quota met by the bank.

⁵¹ Personal interview with a member of an old merchant family and with a member of Kuwait Economic Society (KES); Kuwait, May 2014.

⁵² The quotas have been recently slightly increased (for example, from 2 to 3% in agriculture and from 60 to 66% in banking) (Kuwait Times, August 2014).

⁵³ Personal interview with a member of an old merchant family; Kuwait, November 2014.

⁵⁴ Personal interview; Kuwait, November 2014.

Alternatively, companies can reduce the national/expatriate employee ratio by formally transferring the employment contracts of foreign workers to another subsidiary.

Another method, which is used to meet the quota on paper and which has become particularly widespread with the introduction of salary subsidies, is “phantom employment”, i.e. employing nationals, but not requiring them to do any work, with the sole aim to meet the quota and collect the subsidy, which is then divided between the employer and “phantom employee”. Companies often keep a desk in the office, and in the event of inspection, they could claim that “the employee is in the field”; they also show fake salary payrolls through bank account statements, but then withdraw all the money back⁵⁵. According to various accounts, both from the business sector and the government, the vast majority of companies, regardless of size, are involved in these practices, and a study by Markaz (2012: 24) estimates that there are most likely tens of thousands of phantom employees in Kuwait.

Thus, as Baldwin-Edwards rightly puts it, the quotas and salary subsidies have been “quick-fix solutions which seem to create as many problems as they solve” (2011: 48). Indeed, in terms of statistics, the number of nationals in the private sector has increased quite fast in Kuwait: it is estimated that there are five times more Kuwaitis in the private sector now than in 2001 (Markaz, 2012: 21). However, taking into account all the means by which the private sector has been able to evade the regulations and in fact to take advantage of them, the quality and genuineness of this employment comes into question.

Some of the top business individuals argue that, regardless of those labour nationalisation efforts, “the private sector still cannot compete with the state as employer of Kuwaitis”, and in any case “cannot take all of them”, and it is the structural flaws of the rentier system that should be addressed⁵⁶. During the recent oil boom (starting from 2008), the outflow of private sector employees leaving their jobs to seek public sector employment, when the salaries in government sector were increased, seems to corroborate this claim (Abdalla and Al-Homoud, 2012: 6; KES, 2013: 18).

The baseline aim of the labour nationalisation policy is supposed to be the decrease of the dependency of the population on the state, which would relieve the government from part of

⁵⁵ Personal interview with a businessman of medium rank from an old Jana'at merchant family; Kuwait, November 2014.

⁵⁶ Personal interview with senior members of two old merchant families; Kuwait, November 2014.

its expenses and obligations. However, the private sector is failing the effort in the most important aspect. By following its rent-seeking interests, it contributes to the lack of any meaningful development and productive integration of national labour force, which could indeed decrease its overall state-dependency. Therefore, the means by which the labour nationalisation policy has been implemented by the local business have in fact deviated from its initial aim, and what we currently observe is the substitution of one rent-seeking state-dependency by another, only with more diversified means of rent distribution, while the isolation of the private sector from the population persists.

Another policy, which illustrates the relations between the business elite and the broader population and is also aimed at empowering the national labour force in the private sector, is the support to small and medium enterprises (SMEs). Despite the dominance of large business groups, 85% of private enterprises in Kuwait are actually small businesses, the vast majority of which employ and are operated by non-Kuwaitis; only 1% of national labour force is involved in them (Al-Tamimi, 2013; Arab Times, 2013). Therefore, increasing participation of Kuwaitis in small business has also been considered a potential contribution to the restructuring of national employment.

So far the government has made several attempts to encourage and support national SMEs, the most recent and significant of them being the launching of a KD 2 billion fund in March 2013 “to achieve the objectives of the Small and Medium Enterprises” (Kuwait News Agency, February 2013). However, it is remarkable that the existing and established private sector, i.e. leading companies and prominent business individuals, contribute relatively little to the government’s effort to support small and medium businesses. The role of the Kuwait Chamber of Commerce and Industry (KCCI), the stronghold of the old merchant elite, is limited to providing paid courses and workshops about small business and self-employment, and it is often accused by government officials of being focused on the interests of big business only⁵⁷.

There is little genuine will from the part of the big business to help small and rising one, not least because the established private sector actors do not want any significant competitors to emerge. Neither does the state’s legislation provide for integrating small businesses in the

⁵⁷ Personal interview with MGRP senior official; Kuwait, November 2014.

activities of the established ones⁵⁸. As one of the employees in the SME promotion department of MGRP put it, “there is no real support ... If there was genuine support [from big business] we would see a completely different picture”⁵⁹. This lack of action, however, is already indicative of the merchants’ stance on the issue of small business, as according to C. Wright Mills (1956: 4), the “failure [of elites] to act, their failure to make decisions, is in itself an act that is often of greater consequence than the decisions they do make”.

In a way, however, big businesses still have to show some formal support for SMEs out of “social responsibility” or for publicity reasons⁶⁰. There have been attempts to engage prominent merchant elite members in various SME-related events as role models to share their experience in entrepreneurship and motivate young people to consider private sector career. However, such “motivational” support from businessmen, who have semi-monopolised whole sectors of economy, is hardly relevant to the experiences of SME entrepreneurs⁶¹. It is obvious that the problems that the latter is normally complaining about in Kuwait’s business environment, such as licencing procedures, high rent, visa restrictions and quotas on foreign labour, are quite different from the concerns of large monopolist businessmen, “who can cut the red tape with a phone call”⁶².

Indeed, inefficient predatory bureaucracy has most often been called the major factor obstructing the development of small business in Kuwait. Bureaucratic procedures are seen as being so overly lengthy and complicated that young entrepreneurs believe that the burdensome expenses of establishing a business might even deplete the whole state-awarded initial capital before the business even starts operating. For this reason, there is already scepticism about the new KD 2 billion fund. Many also expect that the fund would suffer from corruption and nepotism as much as the previous funding portfolios did, which means that it would only support applicants with prominent family names and high-profile connections (al-Baghdadi, 2014). In essence, this restricts the funding almost exclusively to the offspring of the same merchant elite and prominent individuals.

⁵⁸ Personal interview with a businessman of a small/medium rank from an old Shi’i merchant family, who started an organisation aimed to help SMEs by providing training and organising relevant events; Kuwait, January 2014.

⁵⁹ Personal interview; Kuwait, November 2014.

⁶⁰ Personal interview with a businessman of a small/medium rank from an old Shi’i merchant family; Kuwait, January 2014.

⁶¹ The observation is based on the experience of attending one of such events.

⁶² Personal interview with a professor in political science, Kuwait University; Kuwait, April 2014.

Notably, most small businesses emerge in sectors like catering (restaurants, small-scale food production), services, accessories production, etc. The preference towards those sectors is also a result of the absence of protective legislation and the fear of competition with big businesses: “All small business goes to restaurants et cetera to be away from big giants ... It is a comfort zone [for them] ... No young Kuwaitis think of challenging them, they will destroy you through the government ... Big business does not want new ones to grow, they want the market to be fixed ... [This explains why] successful small businesses are often acquired by big ones”⁶³. These reasons – bureaucracy and dominance of established businesses – push the small business to search for better environment outside Kuwait.

There is no doubt that big business in Kuwait also suffers from red tape, which they see as the result of “jealousy from a parasitic public sector”⁶⁴. However, the social position of business elite individuals (their close connections with top officials and ruling powers), as well as the availability of sufficient funds to buy off public sector officials when necessary, enables them to overcome the red tape roadblocks. “They do not wait in line” for months, like small business entrepreneurs, but “go [straight] to officials to cut through red tape”⁶⁵. According to an anecdotal reference, the top family companies and private sector individuals “have their own people in all main [official] bodies”, who are added to payrolls and are paid “almost monthly salaries”⁶⁶. One of the examples of the effect of such public-private relations was given by a young Kuwaiti businessman working in the sphere of mobile accessories retailing. According to him, he constantly faces delays with shipments of his goods at customs, which is very harmful for his business, as the price of these particular goods is very dependent on the time they go on sale; at the same time, he can witness how the goods of bigger and more prominent retailers are never subject to any delays and go through customs straight away⁶⁷. A widespread Kuwaiti joke, which reflects the extent of public-private corruption and informality of relations, says that

⁶³ Personal interview with a businessman of medium rank from an old Jana’at merchant family; Kuwait, November 2014.

⁶⁴ Personal interview with a member of an old merchant family; Kuwait, October 2014.

⁶⁵ Personal interview with a businessman of medium rank from an old Jana’at merchant family; Kuwait, November 2014.

⁶⁶ Ibid.

⁶⁷ Personal interview; Kuwait, November 2014.

“even if the government stops paying public officials, they will still be working because of those unofficial salaries”⁶⁸.

The corruptive pattern of public-private relations creates an opportunity for mutual benefits and a shadow economy of its own hidden behind inefficient bureaucracy. On one hand, it allows public sector officials to prey on business and make profit just from creating obstacles, on another, it keeps a high barrier for entry and operation in the private sector, restricting it to a small circle of established business players. Even though it might be also costly and time-consuming for them too, it pays off by turning away new players and potential competitors, preserving the established monopolies. This symbiosis steers the wheel of corruption.

Thus, as long as their interests are protected, the major business players have little incentive to change the situation. In fact, the improvement of business environment, reduction of red tape and corruption in public sector, and promotion of the emergence of new business contradict the rent-seeking interests of the existing private sector. Therefore, its very nature and mode of interaction with public sector would obstruct any policies aimed at nourishing new business players and companies.

The analysis of the relations between Kuwait's established business community and the country's population at large, particularly in relation to employment and support of new business enterprises, reveals the foundation of the major socio-economic conflict and the growing antagonism of the larger population towards the merchant elite. Its monopolist nature, ability to navigate bureaucratic environment, involvement in corrupted practices, ability to avoid the meaningful integration of national labour in its activities, and as a result, secure its rent-seeking interests – all reveal the huge disparity between the established business community and less privileged and more numerous stratum of population, which feels that it “is getting the crumbs of the cake that merchants and ruling powers are dividing between themselves”⁶⁹. What makes matters worse is that merchant families, despite being already the wealthiest and most affluent stratum of society, still benefit from the state's generous welfare system on the same level as the rest of the population, which further increases the inequality (AlShalfan, 2013: 16). Based on

⁶⁸ Personal interview with a businessman of medium rank from an old Jana'at merchant family; Kuwait, November 2014.

⁶⁹ Personal interview with a teaching member of staff in Literature Department, Kuwait University; he was previously involved in politics and is currently closely connected to opposition-leaning media outlet; Kuwait, March 2014.

the notion of such structural isolation and disparity, authors like Michael Herb (2009; 2014) and Steffen Hertog (2013a; 2013b) develop the argument about the existence of two socio-economic classes in the rentier states, like Kuwait, where those classes are divided not around the means of production, but around the means of distribution and type of employment – middle class of public sector employees and private sector capitalist class, which does not contribute to the former neither through tax payment nor through employment. The idea of the struggle between the two over the revenues distribution and the implications of this struggle on the merchant community's political action is discussed in more detail further in Chapters V and VI of the Thesis.

2.5 Conclusion

The three sections of Chapter II have discussed the major characteristics common to all members of Kuwait's business sector in its present shape, due to the specificities of its mode of operation within the state's oil economy and the continuity of its composition within Kuwaiti society. The Chapter has identified that the business community in Kuwait represents a small stratum of society with high barriers of entry, that owns (or is being distributed) a disproportionately large amount of wealth and opportunities compared to the rest of the population, and whose economic benefits are secured both legislatively and through close informal ties with the ruling powers. Due to its extreme state-dependency, Kuwait's business has an interest in sustaining beneficial state policies, and has incentives to interfere, when its interests or positions are compromised. At the same time, the wealth and informal proximity to ruling powers provide the resources and means, through which this influence is channeled. With the absence of almost any other type of national business activity, this is the sole representation of the private sector in Kuwait.

Conclusion to Part I

Part I has analysed the historical development and the main features of Kuwait's business community in relation with the state and society, which inevitably shape the business politics that will be analysed in the further chapters.

I have first of all defined that, as an economic group, the business sector in Kuwait managed to secure (through political means) lucrative commercial opportunities and received

preferential treatment after the establishment of the oil economy (Chapter I). At the same time the wealth and business opportunities came with extreme dependence on the state and subordination to the dominant oil economy, and vulnerability to its fluctuations (Chapter II, Section 2.2). Thus, business-state relations are not as clear-cut as they seem, as on one hand, the merchants are deeply reliant on the government, on the other – there is a fear of being overwhelmed and overtaken by the state (as happened with private sector oil companies). Furthermore, business has become economically isolated from broader population due to lack of reliance on national labour. The only meaningful connection between the businesses and the general population is consumption (Chapter II, Section 2.4).

As a social group the merchant community has retained its elitist structure with high barriers of entry. Although there have been newcomers to the group, being part of the merchant elite is still as much determined by origin and ties to the ruling family, as it is by assets (Chapter II, Section 2.3). The preservation of such socio-economic hierarchy further alienates parts of the broader population due to inequality of distribution of wealth and opportunities, which lays the foundation of the growing socio-economic, and by extension political, conflict.

The main interest of the business is naturally to preserve and expand its privileges, and retain the status quo in its economic relations with the state and society. Basing on this provision about the “common denominator” features and interests, the further Chapters of the present work will focus on how these economic interests of business and its ambiguous relations with the ruling powers and the population at large shape its political action, and why, despite those common features, we observe variation in merchants’ political behaviour.

Part II. Chapter III: The active vs. passive variation of business political participation

3.1 Introduction

The present Chapter will discuss the variation of formal political engagement of the merchant families in Kuwait. My aim here is to divert from the approach to the business community as a monolithic group and to challenge the rentier state theory-based notion of merchants being removed from the political scene by oil rents, which has been dominant in the literature on state-business relations in the Gulf, and in Kuwait in particular.

The Chapter will show that there are various patterns of formal political participation that the representatives of Kuwaiti business community have followed since the onset of the oil economy and the establishment of the parliament. These include the range from complete withdrawal from the formal political scene in case of some families, to consistent engagement in parliamentary political field in case of others. Thus, the main aim of the Chapter is, firstly, to map out Kuwait's merchant community according to patterns/categories of political engagement, and secondly, to identify the factors, which explain such passive vs. active variation, i.e. why do certain members of a given category (merchants) engage in the official political scene while others do not. In order to do this I will carry out a broad comparison of families within each category and between the categories, using Mill's methods of agreement and difference.

My hypothesis is that factors like age of the family and its pre-oil prominence, ascriptive features, like sect and origin, heritage of political participation, and relations with the ruling family matter, as well as the factor of business competition, sector where the family is most active, availability of other formal and informal means of influence and political ideology – all to a different extent shape the merchants' choice to engage in the political field or to stay away. A further aim of the Chapter is to identify which of them are the primary explanatory factors and which are the intervening variables.

Thus, I argue that the political engagement or the lack of it is not fully predetermined by the rentier state distribution patterns and rent-seeking interests of business actors. The analysis in the Chapter reveals that the situation with their political engagement is much more nuanced and requires a more micro-level approach.

The Chapter is divided into three main sections. The first one will map out Kuwait's decision-making field, outline various means of merchants' political influence and further explain what I consider here as political action. The second section will provide the analysis of the gathered data on merchants' parliamentary and government involvement since the establishment of the parliament; it will outline the patterns of merchants' political activity and provide examples illustrating them; the part will finish with breaking up the sample of merchant families into five groups/categories according to the type of their political activity. The last section will further provide more detailed and comprehensive background information about each of the families and carry out comparisons to test the variables that could potentially influence merchants' choices of political action.

3.2 Explaining political action

Prior to analysing the political activity of the merchant community in Kuwait, it is necessary to define what political action means and which aspect of it is the primary focus of the present Chapter.

It is clear that with the emergence of the oil economy and the establishment of the rentier state system in Kuwait, both economic and political power gradually became significantly more centralised. If in the pre-oil period, due to the merchants' role as the economic backbone of the country, there was more scope for power-sharing and consultation, with the beginning of the centralised flow of the oil revenues, the centralisation of political power was also cemented. The major decision-making powers, concerning both the political decisions and the distribution of government contracts, are concentrated within the cabinet (Assiri, 1996: 40), which is appointed by the Prime Minister, who himself is directly appointed by the Amir (Baz, 1981: 162). Ministers are also present in the government bodies, which are accountable to the cabinet, such as Higher Councils (Planning and Development, Petroleum, etc.), the Central Tenders Committee, the Public Authority for Industry (PAI), the Capital Market Authority (CMA) and other most crucial economic decision-making bodies (Assiri, 1996: 36).

The parliament however remains the only political venue, which in theory has the power to question the government's policies, having a significant tactical advantage of doing it in the name of the people and for the sake of protecting public funds. As was mentioned in Chapter I, it has the power to interpellate cabinet members, launch investigations of matters which are

within the Assembly's jurisdiction, has extensive control over the country's financial affairs (Baz, 1981: 161) and has leverage over economic policies. The other side of the parliament's political power is reflected in the fact that it also has access to the distributed business opportunities, and this access can be misused for personal rent-seeking and nepotistic purposes. Numerous respondents from the business community itself stated that the parliament is the quickest and easiest way to obtain businesses and make a fortune out of it, therefore it is often claimed that all the recently emerged millionaires and businessmen in Kuwait are current and former MPs⁷⁰.

Considering the vast role the state acquired in the economy in general, and by extension, in the distribution of business opportunities for the private sector, and therefore, the extent of the state-dependency of the private sector, maintaining access to the ruling powers and governmental bodies is deemed vital for the business community to secure its economic interests. It provides easier access to government-distributed contracts, thus allowing the existing private sector players to expand and diversify their business empires, to protect their interests against competitors, as well as to demand the reviewing of allegedly corrupt contracts' distribution to business rivals through mobilising allied members of the parliament.

The means of political influence utilised by the merchant community in Kuwait can be divided into several categories: informal, semiformal and formal. The informal means of political engagement can be further subdivided based on the groups, with which the merchants establish informal connections to exercise political leverage. Thus, some of the business individuals have established informal connections directly with government officials and parliament members. In case of the latter, according to the sources from the merchant community itself, some MPs, particularly newcomers in the parliament, are "hired" by certain business individuals or families to facilitate their business deals and contracts through bureaucratic red tape, to attack government tenders and contracts awarded to their rivals, to push for beneficial legislation, etc⁷¹. The informal connection to government officials, such as ministers, ministries' undersecretaries, etc. in its turn enables a given business individual to get private access to the information and specifications of upcoming government tenders⁷², as well as to influence the formation of the

⁷⁰ Personal interview with a businessman of medium rank from an old Jana'at merchant family; Kuwait, November 2014.

⁷¹ Personal interview with a member of an old merchant family and a senior member of staff in Economics Department, Kuwait University; Kuwait, both in May 2014.

⁷² Personal interview with a senior member of staff in Economics Department, Kuwait University; Kuwait, May 2014.

boards of directors of the most important private sector related authorities and economic decision-making bodies (for example, CMA, PAI, etc.)⁷³.

Furthermore, other informal means of influence in the political field are based on the merchants' personal relations with the ruling family through intermarriage, historical relations (for example, when members of a merchant family were Amir's secretaries, treasurers, etc.) and joint business ventures with Al Sabah members. Finally, a separate category of informal means of political influence is targeting the population at large and the formation of public discourse through the merchants' ownership of media outlets, the sponsorship of the NGOs (for example, Kuwait Economic Society does regular public events and publications), as well as through occupying prominent positions in various education bodies, philanthropic organisations, and sport. Kuwaiti dailies, like al-Qabas (for al-Nisf and al-Shaya')⁷⁴, al-Anba (for al-Marzouq), al-Rai (for Bodai), al-Nahar (for Bukhamsin), are all owned by merchant families. Furthermore, various business individuals are on the boards of such Kuwaiti football clubs, as al-Kuwait (al-Ghanim, al-Marzouq), al-Fahahil (al-Dabbous) and al-'Arabi (al-Kadhemi). Table 6 in the third part of the Chapter gives a more comprehensive idea about the availability of the variety of informal means at merchants' disposal.

By semiformal means of political influence I consider the activities of the stronghold institution of the old merchant elite – the Kuwait Chamber of Commerce and Industry (KCCI). This institution, established in 1959, was not only aimed to control the business activity in the country, but also constituted an important lobbying venue that was able to influence the government's economic policy-making and legislation. According to Pete Moore (2004: 54), in the early 1960s KCCI could successfully lobby for the introduction of economic laws that were very beneficial for the merchants' business interests. The KCCI board members further created a deep network giving them direct access to the major state officials and ministers: in 1962 they insisted on establishing a Planning Board, and in 1964 – an Industrial Development Committee within the Ministry of Commerce and Industry. Along with various ministers, these institutions comprised members directly appointed by the KCCI (Moore, 2004: 55). Later on, in 1997, the

⁷³ Personal interview with a professor in public policy, Political Science Department, Kuwait University; Kuwait, May 2014.

⁷⁴ According to al-Qabas' registry in KCCI, the current board of directors consist of 'Abdul'aziz Mohammad al-Shaya' (chairman), Yousef Mohammad al-Nisf (vice chairman), Waleed 'Abdullatif al-Nisf (editor-in-chief) and Fauzan Mohammad al-Faris (general manager) (KCCI, 2016).

Chamber also succeeded in pursuing the creation of the Public Authority for Industry – an autonomous authority under the supervision of the Ministry of Commerce and Industry (KCCI, 2016). Its current board of directors includes three members representing KCCI, one of them being PAI's vice president (PAI, 2016). What is more, the KCCI's annual economic reports and the newspaper al-Qabas (established in 1970) also allows merchants to express their attitude towards state's policies, and consequently, to adjust them in certain cases (Moore, 2004: 56-57). Among the results of the KCCI's successful lobbying activity was the creation of Kuwait Foundation for Advancement of Sciences (KFAS) in 1976 and Kuwait Free Trade Zone (FTZ) in 1999. All in all, as Moore (2004: 48) rightly concludes, the Chamber gave Kuwait's business elite "a ready and secure institutional base from which to participate in the politics of the new state".

Finally, formal political engagement includes direct participation in parliamentary elections and appointment for ministerial and other government and advisory positions, such as al-Diwan al-Amiri. This type of political engagement is by every means the most rewarding for the business interests, as it gives a business individual direct access to the major political and economic decision-making field. However, at the same time, it is also the most risky. Government appointments stipulate ultimate loyalty and obedience to the ruling powers in exchange for economic benefits that come with the positions⁷⁵. The government tends to distribute ministerial positions as a way to co-opt, appease or reward individuals (including merchants) and groups of population they represent, particularly those who tend to ally with political opposition. Although such positions would provide immense business opportunities, they also make a merchant minister extremely vulnerable, as the welfare of the whole family business would be dependent on how allied and obedient he is to the authorities. No voice is expected or accepted at this level. At the same time a merchant minister could be dragged into government's corrupted practices, which would make him prone to parliament's and public attacks. Thus, ministerial appointment is both a means for political access for a merchant, and a tool to co-opt and trap a merchant individual for the ruling powers. For this reason, some merchants have previously refused ministerial appointments or quickly resigned after a conflict with Prime Minister, for example Yousef Mohammad al-Nisf (resigned from the position of

⁷⁵ Personal interview with a businessman from an old Shi'i merchant family, owner of a medium enterprise; Kuwait, March 2014.

Minister of Social Affairs and Labour in 1985), Abdullah Yousef al-Ghanim (resigned from the position of Minister of Electricity and Water in 1979)⁷⁶.

Participation in the parliament is as risky for the business family's welfare, because it can both invoke economic retaliation from the authorities and also allows merchants to be publicly challenged by other groups. However, unlike occupying government-appointed positions, which is ultimately a government-induced type of political engagement, participation in the parliamentary politics is chosen by self, which makes it the most meaningful type of engagement in formal politics. It is less dependent on the endorsement by the authorities and involves the creation of a social power base, which requires direct engagement with constituencies.

Therefore, it is the parliamentary participation that the rest of the Chapter will mostly focus on, analysing the factors that determine the merchants' choice to engage in parliamentary politics or to stay away, as well as the factors that explain the success of some of the families in the elections and the failure of others⁷⁷.

3.3 Outlining the explanandum

In order to show the variation of the business families' formal political engagement in Kuwait, I have compiled the information about the participation of the representatives of the 35 merchant families in all parliament elections since the establishment of the National Assembly, considering both successful and unsuccessful attempts, as well as their appointments for ministerial positions throughout the same period⁷⁸. The sample has been compiled mainly based on the analysis of the ownership of the companies listed in Kuwait Stock Exchange (see Chapter II). However, the families were chosen not simply on the basis of the number of board membership positions they occupy: I have first listed all KSE companies according to their market capitalisation, and further picked the family names which dominate the boards of the top

⁷⁶ Personal interviews with a veteran Kuwaiti politician and leader of nationalist movement; Kuwait, April 2015.

⁷⁷ The Chapter covers the period from the election of the first National Assembly in 1963 to the present day, thus skipping the pre-oil parliamentary attempts that were addressed in previous chapters and focusing only on the elections after the establishment of the oil economy and after the foundation of the National Assembly as an official representative body.

⁷⁸ I have also included 1990 elections to al-Majlis al-Watani, which was technically a different body to the National Assembly, and the elections were boycotted on a large scale. Tracing the participation of the representatives of the business community in al-Majlis al-Watani elections (similar to the parliamentary elections of December 2012, which were also largely boycotted) shows the pro-government political inclination of the members of certain families, as well as the attempts of some of the candidates to grab the opportunity and gain government support, which would arise as a pay-off for participation.

half of the companies. Thus, the sample represents not only the families that have the biggest number of board positions, but those which occupy those positions in Kuwait's largest listed companies. I have further taken into account whether a family name is commonly known to be of merchant origin. Therefore, not all the family names that repeatedly appear in the KSE are included in the table, and at the same time, some of the names that are not prominent in the KSE, but own large family businesses and are considered part of the merchant community, are included. The understanding of which families are commonly considered to be part of merchant elite and which are not has been established based on multiple personal interviews in Kuwait, as well as on sources like Khaldoun al-Naqeeb's digital archive and Rivka Azoulay's work on Kuwait's Shi'i merchant families (2013).

The main source to trace the parliament and cabinet involvement of merchants is the Kuwait Politics Database compiled by Michael Herb. However, the database understandably does not provide information about the family connection of the politicians with identical surnames. This creates a false impression that they are all related and are part of the same family, which is not true in many cases⁷⁹. Therefore, effort has been made to identify and include only the individuals that are part of the particular merchant families. In some cases, when a family has several branches, I would only consider members of the branch that is active in business. In order to provide more background information on the politically active individuals and to make their family relations and connections to family business more clear I have compiled family trees and lists of names for each family in the Appendix B. The references to the names in the Appendix are identified in Table 5 and throughout the text by numbers in brackets⁸⁰.

It is important to acknowledge that Tables 5 and 6 are by no means exhaustive in representing the information about all Kuwaiti business families and individuals, as this, first of all, would not be feasible to attempt, and secondly, would be beyond the scope and aims of this research projects. The main purpose of the Tables is to provide a comprehensive sample of

⁷⁹ For example, there are both Sunni and Shi'i families with al-Mutawwa' and earlier mentioned al-Wazzan last names. Those families are not interrelated despite having the same family names. There are also two different Abul families of different 'Ajam origins; same is true about al-Kadhemi, al-Ghunaim, al-Dabbous, etc.

⁸⁰ Numbers assigned to each family member are in random order and do not reflect priority.

Kuwait's business families, which would enable me to analyse the factors and common rules that define their participation in formal political field, and parliamentary politics more specifically.

Family	1963	1967	1971	1975	1981	1985	1990	1992	1996	1999	2003	2006	2008	2009	F2012	D2012	2013	Ministers	Comment
Abul													○(1)					Yasser Hassan Abul (2) – Minister of Housing 2013	Very low political profile. Recent ministerial appointment and participation in elections. Group 4
al-Babtain																			Very low political profile. Group 4
al-Bahar	○(2) ○(3)	○(1)																	Early withdrawal of attempts of parliamentary participation; no ministerial positions; low political profile. Group 2
al-Dabbous	●(1) ●(2) ●(3)	○(1) ●(2) ○(3)	○(1) ○(2)	○(2) ○(7)	●(2)	○(2)	○(16)	○(2) ○(5)	○(9)	○(4)	●(8)	○(8)	●(8)	○(10) ○(15)		●(8) ○(10)	○(6) ○(10)		Consistent and successful participation in parliamentary politics throughout. No ministerial positions. Political position predominantly pro-government. Group 1
al-Fulaij	○(1) ○(3)	○(2) ●(3)		○(2) ○(4)				○(3)										'Abdul'aziz Ibrahim al-Fulaij (3) – Minister of Public Health in 1965, 1967	Active early participation; withdrawal from 1970s. Early ministerial position. Group 2
al-Ghanim	○(6) ○(17) ○(18)	○(17) ○(20)	●(9)	○(9)	●(19)	○(19)	○(12) ○(14)	○(9) ○(19)				●(10)	●(10) ○(11)	●(10)	●(10)	○(13) ○(15)	●(10)	'Abdullatif Mohammad Thunayan al-Ghanim (6) – Minister of Public Works and Public Health 1964. Mohammad Ahmad al-Ghanim (7) – Minister of Justice 1963. 'Abdallah Yousef al-Ghanim (8) – Minister of Electricity and Water 1971, 1975, 1976, 1978. 'Abdul'aziz Ghanim 'Abdulwahhab al-Ghanim (16) – Minister of Education and Higher Education 1998.	Consistent and relatively successful participation in parliamentary politics throughout (with speakership position). Multiple ministerial positions. Political position varied from critical towards the government in the 1960s (alliance with MAN) to pro-government position currently. Group 1

Family	1963	1967	1971	1975	1981	1985	1990	1992	1996	1999	2003	2006	2008	2009	F2012	D2012	2013	Ministers	Comment
al-Ghunaim	●(1)	●(1)	●(1)	●(1)	○(2)	●(2)												'Abdurrahman Khalid al-Ghunaim (2) – Minister for Municipality Affairs 1986, Communications in May 2008.	Withdrawal from Parliamentary politics from 1980s; ministerial positions. Pro-government. Group 2
al-Hamad		○(14)															○(12)	'Abdullatif al-Hamad (7) – Minister of Finance and Planning 1981-1983. Rasheed Hamad al-Hamad (10) – Minister of Education and Higher Education 2003. Mohammad Ahmad al-Hamad (5) – Minister of Justice 1971.	Early withdrawal from Parliamentary politics; multiple ministerial positions. Group 2
al-Humaidhi	○(1) ○(2) ●(3)																	Badr Mishari al-Humaidhi (4) – Minister of Finance in 2003, 2006, 2007, Oil in 2007.	Early withdrawal from parliamentary politics; recent ministerial positions. Group 2
al-Kadhemi	●(1) ○(2)	●(1) ●(2)	●(2) ●(3)	●(3)	○(3)													'Abdulmuttalib 'Abdulhussain al-Kadhemi (3) – Minister of Oil 1975, 1976.	Active and successful early participation; ministerial position; withdrawal from 1980s. Group 2
al-Khalid	●(1) ○(2) ○(4) ●(8)	●(1)											○(3)					Hamoud Zaid al-Khalid (2) – Minister of Justice, Awqaf 1962, 1963. Sulaiman Hamoud al-Khalid (5) – Minister of Communications 1975, 1976, 1978 with Public Works from 1981. Faisal 'Abdurrazzaq al-Khalid (6) – Minister of Commerce and Industry 1986, 1988.	Active and successful early participation; withdrawal from 1970s. Multiple ministerial positions. Group 2

Family	1963	1967	1971	1975	1981	1985	1990	1992	1996	1999	2003	2006	2008	2009	F2012	D2012	2013	Ministers	Comment
al-Khorafi	○(1)	●(1)		●(2)	●(2)	●(2)			●(2)	●(2)	●(2)	●(2)	●(2)	●(2)				Jasim al-Khorafi (2) – Minister of Finance 1985, 1986, 1988.	Consistent and successful participation in parliamentary politics throughout (including speakership). Ministerial positions. Pro-government political position. Group 1
al-Marzouq			●(7)	●(7)														Jasim Khalid Daoud al-Marzouq (8) – Minister of Justice and Education in 1971, Education in 1975, 1976, 1978, Commerce and Industry in 1981. Marzouq Mohammad al-Marzouq (5) – Minister of Post 1962 .	Early withdrawal from Parliamentary politics; multiple ministerial positions. Group 2
al-Mudhaf	●(1) ○(2)	○(1) ○(2)	●(2) ○(9)	○(1) ○(2)	○(1) ●(2)	○(1) ○(3)	○(8)	○(4)	●(4)	○(4)	○(5)					○(7)	○(6)	Khalid Ahmad Jasim al-Mudhaf (1) – Minister of Social Affairs and Labour 1967. Salim Jasim Ibrahim al-Mudhaf – Minister of Planning 1978. Jasim 'Abdullah Jasim al-Mudhaf (4) – Minister of Commerce and Industry 1996.	Consistent and relatively successful participation in parliamentary politics throughout with a recent decline. Multiple ministerial positions. Group 1
al-Mulla													●(1)	●(1)	○(1) ○(2)				Very low political profile, except for a recent representative with strong political affiliation. Group 5
al-Mutawwa'	●(1) ○(2)	○(1) ○(20)	○(1)	○(1) ○(3)	○(6) ○(30)	●(5) ○(6)	○(19) ○(28) ○(32)	○(5) ○(6) ○(19) ○(21)	●(5) ○(27)	●(5) ○(18) ○(24)	○(5) ○(7) ○(28)	○(5) ○(8) ○(26) ○(31)			○(22) ○(23) ○(29)	○(25)	○(21) ○(33)	Sulaiman 'Abdurrazzaq al-Mutawwa' (4) – Minister of Planning 1990	Multiple attempts of engaging in parliament, however only two successes, both due to political/religious affiliation; one ministerial position. Group 5

Family	1963	1967	1971	1975	1981	1985	1990	1992	1996	1999	2003	2006	2008	2009	F2012	D2012	2013	Ministers	Comment
al-Nafisi	○(6)		●(1)	○(1) ○(3)	○(1)	○(1) ●(4)		○(2)	○(2)									'Abdulwahhab Yousef al-Nafisi (5) – Minister of Commerce and Industry 1975, 1976, 1978.	Political profile based on religious and political affiliation of family representatives. Group 5
al-Nisf	●(1) ○(2)	○(1)															●(3)	Hamoud al-Nisf (1) – Minister of Public Health in 1964; Minister of Public Works in 1971-1980; Sami 'Abdullatif al-Nisf (4) – Minister of Communication and Information in May 2011; Mohammad Yousef al-Nisf (5) – Minister of Social Affairs and Labour in 1962; Yousef Mohammad al-Nisf (6) – Minister of Social Affairs and Labour in 1985.	Early withdrawal from parliamentary politics; multiple ministerial positions. Recent MP Rakan al-Nisf as an exception. Group 2
al-Qatami	●(1)	○(1)		●(1)	○(1)	●(1)		○(1)										'Abdullah Yousef al-Qatami (3) – Minister of Public Works 1991	Very low political profile, except a representative with political affiliation. Group 5
al-Roumi	○(3) ○(6) ○(15)	○(3) ●(6) ○(15)	●(10)	○(1) ○(10) ○(16) ○(17)	○(7) ●(8) ○(16)	●(8) ●(14)	○(2) ●(9)	○(4) ○(8) ○(9) ●(14)	○(14)	●(14)	●(14)	●(14)	○(5) ●(14)	●(14) ○(18)	○(14)		○(14)	'Ali 'Abdullah al-Shamlan – minister of Education 1988-1992	Consistent and successful participation in parliamentary politics throughout. No ministerial positions (apart from one for a member of al-Shamlan branch). Political position predominantly pro-government. Group 1
al-Sa'ad					○(1)												○(2)		Unsuccessful attempts to engage in parliament; no ministerial positions. Group 3

Family	1963	1967	1971	1975	1981	1985	1990	1992	1996	1999	2003	2006	2008	2009	F2012	D2012	2013	Ministers	Comment
al-Saqr	●(3)	●(3)		●(4)	●(4)	○(4)		●(4)		●(5)	●(5)	●(5)	●(5)	●(5)				'Abdul'aziz Hamad al-Saqr (3) – Minister of Public Health 1962	Consistent and successful participation in parliamentary politics throughout. Competition for speakership. No recent ministerial positions. Political position has traditionally been predominantly critical towards the government. Group 1
al-Sayer	○(1)	○(2)	●(2)	○(2)	○(2)	○(2)												Hilal Musa'ed al-Sayer (3) – Minister of Health in 2009, 2011	Withdrawal of attempts of parliamentary participation from 1980s; ministerial position later Group 2
al-Shaya'	○(4)	○(1)											○(2)		○(3)	○(3)		'Abdul'aziz Mohammad al-Shaya' (4) – Minister of Electricity and Water in 1964.	Early withdrawal from parliamentary participation, with very recent revival of attempts. No recent ministerial appointments. Generally low political profile. Group 2
al-Thuwaini																			Very low political profile. Group 4
al-Wazzan	○(1) ○(2)			●(7)	○(3) ○(7)		○(6)	○(7)	○(5)			○(4)						'Abdulwahhab Mohammad al-Wazzan (8) – Minister of Commerce and Industry 1999	Multiple attempts of engaging in parliament, however with little success; recent first ministerial appointment. Group 3
al-Yousefi																			Very low political profile. Group 4
Behbehani	○(1) ○(4) ○(8)	○(9)	○(9)	○(2)	○(5)		●(7) ○(10) ○(12)	○(7)	○(7) ○(11)	○(7) ○(11)	○(7)	○(6)	○(12)		○(11) ○(3)	○(11) ○(3)			Multiple attempts to engage in parliament, however with little success; no ministerial appointments. Group 3

Family	1963	1967	1971	1975	1981	1985	1990	1992	1996	1999	2003	2006	2008	2009	F2012	D2012	2013	Ministers	Comment
Bodai							○(1)			○(2)									Low political profile (only one meaningful attempt, the other being for al-Majlis al-Watani); no ministerial appointments. Group 4
Bukhamsin												○	○						Recent attempts to enter the parliament; no ministerial positions. Group 3
Jowhar Hayat	●(1) ○(3)	●(1)	●(1)	●(4)	○(2) ○(5)		○(5)											Habib Jowhar Hayat (2) – Minister of Communications and Public Works and Housing 1990-1994.	Withdrawal of attempts of parliamentary participation from the early 1980s; ministerial position. Group 2
Ma'rafie	○(1) ○(2) ○(3)			●(4)	○(4)	○(5) ○(15)		○(15)											Multiple attempts of engaging in parliament, however with little success; no ministerial appointments. Group 3
Sa'ud Sahoud (al-Mutairi)																	○○		Recent attempts to enter the parliament; no ministerial positions. Group 3
Sultan Ben 'Isa					●(1)	○(1)		○(1)	○(1)	○(1)			●(1)	●(1)	●(1)				Low political profile, except one representative with religious and political affiliation. Group 5
Qabazard	●(4)	○(4)	○(2) ○(4)				●(1)	○(1)				○(3)							Attempts to engage in parliament; no ministerial positions. Group 3

● - a candidate participated in the elections and was elected; ○ - a candidate participated in the elections, but was not elected.

Table 5: Participation in parliamentary elections and cabinet appointments of business families. Source: Michael Herb's Kuwait Politics Database.

The analysis of the Table of political participation shows that, on one hand, there is an obvious variation of political engagement among the merchant families, and on the other hand, it is also clear that there are several patterns of political participation that those families are following. This variation contradicts the widespread notion that Kuwait's business sector was bought off as a class by the government with oil-generated business opportunities in order to halt its political engagement.

However, indeed, one can notice that quite a large group of families used to be active in parliamentary politics and successfully entered the Assemblies at the early stages, often in alliance and with the support of the MAN, but chose to withdraw from parliamentary politics later. For instance, al-Marzouq merchant family was prominent on the political field during the merchant opposition movement in 1938. Mohammad Daoud al-Marzouq and Yousef Marzouq al-Marzouq (1) were elected to the 1938 Assembly, and after the defeat of the movement, the latter was arrested and imprisoned (Crystal, 1995: 77). Yousef's brother Fahad Marzouq al-Marzouq (4) was also a member of the pre-National Assembly Council in 1960 – Majlis al-Ma'arif (Education Council) (al-Khatib, 2007: 212). However, after the amnesty, the family made its fortune from the oil construction boom. Yousef al-Marzouq's son Khalid Yousef al-Marzouq (2) founded Khalid Yousef al-Marzouq and Sons Group Of Companies, which comprises a large amount of real estate, investment, general trading and contracting enterprises, including the first real estate company in Kuwait – Kuwait Real Estate Company. In 1960 he also became a co-founder of the Commercial Bank of Kuwait (CBK) (the second oldest bank in the country), and the Real Estate Bank in 1973 (Khalid Yousuf Al-Marzouq & Sons Group Of Companies, 2016). The family further owns one of Kuwait's daily newspapers – al-Anba. Unlike his father, Khalid al-Marzouq “was all the way pro-government” and was against the MAN, allegedly even “paying from his money to make [the movement] collapse”⁸¹. His brother Marzouq Yousef al-Marzouq (6), who also became a prominent real estate businessman and a chairman of Souq al-Salmiya Real Estate Company, supported the MAN Block, but did not participate in the parliament elections⁸². A family member from al-Daoud branch – Salim Khalid Daoud al-Marzouq – did participate and won the elections in 1971 and 1975. However, since then the family did not

⁸¹ Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

⁸² Ibid.

engage in parliamentary politics, instead having occupied several prominent government positions: Jasim Khalid Daoud al-Marzouq was a Minister of Justice and Education in 1971, Education in 1975, 1976, 1978 and Commerce and Industry in 1981.

Another old and prominent merchant family of Kuwait – al-Nisf – followed a similar path of political engagement. Nisf Yousef al-Nisf (7) was part of the second Majlis in 1938 and played an important mediating between the authorities and Kuwait's Arab Nationalists upon the rise of the movement (al-Katib, 2007: 122-124). Later both him (in 1958 and 1959) and his brother Mohammad Yousef al-Nisf (5) (in 1958, 1959 and 1962) were elected to the pre-parliament bodies and Constituent Assembly, which were responsible for carrying out the transition to the parliamentary system and establish the foundations of the National Assembly. Mohammad al-Nisf was further appointed as a Minister of Social Affairs and Labour in 1962, while a member of another branch of the family – ‘Abdullatif Ibrahim al-Nisf – was also part of the 1960 Majlis al-Ma’arif and Sheikh ‘Abdullah al-Salim’s secretary (Kuwait History, 2016). However after the establishment of the parliament the family had members participating only in the first two elections. Hamoud Yousef al-Nisf (1) was elected to the 1963 Majlis, and later participated in, but did not win in the 1967 elections, while Khalid ‘Abdullatif al-Nisf (2) also participated in the 1963 parliament elections. Similar to al-Marzouq family, al-Nisf has not been active in parliamentary politics since then, but has occupied multiple ministerial and government positions. Hamoud Yousef al-Nisf (1) was appointed as a Minister of Public Health in 1964 and Minister of Public Works in 1971-1980, and Yousef Mohammad al-Nisf (6) was appointed a Minister of Social Affairs and Labour in 1985, just like his father (5) in 1962, albeit occupying the position only for a week and resigning after having an argument with the Prime Minister⁸³. According to Yousef al-Nisf himself, the family has been trying to keep a low political profile and not engage either in the parliament or in the cabinet due to the risks and government dependency that come with such participation and appointments⁸⁴. Instead, the family prefers to exercise indirect and informal influence. For instance, Yousef al-Nisf attempted to form a merchant lobby group, albeit not very successfully, as the participants started to play against each other to promote their business interests⁸⁵. Furthermore, al-Nisf family was among the

⁸³ Personal interview with a member of an old merchant family; Kuwait, October 2014.

⁸⁴ Personal interview; Kuwait, October 2014.

⁸⁵ Personal interview with a member of an old merchant family; Kuwait, October 2014.

founders of al-Qabas newspaper, and Waleed 'Abdullatif al-Nisf is currently its editor-in-chief. Nevertheless, some members of the family have been recently seen again in the formal political scene – Sami 'Abdullatif al-Nisf (4) was briefly appointed as a Minister of Communication and Information in May 2011 cabinet and was later head of the troublesome Kuwait Airways Company. Furthermore, one of the members from a younger generation and from a less wealthy branch of the family – Rakan Yousef Hamoud al-Nisf (3) won the last elections in 2013 as part of the liberal National Democratic Alliance block. Although parliamentary involvement is generally frowned upon by the family patriarchs, as it poses risks to the family business interests, they admitted that a family candidate would still be supported by the family, if he or she chooses to put up his or her candidacy in the elections⁸⁶.

Thus, many of the old merchant families have indeed followed the political path, which complies with Jill Crystal's (1995) main argument. Some have withdrawn from the political field relatively early – in 1960s, like al-Bahar, al-Humaidhi, al-Shaya', al-Hamad, al-Fulaij, al-Khalid and the two above-mentioned families, al-Nisf and al-Marzouq, having been able to secure immense business opportunities arising from the oil economy instead. Other families, for example al-Ghunaim, al-Sayer, and Shi'i Jowhar Hayat and al-Kadhemi, left formal politics later in the 1980s – at the time when non-merchant and non-urban social elements were politicised by the government and the political field became much more heavily populated and contested.

However, this path is only one of several patterns of merchants' political engagement in Kuwait. One can clearly see in Table 5 that quite a few other families, such as al-Ghanim, al-Saqr, al-Khorafi and others, have been active in parliament elections throughout the country's post-independence history and have been elected to the National Assembly on multiple occasions.

Al-Ghanim, for instance, was among the first-comer families in Kuwait, which chose the Al Sabah from its ranks, and among the wealthiest merchants of the pre-oil time. It has always been very closely involved in the political affairs and decision-making. The members of the family played an important role in the merchant opposition movements both in 1921 and 1938. Khalifa Shahin Mohammad al-Ghanim (3) participated in 1921 Council. His brother Mohammad Shahin Mohammad al-Ghanim (4) and three other relatives – Mohammad Thunayan

⁸⁶ Personal interview with a member of an old merchant family; Kuwait, October 2014.

Mohammad (5), ‘Abdullatif Mohammad Thunayan (6) and Mohammad Ahmad Mohammad (7) – were members of the 1938 Legislative Assembly. After the forced dissolution of the Assembly and prosecution of its members and supporters Yousef Ahmad Mohammad al-Ghanim (2) and Mohammad Thunayan Mohammad al-Ghanim (5) had to flee to Iraq, while ‘Abdullatif Mohammad al-Ghanim (6) was imprisoned until the amnesty in 1944 (Crystal 1995, 77; Rush, 1994: vol. 9, 398-403). As many of the prominent merchant families, al-Ghanim had close relations with the Arab Nationalist movement, which called for the establishment of the National Assembly in the 1950s. As it was mentioned in Chapter II, a lot of representatives from the merchant families participated in the elections in 1958 and 1962 (Constituent Assembly). Al-Ghanims were not an exception. However, unlike most other families, they successfully managed to retain their presence on the official political field in general, and in the parliament in particular, well until the present day. Al-Thunayan branch was the most successful in this respect. ‘Abdullatif Mohammad Thunayan al-Ghanim (6) was elected to 1958 Majlis and became a Speaker of the 1962 Constituent Assembly. He further participated in elections in 1963 and was appointed as a Minister of Public Works and Public Health in 1964. His brother ‘Ali al-Ghanim (9) himself was elected to 1971 Majlis and participated in the elections of 1975 and 1992, while his son Marzouq ‘Ali al-Ghanim (10) was elected in 2006, 2008, 2009, February 2012 and 2013 elections. In the 2013 National Assembly he became the Speaker of the House. Several other members of the same branch also participated in 1990 (12), 2008 (11) and December 2012 (13) elections.

From al-Ahmad branch, Mohammad Ahmad al-Ghanim (7) served as Minister of Justice in 1963 cabinet, while his nephew ‘Abdallah Yousef al-Ghanim (8) served as the Minister of Electricity and Water in 1971, 1975, 1976, 1978.

Al-Shahin branch, which is less prominent in business compared to the other two, was also very active in the attempts to get into the National Assembly throughout Kuwait's parliamentary history. Its members participated and occasionally were elected in 1963, 1967, 1981 (elected), 1985, 1990, 1992, December 2012 elections, while ‘Abdul‘aziz Ghanim ‘Abdulwahhab Shahin al-Ghanim (16) was Minister of Education and Higher Education in 1998.

Another Kuwaiti merchant family, which is prominent both for its business and political activity, is al-Saqr. It is of the same origin as al-Ghanim and is related to the latter by blood ties.

Since the pre-oil times the family has been very politically active and visible, and more often than not was leading the opposition camp. Hamad 'Abdullah al-Saqr (1) was the head of the 1921 Council, while his son 'Abdullah (2) was one of the prominent leaders of the 1938 Majlis movement. As many other participants, after the suppression of the movement he had to leave Kuwait to escape imprisonment and died in exile in India. Both of his brothers, Jasim and 'Abdul'aziz actively participated in parliamentary life. 'Abdul'aziz Hamad al-Saqr was elected in 1958, 1962, 1963 (Speaker), 1967 (but resigned in protest), and was appointed as Minister of Public Health in 1962. Jasim al-Saqr was an MP in 1975, 1981 and 1992, and since 1999 his son Mohammad was in the National Assembly until 2009 and then again in February 2012.

Another obvious example of consistently politically active merchants is al-Khorafi family. There is a common perception that it emerged as a business family later than the previous two and was not on the same level of business prominence in the pre-oil times⁸⁷. For this reason the family was also less active during the merchant opposition movements, and none of its members were elected to 1921 or 1938 councils. However with the expansion of business after the establishment of the oil economy, the political activity of the family also increased. Mohammad 'Abdulmohsen Nasser al-Khorafi participated in parliamentary elections in 1963, and won the elections in 1967, but being close to MAN refused the post as part of the group of MPs who boycotted the government. Later his sons created a business and political empire with the division of roles between Nasser and Fawzi heading the family company, and another son Jasim representing the family in the political field. He was a member of almost all Assemblies from 1975 until 2009, being the Speaker in 1999-2009, and was also Minister of Finance in 1985-1988. After the passing of Jasim al-Khorafi in 2015, the family interests in the political field are effectively represented by the current Speaker Marzouq al-Ghanim, who is Jasim's nephew.

The extended relative of the family (through maternal line) 'Adel Musa'ed Mohammad al-Jaralla al-Khorafi was elected in parliament elections in December 2012 and 2013. However, it has been recently reported (albeit not officially) that he would not participate in the next elections paving the way for late Jasim al-Khorafi's son Anwar to emerge as a new family representative in the Assembly (Arab Times, 2016)⁸⁸.

⁸⁷ Multiple personal interviews with Kuwaiti merchants and historians; Kuwait, January-June 2014, October-November 2014.

