

Chatham House Report

Jane Kinninmont

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# Future Trends in the Gulf

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# About the Authors

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# Preface and Acknowledgments

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This report is based on three years of research under the auspices of Chatham House's Future Trends in the GCC project, with a particular focus on youth perspectives.

The research has included a series of workshops in partnership with local research centres in Kuwait, Qatar and Saudi Arabia, focusing on the themes of citizenship and the economy; citizenship and the law; foreign policy and internal community relations; and political Islam.

In addition, the project team organized workshops and seminars in London and Scotland, shared findings and ideas with researchers from around the world who focus on the Gulf, and carried out field research and interviews in each of the six GCC countries.

The project team would like to thank the many Gulf nationals and scholars of Gulf studies who have participated since 2011 in research workshops, roundtables and interviews for the project.

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# Executive Summary and Recommendations

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## **Politics in the Gulf Cooperation Council (GCC) states will be significantly transformed in the coming decade.**

Generational change, with 60 per cent of the population under the age of 30, is placing strain on traditional political structures. The revenues from energy resources are not sufficient to sustain the current political-economic bargain in the medium to long term: three of the six GCC countries need oil at US\$100 per barrel in order to balance their budgets, and, crucially, these 'break-even' prices are rising as population growth adds to public-sector wage and subsidy bills. In four of the GCC states, hydrocarbons resources will run out within the lifetime of citizens born today. Current and future shifts in the structure of the political economy, demographics, education and the availability of information will all affect power relations between states and citizens, citizens and expatriates, and different social groups. Citizens in these six states – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE) – will expect more of a say in how they are governed and how their countries' resources are managed.

Since 2011, much of the analysis of political stability across the Middle East and North Africa (MENA) has focused on an oversimplified division between the region's republics, some of which have seen their rulers overthrown after popular revolutionary uprisings, and the monarchies, which have not. There is a prevailing narrative that the monarchies are especially stable, and that their resilience in the past means they will also be resilient in the future. However, **a more nuanced approach is needed to understand the potential for political transformation, which should not be conflated with street protests or changes of elites.** The example of Egypt shows that even an apparent revolution can result in only limited change to a country's institutions and power structures. Real transformation implies change at the level of informal institutions, social norms and attitudes, and ideas. In some respects this is already occurring in the Gulf, reflecting the impact of education, local debates and deep shifts in the flow of information.

**The current economic bargain between state and citizen in the Gulf states is unsustainable as they all prepare for a post-oil era,** albeit with greatly differing timescales. Oman and Bahrain have already been faced with declining oil revenue, whereas Saudi Arabia has nearly eight decades of oil production at current rates, and Abu Dhabi could cover the costs of some eight years of government spending through its sovereign wealth fund alone. However, none of these states can afford to keep increasing public spending in the way to which their economies and societies have become accustomed in the last decade of high oil prices. All have long-term plans envisaging a transition to a post-oil economy, developing a mix of energy-intensive and knowledge-based industries, employing more nationals

in the private sector, and considering the introduction of taxation, all of which will have implications for their social contracts.

**Yet the trend since the Arab uprisings has been a return to short-termist policies of increasing public-sector spending and employment** – in 2011 the GCC countries made new public spending commitments worth US\$150 billion, or 12.8 per cent of GDP and created tens of thousands of new public-sector jobs, many in the security forces. This is essentially because the declared economic policy visions, entailing radical revisions to the role of the state, are not matched by visions of the political and social changes that would be required.

**Even at a time of plenty, GCC countries are already feeling growing internal, bottom-up pressure for greater popular participation,** and in particular for representation of specific marginalized groups, including young people, women, religious minorities and citizens living in the less well-off areas of Saudi Arabia, Oman, Bahrain and the UAE. Such pressures are likely to intensify in a context of lower oil revenues, even if prices stabilize at US\$100 per barrel. Citizens who will in future need to make a greater contribution to their economies, and receive fewer economic benefits from the state, are likely to have very different expectations about government transparency and accountability.

**Changes in the availability of education and information are adding to expectations of greater transparency, freedom of expression and political participation,** including among women and traditionally marginalized groups. The global trend of far greater freedom of information has a particularly pronounced impact in countries where the media were previously tightly controlled by the state, as in the Gulf. Young people are exposed to a far greater diversity of ideas than were their parents. Social media, hugely popular in the Gulf states, are normalizing the public expression and participatory debate of views.

**These intensifying pressures will not necessarily lead to revolution, but if the Gulf rulers do not act to accommodate changing public expectations, more and more republican revolutionary movements could arise in the coming years.** Revolutions may not succeed, given the tools and resources that Gulf governments have to maintain power. But struggles over power and wealth could polarize social, ethnic or religious groups; opposition movements could become radical and divisive, like the government policies that engender them; and larger regional and international powers could take advantage of unaddressed political weaknesses.

**Indigenous reform movements present an opportunity and an asset for governments to work with,** especially since most oppositionists are not revolutionary. Only a

small minority of people in the Gulf supports political violence, but the current policy focus is on this minority. To understand the range of possibilities for more inclusive participatory development, local policy-makers (and those in external countries) need to listen to their reformist movements, local academics and civil society groups, which have repeatedly called for more checks and balances on government, more meaningful elections for parliaments, greater freedom of speech and serious efforts to combat corruption. A wide spectrum of opposition movements, including Islamists, liberals and younger-generation groups who seek to blend the two approaches, have at times found common cause in critiques of corruption and inequality.

**However, the current indications are that a benign scenario of voluntary reforms is not going to happen.**

Gulf policy-makers are aware that long-term social and economic shifts are under way, and often speak of the desirability of evolutionary reform in harmony with local values. But rulers are naturally reluctant to cede power; in addition, their heightened perceptions of threat since 2011 have often led them to adopt repressive policies, imprisoning peaceful dissidents (from Ali Salman in Bahrain to Mohammed Qahtani in Saudi Arabia, or dissidents' lawyers such as Mohammed Al Roken in the UAE and Walid Abu Khair in Saudi Arabia), revoking citizenship as a punishment for peaceful dissent, and tightening restrictions on free speech and assembly through new legislation on cybercrimes and terrorism. This has left the relative reformists inside ruling establishments on the back foot. The occasional limited attempts to increase opportunities for political participation and youth inclusion are frequently undermined by concurrent moves to restrict political activity and punish advocates of change who are deemed too critical. By treating peaceful reformers as a threat, the GCC governments are squandering the opportunity for gradual, consensual change towards more accountable government with greater participation by citizens.

The dangers of suppressing peaceful political opposition are evident from other countries in the region, notably Iraq and Syria, where the weakness, fragmentation and radicalization of the groups that opposed the Baathist regimes have contributed to the current situation. At the same time, limited confidence in state institutions adds to fears that a lack of institutional checks and balances could lead a newly empowered popular movement to run a 'tyranny of the majority'. Long-term institution-building will be critical to strengthening this confidence.

The very strategies that help to keep the ruling families secure can lead to social conflict. Sunni–Shia sectarianism has been instrumentalized in both Bahrain and Saudi Arabia to weaken and discredit Shia opposition movements. Concerns about the long-term costs of inciting sectarianism

are now gaining more attention given the role of GCC financiers, clerics and militants in supporting Islamic State in Iraq and Syria.

The Gulf is a diverse region, and experiences and policies will differ in each of the countries concerned. Bahrain and Oman are faced with the most immediate economic pressure on their ability to sustain the implicit bargain between society and the state. Saudi Arabia has a far larger population, greater regional disparities and higher risks of political violence than any of the other states. However, its centrality in the world oil market implies that it would have more foreign security support in the event of a domestic uprising. Kuwait is the most likely to evolve into a genuine constitutional monarchy. The UAE and Qatar appear the most stable in terms of their domestic politics, but internal insecurities are encouraging them to play a role in a variety of regional conflicts

### International allies and Gulf security

The succession of a new generation across a host of key posts will inevitably mean new personalities to deal with, new relationships to build, and potentially new risks to established partnerships. Changing trade patterns, and generational shifts, suggest that the Gulf states are likely to become less Anglocentric, and therefore the United States and the United Kingdom cannot rely on remaining the default partners for trade or investment. Gulf countries will also be looking for new security allies to diversify away from their dependence on traditional partners. However, there are few clear substitutes for the long-established US and British (as well as French) role in underwriting their security and providing defence equipment. These allies sometimes underestimate the significant leverage that they still have in the Gulf compared with most other countries, even if it is less than during the imperial period. As much as Asian countries are strengthening their trade links with the Gulf, they are reluctant to step forward as security allies. Meanwhile, Western countries' reduced dependence on oil imports from the Gulf should enable them to be more strategic in how they sustain security alliances in the region.

The United States and the United Kingdom need to rethink their assumptions: the relations between citizens and state in the Gulf should be seen as fundamental to the future security of these countries. If governments choose to repress popular demands rather than accommodate them, there will be a heightened risk of conflict. Regimes may have the resources to ensure their own survival, but at the cost of broader social and political stability. Such a scenario will also mean a heightened risk of opposition to governments that are closely allied with those in the Gulf.

Alliances will be more resilient, therefore, the more they are valued by the wider local populations, especially among the younger generation. This means there is a case for a more people-centred and less elite-centred approach to the Gulf, especially when it comes to setting economic and security priorities.

There is no doubt that social and political changes in the Gulf will take place. The questions are rather what form they will take and how they will be managed. One scenario could be a consensus-based process of adaptation, building on some of the existing institutions, and making parliaments and courts more independent – bringing in new checks on the power of the rulers. In another scenario, growing social, political and economic contestation would instead lead to conflict, as groups seeking a greater share of power and resources came into confrontation with those wanting to protect the status quo – especially if rulers exploited the differences between such groups in order to preserve their own power.

Addressing the growing expectations of Gulf populations – both ‘national’ citizens and non-indigenous residents – and providing greater opportunities for them to participate in designing their future should therefore be core elements of the region’s security, serving as a counterweight to pan-Islamic and transnational trends. Curbing fiscal spending will be a pressing concern in the next five to ten years, and the need to diversify away from oil will require long-term transformations of the economy and education system. Governments, opposition groups and civil society – as well as international allies – need to engage constructively in addressing the full implications of these complex challenges.

## Recommendations

### For GCC governments

- **The Gulf countries should recognize that it is time to seize the opportunity to carry out gradual and consensual political and social reforms towards more constitutional forms of monarchy.**
  - Gulf elites often suggest there are only two options, their continued dominance or a victory for Islamist extremists. But there are many paths for more participatory political development, which would also help to foster more moderate and constructive opposition movements. Local political development can build on traditions of consultation (*shura*) and debate (from the established social institutions of the *diwan* and *majlis* to newer forums in the media and universities), while also enhancing the effectiveness and credibility of state institutions and making them more independent of the executive.
- **Accompany long-term economic diversification schemes with serious plans for long-term political development** to manage the impact of political shifts in the economic role of the state.
  - Gulf leaders are right to say that building participatory institutions is a long-term project – but this means that such efforts should start now. There is scope to work through existing *majalis al-shura* (parliaments), expanding their powers, and increasing or introducing elected components. Strengthening judicial independence should also be a top priority; recent judicial reforms in Oman and Saudi Arabia are a step in the right direction.
- **Develop stronger, more transparent institutional mechanisms – parliaments, judiciaries and ministries – to manage the competing interests that naturally arise in any society.**
  - Gulf rulers are also right to point to their indigenous traditions of consultation. But most of the GCC states are now too large and diverse for the traditional consultations via the royal *diwans* to function effectively as the sole intermediaries between society and ruler. A meaningfully participatory political system needs to be rooted in local traditions with local support, whereas imitating institutional forms from elsewhere may lack local credibility. But to be meaningful, consultation needs to involve a greater degree of freedom of speech.
- **Decriminalize peaceful opposition activities, from calling for constitutional monarchy or an elected parliament to criticizing rulers for their policies.**
- **Transparency and openness in governance should be accorded a higher priority.** There will inevitably be increasing public scrutiny of corruption and of economic inequality. If budgets for subsidies and salaries are tightened, the public is also likely to call for greater control over the spending of royal courts and wider royal families. Gulf governments could pre-empt some of these calls by increasing the transparency of budgets and sovereign wealth funds, and by preparing more open systems of competitive tendering for government contracts, as Bahrain has done.
- **Ensure social and economic inclusion, as a valuable counterweight to the pull of sectarian or ethnic identities.** For instance, the Shia populations in Kuwait and Oman are far better integrated than is the case in Saudi Arabia or even in Bahrain (where, uniquely, they form a majority), because of the governments’ different economic and social policies towards them.



- Meaningful and sustainable reforms will require changes not only to formal laws and institutions, but also to informal institutions, ways of operating and ways of thinking within ruling establishments. Ultimately, this means that **the ruling families need to prepare their own younger generation to have a different role, with less power over the political system and the economy.** Just as they need to raise awareness among their citizens of the long-term unwinding of the oil-based economic bargain, they too need to accept that this will change their own position.

#### For international allies

##### Develop and implement more of a people-centred strategy

- **Diversify the base of relations with the Gulf beyond the existing elite** – and reach out to a broader base among the increasingly well-educated and aspirational new generation. This will be critical to developing long-term, sustainable strategic partnerships of clear value to both sides, even though the current period of uncertainty across the Middle East makes long-term planning extremely challenging for external actors.
- **Defence cooperation with the Gulf needs to be placed in a wider political context**, where respect for human rights is not seen as being at odds with security imperatives, but as part of ensuring sustainable security.
- **The United States and the United Kingdom should use their leverage in the region to form a united front with other Western countries to support international efforts on rights issues, for instance at the UN Human Rights Council.** Reaching out to civil society and political parties can prove tricky, as local governments are often suspicious of such attempts – as was seen in 2014, when Bahrain temporarily deported a US Assistant Secretary of State for meeting opposition leaders.
  - The decision of both the United States and the United Kingdom to expand their military bases in Bahrain, despite the country's deep political polarization and the intensifying repression of opposition leaders, has sent a strong signal that political reform, while encouraged publicly, is not the US or UK priority.
- While it is not up to Western countries to bring participatory government to the Gulf, it is in their long-term national interest to ensure that their methods of engagement do not hold it back.

- **Relations are more likely to last – and grow – if a wider base of the public sees clear value in economic and security cooperation with those allies.**
- **Be culturally sensitive before making judgments about different political systems.** Diplomats also need to be aware that the nature of Gulf political culture is hotly debated inside the region, even if these changes are not always visible to outsiders. Their support for reform should be influenced by the priorities articulated in the region, but should not see local governments as the only people entitled to speak for particular cultures.

##### Orientate economic engagement towards education and diversification

- **Economic cooperation can potentially be a win-win situation.** The GCC countries will need international engagement for decades to come, especially to develop education, skills and technology – where traditional Western allies often still have a strong advantage – as well as to help them diversify their economies.
- **But their Western allies need also to listen to local critiques about the emphasis that the United Kingdom, the United States and France place on defence exports.** There is widespread cynicism about the value of big-ticket defence imports from these countries, especially when GCC armies fundamentally depend on foreign security guarantees, not their own forces and equipment.
- **Countries seeking to develop sustainable partnerships with the Gulf need to demonstrate the ability to add real value to sectors of clear public benefit**, such as health care, education, affordable housing (a particular issue in Saudi Arabia, Bahrain and Oman), resource sustainability and cultural industries. These will have wider public appeal than defence, finance and energy, which create few local jobs.
- **International businesses seeking a long-term presence in the Gulf need to find ways to obtain public buy-in by adding value to the local economy and skills base**, and by employing locals as well as the expatriates who make up most of their workforce. Since private-sector businesses offer only limited employment opportunities and do not contribute much in the way of tax, their interests attract scant public sympathy. This suggests that in those Gulf states that have elected or partly elected parliaments, deputies will continue to show some resistance to encouraging private business interests and privatization projects.

### Reshape security cooperation

- The Gulf states will remain key allies of Western countries seeking a more secure region. **As such, it needs to be recognized that they have a particularly important role to play in helping to counter violent extremist groups at a religious and ideological level.** This relates to domestic reforms too.
- **In partnering with Gulf countries against extremism, Western allies need to broach sensitive issues** such as religious education in Saudi Arabia, or the impact on Western publics and Muslim communities outside the region of publicly flogging Saudi blogger Raif Badawi for ‘insulting Islam’, even as the world debates the balance between free speech and religious sensitivity in the aftermath of the *Charlie Hebdo* murders in Paris.
- **Western governments need to avoid being drawn in – whether through their own agencies or through private companies – to assisting governments in uncovering ‘crimes’ that in their countries would be seen as rights,** as evidenced, for instance, in the lengthy prison sentences meted out to young bloggers for ‘insulting’ rulers. Since 2001, the ‘war on terror’ has led to examples, from Yemen to Afghanistan, of international counterterrorism being co-opted to settle discrete scores. While policing in the GCC is far more subtle, disagreements over the broad definition of ‘terrorism’ do raise problems for counterterrorism cooperation.
- **A fresh discourse on Gulf security needs to take account of the need for people to feel secure *vis-à-vis* their own governments,** for instance by ensuring the police are held accountable by independent judiciaries, and ending lengthy detention without trial. Such concerns need to be taken into account when setting priorities for both private- and public-sector cooperation with GCC security establishments. The smaller Gulf countries have some of the world’s largest police forces relative to their populations.
- **It is essential for Western policy-makers to listen to local public opinion, not always conveyed to them by governments.** While Western countries are understandably preoccupied with tackling groups that threaten their own people (currently Islamic State and Al-Qaeda), Gulf populations want more weight to be given to protecting people in their region – especially Iraqis, Syrians and Palestinians – from state violence and refugeehood as well as terrorist groups.
- Finally, **the Gulf needs to be seen in the context of relations with the wider Middle East.** The Gulf states have been a core focus of Western and Asian trade and diplomacy in recent years. This is in part because of their wealth, and also because political uncertainty has complicated diplomacy and investment in the larger states of the MENA region. However, it is worth recalling that the citizens of the Gulf states comprise under ten per cent of the Arab world’s populations, and as such, policies towards these countries should form part of a wider strategy towards a diverse region.

# 1. Introduction

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The Gulf monarchies – the six member states of the Gulf Cooperation Council (GCC – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE) – are undergoing dramatic change. The last decade has seen rapid growth in their populations, economies and education systems, coupled with deep changes in the flow of information, the make-up of the population and the economic expectations of the younger generation. The Gulf states are increasingly important foreign policy players and investors, which means that a growing range of countries have a direct interest in their wealth and stability.

Social and cultural norms are also shifting, in an uneven and contested fashion. Young people in these states live in a world that has changed almost beyond recognition since their grandparents were young. Where their health is threatened, it is typically by diseases of affluence, such as diabetes,<sup>1</sup> not by poverty. They have access to university education; women whose grandmothers were illiterate are now obtaining PhDs. They are globally connected, have access to the world's media, and understand new forms of political and social mobilization – though there are limits to the effectiveness of social-media activism. They may speak English better than Arabic. Gulf citizens are now outnumbered by expatriate workers in all GCC countries. Most migrants are transient, but a growing number are middle-class, skilled and seeking greater personal security within the Gulf. Amid these changes, questions of national identity are hotly debated.

There has been far less change when it comes to the structures and institutions governing domestic politics. But political change is occurring, often informally or under the surface. Existing systems of governance and consultation are being challenged by the demands of a changing population with evolving expectations. The traditional ways of ensuring regime stability, through relationships of patrimony and privilege with elites from various social sectors, also create marginalization, exclusion and discrimination. Among the traditionally marginalized groups too, greater numbers will be increasingly well-educated, globally connected and vocal. Whether they struggle for a larger share in the existing system of power relations based on ascribed identity and loyalty, or seek a system based on more equal treatment of citizens, will help determine whether they are co-opted into the existing system or can become drivers of more fundamental change.

More worryingly, some of the marginalized and excluded may also become politically radicalized, join extremist groups and turn to political violence – as has been seen

most dramatically with militants going from the GCC states to fight in Iraq and Syria. Within the Gulf itself, this has been seen, to a lesser extent, with the gradual increase in violence in Bahrain, as well as in anti-Western and sectarian violence attributed to Islamic State (IS) sympathizers in Saudi Arabia. That country's deradicalization programme indicates recognition that counter-radicalization requires a soft-power, 'hearts and minds' approach as well as a hard security approach, and that reintegrating former radicals into society involves economic integration and religious dialogue. But at the same time, Gulf states are expanding their definitions of terrorism to include peaceful dissent and protest, and are using hard security measures to crack down not just on violent extremists but also on young people who have mocked a leader on Twitter or signed a petition for parliamentary reform. Indeed, in Saudi Arabia peaceful campaigners for a constitutional monarchy often face harsher treatment than the jihadi sympathizers who are wooed back to supporting the system through the deradicalization programme, while in Kuwait and Bahrain the authorities have withdrawn citizenship from critical journalists and civil society campaigners at the same time as IS ideologues and financiers, as though they posed the same level of threat. Countering radicalization more effectively needs to involve a strategy to isolate and contain extremist groups, rather than pushing peaceful critics towards them.

The wealth of these states famously helps the authorities to secure both external and internal support. But the use of resources to reinforce political power also leads to controversies over their distribution, and the resulting inequality and corruption. In the countries that have elected parliamentarians,<sup>2</sup> MPs question the ways in which their country's wealth is managed by sovereign wealth funds (SWFs) and state-owned enterprises. Four of the six Gulf countries have seen significant street protests since 2011: the widely publicized uprising in Bahrain, the less-noticed one in Oman, the repeated opposition protests in Kuwait, and small protests in the Saudi capital, as well as the more familiar unrest in that country's Eastern Province.

Political movements and civil society are particularly well-organized and popular in Bahrain and Kuwait, small trading hubs with cosmopolitan port cities, where a degree of political activity, including parliamentary elections, is socially well entrenched as well as legally permitted and the population is highly educated.<sup>3</sup> Their governments distinguish between 'insider' opposition groups that are

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<sup>1</sup> Rory Jones, 'Diabetes Epidemic Hits Persian Gulf Region', 10 February 2014, <http://online.wsj.com/news/articles/SB10001424052702304773104579268223173652920>.

<sup>2</sup> Kuwait has a fully elected parliament, while Bahrain and Oman have elected chambers of bicameral parliaments. Saudi Arabia and Qatar have municipal elections only, while the UAE's advisory Federal National Council is half-elected by a restricted, carefully vetted electorate.

<sup>3</sup> Political parties are technically banned in all of the Gulf states, but in Bahrain 'political societies', legalized in 2006, perform some of the functions of political parties. In Kuwait, parliamentarians tend to form 'blocs' of the like-minded. One of the arguments made locally for banning parties (*ahzab*) is that in these Islamic societies, parties are redolent of factionalism and the sin of division (*fitna*), though these theological concerns have not stopped Islamic parties from forming elsewhere.

recognized and permitted to operate within the system, and ‘outsider’ groups whose demands or approach are seen by the authorities as unacceptably radical.<sup>4</sup>

In Saudi Arabia and the UAE, by contrast, political movements operate underground, and the authorities make little distinction between peaceful campaigners for reform and violent militants. In 2011 five Saudi men were arrested for starting a political party, the Umma Party, and in 2013 three activists from the Association for Civil and Political Rights in Arabia who had called for a constitutional monarchy were jailed and one was publicly flogged. In the UAE over the same period, Islamists and liberals alike have been arrested on charges ranging from ‘insulting’ the leaders by petitioning them for an elected parliament<sup>5</sup> to plotting a coup.<sup>6</sup> Qatar and Oman have the least organized political movements, but their lack of visibility does not mean they are absent. In Oman activists petitioned the ruler for a constitutional monarchy in 2010, and formed a loose coalition with Islamist sympathizers and economically frustrated young people in protests in 2011.<sup>7</sup> Even in Qatar, the world’s richest country, reformists have held meetings and published papers calling for political reform.<sup>8</sup> Since 2011, indeed, people in all the Gulf states have been imprisoned for ‘insulting’ the ruler.

New political challenges will emerge in the coming years as fiscal policy becomes unsustainable – and as the Gulf confronts its critical long-term challenge, the beginning of the post-oil age. Fiscal spending in the GCC states has soared to such an extent in recent years that they are now chronically dependent on high oil prices – a long-term structural risk that has gained more attention since late 2014 owing to a sustained downward slide in oil prices. Saudi Arabia needs oil priced at US\$97/barrel to balance its budget. Bahrain’s budget is already in deficit, and the IMF forecasts that Oman will also be spending more than it earns by 2015. Both these states have faced particular unrest since 2011, partly because there is more pressure on their limited oil resources than in the other Gulf states. Bahrain’s unique features, such as its Shia majority population, should not obscure its traditional role as a bellwether for trends elsewhere in the Gulf.

Across the region, a combination of population growth and dwindling resources will place pressure on the implicit economic bargain between rulers and societies. Saudi Arabia has by far the largest population – 30 million, of whom 20.3 million<sup>9</sup> are nationals – and distributing oil wealth among its vastly diverse regions is a key challenge, as is ensuring consensus among its numerous senior princes. Relations between worldly and religious authority are particularly complex for Saudi Arabia, which has always relied on the legitimacy provided by influential clerics but has also seen a variety of Islamist opposition groups contest its politically quietist interpretation of Islam.

**Fiscal spending in the GCC states has soared so much in current years that they are now chronically dependent on high oil prices – a long-term structural risk that has gained more attention since late 2014 owing to a sustained downward slide in oil prices.**

For the wealthiest states, Qatar and the UAE, which have the highest inward migration rates in the world, questions over demographics and national identity are a central concern, related to the appeal (and the fear) of political Islam. The political succession, always an issue for Gulf states where primogeniture is not assured, poses particular questions in Oman, where the sultan is ailing and the designated successor’s name is a secret, and Kuwait, where the emir is 85 and the crown prince 77. The January 2015 succession in Saudi Arabia took place smoothly, and although the new king is 79, the path towards a transition to the next generation of princes has been laid out with the appointment of a deputy crown prince from that generation. Nevertheless, rivalries within the royal family are likely to continue, especially over the distribution of key ministries among different branches of the family; by their nature such rivalries are not transparent and there is therefore always a degree of uncertainty and speculation among outside observers. Within Saudi Arabia a popular Twitter feed, @Mujtahed, which has several million followers, has purported to broadcast insider gossip from the ruling family, contributing to a mass public debate about succession processes.

<sup>4</sup> The government’s creation of laws and institutions that split the opposition (over the tactical question of participation or boycotts) can often thereby weaken it. This has been explored by Ellen Lust-Okar (in ‘Divided They Rule: The Management and Manipulation of Political Opposition’, *Comparative Politics*, Vol. 36, No. 2 (January 2004), pp. 159–79) in the cases of Jordan and Morocco; her analysis is highly relevant to Bahrain and Kuwait.

<sup>5</sup> Five activists were sentenced to jail terms of several years each after they signed the petition, but were freed by royal pardon after eight months.

<sup>6</sup> In 2013, 68 Emiratis, including two human rights lawyers, were jailed on charges of plotting to overthrow the government.

<sup>7</sup> Said Sultan al-Hashemi, ‘The Omani Spring: towards the break of a new dawn’, Arab Reform Initiative, November 2011, <http://www.arab-reform.net/omani-spring-towards-break-new-dawn>; James Worrall, ‘Oman: The ‘Forgotten’ Corner of the Arab Spring’, *Middle East Policy*, Vol. 19, No. 3 (Fall 2012), pp. 98–115; Marc Valeri, ‘The Qaboos-State Under the Test of the Omani Spring: Are the Regime’s Answers Up to Expectations?’, *Les Dossiers du CERI*, Sciences Po, Paris, 2011, [http://www.sciencespo.fr/ceri/sites/sciencespo.fr/ceri/files/art\\_mv.pdf](http://www.sciencespo.fr/ceri/sites/sciencespo.fr/ceri/files/art_mv.pdf).

<sup>8</sup> Ali Khalifa Al Kuwari (ed.), *The People Want Reform in Qatar Too*, Beirut, 2013. (An English translation of the introduction, ‘Qataris For Reform’, can be found at <http://dr-alkuwari.net/sites/akak/files/qatarisforreform-translation.pdf>.)

<sup>9</sup> Saudi Arabian Monetary Agency, Annual Statistics, Chapter 11, Table 40, [www.sama.gov.sa](http://www.sama.gov.sa).

Within ruling establishments, broader questions of generational change and political succession across a host of state institutions create uncertainty, risks and opportunities. These are not monolithic: competing contenders inside royal families take different views of the need for political change, and ally themselves with different internal and external constituencies. In terms of international governance, some are keen to be integrated into international institutions such as the G20, IMF and World Trade Organization; some want to reshape their rules; and others prefer to maintain more traditional, bilateral and behind-the-scenes ways of doing things – as seen in Saudi Arabia’s sudden decision in 2013 to reject a UN Security Council seat for which it had been lobbying for years, apparently in a fit of pique after the US backed down on Syrian air strikes.

### Why the politics of citizenship matters

The turbulence in the broader Middle East has a mixed effect on the Gulf. The Arab uprisings alarmed most governments, except for the enthusiastic leaders of Qatar,<sup>10</sup> but inspired some citizens to voice their own reform demands more loudly. The turn from peaceful protests and negotiated transitions to violent conflicts has created a more widespread sense of insecurity and has made it easier for governments to point to the risks of rebellion. But to dismiss the concerns of the ‘Arab Spring’ is to obscure the fundamental causes of crisis in the region, even if it is more convenient for Gulf governments to focus on economic remedies than on political aspirations. Whether through peaceful negotiations or through conflict, relations between citizens, states and alternative social and political communities of solidarity are being fiercely contested. The politics of citizenship needs to be understood as a core aspect of security in the Middle East, not just a desirable but inessential long-term goal.

The importance of equal political citizenship was clear in the Arab uprisings of 2011, and in several countries in the region the making of new constitutions and national dialogue processes presented clear opportunities to renegotiate citizen–state relations. International policy-makers responded by engaging with a broader range of social and political movements in the region and announcing economic support for countries undergoing political transitions. Since then, however, the subsequent clashes and conflict in Egypt, Libya, Yemen and above all Syria have led international

policy-makers to focus instead on security paradigms and military options. So too have the renewed conflicts in Iraq and in Gaza, the declaration of statehood by IS, and the various regional manifestations of the ‘cold war’ between Saudi Arabia and Iran.

In this environment of multiple emergencies, policy advice that focuses on citizenship, human rights and democracy is sometimes dismissed as irrelevant or naive. Why should the Gulf states care about finding new ways to meet the aspirations of their young, increasingly well-educated populations, when they have seriously threatening crises to preoccupy them in their neighbourhood? Yet it is clear that one of the root causes of conflict in all these countries in the region is the failure to build states that include and represent their citizens. Groups that face systematic exclusion and discrimination, often on an ethnic or sectarian basis, can provide fertile recruiting ground for extremist groups. This is evidently the case, for instance, with IS in the Sunni-majority areas of Iraq where it has managed to take hold.<sup>11</sup> The exploitation of sectarian suspicions by Gulf governments seeking to weaken and divide opposition movements also adds to the risks of sectarian conflict, and of Gulf militants contributing to sectarian conflicts in Iraq, Syria and elsewhere.<sup>12</sup>

In this context, understanding the specific nature of citizenship in the GCC countries, in terms of the economic, social and legal relations between citizens and their states, is necessary to contextualize the factors supporting stability, and the dynamics driving change. The meaning of citizenship has been profoundly affected by the oil economy, and will change again as the oil era begins to end. As rulers use their royal prerogative to remove citizenship from dissidents, citizenship is also at the centre of struggles between traditional patrimonial authority and the search for more constitutional forms of monarchy. Meanwhile, the fact that non-citizens now make up half the population of the Gulf states raises its own political and social issues, not least the problems of protecting their basic rights given their lack of equal access to justice.

### Questioning the conventional wisdom on the Gulf

In the West, most policy and media analysis of the Gulf countries focuses on their international relations, including foreign policy, energy security and the role of SWFs. Little attention is paid to domestic dynamics in states that are

<sup>10</sup> However, Qatar’s enthusiasm for the Arab uprisings stopped at the shores of the Gulf; it did not support the uprising in Bahrain, and indeed sent police to participate in the Peninsula Shield deployment in Bahrain in March 2011.

<sup>11</sup> Jane Kinninmont and Abdullah Ali, ‘Isis will not be beaten by a knee-jerk reaction from the West’, *The Observer*, 7 September 2014, <http://www.theguardian.com/commentisfree/2014/sep/07/isis-reaction-from-west-military-strikes-not-best-option>.

<sup>12</sup> A 30-year-old Bahraini, Turki Albinali, is one of the spiritual leaders of IS, and two Bahraini members of the group, one a former policeman and another a former soldier, called in a 2014 video for other members of the armed forces to defect.

assumed to be traditionally governed and stable. Indeed, the conventional wisdom in the West suggests these are states where civil society is weak or non-existent, and where the populations are largely politically apathetic, preoccupied with consumerism, and passive recipients of state benefits and phoney jobs. Mainstream US and European government policy is often sympathetic to the Gulf states as supposed bastions of pro-Western policy whose domestic stability is assured, but the assumptions that are made about Gulf societies, including those cited above, or the frequently touted notion that they are not socially or intellectually sophisticated enough for democracy, are often paternalistic and patronizing.

Policy-makers and analysts are constrained by the difficulties of directly accessing independent civil society organizations or people with dissenting views, but need to look more closely at the debates going on inside the Gulf countries, and to remember that what is said publicly is only part of the picture. Western business people operating in the Gulf may steer clear of open political debates so as not to offend local (often government) clients, but often have a keener insight into the changes taking place in Gulf societies, not least as they are increasingly able to recruit educated, talented local staff, especially women.

Since 2011, the fact that Arab uprisings overthrew several presidents in the region, but no monarchies, has also encouraged a widespread view (reinforced by the rulers themselves) that the Arab and Gulf monarchies enjoy a special legitimacy precisely because they are monarchies. This cannot be due to some intrinsic quality of monarchy, as over the past half-century other Arab monarchies have fallen. Essentially what has happened is that those that survived have again proved resilient in the past four years. This is not something automatically assured by their status as monarchies; rather, it is the result of active policy strategies to reinvent their legitimacy and gain popular support while undermining alternatives.<sup>13</sup> The stability of the Gulf monarchies is thus contingent on the continuing success of such policies. But they are set to face profound challenges in the coming years as the region moves towards a post-oil and possibly even post-American future.

US and European governments allied with the Gulf generally advocate 'long-term reform' for these countries. This is partly about diplomacy – i.e. trying to reconcile their support for some of the more authoritarian countries in the region with their stated values on human rights or

democracy. It is also based on the view that reforms will be needed to ensure the sustainability of monarchies in the Gulf. The history of UK advice from the colonial era until now has been characterized by support for reforms to the style of rule, not democracy. The limited parliaments that do exist in the Gulf were all introduced after independence.

The utility of the word reform is limited by its vague nature. It encompasses various types of social, political and economic change that may at times be contradictory or incompatible. For instance, certain types of social liberalization may conflict with making a country more democratic. The terms liberalization, democratization and so forth also need to be unpacked and made more specific.<sup>14</sup> And rulers often use the term reform to mean 'modernizing' the bureaucracy, the economy or governance.<sup>15</sup> The discussion about reform can therefore lead to confusion because the term is so relative and ill defined. Thus, for example, Bahrain has earned US and British praise for 'reforms' by reversing some of the repressive measures introduced during the 2011 'state of national safety', but it still has a far worse human rights record than in 2010. To be meaningful, discussion of reform needs to be more specific, and should engage with particular aspirations articulated by reform and opposition movements – notably a constitutional monarchy that puts checks on the power of rulers; instituting meaningful elections to various levels of government; protecting human rights; tackling corruption; and addressing discrimination.

### International policies towards the Gulf

Over the past 150 years, the Gulf states' key foreign allies have been the United Kingdom and the United States, which act broadly in concert despite occasional areas of rivalry. Relationships tend to be dominated by trade, investment, defence and security, and by contacts between senior elites, although educational links with these countries (the top two overseas destinations for Gulf students) are an opportunity to build ties with a younger and more diverse section of Gulf society. Over the past decade, relations with a growing number of Western and Asian countries have been shaped by the growing international financial clout of the Gulf countries, as well as their strategic importance in the energy market. Divergent responses to the Arab uprisings initially created tensions with European and North American governments that expressed support

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<sup>13</sup> See, for instance, F. Gregory Gause III, *Kings for All Seasons: How the Middle East's Monarchies Survived the Arab Spring*, Brookings Doha Center Analysis Paper, 24 September 2013, <http://www.brookings.edu/research/papers/2013/09/24-resilience-arab-monarchies-gause>.

<sup>14</sup> Robert E. Looney, 'Middle East Reform Initiatives: A Stage-Theory Perspective', *International Journal on World Peace*, Vol. 22, No. 1 (March 2005), pp. 13–34. 'The objectives of the reforms often proposed are too vague – a market economy, democracy, and so on ... the likely linkages between reforms and outcomes are never made clear.'

<sup>15</sup> Marina Ottaway and Michele Dunne, *Incumbent Regimes and the King's Dilemma in the Arab World: Promise and Threat of Managed Reform*, Carnegie Papers, December 2007, [http://carnegieendowment.org/files/cp88\\_ruling\\_parties\\_final1.pdf](http://carnegieendowment.org/files/cp88_ruling_parties_final1.pdf).

for democratic transitions elsewhere in the region,<sup>16</sup> but Western support for democracy was half-hearted and confined to the non-Gulf countries.<sup>17</sup>

US policy is primarily driven by energy security, and focuses on broader security cooperation. Gulf alliances have been periodically tested not so much by human rights concerns as by the perception in the US that at certain times repression in the Gulf is contributing to security risks. In particular, the relationship with Saudi Arabia was severely tested after 9/11, as many US analysts linked the participation of Saudi hijackers to political repression in Saudi Arabia. Some of the smaller Gulf countries benefited by comparison, as then president George W. Bush praised Bahrain as a model for reform and the UAE's anti-Islamist credentials were highlighted. Today, the main risks to relations come from changes in the energy market and from structural shifts in US defence spending (explored in more detail in Chapter 6).

The EU has had a cooperation agreement<sup>18</sup> with the Gulf since 1988, under which there are annual ministerial meetings and joint cooperation committees whose stated aims include strengthening regional economic integration and the world energy situation, improving stability in the Gulf, facilitating political and economic relations, and strengthening economic and technical cooperation, especially in areas such as energy, transport and research. However, the EU as a collective actor is not seen as a major player in the Gulf, partly because of the long-stalled EU–GCC trade deal, and partly because key European countries prioritize their bilateral relations with GCC states – not least as they compete with each other for Gulf investment and defence sales. There are only two EU missions in the Gulf, in Riyadh and Abu Dhabi. Gulf countries have recently become more active in lobbying the European parliament in response to statements criticizing the human rights record of Bahrain and the UAE.

In 2010 the newly installed UK coalition government announced a 'Gulf Initiative' to ensure the GCC states saw the UK as a key strategic partner. This was in part a response

to its perception that the previous Labour government had neglected the Gulf during its time in office, although there was already a significant level of GCC–UK trade and investment.<sup>19</sup> There are an estimated 150,000 British nationals working in the Gulf; the GCC is Britain's seventh-largest export market; and the UK, especially London, is a key destination for Gulf private and SWF investment. Qatar alone invests an estimated US\$20 billion in the UK, including on high-profile properties such as Europe's tallest building, the Shard.

