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TOWARDS THE END OF THE OLIGARCHIC PACT?

BUSINESS AND POLITICS IN ABU DHABI, BAHRAIN, AND OMAN

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As the former Egyptian Prime Minister Hazem Beblawi has pointed out, in a rentier state 'citizenship is not only an affective relation between man and his homeland; it is also, or primarily, a pecuniary relation'.[2] This is especially true when the individual belongs to a social group, like the business elite, which has had a crucial role in this state's polity, even prior to the influx of rent that has taken place in the monarchies of the Persian Gulf since the 1930s. However, the evolving nature of the 'social contract' in GCC states, made more urgent by the decline in oil prices and government revenues since 2014, places new pressure on key political-economic relationships that have for decades helped to underpin regime stability and security. The changing nexus of state–business relations in the Gulf has direct implications for political stability and ruling successions in GCC states, particularly those under review in this chapter.

In the six states of the Gulf Cooperation Council (GCC), the business communities have an earlier history of political influence, alongside their related economic role—as comparative works by Crystal (on Kuwait and Qatar) in the 1990s and Moore (on Kuwait, Qatar, and Bahrain) in the early 2000s, among others, have shown.[3] Over the last decade, the nature and evolution of state–business relations in the Gulf monarchies have received greater attention, especially in the context of the Arab Spring.[4] While most of these studies have concentrated on the mutually beneficial relationship that binds together the political and business elites and on the crucial role played by the latter in supporting the established sociopolitical order and shaping political legitimacy, this chapter chooses to focus instead on the economic role and influence of the ruling families. It argues that, in all six GCC states, an increasing number of ruling family members have entered the business and private sectors over recent decades. This definitely marks a new phase in the contemporary history of state–business relations in the Gulf monarchies.

While the pre-oil period was characterised by the existence of an oligarchic pact between rulers and merchants, in which the latter's economic power allowed them to exert extended political influence, the surge in oil revenues (which took place gradually across the Arabian Peninsula between the 1930s, in Bahrain and Kuwait, and the 1970s, in Oman) disrupted this balance. Even if the ruling elite–business elite relationship has tolerated significant variations from one GCC country to another, a common tendency was that the rulers' material affluence forced the merchants to retreat from the political sphere. In return, the economic pre-eminence of the business actors was recognised and protected, and they were guaranteed a substantial part of the rentier state's subsidies.

The argument developed in this chapter is that business–ruling family relations in the Gulf monarchies have entered a third phase, in which the involvement of members of ruling families has increased dramatically, to such an extent that this has been to the detriment of the historical business elites. The ruling families' encroachment on a field that has remained for most of the 20th century a preserve of the merchant class cannot but impinge upon the traditional strategic alliance between the two elites. Given the role of this relationship in perpetuating the post-oil sociopolitical status quo, the unprecedented intrusion of ruling family members in the private sector is likely to have major implications for the whole rentier social contract in these states and, consequently, for their domestic stability. While Qatar's ruling family has always played a greater role in commerce and members of Kuwaiti and Saudi ruling families have become much more prominent in business too, this chapter will concentrate on Abu Dhabi, Bahrain, and Oman. Beyond obvious space constraints, which prevent a full comparative study here of the six GCC countries, the choice to compare Abu Dhabi, Bahrain, and Oman is supported by the observation of the differences between the historical patterns of state–business relations in these three countries. The situation in Bahrain, where the royal family and the economic elite are historically distinct and where both have impinged on the other's preserve, contrasts with that of Abu Dhabi, where business and political elites have formed a cohesive and intermingled oligarchy, and of Oman, where the ruling family is weak and politically dependent on a bourgeoisie that has played a key role in politics. Yet, despite these historical differences, a common pattern can be observed: the long-term, sustained increase of the ruling families' involvement in local economy as well as the concomitant decline of the political and economic influence of the historical business actors. The first GCC country where this development occurred was probably Bahrain, as early as the 1970s, while it has manifested itself in Abu Dhabi and Oman much more recently.