⁸⁸ Despite the press report, Anwar al-Khorafi ultimately did not run in the subsequent 2016 election.

From the group of families that have been relatively active in the political field we can further subtract a number of families, which have been frequently participating in parliamentary elections, but have not been successful in being elected. This subgroup includes both old merchant families (such as Behbehani, Ma'rafie) and more recent newcomers (such as Bukhamsin or a businessman of tribal background Sa'ud Sahoud al-Mutairi). During the merchant opposition movement and with the rise of the MAN, the Shi'i merchants, many of whom are of Persian origin (for example Behbehani, Ma'rafie, Hayaat, al-Wazzan) were sidelined, and the political field was dominated by the old Sunni merchant elite (Azoulay, 2013: 77; Louer, 2008: 59-64). Some of them continued their multiple attempts to get into parliament with various members of the extended family putting up their candidacies in the elections. They were joined by other more recently emerged Shi'i merchants, such as Qabazard, who reached their business prominence after the establishment of the oil economy, and Bukhamsin, who are even more recent and built their business empire in the 1950s (Azoulay, 2013: 76)⁸⁹. However, there are also Sunni merchant families in the same category, for example al-Sa'ad, who had a few attempts in the elections, and a businessman (rather than a business family) Sa'ud Sahoud.

Furthermore, there are business families, which have kept a very low political profile and have never made any substantial effort to engage in parliamentary politics. Among them are al-Thuwaini family, who own one of Kuwait's most prominent construction companies Ahmadiyah, al-Babtain, who have relatively diversified business ranging from industrial manufacturing to automotive agencies, and al-Yousefi, who are the agents of Panasonic and other electronics brands in Kuwait. None of those families, despite their business prominence, have ever had parliament members/candidates or cabinet ministers among their members⁹⁰. Bodai family has only had two extended family members (not directly related to the main business branch, which owns Bodai Corporation) participating in government-orchestrated 1990 al-Majlis al-Watani elections and in 1999 elections, which is hardly an indication of the family's active political engagement. This is also the case with Abul family, which had only one extended member as a

⁸⁹ Personal interview with a member of a Shi'i merchant family; Kuwait, November 2014.

⁹⁰ Although, in the 2016 election (held after the completion of the present work) a young al-Babtain member ran for the first time in family history and achieved an impressive victory coming first in the electoral district. Some of the respondents suggested that he had extensive previous experience in the student elections, and therefore could gain necessary support.

candidate in 2008, and generally kept a very low political profile until the recent appointment of Yasser Abul as a Minister of Housing in 2013.

Finally, there is a number of families that could have been in the previously mentioned politically inactive category, or among the families that have been unsuccessful in their political endeavours, however each of them had a single or a few very prominent political figures, who became parliament members due to their affiliation with political or religious groups. Among those are the Jana'at al-Mutawwa', who have been impressively, although not very successfully, active and had candidates in all but two elections. However, the candidate who made it into the parliament in 1985, 1996 and 1999 was the one affiliated with the Muslim Brotherhood group. Similarly families Sultan Ben 'Isa and al-Nafisi had successful candidates, who were prominent members of Salafi block and Muslim Brotherhood respectively, while politically-active members of al-Mulla and al-Qatami families are known as leaders of liberal/leftist Kuwait Democratic Forum – the successor of MAN.

To sum up, based on the collected information about the merchant families' political engagement, five groups or categories of families can be identified:

- Group 1 includes families, which have been consistently active in the political field and have successfully participated in the elections throughout Kuwait's parliamentary history: al-Ghanim, al-Saqr, al-Khorafi, al-Mudhaf, al-Roumi, al-Dabbous;
- Group 2 includes families, which have been active in the National Assembly in the past, but have chosen to withdraw from parliamentary politics: al-Kadhemi, al-Khalid, al-Fulajj, al-Hamad, al-Marzouq, al-Nisf, al-Shaya', al-Humaidhi, al-Ghunaim, Hayat, al-Bahar, al-Sayer;
- Group 3 includes families, which have been actively taking part in the elections, but have not been successful to secure parliamentary seats: Ma'rafie, Behbehani, Bukhamsin, al-Wazzan, al-Sa'ad, Qabazard, Sa'ud Sahoud;
- Group 4 includes families, which have kept a very low political profile and have not been visible in either parliamentary elections or in the cabinet: Bodai, Abul, al-Babtain, al-Yousefi, al-Thuwaini;
- Group 5 includes families, which have not been active or successful in the parliamentary field, however some of their members have become prominent political figures due to their ideological,

political or religious affiliation: al-Mutawwa', Sultan Ben 'Isa, al-Nafisi, al-Qatami, al-Mulla (as well as to a certain extent al-Roumi).

Having identified those patterns of political engagement I can further research which factors are responsible for the variation. My hypotheses are built around the data collected in the interviews with the representatives of the business community itself, both from politically active and non-active families. The dominant explanation by the respondents as to why certain families do engage in the parliamentary politics and others do not, the major factors that prevent merchants from entering the parliament are, firstly, the risk to business interests, and secondly, the inability to gain support from the constituencies. Therefore, the families that have been consistently successful in the field of parliamentary politics are assumed to have sufficient financial resources, social capital and support of the ruling powers both to bear the risks of political engagement and to be able to secure votes. The features that define a merchant family's ability to acquire such immunity are various. First of all, the family's social capital and ability to form a voting constituency is largely defined by its origin, age, religious sect and heritage of political engagement. Secondly, the relations with the ruling family also play a crucial role in whether a given family is successful in its political endeavours and whether it chooses to actively engage in the political field at all. Another factor, which defines the merchants' choice of action is the requirements of the business sector they are operating in, and the level of competition within this sector, as well as the availability of other means that would allow them to secure their business interests without directly involving in formal politics. Finally, such features as political and religious affiliation and ideology, as well as personal qualities and charisma, further shape the ability and willingness of family members to enter the political field.

In the next part of the Chapter I will proceed with testing those hypotheses to identify which of the named factors are primary in explaining the variation, and which are the intervening variables. In order to do this I will carry out several comparisons of the groups of families, beginning with comparing politically active and passive families (comparison of groups 1 and 3 with groups 2 and 4). This comparison will identify the role of sector of business operation, competition, relations with the ruling family and availability of other means of influence in the merchants' choice to enter the political field or to stay away from it. The next part of the comparison (group 1 with group 3) will identify which factors are responsible for certain families

being successful in their political attempts, while others being less so. This part will concentrate more on the role of the ascriptive features (sect and origin) and heritage of political participation. The final part will discuss the families from group 5 and the importance of the factors of ideology and political and religious affiliation in the merchants' parliamentary engagement.

The next section is prefaced by an extensive comparative table (Table 6), in which the features of each family are compiled in accordance with above-mentioned factors, i.e. origin, sect, age, participation in the pre-oil merchant opposition movements and relations with MAN, political/religious affiliation of family members who have been active in parliamentary politics, sectors of family businesses, relations with the ruling family including intermarriage, and availability of other means of influence, such as ownership of media outlets, sport clubs and top positions in various economic decision-making bodies. The origin, age, sect and family structures (see Appendix B) of the merchant families were identified based on Khaldoun Alnaqeeb Archive website, secondary sources on Kuwaiti merchants, such as those by Rivka Azoulay (2013), Carter (1984), Field (1984), websites of some of the families (Al-Marzook, 2016; Diwan Marafie, 2016; Alqenaei, 2016) and Kuwait History website. The information on the pre-oil political activity of families and their relations was gathered from the history of 1921 and 1938 councils, and the Arab Nationalist movement in Kuwait, while the political affiliation of merchant parliament members and candidates was established based on Michael Herb's Kuwait Politics Database. The major sectors of operation of each family business were investigated through the analysis of websites of family companies, while the information on the positions of family members in economic decision-making bodies (Kuwait Investment Authority (KIA), Kuwait Fund for Arab Economic Development (KFAED), Kuwait Direct Investment Promotion Authority (KDIPA), KCCI, PAI, etc.), political advisory positions (for example in al-Diwan al-Amiri), ownership of media and sport clubs, was collected from the websites of the relevant government, media and sport bodies. Information about intermarriage with Al Sabah and relations with the ruling family was gathered from Kuwait History website, The Royal Ark website and personal interviews.

3.4 Analysing explanatory factors through comparison

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
Group 1 (families with consistent parliamentary presence)								
al-Ghanim	Najdi, asil, part of Utub ('Anaza tribe)	Sunni	Old merchants, pre-oil prominence	Participation in 1921, 1938 movements; alliance with MAN		Major companies: 'Ali al-Ghanim and Sons; Alghanim Industries; Fouad Alghanim & Sons Group. Sectors (diversified): contracting (including construction and engineering) automotive; banking and financial services; industrial production; investments in petrochemicals; real estate; agents and distributors for food brands, electronic equipment, etc.	Intermarriage with Al Sabah	Multiple board memberships in KCCI (including chairman position); Investment Companies Union chairmanship; Al-Kuwait Football Club
al-Saqr	Najdi, asil, part of Utub ('Anaza tribe)	Sunni	Old merchants, pre-oil prominence	Participation in 1921, 1938 movements; alliance with MAN	Recently – Mohammad Jasim al-Saqr established a liberal block (National Democratic Alliance).	Major company: 'Abdullah al-Hamad al-Saqr and Brothers Company (Al Sagar Group) Sectors (diversified): industrial manufacturing (cement, chemicals and petrochemical, construction materials production); oil and gas; contracting (including construction and engineering); civil engineering; banking and financial services; real estate.		Top positions in KCCI, KFAED, KFAS, PAI, Municipality, previously KIA, KPC; al-Qabas (formerly), al-Jarida newspapers

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
al-Khorafi	Najdi, asil, from Zilfi oasis (Tamim tribe)	Sunni	Old family, but major wealth came on the eve of the oil era	None of the family members were elected to 1921 or 1938 councils; alliance with MAN		Major company: M.A. Kharafi and Sons Company (Al-Kharafi Group/MAK Group) Sectors (diversified): construction, engineering; industrial manufacturing (cement, paper, aluminium, etc.); shipbuilding; food; banking and financial services; telecommunications	Close relations with current Amir and former Prime Minister; intermarriage with Al Sabah	Top positions in KCCI; Kuwait University; Kuwait Supreme Council for Planning and Development. Formerly board membership of al-Qabas newspaper
al-Roumi (the family is part of the larger group of families that includes al-Shamlan and al-Bishr)	Najdi, asil, part of Utub ('Anaza tribe)	Sunni	Old merchants, pre-oil prominence	Shamlan al-Saif was one of three merchants who left in protest in 1909; participation in merchant opposition movement (in youth block), although none of the members were elected to the councils; alliance of some of the family members with MAN.	Muslim Brotherhood; National Democratic Alliance (liberal block).	Major companies: multiple, including Sons of Khalifa al-Roumi, al-Roumi Trading and Contracting, etc. Sectors: civil engineering; electrical works; construction; oil and gas equipment; investment.	Intermarriage with Al Sabah	Top positions in Kuwait Foreign Investment Bureau (KFIB); Partnership Technical Bureau (PTB); KPC; Kuwait Foreign Petroleum Exploration Company; KOTC; Kuwait Airways Company. Formerly al-'Arabi Football Club.

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
al-Mudhaf	Asil (Bani Hajir tribe)	Sunni	Old merchants, pre-oil prominence	Ibrahim al-Mudhaf was one of three merchants who left in protest in 1909; participation in 1921 council		Major companies: multiple, no single family company Sectors: industrial production (cement), as part of National Industries Company; banking and financial services; real estate; engineering (including engineering in oil sector)		Top positions in Authority for Applied Education, formerly PAI, KOTC. Formerly al-Arabi Football Club.
al-Dabbous	Asil, but from bedouin origin (Fudhoul tribe)	Sunni	Major wealth came with oil	No (pro-government position during the rise of merchant opposition and MAN)		Major companies: multiple, including International Dabbous Company; Faisal Ghanim al-Dabbous Company (Ghanim al-Dabbous's Sons); Al-Dabbous International Industrial Equipment Supplies Company; Khalifa Duaij al-Dabbous & Brothers Company; Turki al-Dabbous & Sons Company. Sectors: automotive; petrochemical industry (through Boubyan Petrochemical Company); construction and engineering services, including for oil industry; building materials supply.	Close ties to the ruling family, particularly through members of the family who have been recently elected to parliament.	Top positions in KCCI; Chairmanship of al-Fahahil Football Club

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
Group 2 (families that withdrew from parliamentary politics)								
al-Kadhemi	Arab, Shimaliya (from al-Kadhimiya in Iraq)	Shi'i	Arrived to Kuwait in 1920s, gained wealth in 1930s.	No		Major companies: Al Kazemi Group of Companies; Al-Bishr & al-Kazemi Group. Sectors: automotive; shipping, logistics; contracting (incl. construction and engineering for oil and gas sector); electro-mechanical equipment supply; travel and tourism; real estate.		Top positions in Municipality councils; Chairmanship of al-'Arabi Football Club.
al-Khalid (includes al-Kulaib and al-Hudhair families)	Najdi, asil, part of Utub ('Anaza tribe)	Sunni	Old merchants, pre-oil prominence	al-Khalid and al-Khudhair participated in 1921 council; al-Khudhair and al-Kulaib were members of 1938 Majlis; active participation in MAN.	Affiliation of some members with Muslim Brotherhood. Recently – affiliation of one election candidate with National Democratic Alliance (liberal block).	Major companies: Al-Khalid group of companies. Sectors: industrial manufacturing (aluminium, plastic, construction materials); engineering; banking and financial services; real estate.		Top positions in KCCI; Aluminium Producers Union of Kuwait. Among the founders of al-Qadsiya Football Club.

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
al-Fulaij	Najdi, asil (Bani 'Omar tribe)	Sunni	Old family, but major wealth came on the eve of the oil era	No members elected to 1921 or 1938 councils; alliance with MAN		Major companies: Khalid Yousef al-Fulaij Group; Al-Fulaij United Group for General Trading and Contracting; 'Abdul'aziz al-Fulaij and Ahmad Mashhour Engineering for Consultancy. Sectors: engineering and construction; construction equipment supply (includes operations in oil and gas value chain); banking and financial services.		Top positions in KOC; al-Diwan al-Amiri.
al-Hamad	Najdi, asil, from Zilfi oasis ('Otaiba tribe)	Sunni	Old family, but major wealth came on the eve of the oil era (worked for al-Saqr, but then became agent for one of the "big five" British companies)	Participated in 1938 council; pro-government during MAN		Major companies: no single family company; among recent – Hamad Ahmad 'Abdullatif al-Hamad Company General Trading & Contracting. Sectors: banking and financial services; oil and gas fields and machinery maintenance.	Close relations with Sheikh 'Abdullah al-Salim; Ahmad Hamad al-Hamad (15) is a board member of KIPCO owned by Sheikh Hamad Sabah al-Ahmad Al Sabah.	Top positions in KFAED, KIA.

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
al-Marzouq	Najdi, asil (from Subi'i tribe)	Sunni	Old merchants, pre-oil prominence	Members of 1938 councils; some of the members allied with MAN.		Major companies: Khalid Yousef al-Marzouq & Sons Group Of Companies; Tamdeen. Sectors: real estate development and investment; banking and financial services; consumer services sector (Kuwait Cinema)	Intermarriage with Al Sabah	Founders of KCCI; ownership of al-Anba newspaper.
al-Nisf	Najdi, asil, part of Utub ('Anaza tribe)	Sunni	Old merchants, pre-oil prominence	Participation in December 1938 Assembly; alliance with MAN	Some members were close to Muslim Brotherhood, recently – alliance of family MP with National Democratic Alliance (liberal block).	Major companies (multiple): Bin Nisf Group of companies; Mohammad Yousef al-Nisf & Partners Company; Al-Nisf Electrical Company; Al-Tadamoun Company; United Trading and Contracting Company; Salim Bin Mohammad al-Nisf Electrical Company; Jasim A Yousef al-Nisf & Company. Sectors: industrial equipment; machinery; financial services and investments	Close relations with al-Salim branch of the ruling family; 'Abdullatif Ibrahim al-Nisf was Sheikh 'Abdullah al-Salim's secretary; intermarriage with Al Sabah	Top positions in KCCI, al-Diwan al-Amiri, Supreme Council for Planning and Development. Chairmanship of al-Qabas newspaper.

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
al-Shaya'	Najdi, asil, from Zilfi oasis ('Otaiba tribe)	Sunni	Old family, but major wealth came on the eve of the oil era	No members were elected to 1921 or 1938 councils; alliance with MAN		Major companies: al-Shaya' Group; Mabanee; Kuwait Automotive Imports Company. Sectors: real estate development and investment; retail (general trading, agencies); automotive		Top positions in Supreme Council for Planning and Development; KIA; Kuwait Union of Automobile Agents. Chairmanship of al-Qabas newspaper.
al-Humaidhi	Najdi, asil (from Bani Tamim tribe)	Sunni	Old merchants, pre-oil prominence	Part of both 1921 and 1938 councils; active participation in MAN		Major companies: Al-Homaizi Group Sectors: food industry (franchises of international food chains, products, etc.); banking, financial services, investments; real estate.	Were book-keepers for Sheikhs since the time of Mubarak Al Sabah; Hamad Saleh al-Humaidhi was a business partner with Sheikh Nasser Sabah al-Nasser Al Sabah in Nasseriya Company until its closure in 1960s; intermarriage with Al Sabah	Top positions in KCCI, KIA, KPC, Public Authority for Agriculture and Fishery Affairs, KFAED; Arab Institute of Planning; Property Owners Union in Kuwait

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
al-Ghunaim	Najdi, asil (from Dawasir tribe)	Sunni	Old merchants, pre-oil prominence	No members were elected to 1921 or 1938 councils; no members in open alliance with MAN		Major companies: al-Ghunaim Trading Company. Sectors: catering and food industry; industrial manufacturing (through board membership in National Industries and Kuwait Cement companies); investment.		
Jowhar Hayat	'Ajam, Lar origin	Shi'i	Old merchants	No		Major companies: Hayat Group of Companies Sectors: telecommunication equipment; oil and gas – upstream services; banking and investments.	Mas'oud Mahmoud Jowhar Hayat (6) – CEO of KIPCO and its subsidiary Burgan Bank, both owned by Sheikh Hamad Sabah al-Ahmad Al Sabah	
al-Bahar	Najdi, asil, (from Bani Tamim tribe)	Sunni	Old merchants, pre-oil prominence	No members were elected to 1921 or 1938 councils; no members in open alliance with MAN		Major companies: Mohammad 'Abdurrahman al-Bahar Company (al-Bahar Group) Al Bahar Construction Company Sectors: machinery, heavy equipment, power systems; construction; banking and financial services; real estate.	'Abdussalam Mohammad al-Bahar (12) is on the board of one of KIPCO's subsidiary, owned by Sheikh Hamad Sabah al-Ahmad Al Sabah	Top positions in KCCI, KFAED, Kuwait Ports Authority

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
al-Sayer	Asil (from Mutair tribe)	Sunni	Old family, but major wealth came on the eve of the oil era	No members were elected to 1921 or 1938 councils; no members in open alliance with MAN		Major companies: Al-Sayer Group (Mohammad Nasser al-Sayer & Sons) Sectors: automotive (agents for several car brands, provision of related services); banking, financial services.		Board membership in KCCI
Group 3 (families with multiple, but unsuccessful attempts to engage in parliamentary politics)								
Ma'rafie	Ajam, from Khuzestan (Bahbahaniya origin)	Shi'i	Old merchants, pre-oil prominence	No		Major companies: Marafie Group; 'Abdussamad Ma'rafie Sons Company; Marafie United Company. Sectors: construction and engineering; real estate, investment; hotel industry; consumer goods (electronics, household goods, foodstuff); manufacturing (aluminium); medical equipment; transport, shipping and warehousing; banking, financial services.	Close ties with Al Sabah	

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
Behbehani	Ajam, from Khuzestan (Bahbahaniya origin)	Shi'i	Old merchants, pre-oil prominence	No		<p>Major companies: Behbehani Group; Sayed Hamid Behbehani and Sons; Al Mulla and Behbehani Motors; Ya'qub Behbehani Sons Company; Behbehani Projects; Mohammad Saleh and Reza Yousef Behbehani Company.</p> <p>Sectors: automotive; consumer goods; construction and engineering; banking and financial services; investment.</p>	Close ties with Al Sabah	
Bukhamsin	Arab, Hasawiya (from al-Hasa in Saudi Arabia)	Shi'i	More recent business prominence (from 1950s)	No	The member who recently participated in parliament elections was affiliated with al-'Adala wa al-Salam (Justice and Peace Alliance), which is a moderate Shi'i group	<p>Major company: Bukhamseen Holding</p> <p>Sectors (diversified): banking, insurance (including banks listed in Abu Dhabi and Egypt); real estate, investment; hospitality, travel and tourism; industrial manufacturing (steel, aluminium); construction and civil engineering; oil and gas industry services.</p>	Close relations with the ruling family; Kuwait International Bank, which is majority owned by Bukhamseen Holding and subsidiaries, is chaired by Sheikh Mohammad Jarrah Al Sabah.	Ownership of al-Nahar newspaper and media holding.

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
Sa'ud Sahoud (al-Mutairi)	Asil, but from bedouin origin (Mutair tribe)	Sunni	Came to business prominence very recently	N/a		Major company: Sa'ud Sahoud al-Mutairi Company. Sectors: real estate construction, development and investment for retail purposes.	Sa'ud Sahoud's rise in business is rumoured to be associated with certain members of the ruling family.	
al-Wazzan	'Ajam, North Iran origin	Shi'i	Old family, but major wealth came on the eve of the oil era	No	Society of Social Culture (Jam'iyat al-Thaqafa al-Ijtima'iya), National Islamic Alliance, lately al-Mithaq	Major companies: Mezzan Holding Company Sectors: food production and distribution, catering; pharmaceuticals; logistics.	Close relations with the ruling family	Top positions in KCCI, KPC, Supreme Petroleum Council, Union of Medicine Importers of Kuwait.
al-Sa'ad (a branch of al-Munaifi family)	Najdi, asil, from Zilfi oasis (Bani Zaid tribe)	Sunni	Old family, but major wealth came on the eve of the oil era	No		No single family business, but multiple board memberships in listed companies. Sectors: industrial manufacturing; insurance and financial services; investment.		Top positions in KNPC, KPC, Supreme Petroleum Council, Kuwait Petroleum International (KPI), Petrochemical Industries Company (PIC), Supreme Council for Planning and Development; Kuwait Environment Authority, Kuwait University, Union of Tourism and Travel Companies, Kuwait Accountants and Auditors Society.

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
Qabazard	'Ajam, Lar origin	Shi'i	More recent business prominence (on the eve of the oil era)	No		Major companies: Jasim Qabazard Engineering Consultants, Sons of Mohammad Qabazard Marine Equipment etc. Sectors: housing and roads construction; marine equipment and services.	Close relations with the ruling family	Top positions in KOC, Kuwait Institute for Scientific Research, KOTC, OPEC, Kuwait Port Authority.
Group 4 (families with low political profile)								
Abul	'Ajam, Tarakma origin	Shi'i	Old merchant family	No		Major company: Hassan Abul Holding Company. Sectors: building and interior design materials supply		Membership in Supreme Council for Planning and Development; al-'Arabi Football Club board membership (formerly).
al-Babtain	Asil, from Zubair (Obaida tribe)	Sunni	More recent business prominence (from 1950s)	No		Major companies: al-Babtain Group of Companies; al-Babtain Group. Sectors: electronics, consumer products, food import; automotive; industrial manufacturing (paint, plastics); real estate and investment.	Intermarriage with Al Sabah	

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
al-Yousefi	'Ajam, Lar origin	Shi'i	Old merchant family	No		Major company: Easa Husain al-Yousifi & Sons Company. Sectors: retail of electronic devices (agent for Panasonic, Sharp, Philco, York, IBM-Lenovo, etc.)		Top positions in KCCI, Kuwait Engineers Association, Union of Agents for Importing Electronic Devices in Kuwait, KDIPA, Public Authority for Minors Affairs.
al-Thuwaini	Najdi, asil (from Bani Khalid tribe)	Sunni	Old family, but was not very prominent in business before oil	No (pro-government position during the rise of merchant opposition and MAN)		Major companies: Ahmadiyah Contracting and Trading Company; 'Abdulmohsen Faisal al-Thuwaini & Sons General Trading & Contracting Company; al-Thuwaini Trading Company. Sectors: construction and civil engineering; oil and gas construction.	Old ties to the ruling family (al-Thuwaini were working for Al Sabah in the pre-oil period); advisor position to Amir Jabir al-Ahmad; currently manage the construction company, which belongs to the ruling family.	

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
Bodai	Najdi, asil (from Bani Khalid tribe)	Sunni	Old merchants (settled in Kuwait before Utub families), pre-oil prominence	No members were elected to 1921 or 1938 councils; no members in open alliance with MAN		Major company: Bodai Corporation. Sectors (diversified): air transport (Jazeera Airways); construction and engineering; transport; logistics; construction machinery; industrial manufacturing (cement); media, information technology; travel industry, tourism; banking, financial services; real estate, investment;	Historically close ties with Al Sabah since 19 th century. Jasim Mohammad Bodai was Sheikh Mubarak's agent; 'Abdullah Jasim Bodai was a secretary for British political agent in Kuwait and a link between the Majlis movement and British political representative.	al-Rai Media Group; membership in al-Diwan al-Amiri.
Group 5 (families with members who have been successful in parliamentary politics due to their political/religious affiliation)								
Sultan Ben 'Isa	Jana'at	Sunni	Old merchants, pre-oil prominence	Sheikh Yousef Ben 'Isa al-Qin'i (brother of Sultan Ben 'Isa) was part on 1921 and 1938 movements. His son was allied with MAN, however none of the Sultan branch were openly allied.	Member of the family who has been active in parliamentary politics is head of the Salafi block (Islamic Salafi Alliance)	Major companies: Sultan Centre Food Products Company; Agility. Sectors: retail and development of real estate for retail purposes; food industry; logistics; real estate and investment.	Sheikh Yousef Ben 'Isa al-Qin'i was close to the ruling family. According to Wikileaks Cable 89KUWAIT3922_a (1989), he was adopted by the ruling family as a child.	

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
al-Mulla	Asil (from 'Anaza tribe), but not Najdi (from the UAE)	Sunni	Old merchants, pre-oil prominence	No (pro-government position during the rise of merchant opposition and MAN)	Recently active member is allied with Kuwait Democratic Forum (al-Minbar), opposition-leaning liberal nationalist group	Major companies: Al Mulla Group; Al-Mulla International for Finance and Investment; Al-Mulla Banking. Sectors (diversified): automotive (Mitsubishi, Chrysler); engineering (including agency/partnership with foreign companies); manufacturing (steel for oil and gas, and construction industries); financial services and investment.	Occupied Amir's secretary position for several generations; intermarriage with Al Sabah	Kuwait Union of Automobile Agents; KCCI
al-Nafisi	Of Saudi origin, origin traced to Mutair tribe, not considered asil	Sunni	Came to Kuwait in the end of 19 th century to take refuge together with Al Sa'ud; major wealth came with oil	No members were elected to 1921 or 1938 councils; some members allied with MAN	Progressive block, Muslim Brotherhood, Salafi block.	Major companies: Al Nafisi National Real Estate Group; Electrical Contracting Company. Sectors: real estate and investments; oil sector (through board membership in Independent Petroleum Group); telecommunications; banking (KFH).		

Family	Origin	Sect	Age	Pre-oil, pre-independence politics	Political affiliation of family members	Family business and sectors of operation	Special relations with ruling family	Other means of political influence
al-Qatami	Najdi, asil, part of Utub ('Anaza tribe)	Sunni	Old merchants (sea captains), pre-oil prominence	Although no members were elected to 1921 or 1938 councils, some family members were part of the Majlis movement – one (2) was killed during clashes with state forces in 1938; Jasim al-Qatami (1) was active part of MAN.	MAN, National Block, Kuwait Democratic Forum (al-Minbar)	Major companies: Al-Qatami Company; Al-Qatami Group. Sectors: Industrial manufacturing, including oil industry-related (concrete, petrochemicals); industrial equipment; real estate development, including for retail purposes; transport; financial services.		Top positions in KDIPA, KCCI, KFAED.
al-Mutawwa'	Jana'at	Sunni	Old merchants, pre-oil prominence	Participation in 1938 majlis; alliance with MAN	Muslim Brotherhood	Major companies: Tariq Badr Salim al-Mutawwa' Company; 'Ali 'Abdulwahhab and Sons Company; 'Abdul'aziz 'Ali al-Mutawwa' Group of Companies. Sectors: automotive, agents for consumer products (electrical equipment, pharmaceuticals, etc.); finishing building materials; real estate; investment (including in petroleum sector); banking.		Top positions in KCCI, PAI, Partnership for Local Suppliers and Contractors of KNPC.

Table 6: Characteristics of Kuwait merchant families. Sources: multiple (see above).

3.4.1 The ascriptive factors of origin and sect

Having gathered the information about the merchant families in each category, what conclusions can one make about the role of such factors, as the family's origin, religious sect and heritage of political participation, in the family's more recent political activity and parliamentary engagement? The first thing that becomes obvious is that the families within the groups vary considerably in terms of their origin, sect, time of emergence as business players and whether or not they were politically active before oil and participated in merchant opposition movements. Within the group of the most politically active and successful merchants (group 1) the families of al-Ghanim, al-Saqr and al-Roumi are the oldest and the longest established. They were among the first Najdi settlers that came to Kuwait together with the ruling family, and therefore were part of the 'Utub group of families, i.e. those who made an agreement with the Al Sabah to divide the economic and administrative powers. They all originate from 'Anaza tribe in Najd, and therefore are considered *asil*, which means original, noble, pure-blooded and necessarily originating from a bedouin tribe (Herb, 1999: 53).

Being of the same origin as the ruling family and having established the unwritten treaty relations with the Al Sabah, those families are in the top stratum of socio-economic hierarchy. All three were successful merchants (ship-owners and pearl-traders) in the pre-oil period, which enabled them to have significant leverage vis-à-vis the Al Sabah. Furthermore, members of those families also actively participated in the merchant opposition movements in the first half of the 20th century. Shamlan al-Saif (relative of al-Roumi family) was one three merchants who fled to Bahrain in protest of the ruler's policies in 1909. Later al-Roumi family members were also active in the youth block of Majlis opposition movement in 1938⁹¹. As it has been mentioned earlier, members of both al-Ghanim and al-Saqr families were also prominent in the Assemblies of 1921 and 1938.

Al-Mudhaf family, which was also part of the Kuwaiti old merchant elite, followed a similar path. However, unlike the three mentioned families, al-Mudhaf originated from a different bedouin tribe, namely Bani Hajir, and therefore despite also being considered *asil*, was not part of the most elitist 'Utub group of clans. Nevertheless, Ibrahim al-Mudhaf was also one of the

⁹¹ Personal interview with Kuwaiti historian; UK, January 2016.

pearl traders who left Kuwait in protest in 1909, and was a member of Consultative Council in 1921.

Likewise, al-Khorafi family is of Najdi origin and is considered *asil*. However, it originates from a different Najdi tribe – Tamim – and therefore, like al-Mudhaf, is not part of the ‘Utub group. As mentioned earlier, al-Khorafi’s business prominence came later than that of the previous four families, and the family was generally less visible on the pre-oil political scene.

However, not all the families, which have kept an active political profile in the National Assembly, are of exactly the same origin (Najdi, *asil* elite) or have the same record of political activity in the pre-oil times. Being part of the pre-oil merchants elite or ‘Utub clans is by no means a precondition for active political engagement in the oil age. In fact, one finds most of the families of the same origin as al-Ghanim, al-Saqr and al-Roumi, in the group of merchants who used to be active in the National Assembly only in the first several decades of parliamentary life, but later withdrew from participation keeping occasional ministerial positions provided to them by the government (group 2). These families include al-Nisf (part of ‘Utub), al-Marzouq, al-Khalid (part of ‘Utub), al-Shaya’, al-Hamad, and al-Humaidhi. All are of Najdi *asil* origin, and most were active in merchants’ opposition movement in the first half of the 20th century.

The example of al-Dabbous family, which has been also very active on the political scene, further shows that origin and pre-oil political and business prominence hardly predetermine the merchants’ choice to participate in parliamentary politics. The family is part of the Fudhoul tribe in Kuwait. Although all of the previously mentioned *asil* merchant families trace their origin to a particular tribe, they are essentially part of Kuwait’s hadhar or sedentary population and the tribal connection is used more as a part of identity and prestige. Unlike them, al-Dabbous family’s origin is immediately bedouin, making it quite distinct from the families of the traditional merchant elite. Although the family was in Kuwait since the middle of the 19th century and some of its members were ship-owners and engaged in trade, they emerged as wealthy businessmen after the onset of the oil era, and were not part of the merchant opposition in the first half of the 20th century.

The argument that the choice of participation is not in direct dependency to the ascriptive features can be further supported by the analysis of the group of families that do make repetitive attempts to engage in the parliament, but have not succeeded so far (group 3). Quite a few

among them are families of old prominent Shi'i merchant elite of Iranian origin, like Ma'rafie, Behbehani, Qabazard, Hayat and al-Wazzan⁹². However the group also includes al-Sa'ad, which is an old Sunni family of Najdi *asil* origin, and much more recently emerged Shi'i Bukhamsin and Sunni bedouin Sa'ud Sahoud al-Mutairi.

Thus, judging by the diversity of the origin, religious sect affiliation and age of the families that are most active (whether successful or not) in the country's parliamentary politics, it is possible to conclude that there is no direct causal relation between those factors and the choice of political activity. Neither do those features predetermine the success of attempts of political involvement. However, later in the Chapter I will return to those factors and show that they do play a significant role as intervening variable in certain cases.

3.4.2 The factor of business sector and competition

In order to identify which factors are responsible for the fact that some merchant families have consistently chosen to get involved in the parliamentary politics, while others withdrew or have always preferred to stay away from it, it is necessary to identify which features are shared by the merchant families within each group, despite the diversity of their backgrounds and ascriptive characteristics. At this point I am interested in the intention of involvement itself, therefore I will compare the families within both the group, which has been successful in securing the seats in the Assembly (group 1), and the group, which has been active but unsuccessful (group 3). I will further make a separate comparison of families within the group, which chose to withdraw (group 2).

As it was stated in the previous sub-section, the variables of origin, time of emergence and sect are controlled for and cannot be considered as explanatory. What one notices from the analysis of the groups 1 and 3, however, is that there are similarities in the sectors of business that they started to operate in and often dominate after the emergence of oil economy. Al-Ghanim's business is very diversified, but one of the sectors they are most prominently involved in is construction and engineering⁹³, with recent diversification into the oil and gas sector⁹⁴, as well as industrial manufacturing. Apart from that, they are agents for technical equipment,

⁹² Section 3.4.4 of the current Chapter speaks in more detail about the role of Shi'a politics in the fate of parliamentary involvement of the Shi'i merchants in Kuwait.

⁹³ In Chapter VI I provide a list of the most recent infrastructure and development projects issued by the government. The list of companies that have been awarded or shortlisted for those projects features several al-Ghanim companies.

⁹⁴ Personal interview with Kuwaiti historian; UK, January 2016.

electronics and several car brands. Al-Saqr are also predominantly involved in industrial manufacturing (cement, chemicals and petrochemical), construction and engineering, being local agents and partners of some of the biggest foreign construction companies, like Hyundai Heavy Industries (KCCI, 2016). Construction and industrial manufacturing is also the major field of operation for al-Khorafi family. The companies of al-Roumi family deal with civil engineering, electrical and oil and gas equipment imports, with some companies involved in construction as well. Likewise, al-Dabbous companies are carrying out civil engineering, electrical and mechanical works services and building materials supply for the oil and gas and construction industries. Although al-Mudhaf family has not established a united family group of companies, like most of the other merchant families, multiple companies owned by various al-Mudhaf members also mostly operate in the engineering field, including in the oil sector, and have board membership positions in industrial manufacturing companies (National Industries Company).

One can see that, although most of those politically active families also diversified into other sectors, like real estate, banking and financial services, automotive (for al-Ghanim and al-Dabbous) and food industry (for al-Khorafi), their major field of operation is related to construction, engineering, often in or in combination with the oil and gas sector, and manufacturing materials for the construction industry. These are the sectors, which are mainly feeding off the government contracts and tenders, and therefore are, on one hand, the most dependent on government distribution, and on the other, the most rewarding and competitive. This requires the families, which are operating in these sectors, to keep a consistent presence on the political field, which facilitates their chances of gaining government projects and beating their competitors.

The same is true about some of the families and individuals who are politically active, but not as successful. For example, the emerging businessman Sa'ud Sahoud is heavily involved in real estate construction. It is also the major sector for the companies of Ma'rafie (who are prominent in hotel construction) and to a lesser extent Behbehani families, while Qabazard is operating in housing and road projects construction (Azoulay, 2013: 76). Civil engineering, construction and industrial production (of steel and aluminium) are also parts of Bukhamsin business empire⁹⁵. Al-Wazzan family has its main business interest in foodstuff production,

⁹⁵ Personal interview with a member of a Shi'i merchant family; Kuwait, November 2014.

catering and logistics sectors. However one of its members (Tariq Ja'far al-Wazzan) has been long involved in oil and gas industry and is on board of KSE-listed Specialities Group Holding Company (trading in construction and chemical materials) and Energy House Holding Company (investments in energy-related sectors) (Energy House Holding Company, 2016). He was a candidate in the 1996 elections to the National Assembly. The last family in this group – al-Sa'ad – does not have a unified family company, however many of its members have interests in and are on boards of industrial companies, such as Kuwait Cement Company, National Industries Company, Gulf Cable and Electrical Industries Company. Thus, the business interest of those families in the same government-dependent sectors can also partly explain their active attempts to be elected to the National Assembly.

Some of the business families, which are no longer actively participating in parliamentary politics, are also involved in sectors that are highly dependent on government projects and procurement. For example, al-Khalid group of companies specialises in industrial manufacturing (aluminium, plastic, construction materials); al-Fulaij operates in construction and engineering, as well as supplies equipment for oil and gas value chain; both al-Kadhemi and al-Hamad are to a certain extent involved in providing engineering services and machinery maintenance in oil and gas sector. However, in general, this group of families is predominantly involved in sectors, which are to a lesser extent dependent on the constant supply of government contracts, but rather on general consumption and market forces. Al-Nisf and al-Bahar are dealing with industrial equipment and machinery production – although this sector can also greatly benefit from government's procurement contracts, it is mainly relying on the consumption of construction and industrial companies themselves. Other families dominate such sectors, as retail (al-Shaya'), catering and food industry (al-Ghunaim, al-Humaidhi), telecommunications (Jowhar Hayat), banking and financial services (al-Hamad, al-Fulaij, al-Mazouq, al-Bahar, al-Humaidhi, etc.), automotive agencies (al-Sayer, al-Kadhemi), shipping and logistics (al-Kadhemi), real estate development, particularly for retail, i.e. malls, entertainment projects, etc. (al-Shaya' and al-Marzouq). Although the latter is also relatively dependent on government approval and granting of land, the nature of such real estate construction projects is different to infrastructure and development projects, which are most often initiated by the government itself (rather than by the developer), are often launched according to public-private-partnership

scheme (i.e. have a larger government involvement in the financing and execution of the projects), and are in general of more competitive nature.

The analysis of the major business of the families that have the lowest political profile (group 4) also reveals concentration in consumer-based sectors. Abul family business is related to the supply of interior design materials; consumer goods and electronics retail is the main field of al-Yousefi and one branch of al-Babtain family, while another branch is involved in automotive agency sector. The major exceptions in this group are al-Thuwaini and Bodai families, who are both heavily involved in construction and engineering, but have not built a strong political presence. The factors, which explain those exceptions will be addressed later in the Chapter.

Thus, it is possible to conclude that the factor of sector, in which a given business family or company has its established interests or is aspiring to diversify, has a major influence on family members' choice whether to participate in parliamentary politics or not. Being in parliament does provide quick means for gaining contracts and challenging rivals. Firstly, parliament members have direct access to the top officials in ministries, as the cabinet is the main decision-maker with regards to launching projects and awarding contracts. Secondly, the National Assembly has the power to investigate and question awarded contracts, as well as demand that they are rewarded if there are suspicions of mistakes or corruption in the process. This, in practice, gives the MPs with family business interests and with sufficient support within the Assembly, the power to launch such investigative motions and demand the cancellation of awards made to their competitors. The notion of parliament being used as a tool for politicised distribution of government contracts is widely believed in by Kuwaitis and has been confirmed to me by the vast majority of respondents. The examples, which have been given to support this statement, were most often related to the immense growth of al-Khorafi business empire, while Jasim al-Khorafi was the Speaker of the parliament, and the current monopolisation of business opportunities and recent expansion into oil sector by al-Ghanim companies, with Marzouq al-Ghanim being the head of the present Assembly⁹⁶.

Such development further means that if one of these merchant families is successful in its political aspirations and secures seats in the parliament, this will encourage its competitors to

⁹⁶ Multiple personal interviews; Kuwait, January-June 2014, October-November 2014, April-May 2015.

follow suit. This occasionally results in major competition battles unfolding between merchant families both in business and political realm. One of the most vivid examples in this respect is the rivalry between al-Khorafi and al-Saqr. The two families have overlapping interests in some business sectors (construction, engineering and industrial manufacturing), but also compete with each other for political prestige and dominance. The main battle between them started to unfold when Mohammad al-Saqr (5) entered the parliament election race in 1999 challenging the earlier mentioned long-standing MP and Speaker Jasim al-Khorafi in the same district. The harsh rivalry between the two merchant figures was not even about who wins the elections, but who comes first in the district in terms of the amount of votes⁹⁷.

Similar long-standing rivalry between al-Shaya' and al-Marzouq families, however, has not acquired a political dimension. There have been aggressive acquisitions by one family of the other one's business, which was followed by commercial retaliation of the latter, but the two never took their rivalry into the open political field⁹⁸. This corroborates the argument that business rivalry in less government-dependent sectors is less politicised and requires less political presence.

To sum up, although indeed all sectors of private sector operation in Kuwait are to a certain extent dependent on government distribution, and acquiring government contracts would boost the business of any company, for some merchants – politics and parliamentary involvement has been essential to build and sustain their business empires, while others used it as means to challenge their competitors, and certain sectors of business operation tend to be more demanding in terms of political activity than others.

3.4.3 The factor of availability of other means

The conclusion of the previous sub-section has been inferred from the fact that all politically active and successful business clans, and the majority of those who undertake attempts to get into political field, are involved in a very particular range of businesses, which are the most dependent on government distribution. However, although the sector factor is a

⁹⁷ Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015. The respondent has close professional relations with Mohammad al-Saqr.

⁹⁸ According to several respondents (a Kuwait University professor in public policy and a member of Kuwait Democratic Forum; Kuwait, May 2015), al-Shaya' overtook Avenues Mall through buying the majority stakes in a company, which owned it, and as a result, al-Marzouq did not get any business there; however, later when al-Marzouq built 360 Mall, he did not allow any of the brands or shops, which have al-Shaya' as their local agent, to have their outlets there.

necessary condition to explain the choice to participate in parliamentary politics, it is not quite sufficient to explain the lack of participation or the choice to withdraw. As mentioned earlier, some of the old merchant families that have withdrawn are also operating in industrial and construction areas. Furthermore, the two exception families – al-Thuwaini and Bodai – from the group of the least politically active merchants also present a puzzle. Apart from being the major owners of one of Kuwait's biggest construction companies, their al-Thuwaini Trading Company is also operating in construction in oil, gas and energy sectors. Bodai Corporation is vastly diversified, but has a strong presence in construction and engineering, heavy construction machinery supply and industrial manufacturing sectors.

Thus, the question is – what allows those families (group 4 and group 3) to stay away from the country's parliamentary politics, while in some cases keeping their business interests in highly contested fields, compared to those who strive to participate? I argue here that the factor that partly explains their non-participation is the availability of other means (described earlier in Section 3.2 of the Chapter) that allow them to exercise political influence and secure business interests without engaging in parliament. By other means I refer to, first of all, cabinet positions and senior posts in ministries appointed by the government, senior positions in the most important authorities that relate to the state's economic activities, such as Kuwait Petroleum Corporation and its various subsidiaries, sovereign wealth funds and investment authorities (KIA, KFAED, KDIPA), planning and development boards, industrial authorities (PAI), KCCI etc., ownership of media outlets, as well as more informal means, such as close personal relationship and business partnership with the ruling family members.

It is noticeable that most of the families from group 2, despite having predominantly left parliamentary politics by 1980s, at one point or another have occupied various ministerial positions. The Ministry of Finance was headed by the representatives of al-Hamad (together with Ministry of Planning in 1981-1983) and more recently al-Humaidhi (2003, 2006, 2007); Ministry of Commerce and Industry – by al-Ghunaim (1963, 1964), al-Marzouq (1981) and al-Khalid (1986, 1988); Ministry of Oil – by al-Kadhemi (1975, 1976) and al-Humaidhi (2007); Ministry of Communications – by al-Khalid (1975, 1976, 1978), Jowhar Hayat (with Public Works and Housing in 1990-1994), al-Nisf (with Ministry of Information in May 2011) and al-Ghunaim (2008); Ministry of Public Works – by al-Khalid (1981) and al-Nisf (1971-1980);

Ministry of Justice – by al-Khalid (1962, 1963), al-Hamad (1971) and al-Marzouq (1971); Ministry of Health – by al-Nisf (1964), al-Fulaij (1965, 1967) and al-Sayer (2009, 2011); Ministry of Education/Higher Education – by al-Hamad (2003), al-Marzouq (1971, 1975, 1976, 1978) and al-Ghunaim (1981, 1990, 1996); Ministry of Social Affairs and Labour – by al-Nisf (1962, 1985); Ministry of Electricity and Water – by al-Shaya' (1964); Ministry of Municipal Affairs – by al-Ghunaim (1985).

From all the families of this category, al-Shaya', al-Fulaij, al-Bahar and al-Humaidhi have been the least represented in the cabinet. The former two had only a ministerial position each in the 1960s, while Badr Mishari al-Humaidhi was appointed as a Minister of Finance and Oil only recently in the 2000s. However, all four families had prominent posts in other state bodies: al-Fulaij and al-Humaidhi had top positions in Kuwait's oil sector (in KOC and KPC), and Mohammad 'Abdul'aziz al-Shaya' is a member of the Supreme Council of Planning and Development. Furthermore, al-Humaidhi and al-Khalid were also on the board of KIA. Most of the families of this category have also at one point or another been members in the KCCI board of directors.

At the same time, none of the families of group 3 – those, which have continuously but unsuccessfully tried to get into the parliament, – have ever had ministerial positions, with the noticeable exception of 'Abdulwahhab al-Wazzan. On average their presence in public authorities and government bodies is also noticeably less frequent, yet again with exception of al-Wazzan and al-Sa'ad. 'Abdulwahhab al-Wazzan is the vice chairman of KCCI and has previously served in KPC and Supreme Petroleum Council boards, while al-Sa'ad members have had a heavy presence in the state's oil sector company, and Badr al-Sa'ad is the current head of KIA.

Thus, one can argue that for families that do have consistent access to the political field through top government appointed positions and membership in state bodies and KCCI, there is no rationale to get involved in the field of parliamentary politics, which is much riskier and more contested. As one of the respondents from an old Sunni merchant family put it, “[some] merchants go from the top” and they do not need the parliament to approach decision-makers⁹⁹.

⁹⁹ Personal interview; Kuwait, January 2014.

The access to the political field and decision-making bodies on such a high level securely protects the business interests of a given merchant family.

However, the means that provide such access and business protection are not limited to formal positions in the official political field. This is illustrated by the families in group 4, who neither participate in parliamentary politics, nor get appointed as ministers, with a very recent exception of Yasser Abul who is the current Minister of Housing. Here the case of the above-mentioned al-Thuwaini and Bodai is particularly interesting, as they have managed to build their business prominence in highly competitive sectors, despite being seemingly apolitical. The factors that allow those families to avoid the political field almost completely can be often explained through the analysis of the relationship of those families with the Al Sabah and the historical path of how their businesses were established.

Al-Thuwaini family has very old ties to the ruling family – the family members were aides of Al Sabah in the pre-oil period¹⁰⁰. The family has always kept its close alliance with the government. ‘Abdullatif Faisal al-Thuwaini (1) was a secretary in the Ministry of Interior in the 1960s and played an instrumental role during the multiple clashes between the authorities and MAN (al-Khatib, 2007: 205). He later served as an advisor to Sheikh Jabir al-Ahmad and established Ahmadiyah construction company. Although the company’s board consists of al-Thuwaini family members, in reality the company is known to be owned by the ruling family, with al-Thuwainis managing it¹⁰¹.

Bodai family also has historically close ties with Al Sabah since the 19th century. Jasim Mohammad Bodai (4) was Sheikh Mubarak’s agent, while his son ‘Abdullah Jasim Bodai (5) was a secretary of the British political agent in Kuwait and during the 1930s served as a major link between the Majlis movement and the British political representative. Bodai family is also close to and interrelated by blood ties with al-Khorafi¹⁰², which itself has a strong political presence and close ties with the current Amir Sheikh Sabah al-Ahmad and the former Prime Minister Sheikh Nasser al-Mohammad. Such interconnection between two merchant families

¹⁰⁰ Personal interview with Kuwaiti historian; UK, January 2016.

¹⁰¹ Multiple personal interviews; Kuwait, January-June 2014.

¹⁰² Personal interview with a professor in public policy, KU; Kuwait, May 2015.

also provides the less politically active one with means to exercise political influence and protect business interests when necessary¹⁰³.

The close historic relations and common business interests with the ruling family are by no means exclusive to the two above-mentioned families. Al-Hamad, al-Nisf, al-Humaidhi and al-Mulla (see Chapter II) have occupied positions of personal secretaries and book-keepers for Al Sabah in the pre-oil period. Furthermore, currently members of al-Hamad, Jowhar Hayat and al-Bahar are among the directors of Kuwait Projects Company (KIPCO) and its subsidiaries, which is the company owned by Sheikh Hamad Sabah al-Ahmad – the son of the current Amir. Such long-standing historical ties with the ruling family and common businesses with some of its members also provide necessary protection for the merchants' own business interests. This is another factor, which explains why some of them refrain from parliamentary or generally political engagement.

Thus, it is possible to conclude here that the choice for participation in or abstention from parliamentary politics is further dependent on whether a merchant family in question has other available means of political influence and protection of its business interests. These include formal and semi-formal means, like securing ministerial appointments and occupying top positions in government bodies and KCCI, as well as informal means, i.e. close relations and common business interests with the ruling family. To sum up the argument of the two sub-sections of the Chapter, the choice of parliamentary involvement of business representatives is explained by the combination of the following factors: 1) the dominant factor of being commercially involved in a sector, which is highly dependent on state distribution, and subsequently facing high level of competition for those government-distributed opportunities; 2) the auxiliary factor of possessing other means to exercise political leverage and secure business interests.

