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POLITICAL FACTORS IN THE UNITED ARAB EMIRATES

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## POLITICAL FACTORS IN THE UNITED ARAB EMIRATES

The United Arab Emirates comprises seven tiny principalities which were lumped together, despite ancient rivalries, when Britain abandoned the Gulf. The Emirates, unlike Saudi Arabia, are not primarily bedouin and do not primarily accept the Wahhabi form of Islam. (Wahhabism has limited following in Abu Dhabi, virtually none in Dubai.)

The Emirates are traditionally poor and thinly populated. Unlike elsewhere in the British colonies, Britain built very little of the standard colonial infrastructure of roads, schools, hospitals, and organization. Moreover, when anti-colonial and budget pressures emerged, Britain simply cut and ran, leaving the area nearly helpless. But the oil boom has changed this. The total population is approximately 1.13 million, of whom, however, only 15-20% are indigenous. In Abu Dhabi only 5-8% of the total population is indigenous. Social differences between the indigenous and the vast majority of the non-indigenous population are enormous. The country attempts to cope with an overwhelming immigrant population by diversifying that population and by insisting that workers go home after a few years. The only non-indigenous majority which is not forced to go home is the Palestinians, who however comprise a very small proportion of the U.A.E. population, probably about 40-50,000 people. Palestinian influence is significant, however, because the Palestinians are numerous in the media, in middle levels of the oil business, and in government administration.

Because of the openness of U.A.E. society and its great wealth, the U.A.E. has experienced very limited pressures from Islamic fundamentalism. Such pressures are visible primarily at the university, where there are increasing demands that women cover themselves, that men and women attend separate classes, and so forth. In part this reflects indigenous social pressures; in part it is anticipation of future Saudi Arabian pressures. But, aside from Saudi Arabian pressures, the social bases of Islamic fundamentalism are weak in the U.A.E. and fundamentalist groups are far less organized than even in Kuwait. Thus fundamentalism represents no threat to the regime.

One of the politically crucial social developments in the Emirates is the rapid emergence of a middle class. In the Abu Dhabi government, a class of highly paid, highly educated, technocratically-oriented, relatively young men will emerge and will likely be frustrated by sheikhly prerogatives. In Dubai, a merchant class of broad cosmopolitanism, great education, and enormous financial power will seek a rule of law rather than arbitrary princely decisions. Already this class expresses enormous contempt for princely ostentation (whereas the bedouins don't mind such ostentation and may even enjoy it vicariously). Increasingly, a commoner with a Ph.D. in hydraulic engineering may fail to understand why he should work for the relatively uneducated cousin of a sheikh. Such middle class and upper middle class groups may well become susceptible to Arab nationalism later in the 1980s. Pan-Arab sentiment has never been strong among what, prior to the oil boom of the 1970's, were the small groups of inward-looking tribesmen who inhabited these sheikhdoms. The resentment of arbitrary rule and resentment of Westerners could combine with resentment of other minorities; such feelings would undoubtedly be organized and assisted in other ways by radical Arab

regimes. At present, there are minor early signs of such nationalism in anti-foreign business moves and in some articles in the Arabic press. (The English press is controlled by Indians and Pakistanis.) But such developments appear to be germinating slowly at most and will probably not exercise great influence for the rest of this decade.

The effort to create one nation out of seven competing emirates has faced many obstacles, but has also achieved some impressive successes. The strongest traditional rivalry was between Sharjah and Dubai. There is a tremendous current rivalry between Abu Dhabi, the political and oil capital, and Dubai, the trading capital. Dubai, Sharjah, and Ras al Khaima are traditionally trading societies oriented to serving distant markets by sea, whereas the others traditionally have a more inward-looking orientation. All these rivalries and differences have been partially submerged by Abu Dhabi's oil wealth, and by common fear of foreign threats from Saudi Arabia, Iran, Iraq, and Oman.

While the integrating forces of Abu Dhabi's oil money and of common fears have provided a decade of relative unity and economic success, creation of national institutions which transcend the individual emirates has been slow. The central political weakness of the U.A.E. is essentially similar to the weakness of the United States under the Articles of Confederation. Whether the Emirates will move in the future to some analogue of stronger federations elsewhere, and how that transition will be accomplished, remains for future determination. The country's progress in that direction has been impressive, but not yet decisive. The government of the Emirates is largely the government of Abu Dhabi, rather than a truly federal government. Dubai in particular has simply defaulted on the acquisition of national civil service and national political leadership appointments, because the elite of Dubai is preoccupied with commerce and contemptuous of the red tape it associates with the federal government. As a result, the two principal components of the Emirates, Abu Dhabi and Dubai, largely go their own way, with Dubai's merchants heavily resisting the penetration of Abu Dhabi's bureaucrats. Until 1982 there was no federal commercial law, and traders from Dubai find it exceedingly difficult to get licenses to operate in Abu Dhabi. The foreign visitor who lands at Dubai is pressured to depart the country also from Dubai, because the immigration control systems of the two Emirates are not yet integrated.

