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Helen Chapin Metz
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On the cover: Symbol of the Gulf Cooperation Council, to which Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates belong

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Foreword

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The books represent the analysis of the authors and should not be construed as an expression of an official United States government position, policy, or decision. The authors have sought to adhere to accepted standards of scholarly objectivity. Corrections, additions, and suggestions for changes from readers will be welcomed for use in future editions.

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Preface



This edition of *Persian Gulf States: Country Studies* replaces the previous edition, published in 1984. Like its predecessor, the present book attempts to treat in a compact and objective manner the dominant historical, social, economic, political, and national security aspects of the five contemporary states of the Persian Gulf covered in this volume—Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates. Sources of information included scholarly books, journals, and monographs; official reports and documents of government and international organizations; and foreign and domestic newspapers and periodicals. Available economic data for these countries are not always complete or may be inconsistent.

Chapter bibliographies appear at the end of the book; brief comments on some of the more valuable sources for further reading appear at the conclusion of each chapter. Measurements are given in the metric system; a conversion table is provided to assist those who are unfamiliar with the metric system (see table 1, Appendix). The Glossary provides brief definitions of terms that may be unfamiliar to the general reader, such as the use of amir/amirate, shaykh/shaykhdom, and Al/al.

The transliteration of Arabic words and phrases posed a particular problem. For many of the words—such as Muhammad, Muslim, Quran, and shaykh—the authors followed a modified version of the system adopted by the United States Board on Geographic Names and the Permanent Committee on Geographic Names for British Official Use, known as the BGN/PCGN system; the modification entails the omission of all diacritical markings and hyphens. In numerous instances, however, the names of persons or places are so well known by another spelling that to have used the BGN/PCGN system might have created confusion. The reader will find Mecca rather than Makkah, Oman rather than Uman, and Doha rather than Ad Dawhah. In addition, although the five governments officially reject the use of the term *Persian Gulf*—as do other Arab governments—and refer to that body of water as the Arabian Gulf, the authors followed the practice of the United States Board on Geographic Names by using Persian Gulf or gulf.

The body of the text reflects information available as of January 1993. Certain other portions of the text, however, have been updated. The Introduction discusses significant events that have occurred since the completion of research; the Country Profiles include updated information as available; and the Bibliography lists recently published sources thought to be particularly helpful to the reader.

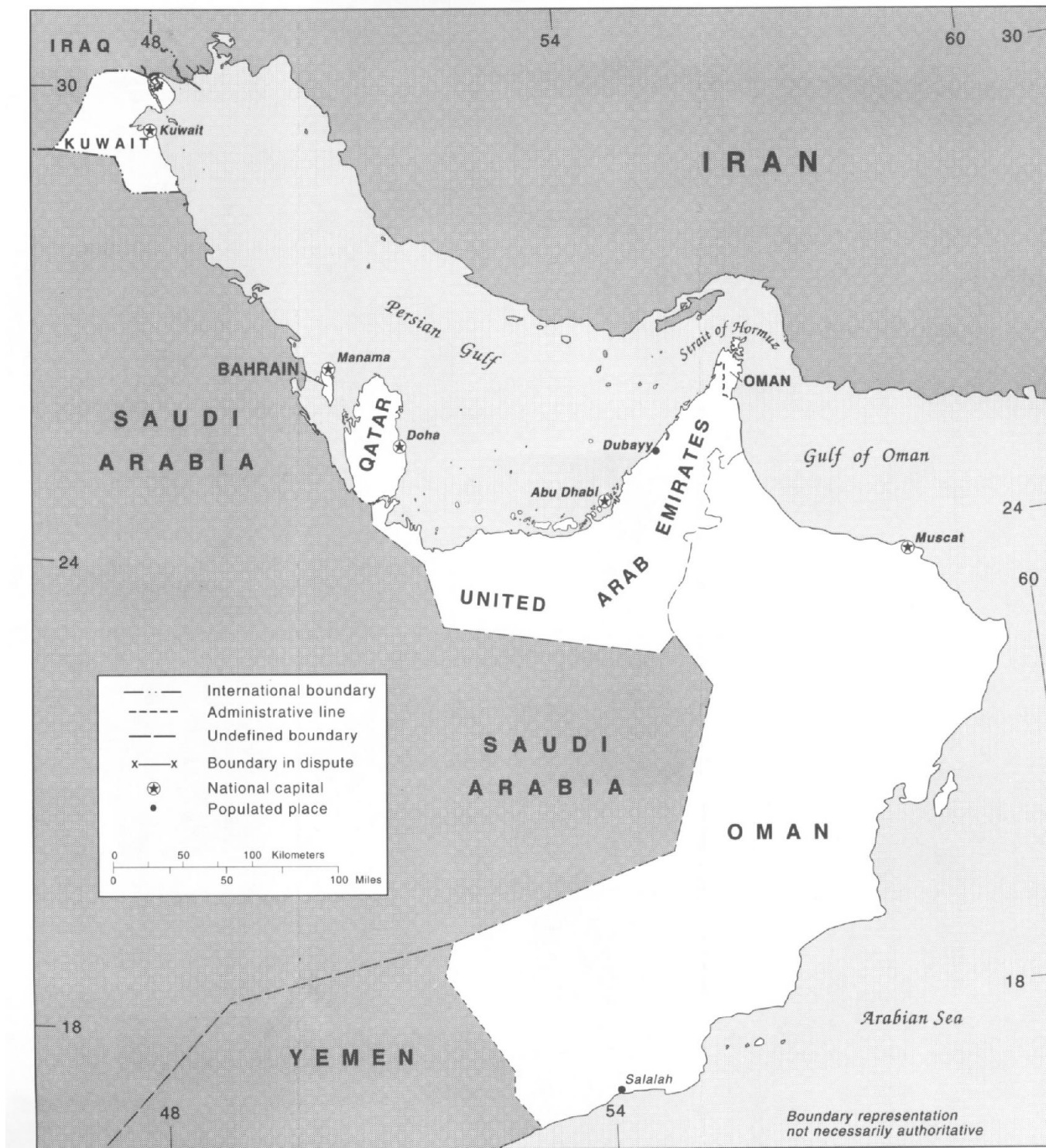


Figure 1. Persian Gulf States: Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates, 1993

Introduction

THE COUNTRIES OF THE PERSIAN GULF covered in this volume—Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates—have assumed added prominence as a result of Operation Desert Shield in 1990 and the Persian Gulf War in 1991. These states share certain characteristics while simultaneously differing from one another in various respects. Islam has played a major role in each of the Persian Gulf states, although Kuwait and Bahrain reflect a greater secular influence than the other three. Moreover, the puritanical Wahhabi (see Glossary) Sunni (see Glossary) sect prevails in Qatar; Bahrain has a majority population of Shia (see Glossary), a denomination of the faith that constitutes a minority in Islam as a whole; and the people of Oman represent primarily a minor sect within Shia Islam, the Ibadi.

The beduin heritage also exerts a significant influence in all of the Persian Gulf states. In the latter half of the twentieth century, however, a sense of national identity increasingly has superseded tribal allegiance. The ruling families in the Persian Gulf states represent shaykhs (see Glossary) of tribes that originally settled particular areas; however, governmental institutions steadily have taken over spheres that previously fell under the purview of tribal councils.

Historically, Britain exercised a protectorate at least briefly over each of the Persian Gulf states. This connection has resulted in the presence of governmental institutions established by Britain as well as strong commercial and military ties with it. Military matériel and training in the late 1980s and early 1990s, however, were being provided by other countries in addition to Britain.

Because of the extensive coastlines of the Persian Gulf states, trade, fishing, shipbuilding, and, in the past, pearling have represented substantial sources of income. In the early 1990s, trade and, to a lesser extent, fishing, continued to contribute major amounts to the gross domestic product (GDP—see Glossary) of these states.

Of the five states, Oman has the least coastal area on the Persian Gulf because its access to that waterway occurs only at the western tip of the Musandam Peninsula, separated from the remainder of Oman by the United Arab Emirates (UAE).

Partly as a result of this limited contact with the gulf and partly because of the mountains that cut off the interior from the coast, Oman has the most distinctive culture of the five states.

In general, the gulf has served as a major facilitator of trade and culture. The ancient civilization of Dilmun, for example, in present-day Bahrain existed as early as the fourth millennium B.C.

The Persian Gulf, however, also constitutes a ready channel for foreign conquerors. In addition to Britain, over the centuries the gulf states have known such rulers as the Greeks, Parthians, Sassanians, Iranians, and Portuguese. When England's influence first came to the area in 1622, the Safavid shah of Iran sought England's aid in driving the Portuguese out of the gulf.

Britain did not play a major role, however, until the early nineteenth century. At that time, attacks on British shipping by the Al Qasimi of the present-day UAE became so serious that Britain asked the assistance of the ruler of Oman in ending the attacks. In consequence, Britain in 1820 initiated treaties or truces with the various rulers of the area, giving rise to the term *Trucial Coast*.

The boundaries of the Persian Gulf states were considered relatively unimportant until the discovery of oil in Bahrain in 1932 caused other gulf countries to define their geographic limits. Britain's 1968 announcement that in 1971 it would abandon its protectorate commitments east of the Suez Canal accelerated the independence of the states. Oman had maintained its independence in principle since 1650. Kuwait, with the most advanced institutions—primarily because of its oil wealth—had declared its independence in 1961. Bahrain, Qatar, and the UAE followed suit in 1971. In the face of the Iranian Revolution of 1979, all of the Persian Gulf states experienced fears for their security. These apprehensions led to their formation, together with Saudi Arabia, of the Gulf Cooperation Council (GCC) in May 1981.

Of all the gulf states, Kuwait clearly has the greatest security concerns. By early 1994, Kuwait largely had succeeded in rebuilding its damaged infrastructure and oil industry facilities ravaged by Iraq in the course of its August 2, 1990, invasion and subsequent scorched-earth policy concerning Kuwait's oil wells. By June 1993, Kuwait had increased its oil production to such an extent that it refused the Organization of the Petroleum Exporting Countries (OPEC) quota of 1.8 million barrels per

day (bpd—see Glossary); instead, it demanded parity with the UAE at 2.2 million bpd, which OPEC refused.

The war and the occupation left significant scars on the Kuwaiti population. The war caused the departure of more than half the population, including two-thirds of the foreigners, many of them Palestinians and other Arabs. In the postwar period, most citizens returned, but the government apparently decided not to allow foreigners to exceed 50 percent of the population, and the number of Palestinians permitted to return dropped sharply.

The war also did away with most of the financial reserves from foreign investments that Kuwait had prudently accumulated in its Reserve Fund for Future Generations. War costs were estimated at a minimum of US\$20 billion, a reconstruction figure less than originally feared. Economic progress in 1993, however, was such that a projected current account surplus of US\$3.2 billion was predicted, together with GDP growth of 11.5 percent in 1994. Kuwait's willingness to implement World Bank (see Glossary) recommendations concerning the strengthening of its economy appeared questionable, however. The bank recommended that Kuwait eliminate subsidies, encourage government workers to move to the private sector to reduce serious government overstaffing, liberalize business regulations to promote private-sector growth, and privatize a number of state assets. Various of the recommendations would affect significantly members of the ruling family, many of whom engage in the business sector.

Kuwait's life is connected intimately with the Al Sabah, who have ruled Kuwait since 1756; the rule has alternated between the Jabir and Salim branches, descendants of two sons of the ruler Mubarak the Great. In 1963 the ruler took the first step of any gulf state to create a popular assembly. The narrow electorate and the ruler's right to dissolve the assembly have limited the influence of the legislature, and the assembly has been dissolved twice, in each case for a number of years. In October 1992, the National Assembly was reconstituted. However, only 15 percent of the Kuwaiti population was able to vote. Freedom of the press, which had been suspended in 1976, was restored in early 1992. Despite the existence of several liberal opposition movements and some Islamist (also seen as fundamentalist) pressures, the postwar government represents little change, and the ruling family continues to hold all major ministerial posts.

Apart from development of its oil industry, which dominates its economy despite attempts at diversification, Kuwait's main concern continues to be the threat from Iraq to its national security. In late 1993, incidents continued to occur along the Kuwait-Iraq border, and Iraqi media persisted in referring to Kuwait as the "nineteenth province" of Iraq. As of late 1993, Iraq was believed to hold more than 800 Kuwaiti prisoners of war.

Kuwait has taken several steps to counter the ongoing menace of Iraq. Although Kuwait sought help from its GCC allies when Iraq invaded, it recognized that the GCC states lacked the military strength to provide effective assistance. Kuwait's postwar army was reportedly down to about 8,000 from a pre-war total of about 16,000 personnel. Kuwait therefore determined to build up and indigenize its own armed forces. Accordingly, a new military conscription law was enacted in December 1992. Furthermore, to upgrade matériel, a postwar 1992 decree authorized the expenditure of US\$11.7 billion on military equipment over twelve years. Immediate orders included 218 M-1A2 United States main battle tanks, forty F/A-18 United States Hornet fighter aircraft, five United States Patriot missile fire units with missiles, 200 British Warrior armored personnel carriers, and miscellaneous French matériel. Kuwait also contracted in January 1993 with the United States Hughes Aircraft Company for an early warning system. In 1993, however, the National Assembly demonstrated its intent to review arms contracts and, if feasible, to reduce expenditures, in particular by eliminating commission payments to members of the royal family.

Other major steps included the signing of a security agreement and a Foreign Military Sales agreement with the United States in 1991, defense agreements with Britain and France in 1992—followed by additional matériel purchases in 1993—and an agreement with Russia in 1993. These agreements, as well as participation in the GCC, involve joint training exercises, thus strengthening the capabilities of the Kuwaiti armed forces. In line with its closer relations with the West, Kuwait took immediate action against perpetrators of the alleged Iraqi-inspired assassination attempt on former United States president George H.W. Bush during his attendance at Kuwait's April 1993 celebration of its liberation. In a further defense measure, with private donations, Kuwait in 1993 began construction of a defensive wall along its 240-kilometer border with Iraq.

With regard to regional relations, Kuwait in 1993 made conciliatory gestures toward some of the Arab countries that supported Iraq's invasion of Kuwait. Statements by Minister of Foreign Affairs Sabah al Ahmad Al Sabah in late June 1993 and by Crown Prince and Prime Minister Saad al Abd Allah Al Sabah in late October 1993 set forth conditions for such states to mend relations with Kuwait. The conditions covered support of United Nations (UN) resolutions condemning Iraqi aggression and pressure on Iraq to comply with UN resolutions, particularly those concerning border demarcation and release of prisoners. These statements, which did not name countries or organizations concerned, appear directed primarily at Tunisia and Yemen and to a lesser degree at the Palestine Liberation Organization. Relations with Jordan, however, continued to be chilly, and Kuwait's relations with Qatar cooled over the latter's rapprochement with Jordan in August and its restoration of diplomatic links with Iraq.

Bahrain, the only island state of the five Persian Gulf states, came under the rule of the Al Khalifa (originally members of the Bani Utub, an Arabian tribe) in 1783 after 180 years of Iranian control. Prior to 1971, Iran intermittently reasserted its claim to Bahrain, two-thirds of whose inhabitants are Shia Muslims although the ruling family is Sunni Muslim. Because of sectarian tensions, the Iranian Revolution of 1979 and its aftermath had an unsettling effect on the population; the government believed that a number of Shia plots during the 1980s received clandestine support from Iran. In 1992 the island's predominantly urban population (85 percent) consisted of 34 percent foreigners, who accounted for 55 percent of the labor force. The exploitation of oil and natural gas—Bahrain was the first of the five Persian Gulf states in which oil was discovered—is the island's main industry, together with the processing of aluminum, provision of drydock facilities for ships, and operation of offshore banking units.

The Al Khalifa control the government of Bahrain and held eight of eighteen ministerial posts in early 1994. A brief experiment in limited democracy occurred with the December 1972 elections for a Constituent Assembly. The resulting constitution that took effect in December 1973 provided for an advisory legislative body, the National Assembly, voted for by male citizens. The ruler dissolved the assembly in August 1975. The new Consultative Council, which began debating labor matters

in January 1993, is believed to have had an impact on the provisions of the new Labor Law enacted in September 1993.

Bahrain's historical concern over the threat from Iran as well as its domestic unrest prompted it to join the GCC at the organization's founding in 1981. Even within the GCC, however, from time to time Bahrain has had tense relations with Qatar over their mutual claim to the island of Hawar and the adjacent islands located between the two countries; this dispute was under review by the International Court of Justice at The Hague in early 1994. Bahrain traditionally has had good relations with the West, particularly Britain and the United States. Bahrain's cordial association with the United States is reflected in its serving as homeport for the commander, Middle East Force, since 1949 and as the site of a United States naval support unit since 1972. In October 1991, following participation in the 1991 Persian Gulf War, Bahrain signed a defense cooperation agreement with the United States.

Bahrain's relationship with Qatar is long-standing. After the Al Khalifa conquered Bahrain in 1783 from their base in Qatar, Bahrain became the Al Khalifa seat. Subsequently, tribal elements remaining in Qatar sought to assert their autonomy from the Al Khalifa. Thus, in the early nineteenth century, Qatar was the scene of several conflicts involving the Al Khalifa and their rivals, the Al Thani, as well as various outsiders, including Iranians, Omanis, Wahhabis, and Ottomans. When the British East India Company in 1820 signed the General Treaty of Peace with the shaykhs of the area designed to end piracy, the treaty considered Qatar a dependency of Bahrain. Not until the signing of a treaty with Britain by Abd Allah ibn Qasim Al Thani in 1916 did Qatar enter into the trucial system as an "independent" protectorate. Britain's 1971 withdrawal from the Persian Gulf led to Qatar's full independence in that year.

In preparation for independence, Qatar enacted a provisional constitution in 1970 that created an Advisory Council, partly elected. Twenty members are selected by the ruler from nominees voted on in each of the ten electoral districts; fifteen members are appointed directly by the ruler. In January 1992, fifty leading Qataris petitioned the ruler for an elected council "with legislative powers" and "a permanent constitution capable of guaranteeing democracy and determining political, social, and economic structures"; as of early 1994, no action had been taken on these requests. Governmental control has

clearly remained in Al Thani hands; in January 1994, ten of the eighteen members of the Council of Ministers belonged to the family.

Exploitation of the oil discovered in Qatar in 1939 was delayed until after World War II. The petroleum industry has grown steadily, and in 1991 the North Field natural gas project was inaugurated; the North Field, a 6,000-square-kilometer offshore field considered to be the world's largest, extends slightly into Iranian territorial waters. The Qatari government, however, has sought to encourage diversification and investment in such industries as steel, fertilizers, and petrochemicals. The work force is predominantly foreign; in 1992 Qataris were estimated to represent only 20 percent of the approximately 484,000 total population.

In part because most Qataris belong to the Wahhabi sect that originated in the Arabian Peninsula, Qatar historically has enjoyed close relations with Saudi Arabia, with which it settled its 1992 border dispute in 1993. Although Qatar supported Iraq in the Iran-Iraq War of 1980–88, it subsequently improved its relations with Iran, undoubtedly in part because of its shared gas field. As a GCC member, Qatar sent forces against Iraq in the 1991 Persian Gulf War but continued to maintain a diplomatic link with Iraq. Qatar's relations with the United States improved following Operation Desert Storm, and the two countries signed a defense cooperation agreement in June 1992 that includes a provision for the pre-positioning of supplies.

The UAE represents an independent state created by the joining together in the winter of 1971–72 of the seven former Trucial Coast states of Abu Dhabi, Ajman, Al Fujayrah, Dubayy, Ras al Khaymah, Sharjah, and Umm al Qaywayn. In early 1993, UAE citizens constituted about 12 percent of the total population of nearly 2 million. Oil is the major source of income for the federation, but it is found in a significant amount only in Abu Dhabi and to a lesser extent in Dubayy, Ras al Khaymah, and Sharjah. In principle, each emirate is required to contribute to the federation's budget (according to the provisional constitution, each state's natural resources and wealth are its own), but in practice only Abu Dhabi and, to a lesser degree, Dubayy have financed the federation. The resulting disagreement over budget contributions as well as over the integration of defense measures and forces led to the recurring renewal at five-year intervals of the 1971 provisional constitution, rather

than the intended adoption of a permanent constitution. In fact, the separation of powers is nominal; UAE organs consist of the Supreme Council of the Union (SCU) composed of the rulers of the seven emirates (Abu Dhabi and Dubai have a veto right on proposed measures), the Council of Ministers, and the presidency. The chairman of the SCU is the president of the UAE. In addition, there is an advisory Federal National Council (FNC) of forty members appointed by the rulers of the emirates, based on proportional representation; members serve two-year terms. Following a one-year delay in naming members, the FNC met with UAE citizens in January 1993, after which it held several sessions. FNC actions included a call for private firms to employ more UAE citizens and the establishment of a federal housing loan program for UAE nationals.

Like other Gulf states, the UAE has security concerns, of which one is its dispute with Iran over the islands of Abu Musa, Tunb al Kubra (Greater Tumb), and Tunb as Sughra (Lesser Tumb). This dispute flared anew in early 1992, after lying dormant for twenty years, when Iran took actions on Abu Musa that violated a shared sovereignty agreement. The UAE was concerned that Iran intended to extend its control over the entire island. However, in November 1992 the two countries agreed to abide by the provisions of the 1971 memorandum. The UAE would prefer a final resolution of this dispute and has expressed a willingness to have its sovereignty claims arbitrated by the International Court of Justice or the United Nations.

Militarily, the UAE participated in the 1991 Persian Gulf War and contributed personnel to the UN peacekeeping force in Somalia in 1992. The UAE's experience in the Persian Gulf War led it to consider itself inadequately prepared in terms of matériel; consequently, in February 1993 it ordered Leclerc main battle tanks and other equipment from France.

Oman is the only one of the Persian Gulf states whose ruler bears the title of *sultan* instead of *shaykh*. Until 1970 the ruler was known as the sultan of Muscat (the coastal area) and Oman (the rugged interior imamate), reflecting the diverse parts of the country. To Ibadi Muslims, the political ruler is also the imam (see Glossary); the title *sultan*, taken from Ottoman usage, indicates a Muslim ruling sovereign combining religious and political connotations.

The present sultan, Qabus ibn Said Al Said, began his rule in 1970 and immediately started emphasizing economic development and modernization. Such an emphasis was essential

because Oman's oil, first produced commercially in 1967, had a relatively limited production span; 1992 estimates projected seventeen more years of output at the 1992 production rate. National development plans, therefore, have focused on reducing the dependence on oil and on confronting problems occasioned by the dramatic rural-to-urban population shift, the accompanying social transformation, and the large number of foreign workers, all in the interests of promoting stability. Oman never has had a census, but in 1992, for planning purposes, the government estimated the population at 2 million persons (the actual figure may be closer to 1.5 million), of whom about 350,000 were foreigners. The latter constituted approximately 60 percent of the labor force.

Oman faces a number of problems. The government must attempt to provide adequate housing and utilities, especially water; stimulate agriculture to increase food production; and discourage urban migration. Specific development goals include establishing new industries and industrial estates; training indigenous personnel; developing minerals other than oil; encouraging agriculture, fishing, and tourism; increasing privatization of state-controlled enterprises; and diminishing regional imbalances, particularly in the Dhofar region.

On coming to power, Qabus ibn Said confronted the rebellion in the Dhofar region, which had begun in 1964. To counter the revolt, he concentrated on establishing development projects in this neglected area of the country and on improving the transportation and communications infrastructure. With the assistance of Iran, Jordan, and several gulf states, he also took military action to repress the rebellion. The sultan was aided in these efforts by the fact that the bureaucracy and major posts were largely in the hands of ruling family members. Leading government posts continued to be in the hands of ruling family members into the 1990s. For example, in early 1994 the sultan also served as prime minister, minister of defense, minister of finance, minister of foreign affairs, and chairman of the central bank. Other members of the ruling family served as deputy prime minister for legal affairs, deputy prime minister for security and defense, and minister of national heritage and culture. Still other ruling family members served as special advisers and as governors of the capital and of the Dhofar region. Close cooperation occurs between the ruling family and the merchants; tribal shaykhs now play a lesser role. Following the example of other gulf states, in 1991

Qabus ibn Said created the Consultative Council, which has representatives from the forty-one *wilayat*, or governorates, but no government officials, in contrast to the State Consultative Council, established in 1981, which the new council replaced.

In the area of foreign relations, Oman has been closely aligned with Britain and the United States; it first signed a military accord with the latter in 1980. This "facilities access" agreement was most recently renewed in 1990. In the region, Oman has sought to play an independent, nonconfrontational role. In late October 1992, Oman ended a twenty-five-year border dispute with Yemen by signing a border demarcation agreement; it also concluded a border agreement with Saudi Arabia in March 1990 as a result of which Oman began demarcating the boundary between the two countries. Moreover, Oman has acted as mediator between the United States and Iran and between Britain and Iran. Meanwhile, Oman has been increasing its arms purchases and building up its armed forces.

Oman's purchase of military matériel is consonant with the general pattern of Persian Gulf states, which have been spending heavily on military equipment since at least the early 1980s, primarily to compensate for their limited manpower. In most instances, women are not included in the armed forces. Lacking domestic arms production capability, the gulf states mainly need aircraft, air defense missile systems, early warning systems, and small missile attack craft, as well as main battle tanks and armored personnel carriers. The gulf countries recognize the potential threats they face, particularly from Iraq and possibly from Iran. In addition, they have experienced the need to counter domestic insurgencies, protect their ruling families and oil installations, and possibly use military force in pursuing claims to disputed territory. A partial solution to their defense needs lay in the formation of the GCC in 1981.

The Persian Gulf War brought with it, however, the realization that the GCC was inadequate to provide the gulf states with the defense they required. As a result, most of the states sought defense agreements with the United States, Britain, France, and Russia, more or less in that order. Concurrently, the gulf countries have endeavored to improve the caliber and training of their armed forces and the interoperability of military equipment through joint military exercises both within the GCC framework and with Western powers. The United States has sought to complement GCC collective security

efforts and has stated that it does not intend to station forces permanently in the region.

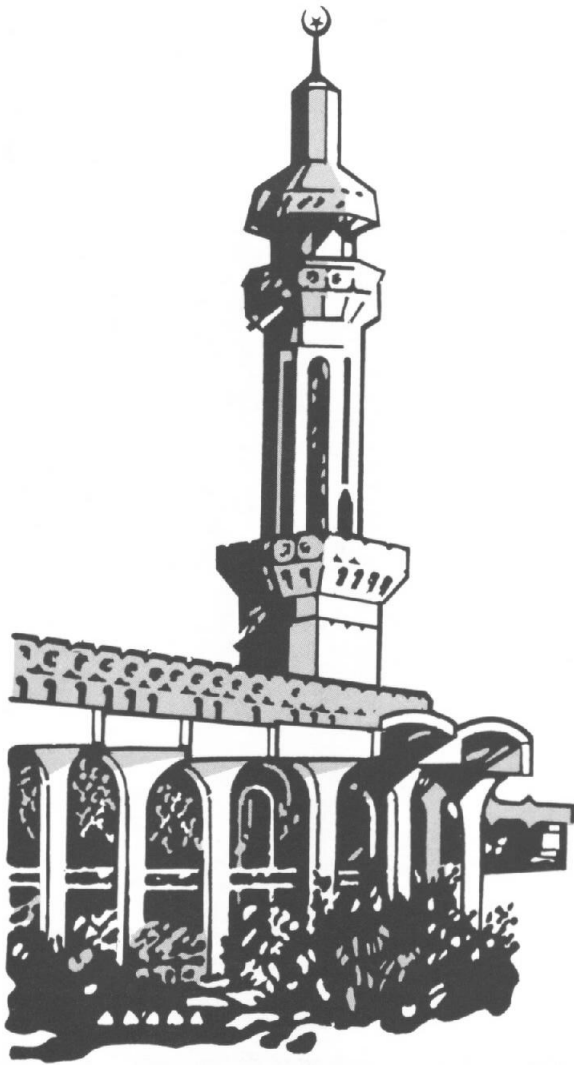
At a November 1993 meeting, GCC defense ministers made plans to expand the Saudi-based Peninsula Shield force, a rapid deployment force, to 25,000. The force is to have units from each GCC state, a unified command, and a rotating chairmanship. The ministers also agreed to spend up to US\$5 billion to purchase three or four more AWACS aircraft to supplement the five the Saudi air force already has and to create a headquarters in Saudi Arabia for GCC defense purposes. The UAE reportedly considered the proposed force increase insufficient; furthermore, Oman sought a force of 100,000 members.