After the Arab uprisings, the UK Foreign & Commonwealth Office added a new element to the Gulf Initiative, namely that the UK would work with the GCC countries on long-term political and economic reform. There has been a far longer-term record of UK support for better governance in the Gulf – ultimately designed to make the monarchies more sustainable. The UK does not generally use the term democracy when speaking of political reform in the Gulf, and diplomats based there often privately express scepticism about the suitability of democracy for the region. In 2012–13 the UK parliament's cross-party Foreign Affairs Committee carried out an inquiry into the country's relations with Saudi Arabia and Bahrain. The sensitivity of any review of Gulf relationships was highlighted by the response of an unnamed senior Saudi official who told the BBC that the country was 'insulted'.<sup>20</sup> The inquiry ultimately concluded that the region remained critical to the UK's interests; and that the Gulf states had presented challenges for UK policy on democratic reform and human rights after the Arab Spring;<sup>21</sup> but that the broad approach of supporting reform based on participation and consent was correct. UK ministers made 65 visits to Gulf states in 2013.

Meanwhile, the UK has been developing a longer-term plan for strategic engagement with the Gulf, including an intensified military engagement. In December 2014, the UK foreign secretary said Bahrain would be the location of Britain's first permanent naval base in the region since its

<sup>16</sup> See Claire Spencer and Jane Kinninmont, 'The Arab Spring: the Changing Dynamics of West–GCC Cooperation', pp. 49–69 in Riccardo Alcaro and Andrea Dessi (eds), *The Uneasy Balance: Potential and Challenges of the West's Relations with the Gulf States* (Rome: Istituto Affari Internazionali, 2013), <http://www.iai.it/content.asp?langid=2&contentid=913>.

<sup>17</sup> Initially, in early 2011, there was a clash, as most Gulf countries opposed the transitions in Tunisia and Egypt, which Western countries decided to back at the last minute. There swiftly followed a phase of compromise and cooperation. The GCC and its Western allies cooperated to support changes of leadership in Yemen, Libya and, unsuccessfully, in Syria, while ultimately deciding not to support such change in the Gulf itself, especially in the case of Bahrain. From June 2013, relations entered a third phase, one of renewed Gulf assertiveness. This was accepted by the West, as Gulf countries actively backed the coup in Egypt against President Mohammed Morsi, whom Western countries had accepted as the legitimate elected president. The inflow of Gulf aid to Egypt since then has been more than ten times the value of annual US military aid to the country.

<sup>18</sup> European Economic Community, *Cooperation Agreement between the European Economic Community, of the one part, and the countries parties to the Charter of the Cooperation Council for the Arab States of the Gulf of the other part*, Joint Declarations 21989A0225(01), Official Journal L 054, 25/02/1989, pp. 3–15, [http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21989A0225\(01\):EN:HTML](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21989A0225(01):EN:HTML).

<sup>19</sup> In addition, the former Labour prime minister Tony Blair has subsequently worked as a private consultant for the Abu Dhabi and Kuwaiti governments.

<sup>20</sup> This may partly reflect a lack of familiarity with UK parliamentary processes. One Gulf official told the author that it was unfair the UK parliament was not conducting a similar inquiry into relations with Turkey, given that it imprisoned more journalists than any other country, but this was a misperception: the same committee had in fact already carried out a similar inquiry into relations with Turkey, which had little publicity and little effect on the relationship.

<sup>21</sup> 'Some Gulf States are among the least democratic in the world, and they generally have poor human rights records. However, most are also wealthy and powerful, and vitally important to many of the UK's interests in the region.' House of Commons Foreign Affairs Committee, *The UK's relations with Saudi Arabia and Bahrain*, Fifth Report of Session 2013–14, 22 November 2013. <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmaff/88/88.pdf>.

withdrawal in 1971. The merits of this apparent ‘return to East of Suez’ have been debated.<sup>22</sup> In fact, the announcement was largely symbolic, as Britain had maintained a naval presence in Bahrain for most of the past three decades anyway, and the estimated cost of the new base was just £15 million, described by one analyst as little more than a ‘dockyard refit’.<sup>23</sup> Nevertheless, it unleashed controversy in Bahrain, as opposition parties viewed it as a signal that Britain was endorsing a government that continued to repress them. Shortly after the announcement, the authorities arrested the leader of the main opposition society, crossing what had previously been seen as a red line. Protesters burned the British flag in response.

France has deepened its engagement with the Gulf in recent years, notably by opening its first military base there, in Abu Dhabi, in 2008. French business with the region has also been growing. However, the UAE’s decision in 2009 to award a contract for its nuclear power facility to a South Korean consortium, in preference to a rival bidder from France, disrupted the usual perception that European or North American companies would have the edge in such technologically complex work.<sup>24</sup> Relations with Qatar in particular have been debated between political parties in France, with left-wing parties criticizing the links that former prime minister Nicolas Sarkozy built with the Gulf state. In North Africa secular politicians, often with close links to French counterparts, have viewed Qatari money as tilting the balance of power towards Islamists.

Germany is a less significant political player, but as well as seeking Gulf inward investment, it has invested in the Gulf; its high-value industrial know-how is greatly valued as the countries seek to upgrade the value-added element of their economies and move beyond oil and gas. However, relations with the UAE were tested in 2012, when the latter closed the local office of the Konrad Adenauer Foundation, a pro-democracy think tank associated with Germany’s ruling party. Other European countries have sought to strengthen their trade with the Gulf countries and to attract inward investment from them at a time of slow growth in traditional European economies.

China is an increasingly important trade partner. Saudi Arabia’s ‘look east’ economic policy was highlighted by the 2006 visit of the then Saudi monarch, Abdullah bin Abdel-Aziz Al Saud, who made it the first destination outside the Middle East that he visited as king. As elsewhere, the broad thrust of Chinese policy is to promote trade and diplomatic relations without commenting on or becoming involved in domestic politics. This is comforting for the Gulf governments when it comes to issues of their own governance. However, China is equally uninterested in playing the kind of interventionist role in regional politics that the US has sought over the past few decades, and the complaints the Gulf countries have had about US ‘softness’ on Syria or Iran could equally be leveled at China. Japan is even more dependent on the Gulf states for energy, obtaining three-quarters of its oil from them. India is an increasingly important trading partner, as well as being one of the biggest source countries for expatriate workers; Pakistan, another migrant source country, is seeking greater cooperation on defence as well as trade.

Increasingly, for many countries, the pre-eminent concern in the Middle East is the violent extremism currently exemplified by IS. Foreign fighters have come from as far afield as China (now estimated at 100), Chile and Australia. Such concerns are likely to intensify, particularly if jihadi sympathizers manage to carry out further high-profile attacks in Western countries following the January 2015 killings (claimed by Al Qaeda) at *Charlie Hebdo*, a French satirical magazine that had published cartoons of the prophet Mohammed. Such a concern is a double-edged sword for the Gulf states, especially Saudi Arabia, which needs to tackle the perception that its education system and its interpretation of Islam foster intolerance; a blogger who had criticized religious figures was publicly flogged for ‘insulting Islam’ the day after the *Charlie Hebdo* killings, sparking an international outcry. Saudi Arabia will undoubtedly seek to counter this perception by emphasizing its domestic counter-radicalization programmes and its importance as a counterterrorism ally. Overall, the IS phenomenon is likely to focus more countries’ attention on the GCC’s politics and security, not just economic opportunities.

<sup>22</sup> A possible return to ‘east of Suez’ had been discussed in military and think-tank circles for the previous two years, particularly following a 2012 lecture by the Chief of the Defence Staff at the Royal United Services Institute, and a paper by Gareth Stansfield and Saul Kelly, *A Return to East of Suez? UK Military Deployment to the Gulf*, RUSI Briefing Paper, April 2013, [https://www.rusi.org/downloads/assets/East\\_of\\_Suez\\_Return\\_042013.pdf](https://www.rusi.org/downloads/assets/East_of_Suez_Return_042013.pdf). Advocates said the British military would benefit from more sustained access to the Gulf and Indian Ocean, and would send a strong message to Iran that it remained committed to the security of Gulf Arab states. Moreover, at a time of cuts to the defence budget, collaboration with the Gulf was financially attractive: Bahrain offered to pay for the British military base, just as Qatar had paid for the US airbase in its country, and closer defence cooperation was also expected to create a more conducive environment for defence equipment sales. Critics argued that Britain should not bolster the Bahraini ruling family because it detained and repressed opposition leaders, and, more broadly, that Britain should avoid taking over responsibility for security in a region that had its own internal problems to resolve. (See, for instance, Lord Wallace of Saltire, ‘International Priorities for the Next UK Parliament’, speech at Chatham House, November 2014, pp. 6–7, transcript at [http://www.chathamhouse.org/sites/files/chathamhouse/field/field\\_document/20141113ParliamentLiberalDemocrat.pdf](http://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/20141113ParliamentLiberalDemocrat.pdf).)

<sup>23</sup> Discussion at an LSE Kuwait Programme workshop on Bahrain, January 2015.

<sup>24</sup> One explanation was simple price competitiveness, but some members of the French business community in the UAE noted that Korean ministers had made more frequent high-level visits, emphasizing the crucial role of good government relations for business.



## Structure of the report

Chapter 2 summarizes the political strategies of the Gulf monarchies during recent decades of rapid social and economic change, by reference to the relevant literature. The Gulf countries have proved resilient through bargaining with different internal interest groups, through their ability to control the distribution of extensive oil wealth, and by building strong foreign alliances that have underwritten their external security. They have overseen policies that have enabled low-cost economic development, to the benefit of citizens, who enjoy a remarkably privileged economic position relative to non-citizens. Sociologists from the region have also emphasized the role of divide-and-rule policies or the ‘vertical segmentation’ of Gulf societies into what one young Saudi describes as ‘a country of minorities’, lacking a coherent sense of nationhood.

Gulf regimes, which are not particularly ideological, could again be flexible enough to co-opt new social groups and adapt to changing popular expectations. Some commentators argue that because the Gulf countries have defied predictions of their demise for the past four decades, there is little cause for concern about their stability today. However, such assumptions could themselves give rise to dangerous complacency.

What is striking today is that several GCC countries have faced significant protests and opposition mobilization, even at a time of plenty. Since 2003, economies and government budgets have been boosted by historically high oil prices, while Gulf purchasing power has encouraged new allies to offer support for the existing governments. These supportive external factors have reduced the perceived need of GCC governments to negotiate a new political bargain with their populations, even as calls for political reform have intensified.

Chapter 3 assesses the economic model of the Gulf states, arguing that the current economic bargain between state and citizen is unsustainable, as all of the Gulf states prepare for a post-oil era. The timescale differs greatly from country to country: Oman and Bahrain have already faced declining oil revenue, whereas Saudi Arabia has nearly eight decades of oil production at current rates, and government expenditure in Abu Dhabi could be covered for some eight years by its SWF. However, none of the countries can afford to keep increasing public spending in line with what their economies and societies have become accustomed to in the last decade of high oil prices. All of them have long-term plans envisaging a transition to a post-oil economy,

developing a mixture of energy-intensive and knowledge-based industries of varying degrees of plausibility, and employing more nationals in the private sector.

However, the trend since the Arab uprisings has instead been a return to short-termist policies of increasing public-sector spending and employment. This is essentially because the stated economic policy visions are unmatched by visions of the political and social changes that such radical revisions to the economic role of the state would entail. Shifts in the economic role of the state may be the strongest driver of political change in the Gulf states in the years to come, given the importance of economic benefits, welfare and services in legitimizing political authority. For the same reason, the Gulf states are already vulnerable to domestic criticisms relating to inequality and poverty.

Chapter 4 focuses on the dramatic changes in the availability of education and information for the current generation in the Gulf. The global trend of far greater freedom (if not quality) of information has a particularly pronounced impact in countries like the GCC states where the media were previously tightly controlled by the state. Young people in the Gulf are exposed to a far greater diversity of ideas than their parents were. Changes in the availability of education and information are likely to create new expectations for transparency on the part of governments, and for greater participation in the public sphere, including among women and traditionally marginalized groups. Social media, hugely popular in the Gulf (Saudis watch more YouTube videos than anyone else in the world), are normalizing the public expression and participatory debate of views.

For Gulf governments, the growth of social media is an opportunity to expand political consultation through new channels. Indeed, there are already reports of officials responding to Twitter debates and government officials routinely reading blogs. Conversely, the recent tightening of cybercrimes laws to criminalize a great deal of criticism and satire<sup>25</sup> is out of step with the expectations and demands of a new generation.

There will be growing demand from Gulf countries for cybersecurity cooperation with other governments outside the region. However, these governments may also be blamed by other local constituencies when private companies from their countries provide surveillance technologies that are used to track activists engaging in peaceful political expression.

<sup>25</sup> In 2013 a US citizen, Shezzane Cassim, was held in a maximum-security prison in the UAE for several months under the 2012 cybercrimes law, because he had made a YouTube comedy video satirizing Dubai teenagers who copied the aggressive style of American gangster rappers but were in reality mild and unthreatening.

Chapter 5 assesses how the rapid changes under way in the economic structures, demographics, education systems and societies of the Gulf are also contributing to growing political mobilization. Calls for more checks on rulers' authority, avenues for political participation and more independent courts date back to the 1930s at least. The recent Arab uprisings encouraged political movements that were already active in each of the Gulf states to raise louder calls for political change – whether through protests or through petitions and writings – and to seek to build coalitions across different groups. At the same time, governments have weighted their responses more towards repression than reform. They have successfully deterred large swathes of the population from seeking political change, though this varies significantly; in Bahrain the opposition appears to represent a clear majority of the population, whereas in Kuwait the opposition has previously won a majority in parliament but may have lost some of its support and momentum, and in Saudi Arabia the various groups seeking different types of political and social change do not constitute an organized opposition with even a basic level of shared demands. The Gulf states exist in a politically turbulent region, and there are many who see authoritarianism as a means to ensure security and prosperity.

However, there is a risk that conflicts within the Gulf itself will intensify in the longer term, especially as economic resources become scarcer, if reformist movements are suppressed and if methods of maintaining authority tend to reinforce sectarian, ethnic and tribal identities.

Chapter 6 examines the changing role of the Gulf states in the wider Middle East. The increasingly assertive role they are playing is partly a reflection of domestic dynamics, identity politics and insecurity, leading them to intervene on different sides in various regional conflicts. Rivalry between different Gulf states has played out in Syria, with Saudi–Qatari competition adding to opposition divisions in 2012–13, and in Libya and Gaza, where the UAE and Qatar back different factions. Whether at home or abroad, the Gulf countries tend

to elide the differences between groups seeking democratic and liberalizing reforms, and violent extremists.

The Gulf countries will look to new allies to help defend them against the spectrum of threats that they think the US is not taking seriously enough. This is likely to include greater military cooperation between the well-financed, well-equipped Gulf militaries, and the large, well-trained militaries of poorer and more populous Arab states, especially Egypt and Jordan. Another key trend will be the acquisition of better technology for their own armies.

Chapter 7 discusses the impact of globalization on the Gulf states. Gulf governments would ideally like to keep their domestic politics insulated from 'foreign influences' and supposedly inappropriate 'foreign' ideas, but this will be increasingly unachievable. The Gulf states have historically been open to trade and travellers, and today are closely interlinked with the rest of the world. Economically, their revenue depends on world energy markets and most of their wealth is invested overseas. Demographically, most of their populations are nationals of other countries. As foreign policy players and strategic investors, Gulf states play an important international role, and are increasing their linkages with less familiar areas such as Africa and Latin America. But globalization is deepening at least some of their links with traditional countries, as well as widening the range of countries with which they interact. Growing travel opportunities and social media outreach are intensifying non-governmental linkages in particular, and boosting the role of non-state actors in relations between the Gulf and the rest of the world.

Finally, Chapter 8 draws conclusions and sets out recommendations both for Gulf states and for external actors, which are detailed more fully in the Executive Summary.

The report also features contributions from several younger-generation Gulf researchers. These are highlighted in boxes interspersed in the text, to provide a variety of local perspectives on the dynamics of change.

## 2. Understanding Political Stability in the Gulf: A Literature Review

The resilience of the Gulf monarchies during recent periods of regional and international political change has surprised many international observers.<sup>26</sup> This is not a simple function of wealth, or of some unique traditional legitimacy. Rather, it has been based on a dynamic and evolving response to internal and external pressures, involving the strategic use of oil, foreign alliances, implicit bargains with key domestic interest groups, repression and divide-and-rule tactics. It involves compromises: power is shared but at an elite level, informally involving other members of ruling families, senior clerics or tribal leaders in decision-making and in economic benefits. Conversely, Gulf ruling establishments have generally resisted sharing power with the broader public through state institutions or through a rule of law that is equally accessible to all citizens. There is a common assumption that the recent resilience of the Gulf monarchies implies their resilience in the decades to come. However, treating this as a certainty may lead to a dangerous complacency, potentially undermining that resilience. Faced as they are with a highly educated and globally connected younger generation, with high economic expectations and rising political expectations, the Gulf countries will need to find new ways of integrating young citizens and previously marginalized groups if they are to remain resilient.

One reason why many people see the Gulf countries as resilient is that they have defied successive predictions of their demise. In 1968, Huntington's notion of the 'king's dilemma'<sup>27</sup> suggested that monarchs' efforts to modernize their countries and develop their economies would give rise to new social groups with new demands for participation, which the monarchs would struggle to incorporate within a traditional power structure. For the king, the dilemma is whether to intensify repression to keep control, or to liberalize but risk losing power.<sup>28</sup> Huntington predicted this would become unmanageable and that powerful monarchies would become a thing of the past. Predictions of revolution in the Gulf peaked in the 1970s, as the Gulf faced revolutionary movements in Dhofar, the Popular Front for the Liberation of Oman and the Arabian Gulf, and as the British empire withdrew from its territories east of Suez, following the 1960s anti-colonial uprising in Yemen and the election of a Labour

government in Britain. The most prominent academic work was Fred Halliday's *Arabia Without Sultans* (1974), which chronicled the rise of nationalist and anti-imperialist movements in the Gulf Arab countries (including Yemen) and argued that imperial intervention would continue in the region until there were popular revolutions. But from the 1970s, the Gulf rulers successfully consolidated their rule.

Among the factors put forward to explain the survival of powerful monarchies in the Gulf, in contrast to the broader international and regional trend, are the political economy of the rentier state;<sup>29</sup> the functional view is that absolutism is well suited to an early phase of state development and industrialization,<sup>30</sup> and the 'neopatrimonial' fusion of traditional patronage politics with a modern legal-bureaucratic system that gives governments legitimacy. Looking more deeply into the networks of relations between rulers and society, local sociologists have analysed the ways in which the rulers have co-opted a variety of social groups into the monarchical system, and, conversely, how they have deployed divide-and-rule tactics at a cost to their society. The presence of external security guarantees, initially from the British empire and more recently from the US, is another important factor, though relatively downplayed in the literature.

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In private discussions with Gulf and Western diplomats and officials, it is often suggested that these traditional systems of government have a special legitimacy by virtue of their longevity, a view of Gulf 'exceptionalism' that sometimes shades into sheer cultural relativism. This is over-simplistic. The dynastic monarchies in their current form are a modern construction. In the nineteenth century most of the Gulf ruling families consolidated their rule through a series

<sup>26</sup> See, for instance, Daniel Byman and Jerrold D. Green, 'The Enigma of Political Stability in the Persian Gulf Monarchies', *Middle East Review of International Affairs*, IDC Herzliya Gloria Centre for Research in International Affairs, 3 September 1999, <http://www.gloria-center.org/1999/09/byman-and-green-1999-09-03/>: 'The stability of these countries is baffling.'

<sup>27</sup> Samuel Huntington, *Political Order In Changing Societies* (New Haven: Yale University Press, 1968).

<sup>28</sup> The 'king's dilemma' could apply to any centralized, authoritarian regime; the Soviet Union faced a similar dilemma over glasnost and perestroika, reforms that eventually contributed to its demise.

<sup>29</sup> The theory of the rentier state was first laid out by Hussein Mahdavi, 'Rentier States: The Case of Iran', in M.A. Cook (ed.), *Studies in the Economic History of the Middle East* (Oxford University Press, 1970), pp. 428–67. It was applied to the Arab world by Hazem Beblawi and Giacomo Luciani (eds), *Nation, State and Integration in the Arab World*, Volume II: *The Rentier State* (London: Croom Helm, 1987).

<sup>30</sup> Lisa Anderson, 'Absolutism and the Resilience of Monarchy in the Middle East', *Political Science Quarterly*, 106 (Spring 1991).

of ‘protection’ treaties with the British empire,<sup>31</sup> which in effect meant international recognition. Ruling sheikhs obtained local support by providing security, justice and economic assistance in return for allegiance and taxes, but when they lacked external support they were vulnerable to rebellion, coups or secession.<sup>32</sup> Their legitimacy has been contested throughout their existence, compelling them to reinvent themselves and find new legitimizing strategies. Oil has helped: some date the creation of the modern Gulf dynastic monarchy to 1938 in Kuwait, the year that oil was discovered. That year, the emir shut down a parliament established by the merchants, and his family, the Al Sabah, took over most of the ministries of the state bureaucracy. Other Gulf states followed the example. Today, except in Oman, the royal families typically hold most of the important and sensitive government ministries (defence, interior, finance, though not always oil). At the same time, the view propounded by critics that the Gulf states are artificial colonial creations, lacking in legitimacy or autonomy, is also simplistic. A relatively short history as nation-states does not preclude them from having legitimacy or distinct national identities, and the economic clout of the Gulf today means relations with the US, UK and other international allies are less asymmetric than at the time of empire.

Indeed, a new generation of scholarship from the Gulf is addressing the region’s traditional neglect in Western academia. Until recently, the Gulf countries have been peripheral to mainstream Middle Eastern studies.<sup>33</sup> They often appear as ‘black boxes’, active in foreign policy, energy security or counterterrorism, but with little said about their domestic dynamics. However, interest has grown because of their rising profile since the 2003–08 oil boom, and because of the expansion of education, which has produced a new generation of scholars from the region. Traditionally they have had to go overseas to study their own history or politics academically. Their own universities, except in Kuwait, have provided little scope for research on Gulf history or politics. Access to official archives is heavily restricted,<sup>34</sup> in

contrast to the extensive British colonial archives, which are one of the major resources for Gulf history.<sup>35</sup> However, on a small but growing scale, Western-educated Gulf nationals are now returning to develop Gulf centres for studying the region. In the past five years, these have included the Center for Gulf Studies at the University of Qatar, the Center for Gulf Development Studies at the Gulf University of Science and Technology in Kuwait, and the Gulf Studies Center at the American University of Kuwait. The politics of knowledge production have also been complicated by the rise in funding from GCC countries for Western universities. This has not only contributed to the growth in Gulf studies but has also encouraged academics to gear their work towards Gulf government policy interests – and away from potentially critical or controversial coverage of domestic politics.<sup>36</sup> This may have the effect of obscuring some of the political changes that are under way in the Gulf.

Only one prominent recent work, Christopher Davidson’s *After the Sheikhs: The Coming Fall of the Gulf Monarchies*,<sup>37</sup> has predicted the imminent demise of the monarchies. While Davidson identifies numerous sources of dissatisfaction with them, the mechanisms through which such dissatisfaction would translate into regime change are not made clear. Instead, the view taken in the present report is that political change is likely to be more contested and uncertain, and pressures for participation and inclusion could generate division and repression. If meaningful reform is not forthcoming, more revolutionary opposition movements are likely to emerge. But they may also be divisive and repressive.

### Are monarchies really that different?

Since the Arab uprisings there has been a deluge of writings on how the monarchies are ‘different’, on the grounds that the uprisings of 2011 only overthrew leaders in republics (Tunisia, Egypt, Libya and Yemen) – although the protests in the monarchies, especially in Bahrain, have also sparked

<sup>31</sup> James Onley, *The Arabian Frontiers of the British Raj: Merchants, Rulers and the British in the Nineteenth Century Gulf*, Oxford Historical Monographs (Oxford University Press, 2007).

<sup>32</sup> James Onley and Sulayman Khalaf, ‘Shaikhly Authority in the Pre-oil Gulf: A Historical-anthropological Study’, *History and Anthropology*, Vol. 17, No. 3 (2006), pp. 189–208, available at <http://sulaymankhalaf.com/pdf/Onley-and-Khalaf-2006.pdf>.

<sup>33</sup> This is noted in Rosie Bsbeer and John Warner, ‘Theorizing the Arabian Peninsula: Introduction to the Roundtable’, *Jadaliyya*, 22 April 2013, <http://www.jadaliyya.com/pages/index/11300/theorizing-the-arabian-peninsula-introduction-to-t>; and in Ali Alshawi and Andrew Gardner, ‘Tribalism, Identity and Citizenship in Contemporary Qatar’, *Middle East Anthropology*, Vol. 8, No. 2 (Winter 2013), pp. 46–59, at p. 47. Gulf historian J.E. Peterson notes that an effort in the 1980s to create a Gulf Arab studies subgroup in the influential US Middle East Studies Association ‘foundered due to the lack of interest’: J.E. Peterson, ‘The Arabian Peninsula in Modern Times: A Historiographical Survey of Recent Publications’, *Journal of Arabian Studies: Arabia, the Gulf, and the Red Sea*, Vol. 4, No. 2 (2014), pp. 244–74, DOI: 10.1080/21534764.2014.979080.

<sup>34</sup> Peterson, ‘The Arabian Peninsula in Modern Times’, p. 247.

<sup>35</sup> Important archives are contained in the National Archives, the British Library and Exeter University. The British Library now has a project to digitize large parts of the imperial archive, funded by the Qatar Foundation.

<sup>36</sup> See Christopher Davidson, *After the Sheikhs: The Coming Fall of the Gulf Monarchies* (London: C. Hurst, 2012); LSE’s Problems Create Wider Questions for Underfunded Academics’, *Gulf States Newsletter*, 21 March 2013, <http://www.gsn-online.com/lse%E2%80%99s-problems-highlight-wider-questions-for-underfunded-academics-0>.

<sup>37</sup> Davidson, *After the Sheikhs*.

study.<sup>38</sup> This supposed monarchical exceptionalism was based on a small sample size over a short historical period, whereas over the past few decades both monarchies and republics have been vulnerable to revolution and regime change. This narrative also downplayed the success of most of the region's republics in seeing off potential challenges – and the seriousness of the uprising in Bahrain. Indeed, the whole argument that monarchies are different depended on the suppression of the Bahraini revolt. The wider symbolic importance of Bahrain for the narrative about monarchical stability helps explain why it was so important to the other monarchies for the uprising to fail. This applied even to Qatar, which was cheering on uprisings elsewhere and intervening alongside Western countries to protect rebels in Libya even as it intervened in Bahrain to protect the ruling family.

But the uprising did not fail because of monarchical legitimacy or skilful government negotiation with different interest groups. It failed because of coercion and international intervention. Coercion is downplayed in the literature on the Gulf because rebellion is usually forestalled well before force would be used. But the threat is there: the small Gulf countries are among those with the largest ratios of police to population in the world,<sup>39</sup> and many forms of peaceful opposition activity are criminalized. The willingness of the security forces to defend the existing system against internal challengers was a key element in determining the progress of the 2011 Arab uprisings.<sup>40</sup> In Bahrain, the security forces, which systematically exclude the Shia Muslim population, proved willing to fire on the mostly Shia protesters. The role of forces from elsewhere in the Gulf was more symbolic: the GCC deployment indicated both to the protestors and to Bahrain's Western allies that Bahrain could rely on Saudi Arabia and its neighbours as new 'protectors'. This strategy of monarchical solidarity was also displayed in the 2011 GCC pledges of US\$20 billion in aid to Bahrain and Oman (to be delivered over the subsequent decade), an enhanced common GCC security agreement in 2012, and, in the same year, a Saudi proposal to expand the GCC to Jordan and Morocco.

The lack of regime change in Bahrain should therefore not be seen as an indication that monarchies enjoy a special legitimacy. Rather, it raises concerns about the potential for future conflicts to arise over the direction and speed of political change elsewhere in the Gulf.

## Rentier states

Most of the literature on Gulf regime resilience focuses on political economy: the 'rentier' nature of state and absence of either an indigenous working class or a middle class that is independent of the state. The dominant model, rentier-state theory, describes citizens as beholden to the state because of their dependence on receiving a share of the rents,<sup>41</sup> or unearned income – primarily oil revenues – that it distributes. The theory posits an implicit social bargain: in return for receiving rents from the state, citizens forgo the kind of political and civil rights they would be accorded in other countries which fund their governments through general taxation. The flipside of this is that the state has considerable autonomy from the population, not needing to extract tax. This implies that citizen–state relations will be very different from those in countries where the need to tax the population affected political development at an early stage ('no taxation without representation'). It also implies that if the state is no longer able to provide citizens with rents – for instance, if oil resources are greatly devalued or run out – then the political relationship will need to be radically revised.

The theory has largely shaped the debate about Gulf political economy in the past twenty years, but it clearly is not a complete explanation. First, being a political economy model, it neglects the non-economic goods that states provide to their citizens: security, national identity, prestige or political participation. Explaining the differences between Gulf countries with roughly similar resource endowments requires reference to some of these other factors. For instance, rentier-state theory might have predicted that Bahrain and Oman, the least oil-rich countries, would experience the fiercest protests at the beginning of 2011. However, it does not explain why wealthy Kuwait has seen extensive protests in recent years, or the differences in political systems and in political culture between two of the wealthiest countries, Kuwait and the UAE; that requires additional examination of their different political histories, pre-oil institutions and current political economy. Nor does it explain why the leaders of the UAE and Qatar, which have similar levels of wealth and share a unique demographic set-up, have such radically different threat perceptions of Islamist opposition movements.

<sup>38</sup> See the special issue of *Journal of Arabian Studies* on 'Rethinking the Monarchy-Republic Gap in the Middle East', Vol. 4, Issue 2 (2014). See also Toby Matthiesen, *Sectarian Gulf: Bahrain, Saudi Arabia and the Arab Spring That Wasn't* (Stanford University Press, 2013); Frederic Wehrey, *Sectarian Politics in the Gulf: From the Iraq War to the Arab Uprisings* (New York: Columbia University Press, 2013); Laurence Louer, *Shiism and Politics in the Middle East* (Oxford University Press, 2013); Justin Gengler, *Group Conflict and Political Mobilization in Bahrain and the Arab Gulf: Rethinking the Rentier State* (Indiana University Press, forthcoming, 2015).

<sup>39</sup> Bahrain had 1,087 police per 100,000 population, according to statistics from the European Institute for Crime Prevention and Control and UN Office on Drugs and Crime, 'International Statistics on Crime and Justice', 2010, [http://www.unodc.org/documents/data-and-analysis/Crime-statistics/International\\_Statistics\\_on\\_Crime\\_and\\_Justice.pdf](http://www.unodc.org/documents/data-and-analysis/Crime-statistics/International_Statistics_on_Crime_and_Justice.pdf). The Middle East and North Africa region has the highest proportion of police to population of any region in the world, the median being 435.5 police per 100,000 population.

<sup>40</sup> In Tunisia the army was not willing; in Egypt it was not willing in 2011 but was in 2012; in Yemen, it nearly split; in Syria, it was largely willing to use extreme force against civilians (albeit with mass desertions).

<sup>41</sup> Since the time of Adam Smith, economists have used the term 'rents' for unearned income deriving from resource ownership, although in common usage the term relates only to income from property.

Second, rentier-state theory is a largely static model that does not address the potential for citizens' expectations of the state to change and adapt over time,<sup>42</sup> including their subjective expectations of economic benefits, economic development and perceptions of the duties of the state. For instance, why should Gulf citizens not see the national wealth held in SWFs as 'their' money, just as taxpayers see tax revenues as theirs?

Third, literature on the rentier state in the Gulf often reinforces Gulf 'exceptionalism' and understates the extent to which other economies have similar features.<sup>43</sup> And far less theoretical work has been written on the ways in which Gulf states use their rents to buy friends and influence internationally, chiefly in the West. Various reworkings, such as Gray's 'late rentierism',<sup>44</sup> have sought to flesh out rentier theory and incorporate non-economic aspects of Gulf regimes' legitimizing strategies, such as the development of national visions that promise to transform the economies.

Similarly, the concept of the 'neopatrimonial'<sup>45</sup> state' describes a system that combines rentier-style patronage politics with elements of the institutionalism, law and bureaucracy associated with modern states. This model is more often used in the study of modern African politics; it is criticized for lacking predictive power, and potentially creating false divisions between a supposedly bureaucratic-rational West and patronage-ridden global South. Nevertheless it resonates in the Gulf context, where constitutional, legal and institutional changes play a core role in reform efforts that are designed to legitimize regimes, but that have limited impact on the deep structures of patronage and privilege. The fusion is not a stable one; there is a struggle between the patronage-based politics used to maintain regime power and social cohesion, and efforts to obtain stronger institutions and more equal political citizenship.

## Managing the family

Gulf academics have lamented Western writers' tendency to focus on oil to the exclusion of almost all other aspects of Gulf society.<sup>46</sup> Beyond rentier-state explanations, the literature looks at the ways in which the Gulf rulers manage their relations with different social groups and opposition movements, family members and religious leaders, and the different legitimizing strategies they use to strike 'social contracts' or 'ruling bargains' that include but are not reducible to purely economic 'buying off'. Gulf rulers have vast personal prerogatives, and tribal and political affiliations are critical for advancement. However, unlike 'sultanistic' regimes,<sup>47</sup> the Gulf monarchies do not govern solely on personal whim.

Crucially, Gulf rulers share power among senior members of their extended families. Michael Herb's influential work on what has made some of the Arab world's dynastic monarchies resilient analyses how they have distributed power and wealth within their families to safeguard themselves, for the most part, against the dangers of factionalism and internal coups.<sup>48</sup> In Saudi Arabia senior princes represent what Saudi anthropologist Madawi Al Rasheed describes as 'circles of power',<sup>49</sup> each with patronage networks that encompass large swathes of the population. The exception is Oman, a different type of monarchy, where the sultan barely shares power with members of the royal family, and where questions remain about the stability of the existing system once Sultan Qaboos is no longer in power.

The overriding importance of family unity means the Gulf ruling families are well aware of the need to pay careful attention to the political succession and to seek consensus candidates. In Saudi Arabia, the succession of King Salman bin Abdel-Aziz Al Saud in 2015 happened smoothly and had been well prepared for. In 2006, awareness of the risks of factionalism had led King Abdullah to formalize the traditional family consultations over the political succession by setting up a council of senior princes to

<sup>42</sup> This was explored in detail in a workshop on 'Citizenship and the Economy in the GCC', held as part of this project. See Chapter 3 for more details.

<sup>43</sup> Adam Haniyeh, 'Capital and Labor in the Gulf States: Bringing the Region Back In', Jadaliyya Roundtable, April 2013, available at [http://www.jadaliyya.com/pages/index/11293/theorizing-the-arabian-peninsula-roundtable\\_capita](http://www.jadaliyya.com/pages/index/11293/theorizing-the-arabian-peninsula-roundtable_capita); on rentier behaviour beyond the Middle East, see Joseph Stiglitz, 'Rent Seeking and the Making of an Unequal Society', Chapter 2 in *The Price of Inequality* (New York: W.W. Norton, 2012).

<sup>44</sup> Matthew Gray, *A Theory of Late Rentierism in the Arab States of the Gulf*, Georgetown University School of Foreign Studies in Qatar, Center for Regional and International Studies, Occasional Paper No. 7, 2011.

<sup>45</sup> Shmuel N. Eisenstadt, *Traditional Patrimonialism and Modern Neopatrimonialism* (Prentice-Hall, 1973).

<sup>46</sup> Mohammed Al Rumaihi, *Beyond Oil: Unity and Development in the Gulf* (Al Saqi Books, 1986); Khaldun Al Naqeeb, *Society and State in the Arabian Peninsula* (London: Routledge, 1990).

<sup>47</sup> Max Weber distinguishes between patrimonial regimes, where a ruler exercises dominance by means of traditional authority, and sultanistic regimes, where a ruler can rule more by personal whim.

<sup>48</sup> Michael Herb, *All In The Family*, State University of New York Series in Middle Eastern Studies, 1999. There was in fact a coup in Qatar two years before he published this, though it was bloodless and smooth.

<sup>49</sup> Madawi Al-Rasheed, 'Circles of Power: Royals and Saudi Society', in Paul Aarts and Gerd Nonneman (eds), *Saudi Arabia in the Balance* (London: C. Hurst, 2005), pp. 185–213.

advise upon the choice of future crown princes, with detailed written rules about the procedures in the event of disagreement with the king's choice. He also created the new position of deputy crown prince, which ensured his half-brother Muqrin became crown prince when Salman became king, and which is now held for the first time by a member of the next generation of princes (the grandsons of the kingdom's founder), Mohammed bin Nayef bin Abdel-Aziz Al Saud, who is also the interior minister. While the succession itself was smooth, a number of senior princes, including two of former king Abdullah's sons, were reshuffled out of important positions, and rivalries over key ministries may persist.

Internal rivalries, and jockeying for position among senior princes, may distract senior royals from wider conflicts and tensions in the population. In Qatar – where there was no 'orderly succession' for 100 years from 1913 to 2013 – emirs tend to look towards their own family for potential opposition before worrying about the wider populace. Or internal rivalries may generate wider tensions in the society. In Kuwait, especially since 2006, conflict within the Al Sabah family over the succession is reflected in standoffs within the parliament among MPs aligned with different princes, contributing to the instability of successive parliaments.

Oman could find it harder to manage the political succession, as there is no equivalent process of internal family consultations<sup>50</sup> and none of the potential successors has had the ability to build up a support base that could begin to match that of Sultan Qaboos. However, the lower priority placed on ruling-family unity in the Omani context may have facilitated political reform. In particular, Sultan Qaboos's readiness to change senior ministers, restructure the parliament and embark on institutional reforms following the 2011 protests contrasts markedly with the case of Bahrain, where the king is extremely cautious about steps that could alienate the conservatives in the ruling-family council. Cherif Bassiouni, the head of the royally appointed Bahrain Independent Commission of Inquiry, which called for institutional and human rights reforms and accountability for abuses, said in 2012 that the king faced a choice between the unity of his family and the unity of his country – a dilemma that also applies to other Gulf states.

## Managing the other key interest groups

Beyond the ruling families, Kuwaiti sociologist Khaldun Al-Naqeeb<sup>51</sup> argues the Gulf monarchies govern by means of six main 'unofficial corporations of social forces', represented within the ruling establishment through assigned heads; these are the tribal establishment, the merchants, the sectarian establishment (the leaders of religious sects), the religious establishment (especially important in Saudi Arabia and Oman), the leaders of middle-class professional families, and (in countries with a significant national workforce) workers' representatives. A continual rotation of these elites, including co-optation of the former opposition, has prevented them from becoming too assertive. Al-Naqeeb contends that the system has held back the development of Gulf societies by entrenching tribalism and sectarianism, and that it laid the foundation for Islamic fundamentalism. Similarly, Abdulhadi Khalaf, a Bahraini sociologist, has written of the 'vertical segmentation' of Gulf societies into different corporate hierarchies 'through mobilisation of tribal, confessional, and ethnic myths, through appropriate parts of communal histories, through co-optation as well as through actual use of physical force'.<sup>52</sup> Both analyses are convincing. But importantly, the traditional hierarchies within the 'corporations' Naqeeb describes are themselves being questioned by an increasingly educated younger population.

Among the strategies for regime legitimization that are aimed at the broader public are the reinvention of national and tribal traditions,<sup>53</sup> identity and heritage, and acting as protectors of society and of national identity against putative external threats. This is combined with 'modernizing' legitimacy through economic development achievements (above all in Dubai, with all its world records), through grand economic-policy narratives about transformation from oil-based to knowledge-based economies, and through securing global recognition – such as Dubai's selection to host the 2020 Expo, or Qatar's successful bid for the 2022 World Cup, with which the then crown prince associated himself closely, although it has proved a double-edged sword.

<sup>50</sup> 'There is every indication that the Ruling Family Council has never met to date.' Marc Valeri, 'Oman and the Succession of Sultan Qaboos', Hurst Publishers' blog post, 3 December 2014, <http://www.hurstpublishers.com/oman-succession-sultan-qaboos/>.

<sup>51</sup> Al-Naqeeb, *Society and State in the Arabian Peninsula*, pp. 108–10.

