

THE MIDDLE EAST: OIL, POLITICS, AND DEVELOPMENT

Edited by John Duke Anthony



THE IMPACT OF OIL ON POLITICAL AND SOCIOECONOMIC CHANGE IN THE UNITED ARAB EMIRATES

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The decision of the British government to abrogate the long-standing treaties giving it defense and foreign affairs responsibilities for the seven U.A.E. sheikhdoms,¹ and the dismantling of British military establishments in the area, in effect marked the end of one era and the beginning of another. The sheikhdoms ceased to exist as "protected states" and became fully sovereign entities for the first time in modern history. Although the significance of the U.A.E.'s growing oil wealth is generally acknowledged, there are many aspects to the dynamics of change occurring in this important confederation that remain little known or seldom mentioned to the casual observer. This paper analyzes some of the characteristics of political and socioeconomic change at work in the United Arab Emirates and examines the major problems confronting it at this point in its development.

The decision to consider the U.A.E. states as a whole is not based solely on their common status as former British protected states or on their recent merger into a loose confederation. In addition to these factors, there are other common characteristics—geography, history, language, religion, political and socioeconomic systems—that permit the area to be analyzed as a regional unit. The dynamics of political and socioeconomic change among the U.A.E.'s member states are a constant process of interaction that can be viewed from three different perspectives: the clash between traditional and modernizing forces, the changing social and demographic structure of the indigenous and immigrant populations, and the shifting alliances between and among the rulers of the individual emirates.

Traditional and Modernizing Forces

Prior to the rise of Islam in the seventh century, there appears to have been little social cohesion in the U.A.E. area, as different conquerors and socioreligious systems rose and declined in turn. The spread of Islam, however, brought a cultural unity that was reinforced by the political hegemony of the Arab caliphates. This Islamic culture, Arabian in origin, absorbed Persian and Indian influences as it spread eastward, producing a sociopolitical identity in the region that still exists.

¹ Abu Dhabi, 'Ajman, Dubai, Fujayrah, Sharjah, Umm al-Qaywayn, and Ra's al-Khaymah. The first six federated in December 1971; Ra's al-Khaymah joined the union in February 1972.

Throughout the Middle Ages, numerous indigenous political entities emerged along the U.A.E. littoral, and the areas controlled by a particular sheikhdom tended to vary with the fortunes of its ruling family. Under the caliphal banner, however, the U.A.E. states remained free from non-Islamic control until their external affairs were subjected to European influence, first by the Portuguese in the sixteenth and seventeenth centuries, later by the Dutch, and most recently, in the nineteenth and twentieth centuries, by the British.

Beginning in 1820, the sheikhdoms entered into a series of special treaties with the British that granted the latter responsibility for their defense and foreign affairs. These treaties remained in effect until 1971, when they were replaced by a single treaty of friendship.² Throughout the long history of the special treaty relationship with the British, however, control over domestic affairs remained largely in the hands of the local rulers. By assuming a protective rather than a colonial role, the British in effect preserved the traditional sociopolitical organization in the sheikhdoms. This organization is characterized by a complicated and delicate balance of power among tribal dynasties whose relationships and historical enmities date back to at least the eighteenth century and whose pattern of rule has been essentially paternalistic and authoritarian.³

However, the British presence did have a significant impact on the areas of law and administration, as well as on the ordering of external affairs and on the relations between sheikhdoms. In the areas along the coast, where British political agents resided, modern administrative and legal procedures such as the establishment of municipal governments and the application of Western legal codes to foreigners were introduced and coexisted with local Islamic and tribal institutions. Another legacy of the lengthy British presence is the dependency of the U.A.E.'s oil industries, international commerce, defense, foreign relations, and even the systems of technical and higher education on the English language. At the local level, these and other British legacies have led to political and socioeconomic problems of considerable magnitude.

The attainment of independence by the sheikhdoms, while regarded by most of the rulers as an inevitable step in the history of the area, was neither sought nor universally welcomed. The more traditional rulers tended to be content with British protection, which insulated them from harsh political realities. The dependency syndrome of most of the rulers is still very much a political factor to be

² For the texts of the instruments of treaty termination and the treaty of friendship, see Great Britain, *Exchange of Notes Concerning the Termination of Special Treaty Relations between the United Kingdom of Great Britain and Northern Ireland and the Trucial States*, Treaty Series, no. 34 (1972), Cmnd. 4941, and *Treaty of Friendship between the United Kingdom of Great Britain and Northern Ireland and the United Arab Emirates*, Treaty Series, no. 35 (1972), Cmnd. 4937.

³ A detailed account of the political relationships within and among the various emirates may be found in my *Arab States of the Lower Gulf: People, Politics, Petroleum* (Washington, D.C.: The Middle East Institute, 1975).

reckoned with. In this respect, the newly sovereign sheikhdoms exhibit certain features unique to the postwar Arab world. For example, the political and military weakness of nearly all of them, and especially the economic weakness of those without oil, has actually increased the extent of the rulers' dependence on external assistance. In the case of the former protecting power, this has resulted in an interesting paradox: in the period both prior to and following the decision by the British government in 1968 to dismantle its military establishments in the region, the sheikhdoms have generally cooperated with Great Britain, not resisted it.