3.4.4. The factor of availability of constituency and social capital

The further question that emerges from the comparison of merchants' political involvement is two-fold, but is related to the same factor that greatly influences the business parliamentary participation in Kuwait. Firstly, based on the analysis in the previous sub-sections, why do merchant representatives from certain families get appointed for the top government

¹⁰³ Personal interview with a professor in public policy, KU; Kuwait, May 2015.

positions, and we can see recurring presence of particular family names in the cabinets, while others do not? And secondly, which factor explains that certain families are consistently successful in acquiring seats in the parliament (group 1) and are able to bear the risks of political participation, while others are not (group 3)?

In order to address the first question, one should refer to the explanation of what a ministerial appointment means earlier in the Chapter. As I pointed out in section 3.2, ministerial appointments in Kuwait often serve as means to distribute business fiefs and opportunities in exchange for political obedience. For this reason, we see that the majority of the merchant families that did get top governmental posts, particularly during the earlier period (1960s-1970s), are those who were in the merchant opposition groups in the first half of the 20th century, and were sympathetic to the Arab Nationalist Movement – al-Ghanim, al-Khalid, al-Fulaij, al-Marzouq, al-Nisf, al-Shaya', al-Nafisi.

Another rationale behind the distribution of the government positions is related to the ruling powers' desire to ensure the allegiance of the groups of population that the would-be ministers are representing. By having their representative in the cabinet those social groups would also benefit from the opportunities, which the position provides, through nepotistic practices. When an individual from a business community is appointed to fulfill such connecting role, he/she must therefore have a certain constituency behind him and must be accepted by it as a leader or representative, which all together makes him a useful political figure for the ruling powers to utilise.

Such pattern can be well illustrated by the appointments of Shi'i merchant ministers. The Shi'i community in Kuwait is divided along the lines of origin and affiliation to religious schools. 'Ajam and Arab Shi'a are further subdivided into groups depending on where a family originates from, and the place of origin is kept as "a central referent of their collective identities" (Louer, 2008: 47). There are 'Ajam Shi'a from Khuzestan province (sometimes referred to as Bahbahaniya – these are Behbehani and Ma'rafie, for instance), from Lar (Jowhar Hayat, Qabazard, al-Yousefi), from Northern Iran (al-Wazzan), and those of Tarakma origin (Abul) etc. (Almanhaj, 2016). Arab Shi'a are also subdivided into Baharna (originating from Bahrain), Hasawiya (mainly from al-Hasa in Saudi Arabia) and Shimaliya (from Northern Iraq). The Shi'i community is further divided into several religious schools, depending on the religious practices,

leaders and authorities (*marja'iya*) they adhere to, which are Sheikhiya (mainly followed by Hasawiya Shi'a), Ikhbariya (mainly for Baharna), Usouliya (followed by Shi'a of both Iraqi and Persian origin) and Khu'iya (followed by 'Ajam Shi'a) (al-Mdaires, 2010: 78). All these cross-cutting and sometimes overlapping divisions result in the existence of multiple Shi'i social and religious groups. Although those divisions are not impenetrable, and Shi'a of various backgrounds intermarry and share business interests¹⁰⁴, they still play an important role when it comes to social and political fields.

Although the early Shi'a politics was largely dominated by merchants as community leaders (Azoulay, 2013: 77-78), the government has been reluctant to appoint ministers from the old Shi'i merchant community, like Behbehani, Ma'rafie, Jowhar Hayat (until the 1990s), al-Yousefi or Qabazard, despite their business prominence. In fact there were no Shi'i ministers at all until 1975. This can possibly be explained, on one hand, by the fact that all those families are of Persian origin, and more specifically from branches of 'Ajam that do not represent the majority fractions of Kuwaiti Shi'a. The largest Shi'i communities in Kuwait are Hasawiya (Arab), Tarakma ('Ajam), Baharna (Arab) and Shimaliya (Arab) (Almanhaj, 2016). The first Shi'i minister – 'Abdumuttalib al-Kadhemi – was of Shimali background. Another example is the recent appointment of Yasser Abul, who is of Tarakma origin, as a Housing Minister, despite that the Abul family has been previously relatively apolitical. On the other hand, the long absence of Shi'i ministers can also be explained by the fact that until the 1970s the Shi'a were loyal government supporters, antagonised by the Arab Nationalist opposition. Therefore, there was no pressing need for the government to appease the Shi'a community or reward its loyalty through ministerial appointments.

The situation started to change in the early 1970s, when the offshoots of the two Iraqi religious groups/parties – al-Da'wa and al-Shiraziyyin – were "transplanted" to Kuwaiti soil together with sharp rivalry between them (Louer, 2008: 130). Both were imported to Kuwait largely through the connection to the local merchants, who lacked the clerical skills and scholarship and therefore invited Shi'i clerics from religious centres in Iraq (Louer, 2008: 112). The spread of the two currents initiated the religious and political awareness of the Shi'a community and led to the rise of groups who demanded more action and presence of Shi'a on

¹⁰⁴ Based on the observations during fieldwork; Kuwait, January-June 2014, October-November 2014, April-May 2015.

the country's political scene. The Society of Social Culture (*Jam'iyyat al-Thaqafa al-Ijtima'iya*), which became the local front of al-Da'wa movement, was the most politically active. Its cadres were younger and of more humble origin as opposed to the traditional merchant patriarchs of Shi'a community. However, the group initially joined forces with merchants to gain more electoral support, as they still had larger social weight, as well as to avoid splitting Shi'a votes in electoral districts. The result was the election of as many as ten Shi'i candidates to 1975 National Assembly, with a large number of them being of business background. Thus, one can see names like al-Qattan, Jowhar Hayat, Ma'rafie, al-Wazzan and al-Kadhemi among elected members. Such political mobilisation of Shi'a further led the government to appoint 'Abdulmuttalib al-Kadhemi as an Oil Minister, whose tenure brought a lot of Shi'a into the oil industry (Wikileaks Cable 89KUWAIT3922_a, 1989; Cable 05KUWAIT1834_a, 2005). He was particularly close to members of *Jam'iyyat al-Thaqafa* (Louer, 2008: 137).

However, after 1976 dissolution of Assembly there was a general split between Shi'i merchants and al-Da'wa. The group, reinforced by the regional dynamics and antagonised by the dissolution, took a more assertive and opposition-leaning political stance. It became further characterised by greater religious piety as its distinct feature (Louer, 2008: 138). The merchants, in their turn, became closer to al-Shiraziyyin, which was a more peaceful pro-government current. These dynamics resulted in merchants losing ground as community leaders to the new figures, who had wider religious and political authority and thus more popular appeal, which further explains why there have been few Shi'i ministers and elected MPs of merchant background.

Another important factor, which largely defined the trajectory of Shi'i politics in Kuwait, was the Iranian revolution and the subsequent Iran-Iraq war, in which Kuwait supported Iraq. This resulted in further political mobilisation of the Shi'i community, the emergence of solid Shi'i opposition during the 1980s and spread of political violence – several terrorist acts committed by an offshoot of al-Da'wa. It is likely that the government's attempt to address the problem of Shi'i opposition and to moderate al-Da'wa led it to appoint one of the group's most prominent merchant members 'Abdulwahhab al-Wazzan (8) as Minister of Commerce and Industry in 1999. He was part of *Jam'iyyat al-Thaqafa*, but represented a more moderate current within al-Da'wa (al-Mdaires, 2010: 104). Al-Wazzan's appointment illustrates the importance of inter-sectarian/political affiliation, which provided the endorsement of his candidacy by the part of the

Shi'i community that the government was willing to tackle. Furthermore, to the government's advantage he was also committed to the effort to unify various Shi'i groups (Azoulay, 2013: 87).

The combination of regional and domestic dynamics resulted in further widening of the split between the two Shi'i currents towards the end of the 1990s along the lines of their stance towards Iran and Hizbollah. In 1998 the National Islamic Alliance (*al-Tahaluf al-Islami al-Watani*), the successor organisation of al-Da'wa and the Kuwaiti branch of Hizbollah, was established, while al-Shiraziyyin created Justice and Peace Alliance (*Tajammu' al-'Adala wa al-Salam*) in 2004 trying to mobilise all other Shi'i groups against al-Tahaluf (Louer, 2008: 217). The al-Tahaluf itself further split, and 'Abdulwahhab al-Wazzan separated and established his own group (Louer, 2008: 251). He further became the unofficial leader of National Charter Gathering (*Tajammu' al-Mithaq al-Watani*) – a more moderate and pro-government group close to the original al-Da'wa, which later merged back with al-Tahaluf (Azoulay, 2013: 86-87, 95).

Thus, the example of Shi'i merchants shows that the factor of availability or lack of constituency and social capital is important to consider when examining why certain merchants get politicised by the ruling powers and are encouraged to join the government. Here is where the aspects of origin, sect (and inter-sectarian affiliation), social and political heritage of the family and other ascriptive features start to play role as important intervening variables. They are further crucial to explaining the major difference between the two politically active groups of merchants – i.e. the success of one (group 1) and the failure of the other (group 3).

Among the first group, the families like al-Saqr, al-Ghanim and al-Roumi are Kuwait's oldest and of the noblest origin, which puts them on the same social level as the ruling family. They also possess established political heritage as merchant families who challenged the ruling powers in 1921 and 1938 and were at the beginning of the country's parliamentary life. Such reputation and history provides them with significant social capital, which has been allowing them to successfully participate in the country's parliamentary politics throughout history. Their constituency is mainly urban (hadhar) Kuwaiti families, however some of their candidates are said to have recently utilised their tribal links when appealing to the 'Anaza tribe voters during election campaign in Sulaibikhat area, where the tribe is concentrated¹⁰⁵.

¹⁰⁵ Personal interview with Kuwaiti historian; UK, January 2016.

Similarly al-Mudhaf family is one of the oldest, and according to respondents close to the members of the family itself, has established a strong political presence (both in the parliament and in the government) since the very beginning¹⁰⁶. Thus, its consistent political success and electoral support stems from its experience in the political field, as well as from its solid pro-government position when it comes to ministerial appointments.

As mentioned earlier, al-Khorafi family is also of noble *asil* origin, however it has been less prominent economically and politically in the pre-oil period. The family gained its wealth mainly after the emergence of oil economy and due to its very close relations with the ruling family. However as a result of the rapidly growing economic power it also gained its social prominence in merchants' circles and its political ambitions were supported by the Al Sabah as it became an important political ally with vast social and financial capital.

Finally, candidates from al-Dabbous family are able to gain votes by utilising their social links with their constituencies in al-Fahahil tribal area, where Fudhoul tribe is concentrated. Al-Dabbous themselves originate from this area and members of the family used to be local amirs there in the past (Kuwait History, 2016).

At the same time, families of group 3 have not been as successful in accumulating and utilising their social capital. As was explained above, it is likely that in case of Shi'i families the lack of social capital has to do with those families being part of minority social groups within the Shi'i community and, more importantly, not having social political and religious authority within dominant Shi'i political blocks. At the same time, some of the new Shi'i merchants were endorsed by the ruling family in an attempt to create a mediating connection with the Shi'i community as a whole – for example, Bukhamsin and Mahmoud Haidar (Azoulay, 2013: 90-93). However, they were not successful in gaining the support of the population and antagonised old Shi'i businessmen, as they were not seen as part of the original merchant class and their capital and wealth was not considered genuine, but generated through government support (Azoulay, 2013: 92). Anwar Jawad Bukhamsin, the son of the founder of Bukhamsin Holding, attempted to become an MP in 2006 and 2008 elections. He joined forces with the earlier mentioned moderate Shi'i block of al-Shiraziyyin current Justice and Peace Alliance and a more

¹⁰⁶ Personal correspondence; UK, March 2016.

experienced MP from this group – Saleh ‘Ashour, however the latter did win the elections, while Anwar Bukhamsin lost (Azoulay, 2013: 91).

The importance of the factor of family age and social and political heritage is further illustrated by the case of Sa’ud Sahoud, who is a businessman of Mutair tribe origin, and who participated in 2013 elections and in 2014 by-elections. Despite his affiliation with one of the largest tribes in Kuwait and his newly emerged capital, he was not successful. His capital is commonly viewed as shady and not “clean”, and members of old merchant clans do not consider him as being “even close to the old [families]”¹⁰⁷. What is more, he was accused of vote buying during 2013 election campaign and was referred for public prosecution (Izzak, July 2013). Some MPs also publicly questioned the legality of his nationality¹⁰⁸.

Lastly, apart from the factors of social and financial capital, origin and heritage of merchant families, the electoral success also often depends on the personal charisma and political potential of the candidates from those families. Earlier mentioned example of Anwar Bukhamsin, and more so, of Haithem al-Shaya’ illustrate it well. While al-Shaya’ family is old, prominent and hugely wealthy, it withdrew from the political scene quite early¹⁰⁹, and the current head of the business group Mohammad ‘Abdul’aziz al-Shaya’ is generally considered to be a businessman who is least involved in politics¹¹⁰. However, when his nephew became a candidate in the 2008 elections, lots of funds were invested in his election campaign by the family, and foreign PR specialists were hired to assist him¹¹¹. Despite all the efforts, he lost the elections. Most respondents attribute his defeat to the lack political charisma and failure to make an impression as a political leader.

Thus, the analysis in this sub-section has shown that although ascriptive features are not primary factors in the merchants’ choice of political participation (i.e. whether to participate or not), they play a huge role in defining the availability of merchants’ social capital and constituency, which in its turn determines the success or failure of their political endeavours.

¹⁰⁷ Personal interview with a member of an old merchant family; Kuwait, May 2015.

¹⁰⁸ The nationality of new Shi’i businessman Mahmoud Haidar was also questioned in the parliament.

¹⁰⁹ It is important to clarify here, that the MP Feisal al-Shaya’ who was elected several times since 1999 is in fact not a relative of al-Shaya’ merchants, as there are several distinct families with the same family name. Here I am only talking about members of the business family.

¹¹⁰ Multiple personal interviews; Kuwait, January-June 2014.

¹¹¹ Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

3.4.5 The factor of political affiliation and ideology

The last but not least factor that I will discuss in relation to merchants' political involvement is connected to the point mentioned in the previous sub-section – namely, the relation between the political participation of merchant families and the individual features/affiliations of their representatives. It is noticeable that some families, which are not generally active in the political field or have failed in their attempts to get into parliament, would occasionally have a few very bright political figures who are successfully elected. Most often those candidates are endorsed by certain political blocks, of which they are members. This shows that the factor of political affiliation is in itself an important explanatory variable in certain cases of merchants' political activity. Political blocks in Kuwait do not have firm boundaries of membership and operation like political parties, and candidates would often participate in the elections not as representatives of a block, but rather as independents, and at the same time blocks would not always endorse candidates. However, as a rule, the affiliation with a political block or religious group provides a necessary constituency, which merchants and urban candidates more broadly often struggle to obtain.

The most evident examples of such category are those families, which would otherwise be in group 4 (i.e. among those with the lowest political profile), such as al-Mulla, Sultan Ben 'Isa and al-Qatami; as well as those which would otherwise be in group 3 (i.e. among families with multiple unsuccessful attempts of political engagement), such as al-Nafisi and al-Mutawwa'.

In case of al-Mulla family, the earlier mentioned figures of Mulla Saleh and his son 'Abdullah Mulla Saleh were secretaries of Kuwaiti rulers from 1906. Mulla Saleh was a prominent regime loyalist and supporter of the ruling family during the 1938 movement, and many family members, despite not having been appointed to ministerial positions later, all had high administrative positions and were particularly prominent in the foreign service (Kuwait History, 2016). Due to the long-standing relations with Al Sabah and the ability to secure emerging opportunities on the eve of the oil era, the family has built an impressive portfolio in sectors like construction and engineering, automotive and industrial manufacturing. Until recently al-Mulla had no members participating in parliament elections. However, in 2008 and 2009 Saleh Mohammad Mulla Saleh al-Mullah (1), the grandson of Mulla Saleh, was elected to the parliament. Not only was he an exception in the family, but he also became an opposition

figure and was part of the Popular Action Block in the National Assembly. Saleh al-Mulla is a prominent member of the Kuwait Democratic Forum (*al-Minbar al-Dimuqrati*) – the liberal/leftist political block, which is the successor organisation of the Movement of Arab Nationalists with such long-standing MAN politicians as Ahmad al-Khatib and ‘Abdullah al-Neibari among its leaders. As mentioned in Chapter II, Ahmad al-Khatib is married to Saleh Al-Mullah’s cousin, and Saleh himself claims to have been brought up on the ideas of the group. One of the diwanias belonging to *al-Minbar* has a poster with Saleh al-Mulla’s quotation in its main hall stating: “I am the son of the national democratic movement... And I am proud to belong to Kuwait Democratic Forum”¹¹². This example shows that the factor of family heritage – its historical allegiance to the ruling family and its abstention from parliamentary politics – does not always predetermine the political choices of individual family members, and that the political ideology plays an important role in this. Neither does the political position of individual politically active members reflect the position of the whole family. As Saleh al-Mulla himself puts it, “in al-Mulla not all the family shares my view, but there are other people with the same [position]”¹¹³.

A very similar situation (although reverse time-wise) is that of al-Qatami. The family is very old and was part of ‘Utub clans. In the pre-oil period its members were active in merchant opposition movements – Mohammad ‘Abdul‘aziz al-Qatami (2) was killed during the clashes with state forces in 1938. Later Jasim ‘Abdul‘aziz al-Qatami (1) became one of the leaders of Arab Nationalist Movement (see Chapter II) and participated in parliament elections since the establishment of the National Assembly in Kuwait until 1992. He was a candidate first as a part of National Block (MAN’s political group), and later as a member of Kuwait Democratic Forum, thus having often been part of opposition within the Assembly. Apart from Jasim al-Qatami, the family has not had a single other member participating in the elections. On the contrary, the ministerial appointment in 1991 and the multiple administrative positions currently occupied by the family members (in KDIPA, KFAED, KCCI) most likely signify that the major part of the family has amicable relations with the government and the ruling family.

Unlike al-Mulla and al-Qatami, al-Nafisi family has been relatively active in the parliamentary politics, having candidates in almost all elections until 1996. However, only two of them were successful in securing the seats. First of them, Ahmad Yousef al-Nafisi (1) was part

¹¹² Based on observations during fieldwork in Kuwait, May 2015.

¹¹³ Personal interview; Kuwait, May 2015.

of the Progressive Movement – another leftist-leaning group close to Arab Nationalists, and won elections in 1971. Another was ‘Abdullah Fahad al-Nafisi (4), who had the endorsement of Muslim Brotherhood group, when he won elections in 1985.

The last two families in this category are Sultan Ben ‘Isa and al-Mutawwa‘. Both are of Jana‘at origin and both had their members as prominent leaders of Islamist movements in Kuwait. Al-Mutawwa‘ family has been impressively active in participation in parliament elections. However since a victory in 1963, only one of its members – ‘Abdul‘aziz ‘Abdullatif al-Mutawwa‘ (5) – has been successful in elections and won a seat in 1985, 1996 and 1999. ‘Abdul‘aziz al-Mutawwa‘ (5) was a candidate from Muslim Brotherhood group. The Kuwaiti branch of the movement was established by the two brothers from al-Mutawwa‘ family ‘Abdullah ‘Ali al-Mutawwa‘ (2) and ‘Abdul‘aziz ‘Ali al-Mutawwa‘ (10) in 1947 and was later transformed into Social Reform Society (*Jam‘iyat al-Islah al-Ijtima‘i*) (al-Mdaires, 2010: 19; Kuwait History, 2016). Many al-Mutawwa‘ family members are part of the Society. The mentioned MP is also the cousin of the two founders of Muslim Brotherhood branch in Kuwait.

Jana‘at families are in general prominent for their involvement in and leadership of Islamist movements in Kuwait¹¹⁴. Another example is the family of Sultan Ben ‘Isa. The branch has not been involved in politics since the times of one of Jana‘at patriarchs Sheikh Yousef Ben ‘Isa al-Qina‘i (brother of Sultan Ben ‘Isa), who played a mediating role between the authorities and the members of the 1921 and 1938 opposition movements¹¹⁵. The family business is concentrated in food retail and logistics sectors, and therefore is mostly consumer-oriented and less demanding in terms of political engagement. However, in the 1980s Kuwait’s political field saw the emergence of another prominent personality from that family – Khalid Sultan Ben ‘Isa (1), who became a head of the Salafi block (*al-Jama‘a al-Salafiya*, later known as *Jam‘iyat Ahya‘ al-Turath* – Islamic Heritage Revival Society)¹¹⁶. Interestingly, before joining the group Khalid Sultan was a liberal and a chairman of Graduates Society, which was close to the Arab Nationalist current (al-Mdaires, 2010: 33). He was first elected to the Parliament in 1981 upon the general political rise of Islamist movements and then re-emerged as an MP in 2008. The

¹¹⁴ Personal interview with Kuwaiti historian; UK, January 2016.

¹¹⁵ Ibid.

¹¹⁶ According to several respondents, one of the widespread accusation targeting Khalid Sultan as a leader of Salafi block, and the Islamist current more broadly, is related to the fact that the Sultan family’s supermarket chain does not adhere to the Islamic values, and its outlets in Lebanon sell alcohol.

Salafi block is far from being a united group, and it has broke up into pro-government and opposition-leaning fractions (al-Mdaires, 2010: 49). Khalid Ben 'Isa is currently the head of the opposition wing of the Salafi group.

Thus, the examples of those families illustrate the fact that the political, religious or ideological affiliation of individual members of certain families is a defining factor in the choice of political engagement by those members and their position towards the government. Sometimes it contradicts the position of the rest of the family members and the family patriarchs, who are often pro-government¹¹⁷. At other times, the family support also plays a crucial role for a candidate's election (al-Mdaires, 2010: 52). In any case, the affiliation with political blocks and religious groups provides the voting base and constituency, which explains why such members of merchant families have been successful in the elections, while the rest of the family has not. It is important to emphasise that in such cases the merchant identity of those individuals comes secondary to their political leaning, and it is the political ideology that they are representing rather than the commercial interests of their families.

3.5 Conclusion

Having carried out the comparison between various categories of politically active and politically passive merchant families in Kuwait, and having analysed the factors that potentially influence the merchants' choice of political action, and specifically involvement in parliamentary politics, it is possible to conclude that, first of all, the factor of business sector/type of activity is among the major variables that determine the choice of political participation or abstention. The more government-dependent the sector is, the more there is at stake for merchants to ensure that they have first-hand access to the business opportunities distributed by the state. The analysis of the major fields of operation of the merchant families in my sample has clearly shown that families that have the most consistent political presence (or have been actively trying to get elected to the National Assembly) are involved in sectors like construction, engineering, oil and gas, and construction materials manufacturing. These businesses are the most dependent on government contracts distribution; therefore, families which are operating in these sectors are required to stay closely connected to the political system.

¹¹⁷ Personal inaterview with a member of al-Mulla family; Kuwait, May 2015.

Another factor that has an impact on the merchants' choice of action is the availability of other formal and informal means to exercise political leverage, i.e. means aside from parliamentary involvement. These include government positions, informal connections with the ruling family members, government officials and MPs, as well as means to influence public discourse, such as media, sponsorship of NGOs, sport clubs ownership, etc. Thus, most of the merchant families, which chose to withdraw from parliamentary politics or have never been politically active at all, possess those various other means that allow them to secure their commercial interests without getting involved in risky parliamentary affairs.

The crucial factor, which determines the success of the merchants' attempts to engage in parliamentary politics, is the availability of social capital or constituency that could be mobilised for support. This in its turn depends on such ascriptive features, as religious sect, origin, social and political heritage of the family. Merchants who can utilise their family, tribal or sectarian affiliations and family reputation have a bigger chance to secure sufficient amount of votes in the elections.

It has been further identified and illustrated with examples that the success of the political venture of a given merchant candidate also depends on his own personal charisma and political potential, the absence of which cannot be compensated by the family's reputation.

Similarly, the candidate's political or religious affiliation and the level of support provided by the corresponding political or religious block is crucial for his or her success in the elections. Thus, I have given several examples of MPs of merchant background, from relatively apolitical or politically unsuccessful families, who have made remarkable careers as politicians due to their close affiliation with political blocks. In these cases their political involvement is less representative of the commercial interests of their families, but rather of the ideological standing of their blocks. Subsequently they are voted for not as much on the basis of their social background (i.e. being part of a certain family, tribe, hadhar elite, etc.), but on the basis of their political platform. Independent candidates in their turn are less bound by political ideology.

The latter factors, which concern an individual from a business family, rather than a family itself, suggest that the boundaries of the groups of families that I have identified are by no means rigid. Depending on the emergence of new prominent and charismatic figures with strong political affiliation and sufficient constituency, one might observe the politicisation of

some of the current politically inactive families. Similarly, the retirement or demise of prominent merchant political individuals might lead to the disappearance of current active families from the political field.

Part III: The “voice” vs. “loyalty” variation of business political action: merchant politics in times of contention

Introduction

If the focus of the previous Part was on active vs. passive variation of business political participation in Kuwait, the present Part of the Thesis aims to explain the variation along the lines of “voice” and “loyalty” (Hirschman, 1970), namely why in seemingly similar conditions the representatives of Kuwait’s business elite would at times side with the political opposition, and at others ally with the government.

In order to carry out the analysis, in the following two chapters, I will describe and compare the two major contentious events that the country witnessed in the past several decades: the 1989 pro-democracy constitutional movement and the popular uprising of 2011. The two events share a lot of similarities, and one can see a great deal of continuity in the patterns of Kuwait’s contentious politics. However, the reaction of the major politically active representatives of the merchant community was diametrically different in those two cases: in 1989 they became part of the opposition movement and were among its leaders, while after 2011 they largely chose to distance themselves from the opposition forces and re-emerge as government allies. Thus, the main objective of the present section is to identify the factors that explain the difference in merchants’ political response.

The existing literature on Kuwait’s business politics, or on the country’s socio-economic and political development more broadly, does not really touch upon this variation. The remarkable opposition movement that swept Kuwait in 2011, soon after the beginning of the wave of Arab Uprisings elsewhere in the region, has given rise to multiple academic and analytical works that portrayed those events as the manifestation of the competition for resources between Kuwait’s middle class, represented by the parliament, and the ruling elite tied by corruption ties to the representatives of the country’s oligarchic private sector (Azoulay and Beaugrand, 2015; Herb, 2014: 143). According to this analysis, the major socio-economic conflict underlying the development of the oil rentier states in general, and Kuwait specifically, is the one between the two models of wealth distribution, i.e. public spending versus capital spending. This conflict is the result of the opposite and often competing interests of the public sector-employed middle class,

which is interested in the distribution of wealth to the population through generous welfare state system, and the capitalist class, which includes major private sector players and often the ruling elite as well, and which is interested in continuous government spending on development and infrastructure projects (AlShehabi, 2015a; Herb, 2014: 112-113). In times when the state resources are becoming insufficient to sustain the same level of spending, and welfare cuts and austerity measures are inevitable, the conflict between these two economic groups and their competition over resources acquires the dimension of political class struggle.

Following the logic of this analysis it does not seem counter-intuitive that after the 2011 events Kuwait's well-established and historically prominent merchant elite re-emerged on the political field as the government's main ally against the opposition forces. In fact, as discussed in the previous Chapter, the classic rentier state theory-based literature on Kuwait's merchants, which argues that the merchants' political activity and ability to challenge the ruling powers ceased as soon as the government acquired the oil rents and was able to buy off merchants "as a class", does not allow for much political action from the state-dependent merchants in general, let alone for anti-government one (Crystal, 1995: 10).

Although these analytical frameworks indeed suggest a solid explanation of the business political position in Kuwait, and in the oil rentier states more broadly, in the present Part I argue that neither the rentier state theory approach, nor the economic competition and class-based analysis fully explain the choice of political action by the merchant community in Kuwait. The overview of Kuwait's contentious politics throughout the past century clearly shows that the issue of the rivalry for resources and wealth distribution is far from being new and has been continuously aggravating the political struggle in Kuwait since the establishment of the oil rentier economy. In spite of that, the merchants' political position vis-à-vis the ruling powers and the opposition has not been consistent and has shifted at different points of Kuwait's history along the lines of "voice" and "loyalty".

My main argument here has several dimensions. First of all, I suggest that such shift from "voice" in 1989 to "loyalty" after 2011 can be explained by the continuity of merchants' fundamental political and economic interests, and patterns of behaviour, in the changed political conditions. The continuity here is reflected in the merchants' desire to preserve the parliament as an institution, and to be able to utilise it as means for political influence on the ruling powers and

for protection of their economic interests. The changed political conditions are constituted by the change in the content of the political forces, which challenged the ruling powers in 2011, and which created the conditions where it was necessary for politically active merchants to distance themselves from the opposition forces and side with the government in order to pursue their interests. Through the analysis of the two contentious events I will show that although the rent-seeking and agency-based rational self-interests are naturally paramount in merchants' political behaviour, these interests are realised not only through total loyalty to the authorities, but in multiple and various ways. Furthermore, it will be shown that, similar to the case of active/passive variation, such factors as merchants' ascriptive characteristics, heritage of political activity, relations with the ruling family and competition within the merchant community itself, as well as the fluid political field, centres of power and alliances, are all important intervening variables, which in combination form the political choices of the representatives of Kuwait's business stratum.

Chapter IV will begin with explaining the continuity of contentious patterns in Kuwait, which have been evolving around the same set of issues throughout the past century, and in which the parliament has played a central role. In this Chapter I will try to go beyond the understanding of the parliament as a representative and legislative institution, but rather look at it as an integral leverage tool in the political system and state-society relations. The Chapter will further describe the events leading to the 1989 pro-democracy movement and analyse the role of merchant elite individuals in it, explaining why at that point of history the major actors of business community joined the popular movement pressing the authorities to return the suspended parliamentary life and Constitution.

Chapter V will continue tracing the political development after the Iraq invasion identifying the key events and factors, which ultimately led to the spiraling up of the popular discontent in the early 2000s. It will particularly focus on the political path of several of the most prominent merchant actors actively involved in the political life of the country in order to identify the moment when they shifted from opposing the government to becoming its strong allies and factors that explain such shift.

Chapter IV: Merchants in the 1989 constitutional movement

4.1 Introduction

In 2009 Kuwait's newspaper al-Jarida – a mouthpiece of the liberal political block National Democratic Alliance – published a series of articles dedicated to the anniversary of the 1989 constitutional movement. Apart from commemorating the events, which were of great significance to the country's democratic life, the publication was a reminder and caution for the ruling powers, hinting at the possibility of the scenario of a large-scale popular uprising repeating itself if parliamentary life continues to be disrupted by dissolutions (al-Jarida, 2009). By 2009, since the restoration of the parliamentary life after the invasion, the National Assembly had been already dissolved four times (in 1999, 2006, 2008 and 2009) due to its persistent stand-off with the cabinet.

Indeed, in 1989-1990 Kuwait witnessed an unprecedented unity of people in their demand for the restoration of the suspended constitutional provisions and parliamentary life, which was halted indefinitely after the dissolution of parliament in 1986. The distinctive feature of that contentious wave, which was mentioned in many sources on Kuwait's history and politics of that period, and was particularly emphasised during the interviews with the participants and observers of the events¹¹⁸, was the fact that the discontent cut across all socio-economic layers and groups of Kuwaiti society – those, which on different occasions, could be antagonistic towards each other. All the multiple lines that deeply divide Kuwaiti population – origin¹¹⁹, sect, time of settling in the country, and socio-economic status – were blurred by the common political goal (al-Jarida, 2009). As Ahmad al-Sa'adoun, one of the leaders of the 1989 movement, recalled, the major feature of 1989 and the reason for unity was that there was one demand – to call back the parliament, all other topics and differences were left aside¹²⁰. Although the movement was initiated by the block of former members of the dissolved National Assembly, popular support and mobilisation grew fast, and many representatives of the business community and old merchant elite were clearly part of the broader opposition group.

¹¹⁸ Multiple personal interviews; Kuwait, April-May 2015.

¹¹⁹ For example, being of hadhar (city dwellers) or bedouin origin, of Arab or 'Ajam descent, of *asil* origin or non-*asil*, etc.

¹²⁰ Personal interview, Kuwait, April 2015.

The present Chapter will analyse the nature of the 1989 constitutional movement – the conditions in which it emerged, the course of its development, and the response of the authorities, and will further examine the participation of the representatives of merchant community. However, in order to set the contentious events of 1989-1990 in the context of Kuwait's political development throughout the 20th century, I will begin with briefly outlining the patterns of Kuwait's contentious politics, showing the continuity of issues, which cause discontent, and the recurring contentious scenarios at various points of Kuwait's history. As Tétreault (2000: 67) rightly notes, "the substantial persistence of these patterns of behavior reflects the persistence of divisions over the same key issues throughout the modern history of Kuwait".

4.2 The continuity of contentious patterns and the role of the parliament

The way the state-society relations and the political system has evolved in Kuwait since the beginning of the 20th century has to a large extent defined the pattern of Kuwait's contentious politics. From the merchant-led protests of the first half of the 20th century up until the most recent opposition movement, the distinct feature of Kuwait's contentious processes is that they to a large extent develop within and evolve around the framework of the National Assembly. Since the very beginning of the parliamentary life in Kuwait, the National Assembly was an important tool of leverage and pressure on authorities to restrict the autonomy of their decision-making and achieve political aims, which even led some authors to describe Kuwait Parliament's powers as "negative" or disruptive in nature (Power, 2012: 5). In the conditions of an oil rentier economy the major field of antagonism where the parliament would try to curb the state's powers and exert more control are the oil policies, investment policies, wealth distribution, and dealing with public funds.

The history of parliamentary life in Kuwait reflects these clashes very clearly. As described in Chapter I, the Majlis movement of 1938 ended up with the dissolution of the merchant-dominated Assembly when it tried to influence oil concessions policies. Throughout the 1960s the major struggles were evolving around the development contracts, as well as Kuwait Oil Company's "insufficiently nationalist" pricing agreement with foreign oil companies (Crystal, 1995: 91), while in 1976 the National Assembly was dissolved partly because of the increasing interference of the MPs in stock market affairs and allegations of government

corruption (Crystal, 1995: 92). Further dissolutions (1986, 1999, 2006, 2008, 2009, 2011, 2012, 2013), which will be more closely analysed in the present and next Chapters, also happened in conditions when the Assembly attempted to impose tighter supervision over the government's economic policies, question government officials over corruption allegations and assume greater auditing powers (Tétreault, 2000: 187).

At the same time, for the ruling powers, the parliamentary institution also provides an opportunity to mobilise support, manipulate alliances and boost dependency of (and control over) the members and their constituencies through wealth distribution practices. Therefore, the parliament has always been a crucial contested field. For the major potential challenging forces, including the merchants, it is the means to maintain leverage and a level of independence by having a tool for pressure, while for the ruling powers it is important to secure a supporting and obedient majority in the parliament. For this reason since the early times of parliamentary life the authorities have been trying to manipulate elections and change election law.

As was mentioned in Chapter I, after the first parliament dominated by MAN members and supporters the government heavily manipulated the next elections in 1967. In 1971, because of the previous election-rigging, the opposition split around the decision whether they should participate in the elections or not. Ahmad al-Khatib's group decided that boycott would not take the opposition anywhere and participated in the elections, while Jasim al-Qatami's group continued the boycott¹²¹. However, in 1975 all opposition-leaning groups took part in the elections, which brought to power a very strong National Assembly. Previously pro-government groups, like the Shi'a, also became more politically mobilised and more difficult for the government to contain. The parliament was further strengthened as an institution after it brokered the nationalisation of oil in 1975 (Crystal, 1995: 91). As accurately observed by Jill Crystal (1995: 88), "every success in the battle with the government ... makes the National Assembly more enthusiastic to push the borders further". Thus, the parliament's subsequent deeper interference in oil policies and stock market affairs, as well as allegations of corruption targeting members of the ruling family ultimately led to the dissolution of the National Assembly in 1976 and suspension of parliamentary life for four years (Crystal, 1995: 92).

¹²¹ Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

In this light, the change of electoral districts in 1980 (Law No. 99), before the announcement of new elections, was made with the purpose of getting rid of the opposition groups in the parliament. The districts were changed from ten to 25 “tailor-made” in order to bring a greater amount of potential government supporters from the so-called “outlying areas” to the new parliament, thus decreasing the chances for the nationalist/liberal opposition candidates who were mostly from the hadhar (urban) areas of Kuwait¹²². The government divided mostly tribe-dominated districts into smaller ones. As a result, the 1981 National Assembly was dominated by tribal newcomers, as well as representatives of Islamist groups, which themselves drew extensive support from the tribal areas. However, by 1985 the opposition candidates already knew the districts and were better prepared, which allowed them to succeed in the elections¹²³. Another factor, which helped to return the old opposition leaders to the parliament, was the disappointment of the broader population with the 1981 National Assembly¹²⁴, exacerbated by the 1982 Souq al-Manakh stock market crash and economic recession because of the fall of the oil prices.

Therefore, similar to the situation in 1975, 1985 elections brought “the strongest Majlis after the very first one”, where the government could not secure the majority supporters¹²⁵. It consisted of both old established members of the MAN (Ahmad al-Khatib, Jasim al-Qatami, Sami al-Munayyis, etc.) and some opposition-leaning newcomers (for example, nationalist Ahmad al-Rub’i, and Mubarak al-Duwaila and ‘Abdullah al-Nafisi from the Muslim Brotherhood).

The 1985 National Assembly and its antagonistic stance towards the government was to a large extent the result of, and the reaction to, the earlier manipulated elections and a weak incompetent Assembly of the 1981 (al-Jarida, 2009). Such path-dependent institutional strengthening of the parliament was one of the crucial factors behind the escalation of confrontation between the 1985 Assembly and the government. Thus, political development towards the end of the 1980s yet again reflected the cyclic pattern of contention evolving around the Assembly institution, which recurred since the beginning of the parliamentary life in Kuwait.

¹²² Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

¹²³ Ibid.

¹²⁴ Personal interview with a veteran Kuwaiti politician and leader of nationalist movement; Kuwait, April 2015.

¹²⁵ Personal interview with a member of 1985 National Assembly; Kuwait, May 2015.

4.3 The 1985 parliament and the reasons behind the constitutional crisis

In order to understand the background of the events of the late 1980s it is further necessary to analyse the major contentious issues, which, in combination with the institutional strengthening of the 1985 Assembly, ultimately led to the second unconstitutional dissolution and suspension of parliamentary life and several constitutional provisions until 1992. Thus, here I will outline several layers of contentious development on both structural and micro/individual levels, which were crosscutting and reinforcing each other, and fuelling the National Assembly's oppositional stance. There are three major sets of factors, which contributed to the escalation of political rift – the economic crisis of the 1980s caused by the collapse of the stock market and the drastic drop of oil price; the rift within the ruling family and its overspill into the Assembly politics; and finally, the escalation of sectarian conflict in the region, which had serious security repercussions in Kuwait.

4.3.1 Structural economic factor

One of the most important events that shattered the economic and political life in Kuwait for the most part of the 1980s was the crash of the unofficial speculative stock market Souq al-Manakh in 1982, which greatly affected all layers of Kuwaiti society¹²⁶. Based on 1977 precedent, there were calls for the government to step in and help the investors. However, the crisis coincided with broader economic challenges – the fall of the oil price and the disruption of the flow of capital due to Iran-Iraq war. Therefore, on one hand the government was urged to introduce austerity measures and reduce public spending, while on the other – to bail out al-Manakh debtors. According to Darwiche (1986, xiii), the main struggle of the 1980s was evolving between those who favoured the government bailout and those who were against the waste of public funds, as well as between the groups favouring different plans of bailout. The Minister of Finance 'Abdullatif al-Hamad, himself a member of one of the prominent and well established merchant clans, was against the bail out and demanded harsh measures and repayment of debts. His position was strongly supported by certain (mostly Islamist) groups in the parliament (Moore, 2002: 45). However, the rest of the business community was supporting the state bailout. KCCI made a statement insisting that the debtors should pay, but the situation was so dire, that it could not be done without state support (Moore, 2002: 45; Darwiche, 1986:

¹²⁶ See Chapter II for more detail.

113). The Chamber also proposed a bailout scheme, which the government ultimately agreed to.

There was no real antagonism towards the government's bailout plan from the 1981 National Assembly, because it was largely pro-government, as well as because some of the MPs were indebted themselves after the al-Manakh crash. Therefore, eventually the government's scheme was passed with little opposition, and al-Hamad resigned in protest.

However, the situation changed when the new 1985 Assembly was elected. Having a much larger opposition element, it launched an investigation of the Central Bank (CBK) records related to the stock collapse. MP Hamad al-Jau'an demanded from the Minister of Finance Jasim al-Khorafi a copy of the minutes of the CBK meeting. The request was denied, but the parliament successfully challenged the decision in the Constitutional Court (al-Jarida, 2009). This is considered to have been one the major reason for the Assembly's dissolution, which resonated the dissolution of 1976, when the parliament was also punished for its interference in stock market affairs in times of financial crisis (Crystal, 1995: 105).

4.3.2 The ruling family fight

Another development, partly related to the al-Manakh crisis, which also contributed to the Assembly's dissolution, was the parliament's demand to question the Minister of Justice Salman al-Du'a'ij al-Sabah al-Fadhil, who was closely related to the ruling family. He was the first ever Sheikh questioned by the parliament and was forced to resign¹²⁷. The interpellation was related to the companies in his son's name, which were allegedly benefiting from the Souq al-Manakh bailout fund for small investors. In an unprecedented development, the majority of MPs voted for the no-confidence motion. As one of the members of the 1985 Majlis recalled in the interview, the Minister of Justice was a very strong man, he was called "*faris al-hukouma*" ("the knight of the government") and was a good speaker: "I said that we should not go on with interrogation, we should anchor the ship, because it would have dangerous ramifications for the Assembly, but the MPs were excited to question one of the strongest men in the cabinet. After

¹²⁷ Although Salman al-Du'a'ij was technically not Al Sabah, he had close relative ties with the ruling family and was referred to in the interviews as Sheikh.

two months the MPs submitted even more questionings ... about all what happened 40 years ago”¹²⁸.

This interpellation was also a reflection of conflict within the ruling family itself, namely the power struggle between Sheikh Sabah al-Ahmad (Minister of Foreign Affairs and current Amir from the al-Jabir branch) and the Crown Prince Sheikh Sa‘ad al-‘Abdullah (from the al-Salim branch). The National Assembly was dragged into the conflict, and the supporters of Sheikh Sabah in the Assembly were attacking the allies of Sheikh Sa‘ad. The embattled Minister of Justice Salman Al-Du‘aij was part of the latter group. Later two other supporters of Sheikh Sa‘ad, Minister of Education Hassan al-Ibrahim and Minister of Communication ‘Isa al-Mazidi, were summoned for questioning as well (Crystal, 1995: 105). Michael Herb (1999: 82-83) rightly considers the parliament’s interference in the intra-family rift as the major reason for its subsequent dissolution: “Attempts of the assembly to exploit conflicts within the ruling family would not lead to the weakening of the dynastic regime, but instead to an end to the parliamentary experiment”.

Another attack launched by the parliament, which was also feeding into the ruling family infighting, was the investigation of investment deals of the Minister of Oil Sheikh ‘Ali al-Khalifa Al Sabah, who was also Sa‘ad’s ally in the ruling family. The Audit Bureau (*Diwan al-Muhasaba*), noticed that Kuwait Petroleum Corporation withdrew large sums of money from the Fund for the Future Generations, which were further invested into the acquisition of Santa Fe company – a U.S. oil and gas exploration company based in Alhambra. The investment proved to be a failure, and the Minister of Oil was criticised for the overly high price that was paid for the company’s shares, particularly in the light of the economic recession that the country was going through during that period (Tétreault, 1995: 32).

Furthermore, during this period Kuwait was also affected by the ramifications of the deteriorating regional security situation (Iran-Iraq war, Lebanese war) and the overspill of sectarian tensions. In July 1986 there were three explosions at the oil sites. MPs demanded the resignation of the Oil Minister and the Minister of Interior Sheikh Nawwaf al-Ahmad Al Sabah, blaming the government’s inability to maintain security. These accusations crossed the red line of what the government could accept and the conflict between the Assembly and the cabinet

¹²⁸ Personal interview; Kuwait, May 2015.

sharply escalated (al-Jarida, 2009). This did not stop the parliament from filing the request to interrogate the Minister of Finance Jasim al-Khorafi about the Souq al-Manakh bailout fund for small investors on the same day. Thus, by 1986 four top cabinet officials, including two members of the ruling family, were under interrogation by the parliament.

The pretext for the dissolution however was related to the security threat. There was an assassination attempt on the Amir on the 2 July 1986 and several bombings in cafes. The cabinet resigned on the same evening of the assassination attempt, and on the 3 July 1986 the troublesome Assembly was dissolved. The dissolution was accompanied by the suspension of several constitutional provisions and repressive measures towards press. No date of return of parliament was specified. The dissolution was anticipated by the MPs because of the level of escalation of political confrontation, and therefore did not come as a surprise move (al-Jarida, 2009). However what they did not expect was the unconstitutional dissolution without any prospect of restoration of parliamentary life. A new cabinet was formed with five new portfolios to substitute the Assembly's functions. These developments were supported by heavy government propaganda to legitimise its actions (al-Jarida, 2009). The security situation was a useful tool in the government's hands, which allowed it to turn the public opinion against the 1985 National Assembly, and there was no public outcry immediately after the dissolution (Crystal, 1995: 106).

Thus, the escalation of antagonism between the parliament and the government in 1986 was the result of the combination of the strong opposition-dominated National Assembly, economic recession and ruling family rift. This created the opportunities for the Assembly to try to utilise the situation and push the borders of its authority. As Ahmad al-Sa'adoun, who was the Speaker of the 1985 parliament, recalled, it was the first time the government lost control and influence over the National Assembly, and this, according to him, was the real reason for the dissolution¹²⁹.

It is also clear that the actual clashes with the government were developing around the issues, which were very similar to the ones that caused previous and subsequent parliament-cabinet standoffs, i.e. wealth distribution, public funds policies, investment policies issues. This in its turn means that the economic rivalry and struggles for resources peaked during the

¹²⁹ Personal interview; Kuwait, April 2015.

second half of the 1980s, aggravated by the conditions of recession. I will further examine how these economic conditions impacted the merchants and their relations with the ruling powers and the parliamentary opposition.

4.4 Merchants throughout the 1980s prior to the beginning of the pro-democracy movement

Due to the heavy dependence of Kuwait's private sector on government spending and on the state of the country's oil economy in general, the business community was deeply affected by the economic recession of the 1980s. Because of the depressed oil price and shrinking state revenues, the government was more constrained in spending on projects, while the Iran-Iraq war also had a deteriorating effect on merchants' businesses, as those countries represented their two big markets.

What further shaped the merchants' relationship with the ruling powers and with the parliament during that time was the Souq al-Manakh crisis and its resolution. As was mentioned earlier, after the market collapse, the established business sector played an important role in lobbying for the government's bailout, and it was the KCCI-proposed plan that was ultimately adopted. In general, during the crisis there was close cooperation between the Chamber and government officials. Several government bodies and committees that were working towards the crisis resolution were established and comprised members appointed by the KCCI (Moore, 2002: 45). The Chamber itself was authorised to settle the debts.

Furthermore, some of the merchants acquired prominent government and executive positions in the aftermath of the crisis: in 1984 Khalid al-Khorafi became the new director of KSE, while in the 1985 cabinet Jasim al-Khorafi emerged as Minister of Finance, Hassan al-Ibrahim was appointed as Minister of Education, and Yousef al-Nisf – as Minister of Social Affairs and Labour. As Moore (2002: 47) rightly summarises the post-crisis political environment in Kuwait, KCCI managed to keep dominating the economic policies through its institutional advantages throughout the mid-1980s and "final debt legislation reflected a clear return to business aims set out in 1982 and a clear victory for a new business-state alliance".

Thus, considering these visibly good post-crisis relations between the merchant community and the government, the former naturally did not welcome the attempts of the 1985 Assembly to investigate and interfere in al-Manakh resolutions. This explains why by 1986 merchants were quite content with the dissolution of the Assembly (Crystal, 1995: 105). What is

more, right after the dissolution, the government took certain pre-emptive measures that ensured the business sector's support. Namely, the government held a special session where it was decided to raise the price of shares, which it was buying from private companies, by 3 % – an attempt to pour money into the stock market to buy off traders (al-Jarida, 2009). Share prices hiked soon after dissolution.

To sum up, the 1980s took their toll on merchants' businesses in Kuwait, and this pushed them to re-establish better relations with the ruling powers, which ensured the state's financial support to the private sector in times of crisis. Thus, as both Michael Herb (2014: 177) and Jill Crystal (1995: 100) rightly note, during this period merchants were highly conscious of their class economic and rent-seeking interests, and therefore the troublesome 1985 Assembly did not have much of the merchant support when it started interfering in the government's post-crisis fiscal policies. Taking into account the political stance of the merchant community throughout the decade, as well as its increased economic dependency on the state's post-crisis financial assistance, the active involvement of some of the leading merchant figures in the 1989 opposition pro-democracy movement becomes even more puzzling.

4.5 Contentious development after the Assembly dissolution and the merchants' role in it

Two months after the unconstitutional dissolution of the parliament in 1986, 32 former MPs started demanding the new elections and restoration of the 1962 Constitution. However all their messages and petitions to the government were rejected and they were denied access to the Amir. In general, only sporadic activity of civil society took place between 1986 and 1989, but there were weekly meetings at the diwanias of the ex-MPs to discuss the situation. By 1989 the popular support of the group had significantly grown, partly because of the government's failure to deliver and improve the economic situation, even though it was not constrained by the parliament anymore (al-Jarida, 2009). In March 1989 the former parliamentarians came up with the idea of a popular petition in order to mobilise and deliver ideas to the broader population. The MPs had a great response from Kuwaiti public, and they further formed a committee of 45 members in order to expand the group of 32 former MPs and include and mobilise representatives of various political groups, tribes, sects, and independents outside the parliamentary circle.

At that point the merchant community also started to express its concern about the situation, as it became clear that the authorities had no plan to restore the parliamentary system in its previous form. Thus, the committee of 45 also included nine merchant representatives: Hamad 'Abdul'aziz al-Saqr, Yousef al-Ibrahim, 'Abdul'aziz Sultan Ben 'Isa, Mohammad Khalid al-Roumi, Yousef al-Badr, 'Ali Mohammad Thunayan al-Ghanim, Waleed 'Abdullatif al-Nisf, Salah Fahad al-Marzouq, 'Abdurrazzaq 'Abdullah Ma'rafie¹³⁰.