In addition to these efforts, directed at the military aspects of national security, declining oil revenues for many of the states and internal sectarian divisions also have led the gulf countries to institute domestic efforts to strengthen their national security. Such efforts entail measures to increase the role of citizens in an advisory governmental capacity, to allow greater freedom of the press, to promote economic development through diversification and incentives for foreign investment, and to develop infrastructure projects that will increase the standard of living for more sectors of the population, thereby eliminating sources of discord. The ruling families hope that such steps will promote stability, counter the possible appeal of radical Islam, and ultimately strengthen the position of the ruling families by constituting some form of limited constitutional monarchy.

January 26, 1994

Helen Chapin Metz

Chapter 1. Historical Setting



Sharjah Mosque, built in the 1980s in traditional style

THE FIVE COUNTRIES covered in this volume—Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates—are all Arab states on the Persian Gulf that share certain characteristics. Iran, Iraq, and Saudi Arabia share the coastline as well, and they too shared in the historical development of the area. Of the five states covered in this volume, Oman has a unique culture and history that distinguish it from its neighbors. It also is the state with the shortest coastline along the Persian Gulf. Most of Oman lies along the Gulf of Oman and the Arabian Sea (see fig. 1).

The main element that unites the five countries is their involvement with people and nations beyond the region. The gulf has been an important waterway since ancient times, bringing the people who live on its shores into early contact with other civilizations. In the ancient world, the gulf peoples established trade connections with India; in the Middle Ages, they went as far as China; and beginning in the eighteenth century, they became involved with the European powers that sailed into the Indian Ocean and around Southeast Asia. In the twentieth century, the discovery of massive oil deposits in the gulf made the area once again a crossroads for the modern world.

Other factors also bring these countries together. Their indigenous populations are mostly Arab and, with the exception of Oman and Bahrain, are mostly Sunni (see Glossary) Muslim. Because they live in basically tribal societies, family and clan connections underlie most political and economic activity. The discovery of oil and the increasing contact with the West have led to tremendous material and social changes.

Important distinctions exist, however, among the five countries. Bahrain is an island with historical connections to Iran. Kuwait is separated from the others by Saudi Arabia. In Oman high mountain ranges effectively cut off the country's hinterland from the rest of the region (see fig. 2). Moreover, various tribal loyalties throughout the region are frequently divisive and are exacerbated by religious differences that involve the major sects of Islam—Sunni and Shia (see Glossary)—and the smaller Kharijite sect, as well as Muslim legal procedures.

Trade in the Gulf

The Persian Gulf lies between two of the major breadbaskets of the ancient world, the Tigris-Euphrates area (Mesopotamia, meaning "between the rivers") in present-day Iraq and the Nile Valley in Egypt. Mesopotamia, a part of the area known as the Fertile Crescent, was important not only for food production but also for connecting East to West.

Rivers provided the water that made agriculture possible. Agriculture, in turn, enabled people to settle in an area and to accumulate a food surplus that allowed them to create a civilization. They chose leaders such as kings and priests, they built monuments, they devised systems of morality and religion, and they traded.

Mesopotamia became the linchpin of ancient international trade. The fertile soil between the Tigris and the Euphrates produced a large surplus of food, which was traded for other goods. For example, early inhabitants of Mesopotamia found copper at Magan, an ancient city that lay somewhere in the contemporary state of Oman, and, via Magan, they traded with people in the Indus Valley for lumber and other finished goods.

Trade between Mesopotamia and India was facilitated by the small size of the Persian Gulf. Water provided the easiest way to transport goods, and sailors crossed the gulf fairly early, moving out along the coasts of Persia and India until they reached the mouth of the Indus. Merchants and sailors became middlemen who used their position to profit from the movement of goods through the gulf. The people of Magan were both middlemen and suppliers because the city was a source of copper as well as a transit point for Indian trade. Over time, other cities developed that were exclusively entrepôts, or commercial way stations. One of the best known of these cities was Dilmun.

Dilmun probably lay on what is now the island state of Bahrain. Excavations on the island reveal rich burial mounds from the Dilmun period (ca. 4000 to 2000 B.C.). Scholars believe the monuments on the island indicate that residents, in addition to farming, earned money from the East-West trade and that other cities on the gulf coast survived similarly.

The trading cities on the gulf were linked closely to Mesopotamia, reflected in the similarities between the archaeological finds in the two areas. The similar finds suggest that the people

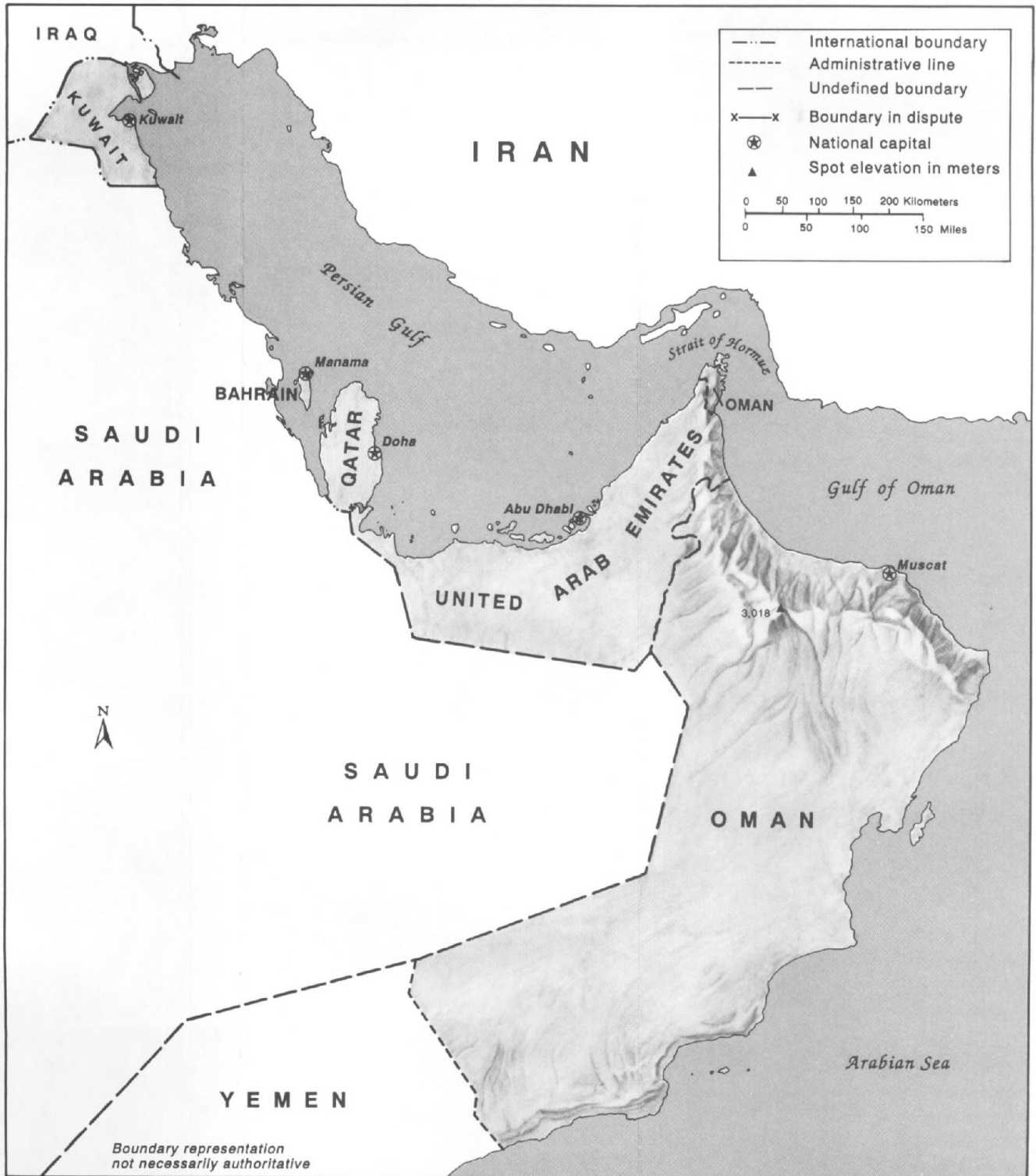


Figure 2. Persian Gulf States: Topography

of the gulf coast and the people of the Tigris and Euphrates valley developed increasingly complex societies and beliefs.

The people of the gulf coast differed from those of the interior of the Arabian Peninsula. Many of the people in the interior were organized in tribes and pursued nomadic lifestyles. When the desert provided insufficient food for their flocks, the tribes pushed into the date groves or farmlands of the settled towns. Centers on the gulf coast were subject to such nomadic incursions, as were the people of Mesopotamia. As a result, after the second millennium B.C. the gulf began to take on an increasingly Arab character. Some Arab tribes from the interior left their flocks and took over the date groves that ringed the region's oases, while others took up sailing and began to take part in the trade and piracy that were the region's economic mainstays. These nomadic incursions periodically changed the ethnic balance and leadership of the gulf coast.

Meanwhile, trade flourished in the second millennium B.C., as reflected in the wealth of Dilmun. In about 1800 B.C., however, both the quality and the amount of goods that passed through Dilmun declined, and many scholars attribute this to a corresponding decline in the Mesopotamian markets. Concurrently, an alternate trade route arose that linked India to the Mediterranean Sea via the Arabian Sea, then through the Gulf of Aden, thence into the Red Sea where the pharaohs had built a shallow canal that linked the Red Sea to the Nile. This new route gave access not only to Mediterranean ports but also, through the Mediterranean ports, to the West as well.

One of the ways that rulers directed goods toward their own country was to control transit points on the trade routes. Oman was significant to rulers in Mesopotamia because it provided a source of raw materials as well as a transshipment point for goods from the East. Although a valuable prize, Oman's large navy gave it influence over other parts of the gulf. When Mesopotamia was strong, its rulers sought to take over Oman. When Oman was strong, its rulers pushed up through the gulf and into Mesopotamia. One of the basic conflicts in gulf history has been the struggle of indigenous peoples against outside powers that have sought to control the gulf because of its strategic importance.

Competition between Red Sea and Persian Gulf trade routes was complicated by the rise of new land routes around 1000 B.C. Technological advances in the second and first millennia B.C. made land routes increasingly viable for moving goods.

The domestication of the camel and the development of a saddle enabling the animal to carry large loads allowed merchants to send goods across Arabia as well. As a result, inland centers developed at the end of the first millennium B.C. to service the increasing caravan traffic. These overland trade routes helped to arabize the gulf by bringing the nomads of the interior into closer contact with peoples on the coast.

The Gulf in the Ancient World

Archaeological evidence suggests that Dilmun returned to prosperity after the Assyrian Empire stabilized the Tigris-Euphrates area at the end of the second millennium B.C. A powerful ruler in Mesopotamia meant a prosperous gulf. Ashurbanipal, the Assyrian king who ruled in the seventh century B.C., was particularly strong. He extended Assyrian influence as far as Egypt and controlled an empire that stretched from North Africa to the Persian Gulf. The Egyptians, however, regained control of their country about a half-century after they lost it.

A series of other conquests of varying lengths followed. In 325 B.C., Alexander the Great sent a fleet from India to follow the eastern, or Persian, coast of the gulf up to the mouth of the Tigris and Euphrates rivers and sent other ships to explore the Arab side of the waterway. The temporary Greek presence in the area increased Western interest in the gulf during the next two centuries. Alexander's successors, however, did not control the area long enough to make the gulf a part of the Greek world. By about 250 B.C., the Greeks lost all territory east of Syria to the Parthians, a Persian dynasty in the East. The Parthians brought the gulf under Persian control and extended their influence as far as Oman.

The Parthian conquests demarcated the distinction between the Greek world of the Mediterranean Sea and the Persian Empire in the East. The Greeks, and the Romans after them, depended on the Red Sea route, whereas the Parthians depended on the Persian Gulf route. Because they wanted to keep the merchants who plied those routes under their control, the Parthians established garrisons as far south as Oman.

In the third century A.D., the Sassanians, another Persian dynasty, succeeded the Parthians and held the area until the rise of Islam four centuries later. Under Sassanian rule, Persian control over the gulf reached its height. Oman was no longer a threat, and the Sassanians were strong enough to establish agri-

cultural colonies and to engage some of the nomadic tribes in the interior as a border guard to protect their western flank from the Romans.

This agricultural and military contact gave people in the gulf greater exposure to Persian culture, as reflected in certain irrigation techniques still used in Oman. The gulf continued to be a crossroads, however, and its people learned about Persian beliefs, such as Zoroastrianism, as well as about Semitic and Mediterranean ideas.

Judaism and Christianity arrived in the gulf from a number of directions: from Jewish and Christian tribes in the Arabian desert; from Ethiopian Christians to the south; and from Mesopotamia, where Jewish and Christian communities flourished under Sassanian rule. Whereas Zoroastrianism seems to have been confined to Persian colonists, Christianity and Judaism were adopted by some Arabs. The popularity of these religions paled, however, when compared with the enthusiasm with which the Arabs greeted Islam.

Early Development of Islam

Islam is a system of religious beliefs and an all-encompassing way of life. Muslims believe that God (Allah) revealed to the Prophet Muhammad the rules governing society and the proper conduct of society's members. It is incumbent on the individual, therefore, to live in a manner prescribed by the revealed law and incumbent on the community to build the perfect human society on earth according to holy injunctions. Islam recognizes no distinctions between the religious institution and the state. The distinction between religious and secular law is a recent development that in part reflects the more pronounced role of the state in society and Western economic and cultural penetration. The impact of religion on daily life in Muslim countries is extensive.

The area that constitutes the present-day Persian Gulf states was on the immediate periphery of the rise of Islam. In A.D. 610, Muhammad, a merchant from the Hashimite branch of the ruling Quraysh tribe in the Arabian town of Mecca, began to preach the first of a series of revelations that Muslims believe was granted him by God through the angel Gabriel. A fervent monotheist, Muhammad denounced the polytheism of his fellow Meccans. Because the town's economy was based in part on a thriving pilgrimage trade to the shrine called the Kaaba and to numerous other pagan religious sites in the area, his censure

earned him the enmity of the town's leaders. In 622 he and a group of followers accepted an invitation to settle in the town of Yathrib, later known as Medina (the city), after it became the center of Muhammad's activities. The move, or hijra (see Glossary), sometimes seen as the hegira, marks the beginning of the Islamic era and of Islam as a force in history; the Islamic calendar begins in 622. In Medina, Muhammad continued to preach, and he eventually defeated his detractors in battle. He consolidated the temporal and the spiritual leadership in his person before his death in 632. After Muhammad's death, his followers compiled those of his words regarded as coming directly from God into the Quran, the holy scripture of Islam. Others of his sayings, recalled by those who had known him, became the hadith (see Glossary). The precedent of Muhammad's deeds is called the sunna. Together they form a comprehensive guide to the spiritual, ethical, and social life of an orthodox Sunni Muslim.

The major duties of Muslims are found in the five pillars of Islam, which set forth the acts necessary to demonstrate and reinforce the faith. These are the recitation of the *shahada* ("There is no god but God [Allah], and Muhammad is his prophet"), daily prayer (*salat*), almsgiving (*zakat*), fasting (*sawm*), and pilgrimage (hajj). The believer is to pray in a prescribed manner after purification through ritual ablutions each day at dawn, midday, midafternoon, sunset, and nightfall. Prescribed genuflections and prostrations accompany the prayers, which the worshiper recites while facing toward Mecca. Whenever possible, men pray in congregation at the mosque with an imam (see Glossary), and on Fridays they are required to do so. The Friday noon prayers provide the occasion for weekly sermons by religious leaders. Women also may attend public worship at the mosque, where they are segregated from the men, although most frequently women pray at home. A special functionary, the muezzin, intones a call to prayer to the entire community at the appropriate hour.

The ninth month of the Muslim calendar is Ramadan, a period of obligatory fasting in commemoration of Muhammad's receipt of God's revelation. Throughout the month, all but the sick and the weak, pregnant or lactating women, soldiers on duty, travelers on necessary journeys, and young children are enjoined from eating, drinking, or smoking during the daylight hours. Those adults excused are obliged to endure an equivalent fast at their earliest opportunity. A festive meal

breaks the daily fast and inaugurates a night of feasting and celebration. The pious well-to-do usually do little or no work during this period, and some businesses close for all or part of the day. Because the lunar year is about ten days shorter than the solar year, Ramadan rotates through the seasons. A considerable test of discipline at any time of the year, a fast that falls in summer imposes severe hardship on those who must do physical work.

All Muslims, at least once in their lifetime and if circumstances permit, should make the hajj to Mecca to participate in special rites held there during the twelfth month of the lunar calendar. Muhammad instituted this requirement, modifying pre-Islamic custom, to emphasize sites associated with God and Abraham (Ibrahim), founder of monotheism and father of the Arabs through his son, Ismail.

The lesser pillars of the faith, which all Muslims share, are jihad, or the permanent struggle for the triumph of the word of God on earth, and the requirement to do good works and to avoid all evil thoughts, words, and deeds. In addition, Muslims agree on certain basic principles of faith based on the teachings of the Prophet Muhammad: there is one God, who is a unitary divine being in contrast to the trinitarian belief of Christians; Muhammad, the last of a line of prophets beginning with Abraham and including Moses and Jesus, was chosen by God to present God's message to humanity; and there is a general resurrection on the last, or judgment, day.

During his lifetime, Muhammad held both spiritual and temporal leadership of the Muslim community. Religious and secular law merged, and all Muslims traditionally have been subject to the sharia, or religious law. A comprehensive legal system, the sharia developed gradually through the early centuries of Islam, primarily through the accretion of interpretations and precedents set by various judges and scholars. During the tenth century, legal opinion began to be codified into authoritative schools of interpretation.

After Muhammad's death, the leaders of the Muslim community consensually chose Abu Bakr, the Prophet's father-in-law and one of his earliest followers, to succeed him. At that time, some persons favored Ali ibn Abu Talib, Muhammad's cousin and the husband of his daughter, Fatima, but Ali and his supporters (the Shiat Ali, or Party of Ali) eventually recognized the community's choice. The next two caliphs (successors)—Umar, who succeeded in 634, and Uthman, who took power in 644—enjoyed the recognition of the entire community. When

Ali finally succeeded to the caliphate in 656, Muawiyah, governor of Syria, rebelled in the name of his murdered kinsman, Uthman. After the ensuing civil war, Ali moved his capital to Iraq, where he was murdered shortly thereafter.

Ali's death ended the last of the so-called four orthodox caliphs and the period in which the entire community of Islam recognized a single leader. Muawiyah proclaimed himself caliph from Damascus. The Shiat Ali refused to recognize him or his line, the Umayyad caliphs, and withdrew in the great schism of Islam to establish the dissident sect, known as the Shia, who supported the claims of Ali's line to the caliphate based on descent from the Prophet. The larger faction, the Sunnis, adhered to the position that the caliph must be elected, and over the centuries they have represented themselves as the orthodox branch.

Sunni Islam

Although originally political in nature, the differences between Sunni and Shia interpretations rapidly took on theological overtones. In principle, a Sunni approaches God directly: there is no clerical hierarchy. Some duly appointed religious figures, such as imams, however, exert considerable social and political power. Imams usually are men of importance in their communities, but they need not have any formal training. Committees of socially prominent worshipers usually are responsible for managing major mosque-owned lands. In most Arab countries, the administration of *awqaf* (religious endowments) has come under the influence of the state. Qadis (judges) and imams are appointed by the government.

The Muslim year has two major religious festivals: Id al Adha, a sacrificial festival held on the tenth day of Dhu al Hijjah, the twelfth, or pilgrimage, month; and Id al Fitr, the festival of breaking the fast, which celebrates the end of Ramadan on the first day of Shawwal, the tenth month. To Sunnis these are the most important festivals of the year. Each lasts three or four days, during which time people put on their best clothes and visit, congratulate, and bestow gifts on each other. In addition, cemeteries are visited. Id al Fitr is celebrated more festively because it marks the end of Ramadan. Celebrations also take place, although less extensively, on the Prophet's birthday, which falls on the twelfth day of Rabi al Awwal, the third month.

With regard to legal matters, Sunni Islam has four orthodox schools that give different weight in legal opinions to prescriptions in the Quran, to the hadith, to the consensus of legal scholars, to analogy (to similar situations at the time of the Prophet), and to reason or opinion. Named for their founders, the earliest Muslim legal schools were those of Abd Allah Malik ibn Anas (ca. 715–95) and An Numan ibn Thabit Abu Hanifa (ca. 700–67). The Maliki school was centered in Medina, and the lawbook of Malik ibn Anas is the earliest surviving Muslim legal text, containing a systematic consensus of Medina legal opinions. The Hanafi school in Iraq stressed individual opinion in making legal decisions. Muhammad ibn Idris ash Shafii (767–820), a member of the tribe of Quraysh and a distant relative of the Prophet, studied under Malik ibn Anas in Medina. He followed a somewhat eclectic legal path, laying down the rules for analogy that were later adopted by other legal schools. The last of the four major Sunni legal schools, that of Ahmad ibn Muhammad ibn Hanbal (780–855), was centered in Baghdad. The Hanbali school, which became prominent in Arabia as a result of Wahhabi (see Glossary) influence, gave great emphasis to the hadith as a source of Muslim law but rejected innovations and rationalistic explanations of the Quran and the traditions (see Wahhabi Islam and the Gulf, this ch.).

Shia Islam

Shia Muslims hold the fundamental beliefs of other Muslims (see Sunni Islam, this ch.). In addition to these tenets, however, the largest of the Shia denominations believe in the imamate, a distinctive institution. Whereas Sunni Muslims view the caliph as a temporal leader only and consider an imam to be a prayer leader, Shia Muslims known as Twelve Imam Shia hold a hereditary view of Muslim leadership. They believe the Prophet Muhammad designated Ali to be his successor as Imam (when uppercase, Imam refers to the Shia descendant of the House of Ali), exercising both spiritual and temporal leadership. Only those who have *walayyat* (spiritual guidance) are free from error and sin and have been chosen by God through the Prophet. Each Imam in turn designated his successor—through twelve Imams—each holding the same powers.

The imamate began with Ali, who is also accepted by Sunni Muslims as the fourth of the "rightly guided caliphs" to succeed the Prophet. Twelve Imam Shia revere Ali as the First Imam, and his descendants, beginning with his sons Hasan and

Husayn, continue the line of the Imams until the twelfth. Shia point to the close lifetime association of the Prophet with Ali. When Ali was six years old, he was invited by the Prophet to live with him, and Shia believe Ali was the first person to make the declaration of faith in Islam. Ali also slept in the Prophet's bed on the night of the hijra, when it was feared that the house would be attacked by unbelievers and the Prophet stabbed to death. He fought in all the battles the Prophet did, except one, and the Prophet chose him to be the husband of one of his favorite daughters, Fatima.

Among Shia, the term *imam* traditionally has been used only for Ali and his eleven descendants. None of the twelve Imams, with the exception of Ali, ever ruled an Islamic government. During their lifetimes, their followers hoped that they would assume the rulership of the Islamic community, a rule that was believed to have been wrongfully usurped. Because Sunni caliphs were cognizant of this hope, Imams generally were persecuted under the Umayyad and Abbasid dynasties. Therefore, the Imams tried to be as unobtrusive as possible and to live as far as was reasonable from the successive capitals of the Islamic empire.

During the eighth century, Caliph Al Mamun, son of and successor to Harun ar Rashid, was favorably disposed toward the descendants of Ali and their followers. He invited Imam Reza, the Eighth Imam (765–816), to come from Medina to his court at Marv (Mary in present-day Turkmenistan). While Reza was residing at Marv, Al Mamun designated him as his successor in an apparent effort to avoid conflict among Muslims. Reza's sister, Fatima, journeyed from Medina to be with her brother but took ill and died at Qom, in present-day Iran. A major shrine developed around her tomb, and over the centuries Qom has become a major Shia pilgrimage site and theological center.

Al Mamun took Reza on his military campaign to retake Baghdad from political rivals. On this trip, Reza died unexpectedly in Khorasan. Reza was the only Imam to reside in, or die in, what is now Iran. A major shrine, and eventually the city of Mashhad, grew up around his tomb, which is the major pilgrimage center in Iran. Several theological schools are located in Mashhad, associated with the shrine of the Eighth Imam.

Reza's sudden death was a shock to his followers, many of whom believed that Al Mamun, out of jealousy for Reza's increasing popularity, had the Imam poisoned. Al Mamun's

suspected treachery against Imam Reza and his family tended to reinforce a feeling already prevalent among his followers that Sunni rulers were untrustworthy.

The Twelfth Imam is believed to have been only five years old when he became Imam in 874 on the death of his father. Because his followers feared he might be assassinated, the Twelfth Imam was hidden from public view and was seen only by a few of his closest deputies. Sunnis claim that he never existed, or that he died while still a child. Shia believe that the Twelfth Imam never died, but disappeared. Since then, the greater occultation of the Twelfth Imam has been in force, which will last until God commands the Twelfth Imam to manifest himself on earth again as the mahdi, or messiah. Shia believe that during the occultation of the Twelfth Imam, he is spiritually present—some believe that he is materially present as well—and he is besought to reappear in various invocations and prayers. His name is mentioned in wedding invitations, and his birthday is one of the most jubilant of all Shia religious observances.

The Twelve Imam Shia doctrine of the imamate was not fully elaborated until the tenth century. Other dogmas developed still later. A characteristic of Shia Islam is the continual exposition and reinterpretation of doctrine.

A significant practice of Shia Islam is that of visiting the shrines of Imams in Iraq and in Iran. In Iraq, these include the tomb of Imam Ali in An Najaf and that of his son, Imam Husayn, in Karbala, because both are considered major Shia martyrs. Before the Iran-Iraq War (1980–88), tens of thousands made the visits each year. Other principal pilgrimage sites in Iraq are the tombs of the Seventh Imam and the Ninth Imam at Kazimayn near Baghdad. In Iran, pilgrimage sites include the tomb of the Eighth Imam in Mashhad and that of his sister in Qom. Such pilgrimages originated in part from the difficulty and the expense of making the hajj to Mecca in the early days.