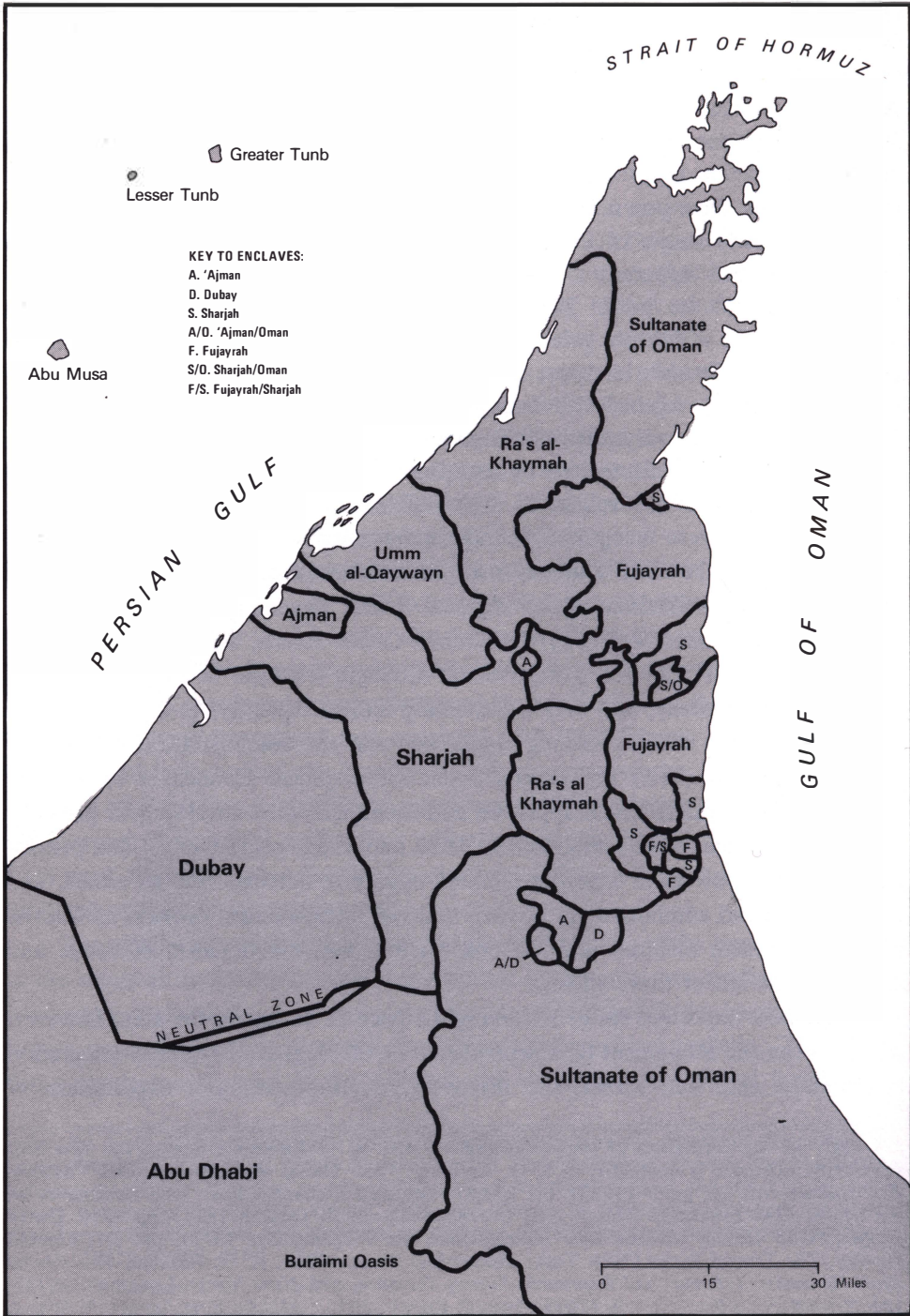
In the early stages of the negotiations that led to the establishment of the federation, it was apparent that if the rulers resisted anything it was the very idea of independence itself. The ruler of Abu Dhabi, who was concerned lest British troops be withdrawn prior to a settlement of Saudi Arabian claims to large portions of Abu Dhabi's territory, offered to meet the costs of retaining the British military presence. Against this background, many local observers seemed surprised when, subsequently, the individual tribal dynasts, far from being overthrown by revolutionaries or discredited by association with the British, as happened to their counterparts in the sultanates and sheikhdoms of the Federation of South Arabia in 1967, were recognized at independence as fully sovereign rulers.

Previous to the 1968 announcement, a number of attempts had been made to organize the sheikhdoms along regional lines. The most important regional institutions established were (1) the Trucial Oman Scouts, a local defense force organized in 1951; (2) the Trucial States Council, a forum in which the rulers gathered once annually, and only occasionally more frequently, to discuss matters of mutual concern such as driving regulations and the administration of regional health facilities; and (3) the Trucial States Development Council, a body comprising the seven rulers which approved and monitored area development projects. The last two bodies were established in 1953 and 1965, respectively. The present federation, the powers of which are limited mainly to defense, foreign affairs, and the financing and administration of such regional infrastructure projects as electric power and health facilities and the construction and maintenance of roads and schools, grew out of these efforts.⁴

The most important factor in forcing the pace of change in the area, however, has not been the attainment of independence or the degree of regional integration achieved to date but, rather, the discovery, development, and exploitation of

⁴ A study of the formation of the confederation and its performance during the first half year of its existence is contained in J. D. Anthony, "The Union of Arab Emirates," *Middle East Journal*, vol. 26, no. 3 (1972), pp. 271-87. See also Richard Johns, "The Emergence of the United Arab Emirates," *Middle East International*, no. 21 (March 1973), pp. 8-10; David Ledger, "Gulf Union," *Middle East International*, no. 9 (December 1971), pp. 6-7; Donald Hawley, *The Trucial States* (New York: Humanities Press, 1971); K. G. Fenelon, *The United Arab Emirates: A Social and Economic Survey* (London and New York: Longman, 1973); and "United Arab Emirates: A MEED Special Report, 1973," *Middle East Economic Digest*, 29 June 1973, pp. i-xxvii.

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increasingly large quantities of petroleum during the past decade.⁵ British attempts to speed the process of modernization in the local administrative system in Abu Dhabi, for example, date from the discovery of petroleum in that sheikhdom. Dubai and Sharjah were modernizing their public administrations prior to the discovery of oil, but the existence of oil revenues has helped considerably to accelerate this development.

The petroleum industry has for some time been the principal stimulant of economic growth in Abu Dhabi and is an increasingly important factor in the economies of Dubai, Ra's al-Khaymah, and Sharjah. Moreover, exploration activities and competition between foreign oil companies for concessions continue to be a prominent feature of economic life and, through concessionary payments, the single most important source of government revenue even in those sheikhdoms where oil has not been discovered. Yet, although petroleum wealth has affected all of the states in the area, the rapid growth of the three oil-producing sheikhdoms stands in marked contrast to the four nonproducers. Indeed, the disparities in natural resources and economic infrastructure between Abu Dhabi, Dubai, and Sharjah and the other four emirates could hardly be more pronounced. With populations ranging from an estimated high of about forty-five thousand to a low of seven thousand, the nonproducers are little more than "village states," their citizens eking out subsistence-level livings as fishermen, date cultivators, pearlers, and sailors. Until quite recently, the revenues of the rulers of these emirates were limited to local fees, annual rental payments from petroleum concessions, and a small income from sales of exotic postage stamps and commemorative coins. The total was barely adequate for the rulers to provide the most rudimentary of social services for their people.