The petition drawn up by the former MPs was signed by 30,000 people to a great surprise of the authorities, and in July 1989 it was decided to pass the petition to the Amir¹³¹. However, al-Diwan al-Amiri refused to communicate with any representatives of the movement except the "rumouz", or the symbols/iconic figures. Therefore the negotiations with authorities were started by one of the representatives of the prominent merchant family, and part of the committee of 45 – Salah al-Marzouq (al-Jarida, 2009). The petition was ultimately sent to the Amir, but was rejected. The MPs felt compelled to deliver the message about the rejection of petition to the people, but had no means to do so, because of the harsh press censorship that was introduced after the dissolution¹³². For this reason they decided to call for a gathering at Jasim al-Qatami's diwaniya on 4 December 1989, which technically would not break the law of gatherings (al-Jarida, 2009). The diwaniya was attended by around 700 people, and it was decided to continue gathering such meetings on Mondays at the diwanias of former MPs. From this form of gatherings the 1989 constitutional movement also became known as the movement of Monday Diwanias (*Dawawin al-Ithnain*).

Around the same time the "traditional merchants", who were not officially part of the committees of the MPs-led constitutional movement, started a parallel action¹³³. In July 1989 'Abdul'aziz al-Saqr (head of KCCI), 'Abdurrahman al-Badr, Hamoud Yousef al-Nisf secretly met with the Amir to hand him their own petition with the demands to restore parliamentary life and the Constitution¹³⁴. Notwithstanding that the group of senior merchant figures was able to have an audience with the Amir to discuss their grievances – something that was completely denied

¹³⁰ Those do not include merchants that were ex-MPs of 1985 Assembly.

¹³¹ Personal interview with one of the leaders of the 1989 movement; Kuwait, April 2015.

¹³² Ibid.

¹³³ The term "traditional merchants" of "traditionalists" is used in al-Jarida (*al-tujjar al-taqliidiyin*) and by some authors like Mary Ann Tétreault and Khaldoun al-Naqeeb denoting Kuwait's old merchant elite, which used to constitute the main opposition force to the ruling powers in the pre-oil period.

¹³⁴ The meeting was not announced publicly, however the petition was later seen and discussed by the ex-speaker and leader of the constitutional movement Ahmad al-Sa'adoun, and it was decided to distribute it and make it public.

to all other opposition members and former MPs, the meeting was in vain and the petition was rejected yet again. Moreover, the retaliation against the business community followed. According to some of the witnesses of the events, 'Abdul'aziz al-Saqr was requested to come and take the petition back from the Amir, which he refused to do. Straight after that the Italian construction company, for which al-Saqr was the agent, received a letter from the Ministry of Public Works requesting it to change the agent in order to continue operating in Kuwait; the contract with the Ministry of Defence and the TV tower construction project for al-Saqr were also terminated as punishment, "but al-Saqr told the family not to complain"¹³⁵.

At the same time, the government's violent reaction towards the Monday gatherings started to escalate, and the second Monday diwaniya on 11 December 1989 was cracked down upon. Nevertheless, the meetings continued to grow in number of attendees, particularly as the rumours started to spread that the government wanted to substitute the National Assembly with a consultative council (*Majlis al-Shoura*). The government later banned all gatherings that called for the return of the parliament, and the diwaniya on 8 January 1990 in al-Jahra area, which is predominantly tribal, was again violently dispersed. It showed that the authorities were becoming very sensitive about the fact that the constitutional movement started drawing support from the outlying areas, which have traditionally been the support base for the government.

Although there were attempts by certain members of the ruling family, namely the Minister of Foreign Affairs Sheikh Sabah al-Ahmad to meet with some of the ex-MPs (yet again with those of merchant background, such as Mishari al-'Anjeri and Hamoud al-Roumi) to apologise for the use of force and promise that Monday diwanias would not be prevented in future, the increasingly violent crackdown by the authorities meant that the hardliners within the ruling family were dominating the decision-making (al-Jarida, 2009). This development further antagonised and mobilised the broader population, including the merchant elite, in support of the movement (Tétreault, 2000: 73).

At the beginning of 1990 the government hinted at plans to restore parliamentary life, and in January 1990 Sheikh Sabah al-Ahmad carried out a series of meetings with the merchant representatives of the movement aimed at confirming the desire of the government to return to democracy. However, on 20 January the Amir gave a surprising speech opening up the "period

¹³⁵ Personal interview with a veteran Kuwaiti politician and leader of nationalist movement; Kuwait, April 2015.

of negotiations” with the opposition movement (al-Jarida, 2009). The Crown Prince Sheikh Sa’ad al-’Abdullah started meeting with different groups of the population. However, the ultimate purpose of those meetings was to mobilise supporters of the regime and thus to marginalise the role of the block of ex-MPs as representatives of the population, as well as to divide Islamists and the rest of the opposition. During this series of meetings Sheikh Sa’ad promised that there would be a new Assembly, which would be elected, but there should be “boundaries and controlling mechanisms” over it to prevent what happened during the term of the previous one (al-Jarida, 2009). This statement was effectively the end of the “dialogue” period. The movement activists understood that this “dialogue” was aimed just to waste time, and slow down the popular movement. Thus, a new period of *diwaniyas* started from March 1990. The new wave of popular discontent was fuelled by the rumours that a delegation of Egyptian constitutional experts who were engaged to draw up Kuwait’s new Constitution, according to which the National Assembly in its new form would have much less powers to keep the cabinet in check (al-Jarida, 2009).

On 20 April 1990 the Amir proclaimed the establishment of al-Majlis al-Watani – an Assembly consisting of 75 MPs, 50 of whom would be elected and 25 appointed, for the transition period. The establishment of such an Assembly was immediately called the “coup against Constitution” by the opposition movement (al-Jarida, 2009). Al-Majlis al-Watani’s legislative role was very restricted, which indeed made it similar to a consultative council in its functions. It did not have the right to question ministers, make no-confidence/no-cooperation motions, decide on the state budget, had no power over the auditing body (*Diwan al-Muhasaba*), no right for litigation in court, and did not provide parliamentary immunity for members. The former MPs published a clarification statement that such Majlis was against the Constitution and called for boycotting the elections.

Furthermore, a petition was drawn up by ‘Abdul’aziz al-Saqr on 16 May 1990 with 194 signatures from “notables”, i.e. merchants, influential people and ex-MPs, proclaiming the boycott of al-Majlis al-Watani elections (al-Jarida, 2009; Tétreault, 2000: 73). A look at the names of signatories of the petition reveals that a great number of merchant representatives showed their support to the cause of constitutional movement, with some of them even being from the families, which had been traditionally supportive of the government (ex. al-Khorafi, al-

Mudhaf, Ma'rafie). The petition contains the following family names of merchant background: al-Saqr, al-Nisf, al-Ghanim, al-Marzouq, al-Hilal al-Mutairi, al-Khalid, al-Sayer, Sultan Ben 'Isa, al-Mudhaf, al-Sumait, al-Ibrahim, al-Badr, al-'Abdurrazzaq, al-Qatami, al-Bahar, al-Saleh, al-Shaya', al-Mutawwa', al-Roumi, al-Hamad, Ma'rafie, al-Shamlan, Bodai, al-Khorafi, and al-Humaidhi (al-Jarida, 2009)¹³⁶. Furthermore, while most Kuwaiti newspapers were vigorously calling for participation in the elections, the merchants' mouthpiece al-Qabas, as well as al-Watan, which was at that time also owned by al-Saleh merchant family, did not mention a single word about the elections happening in the country.

The authorities responded with arrests and detention of some of the prominent leaders of the constitutional movement (Ahmad Baqer, Ahmad al-Khatib, 'Abdullah al-Nibari, Jasim al-Qatami, Ahmad al-Rub'i, Ahmad al-Nafisi). The government was clearly concerned that a large-scale boycott could invalidate the elections, and therefore exerted pressure in various public bodies (such as Kuwait University) in order to force public sector employees into participation by voting and putting up their candidacies (al-Jarida, 2009). Most of the winners in al-Majlis al-Watani elections were "service candidates" – MPs whose main role was to be intermediaries between the authorities and the constituencies (Tétreault, 2000: 73) and to channel benefits, wealth and services from the former to the latter without performing any genuine political functions. However, the list of candidates and winners also reveals that quite a few loyalist merchant figures still participated in the elections – sometimes from the same families, which had their other representatives sign the petition to boycott al-Majlis al-Watani, for example, al-Roumi, al-Mudhaf, al-Ghanim, Bodai, al-Bahr, Ma'rafie, al-Nisf, al-Khorafi (al-Jarida, 2009; Kuwait Politics Database, 2016). Such political opportunism is hardly surprising considering that the choice to support the government during such contentious events would not be left without a reward. Thus, it would be an overstretching generalisation to state that all merchants and merchant families stood with the constitutional movement in 1989-1990. Nevertheless, the "official" merchant position declared by KCCI and its leadership through petitions to the authorities cannot be disregarded.

¹³⁶ Later the Islamist groups changed their stance towards al-Majlis al-Watani and representatives of Muslim Brotherhood, including those of merchant background (al-Mutawwa', al-Roumi), withdrew their signatures from al-Saqr's petition (al-Mdaires, 2010: 122).

The new Majlis did not get a chance to fulfill its designated term. The elections took place on 10 June 1990, and in less than two months, on 2 August Iraqi troops invaded Kuwait. It must be noted here that according to some respondents, the internal contentious development and the extent to which the ruling powers were embattled at that point of time was one of the major reasons behind Saddam Hussain's aggression. It created an impression that the population would not stand with the ruling family and would surrender to Iraqis voluntarily, which turned out to be a wrong assumption¹³⁷.

It would not be possible to make counterfactual assumptions about how the constitutional movement would have developed had the Iraqi invasion not taken place. However, it was during the invasion and in the conditions of exile, namely at the Jeddah conference, when the reconciliation between the ruling powers and the opposition happened. The conference was meant to show that the ruling family had legitimacy and was supported by the people of Kuwait in order to convince the rest of the world to provide help to liberate the country¹³⁸. Thus, at that point the opposition forces could exercise the biggest leverage on the authorities. The deal was that the Amir, the Crown Prince and one of the representatives of the Kuwaiti population would give a talk at the conference. It was decided by the opposition that the person who would speak on behalf of the people of Kuwait would be 'Abdul'aziz al-Saqr¹³⁹. Al-Saqr made a speech confirming the status of the Al Sabah family as the main political power with full support of the population, while the rulers promised to bring back the Constitution and parliamentary life upon the liberation. This was effectively the seemingly victorious end of the 1989 constitutional movement in Kuwait.

4.6 Analytical conclusion

From the description of the background and the development of the 1989 contentious events it is clear that the merchants, or at least a significant part of them and those who were considered leaders of the business community, participated in and supported the constitutional movement. They were actively using their privileged elite status to get access to and put pressure on the authorities, where other elements of the movement could not. Which factors

¹³⁷ Multiple personal interviews with Kuwaiti merchants and historians; Kuwait, January-June 2014, October-November 2014.

¹³⁸ Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

¹³⁹ Ibid.

can be identify as crucial in explaining such position? If plain rent-seeking was the only factor behind merchants' political actions, why would one see them joining the opposition movement thus endangering their economic wellbeing and provoking retaliation from the authorities targeting their businesses, which was a natural reaction to expect considering the dependency of the private sector on state distribution? Such behaviour seemingly contradicts the rent-seeking logics, and does not appear reasonable on the surface, particularly at times when the private sector was still struggling to recover from the economic crisis, and its recovery was heavily dependent on the state's support.

I argue that there are several major reasons behind such choice of action. First of all, the unconstitutional dissolution of the 1985 National Assembly without any prospect of restoring the parliamentary life in its initial shape presented a clear threat to the whole political system – the system, which the merchants were struggling for throughout the state-building period of the first half of the 20th century. The parliament was a crucial guarantee of leverage vis-à-vis the ruling powers, without which the business sector would have to be completely acquiescent and would have no tools to challenge them. This ability to limit the autonomy of the ruling powers' decision-making through direct or indirect control over the parliament was in its turn crucial for the maintenance of merchants' economic power. As a prominent former opposition MP 'Obaid al-Wasmi put it, "in 1989 merchants were afraid that with no parliament they will not be able to use the system for their benefits"¹⁴⁰. For the same reason, the majority of the merchant community also rejected the parliamentary body with appointed members (al-Majlis al-Watani) proposed by the government. Although one might assume that the authorities would again buy the merchants off by distributing the appointed membership to them, the parliament in such form defies the initial framework in which it was created – it would not have any power of leverage anymore, and the members would be completely under the mercy of the authorities.

Thus, their eagerness to preserve the system was ultimately about the distribution and power-sharing, which enabled the consistent pursuing of the rent-seeking interests. However the distinct feature of the merchants' political action in 1989 was that the long-term cause overweighed the prospect of short-term gains (from allying with the ruling powers in time of contention) and the risk of short-term economic loss (from joining the opposition movement).

¹⁴⁰ Personal interview; Kuwait, April 2015.

In addition, the broad popular support for the opposition cause meant that, in the conditions of accumulated pressure on the authorities, there were more chances for merchants' successful leverage vis-à-vis the ruling powers. Therefore, the scale of popular discontent and mobilisation in 1989 also explains the opportunistic rationale that pushed merchants to try to take advantage of the movement and hijack the contention.

Furthermore, another important factor that defined the choice of political action by the merchant community in 1989 was the merchant families' heritage and historical status as the "traditional" challenging power. Some of the major merchant figures of the 1989 movement were the sons of the merchants who were the first to demand the National Assembly in 1938, and themselves played a big role in the establishment of the parliament in 1962-1963. Therefore, there was a specific image attached to those figures in the society. As Ahmad al-Sa'adoun explained it: "In 89 there was a *marja'iya* [a figure to follow and refer to] for merchants in the persona of 'Abdul'aziz al-Saqr¹⁴¹ ... He had a clear and straightforward position... was one of those who fought for the Constitution from the very beginning. He had a positive influence on some sides of the merchants ... had a certain symbolic role [*ramziya mu'ayyana*]"¹⁴². Thus, in times of large-scale popular discontent those merchant figures were not only expected to be part of the opposition, but also to lead the movement, reinforcing the socio-economic hierarchy. Such social status was also reflected in the way the authorities were treating the merchant part of the opposition. As it was shown earlier, merchant elite representatives were the only ones who had full access to the Amir, and the ruling family members were only accepting them as "legitimate opposition" and negotiators from the side of the constitutional movement.

To conclude, the merchants' political action during the contentious processes of 1989 was defined by their determination to restore and preserve the system that ensured their rents and power balance with the ruling family. The desire to use the opportunities that could be opened up by the mass popular discontent and pressure on the authorities, and the necessity to comply with the socio-economic heritage and historic role as "legitimate opposition" to ensure the reproduction of the socio-economic hierarchy further explain the merchants' choice to ally with the opposition in 1989.

¹⁴¹ Marja'iya means a state of having the authority to be followed and referred to by others. The term has religious meaning in Shi'a Islam, however in the present context it has social rather than religious connotations.

¹⁴² Personal interview; Kuwait, April 2015.

Chapter V: Merchants in the 2011 protest movement

5.1 Introduction

Despite the seemingly positive outcome of the Jeddah meeting and the reconciliation between the opposition forces and the ruling powers based on the latter's promise to restore the parliamentary life and Constitution after the withdrawal of Iraqi forces from Kuwait, the post-invasion political transition did not run smoothly. Not only were the contentious issues of the 1980s, which led to the 1985 Assembly's dissolution and 1989 movement of Monday diwanias, not solved after the invasion, but they were aggravated. The confrontation between the parliament-based opposition groups and the ruling powers continued unabated for two decades, ultimately growing into a mass popular movement yet again in 2011, when the street protests forced the Prime Minister to resign. Although, as I will show further, some of the merchant groups and prominent individuals were initially siding with the parliament opposition, there was a major shift in their political position and a visible re-alliance with the ruling powers after 2012. The main aim of the present Chapter is to investigate the reasons behind this change, and based on the comparison of 2011 and 1989 situations, make further conclusions about the factors that define the political actions of the representatives of Kuwait's merchant elite and business community more broadly.

In order to carry out the comparison and show the parallels between the two contentious developments, I will analyse the political and economic situation in Kuwait during the 1990s and early 2000s according to the same pattern that was used in the previous chapter, i.e. showing the complex multi-layered background and path-dependent nature of the 2011 events. Namely, I will first analyse how the National Assembly evolved as an institution throughout this period and how those changes affected the development of the opposition forces. I will further examine the influence of the structural economic factors, such as the post-invasion economic constraints, struggles around economic reforms and diversification, 2008 financial crisis and the government's bailout measures. Finally the chapter will investigate the role of interpersonal relations, shifting alliances and rivalries between individuals, i.e. ruling family rifts, relations between merchant individuals and the ruling powers and power struggles within the merchant community itself. Such analysis will reveal that the conditions prior to 2011 contentious events

were very similar to those, which led to the 1985 parliament dissolution and subsequent constitutional movement. This will further enable me to identify the “difference” factors that explain the divergence of merchants’ response.

5.2 The background of 2011 contentious events

5.2.1 Institutional strengthening of the National Assembly

Parliamentary life was restored in 1992, and the new elections brought back many opposition-leaning members, while the leader of the 1989 movement Ahmad al-Sa’adoun was elected as a Speaker. As Paul Aarts (1993: 2) rightly notes, “the trauma of occupation and liberation politicised the Kuwaiti people even further in a way that otherwise would not have occurred”. Economic and security issues were dominating the discourse of the Assembly (Tétreault, 2000: 105-106). The government was seen as having discredited itself due to its inadequate response and inability to foresee and prevent the invasion (Barakat and Skelton, 2014: 15-16). While at the same time, the fact that the opposition forces and the population at large stood with the ruling family in the eyes of the international community during the exile created a sense of government’s indebtedness towards the population. All these shifts of the state-society power relations, coupled with unresolved and aggravated post-invasion matters were reflected in the come-back of the opposition-dominated National Assembly with yet more leverage vis-à-vis the ruling powers and a sense of being entitled to government’s political concessions.

Among the factors that similarly led to the institutional strengthening of the parliament during these two decades was the succession crisis of 2006. By 2005 Sheikh Sabah al-Ahmad became the main contender for Amir’s position due to the Crown Prince Sa’ad al-‘Abdullah’s poor health, and the struggle over succession caused a major rift between the two branches of the ruling family. However, in January 2006 the parliament interfered and in unprecedented move voted on removing Sheikh Sa’ad. The vote was to a large extent brokered by the Speaker of the Assembly – Sabah al-Ahmad’s close ally Jasim al-Khorafi (Tétreault, 2006a). But the consequence of the succession crisis for the parliament was its further institutional empowerment through the succession decision-making experience (Shultziner and Tétreault, 2012: 286). As a result, expectations of political concessions from the ruling powers grew yet again, which led to a new wave of antagonism when those expectations were not fulfilled.

Another development, which also had significant consequences for the political field and for the empowerment of the Assembly, was the youth movement of 2006. After the change of the election districts law in 1980, and since the restoration of the parliamentary life in 1992, there were continuous calls to reduce the number of districts from 25 back to ten (Albloshi and Alfahad, 2009: 221), because of the concerns about the authority's ability to control the election and the spread of vote-buying. The discussion about the law was reluctantly going on in the parliament throughout the 90s, but after the succession, which took place "on a wave of warm feelings" (Tétreault, 2012), the youth "Orange" movement started actively demanding the reduction of the districts number to five (hence the name of the movement "*Nabeeha Khamsa*" – "We want them five"). The movement started at grass-roots, but soon a block of MPs also made a statement in support of the movement's demand. The standoff between the Assembly and the government led three MPs¹⁴³ to threaten to question the Prime Minister Sheikh Nasser al-Mohammad Al Sabah, which would be the first time in parliamentary history, and for that reason the Assembly was dissolved in May 2006 (Kuwait National Assembly, 2016). The new elections brought a similar opposition-leaning parliament and the change of election districts law was passed (Tétreault, 2006b). The success of the popular movement and the success of the Assembly in passing the law further pushed the borders of parliamentary empowerment. This became evident in the subsequent frequent requests by the 2006 National Assembly to question the Prime Minister and various Ministers from the ruling family, which yet again led to the Assembly dissolution in 2008.

There was another important, although not immediately noticeable, consequence of the reform of election districts. The reduction of the amount of districts automatically made them increase in size. Therefore, in order to get the support of the constituencies, parliamentary candidates could not pursue policies targeting smaller parts of society anymore. Instead those had to be policies "in bulk", i.e. more populist, such as increase of salaries and benefits for all public workers, scrapping of debts, etc¹⁴⁴. Thus, the consequence of the district reform was the rise of populist stances among candidates and MPs. This in its turn had a great impact on the course of government-parliament relations towards 2011.

¹⁴³ Ahmad al-Sa'adoun (Popular Action Block), Faisal al-Mislem (Muslim Brotherhood/Islamist) and Ahmad al-Mulaifi (National Democratic Alliance).

¹⁴⁴ Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

Apart from the institutional strengthening of the National Assembly throughout the 1990s-2000s due to the earlier mentioned factors, the significant transformation that Kuwait parliament saw during this period was related to the change of the very content of the Assembly, i.e. the emergence of the new (previously depoliticised) social forces on the political scene and their subsequent gradual integration into the opposition stream. Such change of content was the result of several factors: firstly, the 1980 redistricting that empowered candidates with tribal support from the outlying districts, secondly, the equalisation of citizenship types in terms of political rights to elect and be elected in 1995 (Assiri, 1996: 62), and thirdly, the post-invasion politicisation of the outlying districts as a path-dependent consequence of the 1989 movement, as the latter was also trying to draw support from those areas¹⁴⁵. As a consequence, during the 1990s, a new social base has been introduced into Kuwait's political scene – a phenomenon, which is occasionally referred to as “desertification” of Kuwaiti politics (Smith Diwan, 2009). The ratio of tribal MPs grew from 4 to 14% after the 1996 elections (Sadowski, 1997: 10). Being within the Assembly's oppositional framework, the MPs representing this social base united with the opposition groups. The formation of the Popular Action Block (PAB) in 1999 was the manifestation of this trend.

To sum up, similar to the development in the 1980s, the political events of the two decades after the Iraqi invasion led to the considerable institutional strengthening of the National Assembly, which yet again started pushing for the expansion of its powers. Moreover, the newly/recently politicised social forces, which used to be the unquestionable supporting pillar of the authorities in the past, started to join the opposition blocks. This development of the parliament was crucial for the formation of the core of the challenging forces that were in the vanguard of the 2011 protest movement.

5.2.2 Economic factors

Similar to the situation in 1985, the factor of the opposition-dominated institutionally strengthened Assembly in the 1990s-2000s was combined with structural economic issues, which fuelled its antagonism towards the government and gave it more reasons to attack the latter's policies. The issues that caused the continuation of contentious development after the

¹⁴⁵ Some respondents also suggested that tribal ties and identity was particularly strengthened and reaffirmed after the invasion, as many Kuwaiti tribesmen were forced to flee and seek refuge at fellow tribes in neighbouring countries.

restoration of parliamentary life were generally the same as before, but further aggravated by invasion-related dealings and post-invasion economic strains – i.e. government corruption, unauthorised withdrawals from the sovereign wealth fund during and after the invasion, unaccountable investment and oil policies, and the Assembly's attempts to make the government accountable in its dealings with public funds¹⁴⁶.

Economic restructuring became one of the new and immediate conflict issues because of the budget constraints after the invasion and government's great expenses for the restoration. In 1993 the World Bank issued a restructuring recommendation plan, which proposed selling 25% of KPC shares to local and foreign investors (Tétreault, 1995: 40). There were also considerations to allow foreign companies to participate in the operation of the north oil fields close to Iraqi border for security reasons (Tétreault, 1995: 181). However, transferring the country's main source of wealth into private, let alone foreign hands was vigorously opposed by the parliament. Moreover, the allowance of participation of foreign companies in Kuwait's oil industry was viewed as the return of colonisation. While the parliament was dissolved since 1986, the oil industry was managed by government as a "state secret" (Tétreault, 1995: 6), therefore when it came back under Assembly's control in 1992, the latter took a very protective stance on it and viewed the government's reform proposals with great suspicion. This further strained the relations between the parliament and the government.

Later, in 2008 the situation was aggravated by a new economic factor – the global financial crisis. As was the case in the previous instances, the government had to interfere and partly bail out some of the businesses. The parliament accused the government of providing unequal help: it was viewed that the government was ready to bail out large businesses, real estate companies and banks, but was against relieving the citizens from loans payment¹⁴⁷ (see Chapter VI for more detail). Because of the growing antagonism over those economic policies, the 2008 Assembly was dissolved after only 82 days.

¹⁴⁶ Some of the most serious embezzlement scandals were tied to the personality of Sheikh 'Ali al-Khalifa Al Sabah, former Minister of Oil. He was already embattled by the parliament in 1985, and after the invasion the Assembly was demanding his prosecution.

¹⁴⁷ Personal interview with an ex-MP (Shi'i, allied with opposition) and currently professor in political science, Kuwait University; Kuwait, March 2014.

5.2.3 Conflicting relations between major political players

As much as it was the case with 1986 dissolution, one of the major factors that further exacerbated parliamentary antagonism in the early 2000s, alongside the institutional and structural development, was the power struggle within the ruling family itself, which started to overspill into the broader political field.

The event that had major consequences in terms of intra-family relations was the earlier mentioned succession crisis of 2006. The contender, who challenged the succession pattern, Sheikh Sabah al-Ahmad, ensured that by the time of the succession he had support both from the parliament and from some of the merchant figures and ruling family members within the government. In 2003 he became a Prime Minister (after the division of the roles of Crown Prince and Prime Minister), and filled the cabinet with allies. His major supporting figures were Sheikh Nasser al-Mohammad (then head of al-Diwan al-Amiri), Sheikh Ahmad al-Fahad (Minister of Development and Oil) and Jasim al-Khorafi (Speaker of parliament)¹⁴⁸, as well as several merchant figures in the cabinet, such as Badr al-Humaidhi (Minister of Finance) and Rashid al-Hamad (Minister of Education).

The main supporters of the Crown Prince Sa'ad al-'Abdullah were Sheikh Salim al-'Ali (head of Kuwait National Guard) and Sheikh 'Ali al-Khalifa (former Minister of Oil). Sheikh Sa'ad's ailing health meant that if he ascended the throne the de-facto rulers of the country would be his relatives and supporters. However, by that time both Sheikh Salim al-'Ali and Sheikh 'Ali al-Khalifa had already antagonised merchants and the population at large by their involvement in business and corrupted practices. Salim al-'Ali was active in the banking sector¹⁴⁹ and was known to be "one of the wealthiest and stingiest members" of the ruling family, notorious for land grabbing¹⁵⁰, while 'Ali al-Khalifa, as mentioned earlier, was continuously attacked by the parliament on the basis of allegations of corruption during his time as Minister of Oil and throughout the invasion. The merchants' position was evident in the fact that al-Qabas newspaper was very supportive of the questioning and prosecution of 'Ali al-Khalifa after the investigation of the oil tankers corruption scandal in 1993-1994 (Tétreault,

¹⁴⁸ Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

¹⁴⁹ Personal interview with a professor in public policy, Political Science Department, Kuwait University; Kuwait, May 2014.

¹⁵⁰ Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

2000: 193), while Mohammad al-Saqr (the son of Jasim al-Saqr and nephew of 'Abdul'aziz al-Saqr) was said to be the person who brought up 'Ali al-Khalifa's corruption scandal to press¹⁵¹.

Therefore, Sheikh Sabah al-Ahmad was almost certain to become the Amir. However, the major aim for him was not only to leap over the succession pattern and become the actual ruler, but also to avoid any impositions of the will of Sheikh Sa'ad's relations on his decision to appoint of the Crown Prince¹⁵², in which he ultimately managed to succeed with the help of his supporters.

The succession crisis and the formation of the block of supporters around the new Amir led to the emergence and empowerment of several political players who later would be in the centre of contentious development of 2011: Sheikh Nasser al-Mohammad became the Prime Minister, Ahmad al-Fahad occupied several ministerial positions in the cabinet, and Jasim al-Khorafi continued as Parliament speaker and was also rewarded for his support in a business and political sense. The former two figures however are in the same branch of Al Sabah and within the same line of succession, which prompted fierce competition between them when they both appeared in the cabinet. Sheikh Ahmad al-Fahad started mobilising supporters from tribes and the Salafi movement and building coalitions with opposition blocks within the parliament to oppose Nasser al-Mohammad (Azoulay and Beaugrand, 2015). The latter was further embattled by the supporters and members of the al-Salim branch, which lost against Sheikh Sabah al-Ahmad in 2006 succession dispute. This development created the setting for the future ruling family rift, which, similar to the 1985 situation, was intertwined with the broader contentious processes of 2011.

The antagonistic stance of the National Assembly and its struggles with the government around economic policies during the 2008 financial crisis opened up new opportunities for those parties and individuals within the ruling family, who were sidelined during the succession crisis, to come back and try to settle the score using alliances within the Assembly and the parliament's interrogatory power for these purposes. The most vivid example of this kind, when the parliament's genuine search for government's accountability intertwined with the ruling elite's internal struggles, was the K-Dow deal scandal (a joint venture between Dow Chemical

¹⁵¹ Ibid.

¹⁵² Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

and Kuwait Petroleum Corporation signed in July 2008 and cancelled in March 2009). The Assembly demanded to question the Prime Minister Nasser al-Mohammad about alleged corruption in the deal. Parliament's suspicion was to a large extent provoked by al-Watan newspaper, which is owned by Sheikh 'Ali al-Khalifa. The newspaper launched a heavy propaganda against the deal claiming that it would be a waste of public funds in the conditions of economic recession¹⁵³. In those circumstances, the Prime Minister would not have been able to escape the voice of no-confidence. During the term of the 2009 Assembly the interpellation of the Prime Minister took place for the first time in history. However the government allegedly secured the supporting votes in the parliament by paying bribes to several MPs. Later, this incident of bribes payment became the main trigger for the 2011 protest movement.

To sum up, during the two decades after the invasion Kuwait saw the continuity of the unresolved issues that caused all previous acts of contention. At the same time, the National Assembly institution grew in power and saw the politicisation of new social forces, which allied with the opposition block. The parliament's antagonism towards the government was exacerbated by the structural economic strains that the country was experiencing, and the situation was further destabilised by the emergence of new conflicts and power struggles within the ruling elite. Thus, it is clear that there are multiple parallels between Kuwait's political development in the 1990s-2000s and the situation in the 1980s, and the reasons behind the two subsequent political crises are similar.

5.2.4 Merchants in post-invasion politics

Unlike in 1985 when merchants themselves were initially antagonistic towards the Assembly, but later joined the movement, two decades later the situation was quite the opposite. In the post-invasion period there was no conflict between the Assembly and the merchant groups as such. Merchants who were active in 1989 were still close to liberal/nationalist groups, despite not being officially part of them¹⁵⁴. As one former opposition-leaning MP of business background put it, "back then the popular movement and merchants

¹⁵³ Personal interview with a professor in public policy, Political Science Department, Kuwait University; Kuwait, May 2015.

¹⁵⁴ There was a separate Constitutional Block representing merchants' interests in the 1992 elections (Tétreault, 2000: 116).

were united, as well as throughout the 1990s up to 2003”¹⁵⁵. Their alliance at that point can be explained, firstly, by the path-dependent consequences of the preceding development – the joining of forces during the 1989 movement, and secondly, by the merchants’ equal dissatisfaction with the post-invasion and reconstruction-related corruption of the government.

In 2006 Kuwait’s political scene saw the formation of several political blocks within the Assembly – *Kutlat al-‘Amal al-Sha‘abi* (Popular Action Block) and *Kutlat al-‘Amal al-Watani* (National Action Block). Merchant figures that were elected to the 2006 Assembly were mostly part of the latter, continuing the previous trend of not merging with the popular opposition completely¹⁵⁶. Nevertheless, the two blocks often voted together on issues, and liberals and PAB were generally close during 2006-2008 period.

Several new merchant figures emerged in the political field during the post-invasion period. In 1996 Mohammad al-Saqr created the National Democratic Alliance (*al-Tahaluf al-Watani al-Dimuqrati*) as an umbrella block for the liberal groups, which became the major source of his political support base when he ran for the 1999 elections. Noticeably, the block, and Mohammad al-Saqr himself, was a prominent supporter of the youth Orange movement in 2006 (Albloshi and Alfahad, 2009: 227).

In the later elections, Saleh al-Mulla and Marzouq al-Ghanim became parliament members as well. At that point both new MPs of merchant origin were considered liberal or opposition-leaning in their political inclination, despite that Marzouq al-Ghanim is the nephew of the loyalist regime pillar Jasim al-Khorafi.

However, after the contentious events of 2011 and the brief electoral victory of the opposition in February 2012 a major shift in the merchants’ political position occurred. Both the merchant figures who were actively involved in politics and parliamentary life and the merchant community outside the framework of the official political bodies distanced themselves from the core of the opposition block and re-emerged as the long-lost allies of the ruling powers. The next subsection of the Chapter will trace the contentious development of 2011-2012 and address the puzzle of why such a shift in merchants’ political action occurred.

¹⁵⁵ Personal interview; Kuwait, May 2015.

¹⁵⁶ Among them were Mishari al-Anjeri, Marzouq al-Ghanim, Mohammad al-Saqr, ‘Abdullah al-Roumi.

5.3 The 2011 movement and merchants

The contentious development in 2011 was to a large extent fuelled and triggered by the euphoria of the Arab Uprisings in the region (Ulrichsen, 2014: 222; Shultziner and Tétreault, 2012: 287), as well as the overspill of the sectarian tensions on Kuwait's political scene¹⁵⁷. In 2011, during the uprising in Bahrain, Kuwait was nominally involved in the joint operation of GCC forces that were sent to suppress the protests. This caused even more attacks on the already embattled Prime Minister both from Shi'i MPs, who accused him of not protecting the Shi'a population, and from Sunni Islamist MPs for his close ties with Iran¹⁵⁸.

Furthermore, with the strengthening of the opposition movement, the authorities started to use force during opposition gatherings, which, similarly to 1989 events, antagonised broader population and caused a more united response from various opposition-oriented groups. One of the most famous events that provoked a strong popular backlash happened in December 2010 when a prominent opposition MP 'Obaid al-Wasmi was beaten up by the security forces in the diwaniya during the opposition gathering (Ulrichsen, 2014: 221).

As mentioned earlier, the mass protests in 2011 were ultimately triggered when it was revealed that the Prime Minister gave bribes to 16 MPs to secure his survival during the multiple interpellations in the term of the 2009 Assembly. The scandal emerged when merchants' al-Qabas newspaper published the information. However, the way the newspaper got the information is debated. Some of the respondents insisted that the information about several MPs depositing large sums of cash to their bank accounts had been given to al-Qabas by the banks themselves, which are also merchant-controlled (Ghabra, 2014)¹⁵⁹. However, according to a more widespread interpretation, it was passed to the newspaper by Sheikh Ahmad al-Fahad in order to strike against his main rival within the ruling family. Although some of the respondents suggested that al-Qabas did it out of pure journalistic sensationalism¹⁶⁰, it is quite unlikely that such a sensitive matter was revealed without prior consideration of consequences,

¹⁵⁷ Although the government took measures to pre-empt similar development in Kuwait by distributing cash hand-outs and food vouchers to the citizens in January 2011.

¹⁵⁸ Nasser al-Mohammad previously served as an Ambassador to Iran and Afghanistan.

¹⁵⁹ Personal interview with a teaching member of staff in Literature Department, Kuwait University; he was previously involved in politics and is currently closely connected to opposition-leaning media outlet; Kuwait, March 2014.

¹⁶⁰ Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

which therefore means that it was a statement from parts of the business community that the merchants were siding with broader opposition against the Prime Minister.

According to various respondents, there were several primary factors behind this stance of the merchant community. First of all, the fact that the authorities were using such a blunt method to control National Assembly's votes signalled that the very parliamentary system and its leverage over the authorities (discussed in the previous Chapter) was being compromised. At the same time the preceding development already suggested that the Prime Minister was so embattled that he would be most likely removed sooner or later anyway. Therefore one might argue that it was important for the merchants to stay in the vanguard of the challenging forces.

The bribes scandal caused a large-scale popular outcry with thousands of Kuwaitis going to rallies and even a brief occupation of the parliament building on 16 November 2011. As a result the Prime Minister resigned, and the parliament was dissolved. Similar to the case of 1989 constitutional movement and 2005 Orange movement, the broad popular mobilisation played an important role in keeping the unity of various political forces against the common enemy. As one of the veteran Kuwaiti politicians from Kuwait Democratic Forum 'Abdullah al-Nibari recalled: "There was unity in 2011, because there was popular support. The majority in the parliament was based on enthusiasm, not calculated action. It started with wide contestation, no one was against the protests. Remarkably, there was participation of tribal youth, which signalled the initiation of attracting of the tribal youth to political activity"¹⁶¹.

The next Assembly, which was elected in February 2012, was predictably highly oppositional as well, and was soon ruled invalid by the Constitutional court and dissolved (in June 2012) allegedly because of a procedural mistake in the elections. According to Khalid Sultan Ben 'Isa, one of the opposition MPs in the February 2012 Assembly and head of Salafi block, "35 MPs – the decisive majority and the voting block was not under the government's control ... and was able to lead and correct the situation. The opposition expected that the parliament would not last for more than one year, so they tried to implement [as much] legislation [as possible] within this year"¹⁶². It was this Assembly where al-Aghlabiya, the opposition majority block, was formed.

¹⁶¹ Personal interview; Kuwait, May 2015.

¹⁶² Personal interview; Kuwait, May 2015.

Two major merchant figures in this parliament – Mohammad al-Saqr and Marzouq al-Ghanim – however, were not officially part of that block. In fact, Mohammad al-Saqr was competing with Ahmad al-Sa’adoun (one of the al-Aghlabiya and PAB leaders) for the parliament speakership, but al-Sa’adoun won the vote. This episode was evident of the fact that, with the new type of opposition majority, dominated by the PAB and Islamist groups and heavily drawing on the support of the newly politicised population of the “outlying areas”, the merchant figures have lost their lead. Table 7 provides the list of al-Aghlabiya MPs with their tribal and/or political affiliation.

Name of the member	Tribal affiliation	Religious/political block
Ahmad al-Sa’adoun	-	PAB
Ahmad Mutee’	al-’Awazim	
al-Seifi al-’Ajmi	al-’Ajman	PAB
Osama al-Munawir	al-Rasha’ida	
Osama al-Shahin	-	Muslim Brotherhood
Badr al-Dahoum	al-’Awazim	
Falah al-Sawagh	al-’Awazim	close to MB
Feisal al-Mislem	al-’Otban	close to Salafi block
Feisal al-Yahya	-	
Hamad al-Matar	-	Muslim Brotherhood
Jam’an al-Harbash	al-’Anaiza	Muslim Brotherhood
Khalid al-Mutairi	al-Mutran	
Khalid al-Tahous	al-’Ajman	PAB
Khalid Sultan Ben ‘Essa	-	Salafi block
Mohammad al-Dallal	-	Muslim Brotherhood
Mohammad al-Hatlani	al-Rashaida	close to MB
Mohammad al-Kandari	-	Salafi block
Mohammad al-Khalifa	al-Shammar	
Mohammad Hayef al-Mutairi	al-Mutran	Salafi block
Mubarak al-Wa’lan	al-Mutran	
Munawir Naqa	al-’Awazim	
Musallam al-Barrak	al-Mutran	Popular Action Block
Nayef al-’Ajmi	al-’Ajman	
Riyadh al-’Adsani	-	
Salem al-’Azmi	al-’Awazim	
Shaya’ al-Shaya’	-	
Walid al-Tabtaba’i	-	Salafi block

'Abdullah al-Barghash	al-'Ajman	
'Abdullah al-Turaiji	-	
'Abdullatif al-'Omairi	-	Salafi block
'Abdurrahman al-'Anjeri	-	National Democratic Alliance
'Adel al-Damkhi	-	
'Ali al-Daqbasi	al-Rashaida	PAB
'Emar al-'Ajmi	al-'Ajman	
'Obaid al-Wasmi	al-Mutran	

Table 7: List of MPs who were part of al-Aghlabiya in the parliament elected in February 2012. Source: Michael Herb's Kuwait Politics Database.

The downside of the formation of an opposition block of this type was that some of the opposition leaders continuously utilised tribal links to mobilise support. One of the young tribesmen who also participated in 2011 rallies noticed: "The mistake of the opposition leaders was to make the movement tribal ... they even used tribal slogans during rallies"¹⁶³. Although it was a useful tool for the MPs to solidify their support base, this trend had several deleterious consequences. First of all, it made it difficult for other opposition-leaning parts of the population (non-tribal, non-Sunni Islamist) to ally with the "majority" group despite supporting the same cause.

The Shi'a population was alienated by the dominance of Sunni Islamist elements (Muslim Brotherhood and Salafi group) in the opposition block. The first instance, which created a crack in the parliament's opposition block and antagonised its Shi'i members, happened even earlier – in February 2008 after the death of one of senior Lebanese Hizbollah members 'Emad Mughniyah, when parts of the Kuwaiti Shi'a population, headed by several MPs from the National Islamic Alliance, participated in the mourning ceremonies, which caused a strong backlash from Sunni Islamist MPs¹⁶⁴. The sectarian tensions were also exacerbated by the regional developments since 2011, in particular by the uprising in Bahrain and the growing rift between Saudi Arabia and Iran. As anti-Shi'a moods started to emerge inside Kuwait, the Shi'a community was pushed to form closer alliance with the government, reassuring it of their loyalty and seeking protection. The formation of al-Aghlabiya in February 2012 Assembly alienated

¹⁶³ Personal interview; Kuwait, February 2014.

¹⁶⁴ Interestingly, Jasim al-Khorafi, who was the Speaker at that time, stood with the Shi'i MPs, using it as an opportunity to break up the opposition block (Azoulay, 2013: 95).

Shi'i MPs even further, despite that some of them were leaning towards the opposition in the earlier period.

Furthermore, mobilising popular support based on the tribal cause requires a contradistinction – which is hadhar/urban population, and the merchant elite as its epitome. In the opposition narrative, the tribal population is portrayed (often fairly) as discriminated against and suffering from the nepotistic and hierarchical socio-economic environment in Kuwait (Longva, 2006; Azoulay and Wells, 2014; Al-Nakib, 2014) where a lot of day-to-day dealings and services are based on informal social relations (*wasta*). Thus, such issues as corruption among business and the ruling elite, inequality and discrimination in wealth distribution are the easy way to gain popular support, particularly from the outlying tribal areas. According to one of the respondents – a member of the liberal political block – “it is easy to ally against merchants as a tool for gathering support for opposition ... PAB decided not to fight Islamists, because a lot of them were connected to tribes; they attacked nationalists instead for working for the good of merchants, while merchants became synonymous to hadhar”¹⁶⁵. This political course was reflected in the opposition’s attempts to pursue mostly populist policies that would benefit non-elite social elements, and to impose legislative constraints that would target the interests of the merchant elite. Chapter VI will discuss these policies). Obviously, this had serious ramifications on the attitudes of opposition-leaning merchants, and the hadhar population more broadly, towards the “majority” block, creating a sense of cautiousness and fear of the tribal domination of the political field.

Therefore, after the “common enemy”, or something that all groups were fighting against (in the face of the ousted Prime Minister), was defeated, it became increasingly hard for all those political groups to stick together in pursuing more constructive goals. Such trajectory ultimately led to the disintegration of the united opposition force along the lines badu vs. hadhar and merchant¹⁶⁶, Islamist vs. liberal, Sunni vs. Shi'i, and re-alliance of parts of the population with the ruling powers.

Another factor which led to the ultimate distancing and alienation of the merchant elements from the opposition majority was the fact that some of the opposition leaders and MPs

¹⁶⁵ Personal interview; Kuwait, April 2015.

¹⁶⁶ 2009 parliament was the first that saw the exacerbation of tribal/hadhar rift, as it was the first Assembly where tribes defamation issues were questioned.

were known to be allied with Sheikh Ahmad al-Fahad, who continued to try to utilise the Assembly for his own power-grabbing purposes against other members of the ruling family, and the former Prime Minister Sheikh Nasser al-Mohammad specifically. As some of the members of the opposition majority block noted, “Ahmad al-Fahad’s ... use of opposition discredited it, damaged the image. There should not be ties with those who are part of the system we are fighting”¹⁶⁷.

The Sheikh also had growing rifts with the merchant community as a whole, and Jasim al-Khorafi in particular, as the latter was a close ally of Nasser al-Mohammad. Some of the respondents suggested that he urged his parliamentary allies to bring up the issue of legality of the Chamber of Commerce and Industry and to demand the change of the Chamber’s law to prevent it from abusing the system¹⁶⁸. It is also indicative that the afore-mentioned two new liberal figures of merchant background – Saleh al-Mulla and Marzouq al-Ghanim – both vigorously opposed Ahmad al-Fahad’s re-appearance in the cabinet in 2009¹⁶⁹. Ultimately, al-Mullah and al-Ghanim requested the grilling of Ahmad al-Fahad on the basis of corruption allegations, and he had to resign, because the cabinet (headed by his rival Nasser al-Mohammad) withdrew its support.

Thus, the ties between the merchant figures and the broader opposition gradually deteriorated due to those factors related to the way the opposition block and its alliances had evolved throughout the contentious events of 2011.

After the 2012 parliament was dissolved there was an attempt to return to the 2009 Assembly, but the MPs refused to take part in it. However, soon the Amir came up with the unilateral amendment of the election law changing the four-vote system to “one person – one vote”. The aim of the amendment was to dissolve al-Aghlabiya as a block, because the law “killed any way you can make a political group, any way of political manoeuvring” preventing

¹⁶⁷ Personal interview with an ex-MP and one of the leaders of the 2011 opposition movement; Kuwait, April 2015.

¹⁶⁸ Ibid.

¹⁶⁹ Partly, the reason for such animosity was their old rivalry about the ownership of Kuwait’s football clubs, that goes back to the generation of their fathers – Marzouq’s father ‘Ali al-Ghanim and Sheikh Ahmad’s father Sheikh Fahad al-Ahmad. The latter was the head of Kuwait’s Olympic Committee and al-Qadsiya FC, while ‘Ali al-Ghanim was the head of al-Kuwait FC. In the light of this long-standing rivalry, the KCCI legislation issue might have also been a reflection of the personal/interfamily rift between Sheikh Ahmad al-Fahad and ‘Ali al-Ghanim (current head of the KCCI).

blocks from running lists of candidates in the elections¹⁷⁰. The law was condemned by a broad range of opposition-leaning groups, including Mohammad al-Saqr's National Democratic Alliance and merchant figures like Marzouq al-Ghanim, and the next elections were boycotted on the large scale.

The development during the boycott was very similar to the boycott of al-Majlis al-Watani in 1990. The government was again very concerned about the turnout, trying to ensure that sufficient number of voters show up at the elections for them to be considered legitimate. Therefore, there was a broad call for support from the Amir himself, and many candidates who participated in the elections did so as a response to this call, rather than out of genuine desire to become MPs¹⁷¹. Therefore, although most of the established political figures of merchant background joined the boycott, one should not overgeneralise: some of the candidates in December 2012 were from the same loyalist merchant families that participated in al-Majlis al-Watani elections (al-Dabbous, Behbehani, al-Mudhaf, etc.).

Nevertheless, despite the unity in boycotting the elections, I argue that it was during that period (end of 2012-beginning of 2013) when liberals, and merchant figures in particular, were ultimately antagonised by the majority opposition block. This was the point when one of the opposition leaders Musallam al-Barrak made his famous speech "we will not let you rule individually..." addressed to the Amir during one of the rallies in October 2012. It was considered by many (particularly merchants) as crossing the red lines in communication with the ruling powers and unacceptable language, which would have never been used by the merchants' "legitimate opposition", and which further alienated and antagonised parts of population¹⁷².

Thus, when Amir's amendment of the election law was referred to the Constitutional court and was approved, it gave the merchants an opportunity to return to the political scene and save the face in the new elections in 2013¹⁷³. Candidates of merchant background and their

¹⁷⁰ Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

¹⁷¹ Personal interview with a businessman from a well-established Shi'i merchant family, owner of a medium enterprise; Kuwait, March 2014. He himself was a candidate in December 2012 elections together with his son.

¹⁷² Personal interview with a senior member of an old merchant families; Kuwait, October 2014.

¹⁷³ After the boycotted elections the December 2012 parliament was hardly representative of the population, but it was meant to be interim and was expected to be dissolved, which was obvious from the speed at which it was rushing to pass pro-government legislation blocked by the previous opposition-dominated parliaments.

affiliates, who discontinued the boycott and participated in 2013 elections, include Marzouq al-Ghanim, 'Abdullah al-Roumi (National Democratic Alliance), Riyadh al-'Adsani, Mohammad al-'Abduljader (one of the establishers of National Democratic Alliance), Rakan al-Nisf and Faisal al-Shaya' (both from National Democratic Alliance), Raudhan al-Raudhan, etc. Although court decisions in Kuwait are far from being independent, they are generally respected by the public. Thus, the participation of merchants and affiliated liberal candidates in the elections was now justified by the fact that boycotting the elections for the second time would mean undermining the authority of the Constitutional Court, which is the pillar of the system. As one member of the National Democratic Alliance stated in this respect: "We cannot disagree or question the legal system, because then there is no reference at all, so I voted from fear of anarchy"¹⁷⁴.

In 2013 Marzouq al-Ghanim became the main merchant figure in the parliament and was elected for speakership, after Jasim al-Khorafi left the political field. Following the latter's death in 2015, he now represents two main merchant families in Kuwait's politics and is very close to the ruling powers. The relations between al-Khorafi family and the ruling family have recently become even closer after the widely publicised intermarriage.

Mohammad al-Saqr did not participate in the elections for the reason that he could not secure the support from the government if he stood for the speakership position¹⁷⁵. According to some respondents, this was more a matter of pride and social hierarchy within the merchant community itself, as "competing with al-Sa'adoun for the speakership is one thing, but competing with much younger Marzouq – is completely different"¹⁷⁶. However, al-Saqr's National Democratic Alliance actively participated in the elections, and he thus managed to keep his allies both in the parliament and in the new cabinet¹⁷⁷.

With the merchant elements returning to the official political field and re-allying with the ruling powers, the opposition continued to disintegrate and lose its appeal for the broader population. It further discredited itself after the ties between some of the opposition leaders and Sheikh Ahmad al-Fahad became even more obvious, while the latter launched an open

¹⁷⁴ Personal interview; Kuwait, April 2015.

¹⁷⁵ This was confirmed by multiple respondents in Kuwait.

¹⁷⁶ Personal interview with editor-in-chief of one of the liberal Kuwaiti dailies and a member of National Democratic Alliance political block; Kuwait, April 2015.

¹⁷⁷ For example, MPs Rakan al-Nisf, Faisal al-Shaya', Minister of Finance Anas al-Saleh and former Minister of Commerce and Industry 'Abdulmohsen al-Mud'ej (resigned in March 2015), former Minister of Public Works 'Abdul'aziz al-Ibrahim (resigned in March 2015) are known to be close to Mohammad al-Saqr's block.

campaign accusing Sheikh Nasser al-Mohammad and Jasim al-Khorafi of plotting a coup¹⁷⁸. The intra-family fight became increasingly public, which produced an impression that the opposition was a mere tool in the fight between the Sheikhs, rather than a genuine force challenging the ruling powers' corruption.