In commemoration of the martyrdom of Husayn, killed near Karbala in 680 during a battle with troops supporting the Umayyad caliph, processions are held in the Shia towns and villages of southern Iraq on the tenth day of Muharram (Ashura), the anniversary of his death. Ritual mourning (*taaziya*) is performed by groups of five to twenty men each. Contributions are solicited in the community to pay transportation for a local group to go to Karbala for *taaziya* celebrations forty days after

Ashura. There is great rivalry among groups for the best performance of the *taaziya* passion plays.

Shia practice differs from Sunni practice concerning divorce and inheritance in that it is more favorable to women. The reason for this reputedly is the high esteem in which Fatima, the wife of Ali and the daughter of the Prophet, was held.

Shia Islam has developed several sects. The most important of these is the Twelver, or Ithna-Ashari, sect, which predominates in the Shia world generally. Not all Shia became Twelvers, however. In the eighth century, a dispute arose over who should lead the Shia community after the death of the Sixth Imam, Jaafar ibn Muhammad (also known as Jaafar as Sadiq). The group that eventually became the Twelvers followed the teaching of Musa al Kazim; another group followed the teachings of Musa's brother, Ismail, and were called Ismailis. Ismailis are also referred to as Seveners because they broke off from the Shia community over a disagreement concerning the Seventh Imam. Ismailis do not believe that any of their Imams have disappeared from the world in order to return later. Rather, they have followed a continuous line of leaders represented in early 1993 by Karim al Husayni Agha Khan IV, an active figure in international humanitarian efforts. The Twelver Shia and the Ismailis also have their own legal schools.

Another group, the Kharijites, arose from events surrounding the assassination of Uthman, the third caliph, and the transfer of authority to the fourth caliph, Ali. In the war between Ali and Muawiyah, part of Ali's army objected to arbitration of the dispute. They left Ali's camp, causing other Muslims to refer to them as "kharijites" (the ones who leave). The term *Kharijites* also became a designation for Muslims who refused to compromise with those who differed from them. Their actions caused the Sunni community to consider them assassins.

In the eighth century, some Kharijites began to moderate their position. Leaders arose who suppressed the fanatical political element in Kharijite belief and discouraged their followers from taking up arms against other Islamic leaders. Kharijite leaders emphasized instead the special benefits that Kharijites might receive from living in a small community that held high standards for personal conduct and spiritual values. One of these religious leaders, or imams, was Abd Allah ibn Ibad, whose followers founded communities in parts of Africa

and southern Arabia. Some of Abd Allah's followers, known as Ibadis, became the leaders in Oman.

The Spread of Islam

The early Islamic polity was intensely expansionist, fueled both by fervor for the faith and by economic and social factors. After gaining control of Arabia and the Persian Gulf region, conquering armies swept out of the peninsula, spreading Islam. By the end of the eighth century, Islamic armies had reached far into North Africa and eastward and northward into Asia.

Traditional accounts of the conversion of tribes in the gulf are probably more legend than history. Stories about the Bani Abd al Qais tribe that controlled the eastern coast of Arabia as well as Bahrain when the tribe converted to Islam indicate that its members were traders having close contacts with Christian communities in Mesopotamia. Such contacts may have introduced the tribe to the ideal of one God and so prepared it to accept the Prophet's message.

The Arabs of Oman also figure prominently among the early converts to Islam. According to tradition, the Prophet sent one of his military leaders to Oman to convert not only the Arab inhabitants, some of whom were Christian, but also the Iranian garrison, which was Zoroastrian. The Arabs accepted Islam, but the Iranians did not. It was partly the zeal of the newly converted Arabs that inspired them to expel the Iranians from Oman.

Although Muhammad had enjoined the Muslim community to convert the infidel, he had also recognized the special status of the "people of the book," Jews and Christians, whose scriptures he considered revelations of God's word and which contributed in some measure to Islam. By accepting the status of *dhimmi* (tolerated subject people), Jews and Christians could live in their own communities, practice their own religious laws, and be exempt from military service. However, they were obliged to refrain from proselytizing among Muslims, to recognize Muslim authority, and to pay additional taxes. In addition, they were denied certain political rights.

The Gulf in the Middle Ages

In the Islamic period, the prosperity of the gulf continued to be linked to markets in Mesopotamia. Accordingly, after 750

the gulf prospered because Baghdad became the seat of the caliph and the main center of Islamic civilization. Islam brought great prosperity to Iraq during this period, thus increasing the demand for foreign goods. As a result, gulf merchants roamed farther and farther afield. By the year 1000, they were traveling regularly to China and beyond, and their trading efforts were instrumental in spreading Islam, first to India and then to Indonesia and Malaya.

The Islam they spread, however, was often sectarian. Eastern Arabia was a center for both Kharijites and Shia; in the Middle Ages, the Ismaili Shia faith constituted a particularly powerful force in the gulf. Ismailis originated in Iraq, but many moved to the gulf in the ninth century to escape the Sunni authorities. Whereas the imam was central to the Ismaili tradition, the group also recognized what they referred to as "missionaries" (*dua*; sing., *dai*), figures who spoke for the imam and played major political roles. One of these missionaries was Hamdan Qarmat, who sent a group from Iraq to Bahrain in the ninth century to establish an Ismaili community. From their base in Bahrain, Qarmat's followers, who became known as Qarmatians, sent emissaries throughout the Muslim world.

The Qarmatians are known for their attacks on their opponents, including raids on Baghdad and the sack of Mecca and Medina in 930. For much of the tenth century, the Ismailis of Bahrain were the most powerful force in the Persian Gulf and the Middle East. They controlled the coast of Oman and collected tribute from the caliph in Baghdad as well as from a rival Ismaili imam in Cairo, whom they did not recognize.

By the eleventh century, Ismaili power had waned. The Qarmatians succumbed to the same forces that had earlier threatened centers on the gulf coast—the ambitions of strong leaders in Mesopotamia or Iran and the incursion of tribes from the interior. In 985 armies of the Buyids, an Iranian dynasty, drove the Ismailis out of Iraq, and in 988 Arab tribes drove the Ismailis out of Al Ahsa, an oasis they controlled in eastern Arabia. Thereafter, Ismaili presence in the gulf faded, and in the twentieth century the sect virtually disappeared.

Ibadis figured less prominently than the Shia in the spread of Islam. A stable community, the Ibadi sect's large following in Oman has helped to distinguish Oman from its gulf neighbors. Ibadis originated in Iraq, but in the early eighth century, when the caliph's representative began to suppress the Ibadis, many left the area. Their leader at the time, Jabir ibn Zayd, had come

to Iraq from Oman, so he returned there. Jabir ibn Zayd's presence in Oman strengthened the existing Ibadi communities; in less than a century, the sect took over the country from the Sunni garrison that ruled it in the caliph's name. Their leader, Al Julanda ibn Masud, became the Ibadi imam of Oman.

In the Ibadi tradition, imams are elected by a council of religious scholars, who select the leader that can best defend the community militarily and rule it according to religious principles. Whereas Sunnis and Shia traditionally have focused on a single leader, referred to as caliph or imam, Ibadis permit regions to have their own imams. For instance, there have been concurrent Ibadi imams in Iraq, Oman, and North Africa.

Because of the strong sense of community among Ibadis, which resembles tribal feelings of community, they have predominated in the interior of Oman and to a lesser degree along the coast. In 752, for example, a new line of Sunni caliphs in Baghdad conquered Oman and killed the Ibadi imam, Al Julanda. Other Ibadi imams arose and reestablished the tradition in the interior, but extending their rule to the coastal trading cities met opposition. The inland empires of Iran and Iraq depended on customs duties from East-West trade, much of which passed by Oman. Accordingly, the caliph and his successors could not allow the regional coastal cities out of their control.

As a result, Oman acquired a dual nature. Ibadi leaders usually controlled the mountainous interior while, for the most part, foreign powers controlled the coast. People in the coastal cities often have been foreigners or have had considerable contact with foreigners because of trade. Coastal Omanis have profited from their involvement with outsiders, whereas Omanis in the interior have tended to reject the foreign presence as an intrusion into the small, tightly knit Ibadi community. Ibadi Islam thus has preserved some of the hostility toward outsiders that was a hallmark of the early Kharijites.

While the imam concerned himself with the interior, the Omani coast remained under the control of Iranian rulers. The Buyids in the late tenth century eventually extended their influence down the gulf as far as Oman. In the 1220s and 1230s, another group, the Zangids—based in Mosul, Iraq—sent troops to the Omani coast; around 1500 the Safavids, an Iranian dynasty, pushed into the gulf as well. The Safavids followed the Twelve Imam Shia tradition, which they had taken

over from the Arabs, and imposed Shia beliefs on those under their rule.

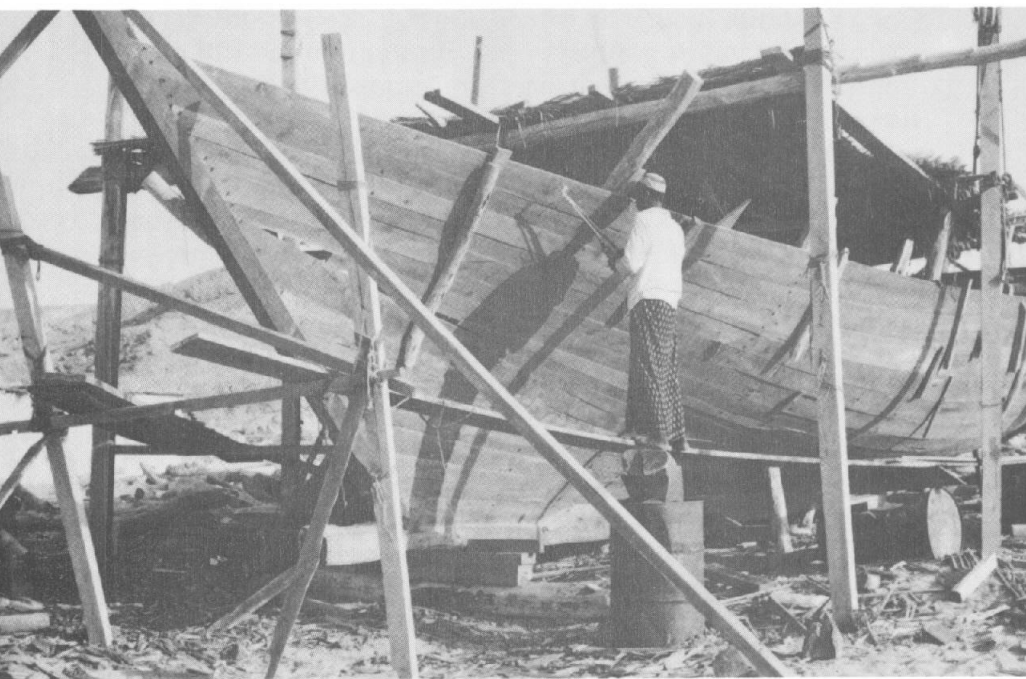
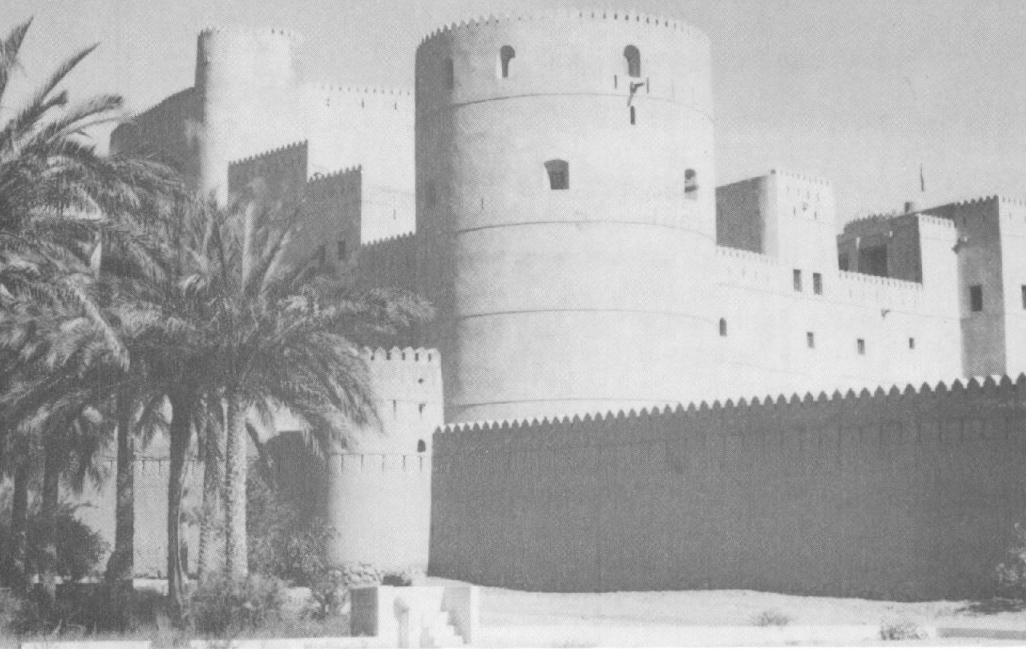
Oman's geographic location gave it access not only to the Red Sea trade but also to ships skirting the coast of Africa. By the end of the fifteenth century, however, an Iranian ruler, the shaykh (see Glossary) of Hormuz, profited most from this trade. The shaykh controlled the Iranian port that lay directly across the gulf from Oman, and he collected customs duties in the busy Omani ports of Qalhat and Muscat. Ibadi imams continued to rule in the interior, but until Europeans entered the region in the sixteenth century, Ibadi rulers were unable to reclaim the coastal cities from the Iranians.

The Age of Colonialism

During the Middle Ages, Muslim countries of the Middle East controlled East-West trade. However, control changed in the fifteenth century. The Portuguese, who were building ships with deep hulls that remained stable in high seas, were thereby able to make longer voyages. They pushed farther and farther down the west coast of Africa until they found their way around the southern tip of the continent and made contact with Muslim cities on the other side. In East Africa, the Portuguese enlisted Arab navigators there to take them across to India, where they eventually set themselves up in Calicut on the Malabar Coast.

Once in India, the Portuguese used their superior ships to transport goods around Africa instead of using the Red Sea route, thus eliminating the middlemen in Egypt. The Portuguese then extended their control to the local trade that crossed the Arabian Sea, capturing coastal cities in Oman and Iran and setting up forts and customs houses on both coasts to collect duty. The Portuguese allowed local rulers to remain in control but collected tribute from them in exchange for that privilege, thus increasing Portuguese revenues.

The ruler most affected by the rise of Portuguese power was the Safavid shah of Iran, Abbas I (1587–1629). During the time the shaykh of Hormuz possessed effective control over gulf ports, he continued to pay lip service and tribute to the Safavid shah. When the Portuguese arrived, they forced the shaykh to pay tribute to them. The shah could do little because Iran was too weak to challenge the Portuguese. For that the shah required another European power; he therefore invited the



*Ar Rustaq fort, Oman, restored by Omani Ministry of National
Heritage and Culture
Building a dhow in Sur, Oman's ancient port; ship construction is a
major enterprise of Persian Gulf states.
Courtesy Embassy of the Sultanate of Oman, Washington*

English and the Dutch to drive the Portuguese out of the gulf, in return for half the revenues from Iranian ports.

Both countries responded to the shah's offer, but it was England that proved the most helpful. In 1622 the English, along with some of the shah's forces, attacked Hormuz and drove the Portuguese out of their trading center there. Initially, the Dutch cooperated with the English, but the two European powers eventually became rivals for access to the Iranian market. The English won and by the beginning of the nineteenth century had become the major power in the gulf.

Struggles between Iranians and Europeans contributed to a power vacuum along the coast of Oman. The English attacks on the Portuguese coincided with the rise of the Yarubid line of Ibadi imams in the interior of Oman. The Yarubids took advantage of Portuguese preoccupation with naval battles on the Iranian side of the gulf and conquered the coastal cities of Oman around 1650. The imams moved into the old Portuguese stronghold of Muscat and so brought the Omani coast and interior under unified Ibadi control for the first time in almost 1,000 years.

A battle over imamate succession in the early eighteenth century, however, weakened Yarubid rule. Between the 1730s and the 1750s, the various parties began to solicit support from outside powers. The Yarubid family eventually called in an Iranian army, which reestablished Iranian influence on the Omani coast. This time the Iranian hold on Oman was short-lived. In 1742 the Al Said, an Ibadi family from one of the coastal cities, convinced the local population to help it expel the Iranians; this put the leader, Ahmad ibn Said Al Said, in control of the Omani coast. His success sufficiently impressed the Ibadi leaders that they made him imam several years later.

The title of imam gave Ahmad ibn Said control over all of Oman, and under him and his successors the country prospered for more than a century. The Omanis extended their influence into the interior and into part of the present-day United Arab Emirates (UAE), consisting of the states of Abu Dhabi, Ajman, Al Fujayrah, Dubayy, Ras al Khaymah, Sharjah, and Umm al Qaywayn. They also collected tribute from as far away as present-day Bahrain and Iraq. The Omanis conquered the Dhofar region, which is part of present-day Oman but was not historically part of the region of Oman.

Oman also strengthened its hold on the Muslim cities of East Africa. These cities had been established by Omani traders

in the tenth and eleventh centuries, but their connection to Oman had grown somewhat tenuous. At the beginning of the nineteenth century, however, the Al Said reasserted Omani authority in the area. Said ibn Sultan (1806–56) encouraged Omanis to settle in Zanzibar, an island off the African coast that had retained strong connections with Oman, and, from Zanzibar, he sent expeditions to take over several cities on the mainland (see *Historical Patterns of Governance*, ch. 6).

Although Ahmad ibn Said had succeeded in uniting Oman under an Ibadi imamate, the religious nature of his family's authority did not last long. His son, Said ibn Ahmad Al Said, was elected to the imamate after him, but no other family member won the official approval of the religious establishment. As a result, the Al Said called themselves *sultans*, a secular title having none of the religious associations of imam. They further distanced themselves from Ibadi traditions by moving their capital from Ar Rustaq, a traditional Ibadi center in the interior, to the trading center of Muscat. As a result of the move, the dichotomy between coast and interior that had traditionally split Oman was reinstated.

The relationship between coast and interior was becoming a major feature within the gulf. In the eighteenth century, tribes from the interior increasingly began to move and settle into the coastal centers. Although the economy on the Arab side of the gulf did not match past prosperity, coastal conditions remained better than those in central Arabia. Limited agriculture existed, and the gulf waters were the site of rich oyster beds for harvesting pearls. The area's easy access to India, a major market for pearls, made the pearling industry particularly lucrative, and this drew the attention of tribes in the interior. The tribal migrations that occurred around 1800 put in place the tribes and clans that in 1993 controlled Kuwait, Bahrain, Qatar, and the UAE.

The Bani Utub moved from central Arabia into the northern gulf in the early 1800s, and one of its families, the Al Sabah, established itself as leaders of present-day Kuwait; another family, the Al Khalifa, established itself in present-day Bahrain. In the early 1800s, a number of other tribes were living along the gulf. Thus, Al Sabah and Al Khalifa control meant that these families ruled loosely over other tribes. Before taking Bahrain, the Al Khalifa first had established a settlement across the water on the peninsula that is present-day Qatar. Although the Al Khalifa were successful in taking Bah-

rain, they were unable to hold Qatar. They lost the peninsula to the Al Thani, the leading family from another tribe that, like the Bani Utub, had recently moved into the area.

The exact origins of the Al Thani are unknown, but they were already in Qatar when the Al Khalifa came. The origins of the Bani Yas tribe and the Al Qasimi family that rule in the present-day UAE are somewhat clearer. The Bani Yas originated in central Arabia and probably established themselves on the coast at Abu Dhabi around 1700; they later extended their influence to Dubayy. Historical evidence indicates that the Al Qasimi lived along the gulf during the pre-Islamic period and engaged in trade, pearling, and piracy.

Wahhabi Islam and the Gulf

The eighteenth and nineteenth centuries were a turbulent time for Arabia in general and for the gulf in particular. To the southeast, the Al Said of Oman were extending their influence northward, and from Iraq the Ottoman Turks were extending their influence southward. From the east, both the Iranians and the British were becoming increasingly involved in Arab affairs.

The most significant development in the region, however, was the Wahhabi movement. The name *Wahhabi* derived from Muhammad ibn Abd al Wahhab, who died in 1792. He grew up in an oasis town in central Arabia where he studied Hanbali law, usually considered the strictest of Islamic legal schools, with his grandfather. While still a young man, he left home and continued his studies in Medina and then in Iraq and Iran.

When he returned from Iran to Arabia in the late 1730s, he attacked as idolatry many of the customs followed by tribes in the area who venerated rocks and trees. He extended his criticism to practices of the Twelve Imam Shia, such as veneration of the tombs of holy men. He focused on the central Muslim principle that there is only one God and that this God does not share his divinity with anyone. From this principle, his students began to refer to themselves as *muwahhidun* (sing., *muwahhid*), or "unitarians." Their detractors referred to them as "Wahhabis."

Muhammad ibn Abd al Wahhab considered himself a reformer and looked for a political figure to give his ideas a wider audience. He found this person in Muhammad ibn Saud, the amir (see Glossary) of Ad Diriyah, a small town near Riyadh. In 1744 the two swore a traditional Muslim pledge in

which they promised to work together to establish a new state (which later became present-day Saudi Arabia) based on Islamic principles. The limited but successful military campaigns of Muhammad ibn Saud caused Arabs from all over the peninsula to feel the impact of Wahhabi ideas.

The Wahhabis became known for a fanaticism similar to that of the early Kharijites. This fanaticism helped to intensify conflicts in the gulf. Whereas tribes from the interior had always raided settled communities along the coast, the Wahhabi faith provided them with a justification for continuing these incursions to spread true Islam. Accordingly, in the nineteenth century Wahhabi tribes, under the leadership of the Al Saud, moved at various times against Kuwait, Bahrain, and Oman. In Oman, the Wahhabi faith created internal dissension as well as an external menace because it proved popular with some of the Ibadi tribes in the Omani interior.

Wahhabi thought has had a special impact on the history of Qatar. Muhammad ibn Abd al Wahhab's ideas proved popular among many of the peninsula tribes, including the Al Thani, before the Al Khalifa attempted to take over the area from Bahrain at the beginning of the nineteenth century. As a result, Wahhabi beliefs motivated Al Thani efforts to resist the attempt of the Al Khalifa, who rejected Wahhabism, to gain control of the peninsula. In the early 1990s, Wahhabism distinguished Qatar religiously from its neighbors.

Wahhabi fervor was also significant in the history of the present-day UAE. The Al Qasimi tribes that had controlled the area since the eighteenth century adapted Wahhabi ideas and transferred the movement's religious enthusiasm to the piracy in which they had traditionally engaged. Whereas Wahhabi thought opposed all that was not orthodox in Islam, it particularly opposed non-Muslim elements such as the increasing European presence in the Persian Gulf.

Treaties with the British

The increased European presence resulted in large part from commercial competition between Al Qasimi merchants and British merchants for the lucrative trade between India and the Persian Gulf in the early nineteenth century. British merchants enlisted the British navy to assist them by launching attacks on Al Qasimi strongholds in the present-day UAE as early as 1809. The navy did not succeed in controlling the situation until 1819. In that year, the British sent a fleet from India

that destroyed Ras al Khaymah, an Al Qasimi port at the eastern end of the gulf. From Ras al Khaymah, the British fleet destroyed Al Qasimi ships along both sides of the gulf.

The British had no desire to take over the desolate areas along the gulf; they only wished to control the trading cities. The British decided to leave most tribal leaders in power and concluded a series of treaties with them.

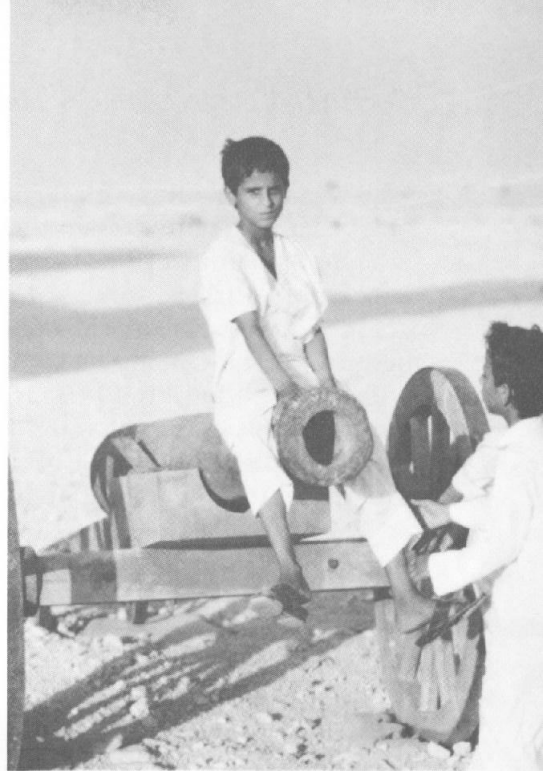
As a result of these truces, the Arab side of the gulf came to be known as the "Trucial Coast." This area had previously been under the nominal control of the sultan in Oman, although the Trucial Coast tribes were not part of the Ibadi imamate. The area has also been referred to as "Trucial Oman" to distinguish it from the part of Oman under the sultan that was not bound by treaty obligation.

In 1820 the British seemed primarily interested in controlling the Al Qasimi, whose main centers were Ras al Khaymah, Ajman, and Sharjah, which were all small ports along the southeastern gulf coast. The original treaties, however, also involved Dubayy and Bahrain, which were entrepôts. The inclusion of these ports brought two other extended families, the Bani Yas and the Al Khalifa, into the trucial system.

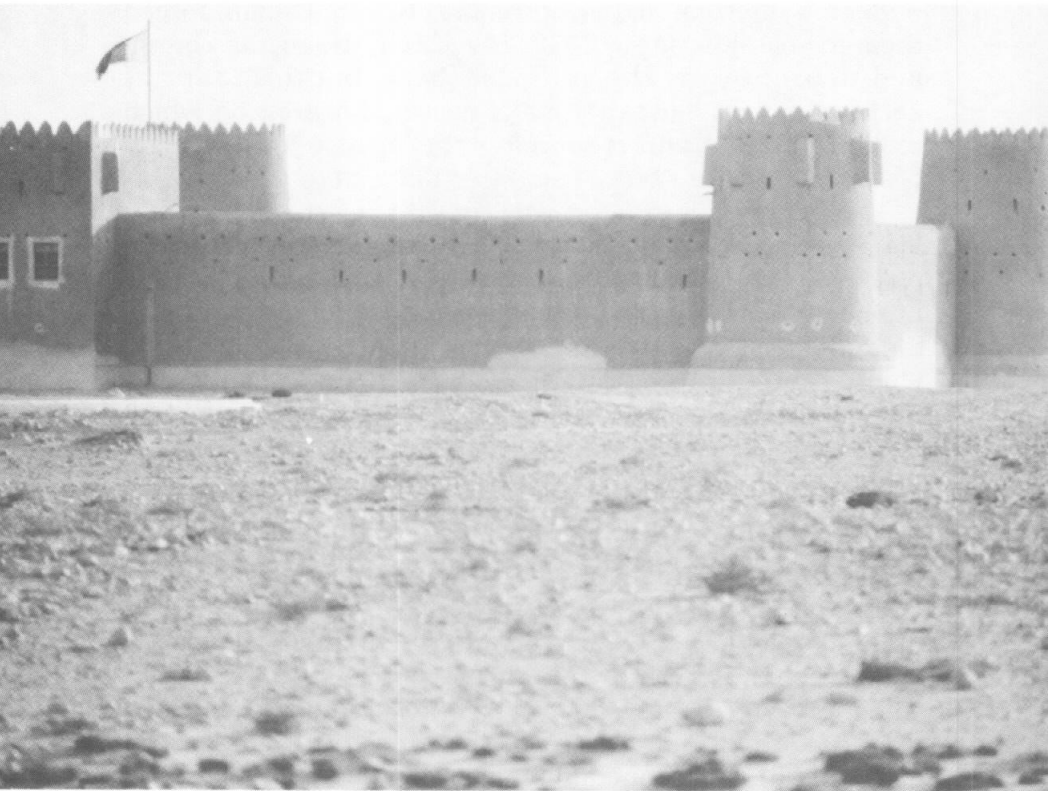
During the next 100 years, the British signed a series of treaties having wide-ranging provisions with other tribes in the gulf. As a result, by the end of World War I, leaders from Oman to Iraq had essentially yielded control of their foreign relations to Britain. Abu Dhabi entered into arrangements similar to those of Dubayy and Bahrain in 1835, Kuwait in 1899, and Qatar in 1916. The treaty whose terms convey the most representative sense of the relationship between Britain and the gulf states was the Exclusive Agreement of 1882. This text specified that the signatory gulf states (members of the present-day UAE) could not make any international agreements or host any foreign agent without British consent.