Despite the increased sharing of the region's oil wealth among the poorer sheikhdoms through the confederation government and through ad hoc gifts from the ruler of Abu Dhabi, the contrasts in wealth continue to underscore the urgent hope of the have-not rulers of 'Ajman, Fujayrah, Ra's al-Khaymah, and Umm al-Qaywayn that it is only a matter of time until they, too, become oil producers. That these contrasts are the root of many political differences between the rulers is not surprising. It was a major factor, for example, in persuading Ra's al-Khaymah, which was led to believe that an oil discovery in its territory was imminent, to delay

⁵ Oil production began in Abu Dhabi in 1962, in Dubai in 1969, and in Sharjah in 1974. A brief but incisive account of the impact of petroleum on the people of the general area is given by Rageai El Mallakh in "Abu Dhabi: The Challenge of Affluence," *Middle East Journal*, vol. 24, no. 2 (1970), pp. 135-46. See also Edith Penrose, "Oil and State in Arabia," in *The Arabian Peninsula: Society and Politics* (Totowa, N.J.: Rowman and Littlefield, 1972), pp. 271-85; Hawley, pp. 209-25; and Frauke Heard-Bey, "The Gulf States and Oman in Transition," *Asian Affairs*, vol. 59 (1972), and "Development Anomalies in the Bedouin Oases of Al-Liwa," *Asian Affairs*, vol. 61, pt. 3 (1974), pp. 272-86. The last study is a classic account of the impact of petroleum and other modern developments on the life styles, values, and socioeconomic system of a traditional rural community in Abu Dhabi.

joining the U.A.E. until February 1972, three months after the six other sheikhdoms had federated.

The proximity between the oil-producing and non-oil-producing states brings the contrasts between affluence and squalor into increasingly sharp focus and continues to underline the need for greater economic cooperation. For instance, it undoubtedly heightens the sense of local self-esteem in Abu Dhabi when the generous ruler of that sheikhdom banks or invests surplus oil revenues abroad or gives away substantial amounts of cash to other countries. On the other hand, the periodic announcement of news of this sort has a quite different effect on the people living in the impoverished eastern territories of the U.A.E. In these areas, where it is unlikely that the annual per capita income exceeds \$100, there are many citizens who still live either at subsistence level or have little contact with a cash economy. Only since a U.A.E. budget came into being in 1972 has there been anywhere near the systematic extension of aid necessary for serious development planning in these areas.

Quite apart from the changes introduced into the economies of the U.A.E. states by the advent of oil, the traditional forms of livelihood—trading, seafaring, pearling, fishing, subsistence agriculture, and animal husbandry—have also undergone transformations in recent years. These activities continue to engage a large percentage of total U.A.E. manpower. Only pearling has failed to survive the changes of the mid-twentieth century intact. The depression of the 1930s—coincident with the development of the cultured pearl—and the impact of oil in Abu Dhabi and Dubai have all but ended this unique means of livelihood in those two sheikhdoms and seriously crippled it elsewhere in the area. By the mid-1970s, although divers from 'Ajman, Fujayrah, Ra's al-Khaymah, Sharjah, and Umm al-Qaywayn were still going to the pearling banks, pearling had long since ceased to be the mainstay of these sheikhdoms' economies.

In contrast to pearling, agriculture has changed far less. Indeed, in most of the areas where crops are grown, the methods of irrigation, the system of land ownership, and even the organization of agricultural labor have been altered comparatively little over the years. In the past two decades, however, there have been some notable efforts to modernize agriculture. From Ra's al-Khaymah, where an agricultural training center was inaugurated at Diq Daqqa as early as 1955, farmers export agricultural produce to Oman and to all the member states of the U.A.E. Rural development schemes have also been introduced in Sharjah, where self-sufficiency has been achieved in certain crops.

Agricultural development has received the greatest attention in Abu Dhabi, however, where the ruler has long been known for his emotional attachment to agriculture. In recent years, Abu Dhabi has pioneered in the field of hydroponic agriculture, particularly on Sadiyat Island, where an Arid Lands Research Project of the University of Arizona is underway, and also in the Buraymi Oasis area. Although the date has declined as a staple of local diet in Abu Dhabi, as well as

in the other sheikhdoms, it is significant that the date garden itself has retained much of its traditional preeminence as a prestige factor.

Fishing remains mostly a small-scale enterprise confined to local markets. However, there are some important exceptions which could have a significant impact on inter-sheikhdom relations. For one, shrimp fleets from other countries ply the U.A.E. and other gulf waters, freeze their catch on mother ships or in refrigeration plants in Kuwait, Qatar, and Bahrain, and deliver it throughout the world. Furthermore, the potential of fishing is widely discussed locally. There have been studies of the types and quantities of fish present in the area, particularly around the northernmost parts of the Musandam Peninsula, the Straits of Hormuz, and along the Batinah Coast on the Gulf of Oman in the eastern territories. The most important result of these studies has been the construction of an ice plant and the establishment of a fisheries project on the U.A.E's east coast at Khawr Fakkan in Sharjah. Other studies, however, have concluded that there are better fishing prospects off Umm al-Qaywayn and Ra's al-Khaymah. Competition to develop the area's fishing resources could bring on more territorial and jurisdictional disputes, as pearling and offshore petroleum rights have in the past.

The coastal settlements, including the capitals of nearly all the sheikhdoms, have long been commercial centers and they remain so today. With widening markets, better harbors, completion of the Middle East's largest drydocking facilities in Dubai, and the continuing concentration of large amounts of capital in the ports of all three of the oil-producing sheikhdoms, the area will be able to increase an already thriving import and re-export trade. Smuggling has long been a particularly important enterprise to the entrepôt sector of Dubai's economy, which excels in the clandestine shipment of gold, cigarettes, tea, perfume, and other items to Iran, Pakistan, and India. A more recent development has been the increasing tendency of Abu Dhabi and Sharjah to lessen their dependence upon Dubai in the trading field through port and airport improvement projects of their own. The wide fluctuations in the price of gold in the past few years have inevitably hurt the gold-smuggling trade, but the more than 130 sterling millionaires in Dubai active in the trade in the early 1970s have by no means gone out of business. The total value of all goods emanating from Dubai that were being smuggled into India in 1974 was reported by one source at between \$240 million and \$480 million annually.⁶

Thus, the earlier forms of economic activity have changed as pearling has all but vanished, agriculture and fishing are being modernized, and trading continues to expand and take new forms. The traditional sectors of the economies of the three oil-producing sheikhdoms are now completely overshadowed by petroleum production, the construction business, and the importation of capital equipment. Indeed, without petroleum and its ancillary industries, these states,

⁶ *The Guardian*, 19 September 1974, p. 1.

with the exception of Dubai, would be in desperate economic straits. Aside from oil and certain building materials, the area possesses few other natural resources which would attract industrial investors.