Lastly, it is important to point out here that yet again there were significant exceptions in the general trend of merchants' political choice. For instance ex-MP Saleh al-Mulla continued the boycott in solidarity with Kuwait Democratic Forum, of which he is a member. Furthermore, ex-MP Khalid Sultan Ben 'Isa did not participate either, as the elections were boycotted by the Salafi block (or at least its opposition-leaning wing). These exceptions, in continuation of the theme of Chapter III, emphasise the importance of the factor of political affiliation, which shapes the trajectory of political behaviour of merchant individuals and explains why those individuals would act not in line with merchant commercial interests.

5.4 Analytical conclusion

The analysis of the events preceding 2011 protests and of the contentious development itself shows that the shift of merchants' political position from supporting the opposition to re-alliance with the ruling powers happened for several reasons.

First of all, the majority opposition group utilised populist anti-merchant rhetoric to draw support from its constituencies, who were mainly of a less socio-economically privileged tribal background. Merchants, as a socio-economic elite, became the main target of the opposition MPs and were seen as part of the ruling elite's corruption circle. In general, the tribal and Islamist dominance within the opposition led to the aggravation of hadhar vs. badu, Sunni Islamist vs. Shi'i and vs. liberal rifts, alienating merchants, hadhar and Shi'a from the main opposition groups, which was to the great advantage of the authorities. Referring to this separation between the merchants and the current opposition, ex-parliamentarian Saleh al-Mulla noted that it was one of the reasons for the ultimate defeat of the movement: "Opposition is consisting of middle class people, [therefore] you cannot be very powerful. Those [merchant]

¹⁷⁸ According to some respondents and the local rumour mill, Musallam al-Barrak's connection to Ahmad al-Fahad is through his brother-in-law who was working in al-Watan newspaper for 'Ali al-Khalifa, while the latter is Ahmad al-Fahad's close ally in the ruling family. 'Obaid al-Wasmi is also known to have close friendship ties with Ahmad al-Fahad.

families could make a difference”¹⁷⁹, i.e. as the long-established influential “legitimate opposition”.

Related to this point is another important factor – namely, the merchants’ inability to lead this new type of opposition. With the domination of the non-hadhar social forces in the opposition and the emergence of the new “symbols” and political leaders of different origin, the merchants’ monopoly of the role of “legitimate opposition” (monopoly for “legitimate contention”) came under threat. This by extension meant the threat to the socio-economic hierarchy of Kuwaiti society, which ensures merchants’ elite positions.

Further reasons, which contributed to the merchants’ political shift, were the extreme rhetoric of the opposition forces, which crossed the red lines of conventionally acceptable language and attitude towards the ruling powers, as well as meddling of opposition leaders in the intra-family Al Sabah competition, particularly their alleged alliance with the antagonising figure of Sheikh Ahmad al-Fahad. Such behaviour of the opposition forces, firstly, led to dangerous political escalation. Therefore, at that point, it was no longer safe to ally with the majority block, because of the likeliness of the authorities’ crack-down. Secondly, it resulted in the gradual loss of broad popular support by the opposition, which has been one of the important criteria for merchants’ involvement in contentious events (as we could see in case of 1989 movement). The more alienated the opposition group was becoming, the more likely it was that the government would not give in to its demands, but would rather forcefully retaliate. Opposition’s major demand for the elected government was not winning large support either, as many did not find it realistic¹⁸⁰.

Thus, in rent-seeking terms, the collateral damage from siding with this type of opposition would be greater than any potential return. At the same time, such escalation also created an opportunity for merchants to gain from the re-alliance with the ruling powers and from dominating the political field again, playing on the contrast between them as “legitimate opposition” and the vocal opposition “majority” block. This development largely complies with Ellen Lust-Okar’s concept of opposition being divided between “loyalist and radical camps” (2004: 159). According to her argument, once the two groups are divided on the basis of access to formal politics, i.e. once a “radical camp” is excluded from formal participation, while the

¹⁷⁹ Personal interview; Kuwait, May 2015.

¹⁸⁰ Based on multiple interviews with commoners, as well as members of opposition and former MPs.

“loyalist” opposition retains the access, the chances of the two groups joining their forces to challenge the authorities sharply diminish (Lust-Okar, 2004: 160).

It is also important to mention here, that the factor of rent-seeking logic coupled with internal rivalry between various merchant figures also implied that the opportunities arising from the shift from “voice” to “loyalty” and from being in the field of formal politics were furiously competed for. This meant that a given merchant simply could not afford to stay outside (boycott) the system and dedicate himself to the opposition cause for too long, as in this case all the state-distributed business opportunities would be overtaken by his more lenient rivals. One has to be part of the system, because otherwise one’s competitor will. This was largely the result of how the business community developed and changed over time: by 2012 most of the Kuwaiti merchant families already saw a generational shift, which made the personal ties among merchants weaker, and the rivalry – stronger. The rivalry for business opportunities further pushed them to opt for loyalty¹⁸¹.

Conclusion to Part III

Having described and compared the two major contentious events of Kuwait’s recent history, and contrasted the political choices and actions of merchant elite during those events, what conclusions can one make about the major factors that define merchants’ politics in the country?

I have attempted to show that the two events developed in the similar way with similar underlying conflicting issues, which reflects the continuity of contentious patterns in the country’s political history. The contention is caused when several factors are combined on various levels – structural, institutional, and the level of networks and individuals. Thus, in both cases we observed, firstly, the growing institutional strength of the National Assembly; secondly, the exacerbation of old contentious issues (around wealth distribution, corruption of public funds, economic policies) by the structural factors of economic recession; thirdly, the ruling

¹⁸¹ Personal interview with a professor in public policy, Political Science Department, Kuwait University, and with a businessman of medium rank; Kuwait, May and November 2014. It has been mentioned to me during the interviews that the relations between family patriarchs used to be much more cordial and were often based on mutual trust. However, with the shift of the family leadership to the second and third generations, the ties have naturally become weaker and deteriorated, which often causes more aggressive and competitive business behaviour among families.

family's infighting overspilling into the parliamentary politics and public space; and finally, the external regional/security triggering events.

The further evolution of contention was also similar and developed in the form of constitutional/parliamentary crisis, i.e. with Assemblies' dissolution, attempts of the authorities to meddle with elections to ensure a compliant parliament, and boycotting tactics from the side of the opposition. Wide popular support was crucial in both cases as it was one of the major factors that forced all political groups and parties, including the merchant community, to respond to it and show their support, at least at the early stages of contention.

Such analysis suggests that the so-called class conflict over resources is as old as Kuwait's rentier economy and political system itself, and the elements of the struggle for resources have been present in all acts of contention throughout Kuwait's history. Therefore the assumption that this is the only or the major factor behind the merchants' alliance with the regime after 2012 does not explain the variation of merchants' actions in the past and misses important elements of the explanatory variable.

Thus, what were the main differences between the two events that the explanatory variable can be attributed to? First of all, it was identified that in 1989 the threat posed by the government's actions towards the parliament was systemic, i.e. it endangered the very existence of the tools of leverage that merchants could utilise vis-à-vis the ruling powers. In this case, the long-term cause was prioritised by merchants against the short-term economic loss. On the contrary, in the early 2000s, despite multiple consecutive dissolutions of the parliament, there was no systemic threat that the government would abolish the parliamentary system altogether.

Secondly, the content and leadership of the main opposition forces has changed by 2011 and eventually itself started to pose a threat to merchants' interests and socio-economic hierarchy. As it was shown in Chapter V, these were new social forces of different origin, with their own leaders in the Assembly, and often antagonistic views towards merchant community. This further prevented politically active merchant representatives from forming (or keeping) an alliance with the opposition.

By identifying the major explanatory factors, it is now possible to draw a conclusion that the variation in merchants' political action can be explained by the continuity of merchants'

political priorities/interests in the changing political field. The continuity factors, or the factors that shape the political action of merchants in all instances are the following:

- rent-seeking interests
- necessity to retain the leverage over ruling powers (parliamentary system), and to be present in or dominate the political field
- necessity to retain the socio-economic hierarchy, the ability to lead the challenging forces, and the heritage of “legitimate opposition”.

In the circumstances of changing political field, with the rise of new social forces, new actors, the same continuous priorities and interests of merchants led them to a diametrically opposite political response. This, rather than class struggle, or genuine competition of classes over resources, or structural strains of the system, explains the variation in merchants’ political action along the lines “voice” and “loyalty”.

What it means is that although the logic of rent-seeking is still dominant, the rent-seeking interests themselves can be realised and pursued in a variety of ways in changing conditions, and there is no straightforward buy-off-obedience pattern of merchants’ politics, as it is argued in classic rentier state theory-based works.

Part IV. Chapter VI: Business sector and the politics of economic reforms

6.1 Introduction

The previous two parts of the Thesis (Chapters III, IV, V) identified the major factors that explain merchants' political activity in Kuwait. It was shown that their political engagement is tied to pursuing and protecting their rent-seeking interests, which are at times challenged by the government, and at others – by antagonistic political forces and social groups. It was further shown that the variety of types of merchants' political engagement (including non-engagement) is defined by multiple intervening variables, which range from the type of their economic activity and business to ascriptive features and political opportunism.

The major argument line, which goes through each Chapter of the Thesis and binds it together, is that the parliamentary body plays a pivotal role in merchant politics in Kuwait as a major tool to pursue economic interests. Developing this argument further, Chapter VI serves to illustrate how exactly the merchants' presence in or dominance of the parliament allows them to fulfil their rent-seeking objectives through their influence on economic decision-making process. Leaving aside the notion of parliament membership being a tool to get direct access to the government-distributed business opportunities, which has been addressed in Chapter III, the present Chapter will focus on the merchants' ability to shape and amend state's economic policies through parliament in accordance with their self-interests. Thus, the Chapter will offer a counter-narrative to the existing argument that the private sector in the Gulf (including Kuwait) has little say in political and economic decision-making process due to its state-dependency, subordination to the government and incapability of class-based political action (Hertog, 2010a: 258; 2013a; 2013b; Azoulay, 2013).

Chapter VI will develop the argument through the analysis of the economic policies before and after the contentious processes of 2011-2012, thus drawing on the notions developed in Chapter V. As described in Chapter V, from the early 2000s economic policies and reforms became the battlefield of political struggle. This was the result of the combination of, firstly, genuine economic competition for resources, that has been expressed through the National Assembly's attempts to exercise more control over the government's distributive/economic policies since the very establishment of the parliamentary system;

secondly, the exacerbation of this rivalry due to the pressure of economic restructuring attempts after the invasion and the 2008 financial crisis; thirdly, the rise of the new type of strong opposition force within the parliament, which was eager to utilise the contention over economic issues for its political purposes. Those new political forces represented constituencies, which were socio-economically distinct from the merchant stratum – those of less elitist background and largely employed in public sector, and therefore had more at stake in sustaining government public spending and pursuing strategies antagonistic to business interests.

Thus, by developing this theme I am drawing on the argument line suggested by Herb (2014), Hertog (2013a; 2013b) and AlShehabi (2015a; 2015b) about the two rival patterns of development and spending in Gulf rentier states, i.e. capitalist vs. population-based. Although, as I argued in Chapter V, the economic competition between the business sector and the population at large does not in itself fully explain merchants' politics, in the 2000s it became a prominent feature of the contentious political development and started to directly affect business economic interests, partly defining merchants' political response (i.e. re-alliance with the government).

Chapter VI will start by describing this clash of economic interests as part of the political struggle of the opposition forces against the government and the business sector. I will describe the contention over reforms and economic policies from 2006, i.e. in the period when the country witnessed the rise of the opposition forces and their domination of the parliament, chronologically tracing various economic measures that were adopted by the parliament, both those aimed at economic reforming and restructuring and those deliberately targeting government corruption, mismanagement of public funds, and unequal distribution. Through the analysis of those measures I will show how they were also curbing the interests of the established business community, which was portrayed by the opposition as part of the corruption circle of the ruling powers. I will further compare the situation with the post-2012 period, when the opposition was sidelined and the merchants emerged as government supporters and came to dominate the parliamentary politics. The second half of the Chapter will provide several in-depth case studies of economic reform policies, namely privatisation (with Kuwait Airways as an example), Build-Operate-Transfer (with Shimal al-Zour as an example) and foreign business and market regulation policies (with the Capital Market Authority as an

example). The analysis of those case studies will show how merchants were effectively able to reverse policies, which contradicted their economic interests, through their domination of formal political field after 2013 elections.

Through such analysis of government policies the Chapter will further highlight the attitude of the business sector towards economic reforms. Although the dominant pro-reform narrative, both domestic and foreign, suggests that Kuwait's economic policies have been obstructed by parliamentary populism, while the government and the private sector are the proponents of economic reforms and diversification away from oil sector, the analysis will show that the business is supportive only of those reform initiatives that would directly benefit its rent-seeking interests (for example, privatisation), while it actively obstructs others, which could undermine its privileged economic positions (for example, market regulation). Thus, Chapter VI will further offer a narrative countering the argument developed by such authors as Pete Moore (2002; 2004) and Giacomo Luciani in his earlier works (2005; 2007), that the private sector in the Gulf, and specifically in Kuwait, can genuinely become a vanguard of economic reformation.

6.2 Economic policies and anti-merchant stance of opposition-leaning parliaments (2008-2012)

The analysis of Kuwait's parliamentary history has shown that since the establishment of the country's National Assembly its main concern as an institution was the ownership of the country's natural resources and restriction of the ruling powers' autonomous decision-making with respect to wealth distribution. Thus, the contention over economic policies is in a way institutionally inherent in the Assembly's framework and defines its relations with the government. The cornerstone of these relations is the parliament's/popular perception of the country's oil and, by extension, land as being in public ownership. Any government attempt to make decisions with regards to either of the two without parliamentary consultation would cause discontent and suspicion on the part of the Assembly¹⁸².

As was mentioned in the previous Chapter, after the Iraq invasion government-parliament relations were contested around measures to promote economic diversification, austerity and empowerment of the private sector. The Assembly was suspicious that those policies would lead to corruption of public funds and would disproportionately benefit the business sector elite

¹⁸² It is notable that the government made some of the major economic decisions and took the most serious measures when the parliament was in recess – for example, the establishment Kuwait Petroleum Corporation in 1980, post-crises bail-out schemes in the late 1970s, late 1980s and 2009.

at the expense of the population at large. In light of this growing antagonism throughout the 1990s-2000s, the parliamentary opposition was further invigorated by the economic recession in 2008 and the government's iniquitous measures in response to it.

6.2.1 National Assemblies of 2006 and 2008

The financial crisis of 2008 exacerbated the economic contention, which had already been brewing between the parliament on one hand and the government and business sector on the other. The 2006 parliament was the first one where the issue of dropping of consumer loans was raised. During the 2001-2003 period the availability of cheap credits from banks (as a result of global economic developments) led to accumulation of significant debt by the population, which many found difficult to pay back when the rates increased in 2004-2008 (Markaz, 2013a: 1). Subsequently, some of the parliament members started demanding full forgiveness of consumer loans based on the precedent of the government's post-invasion policies¹⁸³ (when the state bought citizens' debts). The measure was supported mostly by MPs of tribal background, both opposition-leaning, for example, Musallam al-Barrak (Mutairi), Dhaifullah Abu Ramiya (Mutairi), and pro-government ones, such as Mubarak al-Khuraiej (Rashidi), as they represented less privileged and economically well-off stratum of population (Kuwait Politics Database, 2016). However, the proposal, which would cost the government KD 7.9 bn (Kuwait Politics Database, 2016), was actively discouraged by merchants with the Minister of Finance Badr al-Humaidhi leading the opposing camp. Al-Humaidhi personally challenged the MPs, who were promoting the measure, in a TV programme¹⁸⁴. Although on one hand, some businesses, which operate in banking or retail sectors could have benefited from the government paying off the population's debts to the banks, on the other hand, it would cause high inflation, prevent banks from gaining revenues from interest, and in general bring more collateral damage in the longer term¹⁸⁵. Various merchant-funded and affiliated societies and NGOs (for example, Kuwait Economic Society) held a number of events sponsored by businesses, to raise awareness about the negative economic ramifications of the dropping of consumers' loans. Eventually, the

¹⁸³ After the invasion the government cancelled outstanding consumer loans and increased public sector salaries by 25% (Barakat and Skelton, 2014: 17).

¹⁸⁴ Personal interview with a professor in public policy, Political Science Department, Kuwait University; Kuwait, May 2014.

¹⁸⁵ Personal interview with a professor in public policy, Political Science Department, Kuwait University; Kuwait, May 2014.

government and merchants' campaign was successful, and when in December 2006 the Assembly held a vote on the proposal, the majority of the MPs voted against its implementation.

However, the populist demands were revived with yet a stronger impetus and on a larger scale in the parliament of 2008-2009. The MPs requested the increase of government salaries and subsidies for the population, so that debtors could afford to pay out consumers' loans. As a result of the pressure, in the period of 2008-2013 public sector salaries and allowances almost doubled (Markaz, 2013a: 2). The government ultimately agreed to a compromised measure with regards to consumers' loans – in 2010 it established a fund to help delinquent debtors, while still objecting to a large-scale waiver of debts¹⁸⁶.

While demanding the allocation of larger funds to meet the economic interests of the population, the 2008 Assembly was also opposing government measures aimed at bailing out investors after 2008 global financial crisis (Tétreault and Al-Ghanim, 2009). The crisis was a particularly serious blow for Kuwaiti banks and investment companies. Prior to 2008, the rise of investment companies and the construction and real estate boom resulted in banks heavily crediting investment companies thus exposing themselves to a higher risk (Oxford Business Group, 2010: 57). When the equities and real estate markets plummeted in 2008, two largest investment companies – Global Investment House and Investment Dar – defaulted. Total profits of local banks contracted by 70%, while Gulf Bank and Boubyan Bank were on the verge of collapsing (Oxford Business Group, 2010: 55). The government stepped in – measures were introduced to inject liquidity into the banking system and stock market directly by the Central Bank and through KIA purchasing of stocks. It further introduced Financial Stability Laws, which stipulated that the government would guarantee all existing deposits in local banks (Law 30/2008) and 50% of new loans provided by banks, and would help banks raise the capital through KIA (Law 2/2009) (Oxford Business Group, 2010: 52). Law 30/2008 was opposed by some of the Popular Action Block MPs, as well as by the Islamist opposition in parliament. The opposition MPs blamed the government for helping the merchants after the financial crisis and bailing out banks, but refusing to scrap the consumers' debts of ordinary people¹⁸⁷.

¹⁸⁶ Ultimately the government also introduced a Family Fund in 2013, which was aimed to waive the interest and restructure the debt itself (acquired before 2008), allowing debtors to pay it back to the government over a longer period of time (Markaz, 2013a: 1).

¹⁸⁷ Personal interview with an ex-MP (Shi'i, allied with opposition) and currently professor in political science, Kuwait University; Kuwait, March 2014.

Nevertheless the law was still passed by the 2008 Assembly. As a member of 2008 parliament recalled (opposition-leaning, but of merchant background), “the National Assembly approved the bailing out because you are talking about the private sector... there are many [national] employees there”¹⁸⁸. The second part of the Financial Stability package, however, had to be passed as an emergency decree in April 2009 after the Assembly was dissolved in March 2009.

Furthermore, it was the 2006 Assembly that passed the Build-Operate-Transfer (BOT) law (Law 7/2008) in January 2008, which was supposed to regulate the partnership between public and private sectors and enhance the private sector’s participation in development and infrastructure projects, but was ultimately so strict that it was considered a purposefully distorted measure against business¹⁸⁹. The opposition has been attacking the private sector operation on public land and BOT projects since the early 2000s (Herb, 2014: 156), seeing it as a corrupt scheme, which was disproportionately benefiting merchants. Parliament further suspended all BOT projects until the law was adopted.

The 2008 parliament also cancelled two big petrochemical projects on the basis of corruption allegations – Zour oil refinery (awarded in May 2008, scrapped in March 2009), and K-Dow joint venture with Dow Chemical (signed in July 2008, cancelled in March 2009). The cancellations were a heavy blow both for Kuwait’s business and the country’s image in the eyes of potential foreign investors (Kinninmont, 2012: 8). The cancellations were justified by the crisis discourse –parliament portrayed the projects as a waste of public funds, unacceptable at times when the country was suffering from the economic recession. The K-Dow deal and the subsequent huge fine (\$2.2 billion) that the government had to pay after the cancellation caused extensive criticism of the Prime Minister, and as was mentioned in Chapter V, it was arguably this issue that forced him to bribe the MPs to secure support. The cancellation of projects came on the background of a media battle between opposition-leaning news outlets, which were supporting the scrapping of the deal, and the merchants’ al-Qabas, which was actively defending the projects and condemning their cancellation¹⁹⁰.

Thus, these examples show that the 2006 and 2008 National Assemblies launched an offensive through its economic policies that aimed to discredit the government and Prime

¹⁸⁸ Personal interview; Kuwait, May 2015.

¹⁸⁹ Personal interview with a member of an old merchant family; Kuwait, October 2014.

¹⁹⁰ Personal interview with a former editor-in-chief of an opposition-leaning newspaper; Kuwait, February 2014.

Minister and by extension the merchant elite. Populism here was both the result of increased economic pressure (and subsequent exacerbation of competition for resources), and the eagerness of the opposition MPs to gain popular support, to mobilise the constituencies against the ruling powers and merchants, and by doing so – to increase the opposition’s leverage vis-à-vis the ruling powers. Contesting post-crisis policies and government’s bailout of businesses, cancellation of projects, distorting public-private partnership relations (through a dysfunctional BOT law) – all served as means for this purpose. Not surprisingly, the 2008 parliament lasted less than a year and was dissolved.

6.2.2 National Assembly of 2009

The next Assembly was elected in May 2009, and being also strongly oppositional, it continued its assaults on government economic policies and those projects that could benefit the interests of the business elite. The opposition block vigorously opposed the government’s privatisation plan and ultimately passed a privatisation law in May 2010, which just like the BOT law, was met by the private sector with great disappointment.

Similarly, in February 2010 the parliament passed the legislation to establish the Capital Market Authority, a regulatory body aiming to increase transparency and compliance with international standards, and eliminate insider trading in the Kuwait Stock Exchange (Thatcher, 2009: 20)¹⁹¹. Although the official goal of the policy was to strengthen and diversify the private sector, in reality the establishment of the Authority directly contradicted the interests of the business community itself, which had been subject to very little regulation before and was heavily reliant on informality in doing business.

Another example of the impact of 2009 parliament on business dealings was the case of Zain telecommunication company. 15% of its shares are owned by al-Khorafi group, and because the family business suffered during the 2008 crisis, it was planning to sell some of its shares in order to cover other debts. Al-Khorafi agreed to sell 46% of shares (the controlling stake) to the UAE’s Etisalat company. However, this decision caused a disagreement among the company’s board of directors (Fitch, 2011). Among the board members who successfully blocked the proposed sale was Sheikh Khalifa al-‘Ali Al Sabah, the son of Sheikh ‘Ali al-Khalifa, who, as mentioned in previous Chapter, had unresolved personal issues with Jasim al-Khorafi

¹⁹¹ Multiple personal interviews; Kuwait, January-June 2014.

dating back to the succession crisis of 2006. Therefore, the blocking of the sale of Zain shares was commonly seen as 'Ali al-Khalifa's revenge on al-Khorafi. At the same time the 2009 parliament opposition also picked up on the issue, as 24% of Zain shares were also owned by KIA. Therefore, being partly owned by the state, the company and dealings with its shares were perceived as an issue related to the management of public funds. In May 2011 opposition MPs Ahmad al-Sa'adoun and Mishari al-'Anjeri requested a grilling of the Prime Minister over the mismanagement of public funds/state-owned shares in Zain (Kuwait National Assembly, 2015). The parliament's opposition to the sale deal rose further because it would have put Kuwait's telecommunication sector completely in the hands of foreign operators¹⁹². The Zain saga lasted from 2008 until 2011 and eventually the sale deal was scrapped (Arabian Business, 2011; 2013).

All in all the growing anti-business stance of the 2009 parliament was obvious. Nevertheless, at that point the government's political dysfunction, its increasingly violent response to opposition gatherings and the growing discontent with the situation among wider population overwhelmingly shaped the merchants' political leaning. As I argued in the previous chapter, the business community at large chose not to ally with the embattled Prime Minister and most of the MPs of merchant background and their allies in the 2009 parliament (for example, al-Ghanim, al-'Anjeri, al-Mulla, Sultan Ben 'Isa) voted against the government during the vote of no-cooperation in January 2011, which Nasser al-Mohammad narrowly survived.

6.2.3 National Assembly of February 2012

The parliament, which was elected in February 2012 after a wave of popular protests and resignation of the Prime Minister, was the first one to have the absolute majority of its MPs from the opposition block. Although it lasted only a few months, MPs could foresee that it would be dissolved prematurely and therefore actively tried to push through legislation, which they saw crucial for their agenda. Thus, the trend of economic policies that targeted merchants' privileges continued more forcefully. The Assembly was planning to change the Tenders Law and Companies Law to attract foreign business and break the monopolistic domination of merchants,

¹⁹² Two other telecommunication providers are in foreign ownership: Ooredoo was bought by Qatar, and Viva is a Saudi brand.

increase the employment of nationals in the private sector and promote small business¹⁹³. The government's four-year development plan was also vigorously opposed (Davidson, 2012: 220).

The interpellations of government ministers continued as well. In May 2012 alone Minister of Finance Mustafa al-Shimali was faced with several grillings by MPs 'Obaid al-Wasmi, Musallam al-Barrak, Khalid al-Tahous and 'Abdurrahman al-'Anjeri regarding banks' benefits, Shimal al-Zour project, mismanagement of public funds in KIA and in Public Institution for Social Security (Kuwait National Assembly, 2015). As expected, the Assembly did not last long, and after only five months, in June 2012 the Constitutional Court declared the February 2012 elections invalid.

From the overview of the parliament's activity during the 2006-2012 period it is clear that the Assembly's antagonism towards the government's economic initiatives and business elite was growing and becoming more daring. This was one of the reasons for the government's ultimate crackdown on the opposition's representation in the parliament (through the amendment of election law), the subsequent disintegration and weakening of the opposition block, and the shift of merchants' political stance towards re-alliance with the government.

6.3 The change of political power balance in 2012/2013 and the return of pro-business economic policies

The elections in December 2012 were the first since al-Majlis al-Watani to bring a parliament which completely lacked any opposition members due to a large-scale boycott of the new election law. However, it therefore also lacked legitimacy, and it was evident that this Assembly would also not last for long (it was dissolved in June 2013).

The next elections in July 2013 was the point when the opposition broke down, and the liberal merchant-backed groups and individuals of business background, who were previously siding with the opposition, returned to the formal political scene. Such a shift of merchant politics, on one hand, and the absence of a meaningful quota of opposition leaders in 2013 parliament, on the other, was immediately reflected in the reversal of the trajectories of economic policy.

The capital development was no longer obstructed or stalled by opposition MPs' questions, and after 2013 the government drastically expanded its capital spending, launching a

¹⁹³ Personal interview with a member of February 2012 Assembly from Salafi block; Kuwait, May 2015.

record number of infrastructural and development projects compared to previous years. Although the 2010-2014 Development Plan, which was worth KD 37 billion, saw only 57% implementation, most of it was implemented in 2014 alone (Oxford Business Group, 2015b). In February 2015 the MPs quickly approved a KD 34.15 billion new five-year development plan for 2015-2020, which had a dominant focus on carrying out multiple infrastructural projects, enhancing public-private partnership (i.e. involvement of business in fulfilling state projects) and, in general, increasing the share of the private sector in economy from 26.4% now to 41.9% by 2020 (Izzak, February 2015).

The previously troubled Shimal al-Zour Independent Water and Power Plant (IWPP) BOT project was now steadily progressing. It was also quickly followed by the announcement of several new BOTs, such as al-Khairan IWPP, al-'Abdaliyah Integrated Solar Combined Cycle (ISCC), Umm al-Hayman Wastewater project, etc. (Partnerships Technical Bureau, 2016). Some of the projects, which were stalled by the parliament, were revived and reawarded, for instance the contentious Zour Refinery (awarded in August 2015 after it was cancelled by parliament's request in 2009), while new ones were tendered: Clean Fuels Project, Jabir al-Ahmad Causeway, the expansion of Kuwait International Airport, Mubarak al-Kabir port, etc. By the end of August 2014 the government had awarded more than KD 6 billion worth of contracts, which was twice as much as during the previous year (Oxford Business Group, 2015a). Kuwait was third in the GCC (after the UAE and Saudi Arabia) according to the combined value of ongoing projects (Oxford Business Group, 2015c).

The Kuwaiti and international media cited the "newfound cooperation" (Fattahova, 2015) between the government and parliament since 2013 as the main reason for speedy development, which in reality meant that the government could eventually proceed with its economic policies without any scrutiny from a neutered parliament. The merchants' re-alliance with the ruling powers and their formal and informal dominance of the Assembly meant that the latter would not pose any obstacles to the revival of policies that would benefit business. Under the pretext of the necessity for development, diversification and empowerment of the private sector, the merchants' political stance was to encourage the government to reverse the "damage" done by the previous Assemblies and to increase capital spending, which would

trickle down to the established business community in form of state contracts and business opportunities.

The 2013 Assembly also managed to reverse and amend certain legislative provisions in accordance with business interests. The contentious BOT law of 2008 was amended in June 2014; the privatisation law was also under consideration at the time of writing, and an amended version is expected to be passed by the current (2013) parliament (Kuwait Times, March 2016). Furthermore, in 2013, MPs approved an important amendment (Law No. 27/2012) to the housing law of 1993, which permitted the participation of the private sector in developing state-owned lands for housing purposes¹⁹⁴. Subsequently, the government has announced that it would launch several housing projects, such as al-Mutla', al-Subiya (Silk City) and Sabah al-Ahmad residential cities, which would be carried out by private sector companies (see Table 8 for more examples).

All in all, the merchant's comeback to the political scene was a strategic decision stemming from their paramount economic interests and political antagonism towards the opposition. Re-alliance with the ruling powers as a counterweight to the social forces represented by the new opposition figures opened up opportunities for political influence and immense economic benefits.

Table 8 below shows how the dominant merchant elite families took great advantage of these policy shifts, and are currently involved in large number of projects, either directly or through representing foreign companies as agents. The Table includes the most significant and recent projects that are undergoing in Kuwait, BOT and non-BOT alike. I included only those, which have already been tendered and have information on the bidding or awarded companies, thus excluding some projects that will come into pipeline later (for example, railway and metro). The information on the local agents of foreign companies is by no means exhaustive, as it is not easily available (most often it is not stated on the companies' websites). In case of a few companies, such information is available on the KCCI website, in other cases it had to be searched for in a variety of online sources. Nevertheless, the recurrence of a very small number of merchant family names in the majority of projects reflects to what extent the business community benefited from the increasing capital spending and development.

¹⁹⁴ Private sector's participation in housing development was restricted by the legislative amendment passed by the parliament in 2008.

Project	Owner and type of private sector involvement	Stage of commencing/ award	Contracted companies or shortlisted companies (in pending tenders)	Merchant families represented in projects directly or through agency
Shimal al-Zour IWPP Phase I	Ministry of Electricity and Water BOT	Announced in 2008, awarded in 2011	Engie (GDF Suez)	
			Sumitomo	
			A. H. al-Saqr and Brothers	al-Saqr
			Hyundai Heavy Industries (engineering, purchasing and construction (EPC) contractor)	There are several local companies representing Hyundai business in Kuwait. They are for al-Saqr, al-Turaiji and al-Dehghani.
			Sidem (EPC contractor)	
			KCC Engineering and Contracting Co.	'Abdul'aziz Mohammad Thunayan al-Ghanim
Shimal al-Zour IWPP Phase II	Ministry of Electricity and Water BOT	Proposals submitted from pre-qualified companies	International Company for Water and Power Projects (ACWA)/ Al-Mulla Group/ Mitsui and Co.	al-Mulla; Mitsui Kuwait include members of Ma'rafie and al-Thuwaini
			Marubeni/ Fouad al-Ghanim and Sons	al-Ghanim
			Sumitomo/ Osaka Gas Co./National Industries Group	National Industries is partly owned by al-Khorafi's al-Khair National, board of directors comprises al-Khorafi, al-Sa'ad, al-Rashid, al-Fulaij, Behbehani, al-Ghunaim
			Siemens (contractor for gas turbine conversion)	'Abdul'aziz Mohammad Thunayan al-Ghanim
Al-Khairan IWPP	Ministry of Electricity and Water BOT	Shortlisted ¹⁹⁵	Abengoa	
			ACWA/ al-Mulla Group	al-Mulla
			Marubeni/ Fouad al-Ghanim	al-Ghanim
			Mitsubishi Corporation	Sharikat al-Masat al-Thalath for Mohammad Yousef Ben 'Isa al-Qinai as agent
			Mitsui	Mitsui Kuwait include members of Ma'rafie and al-Thuwaini
			Sumitomo	
			Korea Electric Power Corporation (KEPCO)	

¹⁹⁵ Shortlisted means that competing companies, which expressed their interest in a tender, were qualified, i.e. accepted to submit their bids and participate in the next tendering stage. This is the term, which is used in official documentation of Partnership Technical Bureau.

Umm al-Hayman Waste Water Project	Ministry of Public Works BOT	Shortlisted	WTE Wassertechnik GmbH Group/ International Financial Advisors	IFA board includes Talal al-Bahar, Wafa al-Qatami
			Al-Khorafi Group/ Alfano Co.	al-Khorafi
			Marubeni/ 'Ali al-Ghanim and Sons	al-Ghanim
			Beijing Enterprises Water Group/ Doosan Heavy industries/ KCC Engineering and Contracting Co.	al-Ghanim as KCC Engineering and Contracting Co. representative
			Degremont SAS/ Itochu Corporation/ A. H. al-Sagar and Brothers	al-Saqr
Kabd Municipal Solid Waste Project	Municipality BOT	Shortlisted	Constructions Industrielles de La Méditerranée (CNIM)/ Gulf Investment Corporation (GIC)/ al-Mulla Group	al-Mulla; GIC board includes Badr al-'Ajeel, who is a senior official in KIA, and Faisal Boukhadour, who is advisor in Prime Minister's Diwan
			EVN Umweltholding und Betriebs GmbH/ International Financial Advisors/ KCC Engineering and Contracting Co./ Steinmuller Babcock Environment GmbH	IFA board includes Talal al-Bahar, Wafa al-Qatami; al-Ghanim as KCC Engineering and Contracting Co. representative
			URBASER S.A./ Babcock & Wilcox/ Veolia Proprete SAS/ National Cleaning Company	National Cleaning Company board includes members of Ma'rafie, al-Wazzan, Dashti, Qabazard
			Suez Environment SAS/ Itochu Corporation/ Al-Khorafi Group	al-Khorafi
			FCC Medio Ambiente S.A./ ACWA/ Beaton/ Fouad al-Ghanim and Sons	al-Ghanim
Egalia Entertainment Centre	Municipality BOT	Shortlisted	Mabane	al-Shaya'
			United Real Estate-led consortium	KIPCO's subsidiary; board includes members of Al Sabah, Ma'rafie, etc.
			A'yan Real Estate Company	Subsidiary of A'yan Leasing and Investment Company owned by al-Ghanim, al-Marzouq, al-Roumi, al-Badr, Behbehani
			National Real Estate Company	Sultan Ben 'Isa
			Kuwait Real Estate Company (Aqarat)	Includes al-Bahar, al-Qatami, al-'Isa
			Al-Qurain International Real Estate	Mahmoud Haidar through major investments

Expired Contracts Project (al-Jahra and al-Ahmadi slaughterhouses)	Ministry of Finance BOT	Shortlisted (for al-Jahra)	Sharikat al-Safir al-'Alimiya	al-Sa'idi family (not old merchants)
			Sharikat al-Lulu	Mahmoud Haidar through major investments
			Al-Sharika al-Wataniya lil-Masalikh	Board includes members of al-'Isa, al-Khorafi, al-'Abdurrazaq
			Al-Sharika al-'Alimiya al-Mushtaraka	al-Bous family (not old merchants)
			Al-Sharika al-Oula lil-Masalikh	al-'Attal, al-Nemesh, al-Shamlan on board
			Sharikat al-Shamekh	al-Adib, al-Rashidi on board
		Shortlisted (for al-Ahmadi)	Sharikat al-Safir al-'Alimiya	al-Sa'idi family (not old merchants)
			Sharikat al-Lulu	Mahmoud Haidar through major investments
			Al-Sharika al-Wataniya lil-Masalikh	Board includes members of al-'Isa, al-Khorafi, al-'Abdurrazaq
			Al-Sharika al-'Alimiya al-Mushtaraka	al-Bous family (not old merchants)
			Al-Sharika al-Oula lil-Masalikh	al-'Attal, al-Nemesh, al-Shamlan on board (not old merchants)
			Al-Sharika al-Kuwaitiya lil-Masalikh	Ma'rafie, al-Sayer, etc. on board
			Sharikat Beit al-Anma	al-'Anjeri, al-Naqib, etc. on board
			Sharikat Asyan	al-Mutairi, al-Yaseen, etc. on board (not old merchants)
Schools Development Programme	Minister of Education BOT	Shortlisted	Consolidated Contractors Group consortium (National Industries Group Holding/ Privatisation Holding Co./ Consolidated Contractors Group/ The Mortgani Group)	National Industries is partly owned by al- Khorafi's al-Khair National, board of directors comprises al-Khorafi, al-Sa'ad, al-Rashid, al- Fulaij, Behbehani, al-Ghunaim; Privatisation Holding Co. is 30% owned by National Industries Group, board includes al- Khalid, al-Asfour, etc. ; Consolidated Contractors Group partner in Kuwait is Dhirar al-Ghanim.
			Alargan consortium	Board includes al-Khalid, al-Khudhair, al- Mutawwa', al-Mudhaf
			United Real Estate Company/ Projacs International Project Management Co./ Dar Engineering Consultants, etc.	KIPCO's subsidiary; board includes members of Al Sabah, Ma'rafie, etc.

Al-'Abdaliya Integrated Solar Combined Cycle	Ministry of Electricity and Water BOT	Shortlisted	ACWA/ Acciona Energia/ Al-Mulla Group	al-Mulla
			EDF International/ Toyota Tsusho Corporation/ TSK Electronica y Electricidad/ A. H. al-Saqr and Brothers	al-Saqr
			Engie (through International Power Dubai Branch)/ Elecnor	
			JGC Corporation	
			KEPCO/ Al-Khorafi Group	al-Khorafi
			RWE AG	
			Sojitz Corporation/ Abengoa/ Fouad al-Ghanim and sons	al-Ghanim
Clean Fuels Project	KNPC	Package I award	JGC Corporation	
			GS Engineering and Construction	Kuwaiti agency includes Budour Hamada, Fahad Ja'far
			SK Engineering and Construction	
		Package II award	Petrofac	Consolidated Contractors Group for Dhirar al-Ghanim through partnership
			Samsung Engineering	Sharikat Geotec lil-Khidmat al-Bi'iya for Mis'ab al-Yaseen
			CB&I	Khalifa Du'aij al-Dabbous and Brothers company
		Package III award	Fluor	Fluor Kuwait Company for Fouad Al-Ghanim
			Daewoo	
			Hyundai	al-Saqr/ al-Turajji/ al-Dehghani

Zour Refinery	KNPC	Package I award	Tecnicas Reunidas	Sinopec Gulf Petroleum Services is a subsidiary of Triple E Holding Company, with Fawzi Sultan Ben 'Isa and Nawaf Ma'rafie in the board. Triple E Holding Company is itself a subsidiary of al-Imtiaz Investment for Khalid Sultan Ben 'Isa and Mohammad Yousef Bodai
			Sinopec Engineering	
			Hanwa Engineering and Construction Corporation	
		Package II award	Fluor	Fluor Kuwait Company for Fouad al-Ghanim
			Hyundai	al-Saqr/ al-Turajji/ al-Dehghani
			Daewoo	
		Package III award	Fluor	Fluor Kuwait Company for Fouad Al-Ghanim
			Hyundai	al-Saqr/ al-Turajji/ al-Dehghani
			Daewoo	
		Package IV award	Saipem SPA	
Essar Projects				
Package V award	Hyundai	al-Saqr/ al-Turajji/ al-Dehghani		
	Saipem SPA			
	SK E&C			
Al-Zour LNG Import Terminal Project	KNPC	Awarded in March 2016	Hyundai Engineering	al-Saqr/ al-Turajji/ al-Dehghani
			Hyundai Engineering and Construction	
			Korea Gas Corporation	
Al-Jahra Road	Ministry of Public Works	Awarded in 2010	Arab Contractors Company	Kuwait Arab Contractors Company for 'Abdul'aziz Mohammad Thunayan al-Ghanim and sons
Jabir al-Ahmad Causeway (Subiya Causeway)	Ministry of Public Works	Awarded	Dar al-Handasah/ SSH/ TYLin as design contractors	al-Saqr/ al-Turajji/ al-Dehghani; Combined Group Company is for al-Ma'rouf and al-Humaidhi
			Hyundai/ Combined Group Company	

Airport expansion	Kuwait Directorate General for Civil Aviation, Ministry of Public Works	Reawarded in 2016 (after cancellation)	Limak Company/ Al-Khorafi Group	al-Khorafi
			Siemens (electrical works contractor)	'Abdul'aziz Mohammad Thunayan al-Ghanim
			Al-Ghanim International General Trading Company as infrastructure contractor	al-Ghanim
Mubarak al-Kabir Port	Ports Authority, Ministry of Public Works	Awarded in 2010	Hyundai	al-Saqr/ al-Turajji/ al-Dehghani
			Al-Khorafi Group (container port contractor)	al-Khorafi
Al-Shadadiya Kuwait University Campus	Kuwait University	Awarded in 2006, infrastructure contract awarded in 2010	China State Construction International	
			Combined Group Company	Combined Group Company is for al-Ma'rouf and al-Humaidhi
			KEO International Consultants	Sultan Ben 'Isa
			Gulf Dredging and General Contracting Company	Board includes al-Khorafi, al-Saqr, al-Othman. The company is itself a subsidiary of HEISCO (al-Khorafi, al-Roumi, Ma'rafie)
Jabir al-Ahmad Hospital		Awarded in August 2009	Arab Contractors Company	Kuwait Arab Contractors Company for 'Abdul'aziz Mohammad Thunayan al-Ghanim and sons
Al-Khairan Residential City	Public Authority for Housing Welfare	Awarded	Consolidated Contractors Company	Consolidated Contractors Group partner in Kuwait is Dhirar al-Ghanim
			First Investment Company (financial and technical consultant)	Board includes al-Qattan, Ma'rafie, al-Asfour, etc.
South al-Mutla' City	Public Authority for Housing Welfare	Awarded in June 2016	Salini Impregilo	
			Limak Company	al-Khorafi (agent)
Sabah al-Ahmad City	Public Authority for Housing Welfare	Awarded	Al-Khorafi Group	al-Khorafi
			United Gulf Construction Company	al-Dehghani
			Alamiah Building Company	Board includes al-Dosari, al-Zenki, al-Rajeb, etc.
			First Kuwaiti General Trading and Contracting Company	Founders include Ma'rafie, al-Absi
			Combined Group Contracting Company	Combined Group Company is for al-Ma'rouf and al-Humaidhi

Jabir al-Ahmad City	Public Authority for Housing Welfare	Awarded	Ahmadiyah	al-Thuwaini
			Al-Khorafi Group (infrastructure)	al-Khorafi
Al-Sulaibikhat City	Public Authority for Housing Welfare	Awarded	Mushrif Trading and Contracting Co. (UAE-based)	
West 'Abdullah al-Mubarak City	Public Authority for Housing Welfare	Awarded	Limak Company	al-Khorafi (agent)
Sa'ad al-'Abdullah Smart City	Public Authority for Housing Welfare	Awarded in May 2016	Korea Land and Housing Corporation	
Silk City	Voluntary initiative of private sector companies		Tamdeen	al-Marzouq
			Ajial Real Estate Entertainment	Al Sabah
Al-Khairan (mixed-use development project)	-		Tamdeen	al-Marzouq

Table 8: Kuwait's on-going projects and their contractors. Sources: Partnerships Technical Bureau, 2016; NBK, 2016 (monthly economic reports); KNPC, 2016; Public Authority for Housing Welfare, 2016; Ministry of Public Works, 2016; KCCI, 2016; KUNA, 2016; Construction Week Online, 2016; Gulf Construction Online, 2016; Oxford Business Group, 2016; Construction Intelligence Center, 2016; Arabian Oil and Gas, 2016; Port Strategy, 2016; Shamal al-Zour al-Oula, 2016; websites of the companies involved (Combined Group Company, 2016; Siemens, 2016; Tamdeen Group, 2016; Ajial Real Estate Entertainment, 2016; etc.)

6.4 The case studies of contentious economic policies

The first part of the Chapter has identified and compared the trends of economic policies pursued by the parliament when it was dominated by opposition members and when the politically active business elements re-allied with the government and came to dominate the political field. It has shown that economic policies/reforms are on one hand a reflection of genuine economic rivalry for resources, but on the other have the logic of political struggle behind them.

The next part of the Chapter will provide the in-depth case studies of several contentious economic policies that have been mentioned briefly in the previous part, i.e. those which were adopted by the National Assembly in 2008-2012 period and were aimed to curb merchants' rent-seeking interests, but which were further amended in compliance with business sector preferences. The aim of the analysis of those case studies is, firstly, to elaborate on what the economic interests of merchants are, secondly, to show the means and ways, which the business utilises to influence economic and political decision-making, and thirdly, to examine the impact such economic rivalry and political struggle has on the reform process. The case studies include privatisation, BOT law, and market regulation policies. In each case I will explain why those economic policies were a source of contention among the opposition, how the opposition discourse portrayed them and used them to reach their political objectives, and further how the merchants were able to put pressure on the authorities and keep the upper hand over economic policies and reforms, thus ensuring that they do not compromise their vital economic interests.

6.4.1 Privatisation

Privatisation has long been among the most frequently recommended measures prescribed by international organisations like International Monetary Fund (IMF) and World Bank to all GCC states. In essence, all reform recommendations that in theory aim to fix and diversify the rentier economies are based around reducing the role of state in the economy and promoting and supporting the private sector as the main employer and economy diversifier.

The attitude of the private sector towards privatisation policy is in a way ambiguous – on one hand, state ownership (especially in Stock Exchange listed companies) is treated as a way to support business, particularly in times of crises; on the other, the private sector also sees the

government's ownership as means to dominate and overtake businesses¹⁹⁶. Business actors criticise the government for not providing more space and opportunities to the private sector, and generally support privatisation reform¹⁹⁷.

The calls for privatisation have intensified recently because of the government's decreasing ability to provide a good level of basic services to the population in such areas as post, telecommunication, healthcare, etc. It is commonly considered that private companies would be able to do the job better and spare the government of an additional budgetary burden. However, according to some respondents, certain private companies actually benefit from duplicating the government's deteriorating services (for example, private postal services, private airlines, etc.), as they are able to gain a large share of the market and attract customers with very little competition¹⁹⁸.

In the government's view, privatisation is seen as means to reduce state spending and to improve services, which the government already finds difficult to cope with. For KIA, privatisation of its stock shares also means gaining revenue out of its local investments when necessary¹⁹⁹. That is why the privatisation programme was first launched during the 1990s in order to ease the budgetary strains after the Iraqi invasion. It is worth noting that Kuwait was the first GCC state to embark on a privatisation policy. Part of state shares in KSE were sold, so the government ownership in some of the companies was substantially reduced, while others were privatised completely. Furthermore, in 1996, the finance committee in the National Assembly commissioned a team to study the advantages and disadvantages of the transfer of government services to the private sector and to design the necessary legislation.

The most recent wave of privatisation of KIA shares in Stock Exchange took place in 2015 (Arabian Business, 2014a). Although the official rhetoric was that the privatisation move was part of the economic restructuring action, another reason for KIA to dispose some of its shares was to get rid of its responsibility for companies that did not comply with newly introduced market regulations and transparency requirements²⁰⁰. As the largest single

¹⁹⁶ Personal interview with a member of an old merchant family; Kuwait, May 2014.

¹⁹⁷ Personal interview with a member of a merchant family of tribal origin; Kuwait, February 2014.

¹⁹⁸ Personal interview with a businessman of small/medium range; Kuwait, November 2014.

¹⁹⁹ Personal interview with a senior member of staff in Economics Department, Kuwait University, Kuwait, May 2014.

²⁰⁰ Personal interview with a Kuwaiti partner of an international auditing company; Kuwait, November 2014.

shareholder, KIA has a responsibility burden on its representation, and “now when lack of transparency in those companies might be exposed, KIA does not want to add public scrutinising and political debate for not pushing for implementation of ... regulation”²⁰¹.

If the government and the private sector generally see privatisation as a mutually beneficial move, the opposition-leaning population and opposition MPs claim that privatisation, in the form in which it is being carried out by the government “would dissolve the state sector or the public sector and hand it over to investors and businessmen” (Ahmad Aldean quoted in Khalaf, 2014). According to Ahmad al-Sa’adoun, opposition in the parliament was not against privatisation as such, but “against the way the government wanted to proceed with privatisation ... We were proposing privatisation that would benefit all, 50% would be sold to public, and then part of the shares would be sold to someone who propose the highest price, not to the one who has connections. The government’s way of privatisation would benefit only a small group of Kuwaitis”²⁰². So the opposition’s major concern is that instead of reaching its genuine aims of benefiting the population at large, privatisation would enrich an existing monopolist and well-established business elite due to corruption and nepotism.

Another concern is related to the fate of national employees working in government entities that would be privatised. As public employment has been an important mechanism to distribute rents to the population, the government entities are often over-staffed. The fear is that once a state-owned company/service is privatised, the government will not be able to force its new private owner to keep the national labour. Therefore, the employees of the various entities that are currently under consideration for being privatised have been vigorously protesting being transferred to the private sector (at different points of time, there were employees strikes in Kuwait Airways, Kuwait Stock Exchange, KPC subsidiaries). Furthermore, it is argued that services would inevitably be subject to the price increase once they get privatised, which also contradicts the interests of the population at large.

Thus, for the opposition MPs, preventing privatisation, or at least preventing it in the way the merchants would want it to take place, was a natural position to hold. The policy was portrayed as means to protect the interests of the population against merchants’ predation and

²⁰¹ Personal interview with a Kuwaiti partner of an international auditing company; Kuwait, November 2014.

²⁰² Personal interview; Kuwait, April 2015.

as an attempt to curb the privileges of the elite. Such rhetoric would naturally gain support of less privileged/non-elite constituencies.

At the same time, fighting privatisation was a strategic political choice for some of the MPs: while companies and services are in the government's ownership, the MPs are able to facilitate the employment of their voters in those entities, thus fulfilling their *wasta* service obligations, which ensures their future re-election. The privatisation of government bodies therefore would drastically reduce the MPs' ability to do so²⁰³. All this illustrates the controversial and politicised nature of privatisation in Kuwait and multiple antagonistic interests at stake in the process.