Because of these concessions, gulf leaders accepted the need for Britain to protect them from their more powerful neighbors. The main threat came from the Al Saud in central Arabia. Although the Ottomans had defeated the first Wahhabi empire of the Al Saud around 1820, the family rose up again about thirty years later; it threatened not only the Al Qasimi, who by this time had largely abandoned Wahhabi Islam, but also the Al Khalifa in Bahrain and the Ibadi sultan in Oman. In the early 1900s, the Al Saud also threatened Qatar despite its

*Boys playing on cannon
at Az Zubarah fort, Qatar
Courtesy Anthony Toth*



*Restored ancient fort
at Az Zubarah, Qatar;
similar forts exist in most
Persian Gulf states.
Courtesy Anthony Toth*



Wahhabi rulers. Only with British assistance could the Al Thani and other area rulers retain their authority.

The Al Saud were not the only threat. Despite its treaty agreement with Britain, Bahrain on several occasions had claimed Qatar because of the Al Khalifa involvement on the peninsula. The Omanis and Iranians had also claimed Bahrain because both have held the island at various times. Furthermore, the Ottomans claimed Bahrain occasionally and tried throughout the latter part of the nineteenth century to establish their authority in Kuwait and Qatar.

The British wished to maintain security on the route from Europe to India so that merchants could safely send goods between India and the gulf. Britain also sought to exclude the influence in the area of other powers, such as the Ottoman Empire and France.

East-West trade through the Persian Gulf dried up in the nineteenth century after the opening of the Suez Canal, which provided an all-water route to the Mediterranean Sea. Gulf merchants continued to earn substantial income from the slave trade, but international pressure, mostly from Britain, forced them to abandon this by 1900. Thereafter, the region continued to profit from the gulf pearl beds, but this industry declined in the 1930s as a result of the world depression, which reduced demand, and as a result of the Japanese development of a cheaper way to "breed" pearls, or make cultured pearls.

Oman, which was technically cut off from the gulf after it lost the Musandam Peninsula, which fell under British influence between 1853 and 1914, fared little better during the late nineteenth century. The fifth sultan in the Al Said line, Said ibn Sultan, ruled for almost the entire first half of the nineteenth century, increasing Omani influence and revenue tremendously. The resulting prosperity, however, was short-lived. The Omani fleet could not compete with the more technologically advanced European ships; thus the sultan gradually lost much of the income he had earned from customs duties on the Indian trade. At the same time, the increasing pressure to restrict the slave trade eliminated much of the revenue the Omanis had earned from East Africa.

The final blow to Oman's economic and political viability came after the death of Said ibn Sultan. When the Al Said could not agree on a successor, the British acted. They divided the Al Said holdings and gave Oman proper to one of the claimants to the throne and awarded Omani possessions in

East Africa to another. Thus, after 1856 there were two Al Said rulers. The one in Muscat, with a weakened merchant fleet and no East African revenues, was left with little support. Because of the different centers of power, the country became popularly known as Muscat and Oman.

The sultan's financial weakness contributed to his difficulty in maintaining his hold on the interior. The devout Ibadi population of the interior had long resented the more secular orientation of the coastal centers. As the sultan grew weaker, groups in the interior raised revolts against him on several occasions. Only with British help could the sultan remain in control, and his growing dependence on outsiders caused his relations with the Ibadi population to deteriorate. Whereas other gulf rulers used the British to protect them from their more powerful neighbors, the sultan needed the British to protect him from his subjects.

Discovery of Oil

At the end of World War I, the Arab states of the gulf were weak, with faltering economies and with local rulers who maintained their autonomy only with British assistance. The rulers controlled mainly the small port cities and some of the hinterland. The sultan in Oman claimed a somewhat larger area, but resistance to his rule made it difficult for him to exert his authority much beyond Muscat.

The discovery of oil in the region changed all this. Oil was first discovered in Iran, and by 1911 a British concern, the Anglo-Persian Oil Company (APOC), was producing oil in Iran. The British found oil in Iraq after World War I. In 1932 Standard Oil Company of California (Socal) discovered oil in commercial quantities in Bahrain. Socal then obtained a concession in Saudi Arabia in 1933 and discovered oil in commercial quantities in 1938.

A flurry of oil exploration activity occurred in the gulf in the 1930s with the United States and Britain competing with one another for oil concessions. One reason for the increased activity was that in 1932 the new Iranian government of Reza Shah Pahlavi revoked APOC's concession. Although the shah and the British later agreed on new terms, the threat of losing Iranian oil convinced the British in particular that they must find other sources. The small states of the Persian Gulf were a natural place to look. Geological conditions were similar to those in Iran, and, because of treaties signed between 1820 and

1916, the British had substantial influence and could restrict foreign access.

Oil exploration did not mean immediate wealth for Arab rulers of the area. Although the oil companies struck large deposits of oil in Bahrain almost immediately, it took longer in other countries to locate finds of commercial size. Oman, for instance, was unable to export oil until 1967. World War II delayed development of whatever fields had been discovered in the 1930s; so it was not until the 1950s that countries still technically dependent on Britain for their security began to earn large incomes. The oil fields in Kuwait were developed the most quickly, and by 1953 that nation had become the largest oil producer in the gulf. Considerably smaller fields in Qatar came onstream in commercial quantities in the 1950s, and Abu Dhabi began to export offshore oil in 1962. Dubai began to profit from offshore oil deposits in the late 1960s.

Until the 1970s, foreign companies owned and managed the gulf oil industry. In most cases, European- and United States-based concerns formed subsidiaries to work in specific countries, and these subsidiaries paid fees to the local rulers, first for the right to explore for oil and later for the right to export the oil. When the first arrangements were made, local rulers had a weak bargaining position because they had few other sources of income and were eager to get revenues from the oil companies as fast as possible. Moreover, in 1930 no one knew the size of gulf oil reserves.

As production increased and the extent of oil deposits became known, indigenous rulers improved their terms. In the 1950s, rulers routinely demanded an equal share of oil company profits in addition to a royalty fee. By the 1970s, most of the gulf countries, which by then were independent of British control, bought major shares in the subsidiary companies that worked within their borders. By the early 1990s, many of these subsidiaries had become completely state-owned concerns. They continued to employ Western experts at the highest decision-making levels, but the local government had ultimate responsibility and profits.

Independence

With the exception of Saudi Arabia and Iraq, the Arab coast of the gulf is ruled by ten families: in Kuwait the Al Sabah; in Bahrain the Al Khalifa; in Qatar the Al Thani; in the present-day UAE the Al Nuhayyan in Abu Dhabi, the Al Nuaimi in

Ajman, the Al Sharqi in Al Fujayrah, the Al Maktum in Dubayy, the Al Qasimi in Ras al Khaymah and Sharjah, and the Al Mualla in Umm al Qaywayn; and the Al Said in present-day Oman. These families owe their positions to tribal leadership. It was on this traditional basis that the British had negotiated treaties with their leaders in the nineteenth century and the early twentieth century.

A major provision of these treaties was the recognition of sovereignty. The British were concerned that rulers of the weaker gulf families would yield some of their territory under pressure from more powerful groups, such as the Al Saud or the Ottomans. Accordingly, the treaties signed between 1820 and 1916 recognized the sovereignty of these rulers within certain borders and specified that these borders could not be changed without British consent. Such arrangements helped to put tribal alliances into more concrete terms of landownership. This meant that the Al Nuhayyan of Abu Dhabi, for example, not only commanded the respect of tribes in the hinterland but also owned, as it were, the land that those tribes used—in this case, about 72,000 square kilometers of Arabia.

Controlling, or owning, land became more important with the discovery of oil. When oil companies came to explore for oil, they looked for the "owner" of the land; in accordance with British treaties, they went to the area's leading families and agreed to pay fees to the heads of these families. As oil revenues increased, the leaders became rich. Although the leaders spent much of their new wealth on themselves, they also distributed it in the area they controlled according to traditional methods, which initially consisted mostly of largesse: gifts for friends, and food for whomever needed it. As time passed, the form of largesse became more sophisticated and included, for example, the construction of schools, hospitals, and roads to connect principal cities to towns in the interior.

Oil revenues did not change traditional tribal ideas about leadership. New money, however, increased the influence of area leaders by giving them more resources to distribute. Because of oil exploration, tribal boundaries became clearer, and areas were defined more precisely. Distinctions among tribes also became more evident. A new sense of identity appeared in gulf shaykhdoms and aroused a growing expectation that they should rule themselves. To do this, shaykhs had to cut themselves off from British control and protection.

By the early 1960s, this was something to which the British had little objection. India and Pakistan won their independence in 1947, meaning that Britain no longer had to worry about protecting the western flank of the subcontinent. Britain was also burdened by the tremendous sacrifices it made during World War II and could not be as globally involved as it had been before the war. Therefore, Britain yielded many of its strategic responsibilities to the United States in the postwar period or gave them up entirely. However, the British were bound to the gulf by treaties and so remained in the region, but it was clear by the 1960s that they sought to leave the gulf.

Kuwait was the first state to terminate the agreement connecting it with Britain. Oil production in Kuwait had developed more quickly than in neighboring states; as a result, Kuwaitis were better prepared for independence. They declared independence in 1961 but ran into immediate trouble when Iraq claimed their territory. The Iraqis argued that the British had recognized Ottoman sovereignty over Kuwait before World War I and, because the Ottomans had claimed to rule Kuwait from what was then the province of Iraq, the territory should belong to Iraq.

The British immediately sent troops to Kuwait to deter any Iraqi invasion. British and Kuwaiti positions were supported by the newly formed League of Arab States (Arab League), which recognized the new state and sent troops to Kuwait. The Arab League move left the Iraqis isolated. Accordingly, when a new Iraqi government came to power in 1963, one of its first steps was to give up its claim and recognize the independence of Kuwait.

The experience of Kuwait may have increased the anxiety of other gulf leaders about declaring their independence. Even into the 1970s, Iran and Saudi Arabia continued to make claims on territory in Bahrain and the UAE, although by the end of 1971 those states were independent, and nothing came of the claims. Gulf leaders also faced uncertainty about the form their states should take. Should they all, with the exception of Oman, whose situation was different in that its treaty relationship with Britain did not guarantee its borders as did treaties of the other gulf states, band together in the largest entity possible? Or should they break up into nine separate states, the smallest of which had little territory, few people, and no oil?

British action forced gulf leaders to decide. Because of domestic financial concerns, Britain decided in the late 1960s to eliminate its military commitments east of Suez. As a result, the gulf shaykhs held a number of meetings to discuss independence. Initially, leaders considered a state that would include all nine shaykhdoms; Qatar had even drawn up a constitution to this effect.

Various obstacles existed, however, to the creation of a "superstate." The ruler of Bahrain especially and to a lesser degree the ruler of Qatar were not satisfied with the political and economic status that their countries would enjoy in such an arrangement. They wished to have a preeminent position and therefore decided that independence would be preferable to federation. Accordingly, Bahrain declared its independence on August 15, 1971, and Qatar followed suit on September 3, 1971.

With regard to the other gulf shaykhdoms, their political options were limited. The only one with significant oil revenues was Abu Dhabi; Dubayy had only just begun to receive income from its oil. The five southern shaykhdoms—Ajman, Al Fujayrah, Ras al Khaymah, Sharjah, and Umm al Qaywayh—had at the time no mineral resources to provide revenues. Therefore, realistically, their only choice was to join in a federation in which they would be strengthened by the collective resources of their neighbors. Abu Dhabi and Dubayy considered such a federation advantageous to themselves because of their small size and limited population.

Thus, in 1971 soon after Qatar became independent, the remaining shaykhs, with the exception of the Al Qasimi in Ras al Khaymah, took the preliminary constitution that Qatar had originally drawn up for a nine-member confederation and adapted it to a six-member body. On December 2, 1971, one day after the British officially withdrew, these six shaykhdoms declared themselves a sovereign state.

Ras al Khaymah originally refused to join the confederation. The Al Qasimi, who ruled the area, claimed a number of islands and oil fields within the gulf to which Iran laid claim as well. In the negotiations to form the UAE, the Al Qasimi sought support for their claims from Arab states on the peninsula as well as from some Western powers. When their efforts proved unsuccessful, the Al Qasimi pulled out of the negotiations. They quickly realized, however, that they could not exist on their own and joined the union in February 1972.

Oman, which traditionally regarded itself as an independent state, had not contemplated joining the federation. Oman had experienced considerable British involvement in its affairs since the latter half of the nineteenth century. By taking over Zanzibar and other areas of East Africa formerly controlled by Oman, Britain had destroyed much of Oman's trade. The trade loss created resentment on the part of the Omanis, which grew in the twentieth century when the ruler granted oil concessions to British companies. The increasing British presence caused tensions that resulted in charges of foreign interference in Omani affairs. Many Omanis blamed the Al Said sultan for allowing foreign influence, which they considered detrimental to the religious and cultural life of the sultanate.

In 1958 the sultan withdrew to his palace in the coastal city of Salalah in Dhofar, the southern region that the Al Said had annexed in the nineteenth century, but took little interest in maintaining stability in the country. While keeping his military relationship with the British, he restricted Oman's contacts with the rest of the world, discouraged development, and prohibited political reform.

In the end, the Al Said control over a united Oman survived, but Said ibn Taimur did not. Although the sultan had partially reestablished his authority in the Omani interior, he was unable to handle the increasing complexity of domestic politics. By the 1960s, Omani affairs had become international issues. Western oil companies sought to work in the interior of the country, and foreign governments, such as the Marxist state of the People's Democratic Republic of Yemen, were sending arms to the rebels in Dhofar.

The Al Said hold over the region remained problematic, however, and in 1964 a rebellion arose, this time in Dhofar. The Dhofar rebellion, which was not brought under control until late 1975, obliged the sultan to seek foreign military assistance; therefore, British forces, particularly the air force, resumed activity in the country. The rebels pointed to British involvement as an indication of the sultan's illegitimacy and brought their case to the United Nations (UN), which eventually censured Britain for its continuing involvement in Oman.

Said ibn Taimur's policies frustrated many, not only in Oman but also in Britain, whose citizens were heavily involved in the sultan's military and intelligence apparatus. By 1970 these elements decided they could bear with the situation no longer; a coalition of Omani military and civilian forces, as well

as British forces, attacked the palace and forced Said ibn Taimur to abdicate. They replaced him with his son, Qabus ibn Said Al Said, who had played no role in Said ibn Taimur's government. The sultan had actually locked his son in the palace for fear that Qabus ibn Said, who had been educated in Britain, would challenge his archconservative policies.

On his release, Qabus ibn Said consolidated the sultanate's hold over the interior and then solicited regional rather than British help to put down the rebellion in Dhofar. Other Arab leaders, as well as the shah of Iran, sent troops to Oman in response to Qabus ibn Said's requests; with the help of this coalition, by late 1975 the sultan ended the Dhofar rebellion.

Qabus ibn Said was not an Ibadi imam as the first rulers in his line had been, but in 1970 this was less important than it had been in earlier times. Only about 60 percent of Oman's population was Ibadi, concentrated in the northern mountains. Furthermore, the Dhofar region had a relatively short history of association with the rest of Oman.

Developments since Independence

Since the early 1970s, increased oil production and regional instability have dominated events in the Persian Gulf. Revenues from the oil industry grew dramatically after oil producers raised their prices unilaterally in 1973; as a result, funds available to gulf rulers increased. Governments began massive development projects that brought rapid material and social change. As of 1993, the turmoil that these changes caused had not yet stabilized. Those states that had benefited longest from oil money, such as Kuwait and Bahrain, made the greatest progress in adjusting to the new oil wealth. Oman—which has used its oil reserves only since the early 1970s and which had suffered under the repressive policies of Said ibn Taimur—saw substantially less progress.

The Iranian Revolution of 1979 challenged gulf stability. Many gulf leaders agreed with some of the social goals of the revolution and its efforts to tie Iran more firmly to its Islamic roots. But Iran's desire to spread the movement beyond its borders clearly threatened gulf leaders. Furthermore, several gulf states have significant Shia or Iranian minorities (Bahrain has a Shia majority although the ruling family is Sunni), and gulf rulers feared that Iran would use ethnic or sectarian loyalties to stir up such minorities.

As of 1993, however, Shia of the gulf had not responded enthusiastically to the Iranian call. Kuwait and Bahrain, which have the largest Shia populations, experienced some limited pro-Iranian demonstrations in 1979.

Iran was perhaps more threatening to gulf stability because of its strong anti-Western stance in world and regional politics. The new Iranian position stood in stark contrast to the gulf amirs' long history of involvement with the British and the close ties to the West that the oil industry entailed. Thus, the Iranian political worldview was one to which rulers in the gulf states could not subscribe.

In 1980 the outbreak of the Iran-Iraq War made the Iranian threat more concrete. The gulf states supported Iraq both in the Arab League, beginning in 1980, and through loans, beginning in 1981. The tanker war began in 1984 with Iraqi air attacks on neutral ships carrying oil and other goods from Iran. Iran, in turn, responded with mine laying and attacks on merchant shipping, causing added concern among the states of the region.

In 1981, partly as a result of such concerns, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE formed the Gulf Cooperation Council (GCC) (see Collective Security under the Gulf Cooperation Council, ch. 7). The goal of the GCC has been to provide for regional defense and to coordinate policy on trade and economic issues. Although the GCC has taken steps to increase the military capabilities of various members, the region has remained dependent to a great extent on the protection of the Western powers. For instance, when the Iran-Iraq War made the gulf unsafe for oil tankers in 1987-88, it was ships from Europe and the United States that protected shipping and cleared the area of mines.

Whereas broader, regional alliances in the gulf have changed dramatically since the 1970s, individual political systems have remained relatively unchanged. All the gulf countries grant ultimate power to a single family, whose leading member rules as amir, but they also provide for an advisory body whose members are drawn from outside the royal family. Kuwait and Bahrain have gone beyond this and have set up separate parliaments with limited power to draft legislation. However, the Al Sabah and the Al Khalifa have sometimes dissolved these bodies; thus, it remains uncertain whether parliaments will become a permanent feature of gulf politics.

The ruling families' hold on power has been challenged at various times. More problematic is the manner in which the gulf states have distributed individual citizenship. Since the 1930s, the population has increased dramatically because of the oil boom, but the number of citizens has not increased correspondingly. Most of the gulf states place restrictions on citizenship, requiring that an individual trace his or her roots in the country to before 1930. Accordingly, the millions of people that have poured into the region since the 1940s have only partial legal status and lack political rights in the countries in which they reside. Although they may have lived there for two generations, they can be asked to leave at any time.

Tribal Nature of Gulf Society

The gulf states have not granted citizenship freely for two reasons: first, they are reluctant to share wealth with recent arrivals; second, the tribal nature of gulf society does not admit new members easily. A tribe usually traces its lineage to a particular eponymous ancestor. The standard Arabic reference to tribe is *bani fulan*, or "the sons [*bani*] of so-and-so." The Bani al Murrah in Saudi Arabia, for example, trace their line back to a figure named Murrah, who lived some time before the Prophet.

Over a period of 1,500 years, the sons of Murrah, or any other ancient figure, have tended to become numerous, making further distinctions necessary. Accordingly, tribes are divided into clans and then into households (*fukhd*; sing., *fakhd*). Households include groups of single families. Together this extended group of families calls itself a tribe. Each tribe has certain characteristics, such as different speech, dress, and customs. But since the 1950s, speech has become less of a distinguishing factor because of the fluidity of gulf society.

The name of a tribe may also reflect some past event. For example, the name *Utub*—the tribe to which the Al Sabah of Kuwait and the Al Khalifa of Bahrain belong—comes from the Arabic word for wander (*atab*). In 1744 the tribe "wandered" out of the desert and into the gulf area and became the Utub.

Two of the most important tribal groups in Arabia are the Qahtan and the Adnan, whose roots stem from the belief that tribes in the north of the peninsula were descended from Adnan, one of Ismail's sons, and that tribes in the south were descended from Qahtan, one of Noah's sons. People in the gulf often attribute the structure of tribal alliances to this north-

south distinction, and many still classify their tribes as Adnani or Qahtani.

Historically, the tribal nature of society has occasioned petty warfare in the gulf. Arab tribes have attacked each other since before the Islamic era, but tribal customs have prevented these attacks from turning into random violence. Clans, however, have defected from their tribe and made alliances with other tribes, and tribes have sometimes banded together to form a more powerful group.

Moreover, although some tribes may trace their lineage to some heroic figure, the real identity of the tribe lies in the people that currently compose it. In the tribe, an individual bases his or her sense of self-esteem on the honor of the tribe as a whole.

In Arabia it was impossible to survive in the desert alone, and so families banded together to find water and move their flocks to new grazing lands. Once they established the necessary resources through collective effort, they guarded them jealously and refused to share them with outsiders. It therefore became necessary to set up boundaries between members of the group or between the tribe and outsiders. The tribe worked to restrict membership in order to preserve its sense of solidarity. As a result, birth into the right family tended to be the only way to become a member of a tribe. Marriage sometimes extended the tribal line beyond blood lines, but, in general, people tended to marry within the tribe and only went outside to establish alliances with other tribes.

The emphasis on the group precluded the rise of a strong leader. Accordingly, tribal leadership is often described as "the first among equals," suggesting a collective leadership in which one among a number of leaders is recognized as the most authoritative. This principal leader must continue to consult with his lesser colleagues and so rules by consensus.

An extension of this pattern of leadership is the concept of leading families within the tribe. Although tribalism tends to discourage inherited authority, traditions of leadership are nevertheless passed down, and tribes expect that certain families will furnish them with leaders generation after generation. This pattern occurred when tribes that were previously nomadic settled down in oases or coastal areas. It then became more likely that certain families would accumulate wealth, whether in food or in goods, and with this wealth would increase their authority. In this way, the individual families that

in the 1990s controlled the gulf states established themselves around 1800. Relations with the British and the discovery of oil continued that process.

The existence of these ruling families is perhaps the most obvious manifestation of Arab tribalism in gulf society in 1993. Another manifestation is the collective manner in which these families rule. In most of these states, the position of amir is not passed from father to son but rotates among different parallel patrilineal lines. This makes the appointment of the next amir an open issue and something on which the entire family must agree. The family also participates in the various consultative bodies that exist to advise the leader. Such bodies, which include figures outside the ruling family, help to institutionalize the first among equals system in these states.

The way that government officials are appointed reflects the importance of tribal connections. Members of the ruling family are accommodated first, followed by families and tribes with whom the rulers have been traditionally allied. In Bahrain, for example, the ruling Al Khalifa have given the major positions in the bureaucracy to Sunni Arabs from tribes that helped them rule the island in the nineteenth century. The Al Khalifa have given lesser positions to Shia Arabs from merchant families with whom they engaged in the pearl industry but with whom they had no tribal alliances.

Tribal cohesiveness is also reflected in the efforts of the gulf states to restrict citizenship. The gulf has always been relatively cosmopolitan, and its port cities have included Arab Shia from Iraq, freed slaves from Africa, Indian pearl traders, and Iranian merchants, in addition to tribal Sunni Arabs. (In 1939, for example, before the oil boom started, 39 percent of Qatar's population was non-Arab.) The dominant Arab tribes have accommodated many of these groups, and those who arrived in the region before 1930 became full citizens of the gulf states, albeit without the connections of tribal Arabs. The tremendous influx since 1940 has caused the naturally restrictive nature of tribal society to reassert itself to prevent a further dilution of tribal identities.

Modern Arab politics, however, often speaks of a single Arab nation in which all Arabs might be citizens. This has led to the notion that Arabs should have rights in the gulf states simply because of their ethnicity. The continuing exodus of millions of Palestinian Arabs since 1948, and their subsequent residence throughout the Arab world, has added urgency to the demand

that individual Arab states define their qualifications for citizenship. Many Arabs argue that Palestinians in particular, but other Arabs as well, should be accepted as citizens in the gulf. Gulf leaders have understandably opposed this for fear that nontribal Arabs would challenge traditional ruling institutions. Although people from all over the world may come to the gulf to work, sovereignty and citizenship are closely guarded by the predominantly tribal population that has its roots in the Arabian Peninsula. In this way, the Persian Gulf coast has preserved its ties with the Arab interior that form the essence of its identity.

* * *

The literature on Bahrain, Kuwait, Oman, Qatar, and the UAE may be divided into two groups: books on Oman and books on the rest of the gulf states. Calvin Allen has a relatively brief study of the modern history of Oman entitled *Oman: The Modernization of the Sultanate*. John C. Wilkinson has written a number of scholarly studies on Oman, including his recent work, *The Imamate Tradition of Oman*. This is an excellent and detailed study of most aspects of Omani history.

For the rest of the gulf, a number of brief studies exist, of which the most recent is *The Arab Gulf and the Arab World*, a collection of articles on various aspects of modern gulf life edited by B.R. Pridham; it contains little on the history of the region. For more historical background, the reader may consult an older but more substantial collection edited by Alvin Cottrell entitled *The Persian Gulf States*. Further history can be found in Donald Hawley's *The Trucial States*.

Of books on particular countries or issues, among the best are Fuad Khuri's *Tribe and State in Bahrain*, which considers the social, religious, and ethnic divisions of the island nation; Fred H. Lawson's *Bahrain: The Modernization of Autocracy*; and Jill Crystal's *Oil and Politics in the Gulf* and *Kuwait: The Transformation of an Oil State*. A recent brief work on the UAE by Malcolm C. Peck, *The United Arab Emirates*, is very good. Abdulrasool al-Mossa's study, *Immigrant Labor in Kuwait*, provides a description of the situation of foreign workers in the gulf. Religious disturbances in the gulf are discussed in relevant chapters of Robin Wright's *Sacred Rage*. (For further information and complete citations, see Bibliography.)

Chapter 2. Kuwait



Crest of the State of Kuwait

Country Profile

Country

Formal Name: State of Kuwait.

Short Form: Kuwait.

Term for Citizens: Kuwaiti(s); adjectival form, Kuwaiti.

Capital: Kuwait (city of Kuwait frequently used to distinguish it from country).