<sup>52</sup> Abdulhadi Khalaf, 'Contentious Politics in Bahrain: From Ethnic to National and Vice Versa', paper delivered at the fourth Nordic Conference on Middle Eastern Studies, 'The Middle East in a Globalizing World', Oslo, 13–16 August 1998, available at <http://org.uib.no/smi/pao/khalaf.html>.

<sup>53</sup> Neil Partrick, *Nationalism in the Gulf States*, Kuwait Programme on Development, Governance and Globalisation in the Gulf States, 5, London School of Economics and Political Science, <http://eprints.lse.ac.uk/55257/>.

## Promises of reform

Programmes of political reform also act as legitimizing strategies. Steve Heydemann's notion of 'upgrading authoritarianism'<sup>54</sup> and Fred Lawson's 'modernization of autocracy'<sup>55</sup> examine the use of 'reform' to preserve elements of traditional tribal patronage structures, while alleviating internal and external demands for change that are sometimes satisfied by form over substance (such as manipulated 'elections' or 'independent' media that self-censor instead of being overtly censored).

**There are internal divisions within ruling families over the value of political liberalization, and whether it will ultimately make their rule more sustainable or destabilize it. Thus reform tends to be a stop-start process, often reacting to perceived challenges and pressures, rather than something that continues incrementally on a steady path.**

Some Gulf officials reject the relevance of democracy to the region. Increasingly, however, official discourses on reform tend to portray democratization as an inevitable and desirable long-term outcome, but one that is comfortably distant because Gulf societies are not yet ripe for it. The suggestion is that once society is more educated (and perhaps less sectarian, or even less religious), the magnanimous rulers will grant their people democracy, which they are currently withholding only because it would lead to instability and division. This is a convenient but unrealistic narrative, ignoring the natural desire of ruling establishments to maintain power, and the many strategies they use to do so, as well as the fact that political transitions almost always involve struggle.

Under a benign scenario, the Gulf ruling establishments would negotiate political reforms with their populations, with reformists in government and opposition working towards a 'pacted transition'. Such transitions tend to limit the scope of change but avoid the pain of revolution. Some writers have argued that a stable democracy is more likely to emerge from such consensual compromise than from revolution.

Indeed, Gulf regimes and oppositions have formed tacit and explicit pacts at different times, such as Bahrain's 2001 National Action Charter, Kuwait's 1990 Jeddah conference communiqué, or the 1993–94 agreement with King Fahd of Saudi Arabia that brought exiled Shia dissidents back to the country.<sup>56</sup> In Qatar, the programme of liberalization introduced by the then emir, Hamad Al Thani, was designed to cement his relations with key social groups in order to weaken the risk of opposition from his relatives after his 1997 coup.<sup>57</sup> Contacts between the Bahraini crown prince and the opposition in February–March 2011 might have had the potential for a pacted transition, but the process was overtaken by an escalation of protests and the GCC intervention.

Prospects for pacted transitions currently appear to be limited by the overriding concern to preserve ruling-family power and ruling-family consensus, especially in Saudi Arabia and Bahrain, where power is distributed among several senior figures with very different approaches. There are internal divisions within ruling families over the value of political liberalization, and whether it will ultimately make their rule more sustainable or destabilize it. Thus reform tends to be a stop-start process, often reacting to perceived challenges and pressures, rather than something that continues incrementally on a steady path.<sup>58</sup> Moreover, reforms frequently focus on changes to the rules of formal political institutions, such as parliaments, but not in the (often more powerful) informal institutions that govern decision-making, especially the ruling family.<sup>59</sup>

## Conclusions

Some commentators argue that because the Gulf countries have defied predictions of their demise for the past four decades, there is little cause for concern about their stability today. However, such assumptions could themselves give rise to problematic complacency. Rather than being inherently stable through their status as monarchies, the Gulf ruling establishments need to employ multiple strategies to stay in power. It is a constantly evolving balancing act that takes into account the interests of different power-holders, domestically and internationally – particularly other members of the ruling family, influential religious, tribal and business leaders, and

<sup>54</sup> Steven Heydemann, *Upgrading Authoritarianism in the Arab World*, Brookings, Center for Middle East Policy Analysis Papers, No. 13, October 2007, <http://www.brookings.edu/research/papers/2007/10/arabworld>.

<sup>55</sup> Fred Lawson, *Bahrain: The Modernization of Autocracy* (Boulder, CO: Westview Press, 1989).

<sup>56</sup> The latter is covered in detail in Toby Matthiesen, *The Other Saudis: Shiism, Dissent and Sectarianism* (Cambridge University Press, 2015).

<sup>57</sup> Mehran Kamrava, 'Royal Factionalism and Political Liberalisation in Qatar', *Middle East Journal*, Vol. 63, No. 3 (Summer 2009), pp. 401–20, available at DOI: <http://dx.doi.org/10.3751/63.3.13> [paywall].

<sup>58</sup> For instance, Qatar's 2004 constitution provides for parliamentary elections that have yet to materialize.

<sup>59</sup> This distinction is made in the academic literature by the new institutionalists, drawing on the work of Douglas North. The concept of unwritten rules is used far more widely. As part of the research for this project, a workshop with young Gulf nationals examining issues relating to the rule of law in the Gulf highlighted the idea of unwritten rules as one of the reasons why constitutions and other laws were often not implemented either by governments or by societies.



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key foreign allies. The interests of these elites are often served through tribal and sectarian privilege and patronage, and the flipside of privilege is the exclusion of others.

Traditionally marginalized groups, from the Shia majority in Bahrain to disaffected youth in Saudi Arabia, *bidoon* (stateless) in Kuwait and people from the less well-off areas of the UAE and Oman, have become more vocal in their demands. It is striking that several GCC regimes have faced significant protests and opposition mobilization, even at a time of plenty. Since 2003, economies and government budgets have been boosted by historically high oil prices, while Gulf purchasing power has encouraged

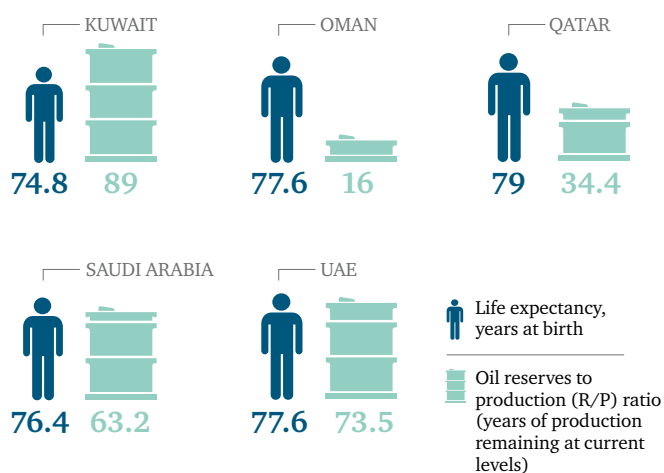
new allies to offer support for the existing governments. These supportive external factors have reduced the perceived need of Gulf governments to negotiate a new political bargain with their evolving populations. But they did not put paid to political opposition. Internally, calls for political reform have intensified (as set out in more detail in Chapter 5).

As the next chapter argues, when the oil bargain needs to be unwound and reconstituted, it will have profound political effects. This should drive negotiated reform. Failing that, there will be an increased risk of revolutionary movements emerging, and of eventual conflict.

### 3. Resource and Population Pressures: Economic and Demographic Trends

It is likely that the strongest driver of political change in the Gulf will be the eventual unwinding of the current social bargain based on the state's distribution of oil and gas resources. These pressures have reached Oman and Bahrain first, and have contributed to political unrest in both those countries. Saudi Arabia's large population means that it, too, faces pressures that are likely to intensify in the next five to ten years. Kuwait has a smaller population and larger fiscal cushion, but has high expectations of what governments should deliver, and a political culture that encourages Kuwaitis to criticize them. Fiscal pressures are least pronounced for the UAE and Qatar, the most politically stable of the Gulf monarchies. For these countries, which are unique in the world in that their citizens represent less than 20 per cent of their populations, the larger question is what rights and role their growing and increasingly diverse non-citizen populations will have. Currently there are no indications that political movements are trying to unite citizens and expatriates in these countries; should that happen, it could be a game-changer for them, but citizens' economic interests generally militate against it.

**Figure 1: Life expectancy and oil R/P ratios**



Sources: UN Population Division, *World Population Prospects: The 2012 Revision*; BP, *Statistical Review of World Energy 2014*.

Note: Qatar's gas reserves would cover more than 100 years of production at current levels. Bahrain obtains most of its oil from a field shared with Saudi Arabia.

While the timescale varies from country to country, the current political-economic system in the Gulf is not sustainable. There are several reasons for this. First, it is based on finite oil and gas resources. Kuwait and Qatar are the only Gulf countries whose oil and gas reserves are expected to last longer than the lifespan of a citizen born today; in all the others, the generation born in 2015 should expect these resources to run out within their lifetimes (see Figure 1). They still have several decades

of production available. But in the more immediate term, the sustained surge in fiscal spending seen across the Gulf since 2003 has made the states' provisions of economic benefits unsustainable within the next decade. SWFs and diversification strategies are not advanced enough to compensate; while the capital in SWFs could cover several years of public spending in all the Gulf countries except Bahrain, the income from them could not, and running down the capital would replicate the problem of depleting a finite resource.

Historically, relations between citizens, non-citizens and states in the six Gulf monarchies have been shaped by the major endowments of hydrocarbon wealth held by the states. These relations are bound to evolve in the coming years and decades, because the structure of the GCC economies will change significantly as the Gulf countries move beyond their current dependence on hydrocarbon-fuelled public spending, which will be particularly pressing in Bahrain, Oman and Saudi Arabia.

But citizens themselves are becoming a minority across the Gulf. So far, the reliance on low-paid foreign workers has largely bolstered the privileged economic status of nationals, ensuring they can access cheap labour, often have servants, and benefit from lower costs for many services. However, the Gulf's very rapid population growth also adds to strains on resources. Moreover, the cultural impact of the dwindling proportion of Arab Muslim nationals in the Gulf is also generating social and political pressures to limit the influx of expatriate workers – though this would require a fundamental change in the economic model. The question of whether to extend citizenship to more people through naturalization is being quietly discussed, though at present this process tends to be effected through royal prerogative with little transparency, which can create resentment and also tends to create second-class citizens.

There will be a close relationship between economic and political change, but not a mechanistic one. Rather, there will be hard-fought struggles and debates over how the Gulf countries can manage this change – and about what it means for the future relationships between citizens and their states. They will not necessarily follow the same path as other countries in the region, or emulate European models. Some efforts to manage this change are already under way, but these currently focus far more on economic adaptation than on future political development. Moreover, heightened perceptions of political risk since 2011 have tended to set back efforts to make Gulf economies more sustainable. Instead, the desire to pre-empt the risks of social unrest has spurred short-termist fiscal expansion, including large-scale public-sector job creation, contradicting the stated long-term development objectives of most Gulf countries.

This chapter draws in part on the findings of a joint workshop on ‘Citizenship and the Economy in the GCC’, held in Kuwait City in 2013 by Chatham House and the Gulf Center for Development Policies at the University for Science and Technology,<sup>60</sup> which brought together some 30 younger-generation economists from across the GCC.

## The issues at stake

### Economic expectations and the ruling bargain: the constitutional basis

Certain economic expectations are built into the constitutions of the Gulf states, which typically declare that these countries should balance a free economy with ‘social justice’; that natural resources are under the control of the state, while private property should be protected from expropriation; and that the state will pursue a better standard of living for its citizens. The notion of the state having a role in providing employment is enshrined in several Gulf constitutions. Kuwait was the first to develop its constitution, having become independent in 1961, ten years before most other Gulf states, and well before the oil boom; it is the only GCC country in which the constitution stipulates that the emir’s remuneration should be set by law,<sup>61</sup> and it defines a substantial role for the country’s parliament in economic policy. It states that work is both a right and a duty, and that ‘the state shall endeavour to make it available to citizens and to make its terms equitable’.<sup>62</sup> This in turn influenced the constitution of Bahrain, according to which ‘the state guarantees the provision of job opportunities for its citizens’.<sup>63</sup> In comparison, the UAE constitution, written in 1971, states that the ‘community [sometimes translated as ‘society’] shall provide citizens with jobs, qualifications for those jobs, and suitable legal conditions’.<sup>64</sup>

The other Gulf constitutions (or their equivalents, as Saudi Arabia and Oman have Basic Laws rather than codified constitutions) do not assign the state a role in providing employment. Saudi Arabia’s Basic Law, established in 1992, has a strong focus on property rights, stating that ownership of capital and labour are basic personal rights with a social function that accords with Islamic law; that private property rights are guaranteed and that public funds are inviolable;

and that no taxes should be levied ‘except in need and on a just basis’. Saudi Arabia was never under British protection and was united as a country before the discovery of oil, with relations between the ruling family, key tribes and leading religious clerics forming an important part of the political compact. Nevertheless, the role of the state as an economic provider is an important part of the ruling family’s claim to legitimacy.

### Oil and citizenship

The nature of citizenship in the Gulf – in terms of the laws and practices that distinguish citizens from non-citizens, and the perception of what it means to be a citizen – has deep roots, having been shaped by historical relations between ruling families, other tribes and non-tribal populations; by colonial influence over early passport and citizenship regulations; as well as by political history and culture. However, citizenship laws, concepts and constitutions have been defined and developed in the oil age and have been heavily influenced by the oil economy.<sup>65</sup> Except for Saudi Arabia, the emergence of the Gulf Arab monarchies as internationally recognized states, independent from the British empire, roughly coincided with the 1970s oil boom.<sup>66</sup>

Oil wealth, and the practice of dividing some of this among citizens, mean there are very strong economic incentives to limit citizenship to a small pool of people. Gulf nationals typically do not pay income tax, have free health care and education provided by the state, receive subsidies for electricity and fuel, and often receive other benefits (such as land grants). Traditionally they have also expected the state to provide a job – an idea enshrined in some Gulf constitutions, as detailed above – and, often, housing.

The Gulf states therefore make it extremely difficult to obtain citizenship (except for Bahrain, which has a large-scale but opaque programme of naturalization that appears to reflect political and sectarian priorities). They have encouraged mass immigration, but mainly for temporary worker roles, which generally preclude migrants from becoming legally or economically equal to natural-born citizens. As the Gulf’s economic growth continues to be driven partly by the importation of lower-cost foreign labour, the proportion of non-citizens is rising further.

<sup>60</sup> ‘Citizenship and the Economy in the Gulf’, Chatham House Middle East and North Africa Programme, Workshop Summary – Kuwait Study Group, May 2013, [http://www.chathamhouse.org/sites/files/chathamhouse/field/field\\_document/20130524KuwaitStudyGroup.pdf](http://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/20130524KuwaitStudyGroup.pdf).

<sup>61</sup> Article 78, Constitution of the State of Kuwait.

<sup>62</sup> Article 41 [Right and Duty to Work], Constitution of the State of Kuwait.

<sup>63</sup> Article 13, Constitution of the Kingdom of Bahrain, 2002. The country’s first constitution, of 1973, had similar wording.

<sup>64</sup> Article 20, United Arab Emirates Constitution. Federal National Council official translation, available at: <http://www.almajles.gov.ae:85/Uploads/Files/2011/06/20/15206.pdf>.

<sup>65</sup> Most of the Gulf Arab monarchies formally became independent countries following the British withdrawal from the Gulf in 1971, and started to define their constitutional arrangements during the 1970s, the era of the oil boom.

<sup>66</sup> Kuwait achieved independence in 1961; Bahrain, Oman and Qatar in 1971.

Today, the citizens of the UAE, Kuwait and Qatar are minorities in their own countries, a unique situation in the world,<sup>67</sup> and Bahrain and Oman are at a demographic tipping point. As later parts of this chapter explore, the power relations between citizens and migrants are being changed by the growth of a property-owning expatriate middle class that is increasingly laying down social roots.

However, migrants tend to 'keep their heads down' politically, aware that their status in the country is not assured and that campaigning for more rights can lead to deportation. Indeed, it appears that the presence of massive non-national populations strengthens political support for the status quo in Qatar and the UAE, since governments are perceived to play a key role in protecting the privileges and national identity of citizens, whereas adopting principles of democratization or pan-Islamism might imply equality for the non-citizen masses.

#### Citizens and expatriates: conflicting economic interests

Today, the economic interests of citizens, who benefit from the availability of so much low-paid labour, are usually seen as being in conflict with the potential interest of expatriates in improving their pay and rights, to such an extent that the latter rarely mobilize to call for any improvements to their situation. Political, social or religious movements that build solidarity between citizens and expatriates are generally absent.

Legal and economic structures perpetuate this sharp divide between citizens and expatriates, a segmented labour market and often *de facto* geographical segregation.<sup>68</sup> Citizens make up the majority of the public sector, while expatriates do most private-sector jobs. Private-sector employers prefer to employ non-nationals because they cost less, have fewer rights and often have more market-relevant skills.<sup>69</sup> The breakdown varies between countries; in Oman and Bahrain, nationals do around one-third of private-sector jobs, including as taxi-drivers, hotel receptionists and petrol pump attendants; by contrast, in Abu Dhabi, 90 per cent of nationals in employment work for the public sector and those in the private sector tend to be in high-paid managerial positions.

In Kuwait some 44 per cent of expatriates earn KD60–120 (US\$211–422) per month.<sup>70</sup> The income gap with nationals is so large that 90 per cent of Kuwaiti households employ at least one migrant domestic servant.<sup>71</sup> A 2012 research paper on domestic workers in Kuwait quoted a Kuwaiti lawyer as saying, 'If you don't have a servant, you're not Kuwaiti.'<sup>72</sup>

For years it was assumed that since most migrants came to work temporarily on construction projects, the migrant population would naturally decline once these major projects were completed, but infrastructure development is set to continue – and Gulf lifestyles have become dependent on large numbers of low-paid workers. In the UAE, the 2009 labour force survey showed that at all levels of education, Emiratis are paid more than non-Gulf Arabs or migrants from developing countries. Indeed, an illiterate Emirati earns, on average, more than a PhD holder from one of these categories<sup>73</sup> – typically because the former is employed in the public sector, where wages are higher and where employment is geared not only to economic productivity but to the social and political function of redistributing some of the national oil wealth.<sup>74</sup> In Saudi Arabia in 2012, there was a minor scandal when a local newspaper claimed Saudi women were working as domestic servants – illustrating concerns about poverty but also popular expectations that certain jobs are only fit for foreigners. This highlights the strong differentiation between citizens and expatriates that reinforces the citizens' sense of privilege, and that in practice makes privilege part of national identity.

Citizens also have better access to legal protection than poor migrants, who are liable to lose their jobs and be deported easily, and are heavily dependent on their employer as the sponsor of their presence in the country. Human rights abuses occur on a large scale, especially among construction workers and domestic servants. For instance, the International Trade Union Confederation has estimated that some 1,200 workers have died during the building of the Qatar 2022 World Cup infrastructure.<sup>75</sup> The increasing international awareness of labour rights abuses and human-trafficking has damaged the international reputation of the Gulf countries.

<sup>67</sup> Singapore is one of the few countries with comparable levels of non-citizens in the population, at 40%.

<sup>68</sup> Andrew Gardner, *City of Strangers: Gulf Migration and the Indian Community in Bahrain* (New York: Cornell University Press, 2011).

<sup>69</sup> Jane Kinninmont, 'The GCC in 2020: The Gulf and its People', Economist Intelligence Unit, November 2009, <http://graphics.eiu.com/upload/eb/Gulf2020part2.pdf>.

<sup>70</sup> State of Kuwait Central Statistical Bureau, Main Features of Expatriate Labour Employment in Private Sector as of 30/6/2013, p. 25, [http://www.csb.gov.kw/Socan\\_Statistic\\_EN.aspx?ID=14](http://www.csb.gov.kw/Socan_Statistic_EN.aspx?ID=14).

<sup>71</sup> Nasra M. Shah, 'Recent Labor Immigration Policies in the Oil-Rich Gulf: How Effective Are They Likely to Be?', Cornell University School of Industrial and Labor Relations, International Publications 1/2008, 2008, <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1055&context=intl>.

<sup>72</sup> The Protection Project and Johns Hopkins University School of Advanced International Study, 'The Protection of the Rights of Migrant Domestic Workers in a Country of Origin and Country of Destination: Case Studies of the Philippines and Kuwait', International Human Rights Clinic, 2013, [http://www.protectionproject.org/wp-content/uploads/2013/11/Domestic-Workers-Report-2013\\_Electronic-Version.pdf](http://www.protectionproject.org/wp-content/uploads/2013/11/Domestic-Workers-Report-2013_Electronic-Version.pdf).

<sup>73</sup> Rosalia Vazquez-Alvarez, 'The Micro-structure of Wages and Wage Determination in the UAE', Economic Policy & Research Center (EPRC), Dubai Economic Council, September 2010, p. 29, [http://www.iza.org/conference\\_files/world2011/vazquez-alvarez\\_r1528.pdf](http://www.iza.org/conference_files/world2011/vazquez-alvarez_r1528.pdf).

<sup>74</sup> This was flagged by a representative of the Bahraini Economists Society at a Dubai Economic Council workshop discussing the Vazquez-Alvarez paper cited above.

<sup>75</sup> The data blog Amp3d noted that this is 464 more people than the entire number of players who will compete in the tournament. See <http://amp3d.mirror.co.uk/2014/05/14/more-people-may-have-died-building-venues-for-qatar-2022-than-will-play-in-the-2014-world-cup/>.

Yet the depoliticized nature of migrants in the Gulf is a relatively recent phenomenon, and one that might change again in the years to come. The very existence of Gulf nationals as a separate, defined legal and political category is only a few decades old. Gulf port cities such as Manama,<sup>76</sup> Kuwait or Jeddah traditionally allowed free movement along with laissez-faire trade; their long-standing mercantile connections with the rest of the Middle East and South Asia are reflected in the existence of well-established Indian, Persian and Yemeni communities, among others, as well as vocabulary derived from Indian, Persian and European languages in Gulf dialects.<sup>77</sup> Passports were introduced less than a century ago by British imperial administrators.<sup>78</sup> Some of the then residents in the Gulf were left out, creating a group of thousands of indigenous stateless people, a problem that persists even today, especially in Kuwait. Citizen/expatriate distinctions were ultimately sharpened by the development of the oil state. At first, the growing oil industry encouraged the formation of a trade union movement including both locals and migrant workers, at least in Bahrain and Oman. The expatriate population surged from a few tens of thousands of expatriates in the 1950s to a million by 1970.<sup>79</sup> Most were from other Arab countries. Egyptians, Syrians, Palestinians and Iraqis were politically influential as well as economically important – sometimes involved in nationalist and trade union movements, and often working as teachers.

This role of Arab migrants in opposition activity helped to encourage GCC countries to look for a more depoliticized expatriate workforce, recruiting in poorer Asian countries beyond the reach of Arab nationalism (if not of possible Islamic solidarity movements) and setting up a labour regulation structure that meant expatriates were usually transient, and highly dependent on the goodwill of their employers and the governments.<sup>80</sup> In Bahrain and Kuwait, the establishment of elected parliaments after independence also meant citizens had newfound political privileges relative to expatriates. Recruitment patterns today focus on what a Dubai Economic Council paper refers to as the 'BIPP' countries (Bangladesh, India, Pakistan, the Philippines).<sup>81</sup>

Analyses of the relative wealth of nationals and poverty of migrants may represent the norm, but overlook the growing minority of wealthy expatriates and the inequalities among Gulf nationals. There are sometimes distinctions between established and recently naturalized citizens (for instance, in the UAE, different levels of benefits are available to naturalized citizens compared with those with a 'family book' proving their longer-term tribal descent). A growing number of expatriates (though still a minority) occupy senior, professional positions, are property owners and employ servants; their children attend private schools with wealthy Gulf children whose parents opt out of the state school system for better quality. There may be potential for more social and political solidarity between the citizen and non-citizen middle classes in the years to come.

## Drivers of change

### Finite oil resources

GCC states all need to reduce their dependence on hydrocarbons (oil or, in Qatar's case, gas), although the extent of their oil and gas revenues varies greatly. The governments are well aware it is a finite resource whose price is susceptible to dramatic fluctuations that are beyond the Gulf's control. The urgency of the need to diversify varies greatly from country to country. At one end of the spectrum, Oman's oil production is already thought to have peaked, and its proven oil reserves are estimated to last 16 years of production at the current rate. At the other, Kuwait's oil reserves-to-production ratio is 89 years, and Qatar's gas reserves-to-production ratio is more than 100 years.<sup>82</sup> But the situation is more pressing than many observers realize, even for these wealthy countries, because their public spending is rising so fast – and will be even more critical if oil prices remain at lower levels than those to which the Gulf countries have become accustomed in recent years.

<sup>76</sup> Nelida Fuccaro, *Histories of City and State in the Persian Gulf: Manama since 1800* (Cambridge University Press, 2009).

<sup>77</sup> Clive Holes, *Dialect, Culture, and Society in Eastern Arabia* (Leiden: Brill, 2005).

<sup>78</sup> The then British imperial resident in Bahrain, Charles Belgrave, wrote in his diary in 1928 that he was keen to develop a passport system to prevent traders from the rival Persian empire landing so easily in Bahrain.

<sup>79</sup> John Chalcraft, *Monarchy, Migration and Hegemony in the Arabian Peninsula*, Kuwait Programme on Development, Governance and Globalisation in the Gulf States, London School of Economics and Political Science, Paper 12.

<sup>80</sup> Omar Al Shehabi, 'Uprooting: Mega-Real Estate and the Exacerbation of the "Demographic Disorder" in the GCC', *Contemporary Arab Affairs*, Vol. 5, No. 4, October–December 2012, pp. 519–34, at pp. 520–21, <http://www.tandfonline.com/doi/pdf/10.1080/17550912.2012.719104>; John Chalcraft 'Monarchy, Migration and Hegemony in the Arabian Peninsula'.

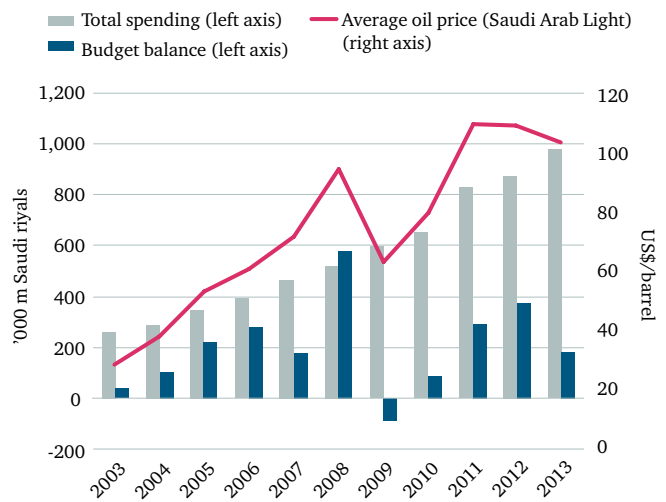
<sup>81</sup> Vazquez-Alvarez, 'The Micro-structure of Wages and Wage Determination in the UAE'.

<sup>82</sup> Figures from *BP Statistical Review of World Energy 2014*, available at <http://www.bp.com/content/dam/bp/pdf/Energy-economics/statistical-review-2014/BP-statistical-review-of-world-energy-2014-full-report.pdf>.

**Fiscal unsustainability**

SWFs are one way of diversifying the sources of government revenue. All the Gulf countries except Saudi Arabia<sup>83</sup> have established SWFs intended to convert part of today’s oil revenues into a broader range of assets that can generate value for future generations. The Kuwait Investment Authority (KIA), the world’s oldest SWF, typically provides 8–10% of total government revenue from its investment earnings. But these funds are not on the same scale as oil production. For instance, Qatar’s SWF has an estimated value of some \$250 billion.<sup>84</sup> As a last resort, this could cover just over four years of public spending at current rates. The KIA’s estimated total value (US\$548 billion) would cover 8.5 years of public spending at current rates (US\$64 billion in the 2013–14 fiscal year). The estimated total value of Abu Dhabi’s SWF (US\$773 billion), one of the largest in the world, is equivalent to approximately nine years of Abu Dhabi’s government spending. Such funds will help substitute for oil income, but would only be part of the picture. Other forms of revenue raising, from taxation to borrowing, will have to be considered.

**Figure 2: Saudi Arabia’s pro-cyclical fiscal policy**



Sources: Saudi Arabian Monetary Agency; US Energy Information Administration (<http://www.eia.gov>).

**Gulf commentary 1**

**Fiscal sustainability in the Gulf: political and economic implications**

Ghassan Saeed and Abdulla Abdulaal

The question of fiscal sustainability is the most tenacious challenge to the political and economic structures of the GCC states. The growth of government expenditure has overtaken that of revenue and output, and its main purpose has been alleviating political pressure rather than promoting economic development. At this critical juncture, public participation in policy-making through democratization is possibly the only option in curtailing spending and implementing much-needed economic reforms.

The GCC states account for one-third of global oil exports, and the structures of their economies and state budgets are dominated by their natural-resource endowment. This puts them at great risk of oil price volatility and ties their fate to international markets. Following the 2003 invasion of Iraq, high oil prices spurred an investment and consumption boom in the region, whereas the global financial crisis led to a real-estate crash and a steep economic slowdown in 2009.

Recent technological and international political developments have brought stark transformations in energy markets, as downward pressure on oil prices leaves the GCC states in a precarious situation. Alternative sources of income are minimal as tax policies are at an embryonic stage and thus create no incentive for reform. Public spending has soared across the Gulf in the past

decade, partly owing to a period of lucrative oil prices but also in response to political dissidence, highlighted by the Arab uprisings.

Public-sector employment has expanded rapidly at different times and reflects tribal, ethnic and sectarian channels of rent distribution. However, security and defence spending is a major concern as the region’s armament budget as a share of its output is the highest in the world.<sup>a</sup> Resources are increasingly being invested in the military and police establishment at the expense of productivity-enhancing sectors such as infrastructure and education.

Food and energy subsidies have grown dramatically in response to conspicuous consumption habits and phenomenal population growth rates, yet they are necessary in suppressing inflation and avoiding public discontent. Certain subsidies to low-income groups and social safety nets for the unemployed are crucial; however, the current universal subsidy programme is draining the budget as a number of social transfers are targeted towards gaining political acquiescence.

For decades, policy-makers have been highlighting the issue of natural resource dependence and stressing the need for diversification. However, little has been achieved as oil and gas still dominate exports and government revenues. Several GCC states are

<sup>83</sup> The Saudi Shura Council has recently discussed a proposal to establish a SWF. Angus MacDowall and Yara Bayoumy, ‘Saudi Arabia to discuss proposal for sovereign wealth fund’, Reuters, 8 June 2014, <http://uk.reuters.com/article/2014/06/08/saudi-sovereign-funds-idUKL5N0OP09020140608>.

<sup>84</sup> These estimates are from the Sovereign Wealth Fund Institute.

seeking to transform themselves into knowledge-based economies with vibrant financial centres, trading hubs, tourist destinations and industrial powerhouses. Such sectors have witnessed significant investment but they continue to depend on the state and cannot grow sustainably or independently in the future.

In achieving their objectives, the GCC's economic visions rely predominantly on the neoliberal perspective. This involves stabilizing supply-side policies such as deregulation to foster competition, liberalizing strategic sectors to attract foreign direct investment and privatizing state-owned enterprises to reduce inefficiency. No mention is made of political reforms and democratic shifts required to achieve inclusive growth and socio-economic equity such as an independent judiciary, strong rule of law and redistributive taxes.

Previous government attempts to tackle the rising levels of unemployment that are concentrated among the young included resort to nationalization policies by imposing quotas and threatening to punish non-compliant firms. There are now moves towards certain market-based policies such as rewarding top performers and bridging the wage gap between nationals and foreigners. However, the overarching rentier structure of the economy is still in place, and the long-term education and skills deficit continues to cripple efforts at genuine diversification.

The current economic model supported by a unique fiscal policy cannot withstand the test of time. Expenditure commitments are growing sharply but revenues are capped by oil production and prices, while the capacity to raise taxes is weak, with political consequences. Bahrain, with its limited reserves, serves as a warning of what is yet to come: escalating political pressure and heavy borrowing to finance social spending.

Public debt is creating a burden that the future generation will have to carry. It is raising alarm not only about Bahrain's current position but over the region's future direction as well. Monetary policy is pegged to the US Federal Reserve, while the private sector is an appendage of the state and lacks autonomy. Undoubtedly, fiscal policy is the driver of growth in the Gulf economies and it is thus at the heart of the debate.

Bahrain's labour market reforms are to some extent a success story. The proposal to introduce a tax on foreign labour was met with fierce resistance from business owners and the merchant class. However, by aligning its interests with those of the working class and seeking the support of their political societies, the government was able to pass the law. Later, however, these same working-class interest groups were punished when they confronted the regime in 2011 and the tax was temporarily halted.

Growing government expenditure commitments stemming from demographic shifts and economic structural changes are becoming unjustifiable. However, efforts at economic reforms lack public support and have been hindered by political realities. Several states raised the issue of subsidies

on diesel but producers and consumers alike vehemently opposed any reduction. Some argued that defence spending far exceeds subsidies, while others pointed to the fragile state of the economy, blaming government inaction.

Opposition movements in the GCC have generally resisted economic reform on several occasions. First, they pursued political concessions in return for economic restructuring that will mainly benefit the state and its ruling elite. Second, many have a strong presence within the lower and middle classes; therefore their populist policies sought a larger share of the pie, rather than making the pie itself bigger.

Critics of democracy in the Gulf point to Kuwait and blame its parliament for impeding growth by comparing the Kuwaiti economy with that of the UAE. True, development has been gradual but Kuwait's citizens are on a better trajectory than their emirati counterparts. Dubai's real-estate bubble is a short-sighted undertaking, whereas Kuwait established the world's first SWF and has been investing in productive industries abroad ever since.

To build the economic structure, one needs to lay the political foundation. Lines are blurred between the royal families and the state treasuries, crony capitalism has created an elitist circle fighting over access to resources, and government bureaucracies are hampered by petty bribery and cannibalization. Endemic corruption is a clear sign of the lack of accountability and transparency. One telling figure in estimating the magnitude of this issue is the estimate by the Gulf Centre for Development Policies that the difference between oil exported at ports and revenues cited in state budgets amounted to \$772 billion between 2002 and 2011.<sup>b</sup>

Change is coming to the GCC and taxation is imminent. In the pre-oil era, ruling families relied on income from trade and pearl fishing to finance the state bureaucracy. The relationship with merchants was crucial in governing society, and freedom of movement brought with it an implicit system of checks and balances. In today's globalized economy, capital mobility is what dictates policy and the state needs to rediscover its lost values in order to reconsider its role.

Changing economic policy and cutting expenditure under the current social contract is bound to cause political upheaval. This in turn will lead to contestation which could curb economic growth and push up non-productive security spending, counteracting the purpose of the initial reforms. In other words, public-sector wages and subsidies could be redirected to other channels of wasteful spending. The state alone in its current structure is not strong enough to act on the economic front; public participation and elected parliaments would have the capacity to do so.

<sup>a</sup> Carina Solmirano and Pieter Wezeman, 'Military Spending and Arms Procurement in the Gulf States' (Stockholm International Peace Research Institute, 2014).

<sup>b</sup> Omar Al-Shehabi (ed.), 'Gulf 2013: The Constant and the Changing' (Kuwait: Gulf Centre for Development Policies, 2013), p. 108.

#### Diversification and labour policy responses

Each of the countries has adopted long-term economic policy plans that typically include the objectives of diversifying the economy into manufacturing and services, reducing dependence on the public sector and stimulating a more entrepreneurial private sector. Labour policies focus on increasing the proportion of nationals in the workforce, in order to reduce unemployment and stem the rapid growth in the expatriate workforce, and on making education more relevant to the needs of the market. These are aspirational roadmaps rather than reliable forecasts. Such plans are typically described as ‘visions’, including Bahrain’s Vision 2030, Abu Dhabi’s Vision 2030, Qatar’s Vision 2030, and Oman’s Vision 2020.<sup>85</sup> They draw heavily on international best practice and advice from management consultancies, and international financial institutions such as the World Bank, while typically having little direct input from local civil society or parliaments.

These visions typically refer to the government’s desire to provide higher standards of living and better employment opportunities for nationals, an ambition that is enshrined in several GCC constitutions. They include international business buzzwords, being intended partly for presentation at international investment-promotion events, and are based partly on advice from international consultants. They steer clear of wider questions about the impact of economic changes on the political and legal status of citizenship. Younger-generation economists interviewed for this report, and participating in the related workshop, suggested that greater local consultation and debate would be valuable and would result in much greater buy-in to the resulting plans.

#### Inflation of citizens’ economic expectations

The younger, oil-boom generation has grown up with expectations of immense wealth. In contrast to the previous generation, its members have little memory of the region’s poorer past, and little appreciation of the extent of the change. Even in Qatar, the world’s richest country, enormous wealth and bountiful government spending do not necessarily translate into economic satisfaction. A national survey by Qatar University asked respondents to rate the economic situation of a hypothetical Qatari family, with three children and income of US\$100,000 per year, who own a Landcruiser, holiday in Europe but do not own a house there. One-third of respondents rated this as moderate, weak

or very weak.<sup>86</sup> Concern about Gulf youth becoming ‘spoiled’ and lacking discipline is evident in local media, along with associated concerns about rising crime rates – very low by Western standards – and even dangerous driving. It is partly for this reason that Qatar and the UAE have recently introduced programmes of national military service.

Moreover, the rising cost of living is a complaint in all the GCC countries. A 2014 Arab Youth Survey by Asda’a Burson-Marsteller found that 63 per cent of the young people it surveyed in GCC countries said they were ‘very concerned’ about the rising cost of living – on a par with youth surveyed in the poorer Arab countries. Such concerns are most pressing in Bahrain, Oman and Saudi Arabia, where incomes are lower. The 2011 Omani protests had a strong cost-of-living component.<sup>87</sup> One of the responses was to introduce price controls. These were resented by business leaders, and scrapped in June 2014. But this created a public furore, and an electronic petition asking Sultan Qaboos to reverse the decision obtained 2,000 signatures.<sup>88</sup> As a result, he restored the price controls.

In 2011, the GCC countries made new spending commitments worth US\$150 billion, or some 12.8 per cent of their combined GDP. They created tens of thousands of new public-sector jobs, often in the security forces. In response to public concern about the cost of living, Qatar hiked public-sector pay by 60 per cent in 2011, and the UAE by 35 per cent; Saudi Arabia gave public-sector workers a bonus of two months’ salary, while Kuwait raised public-sector salaries by 25 per cent in 2012 in response to strikes. Such injections of cash into the economy tend to worsen the problem of inflation. When the new Saudi king, Salman, came to the throne in January 2015, he promised new bonuses for public-sector workers, handouts for pensioners and infrastructure spending – estimated to be worth a total of US\$32 billion.

Critically, expectations are not being adjusted to the likely future squeeze on fiscal spending, thereby storing up later political problems.

Similarly, expectations of energy and water consumption will need to be adjusted over the longer term. The GCC countries have some of the highest per capita energy consumption and CO<sub>2</sub> emissions in the world. Water consumption is energy-intensive owing to the reliance on desalinated water. Gulf governments are beginning to address the issue of water subsidies, as the minimal cost of water means consumers have few incentives to limit production, but this will be a

<sup>85</sup> Kuwait operates five-year development plans, while different economic policy centres in Saudi Arabia have devised development plans, industrial clusters policies, and the ‘economic cities’ plan by the Saudi Arabian General Investment Authority.

