

Exporting Wealth and Entrenching Alienation: A History of Productive Imbalance in the Gulf States

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This book was written by Bahraini scholar and academic Omar Hesham AlShehabi, a professor of Gulf studies at the Gulf University for Science and Technology in Kuwait. He has also published several studies in Arabic and English on demographic imbalance, foreign labor, and other economic issues in the GCC. With its ten chapters and conclusion, the book is a collection of studies in political economy, offering a wealth of information and in-depth analysis and discussing major issues, some of which are being addressed for the first time.

In its ten different chapters, the book attempts to trace the evolution of the forms of production that have grown and developed with the discovery of oil, the employment of its revenues, and the associated social and economic relations that were formed accordingly. Such changes were driven - or even shaped - by oil. The forced integration of the region's societies into the global economic system has pushed for a socio-economic and hence political formation that is unique in some respects. This new socio-political formation is isolated from its economic environment, which has many similarities with modern economies in some aspects.

Chapter 1, "Framing: Sustainability in Production Pattern", addresses the idea that the most important

commodity, and perhaps the only "productive" commodity in the GCC countries, is oil. Indeed, Gulf states account for 22% of the global oil production, representing more than 90% of the region's GDP. Oil and its exploitation have contributed to the formation of several phenomena that have in some instances extended to include societies and countries with social and political ties to these societies. The region has one of the highest population growth rates; its population, especially in small emirates, increased from hundreds of thousands in the early 1970s to more than 20 million by the end of the second decade of the 21st century, including migrant workers. This increase has led to unprecedented urbanization: Qatar transitioned from a few small towns overlooking the Gulf to several new cities not only inhabited by its citizens, but also by countless migrant workers whose investments (especially Europeans) were exclusively in the real estate sector. Moreover, oil abundance and its expanding markets have generated the highest purchasing power in the world among twelve countries, including Qatar in the top position as well as Bahrain and Oman.

Chapter 2, "Oil: Owning and Exporting the Environment", discusses the history of oil extraction in the world and the growth of its strategic importance

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in peace and war since World War I. The Gulf region only became part of oil companies' agenda in the early twentieth century, as their interest had previously focused on Iran and Iraq. However, the discovery of oil in Bahrain in the early 1930s caught their attention and did not disappoint. By the 1950s, all the Gulf emirates were on the radar of these companies and their Western governments. The relationship between oil companies and the Gulf states went through three phases: (1) Concession and exploration (1925-1950); (2) The hegemony of oil companies and formation of the Organization of the Petroleum Exporting Countries (OPEC) (1950-1970); (3) The nationalization and competition among producing countries and conflict with consumer countries (1970-1990).

Based on these phases, the writer considers that oil played three roles in the economies of the region's countries: (1) Oil was a source of use value in many of the region's economic and vital sectors; (2) The oil industries contributed to the formation of the Gulf's productive structure; (3) Oil is nearly the sole source of revenue of the region's countries from other countries.

Chapter 3, "Theoretical Framework of the Patterns of Production Growth in the Gulf Countries", presents the theoretical concepts of the book: production pattern, capital accumulation cycle, labor market, state, and funds. This chapter is important because it explains the writer's approaches to the issues addressed in the book. However, it would have been better placed after the introduction, since the explanatory framework for any research-related issue is usually found in the first part of the study, as it is the framework in which the analysis, and perhaps predictive process takes place.

Titled "Oil as Cash: Uses of Oil Revenues", Chapter 4 begins with an overview of the way Gulf countries deal with the huge revenues from selling oil commodities to foreign countries. "Regional countries' ways of dealing with these [oil] revenues are diverse and have evolved from being a matter for the emerging state to private income for the ruler or his family, or a matter for the state and society." This means that society has a right to these revenues, and awareness of this right has varied, from it being a shared right between the official institutions and society to it being a right whose volume and usage

is determined by the family." After discussing two examples in which he establishes where oil revenues are spent and how they are distributed, the writer details the areas of expenditure, which are dominated by current expenses in the form of salaries for public officials. This is in addition to other expenditure such as compensation for the state's acquisition of land belonging to citizens, or government support for certain goods and services, which has become, over time, a right claimed by citizens that the state cannot stop or rationalize in many countries of the region.