Date of Independence: June 19, 1961.

Geography

Size: About 17,818 square kilometers.

Topography: Almost entirely flat desert.

Climate: Hot, dry, desert climate; sandstorms in June and July; some rain, mainly in spring.

Boundaries: Mostly defined; United Nations post-Persian Gulf War 1992 boundary settlement accepted by Kuwait but rejected by Iraq.

Society

Population: March 1992 estimate 1,175,000, of whom 53 percent Kuwaiti; a decline from preinvasion population of 2,155,000 (mid-1990 estimate), of whom 27 percent Kuwaiti.

Education: Free from preschool through university and compulsory to age fourteen. Adult literacy rate 74 percent in 1990.

Health: National comprehensive health care system extensive and continuing to expand and improve. Life expectancy in 1990 seventy-two years for males and seventy-six for females.

NOTE—The Country Profile contains updated information as available.

Ethnic Groups: Majority of population Arab. Noncitizen population shifted from predominantly Arab to predominantly Asian in 1980s. After 1990–91 Iraqi occupation, exodus of about 370,000 of the 400,000 Palestinians.

Religion: Most Kuwaitis are Sunni Muslims. About 20 percent of citizens are Shia Muslims. Most foreigners are also Muslims, the majority Sunni.

Economy

Gross Domestic Product (GDP): In 1990 United Nations Development Programme estimated US\$15,984 per capita GDP.

Oil Industry: Provided 41 percent of GDP and 87 percent of government revenues in 1989, 58 percent of government revenues in 1990, and 11 percent of government revenues in 1991, showing effects of Persian Gulf War. Crude oil production in 1992 (after oil well restoration during year) about 41 million barrels, compared with about 387 million barrels in 1985.

Industry: About 14 percent of GDP in 1989. Largest industries petrochemicals and building materials.

Agriculture: Little farming—mostly vegetables and fruits. Most food imported. Some fishing.

Exports: US\$11.5 billion in 1989; mostly crude oil and refined products. Asia and Western Europe main markets.

Imports: US\$6.3 billion in 1989—largely such finished products as appliances and vehicles from industrialized nations, particularly Japan, United States, and Western Europe.

Currency and Exchange Rate: Kuwaiti dinar. On March 1, 1994, exchange rate US\$1 = KD3.55.

Fiscal Year: July 1 to June 30.

Transportation and Telecommunications

Transportation: In 1993 more than 3,900 kilometers of roads, of which 3,000 kilometers paved. Three major ports: Ash Shuaybah, Ash Shuwaykh, and Mina al Ahmadi. Airlines use

Kuwait International Airport.

Telecommunications: Prior to Persian Gulf War, excellent telecommunications system; all telecommunications severely damaged during Iraqi occupation and being restored.

Government and Politics

Government: 1962 constitution specifies "hereditary amirate" and fixes succession among male "descendants of the late Mubarak Al Sabah." Ruler in 1994 was Jabir al Ahmad al Jabir Al Sabah, who became amir in 1977. Sixty-member (fifty elected, ten appointed) National Assembly created in 1963, suspended from 1976 to 1980 and again in 1986; replaced in 1990 with partially elected National Council. National Assembly reconstituted by October 1992 elections. Opposition and independent candidates—including some nineteen Islamists—won thirty to thirty-five seats.

Politics: Al Sabah family dominates political events, but several prominent merchant families also powerful. Opposition, independent, and Islamist elements becoming stronger in early 1990s. Political parties illegal.

Foreign Relations: As result of Iraqi invasion of August 2, 1990, and 1991 Persian Gulf War, Kuwait's relations with the West and Gulf Cooperation Council (GCC) states, particularly Saudi Arabia, strengthened to prevent future Iraqi incursion. In addition to GCC, Kuwait belong to more than twenty international organizations, including United Nations, League of Arab States, Nonaligned Movement, Organization of the Islamic Conference, and Organization of the Petroleum Exporting Countries.

National Security

Armed Forces: In mid-1993, according to *The Military Balance, 1993-94*, personnel strength 13,700, including 1,000 central staff: army, 9,000; navy, 1,200 (including coast guard); and air force, 2,500. Matériel of all services largely destroyed or captured in Persian Gulf War; being renewed by large-scale foreign arms purchases.

KUWAIT CAPTURED THE WORLD'S ATTENTION on August 2, 1990, when Iraqi forces invaded and occupied the country, catalyzing a series of events that culminated in military intervention and ultimate victory by United States-led coalition forces in February 1991. In 1993 it appeared that the invasion and its aftermath would have a lasting effect on the people, the economy, and the politics of Kuwait. Once a small gulf shaykhdom known locally as a center for pearl diving and boat construction, Kuwait came to international prominence in the post-World War II era largely because of its enormous oil revenues. Yet its history as an autonomous political entity is much older, dating back to the eighteenth century. At that time, the town of Kuwait was settled by migrants from central Arabia who arrived at what was then a lightly populated fishing village under the suzerainty of the Bani Khalid tribe of Arabia. Members of one family, the Al Sabah, have ruled Kuwait from that time.

Since 1977 Kuwait has been ruled by Shaykh Jabir al Ahmad al Jabir Al Sabah and his designated successor, Shaykh Saad al Abd Allah as Salim Al Sabah, the prime minister and crown prince. In the postwar period, these men have supported, with some ambivalence, the strengthening of popular participation in decision making as provided for in the constitution.

Geography

Kuwait is located at the far northwestern corner of the Persian Gulf, known locally as the Arabian Gulf (see fig. 3). It is a small state of about 17,818 square kilometers, a little smaller than the state of New Jersey. At its most distant points, it is about 200 kilometers north to south and 170 kilometers east to west.

Shaped roughly like a triangle, Kuwait borders the gulf to the east, with 195 kilometers of coast. Kuwait includes within its territory nine gulf islands, two of which, Bubiyan (the largest) and Warbah, are largely uninhabited but strategically important. The island of Faylakah, at the mouth of Kuwait Bay, is densely inhabited. It is believed to be the outermost point of the ancient civilization of Dilmun, which was centered in what is present-day Bahrain. Faylakah is the site of an ancient Greek

temple built by the forces of Alexander the Great. Kuwait's most prominent geographic feature is Kuwait Bay, which indents the shoreline for about forty kilometers, providing natural protection for the port of Kuwait and accounting for nearly one-half the state's shoreline.

To the south and west, Kuwait shares a long border of 250 kilometers with Saudi Arabia. The boundary between Kuwait and Saudi Arabia was set by the Treaty of Al Uqayr in 1922, which also established the Kuwait-Saudi Arabia Neutral Zone of 5,700 square kilometers. In 1966 Kuwait and Saudi Arabia agreed to divide the Neutral Zone; the partitioning agreement making each country responsible for administration in its portion was signed in December 1969. The resources in the area, since then known as the Divided Zone, are not affected by the agreement, and the oil from onshore and offshore fields continues to be shared equally between the two countries.

The third side of the triangle is the 240 kilometers of historically contested border to the north and west that Kuwait shares with Iraq. Although the Iraqi government, which had first asserted a claim to rule Kuwait in 1938, recognized the borders with Kuwait in 1963 (based on agreements made earlier in the century), it continued to press Kuwait for control over Bubiyan and Warbah islands through the 1960s and 1970s. In August 1990, Iraq invaded Kuwait and, shortly thereafter, formally incorporated the entire country into Iraq. Under United Nations (UN) Security Council Resolution 687, after the restoration of Kuwaiti sovereignty in 1991, a UN commission undertook formal demarcation of the borders on the basis of those agreed to in 1963. The boundary was demarcated in 1992, but Iraq refuses to accept the commission's findings.

Kuwait has a desert climate, hot and dry. Rainfall varies from seventy-five to 150 millimeters a year across the country; actual rainfall has ranged from twenty-five millimeters a year to as much as 325 millimeters. In summer, average daily high temperatures range from 42°C to 46°C; the highest recorded temperature is 51.5°C. The summers are relentlessly long, punctuated mainly by dramatic dust storms in June and July when northwesterly winds cover the cities in sand. In late summer, which is more humid, there are occasional sharp, brief thunderstorms. By November summer is over, and cooler winter weather sets in, dropping temperatures to as low as 3°C at night; daytime temperature is in the upper 20s°C range. Frost



Figure 3. Kuwait, 1993

rarely occurs; rain is more common and falls mostly in the spring.

The land was formed in a recent geologic era. In the south, limestone rises in a long, north-oriented dome that lies beneath the surface. It is within and below this formation that the principal oil fields, Kuwait's most important natural resource, are located. In the west and north, layers of sand, gravel, silt, and clay overlie the limestone to a depth of more than 210 meters. The upper portions of these beds are part of a mass of sediment deposited by a great wadi whose most recent channel was the Wadi al Batin, the broad shallow valley forming the western boundary of the country. On the western side of the Ar Rawdatayn geological formation, a freshwater aquifer was discovered in 1960 and became Kuwait's principal water source. The supply is insufficient to support extensive irrigation, but it is tapped to supplement the distilled water supply that fills most of the country's needs. The only other exploited aquifer lies in the permeable zone in the top of the limestone of the Ash Shuaybah field south and east of the city of Kuwait. Unlike water from the Ar Rawdatayn aquifer, water from the Ash Shuaybah aquifer is brackish. Millions of liters a day of this water are pumped for commercial and household purposes.

The bulk of the Kuwaiti population lives in the coastal capital of the city of Kuwait. Smaller populations inhabit the nearby city of Al Jahrah, smaller desert and coastal towns, and, prior to the Persian Gulf War, some of the several nearby gulf islands, notably Faylakah.

Society

Population

In the summer of 1990, Kuwait had an estimated population of 2,155,000. The most dramatic division in this preinvasion population was that between the national population of Kuwaiti citizens and the larger population, more than 70 percent of the total population, of foreign workers (see table 2, Appendix).

The percentage of foreigners in the population grew steadily after World War II, following the rise in oil revenues and the consequent government development programs with their sudden need for substantial labor. The labor market came to consist increasingly of foreigners for a number of reasons. The most important factor was the small size of the indigenous

population and, in the early years, their low level of education. As oil revenues and government investment in education produced a generation of highly educated Kuwaitis, they began to replace foreigners at the highest levels of employment, but even this highly educated population was small. The low participation rates of women in the work force also contributed to the reliance on foreign workers. Restrictions on female dress and behavior in public and consequently on labor force participation are not as strong as they are elsewhere in the gulf, notably in Saudi Arabia. Customary norms, however, coupled with higher family incomes, which reduce the need to employ more family members and lessen the incentive for individuals to undertake the more unpleasant sorts of work, combine to promote a lower labor force participation rate in the national population.

The importance of foreign workers to the economy in the post-World War II period is difficult to exaggerate. Most of these foreigners were male. Most were employed by the state. Most were in Kuwait for relatively short periods (40 percent used to stay less than five years); Arabs used to stay somewhat longer than non-Arabs. Historically, Arabs constituted the bulk of the non-Kuwaiti population. In addition to a large number of Palestinian workers, estimated at 400,000 in 1990, there were numerous Egyptians, Iraqis, Syrians, and Lebanese. A smaller but significant and growing number of workers came from Asia. In the early 1980s, the composition of the work force shifted, and by 1985 slightly more than one-half the foreign workers (52 percent) were Asian and less than one-half (46 percent) were Arab. Africans, Europeans, and United States citizens constitute the remainder. The government favors Asian workers because of their lower labor costs, and, because they are unable to speak Arabic or lay a claim to oil revenues on the basis of Arab nationalism, Asian workers are more apt to return home in a few years, thus raising fewer social and political issues.

The foreign population does not enjoy the economic and political rights of the national population. Not being citizens, they can neither vote nor run for seats in the National Assembly. They are not allowed to own real property. They cannot form their own unions; although they can join Kuwaiti unions, they are prohibited from voting or running for union offices. Acquiring Kuwaiti citizenship is very difficult, and the number of naturalized citizens remains low.

*Traditional dhow, characteristic
of Persian Gulf fishing and
trading*
Courtesy Aramco World



The large number of foreigners creates social tensions between foreigners and the indigenous population. Foreign workers, particularly those who have worked many years in Kuwait, resent the discrimination against them. Citizens often view foreign workers with suspicion, if not hostility. Even before the Persian Gulf War, public debate often focused on a perceived compromise between Kuwait's economic needs and its security needs.

Although the most important social division in the country is between citizens and foreigners, the indigenous population is internally divided along a number of lines as well. The first is sectarian. The majority of Kuwaiti nationals are Sunni (see Glossary) Muslims; the minority are Shia (see Glossary). Figures have never been published on the number of Shia, but estimates in the 1980s ranged from 15 to 25 percent of the national population. Shia are a diverse group. Some are Arab, many the descendants of immigrants from Ash Sharqiyah (Eastern Province) in Saudi Arabia or from Bahrain. Others come from Arab families who moved from the Arabian side of the gulf to Iran, stayed awhile, and then returned. Others are of Iranian origin, who often speak Farsi as well as Arabic at home and sometimes maintain business or family ties with Iranians across the gulf. After the Iranian Revolution of 1979 and the subsequent Iran-Iraq War of 1980–88, this Shia community

experienced a renewed sense of sectarian identification. The identification resulted from sympathy with their revolutionary coreligionists in Iran and from increasing government and social discrimination. During the 1980s, the tension between Sunnis and Shia, which had erupted occasionally in the past, became somewhat sharper.

Kuwaitis are also divided to a certain extent along class lines. Although the national population is generally well off because of the state's generous employment policies regarding nationals and its extensive social services, important divisions nonetheless exist between the country's economic elite and the rest of the population. The wealthiest Kuwaitis are members either of the ruling family or of what was once a powerful and still distinct merchant class. Many of these are descendants of the Bani Utub, the original central Arabian tribe that settled Kuwait in the eighteenth century. The most important and wealthiest of the Bani Utub are members of the Al Sabah, the ruling family of Kuwait. The economic elite is largely Sunni. However, some Shia families and individual Shia are also wealthy.

Despite these internal divisions, the national population is also characterized by a strong sense of national identity. There are no important ethnic divisions: the national population is overwhelmingly Arab. The major sectarian divisions are subsumed in the larger shared Islamic identity. Unlike many of its neighbors, Kuwait is not a twentieth-century colonial fabrication. It has been an autonomous political and social unit since the eighteenth century. In the intervening years, a strong sense of local identity has arisen. This national sense was deeply reinforced by the Iraqi occupation.

Education

In 1993 Kuwait's population was highly educated, both in comparison to other states in the region and in comparison to its pre-oil education levels. The impressive education system was brought about by a conscious government decision, made possible by revenues from oil that began in the 1950s, to invest heavily in human resources.

Although the pre-oil education system was modest by 1993 standards, it was still impressive, given the limited finances at the time. In the early 1900s, education consisted largely of Quran schools, offering basic literacy training in the context of religious instruction. This system provided some formal schooling for nearly all boys and some girls. Wealthy families often

sent sons abroad for further education. In the first decades of the twentieth century, merchants anxious for more extensive training for their sons opened a few private schools, notably the Mubarakiyah School in 1911 and the Ahmadiyyah School in 1921. In the 1930s, merchants established the Education Council and expanded the system to include four new primary schools, including one for girls. The government soon took over this growing system and, with new oil revenues after World War II, rapidly expanded the system. In 1956 the government laid down the basis of the education system that still existed in 1993: kindergarten and primary, middle, and secondary schools. A 1965 law, largely enforced, made education compulsory until the age of fourteen. A small system of private schools also developed. Public education, including preschool and higher education, was from the beginning free for all nationals. The government absorbs not only the costs of schools but also those of books, uniforms, meals, transportation, and incidental expenses. In preinvasion Kuwait, the majority of the students in the education system were non-Kuwaitis (see table 3, Appendix).

The apex of the public education system is Kuwait University, which the government established in 1966. More than half the students at Kuwait University are women, in part because families are more likely to send boys abroad for study. The government also subsidizes hundreds of students in university study abroad, many in the United States.

As a result of these efforts, the school population and the literacy rate increased steadily. By the mid-1980s, literacy and education rates were high. Although only 55 percent of the citizen population was literate in 1975, by 1985 that percentage had increased to 73.6 percent (84 percent for males and 63.1 percent for females). In 1990 the overall literacy rate was 74 percent. The total number of teachers increased from just under 3,000 at independence in 1961 to more than 28,000 in academic year 1988-89; the number of schools increased from 140 to 642 during the same period (see table 4, Appendix).

The education system has its problems, however. For example, it relies heavily on foreign teachers. In the late 1950s, almost 90 percent were non-Kuwaitis. Despite a long-standing government effort to indigenize education, the system continues to rely heavily on foreigners. The system also often fails to train graduates in fields that correspond to Kuwait's most pressing labor needs. Especially in higher education, the system pro-

duces many graduates with training in liberal arts and few with training in vocational subjects.

Health and Welfare

The health care system and health conditions also improved dramatically in the years after oil revenues brought wealth to the country. Kuwait's first attempts to introduce a modern health care system date back to the first years of the twentieth century when the ruler, Shaykh Mubarak Al Sabah the Great, invited doctors from the Arabian Mission of the Dutch Reformed Church in the United States to establish a clinic. By 1911 the group had organized a hospital for men and in 1919 a small hospital for women. In 1934 the thirty-four-bed Olcott Memorial Hospital opened. Between 1909 and 1946, Kuwait experienced gradual, albeit limited, improvement in health conditions. General mortality stood between twenty and twenty-five per 1,000 population and infant mortality between 100 and 125 per 1,000 live births. After the government began receiving oil revenues, it expanded the health care system, beginning with the opening of the Amiri Hospital in 1949. The Kuwait Oil Company (KOC) also opened some small health facilities. By 1950 general mortality had fallen to between seventeen and twenty-three per 1,000 population and infant mortality to between eighty and 100 per 1,000 live births.

In the 1950s, the government introduced a comprehensive health care system offering free services to the entire population. Free health care was so extensive that it even included veterinary medicine. Expenditures on health ranked third in the national budget, after public works and education. As with education, the system relied heavily on foreigners. Most of the physicians were foreigners, particularly Egyptians. Critics charged the designers of the system with paying undue attention to acquiring the most modern and expensive medical equipment, without regard to the country's health priorities, and favoring treatment over prevention. Nonetheless, improvements in available health care and in public health were dramatic (see table 5, Appendix). The number of doctors grew from 362 in 1962 to 2,641 in 1988. The doctor-to-patient ratio improved from one to 1,200 to one to 600. Infant and child mortality rates dropped dramatically; in 1990 the infant mortality rate was fifteen per 1,000 live births. Life expectancy increased ten years in the postindependence years, putting Kuwait at a level comparable to most industrialized countries. In 1990 life

expectancy for males was seventy-two years and for females seventy-six years.

In addition to a comprehensive system of health care, the government provides residents with one of the world's most encompassing social service systems. Not only does it indirectly support the national population through guaranteed state employment and subsidized services (such as water and electricity), but it also supports those most in need through direct subsidies. These include the disabled, the elderly, the unemployed, students and their families, the widowed, the unmarried, and even the families of prisoners.

By 1990 Kuwait had an extensive welfare program, exceeded perhaps by no other country. Citizens receive free medical services from highly trained practitioners in modern facilities; free education through the university level; subsidized food, housing, utilities, and transportation; and various other benefits. For all this, they pay no taxes: the system is supported by oil revenues from outside the country. On the eve of the Iraqi invasion, the United Nations Development Programme placed Kuwait at the top of its annual human development index with a life expectancy of 73.4 years, an adult literacy rate of 73 percent, and a real per capita gross domestic product (GDP—see Glossary) of US\$15,984. The benefits of the welfare system, however, are unevenly distributed among the population. Non-citizens in particular benefit much less, and many, especially those from Arab states and those who have worked many years in Kuwait, resent their disadvantaged position.

Economy

In the eighteenth and nineteenth centuries, Kuwait's economy was based on trade. The city of Kuwait rivaled Basra in Iraq as an entrepôt for trade between India and parts of the Middle East. Kuwait became a conduit for commerce from the gulf to Asia, Africa, and Europe. It was Kuwait's fine natural harbor that first attracted the Bani Utub settlers, and they made much of this maritime advantage. In the nineteenth and early twentieth centuries, the economy relied primarily on pearl diving, and merchants and sailors harvested the gulf's natural pearl banks, which were among the richest in the world. In the first decades of the twentieth century, Kuwait had about 700 boats, employing approximately 15,000 men. When the pearl-diving season (mid-May to mid-September) ended, Kuwaiti merchants used their ships for long-distance trade. From this trade, a ship-

building industry developed, and Kuwaiti craft became known throughout coastal Arabia for their quality. Fishing was also a small but important industry. The tradition of seafaring and trade gave Kuwait a thriving merchant class and an outward orientation that remained important into the 1990s.

Although prosperous by regional standards, Kuwait's economy offered only a meager existence to most of the population, especially those outside the ruling families and the merchant families. Even this meager existence began to suffer with the decline of pearling. That industry, the basis of Kuwait's economy, came to a sudden end in the 1920s with the development of the process of making cultured pearls in Japan and then the Great Depression. Fortunately, the pearl industry declined just as a new source of revenue was emerging. In 1938 oil was discovered in Kuwait. Once oil exports began in the immediate post-World War II years, economic development became nearly continuous.

Oil Industry

For centuries, oil seepages in the desert had indicated oil below the surface. This oil came to the attention of European and United States developers. In 1911 the Anglo-Persian Oil Company (APOC), which was developing oil fields in Iran, requested permission to negotiate a concession from Kuwait. The British government refused the request (as it was entitled to do so under an 1899 treaty that granted Britain substantial control of Kuwait's foreign policy), but two years later the British government commissioned a geological survey of the area. In 1913 the British government signed an agreement with Kuwait's Shaykh Mubarak the Great in which he promised to grant concessions only to companies approved by the British government, clarifying and reaffirming the agreement of 1899. World War I interrupted another effort to negotiate a concession. By this time, the British government had purchased 51 percent ownership in APOC as part of an effort to ensure oil supplies for the Royal Navy.

After World War I, interest in oil grew. APOC continued attempts to obtain a Kuwait concession. Meanwhile, in the 1920s, Gulf Oil of the United States began to seek concessions in the gulf to overcome its lack of crude oil sources. British treaties with most rulers in the gulf, including Kuwait, made it difficult for non-British companies to gain access, although the United States government pressured the British to provide

equal treatment to United States oil firms. In 1932 Gulf Oil and APOC formed a joint company to negotiate a concession in Kuwait, and this effort received British government approval. In 1934 Kuwait's ruler, Shaykh Ahmad al Jabir Al Sabah, signed a concession agreement with the Kuwait Oil Company (KOC), the firm jointly owned by APOC and Gulf Oil.

KOC began surveying in 1935. Drilling started in 1936 on the north shore of Kuwait Bay, but no oil was found. The second attempt, in the desert, struck a gusher in 1938 in an area that subsequently was called the Al Burqan field, one of the largest and most productive fields in the world (see fig. 4). World War II slowed the development of the industry, but at the end of the war, pipelines and other facilities were completed that could handle 30,000 barrels per day (bpd—see Glossary) of crude oil. Commercial export of crude oil began in June 1946. Production amounted to 5.9 million barrels in 1946 and 16.2 million barrels in 1947. KOC subsequently discovered seven additional oil fields, and production continued to increase until it peaked in 1972. (In 1954 KOC's parent company, APOC, was renamed British Petroleum—BP.)

In the years after World War II, other companies received smaller concessions, in particular for offshore oil, but KOC, which the government nationalized in 1976 (retroactively to 1975), retained the lion's share. Subsequent concessions contained progressively better terms for Kuwait, partly because of the entrance of small oil companies anxious to acquire crude oil sources and partly because of the activities and exchanges of information among oil-producing states. Payments were substantially higher, the length of concessions was shorter, schedules for relinquishing underdeveloped areas were established, and opportunities for Kuwaiti participation in the companies were increased.

The American Independent Oil Company (Aminoil) was the successful bidder for Kuwait's rights in the Neutral Zone, receiving in June 1948 a sixty-year concession for exploration and production. Aminoil, which was owned by a number of small United States oil companies, had a joint operation with the Getty Oil Company, which held the Saudi rights in the Neutral Zone. The Arabian American Oil Company (Aramco, the main developer of Saudi Arabia's oil fields) reportedly viewed the terms given Kuwait by Aminoil as unfavorable and relinquished its concession in the Neutral Zone, which Getty won. Aminoil started exploratory drilling in 1949 but did not strike

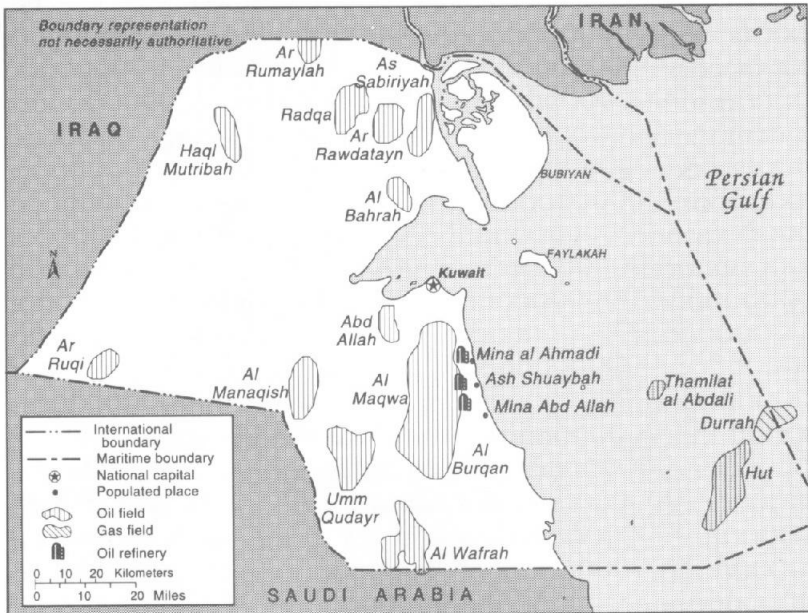


Figure 4. Kuwait: Oil Fields, Gas Fields, and Refineries, 1993

oil until 1953. Production began in 1954. Production from the Neutral Zone was shared between the two countries, and Amin-oil paid royalties and taxes to Kuwait, whereas Getty paid royalties and taxes to Saudi Arabia. The zone was partitioned in 1969, but the partitioning did not affect the concession arrangements.

A group of Japanese companies formed the Arabian Oil Company (AOC), which obtained concessions from both Saudi Arabia (1957) and Kuwait (1958) for exploration and production in the offshore area of the zone. AOC started drilling in 1959, and production of crude oil began in 1961. Production was shared between Kuwait and Saudi Arabia. Some AOC production was from the northern tip of Saudi Arabia's As Saf-faniyah field, the world's largest offshore field. Saudi Arabia and Kuwait each purchased 10 percent ownership of AOC soon after its formation.

From the beginning of the development of the oil industry, Kuwait's leaders had wanted to participate actively in oil policy and company management. BP and Gulf Oil rejected the demands of the amir (see Glossary) for a Kuwaiti on the KOC

board of directors, but the Kuwaiti government obtained some participation in the AOC concession agreement, although it was more symbolic than real.