<sup>86</sup> Justin Gengler, ‘Collective Frustration, But No Collective Action, in Qatar’, Middle East Research and Information Project, 7 December 2013, [http://www.merip.org/mero/mero120713#\\_3\\_](http://www.merip.org/mero/mero120713#_3_). ‘The question for Qataris is not simply one’s absolute standard of living, then, but how well one is doing relative to others, such as fellow citizens whose enormous wealth is often on showy display.’

<sup>87</sup> But it is important to note that this was not all there was to the protests. The mainstream explanation of the Omani protests is that they were economic, not political. In fact, protest slogans demanded both economic and political changes – and the Sultan responded with both.

<sup>88</sup> ‘Oman scraps price controls for most goods, inflation impact seen minor’, Reuters, 22 June 2014, <http://www.reuters.com/article/2014/06/22/oman-prices-controls-idUSL6NOP30H920140622>. ‘Hash tags objecting to the reform drew tens of thousands of tweets. One showed a picture of a man pierced by a screw with the word “consumer” written on his trousers.’



controversial issues as Gulf citizens typically see free water as a right. The UAE introduced water bills for the first time in 2014, though charging citizens less than expatriates – an approach likely to be seen elsewhere.

### Citizens as a dwindling minority

Nationals are expressing a growing discontent, especially in the UAE and Qatar, about the prospect of becoming a minority of the population with little or no public consultation. At the 2013 annual meeting of the Gulf Development Forum, a gathering of social scientists, a professor remarked that within a few years, if current trends continued, the citizens of Qatar and the UAE would constitute less than one per cent of the population. The influx of young Asian male workers, who are not allowed to bring wives or children with them, also distorts the gender balance, making women a minority in both these countries. Anecdotal evidence suggests that Gulf nationals find themselves having to speak English when ordering in restaurants, even in conservative Saudi Arabia, or being prevented from entering nightclubs if they are wearing traditional Gulf dress.<sup>89</sup> There will be tensions

between business leaders keen to benefit from ongoing open migration policies and locals who think the cultural costs of this economic growth model are excessive. In the Chatham House workshop on ‘Citizenship and the Economy’ in Kuwait, young Gulf economists questioned why their states are so interested in building mega-cities with imported labour for imported residents, reinforcing a sense that most nationals were hardly consulted in setting development objectives.

**Table 1: Demographic balance: citizens and expatriates (million)**

|                  | Citizens    | Non-citizens | Total       |
|------------------|-------------|--------------|-------------|
| Bahrain          | 0.58        | 0.61         | 1.19        |
| Kuwait           | 1.13        | 2.14         | 3.27        |
| Oman             | 2.28        | 1.78         | 4.04        |
| Qatar            |             |              | 2.224       |
| Saudi Arabia     | 20.271      | 29.994       | 50.265      |
| UAE              | 7.316       | 1.126        | 8.442       |
| <b>Total GCC</b> | <b>31.5</b> | <b>35.6</b>  | <b>67.2</b> |

Sources: Bahrain Monetary Agency (2011); Kuwait Government Online website (2012); Oman National Centre for Statistics (October 2014); Qatar Statistics Authority (2015); Saudi Arabian Monetary Agency (2013); UN ESCWA. (An up-to-date figure for the Qatari expatriate population is not available, but the number of nationals is often estimated at little more than 250,000.)

## Gulf commentary 2

### Expatriates in the Gulf: temporary but permanent

Abbas Al Lawati

Faced with regional unrest, ballooning youth populations and what may be the beginning of the end of the oil era that has fuelled the Gulf welfare state, some GCC countries have in recent years sought to ‘rebalance’ their demographics.

Since 2013, Saudi Arabia has expelled 900,000 illegal migrant workers, Oman has revealed plans to reduce the proportion of expatriates to 33 per cent of the population, and Kuwait has announced an ambitious plan to dismiss one million expatriates – 55 per cent of the current expatriate population – in the next ten years.

While this raises questions about the future of the expatriate workforce in the Gulf, it is worth noting that such policies are adopted under the framework of combating national unemployment and in support of labour market regulation. The accompanying decline in the number or proportion of expatriates is therefore a by-product of such policies and not the end goal. Despite the prevalent rhetoric in Gulf governments as well as in intellectual and media circles about the need to tackle the demographic imbalance, few have presented viable scenarios of a future Gulf without a large expatriate population. In fact, Oman’s latest census has shown a rise in the proportion of expatriates to 44 per cent, Saudi Arabia has only dented the

proportion of its nine-million-strong community, and Kuwait has so far failed to act on its pledge to reduce the proportion.

The discourse of ‘rebalancing’ demographics is therefore less pertinent to the smaller Gulf states such as Abu Dhabi, Qatar and Dubai that have growing economies, smaller national populations and enough jobs to go around for national unemployment to be kept in check. To a varying degree, those states have welcomed expatriates and even increased reliance on them.

Dubai serves as a unique example of a Gulf state that has embraced expatriates and turned them into a source of revenue for the government rather than a burden on its resources, as they are often seen in the region. The city state’s maverick reputation allows it to be a testing ground for new policies and projects that are often emulated in neighbouring countries, and its experience may offer a glimpse into the options available for Gulf states following the era of oil.

The Dubai government’s 2015 budget, its first deficit-free budget in six years, estimated that more than three-quarters of its revenues, or \$8.3 billion, would be derived from the collection of fines and fees, and the second-largest tranche of the budget,

<sup>89</sup> One businessman recounted a story of wearing the traditional thobe and dishdash to Dubai’s indoor ski slope and being repeatedly stopped by tourists wanting to take a photograph, such was the novelty.

37 per cent, was designated for the payment of government wages. In a city where expatriates constitute 92 per cent of the population, it can be assumed that the bulk of fines and fees are paid by expatriates.

With few resources of its own, the emirate has thus far successfully built a system of indirect taxation without representation, where the levies are largely paid by the majority expatriates to which the government is not answerable, for the benefit of the minority citizens to which it is. While nationals are also made to pay some of the fees and fines, they are partially compensated by a parallel system under which they enjoy more benefits than expatriates in everything from water, electricity, housing fees and fuel surcharges to health care, domestic help and even mobile phone packages.

Such a model is, however, not easy to emulate. It requires a substantial expatriate population that is willing to live in the city without much prospect of citizenship or permanent residence, and to pump a significant portion of its income back into the local economy. Dubai, unlike neighbouring states, achieves this by selling a lifestyle as well as the ostensible tax-free, strong-currency, high-income model that attracts millions of expatriates to Gulf countries. It has sought to reduce the outflow of expatriate income by attracting Westerners who are likely to remit a significantly smaller portion of their incomes than economic migrants.

Expatriate resentment at paying such hidden taxes is countered by presenting the Dubai model as a take-it-or-leave-it social contract in which foreigners are made to understand that they have volunteered to pay the levies by choosing to move to the emirate. The temporary nature of expatriate residence is therefore a key component of the model, and in preventing the growth of the collective clout of the community.

That is, however, the very paradox – and weakness – of this model: what is arguably one of the government's most significant sources of revenue is impermanent. Any event that leads to a mass exodus of expatriates could have disastrous consequences for the emirate's economy, especially considering that the citizen population constitutes only two per cent of its workforce. Such an eventuality would be particularly troubling at times of such regional turbulence. But Dubai has proved to be a regional anomaly by presenting itself as a safe haven for those fleeing areas of regional unrest, and perhaps more importantly for their capital.

Although Dubai may have created a clever system through which it directly extracts revenues from expatriates, other Gulf states too have capitalized on their presence for the benefit of citizens by effectively passing on to the former some of the burden of citizen welfare.

First, in a region where all businesses (outside free zones) are required to have a national as a majority stakeholder, expatriate communities constitute large consumer markets, often significantly larger than nationals in sheer numbers as well as purchasing power.

Secondly, laws that stipulate majority citizen ownership of businesses, and those that require expatriate workers to be tied to, or 'sponsored' by, nationals create a rentier system that allows the citizen to extract revenues from the expatriate with little or no contribution themselves. Nationals can take a portion of the revenue or a fixed fee from expatriate businessmen, or partake in the thriving visa trade through which they are paid monthly fees by freelancing expatriates employed through front companies.

Expatriates are, however, a source of more than just material gains for the Gulf state and its citizens. Contrary to the prevalent narrative in most Gulf countries that their large number constitutes a threat to national identity, foreigners may have inadvertently made a significant contribution to fostering a national consciousness and bolstering the often ambitious national identity projects adopted by some of the smaller and younger Gulf states.

A formerly heterogeneous citizen population has found in expatriates the 'other' to which its new-found, state-sponsored identity can be benchmarked. As a push-back to the perceived threats to their identity, the shrinking citizen populations in the past four decades have buried their subcultures in favour of a homogenized identity often built by and around the ruling clique.

The presence of expatriates has, at least in the smaller Gulf states, turned citizens into a privileged minority and a distinct social class. This has arguably powerfully reinforced the status of the ruling families, which are often seen as the anchors and guardians of national identity.

Additionally, the presence of expatriates provides the Gulf states with clout in labour-sending countries. Outward remittances from the Gulf account for 12 per cent of global remittances, according to 2012 figures provided by the World Bank. Almost half of that goes to India, the home country of the largest expatriate community in the Gulf; conversely, almost half of remittances to India – approximately \$30 billion – are from the Gulf.

Expatriates have become part and parcel of the GCC states. Their influx coincided with the very advent of the modern Gulf state, its economy and its national identity project. The presence of a large expatriate community has inadvertently become part of the state's income distribution system and its social contract with citizens. While their presence in the Gulf as individuals may be transient, as a collective expatriates are likely to be permanent.

Any significant reduction in the proportion of the expatriate population will therefore require a serious reconsideration of the Gulf states' socio-economic model, something they are unlikely to be willing to entertain in such turbulent times. While the number of expatriates may slightly decrease as the workforce is nationalized, it is safe to assume that no major demographic rebalancing in favour of the citizen population is likely to take place in the near future.

### International pressures to improve the lot of expatriate workers

Meanwhile, the Gulf countries face some pressures to improve the lot of expatriates, including bans on migration by some countries, such as Nepal; rising wages and improving opportunities in some of the traditional source countries; greater public debate within the Gulf, such as newspaper coverage of human rights abuses and non-payment of salaries; and reputational pressure from international NGOs and media on high-profile foreign investors and partners, such as New York University and the Guggenheim regarding their Abu Dhabi projects,<sup>90</sup> or on Qatar regarding World Cup construction.<sup>91</sup> Some reforms are already under way as a result, including changes to the system of sponsorship so that it is controlled by a government agency, not individuals; electronic payment systems to reduce risk of non-payment by employers; and greater outreach in source countries to highlight the risks of deception by unscrupulous people-traffickers. Nevertheless there are implementation problems, and risks that reputational pressure will largely invite a reputation-management response. There is also some defensiveness among nationals faced with reputational pressure. This was seen, for instance, in Qatari views that investigations by the *Guardian* newspaper of abuses of World Cup construction workers were motivated by British jealousy of Qatar's successful World Cup bid.

### The new expatriate middle class

As noted above, the role of expatriates, now the majority, is changing. They are not only a source of labour but a market in their own right. As their population grows and diversifies, they spend more money on consumption within the Gulf, not simply saving all they can to send as remittances to families in poorer countries. While most are low-paid and in temporary employment, there is a growing professional middle class of home-owners with long-term residency. This is due to the growth of higher-value industries, mainly in the services sector (health, education, finance, professional services, construction management, engineering, etc.), that draw in foreign professional talent. A substantial minority are high wage earners. For instance, 10 per cent of expatriates in Kuwait earn KD480 (\$1,689) or more per month, including 28 per cent of those in the banking sector and 49 per cent of those in the oil sector

(‘mining and quarrying’). Some are born in the Gulf, second-generation migrants who are not eligible for Gulf citizenship and instead hold the citizenship of their family's country of origin, which they may never have visited.

There can be resentment among nationals who perceive expatriates as earning more than them, especially when the latter have health care and school fee packages attached. In a Qatar University survey, presented with a hypothetical scenario where an equally qualified Qatari and expatriate were competing for the same job, 55 per cent of Qataris thought the employer would prefer the expatriate and only 9 per cent thought the situation would be judged fairly; and half thought the expatriate would be given a higher salary.<sup>92</sup>

In recent years, well-off expatriates have also become property owners, as parts of the traditionally heavily protected GCC property market have been opened up to non-nationals in order to stimulate the development of the real-estate and construction business, in which state-related entities and royally backed companies play a major role. The various projects proposed for the Gulf real-estate sector would potentially accommodate more than 4.3 million inhabitants, a figure larger than the citizen population of the four smaller Gulf countries combined.<sup>93</sup>

Bahraini political economist Omar Al Shehabi writes:

The growth of mega real-estate projects [in the four smallest Gulf countries] aimed primarily at foreigners is a harbinger of change in citizen-expat relations as property-owning expatriates are a qualitatively different social group who will have different class and power relations with nationals.<sup>94</sup>

In terms of pay, the UAE labour force survey cited on p. 18 above found virtually no differences in salary between Emiratis and Western expatriates.<sup>95</sup> And in terms of rights, there is essentially a two-tier legal system for expatriates. Expatriates in the UAE's free zones, where different legislation applies, can enjoy rights such as the ability to bring spouses with them if their salary is above a certain amount, whereas lower-paid migrant workers have to live as ‘bachelors’ even if they have families overseas. Traditionally internet censorship has been lighter in free zones such as Dubai Media City. Foreign firms often sign contracts that are subject to international arbitration rather than local law – in effect outsourcing the rule of law.<sup>96</sup> The changing role of the new expatriate middle class is explored in more detail below.

<sup>90</sup> Ariel Kaminer and Sean O'Driscoll, ‘Workers at N.Y.U.'s Abu Dhabi site faced harsh conditions’, *New York Times*, 18 May 2014, [http://www.nytimes.com/2014/05/19/nyregion/workers-at-nyus-abu-dhabi-site-face-harsh-conditions.html?\\_r=0](http://www.nytimes.com/2014/05/19/nyregion/workers-at-nyus-abu-dhabi-site-face-harsh-conditions.html?_r=0); Ben Davis, ‘Artist Sneaks Into Future Guggenheim Abu Dhabi Site to Interview Workers’, 13 August 2014, <http://news.artnet.com/art-world/artist-sneaks-into-future-guggenheim-abu-dhabi-site-to-interview-workers-75148#.U-27D5uk9M4.twitter>.

<sup>91</sup> Ian Black, Owen Gibson and Robert Booth, ‘Qatar promises to reform labour laws after outcry over “World Cup slaves”’, 14 May 2014, <http://www.theguardian.com/world/2014/may/14/qatar-reform-labour-laws-outcry-world-cup-slaves>.

<sup>92</sup> Gengler, ‘Collective Frustration, But No Collective Action, in Qatar’.

<sup>93</sup> ‘Gulf 2013: The Constant and the Changing’, Jadaliyya, 13 June 2013, [http://www.jadaliyya.com/pages/index/12145/gulf-2013\\_the-constant-and-the-changing](http://www.jadaliyya.com/pages/index/12145/gulf-2013_the-constant-and-the-changing).

<sup>94</sup> Omar Al Shehabi, ‘Uprooting: Mega-Real Estate and the Exacerbation of the “Demographic Disorder” in the GCC’.

<sup>95</sup> Vazquez-Avare, ‘The Micro-structure of Wages and Wage Determination in the UAE’, p. 29.

<sup>96</sup> ‘Law and Citizenship in the GCC’, Chatham House MENA Workshop Summary, December 2013, <http://www.chathamhouse.org/publications/papers/view/198777>.

## Gulf commentary 3

## Undoing labour market reform in the Gulf states: 'business as usual'

Hasan Alhasan

To slightly varying degrees, the six states of the Gulf Cooperation Council face the common imperative of generating a considerable number of jobs over the coming years. Thanks to a young, growing population, the IMF expects that an additional 1.2–1.6 million GCC nationals could enter the labour market by 2018.<sup>a</sup>

As noted in the report, since the oil boom of the 1970s, the GCC has relied on importing low-skilled labour into the private sector, while incentivizing nationals to fill the ranks of the state bureaucracy. With time, these hiring practices became entrenched; nationals and foreign workers no longer competed for the same jobs. So while 5.4 million jobs were generated in the GCC in the private sector between 2000 and 2010, roughly 88 per cent went to foreigners.<sup>b</sup> Conversely, nationals were dependent on the constant expansion of the public sector for jobs.

All six GCC states have taken some measures to increase the employment of nationals in the private sector, particularly by imposing quotas of national workers on firms. Since it guarantees their jobs, this policy provides no incentive for nationals to be productive; employers are then unable to dismiss workers who are expensive, unskilled and demotivated.

Since 2006, Bahrain has taken the lead in implementing a set of market-oriented, second-generation reforms in the labour market. These imposed a monthly fee of BD10 (\$28) on employers for every foreign worker on their payroll, in addition to charging BD200 for a two-year work visa. The *kafala* system that prevented foreigners from shifting employers was also abolished. As much as 80 per cent of the collected fees was then channelled into training programmes run by the labour fund Tamkeen, designed to render national workers more competitive.<sup>c</sup>

Assessing the long-term effectiveness of these reforms is rather challenging. The monthly fee of BD10 probably had a marginal impact on closing the sizeable wage differential between locals and expatriates, while the additional costs imposed on employers may have been recouped from expatriates in the form of lower wages.<sup>d</sup>

Despite their small impact on the labour market, the reforms were nevertheless the subject of intense political debate. They generated animosity among the merchant elite and the owners of small and medium-sized enterprises (SMEs). Given their vested interest in maintaining the status quo, these saw no reason to bear even a fraction of the cost of employing Bahrainis in the private sector.

Nevertheless, the reforms proved effective at first. They had seen the light of day thanks to a new-found alliance between a set of revisionist actors. On the one hand, Crown Prince Sheikh Salman bin Hamad had established the Economic Development Board, a dynamic organization he used to push through a deregulatory, liberalizing vision for the economy. On the other hand, the Al Wefaq Society – Bahrain's largest Shia Islamist bloc – had allied itself with the labour unions and therefore adopted a pro-labour stance. The alliance was quite formidable: the crown prince enjoyed the support of his father, King Hamad bin Isa Al-Khalifa, while Al Wefaq secured 17 out of 40 seats in parliament in 2006.<sup>e</sup>

In February 2011, however, a pre-dominantly Shia youth group known as the 14 February youth called for protests within the context of the so-called Arab Spring. Although reluctant to endorse them at first, Al Wefaq soon joined the demonstrations, no doubt under pressure from its supporters. The crown prince intervened as protests broke out and initiated a round of negotiations with Al Wefaq, though these ultimately broke down, ending the loose alliance. Both sides took a hit: the crown prince maintained a low profile throughout 2011 and 2012, while Al Wefaq's decision to resign *en masse* from parliament in 2011 meant it no longer enjoyed a voice in the legislature. This paved the way for the merchants to obtain their demands in exchange for their much-needed political support for the government. In April 2011 the prime minister suspended the BD10 fee.<sup>f</sup> In return, messages of political support for the government began to pour in from the merchants.<sup>g</sup>

In March 2013 the situation began to change once more as the crown prince returned to the scene to fill the new post of first deputy prime minister. On 25 August, the cabinet reinstated the fee, albeit at a lower level. Employers were to pay BD5 per person for the first five expatriates they hired, and BD10 per person after that. This new formula represented a compromise. On the one hand, it pumped new funds into Tamkeen's then ailing coffers. On the other hand, slashing the fee by half represented a significant concession to SMEs, which made up 78 per cent of all businesses.<sup>h</sup>

What conclusions can be drawn for Bahrain and the rest of the GCC? The political success of labour market reform appears to depend on the ability of rising political actors to forge alliances with certain ruling-family members to effect change despite opposition from the business elites. At the same time, as Kuwait's national labour subsidy scheme showed, policies that create zero-sum situations – by imposing fees, taxes or quotas on employers – seem likely to meet greater opposition than those

that do not. There are clear tensions between the citizenry and the business class, which have almost diametrically opposed economic interests. The two compete over state spending and resources, and overall are not linked together through taxation (i.e. business growth does not contribute to state coffers) or employment (as most nationals work in the public sector).<sup>i</sup> As oil prices begin to fall dramatically, however, there may be a chance for citizens and business elites to coalesce around the need for fiscal prudence in the medium and long term.

<sup>a</sup> International Monetary Fund (2013), 'Labor Market Reforms to Boost Employment and Productivity in the GCC', Annual Meeting of Ministers of Finance and Central Bank Governors, 5 October 2013, Riyadh, Saudi Arabia.

<sup>b</sup> Ibid.

<sup>c</sup> Steffen Hertog, 'Arab Gulf States: An Assessment of Nationalisation Policies', GLMM Research Paper, 1, 2014, Gulf Labour Markets and Migration Programme, Badia Fiesolana, Italy.

<sup>d</sup> Ibid.

<sup>e</sup> Hasan Al-Hasan, 'Labor Market Politics in Bahrain', in Steffen Hertog (ed.), *Labour Market, Unemployment, and Migration in the GCC* (Berlin: Gerlach Press, 2012).

<sup>f</sup> The suspension was extended several times throughout 2012. See 'Bahrain extends expat worker fee freeze', Trade Arabia, 10 December 2012, [http://www.tradearabia.com/news/LAW\\_227010.html](http://www.tradearabia.com/news/LAW_227010.html).

<sup>g</sup> Hasan Alhasan, 'Bahrain bids its economic reform farewell', OpenDemocracy, 8 July 2011, <https://www.opendemocracy.net/hasan-tariq-al-hasan/bahrain-bids-its-economic-reform-farewell>; Marc Valeri, 'Oligarchy vs. Oligarchy: Business and Politics of Reform in Bahrain and Oman', in S. Hertog, G. Luciani and M. Valeri (eds), *Business Politics in the Middle East*. London: C. Hurst, 2012), pp. 17–42.

<sup>h</sup> Ali Al-Mousawi, 'اباسح' «تموكحل» و «نيكمت» ب. ن اشحت نيس «3.7 ب. ن اشحت نيس» ل. ماع فلأ 500 موسر نم (Tamkeen and the government raise BD3.7m from fees on 500,000 workers') Al-Wasat, 23 September 2013, <http://www.alwasatnews.com/4034/news/read/812657/1.html>.

<sup>i</sup> Steffen Hertog, 'The Private Sector and Reform in the Gulf Cooperation Council', Research Paper, Kuwait Programme on Development, Governance and Globalisation in the Gulf States, 2013. See also Michael Herb, 'A Nation of Bureaucrats: Political Participation and Economic Diversification in Kuwait and the United Arab Emirates', *International Journal of Middle East Studies*, Vol. 41, No. 3 (2009), pp. 375–95.

## How might things change?

Over the coming decades, the economic role of the state will have to change. The governments concerned all acknowledge this. However, they are not fully preparing themselves or their societies for the political implications.

### Diversification and political economy: reinventing the rentier state, or spreading power along the way?

Diversification away from oil has had mixed results. Much of the 'diversification' is into sectors dependent on cheap energy and cheap labour, thereby reinforcing the existing dependencies. Financial services and property markets largely depend on regional demand, which in turn depends on oil. Dependence on the state continues, as business people typically depend on government contracts and goodwill to obtain land or permits.

The most successful diversification is into the region's traditional strategic focus, trade, tourism (from religious pilgrims to Chinese shoppers), and the related airlines and ports businesses. Still, there are internal debates over whether to focus on maximizing growth and profits, which means capitalizing on the existing comparative advantages of cheap energy and cheap (migrant) labour, or the creation of jobs for nationals, which is likely to mean developing new sectors and moving towards higher-paid jobs.

This ultimately depends on the question of who benefits from development. More participatory political systems, such as the Kuwaiti parliament, tend to ask for more public spending, and to block privatization plans, precisely because the benefits of private-sector growth are not spread through the population. But this should not be seen as an inevitable

clash of interests. The private sector could be developed in a more open and equitable way. Currently there are too many mega-projects, and not enough SMEs (which provide the majority of jobs in most economies).

### Contesting the state's role: would fiscal cuts mean political concessions?

How might citizen–state relations evolve if there is an expanded citizenry but fewer resources to go round? What new strategies will need to be devised for citizens to buy into the political system? Across the GCC, the economic role of the states, and the political role of the ruling families, expanded after the discovery of oil in the 1930s and again after the oil boom in the 1970s. It is logical that as the state's resource base declines, there will be some redistribution of power over the political economy, making business people more politically relevant. States certainly seem to see a link between economic benefits and political unrest – hence the increases in public spending in response to the Arab uprisings, and the GCC package of aid to Bahrain and Oman after the protests there. Jordan and Morocco, monarchies that normally have budget deficits and that are under more pressure to cut state subsidies, have made more political concessions than the oil-exporting Gulf countries.

The introduction of taxation would further encourage popular expectations that the allocation of tax revenues should be scrutinized by the parliaments and other oversight mechanisms. In 2014, as Omani officials suggested that the fall in oil prices might require the government to freeze public-sector pay, social-media users started to say that if so, the government should also cut back what

one Omani economist described to the author as ‘the government fat’ – particularly its spending on defence and on the royal court. Such sentiments are likely to be heard more widely in the Gulf as resources become further squeezed.

At times of low oil prices, the idea of an income tax has often been debated but never implemented; it might also run into theological challenges given the common interpretation that in Islam tax should be on wealth rather than income (as happened in Bahrain when Shia clergy objected to the introduction of a one per cent levy on salaries to fund an unemployment benefit). Importantly, if the governments became more dependent on tax revenues, they would also become more dependent on their expatriate populations, which are responsible for much of the productive economic activity, and which now include an important high-income component. Overall, taxation would shift the power balance between business and government away from the current situation where the business class is heavily dependent on government.

Since, as explained in Chapter 2, Gulf states cannot simply be reduced to a rentier model, the effects of reform would vary; there is no mechanistic relationship between fiscal crisis and political unrest. One of the best arguments for serious political reform<sup>97</sup> is that states that are able to accommodate the non-economic demands of citizens and key interest groups will be better able to weather the coming changes in their economies.<sup>98</sup>

### Changing political-economic expectations

**Magnanimous rulers vs economic rights.** As explored in the earlier literature review, the ability of the Gulf regimes to distribute extensive economic benefits to their citizens is regarded as one of the key factors of regime resilience. But it does not necessarily guarantee gratitude and loyalty. Rather, the levels and distribution of economic benefits, economic development and the management of resources – such as oil revenues and state land – are also areas of political contention. Much depends on how these benefits are perceived: whether they represent a ruler’s magnanimity, fitting with traditional tribal-society expectations that his legitimacy was related to his generosity and hospitality, or, as others (especially in opposition movements) would see it, a share of national wealth which every citizen has by right, rather than privilege.

Civil society organizations frequently highlight issues of economic inequality or corruption. There are widespread public critiques in Saudi Arabia over the quality of services, especially health care and education, and infrastructure, as was highlighted when floods in Jeddah exposed the total inadequacy of flood defences for which a large budget had been allocated. Complaints about corruption are widespread in the Saudi media. Three Saudi film-makers were temporarily detained in 2011 for ‘breaching media regulations’ after posting a ten-minute film about poverty in the kingdom on YouTube, illustrating the extent to which the authorities see such critiques as a threat. Estimates of the number of Saudi citizens living below the poverty line range from two million to four million of the population of 18 million. Such data are usually considered too sensitive to be published in the Gulf.

The ability of Gulf governments to distribute wealth does not necessarily result in depoliticized, compliant and apathetic ‘rentier citizens’. This situation is likely to intensify over time, as the younger generation of Gulf nationals grows up accustomed to wealth.

**Issues of social justice and equity.** Inequities in the distribution of income and services are a source of some discontent. In Oman, the 2011 protests began in the relatively marginalized areas of Sohar and Salalah, while Bahrain’s 2011 protests brought Shia villagers into the centre of the kingdom’s commercial and financial district.

Disparities between the different regions of Saudi Arabia and Oman, or different emirates in the UAE, reflect both government spending priorities (typically focused on capital cities) and the preferences of investors. Saudi Arabia’s General Investment Authority set up ‘economic cities’ intended to bring private investment into different regions of the country, but has found the private sector was only really interested in the projects close to Jeddah or in Riyadh, not in remote Jizan. In the UAE, most unemployment is in the northern emirates, but most jobs being created are in Abu Dhabi.

Economic reformers are trying to address some of these issues, aware that they feed social unrest. The 2011 Arab uprisings have at least focused some in Gulf governments on citizens’ demands where these pertain to the delivery of services, and efficient and responsive government. For some younger-generation princes, political reform may not be high on the agenda but initiatives to cut bureaucracy and promote e-government are seen as ways to connect more effectively with the population.

<sup>97</sup> Another – negative – option, of course, is to concentrate limited rentier benefits on a particular segment of the population perceived as loyal, and to become more repressive. See Gengler, *Group Conflict and Political Mobilization in Bahrain and the Arab Gulf*.

<sup>98</sup> Pete W. Moore, ‘Rentier Fiscal Crisis and Regime Stability: Business-State Relations in the Gulf’, *Studies in Comparative International Development*, Vol. 37, Issue 1 (Spring 2002), pp. 34–56. He argues that the alliance between the business elite and the regime in Kuwait – especially against Islamists – has been so strong that the regime has been able to weather crises better than predicted.

**Unsustainable expectations of lifestyle and wealth.**

Gulf governments have financed a significant expansion of higher education, especially for women, over the past decade. However, high levels of tertiary education often have not translated into providing the skills demanded by the private-sector job market. Meanwhile, the large numbers of recent graduates in the Gulf, who have grown up during an economic boom, typically expect either public-sector jobs or well-paid, high-status private-sector jobs. For now, such expectations are more easily met in the wealthiest countries with the smallest populations – Qatar and the UAE – but in Saudi Arabia, Oman and Bahrain, salary expectations and unemployment are already causing problems.

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Opposition movements are contributing to the underlying problems of unsustainability, by reinforcing unrealistic expectations among citizens. On one hand, the parliaments in Kuwait and Bahrain have often played a role in scrutinizing budgets, demanding more transparency from state SWFs and pension funds, and in highlighting corruption. On the other hand, MPs often simply ask for greater government spending on subsidies, grants and public-sector pay: Kuwaiti MPs have called for a minimum wage that would be the highest in the world.<sup>99</sup> On several occasions in Kuwait, the parliament has also called for state-subsidized write-offs of consumer debt. This has contributed to a perception among some in the business community that parliaments are irresponsible when it comes to economic development, a narrative that governments have been keen to exploit as a justification for not giving them more powers. The Gulf countries may thus see a politically polarizing blame game as their resources are squeezed.

**Demographic issues**

**Demographic protectionism.** There will continue to be reactions against mass migration in some quarters, reflecting a sense of being culturally and linguistically swamped. Sentiment differs in countries where migrants are the majority but primarily provide services to nationals, and those (Bahrain, Oman) where they sometimes compete for the same jobs and where some ethnic-related violence has already been seen.<sup>100</sup> Thus attempts to nationalize the labour force and policies designed to change the mix of expatriates (such as Abu Dhabi's desire to focus more on the highly skilled) will vary.

**Naturalization of expatriates.** There is a logic to easing naturalization requirements in countries where citizens are a small minority.<sup>101</sup> Nowhere else in the world has such a small minority citizenry persisted. The Gulf countries have been able to attract talent to develop their economies without such measures. But over time governments may want to increase the number of citizens, to give longer-term expatriate residents more of a stake in the local society, to have a stronger base of people they perceive as 'loyal' rather than transient, and to staff the militaries and security services.

Naturalization has customarily been a royal prerogative. Most Gulf countries have laws defining requirements for naturalization (often including speaking Arabic and residing in the country for a minimum number of years), but also allow the ruler to grant nationality at his discretion – which can create resentment among the excluded. In Bahrain political naturalization has been particularly conspicuous and large-scale. There are particular sectarian tensions here, but there has also been some resentment among Sunni Bahrainis caused by factors that affect all countries, even with much lower levels of inward migration – typically economic impact, overcrowding of hospitals, and a sense of cultural difference. Naturalization policies may also become a source of tension between the Gulf states: in 2014, for instance, Qatar, concerned about the low proportion of nationals in its population, was apparently giving some Bahraini Sunnis the more lucrative Qatari nationality.<sup>102</sup>

**More 'tiers' of citizenship.** Naturalized citizens are particularly likely to be treated as second-class in the richer countries that have more incentives to protect privileges. Meanwhile more non-citizens will own

<sup>99</sup> Courtney Trenwith, 'Kuwait min wage plan three times world's highest', *Arabian Business*, 25 February 2013, [http://www.arabianbusiness.com/kuwait-min-wage-plan-three-times-world-s-highest-490822.html#.U\\_zAmlbobL8](http://www.arabianbusiness.com/kuwait-min-wage-plan-three-times-world-s-highest-490822.html#.U_zAmlbobL8).

<sup>100</sup> Gardner, *City of Strangers*.

<sup>101</sup> Sultan Al Qassemi, 'Give expats an opportunity to earn UAE citizenship', *Gulf News*, 22 September 2013, <http://gulfnews.com/opinions/columnists/give-expats-an-opportunity-to-earn-uae-citizenship-1.1234167>.

<sup>102</sup> Gulf media reports suggested this was one of the issues resolved in the December 2014 rapprochement between Saudi Arabia and Qatar. In a subsequent cabinet reshuffle in Bahrain, a member of the well-known Jalahma family – some of whose members were said to have been offered Qatari citizenship – was appointed as defence minister, usually a role reserved for royals. The move underlined the potential for the family to continue securing benefits and military positions as Bahraini citizens.

property, obtain permanent residency and possibly gain some political rights. There are already different economic entitlements for naturalized citizens in some countries; in the UAE those with a ‘family book’ proving several generations of Emirati lineage are entitled to more economic benefits. Socially, the naturalized are vulnerable to what are essentially racist criticisms, subject to attack in the media for being ‘not really nationals’ if they speak ‘out of turn’. Importantly, the recent trend of revoking the citizenship of dissidents in the UAE and Kuwait has been concentrated largely, though not exclusively, on naturalized or non-Arab citizens, creating the sense that they are particularly vulnerable. Creating this insecurity may seem like a way of ensuring loyalty, but actually only encourages a public display of loyalty which may mask dissent or resentment.

**Political role for expatriates.** In Bahrain, uniquely for non-citizens in the Gulf, all property owners are entitled to vote in municipal elections. Even though critical political engagement is not seen as an option for most expatriates, given the ease with which they could be deported or blacklisted,<sup>103</sup> middle-class expatriates may seek to influence government policy (especially when it comes to business regulations and the rights of expatriates themselves). They may also help reinforce the legitimacy of the government against internal challengers (for instance, a new Bahrain Expatriates’ Society has denounced opposition claims about human rights abuses).

Currently opposition groups barely reach out to expatriates, although coalitions between nationals and non-nationals were a feature of mid-twentieth-century opposition movements. Indeed, it is striking that there is little indication of attempts by Islamist movements to build links between Gulf citizens and Muslim expatriates in the Gulf. The potential for such a coalition may be one of the reasons why some Gulf governments see political Islam as such a threat; the UAE, in particular, with its tiny proportion of nationals, has deported Egyptians and Syrians thought to be sympathetic to the Muslim Brotherhood. For now, class differences and the desire of nationals to protect their economic privileges seem to militate against such a development.

**Gender and citizenship.** An increasing number of GCC women are now marrying either into the rising middle-class expatriate population or men they meet while working or studying abroad. This partly reflects the growing gender gap in educational achievement in the Gulf, with women now making up the majority of graduates and obtaining the best degrees. Legally, citizenship is passed through the

father, and as a consequence children of such marriages are not entitled to its benefits. In future citizenship may be extended first to these children and then to their fathers. Steps are already being taken in this direction: Saudi Arabia allows children of these mixed marriages to access health care and education and to be counted in Saudi-ization quotas; at present mothers have the right to apply for citizenship for their children in the UAE, and in Bahrain the king has used his prerogative to naturalize a few hundred of them, though it is still not a right. But there would also be some backlash from conservatives wishing to discourage women from marrying ‘outsiders’.

### The politics of labour reform

For Gulf governments, one of the key economic policy challenges is to ensure adequate future employment opportunities for citizens. In most countries, the authorities want to move away from absorbing them into an ever-expanding bureaucracy, but they also have to contend with a local private sector accustomed to very low-cost imported labour.

Most of the Gulf countries have been pursuing labour-force nationalization policies for decades, but all have struggled to reach their stated objectives because of these conflicting interests. Instead, the general trend has been for the proportion of expatriates to increase. Success in other aspects of economic policy, including diversification and infrastructure development, has tended to draw in more expatriate labour. At times, political tensions have emerged over such policies between influential business owners who have an interest in maintaining access to low-cost labour (especially in labour-intensive sectors such as construction), and other political players (government technocrats, or politicians seeking more and better-paid jobs for nationals). This was especially the case in Bahrain (see the commentary by Hasan Alhasan, above).

The *nitaqat* programme in Saudi Arabia, intended to re-energize long-standing Saudi-ization policies by using more market-based incentives, resulted in large-scale deportations in 2013. The Saudi Ministry of Labour claims a million illegal foreign workers were deported and 250,000 Saudis took up new jobs as a result. If this is correct, it leaves 750,000 jobs unfilled. Meanwhile, as highlighted in a workshop on UK-Saudi relations at Chatham House in January 2015, Saudi Arabia needs to create an estimated 4m jobs over the next five years to absorb new labour-market entrants. Currently the private sector employs just over 1m Saudis.

<sup>103</sup> See, for instance, the case of Iyad El Baghdadi, a stateless, Palestinian life-long resident of the UAE, who was deported from the country in 2014 after tweeting extensively in favour of the Arab transitions, including a popular series of tweets about authoritarian regime tactics under the hashtag #ArabTyantManual.



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## Conclusions

Since Gulf governments base their claims to legitimacy in part on their role as providers of welfare and benefits, concerns about economic wellbeing and social justice will resonate with large swathes of their populations. States will find it difficult to meet the economic expectations of the young generation as populations grow and hydrocarbons resources are depleted. The longer economic benefits are established, the more likely they are to be seen as a right – even as they become less sustainable.

To develop a more open and equitable private sector, Gulf countries will need to change some of the laws that protect the interests of large merchants and make it risky and costly for others to open and close a business, such as the bankruptcy laws. Ultimately if the private sector contributes more to society through jobs and taxation, it will receive more support from elected parliaments and society in general.

International governments and businesses should bear in mind that trade and economic cooperation will be particularly welcome where it contributes to jobs and training for nationals. The desire for market-relevant education will continue to attract thousands of Gulf students to international universities, a key area of Western soft power.

More broadly, the unsustainability of the current economic bargain between citizens and states in the Gulf means that international observers need to expect some measure of political change. The current reluctance of governments to embark on serious, sustained processes of long-term political reform, and the constraints placed on opposition, will not preclude political change from happening in some other form, but it does mean there is considerable uncertainty about what shape it will take.

There will be pressures for the definition and nature of citizenship, and citizen–expatriate relations, to change in the years ahead. There are multiple options, likely to be hotly debated. Overall, however, the civic element of citizenship is likely to be strengthened relative to the element of economic entitlements; political rights may take the place of economic privileges. The process of defining citizenship in the Gulf needs to take account of bottom-up pressures and to be negotiated with societies, moving away from the traditional view that defining and granting nationality is a royal prerogative.

The stronger the non-economic bond between citizen and state, the better able the state will be to weather these seismic changes without prolonged political instability. Greater efforts today to accommodate citizens' expectations and to encourage constructive political participation will pay dividends in the long run.