In May 2010 the parliament, which had a strong opposition element, eventually passed the first Privatisation Law No. 37/2010. Despite being long-awaited, it was deemed very restrictive and disappointing for the private sector. First of all, it did not allow privatisation of entities related to oil and gas industry (especially upstream), as well as entities in the sphere of healthcare and education services. An investor company was also not allowed to bid for a privatised entity, if they both operate in the same field, in order to avoid the conflict of interest. The privatisation process itself was to be carried out through the creation of a shareholding company, in which the government retains a golden share and which is subject to regulatory scrutiny and price control. Finally, the law comprised several provisions that protected the rights and benefits of national employees working in a privatised entity – a private owner would not be able to lay them off or to reduce their salaries or benefits during a fixed number of years (DLA Piper, 2010). Although the Minister of Commerce and Industry at that time, Ahmad al-Haroun, announced that the privatisation bill would allow the return of some companies established by the merchants back to the private sector, including those in downstream oil sector, like KNPC and KOTC (Arab Times, 2010), the excessive legislative restrictions made privatisation less attractive for private sector investors. The business community has been continuously voicing its dissatisfaction with the law.

With the change of power balance and the return of merchants to formal political scene after 2012, the government has called to amend the privatisation law and pursue a broader-scale privatisation in various sectors, including postal services, Kuwait Stock Exchange,

²⁰³ Interview with an MP of merchant background and a member of a liberal block; Kuwait, November 2014.

Cooperative Societies, sports clubs, ports operations, certain sectors of the Ministry of Electricity and Water, clinics affiliated with the Ministry of Health and downstream services in oil sector, such as KOTC and Kuwait Petroleum International. As mentioned earlier, the new law is supposed to be laid out before the end of the term of the current parliament.

Although privatisation is still a very contentious issue, and government initiatives in this direction are often met with hard opposition from large groups of the state-employed population²⁰⁴, the fact that the 2013 Assembly does not comprise any opposition elements and is generally dominated by pro-business interests makes it easier for the government to push through its measures. Among the most significant recent steps in this direction was the full privatisation of Kuwait Stock Exchange in April 2016 (Kuwait Times, April 2016).

6.4.1.1 Kuwait Airways Company privatisation case

One of the major examples, which illustrates the contention around privatisation policies is the case of Kuwait Airways Company (KAC). The company was founded in 1953 by the private sector, but was taken over by the government in 1956 and remained a subsidised government monopoly until 2004, when private airlines were permitted. In 2005 Jazeera Airways and al-Wataniya private companies were established, the former being owned by Marwan Bodai and the latter by the current Amir's son Sheikh Hamad Al Sabah. KAC has been increasingly loss-making and inefficient, suffering financial loss in all but one of the past 21 years (Chazan, 2012). The plan to transfer the ownership of the company to a private investor dates back to as early as 1993, when the World Bank made a feasibility study about the company's privatisation (Al-Tamimi, 2016).

The privatisation law for KAC was passed in January 2008, but no immediate action was taken since. Two more laws regarding the issue came out in 2012 and 2014, and the current (2013) Assembly at first confirmed the privatisation plans. As per the January 2014 legislation, 35% of the company's shares would be sold to companies listed in the Kuwait Stock Exchange and foreign companies, 40% would go to public subscription, 20% to the government, while 5% would be distributed among the employees (Kuwait Times, 2015). The authorities were also supposed to modernise the fleet before the company is privatised. However, at the time of

²⁰⁴ The prospect of privatisation of some of the KPC companies was one the major reasons for a three-days strike of oil sector employees in April 2016.

writing there is still no end to the KAC saga in sight. The 2013 parliament has recently reversed its stance on the privatisation plan and made a decision to retain 75% of the company's shares with the government effectively keeping it as a national carrier (Izzak, June 2015).

Notwithstanding that the privatisation law of 2010 does not allow private companies operating in the same sector to participate in the auction for the privatised shares, the owner of the local low-cost Jazeera Airways, Marwan Bodai has on multiple occasions voiced his interest in buying KAC shares, and in 2014 the company submitted a formal letter of intent to acquire the 35% stake (Arabian Business, 2014b)²⁰⁵. However, according to some respondents among local economists, the stake would have been too large “a chunk to buy for Jazeera”, as it is a completely different type of airlines business model – KAC is a full-cost airline and has its own fleet²⁰⁶. Therefore, a widespread view in Kuwait is that the company is kept in limbo on purpose in order to reduce its price, so that a competing airline owner could afford to buy its shares:

If you want to privatise a company, you should not give license to competitors in aviation sector, because it will reduce the value of KAC [as opposed to it being a monopoly]. If you give license, it means you want to reduce the price and sell it cheap to the same competitor... [the government] is playing on employment issue saying that the privatised KAC would reduce the amount of Kuwaitis employed there... This way it is keeping it until it is very cheap and competitor buys it²⁰⁷.

Such a view, whether it is related to reality or is just a conspiracy theory-based opinion, reflects the attitude of Kuwait's general public towards the merchant elite and shows a deeply rooted assumption about its corrupted links to the government, which enable it to take advantage of privatisation.

Another explanation suggests that private companies might not be interested in acquiring KAC stakes until the government renews its ageing fleet, which would be too expensive for a private company to do on its own²⁰⁸. In December 2015 KAC eventually received several new planes (first time in 15 years) and signed a contract for more to be purchased (Saleem, 2016). Furthermore, the government has recently allocated KD 1.2 billion for KAC from the budget (Kuwait Times, 2015). All these measures have inevitably raised the company's value. Thus,

²⁰⁵ Another company, which expressed the interest, was Agility (owned by Sultan Ben 'Isa family) (Saleem, 2016); also several respondents suggested that the owner of currently closed al-Wataniya airways company, Sheikh Hamad, could also be one of the contenders.

²⁰⁶ Personal interview with a senior member of staff in Economics Department, Kuwait University; Kuwait, November 2014.

²⁰⁷ Personal interview with a senior CMA official; Kuwait, June 2014.

²⁰⁸ Personal interview with a senior member of staff in Economics Department, Kuwait University; Kuwait, November 2014.

one can speculate that despite the decision to keep 75% of KAC's shares in state ownership, which on the surface contradicts privatisation goals, it is still likely that an albeit smaller and non-strategic, but more affordable portion of the company's shares will be ultimately purchased by a private company, while the airways' fleet will be newer and the company's value – higher, thus returning bigger dividends to the private investor. Another sign, which allows one to assume that KAC privatisation is still likely to carry on, is the fact that during the past two years the KAC chairwoman has laid off 1,350 of the company's national employees and plans to cut another 1,000 jobs targeting expatriate workers (Saleem, 2016). This means that once partly privatised the new owner would be faced with a less critical national employment dilemma.

6.4.2 Build-Operate-Transfer

Build-Operate-Transfer (BOT) is another scheme aimed to expand the role of the private sector in the government development projects, thus reducing the burden on the state's finances. BOT is one of the types of public-private partnership, according to which the private sector entity carries out the construction and operation of a certain facility for a fixed period of time, after the end of which the facility is transferred back to the government. The private company gets the revenue from the operation, while the government is able to reduce its spending on projects (Jabr, 2013).

In the case of Kuwait, the private sector's cooperation with the government on certain projects has been ongoing since the 1970s, when it allocated state land to build multi-storey parking lots. In 1980 a law was passed to allow the government to lease lands to private sector companies through renewable short-term contracts, sell them in auctions, or sign longer 20-year contracts with companies that would carry out projects, which serve the public interest (Jabr, 2013). However, a comprehensive BOT law was lacking until 2008. As Michael Herb explains, BOT was the only scheme, which would allow the private sector in Kuwait to access to state land at least temporarily, because of the sensitivity of the land ownership issue (Herb, 2014: 157). This is due to widespread corruption and manipulation in land distribution and perception of land as public property.

Since the early 2000s the Assembly's opposition members have been attacking BOT projects for alleged corruption and calling for their cancellation, while the 2008 BOT law²⁰⁹, despite being highly anticipated, was again considered too restrictive by private sector investors. The main concerns of the business community were related, first of all, to the limited amount of years the private entity was allowed to operate the projects after their execution – the 2008 law stipulated that the period should not exceed 30 years or 40 in exceptional circumstances (Markaz, 2013b: 5). Another problem for the private sector was related to the financing constraints: according to the law, a private investor was not able to mortgage the assets/land within the project to ensure financial security (Markaz, 2013b: 5). The absence of intellectual property protection, stringent prequalification procedures (for non-listed companies), strict auditing requirements, as well as high probability of arbitrary projects cancellations by the government without compensation made the BOT scheme even less attractive for private sector (Markaz, 2013b: 7)²¹⁰. Herb (2014: 160) rightly notes that the law was considered a “punitive” action by the Assembly targeting the private sector. For these reasons, not a single BOT project has been launched since the law was passed, and the business community has been pushing for its amendment (Jabr, 2013).

The parliament ultimately voted to amend the law in June 2014 making it much more in line with the private sector's interests. It increased the maximum lease period to 50 years starting from the date of completion of the project and allowed investors to establish more financial protection for the assets. The end-of-contract consequences and compensation to investors now should also be agreed in advance (Arab Times, 2014). Commenting on the amendments of the BOT law, ex-MP and one of the opposition leaders Musallam al-Barrak stated that “Kuwait is being robbed and liquidated” (Izzak, November 2013), and “merchants will be able to usurp public land and keep it in their possession for as long as a hundred years [in case the lease of 50 years is renewed]... They will become the landlords of Kuwait”²¹¹.

As mentioned earlier in the Chapter, the same parliament also rushed to launch new BOT projects and revive those which were cancelled and stalled by the previous Assemblies. At the

²⁰⁹ Law 7/2008 was in fact regulating all types of public-private partnership (PPP) cooperation, but it has become commonly known as the BOT law (Markaz, 2013b: 4).

²¹⁰ Personal interviews with a member of the ruling family working in investment company and with an MP of merchant background and a member of a liberal block; Kuwait, May and November 2014.

²¹¹ Personal interview; Kuwait, March 2014.

time of writing projects like North Zour (Shimal al-Zour) IWPP Phase II, another IWPP (al-Khairan), a wastewater facility and transportation projects (railroad and metro) were all being tendered or undergoing pre-tendering procedures (Partnerships Technical Bureau, 2016).

6.4.2.1 Shimal al-Zour IWPP

The North Zour Independent Water and Power Plant is one of the examples of the contention around BOT projects in Kuwait. It was the “flagship” BOT project worth KD 750 million launched in 2008 (Kuwait Times, October 2014), however the award process has been vigorously contested by the parliament.

In June 2010 the Assembly passed an amendment to the public-private partnership legislation (Law No. 39/2010) requiring the incorporation Kuwait Stock Exchange listed companies in any IWPP projects, thus making the law more restrictive²¹². However, in 2011 North Zour contract was awarded to a consortium of companies (ENGIE [formerly GDF SUEZ], Sumitomo Corporation, and A. H. al-Saqr and Brothers), which did not include KSE-listed companies²¹³. The government further failed to establish a shareholding company to carry out the project, which was also one of the requirements of the BOT legislation. Therefore, the February 2012 parliament requested the questioning of Finance Minister Mustafa al-Shimali about the breaching in the award process (Izzak, October 2013). However, in November 2012, after the dissolution of the opposition-dominated Assembly, the law was amended again removing the restriction about the incorporation of the KSE companies (Law 28/2012).

The issue of the project award was raised again in parliament in October 2013 by MP Riyadh al-‘Adsani, who was part of the opposition but chose not to boycott the last elections. He insisted that the award of the project had been done before the removal of the legislative restriction, and therefore should have complied with the law that was previously in force (Izzak, October 2013). Al-‘Adsani requested to question the Prime Minister and was supported in his motion by two other parliament members – ‘Abdulkarim al-Kandari and Hussain al-Quwaiaan.

²¹² I(W)PP Law (Law No. 39/2010) Promulgating the Incorporation of Kuwaiti Joint Stock Companies to Undertake the Building and Execution of Electricity Power and Water Desalination Stations in Kuwait (Partnerships Technical Bureau, 2016).

²¹³ The project is 40% owned by a private consortium, the remaining 60% is owned by the government through KIA (5%), Public Institution for Social Security (5%) and Kuwait Authority for Partnership Projects (50%). The government is supposed to sell 50% of the total ownership through the Initial Public Offering (IPO) to Kuwaiti citizens after the completion of construction, retaining 10% stake following the IPO (Kuwait Times, June 2016b).

This was notably the most serious attempt to interrogate the Prime Minister during the 2013 parliament's term, which could have led to the vote of no-cooperation. However, being largely pro-government and dominated by merchant interests, the parliament decided to hold a vote on whether the interpellation request was constitutional or not (Saleh, April 2014). This was an unprecedented measure, for which many hold the Speaker Marzouq al-Ghanim directly responsible²¹⁴. The vote included cabinet ministers as default Assembly members, which ensured that the parliament chose not to proceed with the motion (Kuwait Politics Database, 2016). This created a dangerous precedent, which could potentially compromise further interpellation requests, and is considered to have deepened the crack between the liberal/nationalist groups, which boycotted the elections (such as Kuwait Democratic Forum), and merchants and liberal groups, which participated and had their members elected to the parliament (for example, National Democratic Alliance)²¹⁵. The grilling ultimately did not take place, and the three MPs resigned in protest. The North Zour power plant project proceeded with much less confrontation since then.

6.4.3 Foreign business, investments and market regulation policies

The last set of policies/reforms that I will analyse in order to illustrate merchants' economic interests and their ability to influence political decision-making is related to opening up and regulating Kuwait's business environment. These policies are also aimed at boosting the economic activity of the private sector and thus to diversify the economy and reduce the role of state. However, unlike the previous examples of privatisation and enhancement of public-private partnerships through BOT, these policies are an example of measures, which contradict merchants' economic interests, and therefore they are opposed and obstructed by the business community on various levels.

The government was to some extent pressured to embark on the path of opening up the economy when Kuwait joined World Trade Organisation in 1995. Although Kuwait was one of the first among the GCC to join the Organisation, it still falls far behind its Gulf neighbours in terms of attractiveness for foreign business and foreign investments. However, the FDI and expansion of foreign business were deemed necessary first and foremost as a way to import

²¹⁴ Personal interview with a member of Kuwait Democratic Forum; Kuwait, May 2015.

²¹⁵ Ibid.

technology know-how, and boost national employment (and much less so as capital injection), therefore from the early 2000s, the government started to take certain legislative steps to ease the situation for foreign business²¹⁶. The Law No. 20 of 2000 permitted foreign ownership of shares in shareholding companies listed in Kuwait Stock Exchange, as well as foreign participation in the establishment of those companies. In 2008, a resolution was passed extending the permission of foreign ownership to non-listed shareholding companies, while the recent Companies Law No. 97 of 2013 has eliminated foreign ownership restrictions in shareholding companies altogether allowing up to 100% ownership, but keeping the restrictions in other types of companies. The latest step in this direction was the amendment of Kuwait's Tenders Law in June 2016, which permitted foreign companies to bid for government tenders without a local agent (Kuwait Times, June 2016a).

Furthermore, in 2008 a new law (Law No. 2/2008) regulating the taxation of foreign business in Kuwait introduced a flat 15% tax, instead of income-dependent 5-55% tax range, which was in force since 1955. Various conditions have been also stipulated, under which the tax could be reduced or exempted from altogether. Kuwait also established a Free Trade Zone in 1999, which was intended to offer foreign companies tax-free corporate income with no obligation to have local partners.

In 2013 the government introduced the Promotion of Foreign Direct Investment Law (Law No. 116 of 2013) and replaced the Foreign Investment Office with the new Kuwait Direct Investment Promotion Authority (KDIPA), which is aimed to supervise both foreign and domestic investments, ease the bureaucratic procedures of applying for FDI license and also allows the operation of 100% owned foreign companies in various sectors. It is hoped that the authority will improve the overall investment climate, develop competition, and provide further investment opportunities both for local and foreign investors.

In one of the most recent moves (September 2014) aimed to boost FDI, Kuwait's Minister of Finance Anas al-Saleh announced the suspension of the Offset Programme, which was established in 1992 and imposed an obligation on foreign companies, who won government

²¹⁶ Personal interviews with a member of the ruling family working in investment company; Kuwait, May 2014.

contracts, to invest a 3 to 10% portion of a contract's value in local economy. However, there were allegations that the fund did not serve its purpose anyway and was misallocated²¹⁷.

Thus, it is obvious that during the last decade and a half, certain measures have been taken by the Kuwaiti government to loosen the protectionist legislation and open up the economy for foreigners. This however had very little impact on the ground. According to Kuwait Economic Society report (2013: 6), during the period from 2000 to 2011 Kuwait attracted the smallest amount of FDIs in comparison with the rest of the GCC²¹⁸.

At the time of writing there were 11 non-Kuwaiti companies listed in Kuwait Stock Exchange out of total 198. Out of those eleven, five were UAE cement companies, while the rest were Bahrain-based banks, investment and insurance companies and one Egypt-based Egypt Kuwait Holding Company (Kuwait Stock Exchange, 2016). Non-Kuwaiti banks and financial services companies alike – all were either subsidiaries of Kuwaiti companies, or had representatives of the most prominent Kuwaiti business families among their board members. Thus, as of the present day, the largest investors in Kuwait are still fellow GCC states, which have never been as restricted legislatively as other foreign investors. All in all, KSE has minimal foreign capital²¹⁹.

Furthermore, although Kuwait has allowed foreign banks to open branches in the country, the Industrial and Commercial Bank of China has been the only bank to use the opportunity so far. However, even these branches are opening not for retailing purposes, but for financing infrastructural projects, in which Chinese companies are involved²²⁰.

At the same time, the earlier-mentioned Free Trade Zone has hardly been serving its purpose too: in 2010 the Ministry of Commerce and Industry accused the private National Real Estate Company, which has been operating the FTZ, of renting it out for commercial purposes instead of developing it as a business hub, and tried to overtake it. The area has been subject to litigation and is in general state of limbo ever since.

²¹⁷ Personal interview with a Kuwaiti partner of an international auditing company; Kuwait, November 2014.

²¹⁸ In 2011 and 2012, Kuwait did better and actually more than doubled its FDI rate (to \$3.26bn and \$2.87bn respectively), however that was partly attributed to a Qatari investment that year, as Qatar Telecom increased its stake in Kuwait's telecommunication provider Wataniya from 52.5% to 92.1%. (Oxford Business Group, 2013). In 2013, the FDI rate decreased again to \$1.84bn (compared to \$10.49bn in UAE and \$9.3bn in Saudi Arabia).

²¹⁹ Personal interview with a senior CMA official; Kuwait, June 2014.

²²⁰ Ibid.

Therefore, the legislative amendments and initiatives introduced by the Kuwaiti government do not seem to have brought any serious qualitative change with regards to foreign direct investments and foreign business in Kuwait. The only meaningful way for foreign investments to be involved in Kuwait's economy is through government contracts. Most of the respondents, government officials and businessmen alike, stated that although the laws have been passed, the results are not achievable in the short term: "The infrastructure is there, laws are there, but the problem is how we apply this law – [it is] too slow because of bureaucracy"²²¹. Indeed, Kuwait's notorious red tape – "extra-legal practices" and "poor regulatory frameworks" – is cited as the main reason of the failure to FDI-attracting efforts (KES, 2013: 7). The country's reputation in the eyes of foreign business has been recently further damaged by several cases of arbitrary cancellations and postponements of business projects and deals with international companies as a result of the allegations of corruption by the parliament (for example, the earlier mentioned K-Dow and Zour refinery).

Although the representatives of Kuwait's private sector would formally acknowledge the necessity of foreign investments and business for the sake of "employment and capital injection"²²², any meaningful progress in this direction, such as eliminating the agency law and allowing foreigners to do business freely in Kuwait, would seriously threaten the local merchant elite's privileged positions. In more private conversations respondents of business background would show scepticism towards the whole discourse about the urgency of foreign investments and the progress that has been made in this direction²²³. Some already complain about the competition with foreigners over government tenders that Kuwaiti companies struggle to win, and accuse the government of having "no knowledge [of] how to make local business grow"²²⁴. Therefore, the very slow pace with which those policies are implemented on the ground and the burden of inefficient bureaucracy, which slows them down even further, are actually beneficial for local business. Although large business players also complain about red tape, they do have

²²¹ Personal interview with a member of the ruling family working in investment company; Kuwait, May 2014.

²²² Personal interview with a member of an old merchant family; Kuwait, November 2014.

²²³ Personal interview with members of three merchant families; Kuwait, February and May 2014.

²²⁴ Personal interview with an MP who is also related to one of the wealthiest old Sunni merchant families; Kuwait, March 2014.

means and funds to overcome it, and it pays off by scaring away foreign players, making it impossible to navigate the system without a powerful and well-connected local partner²²⁵.

The local business might be interested in foreign investments, as long as there is a reserved role for them, rather than out of genuine desire to open up the economy for competition. It is indicative that the idea of eliminating the agency and partnership requirement altogether is currently out of government's (and parliament's) agenda²²⁶. The "sacred rule of agency"²²⁷ was recently amended (in February 2016) by allowing foreign companies to have more than one agent to import the same product, service or commodity, which has supposedly broken the merchants' monopolies (Kuwait Times, February 2016). However in reality this amendment is likely to have very little impact, as foreign importers would stick to their trusted local agents and would not be willing to spoil the partnership relations by establishing multiple agencies²²⁸. Therefore, foreign business is still very restricted, despite that the conditions got better on paper. "Still the game is benefiting the old established players", and the policies, as long as they do not bring any tangible impact, do not threaten their interests²²⁹.

The position of the dominant business players towards newcomers in the private sector is also evident in the fact that the current (2013) pro-business parliament, which is actively promoting policies that would benefit merchants, has done very little in terms of the support for the SMEs. As it was described in Chapter II, in March 2013 the government launched a massive KD 2 billion fund to support SMEs and young entrepreneurs. However, until the present day the fund is barely functioning, and there has been little pressure from the parliament to speed up the development.

6.4.3.1 Capital Market Authority

One of the most vivid examples, which illustrate the merchants' attitude towards the policies aiming to regulate and open up Kuwait's business environment, is the case of Capital Market Authority. In this last sub-section of the Chapter, I will describe how the Authority was

²²⁵ Personal interview with a member of an old merchant family; Kuwait, November 2014.

²²⁶ Personal interview with a member of the parliament's committee for financial and economic affairs; Kuwait, April 2014.

²²⁷ Personal interview with a Kuwaiti partner of an international auditing company; Kuwait, November 2014.

²²⁸ The discussion about the agents' monopoly amendment in various blogs reveals public scepticism about the real change the amendment can bring (for example 248am, 2016:

<http://248am.com/mark/news/no-more-monopolies-in-kuwait/>)

²²⁹ Personal interview with a member of Kuwait Economic Society; Kuwait, May 2014.

established and why its appearance and activity was in line with the anti-merchant policies of the previous Assemblies. I will further analyse the various means the merchants utilised to influence and amend the CMA legislation, such as their investment power in the stock market, the lobbying power of Kuwait Chamber of Commerce, and the formal and informal networks connecting private sector individuals with government officials and parliament members. The combination of those means ensured the merchants' ultimate success in halting and reversing the CMA policies and legislation.

CMA represents one of the latest and most serious efforts of government to improve the capital market environment in Kuwait. Some of the researchers who studied market regulation in the Gulf have stated that the capital markets in all GCC states generally suffer from the lack of transparency, and information asymmetry (i.e. trading with the use of insider information), and poorly comply with international corporate governance standards (Al-Kuwari, 2013: 26-28; Thatcher, 2009), which naturally repels foreign business. Not being an exception, Kuwaiti stock market has been known for slack rules in terms of information disclosure and manipulative trading by large shareholders (Goma and Smith, 2011). According to a report by Markaz, only 17% of Kuwaiti companies had declared their financial results in 2009 (compared to 95% in Saudi Arabia) (Gnana, 2014).

The idea of creating a regulatory body to supervise the capital market has been long discussed in political circles (Thatcher, 2009: 20), and the proposal has been out since 2006, however it was not until February 2010 that the CMA was finally established. Despite having the oldest stock market in the region, Kuwait was the last GCC state to set up a regulatory body.

Several separate factors accelerated the process in 2010. On one hand, the necessity to have more regulation became obvious after the stock market fall and the failure of several big investment companies during the 2008 financial crisis. For this reason, the Chamber of Commerce and Industry was generally supportive of the regulatory initiative at that time and even assisted in setting up the body²³⁰ (KCCI, 2014). On the other hand, during this period, the opposition-leaning parliament was eager to implement legislation that would curb the power of business elite²³¹. Thus, by the end of 2009-beginning of 2010 there was a general consensus

²³⁰ Personal interview with a senior CMA official; Kuwait, June 2014.

²³¹ Furthermore, the government also started to push for the creation of a market regulator out of necessity to make foreign investments, as some of them could not be carried out without proper local regulative

among various parties about setting up the CMA, albeit for different reasons and with different view on its functions, and in January 2010 the National Assembly unanimously voted to adopt the Law No. 7/2010 of KSE's Capital Markets Authority and the Regulation of the Activity of Securities ('Abd al-hafidh, al-Hajiri and al-Ramadan, 2010).

The bylaws were published in March 2011, and the problems started to occur when the new Authority vigorously embarked on implementing the regulation. Many respondents among businessmen, economists and academics, both those who were very critical towards the Authority and those who supported the initiative, pointed out that its regulations were not very well thought through and were generally too strict. For this reason the attempt to bring a previously very poorly regulated market environment to immediate compliance with the new regulation was doomed to fail: "CMA attempt went full speed without landscape analysis in the beginning ... The law was implemented all in one shot. You cannot shift 180 degrees from zero regulation to full regulation. So it naturally was resisted"²³². Many also complained that the set of rules was a "cut and paste from other countries, with no consideration of local aspects"²³³. One of large business-owners operating in oil-related industry shared his views on the subject: "I am against the CMA reform. It is setting an American system, which ignores local specificities. Reporting, declaration, making it too transparent will eliminate insider trading in stock, which was widespread before, but it's illegal in the West ... So, if listed companies are complaining – who is this [regulation] benefiting then?"²³⁴.

Moreover, former Director General of Kuwait Stock Exchange Saleh al-Falah was appointed as the head of the new Authority, which already meant that its activity would likely be met with contention. He was one of the main advocates of the establishment of the Authority since he became the head of the KSE in 2006. By the time it was set up, he had already antagonised some of the major players in the stock market by enforcing disclosure regulations and ordering the suspension of the trading of several companies, which did not meet the transparency requirements. One of the big issues during al-Falah's tenure was the withdrawal of

legislation and institutions. Specifically, as was mentioned by one of the officials at Kuwait Stock Exchange, the government had to establish CMA, because "KIA wanted to invest in China, and couldn't because of the absence of regulating authority" (personal interview; Kuwait, June 2014).

²³² Personal interview with a Kuwaiti partner of an international auditing company; Kuwait, November 2014.

²³³ Personal interview with a member of an old merchant family; Kuwait, May 2014.

²³⁴ Ibid.

voting rights of al-Khorafi group in ten listed companies for trying to acquire the controlling stakes in them without due disclosure (Wikileaks Cable 06KUWAIT4598_a, 2006).

The CMA regulation was particularly hard on investment companies. It stipulated that investment funds could not hold more than 10% of their total assets in a single security, which is problematic for KSE, where funds tend to keep larger investments in few big names. The news about the regulation pushed the stock market to its seven-years low (Saleem, 2011). In general, the market was kept in a relatively poor state throughout the rest of 2011, and the trading volumes fell considerably, partly in response to CMA activity (Goma and Smith, 2011).

The CMA further started to clear the market from debt-stricken companies, which were unable to meet their financial obligations and accumulated losses exceeding 75% of their capital (Saleem, 2012). Those which were ordered to be delisted included some very big names, such as the Investment Dar Company (a co-owner of Aston Martin Holding and a stronghold of the representatives of al-Roumi and al-Humaidhi business families) and Kuwait Pipes Industries and Oil Services Company (majority-held by al-Khorafi's al-Khair National). The Authority has also carried out "seasonal" suspensions, i.e. it suspended the trading of companies, which failed to comply with corporate regulation and did not submit financial data or did not hold a general meeting by the end of financial year (Kuwait News Agency, April 2014) and further launched a heavy-handed campaign against illegal trading practices. According to the analysis by al-Watan newspaper, since July 2012 the Authority has reported 71 cases of companies allegedly breaching the trading regulations (Ramadan and Yasri, February 2014a).

What is more, the Authority stipulates very harsh penalties for breaching the law. Such practices as hidden commissions, financial gifts from a Stock Exchange intermediary and manipulation with the value of shares are punished by a five-year jail term and a KD 5,000 to 50,000 fine, as well as repayment of any financial gain from illegal trade (Kuwait News Agency, September 2013). One of the most high-profile cases filed by the CMA was against al-Ahli Bank (seventh largest in Kuwait in terms of assets), which it accused of insider trading in March 2014. The court upheld the charge and ordered a fine of KD 1.5 million to be paid by the bank's chairman Ahmad Yousef Behbehani, who is one of the prominent Kuwaiti businessmen and a member of an old Shi'i merchant family with traditionally close ties to the Al Sabah (Westall, March 2014).

The risk of large fines and severe punishment, as well as the cost of implementation of CMA regulations on one hand, and the desire to protest the crackdown campaign and harsh measures on the other, pushed some of the listed companies to withdraw their shares from trading. By February 2014, up to 20 companies were reported to have opted to delist their shares (Ramadan and Yasri, February 2014b). Al-Mal Investment Company, controlled by al-Khorafi group, and several subsidiaries of KIPCO were among those who deliberately pulled out their shares from KSE. The withdrawal caused another big slide of the stock, and in 2014 Kuwait was the worst-performing market in the GCC (Saleem, March 2014). This development obviously made the stock market even less attractive for investors, domestic and foreign alike, thus leading to an absolutely opposite result than the one that the CMA was designed to achieve.

One of the major contentious issues between the CMA and Kuwait's business community, which has ultimately triggered the latter to take more active and straightforward steps to push for the regulations' amendment, was the imposition of corporate governance rules issued in June 2013. Those rules stipulated the separation of the positions of chairman and chief executive officer in a company, the inclusion of an independent director, who does not own company's shares, in the board, systematic disclosure of information, establishment of risk management, etc. These rules made the corporate governance almost impossible to implement for companies in the short term, as some of them would not even have internal risk and audit committees²³⁵. Implementing them would also bring along huge financial costs stemming from the necessity to hire more staff. As the regulation is indiscriminate of companies' size, this would particularly hurt smaller companies.

Moreover, the requirement to hire independent directors was considered by business-owners as direct interference in the companies' internal affairs (particularly in case of companies, which are dominated by or are majority-owned subsidiaries of family business groups). As one of the CMA commissioners described this conflict: "Corporate governance law is aimed to organise, rationalise relations between owners and management, prevent misuse of management, carry out risk management and assessment. Business considers it as interference in their decision-making ... When someone comes to control you, of course, you

²³⁵ Personal interview with a Kuwaiti partner of an international auditing company; Kuwait, November 2014.

will refuse it”²³⁶. Sometimes those rules were not even taken seriously or were looked down upon, when the CMA tried to force them upon old established merchant leaders. As one of the members of an old merchant family recalls: “CMA was making silly requirements, asking people like Mohammad al-Bahar, who is 90 years old, and Mahmoud al-Fulaij to present their CVs”²³⁷. Mohammad al-Bahar just tore the letter and threw it in the bin. They should ask managers not owners because owners don’t do anything. CMA should have consulted the Stock Exchange about appropriate requirements”²³⁸.

This increasingly conflicting situation prompted KCCI to interfere as a formal lobbying and advisory body to demand the amendment and more flexibility of corporate governance regulation, extension of the period given for its implementation and lowering of the costs and fines (Al-Saleh, 2014). In the end of March 2014, top KCCI representatives headed by the chairman ‘Ali Thunayan al-Ghanim had a meeting with CMA commissioners in order to discuss corporate governance law and push forward their recommendations (Kuwait News Agency, March 2014). Keeping in mind that a large part of media houses in Kuwait are also owned by family business groups or conglomerates of merchant elite individuals (as was shown in Chapter III), the whole standoff between business and CMA was unfolding in the conditions of a heavy media crackdown on the latter.

KCCI was also joined in its effort by the Union of Investment Companies, which issued law amendment proposals and organised various events and workshops aimed to raise the awareness of politicians about the controversial regulations and urge them to step in the conflict on the side of the private sector (Yasri, March 2014b).

Indeed many parliament members expressed their readiness to help the private sector and put pressure on the government to amend the CMA legislation on the basis that it has not brought any positive development to the market. However, according to most of the respondents from among the CMA officials and businessmen themselves, it was not only through public forums and official encounters with companies’ heads that the MPs got so vigorously mobilised, but also through informally channelled influence over parliament members. This explains why there has emerged a wave of very hostile rhetoric mainly coming from certain

²³⁶ Personal interview; Kuwait, June 2014.

²³⁷ Both men are senior members of old merchant families and are board directors of Kuwaiti banks (NBK for late Mohammad al-Bahar and Boubyan Bank for Mahmoud al-Fulaij).

²³⁸ Personal interview with a member of an old merchant family; Kuwait, June 2014.

parliament members, who have tried to marginalise the Authority as a whole, because it posed too much threat to the business interests of particular individuals or groups²³⁹.

In general, the parliament has tried to limit the role of the CMA to supervision with no involvement in collecting fees and fines, and with no right to refer violators directly to public prosecution. It has further requested that the Authority becomes subject to State Audit Bureau control, while some MPs brought charges against the CMA for not disclosing the budget and for various employment violations (Yasri, March 2014a). They also blamed the government's inaction in the recent KSE fall and urged it to intervene and pump capital into the stock market to save, i.e. bail out, traders and investors in trouble (Ibrahim, 2014).

Thus, it was arguably this parliamentary pressure that ultimately forced the CMA to back down. In April 2014 the Authority announced that the deadline for compliance with its regulations had been extended by 18 months (Westall, April 2014). At the same time, in the face of looming interrogation by several MPs, the Minister of Commerce and Industry promised to prepare a comprehensive amendment to the CMA law very shortly²⁴⁰.

During roughly the same period of time, when the CMA was most embattled by the KCCI and parliament, some of the previously delisted companies were given the right by the court to return to stock market, for example Grand Real Estate Projects Company, Safat Investment and Safat Global ('Arabi, February 2014; March 2014). Furthermore, with regards to the case of al-Ahli Bank, in November 2014 Kuwait's Court of Appeal substantially reduced the fine to be paid by its chairman from KD 1.5 million to KD 100,000 (Saleem; November 2014).

Another remarkable outcome of this political struggle was the removal of the CMA head Saleh al-Falah a year before the official end of his five-year tenure. Despite being quite abrupt, the move was hardly surprising, and was anticipated by many in the light of such a politicised recruitment. Back in May 2014, one of the respondents (a large business-owner from an old merchant family) mentioned that the conflict with the CMA to a large extent had been exacerbated because of the persona of the head of the Authority. He accused al-Falah of excessively centralising the power in his hands and predicted that he would lose his position

²³⁹ Personal interview with a member of Kuwait Economic Society; Kuwait, May 2014.

²⁴⁰ The CMA issue was allegedly one of the reasons for subsequent resignation of the Minister of Commerce and Industry 'Abdulmohsen al-Mud'ej in March 2015 (Torchia, 2015).

very soon: “They will remove him soon ... Will remove his authority first, then will bring it back but will put a different person”²⁴¹. This prediction came true in August 2014.

Thus, the case of the CMA is a good illustration of how the change in political power balance allowed the merchant community to reverse the legislation on market regulation, which did not comply with their interests. It further shows that there are multiple means on several levels, through which the merchants’ influence is channeled. The business was first of all putting pressure on the government by withdrawing its capital from Kuwait Stock Exchange; KCCI and Union of Investment Companies were actively lobbying the government and MPs; while the ultimate factor, which explains the merchants’ success in taming the Authority, was their domination of the parliamentary discourse and formal political field more broadly after 2013 elections.

6.5 Conclusion

Chapter VI has shown that economic and reform policies throughout the past decade were a reflection of the exacerbated socio-economic rivalry for the distribution of resources and became a field for political struggle. The anti-elite, anti-merchant stance of the 2006-2012 Assemblies was part of the opposition’s striving to fight government corruption, protect the public funds and preserve the population’s welfare and benefits. This was reflected in the parliament’s suspicion and hostility towards government’s development projects (some of which were cancelled on the basis of allegations of corruption and waste of public funds), its opposition towards economic restructuring measures that would reduce the public welfare, but would benefit the major private sector players (such as privatisation, increase of private sector participation in fulfilling government’s projects, increase of capital spending while introducing austerity measures, etc.), as well as its attempts to curb the privileges and interests of the business elite (through adopting restrictive legislation and increasing regulative constraints of business operations). These policies of the opposition-dominated Assemblies were part of the complex of reasons (explained in Chapter V), why the merchant community felt necessary to distance itself from the opposition groups, re-ally with the government and get hold of the economic policy trajectory through their position in the parliament.

²⁴¹ Personal interview with a member of an old merchant family; Kuwait, May 2014.

Thus, Chapter VI has shown the crucial role that the parliamentary institution (and the merchants' ability or inability to dominate its discourse) plays in both threatening and promoting the merchants' vital economic interests. As I showed in the case studies, the economic policies made a 180 degrees turn after 2013 elections, the business sector successfully managed to resume the state projects, in which it had a stake, and amend business-related legislation.

One could argue that the merchants' success in doing this can be explained by the fact that the economic interests of the business community at that moment coincided with the government's attempts to pursue economic reforms (i.e. both have interest in the increase of capital spending, privatisation, public-private partnership, etc.). However, this is not completely true and does not make the business sector a proponent of genuine economic restructuring. It was shown that policies, which aim to open up Kuwait's business environment for newcomers and foreigners, to support SMEs and young entrepreneurs, to reduce bureaucratic hurdles for new businesses and to introduce stricter market regulations do not comply with the interests of the dominant business players and are obstructed by them on various levels. Thus, business is trying to take advantage of and benefit from some economic reform policies when possible (and in this case it actively promotes them), while resisting and opposing others when necessary. The influence over parliamentary politics is a crucial means in doing both.

Thus, the analysis of the economic policies and reforms through the lens of the struggle of rent-seeking interests and political contention reveals that reform discourse, on one hand, can be often used and abused as a tool for political struggle by the opposition. According to one of the most prominent Kuwaiti economists, "the mistake of the opposition was that it overprotected the issue of public funds", even though "they had reasons for this" because of the widespread corruption; through its economic legislation the parliament imposed conditions that were almost impossible to meet, "tried to apply a perfect law for every project, which is impossible ... The opposition concentration was to prevent the government from doing more corruption rather than going after economic aims like employment and economic profit"²⁴². On the other hand, reform discourse can easily fall victim to predation of rent-seeking interests of merchants when they get to dominate the political scene. As such those policies lose their initial genuine aim of improving the economy and benefiting the population at large.

²⁴² Personal interview; Kuwait, May 2015.

Conclusion

Based on the analysis of the dominant theoretical framework and the existing literature on rentier states, and their business politics/state-business relations in particular, the present research project posed the following question: why do we observe active political engagement of business in Kuwait counter to the prediction of the rentier state theory, and what explains the variation between the patterns of political engagement within the Kuwaiti merchant community itself?

I argued that rentier state theory provisions, albeit still the most comprehensive explanation of the basis of state-society relations in resource-rich countries, are too static, macro-level and generally insufficient to analyse business politics in the case of Kuwait. Revisionist literature of various kinds pays more attention to the dynamism of state-society relations and the evolution of socio-economic conflict around distribution in rentier states. However, it generally overlooks business political engagement and the impact it has on political economy of those states. Most of the works of this kind reduce rentier business to a small elitist state-dependent group, which at most can be mobilised politically to support the regime, or address it very broadly as capitalist class, often including the political elite and ruling families in the same category.

My research presents an attempt to bring business agency back into the political picture. In order to do this I combined the approach to business as a class with a micro-level approach to it as a group of families and individuals, i.e. to join together the discussion of merchants' class interests as a result of antagonistic relations with other classes, and the sociology of the merchant community. Thus, the aim of the Part I of the Thesis was to comprehensively identify who is included in the category of merchants. It was shown that this category goes beyond a simply economic notion, and ascriptive features are deeply entrenched in the popular perception of merchants and their place in the socio-economic hierarchy. For this reason, the narrative of Part I was divided into two sections – one which discussed business as private capital, its relations with the allocation state and its structural autonomy from the population at large; and another which discussed business as a social category and its relations with other social groups and the ruling family.

This approach revealed multiple ambiguities of business-state and business-population interactions. Relations with the state are characterised by extreme dependency and vulnerability to fluctuations of the oil economy, which further increases dependency. This does not mean, however, that business is content with such level of dependency – there is general fear of state’s arbitrary actions towards business. At the same time, socially, the merchant community keeps very close ties with the ruling family.

The private sector’s structural autonomy from the population at large and inequality of resource distribution between the merchant community and other social groups leads to the development of antagonistic relations between the two. However, the merchants’ elite social status is still preserved, and they are able to perform intermediary functions based on their social heritage, ascriptive features and capital, which allows them to keep patronage networks and their position within the socio-economic hierarchy reproduced.

This analysis allowed me to define the “common denominator” of merchants’ interests, which inevitably shapes their political action. Rent-seeking motivation, i.e. sustaining beneficial state policies, constant flow of rents and closed impenetrable structure of business community, is a crucial component here. However, relations of business with the state and population are ambiguous and often antagonistic, and the rent-seeking interests of merchants are not static or secure. Therefore, I argue that they do have incentives to interfere in the political course when those interests are compromised or challenged by either the state itself, or rival socio-economic groups.

However, “common denominator” features/interests of business are not sufficient to understand merchants’ political action, as they do not necessarily act as a coherent group. There is a great deal of variation in the patterns of political engagement within the merchant community. Therefore, I embarked on a multi-level comparison of those patterns to establish the reasons behind the variation, and by doing so, to define the major variables that explain business politics.

Thus, Chapter III provided the comparison of merchant families, who are active and passive politically, with the main attention paid to their participation in parliamentary politics (as all other types of political engagement come through government appointment). I established that parliamentary participation as a means to fulfil rent-seeking interests and exercise political

leverage is universally attractive for merchants. However, such engagement is also demanding and risky, therefore not every representative of the merchant community would embark on the elections enterprise, and not everyone who tries would be successful. The comparison shows that factors, which can be broadly identified as economic competition, explain the choice of merchants' engagement. This is, first of all, the factor of sector of business operations in which a merchant family is most active, as it determines the level of dependency of state distribution and the level of business competition. An auxiliary factor, which also plays a role here, is the availability of alternative formal means, which allow merchants to pursue rent-seeking interests without parliamentary engagement, as well as informal access to distribution circle. In both cases the factor of personal ties with the ruling family plays a crucial role. The success or failure of political attempts is in its turn determined by sociological factors. A family's age, social prominence, political heritage, ascriptive features (sect and origin), as well as (bordering those factors) political or ideological affiliation – in combination define whether a given representative of a business family has sufficient social capital to get elected.

Chapters IV and V aimed to identify the variables that explain the choice of “voice” and “loyalty” by business through the comparison of two contentious events when merchants took an opposite stance towards the government. For the sake of carrying out this comparison I returned to the analysis of business as a socio-economic group (albeit acknowledging the existence of variations here as well due to above-mentioned intervening variables). The reason, which allowed me to adopt this approach, is related to the fact that during the 1989-1990 contentious events the merchants' participation in the movement was presented as the group action of a social and economic elite by the merchants themselves, while in 2011-2013 the merchants' alliance with the regime was perceived as a group/class actions by the population at large. The comparison suggested that the variation of business political response during two contentious events could be explained by the continuity of merchants' “common denominator” rent-seeking interests in the changing political conditions. Thus, in 1989 they opted for “voice” as a response to the existential threat, which the parliamentary institution, as an ultimate leverage tool vis-à-vis the ruling powers, was facing; while in 2011-2013 the risk to their interests was posed by the new social forces, which came to dominate parliamentary politics and were expressing rival economic interests. Part III therefore showed that rent-seeking

interests are not necessarily realised through loyalty, and elaborated on when exactly the economic class rivalry becomes an incentive for business political action. Within this comparison I further reiterated the importance of sociological factors in both creating opportunities and constraints for merchants' political engagement and for their ability to utilise popular discontent.

Finally, Chapter VI showed why business politics matters in practice, why it cannot be reduced to simple individual rent-seeking, and why it has serious ramifications on the very development mode that Kuwait as a rentier state chooses to pursue. I illustrated business political action with the process-traced description and several case-studies of the post-2013 economic policies, when the political field and, most importantly, the parliament started to be dominated by business interests. The analysis showed that such domination has changed (if not reversed) the track of the state in terms of its economic policies and reforms, shifting it further towards capitalist type of development (to use the concept developed in the works of Michael Herb, 2014 and Omar AlShehabi, 2015). It also showed that merchants' rent-seeking attitude towards reform policies and most importantly their ability to pursue their interests in the political field and thus influence economic decision-making means that economic reformation process falls victim to such rent-seeking predation and would ultimately benefit the capitalist class only, failing to bring meaningful change to the rentier economic system and to benefit the population at large.

To sum up, the present research work argued that business politics in Kuwait is shaped by rent-seeking interests, sociology of the business community (including the ties with the ruling family) and changing political field, while the overarching explanatory variable is the existence of the parliamentary system itself. The parliamentary institution in Kuwait is a tool for rent-seeking and political leverage both for merchants and other socio-economic groups. It is a platform where newly politicised elements get empowered, where they can be either rewarded or co-opted by the state and where they can challenge government distribution patterns or rival groups. The existence of parliamentary dynamics brings institutionally generated political contingency, and therefore – a constant re-negotiation of the social contract based on rentier distribution. As this rentier social contract is in permanent flux, and rents of a certain group or individual can be challenged on the class level – by socio-economic groups with rival rent-

seeking interests, on individual level – by competitors who get closer access to the distribution circle, or by the state itself, political engagement to secure one's own rent-seeking interests becomes a necessity more than a choice. This process, in essence, is close to Ellen Lust-Okar's "competitive clientelism" with a difference that a tool, which was supposed to help divide and rule, went out of the regime's control.

Thus, the research generally contributes to the rentier state theory debate. It does show that the basic and most fundamental provisions of the rentier state theory with regards to the rent-seeking nature of the relation of the society and private sector towards the state are correct (as shown by Crystal, 1995), however it adds to the revisionist trend of literature by showing how political relations are not predetermined by the rent only and how they change due to institutional specificity. In this sense, the research is in a way asserting Kuwait's exceptionalism within the Gulf rentier states.

The Thesis further contributes to the literature, which is focusing on the change/dynamism of rentier systems. In particular, it adds to the debate about the growing socio-economic class rivalry due to the limited nature of resources, which all the Gulf states have realised and have already started to experience (Herb, 2014; Hertog, 2013a, 2013b; AlShehabi, 2015a, 2015b). The present research shows that in Kuwait, due to its specific political dynamics, whereby the parliamentary institution is not only a platform for public sector-employed middle class, but is similarly exploited by the business community (i.e. capitalist class), the economic rivalry and competition between the two modes of development (i.e. capitalist mode and the mode centered around popular economic interests) is happening openly and in the most antagonistic nature, compared to the rest of the GCC states. The actual representatives of the capitalist class have agency and voice in this competition and are able to impact the course of the state's political economy.

As the economic rivalry increases, it will spill over into the political field, making it yet more contested. The change of the content of this political field – the rise of new politicised social forces, change within the business community itself (i.e. generational shift, emergence of new actors, increased competition, etc.) – will bring new contingencies to the class rivalry and the further economic and political development in general. At the same time the state will have to make choices about to whom it will continue to distribute the rents, and where it will have to

reduce the largesse. However, as the present research has conformed, the state in Kuwait, due to its what Steffen Hertog calls “half-way democratisation”, or semi-democratic structure, is not autonomous from vested interests (Hertog, 2010c: 288), which essentially means that the decision on any policy, reform or initiative will be subject to a heated debate by antagonistic groups with rival economic interests.

The research further showed that “vertical segmentation” of a rentier state does not immediately exclude the possibility of horizontally mobilised pressure on the regime. Despite rival rent-seeking interests and socio-economic divisions, all segments of the society have interest in preserving parliamentary institution as a forum, which restricts the autonomy of the government and provides endless opportunities for rent-seeking and negotiating distribution. This becomes clear from the fact that all social groups are readily mobilised to challenge the authorities, when the latter try to remove the parliamentary system in its initial shape or drastically diminish its political powers.

To conclude, although the present research work is concentrated on the exceptionalism of a Kuwaiti case, it invites us to rethink the role of the representative institutions in authoritarian states (i.e. in semi-parliamentary regimes). It draws attention to the fact that alongside fostering “competitive clientelism” such institutions can put constraints on authoritarian rule and have impact on the political trajectory the regime chooses to pursue, albeit through the competition of purely rent-seeking interests.

Appendix A: Composition of 1921, 1938 and 1962 Assemblies

The composition of 1921 Consultative Council²⁴³:

1. Marzouq al-Badr
2. Khalifa al-Ghanim
3. Ahmad al-Humaidhi
4. Mash'an al-Khudhair
5. Ahmad al-Khalid
6. Ibrahim al-Mudhaf
7. Hilal al-Mutairi
8. 'Abdurrahman al-Naqib
9. Yousef Ben 'Isa al-Qina'i
10. 'Abdul'aziz al-Rasheed
11. Hamad al-Saqr
12. Shamlan al-Saif

The composition of two Legislative Councils in 1938²⁴⁴:

June 1938	December 1938
1. Mishari al-Badr	+
2. 'Abdullatif al-Ghanim	+
3. Mohammad Thunayan al-Ghanim	-
4. Mohammad Shahin al-Ghanim	+
5. Khalid al-Hamad	+
6. Yousef al- Humaidhi	+
7. Mash'an al-Khudhair	+
8. Sultan al-Kulaib	+
9. Mohammad al-Marzouq	+
10. Yousef al-Marzouq	-
11. Yousef Ben 'Isa al-Qina'i	+
12. Saleh al-Rashid	+
13. 'Ali al-Rifa'i	+
14. 'Abdullah al-Saqr	+
15. Sulaiman al-'Adsani	+
	14. Ahmad al-Khamis
	15. 'Ali al-Banwan
	16. 'Ali al-Mutawwa'

²⁴³ Based on Michael Herb's Kuwait Politics database.

²⁴⁴ Ibid.