Frozen out of oil operations by the major oil companies, Kuwait started to develop its own proficiency in the oil industry. The Kuwait National Petroleum Company (KNPC) was formed in 1960 with the expressed intention of becoming an integrated oil company. Its founding charter allowed it to engage in almost any activity concerning oil at home or abroad. It began with 60 percent government ownership; the remaining shares were held by private Kuwaiti investors. The government bought out private investors in 1975.

KNPC started operations on a small scale, in part because of Kuwait's acute shortage of skilled workers. It bought out KOC's local oil distribution facilities and became the sole supplier of oil in Kuwait. It participated in foreign refinery operations and established subsidiaries and facilities abroad for marketing oil products. Departments for exploration and other aspects of field operations were established within KNPC to work with foreign companies in the concession area that KNPC had received from the government.

Using foreign expertise and equipment, KNPC built a modern refinery to use gas in the Al Burqan field, which would otherwise have been flared, in a hydrogenation process to convert crude oil into products and to produce sulfur as a useful by-product. Kuwait's crude is heavy and contains considerable sulfur, so the design of the refinery was excellently fitted to the local circumstances to turn out a product superior to that of a regular refinery. The refinery at Ash Shuaybah was completed in 1968, but technical problems initially caused an unprofitable mix of products. Between cost overruns during construction and a poor range of products, KNPC lost money until the problems were corrected. Nonetheless, KNPC provided useful training for Kuwaitis in upper levels of oil company management.

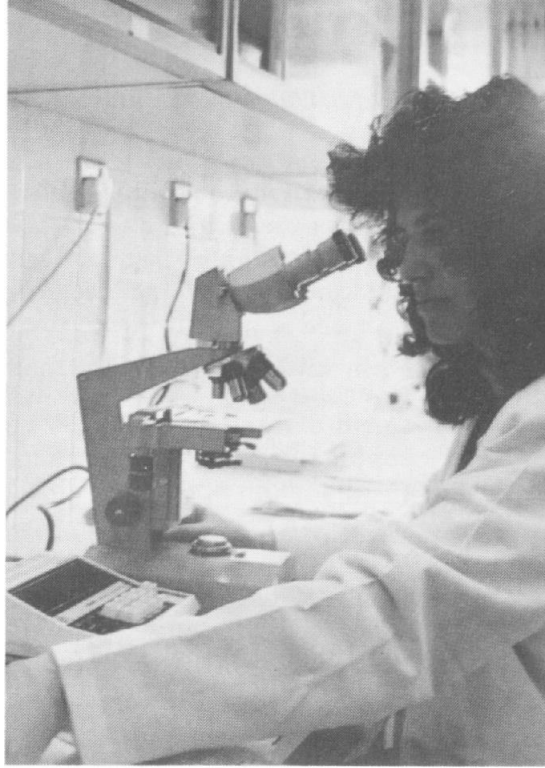
As oil revenues began to mount, officials increasingly favored investing a larger part of the funds in downstream (see Glossary) and upstream (see Glossary) oil operations. The petrochemical industry offered fewer obstacles to industrial development than most other industries. It needed relatively few workers, large capital investments, and substantial oil and gas sources—requirements that fit the country's circumstances well. Yet despite the apparent advantages, the government moved slowly, perhaps for good reason. In 1963 the Petrochem-

icals Industries Company (PIC) was formed, with 80 percent state ownership. It began with modest facilities but acquired additional plants over the years through purchase of other companies and construction of new facilities. In 1976 the government bought out private investors, and PIC became wholly government owned. PIC's chemical complexes were the country's largest manufacturing plants. A key ingredient was a gas-gathering system to use the gases produced in association with crude oil. Until the late 1970s, a considerable part of the gases had been flared. In addition to the gas-gathering system, the government expanded its investment in oil-refining capacity and petrochemical facilities.

Kuwait's goal of real participation in and control over its oil industry was achieved in 1976 when the government bought KOC, including the refinery and other installations. BP and Gulf Oil continued to provide technical services and personnel in return for access to oil supplies and service fees. In 1976 Kuwait concluded negotiations to purchase 60 percent of its one-half share of AOC's offshore operations. Negotiations for 60 percent of Aminoil foundered over the value of assets. In 1977 Kuwait nationalized the firm, paying compensation on the basis of an official estimate of the value of assets. Aminoil became the Kuwait Wafrah Oil Company. In 1978 operations of the Al Wafrah field passed to KOC, and KNPC took over the former Aminoil refinery and shipping terminal at Mina Abd Allah.

As oil revenues rose in the 1970s, the Kuwaiti government continued its upstream and downstream expansion, establishing the Kuwait Petroleum Corporation (KPC) as a semiautonomous state organization in January 1980 to rationalize the organizational structure of its oil industry. KPC became the country's national integrated oil company, with KOC, KNPC, PIC, the Kuwait Oil Tanker Company, and the Kuwait Foreign Petroleum Exploration Company among its more important wholly owned subsidiaries. KOC remained primarily responsible for domestic exploration and production of oil and gas, and KNPC was mainly the refining subsidiary. KPC also entered into joint ventures with and purchased shares in foreign companies involved in various aspects of the oil business. In 1981 KPC bought the Santa Fe International Corporation, a United States drilling and energy engineering firm. Other KPC activities abroad included part ownership in refineries and petrochemical plants, exploration and drilling in foreign concession

*Laboratory technician
at the Kuwait Foundation
for the Advancement
of Sciences
Courtesy Embassy
of Kuwait, Washington*



areas, and purchase of retail outlets for petroleum products. By the late 1980s, Kuwait was producing 20,000 bpd in overseas holdings, primarily in the United States and in the North Sea. It was exporting 614,000 bpd as refined products. Initially, Kuwait sold this oil primarily to Japan and Pakistan, but beginning in the late 1980s, it also sold through a large West European retail network it purchased, selling oil under the logo Q8.

Oil production levels fluctuated in the period after World War II (see table 6, Appendix). At first, production of crude oil rose rapidly, peaking at nearly 1.1 billion barrels in 1970 before falling to more modest levels. Until 1972 much of the expansion resulted from increasing crude oil production. For the rest of the 1970s, oil production was substantially lower, but higher revenues per barrel financed continued economic growth.

With regard to prices, Kuwaiti officials followed moderate policies between conflicting objectives. Initially, Kuwait actively supported the Organization of the Petroleum Exporting Countries (OPEC), which at times required oil production levels below that necessary to cover government expenditures. Kuwait, for example, reduced oil production and exports during the Arab oil embargo associated with the October 1973 War. The Kuwaiti government believed that oil in the ground

was worth more to future generations than holding such paper claims as securities and corporate shares that were subject to price inflation, exchange-rate risks, and sequestration. In 1973 the Kuwaiti government set an oil production limit of 3 million bpd under pressure from the National Assembly. In 1976 the production ceiling was reduced to 2 million bpd. In the 1980s, a surplus of oil relative to demand began to emerge on the world market, and oil prices fell dramatically. As surplus oil supplies grew, Kuwait's production ceiling was further reduced to 1.5 million bpd, although actual production was appreciably lower. But as oil prices fell, and with it revenues, Kuwait increasingly resisted OPEC's efforts to limit its production. In 1986 Kuwait reluctantly agreed to an OPEC limit of 1.25 million bpd (not counting, however, output of the Divided Zone that, during this period, was earmarked as aid for Iraq). In 1989 it refused an OPEC level of just under 1.1 million bpd. In early 1990, Kuwait produced nearly 2 million bpd, a factor that the Iraqi government cited in its decision to invade Kuwait in August.

In the 1950s and 1960s, Kuwait economically had been little more than an oil well: oil was the source of most of its revenues, and the bulk of its exports were oil, mostly crude oil. But in the 1970s, officials increased refining capacity, and by the 1980s, refined products gained in value relative to crude oil exports. By the 1980s, Kuwait controlled its hydrocarbon resources and had created an international oil company, KPC, that was among the world's largest corporations. Through its subsidiaries, KPC was involved in all aspects of the oil industry and in many countries of the world. This was a remarkable achievement in view of the fact that only twenty-five years had passed since Kuwait entered the oil industry.

Diversification

Industrial development in Kuwait has always faced formidable obstacles. Kuwait, so rich in oil, is poor in most other resources, which limits the manufacturing industries that can be established. No metallic minerals and few suitable non-metallic minerals are locally available. Most raw materials for the early industries—for example, cement—had to be imported. The limited supply of fresh water is another constraint. In a country without streams and with few underground sources, water is crucial to industrial development. The pre-oil system, where local sailing boats carried water from Iraq



*Waterfront project that extends along twenty-one kilometers
of the Kuwaiti coast
Courtesy Embassy of Kuwait, Washington*

to Kuwait, could not meet manufacturing needs. The small size of the domestic market restricts production for local consumption to small-scale operations. The open economy, which was maintained before and after the discovery of oil, provided little protection from foreign competition. The small Kuwaiti labor force, possessing limited skills, is another constraint. After the discovery of oil, labor costs escalated, and in a few years wages in Kuwait were higher than those in almost any other area of the Middle East, further hindering industrial development. Also, the commercial tradition in the country predisposes most entrepreneurs to invest in trade rather than manufacturing. As a result of these obstacles, industry, excluding oil-related industry, expanded very slowly.

The discovery of oil created a demand for new industries, initially satisfied by the oil company itself. Oil operations particularly needed water, electricity, and refined petroleum products, and these were the first modern industries created in the state. The government took over production of water and electricity, expanding the systems and subsidizing their use. Air conditioning provided the largest demand, with peak summer loads more than five times minimum winter loads, creating substantial idle capacity for about six months of the year. The need for larger and more regular supplies of water, no matter how costly, compelled KOC to install the first desalination plant. In 1953 the government installed the first unit, which had a capacity of 3.8 million liters per day. Subsequently, the government claimed that it had developed the most advanced continuously operating desalination facilities in the world.

Although oil spurred the first industries in Kuwait, after the initial push, oil did not generate much in the way of new industries locally. As a result of the many obstacles that industry faced and in light of the massive oil revenues, the government began to play a major role in all industrial development. The government undertook some efforts at diversification in the 1950s, but the first major push for industrialization occurred with the establishment of the Ash Shuaybah Industrial Zone in 1964. The zone comprised electricity and water distillation plants, expanded port facilities, metalworks, and plants manufacturing chlorine, asphalt, cement, pilings, and prefabricated housing. The government provided such necessary facilities as roads, gas, electricity, water, sewerage, port facilities, communications, and rented or leased industrial sites at nominal rates. Most of the larger industrial facilities were located in the zone.

Other small manufacturing establishments were located in the populated parts of the country.

The government provided a range of incentives to private manufacturers, who were predominantly local; 51 percent Kuwaiti ownership was required of all businesses. In addition to infrastructural support, financial aid included equity capital and loans. In 1974 the government created the Investment Bank of Kuwait to provide medium- and long-term industrial financing at low interest rates. The government also gave local industry preference in government purchases, protection from imports in some cases, and exemption from customs duties and taxes. In the 1970s, the government's Industrial Development Committee and the Industrial Bank of Kuwait established a number of incentives for private-sector participation, such as technical aid and preferential guaranteed markets in state industry. Nonetheless, industry in Kuwait never enjoyed the same level of state support that it did in other gulf states. The government, having made a conscious decision to invest its revenues overseas and locally in such human resources as education and health care, gave only minimal support, by the standards of other oil-producing countries, to non-oil manufacturing.

Agriculture and Fishing

Agriculture has also seen minimal development. Kuwait's desert climate sustains little vegetation. Kuwait has no rivers, only a few wadis that fill with winter and spring rain. Scant rainfall, little irrigation water, and poor soils have always limited farming in Kuwait. Before the discovery of oil, several occupations contributed to the economy—nomads moving livestock to the sparse forage in the desert, pearling, and fishing—but none of these occupations provided much beyond subsistence. Once the government began receiving oil revenues, the contribution of other sectors to national income was reduced still further (see table 7, Appendix). Economic growth and welfare measures since World War II drew workers away from historical pursuits and lessened the role of agriculture. In the late 1980s, fewer than 10,000 people were employed in agriculture. The government invested some money in developing hydroponics to increase vegetable production. Kuwait's most important crops in 1989 were tomatoes (40,000 tons), dried onions (25,000 tons), melons (7,000 tons), dates (1,000 tons), and smaller amounts of cucumbers and eggplants. Some of these

crops are grown hydroponically. Although Kuwait manages to export some vegetables, its agricultural potential remains limited.

Fishing provides a minor but important economic contribution. Much of the fishing for the local market was historically from small boats, including many native dhows. Large-scale commercial fishing is mostly confined to the United Fisheries of Kuwait, which operates a fleet of vessels as far afield as the Indian Ocean, the Red Sea, and the Atlantic Ocean. United Fisheries is a large, international firm that processes and exports part of its catch, particularly frozen shrimp. However, in the 1970s overfishing in the gulf by many states considerably reduced catches of fish and shrimp. In 1989 Kuwait had a catch of approximately 4,700 tons of fish and 3,000 tons of shrimp and prawns. In the late 1980s, war and environmental damage, including oil spills, also reduced the attractiveness of the gulf fishing industry.

Transportation and Telecommunications

Kuwait has a modern, well-maintained transportation system. The entire system suffered extensive damage in the Persian Gulf War, but by 1993 repairs had brought most facilities back to their prewar condition. The highway system comprised more than 3,900 kilometers of roads in 1993. About 3,000 kilometers are paved, and the rest are gravel or graded earth. Expressways extend south and west from the city of Kuwait to neighboring cities. Paved highways link Kuwait with Iraq to the north and Saudi Arabia to the west and south. Despite the excellent network of roads in populated areas, traffic congestion is a growing problem. Plans to build a causeway across Kuwait Bay were delayed by the Iraqi invasion in 1990.

Three ports handle all commercial shipping and petroleum exports. The principal port for nonpetroleum products in 1993 was Ash Shuwaykh, several kilometers west of the downtown section of the city of Kuwait. Built in 1960, Ash Shuwaykh is one of the busiest ports in the Middle East, with twenty-one deep-water berths. In 1988 more than 1,100 vessels carried 3.7 million tons of cargo through Ash Shuwaykh. Ash Shuaybah was built in 1967, fifty kilometers south of the city of Kuwait, to develop the Ash Shuaybah Industrial Zone. By 1988, however, it rivaled Ash Shuwaykh in size and traffic with twenty berths and 3.5 million tons of cargo transported. Mina al Ahmadi, just north of Ash Shuaybah, handles most of Kuwait's petroleum

exports. Twelve offshore berths can load more than 2 million bpd of oil and can accommodate the largest oil tankers.

Kuwait International Airport, sixteen kilometers south of the city of Kuwait, handles all international flights. The latest expansion to the airport, a new terminal, was completed in 1979. Kuwait Airways, the national carrier, has regularly scheduled service to more than twenty-four cities worldwide.

Like its transportation system, Kuwait's modern telecommunications system was heavily damaged during the Iraqi occupation. The government has made strides at reconstruction, but in 1993 work remained to restore the system to its prewar level of excellence. In 1989 there were 285,000 telephones, or fourteen telephones per 100 inhabitants. High-capacity coaxial cables and radio-relay systems linked Kuwait with its neighbors. In 1993, however, the coaxial cable to Iraq was still inoperable. Before the war, the country had four ground satellite stations working with the International Telecommunications Satellite Organization (Intelsat) and the Arab Satellite Communication Organization (Arabsat) system. All four stations were destroyed in the war, however, and smaller mobile satellite ground stations currently handle international telephone calls, data transmission, and live television broadcasts. The city of Kuwait has three AM radio stations, three FM radio stations, three television transmitters, and a powerful shortwave transmitter for international service.

Banking and Finance

Before independence in 1961, foreign monies, largely the Indian rupee in the period between 1930 and 1960, circulated in Kuwait. At independence the Kuwaiti dinar was introduced, and a currency board was established to issue dinar notes and to maintain reserves. In 1959 the Central Bank of Kuwait was created and took over the functions of the currency board and the regulation of the banking system.

The first bank in Kuwait was established in 1941 by British investors. Subsequent laws prohibited foreign banks from conducting business in the country. When the British bank's concession ended in 1971, the government bought 51 percent ownership. In 1952 another bank, the National Bank of Kuwait, the largest commercial bank, was founded. The establishment of several other banks, all under Kuwaiti ownership, followed. Some specialized financial institutions also emerged: the Credit and Savings Bank, established in 1965 by the govern-

ment to channel funds into domestic projects in industry, agriculture, and housing; the Industrial Bank of Kuwait, established in 1974 to fill the gap in medium- and long-term industrial financing; and the private Real Estate Bank of Kuwait. By the 1980s, Kuwait's banks were among the region's largest and most active financial institutions. Then came the Suq al Manakh stock market crash in 1982.

The large revenues of the 1970s left many private individuals with substantial funds at their disposal. These funds prompted a speculation boom in the official stock market in the mid-1970s that culminated in a small crash in 1977. The government's response to this crash was to bail out the affected investors and to introduce stricter regulations. This response unintentionally contributed to the far larger stock market crash of the 1980s by driving the least risk-averse speculators into the technically illegal alternate market, the Suq al Manakh. The Suq al Manakh had emerged next to the official stock market, which was dominated by several older wealthy families who traded, largely among themselves, in very large blocks of stock. The Suq al Manakh soon became the market for the new investor and, in the end, for many old investors as well.

Share dealings using postdated checks created a huge unregulated expansion of credit. The crash of the unofficial stock market finally came in 1982, when a dealer presented a postdated check for payment and it bounced. A house of cards collapsed. Official investigation revealed that total outstanding checks amounted to the equivalent of US\$94 billion from about 6,000 investors. Kuwait's financial sector was badly shaken by the crash, as was the entire economy. The crash prompted a recession that rippled through society as individual families were disrupted by the investment risks of particular members made on family credit. The debts from the crash left all but one bank in Kuwait technically insolvent, held up only by support from the Central Bank. Only the National Bank of Kuwait, the largest commercial bank, survived the crisis intact. In the end, the government stepped in, devising a complicated set of policies, embodied in the Difficult Credit Facilities Resettlement Program. The implementation of the program was still incomplete in 1990 when the Iraqi invasion changed the entire financial picture (see *Economic Reconstruction*, this ch.).

Foreign Investment

From the very beginning, government officials were keenly aware that oil was a depletable asset, that the country had few other resources, and that preparations had to be made for the day when there would be no more oil. As soon as the government began to receive oil revenues, officials spent less than the treasury received, leaving a surplus in the state's general reserve to be invested. Because of limited domestic investment opportunities, most investments were made abroad. World Bank (see Glossary) economists estimate that about 25 percent of revenues were placed in foreign assets during the 1950s, although the Kuwaiti government's published data have always been vague about reserves as well as about some other economic variables.

In the 1950s and 1960s, Kuwait began investing overseas in property and businesses in Britain. In 1952 Kuwait established an office in London, staffed with experienced British investment counselors who guided the government's placement of funds. In the same year, Kuwait created investment relations with a large New York bank. Because of the vastly expanded oil revenues of the 1970s, Kuwait's overseas investment program grew tremendously. In 1976 the government established the Reserve Fund for Future Generations, into which it placed an initial US\$7 billion. It resolved to invest 10 percent of its revenues annually in the reserve fund. Money from the fund, along with other government revenues, was invested in overseas property and industry. In the 1970s, most of these funds were invested in the United States and in Western Europe: in German firms (such as Hoechst and Daimler-Benz, in each of which Kuwait owned 25 percent), in property, and in most of the United States Fortune Five Hundred firms. In the 1980s, Kuwait began diversifying its overseas investments, placing more investments in Japanese firms. By the late 1980s, Kuwait was earning more from these overseas investments than it was from the direct sale of oil: in 1987 foreign investments generated US\$6.3 billion, oil US\$5.4 billion. The *Financial Times* of London estimated Kuwait's overseas investments in early 1990 at more than US\$100 billion, most of it in the Reserve Fund for Future Generations.

The Iraqi invasion proved the importance of these investment revenues. With oil revenues suspended, the government and population in exile relied exclusively on investment revenues, including sales of investments for sustenance, for their

share of ongoing coalition expenses and for postwar reconstruction and repair of the vital oil industry.

Foreign Aid and Trade

Foreign trade has always dominated Kuwait's economy. Before the discovery of oil, merchants developed large transshipment and reexport businesses that, along with the sale of pearls to foreign dealers, yielded a substantial part of the population's income. The discovery of large quantities of oil provided a new and increasingly important export because Kuwait needed only small amounts of oil products domestically. Nonetheless, even after the discovery of oil, Kuwait's merchants continued to develop transshipment and reexport businesses with neighboring countries. During the Iran-Iraq War, goods for Iraq passed through Kuwaiti ports. Oil, however, overwhelmingly dominated Kuwait's exports (see table 8, Appendix).

Kuwait's significant foreign-exchange earnings from oil exports and investment income largely removed any constraints on imports in the pre-invasion period. Almost any commodity could be imported, and most import duties were modest. Imports for Kuwait's high-income economy were mainly finished products because of the small domestic manufacturing sector (see table 9, Appendix). These imports came predominantly from Asian countries, followed by those from European countries. Imports of all kinds came primarily from Japan and the United States. After the Persian Gulf War, imports from the United States increased dramatically (see table 10, Appendix). Huge oil revenues, paid in foreign currencies, freed Kuwait for the most part from balance of payments worries (see table 11, Appendix). The government accumulated surplus funds that were invested abroad. A large part of these reserve investments abroad, however, were cashed in during the Iraqi occupation and the liberation period that followed in order to pay the expenses of Kuwait and the allied coalition.

Historically, Kuwait also invested part of its revenues in foreign aid, primarily to Arab states. This foreign aid increased substantially as oil revenues rose in the 1970s. It took many forms, such as loans, joint financing, equity participation, and direct grants, particularly in support of Arab causes. In the 1960s, the government began placing funds in the Kuwait Fund for Arab Economic Development (KFAED), established in 1961. The best known of Kuwait's investment organizations

and one that was used as a model by other oil exporters, KFAED functioned as both an investment and an aid agency, providing loans for specific projects, often on concessionary terms. KFAED's charter was changed in 1974, when capitalization was increased to KD1 billion (for value of the Kuwaiti dinar—see Glossary), and the fund began expanding its provision of funds to developing countries worldwide. Most KFAED aid went to development projects, especially in agriculture, to provide basic services such as electricity, water, and transportation and to develop human resources through education and health care. A large amount of aid went directly from the government to other states. In per capita terms, Kuwait's aid program was one of the most generous in the world. In the early 1980s, when oil prices were high, nearly 4 percent of Kuwait's gross national product (GNP—see Glossary) went to the aid program. But in the late 1980s, the levels of aid declined along with declining revenues. After the Iran-Iraq War started, in 1980, Kuwait increasingly directed its aid toward Iraq. During the 1980s, Kuwait lent Iraq an estimated US\$13 billion. Kuwait's foreign aid slowed considerably after the Iraqi invasion in August 1990 and is expected to remain limited as Kuwait deals with the costs of reconstruction.

Political System

Ruling Family

The modern political history of Kuwait began in the early eighteenth century when a number of families of the Bani Utub section of the Anaizah tribe migrated from central Arabia, settling eventually in Kuwait. Once in Kuwait, they established a self-governing political unit. The date of 1756 is conventionally chosen as the year when the settlers decided to select as their leader Sabah, an Al Sabah shaykh (see Glossary), who was succeeded by his son Abd Allah, in turn succeeded by his son Jabir. All subsequent rulers historically have come from the Al Sabah line, chosen by family council, in consultation with the leading merchant families who, along with the tribal elite, exercise some restriction over the shaykhs' political autonomy.

The shaykh's primary task was to represent his community in foreign policy, negotiating with Ottoman Turkey and with neighboring tribes. The one major and unsuccessful challenge to this system of rule occurred in the 1760s when the Al Khalifa

family disagreed with the Al Sabah and in consequence left Kuwait for Qatar, and then Bahrain, where the Al Khalifa continue to rule. Despite the rift, the two settlements maintained good relations, including close trade ties.

In the nineteenth century, members of the Al Sabah oversaw the growing trade and pearling settlement in Kuwait. The rulers also developed a cordial relationship with Britain, beginning with the first contacts with the British East India Company in 1775. As members of a small, vulnerable settlement, Kuwait's rulers attempted to maintain a polite but distant relationship with all the local powers, notably the British, the Wahhabis (see Glossary) of Arabia, and the Ottomans. It was only under Abd Allah Al Sabah II, who ruled from 1866 to 1892, that Kuwait began to edge away from this policy of neutrality. Abd Allah developed close ties with the Ottomans, even taking the Ottoman title, albeit largely as a formality, of provincial governor (*qaimaqam*) in 1871. In practical terms, Kuwait's domestic politics remained unchanged because the Ottoman government did not interfere in the selection of rulers and laws. In any event, this tilt was completely reversed when, following the four-year rule of Muhammad Al Sabah, Mubarak Al Sabah the Great ruled from 1896 to 1915.

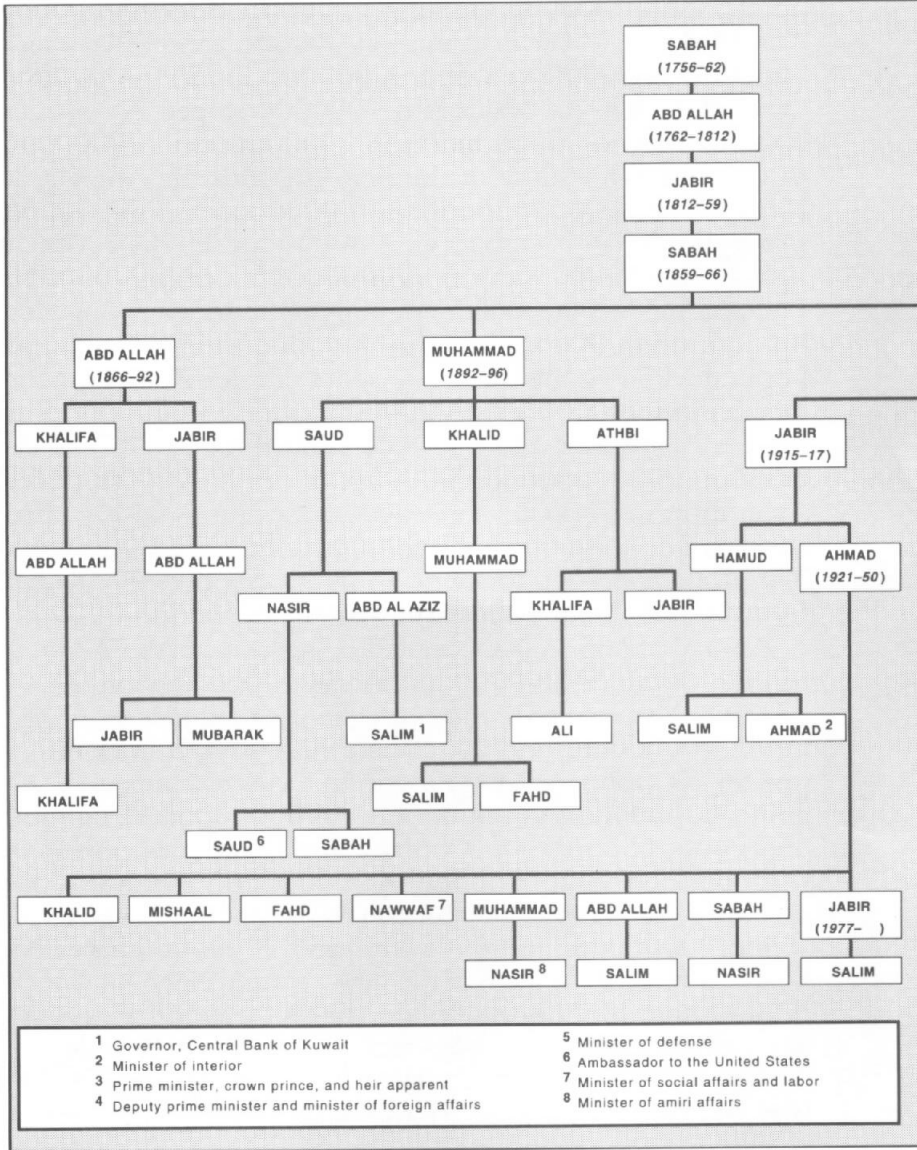
Kuwait came into the British sphere of influence at the end of the nineteenth century when Mubarak sought British support against Ottoman forces. The Ottomans were backing allies of Mubarak's brothers, Kuwait's previous rulers, whom Mubarak had killed on taking power in 1896. Uneasy about Ottoman intentions, Mubarak reversed his predecessors' pro-Ottoman policy and approached Britain, seeking a more formal alliance. Britain, concerned with growing European interests and notably with an Ottoman concession to Germany for construction of a Berlin-to-Baghdad railroad—with a proposed spur line to Kuwait—agreed. Britain signed a treaty with Kuwait in 1899 that promised Mubarak British support and, in return, gave Britain control of Kuwait's foreign policy. This treaty governed relations between the two states until Kuwait's independence in 1961. It granted Britain tremendous influence, most notably in foreign and economic policy.