## 4. Information and Participation: Informed Citizens and Changing Societies

Another core factor driving change in the Gulf is that young people are now accustomed to access to information and education in a form that is radically different from those experienced by their parents. Previously, governments tightly controlled the media, especially the broadcast media, and until 1999, Saudi Arabia did not allow its citizens to access the internet. The opening up of Gulf countries to international information flows is largely a by-product of economic and technological changes, with striking social and political effects. Social media, education and greater connectivity are improving Gulf citizens' ability not just to consume and receive information, but to participate more freely and actively in both local and global conversations about changing politics and societies. However, the growth of education, internet access and social media will not of themselves empower liberals and pro-democracy movements. They are spheres of contestation, used by people of all political viewpoints. Education can reinforce traditional values and discipline, as well as spreading diverse new ideas. The internet and social media propound misinformation as well as information, and are used by governments to track and identify dissidents, as well as to open up new channels of communication.<sup>104</sup>

However, the logic of efforts to diversify and promote a knowledge economy implies that education systems will need to encourage more critical and creative thinking – something that is also urgently needed to help people filter and assess the overwhelming quantities of information now coming their way. Improved access to education and information is also creating pressures for greater transparency and participation in the public sphere.

### Drivers of change

#### The youth bulge

Around 60 per cent of GCC citizens are aged under 30. In Saudi Arabia, approximately half the population is under 25 and two-thirds under 30. These demographics can create instability. A comparative study of revolutions by researchers at the business school INSEAD<sup>105</sup> argues that the risk of revolution rises when large numbers of disenchanted, unemployed youth face a squeeze on living standards as a result of rising inflation; and that this is particularly likely to happen when the population of 15–29-year-olds ('youth')

grows at close to 50 per cent over a 15-year period, and when the ratio of 'youth' to 30–44-year-olds ('Job-Makers') exceeds 1:3. On this basis the paper argues that 'Saudi Arabia is a serious revolutionary risk if inflation jumps higher', though it notes this measures only revolutionary *potential* and that a catalyst would be needed to translate it into actual revolution. Currently a factor that is likely to militate against revolution in Saudi Arabia is the lack of promising alternatives elsewhere in the region, above all the fear of a Syria-style conflict, but also the instability in Egypt and Yemen.

**Social and political attitudes among Gulf youth are complex and under-researched. Young people are not necessarily liberal or anti-establishment. As the majority of the population, they reflect the diversity of political views within the Gulf societies.**

There is a striking mismatch between the average age of the population and the senior government leaders in Saudi Arabia, Oman and Kuwait. Qatar is an exception; its 34-year-old emir is the youngest ruler in the Arab world. His father's groundbreaking decision to abdicate in favour of his son in 2013 was closely watched in the other Gulf countries and made it clear that retirement was no longer unthinkable. This is a huge contrast with Saudi Arabia, where King Fahd continued to rule for ten years while he was virtually incapacitated with illness and age. One of the petitions for reform submitted to the then King Abdullah on his return from medical treatment overseas in 2011 asked for a cabinet where the average age of ministers would be 40, compared with about 65 at the time.<sup>106</sup> But even the new king is 79 years old.

Social and political attitudes among Gulf youth are complex and under-researched. Young people are not necessarily liberal or anti-establishment. As the majority of the population, they reflect the diversity of political views within the Gulf societies. Social media are used by religious and political conservatives as much as liberals. A minority wants more radical change. But even here, only a minority openly voices support for revolution (particularly loudly in Bahrain). There is also still a significant minority, especially in Saudi Arabia, Kuwait and Qatar, voicing support for extremist jihadi groups elsewhere in the region.<sup>107</sup>

<sup>104</sup> The fallacy of the 'cyberoptimism' thesis is powerfully contested by Evgeny Morozov in *The Net Delusion: How Not to Liberate the World* (New York: PublicAffairs, 2013). A 2013 report by campaign group Bahrain Watch, 'The IP Spy Files: How Bahrain's Government Silences Online Dissent', documents the hacking and surveillance of cyberactivists and dissidents by the Bahraini authorities. Available at <https://bahrainwatch.org/ipspy/viewreport.php>.

<sup>105</sup> David G. Munro and Claudia Zeisberger, 'Demographics: The Ratio of Revolution', INSEAD Faculty and Research Working Paper, March 2011, <http://www.insead.edu/facultyresearch/research/doc.cfm?did=47411>.

<sup>106</sup> Caryle Murphy, *Saudi Arabia's Youth and the Kingdom's Future*, Woodrow Wilson Centre, Occasional Paper Series, Winter 2011, p. 6, <http://www.wilsoncenter.org/publication/saudi-arabia's-youth-and-the-kingdom's-future-winter-2011>.

<sup>107</sup> An estimated 12,000 Saudis have gone to fight in Syria between 2011 and 2014. See BBC News, <http://www.bbc.co.uk/news/world-middle-east-29043331>.

Socially and culturally speaking, young people in the Gulf have to contend with competing imperatives from globalization, Westernization and the desire to preserve traditional culture and values. The consumer landscape in the Gulf is almost entirely defined by Western brands, with little local production of consumer products and few local brands. Together with the predominance of English in the countries where nationals are a minority, this leads some, unsurprisingly, to feel culturally ‘swamped’. This results in a search for ‘authentic’ national or religious identity. At an academic level, this preoccupation is reflected in the plethora of research on national identity and heritage (also a ‘safe’ social-science topic that is well funded by governments).

At a cultural level, the response can range from seeking to produce more authentically local cultural output or to contribute a different flavour to globalization, to more xenophobic attitudes. A social media campaign, #UAEdresscode, allowed nationals to voice their frustration – often in stinging terms – with Western expatriates who wear skimpy warm-weather clothing with little awareness of Islamic traditions of modesty. In Qatar, salafists have rallied round campaigns on lifestyle and morality issues, such as campaigns against modern art deemed to violate Islamic norms, or the sale of pork to expatriates.<sup>108</sup> The search for authentic identity can also manifest itself in the embracing of religious movements, and, in some cases, is exploited by extremist groups promising to give meaning to the lives of bored young people, aware of injustice and unsure of their direction or purpose.

Detailed research on public opinion is rarely permitted in the GCC states, particularly when questions may touch on political topics (Kuwait and Qatar are more tolerant of this kind of research). There is always a risk for foreign observers that they will overstate the representativeness of the liberal English-speakers they are most likely to encounter. At the same time, there is a risk of over-emphasizing official narratives because of the extensive censorship and self-censorship that prevails in the Gulf. This censorship suggests there is more dissent than is visible.

### The expansion of education

There has been massive investment in education over the past decade, as high oil revenues have enabled a surge in general government expenditure and as economic diversification imperatives and demand from the public have both motivated governments to invest more of their oil resources into human capital. For instance, Saudi government spending on ‘human resource development’, which has accounted for roughly one-quarter of all government expenditure over the past two decades, more than tripled between 2004 and 2014, from US\$15 billion to US\$56 billion.<sup>109</sup> Qatar and the UAE spend even higher proportions on education. The Qatari government estimates that it spends US\$8,565 per school student per year, one of the highest per-capita rates in the world, and its total education expenditure constitutes 4.1 per cent of GDP.<sup>110</sup>

Education systems have also changed dramatically over the past decade though they are still often criticized for not providing enough market-relevant skills; while free education is available for citizens throughout the Gulf, the well-off often opt out and send their children to private schools, hoping for better job prospects.

There is also little encouragement of critical thinking – a particularly important factor in determining the social and political impact of the expansion of education. Creating the possibility of improved access to alternative ideas and viewpoints might promote pluralistic attitudes.

### Most graduates are women

Women’s education has surged particularly rapidly. In Saudi Arabia, the first state school for girls opened only in 1964, and primary and secondary education was not made compulsory until 2001. Today the official position is that in Islam, education is a requirement for both genders.<sup>111</sup> (However, there is still a dropout rate of around one-third during secondary school (for both male and female students), which for teenage girls is mostly because they marry.<sup>112</sup>) In Saudi Arabia, 64 per cent of BA graduates in the last ten years have been female,<sup>113</sup> and the government accordingly now spends more on women’s education than on men’s.<sup>114</sup> The trend is a Gulf-wide phenomenon: at Kuwait University, women made up 70 per cent of

<sup>108</sup> Kristian Coates Ulrichsen, *Qatar and the Arab Spring* (London: C. Hurst, 2014).

<sup>109</sup> Saudi Arabian Monetary Authority, Annual Report.

<sup>110</sup> ‘Qatar spending on education among the highest’, *The Peninsula*, 29 January 2012, <http://thepeninsulaqatar.com/news/qatar/181399/qatar-spending-on-education-among-highest>.

<sup>111</sup> Stated on the website of the Royal Embassy of Saudi Arabia to the US, <http://www.saudiembassy.net/about/country-information/education/>.

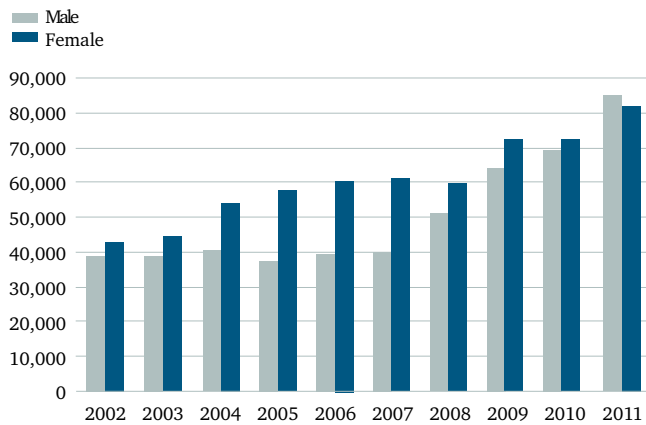
<sup>112</sup> Mona Al Munajjed, *Women’s Education in Saudi Arabia*, Booz & Company, 2010, p. 9. Available at [http://www.ideaationcenter.com/media/file/Womens\\_Education\\_in\\_SaudiArabia\\_Advance\\_Look\\_FINALv9.pdf](http://www.ideaationcenter.com/media/file/Womens_Education_in_SaudiArabia_Advance_Look_FINALv9.pdf).

<sup>113</sup> Author’s calculation from Saudi Arabian Monetary Agency data (available in Annual Statistical Report, Table 11.7).

<sup>114</sup> Al Munajjed, *Women’s Education in Saudi Arabia*, p. 5.

graduates in 2012–13.<sup>115</sup> One of the reasons is that women are less likely to drop out of university than men.<sup>116</sup> Another is that men are more likely to study abroad. Since it is usually the top-performing male students who obtain scholarships to study overseas, this heightens the disparity in educational achievement between women and the men they study with at home.

**Figure 3: Number of Saudi graduates from higher education establishments, 2004–11**



Source: Saudi Arabian Monetary Agency.

Women’s increasing educational achievement is at odds with the job opportunities – and often the marriage opportunities – available to them, especially in the more conservative Saudi Arabia and Qatar. They are disproportionately employed in the public sector, which offers more family-friendly employment conditions and incorporates traditionally socially acceptable jobs for women, such as teaching and medicine. In Saudi Arabia, one-third of the public-sector workforce is female. There will increasingly be a clash of expectations, and a continued backlash by conservative men not simply for ideological reasons but also because women represent serious competition in the job market – especially as public-sector jobs are likely to become scarcer. Educated, career-focused women will become a vital constituency for policy-makers to target, as they are likely to want more of a say in how their countries are run, and especially to protect their interests as independent professionals.

### The democratization of information

One of the most significant contemporary dynamics is the democratization of information. This global trend has a particularly pronounced impact in the GCC states and other countries where the media were previously tightly controlled. There has been a step change – almost a revolutionary change – in the amount of information available, meaning that today’s Gulf youth is exposed to a far greater diversity of ideas, including political and social ideas, than ever before.

Saudi Arabia was one of the last countries in the world to make internet access available to the public, in 1999, but today it has one of the highest rates of internet access.<sup>117</sup> Initially, Saudi conservatives were wary of the internet, just as they had worried about the impact of the telephone<sup>118</sup> and the camera phone, but economic technocrats saw it as essential to develop the economy. The compromise was to allow internet access but with a large public-sector body dedicated to filtering and censoring it. While the state-run Saudi Telecom monopolized internet service provision, most requests for broadband connection were refused because the company did not have the infrastructure in place. But the telecoms sector started to be liberalized as part of efforts to develop the economy and to engage with globalization rather than simply relying on oil. In 2009, Saudi Telecom lost its monopoly. In a more competitive climate, fixed-line broadband penetration soared from one per cent of the population in 2008 to 46 per cent in 2014, while two-thirds of the population had gained access to broadband via their mobile phones.<sup>119</sup>

In terms of mobile phone penetration, four of the Gulf countries are among the top ten in the world.<sup>120</sup> The UAE has the highest, with 2.3 phones per person. It also has the world’s highest smartphone penetration. In Saudi Arabia, there are 1.7 phones per person,<sup>121</sup> and data usage is extremely heavy. This has circumvented some of the traditional restrictions on information and entertainment: cinemas do not exist in Saudi Arabia but virtually any film can be watched online.

The traditional media, once dominated by state broadcasters, have been shaken up by competition from satellite channels and online alternatives. This is particularly the case since

<sup>115</sup> Calculated from data in Kuwaiti Annual Statistical Abstract 2012, p. 340 (24,267 male graduates, 56,669 female, across all three semesters).

<sup>116</sup> Over the same period, only 54 per cent of newly registered students were female, so the proportion of women at the time of enrolment was notably lower than the proportion at the time of graduation. SAMA data on new students and graduates from bachelor’s degrees show that there is typically a 42% drop between the numbers enrolled and the numbers graduating four years later (on average when looking at graduation years 2001–11). This is not an exact measure of the dropout rate as some students (e.g. engineering or medical students) study for longer than four years, but it bears out media estimates that the dropout rate is at least 30%.

<sup>117</sup> UK Foreign & Commonwealth Office, ‘Saudi Arabia – Country of Concern’, 2013 Human Rights and Democracy Report, <https://www.gov.uk/government/publications/saudi-arabia-country-of-concern>.

<sup>118</sup> Interview, Interior Ministry of Saudi Arabia, December 2011.

<sup>119</sup> Communications and Information Technology Commission, ICT Indicators Report, End of Q1 2014, May 2014, <http://www.citc.gov.sa/English/Reportsandstudies/Indicators/Indicators%20of%20Communications%20and%20Information%20Techn/IndicatorsQ1-2014-ENGLISH-Final.pdf>.

<sup>120</sup> Data from the International Telecoms Union, cited in ‘The 20 Countries with the Highest Per-Capita Cell-Phone Use’, *Business Week*, 20 February 2011, <http://images.businessweek.com/slideshows/20110213/the-20-countries-with-the-highest-per-capita-cell-phone-use>.

<sup>121</sup> *Ibid.*, p. 2.

the advent of Al Jazeera. This broadcaster, founded in Qatar in 1996, broke with Arab state-funded media conventions, airing news on controversial topics that others would not touch. This prompted outrage from its Gulf neighbours, virtually every other country in the region and even the United States. There has since been a proliferation of new Arabic-language satellite news channels, whether state-owned or in the hands of international news corporations<sup>122</sup> or local business people (who in turn often have ties to ruling establishments). The younger generation in the Gulf is increasingly bilingual and can therefore access an even wider range of global media. Newspapers are also proliferating: Kuwait used to have five newspapers; it now has 15; and a twelfth Saudi newspaper was launched in 2014.<sup>123</sup>

But quantity of information does not mean quality, and young people in the Gulf – like their counterparts elsewhere – are bombarded, Babel-style, with contradictory information. This will not necessarily lead to greater tolerance of different views, and indeed some have expressed concern that the availability of poor-quality online ‘information’ on other people’s religious beliefs can add to sectarianism.<sup>124</sup> Education systems, long criticized for having little focus on analytical thinking, may need to develop young people’s skills in questioning what they read more thoroughly.

### From consumers to participants

Young people have a large appetite for the media. A study by the American University of Sharjah found young Emiratis have ‘a highly mediated existence, spending more than 9.9 hours on average a day with media, more time than they sleep’, and that they spend twice as much time online as watching television.<sup>125</sup> Moreover, engaging with the more interactive realm of social media is transforming young people from media consumers to media participants. The ability to be directly involved in local and global conversations is a step change from the passivity of television, and there is an egalitarian aspect to social media, with ‘elders’, whether political or religious,

laying themselves open to commentary and ‘answering back’ on a wide range of platforms for debate. Clay Shirky, an analyst of the political impact of social media, has argued that ‘access to information is far less important, politically, than access to conversation’.<sup>126</sup> In a 2013 survey by Northwestern University in Qatar, 75 per cent of Saudi respondents (of all ages) said people should be able to express their opinions online even if they were politically controversial, though a majority simultaneously favoured government regulation and surveillance of the internet.<sup>127</sup>

As already noted, Saudis watch more YouTube videos than anyone else in the world, and market research suggests the average time spent on YouTube has increased fivefold since 2013.<sup>128</sup> The country also has the highest Twitter penetration in the world, accounting for one-third of internet users.<sup>129</sup> One-third of Qataris use Facebook, the fourth highest proportion in the Arab world. Young people in the Gulf have been early adopters of newer social platforms such as Whatsapp and Kik, partly because of the desire to evade parental or government scrutiny.

There is high awareness among the youth of global media coverage of Gulf countries. Saudi Arabia attracts probably the most, and the most negative, coverage in the international media. A 2010 survey of 4,400 Saudi students<sup>130</sup> found that 89 per cent of female<sup>131</sup> students and 84 per cent of male students agreed with the statement ‘It upsets me when others criticize my country and my people’. Hoda Al Helaissi, a female member of the *Majlis Al-Shura*, highlighted such frustrations in a 2014 talk at Chatham House as part of this project.

Young people in the Gulf are also highly aware of the shortcomings of Western societies. While most find aspects of Western culture appealing – evidenced by the preference of top-performing students to pursue their education in the US, UK or Europe, and the popularity of Western brands and entertainment – they are also critical, most frequently of US foreign policy, and sometimes of welfare policies or social mores.

<sup>122</sup> Some are a combination, such as Sky News Arabia, a 50:50 joint venture between British Sky Broadcasting and Abu Dhabi Media Investment Corporation.

<sup>123</sup> ‘In the realm of the censors’, *The Economist*, Pomegranate blog, 23 January 2014.

<sup>124</sup> A view expressed to the author by a Bahraini salafist, and also in a conference presentation by Fanar Haddad, Al Khoei Foundation, April 2013.

<sup>125</sup> Marie-Louise Olson, ‘Young people spend nearly 10 hours a day online’, *The National*, 23 December 2011, <http://m.thenational.ae/news/uae-news/young-people-spend-nearly-10-hours-a-day-online>.

<sup>126</sup> Clay Shirky, ‘The Political Power of Social Media: Technology, the Public Sphere and Political Change’, *Foreign Affairs*, January/February 2011, <http://www.foreignaffairs.com/articles/67038/clay-shirky/the-political-power-of-social-media>.

<sup>127</sup> Everette E. Dennis, Justin D. Martin and Robb Wood, ‘How People in the Middle East Actually Use Social Media’, *The Atlantic*, 24 April 2013, <http://www.theatlantic.com/international/archive/2013/04/how-people-in-the-middle-east-actually-use-social-media/275246/>.

<sup>128</sup> Simeon Kerr, ‘YouTube taps fast-growing Saudi Arabia interest’, *Financial Times*, 17 March 2014, <http://www.ft.com/cms/s/0/2407aa1a-adc3-11e3-9ddc-00144feab7de.html#axzz3DrkfakW>.

<sup>129</sup> The Social Clinic, ‘The State of Social Media in Saudi Arabia 2013’, 6 January 2014, <http://www.thesocialclinic.com/the-state-of-social-media-in-saudi-arabia-2013/>.

<sup>130</sup> Edit Schlaffer, Ulrich Kroppinigg and Fawziah al Bakr, ‘Bridging the Gap – But How? Young Voices from the Kingdom of Saudi Arabia’, *Women Without Borders*, 2010, [http://www.women-without-borders.org/files/downloads/Bridging\\_the\\_Gap\\_Saudi\\_2010.pdf](http://www.women-without-borders.org/files/downloads/Bridging_the_Gap_Saudi_2010.pdf).

<sup>131</sup> Elite Saudi women are often frustrated by generally Western assumptions that they cannot work (whereas they can work and own businesses), and by the focus on women being unable to drive rather than on wider issues of legal and political equality. That said, driving matters less to elite women, who typically own their own cars and employ drivers, than to less well-off women who have difficulty working because they have neither cars nor public transport.

## Gulf commentary 4

## Social Saudis: uses and implications of new media in the kingdom

Sara Masry

It may come as a shock to many to discover that Saudis can be a humorous and gregarious bunch. Images of an austere, pious nation shrouded in mystery, and black, floor-length abayas, do not sit well with the idea of an outgoing and outspoken populace. That being said, the outside world is increasingly tuned in to social developments and nascent trends within the Saudi kingdom, enjoying a unique level of insight into one of the most guarded and inaccessible states. While many factors may have contributed to this shift, including a more globalized setting, increased literacy levels and changing attitudes within the kingdom itself, social media have played a leading role in generating a more connected and vocal society.

In a country with an overwhelmingly youthful population (approximately 51 per cent is under 25)<sup>a</sup> and very few options for social activities outside the structures of family, employment and education, the advent of social media has provided a much-needed safety valve. Not only does Saudi Arabia rank first in the world in terms of Twitter user penetration online per capita, but the proliferation of satirical and current affairs-oriented YouTube shows such as 3al6ayer, Eysh Elly and La Yekthar offer an alternative to state-sanctioned and often circumscribed television channels, attracting numerous subscribers. Over 90 million videos are viewed daily in the kingdom. The explosion of online comedy channels and sketches, as well as soaring numbers of active Twitter users engaging in discussion around popular hashtags, gives the sense of a budding subculture that was in limbo, waiting for an outlet to display its thoughts and creativity. Together with the new devices at its fingertips, this portion of society is carving more and more space for the free flow of ideas, in effect normalizing hitherto taboo phenomena such as dialogue between the sexes and fostering open debate on a number of sensitive issues.

Unsurprisingly, not all are pleased with this newfound component that has quickly become a cultural mainstay in the country. Some of the more traditional, conservative and older Saudis are fearful of the purportedly revolutionary changes triggered by the potential of social media to wreak havoc on what they see as a pristine, compliant culture.<sup>b</sup> The pace of change is proving too fast for some, with prominent figures such as Abdul-Latif Abdul-Aziz Al-Sheikh, head of the kingdom's religious police, condemning social media users to apostasy and, ultimately, exclusion from heaven.<sup>c</sup> The creators of some of the above-mentioned online shows have received innumerable threats from official and unofficial sources for their alleged complicity in disrupting a harmonious society

with deviant ideas and practices. Arguably, however, this cadre of 'online celebrities' simply reflects the outlook of a growing segment of Saudi society, which has taken one step further in shedding the cover of anonymity conveniently granted by new media.

It cannot be said that all socially conservative members of Saudi society are inherently opposed to the 'dangers' of social media. Indeed, Islamic scholars and traditionalists have fluctuated in their calculations on whether to try to ride or shun the 'Twitter wave'. Those who do engage with the online community undoubtedly stand by their decision: the top four Twitter accounts in Saudi Arabia in terms of followers belong to religious figures. This is a significant phenomenon considering the sheer amount of material available on the 'Twittersphere', emphasizing the fact that social media use is by no means incompatible with an Islamically oriented society and invalidating frequent claims by religious leaders of social media's corruptive effects.

Saudis young and old appeal to religious authorities daily for advice and guidance on Islamic issues via Twitter and Facebook groups. It can even be argued that the presence of these and other online platforms has provoked something of a religious revival among some of the nation's Western-educated, liberal-minded youth by providing an accessible, modern and popular vehicle for the spread of sacred messages. On the other hand, an undeniable source of fear for many of the clerical voices within the kingdom is the tangible dilution of religious authority, given the equal and open platform available for anyone to make Islamic pronouncements and compete for followers. This fact has other potentially grave implications as well: as unsanctioned clerics increasingly embrace social media tools, they step out from under the umbrella of the state and in some cases espouse radical and extremist ideas. Non-indigenous groups such as Al-Qaeda and IS have also attempted to exploit social media in the search for a new conduit to enter Saudi society – a testament to the popularity of such platforms among the populace. The Saudi regime has registered this security threat and has promoted campaigns, such as the online As-Sakina, to counter and discourage such views.

Another historical and vital concern among conservatives in the kingdom is the role of women in society, with countless clerics maintaining that a woman's voice should not be heard in public. Although this trend may be attributed to a variety of factors, the predominance of male Twitter users can arguably be linked to the traditional insistence on a docile

profile for Saudi women, reinforced by ubiquitous social cues and mainstream attitudes. But some of the most outspoken and active ‘Tweeps’ are in fact females, who do not pull any punches when it comes to discussing critical issues publicly. Moreover, while they may not be as numerous, female Twitter users have been relatively successful in translating their talk into action. For instance, a Facebook group entitled ‘Enough Embarrassment’ created by activist Reem Assad in 2008 called for stores to start hiring women because it was inappropriate to interact with male clerks about underwear. This eventually led to a full campaign and a boycott, which ended in 2012 with a royal decree requiring stores that sell products intended for women, such as lingerie and cosmetics, to hire female workers. Supermarkets and other apparel shops began to follow suit under the new policy. While such initiatives certainly have their detractors, with one conservative writer famously encouraging his 100,000 Twitter followers to harass female cashiers, it cannot be denied that Saudi women as well as men are recognizing and utilizing the many advantages of social media. Women-led campaigns to end the driving ban on females, a notoriously divisive issue in the kingdom, were also played out through hashtags and Facebook groups – as were the counter-campaigns. These growing trends are pushing the boundaries and redefining the very nature of state–society engagement in Saudi Arabia.

This is not to say, however, that all social media activity within the kingdom is pointing in one direction. Indeed, the commonly held notion that forums such as Twitter, Facebook and YouTube are inextricably linked to ideas of openness, moderation and tolerance must be tempered with the understanding that such platforms are used as a conduit to represent a wide spectrum of Saudi voices, not all of them necessarily calling for social progress. One example was the Twitter uproar that erupted on 1 September 2014 when a

photo surfaced allegedly showing a Saudi woman sweeping the floor of a clothing store, supposedly under the orders of a foreign shopkeeper.<sup>d</sup> The ensuing Twitter debate featured language steeped in xenophobia and patriarchy, with many participants resolutely opposed to the idea of a Saudi woman cleaning for a living while taking orders from a foreign man, most likely of South Asian descent, regardless of her personal or financial situation.

Whether or not the photo is ultimately verified, the subsequent dialogue among Saudi Twitter users underscores the fact that social media are used in the kingdom to promote all manner of views and are by no means considered a tool exclusive to ‘liberals’ in the Saudi context. Furthermore, while social media platforms often bring people together, and in fact have to an extent united many voices in a country characterized by the separation of different social classes, in Saudi Arabia as in the rest of the world they have also served to further entrench and polarize existing mindsets. That being said, social media have facilitated unprecedented levels of intense interaction and exchange between disparate individuals, groups and opinions in the kingdom, which in the long run can only serve to advance social development.

<sup>a</sup> See Caryle Murphy, ‘Saudi Arabia’s Youth and the Kingdom’s Future’, <http://www.newsecuritybeat.org/2012/02/saudi-arabias-youth-and-the-kingdoms-future/>.

<sup>b</sup> There is no fundamental correlation between age and religiosity, and some of the staunchest critics of social media can be found among younger generations as well.

<sup>c</sup> See Maya Shwayder, ‘Saudi Arabia Condemns Twitter Users to Hell, and Happy Thursday to You Too, Internet’, 16 May 2013, <http://www.ibtimes.com/saudi-arabia-condemns-twitter-users-hell-happy-thursday-you-too-internet-1264029>.

<sup>d</sup> See ‘Sweeping woman infuriates Saudi Twitter’, Al Jazeera, 1 September 2014, <http://stream.aljazeera.com/story/201409011930-0024117>.

## How will things change?

Contrary to stereotypes of Gulf youth as passive consumers, there is anecdotal evidence of a growing interest among the youth, both male and female, in being more active citizens, for instance working in the private sector or volunteering, even if it is still a minority that actually participates in these activities. It is likely that these increasingly educated, career-oriented young people will also show growing interest in determining how they are governed. Younger-generation members of the royal family are also likely to be increasingly keen to participate in policy-making at a more senior level. Some countries and some ministries are more amenable to this than others.

## The quiet drivers of change

Gulf citizens are often caricatured as politically passive or apathetic because of their wealth. Yet there are political activists taking significant risks (discussed in more detail in Chapter 5).

Nevertheless, in most of the Gulf countries young people tend to see political activity as more trouble than it is worth. This partly reflects restrictions on political activity and fear of the destabilizing or divisive effects of revolutionary activity elsewhere in the region. Thus people are more willing to participate in politics in Kuwait, the most politically open state, than in most of the other Gulf countries. But, as everywhere else, there may be only limited interest in formal politics owing to other preoccupations. This is especially true in the smallest and wealthiest states, Qatar and the UAE.

In this context, it is particularly important to take account of what sociologist Asef Bayat calls ‘social non-movements’<sup>132</sup> and ‘the quiet encroachment of the ordinary’: the impact of ‘non-political’ people whose everyday actions are changing things, without being organized in a political way. A striking case is Saudi women’s attitudes to driving. At the level of political activism, a few educated and outspoken Saudi women have publicly driven in the streets of the capital, and have filmed themselves doing so, as a form of civil disobedience protesting against the de facto ban on women driving. Their actions have been watched around the world and have helped change the often-held stereotype of Saudi women as passive. At home, they have been penalized, with some being arrested.

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At the same time, it is quietly acknowledged that in rural areas of Saudi Arabia women often drive. These are typically less well-educated women who do not have a driving licence – nor any particular inclination to protest. Their behaviour is not self-consciously political. They just need to drive. This behaviour is changing the social mores too, but in a very quiet way, and is arguably even more effective than the high-profile protests. Saudi Arabia is also seeing a rise in volunteering. A key moment occurred after the Jeddah floods in 2009, when, faced with a slow response by the state, young people organized voluntary groups to help those who had been made homeless.

In Kuwait and Bahrain, there is a tradition of private households holding open social gatherings, called *diwaniyat* in Kuwait and *majalis* in Bahrain, which often become forums for political and social discussion. MPs host them, but so do business people or large families; the only requirement is sufficient space, and funds to dispense

refreshments. Such discussions form an important element of the more democratic political culture in these two states. They tend to be mostly male and to be hosted by a family elder. Now, young people are gradually beginning to define their own, different spaces for political discussion. In just one example, in 2012, the author attended a meeting of around 12 young Kuwaitis, male and female, in a coffee shop. The group had met via Twitter, discussing the pros and cons of the opposition’s election boycott, and had decided to turn their online discussion into a real-world forum. The topic for debate was whether political and social change should be sudden and quick, or slow and gradual. The approach was so egalitarian that the chairperson used software to monitor each participant’s time speaking, projecting this in a constantly moving chart on a screen, to encourage equality of opportunity for the quieter members to speak. The participants generally agreed that they felt patronized and unrepresented by political leaders. ‘We have travelled, and we have seen different ways of running things,’ one said. Some who had recently taken part in protests and favoured boycotting the parliament argued for urgent change in the direction of greater democracy and freedom of speech. Others, while sharing their aims, differed on tactics. They argued that the society was not ready for full democracy and that high-pressure opposition tactics would cause division. In their view, it was better to focus on what they could do personally to make a difference, including volunteering and charity fundraising.

Many of the civil society activists interviewed for this report expressed the view that their societies needed to build more of a sense of community, or perhaps national identity, as a precondition for political development, and certainly for democratization. One young Saudi human rights activist said: ‘We are a country of minorities, whether that’s women, liberals, Shia or other groups ... Our lack of a national identity is our main problem.’<sup>133</sup> Another young Saudi writing under the pseudonym Nasser Al Said argued: ‘To start any kind of a social movement, let alone a revolution, we in Saudi in need to build a society,’ drawing on Ibn Khaldun’s concept of *Ta’sub*, or social solidarity, as something that needs to be developed to ‘keep tendencies such as factionalism, infighting and short-sighted governmental practices, such as oppression, at bay’.<sup>134</sup>

<sup>132</sup> Asef Bayat, *Social Movements, Activism and Social Development in the Middle East*, United Nations Research Institute for Social Development, Civil Society and Social Movements Programme Paper Number 3, November 2000, [http://www.unrisd.org/80256B3C005BCCF9 \(httpAuxPages\)/9C2BEFD0EE1C73B380256B5E004CE4C3/\\$file/bayat.pdf](http://www.unrisd.org/80256B3C005BCCF9%20(httpAuxPages)/9C2BEFD0EE1C73B380256B5E004CE4C3/$file/bayat.pdf).

<sup>133</sup> Interview, Kuwait, September 2014.

<sup>134</sup> Nasser Al Said, ‘Saudi, in search of an ‘Ibn Khaldun’ moment’, *Comment Mideast*, 23 January 2013, <http://www.commentmideast.com/2013/01/saudi-in-search-of-an-ibn-khaldun-moment/>.



## Gulf commentary 5

## Young artists in the GCC

Sultan Al Qassemi

Over the past few years much has been said about the emerging assertiveness of Gulf citizens on social media, in journalism and on the political stage. However, an additional component of this emerging assertiveness has so far been overlooked. Young Khaleeji artists, with and without the support or knowledge of their respective governments, have over the past few years challenged the status quo and shattered stereotypes about what was previously perceived to be a passive populace.

Only a decade ago even the most seasoned Western art observers had barely heard of any Khaleeji artists. Today, however, artworks created by Gulf artists can be found in private collections and those of museums across Europe and North America.

Young Saudi artists such as Manal Al Dowayan, whose work is included in the Los Angeles County Museum of Art (LACMA) and the British Museum, have broached sensitive topics such as the role of women in Saudi society. In her series 'Suspended Together' Al Dowayan attaches copies of travel permits issued to Saudi women to a flock of ceramic doves in a symbolic move to free them from their male-imposed restrictions. Saudi artist Ahmed Mater broke one of the tenets of the Arab cultural boycott of Israel after one of his artworks titled 'Evolution of Man' was exhibited in Jerusalem's Museum on the Seam in 2011 as part of a collective show. This made him the first Gulf artist to have work exhibited in Israel. Although the artwork, which depicts a Darwinian morphing of a petrol pump into a man holding a pistol to his head, was said to have been lent by a Western collector it did not stop widespread online condemnation of Mater.

For years Mater's compatriot Abdul Nasser Gharem divided his life between being a lieutenant colonel in the Saudi army and one of the Gulf's leading conceptual artists tackling issues such

as the 9/11 attacks and the Arab Spring. Gharem, whose work is in the Victoria & Albert Museum in London, is perhaps most famous for his video and lightbox artwork titled *The Path* (2007), which depicts an infamous 1982 incident of a collapsed bridge during severe flash floods in his native southern province where individuals who stayed on 'the straight path' – a reference to a core Quranic verse prayer calling on people not to stray from true Islam – ended up dead.

A recent phenomenon is the proliferation of the use of graffiti, which has recently emerged on the streets of Kuwait, Bahrain and Saudi Arabia, displaying messages that are not always agreeable to the governments. In 2012, following the imprisonment of a Saudi blogger called Hamza Kashgari for tweeting what were considered blasphemous comments about Prophet Mohammed, stencil graffiti with his image started appearing in the streets of Riyadh along with the message 'Free Hamza'. In addition to elaborate works, street graffiti have been used to convey anti-establishment messages regarding unpopular government initiatives and to criticize the broad powers given to the highly contentious Committee for the Promotion of Virtue and the Prevention of Vice (CPVPV), such as 'The CPVPV doesn't want love' graffiti documented by the Saudi Art Street website.

Today the Gulf states are in the midst of a building frenzy of what French scholar Alexandre Kazerouni calls 'Visibility Museums'. It is unclear if artworks that are politically sensitive will find their way onto the walls of these museums. What is certain, however, is that these works, although not popular with the Gulf establishment, reflect simmering sentiments under the Gulf's seemingly tranquil surface.

## Independent women

The dramatic expansion of education is changing women's expectations of their role. In a 2010 survey of 4,400 Saudi students, 88 per cent of the women surveyed agreed with the statement 'I want to have a great career',<sup>135</sup> something the researchers described as 'a small revolution'. In a 2010 Gallup survey in Bahrain, 94 per cent of women said they should have the same legal rights as men – and 87 per cent of men agreed.<sup>136</sup>

Women are still a minority of the workforce in all the Gulf states, and are particularly likely to be employed in sectors seen as traditionally female-friendly, such as health care and education. They are also mainly employed in the public sector, where flexible working hours are better suited to raising families. Even in Saudi Arabia, the most conservative country regarding female employment, women make up a third of the public-sector workforce. Their range of roles is expanding. In addition, private-sector employers are

<sup>135</sup> Edit Schlaffer, Ulrich Kropiunnigg, Fawziah al-Bakr, *Bridging the Gap – But How? Young Voices from the Kingdom of Saudi Arabia*, Women Without Borders, 2010, [http://www.women-without-borders.org/files/downloads/Bridging\\_the\\_Gap\\_Saudi\\_2010.pdf](http://www.women-without-borders.org/files/downloads/Bridging_the_Gap_Saudi_2010.pdf).

<sup>136</sup> Gallup Centre for Muslim Studies, *After the Arab Uprisings: Women on Rights, Religion, and Rebuilding*, Summer 2012, <http://www.gallup.com/poll/155306/arab-uprisings-women-rights-religionrebuilding.aspx>.

increasingly keen to employ female Gulf nationals, since they tend to have better degrees and, as a minority having more to prove, are seen as harder-working. In the World Economic Forum's ranking of countries for gender pay equality, Qatar and the UAE were ranked in the top ten, and four of the GCC countries (Oman, Qatar, the UAE and Bahrain) were ranked higher than the UK.<sup>137</sup>

The size of families is shrinking, a near-universal trend as education levels rise. But it is still unusual, and socially frowned upon, for women to choose to remain single, or not to have children. Nevertheless the age of marriage is rising. According to Dr Ahmad Alomosh, chairman of the sociology department at the University of Sharjah, 'Before, there was a stronger system of family. Now there is independence ... Marriage is no longer a priority.'<sup>138</sup> In Saudi Arabia, with its traditional system of male guardianship, courts are now hearing roughly one case a day brought by a woman asking to be freed from her father's guardianship, to marry someone of her choosing.<sup>139</sup> The legal requirement for a male guardian to do business on behalf of a woman has been abolished but, as is often the case, implementation is lagging behind the law, especially among conservative families.

Elites in the Gulf, especially in Saudi Arabia, often argue they are more in favour of gender equality than their people. The Kuwaiti emir tried to give women the vote by decree in 1999, but for six years it was resisted by the all-male parliament. MPs cited Islamic law as a reason why women should not hold leadership positions, and also had an interest in protecting their own seats. In 2013 King Abdullah of Saudi Arabia appointed 30 women to the 150-person advisory *Majlis Al-Shura*. This decisive top-down move indicates the potential for the ruler to use his authority to break with tradition, in contrast to arguments suggesting the king cannot allow women to drive for fear of upsetting conservatives. Praising women's educational achievements, the then king said that 'Saudi women have proven their ability to handle responsibilities with great success, whether through their principal duty as mothers, or as professionals'.<sup>140</sup>

However, the carefully cultivated image of governments that care more than the broader society about women's rights, which is often used to argue that liberalism and democracy are contradictory, is somewhat exaggerated. Women's civil

and political rights are limited, along with men's. Grassroots women's rights campaigners still face repression, including, in Saudi Arabia, those who were arrested for driving protests, and a leading women's rights advocate, Wajeha Al Baharna, who was sentenced to ten months in prison in 2013 for supporting a Canadian woman in her efforts to leave her Saudi husband.<sup>141</sup> In Bahrain too, as women have taken a prominent role in opposition activism, the numbers imprisoned have increased.

### Transparency

Greater access to information tends to create expectations of further or continued access, as well as facilitating leaks and information-sharing.