Some efforts are being made to industrialize, using the area's vast petroleum resources. Abu Dhabi, for example, has entered into a joint partnership with Japan to construct a gas liquefaction plant on Das Island (the center of the emirate's offshore oil operations), utilizing cheap natural gas that was previously flared. France, Great Britain, Italy, the United States, and other countries have also offered to help Abu Dhabi launch a petrochemicals industry and related enterprises.

The experience of Abu Dhabi in economic diversification to date, however, has indicated that local options are very few and, for the most part, unprofitable. In agriculture, for example, only limited rural areas are potentially cultivable. None of these areas amounts to more than 5 percent of total U.A.E. territory, and even this acreage must rely on water desalinization, which, in turn, is dependent on energy derived from oil or gas. Fishing, which may prove lucrative for some of the other sheikhdoms, has not taken hold either. Though fishing engaged a substantial number of Abu Dhabi's citizens a little more than a decade ago, there are very few fishermen left, and increasing numbers of their sons, having attended schools, prefer bureaucratic desk jobs and tend to scorn the pursuit. As a result, in labor-intensive industries, Abu Dhabi, much like Kuwait and Saudi Arabia, has been increasingly obliged to rely on an imported unskilled labor force; already the ratio is 75 percent foreign to 25 percent local. In capital-intensive industries, such as the gas liquefaction plant referred to above, a similar dependence on the khaki- or white-collared foreigner has developed.

In short, a cloud of pessimism hangs over the prospects for successful economic diversification in this largest, wealthiest, and militarily most powerful of the seven U.A.E. states. Why, some have asked, does the government not dismiss diversification as a valid possibility and simply invest its oil revenues as surplus and live off the dividends? It is in part acknowledgment of the persuasiveness of this argument that the regime has begun to invest an increasing amount of its surplus in securities in Europe, the United States, and Great Britain. Thus far, however, the percentage of the surplus invested in this fashion has been relatively limited; far greater amounts overall have gone into developing the emirate's infrastructure, aid to other Arab states (especially Syria, Algeria, Egypt, the Sudan, and the Yemen Arab Republic), the U.A.E. budget (to which Abu Dhabi annually contributes more than 90 percent of the total), and foreign banks. As in Kuwait, more than a few advisers to the ruler have warned of the profound psychological and cultural impact on the citizenry's attitudes and values regarding work should earnings from foreign investments become in the long run the predominant feature of the emirate's economic system.

In effect, neither Abu Dhabi nor either of the other two oil-producing sheikhdoms in the U.A.E. have come to grips yet with the implications of the

Table 1
TERRITORY, POPULATION, AND RULING SHEIKHS
OF THE UNITED ARAB EMIRATES

Emirate	Territory in Estimated Square Miles	Population		Ruler and Year of Accession
		1968 census	1974 estimates	
Abu Dhabi	26,000	46,500	95,000	Zayd ibn Sultan Al Nuhayyan (1966)
Dubay	1,500	59,000	100,000	Rashid ibn Sa'id Al Maktum (1958)
Sharjah	1,000	31,500	55,000	Sultan ibn Muhammad Al Qasimi (1972)
Ra's al-Khaymah	650	24,500	45,000	Saqr ibn Muhammad Al Qasimi (1948)
Fujayrah	100	9,700	15,000	Hamad ibn Muhammad Al Sharqi (1974)
'Ajman	100	4,200	8,000	Rashid ibn Humayd Al Nu'aymi (1928)
Umm al-Qaywayn	300	3,800	7,000	Ahmad ibn Rashid Al Mu'alla (1929)

Source: Adapted from "Mawladu Dawlah (Birth of a State)," *al-'Arabi* (Kuwait), no. 160 (March 1972), p. 126, and *The Middle East and North Africa, 1974-75* (London: Europa Publications, 1974).

oil situation any more satisfactorily than the industrialized, oil-importing countries. If in the 1970s the latter appear to be floundering, then for different reasons so do some of the oil-exporting states such as Abu Dhabi, pursuing simultaneously policies of diversification at home, investment abroad, federal aid, and regional aid and hoping that somewhere along the way either one or a combination of these approaches may prove successful. How Abu Dhabi and the other U.A.E. oil states will ultimately cope with a situation for which conventional economic wisdom at present has no answer will warrant much close attention and study in the years ahead. In the meantime, however, while the search for additional sources of oil and the exploitation of existing oil fields proceeds apace, and in the process transforms the U.A.E.'s traditional economies even further, the petroleum industry will continue to have a profound impact on the sheikhdoms' social and demographic structures. Indeed, it is in the interaction between the confederation's native and foreign communities and among different elements within these two groups that one may observe what is perhaps the most visible indication of the role of oil in U.A.E. society.

Interaction between the Indigenous and Immigrant Populations

The estimated population of the U.A.E. area is three hundred thousand, split fairly evenly among Arabs and non-Arab immigrants—mainly Iranians, Indians, and Pakistanis. Most of the population, and nearly all the non-Arabs, live in coastal towns; the non-Arabs are concentrated mainly in Abu Dhabi, Dubai, and Sharjah. The population of 'Ajman, Dubai, and Umm al-Qaywayn is almost entirely settled, as are from 85 to 95 percent of the inhabitants of the other states. The remaining 5 to 15 percent are Bedouin Arab nomads.

The Indigenous Populations. The indigenous populations of the U.A.E. lead extremely varied lives, depending on where they live—on the coast or in the interior—and the extent to which they have been exposed to the effects of oil. The coastal peoples, particularly from 'Ajman, Dubai, and Ra's al-Khaymah, are traditionally seafarers, many of them ranging from U.A.E. waters as far as the Indian subcontinent. In the interior of most of the sheikhdoms, a high percentage of the inhabitants are illiterate and unskilled. The population in these areas is composed chiefly of herdsmen and oasis farmers who, in general, subscribe to the same Islamic belief system, speak the same Arabic dialect, and share the same cultural heritage. Historically, the hinterland has supported only a few semi-nomadic tribes. The people have raised camels and produced dates and vegetables on a small scale to trade with the coastal populations, which, in turn, engaged in foreign commerce, boat-building, pearling, fishing, and smuggling.