The difficulties of creating national institutions in the Emirates are best exemplified by the military. The military forces of the United Arab Emirates are integrated only in their salary scales and uniforms. They comprise a western command in Abu Dhabi which is large and inefficient, a northern command controlled by Abu Dhabi which is small and inefficient, and a central command of Dubai's forces which is small and efficient. These commands are largely competitive rather than cooperative. Their combined force of 35-40,000 men was found to be virtually useless when it went on alert during the Iran-Iraq war. Only one Pakistani squadron appeared effective. The forces are largely led by old colonial figures. The middle level troops are largely foreign, and heavily dominated by Omanis whose primary loyalties may be to Oman, which has claims on the Emirates and does not officially recognize their government. The lower levels are staffed by highly

technically educated citizens of the U.A.E. whose qualifications and ranks are dissonant.

Because the U.A.E. institutions are only partially formed, the unity of the country depends heavily upon Abu Dhabi's dominance and upon the qualities of specific leaders. The increasing predominance of Abu Dhabi over Dubai, particularly in a period when Dubai's trading operations are depressed by a worldwide recession and by the Iran-Iraq war, is auspicious, while the emerging independent oil production of Sharjah and Ras al Khaima may create strains. These are clearly manageable so long as leadership is strong and sound. They will be substantially reduced with the passing of ailing Sheikh Rashed, the wily ruler of Dubai and Prime Minister of the Federation. It is not clear who among Rashed's three sons will succeed him. There is reported infighting between Hamdan (the UAE's Minister of Finance, Industry, Economy and Commerce) and Mohamed (the UAE's Minister of Defense). Maktum, the Federation's Deputy Prime Minister, is highly regarded and possibly the most able. In any case, all are reported to be strong federationists. Moreover, none has sufficient tribal clout or country-wide stature to stand up to Abu Dhabi's President Zayid in the manner of their father.

Sheik Zayid is elderly but energetic, his leadership is tribal and bureaucratic rather than charismatic, and he is a well liked, approachable traditional tribal leader. He has been an integrating force and has pursued moderate policies, but has not broken with the tradition of personalistic decision-making and emphasis on securing positions for his own family and tribe. On balance, his leadership has been auspicious, and may remain so for a good many years. But eventually there will have to be a change to a more modern form of leadership based on rules rather than personality and tribe. Moreover, Sheik Zayid's sons may not be able to govern the country effectively. One is a dope addict, one is weak and excessively shy, and a third simply has not grown up. Currently, the second of these, Sheikh Khalifah, is the crown prince, as well as deputy supreme commander of the armed forces. Eventually, however, another line of the royal family may assert itself and take over, or an outsider such as the Sultan of Sharjah or one of Dubai's Sheikh Rashed's sons must somehow become broadly acceptable. These developments may well happen, but they cannot be totally counted upon. The Emirates possess sufficient sense of identity and a sufficient institutional skeleton to survive a transition to mediocre leadership, but not enough to transit confidently a period of disastrously incompetent or deeply divided central leadership.

The condition of the institutional infrastructure deeply affects the conduct of business. Conditions within Emirates may vary widely, so that ability to do business in one Emirate does not assure success elsewhere in the country. The key to success remains the identification of a suitable indigenous partner or agent who can get quick decisions directly from the ruler. Conversely, once hooked up with the wrong family, a firm can become permanently cut off from the possibility of dealing with more influential competing families. While commercial law is gaining on Sharia law as the principal matrix of rules governing business, the use of detailed contracts is just beginning, and it is common practice to renege on formal contracts and particularly on guarantees.

The emergence of economic nationalism in the Emirates has been very gradual, but at present it is creating a squeeze on Asian businessmen and on foreign Arab businessmen. Some observers believe that this squeeze, implemented through a new Agency law, could severely hamper Dubai's re-export business, which depends heavily on locally based foreigners contacts with Iranians, Indians and others. The impact on oil companies and other Western firms has been considerably less, but could grow in the future.