At present, the public has limited information about how the national wealth is used. Parliaments, where they exist, have tended to ask for more. In 2003, the half-elected Bahraini parliament that had been introduced the previous year formed a committee to investigate irregularities in the management of two state pension funds, despite government objections, as the funds were in serious financial trouble. It put together a 1,200-page report detailing mismanagement and corruption and questioned three ministers.<sup>142</sup> In Qatar, the UAE and Oman, there is little scrutiny of the SWFs by citizens themselves, although the funds are meant to be guarding national wealth on their behalf. By contrast, the Kuwait Investment Authority has to report annually to parliament, while Bahrain's smaller holding company, Mumtalakat, publishes detailed performance data (but mainly owns holdings in domestic state-owned enterprises). The questions Kuwaiti and Bahraini MPs have raised about the management of SWFs may presage what would happen elsewhere if these were subject to parliamentary debate; and even in the countries where the debate is less open, some pressure was felt to reinvest some of the wealth internally after the Dubai property crash burst the regional real-estate bubble in 2009.

### Diversity of ideas

In the coming years, the Gulf is likely to see greater willingness to debate previously taboo subjects, including religion and the monarchy. However, the laws on online speech have been tightened in all of the Gulf countries.

<sup>137</sup> World Economic Forum, *Global Gender Gap Report 2014*, p. 65, [http://www3.weforum.org/docs/GGGR14/GGGR\\_CompleteReport\\_2014.pdf](http://www3.weforum.org/docs/GGGR14/GGGR_CompleteReport_2014.pdf).

<sup>138</sup> Ola Salem, 'Women waiting longer to get married, new Abu Dhabi statistics show', *The National*, 19 October 2013, <http://www.thenational.ae/uae/women-in-the-uae/women-waiting-longer-to-get-married-new-abu-dhabi-statistics-show#ixzz3Bn0M8wEu>.

<sup>139</sup> 'In the realm of the censors', *The Economist*.

<sup>140</sup> Ministry of Higher Education, Kingdom of Saudi Arabia, 'Women in Higher Education: Saudi Initiatives and Achievements', 2010, [http://www.mohe.gov.sa/ar/Ministry/Deputy-Ministry-for-Planning-and-Information-affairs/The-General-Administration-of-Planning/Documents/women\\_in\\_higher\\_edu.pdf](http://www.mohe.gov.sa/ar/Ministry/Deputy-Ministry-for-Planning-and-Information-affairs/The-General-Administration-of-Planning/Documents/women_in_higher_edu.pdf).

<sup>141</sup> Suad Abu-Dayyeh, 'Saudi activists Wajeha Al-Huwaider and Fawzia Al-Oyouni jailed for trying to help starving woman', *Independent*, 15 July 2013, <http://blogs.independent.co.uk/2013/07/15/saudi-activists-wajeha-al-huwaider-and-fawzia-al-oyouni-jailed-for-trying-to-help-starving-woman/>.

<sup>142</sup> Abdulhadi Khalaf, 'Bahrain's Parliament: The Quest for a Role', *Sada Bulletin*, Carnegie Endowment for International Peace, 22 August 2008, [http://carneгиеendowment.org/sada/index.cfm?fa=show&article=21282&solr\\_hilite=](http://carneгиеendowment.org/sada/index.cfm?fa=show&article=21282&solr_hilite=).

Such legislation will discourage many from voicing contentious opinions, but will not stop the ideas circulating. In the most pronounced example, Bahrain has jailed dozens of people for insulting the king since 2011, but its Shia villages are full of anti-monarchy graffiti. Even in Oman, where the sultan is usually seen as one of the most beloved rulers in the region, some online criticism has been directed at him. Meanwhile, the small and little-noticed group of Gulf atheists is finding like-minded people via Twitter.<sup>143</sup>

In countries across the world, elements of education systems are designed to reinforce existing political systems and their values. In the Gulf, Saudi education policy has traditionally emphasized the need to promote loyalty to religious values, to the head of the family and to authority in general, and has favoured methods of rote learning rather than encouraging debate or questioning in the classroom.<sup>144</sup> But the desire to embrace technological change and modernize economies is bringing competing influences into schools and universities in the Gulf. More recently, Saudi education policy has become an area where the influence of religious clerics is competing with the influence of economic technocrats who are interested in developing labour-market skills and competing with private schools. The ministry of education's 2004–14 development plan<sup>145</sup> describes the need to improve education so that students can compete with their international counterparts and for state schools to compete with private-sector offerings. It refers to the spread of 'unrestricted mass media' as a 'cultural invasion ... a challenge and a threat to the kingdom's identity and culture', but one that can also 'benefit the community'.

Debates around the use of English language in schools, and of Western curriculums, exemplify the tensions between globalization and local traditions. According to Ozma Siddiqui, lecturer in English at King Abdulaziz University, Saudis are increasingly facing a reaction against English that is not dissimilar to the linguistic protectionism seen in France, with people calling for all official meetings to be held in Arabic or for shopfronts to display only Arabic lettering, while those who have studied abroad want to bring more elements of Western education into their own countries. She concludes that 'although Saudi Arabia is gradually opening up, its people are essentially in a state of transition'.<sup>146</sup> A 2012 study of a modernization

project in the UAE found that students who went through flagship 'treatment schools' (used as a pilot for school reform) showed greater national pride, but also believed more passionately in their right to a government job, were less willing to pay taxes or utility fees, and were more interested in having a say in political decision-making – which the author summarized as wanting 'representation without taxation'.<sup>147</sup>

The thousands of students who study abroad are a broader force for change. More than 130,000 Saudis, 20 per cent of whom are women, go overseas to study each year.<sup>148</sup> They return with exposure to different ways of life. Some are determined to push for liberalization in their own countries. Others revert to more traditional and religious lifestyles. Many feel somewhat alienated from their own culture when they return, though at the same time they have access to privileged opportunities, especially in terms of employment.<sup>149</sup>

According to Saudi sociologist Soraya Al Torki, the events of the 'Arab spring' are likely to affect the social sciences in the Gulf, having energized international academic research into detailed analyses of social action, the nature of power, types and meanings of citizenship, and popular cultural activities that challenge the symbols of the state: 'Gulf societies are not isolated from these events ... Consequently, we find that in Kuwait, Saudi Arabia and also in Bahrain there have begun to appear new informal societies that discuss intellectual, literary and social matters'.<sup>150</sup> She argues that the growth of foreign universities in the Gulf will also 'promote the population's access to debate about such vital arenas as decision-making, the analysis of foreign and domestic public policies, and the critique of social and economic development', and that a major reconsideration of education programmes will take place to enable 'critical thinking that emanates from a deep understanding of the givens of Gulf societies, ranging from their specifics to the points that they have in common with the rest of the region'.

Once again, though, higher education and academia will be a space for contestation, with some in authority seeking to contain or prevent critical thinking on political or religiously sensitive subjects (including aspects of science and art as well as politics and history), while others will seek more open academic debate, including some in ruling establishments

<sup>143</sup> Discussion in Kuwait, May 2013.

<sup>144</sup> Michaela Prokop, 'Saudi Arabia: The Politics of Education', *International Affairs*, Vol. 79, No. 1 (January 2003), pp. 77–89.

<sup>145</sup> Ministry of Education, Kingdom of Saudi Arabia, 'The Executive Summary of the Ministry of Education Ten Year Plan (2004–14)'.

<sup>146</sup> Ozma Siddiqui, 'Winds of Change: English Teaching in Saudi Arabia', *Arab News*, 9 May 2014, <http://www.arabnews.com/news/567896>.

<sup>147</sup> Calvert Wallace Jones, 'Representation Without Taxation: The King's Dilemma 2.0', American Political Science Association Annual Meeting Paper, August 2012, [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2104559](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2104559).

<sup>148</sup> Ministry of Higher Education, Kingdom of Saudi Arabia, 'Women in Higher Education: Saudi Initiatives and Achievements'.

<sup>149</sup> One multinational company operating a major project in Saudi Arabia explained it recruited its Saudi staff from the Saudi student body studying at Western universities, to find well-qualified people.

<sup>150</sup> Soraya Altorki, 'Taking Stock: Wither the Social Sciences in Gulf Universities', *Contemporary Arab Affairs*, Vol. 6, No. 2 (2013), pp. 237–50, <http://dx.doi.org/10.1080/017550912.2013.779452>.

more focused on developing a knowledge economy or world-class academic sector.<sup>151</sup> Education posts are often held by relatively liberal members of ruling establishments, such as Sheikh Nahyan bin Mubarak Al Nahyan in the UAE, Noura Al Fayed, deputy minister of higher education for women and the first woman to have a ministerial role in Saudi Arabia, and Sheikh Mohammed bin Mubarak Al Khalifa, a deputy prime minister who oversaw a recent programme of educational reforms in Bahrain. As human capital becomes a key economic resource, there will be growing public interest in – and controversy over – education reform. Indeed, a rare manifestation of political dissent in Qatar was seen in 2013 when a planned boycott of schools led the government to promise changes the day before the protest.

#### Creation of new elites

As the Gulf private sector gradually grows and as the public sectors become less able to absorb new labour market entrants, education and skills will be increasingly important. There will be growing competition – and economic disparities – between the well-educated and the rest. It is already the case that as private-sector and government companies compete to employ the best nationals, their salaries are being driven up, creating incentives for education but also disaffection among those who have already lost out in terms of educational quality.

Educational success will support the emergence of new elites of educated Gulf nationals, including some from traditionally marginalized groups. For example, one of the best-known Kuwaiti bloggers, Mona Kareem, a PhD student in upstate New York, happens to be female, Shia and stateless; she has become a rare international voice highlighting the problems faced by Kuwaiti *bidoon*.<sup>152</sup> One of the most well-known Bahraini voices quoted in the media is Maryam Al Khawaja, daughter of a political prisoner, a Fulbright scholar who studied at Brown University in the US, has given evidence to the British parliament and received the 2013 Rafto Prize for human rights advocacy. Social media and the scope for online publication make it easier for educated young people to have a voice on the basis of their ideas and the smartness with which they communicate, without necessarily having the traditional *wasta* (connections) or social capital derived from their family background. A study by Portland Communications found that of the fifty most connected Twitter users, one quarter were officials and royals but a full third were

political activists; of the top ten most connected Twitter accounts in Bahrain, four were connected with Maryam Al Khawaja's Bahrain Centre for Human Rights, while just two were governmental (the interior ministry and the foreign minister's personal account<sup>153</sup>). This alters the traditional balance of power between social groups whose leaders are co-opted into the existing system, and creates pressures for new forms of consultation and representation.

#### Conclusions

Changes in the availability of education and information are likely to create new expectations for transparency on the part of governments, and for more participation in the public sphere, including on the part of women and traditionally marginalized groups. Social media are normalizing the public expression and participatory debate of views.

Social media, and a degree of free speech more generally, can also act as a pressure valve, allowing people to vent frustration without achieving more substantive political change. Indeed, following the 2001–02 reforms in Bahrain, a common joke among opposition activists was that 'They took the cotton wool out of our mouths ... and stuffed it into their ears!' In the case of Bahrain, social media helped to amplify opposition protests that also played out physically on the streets, whereas in Qatar and the UAE, online criticism of government policies has not resulted in street protests. Social media have also provided avenues for conservatives to reinforce their support for the status quo, and for governments to monitor and identify activists, sometimes using sophisticated Western-made surveillance technology and spyware.

Meanwhile, however, criticism voiced on social media is often treated as a threat. The complex political changes unleashed by the 2011 Arab uprisings go far beyond the changes of leadership in countries that experienced revolutionary movements, and have included a re-energization of cultural and social movements, as part of an international ferment of ideas. It is naive to think, as some officials contend, that this did not touch the Gulf. Social media have provided one of the platforms through which Gulf citizens have been exposed to a broader range of ideas, and have had opportunities to network with a wider cross-section of local and international society, than might otherwise be the case.

<sup>151</sup> Journalism professor Matt J. Duffy, who was deported from the UAE in 2012 after teaching and writing on the subject of press freedom, wrote that he understood that the minister for higher education, Sheikh Nahyan bin Mubarak Al Nahyan, a member of the royal family, had tried to appeal against the order to deport him by the security services and understood the need for academic freedom. Matt J. Duffy, 'I've Been Kicked Out of the United Arab Emirates', blog post, 28 August 2012, <http://mattjduffy.com/2012/08/ive-been-kicked-out-of-the-united-arab-emirates/>.

<sup>152</sup> Maria Caspani, 'Stateless in New York: A woman's life as a "legal ghost"', 18 September 2014, <http://uk.reuters.com/article/2014/09/18/us-foundation-stateless-newyork-idUKKBN0HD2FZ20140918>.

<sup>153</sup> Portland Communications, 'How The Middle East Tweets', 7 November 2012, <http://www.portland-communications.com/2012/11/how-the-middle-east-tweets/>.

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For Gulf governments, the growth of social media is an opportunity to expand political consultation through new channels. Indeed, there are already reports of officials responding to Twitter debates and government officials routinely reading blogs. Conversely, the recent tightening of laws criminalizing online speech is out of step with the expectations and demands of a new generation.

For international governments, there will be growing demand from Gulf countries for cyber-security cooperation, including lucrative commercial opportunities. However, these governments may also be blamed by other local constituencies when private companies from their countries provide surveillance technologies that are used to track activists engaging in peaceful political expression.

## 5. Political Participation, Ideas and Organization

The rapid changes under way in the economic structures, demographics, education systems and societies of the Gulf are also contributing to growing political mobilization. This is not new to the Gulf: in the 1930s Dubai, Bahrain and Kuwait all saw political movements calling for greater representation in government and more independent courts. However, the recent regional uprisings, and their mixed and disputed results, have helped to shape the current environment for political mobilization and change, and views of the status quo, in the Gulf as much as in the rest of the region. The dramatic events of 2011 were a catalyst that encouraged political movements that were already active in each of the Gulf states to raise louder calls for change and to attempt to build coalitions across different groups. In particular, coalition-builders sought to unite Islamists and liberals around shared demands for political reform, an end to corruption and the release of

political prisoners. In Saudi Arabia, the organizers of a petition for ‘a state of rights and institutions’ gained several thousand signatories including Sunni and Shia Islamists and leftists. In Bahrain, the February 2011 protests were initially organized by small circles of young people from diverse sectarian and political backgrounds. When the established political parties subsequently came to the forefront, two of the most prominent figures were the moderately Islamist Shia cleric Sheikh Ali Salman and the secularist Sunni economist Ebrahim Sharif, both now in detention. Such efforts to build a united front have been weakened by the resurgence of sectarian, social and ideological divisions.

The Gulf governments have responded to demands for political change with a variety of tactics, including limited institutional reforms, promises of further reforms, dramatically increased fiscal spending, and national prestige projects, but in general they are weighting their

**Table 2: Comparative politics in the Gulf states**

|                                       | Bahrain                                     | Kuwait  | Oman                           | Qatar                             | Saudi Arabia                       | UAE   |
|---------------------------------------|---|---|--------------------------------|-----------------------------------|------------------------------------|---|
| <b>Entity</b>                         | Kingdom                                     | State   | Sultanate                      | Emirate                           | Kingdom                            | Federation  |
| <b>Head of state</b>                  | King Hamad bin Issa Al Khalifa              | Sheikh Sabah al-Ahmed al-Jabr Al Sabah                      | Sultan Qaboos bin Said Al Said | Emir Tamim Bin Hamad Al Thani     | King Salman bin Abdel-Aziz Al Saud | President Khalifa bin Zayed Al Nahyan                 |
| <b>Age of head of state</b>           | 65  | 85  | 74                             | 34                                | 79                                 | 67  |
| <b>Date of independence</b>           | 1971  | 1961  | 1971                           | 1971                              | Unified 1932                       | 1971  |
| <b>Constitution date</b>              | 2002  | 1962  | 1996                           | 2003                              | Basic Law 1992                     | 1971  |
| <b>Elections for ruler or premier</b> | No  | No  | No                             | No                                | No                                 | No  |
| <b>Elections for parliament</b>       | Yes, for lower house                        | Yes (50 elected deputies; 15 ministers also sit ex officio) | Yes, for lower house           | No (provided for in constitution) | No (appointed)                     | Half appointed; half chosen by hand-picked electorate |
| <b>Political parties</b>              | Political ‘societies’ permitted             | Exist as informal blocs                                     | Not permitted                  | Not permitted                     | Not permitted                      | Not permitted   |
| <b>Women in parliament, % (2015)</b>  | 8 (elected chamber); 20 (appointed chamber) | 0   | 1 (elected); 18 (appointed)    | n/a                               | 20 (appointed)                     | 18  |
| <b>Municipal elections</b>            | Yes   | Yes   | Yes, since 2012                | Yes, since 1999                   | For half the seats, since 2005     | No  |
| <b>Transparency ranking*</b>          | 55  | 64  | 67                             | 26                                | 55                                 | 25  |
| <b>EIU democracy ranking**</b>        | 146   | 120   | 136                            | 139                               | 160                                | 152   |
| <b>Freedom House ranking***</b>       | Not free                                    | Partly free   | Not free                       | Not free                          | Not free                           | Not free  |

\* Overall ranking in the Transparency International Corruption Perceptions Index 2014, where 1 is the least corrupt; 175 countries and territories were ranked for 2014.

\*\* Overall ranking in the *EIU Democracy Index 2013*, where 1 is the most democratic; 167 countries were ranked for 2013.

\*\*\* Ratings based on global events 1 January–31 December 2014.

Sources: Transparency International, Corruption Perceptions Index 2014, <http://www.transparency.org/cpi2014>; Economist Intelligence Unit, Democracy index 2013, [http://www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=Democracy\\_Index\\_2013\\_WEB-2.pdf&mode=wp&campaignid=Democracy0814](http://www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=Democracy_Index_2013_WEB-2.pdf&mode=wp&campaignid=Democracy0814); Freedom House, Freedom in the World Index 2015, [https://www.freedomhouse.org/sites/default/files/01152015\\_FIW\\_2015\\_final.pdf](https://www.freedomhouse.org/sites/default/files/01152015_FIW_2015_final.pdf); government websites; Inter-Parliamentary Union.

strategies towards repression rather than reform. They have successfully deterred large swathes of the population from seeking political change, though there are significant variations between countries; in Bahrain the opposition appears to represent a clear majority of the population, whereas in Kuwait the opposition, which had previously won a majority in parliament, may have lost support and momentum more recently, and in Saudi Arabia the various groups seeking different types of political and social change do not constitute an organized opposition with even a basic level of shared demands.

But there are problems with the approach taken by governments. First, attempts to conflate peaceful opposition with terrorism risk radicalizing some of the peaceful opposition, while pushing other moderates out of the political sphere. Second, the use of divide-and-rule tactics, and the demonization of opposition movements that may have relatively modest goals, are storing up possible social conflicts for the future; some Bahraini salafis have gone to fight with jihadis in Syria after being repeatedly told by state propaganda that their Shia compatriots were traitors and Iranian agents who wished to drive them into the sea.

Yet the Gulf countries are in an enviable position among Arab states in that they appear to have opportunities to carry out gradual and consensual reforms without drastically threatening their own stability. As shown in earlier chapters, all of them already have spaces for political activity, although constrained to different degrees (Kuwait being the most politically open and the UAE the most closed). And each country has its reformist movements calling for constitutional monarchy, sometimes through the traditional and deferential methods of petitioning the ruler and sometimes through protests.<sup>154</sup>

Amid regional revolutions, Gulf governments could therefore be encouraging moderate reformers. However, this opportunity is being wasted, as they increasingly tend to clamp down even on mild critics, for two reasons. The main one is the fear of mass social unrest unleashed by the Arab uprisings; ultimately elites fear such instability could threaten their power and wealth. Another reason is fear of extremism, given the developments elsewhere in their neighbourhood. But their approach is all too often eliding the difference between the two, for instance by applying new laws to redefine almost any kind of protest as terrorism. Such an undifferentiated approach risks radicalizing the entire opposition, and replacing peaceful petitioners for constitutional monarchy with angrier violent groups.

## Drivers of change

The changing economic and demographic structures, access to information and education detailed in the previous chapters all inevitably create pressures for broad political change. In addition, there are specifically political pressures from popular mobilization, government policy choices and international pressures for certain types of political behaviour (the latter sometimes conflicted as Western allies talk about human rights but also prioritize security and counterterrorism measures). Governments have some awareness of the structural pressures for change, but different people within ruling establishments tend to have different views over whether reform is the best way to stabilize and adapt, or whether it represents the thin end of the wedge, leading to further instability. Reforms can thus prove divisive within ruling families, and this is often a risk that rulers are unwilling to take, given the importance of family solidarity.

## Opposition mobilization

The Gulf monarchies are in a fortunate position in that, at present, there are significant opposition and reform movements that generally seek to improve the existing systems rather than outright systemic change. But there is a risk of opposition radicalization and social polarization if such movements are ignored or repressed. It is no coincidence that Syria and Iraq, now undergoing particularly brutal violence, were until recently under totalitarian Baathist regimes that crushed peaceful political alternatives, forced oppositionists into exile or imprisonment, and radicalized them. Yet the instability and violence in both countries are encouraging the view that such repression was justified in order to maintain state power over a supposedly ungovernable population. The levels of repression in the Gulf are quite different, but the dynamics of radicalization operate there too.

As mentioned in the introduction, street protests took place in four of the six Gulf states in 2011. However, these are only part of the picture. They may have been given too much attention in 2011, since it was street protests that triggered the changes of leadership in Tunisia and Egypt. On a large scale, in certain locations, they can become a driver of change, for instance by physically threatening to impede economic or government functioning, by symbolically creating a sense of a critical mass that allows opposition to snowball, or by testing the resolve of the security forces to carry out government orders. But it is also quite possible for street protests to fizzle out, to achieve little, to alienate some important constituencies or to act as a pressure valve (if contained in strategically unimportant areas, without police

<sup>154</sup> The 1990s uprising in Bahrain began after two petitions to the ruler, calling for the reinstatement of the parliament in line with the provisions of the constitution, were ignored.

overreaction). Particularly in countries where demonstrations are banned, such as Saudi Arabia and the UAE, it is important to look at a broader picture of political mobilization and not to assume that different societies would necessarily replicate the forms of political expression seen in several other Arab countries in 2011. In both countries, people calling for reform have written petitions to the rulers, utilizing a traditional method of consultation that has a long history in the Gulf; several were subsequently jailed.

Opposition activity is most visible, and most well organized, in Bahrain and Kuwait. Both governments have, at least at times, provided a greater degree of space for political participation than their neighbours. The fact that they continue to face demands for further political participation and a reduction in the powers of the monarchy is seen by other Gulf monarchies as a good reason not to emulate such reforms. However, the existence of a strong political opposition predates the establishment of institutions such as the parliament, which are more effect than cause of opposition mobilization (though the availability of such outlets, and perceptions about their efficacy or lack of it, do help to shape opposition behaviour).

#### Bahrain

The opposition probably represents the majority of the population. The main opposition society (the nearest thing to a political party permitted by Bahraini law), Al Wefaq National Islamic Society, won 45 per cent of the vote in the 2010 election. This translated into 18 out of 40 seats in parliament, though representing constituencies that covered two-thirds of the population (as the Shia-majority districts were much larger than Sunni-majority ones). In addition, a vocal minority of the population supports more radical opposition groups. The 2011 protests reflected the failure of partial reform efforts over the previous decade to meet the expectations that had been generated both by ambitious government promises and by years of opposition mobilization. This was partly because reforms to political institutions and laws were accompanied by new methods of controlling the population, including the mass naturalization of Sunni Muslims from overseas, presumed by influential members of the Sunni ruling family, the Al Khalifa, to be more politically loyal than Bahraini Shia Muslims.

In a 2012 statement, the Manama Document, Al Wefaq and several other opposition groups have called for an elected government and a fully elected parliament. They also focus heavily on their constituents' grievances over political and economic discrimination, unemployment and corruption, and at times have found common ground with Sunni Islamists over issues of Islamic values and social mores, such as restrictions on alcohol. Al Wefaq was formed as an umbrella organization for various strands of Shia Islamists. Its spiritual leader Issa Qassim is often seen as sympathetic to

the Iranian model of *wilayet-e-faqih* (rule of the jurispudent, or cleric), but has tended to be politically conservative rather than revolutionary. The group's political leader, Ali Salman, now in prison pending trial for 'plotting a coup', is a follower of Iraqi Grand Ayatollah Ali Al Sistani, who does not subscribe to the Iranian model and supports a separation of roles between the religious and political establishments.

#### The 2011 protests reflected the failure of partial reform efforts over the previous decade to meet the expectations that had been generated both by ambitious government promises and by years of opposition mobilization.

Since the 2011 shooting of protesters, Al Wefaq has boycotted the parliament. Several of its ex-MPs have been imprisoned for crimes such as 'spreading false news', and two of them had their citizenship revoked. Nevertheless Al Wefaq has usually faced less repression than the other opposition groups, because of its popular support base, and its periodic efforts to reach accommodations with the government. However, it is at risk of losing support to younger-generation opposition groups seeking more fundamental political change, including several which openly call for the overthrow of the monarchy, and which focus on more confrontational tactics, including attacks on police officers. These include the February 14th Youth Coalition, a republican protest movement linking activists in Bahrain's marginalized Shia villages with activists in exile.

Despite these differences, a heavy-handed government approach since 2011 has in effect reunited Bahrain's disparate opposition groups. This is especially so since talks between Al Wefaq and the crown prince ended inconclusively in 2014; the latter had hoped Al Wefaq would once again participate in that year's parliamentary elections, but the group was unwilling to do so unless it received significant political concessions from the government. Without these, it feared participating would give a stamp of approval to an existing system designed to contain, rather than assuage, pressures for further reform. Western diplomats had counselled it to participate, saying that being part of the system would give it protection. Indeed, after Al Wefaq announced its boycott, a court ruled that the ministry of justice was entitled to suspend the group from political activity (on technicalities related to the quorum present at its general assembly), and in December 2014 Ali Salman was arrested on the 'coup plot' charges. This sparked intense protests that brought together the full spectrum of the Bahraini opposition.

While many of the older generation of opposition have seen the US and UK as potential allies in the search for reform, this perception is increasingly changing, especially as



both countries expand their military presence in Bahrain. British flags were burned in Bahrain in January 2014 after Britain announced Bahrain would be the location of its first permanent base in the Middle East for three decades.

The main weakness of the opposition is the limited involvement of Sunni Bahrainis, especially since 2011. While the Shia population is the majority, this in itself creates fears among the Sunni population that speedy democratization could lead to a ‘tyranny of the majority’ – fears that have been heavily influenced by the sectarian conflict in Iraq after an intervention branded by Western countries as ‘pro-democracy’, and by state propaganda that has exploited these fears. In the 1950s and 1960s Bahrain’s opposition was led by urban Sunnis, but over the past three decades the Sunni population has become more politically quiescent and fragmented because of its disproportionate share of rentier benefits since the 1970s oil boom, the predominance of political Islam, and fears of Shia Islamism after the Iranian revolution and the regime change in Iraq. However, the events of 2011 re-politicized much of the Sunni community. An umbrella movement, the Gathering of National Unity (TGONU), condemned the uprising – but also articulated grievances over corruption, inequality and the lack of independent courts. TGONU has since fragmented, and won none of the seats it stood for in the 2014 elections, but salafists and independents associated with it gained some seats. While the opposition regards the parliament as irrelevant, a large section of the population will focus on parliamentary politics,<sup>155</sup> particularly MPs’ ability to secure economic benefits for their constituents.

### Kuwait

Here too there is a long tradition of civil society and political movements seeking to check the power of the royals. The ruling Al Sabah family has traditionally been seen as ‘first among equals’ rather than enjoying a unique social status. As in Bahrain, Kuwait’s merchants traditionally expected a say in the running of the country, especially before the oil era. The present-day opposition brings together youth seeking greater representation with Islamists of various stripes (Muslim Brotherhood and salafists), and leading tribal figures (often from outlying areas). The most prominent of these, Musallem Al Barrack, was briefly imprisoned after challenging the emir with a speech about restricting monarchical powers, using the slogan ‘we will not allow you’. Kuwait already has an elected parliament, but has faced recurring political stalemates between elected MPs and the appointed government, not least because the former have

significant powers to veto government plans, but rarely have the opportunity to share in policy-making.<sup>156</sup> Moreover, the emir retains the right to dissolve parliament, which he has exercised repeatedly in recent years. The authorities have also undertaken various reforms to the parliament, including reducing the number of constituencies – a key demand of the opposition – and giving women the vote in 2006 (this was initially resisted by incumbent MPs, but Islamists have since realized that women are an important support base for them). Yet the sense of dysfunction has continued. The opposition coalition won 70 per cent of the elected seats in the 2012 parliamentary election, but after the electoral system was changed in October of that year (in a way expected to disadvantage the opposition and weaken its ability to build alliances), much of the opposition has boycotted elections including by-elections that were held in 2014 after five MPs resigned; the MPs had sought to question the prime minister over allegations that senior royals were involved in plotting a coup. Tensions within the royal family frequently play out in parliament.

The loose opposition coalition, and the youth groups Karama and the Fifth Fence, have demonstrated an ability to hold extensive street protests in recent years, especially since 2009 (when they campaigned against the then prime minister, a royal, who was eventually dismissed). However, these appear to have lost some momentum since 2012, partly because the authorities have learned not to use heavy-handed policing too often, and partly because some of the youth activists have become disappointed in opposition leaders (saying, for instance, that they mobilized to defend Al Barrack, but did little to speak up for the various less well-known young men who were also arrested and imprisoned, sometimes simply for comments they had made on social media).

### Oman

Intellectuals and civil society leaders who advocate a constitutional monarchy found an opportunity in 2011 to work together with a wider constituency frustrated with a lack of economic opportunity. Protests in Muscat, Sohar and Salalah have generally been reported as economically motivated, but slogans and demands included the desire for a stronger parliament and less corruption, and activists held informal public debates and discussions on political topics in the capital. The sultan’s policy response included political steps, from the replacement of several key ministers and security figures, to giving the parliament more powers and limited strengthening of judicial and media independence. All this implies that the authorities recognize the importance

<sup>155</sup> Official turnout was 51%, which was disputed by the opposition, who put it at 30%; both sides have political motivations to massage the numbers. There were strong incentives to take part: ahead of the election, media reports suggested people who boycotted it could lose the right to public-sector jobs. Those who did vote were entered into a draw for an iPhone 6.

<sup>156</sup> See Jane Kinninmont, *Kuwait’s Parliament: An Experiment In Semi-Democracy*, Chatham House MENA Programme Briefing Paper, June 2012, <http://www.chathamhouse.org/publications/papers/view/185357>.

of the political component in protesters' demands. At the same time, the government has increased public spending, and public-sector job creation, to unsustainable levels. As elsewhere, repressive measures have also been adopted, with numerous peaceful critics arrested in a society that has one of the highest levels of surveillance in the region.

#### Saudi Arabia

Street protests are illegal and usually confined to parts of the Eastern Province. Yet some opposition activity is evident through intellectual and virtual mobilization, notably by movements that have petitioned the authorities for change.

The Eastern Province movements are significant, but localized. As Shia movements, they have been unable to attract much national support beyond their own religious community, owing to the religious and social divisions across Saudi Arabia. These divisions are often exploited by the authorities to ensure the Eastern Province dissidents remain isolated. For the most part, the Shia leaders in the Eastern Province take a conciliatory approach to the authorities, and despite periodic accusations that Iran is supporting dissidents there, most Saudi Shia subscribe to the Shirazi strain of Shia Islam rather than the Iranian regime model of *wilayet-e-faqih*. However, there is potential for radicalization to result from the repression of prominent dissidents, particularly Nimr Al Nimr. Sheikh Nimr, a cleric who has been sentenced to death for allegedly taking up arms after dissenting speeches that included a public call for Saudis to celebrate the death of a former interior minister, is a rare figure who has crossed the usual Gulf sectarian divide by condemning both the (Sunni) Bahraini and (Alawite, Iranian-allied) Syrian governments for putting down their countries' protest movements. The deteriorating political situation in Bahrain will also stoke tensions in the Eastern Province, as there are close family and social links between these two Arab Shia communities.

At a national level, there has been growing discussion of the desire for rule of law, checks on government and the idea of constitutional monarchy. In early 2011, there were three statements or petitions calling for reforms. One, *Towards the State of Laws and Institutions*, was signed by 9,000 people,<sup>157</sup> ranging from prominent Islamist cleric Salman Al Awda, who has more than 4.5 million Twitter followers, to liberals and leftists. It called for the Shura Council to be elected, judicial reform, greater freedom of speech and association, and for actions to address problems facing Saudi youth, especially nepotism and unemployment. Salman Al Awda's regular

television programme was abruptly cancelled after this, but he maintains millions of viewers on YouTube.

A second, smaller statement was published on 23 February by some 46 people later nicknamed the 'February 23rd Youth'; one of the signatories, Mohammed Sabbagh, a journalist, summarized their demands as 'national reform, constitutional reform, national dialogue, elections and female participation'. A third, issued the following month, brought together over 100 prominent Saudis demanding a constitutional monarchy,<sup>158</sup> judicial independence, equal rights for women, anti-corruption measures and a law banning sectarian, tribal or ethnic discrimination; they also called for a reformulation of the relations between state and society, in which the state was to serve society and the people should be a full partner in policy-making through an elected parliament.<sup>159</sup> They envisaged gradual reforms, but with a clear timetable, and called for the immediate release of political prisoners, the cancellation of travel bans on dissidents and the removal of restrictions on freedom of speech.

Activists who sought a constitutional monarchy continued to face repression. In 2012 a Shia cleric, Tawfiq al-Amir, was arrested after calling in a Friday sermon for a constitutional monarchy and equal rights for Shia; and in 2013 a Saudi activist from the Association for Civil and Political Rights (ACPRA), Omar Al Saeed, was sentenced to four years in prison and a public flogging for demanding a constitutional monarchy. Imprisoned human rights activists include Waleed Abu Khair, a lawyer convicted of offending the judiciary, among other charges.

Some Saudi clerics argue, conveniently for the authorities, that the notion of constitutional monarchy is un-Islamic. Its advocates argue that many Muslim countries have constitutions and that developing one for Saudi Arabia could be part of an ongoing process of state formation and national development, helping to consolidate the idea of a Saudi national identity.

In a statement signed by some 3,000 young Saudis, including 1,100 women, another group emphasized the need for a 'post-Islamist' stance seeking to bridge traditional Islamist/liberal divisions. This 'Statement of Saudi Youth Regarding the Safeguarding of Freedoms and the Conduct of Disagreements' stressed the importance of Islamic values and identities, while suggesting these could be compatible with 'responsible freedoms' for civil society and with a culture of pluralism.<sup>160</sup> Meanwhile, the cleric Salman Al Awda published a book, *Questions of Revolution*, that

<sup>157</sup> Stephane Lacroix, 'Saudi Islamists and the Arab Spring', Research Paper, LSE Kuwait Programme on Development, Governance and Globalisation in the Gulf States, 2014, [http://eprints.lse.ac.uk/56725/1/Lacroix\\_Saudi-Islamists-and-theArab-Spring\\_2014.pdf](http://eprints.lse.ac.uk/56725/1/Lacroix_Saudi-Islamists-and-theArab-Spring_2014.pdf).

<sup>158</sup> 'Leading Saudis call for constitutional monarchy', *Sydney Morning Herald*, 1 March 2011, <http://www.smh.com.au/world/leading-saudis-call-for-constitutional-monarchy-20110228-1bbtk.html>.

<sup>159</sup> An English translation by Saudi journalist Ahmed Al Omran is available at <http://saudijeans.org/2011/02/28/saudi-reform-petitions/>.

<sup>160</sup> Rahaf Al Sanosi and Eman Bukhari, *Saudi Arabia: An Identity at a Crossroads*, muftah.org, 12 July 2012, <http://muftah.org/saudi-arabia-an-identity-at-a-crossroads/2/#.VKcfElrGsb1>.

endorsed democracy as a legitimate form of government, and saying the absence of reform could provoke revolution.

### Mobilization behind Islamic and national values

Social groups are also mobilizing to protect what they see as Islamic or national values. These range from campaigns against ‘blasphemers’ in Saudi Arabia (where conservatives called for the death of Hamza Kashgari, a young Saudi who had written some poetry about the prophet Mohammed which they saw as offensive), to the UAE dress code campaign mentioned above. Attacks on ‘foreign’ values are also used against people who call for democracy, portrayed by some conservatives as an illegitimate Western import; the labelling of dissidents as ‘gay’ is a widespread tactic.<sup>161</sup>

In discussions held during the research for this report, Western observers sometimes countered predictions of growing demands for political participation by noting that some of this will be illiberal, socially conservative and anti-Western. This has long been an argument against Western support for democracy in the region. But if the trend in society is towards more anti-Western sentiments, Western countries need to deal with the causes of this rather than hope it can continue to be suppressed by authoritarian governments.

There is still a lack of information about public opinion in the Gulf. Both pollsters and respondents routinely self-censor,<sup>162</sup> and governments frequently impede independent research on public opinion. This behaviour suggests they are not as confident of their popularity and representativeness as their rhetoric states.

### Government policy choices: promises of future reform

Government policies usually include a mixture of liberalization, repression and promises of reform in the longer term. Evolutionary reform sounds highly desirable. But as used in practice in the current Gulf context, ‘reform’ is nebulous and relative, and the focus on ‘gradualism’ can be used as an excuse for doing nothing today, rather than seriously planning for a different tomorrow. Usually no timeline is given. Leaders may use ‘reform’ to mean modernization of government processes, greater efficiency,

social ‘modernization’ in terms of gender and minority rights, not necessarily expansion of political rights. It is often used to mean a voluntary top-down process, reflecting the ‘vision’ of a leader. It is also a relative concept. For instance, as noted Chapter 1, in Bahrain, human rights abuses by security services increased greatly in 2011, so that improving the situation became ‘reform’, even if the situation remained worse than in 2010.

Elites typically use paternalistic narratives suggesting that the main obstacle to democracy is that their people are not yet ready for it, owing to a lack of education or democratic culture, and because cultural factors such as tribal and religious loyalties make democracy inappropriate. As magnanimous rulers concerned only with the welfare of their people, they would provide democracy if it was desirable, but of course this narrative ignores their own interest in protecting their power or wealth. Such narratives are often informed by the advice of Western PR companies and allude flatteringly to the high quality but the current unattainability of Western-style democratic models; they differ from narratives addressed to domestic audiences, which are more critical of Western democratic models (not without some reason). The GCC governments, far from encouraging those seeking to change their societies politically from below, have actively repressed them.

Nevertheless these promises of reform, where they exist, do create expectations. Some advocates of change take leaders’ reform promises at face value, others confront and rebut them. In an analysis of why the Arab monarchies faced fewer pressures than republics in 2011, the distinguished Saudi journalist Jamal Khashoggi, in an article in the *New York Times* entitled ‘The Saudi King Never Promised Democracy’, asserted that the monarchies were upfront about the nature of their political bond with their subjects and that, while elements of the system might be unfair, they were not based on the ‘fraud and deceit’ of the republics which had pretended to be democracies but instead developed authoritarian dynasties.<sup>163</sup> However, other Gulf countries do call themselves democracies. Kuwait’s constitution states that it has a democratic government,<sup>164</sup> Bahrain’s that it is a democratic constitutional monarchy,<sup>165</sup> and Qatar’s that ‘the people are the source of power’.<sup>166</sup>

<sup>161</sup> See Erin Kilbride, ‘“Too Gay to Represent #Bahrain”: Homophobia & Nationalism in the Wake of a Revolution’, muftah.org, 15 December 2014.

<sup>162</sup> Chatham House MENA Programme Workshop Summary, ‘Regional Tensions and Internal Community Relations in the GCC’, in partnership with the Al Salam Centre for Strategic and Development Studies, 26–27 September 2014, [http://www.chathamhouse.org/sites/files/chathamhouse/field/field\\_document/20140926RegionalTensionsGCC.pdf](http://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/20140926RegionalTensionsGCC.pdf).

