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Conclusion

In the centuries preceding the oil era the economy of the lower Gulf had entered into a distinct period of international peripheralization due to its heavy reliance on both the export of primary products to distant markets and the steady influx of foreign labor from South Asia and East Africa. Crucially, however, this early period saw the emergence a small but powerful merchant/entrepreneurial class capable of not only fostering a capitalist mode of production in the pearling industry and financing a wide range of local socioeconomic development projects but also of operating within an extremely flexible and decentralized political system, which combined surprisingly efficient nascent extractive institutions with open consultation and direct access to the coastal towns' relatively humble ruling shaikhs.

From the beginning of the nineteenth century the region's increasing contact with the core economy and imperial power of Britain had the effect of gradually removing many of these inherited structures and displacing indigenous economic networks while permanently, and in many ways unnaturally, reinforcing those select traditions that were deemed useful in transforming the native rulers into a British client elite. By the 1920s, this dependency of the elites on Britain deepened much further as the rulers began to receive an unprecedented level of personal economic benefits in exchange for facilitating British oil exploration and granting British air landing rights. Essentially these incomes represented considerable non-earned economic rent many years before the first significant oil exports. Able to discontinue almost all extraction and switch to a distributive system, the rulers managed to placate large sections of their populations and thereby modify the historical ruler-merchant balance of power. Exploitation of the new wealth therefore provided the shaikhs with their first real political autonomy from nonruling elites, and although there were attempts to reinvigorate indigenous development and redirect the rentier wealth (most

notably the reform movement of the Dubai merchants), these were easily contained by a campaign of indirect imperial coercion and misinformation.

British retrenchment in the late 1960s necessitated the withdrawal of almost all personnel from the region, but the empire's former clients and future oil partners were far from abandoned. Indeed, in close collaboration with the rulers, Britain's remaining administrators embarked on an extraordinarily rapid program of local institution building and federal negotiations in an effort to provide the lower Gulf with some degree of security from both external interference and the very real threat of internal fragmentation in a postimperial age. The resulting United Arab Emirates was proclaimed in 1971 and soon proved to be an extremely astute compromise agreement. By combining a carefully limited number of new central institutions alongside historically proven local systems the newly independent state was able to avoid any significant break from the past and to provide just enough inter-emirate cooperation to ensure successful political union during a tumultuous period of fantastic wealth, regional power vacuums, military realignments, and competing ideologies.

The continuing survival of the UAE's traditional monarchies and the existence of a complex and dynamic "ruling bargain" has thus far allowed the shaikhs to carefully circumvent the old "king's dilemma" of assimilating new groups alongside old. Specifically, personal and patrimonial-clientalist resources have remained key components of the legitimacy formula even during an era of unprecedented modernization and population explosion. Shoring up this network of privileges, loyalties, and vertical relations, the UAE's shrewd exploitation of cultural, religious, and ideological resources has engendered a greater sense of national identity, reduced the appeal of radical causes, and has helped to mobilize large sections of the population behind shared concerns and common ethnic memories. Adding a further layer of legitimacy, the polity's delicate constitutional engineering and selective institution building have provided much needed structural resources and some degree of public credibility without actually weakening the patrimonial or rather "neopatrimonial" linchpins of the monarchical system.

Augmenting these legitimacy components has of course been the UAE's massive oil wealth. Allowing for considerable expansion of the earlier distributive system, the rulers have been able to establish the world's purest example of a rentier state. A state in which the entire citizenship unwittingly enter into a tacit pact of receiving free housing, welfare, education, and a host of other economic benefits in exchange for their almost total political acquiescence. Unlike many other oil rich states in the region, this pact has remained virtually intact as the local merchant elites were considerably weakened by the time of the UAE's rather late entry into the oil era. Whereas those merchants elsewhere in the Gulf were still operating

from a position of strength when their rulers began to receive oil revenues much earlier in the century, the UAE possessed no real bargaining power. Further connected to the UAE's material resources has been the polity's favorable international relations with its superpower oil customers and behind-the-scenes oil investors. These valuable business alliances have been effectively translated into military treaties, providing a sense of real security for the militarily feeble monarchs in an increasingly dangerous neighborhood.

Alongside these components, I have demonstrated how the ruling families themselves are also providing the system with strength and resilience. By evolving into self-regulating institutions and behaving as surrogate large-scale political parties, the major dynasties have promoted their own longevity. Power-sharing strategies and consolation prizes in a more unitary rentier state combined with a reinforcement of the succession process and the frequent bandwagoning against potentially harmful factions have considerably reduced both the threat of internal division and any unwanted outside meddling in private business. Essentially, as the ruling families have politically matured, the need for collective action has become paramount as their internal dynamic now forces all members to act positively for the group as a whole and indeed for the wider neopatrimonial and rentier networks.