In foreign policy, the U.A.E. is a mouse among elephants. The boundaries of the U.A.E. are only partially delimited, and have been greatly influenced by the rise of predatory Saudi power during the 20th century. Neighboring Oman views itself as the traditional ruler of the U.A.E. territory and tribes and does not recognize the U.A.E. government. U.A.E. leaders fear Saudi strength and territorial aggrandizement, but would be terrified of Saudi Arabian political instability. They fear Oman, but rely heavily on Omani troops in their own military forces.

The Emirates regard Iran under Khomeni as a wild elephant. Because Persia has played a decisive historical role in the Emirates, the U.A.E. looks up to Iran while at the same time fearing Iranian imperialism. The Emirates also fear Iraq, which they regard as dangerous because the Iraqi leadership is viewed as more intelligent as Iran's and as the carrier of a dangerous radical Ba'ath ideology. Because the U.A.E. fears both Iran and Iraq, decisive victory by either side in the Iran-Iraq war would be regarded as a disaster by the U.A.E. government. Iranian victory would mean renewed tensions over off-shore territorial disputes, more Iranian commandos, and possible danger to neighboring Saudi Arabia, along with demands for reconstruction aid. Iraqi victory would imply Iraqi demands for acknowledgment of its diplomatic leadership and regional military hegemony, along with pressures against the six members of the Gulf Cooperation Council (GCC) and demands for reconstruction aid. These would be significant dangers, but they could well prove manageable. Fortunately, the Iran-Iraq stalemate seems likely to persist.

One welcome development is the slow but steady progress within the GCC on coordinating internal security and regional defense. The continuing Iran-Iraq war and the aborted December 1981 coup attempt in Bahrain have prompted the membership to put aside some of their mutual mistrust (particularly fear of Saudi dominance) and pushed them into greater sharing of information and the integration of air defenses within the U.S.-supplied Saudi AWACS network.

The U.A.E.'s engagement in the Arab-Israeli dispute is growing but is not nearly so strong as elsewhere in the Arab world. The U.A.E. wants to prove its Arab credentials and to ensure the support of the other Arab countries for its territorial integrity, diplomatic interests, and oil interests but, particularly in Dubai, there is widespread dislike of the northern Arabs and a particular dislike for Palestinians. The resultant policy is ritual support and an effort to buy off Palestinian pressures.

#### Scenarios for the Future

The U.A.E. is thus a twelve-year-old economic and political success story, whose achievements in both areas have been so great as to surprise the nearly

universal skeptics of a decade ago. Nevertheless, its institutional development has not proceeded far enough to ensure continuity in the face of a possible transition to incompetent leadership, or a decline of Abu Dhabi's economic predominance, or a serious split within the Abu Dhabi leadership, or between the leaderships of Abu Dhabi and Dubai.

The following scenarios are listed in order of probability, with #1 being the most likely by a very substantial margin.

Scenario 1. Integration through succession. The country could well proceed with its economic and political development if Sheik Zayid presses institutional development for another five to ten years and if the succession then passes relatively smoothly to another branch of his family which is able, upright, and determined to shift from paternalistic, tribal oriented leadership to modern, national organization. Such a transition would be facilitated by steady oil prices, by stability in Saudi Arabia, by a moderate outcome for the Iran-Iraq war, and by Sheik Zayid's ability to clearly designate a strong successor.

Scenario 2. Transition to incompetence. The sudden death of Sheikh Zayid, followed by the succession to the throne of an incompetent son or other relative, could so divide Abu Dhabi, or create such a schism between Abu Dhabi and Dubai, as to create disorder and destruction for at least a short period of time. External forces would probably intervene to straighten out such a problem, and this might succeed if there is unity among the external forces which become involved.

Scenario 3. Abu Dhabi-Dubai Schism. Attempts by Abu Dhabi to assert its authority over Dubai, or by Dubai to insist on its commercial interests in ways unacceptable to Abu Dhabi, could still cause a schism.

Scenario 4. Integration through technocratic coup. Highly unlikely, but still possible, is a conspiracy of relatively young, technocratically oriented, military officers of Dubai and Abu Dhabi, backed by key commercial interests, using the succession to stage a coup and to replace the leadership of the sheikhs by a modern bureaucratic leadership. The difficult part of this scenario is the needed conspiracy between military elements in the Abu Dhabi and Dubai armed forces.

Scenario 5. Externally caused instability. A revolution in Saudi Arabia, while itself an improbable event, would be highly likely to destabilize the government of the Emirates (as well as those of the other small states in the Gulf); also there still remains a significant possibility that intervention by Iran or Iraq could destabilize the government.

In summary, the U.A.E. remains economically attractive and culturally compatible with American business interests, but steady progress in building institutions has not yet reached the point where business can be sure of avoiding highly personalistic decisions in the short run or depend completely on political unity and stability in the longer run.