<sup>163</sup> Jamal Khashoggi, ‘The Saudi King Never Promised Democracy’, *New York Times*, 29 August 2012, <http://www.nytimes.com/roomfordebate/2012/08/28/the-staying-power-of-arab-monarchies/the-saudi-king-never-promised-democracy>.

<sup>164</sup> Article 6, Constitution of Kuwait, states that ‘The System of Government in Kuwait shall be democratic, under which sovereignty resides in the people, the source of all powers.’ [http://www.servat.unibe.ch/icl/ku00000\\_.html](http://www.servat.unibe.ch/icl/ku00000_.html).

<sup>165</sup> Article 1, Constitution of Bahrain (echoing that of Kuwait), states that ‘The regime of the Kingdom of Bahrain is that of a hereditary constitutional monarchy ... The system of government in the Kingdom of Bahrain is democratic, sovereignty being in the hands of the people, the source of all powers.’ The preamble to the constitution also says the system is a ‘constitutional monarchy founded on counsel [*shura*], which in Islam is the highest model for governance, and on the people’s participation in the exercise of power, which is the foundation of modern political thought’. [http://www.servat.unibe.ch/icl/ba00000\\_.html](http://www.servat.unibe.ch/icl/ba00000_.html).

<sup>166</sup> Article 59, Constitution of Qatar, <http://portal.www.gov.qa/wps/wcm/connect/5a5512804665e3afa54fb5fd2b4ab27a/Constitution+of+Qatar+EN.pdf?MOD=AJPERES>.

Such declarations are linked with the national pride that constitutions typically seek to create, but while designed to confer legitimacy on the existing system of government, they may also raise expectations that governments should deliver on democracy, and make it more difficult for officials to argue that democracy or constitutional monarchy are illegitimate and alien concepts.

**Government policy choices: institutional changes**

There have been various constitutional and institutional changes since 2011. In Oman, following the 2011 protests, the sultan granted more powers to the elected *Majlis Al-Shura* to amend and reject legislation, and enhanced the independence of the judiciary and the media. In Bahrain, constitutional changes in 2011 gave the elected parliament the power to reject the official programme of the government, and slightly tilted the balance between the elected and appointed chamber of parliament so that when they sat in joint session, the speaker of the lower house would be the speaker of the joint session. In the UAE, where the federal national council (FNC) is elected by a limited number of citizens chosen by the authorities, the electorate was increased to 129,000, nearly twenty times as many as were allowed to vote in the only other election the country has ever had, in 2006. However, the hand-picked nature of the list allowed the authorities to vet the lists for potential critics or dissidents and to exclude people at their discretion. Nevertheless, in Oman a hand-picked electorate was the precursor to subsequent universal suffrage, and the UAE’s deputy foreign minister Anwar Gargash said in 2011 that the FNC would ‘probably’ be fully elected by 2019.<sup>167</sup> In Saudi Arabia, as already noted, women are now included in the appointed parliament.

The tendency to slowly expand the powers of legislative or advisory bodies is a pointer to future possibilities of increasing participation. For formal institutional development to be effective, it needs to be accompanied by changes at the level of informal institutions, which in practice would often mean a different mentality on the part of the ruling establishment – for instance, with regard to tolerance of criticism and opposition.

**Competing international pressures**

Gulf elites sometimes accuse Western countries – particularly the US – of trying to ‘impose democracy’. However, the historical record is quite the opposite. Historically, the emergence of hereditary monarchy (as opposed to tribal sheikhdom) is a relatively new phenomenon in the Gulf, and one that was consolidated under British rule. Elected parliaments only emerged in the Gulf – first in Kuwait and then in Bahrain a decade later – after the colonial period had ended, as rulers sought to negotiate a new social contract for their newly independent states and were also mindful of the need to open up nationally based political spaces to counter the influence of pan-Arab nationalism. This was in line with the broader international trend in the second half of the twentieth century for democratization to follow (if it came at all) in the wake of retreating empires, as part of a process of self-determination.

However, the rhetoric of democratization as part of the justification for the 2003 invasion of Iraq has created a false perception in some quarters that Western countries, especially the US, have a long-term agenda to impose democracy on the Middle East. This is despite the fact that Western governments’ closest partnerships in the Arab

**Table 3: Royals in government**

|                     | Prime minister                                  | Deputy prime minister | Ministerial portfolios |                    |                     |                    |        | Royals in cabinet (number/total) |
|---------------------|---|-----------------------|------------------------|--------------------|---------------------|--------------------|--------|----------------------------------|
|                     |   |                       | Defence                | Interior           | Finance             | Foreign affairs    | Energy |                                  |
| <b>Bahrain</b>      | Sheikh Khalifa bin Salman Al Khalifa            | Yes (4 of 5)          | Yes                    | Yes                | Yes                 | Yes                | No     | 11/28                            |
| <b>Kuwait</b>       | Sheikh Jaber Al Mubarak Al Hamad Al Sabah       | Yes (3 of 4)          | Yes                    | Yes                | No                  | Yes                | No     | 4/16                             |
| <b>Oman</b>         | Office is held by the sultan                    | Yes                   | Yes                    | Yes                | No                  | No                 | No     | 7/30                             |
| <b>Qatar</b>        | Sheikh Abdullah bin Nasser bin Khalifa Al Thani | No                    | Yes                    | Yes                | No                  | No                 | No     | 5/23                             |
| <b>Saudi Arabia</b> | Office is held by the king                      | Yes (2)               | Yes                    | Yes                | No                  | Yes                | No     | 8/26                             |
| <b>UAE</b>          | Sheikh Mohammed bin Rashid Al Maktoum           | Yes (2)               | Yes<br>(Al Maktoum)    | Yes<br>(Al Nahyan) | Yes<br>(Al Maktoum) | Yes<br>(Al Nahyan) | No     | 8/24                             |

Sources: Bahrain News Agency; Diwan of His Highness The Prime Minister, Kuwait, <https://www.pm.gov.kw/council-ministers.aspx>; Embassy of the Kingdom of Saudi Arabia in Washington, DC; [uaecabinet.ae](http://uaecabinet.ae).

<sup>167</sup> Tom Gara, ‘Sunday in the Middle East: elections that aren’t’, 25 September 2011, <http://tilt.ft.com/posts/2011-09/30986/sunday-middle-east-elections-that-arent>.

world have been with authoritarian regimes. Although democracy promotion is explicitly an element of US foreign policy, it rarely trumps security or economic interests. In the run-up to the invasion of Iraq, the then US secretary of state Condoleezza Rice acknowledged the US had historically favoured stability over democracy in the region, but said this was about to change. It is possible that the increasingly pro-democracy rhetoric of the time helped to influence Saudi Arabia – which was severely criticized by analysts in the US after 9/11 – to embark on its first nationwide municipal elections in 2005. However, the chronic instability in Iraq, the failure to bring about a functioning democracy there and the fact that democratic Palestinian elections empowered Hamas in 2006, all contributed to a weakening of American enthusiasm for Arab democracy.

Five years later, the apparent embrace of the 2011 Arab uprisings by European and North American governments again made the Gulf governments nervous. In particular, they were alarmed to hear the US president call for an ‘orderly transition’ in Egypt, as the then president Hosni Mubarak faced a popular uprising. The Saudi king famously told Barack Obama not to ‘humiliate’ Mubarak, and there is still a common perception among Gulf political leaders that the US betrayed Mubarak by failing to give him stronger backing, or even that the US brought about his downfall. US officials, by contrast, felt they were accepting a new reality brought about by Egyptians. Moreover, elements of the Egyptian security services fomented a view that US NGOs had conspired with Egyptian activist groups such as the youth protest movement April 6th to overthrow Mubarak. Egyptian and Gulf intelligence services have traditionally worked closely together, and this concern about democracy-promotion NGOs was echoed in Bahrain by the head of the army, who blamed US NGOs and media for conspiring against the government. Ripples were also felt in the UAE, where the authorities closed the local office of the US-sponsored National Democratic Institute in March 2012, just after Egypt had started to prosecute Egyptian-based employees of the same NGO for receiving foreign funding without a licence.

The anxiety about foreign democracy-promotion efforts seems disproportionate for Gulf states – the US spends very little on such projects in these countries, especially compared with military aid – but it reflects a perception that such activities were important in stimulating the mass social unrest of 2011 (a view that also tends to downplay the importance of local political grievances and to project the region’s problems onto external factors). US democracy-promotion spending for the Middle East was temporarily increased after the Arab uprisings, as fresh opportunities to support transitions became apparent, but has declined again since then. The economic bargaining power of the GCC governments has helped them to strengthen their

international alliances at a time of austerity in most OECD countries, especially given the structure of the Gulf economies, where a small proportion of the population controls both political power and the main economic resources. Gulf governments have occasionally threatened to withhold investment opportunities from companies based in countries whose governments have criticized the GCC regimes. More broadly, foreign governments are aware that good government relations are of far greater importance in developing economic cooperation than would be the case in other, less state-dominated economies.

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Beyond democracy promotion, there is also some international investment in capacity-building with the intention of supporting political or at least governance reform. In particular, the UK has invested in strengthening the capacity of a new ombudsman and prisons inspectorate within the Bahraini interior ministry in a bid to support greater adherence to human rights norms after the 2012 Bahrain Independent Commission of Inquiry, a royally commissioned inquiry into human rights abuses during 2011’s ‘state of national safety’. Partly as a result, there are fewer reports of torture, but at the same time, political repression has been intensifying in the country. The role of training for the police and military is particularly ambiguous; the US and UK military schools that train future officers from the Gulf are intended to promote the development of positive leadership and Western values, while at the same time they serve to bolster the coercive apparatus of these countries.

## How will things change?

### Contestation

In the coming years, the Gulf countries will probably need to pursue fiscal consolidation, just at a time when more citizens and social groups are seeking a greater share of their country’s power and wealth. As resources become more constrained, there is likely to be increasing mobilization over perceptions of inequality and corruption. Moreover, it will be tempting for governments to spread their limited resources even more unevenly among those

whose loyalty they wish to encourage, adding to the risk that differences between ‘have’ and ‘have-nots’ will overlap with ethnic, religious or regional divisions, and lead to further polarization along these lines.

Meanwhile, the spread of education and the lower barriers to entering media debates are likely to bring a greater range of social groups into the political arena. Questions over the nature of national identity and who is entitled to define it will intensify as large-scale state efforts to promote a particular interpretation of the concept are challenged by groups excluded from the official narrative.

There will be sharp tensions between those who seek political change and those who prefer to conserve the status quo, which in the wealthy Gulf has significant benefits for the existing elites. Political mobilization will include defence of the status quo, with the opposition often portrayed as disloyal and treacherous. In the UAE, social media campaigns against dissidents have reached a level described as ‘McCarthyite’, which has intensified since 2013, when 68 Emiratis were jailed on charges of plotting a coup on behalf of the Muslim Brotherhood. These included a well-known human rights lawyer, Mohammed Al Roken. The role of human rights organizations in defending the rights of dissidents has encouraged Gulf governments to view them, too, as a threat to stability, and to imprison some of their leaders.<sup>168</sup>

### Fragmentation

Another key determinant of change will be whether opposition movements can establish convincing alternative visions, or whether they will be undermined by having a narrow base, being seen as representing only one segment of society, or as simply having no credible alternative ideas. As the Kuwait-based Gulf Centre for Policy Studies notes on growing political movements in Gulf: ‘The question remains open [on] whether they are able to put forward and achieve a cohesive democratic and developmentalist vision, or whether they will become mired in identity-based conflicts.’

In terms of ideology, religious movements will remain important, given that they have been able to establish a social base through social, cultural and charitable work (repression of formal political opposition activity means that dissidents tend to use other spaces, including mosques and civil society organizations, where possible. Islamist movements are highly diverse: some have tended to reach accommodations with regimes or be actively pro-monarchy. Diversity and fragmentation are likely to continue, and are arguably self-reinforcing as the different currents both inform and react against one another, with some in the Gulf supporting

jihadi groups, some favouring more mainstream reformist Islamist movements, and others preferring liberal political movements and rejecting the role of religion in politics.

The backlash against and repression of the Muslim Brotherhood may mean it takes a back seat for the foreseeable future, but the expansion of the Islamic State in Iraq and Syria indicates that predictions of the demise of political Islam were extremely premature. Over time some Gulf governments may again be tempted to work with, and seek to co-opt, Muslim Brotherhood groups, as has happened in the past in Kuwait and Bahrain in particular.

Meanwhile, a new leftist generation may be emerging, including the children and grandchildren of Arab nationalist activists of the 1960s. Opposition movements will be most successful when they can establish cooperation between Islamist and other movements, by focusing on unifying causes such as combating corruption, as has happened periodically in several of the Gulf countries in the past. So far there appears to be very limited transnational coordination between secularist and leftist youth from across the GCC, but this could change.

### Views of the Arab uprisings

Except for Qatar, the Gulf governments have tended to view the uprisings as economically motivated protests that became hijacked by ideological Islamist movements. Governments have used the ensuing conflict in Syria, and the tensions and economic weakness in Egypt, Libya and Yemen, to demonstrate why monarchies are a better bet than revolutions (although the non-oil monarchies of Jordan and Morocco have achieved relative stability by reforming politically to a far greater extent than the GCC states).

There is even a narrative promoted by the Gulf governments that the Arab Spring did not reach the Gulf – which is only true if ‘Arab Spring’ is defined to mean the overthrow of a leader. But in 2011 there were major protests in Bahrain, Oman and Kuwait, as well as demonstrations in parts of Saudi’s Eastern Province. Qatar and the UAE were quite different; these wealthy states with tiny citizenries did not see any significant protests, though the former did experience a rare officially sanctioned demonstration against an anti-Islamic film posted by an American film-maker on YouTube in 2012, and the latter a one-minute protest-as-art-happening at the 2011 Sharjah Biennale staged by international artists who held up the names of protesters killed in Bahrain; the director of the festival was dismissed. However, a combination of Islamist and liberal Emiratis signed a petition in 2011 calling for an elected parliament. Five of the signatories were jailed

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<sup>168</sup> Sultan Sood Al-Qassemi, ‘McCarthyism in Gulf social media’, Gulf News, 24 April 2011, <http://gulfnews.com/opinions/columnists/mccarthyism-in-gulf-social-media-1.798619>.

for several months as a result. In Qatar, meanwhile, a poet was arrested for insulting the crown prince, and liberal critic Ali Al Kuwari complained he had been in effect blacklisted from appearing on local media.

### Debating democracy

As well as the protest movements, the Arab uprisings had a broader impact in terms of a ferment of ideas about the relations between state and society. In the 12 Arab countries surveyed by the Arab Barometer, large majorities in each country where the question was asked said that democracy was the best political system; in Kuwait, 88 per cent of the 750 people surveyed responded in this way.<sup>169</sup>

But an important segment of the Gulf societies does not support democracy. For one thing, elites in privileged positions naturally prefer the status quo and see democracy as threatening. There is also a perception in the Gulf that democracy could hold back economic development. This view is usually based on the contrast between Kuwait, with its strong parliament, and the UAE, which is generally seen as the most economically attractive place to live in the Gulf (a 2013 GulfTalent survey<sup>170</sup> suggested that nearly half of expatriates in other GCC countries want to move there, while an Asda'a Burson-Marsteller survey suggested that two out of five Arab youth respondents would like to live there<sup>171</sup>).

In Mary Ann Tétreault's in-depth study of Kuwaiti perceptions of democracy,<sup>172</sup> anti-democrats tended to cite Islam and cultural traditions against democracy. The term democracy is also regarded by some as debased by its association with violent foreign intervention, especially in the case of Iraq in 2003. And there is a genuine fear of popular movements exposing or exploiting ethnic, sectarian or class cleavages, leading to worries about even partial democratization getting out of control, and creating conflicts. The insecurity in most of the Arab countries that overthrew their leaders in 2011 has reinforced these fears. According to one young Emirati, the argument of conservative Sunni clerics that disobeying the ruler will only lead to social divisions has been boosted by the developments in Egypt, Libya and Syria.<sup>173</sup>

This argument is not peculiar to the Gulf or the Arab world; it was made by conservatives such as Hobbes (in favour of a Leviathan) and Burke (against revolution) in the West, or by military regimes in Latin America. The sectarianism in Bahrain helps bear out some of those fears, but has also been fuelled by elements of the ruling establishment, not as a result of democracy but as an attempt to forestall it. As noted above, there is a very severe risk that divide-and-rule policies will fuel intolerance and conflict, both in the Gulf and in the wider region.

### Islam and democracy

A more pluralistic conception of democracy<sup>174</sup> separates democracy from Westernization and acknowledges many different models of democracy, any of which will go only part of the way towards achieving the ideals of popular sovereignty and political equality.<sup>175</sup> Such ideas reflect cultural sensitivity without cultural relativism. For example, a study of Omani political participation<sup>176</sup> argues that the society places much more value on consensus than Western counterparts and sees political antagonism as unpleasantly divisive; and that this is evident in the style of political participation (rather than being a factor militating against it).

According to a former Omani ambassador to the US, Sadek Sulaiman, democracy and *shura* have the same underlying principles:

They reject any government lacking the legitimacy of free elections, accountability, and the people's power, through the constitutional process, to impeach the ruler for violation of trust. The logic of *Shura*, like the logic of democracy, does not accept hereditary rule, for wisdom and competence are never the monopoly of any one individual or family ... Moreover, both forbid privileges – political, social, economic – claimed on the basis of tribal lineage or social prestige.<sup>177</sup>

In the trial of ACPRA founder Mohammed Qahtani in Saudi Arabia, which was open to reporters and became a space where alternative views were highlighted, a co-defendant used Islamic terminology to argue for popular sovereignty, namely that 'The people are our *wali al amr*', a term meaning guardian and protector, more usually reserved for the ruler.<sup>178</sup>

<sup>169</sup> Arab Barometer, 'A Bridge to Other World Regions', <http://www.arabbarometer.org/bridge>.

<sup>170</sup> Gulftalent.com, 'Employment and Salary Trends in the Gulf 2013', available on request from GulfTalent.com.

<sup>171</sup> Asda'a Burson-Marsteller, Arab Youth Survey 2014.

<sup>172</sup> Mary Ann Tétreault, *Stories of Democracy: Politics and Society in Contemporary Kuwait* (New York: Columbia University Press, 2000).

<sup>173</sup> Private discussion, London, 2014.

<sup>174</sup> Larbi Sadiki, *The Search for Arab Democracy: Discourses and Counter-Discourses* (London: C. Hurst, 2004).

<sup>175</sup> Robert Dahl argues concepts of democracy usually have three main features: popular sovereignty, political equality and majority rule. Robert Allan Dahl, *Polyarchy: Participation and Opposition* (Yale University Press, 1973).

<sup>176</sup> Jeremy Jones and Nicholas Ridout, 'Democratic Development in Oman', *Middle East Journal*, Vol. 59, No. 3 (Summer 2005), pp. 376–92, <http://www.jstor.org/stable/pdfplus/4330154.pdf?acceptTC=true&jpdConfirm=true>.

<sup>177</sup> Sadek Sulaiman, 'Democracy and Shura', Talk at the Al Hewan Centre, Washington DC, August 1996, <http://www.alhewan.com/SadekDemAndShura.htm>.

<sup>178</sup> Ibrahim Al Hatlani, 'Unhappy Arabia', *Sada Bulletin*, Carnegie Endowment for International Peace, 24 January 2013, <http://www.aucegypt.edu/gapp/cairoreview/pages/articleDetails.aspx?aid=286>.

#### Constitutional monarchy

Most of the Gulf countries officially endorse the notion of constitutional monarchy. The exception is Saudi Arabia, where the Quran has the status of the official constitution (though there is also a Basic Law that in effect serves as a legal constitution) and where activists have been detained and flogged for calling for a constitutional monarchy. Conveniently for the government, some clerics there argue that constitutional monarchy is un-Islamic. Yet there is a history of such demands, including a proposal for a constitutional monarchy by one of the king's half-brothers, Prince Talal bin Abdel-Aziz Al Saud, in 1960.

All the other Gulf states have written constitutions. But these can usually be interpreted and implemented almost entirely as the executive likes. The exception may be Kuwait, where in 2013 the constitutional court overruled the emir's decision to dissolve the parliament in 2012, although (whether intentionally or not) this enabled the authorities to dissolve the 2013 parliament, which had been proving difficult. Qatar's constitution of 2004 promised a parliament, which has still not been established. Kuwait and Bahrain, more than the other states, can claim to have a formal social contract or 'ruling bargain'. Kuwait's constitution was drawn up by an elected national assembly. At the time of the Iraqi invasion the emir had suspended the parliament provided for in the constitution. But during the Iraqi occupation, the ruling family and political opposition leaders signed an agreement in Jeddah assuring the emir of political loyalty and providing for the restoration of the parliament after liberation. Bahrain's National Action Charter, introduced by the king in 2001, was ratified by more than 90 per cent of the population in a referendum, but there was a subsequent dispute over whether a new constitution, replacing the 1973 constitution drawn up by an elected assembly, was consistent with the promises made in the Charter.

#### Citizenship

Some Western observers ask if citizenship as a concept is even relevant to the Gulf, being an idea that originated in ancient Europe. Clearly the concept is of global relevance because of the importance of citizenship and nationality as a legal and political status in the global system of states, but is there a concept of citizenship beyond this? Certainly it is important to be aware of variations in what these global norms mean in different places. But the meaning of citizenship in the Gulf is not confined to the legal status of holding a passport, or the entitlement to economic benefits.

Questions about both what it means to be a Gulf nation and what it means to be a Gulf national are hotly debated within the Gulf itself – in discussions about education, economic reform, foreign policy and national heritage development programmes, as well as more overtly political discussions – even if these debates often take place behind closed doors. Some of these debates are more focused on top-down definitions of national identity, as devised by ruling elites. But even these typically involve states positioning themselves both locally and internationally as providers of security, economic development and education for their nationals.

Meanwhile, some civil society and opposition movements are also seeking to flesh out idea of citizenship as a counter to sectarian and tribal divisions. In an article for the Beirut-based Centre for Arab Unity Studies, Mohammed Iben Sunitan calls for 'defining a new national pact that creates a new relation based on Saudis being citizens instead of residents and partners instead of subjects'.<sup>179</sup> In discussions in the Gulf, Sadeq Sulaiman of Oman has argued that a genuinely strong, secure state is based on strong, secure citizens.

#### Conclusion

Since most of the Gulf countries do not face large-scale revolutionary movements, they have an opportunity to accommodate demands for change and reform in a constructive and consensual manner. Yet the dominant mentality seems to be that political reforms are risky, as they will limit the power and wealth of elites and could potentially divide ruling establishments, and that they are not really needed. Indeed, in the countries that have gone furthest to recognizing the need for popular participation, the demands of the opposition have far exceeded what the ruling families are willing to give. For some in the Gulf governments, this is an argument against reform – although the parliaments reflect the existence of strong popular movements, rather than having specifically encouraged them.

However, failure or refusal to reform is ultimately riskier. If voluntary reform comes to seem impossible, the Gulf states are more likely to produce revolutionary movements. Moreover, relying on the politics of fear, repression and divide-and-rule tactics increases the risk of conflicts and extremism, both in the Gulf and in the wider region. The potential for such tensions could be reduced if governments took the opportunity of the current period of relative prosperity and stability to embark on a serious programme of gradual reform.

<sup>179</sup> Mohammed Iben Sunitan, Jasem Khaled Al-Sadoun and Ali Mohammed Fakhro, 'Views from the Arab Gulf on the "Arab Spring" and its Repercussions', *Contemporary Arab Affairs*, Vol. 4, Issue 4 (2011), pp. 501–23, <http://www.tandfonline.com/doi/pdf/10.1080/17550912.2011.628966>.



## 6. Regional Dynamics: Politics, Identity and Security

The Gulf states exist in a politically turbulent region, and in general their governments see themselves as oases of stability, protecting their populations against the risks of chaos and conflict. Certainly there are many in the Gulf – perhaps the majority of the populations – who would prefer to live under governments that are authoritarian but provide a comfortable level of personal safety and economic benefits, rather than contending with the insecurity currently being experienced in the Arab transition countries. However, there is a risk that conflicts within the Gulf itself will intensify in the longer term, especially as economic resources become scarcer, if reformist movements are suppressed and if methods of maintaining authority tend to reinforce sectarian, ethnic and tribal identities. The underlying problems of discrimination and a lack of equal political citizenship, articulated as grievances by peaceful opposition movements since well before 2011, are not just complaints of intellectuals, but have contributed to conflicts elsewhere in the region.

In the shorter term, too, Gulf state and non-state actors are in some cases contributing to regional conflicts. While they presumably see themselves as forces acting in the interests of peace and stability, and ultimately on the side of right, the way in which they conceive of their interests is partly a reflection of domestic dynamics, identity politics and insecurity, leading them to intervene on different sides in various regional conflicts. Competition between different Gulf states has played out in Syria, with Saudi–Qatari competition adding to opposition divisions in 2012–13, and in Libya and Gaza, where the UAE and Qatar back different factions. In turn, the Gulf role in events elsewhere is sometimes divisive; in particular, the conflict in Syria has contributed to political and sectarian tensions back in the Gulf, as Sunni and Shia Muslims in the Gulf have tended to differ in their views of the Assad regime, and of Gulf backing for the Syrian opposition. The much-publicized participation of the Saudi and UAE air forces in the US-led air strikes on IS in Syria in 2014 was a step change in the military role of GCC states in the region and has also led to some concerns about the risks of blowback.

Abroad as well as at home, the Gulf countries tend to elide the differences between groups seeking democratic and liberalizing reforms, and violent extremists. This complicates cooperation with foreign allies who seek a more nuanced definition, particularly regarding Islamist groups. Indeed it is largely for this reason that the coalition against IS has had a very narrow mandate, focusing ten regional countries that are allied with the United States against a single group estimated at only 31,000 fighters at mid-2014. It proved too complicated

to try to build a broad coalition to tackle a wider set of regional challenges, given the disagreements on what exactly constitutes an extremist group.<sup>180</sup>

The Gulf countries are largely dependent on the United States for security against external threats, as was made explicit by the 1991 Gulf war. Since then the US has maintained what military theorists call a large footprint in the area. It is now considering reducing the size of its deployment in the Gulf. Most GCC elites anticipate that the US will remain their strongest security ally for the foreseeable future. But differences over the Iraq war and the Arab uprisings have led them to question whether they can always rely on the US to provide the help they want. One of the key trends in foreign and defence policy will be a search for alternative allies. Another will be the acquisition of better technology and manpower for their own armies.

While the Gulf countries seek to position themselves as regional leaders, their governments are not necessarily representative of broader public opinion in the region; if anything, they are the ‘one per cent’ of the Arab world, representing a small and wealthy elite with very different risk perceptions from the majority of the Arab populations (for instance, being far more preoccupied with Iran than with Israel).<sup>181</sup>

### Drivers of change

#### Regional challengers and domestic insecurities

It was noted at one of the workshops for this project that the Gulf governments (with the partial exception of Qatar) are generally status quo powers: they are broadly happy with their position in the region and want to preserve it from potential challenges.<sup>182</sup> Their perceptions of internal and external threats are closely interlinked, and domestic insecurities and identity struggles affect how they construe their national interests.

Possible challenges to the powers of Gulf governments could come from domestic political movements, whether these seek reform or revolution; governments have expressed particular fears about the mostly Shia opposition movement in Bahrain and about the Muslim Brotherhood, accused by the UAE authorities in 2013 of plotting a coup to take over the state. Challenges could also come from external forces: Iran and its allies (Hizbollah and Iraqi Shia militias), the international Muslim Brotherhood or violent jihadi groups such as the self-styled IS. Or they could come from some

<sup>180</sup> US sources say that some members of the coalition – assumed to include some Gulf states – wanted to expand the targets to include the Muslim Brotherhood.

<sup>181</sup> GCC nationals account for about 7% of the population of the Arab world, but GCC governments are obviously drawn from a narrower pool.

<sup>182</sup> Chatham House Meeting Summary, ‘New Dynamics in GCC–UK Relations and the Prospects and Challenges for the GCC Union’, in partnership with the Gulf Research Centre, June 2014. Available at <http://www.chathamhouse.org/event/new-dynamics-gcc-uk-relations-and-prospects-and-challenges-gcc-union/#sthash.8AawmGRM.dpuf>.

combination of the two: transnational political movements, and domestic political movements that are directly sponsored by other states, or that are simply inspired by events elsewhere (like the Arab nationalist movements of the 1960s or the youth protests of 2011).

Transnational or international movements that manifest themselves through domestic movements would be the most serious challenge to states whose Western allies will protect them against foreign threats but may not defend them against their own people. The fear of foreign intervention is also instrumentalized by Gulf governments, which deploy nationalist rhetoric to undermine domestic opposition movements and tar them as ‘foreign agents’. It is often more convenient to blame foreign plots than to address genuine domestic grievances.<sup>183</sup>

The political conservatism of most of the GCC states does not mean they want to preserve the status quo everywhere in the region. For instance, the GCC countries supported the overthrow of Muammar Gaddafi in Libya, as he was someone who had challenged their claim to regional dominance; in 2004 an American Muslim activist told a US court the Libyan government had paid him to attempt to assassinate the then Crown Prince Abdullah of Saudi Arabia.<sup>184</sup> They have actively supported regime change in Syria, training and arming the opposition. The desire to counter Islamists or Iranian influence may encourage further intervention in the coming years (this is discussed further below in the section on ‘How will things change?’).

### **Transnational or international movements that manifest themselves through domestic movements would be the most serious challenge to states whose Western allies will protect them against foreign threats but may not defend them against their own people.**

Qatar is an exception here in terms of its support for Arab uprisings and the Islamist movements it perceives as leading them. This is partly because of the personal preferences and sympathies of its leaders, who say they are consistently supporting popular movements in the region, that they would prefer to ‘fly in formation’ with the other GCC countries, but

that some of the others are inconsistent in applying their principles; why oppose killings of protesters in Syria and not in Egypt?<sup>185</sup> But it is also because the Qatari leadership has been more confident than any others in the Gulf that it does not face serious domestic political challengers, given its tiny population of an estimated 250,000 nationals and the fact that it became the richest country in the world under the last emir. It has therefore been able to endorse elected Islamist movements without fearing that similar movements could unseat it at home.<sup>186</sup> Conversely, there are fears in the UAE that the Muslim Brotherhood is plotting to overthrow the Gulf monarchies – articulated, for instance, by the Dubai police chief, Dahi Khalfan, who said this plot would start in Kuwait in 2013 and extend to other Gulf states over the next three years. Such fears have encouraged the UAE government to see the movement as a regional menace.

### **Perceptions that the US role is changing**

Questions about US reliability will amplify the desire to diversify alliances. A ‘post-American Gulf’ may not become a reality for decades, but the sense that it will change in the long term is already affecting calculations, for three main reasons.

The first is the widespread expectation that America’s global role will be eroded by the rise of China and a broader range of emerging-market powers. For at least the last decade, at business and strategic conferences in the Gulf, some have argued that a ‘unipolar moment’ is passing; that the unchallenged US supremacy emphasized by the 1991 Gulf war started to fade with the 2003 Iraq war; and that the world will return to a more multipolar balance, sometimes likened to the situation in the late nineteenth century. Gulf elites, who are closely connected to business partners in emerging Asian economies and who routinely read international economic forecasts, are well aware that Chinese GDP is forecast to surpass that of the US in only a few years’ time,<sup>187</sup> and that China has already overtaken the US as the world’s largest importer of oil.

The second reason is that the shale gas revolution may be placing the US on the road to energy self-sufficiency. The International Energy Agency has suggested North America – including Canada – will become a net oil exporter by

<sup>183</sup> One participant in a workshop on political Islam in the Gulf held as part of this project argued that it is the *transnational*, rather than Islamic, nature of political Islam that makes Gulf governments see it as a threat.

<sup>184</sup> Jerry Markon and John Mintz, ‘Plot to kill Saudi ruler admitted in U.S. court: Va. Muslim activist says he was paid by Libya’, *Washington Post*, 31 July 2004, <http://www.washingtonpost.com/wp-dyn/articles/A28602-2004Jul30.html>.

<sup>185</sup> Interview, Qatar, December 2013.

<sup>186</sup> The contradiction between this foreign policy and the repeated postponement of much-discussed parliamentary elections, which were promised in the 2004 constitution but have never been held, has not gone unnoticed by Qataris, but has not manifested itself in serious organized opposition.

<sup>187</sup> *The Economist* predicts this will happen by 2021, but to underline the uncertainty about this, provides an online model where readers can play with five variables to create their own forecast of the year China will become the world’s largest economy. See <http://www.economist.com/blogs/graphicdetail/2014/08/chinese-and-american-gdp-forecasts>.

2035<sup>188</sup> (though this may be jeopardized if lower oil prices persist in the medium to long term, as North American extraction costs are far higher than those in the Gulf). The US has already cut its imports of crude oil from Saudi Arabia and is a net exporter of petroleum products – a dramatic turnaround from its previous position as one of the world’s largest petroleum importers. The Gulf countries expect that the main markets for their key export will in future be the industrializing economies of Asia. This has encouraged them also to diversify their diplomatic relations – it was symbolically important that the Saudi king’s first trip abroad in 2005 was to China – but the US still has a virtual monopoly on security support for the Gulf countries, along with the UK and France. US interests in energy security are not entirely defined by the country’s energy sources. Even before the shale gas developments, it usually obtained only a small share of its oil from the Gulf. However, as the world’s largest economy and a major exporter, it has an interest in maintaining the stable international supply of energy as a key support to world economic growth. Moreover, US interests in the region are based on more than energy security alone. This is being made clear by the current fight against IS, which has managed to draw even Obama, who spoke of a pivot to Asia and was elected on a platform of withdrawing from Iraq and Afghanistan, into becoming the fourth consecutive US president to bomb Iraq. Issues that matter in US domestic politics – Iran, Israel, counterterrorism – will continue to draw the US back into the Middle East. All told, it seems likely that the changes in its energy mix will not lead to a divorce between the US and its Arab partners. But Gulf will be more proactive in trying to prove its usefulness to the US in realms beyond oil, including counterterrorism, regional economic development and ‘stability’, and support for a two-state solution to the Israeli–Palestinian conflict.

The third reason relates to Gulf concerns about the reliability of the US as a security ally, given its attempts to reach a rapprochement with Iran, and its acquiescence in the overthrow of Mubarak in Egypt. However, the importance of this issue could change depending on the outlook of future US administrations.

The two worst-case scenarios for the GCC states, in terms of their relations with the West, would be:

- A ‘*Mubarak scenario*’, whereby massive popular uprisings encourage the West to see the regimes as no longer enjoying the consent of the governed, and lead it to back political transitions. The fact that the US and UK were able to engage with and work with

Muslim Brotherhood parties in Egypt and Tunisia created some (largely unfounded) alarm among Gulf elites that their traditional allies could switch to a wider alliance with Islamists across the region.<sup>189</sup>

- A ‘*Shah scenario*’, whereby the US and Iran reach a ‘grand bargain’ that resolves their deep disagreements, and where the US ends up relying on the three non-Arab states of the region – Iran, Israel and Turkey – as its pillars of security. The perception that Iran has been the main beneficiary of the US-led invasion of Iraq has added to conspiracy theories that the US is seeking to shift from Arab to non-Arab or from Sunni to Shia partners in the region. While this may seem a remote possibility to most Western analysts, understanding these fears helps to explain the current anxieties in the Gulf about the future of relations with the UK, the US and wider West.

The United States is not leaving the Gulf any time soon. However, the importance it attributes to it, and the resources it invests in energy security there, may well lessen relative to other foreign policy concerns. After all, its heavy involvement in the Gulf is a relatively recent phenomenon: starting after the British withdrawal in 1971, it was ramped up after the 1973 oil crisis and again after the 1979 Iranian revolution. But it was only after Iraq’s 1990 invasion of Kuwait that there were large visible US troop deployments in the region. Opposition to the presence of US troops on Saudi soil, for both anti-imperialist and religious reasons, was one of Osama bin Laden’s more popular causes. After 9/11, US troop numbers were reduced in Saudi Arabia but increased elsewhere – notably in Iraq. But cooperation continued, with a special forces presence and the largest military training programme in the world.<sup>190</sup> Given the costly nature of troop deployments, the case can be made for a lighter footprint with greater reliance on smaller GCC states, naval power and ‘over the horizon’ capabilities.

### The revival of violent Islamist movements

Since the self-styled IS took the city of Mosul in 2014, the Gulf states have recognized the group as one of the primary threats to regional stability, including their own domestic stability. IS sympathizers were held responsible for the shooting of a group of Saudi Shia in November 2014, as well as for isolated attacks on expatriates, and there are frequent reports in Saudi media of the authorities disrupting IS cells. In January 2015 three Saudi border guards were killed by militants based in western Iraq.

<sup>188</sup> International Energy Agency, *World Energy Outlook, 2012*.

<sup>189</sup> UAE and Saudi insistence that the Muslim Brotherhood is a terrorist organization and security threat prompted the British prime minister to commission a review of the group’s activities in 2014, led by the then ambassador to Riyadh, John Jenkins. The Muslim Brotherhood’s lawyers claimed that the draft report cleared them of terrorism. However, in early 2015 the review, completed in July 2014, had not yet been published. This may well reflect the sensitivity of the issue in the eyes of Gulf allies.

<sup>190</sup> Saudi Arabia also hosts a US drone base used for drone attacks on Yemen.

There is awareness in the Gulf regimes – especially in Saudi Arabia – that IS is a threat to them. Its ideology condemns the Gulf monarchies, especially the Saudi government. Saudi Arabia also knows the dangers of blowback at first hand from its experience with Afghanistan. The king and grand mufti have condemned IS, and clerics have been asked to reiterate these condemnations in Friday sermons.

But IS has also been the most effective force against President Bashar al-Assad and against Iran, two of Saudi Arabia's main enemies, and there has been some sympathy for it in the Gulf for that reason. Diplomats suggest that – as in many areas – different parts of the Saudi ruling establishment may have divergent views. The interior ministry, under Prince Mohammed bin Nayef bin Abdel-Aziz Al Saud, who was himself nearly blown up by a supposedly repentant Saudi militant in 2009, is particularly sensitive to the risks of blowback. It has established some cooperation with the Iraqi interior ministry on the jihadi issue. However, the intelligence services, especially under their former chief, Bandar bin Sultan bin Abdel-Aziz Al Saud, are thought to have prioritized the struggle against Iran over such concerns. And Saudi official denunciations of IS were slower to be issued than denunciations of the 'terrorist' Muslim Brotherhood that was elected to government in Egypt. Nevertheless, Saudi Arabia is training and arming other Syrian Islamist militants (who dominate the opposition<sup>191</sup>) to counter IS.

Meanwhile, the rise of the Houthis, a Shia militia and political movement in Yemen, has alarmed neighbouring Saudi Arabia, which fought a short war with the group in 2009 after border skirmishes. A military takeover of government buildings by the group in January 2015 prompted the Yemeni president and cabinet to resign. Saudi Arabia sees the Houthis as a proxy of Iran – though other analysis suggests that while they may take Iranian training and funds, they do not necessarily take Iranian orders. The risks of further conflict in Yemen – where the state does not control all of its territory, Al-Qaeda has a major presence and separatism in the south is resurgent – are a pressing concern to the GCC states. Yemen has a population that is nearly as large as that of Saudi Arabia, at 24 million; has a proliferation of small arms; and has GDP per capita of only \$1,500, nearly one-twentieth of its neighbour's.

### Iran

A possible nuclear agreement between Iran and the P5+1 would not solve all of the political tensions between Iran and the Gulf states, though it could help to defuse one of

the sources of tension. Concern about both the nuclear programme itself and Iran's broader regional ambitions has led to a regional political realignment where the Gulf states, especially the UAE and Saudi Arabia, have a tacit commonality of interests with Israel against the perceived Iranian threat.