In Chapter 5, "Formation of the State: Emirates of Oil Modernity", the writer acknowledges that although the economy plays a significant role in the formation of the state, the production of the political class in the region was based on other non-economic factors: tribal aspects interweaving with ethnic and perhaps even economic aspects. This class is composed of the senior members of the ruling family, senior tribal elders, major business families, senior state officials, senior military and police officers, as well as some local newspaper and media figures. In addition, access to economic benefits by all sectors of society, albeit to varying degrees, makes all members of society active participants in the reproduction of the State and its dominant ideology. The author sums up how countries deal with oil revenues in three main areas: (1) The State is authorized to negotiate and deal with oil companies and revenue collection; (2) The State is responsible for the distribution of oil revenues both at home and abroad; (3) The State is responsible for receiving and investing revenues in education, health, security, the military, the judiciary, infrastructure, etc.

Chapter 6, "Capital and Technology: the Dialectic of Quantitative Growth and Diminished Productivity" revolves around the idea that government spending is the main driver of the domestic non-oil economy. It is recycled in other non-oil sectors whose activity rises or falls based on the volume and area of government spending. In other words, the rise, fall, growth or contraction of the private sector in the oil states depends on the volume of government spending. This expenditure comes specifically from oil revenues, and any change it experiences leads to a change in this sector and its activities. This chapter provides detailed data on companies, their ratings, proximity or distance to the state and government, their positions and market weight, as well as the size and scope of Gulf foreign investments and their financial returns.

Chapter 7, entitled “Man, between Commodities and Imports”, discusses the volume of foreign labor compared to the general population, which in some cases may exceed 90 percent (UAE and Qatar), or drops to 75 percent (Kuwait), 55 percent (Bahrain), 40 percent (Saudi Arabia), or 35 percent (Oman). However, the participation of foreign workers in the labor force is not less than 60 percent (Saudi Arabia) and may rise to 95 percent (Qatar).

Migration patterns in the GCC countries differ from those in Europe and the United States in that they do not include any restrictions. Rather, they may be the least restrictive countries in the world for residency and labor, but benefits and rights linked to citizenship and nationality remain restricted. Although migration and immigration to European countries are restricted, once immigrants cross the borders of these countries they are treated like citizens in terms of rights and duties, and are entitled to citizenship if they meet residency and labor requirements.

Chapter 8, entitled “History of Economic Relations in the Oil Era: Citizens, Capital and State”, attempts to examine the development of economic relations formed with oil and their effects on the emergence of the new merchant class and its relationship with the state, as well as their effects on the institution of government and state and their relationship with society. This chapter also discusses the basis of the distribution of benefits, which come in many forms, the most important of which may be wages (salaries) and valuation of land and tenders. This is in addition to other benefits granted to some or all citizens, such as the *kafala* [sponsorship] system, the sale of commercial records, and leasing a name as a partner in a business or investment project. The writer traces most of these developments from the previous oil stage until the present day.

Chapter 9, “Migration of Expatriates to the Gulf States”, deals with a traditional subject which has been the subject of many studies, but its content provides new data. The researcher traces the roots of the *kafala* system, which is believed to be of British origin: *Kafala* may originate in the “Council Decisions” implemented in 1867 in the Sultanate of Oman then extended to include all the Emirates of the region. These decisions evolved from restricting

sponsorship of British citizens specifically to the British authorities in the region to including all foreigners of different nationalities. The decisions continued to be implemented until the independence of Kuwait in 1961 and the rest of the Gulf emirates in 1970. Subsequently, the responsibility of sponsoring foreign labor was transferred to citizens who are directly involved, such as employers, companies, businessmen, families and possibly individuals. The *kafala* system has been greatly criticized by expats’ countries of origin, human rights organizations, and the global media. This has prompted some countries in the region over the past few years to amend the *kafala* system and give foreign workers the right to freedom of movement in the labor market, and possibly guarantee some of their rights to wages, housing and a healthy environment. Nonetheless, the system still exists in some countries of the region or some sectors, especially the construction sector.

The final chapter of this book discusses the issue of “Space and Real Estate: Cities of Oil Modernity”, based on the idea that oil and the use of its revenues created needs that did not exist in the pre-oil stage. The old ports are no longer able to accommodate incoming people and the technology they bring with them. Moreover, the old society’s infrastructure is no longer able to accommodate cohorts of foreign labor seeking work, housing and entertainment. Thus, oil has given importance to new trade routes and opened markets for types of goods that were unknown in our traditional markets. The need of foreign labor for housing and the displacement of citizens to work sites and new cities has given unprecedented value to the land, prompting these countries to develop laws and procedures governing the circulation of real estate within its borders and among its citizens, including in recent years foreign investors as well. The astronomical rise in real estate prices has led some countries in the region to open some sectors to foreign investment, specifically in Dubai and Bahrain.

In conclusion, the book offers a wealth of information and in-depth analysis. It is a new academic work well worth reading, and an essential book for students and researchers in the field of Gulf studies and the political economy of the region.