	17. Mohammad Ahmad al-Ghanim
	18. Mishari al-Hilal al-Mutairi
	19. Nisf al-Nisf
	20. Yousef al-'Adsani

The composition of 1962 Constituent Assembly²⁴⁵:

1. Ahmad al-Fauzan (from merchant family)
2. Ahmad al-Khatib (MAN)
3. Hamoud Zaid al-Khalid (from merchant family)
4. Khalifa al-Jeri
5. Sa'ud al-'Abdurrazzaq (from merchant family)
6. Sulaiman al-Haddad (MAN)
7. 'Abbas Munawir
8. 'Abdurrazzaq Aman
9. 'Abdul'aziz al-Saqr (from merchant family)
10. 'Abdullatif Thunayan al-Ghanim (from merchant family)
11. 'Abdullah al-Shammari
12. 'Ali al-Udhaina
13. Mubarak al-Hasawi (from more recently emerged merchant family)
14. Mohammad Ma'rafie (from merchant family)
15. Mohammad al-Sudairan
16. Mohammad al-Nisf (from merchant family)
17. Mansour al-Mazidi (from merchant family)
18. Naif al-Dabbous (from more recently emerged merchant family)
19. Ya'qub al-Humaidhi (from merchant family and MAN)
20. Yousef al-Mutairi

²⁴⁵ Based on Michael Herb's Kuwait Politics database.

Appendix B: Business families in Tables 5 and 6 of Chapter III

Abul²⁴⁶

Hassan Abul²⁴⁷ – businessman, established Hassan Abul Holding Company (1959).

Yasser Hassan Abul (2) – Minister of Housing 2013; businessman; head of al-'Arabi Football Club.

Kadhem 'Abbas Hassan Abul (1) – participated in 2008 elections.

al-Babtain

Two business branches within the family:

1) 'Abdulmohsen 'Abdul'aziz al-Babtain and sons – al-Babtain Group (automotive).

2) 'Abdul'aziz Sa'ud al-Babtain and sons – al-Babtain Group of Companies (consumer products).

'Abdulmohsen 'Abdul'aziz Sa'ud al-Babtain – board member of Salhiya Real Estate Company.

Sa'ud 'Abdul'aziz al-Babtain – board member of Boubyan Petrochemical Company.

Members from other branches:

Barrak 'Abdulmohsen al-Babtain – board member of Kuwait Portland Cement Company.

'Abdullah Yousef 'Abdul'aziz al-Babtain – board member of Themar Real Estate Company, Securities Group Company, Refrigeration Industries Company.

Mohammad al-Babtain – board member of Sohour Real Estate Company.

Mohammad Ahmad 'Abdulwahhab al-Babtain – board member of al-Mowasat Healthcare Company.

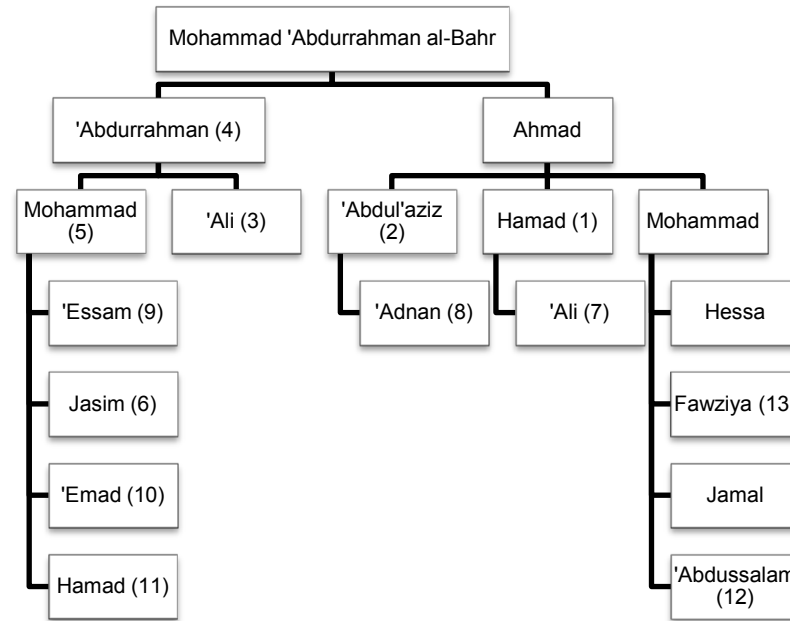
Jamal Yousef al-Babtain – board member of Kuwait Cement Company.

²⁴⁶ For sources of Appendix B, see the sources of Tables 5 and 6, Chapter III.

Not all families from the sample have family trees – if a family has only a few members involved in business or politics, or if no sufficient information could be found on interfamily connections, a family tree is not provided.

²⁴⁷ There are two different Abul families of different 'Ajam origins – one is of Bahbahaniya (Abul al-'Abdurrahim), another one is of Tarakma (Abul al-Sadeq). Although both of them are old and prominent in business, here I am talking about the latter, which has recently acquired a ministerial position (Kuwait History, 2016).

Al-Bahar



Hamad Ahmad al-Bahar (1) – participated in 1967 elections; board member of Kuwait Insurance Company.

'Abdul'aziz Ahmad al-Bahar (2) – participated in 1963 elections; one of the founders of the Commercial Bank of Kuwait, National Industries, Kuwait Insurance Company, 'Abdul'aziz al-Bahar and Brothers Company (general trade and real estate investment).

'Ali 'Abdurrahman al-Bahar (3) – elected in 1958; participated in 1963 elections.

'Abdurrahman Mohammad al-Bahar (4) – established al-Bahar Group, NBK.

Mohammad 'Abdurrahman al-Bahar (5) – participated in 1958 election, continued his father's business of al-Bahar Group; NBK chairman; he is a brother through mother of 'Abdullatif al-Thuwaini.

Jasim Mohammad al-Bahar (6) – was a board member of International Financial Advisors Company.

'Ali Hamad al-Bahar (7) – board member of Kuwait Insurance Company.

'Adnan 'Abdul'aziz al-Bahar (8) – International Investor Company.

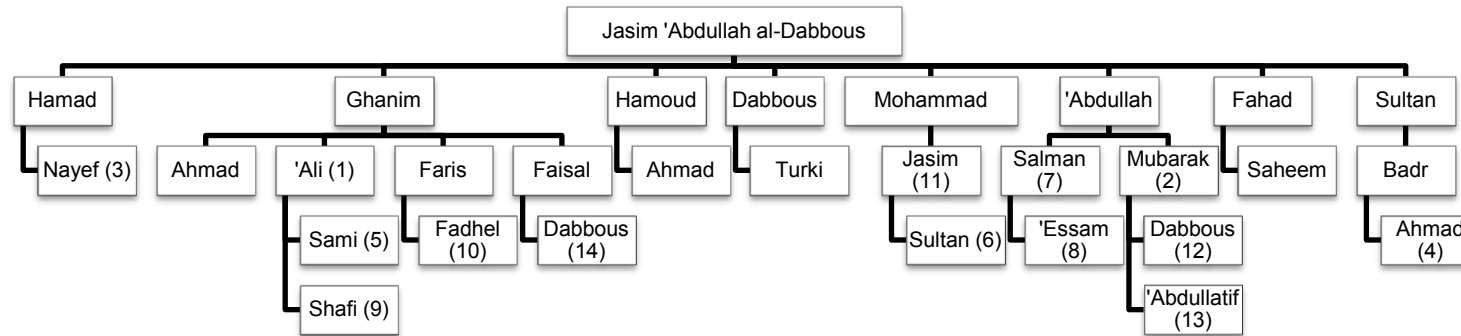
'Essam Mohammad al-Bahar (9) – KCCI board member; al-Ahlia Insurance Company board member; Kuwait Real Estate Company; chairman of Mohammad 'Abdurrahman al-Bahar Company (al-Bahar Group); KFAED board member; Kuwait Ports Authority board.

'Emad Mohammad al-Bahar (10) – Mohammad 'Abdurrahman al-Bahar Company general manager.

Hamad Mohammad al-Bahar (11) – NBK board; Al Bahar Construction Company founder.

'Abdussalam Mohammad al-Bahar (12) – United Industries Company (part of KIPCO) board; Burgan Bank board.

Fawziya Mohammad al-Bahar (13) – Municipal Council member in 2005.



'Ali Ghanim al-Dabbous (1) – elected in 1963, participated in elections in 1967, 1971.

Mubarak Abdullah al-Dabbous (2) – elected in 1963, 1967, 1981, participated in elections in 1971, 1975, 1985, 1992.

Nayef Hamad al-Dabbous (3) – member of Constituent Assembly 1962, elected in 1963, participated in elections in 1967.

Ahmad Badr al-Dabbous (4) – participated in elections in 1999.

Sami 'Ali al-Dabbous (5) – participated in elections in 1992.

Sultan Jasim Mohammad al-Dabbous (6) – participated in elections in 2013.

²⁴⁸ In the pre-oil times al-Dabbous were amirs of Fahahil area in Kuwait (Jasim 'Abdullah al-Dabbous and his son 'Abdullah Jasim al-Dabbous). When the family settled in Kuwait, it intermarried with al-Dabbous family of al-Binali (from Bani Salim tribe), and thus acquired the family name. The latter was one of the oldest families in Kuwait and intermarried with Al Sabah, but did not become prominent in business or politics (Kuwait History, 2016).

Salman 'Abdullah al-Dabbous (7) – participated in elections in 1975.

'Essam Salman al-Dabbous (8) – elected in 2003, 2008, December 2012, participated in elections in 2006; head of Fahahil FC; Independent deputy and has close ties to the royal family.

Shafi 'Ali al-Dabbous (9) – participated in parliament elections in 1996.

Fadhel Faris al-Dabbous (10) – participated in parliament elections in 2009, December 2012, 2013.

Jasim Mohammad al-Dabbous (11) – Credit Bank founder.

Dabbous Mubarak al-Dabbous (12) – Boubyan Petrochemical Company chairman.

'Abdullatif Mubarak al-Dabbous (13) – Boubyan International Industries Holding Company director.

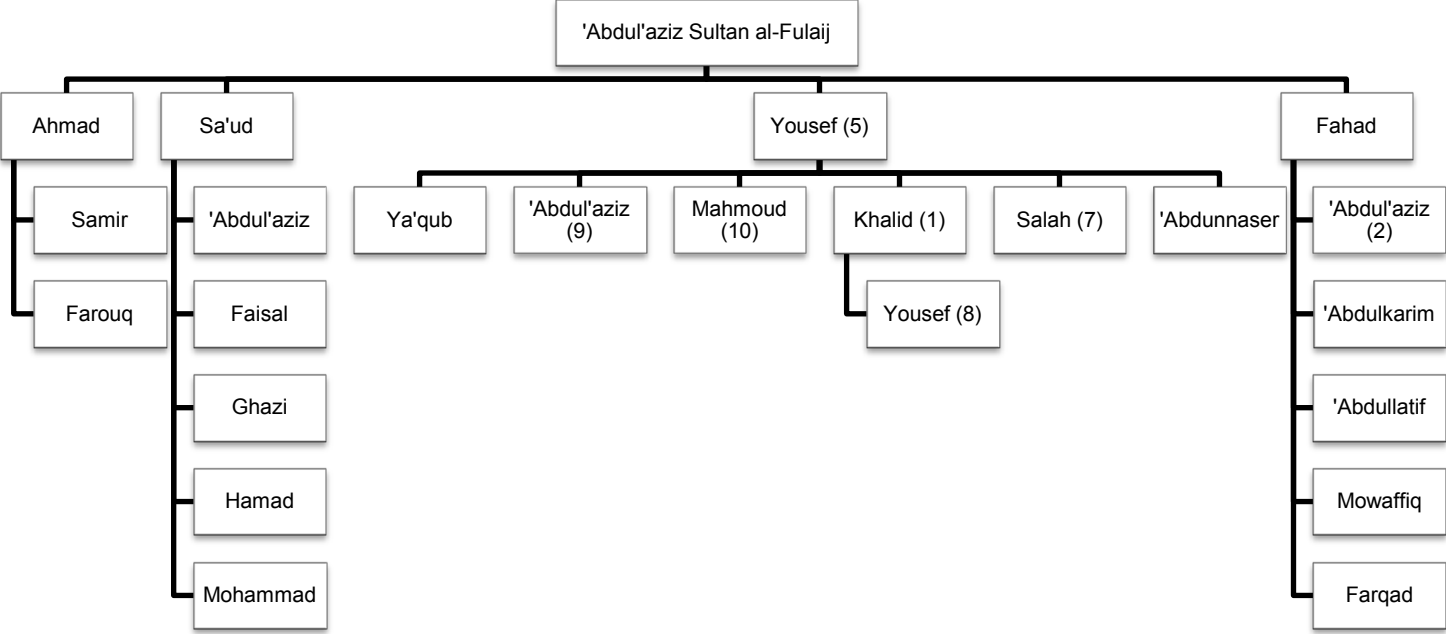
Dabbous Faisal al-Dabbous (14) – director general of Faisal Ghanim al-Dabbous Company; executive director of the Real Estate of Ghanim al-Dabbous's Sons Company; member of KCCI board.

Fayez Asbal Duaij al-Dabbous (15) – participated in parliament elections in 2009.

Faisal Saud Fayez al-Dabbous (16) – participated in parliament elections in 1990.

Waleed al-Dabbous – Deputy Honorary Treasurer KCCI; chairman of International Dabbous Company; Former Chairman of Gulf Arbitration Centre.

al-Fulaij



Khalid Yousef al-Fulaij (1) – Khalid Yousef al-Fulaij Group founder; former chairman of KOC; participated in parliament elections in 1963; member of al-Diwan al-Amiri.

'Abdul'aziz Fahad al-Fulaij (2) – participated in parliament elections in 1967, 1975; owner of the first newspaper published in Kuwait – Akhbar al-Kuwait.

'Abdul'aziz Ibrahim al-Fulaij (3) – participated in parliament elections in 1963, 1967 (was elected), 1992; Minister of Public Health in 1965, 1967.

'Abdulmohsen Sa'ad al-Fulaij (4) – participated in parliament elections in 1975.

Yousef 'Abdul'aziz al-Fulaij (5) – elected to Majlis Baladi 1952 and in 1958; one of NBK founders.

Ya'qub Yousef al-Fulaij (6) – NBK board member; al-Fulaij United Group founder.

Salah Yousef al-Fulaij (7) – former NBK board member.

Yousef Khalid al-Fulaij (8) – Khalid Yousef al-Fulaij Group managing director, KOC board membership.

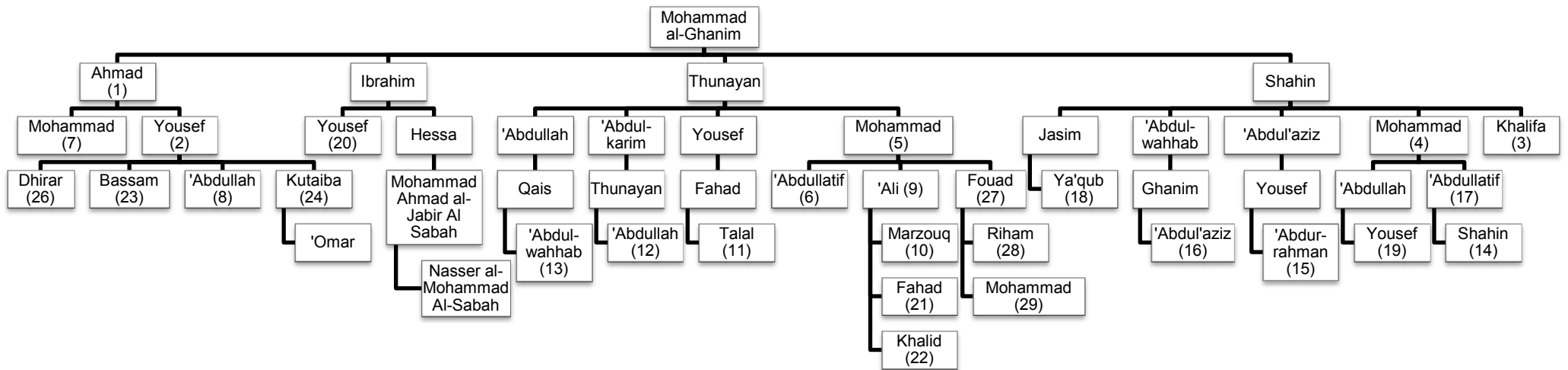
'Abdul'aziz Yousef al-Fulaij (9) - founder and chairman of 'Abdul'aziz al-Fulaij and Ahmad Mashhour Engineering for Consultancy.

Mahmoud Yousef al-Fulaij (10) – Boubyan Bank board member.

Salah Khalid al-Fulaij – National Industries Company (NIC) and Gulf Bank board member.

Azzam 'Abdul'aziz Ibrahim al-Fulaij – Heavy Engineering Industries & Shipbuilding Company, Mabane, Gulf Finance House board member

al-Ghanim



Ahmad al-Ghanim (1) – successful pearl merchant and shipyard owner (Rush, 1987: 245). After World War I he was suggested by the ruler as a local agent for Anglo-Persian Oil Company (Crystal, 1995: 77; Field, 1984: 124; Carter, 1984: 42).

Yousef Ahmad al-Ghanim (2) – succeeded his father as the agent for Anglo-Persian Oil Company; participated in negotiations about oil concessions and became the company's largest supplier of gravel (Field; 1984: 124); established Alghanim Industries Company.

Khalifa Shahin al-Ghanim (3) – participated in 1921 merchant opposition movement.

Mohammad Shahin al-Ghanim (4) – member of 1938 Assembly.

Mohammad Thunayan al-Ghanim (5) – member of 1938 Assembly.

'Abdullatif Mohammad Thunayan al-Ghanim (6) – member of 1938 Assembly; was elected in 1958, 1962 (Constituent Assembly) (Speaker), participated in parliament elections in 1963; Minister of Public Works and Public Health in 1964.

Mohammad Ahmad al-Ghanim (7) – member of 1938 Assembly; Minister of Justice in 1963 Cabinet, later became Kuwait's Ambassador to Lebanon.

'Abdullah Yousef al-Ghanim (8) – Minister of Electricity and Water in 1971, 1975, 1976, 1978.

'Ali Mohammad Thunayan al-Ghanim (9) – KCCI chairman, chairman of Ali al-Ghanim & Sons Company; participated in parliament elections and was elected in 1971, further participated in parliament elections in 1975, 1992.

Marzouq 'Ali al-Ghanim (10) – Ali al-Ghanim & Sons Company vice chairman, Egypt Kuwait Holding, Boubyan Petrochemical Company; participated in parliament elections and was elected in 2006, 2008, 2009, February 2012, 2013 (Speaker).

Talal Fahad al-Ghanim (11) – participated in parliament elections in 2008.

'Abdullah Thunayan al-Ghanim (12) – participated in parliament elections in 1990 (al-Majlis al-Watani).

'Abdulwahhab Qais al-Ghanim (13) – participated in parliament elections in December 2012.

Shahin Abdullateef al-Ghanim (14) – participated in parliament elections in 1990 (al-Majlis al-Watani).

'Abdurrahman Yousef al-Ghanim (15) – participated in parliament elections in December 2012.

'Abdul'aziz Ghanim al-Ghanim (16) – Minister of Education and Higher Education in 1998.

'Abdullateef Muhammad al-Ghanim (17) – participated in parliament elections in 1963, 1967.

Ya'qub Jasim al-Ghanim (18) – participated in parliament elections in 1963.

Yousef 'Abdullah al-Ghanim (19) – was elected in 1981, participated in Parliament elections in 1985, 1992.

Yousef Ibrahim al-Ghanem (20) – participated in parliament elections in 1958 Majlis, 1967; was vice chairman of KCCI.

Fahad 'Ali al-Ghanim (21) – Ali al-Ghanim & Sons Company director.

Khalid 'Ali al-Ghanim (22) – Ali al-Ghanim & Sons Companies managing director.

Bassam Yousef al-Ghanim (23) – Yousef Ahmad al-Ghanim and Sons and Alghanim Industries, Egypt Kuwait Holding.

Kutaiba Yousef al-Ghanim (24) – Yousef Ahmad al-Ghanim and Sons and Alghanim Industries.

'Omar Kutaiba al-Ghanim (25) – CEO Alghanim Industries and chairman of Gulf Bank.

Dhirar Yousef al-Ghanim (26) – CEO Alghanim Industries and chairman of Gulf Bank, KCCI board, al-Ghanim International (part of Fouad Alghanim and Sons), chairman of the Kuwait Financial Centre (Markaz), Head of the Investment Companies Union of Kuwait, Independent Petroleum Group.

Fouad Mohammad al-Ghanim (27) – Fouad Alghanim & Sons Group chairman.

Riham Fouad al-Ghanim (28) – Fouad Alghanim & Sons Group, vice chairwoman of Kuwait Finance and Investment Company.

Mohammad Fouad al-Ghanim (29) – Fouad Alghanim & Sons Group vice chairman.

al-Ghunaim²⁴⁹

Khalid Saleh al-Ghunaim (1) – elected in 1963, 1967, 1971 (Speaker), 1975 (Speaker). His children:

'Abdurrahman Khalid al-Ghunaim (2) – participated in elections in 1981, elected in 1985; Minister for Municipality Affairs 1986, Communications in May 2008.

'Abdulghani Khalid al-Ghunaim – established and is chairing al-Ghunaim Trading Company.

Sulaiman Khalid al-Ghunaim – board member of al-Ghunaim Trading Company; vice chairman of Kuwait Insurance Company and Kuwait Cement Company.

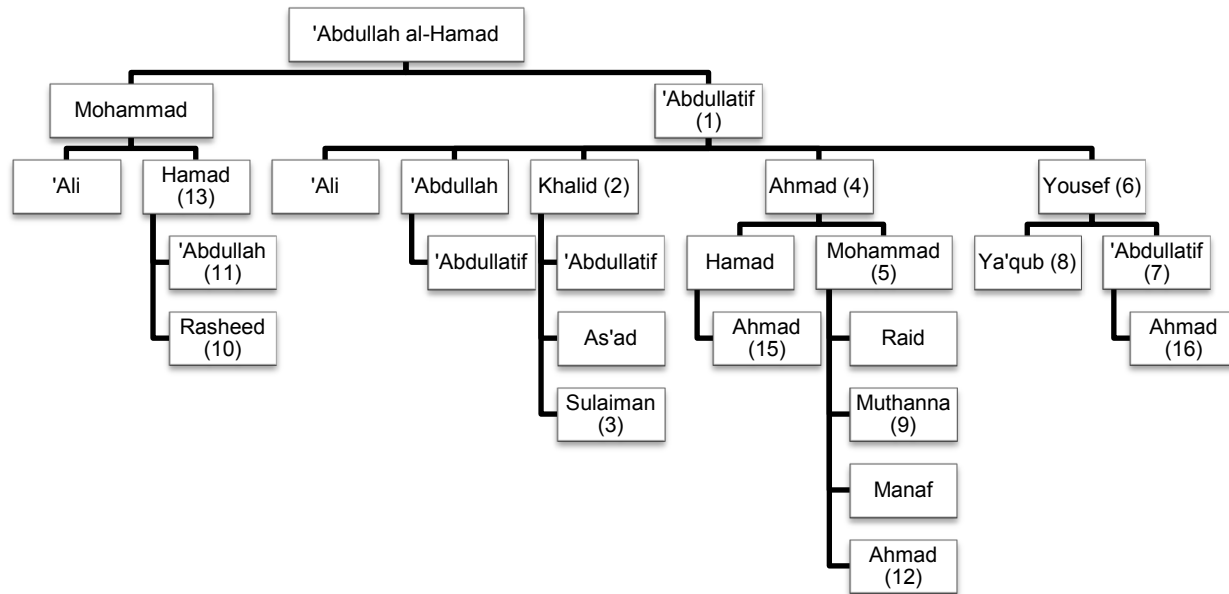
Sabah Khalid al-Ghunaim – board member of al-Ghunaim Trading Company; board member of Gulf Cable and Electrical Industries Company.

Maha Khalid al-Ghunaim – chairwoman of Global Investment Company; board member of National Industries Company.

Rasha Khalid al-Ghunaim – board member of Future Kid Entertainment and Real Estate.

²⁴⁹ There is another al-Ghunaim family, which is also old and prominent in Kuwait, and its members have occupied multiple ministerial positions. However this family is relative to al-Ghanim and originates from 'Anaza tribe, and therefore there is no relative connection with al-Ghunaim business family in question.

al-Hamad



'Abdullatif al-Hamad (1) – merchant, started trading activity in the 19th century.

Khalid 'Abdullatif al-Hamad (2) – NBK, Kuwait Airways, Kuwait Oil Tankers Company; 1938 Majlis member.

Sulaiman Khalid al-Hamad (3) – owns a contracting company.

Ahmad 'Abdullatif al-Hamad (4) – worked as a secretary for al-Saqr in pre-oil period.

Mohammad Ahmad al-Hamad (5) – Minister of Justice 1971-1975.

'Abdullatif Yousef al-Hamad (7) – Minister of Finance and Planning in Kuwait 1981-1983; KFAED head, board member of KIA.

Ya'qub Yousef al-Hamad (8) – NBK head 1965-1979; participated in parliament elections in 1958.

Muthanna Mohammad al-Hamad (9) – NBK board member.

Rasheed Hamad al-Hamad (10) – Minister of Education and Higher Education 2003.

'Abdullah Hamad al-Hamad (11) – undersecretary in Ministry of Commerce.

Ahmad Mohammad al-Hamad (12) – participated in parliament elections in 2013.

Hamad Mohammad al-Hamad (13) – one of Commercial Bank of Kuwait founders.

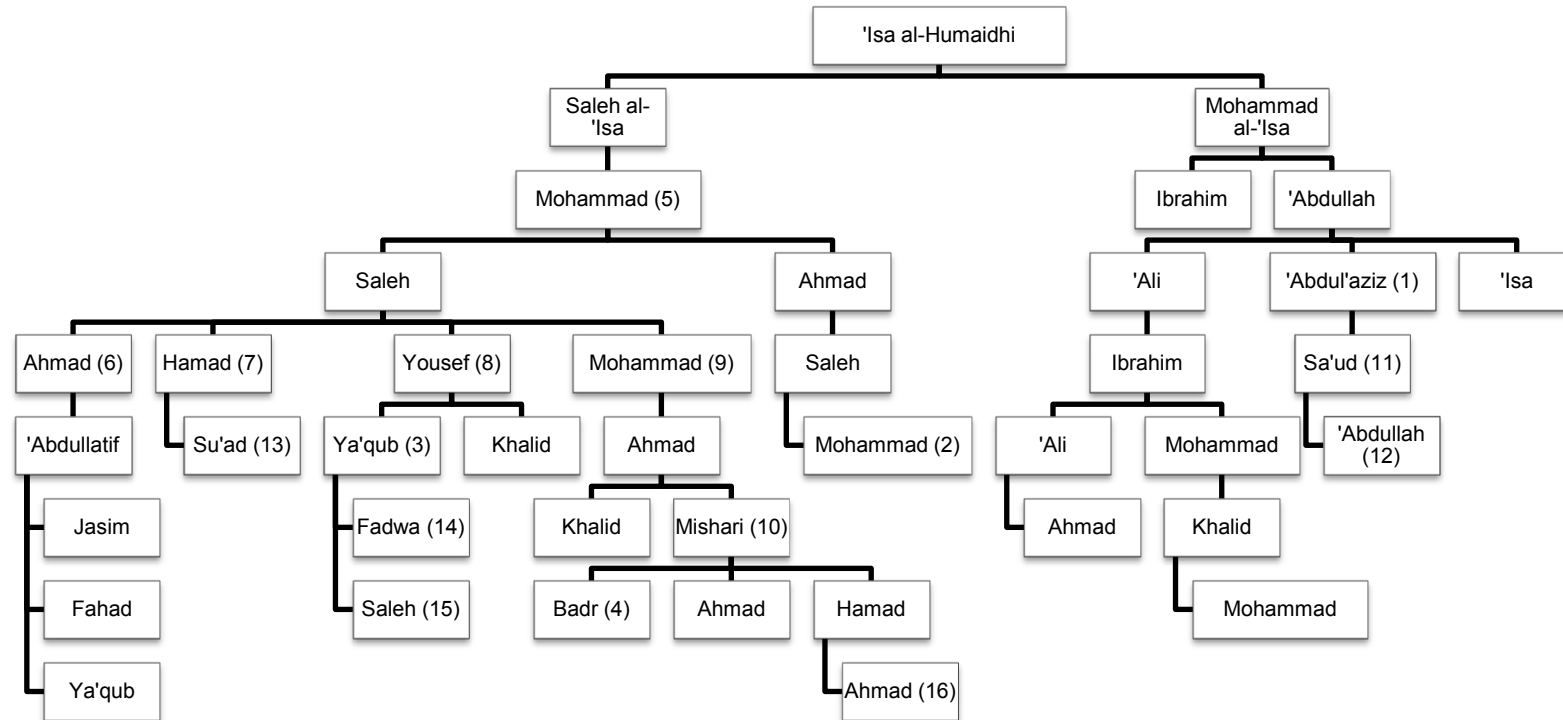
'Abdul'aziz Muhammad Musaed al-Hamad (14) – participated in 1967 elections (not represented in the family tree, extended relative).

Ahmad Hamad al-Hamad (15) – Burgan bank, KIPCO board member.

Ahmad 'Abdullatif al-Hamad (16) – Gulf Bank board.

Waleed Mishari al-Hamad – Boubyan Bank bank.

al-Humaidhi



'Abdul'aziz 'Abdullah al-Humaidhi (1) – participated in 1963 elections; member of Municipality council 1936.

Mohammad Saleh al-Humaidhi (2) – participated in 1963 elections.

Ya'qub Yousef al-Humaidhi (3) – member of Constituent Assembly 1962; elected in 1963 with MAN, but left the Parliament in 1965; Committee for revision of Constitution 1980; board member in KIA (1986); Public Authority for Agriculture and Fishery Affairs; KCCI; Al-Homaizi Group founder and chairman.

Badr Mishari al-Humaidhi (4) – KFAED director and honorary director since 1986; Arab Institute of Planning board member; World Bank Kuwait representative; board member in several investment companies; Minister of Finance in 2003, 2006, 2007, Oil in 2007.

Mohammad Saleh al-Humaidhi (5) and his sons were merchants (food products), book-keepers (secretaries) of the Sheikhs.

Ahmad Saleh al-Humaidhi (6) – members in 1921, 1938 councils, Municipality council 1946.

Hamad Saleh al-Humaidhi (7) – Municipality council 1940, 1942, 1946; one of Kuwait Airways founders; member in pre-parliament councils; partner with Nasser Sabah Nasser al-Sabah in Nasseriya Company until its closure in 1960s.

Yousef Saleh al-Humaidhi (8) – member of 1938 Majlis, Municipality councils in 1930s, pre-parliament councils in 1940-1960s.

Mohammad Saleh al-Humaidhi (9) – member of Citizenship Committee 1963, Municipality council in 1964, 1966.

Mishari Ahmad al-Humaidhi (10) – head of Qibla (1965-1968) and 'Adeliya (1970-1996) districts.

Sa'ud 'Abdul'aziz al-Humaidhi (11) – worked for the ministry of Foreign Affairs 1968 (Embassador to Tunisia, Bangladesh, Bulgaria).

'Abdullah Sa'ud al-Humaidhi (12) – KPC; KIA board member 1997; honorary treasurer of KCCI.

Su'ad Hamad al-Humaidhi (13) – board member of Lebanese Bank Oudi (Sradar), Commercial Bank of Kuwait, al-Ahli Bank, chairwoman of Hamad al-Saleh al-Humaidhi Company for trade and contracting, Grandsons of Hamad al-Humaidhi for trade and contracting, Abraz company for trade and contracting; founding member of Commercial Real Estate Company, United Real Estate company, al-Salehiya Company for Real Estate; member of the Property Owners Union in Kuwait; owns stakes in several banks in Kuwait including NBK and also owns a hotel and residential tower in Beirut.

Fadwa Ya'qub al-Humaidhi (14) – co-vice chairperson of al-Homaizi Group and the co-founder and chairperson of Kout Food Group.

Saleh Ya'qub al-Humaidhi (15) – co-vice chairman of al-Homaizi Group; agent of IKEA (Kuwait); vice chairman of Kout Food Group and chairman of Kuwait Finance Investment Company.

Ahmad Hamad al-Humaidhi (16) – Kout Food Group.

al-Kadhemi

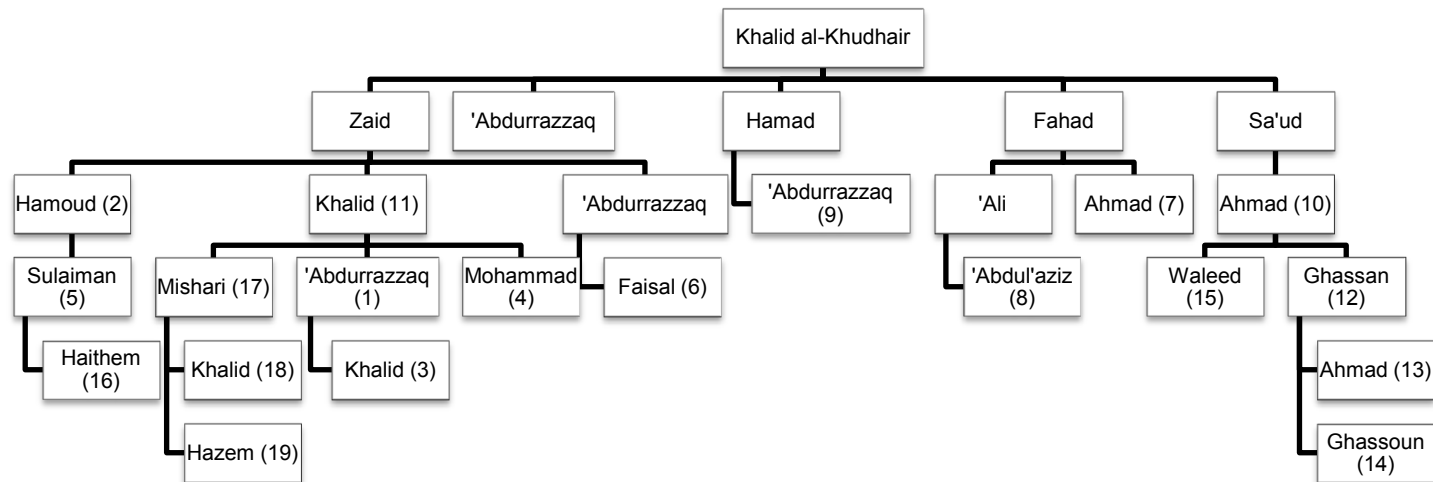
Brothers:

Zaid 'Abdulhussain Hasan al-Kadhemi (1) – established al-Bishr & al-Kazemi Group (agent of Mercedes), MP in 1963, 1967.

'Abdullatif 'Abdulhussain al-Kadhemi (2) – established Al Kazemi Group of Companies (one of the first contractors to KOC); participated in parliament elections in 1963, 1967 (elected), 1971 (elected); member of Municipality council.

'Abdulmuttalib 'Abdulhussain al-Kadhemi (3) – participated in parliament elections in 1971 (elected), 1975 (elected), 1981; Minister of Oil 1975, 1976; member of Municipality council.

al-Khalid



'Abdurrazzaq Khalid al-Khalid (1) – elected in 1958, 1963, 1967 with MAN.

Hamoud Zaid al-Khalid (2) – elected in 1958, 1962, participated in 1963 elections; Minister of Awqaf 1962, 1963; head of Audit Bureau 1964-1965.

Khalid 'Abdurrazzaq al-Khalid (3) – participated in 2008 elections with National Democratic Alliance.

Mohammad Khalid al-Khalid (4) – participated in 1963 elections.

Sulaiman Hamoud al-Khalid (5) – Minister of Communication 1975, 1976, 1978 with Public Works from 1981, one of the founders of al-Qadsiya FC.

Faisal 'Abdurrazzaq al-Khalid (6) – Minister of Commerce and Industry 1986, 1988.

Ahmad Fahad al-Khalid (7) – member of 1921 council.

'Abdul'aziz 'Ali al-Khalid (8) – elected in 1963.

'Abdurrazzaq Hamad al-Khalid (9) – participated in 1958 elections.

Ahmad Sa'ud al-Khalid (10) – participated in 1958 elections; one of the founders of NBK, Kuwait Airways.

Khalid Zaid al-Khalid (11) – one of the founders of NBK, Kuwait Airways.

Ghassan Ahmad al-Khalid (12) – NBK board; ACICO Industries Company vice chairman and CEO.

Ahmad Ghassan al-Khaled (13) – ACICO Industries Company board.

Ghassoun Ghassan al-Khaled (14) – ACICO Industries Company board.

Waleed Ahmad al-Khaled (15) – ACICO Industries Company board.

Haithem Sulaiman al-Khaled (16) – NBK board.

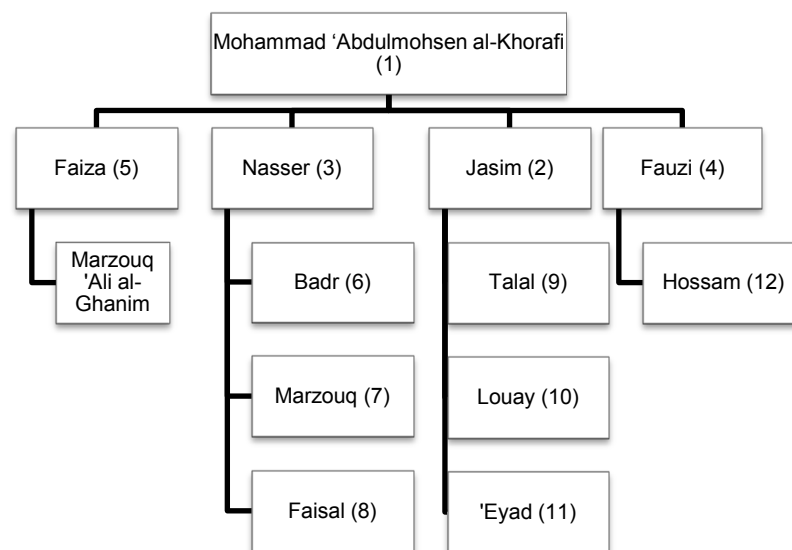
Mishari Khalid al-Khalid (17) – founder of al-Khalid group of companies.

Khalid Mishari al-Khalid (18) – al-Khalid group of companies; vice chairman of al-Loloah Food Company; KCCI board; board member of Aluminium Producers

Union of Kuwait; member of founding committee of Air Conditioners Contractors.

Hazem Mishari al-Khalid (19) – CEO of al-Khalid group of companies.

al-Khorafi



Mohammad 'Abdulmohsen al-Khorafi (1) – participated and was elected in 1958 Assembly; participated in parliament elections in 1963; won elections in 1967 but refused the post; was among the founders of KCCI, as well as al-Qabas newspaper and NBK; established M.A. Kharafi & Sons Company (Al-Kharafi Group/MAK Group) in 1956.

Jasim Mohammad al-Khorafi (2) – M.A. Kharafi & Sons board; was elected as a member of parliament in 1975, 1981, 1985, 1996, 1999, 2003, 2006, 2008, 2009, in 1999-2009 was Speaker of parliament; 1985, 1986, 1988 – Minister of Finance.

Nasser Mohammad al-Khorafi (3) – was head of M.A. Kharafi & Sons Company (Al-Kharafi Group/MAK Group).

Fauzi Mohammad al-Khorafi (4) – in M.A. Kharafi & Sons Company board.

Faiza Mohammad al-Khorafi (5) – was a rector of Kuwait University in 1993-2002, and in 2002 became a member of Kuwait's Supreme Council for Planning and Development. She is married to a Kuwaiti businessman from al-Ghanim merchant family – 'Ali Thunayan al-Ghanim.

Badr Nasser al-Khorafi (6) – M.A. Kharafi & Sons chairman; member of Zain and Gulf Bank boards; Gulf Cable & Electrical Industries Co. chairman (part of family business); Al Khair National for Stocks and Real Estate Company general manager; member of Refreshment Trading Company (Coca-Cola) board (in Kuwait and Iraq).

Marzouq Nasser al-Khorafi (7) – M.A. Kharafi & Sons vice chairman; Americana group chairman.

Faisal Nasser al-Khorafi (8) – Americana group board.

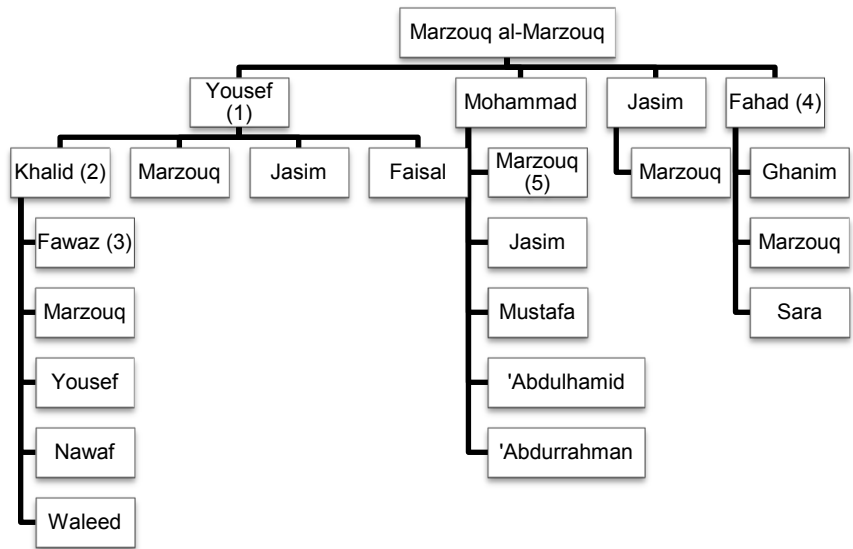
Talal Jasim al-Khorafi (9) – member of KCCI board.

Louay Jasim al-Khorafi (10) – on NBK board, Egypt Kuwait Holding.

'Eyad Jasim al-Khorafi (11) – Boubyan International Industries Holding Company.

Hossam Fauzi al-Khorafi (12) – National Industries Group Holding.

al-Marzouq



Yousef Marzouq al-Marzouq (1) – member of 1938 Assembly.

Khalid Yousef al-Marzouq (2) – one of the founders of the Commercial Bank of Kuwait, Kuwait Real Estate Bank, the first real estate company in Kuwait (Kuwait Real Estate Company), Kuwait Financial Group Company, Khalid Yousef al-Marzouq and Sons Group of Companies, al-Anbaa' newspaper, KCCI.

Fawaz Khalid al-Marzouq (3) – chairman of Khalid Yousef al-Marzouq and Sons Group Of Companies

Fahad Marzouq al-Marzouq (4) – participated in parliament elections in 1958.

Marzouq Mohammad al-Marzouq (5) – Minister of Post 1962.

Marzouq Yousef al-Marzouq (6) – Souq al-Salmiyah Real Estate Company chairman.

Extended relatives (not represented in the family tree):

Mohammad Daoud al-Marzouq – member of 1938 Assembly.

Salim Khalid Daoud al-Marzouq (7) – elected in 1971, 1975.

Jasim Khalid Daoud al-Marzouq (8) – Minister of Justice and Education in 1971, Education in 1975, 1976, 1978, Commerce and Industry in 1981.

'Abdulwahhab Daoud al-Marzouq – Municipality council member in 1966.

al-Mudhaf

Ibrahim al-Mudhaf – member of 1921 council.

Khalid Ahmad Jasim al-Mudhaf (1) – elected to 1963 Assembly; participated in the elections 1967, 1975, 1981, 1985; Minister of Social Affairs and Labour 1967; al-Arabi FC secretary/head 1961-1967.

Badr 'Abdullah Jasim al-Mudhaf (2) – participated in elections 1963, 1967, 1971 (elected), 1975, 1981 (elected).

Khalid Yousef Ahmad al-Mudhaf (3) – participated in elections 1985; former KOTC general director.

Jasim 'Abdullah Jasim al-Mudhaf (4) – elected to 1996 Assembly, participated in 1992, 1999 elections; Minister of Commerce and Industry 1996.

Salah Mudhaf al-Mudhaf (5) – participated in 2003 elections.

Sami Fahad al-Mudhaf (6) – participated in 2013 elections.

Radhi Badr al-Mudhaf (7) – participated in December 2012 elections.

Fawzi Ali al-Mudhaf (8) – participated in 1990 elections.

Mudhaf Salim al-Mudhaf (9) – participated in 1971.

Muhalhal Mohammad Jasim al-Mudhaf – ambassador to Pakiastan, the UN, Morocco, Greece.

Salem Jasim Ibrahim al-Mudhaf – Minister of Planning 1978.

Hamoud Fahad al-Mudhaf – director of the Authority for Applied Education, 1994.

Mudhaf 'Abdullah Jasim al-Mudhaf – director of National Industries Company (head of cement production).

'Ali Fahad al-Mudhaf – former head of PAI.

Nasser Badr al-Mudhaf – former director of KPC.

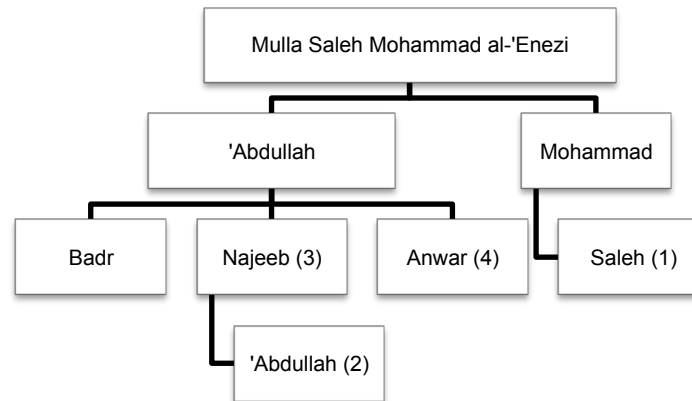
Hamoud al-Mudhaf – participated in 1958 elections (pre-parliament).

Ashwaq 'Ali al-Mudhaf – engineering consultants business.

Waleed Mohammad Ibrahim al-Mudhaf – chairman and managing director al-Muthanna Takaful Insurance Company.

Mishari al-Mudhaf – engineering business.

al-Mulla



Mullah Saleh Mohammad al-'Enezi – secretary of Amir 1904-1941.

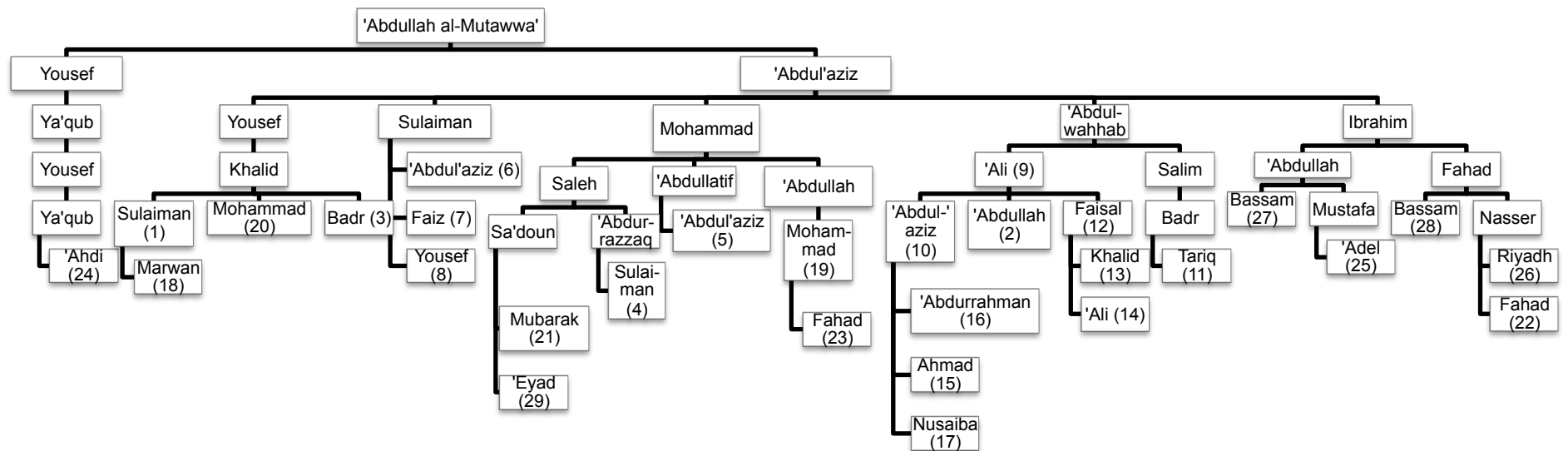
Saleh Mohammad al-Mulla (1) – participated in parliament elections in 2008 (elected), 2009 (elected), February 2012.

'Abdullah Najeeb al-Mulla (2) – participated in parliament elections in February 2012; KCCI board member (member of KCCI Committee for Projects and Housing); secretary of Kuwait Union of Automobile Agents; board member of National Insurance Company; vice chairman of al-Mulla International for Finance and Investment; chairman of al-Mulla Banking.

Najeeb 'Abdullah al-Mulla (3) – honorary consul of Norway in Kuwait; Al Mulla Group board member.

Anwar 'Abdullah al-Mulla (4) – chairman, CEO of Al Mulla Group.

al-Mutawwa'



Sulaiman Khalid al-Mutawwa' (1) – participated in parliament elections in 1963 (elected with MAN), 1967, 1971, 1975.

'Abdullah 'Ali al-Mutawwa' (2) – participated in parliament elections in 1963; one of the founders of Muslim Brotherhood group in Kuwait.

Badr Khalid al-Mutawwa (3) – participated in parliament elections in 1975.

Sulaiman 'Abdurrazzaq al-Mutawwa (4) – Minister of Planning 1990.

'Abdul'aziz 'Abdullatif al-Mutawwa' (5) – participated in parliament elections in 1985 (elected with MB), 1992, 1996 (elected), 1999 (elected), 2003, 2006.

'Abdul'aziz Sulaiman al-Mutawwa' (6) – participated in parliament elections in 1981, 1985, 1992.

Faiz Sulaiman al-Mutawwa' (7) – participated in parliament elections in 2003.

Yousef Sulaiman al-Mutawwa' (8) – participated in parliament elections in 2006.

'Ali 'Abdulwahhab al-Mutawwa' (9) – member of 1938 majlis.

'Abdul'aziz 'Ali al-Mutawwa' (10) – one of the founders of Muslim Brotherhood group in Kuwait; established 'Abdul'aziz 'Ali al-Mutawwa' Group of Companies.

Tariq Badr al-Mutawwa' (11) – director of Tariq Badr Salim al-Mutawwa' Company for general trade and contracting; board member of KCCI, PAI, Partnership for Local Suppliers and Contractors of KNPC.

Faisal 'Ali al-Mutawwa' (12) – 'Ali 'Abdulwahhab and Sons Company board member; chairman of Bayan Investment Company.

Khalid Faisal al-Mutawwa' (13) – board member of Gulf Bank.

'Ali Faisal al-Mutawwa' (14) – board member of Bayan Investment Company.

Ahmad 'Abdul'aziz al-Mutawwa' (15) – chairman of 'Abdul'aziz 'Ali al-Mutawwa' Group of Companies.