The UAE's socioeconomic development trajectory from the 1970s to the present day, reveals the key strategies employed by the "modernizing monarchs" in their attempts to reduce some of the more serious weaknesses associated with the UAE's dependency situation, namely the country's reliance on overseas demand for oil exports, the supply of foreign technology for its industries, and the spiralling immigration of foreign workers. Specifically, in an effort to promote greater self-sufficiency and reinforce the material and welfare components of the ruling bargain, the rulers' development planners have sought to diversify the economy, facilitate technology transfers between foreign and domestic enterprises, build up a comprehensive social state to maintain a healthy and motivated labor force, and promote the nationalization or "emiratization" of positions in both the public and private sectors.

The industrial diversification strategy has enjoyed modest success in recent years with a variety of domestic nonoil-related concerns establishing themselves and in some cases even managing to substitute previously imported foreign technologies. Even more successful though, has been the UAE's diversification through its commercial and tourist sectors. Although these sectors have not expressly reduced the country's reliance on foreign economies, they have nevertheless considerably reduced oil's relative contribution to the GDP. Furthermore, while the agricultural sector has grown at a much slower rate given the region's geographic restraints, its develop-

ment still represents an important symbolic layer of diversification, especially as the UAE's food security has been able to improve. Finally, the oil-funded creation of a massive new infrastructure of transport, utility, and communication networks has ensured that the UAE can continue to physically accommodate such rapid and diverse nonoil developments, at least for the immediate future.

Also directly benefiting from massive oil investments has been the UAE's social development. The education sector has enjoyed considerable growth with dozens of new schools and several new universities now able to provide both national and expatriate youths with relatively high standards of tuition, small class sizes, and first rate facilities. Equally noteworthy has been the expansion of the healthcare system, with many hospitals and clinics staffed by well qualified professionals now offering low doctor-to-patient ratios and comprehensive care for all but the most severe cases.

The emiratization strategy has enjoyed less noticeable success, with the UAE's dependence on expatriates remaining as great as ever, but there have nonetheless been important recent indications that the nationalization of certain managerial and professional positions is beginning to gain momentum. Moreover, these accomplishments are particularly impressive given that emiratization, unlike diversification or social development, cannot be solved by large injections of oil wealth. Indeed, in many ways the strategy was initially derailed as early attempts to offer financial inducements to nationals effectively priced them out of the UAE's highly competitive labor market. Thus far, the best results appear to have been the product of a combined approach in which the planners have relied not only on restrictive practices such as quotas and visa limitations but also on the promotion of greater vocational education, internships, and other professional training programs for qualified young nationals.

Under these broad strategies there have also been significant emirate-level substrategies, which in many ways account for the slightly different development paths being pursued within the federation. Most notably at odds have, of course, been the trajectories of the two principal emirates of Abu Dhabi and Dubai. While Abu Dhabi has been able to rely on considerable overseas investments financed by its vast oil wealth and heavy export industries courtesy of its comparative advantage of cheap energy, Dubai's much longer history of trading and accumulation of entrepreneurial expertise coupled with its far more modest oil reserves have instead promoted a much greater effort to fully diversify. In particular, Dubai has had to make a much greater commitment to nonenergy-related import-substitution industries, and has sought to expand considerably its commercial and tourist sectors in a further effort to boost its non-oil sector's contribution to the GDP. Although popularly viewed as a source of considerable tension, these different approaches have achieved some degree of success in their own right

and should now be regarded as mutually supportive substrategies. Indeed, the federation's flexibility at the socioeconomic development level has allowed for one area of the country to concentrate on the exploitation of its abundant natural resources and behave as something of a financial pillar for the poorer areas, while another area has begun to promote greater variation in the UAE's economy, has been able to integrate the country into the international marketplace, and is now increasingly able to provide the national population with genuine private sector employment opportunities.

Some of more obvious development problems that have been encountered and thus far remain unsolved by the planners are important to note. The UAE's economy is still primarily consumption oriented, a long-term predicament that continues to cause a trade imbalance and a declining balance of payments. Even though Abu Dhabi and Dubai appear to be cooperating at a much greater level than ever before, there are nevertheless a considerable number of duplicated development projects across the UAE, especially in the smaller emirates where underutilization is an increasing concern. The relative wealth gap between the richest and poorest emirates has remained as great as it was thirty years ago. Such regional disequilibrium is preventing development and balanced growth and is likely to catalyse a host of fresh socioeconomic problems in the near future. In a similar fashion to the early wealth-related emiratization strategies, these ongoing development concerns are particularly problematic given that oil-financed investment is not a viable solution, and indeed in many cases may actually worsen the situation. Instead, it would seem that a number of internal pathologies must be addressed if circumstances are to improve, namely the predominantly allocative nature of the state, the rentier-induced consumer culture of the population, the lack of effective interemirate cooperation, and the lack of proper transparency and the frequent mismanagement of existing resources.