After Mubarak's death, Kuwait was ruled by two of his sons, Jabir Al Sabah (1915–17) and Salim Al Sabah (1917–21) (see fig. 5). Thereafter, with one exception, only descendants of Mubarak through these two sons would rule Kuwait, thus forming a major cleavage within the ruling family. After Salim's

death in 1921, Kuwait was ruled for nearly three decades by Ahmad al Jabir Al Sabah. Ahmad al Jabir's rule witnessed a serious effort to constrain ruling family power. In 1938 a rebellion, known locally as the Majlis Movement, developed. New issues arose. Kuwait was in the midst of a serious recession as a result of the general decline of the pearling industry, the Great Depression, and a trade dispute with Saudi Arabia that prompted a Saudi embargo. Simultaneously, the recently signed oil concession with KOC promised better times ahead if the resulting income were not monopolized by the ruling family. To prevent that from happening, the leading merchants began petitioning the ruler for a series of reforms. In June the merchants took their protest a step further, holding elections for a legislative assembly to implement the desired reforms using these new revenues. The Legislative Assembly ruled for six months until finally abolished by the ruler and his tribal backers. The assembly, however, came to be viewed as Kuwait's first prodemocracy movement. Its popularity gave the idea of formal representation a place in Kuwaiti popular history.

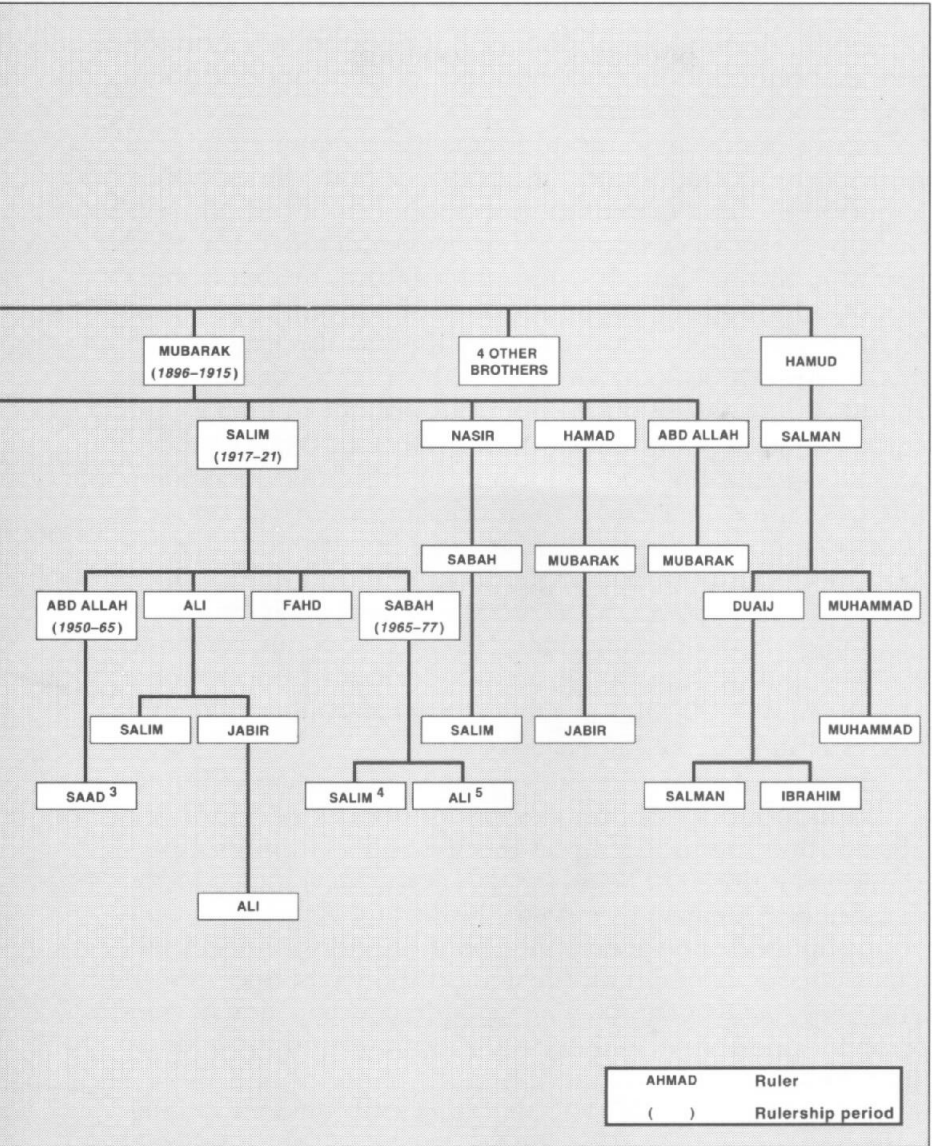
Ahmad al Jabir was succeeded by his cousin Abd Allah as Salim Al Sabah (1950–65), who oversaw the distribution of now substantial oil revenues, the consequent emergence of a large bureaucratic state, and the transformation of Kuwait into a wealthy oil-producing shaykhdom. In terms of internal developments, Abd Allah as Salim made two transformative political decisions. The first was to distribute these new revenues broadly throughout the population, primarily through wide-ranging social services, notably education and health care. The second was to introduce a greater degree of political participation to Kuwait in the form of the newly elected National Assembly. This body held its first elections in 1963. Abd Allah as Salim also oversaw Kuwait's transformation into a formally independent state on June 19, 1961, when he and British representatives signed new letters of friendship to replace the treaty of 1899.

When Abd Allah as Salim died in 1965, he was succeeded by his brother Sabah as Salim Al Sabah—a somewhat unusual choice in that he, like Abd Allah as Salim, came from the Salim line rather than the Jabir line of the family, breaking the alternation between the two sides of the family that had existed since the rule of Mubarak's sons Jabir and Salim. Nonetheless, Sabah as Salim's rule proved to be largely a continuation and consolidation of policies set in place by Abd Allah as Salim.



Source: Based on information from Alan Rush, *Al-Sabah: Genealogy and History of Kuwait's Ruling Family, 1752-1986*, Atlantic Highlands, New Jersey, 1987; and United States, Central Intelligence Agency, *Chiefs of State and Cabinet Members of Foreign Governments*, Washington, 1992, 48-49.

Figure 5. Kuwait: Abbreviated Genealogy of the Al Sabah, with Government Positions, Mid-1992



When Sabah as Salim died in December 1977, he was succeeded by Shaykh Jabir al Ahmad al Jabir Al Sabah, a succession that returned the former pattern of alternation between the lines of Jabir and Salim.

The influence of external events has dominated Jabir al Ahmad's rule. The first was the Iran-Iraq War, which rapidly increased the level of political violence in this historically relatively peaceful shaykhdom. Major events included the 1983 bombing of the United States embassy and, probably most notable, the dramatic public assassination attempt on the amir in 1985. The tension associated with the war also exacerbated divisions within Kuwaiti society, notably that between Sunnis and Shia, and prompted the amir increasingly to limit public participation in political life. Although in 1980 Shaykh Jabir al Ahmad restored the National Assembly (which Sabah as Salim had abolished in 1976), the increasing political tension prompted him to do away with it again in 1986 and to introduce new measures curtailing civil and political rights. These measures prompted a wide range of opposition leaders—including old parliamentarians, Islamists (sometimes seen as fundamentalists), and merchants—to form the Constitutional Movement of 1989–90, a prodemocracy movement calling for the restoration of the National Assembly.

The second external event was the Iraqi invasion of Kuwait in August 1990, which, for the first time in Kuwait's history, placed the state under direct foreign rule. Although sovereignty was restored in February 1991, events leading up to the invasion and the amir's behavior during and after the occupation prompted open grumbling about the ruling family itself. The criticism centered on the amir and the fact that most of the ruling family spent the time of the Iraqi occupation in comfortable exile abroad and delayed their return to the country after the war ended.

In 1993 Shaykh Jabir al Ahmad still ruled Kuwait; his designated successor, Prime Minister Saad al Abd Allah as Salim Al Sabah, also came from the Al Sabah ruling family. Although the Al Sabah remained paramount, the family as a ruling institution had changed dramatically since it assumed its leading role in the mid-eighteenth century. First, succession patterns within the family had changed. In the nineteenth century, rule passed regularly from father to son. With the accession of Mubarak in the late nineteenth century, a new pattern was established that excluded all but Mubarak's line from the top

position. This custom is formalized in the Kuwaiti constitution and in practice created a new pattern of alternation of rulers between the two lines of Mubarak's sons, Jabir and Salim. It was in keeping with this pattern that Shaykh Jabir al Ahmad (from the Jabir line) named as his crown prince and heir apparent Saad al Abd Allah as Salim, from the Salim line.

The relationship between the ruling family and Kuwaiti society also changed in more subtle ways. Members of the family other than the ruler, once first among equals in a society where merchants and other elites played an important role in decision making, became in the years after oil was discovered far wealthier because their wealth was guaranteed by a civil list—a list of sums appropriated to pay the expenses of a ruler and his household. Ruling family members also became socially more prominent and politically more important as they took over many of the state's highest posts. In part, this transformation occurred as a result of the emergence of a large state bureaucracy and the need Kuwaiti rulers felt to fill the state's highest posts with loyal supporters, notably kin.

Bureaucracy

Kuwait's large state bureaucracy emerged in the post-World War II period as a result of the vast government revenues generated by oil. Under the first oil concession, oil payments went directly from the oil companies to the amir, who, along with his advisers, decided—initially, rather informally—how much of the oil revenues would be spent and in what ways. The historical elite, especially the merchants, objected to this arrangement, most notably in the Majlis Movement of 1938. In time the government instituted ministries, budgets, financial controls, and other aspects of modern public administration, partly in response to such public protests and partly from the practical necessities of carrying out a variety of new state functions related to oil and to popular distribution of revenues through state services.

At the top of this bureaucracy is the cabinet, under the prime minister, a post that historically has been held by the crown prince. The cabinet is appointed by the amir, who has the power to dismiss it along with almost every senior executive official, including the crown prince, local governors, and officers in the armed forces. Members of the Al Sabah play an important role in the cabinet. Twelve of the fifteen members in the original postindependence cabinet appointed in January

1962 were from the ruling family. Although public criticism led to a reduction in their numbers, in the 1970s and 1980s a large number of ministers, including those in the most important posts, came from the ruling family. The remaining cabinet ministers often came from prominent families and from members of the National Assembly (see *Legislature*, this ch.). These ministers were generally young (in their thirties and forties), highly educated (nearly half with college degrees, some with advanced degrees, especially in economics and business, often from United States universities), and mostly Sunni.

In addition to the cabinet, Kuwait has several autonomous agencies and public corporations. Their employees and those of the various ministries comprise the bulk of the nation's civil servants. The civil service grew tremendously in the years after independence as the state developed a large bureaucracy devoted to spending oil revenues. The largest state institutions are those providing social services, notably education. Historically, this bureaucracy has been staffed largely by foreigners. Although the government's policy has been to staff the civil service with Kuwaitis to the extent possible, and although most employed Kuwaitis work for the state, the government nonetheless relied heavily on foreigners to fill positions at all levels before the Iraqi invasion.

A second factor contributing to the growth of the bureaucracy is the government's guarantee of jobs to all citizens. Not only does the state guarantee jobs, but it also offers Kuwaitis preferential treatment in employment, including higher salaries and preference in advancement over non-Kuwaitis. The government is the largest employer in the country. Many Kuwaitis prefer government employment to other positions even when it means undertaking routine tasks that underuse their skills and time. Others hold jobs in both the public and the private sectors, working in a government office in the morning and working privately in the afternoon. Observers frequently have commented on the country's excessive bureaucracy and overstaffing, to the extent that several people are often assigned to what could be one job. Several efforts to reform the civil service have not reduced the inefficiency and underuse of available labor.

Legislature

One of the most remarkable aspects of Kuwaiti politics in the postindependence period is the National Assembly—one

*Jabir al Ahmad
al Jabir Al Sabah,
ruler of Kuwait
Courtesy Embassy of
Kuwait, Washington*



of the few elected legislative bodies in the region. Pre-invasion Kuwait was one of the most politically open states in the region and the most open in the gulf. It had a relatively free press and an assembly elected by a small electorate of adult male citizens. The authors of the postindependence constitution of 1962, aware of the precedent set in the 1938 Legislative Assembly, saw the creation of an elected legislative body as an important means to widen the popular consensus and thereby further legitimize the rule of the Al Sabah, especially at a time when the family's position was threatened by the Iraqi claim to the entire territory of the new state. After the January 1963 election of the first National Assembly, the body evolved to serve as a broad forum for discussion and dissent. The men who dominated this assembly, however, were not the historical elite but, with some exceptions, were Kuwaitis who benefited from the state's generous welfare system. The historical opposition, the merchants on whom the amir relied for money in the lean pre-oil years, refrained from politics, devoting themselves instead to investing the money the amir sent their way.

Although the constitution affords the assembly considerable power, the body is limited by two major restrictions: the small size of the electorate as defined by law, which restricts suffrage to most adult male nationals whose ancestors were present in Kuwait in 1920; and the power of the amir to dissolve the

assembly virtually at will. Nonetheless, the assembly plays a prominent role in raising issues of public importance, reviewing and challenging government policies and programs, and responding to constituent concerns. It helps give Kuwait a much more open and public political life than that in other gulf states.

The roots of the National Assembly began in the 1961 elections for the Constituent Assembly, which drafted a constitution and laid the groundwork for elections in 1963 to the first National Assembly. The 1963 elections produced a solid opposition in the National Bloc, which challenged government policy in a number of areas. The opposition was so volatile that when elections were next held in 1967, opponents charged the government with widespread election fraud in an effort to restrict the contentious body. The new assembly indeed proved more pliable. However, the 1971 elections returned a more confrontational assembly, one that devoted much of its energies to the nationalization of the oil company. Elections for the fourth assembly took place in 1975 and produced a body more strongly opposed to the government than its predecessor. In August 1976, Sabah as Salim dissolved the assembly and introduced new restrictions on public assembly and speech. But in 1980, because of renewed concern for popular support in light of the Iranian Revolution of 1979 and the regional tension that accompanied the subsequent Iran-Iraq War, the new amir, Shaykh Jabir al Ahmad, allowed elections to be held. The fifth assembly was highly confrontational, as was the sixth, elected in 1985. When in 1986 the assembly began attacking members of the ruling family, primarily in connection with the handling of the 1982 Suq al Manakh stock market crash, the amir again suspended the assembly. The minister of justice, a member of the ruling family, was forced to resign because of allegations he had used public influence for personal gain in resolving the crash. As in 1976, external pressures from Saudi Arabia, which was highly critical of Kuwait's more participatory system, probably played a role in the amir's decision.

Opposition to the decision again to suspend the assembly manifested itself in the Constitutional Movement of 1989-90. In 1989 members of the dissolved assembly began organizing and calling for reinstatement of the assembly and articles of the 1962 constitution that the amir had suspended as well in 1986. They were joined by many merchants, previously politically quiescent—but now alienated by the ruler's inability to provide

*City of Kuwait,
capital of Kuwait
Courtesy Embassy of
Kuwait, Washington*



the level of economic support they had come to expect owing to the fall in oil prices—and by such others as professionals, liberals, and Islamists. The movement quickly spread through the *diwaniyat* (sing., *diwaniyah*), private weekly social meetings in the homes of prominent families, until it became a series of popular antigovernment demonstrations. As the movement developed, the amir and the crown prince responded with both carrots and sticks. In an effort to divide the opposition, the government announced in 1990 that although it would not restore the National Assembly it would establish a National Council comprising fifty elected members and twenty-five appointed members. The new body would thus be less representative than the old assembly. It would also have less power: for example, it could not enact legislation directly. The opposition opposed such an extra-constitutional council, viewing it not only as an effort to preclude a genuinely representative assembly but also as a way for the government to prepare loyalist candidates in the event that genuine assembly elections were held. (Indeed, when National Assembly elections were eventually scheduled in the postinvasion period, a large number of National Council members announced they would run.) Although opposition leaders and others boycotted the elections, the new body was nonetheless constituted following elections for the nonappointed seats in June 1990. This new body

had just begun meeting when the Iraqi invasion rendered it obsolete. The National Council met again on several occasions after the end of the Persian Gulf War in 1991 but was eliminated when the National Assembly was reconstituted by elections in October 1992.

Elections for the National Assembly were held on October 5, 1992, by amiri decree, in accordance with the 1962 constitution. Seven political groups (parties remained banned) backed candidates in the campaign. The groups included the Islamic Constitutional Movement, the Islamic Parliamentary Alliance, the Islamic National Alliance (a Shia group), and the Democratic Forum (progressive former Arab nationalists). The election proceeded without major incident. Opposition and independent candidates, including many associated with the prodemocracy movement, won the majority, thirty to thirty-five of the assembly's fifty seats. Progovernment candidates won the remaining fifteen to twenty seats, primarily in tribal constituencies. Islamist candidates won nineteen seats, a dramatic increase over the nine they had held in the former assembly. Seventeen of the elected members had served in previous assemblies.

Among the issues the members promised to raise in the new assembly were public spending and related financial concerns, foreign policy and the events leading up to the Iraqi invasion, the political status of women (many of whom demonstrated for suffrage during the elections), and Islamic law. Following the elections, Prime Minister and Crown Prince Saad al Abd Allah announced the formation on October 17 of the new cabinet. The cabinet included fewer members of the ruling family than had previous cabinets and six National Assembly opposition members among the sixteen ministers. The new cabinet, however, still left family members holding key posts, including that of minister of foreign affairs, which was returned to the long-serving but unpopular Sabah al Ahmad Al Sabah.

Constitution

In June 1961, following independence and under the shadow of an Iraqi threat, Amir Abd Allah as Salim announced that he would establish a constitution for Kuwait. In December, elections were held for a Constituent Assembly, which then drafted a constitution promulgated as Law Number 1 on November 11, 1962. Although articles of the constitution have since been suspended twice, the document nonetheless

remains the basic statement of intent for the Kuwaiti political system.

The constitution opens with the declaration that Kuwait is "an independent sovereign Arab State," and its people are "a part of the Arab Nation." Islam is "the religion of the state," and the sharia (Islamic law) is "a main source of legislation." The latter phrase has been the source of much debate, with Islamist opposition members pressing to have Islam made "the" source of legislation.

The constitution defines Kuwait as "a hereditary Amirate, the succession to which shall be in the descendants of the late Mubarak Al Sabah." This clause codifies what has become practice: the semiformal alternation of power since 1915 between the lines of Mubarak's two ruling sons: Jabir and Salim.

Although granting the amir substantial power, the constitution also provides for political participation by the citizens. The system of government is defined in Article 6 as "democratic, under which sovereignty resides in the people, the source of all powers." Articles 79 to 122 establish the National Assembly and lay out the rules governing its formation, rights, and duties.

Individual rights protected by the constitution are extensive and include personal liberty and equality before the law, freedom to hold beliefs and express opinions, and freedom of the press. The residences of citizens are inviolable, the torture and the deportation of Kuwaiti citizens are prohibited, and the accused are assumed innocent until proven guilty. Also guaranteed is the freedom to form associations and trade unions. The constitution guarantees the independence of the judiciary and designates the Supreme Council of the Judiciary as its highest body and guarantor of judicial independence.

The constitution also grants citizens a number of social rights, which form the basis for Kuwait's extensive welfare system. The state is constitutionally obligated to care for the young and to aid the old, the ill, and the disabled. It is obliged to provide public education and to attend to public health. The constitution provides for state involvement in the national economy to the degree that these obligations necessitate. However, Articles 16 through 19 protect private property, stating that "private property is inviolable" and reminding citizens that "inheritance is a right governed by the Islamic Sharia." Article 20 stipulates that "the national economy shall be based on social justice. It is founded on fair cooperation between public and private activities. Its aim shall be economic development,

increase of productivity, improvement of the standard of living and achievement of prosperity for citizens, all within the limits of the law." Duties of citizens include national defense, observance of public order and respect for public morals, and payment of taxes. These rights and obligations, however, apply only to Kuwaiti citizens. The remainder of the population have few political and civil rights and enjoy only restricted access to the benefits of the state welfare system.

In August 1976, in reaction to heightened assembly opposition to his policies, the amir suspended four articles of the constitution concerned with political and civil rights (freedom of the press and dissolution of the legislature) and the assembly itself. In 1980, however, the suspended articles of the constitution were reinstated along with the National Assembly. In 1982 the government submitted sixteen constitutional amendments that, among other things, would have allowed the amir to declare martial law for an extended period and would have increased both the size of the legislature and the length of terms of office. In May 1983, the proposals were formally dropped after several months of debate. Nonetheless, the issue of constitutional revisions continued as a topic of discussion in both the National Assembly and the palace. In 1986 the constitution was again suspended, along with the National Assembly. As with the previous suspension, popular opposition to this move emerged; indeed, the prodemocracy movement of 1989–90 took its name, the Constitutional Movement, from the demand for a return to constitutional life. This opposition became more pronounced following the Iraqi occupation, which abrogated all constitutional rights, and following Kuwait's return to sovereignty in 1991. In early 1992, many press restrictions were lifted. After the October 1992 election, the National Assembly exercised its constitutional right to review all amiri decrees promulgated while the assembly was in dissolution.

The Media

According to Kuwait's 1991 constitution, "freedom of opinion is guaranteed to everyone . . . within the limits of the law." The 1961 Press and Publishing Law establishes fines and prison terms for the publication of banned material, which includes reports critical of the government. In practice, this provision has been used only rarely, and Kuwait is known for its press freedom. In 1986, however, the government took a number of

measures to repress political dissent. New censorship regulations formed a part of these measures. The Ministry of Information requires all publications to submit copy to the ministry in advance for approval and forbids criticism of the ruler and his family, other Arab leaders, or Islam, as well as the acceptance of foreign funding.

As a result of the Iraqi invasion, Iraqi forces took over all media. A few Kuwaiti newspapers and Radio Kuwait managed to operate outside the country. After the war, in April 1991 the six opposition groups joined in calling for a free press. In January 1992, the government lifted censorship, but journalists continued to experience various restrictions. As of 1993, the press, radio, and television were gradually recovering and rebuilding facilities the Iraqis had destroyed.

The Kuwait News Agency (KUNA) is theoretically independent but in practice is an arm of the Ministry of Information. Newspapers are generally privately owned and consist of seven dailies, five in Arabic and two in English (the *Arab Times* and *Kuwait Times*), as well as a number of weeklies. The largest daily is *Al Qabas* (Firebrand), which is independent and had a circulation of about 120,000 before the war. Two smaller dailies, *Al Anba* (News) and *Ar Ray al Amm* (Public Opinion), each with a prewar circulation of 80,000, are more conservative and support the government. With regard to other information media, the Ministry of Information operates the three stations of Radio Kuwait and the Kuwait Television station.

Foreign Relations

As the Iraqi invasion demonstrated, Kuwait's large oil revenues and inherently small defense capabilities gave it tremendous vulnerability. Historically, until the Iraqi invasion, Kuwaiti leaders had always dealt with that vulnerability through diplomacy, trying to find allies that would protect them while maintaining as much independence as possible from those allies by playing them off against each other. Historically, the most important ally was Britain. Kuwait's relationship with Britain came about at the bidding of the early Kuwaiti leader Shaykh Mubarak in an effort to deter a still more troublesome actor, the Ottoman Empire. As one consequence of the 1899 treaty, which gave Kuwait a better status than was the case in British treaties with other possessions, the British presence remained somewhat distant, and British officials meddled less frequently in local politics.

The relationship with Britain continued beyond independence on June 19, 1961, and the new agreement between independent Kuwait and Britain promised continued British protection as necessary. That protection did prove necessary when Iraq, six days after Kuwait's independence, declared Kuwait a part of Iraq and sent troops toward the emirate in support of that claim. Because Kuwait's army was too small to defend the state, British troops arrived, followed soon after by forces from the League of Arab States (Arab League), in the face of which Iraqi forces withdrew.

As Britain increasingly withdrew from the gulf in the 1970s and 1980s, Kuwait was forced to look for other sources of support. Although Kuwaiti leaders tried to maintain a degree of neutrality between the superpowers—Kuwait had an early and sustained economic, military, and diplomatic relationship with the Soviet Union—in the end it was obliged to turn to the United States for support. The Iran-Iraq War was the decisive factor in consolidating closer ties with the United States. Although at the outset of the war Kuwait was an outspoken critic of United States military presence in the gulf, during the war this position changed. When Kuwaiti ships became the target of Iranian attacks, Kuwait's security situation deteriorated, and Kuwait approached the Soviet Union and the United States with requests to reflag and thus protect its beleaguered tankers. As soon as the Soviet Union responded positively to the request, the United States followed. The ground was thus laid for subsequent United States support.

Persian Gulf War

On August 2, 1990, Iraqi forces invaded and occupied Kuwait. On February 26, 1991, United States-led coalition forces restored Kuwaiti sovereignty. These paired events represented both the failure and the success of Kuwait's foreign policy.

The primary impetus for the invasion lay in the dynamics of internal Iraqi politics—economic and political concerns after the long, debilitating, and ultimately unsuccessful Iran-Iraq War. However, economic and political relations between Iraq and Kuwait provided the context for conflict.

Iraq's first financial disagreement with Kuwait related to oil policy. Iraq objected to Kuwait's production beyond OPEC quotas and the consequent contribution that overproduction made to lowering oil prices internationally. Iraq also claimed

Kuwait was siphoning oil from the shared Ar Rumaylah oil field straddling the Iraq-Kuwait border. During the Iran-Iraq War, Iraq ceased production from its side of the field while Kuwait continued operations. Kuwait asserted it had taken oil only from its own side of the field; Iraq claimed its oil had been poached. Another financial disagreement with Kuwait concerned the estimated US\$13 billion that Kuwait had lent Iraq during the Iran-Iraq War, a debt that Iraq wished Kuwait to forgive. These financial claims were set in a broader context. The Iraqi government experienced serious financial strains following the war with Iran; nearby Kuwait had apparently ample resources. To obtain these resources, Iraq put forward whatever financial claims it could.