'Abdurrahman 'Abdul'aziz al-Mutawwa' (16) – vice chairman of 'Abdul'aziz 'Ali al-Mutawwa' Group of Companies.

Nusaiba 'Abdul'aziz al-Mutawwa' (17) – board member of 'Abdul'aziz 'Ali al-Mutawwa' Group of Companies.

Marwan Sulaiman al-Mutawwa' (18) – participated in parliament elections in 1999.

Mohammad 'Abdullah al-Mutawwa' (19) – participated in parliament elections in 1990, 1992.

Mohammad Khalid al-Mutawwa' (20) – participated in parliament elections in 1967.

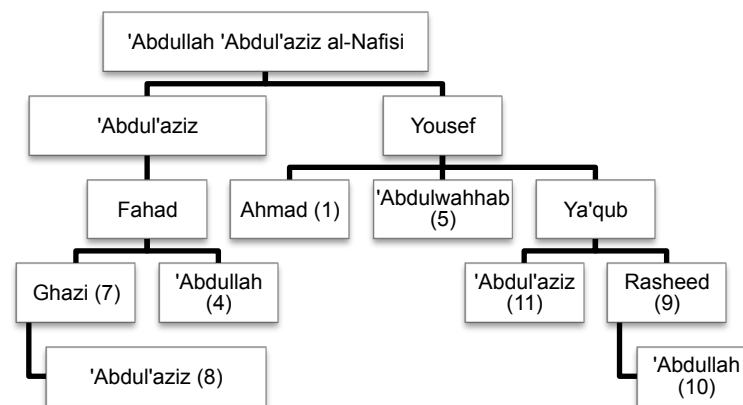
Mubarak Sa'doun al-Mutawwa' (21) – participated in parliament elections in 1992, 2013.

Fahad Nasser al-Mutawwa' (22) – participated in parliament elections in February 2012.
Fahad Mohammad al-Mutawwa' (23) – participated in parliament elections in February 2012.
'Ahdī Ya'qub al-Mutawwa' (24) – participated in parliament elections in 1999.
'Adel Mustafa al-Mutawwa' (25) – participated in parliament elections in December 2012.
Riyadh Nasser al-Mutawwa' (26) – participated in parliament elections in 2006.
Bassam 'Abdullah al-Mutawwa' (27) – participated in parliament elections in 1996.
Bassam Fahad al-Mutawwa' (28) – participated in parliament elections in 1990, 2003.
'Eyad Sa'doun al-Mutawwa' (29) – participated in parliament elections in February 2012.

Not represented in the family tree:

Salman al-Mutawwa' (30) – participated in parliament elections in 1981.
'Abdullah 'Ali Mohammad al-Mutawwa' (31) – participated in parliament elections in 2006.
Mohammad Mubarak Ahmad al-Mutawwa' (32) – participated in parliament elections in 1990.
Wali Yousef Ahmad al-Mutawwa' (33) – participated in parliament elections in 2013.

al-Nafisi



Ahmad Yousef al-Nafisi (1) – participated in parliament elections in 1971 (elected), 1975, 1981, 1985.

Saleh Mishari Saleh al-Nafisi (2) (not represented in the family tree) – participated in parliament elections in 1992, 1996.

'Abdullah Sa'ud 'Abdullah al-Nafisi (3) (not represented in the family tree) – participated in parliament elections in 1975.

'Abdullah Fahad al-Nafisi (4) – participated in parliament elections in 1985 (elected).

'Abdulwahhab Yousef al-Nafisi (5) – Minister of Commerce and Industry 1975, 1976, 1978.

Fahad 'Abdulmohsen al-Nafisi (6) (not represented in the family tree) – participated in parliament elections in 1963.

Ghazi Fahad al-Nafisi (7) – board member of Salhiya Real Estate Company, Independent Petroleum Group.

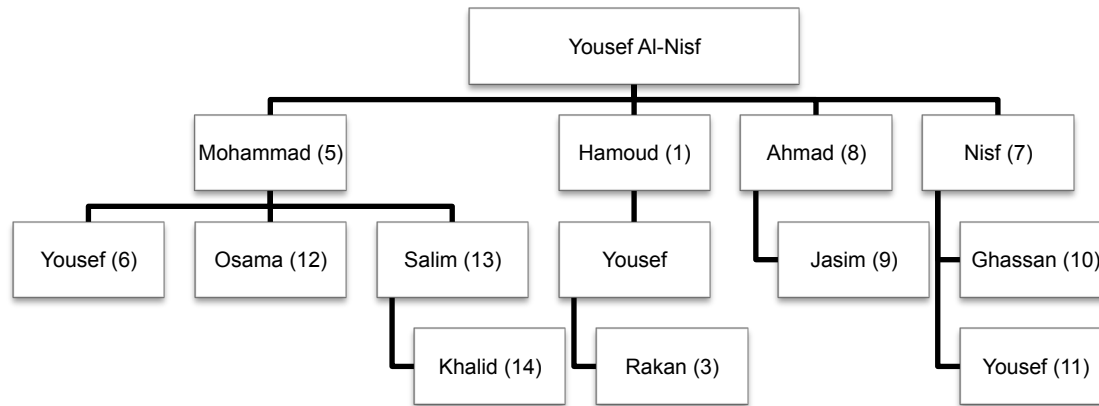
'Abdul'aziz Ghazi al-Nafisi (8) – board member of Salhiya Real Estate Company, Hayat Communication Company.

Rasheed Ya'qub al-Nafisi (9) – board member of Mazaya Company (investment and real estate).

'Abdullah Rashid al-Nafisi (10) – board member of First Dubai Real Estate Company.

'Abdul'aziz Ya'qub al-Nafisi (11) – board member of KFH, Zain.

al-Nisf



Hamoud Yousef al-Nisf (1) – elected to the 1963 Majlis and later participated in, but did not win the 1967 elections; Minister of Public Health in 1964; Minister of Public Works in 1971-1980.

Rakan Yousef al-Nisf (3) – elected in 2013.

Mohammad Yousef al-Nisf (5) – in 1958, 1959 and 1962 elected to the pre-parliament bodies; further appointed as Minister of Social Affairs and Labour in 1962; one of the founders of KCCI; founder of Mohammed Yousef al-Nisf & Partners Company.

Yousef Muhammad al-Nisf (6) – Minister of Social Affairs and Labour in 1985; Bin Nisf Group of companies.

Nisf Yousef al-Nisf (7) – member in the second Majlis in 1938, elected in 1958 and 1959.

Ahmad Yousef al-Nisf (8) – member of Municipality council.

Jasim Ahmad al-Nisf (9) – former al-Qabas head, member of Supreme Council of Planning; founder of Jassim A Yousef al-Nisf & Company;

Ghassan Nisf al-Nisf (10) – Kuwait Airways board membership.

Yousef Ghassan al-Nisf (11) – Civil Service department.

Osama Mohammad al-Nisf (12) – KCCI board, Bin Nisf Group of companies president.

Salim Mohammad al-Nisf (13) – Bin Nisf Group of companies; Salim Bin Mohammad al-Nisf Electrical Company.

Khalid Salim al-Nisf (14) – Bin Nisf Group of companies vice president.

Different branch:

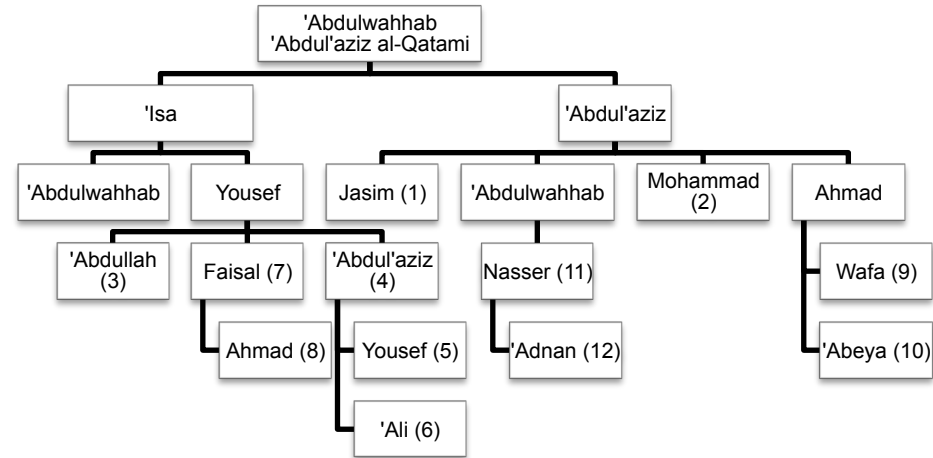
'Abdullatif Ibrahim al-Nisf – was part of the 1960 pre-parliament majlis and Sheikh 'Abdullah al-Salim's secretary.

Khalid 'Abdullatif al-Nisf (2) – participated in 1963 elections.

Sami 'Abdullatif al-Nisf (4) – Minister of Communication and Information in May 2011, advisor in al-Diwan al-Amiri.

Waleed 'Abdullatif al-Nisf – current head of al-Qabas; Ajjal Real Estate & Entertainment Company board member.

al-Qatami



Jasim 'Abdul'aziz al-Qatami (1) – participated in pre-parliament elections in 1958 and parliament elections in 1963 (elected), 1967, 1975 (elected), 1981, 1985 (elected), 1992.

Mohammad 'Abdul'aziz al-Qatami (2) – participated and killed in 1938 movement.

'Abdullah Yusef al-Qatami (3) – Minister of Public Works in 1991.

'Abdul'aziz Yusef al-Qatami (4) – chairman of Al-Qatami Company.

Yusef 'Abdul'aziz al-Qatami (5) – vice chairman of A-Qatami Company, KFAED.

'Ali 'Abdul'aziz al-Qatami (6) – board member of Al-Qatami Company.

Faisal Yusef al-Qatami (7) – founder of Al-Qatami Group.

Ahmad Faisal al-Qatami (8) – board member of Aqarat Real Estate Company.

Wafa Ahmad al-Qatami (9) – board member of International Financial Advisors Company; KCCI; KDIPA.

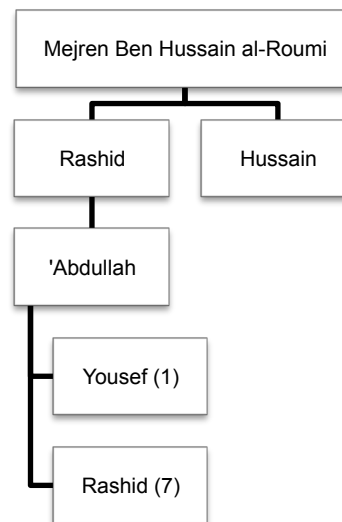
'Abeya Ahmad al-Qatami (10) – board member of IFA Hotels and Resorts Company.

Nasser 'Abdulwahhab al-Qatami (11) – KCCI board member formerly.

'Adnan Nasser al-Qatami (12) – board member of Kuwait Portland Cement Company.

al-Roumi

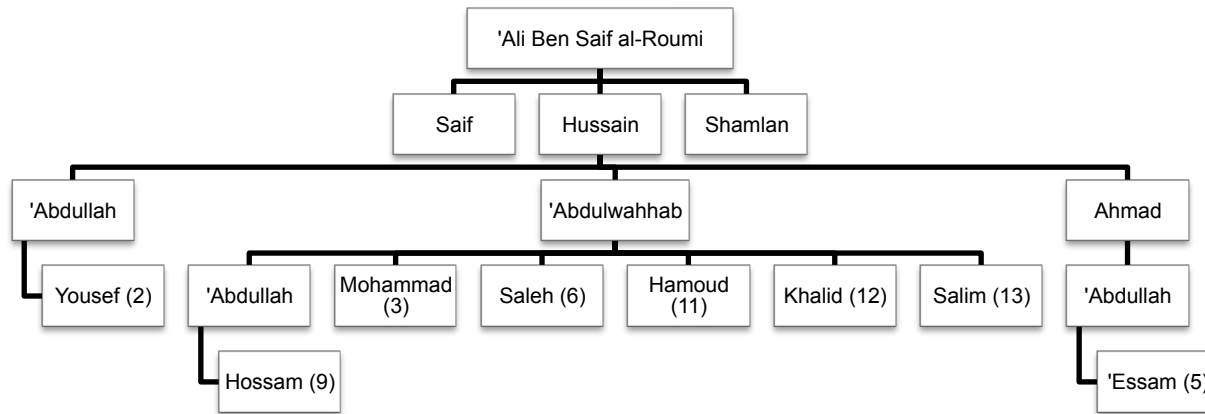
1. al-Mejren al-Roumi branch:



Yousef 'Abdullah al-Mejren al-Roumi (1) – participated in parliament elections in 1975.

Rashid 'Abdullah al-Mejren al-Roumi (7) participated in parliament elections in 1981.

2. al-Saif al-Roumi branch:



Yousef 'Abdullah al-Roumi (2) – participated in parliament elections in 1990 (al-Majlis al-Watani).

Mohammad 'Abdulwahhab al-Roumi (3) – participated in parliament elections in 1963, 1967; former municipality head in Salmiya area.

'Essam 'Abdullah al-Roumi (5) – participated in parliament elections in 2008.

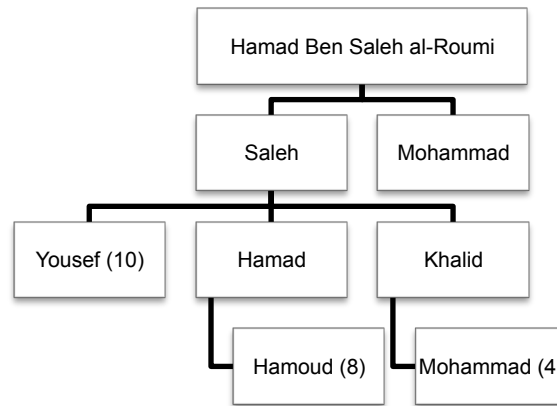
Saleh 'Abdulwahhab al-Roumi (6) – participated in parliament elections in 1963, 1967 (elected); was head of citizenship committee.

Hossam 'Abdullah al-Roumi (9) – participated in parliament elections in 1990 (elected), 1992.

Hamoud 'Abdulwahhab al-Roumi (11) – former advisor to the Amir.

Khalid 'Abdulwahhab al-Roumi (12) – former head of Rumaithiya district.

3. al-Hamad al-Roumi branch:



Mohammad Khalid al-Roumi (4) – participated in parliament elections in 1992.

Hamoud Hamad al-Roumi (8) – participated in parliament elections in 1981 (elected), 1985 with Muslim Brotherhood (elected), 1992 with MB.

Yousef Saleh al-Roumi (10) Participated in Parliament elections in 1971 (elected), 1975.

4. al-Bishr branch:

'Abdullah Yousef 'Abdurrahman Yousef al-Roumi (14) – participated in parliament elections and elected in 1985, 1992, 1996 (not elected), 1999, 2003, 2006, 2008, 2009, February 2012 (not elected), 2013 with National Democratic Alliance (not elected).

Khalifa Yousef 'Abdullah al-Roumi (15) – participated in parliament elections in 1963, 1967; former member of Ahli bank board.

Mohammad Yousef 'Abdurrahman al-Roumi (16) – participated in parliament elections in 1975, 1981; businessman.

'Abdullah Hamad 'Abdurrahman al-Roumi – former chairman of KPC, Kuwait Foreign Petroleum Exploration Company, KOTC.

5. Other branches:

Saqr Mohammad Roumi al-Roumi (17) – participated in parliament elections in 1975.

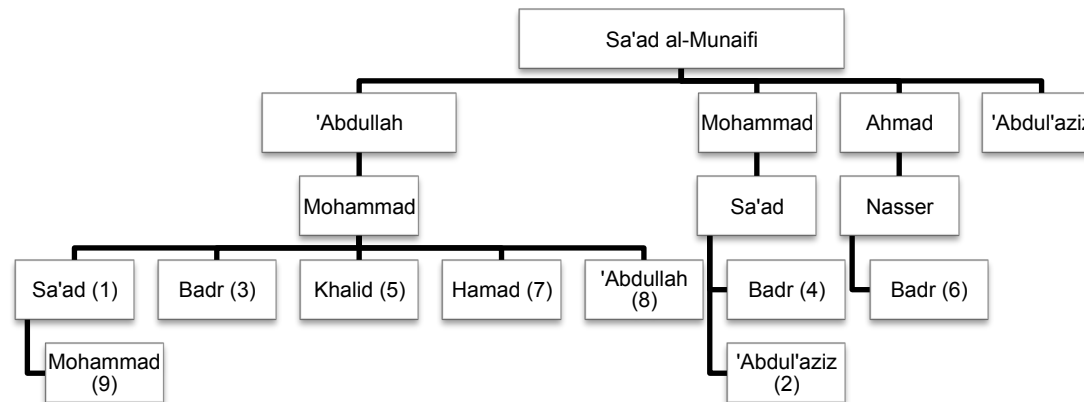
'Abdulwahhab 'Ali Farhan al-Roumi (18) – participated in parliament elections in 2009.

'Adel Mohammad al-Roumi – Kuwait Foreign Investment Bureau (KFIB); Partnership Technical Bureau (PTB).

'Ali 'Abdullah al-Shamlan – Minister of Education 1988-1992.

Rasha 'Abdulaziz al-Roumi – head of Kuwait Airways Company.

al-Sa'ad



Sa'ad Mohammad al-Sa'ad (1) – participated in parliament elections in 1981; board member in National Industries Company, Egypt Kuwait Holding Company; previously NBK, KNPC, Supreme Council for Planning and Development; one of the founders of Kuwait Accountants and Auditors Society.

'Abdul'aziz Sa'ad al-Sa'ad al-Munaifi (2) – participated in by-elections in 2014.

Badr Mohammad al-Sa'ad (3) – CEO of KIA; former board member in Kuwait Financial Centre (Markaz), KPC.

Badr Sa'ad al-Sa'ad (4) – member of Shuwaikh co-operative society; former board member in Gulf Investment House, Metal and Recycling Company.

Khalid Mohammad al-Sa'ad (5) – former secretary general of Kuwait University; secretary in Ministry of Higher Education.

Badr Nasser al-Sa'ad (6) – involved in tourism business; head of Union of Tourism and Travel Companies of Kuwait.

Hamad Mohammad al-Sa'ad (7) – board member of Amar Finance and Leasing Company.

'Abdullah Mohammad al-Sa'ad (8) – board member of Ahlea Insurance Company, Kuwait Cement Company, Americana Company.

Mohammad Sa'ad al-Sa'ad (9) – board member of Gulf Cable and Electrical Industries Company.

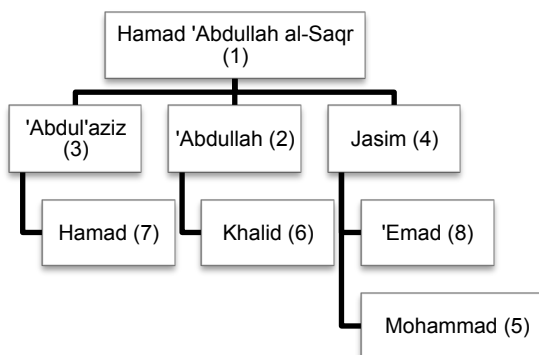
Not represented in the family tree:

Yousef Sa'ad al-Sa'ad – board member of Kuwait Reinsurance Company.

Khalid Ahmad al-Sa'ad – board member of Gulf Franchising Holding Company.

As'ad Ahmad al-Sa'ad – CEO of PIC, previously occupied top positions in KNPC, KPI, Kuwait Environment Authority, board membership of Kuwait Aviation Fueling Company.

al-Saqr



Hamad 'Abdullah al-Saqr (1) – head of 1921 council.

'Abdullah Hamad al-Saqr (2) – one of the leaders of the 1938 Majlis Movement; established 'Abdullah al-Hamad al-Sagar and Brothers Company.

'Abdul'aziz Hamad al-Saqr (3) – along with other members of merchant elite families founded the National Bank of Kuwait; was one of the founders of KCCI and stayed its chairman until 1996; was elected in 1958, 1962, 1963 (Speaker), 1967 (but refused the seat), Minister of Public Health 1962.

Jasim Hamad al-Saqr (4) – co-owner of 'Abdullah al-Hamad al-Sagar and Brothers Company; was among the initiators of al-Qabas newspaper; worked with Planning Board and KFAED; was on board of the KPC and NBK; MP in 1975, 1981 and 1992 elections, participated in 1985 elections.

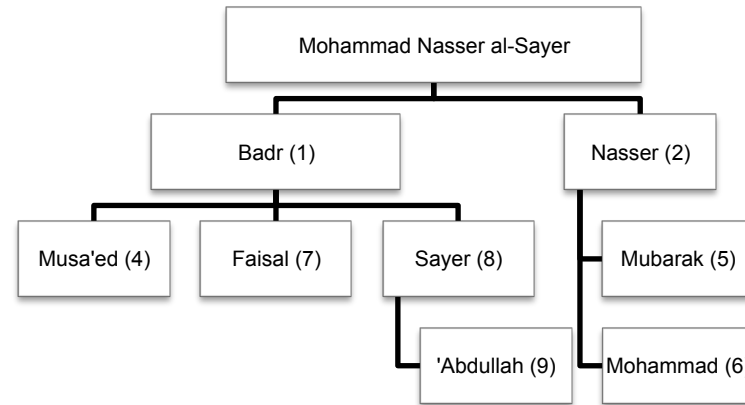
Khalid Abdulla al-Sagar (6) – chairman of Flour Mills and Bakery Company, vice chairman of Industrial Bank of Kuwait, vice chairman of Kuwait Portland Cement Company; first vice chairman of the KCCI board; previously vice president of PAI.

Hamad 'Abdul'aziz al-Saqr (7) – co-owner of 'Abdullah al-Hamad al-Sagar and Brothers Company; member of NBK board, the National Bank of Ras al-Khaimah board; vice chairman of Shuaa Capital (Dubai), Al Kout Industrial Projects Company; was a member of the Municipality, was on the board KIA.

'Emad Jasim Hamad al-Saqr (8) – board member of Kout Food Group Company.

Mohammad Jasim al-Saqr (5) – journalist, former editor-in-chief of al-Qabas (1983-1999), founded al-Jarida newspaper; former MP in 1999-2009 and February 2012, former chairman of the Arab Parliament 2005-2009.

al-Sayer



Badr Mohammad Nasser al-Sayer (1) – participated in 1963 elections.

Nasser Mohammad Nasser al-Sayer (2) – participated in 1963, 1971 (elected), 1975, 1981, 1985 elections; chairman of Al-Sayer Group.

Musa'ed Badr al-Sayer (4) – board member of Al-Sayer Group.

Mubarak Nasser al-Sayer (5) – board member of Al-Sayer Group.

Mohammad Nasser al-Sayer (6) – board member of Al-Sayer Group.

Faisal Badr al-Sayer (7) – vice chairman of Al-Sayer Group.

Sayer Badr al-Sayer (8) – board member of Al-Sayer Group; Gulf Bank; KCCI.

'Abdullah Sayer al-Sayer (9) – board member of Hayat Communications Company.

Different branch of the family:

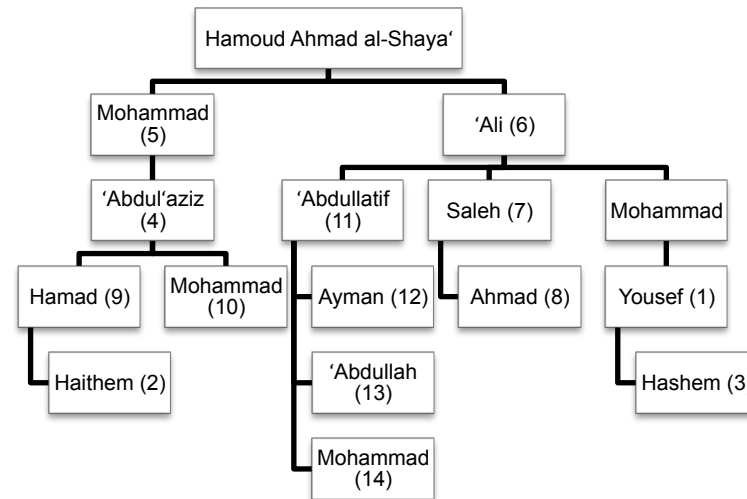
Hilal Musa'ed 'Abdullah al-Sayer (3) – Minister of Health in 2009, 2011.

Badr Musa'ed 'Abdullah al-Sayer (10) – board member of Al-Kout Industrial Projects Company.

Hamad Musa'ed 'Abdullah al-Sayer (11) – board member of Kuwait Slaughter House Company.

Nasser Musa'ed 'Abdullah al-Sayer (12) – NBK chairman.

al-Shaya²⁵⁰



²⁵⁰ There are several relative branches – of Abdullah Dakheel al-Shaya', Abdurrahman Ahmad al-Shaya', 'Aabdullah Abdelkarim al-Shaya', some of the members of which were also active in politics and participated in elections, however as those branches are unrelated to family business, they are not taken into consideration.

Yousef Mohammad al-Shaya' (1) – participated in 1967 elections; CEO of Kuwait Automotive Imports formed by al-Shaya' and al-Saqr families, part of al-Shaya' Group.

Haithem Hamad al-Shaya' (2) – participated in 2008 elections.

Hashem Yousef al-Shaya' (3) – participated in February, December 2012 elections.

'Abdul'aziz Mohammad al-Shaya' (4) – was in Municipality council; participated in 1963 elections; Minister of Electricity and Water in 1964.

Mohammad Hamoud al-Shaya' (5) – established Mohammad Hamoud al-Shaya' Company; was in Municipality council.

'Ali Hamoud al-Shaya' (6) – merchant in pre-oil times, was a representative of family business in India.

Saleh 'Ali al-Shaya' (7) – businessman.

Ahmad Saleh al-Shaya' (8) – businessman.

Hamad 'Abdul'aziz al-Shaya' (9) – al-Shaya' Group board member.

Mohammad 'Abdul'aziz al-Shaya' (10) – chairman of al-Shaya' Group, Mabane real estate company, member of Supreme Council of Planning.

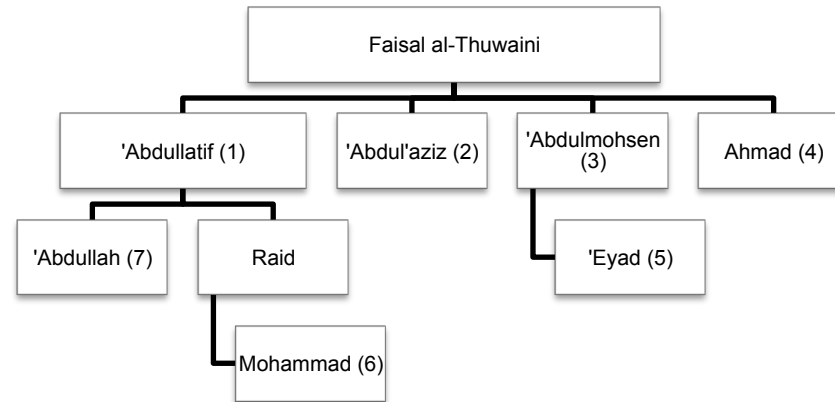
'Abdullatif 'Ali al-Shaya' (11) – member of several pre-parliament councils.

Ayman 'Abdullatif al-Shaya' (12) – Mabane, Markaz board member.

'Abdullah 'Abdullatif al-Shaya' (13) – KCCI board member; vice chairman of al-Shaya' Group; KIA board member (1977-1992); Mabane board member; chairman of Kuwait Union of Automobile Agents.

Mohammad 'Abdullatif al-Shaya' (14) – Mabane vice chairman.

al-Thuwaini



Faisal al-Thuwaini – merchant in foodstuff in the pre-oil period.

'Abdullatif Faisal al-Thuwaini (1) – secretary in the Ministry of Interior in the 1960s; advisor to Amir Jabir al-Ahmad; founder of Ahmadiyah Company.

'Abdul'aziz Faisal al-Thuwaini (2) – head of al-Mansuriya district.

'Abdulmohsen Faisal al-Thuwaini (3) – Ahmadiyah Company board member; 'Abdulmohsen Faisal al-Thuwaini & Sons General Trading & Contracting Company founder.

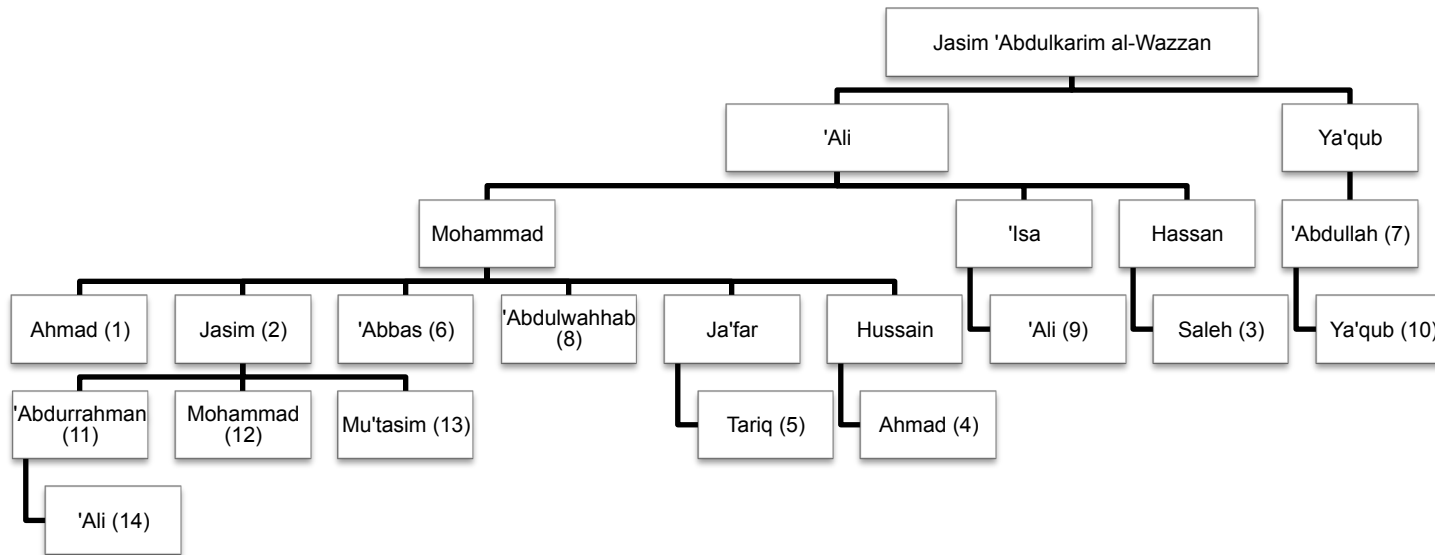
Ahmad Faisal al-Thuwaini (4) – CEO of Ahmadiyah Company.

'Eyad 'Abdulmohsen al-Thuwaini (5) – Ahmadiyah Company board member.

Mohammad Raid al-Thuwaini (6) – Ahmadiyah Company board member.

'Abdullah 'Abdullatif al-Thuwaini (7) – al-Thuwaini Trading Company board.

al-Wazzan



Ahmad Mohammad al-Wazzan (1) – participated in parliament elections in 1963.

Jasim Mohammad al-Wazzan (2) – participated in parliament elections in 1963; established Mezzan Holding Company.

Saleh Hassan al-Wazzan (3) – participated in parliament elections in 1981.

Ahmad Hussain al-Wazzan (4) – participated in parliament elections in 2006.

Tariq Ja'far al-Wazzan (5) – participated in parliament elections in 1996; board member of Specialities Group Holding Company and Energy House Holding Company.

'Abbas Mohammad al-Wazzan (6) – participated in parliament elections in 1990.

'Abdullah Ya'qub al-Wazzan (7) – participated in parliament elections in 1975 (elected), 1981, 1992.

'Abdulwahhab Mohammad al-Wazzan (8) – Minister of Commerce and Industry 1999; board member of KPC, Supreme Petroleum Council; vice chairman of KCCI; board member of National International Holding Company.

'Ali 'Isa al-Wazzan (9) – secretary in Ministry of Commerce and Industry.

Ya'qub 'Abdullah al-Wazzan (10) – board member of KGL Company.

'Abdurrahman Jasim al-Wazzan (11) – chairman of Mezzan Holding Company; member of Union of Medicine Importers of Kuwait.

Mohammad Jasim al-Wazzan (12) – vice chairman of Mezzan Holding Company; previously served as a board member of Commercial Bank of Kuwait and Gulf Bank.

Mu'tasim Jasim al-Wazzan (13) – board member of Mezzan Holding Company.

'Ali 'Abdurrahman al-Wazzan (14) – board member of Mezzan Holding Company.

al-Youssefi

'Isa Hussain al-Yousefi – established Easa Husain Al-Yousifi & Sons Company.

His sons:

'Adel 'Isa al-Yousefi – vice chairman of Easa Husain Al-Yousifi & Sons Company; KCCI board member; Kuwait Engineers Association member; vice chairman of the Union of Agents for Importing Electronic Devices in Kuwait; Kuwait Direct Investment Promotion Authority vice chairman; Public Authority for Minors Affairs board member.

'Abdullah 'Isa al-Yousefi – Easa Husain Al-Yousifi & Sons Company board member.

'Aref 'Isa al-Yousefi – Easa Husain Al-Yousifi & Sons Company board member.

Behbehani

Family has multiple branches. The names are listed below in accordance with family connection.

Representatives of branch 1:

Ahmad Yousef Behbehani – formerly head of Al-Ahli Bank of Kuwait and board member of Advanced Technologies healthcare company.

'Ali Murad Yousef Behbehani – chairman of Behbehani Group; board member of Gulf Bank of Kuwait, National Industries Company, Kuwait Insurance Company.

Hussain Murad Yousef Behbehani – board member of Behbehani Group; Heavy Engineering and Shipbuilding Company.

Mohammad Saleh Yousef Behbehani (1) – participated in parliament elections in 1963; worked in Ministry of Public Works in the 1950s; head of Mohammad Saleh and Reza Yousef Behbehani Company.

'Abdulghani Mohammad Saleh Yousef Behbehani – board member of Noor Financial Investment Company, Kuwait Insurance Company.

Mohammad Redha Yousef Behbehani – board member of Mohammad Saleh and Reza Yousef Behbehani Company; Commercial Facilities Company.

Talal Mohammad Redha Yousef Behbehani – chairman of Al-Ahli Bank of Kuwait; board member of Kuwait Insurance Company.

'Adel Mohammad Redha Yousef Behbehani – board member of Advanced Technologies healthcare company.

Jawad Yousef Behbehani (2) – participated in parliament elections in 1975.

'Aqil Ya'qub Yousef Behbehani – head of Ya'qub Behbehani Sons Company and Behbehani Projects.

Mustafa Ya'qub Yousef Behbehani (3) – participated in parliament elections in 1990, February 2012, December 2012.

'Abdulmuttalib Isma'il Behbehani – board member of Kuwait Cement Company.

Representatives of branch 2:

Hameed Behbehani (4) – participated in parliament elections in 1963.

Fouad Hameed Behbehani – head of Sayed Hamid Behbehani and Sons Company.

Hashem Hameed Behbehani (5) – participated in parliament elections in 1981.

Representatives of branch 3:

Mahmoud 'Abdurrasul 'Abdurrezha Behbehani (6) – formerly board member of Commercial Bank of Kuwait; participated in parliament elections in 2006.

Ahmad Isma'il 'Abdurrasul Behbehani (7) – participated in parliament elections in 1990 (elected), 1992, 1996, 1999, 2003.

Representatives of other branches:

Mohaiman 'Ali Sayed Behbehani – National Petroleum Services Company.

Ahwar Habib Behbehani – board member of Gulf Glass Manufacturing Company.

Hussain Hashem Ahmad Behbehani (8) – participated in parliament elections in 1963.

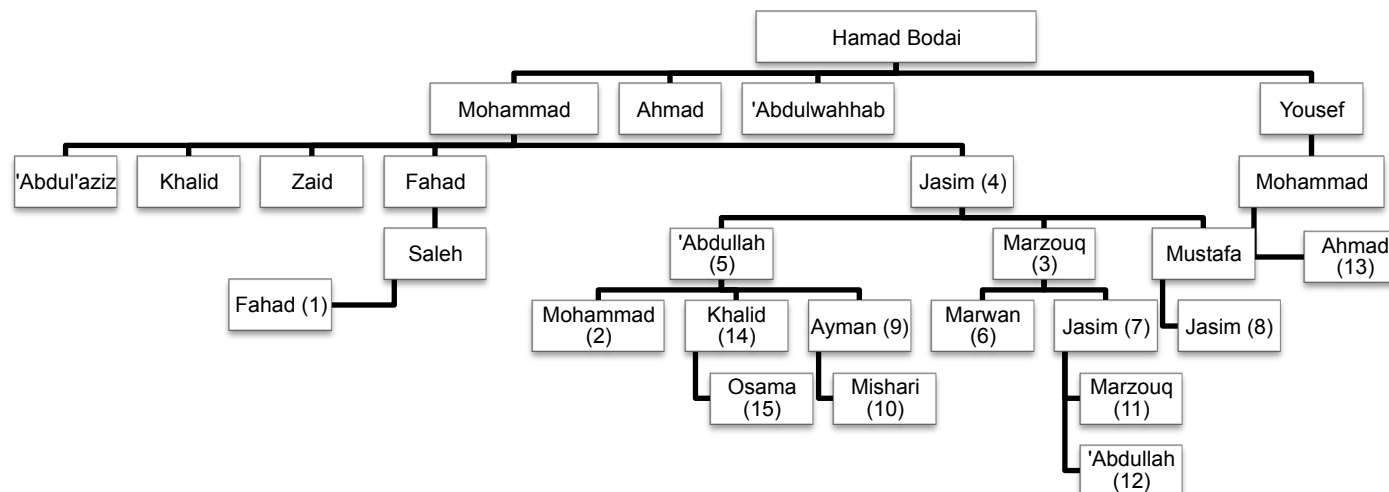
'Abduljalil Sayed Hassan Behbehani (9) – participated in parliament elections in 1967, 1971.

Yousef 'Abdunnabi Behbehani (10) – participated in parliament elections in 1990.

Ibrahim Mohammad Hussain Mohammad Qasim Behbehani (11) – participated in parliament elections in 1996, 1999, February 2012, December 2012.

Jabir Sayed Khalaf Sayed 'Abdullah Behbehani (12) – participated in parliament elections in 2008.

Bodai



Fahad Saleh Bodai (1) – participated in elections in 1990.

Mohammad 'Abdullah Boodai (2) – participated in elections in 1999.

Marzouq Jasim Bodai (3) – participated in pre-parliament elections in 1958.

Jasim Mohammad Bodai (4) – agent of Sheikh Mubarak Al Sabah.

'Abdullah Jasim Bodai (5) – secretary of British political agent in Kuwait.

Marwan Marzouq Bodai (6) – Bodai Corporation; chairman of Jazeera Airways.

Jasim Marzouq Bodai (7) – Bodai Corporation; head and editor-in-chief of al-Rai.

Jasim Mustafa Bodai (8) – board member of Gulf Bank.

Ayman 'Abdullah Bodai (9) – formerly board member of Securities House Company.

Mishari Ayman Bodai (10) – board member of Masaken Real Estate Company.

Marzouq Jasim Bodai (11) – board member of Jazeera Airways.

'Abdullah Jasim Bodai (12) – board member of Securities House Company.

Ahmad Mohammad Bodai (13) – board member of Alimtiiaz Investment Company.

Khalid 'Abdullah Bodai (14) – member of al-Diwan al-Amiri.

Osama Khalid Bodai (15) – board member of Livestock Transport and Trading Company.

Bukhamsin

Jawad Ahmad Bukhamsin – Bukhamseen Holding founder.

His sons:

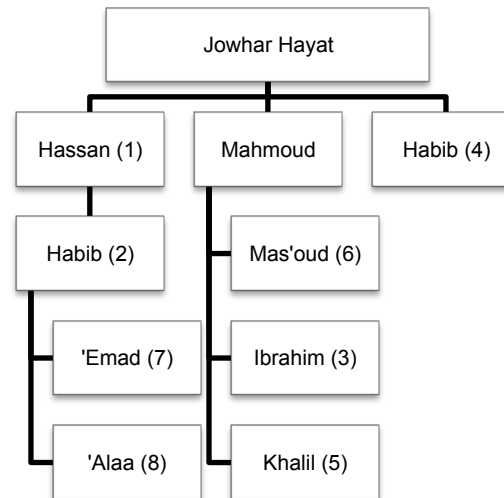
Anwar Jawad Bukhamsin – participated in parliament elections in 2006, 2008; International Bank of Kuwait board member; Warba Insurance board member; Bukhamseen Holding board member.

Raid Jawad Bukhamsin – International Bank of Kuwait board member; Warba Insurance board member; Bukhamseen Holding board member.

'Emad Jawad Bukhamsin – Bukhamseen Holding board member.

Osama Jawad Bukhamsin – Kuwait Cinema Company board member; Bukhamseen Holding board member.

Jowhar Hayaat



Hassan Jowhar Hayat (1) – participated in parliament elections and was elected in 1963, 1967, 1971.

Habib Hassan Jowhar Hayat (2) – participated in parliament elections in 1981; Minister of Communications and Public Works and Housing 1990-1994.

Ibrahim Mahmoud Jowhar Hayat (3) – participated in parliament elections in 1963.

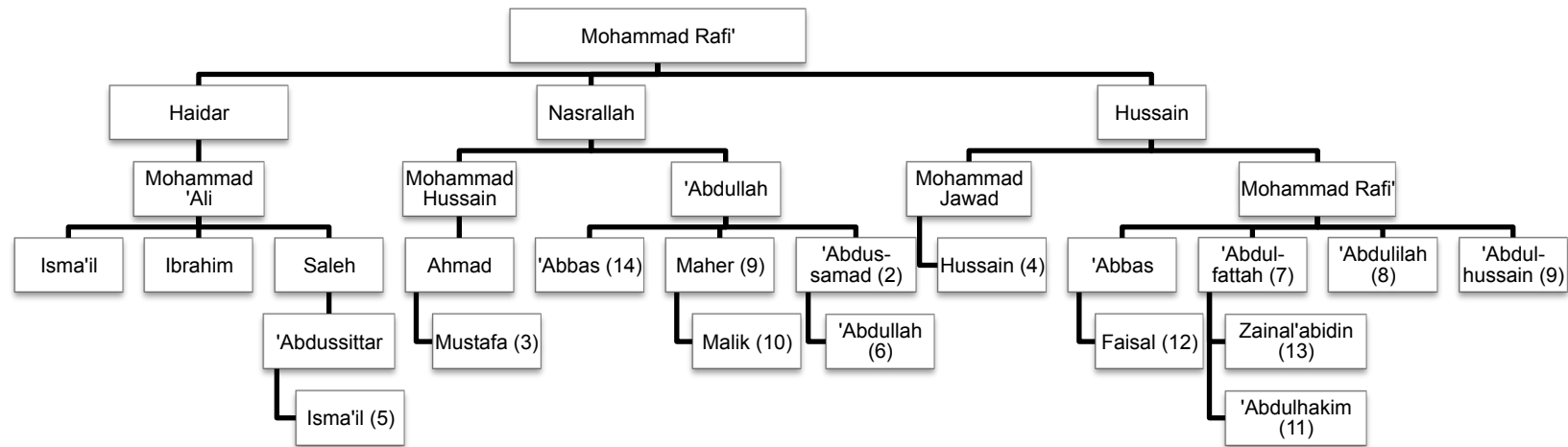
Habib Jowhar Hayat (4) – participated in parliament elections and was elected in 1975.

Khalil Mahmoud Jowhar Hayaat (5) – participated in parliament elections in 1981, 1990.

Mas'oud Mahmoud Jowhar Hayat (6) – CEO of KIPCO, Burgan Bank.

'Emad Habib Jowhar Hayat (7), 'Alaa Habib Jowhar Hayat (8) – Hayat Communications Company board members.

Ma'rafie



Mohammad Rafi Hussain Ma'rafie (1) – member of 1962 Constituent Assembly; participated in parliament elections in 1963; established family business – Marafie Group.

'Abdussamad 'Abdullah Ma'rafie (2) – participated in parliament elections in 1963.

Mustafa Ahmad Ma'rafie (3) – participated in parliament elections in 1963.

Hussain Mohammad Jawwad Ma'rafie (4) – participated in parliament elections in 1975 (elected), 1981.

Isma'il 'Abdussittar Ma'rafie (5) – participated in parliament elections in 1985.

'Abdullah 'Abdussamad Ma'rafie (6) – board member of Kuwait International Bank; head of 'Abdussamad Ma'rafie Sons General Trading and Shipping Company.

'Abdulfattah Mohammad Rafi Ma'rafie (7) – board member of Altijaria Commercial Real Estate Company, Amar Financial and Leasing Company; board member of Marafie Group.

'Abdulilah Mohammad Rafi Ma'rafie (8) – board member of Gulf Insurance Company; board member of Marafie Group.

'Abdulhussain Mohammad Rafi Ma'rafie (8) – board member and one of the establishers and board members of Marafie Group.

Maheer 'Abdullah Ma'rafie (9) – board member of KGL Company.

Malik Maheer Ma'rafie (10) – board member of Al-Safat Energy Holding Company and Danah Al-Safat foodstuff company.

'Abdulhakim 'Abdulfattah Ma'rafie (11) – board member of Kuwait Slaughterhouse Company.

Faisal 'Abbas Ma'rafie (12) – board member of First Investment Company.

Zainal'abidin 'Abdulfattah Ma'rafie (13) – board member of Kuwait Resorts Company.

'Abbas 'Abdullah Ma'rafie (14) – head of Marafie United Company.

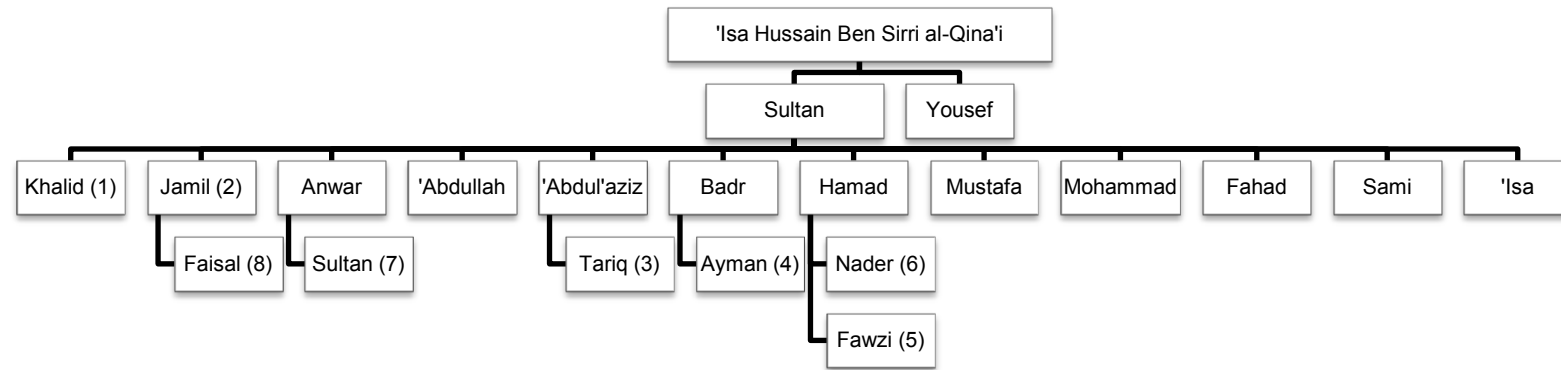
Members of other branches, not represented in the family tree:

'Ali Ibrahim Haji Hussain Ma'rafie – board member of Al-Ahli Bank of Kuwait.

Nawwaf Hussain Mohammad Ma'rafie – board member of Alimtiiaz investment company.

Mustafa 'Abbas Ma'rafie (15) – participated in parliament elections in 1992.

Sultan Ben 'Isa²⁵¹



Khalid Sultan Ben 'Isa (1) – participated in parliament elections in 1981 (elected), 1985, 1992, 1996, 1999, 2008 (elected), 2009 (elected), February 2012 (elected); head of Alimtiarz Investment Company.

Jamil Sultan Ben 'Isa (2) – board member of Agility Company.

Tariq 'Abdul'aziz Sultan Ben 'Isa (3) – chairman of Agility Company.

Ayman Badr Sultan Ben 'Isa (4) – board member of Agility Company; board member of Sultan Centre Food Products Company.

Fawzi Hamad Sultan Ben 'Isa (5) – board member of Sultan Centre Food Products Company.

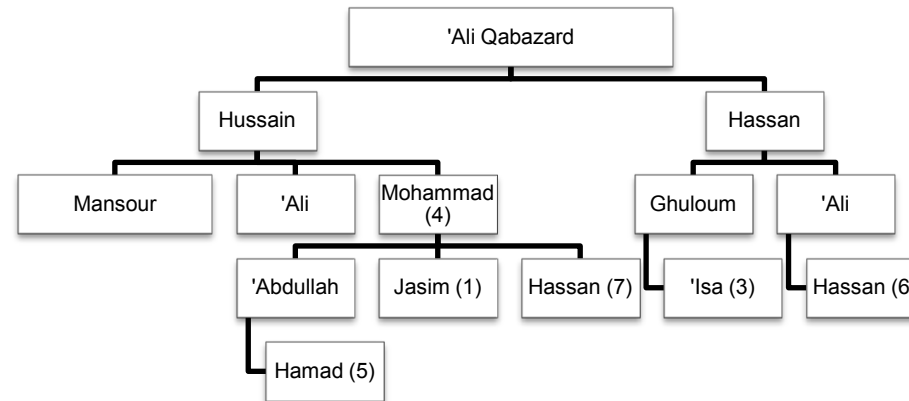
Nader Hamad Sultan Ben 'Isa (6) – board member of Ikarus Petroleum Industries Company.

Sultan Anwar Sultan Ben 'Isa (7) – board member of Union Real Estate Company.

Faisal Jamil Sultan Ben 'Isa (8) – board member of Union Real Estate Company.

²⁵¹ Here I have chosen to analyse only Sultan Ben 'Issa branch of Ben 'Issa family (which itself is a branch of al-Qina'i, or Jana'at), as this branch is the most active in business.

Qabazard



Jasim Mohammad Qabazard (1) – participated in parliament elections in 1990 (elected), 1992; established Jasim Qabazard Engineering Consultants; Sons of Mohammad Qabazard Marine Equipment.

'Ali Hassan Qabazard (2) – participated in parliament elections in 1971; businessman.

'Isa Ghuloum Qabazard (3) – participated in parliament elections in 2006.

Mohammad Hussain Qabazard (4) – participated in parliament elections in 1963 (elected), 1967, 1971; former head of Kuwait ports.

Hamad 'Abdullah Qabazard (5) – board member of National Cleaning Company.

Hassan 'Ali Qabazard (6) – former deputy managing director of KOTC (was prosecuted for embezzlement).

Hassan Mohammad Qabazard (7) – CEO of Kuwait Catalyst Company; formerly worked in KOC, KISR, OPEC.

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