In an effort to explain more fully some of these persisting problems, one must look at the role of domestic structures and their associated weaknesses. By expanding on the all-pervading implications of rentierism and the kind of subsidy-based development that seemingly filters all the way down to the level of individual UAE nationals—and by underscoring the impact of reinvigorated neopatrimonial networks, bureaucratic self interests, and differing client elite orientations on the UAE's policymaking and policy implementation processes—it is clear that many of the reinforced dependency structures which have allowed for the remarkable survival of the UAE's anachronistic monarchies are now so deeply rooted in the political economy that they actively shape and invariably undermine the planners' more rational socioeconomic development objectives. Certainly, in many ways these problems can be viewed as the hidden costs of the UAE's ruling bargain, its political stability, and the persistence of traditional

forces, and therefore the price that must be paid in order to circumvent permanently the king's dilemma and the inevitability of the early modernization theories.

An awkward hybrid form of neopatrimonial government of seemingly modern institutions astride much older traditional authorities allows the hereditary rulers and their closest relatives to dominate directly the highest levels of the federal decisionmaking process and, through the use of carefully selected representatives, to control tightly the UAE's token legislature. Moreover, operating in parallel and in some cases overlapping these federal authorities exist a multitude of emirate-level government departments. Although there are now signs of their increasing subordination to centralized power, it is important to note that until very recently there have been major divisions over key issues of national interest such as oil policy, foreign relations, and even defense. Thus, while the federation has ostensibly matured over the years, especially with the greater incorporation of Dubai, it is nevertheless little more than a loose confederation holding together potentially uncoordinated and ultimately autonomous regional power bases.

Policy implementation takes place within a large number of ministries, parastatals, and other bureaucracies and as such these institutions are also capable of influencing Emirati development. Managed almost exclusively by nonelected appointees with close ties to the traditional polity, the majority of the UAE's chambers of commerce, judicial bodies, and financial organizations are firmly fixed into the neopatrimonial network. In many cases, the rigidity of these institutions has been compounded by a number of other pathologies including bureaucratic self-interest, opaqueness, and of course a complete lack of impartiality.

Although not a pathology as such, another important internal factor has been the widening division emerging within the UAE's client elite. Essentially the debate over the path of future development between the "old rentiers" seeking to perpetuate the steady flow of oil revenues and the increasingly powerful camp of "new rentiers" seeking fresh sources of economic rent from nonoil-related activities, such as the leasing of property and business parks to foreign investors has highlighted the nonhomogeneous nature of the UAE's dominant rentier class. As such, there is a genuine struggle between conservatives and reformers, with the latter needing to attack the status quo on a number of levels in order to remove the many existing restrictive regulations that currently block or hinder their particular vision of Emirati development.

The rapidly increasing influence of new external forces on the UAE's socioeconomic development shows how various aspects of globalization, both benign and malignant, have already begun to reshape the UAE's domestic economic structures. On the one hand, global integration is lead-

ing to increased international competition for struggling infant industries whereas on the other hand a number of Emirati enterprises have already proved themselves capable of harnessing the greater marketing opportunities afforded by the "new economy." Moreover, such accelerating globalization is believed to have led to a substantial decline in regional integration, a development feared by those who regard more localized economic links as providing a better safety net in times of crisis. Equally contentious has been the impact of international organizations on the UAE's economy, especially on its numerous monopolies. Whereas supporters of WTO and IMF membership have welcomed the requirements to free up such sectors, many conservatives have opposed external involvement in any of the UAE's key industries and remain wary of the political complications that may result from further commitments to international organizations.

Also ambiguous has been the impact of external sociocultural forces on the UAE. In particular, such forces have been held responsible for the increasing "cultural contamination" that has ostensibly eroded much of the traditional Emirati way of life and therefore provided an additional impetus for the government's multipurpose cultural revival. The considerable marginalization of the Arabic language has also been blamed on intrusive global influences, specifically the increasing presence of non-Arabs and foreign-language education. Developments in global communications and their accessibility in the UAE have, however, been far better received, perhaps given that such external sources of information are thought likely to engender or maybe even require much greater accountability and transparency from existing domestic services.

The role of globalization in reshaping the UAE's civil society and associational life demonstrates how a fresh wave of external forces may provide sufficient support for the revitalization of many of the UAE's currently weakened civil society organizations, especially those that have been demobilized by carefully controlled rentier, dependency-related structures (namely cultural heterogeneity resulting from the massive foreign labor force, increasing levels of government co-option, royal patronage, and, in a small number of cases, even repression). Of these new influences, the importance of transferable ideas from the numerous UAE-based branches of international organizations has been cited as providing a stronger foundation for future domestic associations in addition to fostering a better sense of collective security. Similarly, there would also seem to be something of a "demonstration effect" resulting from improved global communications, allowing associations in the UAE to benefit from shared global experiences and enjoy greater mutual support. Last and perhaps most significant have been the recommendations and proposals made to domestic ministries and other policymaking institutions by prominent NGOs and the UAE's other major international partners. Given time, these external bodies

may be able to motivate the UAE government to free up civic space from above, perhaps even allowing for the operation of previously restricted organizations such as labor groups and human rights associations.