In addition to economic issues, Iraq also disagreed with Kuwait over borders. This claim had two somewhat contradictory dimensions. Iraq first disputed the location of the border and then reaffirmed its claim to all of Kuwait. The latter claim rested on the argument that Iraq had once ruled Kuwait. This assertion to historical sovereignty over Kuwait was not solidly grounded: Kuwait had always been a self-governing political entity. Despite Ottoman Iraq's historic interest in Kuwait, it had never ruled the shaykhdom. When Kuwait was first established, the area was under the control of the Bani Khalid of Arabia, not the Ottomans. For a brief period in the late nineteenth century, Kuwait moved closer to the Ottomans, and for a short time Abd Allah as Salim held the Ottoman title of *qaimaqam*, or provincial governor; part of the Iraqi claim invoked this fact (see Ruling Family, this ch.). After Britain and Kuwait signed the 1899 treaty, Ottoman forces, anxious to overthrow Mubarak, had no place in the shaykhdom. British forces came to Mubarak's support as needed in favor of Kuwaiti independence.

Kuwait's status was again a matter of international discussion in the period around World War I. In 1913 British and Ottoman representatives drew up the draft Anglo-Ottoman Convention in which Britain recognized Ottoman suzerainty over Kuwait but at the same time declared Kuwait an autonomous district of the Ottoman Empire. The convention conditioned recognition of Ottoman interests in Kuwait on the promise of Ottoman noninterference in the internal affairs of Kuwait. The Iraqi government's later assertion that this constituted British recognition of Iraqi jurisdiction in Kuwait was weak. The document specifically recognized Kuwait's historical

political autonomy and disallowed Iraqi interference in Kuwait's domestic affairs. In any event, the document was never ratified, and at the beginning of World War I, Britain moved closer to Kuwait, not farther away. At the end of World War I, the Ottoman Empire was dissolved. In the 1923 Treaty of Lausanne, Turkey renounced claims to all former Ottoman provinces.

In the interwar years, the border question again arose. In 1922 the British convened a conference at Al Uqayr in Saudi Arabia that set Saudi Arabia's borders with Kuwait and Iraq but not Kuwait and Iraq's border with each other. However, in 1923 the British high commissioner in Iraq sent a memorandum to the political agent in Kuwait laying out the border between Kuwait and Iraq. When in 1932 Iraq applied to the League of Nations for membership as an independent state, it included information on the borders from the memorandum.

Iraq thus seemed to be moving toward acceptance of its border with Kuwait when the discovery of oil, the promise of more Kuwaiti oil revenues, and the related Majlis Movement occurred. As the Majlis Movement grew, Iraq began to support dissidents in Kuwait and simultaneously put forward claims to Kuwait. Iraq also explored the idea of building a port on Kuwait's coast to give Iraq an alternative to its port of Basra. Iraq began expressing interest in the islands of Bubiyan and Warbah as well. The Majlis Movement in Kuwait failed, however, and Iraq had to await another opportunity.

As long as Britain was there to support Kuwait, Iraq could do little more than assert a verbal claim. When Kuwait became independent in 1961, the Iraqi government tested Britain's resolve by bringing forces to Kuwait's border in support of its claims on the shaykhdom. British and Arab League forces, however, forestalled any Iraqi military action.

In 1963 a new government came to power in Iraq. Anxious to mend fences, this government formally recognized Kuwait and signed an agreement recognizing the borders between the two states as those set forth in Iraq's 1932 application to the League of Nations. Iraq then dropped its objection to Kuwait's membership in the UN and in the Arab League and established diplomatic relations, including the exchange of ambassadors, with Kuwait.

Nonetheless, tensions lingered. During the 1960s and 1970s, a series of border incidents took place, and there was continuing Iraqi pressure for Kuwait to relinquish, or at least

offer long-term leases on, the islands of Warbah and Bubiyan. In the 1980s, relations between the two states appeared to improve as Iraq, desperate for Kuwaiti financial support in its war with Iran, was careful not to press its unpopular claims. Both sides claimed sincerity in their historical effort to negotiate the border issue. When the war ended, however, the border issue reappeared.

The dispute itself does not seem to have been a precipitating factor in the invasion. When Iraq entered Kuwait in August 1990, it claimed to do so in support of a Kuwaiti rebellion. When no pro-Iraqi rebellion (or even bloc) emerged, and Iraq found itself unable to set up a pliable Kuwaiti government, it was forced to resort to direct occupation. It was only at this point that the Iraqi claim to Kuwait resurfaced. On August 9, one week after the invasion, Iraq formally annexed Kuwait, adding the northern part of the country, including the Ar Rumaylah oil field and the islands of Warbah and Bubiyan, to Iraq's province of Basra and creating a separate province out of the rest of Kuwait.

After Kuwait's liberation, the UN established a five-member boundary commission to demarcate the Kuwait-Iraq boundary in accordance with UN Security Council Resolution 687, which reaffirmed the inviolability of the Iraq-Kuwait border. In April 1992, the commission announced its findings, which demarcated the Kuwaiti border with Iraq about 570 meters to the north of the old border near the Iraqi town of Safwan and slightly north in the region of the contested Ar Rumaylah oil field. These modifications gave Kuwait six oil wells in the field and part of the Iraqi naval base of Umm Qasr. Kuwait accepted the commission's finding and announced it intended to build a security fence along its border with Iraq as an advance warning system. Iraq responded to the findings with an angry letter in May to the UN secretary general rejecting the commission's findings. Domestically, it continued to refer to Kuwait's territory as an integral part of Iraq. Physical demarcation of the land boundary was completed in November 1992.

The postwar period thus opened with many of the issues still unresolved that had played a role in precipitating the invasion and war. In Iraq the government of Saddam Husayn continued to assert its prewar claim to Kuwait, coloring Kuwait's postwar foreign policy. As long as Saddam Husayn remains at the helm in Iraq, Kuwait can feel no real security. Even were he to be replaced, much of the insecurity that haunts Kuwait and drives

its foreign policy would remain. Kuwaitis see the war as one waged by the Iraqi people and remember previous Iraqi promises to respect Kuwait's sovereignty. Kuwait will continue to see Iraq as a serious threat, regardless of what transpires in Iraq's leadership.

Post-Persian Gulf War Foreign Policy

Kuwait's postwar foreign policy is therefore based on two assumptions. The first is that security, notably with regard to Iraq, is its primary concern. The second is that security ultimately can be guaranteed only by the United States. It is clear that Kuwait alone, or even Kuwait with the support of the Gulf Cooperation Council (GCC), established in May 1981, and other Arab members of the coalition—a formal plan, known as the 1991 Damascus Declaration, to include Egypt and Syria in gulf defense arrangements was moribund soon after its issuance—cannot provide for its own defense needs (see *Collective Security under the Gulf Cooperation Council*, ch. 7). In August 1991, Kuwait and the United States signed a US\$81 million Foreign Military Sales agreement. In September 1991, Kuwait signed a formal ten-year defense agreement with the United States that permits the United States to pre-position weapons and conduct military exercises in Kuwait at Kuwaiti expense. However, the agreement does not provide for establishing a permanent United States base there. In 1992 Kuwaiti and United States forces carried out joint exercises under the defense agreement. Kuwait has backed up its formal security arrangements with a close political and economic relationship with the United States. It has given much of its postwar reconstruction business to United States firms, including civil reconstruction contracts that have been awarded through the United States Army Corps of Engineers and many contracts directly related to defense needs. The new pro-United States policy is not without its detractors. In the summer of 1992, the speaker of Kuwait's since-disbanded National Council asserted that the United States ambassador was interfering in internal Kuwaiti affairs. The Kuwaiti government and numerous Kuwaitis, however, condemned these remarks.

Kuwait maintains similarly close ties with other members of the coalition, signing defense agreements with Britain and in 1992 negotiating an agreement with France. It is seeking similar agreements with the remaining Security Council permanent members, Russia and China. It remains very close to

Saudi Arabia. Relations with a regionally resurgent Iran remain ambivalent. Kuwait's relationship with Iran improved dramatically after the Iraqi invasion, which, in drawing attention to Iraq's expansionist ambitions, seemingly vindicated Iran's wartime position. An inevitable conflict remains, however, between Kuwait's postwar aim of maintaining a high and visible level of United States support and Iran's desire to limit United States presence in the gulf. In mid-1992 this tension was seen in a minor dispute over the fate of Kuwait Airways passenger aircraft flown by Iraq to Iran during the war. Kuwait demanded the swift return of the aircraft, whereas Iran demanded US\$90 million for servicing them while they remained in Iran.

Kuwaiti policy toward states that had supported Iraq has been unforgiving. One of the hard lessons Kuwait's rulers learned from the Iran-Iraq War is that foreign aid does not buy popularity or enduring political support. Some of its largest aid was to Jordan, Sudan, and Yemen, countries that nonetheless failed to support the coalition. Kuwait cut those countries from its foreign aid program once sovereignty was restored. Kuwait was also a major donor to the Palestine Liberation Organization (PLO). The PLO's wartime support of Iraq also resulted in severance of Kuwaiti monetary and political support. In June 1992, the National Council approved denying economic aid to Arab countries that supported Iraq's invasion. Although foreign aid will continue as a feature of Kuwait's foreign policy, Kuwait's limited postinvasion revenues and its experience during the occupation indicate that such aid would decrease.

Reconstruction after the Persian Gulf War

Postwar Society

The invasion and occupation had a transformative effect on virtually every aspect of Kuwaiti life. Iraqi troops plundered and looted the city of Kuwait. Iraqi occupation forces, according to reports of human rights monitoring groups, tortured and summarily executed those suspected of involvement in the underground opposition movement that quickly emerged.

In the course of the occupation, more than half the population, foreigner and citizen alike, fled Kuwait. After the reestablishment of Kuwaiti sovereignty in February 1991, and the restoration of basic services soon afterward, the population began to return. In May 1991, the government opened the doors to all Kuwaiti citizens who wished to return. The govern-

ment was far more reluctant to readmit nonnationals, whom it considered a security risk and whom it regarded as not needed in prewar numbers owing to the postwar constriction of the economy. Consequently, relatively fewer nonnationals were allowed to return. A National Bank of Kuwait report estimated the total population of Kuwait in March 1992 at 1,175,000 people, 53 percent of whom were Kuwaitis, compared with an estimated 27 percent Kuwaitis of the 2,155,000 population on the eve of the Iraqi invasion in 1990.

The postoccupation Kuwaiti population differs sharply from that before the invasion. The population is divided psychologically between those who experienced the direct horror of the Iraqi occupation and survived and those who spent the war abroad in what seemed a relatively comfortable exile to many of those who stayed in Kuwait. But the shared experience has unified the country in other ways. Because Kuwait is a small country with large family groups, almost every Kuwaiti lost family members to the Iraqi forces, and there is continuing uncertainty over the 600 or more Kuwaitis that remain prisoners in Iraq. The fate of those who disappeared is an issue of national concern. Regardless of personal losses and experiences during the occupation, the society as a whole has been traumatized by the memory of the invasion and by the uncertain future. A government led by a ruling family that fled in the face of the Iraqi danger can do little to dispel this ambient fear. One expression of the insecurity is a general concern about lawlessness, both a breakdown in some of the peaceable norms that had united prewar Kuwait and a breakdown in the government's ability to enforce those norms owing to the widespread possession of guns (a result of the war) and the reluctance of a still fearful population to return those guns to the state. After the initial lawless months following liberation, the government recovered control of internal security and reinstated the rule of law.

The position of nonnationals in postwar Kuwait is very different from that of citizens. Perhaps two-thirds of the foreign population fled during the invasion and occupation. Most of those who fled have not been allowed to return, notably the large Palestinian population, who, owing to the public support of Iraq by many prominent Palestinians outside Kuwait, became the target of public and private animosity in the months after liberation. Before the war, Palestinians composed Kuwait's largest foreign population, numbering perhaps 400,000. By 1992 that number had fallen to fewer than 30,000.

In the first postwar days, many Palestinians who remained became victims of private vigilante groups, of which some were apparently linked to members of the ruling family. Human rights monitoring organizations such as Amnesty International and Middle East Watch have reported the murder of dozens of Palestinians and the arrest and torture of hundreds more. The most dramatic transformation is the exodus of the bulk of the Palestinian population. The reaction against Palestinians and other members of groups or states whose leaders had supported Iraq expressed itself in 1991 in a series of show trials of alleged collaborators, carried out, according to international observers and human rights monitoring groups, with little regard for due process. In the face of international criticism, the amir commuted the many death sentences, some given for rather small offenses, that the court had handed down. Trials that took place in late 1992, however, were regarded by international human rights groups as being fair and respecting due process.

One of the first policy decisions the government made on returning to Kuwait was to reduce Kuwait's dependence on foreign labor in an effort to ensure that Kuwaitis would henceforth remain a majority in their country. Former foreign workers are unhappy with this policy, but there is little they can do. Divided between those who oppose Iraq and those who do not, they pose no unified threat. Their energy has been dissipated by individual efforts to arrange to stay. The government and population alike remain deeply suspicious of the nonnational population.

After the war, the government announced it planned to restrict the number of resident foreigners, to keep the nonnational population below 50 percent of the total population, and to ensure that no single non-Kuwaiti nationality would make up more than 10 percent of the total population. In December 1991, the government closed most domestic staff employment agencies and drew up new regulations covering the licensing of domestic staff. In early 1992, the Ministry of Interior announced new rules for issuing visas to dependents of expatriate workers, limiting them to higher wage earners. Looking further into the future, the government approved a resolution in March 1992 doubling to US\$14,000 the sum given to young men at marriage in an effort to encourage local population growth. In June 1992, the government announced it had

set aside US\$842 million for end-of-service payments to foreigners.

The new policy of limiting the number of foreign workers has had serious economic consequences. Foreigners represent many of Kuwait's top technical and managerial workers. The exodus of most of the nonnational population has created special problems for an education system that in 1990 was still heavily dependent on foreign teachers. The direct damage inflicted on school property and looting by Iraqi forces aggravated the education problem. Nonetheless, in September 1991 the university and vocational schools reopened for the first time since the occupation.

The exodus of foreigners also has hampered the health care system, as did the systematic looting of some of the country's modern medical equipment by Iraqi forces. The invasion and war added some new health concerns, which include long-term deleterious health effects owing to the environmental damage and to the psychological impact of the war.

Nevertheless, the same forces that generated a prewar need for labor remain operative. A number of years are needed to train Kuwaitis for many of the positions held by foreigners. In the interim, indications are that the preinvasion shift away from Arab and toward Asian labor will continue. One small benefit of the new labor policy is that the government will save some money on services previously provided to the larger foreign population. The basic shortage of sufficient quantities of national manpower, coupled with a political and social reluctance to increase womanpower, limit the extent to which the government can do without imported labor.

Economic Reconstruction

Despite the devastation of the Kuwaiti economy during the invasion and occupation, recovery has proceeded with surprising speed. This was partly because some damage, particularly of the infrastructure, was not as serious as first feared and partly because the government, anxious to restore the population's weakened confidence in its ability to administer, has given reconstruction and recovery of basic services a high priority.

The oil industry, which was badly damaged, has been a top priority because it is the source of revenues to sustain other government spending programs. The most dramatic economic reconstruction effort went toward capping the more than 700

oil wells set afire by retreating Iraqi forces. In addition to an estimated 2 percent of the country's 100 billion barrels of reserves lost in the oil fires, Kuwait had to pay for putting out fires and repairing damaged refineries, pipelines, and other oil infrastructure. By January 1992, oil output had risen to 550,000 bpd. By June 1992, it was back to nearly 1 million bpd. Nineteen new wells were drilled to replace those damaged by the occupation.

The government hoped to raise production to 2 million bpd by the end of 1993. During the invasion, Iraq destroyed or incapacitated Kuwait's entire 700,000 bpd refining capacity at its three refineries. But by April 1992, production levels rose to 300,000 bpd. Nonetheless, there was concern that the rapid return to production might have damaged Kuwait's oil reservoirs beyond the damage done by retreating Iraqi forces, lowering its total future reserves. Accordingly, KOC contracted with several international companies to assess reservoir damage. However, the government also has been under tremendous pressure to increase oil production quickly to pay for war and postwar expenses. In the mid-1980s, overseas investments outstripped oil as the primary source of revenues. The expenses of war, postwar reconstruction, and investment irregularities that were being uncovered in late 1992 have forced the government to use substantial portions of its investment principal, and in the 1990s oil is again expected to be the major revenue source.

Restoring oil operations was expensive. In January 1992, the oil minister announced Kuwait had already spent US\$1.5 billion for putting out fires and planned to spend another US\$8 to US\$10 billion to repair further damage. A National Bank of Kuwait report in mid-1992 estimated that reconstruction expenses in the oil sector for the 1992–95 period would reach US\$6.5 billion.

The rest of the economy also suffered, although the effects were not as severe as the oil-well fires. The banking sector, suffering the shock waves of the Suq al Manakh stock market crash in 1982, recovered slowly from the combined effects of that crash and the invasion. The agenda of the returned government included bank reform. In December 1991, the government announced a comprehensive settlement plan for bad debts, the outstanding issue of the Suq al Manakh crash. The plan involved government purchase of the entire domestic loan portfolio of the country's local banking system. The government agreed to buy US\$20 billion of domestic debt from

eleven commercial banks and investment companies in exchange for bonds. This plan removed the concerns of Kuwaitis, who would be obliged to repay debts, if at all, on more modest terms, and of banks, concerned about nonperforming loans. Although Shaykh Salim al Abd al Aziz Al Sabah, governor of the Central Bank of Kuwait, said the plan is needed to prevent the collapse of banks, it clearly also is intended as part of a series of government payments to Kuwaiti nationals and businesses aimed at restoring confidence in the government prior to the October election. The plan, announced but as yet incomplete, left the entire banking system in a state of limbo in late 1992.

Banks have suffered less from the physical damage of the war and more from the sudden reduction in the number of employees, many of whom in the prewar period were foreigners. Some banks reported postwar staff levels at half those before the invasion. Although there has been speculation that postwar reform will include mergers involving state-controlled banks (notably the Kuwait Investment Company, the Kuwait International Investment Company, and the Kuwait Foreign Trading, Contracting, and Investment Company, known together as the three Ks) and private-sector banks, no formal action had been taken as of late 1992. The bank that survived the invasion in the best shape was the largest commercial bank, the National Bank of Kuwait. It handled the exiled government's finances during the crisis.

According to a National Bank of Kuwait report issued in mid-1992, several additional factors hurt the private sector's recovery. The first was the government's decision to restrict the number of nonnationals, which hampered efforts to import skilled and unskilled labor and left Kuwait with a smaller market. The second was the lower level of government investment in industry as a result of reduced government income and the government decision to invest more in defense and focus in the short run on restoring basic services. The non-oil manufacturing sector, although small, was hurt by the looting and damage done by Iraqi troops. The government has been in no position to subsidize industries at the level it had in the past. Infrastructure projects incomplete before the invasion have not been resumed or have been delayed.

The only sector of the economy to prosper in the immediate postwar period is trade because of the need to replace inventory emptied during the occupation. Returning Kuwaitis and

the government have created a small boom for investors. By mid-1992, however, the return demand largely had been met, and many goods, notably automobiles and consumer durables, were available in excess supply. In an effort to boost the private sector, the government approved an offset program in July 1992 requiring foreign companies to reinvest part of their government-awarded contracts locally. Companies with contracts valued at more than US\$17 million have been obliged to reinvest 30 percent of the contract sum.

Despite some speculation that the government would turn more functions over to the private sector following its return, widespread privatization has not occurred. In February 1992, the government announced plans to start privatizing the public telecommunications network, a move that was expected to generate US\$1 billion for the government. In May the government announced it would privatize seventy-seven local gas stations. There have been, however, no indications of more substantial denationalizations.

Reconstruction costs, which some foreign observers initially put as high as US\$100 billion, appear to be more modest, perhaps in the range of US\$20 to US\$25 billion. The largest postwar expense the government faces is not reconstruction, but the debt it incurred to coalition allies to help pay for Operation Desert Storm, an amount that came to at least US\$20 billion, and continuing high defense expenditures (see table 12, Appendix). Reconstruction costs have been met largely from Kuwait's reduced investments (the *Financial Times* estimated in February 1992 that Kuwait had lost as much as US\$30 billion of its prewar investment portfolio); from returning oil revenues, which for fiscal year 1992 were only expected to generate US\$2.4 billion; and from borrowing on international money markets. In October 1991, the government announced plans to borrow US\$5 billion for the first phase of a five-year loan program. The loan would be the largest in history. In mid-1992 one study indicated that as much as 30 percent of 1993 revenue will be needed to pay interest on various government debts, which were expected to exceed US\$37 billion by the end of 1992.

Despite the apparently dire economic situation, the government has felt politically obliged to sustain insofar as possible the prewar standard of living. Some of the largest domestic postwar government expenditures have gone directly to Kuwaiti households. The banking debt buyout was but one of a

series of measures taken by the government to help nationals hurt by the invasion. The government decided to pay all government employees (the majority of working nationals) their wages for the period of the occupation. In March 1992, the government raised state salaries. The government also agreed to write off about US\$1.2 billion in consumer loans, a measure benefiting more than 120,000 Kuwaitis. It wrote off US\$3.4 billion worth of property and housing loans made before the invasion. Each Kuwaiti family that stayed in Kuwait through the occupation received US\$1,750. In July 1992, the government exempted Kuwaitis from charges for public services due as a result of the occupation, such as bills for electricity, utilities, and telephone service and for rents on housing.

Politics

The invasion also changed the dynamics of Kuwaiti politics. The crisis of invasion, occupation, and exile further solidified the Kuwaiti opposition, which had begun emerging in the Constitutional Movement before the invasion. During the invasion, much of the opposition and the government regrouped in exile in Saudi Arabia. There, opposition leaders reiterated their preinvasion concerns and called on the amir to promise a return to a more democratic system in restored Kuwait.

The showdown came in October 1990 when the ruler met with 1,200 opposition leaders in Saudi Arabia and publicly promised liberalization following liberation. The elite opposition, however, finally unified just as it was losing its popular base to the resistance groups inside Kuwait. Kuwaitis who spent months fighting the occupation had little need for those who spent the war in relatively comfortable exile. To them, opposition leaders in exile became figures as distant as the amir. These divisions surfaced as goods waited in warehouses while resistance leaders argued with returned administrators over the right to feed the population. The opposition, so briefly united, redivided. Several identifiable factions emerged. These included the Democratic Forum, representing the liberal progressives. In defiance of the law, the Democratic Forum declared itself a political party in 1991. The Sunni Islamist opposition broke into the historically Muslim Brotherhood-oriented Islamic Constitutional Movement and the Islamic Alliance. The National Islamic Coalition represented Shia.

Had the amir returned quickly to Kuwait, stood above the factions, and appealed to the natural desire of a population

tired by war to retreat from politics to the private world of reunited families, he might have scuttled the prodemocracy movement and reimposed a relatively benign authoritarianism. Instead, the amir hesitated and unwittingly forged a broad united prodemocratic front that could truly challenge his rule. Instead of fracturing, the Kuwaiti opposition came together, voicing a unified demand for a more open, participatory political system. The amir finally agreed to hold elections for the National Assembly in October 1992 (see Legislature, this ch.). In the interim, the National Council continued to meet.

There is little postwar change in the ruling family's dominant position in the country, although probably more grumbling occurs in private about the family's behavior. The Al Sabah continue to control the highest posts, although there have been changes in personnel. In April 1991, the government announced a new cabinet. Whereas the overall presence of the ruling family changed little, the number of cabinet members from the Salim branch rather than the Jabir branch increased, a shift that usually had occurred only after a succession. In the cabinet, Sabah al Ahmad Al Sabah, minister of foreign affairs since the 1960s, was replaced by Salim as Salim Al Sabah, formerly minister of interior. In addition, Minister of Finance Ali al Khalifa Al Sabah stepped down, and Minister of Defense Nawwaf al Ahmad Al Sabah was appointed to the less significant post of minister of social affairs and labor. The opposition hoped that the primary check on the royal family and the cabinet would be the National Assembly. Following the October 1992 election, the Salim and Jabir branches' representation in the cabinet became more balanced.

In 1993 the government continued to express a profound ambivalence about political liberalization. Although it lifted press censorship in January 1992, the government still imposed restrictions on coverage critical of the government. The government has banned several public meetings by opposition groups and private associations. The October 1992 election revealed the basic forces that are likely to continue to shape Kuwait's political future into the twenty-first century. The first force is an historically grounded and popular impulse toward political liberalization. Although the prodemocracy movement may experience times of relative quiescence as it has in the past, it is unlikely to be extinguished. The second is what appeared in the immediate postinvasion period to be a growing impulse toward more authoritarian rule. Whereas Kuwait

historically has not experienced heavy-handed government, pockets of its population (some foreigners and Shia) have felt the heavier hand of the state at times. The amir's efforts to develop a larger internal security apparatus to use first against the resident Palestinian population and then against the national opposition threatens Kuwait's prodemocracy movement. These efforts also ran into strong opposition when the National Assembly convened in October 1992. Like the prodemocracy movement, the new security force will not vanish unless compelled to do so. The invasion thus appears to have activated both a more authoritarian impulse in the government and a more prodemocratic impulse among the population. The postinvasion period has seen the struggle between these two forces.

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Ahmad Abu-Hakima's *Modern History of Kuwait* provides a good historical overview. Jill Crystal's *Kuwait: The Transformation of an Oil State* offers a general overview of Kuwait; her *Oil and Politics in the Gulf* provides a more analytical survey of Kuwaiti politics. On politics, Hassan Ibrahim's *Kuwait: a Political Study* and John E. Peterson's *The Arab Gulf States* are helpful. On the ruling family, a most useful book is Alan Rush's *Al-Sabah: Genealogy and History of Kuwait's Ruling Family, 1752–1986*. The best general introduction to Kuwait's foreign policy environment is Abdul-Reda Assiri's *Kuwait's Foreign Policy*.

A general sociological introduction to Kuwait is found in Jacqueline Ismael's *Kuwait: Social Change in Historical Perspective*. Suad al-Sabah's *Development Planning in an Oil Economy and the Role of the Woman* looks at women's issues in Kuwait. With regard to expatriates, Shamlan Alessa's *The Manpower Problem in Kuwait* is helpful.

Books on Kuwait's economy include M.W. Khouja and P.G. Sadler's *The Economy of Kuwait*; Y.S.F. al-Sabah's *The Oil Economy of Kuwait*; Ragaei El Mallakh and Jacob Atta's *The Absorptive Capacity of Kuwait*; and Suad al-Sabah's *Kuwait: Anatomy of a Crisis Economy*. Fida Darwiche covers Kuwait's stock market crash in *The Gulf Stock Exchange Crash*.

A wealth of statistical information is available in the annual reports put out by the Kuwait Ministry of Planning's Central Statistical Office in its *Annual Statistical Abstract*. Current economic events can be followed in the *Middle East Economic Digest*, *Economist*, *Wall Street Journal*, and *Financial Times* (which usually

surveys Kuwait in February). (For further information and complete citations, see Bibliography.)