In the oil-producing sheikhdoms, the life styles and aspirations of the coastal peoples have undergone revolutionary changes. These states have a growing number of modern welfare institutions and some of the highest per capita incomes in the world. In the emirates that have not yet become oil producers, the living patterns of the coastal and interior populations have changed much less. Increasing numbers of both groups, however, are gravitating toward the capitals of the producing states, where the livelihoods and cultural backgrounds of the people are considerably more diverse and the general levels of skills and education more advanced.

The Bedouins. As noted above, the nomads and their settled kinsmen living in oases account for only from 5 to 15 percent of the populations of four of the U.A.E. states and are scarcely found in some of the sheikhdoms. Moreover, they have been moving to the towns in increasing numbers. Living in tents and flimsy palm-frond dwellings (*barastis*) in the shantytowns that surround the centers of economic and administrative power, neither the settled nor the nomadic Bedouins have yet been completely assimilated into the existing state systems.

To this day, the most basic loyalty of many Bedouins, next to that felt for their immediate family, is for their tribal chieftains, although most of them also recognize, and indeed are important pillars of support for, the ruling sheikhs.

For instance, in many of the sheikhdoms, Arabs of Bedouin stock constitute the majority in the police and military forces—the two most important instruments of government control in every emirate. Although they possess full civil rights and hence, in theory, enjoy a higher status than the immigrant populations, many Bedouins are discriminated against by the more sophisticated town Arabs and the skilled immigrants who consider them ignorant rustics.

Even though both the nomadic and the settled Bedouins are not yet fully incorporated into the prevailing state systems, their traditional tribal loyalties are gradually weakening. Several rulers among the oil-producing sheikhdoms are endeavoring to win them over by granting them generous subsidies, providing housing for them (and also for other low-income groups), and recruiting them into the military and security forces. One of the reasons for the official pampering of this social group is that the rulers, themselves of Bedouin origin, wish to emphasize the “Arabness” of their states. Moreover, in the face of growing numbers of non-Arab immigrants, they like to point to the Bedouins as the embodiment of Arab purity. By ensuring loyalties through the liberal distribution of oil monies to the Bedouins, the sheikhs have in fact added an important support for their regimes—most visible in the form of palace guards, policemen and soldiers.

A parallel politicization appears to be underway among the Bedouins themselves, particularly in the poorer sheikhdoms. There, younger Bedouins have been recognized as good dissident material by such revolutionary groups as the Popular Front for the Liberation of Oman and the Arab Gulf (PFLOAG) and the Ba’th Party. The concept of an oppressed proletariat or “Bedouintariat” among some groups of revolutionaries in the area has been adapted largely from Maoist principles. According to this view, the oppressed worker in the U.A.E. and in nearby areas is not a petroleum or any other industrial worker—an individual who, like his counterparts elsewhere in the Third World, occupies a relatively privileged status vis-à-vis other segments of the population—but, rather, the worker in traditional occupations such as the fisherman, the shepherd, and the date cultivator and, within the latter two groups, women in particular. Although most of the militants are middle class, it is significant that many of them are the sons of Bedouins.

The middle and laboring classes. The middle to laboring classes constitute a group that is affluent relative to the rest of society and consciously distinguishes itself from other segments. At the upper end of the scale are the petite bourgeoisie, the growing numbers of bureaucrats and small employers in government and business, and the skilled laborers. Many of this group possess cars, refrigerators, and air-conditioned houses—material objects which were beyond the reach of most of their fathers. The local semiskilled and unskilled labor force is much less affluent, but in the oil-producing sheikhdoms even the lowest paid unskilled indigenous worker is very well off by Middle Eastern standards. He may earn from

\$5 to \$6 a day. As a group, both the white-collar professionals and the rank-and-file members of the local labor force are concerned about their social and economic status vis-à-vis other segments of the population, especially the skilled and semiskilled immigrants.

The position of the merchants has also been transformed substantially in recent years. In the past, merchants and the ruling families formed a kind of partnership to run the emirates' economic systems, if not their political systems. In all the sheikhdoms until quite recently, the two groups were relatively equal in terms of wealth, with the merchants' income coming from profits in the entrepôt and import-export trade and the rulers' revenue being derived primarily from customs fees and, in some of the sheikhdoms, from the sale of commemorative coins and exotic postage stamps. However, the discovery of petroleum in Abu Dhabi, Dubai, and Sharjah and the sizable oil revenues which have resulted have changed not only the structure of the local economies but the role of the merchant class within them.

Although it is too early to predict the ultimate impact of petroleum on the traditional division of wealth and economic influence between the rulers and the merchants, it seems likely that the gap between the two groups will widen. The oil revenues accrue not to the merchants but to the rulers, and as the revenues grow increasingly large, the rulers will have the economic as well as the political power to rule without having to seek the consensus of this class. Moreover, until recently there was little distinction made in most of the sheikhdoms between a ruler's personal funds and those of his emirate, giving the rulers, in comparison with all other social classes, tremendous economic power indeed.

The intelligentsia. The intelligentsia, the third distinct indigenous group, is mainly upper and middle class in its social origins. It consists of the traditional scholars of Islamic law, who are the judges in the religious courts; a fairly large segment of the more securely established mercantile families; an expanding assemblage of native bureaucrats; the older student population; and the small but increasing number of university graduates, particularly from Abu Dhabi, Dubai, and Sharjah, who have returned to the sheikhdoms after training elsewhere. These persons are among the most socially sophisticated and politically articulate of the local inhabitants. Many have voiced their dissatisfaction with the continuation of the traditional system of hereditary rule that restricts meaningful political participation in most of the sheikhdoms to the ruling families. This dissatisfaction is not yet a problem in Abu Dhabi, which has fewer than a dozen university graduates, nearly all of whom form part of the governing elite. However, in Sharjah the problem of assimilating the growing numbers of educated youth is more pressing. Sharjah, which was among the more developed of the U.A.E. sheikhdoms long before its discovery of oil in 1973, has a larger percentage of university graduates than any of the other U.A.E. states. The tradition of sending students abroad to further their

education dates mainly from the period when Sharjah was the headquarters of the British presence in the Trucial States.

The system and the quality of local education have advanced considerably beyond the traditional Qur'anic schools, which, as recently as two decades ago, were the principal institutions promoting literacy among the population. Among the U.A.E.'s estimated 150,000 indigenous inhabitants, more than 40,000 pupils were attending school in the mid-1970s. The number of educated citizens is expected to grow substantially during the next generation, as a result of a federal law of July 1972 requiring mandatory school enrollment for all children over six years of age. School uniforms, books, supplies, transportation, and meals are paid for by the federal government. Families in need of economic assistance are granted liberal state subsidies as an added incentive for them to enroll their children in school and to encourage the students already enrolled to remain in school until graduation.