Similarly, the perception of a common threat in IS could yet provide some scope for Iran and Gulf countries to work together. Indeed, the formation of a new Iraqi government in 2014 suggests there was a basic consensus between Saudi Arabia, Iran and the US that the then prime minister, Nouri Al Maliki, should step down, and Saudi Arabia subsequently made gestures towards repairing relations with his successor, although he comes from the same Shia Islamist party, Dawa. In September 2014 the Iranian and Saudi foreign ministers met to discuss the IS threat. So far, however, common ground has been limited as Iran blames Saudi intelligence for forming IS and Saudi ideology for inspiring it, whereas in Saudi Arabia, Iran is blamed for creating the conditions of sectarian conflict that helped give rise to IS in Iraq and Syria.

Indeed, the response to IS could aggravate the problems between Iran and Saudi Arabia in the longer term, if Iranian militias become more deeply entrenched in Iraq and Syria in order to fight IS.

### Identity politics

There is also a concern that IS's ideology has drawn on a wider tolerance for – and sometimes exploitation of – exclusionary, divisive sectarian rhetoric in much of the Gulf. This has sometimes been simplistically characterized as 'Wahhabism', but this is a view that has been criticized by Saudis who point out that Wahhabism is a nickname with no status in Islam, that their preferred school of Islam is Hanbali, and that mainstream Islam in Saudi Arabia is peaceful.<sup>192</sup>

However, there seems to be little self-examination with regard to the negative influence of the sectarian rhetoric pumped out by some Gulf clerics and media, which sometimes serves the short-term political purposes of Gulf states. During the Bahraini protests of 2011, the demonization of the mostly Shia protesters as 'traitorous Iranian agents' helped to isolate and weaken the Bahraini opposition and to divert attention from its legitimate local grievances over systematic state discrimination. However, this came at a profound cost to Bahrain's social fabric. It is also notable (as mentioned above) that a young Bahraini cleric, Turki Albinali, has become one of the leading clerics of IS, espousing an extreme and violent form of anti-Shia sectarianism. Yet Western diplomats have

<sup>191</sup> The US acknowledges that the Syrian opposition is mostly Islamist and that it will need to work with Islamists as long as they are not affiliated with IS or Al-Qaeda; drawing the line of acceptability has, however, been difficult. Briefing, London, September 2012.

<sup>192</sup> This view is neatly articulated in Nawaf Obaid and Saud Al Sarhan, 'The Saudis can crush ISIS', *New York Times*, 8 September 2014, [http://www.nytimes.com/2014/09/09/opinion/the-saudis-can-crush-isis.html?\\_r=0](http://www.nytimes.com/2014/09/09/opinion/the-saudis-can-crush-isis.html?_r=0).

said that when pressed on the issue of sectarian media, some Gulf interlocutors have contended that they need such media to counter what they see as anti-Sunni sectarian media from Iran.<sup>193</sup>

Again, there are differences between the states. The Omani authorities, being headed by an Islamic minority, the Ibadis, generally avoid sectarian rhetoric. Kuwait frequently prosecutes what it regards as sectarian hate speech, by both Sunni and Shia, despite generally having the greatest freedom of speech in the Gulf. But the Gulf countries were unable to mobilize opposition to the regime in Syria around inclusive banners of democratization and rights, as these are not narratives they seek to promote in the region. Indeed, the Assad regime was able to exploit awareness of the lack of religious freedom inside Saudi Arabia to add to the fears among Syrian religious minorities of persecution by Gulf-backed Islamist opposition groups.

## How will things change?

### The GCC will operate in an expanded 'backyard'

Most of the Arab monarchies banded together when faced with the perceived threat of the Arab uprisings, notably with the nominally GCC (though in reality mostly Saudi and UAE) deployment in Bahrain, and with aid to Jordan and Morocco. The Gulf is now extending this solidarity to the government of Egypt. Unlike in 2011, when Saudi Arabia tried to persuade the US to keep backing Mubarak against protesters but ultimately acquiesced in the transition, four of the GCC states took a more proactive role to support the military that overthrew Mohammed Morsi, directly countering efforts by the US and Europe to support the agreed transition process in Egypt. In future this higher-profile activity will involve both the traditional use of financial clout and patronage politics, and also increasing experimentation with military assertiveness.

The GCC states will seek to contain the influence of groups they regard as extremist, but these will include those seeking democratic political change as well as violent political minorities. This may lead to clashes of interests with Western allies if the latter take issues of human rights and democracy more seriously than they traditionally have done. UK policy-makers rarely speak of democracy in the Middle East, but since the onset of the Arab awakenings, they have quietly emphasized the strength and value of 'open societies' and of governments

that reflect the 'aspirations of their people'. As noted, the US explicitly sets democracy promotion as one of its foreign-policy goals. But both countries appear to prioritize their continued good relations with the Gulf states over their concerns about Gulf aid to the post-Morsi Egyptian government, even though this in effect rewarded the military coup in Egypt while the US, EU and others were advocating a democratic transition.

### GCC states will be the region's main donors

Despite G8 promises of over US\$30 billion worth of aid to the Arab transition countries through the deeply flawed Deauville process, it has been the Gulf countries that have emerged as the primary donors to Egypt, Yemen and Jordan. However, they may be repeating US mistakes of politicizing aid; Qatar has already faced a backlash for this.<sup>194</sup>

### Search for new allies

The Gulf countries will look to new allies to help defend them against the spectrum of threats that they think the US is not taking seriously enough. This is likely to include greater military cooperation between the well-financed, well-equipped Gulf militaries and the large, well-trained militaries of poorer and more populous Arab states, especially Egypt and Jordan. Even as the US becomes less dependent on Gulf oil, these two Arab states are relying more on Gulf financial assistance. Other Muslim countries, such as Pakistan – already a source of recruits for some Gulf security forces, notably Bahrain – may play a growing role.

### Identity-based divisions will be much more complex than Sunni–Shia struggles

With the conflicts in Syria and Iraq, a focus on sectarian conflict currently dominates narratives of the region, but there are also other identity-based divisions, including struggles over the interpretation of Sunni Islam and the role of Islam in politics (while in the past struggles with secularists and Arab nationalists have taken a more central role). The current fragmentation of political Islam, with the overthrow of the Muslim Brotherhood in Egypt and the various reactions to and against IS, suggests that identity-based and ideological struggles will remain highly complex and will not be easily captured by grand narratives suggesting a binary conflict between two monoliths – though such narratives (for instance Sunni/Shia, resistance/moderate, Islamist/secular) often dominate media and popular understanding of the region.

<sup>193</sup> Meeting with Gulf-based diplomats, February 2013.

<sup>194</sup> Gulf countries are critical of the politicized aid offered by the Deauville process, which tied aid to progress with democratic transitions and liberal freedoms. This raises the interesting question of why GCC states signed up to it in the first place when they did not believe in its aims – perhaps they felt compelled to pay lip service to Western aims.

#### Power struggles may become more transnational

Perceptions of internal and external challenges will remain closely interlinked. Political movements such as the Muslim Brotherhood, salafists, Shia Islamist movements and leftists have both transnational and national aspects, but have tended to be more focused on national aspirations when they have had room to operate within the nation-state. Narratives of international struggle against Islamists ignore the fact that the Muslim Brotherhood takes part in government in Bahrain, has in the past worked constructively with the Kuwaiti government, and has interests in economic and financial stability in both countries. However, the more the Gulf countries operate abroad to counter or support particular movements, the more potential risks they will face at home (such as recent cyber attacks on Al Jazeera and on Qatar's .qa domain name that were claimed by Syrian regime supporters, and a 2012 cyber attack on Saudi Aramco by hackers who cited Saudi policies in Syria and Bahrain).

#### Growing GCC military assertiveness

A growing military assertiveness on the part of some GCC powers (the UAE, Saudi Arabia and Qatar), capitalizing on their growing technological capabilities, will require a new approach to manpower as well as the search for new allies.

Currently, the major arms-exporting countries of the West – the US, UK and France – are benefiting from a surge in Gulf defence spending. But there is also significant popular cynicism within the Gulf about the real value of some of these arms purchases, especially as defence budgets typically outstrip health and education spending. For the Gulf governments, arms purchases are a means not only of bolstering defensive capacity, but also of exerting leverage on Western capitals, especially at a time when defence budget constraints make Western governments particularly keen to find overseas buyers for their weapons. Thus, for instance, Saudi Arabia's decision in 2013 to buy French planes rather than British ones was seen by diplomats as a reflection of its disappointment with the British parliament's decision not to carry out air strikes on Syria. Meanwhile, Bahrain's decision in 2013 to enter talks about buying US\$1 billion worth of UK-made Typhoons was seen by the opposition there as a crude, but successful, attempt to buy off the British government (which still had not translated into an actual purchase at the time of writing).

There is scepticism in the West about the strength of Gulf militaries. Certainly, it has become willing to provide them with better technology, including defences against possible Iranian missile attacks. Importantly, Israel has lessened its objections to the US providing weapons to the Gulf. But Gulf militaries are not seen as a very significant force, given perceptions that even the larger ones will not be highly motivated, and the small population of most of the Gulf states. In the international debate about the likelihood of war with Iran, the focus is always on the possible scenarios for a US or Israeli air strike – and never on the possibility that the UAE, which has a well-funded air force, could carry out such a strike. Of the limited international deployments of Gulf armies in recent years, the anti-IS strikes have been the most important; the UAE and Libyan sorties over Libya during the UN-authorized no-fly zone were largely a token engagement; and that of Saudi Arabia against the Houthis in northern Yemen resulted in fairly large casualties for the Saudi side.

However, it should not necessarily be assumed that this situation will continue indefinitely. The reported air strikes by the UAE and Egypt in Libya in 2014 indicated a possible shift. Gulf countries are particularly likely to use air power where their technological advantage give them an edge. For instance, in the case of Yemen, air strikes could still be repeated and there are reports that Saudi Arabia may have used cluster bombs in the north of the country.<sup>195</sup>

Military forces will include both national manpower and expatriates, who will sometimes be given citizenship, to bolster the ranks of the armed forces in countries with small populations. National service has recently been introduced in the UAE and Qatar, though seemingly more as a means to address domestic social concerns, such as providing discipline and employment for wealthy, jobless young people, and bolstering a sense of national identity, than as a major contribution to military capacity. Bahrain already recruits for its security forces in Pakistan and Yemen, among other countries, while the UAE has hired 1,400 Colombian paramilitaries through a private defence contractor, R2, headed by the former CEO of Blackwater.<sup>196</sup>

Given their high military spending and Western alliances (and the recent reduction in tensions with Israel), the GCC states have the ability to acquire advanced technology and expertise, and to invest in air force capacity, drones, space and cyberspace technologies. The UAE has increased its stake in an Italian firm, Piaggio, which manufactures drones, and has announced it will begin a space exploration programme. It is also one of 24 founding members of a new

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<sup>195</sup> Ben Anderson and Peter Salisbury, 'US-Made Cluster Bombs Keep Killing Civilians in Yemen', Vice News, 17 May 2014, <https://news.vice.com/contributor/ben-anderson-and-peter-salisbury>.

<sup>196</sup> 'Colombia worries as troops join Arab mercenary force', United Press International, 7 June 2013, [http://www.upi.com/Business\\_News/Security-Industry/2013/06/07/Colombia-worries-as-troops-join-Arab-mercenary-force/UPI-90811370626017/](http://www.upi.com/Business_News/Security-Industry/2013/06/07/Colombia-worries-as-troops-join-Arab-mercenary-force/UPI-90811370626017/).

NATO Interoperability Platform. At the same time, some Gulf military analysts have complained that the US pursues a 'hub and spoke' model whereby each Gulf military is reliant on interoperability with the US, rather than being able to use the most advanced technology directly in joint operations with other Gulf states.<sup>197</sup>

However, a key challenge for the GCC will be enhancing the diplomatic capacities to build their regional and international foreign-policy strategies, in which increased military action could play a part. So far their limited international military engagement has largely been reactive and opportunistic.

### GCC integration

The GCC integration project has been set back by the recent row between the UAE and Saudi Arabia on the one hand, and Qatar on the other, over Qatar's foreign policy since 2011, which the other two states see as strengthening Islamists in the region. (Qatar contends it has backed popular movements, including the Muslim Brotherhood when it was elected in Egypt and Tunisia, rather than siding with a particular ideological strand.) The UAE and Saudi Arabia had hoped that the succession of the young Emir Tamim in 2013 would bring Qatar into line with their own foreign policies (especially as the former foreign minister and prime minister, Hamad bin Jasim, seen as a power behind the throne in the time of Emir Hamad, retired at the same time). Certainly, the new emir initially prioritized domestic policy to consolidate his position at home, but by early 2014 Saudi Arabia, the UAE and Bahrain were so exasperated with what they saw as continued Qatari support for Islamists that they all withdraw their ambassadors. In December 2014, however, the ambassadors returned to their posts ahead of a GCC summit in Doha, amid reports of an agreed rapprochement between the GCC countries.

There appears to be extensive grassroots support for the idea of further GCC integration, especially over the reduction of barriers to businesses operating across the Gulf, and labour-market mobility. Yet since 2011 the organization has focused its efforts more on the security of governments than on such economic cooperation. Indeed, the first indication of the December 2014 agreement/rapprochement between Qatar on the one hand, and the UAE, Saudi Arabia and Bahrain on the other, was Qatar's

shift to becoming less hospitable to dissidents from other Gulf countries and even Egypt. The most high-profile move was the closure of Al Jazeera's Egyptian broadcaster, but there were also signs that dissidents from elsewhere in the Gulf would be less free to speak in Qatar. This shift is notable, given that the state could instead have chosen to focus on economic outreach, such as agreeing a gas deal with Bahrain, or finding ways to share the benefits of World Cup tourism (even playing some matches elsewhere in the Gulf), which might have cost it more money in the medium term but would have brought more benefits for the people of the Gulf.

**Gulf countries will also have more credibility as regional leaders if they are able to address the festering dispute in Bahrain – where Kuwait initially sought to mediate – and if they can offer a more convincing model of moderation and inclusivity in their own practices.**

The GCC as an institution is likely to be more sustainable and will have more popular credibility if it focuses on economic integration, bringing job and business opportunities, rather than on opaque internal security integration (such as a recent GCC security agreement that has not been released to the public in any Gulf country). Either way, the GCC's ambition to act as a regional leader can only be fulfilled if it addresses its internal challenges, especially the public disputes between key governments. Gulf countries will also have more credibility as regional leaders if they are able to address the festering dispute in Bahrain – where Kuwait initially sought to mediate – and if they can offer a more convincing model of moderation and inclusivity in their own practices.

Despite some rhetorical statements, the GCC is unlikely to expand, either to fellow monarchies Jordan and Morocco, or to neighbouring Iraq and Yemen, all of which are much poorer; it will find ways of cooperating with these countries short of integration, not unlike the EU's approach to its neighbours on the southern shores of the Mediterranean. The Gulf monarchies will remain deeply cynical about Iran's preferred solution of a joint regional security architecture, which they see as a Trojan horse for Iranian hegemony.

<sup>197</sup> See, for example, Sabahat Khan, 'The Future of U.S.-GCC Security Cooperation and Regional Security in the Arabian Gulf', INEGMA Analysis, Institute for Near East and Gulf Military Analysis', 20 May 2014, <http://www.inegma.com/e-reportdetail.aspx?rid=55&t=The-Future-of-U.S.-GCC-Security-Cooperation-and-Regional-Security-in-the-Arabian-Gulf#.VBp49xaTyEs>. 'If the U.S.-GCC strategic alliance is to survive the global and regional rebalancing of power, the U.S. must address GCC perceptions on the lack of direction and commitment from Washington D.C.'

# 7. Global Connections: Gulf States and Globalization

Gulf governments would ideally like to keep their domestic politics insulated from ‘foreign influences’ and supposedly inappropriate ‘foreign’ ideas, but this will be increasingly unachievable. These states have historically been open to trade and travellers, and today are highly interlinked with the rest of the world. Economically, their revenue depends on world energy markets and most of their wealth is invested overseas. Demographically, as noted above, most of their population are nationals of other countries. As foreign policy players and strategic investors, Gulf states play an important international role. Globalization is deepening at least some of their connections with traditional partner countries, as well as widening the range of countries with which they interact, and they are expanding their links with less familiar areas such as Africa and Latin America. Growing travel opportunities and social media outreach are intensifying non-governmental linkages in particular.

Among the population, views of other countries are increasingly shaped by visits and consumption of their media as much as by in-country diplomatic outreach. Issues such as the treatment of Western Muslims resonate, just as Guantánamo Bay, post-9/11 US visa policies, and racism scandals affecting US police forces affect perceptions of America. Western diplomats need to be aware that their own countries’ practices in areas such as law enforcement (and police excesses) or counterterrorism (including British discussions about stripping citizenship from suspected terrorists) feed directly into Gulf debates about human rights and national security – and are taken more seriously than diplomatic rhetoric on these issues. Leading by example is a far more powerful tool than preaching, although obviously more difficult.

## Drivers of change

### Shifting trade patterns

For some years energy exports have been shifting towards Asia, including both emerging Asian economies and the traditional powerhouse of Japan, which obtains some two-thirds of its oil from the Gulf, and one-fifth of it from the UAE alone. South-south non-oil trade and investment flows are also increasing. Dubai has had particular success in developing as a hub for re-exports to South Asia and Africa; many multinational firms are based there to serve expanded regions of MENASA (Middle East and South Asia), or MEA (Middle East and Africa). Dubai has also boosted its diversification drive by building links with the emerging

Asian middle class, such as the development of India trade routes by Emirates airline, or the boom in Chinese shopping in Dubai.<sup>198</sup> As the Asian market becomes more important, the economic links could potentially increase the political clout of well-off Asian expatriates.

### More competition among potential allies

The GCC’s economic growth, rising levels of government spending and high concentration of wealth all make the Gulf countries attractive for businesses from around the world. During the recent period of slow growth in developed markets, there has been increasing competition between newer emerging markets such as South Korea and Singapore, and more traditional Gulf trading partners such as the UK and France; the latter was startled by the UAE’s decision to contract a Korean rather than a French firm to build its nuclear power plants. Other European powers, including Germany and Portugal, are also seeking to develop their trade ties with the Gulf. Portugal was a colonial power in the Gulf in the sixteenth century, recently enough to have some cultural memory of Gulf history but long enough ago to have shed the burden of political baggage. All this gives the Gulf countries greater bargaining power in choosing investment or trading partners. In some cases they may see Asian ‘tiger economy’ models of successfully diversified trading hubs as more attractive or relevant models than European economies, giving them a certain normative clout.

### The post-post-colonial generation

The younger generation no longer has any memory of the British colonial era and will gradually be more removed from both its positive links and negative political baggage. For now, however, Britain’s relations with the Gulf countries continue to be affected by the complex legacy of British imperial power in the region. There is a serious mismatch between the perceptions among many in the region that Britain wields significant power and influence, and the perceptions among many British diplomats that Britain’s leverage is very limited. In November 2012, at a meeting of GCC foreign ministers in Riyadh, the Bahraini interior minister, Sheikh Rashid, said that the Gulf countries were facing a new ‘colonial onslaught’ using the concepts of human rights and democracy as a pretext. Opposition activists too increasingly accuse the UK of a neo-colonial complicity in government repression, pointing to the historical role of British security advisers in consolidating the power of Gulf ruling families ever since the time of empire.

<sup>198</sup> Ali Al Saffar and Ayesha Sabavala, ‘GCC Trade and Investment Flows: The Emerging-market Surge’, Economist Intelligence Unit, 12 May 2011. Available at [http://www.eiu.com/index.asp?layout=info&info\\_name=falcon\\_south](http://www.eiu.com/index.asp?layout=info&info_name=falcon_south).



### New-generation links

A generation that is further removed from the colonial era and more engaged with Asian economies will develop more diverse international linkages. While the US remains the preferred overseas destination for Gulf students, because of its world-class universities, a growing number are choosing China. More than 3,000 Saudis study in China and over 40 universities there now teach Arabic.<sup>199</sup> Since King Abdullah's 2005 visit to India, Saudi Arabia has funded around 1,000 scholarships for Saudis to study there.<sup>200</sup> For its part, India aims to quadruple the number of Saudi tourists it receives to 100,000 by 2016,<sup>201</sup> and its trade with the GCC states was worth \$159 billion in 2012–13.<sup>202</sup>

### Economic and cultural globalization

The Gulf countries are highly open to international economic and cultural exports. Most have long histories as laissez-faire trading hubs; Saudi Arabia was formerly the most closed market but has emphasized its growing openness to trade and globalization by joining the World Trade Organization in 2005, by greatly reducing the number of sectors that are closed to foreign investment, and by proposing to open up its stock market to foreign investors in 2015. Gulf consumers have enthusiastically embraced international sports, arts, business and brands. But as elsewhere, there is some resentment in the Gulf of globalization-as-Westernization or globalization-as-Americanization. In Saudi Arabia conservative clerics routinely denounce Western hedonism and excess. In Qatar, too, salafists have recently mobilized in social media against some of the modern art displays promoted by the authorities; a statue of Algerian-French footballer Zinedane Zidane, by an Algerian-French artist, was removed from Doha's Corniche in 2013 after protests by salafists who said it violated Islamic prohibitions on idolatry.<sup>203</sup>

### How will things change?

The coming generations in the Gulf are likely to be *less Anglocentric* than their recent predecessors. Britain has been adept at building links with the Gulf's elites, leveraging its historical ties with a tight network of cultural, diplomatic, personal and educational connections. Three out of six of the Gulf's monarchs

went to Sandhurst, the elite British military academy. But in the longer term, the value of the historical relationship may fade from memories, or be contested. The US and the UK cannot rely on being the default partners for security, trade or investment. Nor will Western models of government or economic management necessarily be seen as the best models. As noted in Chapter 6, there is already some cynicism about Western business interests, and a sense that the UK and US, and their nationals, expect a privileged position.

Gulf states' participation in globalization (in terms of more diversified international trade, investment, cultural and diplomatic links) will render them less dependent on their traditional American and British allies. At the same time, *other aspects of globalization (including openness to trade, immigration and information) will have political costs*, in terms of state sovereignty, international scrutiny and the increased difficulty of controlling the influx of information and ideas (as discussed in Chapter 4). Some of these will increase the power of citizens relative to their states; others will make citizens feel more disempowered as power is diffused internationally.

Efforts by Gulf governments to reject 'foreign ideas' have underpinned a long-established narrative against democracy, which was again employed repeatedly during the Arab uprisings and in response to Islamist movements in the region, in an attempt to discredit advocates of political change as part of a foreign conspiracy. This was seen most obviously in the case of Bahrain, where elements of the government painted the uprising as an Iranian conspiracy, and the interior minister has called 'human rights' and 'democracy' vehicles for a 'colonial onslaught' (but there is a wide range of opinion in the ruling family, from those who acknowledge the fundamental importance of civil rights issues to those who have propagated suggestions of a vast US–Iran–Israel–Hizbollah conspiracy against the tiny country). Even in Oman, usually seen as the most Anglophile state, suggestions of Western meddling were also used to discredit protesters.<sup>204</sup>

But the rejection of the 'foreign' will become increasingly untenable for countries that choose to be so open to international influences, migration and culture. Indeed, their development as hubs for global mega-events – such as the World Cup in Qatar, scheduled for 2022, Expo 2020 in Dubai and the Formula One motor races in

<sup>199</sup> Abdul Tannon Tago, 'Over 40 universities in China teach Arabic', Arab News, 23 February 2014, <http://www.arabnews.com/news/529946>.

<sup>200</sup> Sijaj Wahab, 'Saudi students search for seats at Indian universities', Arab News, 3 January 2013, <http://www.arabnews.com/saudi-students-search-seats-indian-universities>.

<sup>201</sup> Hassan Cheruppa, 'India eyes 100,000 Saudis a year', Saudi Gazette, 21 May 2013, [http://www.saudigazette.com.sa/index.cfm?method=home.regcon&content\\_id=20130521166637](http://www.saudigazette.com.sa/index.cfm?method=home.regcon&content_id=20130521166637).

<sup>202</sup> According to the Indian embassy in Riyadh. See <http://www.indianembassy.org.sa/Content.aspx?ID=708>.

<sup>203</sup> BBC News, 'Qatar removes Zidane headbutt statue from Corniche', 30 October 2013, <http://www.bbc.co.uk/news/world-middle-east-24747919>.

<sup>204</sup> Discussions with Omanis in Muscat in 2011.

Abu Dhabi and Bahrain – is a double-edged sword for governments. By placing them in the international spotlight, these events help to ‘market’ Gulf states’ ‘country brands’ internationally, but at the same time become a magnet for protests and NGO campaigns. Notable among these is the Formula One in Bahrain, a rare moment when the kingdom throws its doors open to foreign journalists (who often find it difficult to obtain visas at other times) and hence to sometimes unwelcome media scrutiny; protests routinely spike around the race, as does a pre-emptive security clampdown, and in 2012 a protester was found beaten to death on the eve of the race. The international publicity surrounding the 2022 World Cup in Qatar has also brought scrutiny of the country’s record on labour rights: in December 2014 the *Guardian* newspaper reported that on average, one Nepalese migrant worker had died every two days on Qatar’s World Cup construction site during the preceding year.

Gulf policy-makers have different views on the extent to which they should *participate in international institutions* to gain credibility, expertise and influence. They are increasingly seeking not only to take part in institutions such as the G20 (Saudi Arabia is a member and the UAE an observer), the IMF and other UN bodies, but to become shapers of the rules by which these institutions operate. As they grow in wealth and influence, they will want to be treated with more respect, not just as providers of funds. Gulf participation in UN bodies has also strengthened the protection of human rights to some extent, or at least provided local campaigners with tools – such as the UN Human Rights Council’s Universal Periodic Review process, which includes a series of ‘shadow reports’ by local NGOs, and the Convention for the Elimination of all forms of Discrimination Against Women (CEDAW) – to highlight human rights problems and to have their own say on the world stage. The Universal Periodic Review process requires Gulf governments to report on their human rights conditions and provides an opportunity for local NGOs to produce ‘shadow reports’, generating encounters between government and activists that often do not take place at home.

Gulf governments will pursue *strategies to diversify their importance to the rest of the world*, far beyond oil and gas. Their SWFs will take stakes in strategic businesses and infrastructure around the world, including providers of alternative energy (for instance, the UAE invests in the UK’s largest wind farm).

Meanwhile, *Gulf opposition groups are also campaigning abroad*, lobbying in the traditional power centres of Washington, Brussels and London. In a rare instance that may set a precedent for future south-south campaigning, Bahraini activists from a UK-based NGO, Bahrain Watch, led a successful campaign in South Korea, ‘Stop The Shipment’, to prevent Korean companies selling low-cost tear gas to the Bahraini government. Brazilian journalists have also highlighted human rights concerns about Brazilian sales of tear gas to Bahrain.

**Gulf policy-makers have different views on the extent to which they should participate in international institutions to gain credibility, expertise and influence. They are increasingly seeking not only to take part in institutions such as the G20, the IMF and other UN bodies, but to become shapers of the rules by which these institutions operate.**

For their part, the Gulf countries are seeking to actively *influence international media and academia through their economic weight*, both directly as advertisers and funders<sup>205</sup> and indirectly by sending messages that a country could lose business opportunities if it is seen as a hub for anti-Gulf messages and activity. Only Qatar has its own media that are watched beyond the region. But the UAE is an important host and advertiser, although its previous ambitions to be a regional media hub have been reconfigured, away from potentially controversial news and current affairs<sup>206</sup> towards niche media industries such as the development of computer games tailored to Arab markets. The UAE and Saudi Arabia have also joined Iran, Russia and China in proposing that global rules on internet governance endorse ‘equal rights’ for all governments to regulate the internet;<sup>207</sup> this is seen by the US as a possible move towards greater censorship.<sup>208</sup> In Saudi Arabia, the grand mufti has declared it *haram* (forbidden) to speak to foreign media organizations, accusing them of a nefarious agenda to divide the Islamic nation.

By contrast, Qatar and the UAE are seeking to become *centres for international culture, focusing especially on film and art*. In response to perceptions that they mainly promote foreign artists and outposts of international attractions (such as the planned Louvre and Guggenheim in Abu Dhabi, or

<sup>205</sup> Davidson, *After The Sheikhs*; Eric Lipton, Brooke Williams and Nicholas Confessore, ‘Foreign powers buy influence at think tanks’, *New York Times*, 6 September 2014.

<sup>206</sup> Interview, British journalist based in Abu Dhabi, 2013.

<sup>207</sup> Rafid Fatani, ‘The Internet’s future debated at NETmundial’, *Saudi Gazette*, April 2014, <http://igmna.org/The-Internets-future-debated-at-NETmundial>.

<sup>208</sup> BBC News, ‘Divisions over internet governance intensify in Dubai’, 10 December 2012, <http://www.bbc.co.uk/news/technology-20661932>.

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the Doha Tribeca Film Festival), they are also devoting more funding to local initiatives. The desire to promote national cultural achievement on the international stage may mean some increased room for manoeuvre by creative youth.

The first Emirati film, *City of Gold*, tackled topics that were relatively controversial in the local society, such as drinking; the film-makers said officials had initially been worried but that the emirate's ruler, Sheikh Mohammed, backed the film. Similarly the international recognition given to the first Saudi film director, who won a prize at the Cannes film festival for *Wadjda*, a story of a rebellious young girl who wants to ride a forbidden bicycle, and to the first female Saudis to participate in the Olympics, has helped create new role models and shift social mores; after the Olympic

participation was finally permitted, the authorities also allowed sport, previously seen as inappropriate for women, to be added to the curriculum in girls' schools.

Overall, the international stage will present more opportunities for Gulf thinkers, artists and civil society organizations to present their views more freely than may be allowed in their home countries. Of course, globalization is rarely a simple process, and the process of opening up will also spur countervailing pressures to focus more on 'authentic' local identities and traditions. In general, however, deepening integration with the rest of the world will only add to the internal pressures for change outlined earlier in this report.

## 8. Conclusions

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The Gulf countries are witnessing some of the world's fastest economic and demographic change, while access to education and to an unprecedented range of information and ideas is underpinning huge social, political and cultural transformations. The dramatic fiscal expansion that has been under way in the Gulf for the last decade, and that has only accelerated in response to the regional protests, cannot be sustained in the longer term. Each Gulf country faces a different fiscal and energy timetable, however, with Oman and Bahrain already under pressure to cut their fiscal deficits, while the UAE and Qatar have the most substantial savings.

Social and political changes in the Gulf are certain. The questions are rather what form they will take and how they will be managed. One scenario could be a consensus-based process of adaptation, building on some of the existing institutions, and making parliaments and courts more independent. But this would entail bringing in new checks on the power of the rulers, which, in turn, would require those in authority to judge that voluntary reform today would ultimately cost them less than having change thrust upon them in the future. The potential costs of reform include both the direct costs of ceding power, and the potentially destabilizing impact of generating opposition within ruling families – as the head of the Bahrain Independent Commission of Inquiry neatly summarized in saying that the country's king faced a choice between the unity of the family and the unity of the country.

Another, more likely scenario is that growing social, political and economic contestation will instead lead to conflict, as groups seeking a greater share of power and resources come into confrontation with those who want to protect the status quo – especially if rulers take the divide-and-rule route of exploiting the differences between such groups in order to preserve their own overarching power.

Such a scenario would exacerbate existing social cleavages such as the sectarian divisions in Saudi Arabia and Bahrain, the urban/tribal divide in Kuwait, and regional differences in Saudi Arabia, Oman and the UAE. They could also create new tensions, such as the possibility of Sunni/Ibadi sectarian tensions emerging in a post-Qaboos Oman, or awaken older ones, such as separatism in the Eastern Province of Saudi Arabia, or the Dhofar region of Oman, especially if centrifugal forces in neighbouring Yemen further stimulate separatist activity in that country.

A related issue is whether the GCC states can take a common approach to handling such challenges, or whether, as seems more likely, their strategies will diverge significantly in the face of their different internal economic and social pressures. Allowing room for such divergence would probably increase the prospects for political reform, as it tends to be the smaller states that have been more willing to provide a measure of political participation,

whereas the two largest and most influential ones, Saudi Arabia and the UAE, which naturally wield the greatest influence over the GCC as a bloc, are among the least democratic. Kuwait is already the closest to a constitutional monarchy, with relatively powerful, if not fully independent, parliamentary and court institutions, as well as a fairly free press and a political culture in which opposition and debate are normal. It could have the potential to move further in this direction.

Even in the recent years of plenty, the Gulf countries have witnessed growing pressures for political change, and in particular for greater political participation by, and economic inclusion of, hitherto marginalized groups. Yet a combination of record-high oil income, strong international support and worries about regional instability has largely deterred Gulf leaders from opening up greater space for political participation. Instead, the tendency has been to criminalize dissent and to conflate all but the mildest of peaceful challenges with terrorism.

Meanwhile, the growing international economic influence of the Gulf states has widened their range of options for forging foreign alliances and has encouraged international players to praise and bolster their governments, increasing the risk that they will be complacent about the need to adapt their political systems to accommodate the changing expectations of their people.

Gulf governments routinely complain that Western countries seek to impose inappropriate democratic values on the region. But the historical record is quite otherwise: their main international allies are firmly aligned with the Gulf monarchies, providing them with security. If anything, these allies encourage reforms that they believe would make the monarchies more sustainable, rather than seeking the end of monarchy. And it is important to remember that the biggest steps that Gulf countries have taken towards more participatory government, by setting up fully elected parliaments in Bahrain and Kuwait, happened after the end of the imperial period, and before the discovery of oil.

The report is not arguing that Western countries should try to impose democracy on the Gulf countries. Democracy promotion is not a primary priority for Western countries, including the US. Even if it were, there is a widespread view in the Gulf that meaningful democracy would need to be rooted in local cultures and societies, whereas imitating the formal institutions of Western democracy – elections, political parties, parliaments – could all too easily be undermined by corruption, the absence of the rule of law, the unwillingness of ruling families to cede meaningful power, and so forth. Rather, the shift will come from within, as the Gulf countries are facing bottom-up pressure for more democratic change, both from their own citizens

and through their growing global social and informational linkages. In particular, they face specific pressures to include groups that currently believe they are marginalized in the distribution of wealth and the formation of national identity – particularly citizens living in the less well-off regions of Saudi Arabia, Bahrain, Oman and the UAE.

The governments have ways to resist such pressures. But if they resort to traditional tactics of playing on and exacerbating existing religious, ethnic and regional splits, there will be a growing risk of instability and conflict in the Gulf in the longer term. This has already been prefigured by the spike in sectarianism in Bahrain since 2011, which has largely resulted from the use of sectarian strategies by the authorities to discredit and isolate an opposition movement that was mainly composed of the country's Shia majority. The sectarian aspect of conflicts in the wider region – above all Iraq and Syria – underlines how dangerous it is to use such divisions for political ends. The exploitation of sectarian conflicts to isolate and weaken opposition movements in Saudi Arabia and Bahrain, as well as the use of sectarian narratives to discredit Iran and its allies, are among the many factors that have contributed to the virulent sectarianism now afflicting the region. This is underlined by the presence of large numbers of Saudi nationals in IS, and the role of a young Bahraini cleric as one of the group's spiritual leaders.

Internal pressures could instead be addressed by adapting the national political systems to become more inclusive, as a counterweight to the pull of transnational identities. The Gulf countries will have a more sustainable outlook if their people have more freedom to participate in designing their future. Conversely, a more repressive future will increase the risk of social and political conflicts within the Gulf, as well as the risk of the GCC countries contributing to wider regional conflicts – for instance, through the movement of foreign fighters, funding for militant organizations, or (as was recently the case with the UAE and Qatar) sponsoring rival sides in other regional conflicts.

The breadth and intensity of international alliances that the Gulf governments are enjoying by virtue of their oil wealth are, in general, encouraging them to feel more comfortable and secure in their existing positions and less in need of renewing their social bargains with domestic populations. This is reinforced by the fact that external alliances address a small political and economic elite, disproportionately drawn from the ranks of ruling families. This narrow base raises questions about the long-term sustainability of such alliances. Building sustainable alliances requires deeper consideration of ways to benefit the wider populations, rather than a narrow focus on oil, defence and security. This is a particular concern when the Gulf security systems

encompass under security threats even the peaceful opposition activity that these countries will ultimately need to help them manage and mediate the social conflicts that naturally arise within any population.

This report makes a number of recommendations for GCC governments and international allies, set out in detail in the executive summary and in the concluding section of chapters. Key points are summarized below. In short, it argues that the Gulf countries should seize the opportunity to carry out meaningful reforms towards more constitutional forms of monarchy. Failing that, the various dynamics of change – economic, demographic, social and political – will add to pressures on the states of the Gulf, and increase the risks of future conflict in a region of vital strategic importance to the rest of the world.

## Recommendations

### For GCC governments

- The Gulf countries should seize the enviable opportunities that they have to carry out gradual and consensual political and social reforms towards more constitutional forms of monarchy.
- Long-term economic diversification plans should be accompanied by serious plans for long-term political development to manage the impact of shifts in the economic role of the state.
- Decriminalize peaceful opposition activities, from calling for constitutional monarchy or parliamentary elections to criticizing rulers for their policies.
- Stronger, more transparent institutional mechanisms – parliaments, judiciaries and ministries – should be developed to manage the competing interests that naturally arise in any society.
- Transparency and openness in governance should be accorded a higher priority, in line with the expectations of the younger generation.
- Ensure social and economic inclusion are prioritized, as a valuable counterweight to the pull of sectarian or ethnic identities.
- Meaningful and sustainable reforms will require changes not only to formal laws and institutions, but to informal institutions and ways of thinking.
- The ruling families need to prepare their own younger generation to have a different role, with less power over the political system and the economy.

#### For international allies

Develop and implement a more people-centred strategy.

- Diversify the base of relations with the Gulf beyond the existing elite. This will be critical to developing long-term, sustainable strategic partnerships of clear value to both sides.
- Defence cooperation with the Gulf needs to be placed in a wider political context, where respect for human rights is not seen as being at odds with security imperatives, but as part of ensuring sustainable security.
- It is not up to Western countries to bring participatory government to the Gulf. But they should at least ensure that their engagement is not seen as holding it back.
- External actors should be culturally sensitive before making judgments about different political systems. Diplomats also need to be aware that the complex nature of Gulf political culture is hotly debated inside the region. They should not see local governments as the only people entitled to speak for particular cultures.

Orientate economic engagement towards education and diversification.

- Economic cooperation can potentially be a win-win situation.
- But the Gulf's key international trading partners need also to listen to local critiques of aspects of economic engagement with the West, especially the cynicism about spending on big-ticket defence imports.
- Cooperation on health care, education, affordable housing, resource sustainability and cultural

industries will have wider public appeal than defence, finance and energy, which create few local jobs.

- International businesses seeking a long-term presence in the Gulf need to find ways to obtain public buy-in by adding value to the local economy and skills base, and by employing locals as well as the expatriates who make up most of the workforce.

Reshape security cooperation.

- In partnering with Gulf countries against extremism, international allies need to broach sensitive issues such as sectarianism, religious intolerance and political repression.
- Western governments need to avoid being drawn in to assisting governments in uncovering 'crimes' that in their countries would be seen as rights – as evidenced in the lengthy prison sentences meted out to young bloggers for 'insulting' rulers.
- A fresh discourse on Gulf security should take account of the need for people to feel secure *vis-à-vis* their own governments, for instance by having the police held accountable by independent judiciaries, and ending lengthy detention without trial.
- It is essential that Western policy-makers listen to local public opinion, which is not always conveyed to them by the Gulf governments. Gulf populations want more weight to be given to protecting people in their region – especially Iraqis, Syrians and Palestinians – from state violence and refugeehood as well as terrorist groups.
- The Gulf countries need to be seen in perspective as an essential part of the Middle East region, but not representing its critical mass.