The Immigrant Population: A Political and Socioeconomic Portrait. The immigrant communities in the U.A.E., drawn by the phenomenal increase in the wealth of the area, are of great importance because of their numbers, their widely divergent cultural backgrounds, and the nature of their occupations and privileges. An understanding of their political and socioeconomic position is essential to any analysis of the dynamics of change in the region, particularly since they outnumber the indigenous inhabitants of several important sheikhdoms.

Both skilled and unskilled foreigners fill a wide variety of needs in the economies of the U.A.E. states. At one end of the social spectrum, there is a large contingent of white-collar workers—Palestinians, Lebanese, Egyptians, Iraqis, Iranians, Pakistanis, and Indians—with jobs ranging from top government advisers to skilled and semiskilled workers such as clerks, engineers, foremen, storekeepers, technicians, personnel supervisors, and accountants. This class lives well in comparison with the majority of the local population. At the other end of the scale are the growing numbers of unskilled foreign laborers. This class is composed principally of Arabs from Yemen and Oman and of non-Arabs from India, southern Iran, Baluchistan, Sind, and the North-West Frontier Province of Pakistan.

In every sheikhdom, the unskilled foreign laborer rather than the local Bedouin, peasant, or poor urban dweller is at the bottom of the social scale. Pakistanis, Iranians, Baluchis from both Iran and Pakistan, Keralans from India, Pathans from Pakistan and Afghanistan, and Arabs from the Yemen and Oman work as domestic servants, port laborers, cement mixers, porters, messengers, street sweepers, and guards and maintenance men in office buildings. In the mid-1970s, for an average salary of \$2.50–\$3.00 a day many of them performed the most physically arduous tasks in the U.A.E. The only major exception to the prevailing pattern of foreign manual labor is the oil industry, which generally has provided many jobs for local Arabs of Bedouin origin.

The energy and expertise that many of the immigrants bring to their jobs is remarkable. The extreme shortage of industrial skills among the local population has enabled the foreign laborers to play an important role in the economic development of the region, and the promise of better wages and job opportunities continues to draw a steady supply of immigrant labor. While the U.A.E. Ministries of Education and Labor and the several technical and vocational schools in the area are making conscientious efforts to meet the shortage of semiskilled and skilled indigenous labor, most employers and government officials believe the member states will remain dependent upon the skills and energies of a foreign labor force for some time to come. Reinforcing this belief is the increasing financial capacity of the three oil-producing states to hire foreigners to perform whatever manual, casual, or otherwise socially repugnant labor is required in their societies.

Foreign experts and skilled technicians are well paid since their services are in great demand. Together with the newly educated and recently urbanized local citizens, they are part of the growing middle class referred to earlier. Further down the scale, however, there is discrimination against immigrant labor, especially in jobs for which immigrants and locals are competing. For example, in the oil emirates, the lowest salary for local workers, as noted above, often averages between \$5.00 and \$6.00 a day; the foreign-born unskilled worker, by contrast, typically averages between \$2.50 and \$3.00 a day.

Compounding the disparities in earning power are the high costs of living and lack of adequate housing in the principal centers of immigration—Abu Dhabi, Dubai, and Sharjah. There are still more huts than houses throughout the U.A.E. Foreign-born workers often live ten to a room, and in some instances I have found as many as fifteen to twenty sharing an apartment and existing on substandard diets.

The immigrant workers at the lower end of the wage scale, like their counterparts all over the world, often are motivated to live under such conditions by their desire to save the maximum amount to send to their families back home. At least this appears to be the case with the majority of the immigrant labor force in the oil-producing sheikhdoms. In contrast to the rest of the population, these workers—and they form the single largest socioeconomic group in Abu Dhabi, Dubai, and Sharjah—have no political rights, or, for the most part, anything in the way of housing, educational, pension, job protection, or medical insurance benefits. Most immigrants employed in the U.A.E. maintain as low a social profile as possible and are politically quiescent—silent testimonials to the widespread belief that political activism by a working class foreigner can easily lead to expulsion.

Immigrant Arabs. As noted earlier, in addition to the numerous non-Arab members of the U.A.E. labor forces, there are several groups of immigrant Arabs. One of the largest of these groups is the Palestinians, most of whom are employed as technicians and white-collar workers. Despite the support of the U.A.E. government and the governments of the individual sheikhdoms for the Palestinian cause,

the Palestinians themselves are not among the most popular immigrant groups. They are especially resented by employers and bureaucrats for their supposedly contemptuous attitudes toward the relatively limited level of educational and social advancement achieved by the indigenous inhabitants. In addition, some of them are suspected by the ruling elites of involvement in radical political movements. Contrary to their image in some quarters as revolutionaries, however, most Palestinians in the U.A.E. care little about local politics. Rather, they are primarily concerned with insuring their economic futures by holding onto their jobs and by saving as much as possible. Nonetheless, most Palestinians are unable to buy land or become citizens in the sheikhdoms where they work, despite often having been residents there for more than two decades, which is frequently a source of deep frustration.

The Palestinians are further distinguished from other groups by not having a country to which they can look forward to returning. Nor, in the interim, is it likely that they will be able to participate in any public scheme of social security apart from the welfare programs of the United Nations Relief and Works Agency (UNRWA), from which they can benefit only by moving into one of the UNRWA refugee camps in the Fertile Crescent countries—not a very realistic or humane solution to their plight. In the absence of any viable alternative in the foreseeable future, however, this option may become an inevitable prospect for some Palestinians once they reach retirement age.

The Arabs from the Fertile Crescent countries and Egypt, like the Palestinians, almost without exception are employed in skilled jobs. The Jordanians, who in general enjoy a greater measure of respect and political trust than any other Arab immigrant group, are found in the security forces of both Abu Dhabi and Dubai and as legal advisers throughout the area. In the latter field, they often work alongside Sudanese Arabs, a much smaller group regarded as particularly efficient in municipal affairs in Abu Dhabi, Dubai, and Sharjah.

The Egyptians are primarily engaged in civil service jobs as administrative assistants in government ministries and as teachers. Egyptian nationals have made especially important contributions to U.A.E. development in the realm of technical and educational assistance in Abu Dhabi, Dubai, Ra's al-Khaymah, and Sharjah. In general, however, many of them are not very popular locally, a problem their compatriots have encountered elsewhere in the Arab world (for example, in Yemen, Libya, and Algeria). Lebanon and Syria, like Egypt, Jordan and, to a lesser extent, Iraq, have provided doctors, lawyers, nurses, teachers, construction superintendents, and administrators.

Unlike the Arabs from Egypt and the Fertile Crescent countries, the Yemenis and Omanis traditionally have been engaged in semiskilled and unskilled jobs. Exceptions among the Yemenis are those formerly employed in India as soldiers by the Nizam of Hyderabad. Following the dissolution of that state in 1948, many went to the sheikhdoms and were among the first recruits of the Trucial Oman

Scouts (the predecessor of the U.A.E. Defense Force) when that body was established in 1951. The Omanis probably form the largest group of non-indigenous Arabs in the U.A.E. Although a number from Dhufar enlisted years ago in the Trucial Oman Scouts and, later, joined the Abu Dhabi Defense Force, most are unskilled, working mainly as gardeners and domestic servants and in the oilfields of Abu Dhabi.

Although the immigrant Arab and non-Arab working class strata among the above groups exist almost completely outside the local political and social systems, they are of crucial importance to U.A.E. economic growth. As one U.A.E. official responsible for development planning stated to me,

Were the Egyptians to be removed, many of the school systems would have to close; were the Palestinians to be forced to leave, the media would cease to function; were the British, Jordanian, Pakistani, and Baluch soldiers to be expelled, the defense and internal security network would collapse; were the Iranians, Baluchis, and Pathans who make up the bulk of the labor force to be sent back to their homelands, progress on such vital development projects underway as the building of roads, ports, irrigation schemes, housing projects, schools, and medical clinics would all come to an abrupt halt.

It is significant that, although much attention has been centered on the U.A.E. in the past few years, very little has been written about the numerous and far-reaching social changes underway among the indigenous and immigrant populations just discussed. Most of the literature has focused instead on political questions, and the greatest concern has been the U.A.E.'s growing impact, together with that of the major oil-producing states, on world industrial and financial affairs. The international posture of the U.A.E. has been stressed, but studies to date of the political transformation occurring within and between the sheikhdoms themselves have been very limited.⁷ This is a particularly serious lack in light of the impact that internal pressures for political change have on external relations in the Gulf.

Continuity and Change in Inter-Sheikhdom Relations

The relationships between and among the seven U.A.E. states, especially at the political level, are at times exceedingly complicated. The outsider seeking insight into the dynamics of political interaction can hope to succeed only if he comes armed with a feeling for the region's pre-petroleum past. Historically, such "interaction" among the U.A.E. states has been a complex mixture of economic and political rivalries, underlaid by dynastic and territorial conflicts with distinct tribal overtones. With the arrival of the British, these conflicts subsided but did

⁷ For an account of the literature treating the U.A.E. and nearby states, see J. D. Anthony, *The States of the Arabian Peninsula and Gulf Littoral: A Selected and Annotated Bibliography* (Washington, D.C.: The Middle East Institute, 1973).

not disappear, and to this day they have remained determinative factors in the politics of the area.

Prior to the discovery of petroleum, the tribes of the region struggled with each other almost constantly over such issues as control of maritime and overland trade, fishing and pearling rights, access to grazing lands for their flocks, and control over strategic water holes. Simultaneously, there were innumerable struggles within and among the ruling families over questions of territory, commercial pre-eminence, and dynastic leadership. Although the discovery of oil, and the subsequent realization that millions of dollars were involved, did not completely supersede these traditional forms of rivalry, it did add a radically different dimension to them. The disputes among sheikhdoms took on increased significance not only inside the U.A.E. area but in the eyes of the outside world.⁸

A major component of the dynamics of the region remains the interplay between traditional territorial and dynastic rivalries. Many of the more important territorial struggles are still outstanding. In several instances, their lack of resolution has caused the relationships of the parties with outside powers, some of whom seek petroleum concessions or fishing rights, to become exceedingly complicated. Among the disputed areas are the following: for Sharjah, Umm al-Qaywayn, and Iran, the offshore waters in which petroleum has been discovered near Abu Musa Island; for 'Ajman, Sharjah, and Iran, the outer limits of 'Ajman's offshore waters; for Sharjah and Oman, their common frontier in one of Sharjah's eastern enclaves; for Ra's al-Khaymah and Iran, the islands of Greater and Lesser Tunbs near the Straits of Hormuz, which command the entrance to the gulf; and for Sharjah and Fujayrah, their respective land boundaries. The last dispute erupted again during the spring of 1972 and resulted in the death of some two dozen Sharjan and Fujayran tribesmen and the permanent stationing of a U.A.E. Defense Force battalion in the area. In addition, there are many other territorial disputes that are less well known but have the potential to become prominent issues.

Petroleum discoveries have been primarily responsible for the shift in focus of territorial disputes. Whereas formerly the source of contention usually was the rights of land and water usage in and between states with sizable Bedouin populations, nowadays, as the above list indicates, it is more often questions of sovereignty over strategic islands and border areas, both onshore and offshore. Although the British were responsible for more than a century for the external affairs of the sheikhdoms, they made no serious attempt to reconcile the numerous conflicting territorial claims until the 1950s. The principal factor inducing them to do so at that time was oil; the boundary disputes were seriously impeding the

⁸ In this section I have drawn freely from my "The Arabian/Persian Gulf in Regional and International Affairs: The Arab Side of the Gulf," in *New Perspectives on the Persian Gulf*, Hearings of the Subcommittee on the Near East of the Foreign Affairs Committee, U.S. House of Representatives (Washington, D.C.: U.S. Government Printing Office, 1974), and *The Arab Shaykhdoms*, cited in n. 3.

granting of oil concessions and the commencement of drilling operations in the area. A final resolution was proposed for more than half of the several dozen claims then in dispute, and most of the proposals were accepted by the parties involved. Despite this progress, however, a dozen or more conflicting claims concerning land and sea boundaries remain. Furthermore, the offshore boundaries between most of the U.A.E. states and Iran have yet to be demarcated.

The seven U.A.E. rulers, who constitute the membership of the Supreme Council (the confederation's highest decision-making authority), relate to one another primarily in geographical and personal terms. Each ruler perceives his counterparts in the other emirates through a prism colored by numerous factors. These include geographical location, trade ties, kinship links, historical fears and animosities, irredentist sentiments, and the nature and effect of the other rulers' wealth. Other factors in one ruler's assessment of another include recent instances of conflict or cooperation at the ruling family or tribal level and the extent to which the ambitions of the ruler in question make him a potential friend or foe. The presence and interplay of these factors determine the nature of the alliances and common fronts that the sheikhs form with one another and with other rulers.

Given the background of family and tribal feuding characteristic of the area as a whole, a federal culture or sense of common national identity has been slow to emerge among the rulers. Plagued collectively by a legacy of rivalries, few of the rulers have had good relations with their neighbors in the past. Characteristically, owing to their conflicting territorial claims, they have had poor relations with their immediate neighbors and good relations with the rulers just beyond. This leapfrog pattern of good and bad relations has resulted in a sense of mutual animosity permeating both sides of nearly every frontier within the U.A.E. down to the present day. In terms of intraregional political alignments, this pattern has tended to put Abu Dhabi, Sharjah, Umm al-Qaywayn, and Fujayrah in one group and Dubai, 'Ajman, and Ra's al-Khaymah in another. In recent years Qatar and Oman have had better relations with the Dubai group, and Bahrain has tended to look with greater favor on the Abu Dhabi group, thus extending the leapfrog pattern the entire length of the Lower Gulf.

Although it is difficult to generalize about relationships between the leaders of these two groups within the U.A.E., it is well known that they have little in common temperamentally and are historic archrivals. On the other hand, despite their differences in personality and outlook and the long history of territorial and dynastic rivalry between their emirates, Shaykh Zayd, the ruler of Abu Dhabi, and Shaykh Rashid, the ruler of Dubai, have at times cooperated closely on matters of mutual interest. For example, during the negotiations to establish the confederation, they jointly rejected the demands of Ra's al-Khaymah for a distribution of power within the U.A.E. that would give Ra's al-Khaymah a greater voice. They also acted in close concert in dispatching the U.A.E. Defense Force to crush the attempted coup in Sharjah in January 1972.

By and large, four of the other five rulers will admit that there is no viable alternative to their continued subordinate status to Abu Dhabi or Dubai in the absence of oil income on which to build an independent political as well as economic base. The exception is Sharjah, which began shipping its first oil exports in 1974. The rulers of the four poor emirates have lived for the past generation with the hope, if not the expectation, of imminent oil discoveries in their own sheikhdoms. Although the search for petroleum in these emirates continues, the four have-nots remain dependent on external sources, and particularly on Shaykh Zayd, for financial assistance to meet the costs of daily government operations and economic development.

Despite restiveness at their financial and political dependence on Abu Dhabi and Dubai, the four non-oil-producers are generally more than willing to take advantage of the richer states' offers of assistance.⁹ Abu Dhabi has been especially forthcoming in meeting the financial needs and desires of the less favored emirates. The ruler of Umm al-Qaywayn is probably the most financially dependent on Abu Dhabi, followed by the rulers of Fujayrah and 'Ajman. Shaykh Saqr of Ra's al-Khaymah has also accepted aid from Abu Dhabi, although he is considered to be closer politically to Dubai. However, since Ra's al-Khaymah is blessed with a modest amount of agricultural and fishing resources, Shaykh Saqr strives to be as independent as possible of everyone, including Shaykh Rashid of Dubai.

The future viability of the U.A.E. hinges on many factors, but of continued importance will be the manner in which the federal government relates to various local issues. Quite apart from such issues as the sharing of oil revenues and the likely nature and direction of subsequent political and socioeconomic change are those that influence government decision-makers' perceptions of the region immediately beyond the U.A.E. In the recent history of U.A.E. society, the two most important issues that have appealed to the indigenous population as a whole have been Arabism and Islam. Both issues serve as prisms through which many U.A.E. citizens and government officials look out on the world around them. In times of crisis or alarm, these issues are very effective unifying forces against those whose actions are perceived to be hostile, such as Israel and, on certain questions, Iran.

As evidence of their solidarity with other Arab and Islamic states against Israel, one need only note the U.A.E.'s decision during the October War to deny oil to countries that supported Israel's policies against the Arabs. The degree of animosity which local citizens feel toward Iran can at times be just as intense as that directed against Israel, and for some of the same reasons: in the eyes of U.A.E. citizens both countries are guilty of having violated the territorial integrity of "the Arab fatherland."

⁹ In fairness, it should be mentioned that Dubayan aid to the other sheikhdoms is mainly political, not financial. Moreover, Dubai has itself been a willing recipient of Abu Dhabi aid on occasion. When Dubai failed to pay its share of the U.A.E. budget in 1972, the bill was paid by Abu Dhabi.

The grievances of individual rulers may also act as agents of change. The leader who exerts the strongest pressure for political change is clearly Shaykh Saqr of Ra's al-Khaymah, followed by the rulers of the three poorest sheikhdoms—'Ajman, Fujayrah, and Umm al-Qaywayn. Considerable support exists both locally and regionally for the demands of the last three rulers for a larger slice of the U.A.E. economic pie for their emirates, but support for Shaykh Saqr's position has thus far been limited mainly to Ra's al-Khaymah. The inner core of the U.A.E. elite, which consists of Shaykh Zayd in Abu Dhabi and Shaykh Rashid of Dubai, apparently accepts the demands for change initiated by the rulers of the three poorest sheikhdoms and is taking the necessary steps to accommodate their needs through more liberal doses of development aid.

The above examples of the manner in which the sheikhdoms interact with each other illustrate the uneasy equilibrium that characterizes U.A.E. politics. The forces of territorial and dynastic rivalries, of patron-client relationships between rich sheikhdoms and poor sheikhdoms, and of shifting alliances among the rulers contribute to the regional and international uniqueness of the U.A.E. For some time to come they will most probably remain the essential determinants of how its member states relate to one another politically.

In conclusion, the U.A.E., notwithstanding its numerous political, social, and economic problems and the specific weaknesses of some of its members, is in general fairly stable and has a good chance for continued survival. This can be accounted for partly by the relatively favorable external environment—the skyrocketing of petroleum revenues since 1973 and the fact that none of the emirates or the U.A.E. itself faces any serious outside threat—and partly by the lack of a sizable and well-organized domestic opposition. Moreover, although there are continuing resentments and mutual jealousies and suspicions among the oil haves and have-nots alike, the ruling sheikhs appear to have realized that a stable and economically prosperous U.A.E. is to their advantage. Finally, in addition to these factors, the rulers share a common interest in preserving the political status quo within their respective sheikhdoms, in improving the social and economic well-being of the local citizenry, and in preventing the intrusion of radical movements into the area. These concerns help them surmount their differences and also explain why this particular experiment in Arab regional integration among three oil-producing states and four non-oil-producing states has fared so much better than most observers would have predicted.