After a first section providing a comparative overview of the main patterns governing state–business relations in the Persian Gulf monarchies, before and after oil, with a particular emphasis on Abu Dhabi, Bahrain, and Oman, this chapter will document the increasing involvement of members of the Abu Dhabi, Bahrain, and Oman ruling families in the business sector, and the concomitant growing dependence of the merchant families on the rulers. The popular protests that took place in the GCC in 2011 and 2012 revealed the business sector's resistance to change in, for example, the way national bourgeoisies remain unfailing allies of the ruling families. Even more, the protests highlighted the business sector's increasingly limited latitude of action in the political field. This chapter then argues that the nature and extent of this major shift in the quality of business politics in the GCC will have substantial implications for the wider questions of the social contract established during the rentier period in the 20th century.

A mutually beneficial oligarchic pact

The political economy of the contemporary Gulf monarchies finds its roots in the social and political structures inherited from the pre-oil period. Prior to the influx of major oil revenues, domestic stability in the monarchies of the Arabian Peninsula was assured by an arrangement that linked rulers with a number of prominent tribal leaders and local merchant families. In particular, the merchants helped provide the rulers' financial needs and in return received political influence and protection of their economic interests. The merchants, who controlled the two main economic sectors (pearling in Kuwait, Bahrain, Qatar, and the UAE; trade in Kuwait, Bahrain, Oman, and the UAE), enjoyed not only personal proximity to the rulers (through marriage alliances) but also the protection this proximity brought them, which in turn consolidated their economic interests, usually thanks to direct intervention in the decision-making process. As explained by Albadr Abu-Baker in the case of Abu Dhabi, 'the source of merchants' political power was their economic power'.[5] In return the merchants proved indispensable to the maintenance of the political status quo; not only were they the only ones able to provide the ruler's growing need for liquid assets (through loans), but the ruler deducted from their resources taxes and custom duties, which represented the major sources of the ruler's revenue. Moreover, in the numerous instances of succession conflicts and quarrels within ruling families, the ruler and challengers to the throne were driven to forge alliances outside the family, primarily with merchants, to assert their influence within the ruling family itself. This economic power differentiated merchants from other elites, such as tribal leaders, and increased further the merchants' political influence, their involvement in the daily running of the state (through the granting of decision-making positions), and, in the end, their crucial role in the ruler's political survival.

The merchants remained key partners until the surge in oil revenues. The mutually beneficial alliance between merchants and rulers was disrupted by the unexpected material sufficiency of the rulers after oil was discovered and oil exports began. The state's monopoly on managing expenditure and development allowed the creation of a welfare state, which became the cornerstone of the ruling family's political legitimacy. Thanks to new asphalted roads, and to schools and health centres, which were built in the smallest villages, the authority of the ruler and the burgeoning state materially and symbolically occupied the entire territory. This process was accompanied by an explosion of jobs and possibilities of income offered within the public and para-public sectors. This 'allocation state'[6] created a public sphere that provided a huge pool of jobs open to skilled and non-skilled individuals. These new civil servants, employed in the national army, the police, the intelligence service, the ministries, and governmental services, would hardly turn against the ruler since they depended on the state for their survival. Because of these jobs in the public sector, the social activities of the tribesmen, formerly restricted to the village and its vicinity, broadened into larger networks. The ruler granted key political and administrative positions to historically important tribes or families and economic monopolies to nationals, and introduced practices and laws that gave nationals rights and privileges which were not enjoyed by non-nationals. In return, the ruling families expected the non-interference of nationals and civil society in domestic politics. This bureaucratisation of society illustrates the political and social control that the ruler implemented over his territory. As Nazih Ayubi has explained, 'through the creation, expansion and maintenance of a bureaucracy, the rulers of the oil-state are paying the citizen ... Instead of the usual situation of the state taxing the citizen (in return for offering him services), here the citizen is taxing the state—by acquiring a government payment—in return for staying quiet, for not invoking tribal rivalries, and for not challenging the ruling family's position.'[7] Thus, in the Gulf, the terms of the famous formula 'no taxation without representation', raised during the United States' War of Independence by supporters of political liberalisation, have been reversed to become 'no representation without taxation'.

As for their relation with the merchants, the rulers were, at first glance, freed from their economic dependence on them. Jill Crystal explains that the development of oil production in Kuwait and Qatar forced the merchants to renounce their historical claim to participate in decision-making. This was obviously not always smooth sailing. The 1938 Reform Movements in Kuwait and Dubai, in which merchant elites played a leading role, took place while the first oil concessions were negotiated and signed by the rulers,[8] and while revenues from pearls were in steep decline. These reform movements revolved around the demand for greater accountability from the rulers regarding the use of expected revenue,[9] and more generally around the changing balance of economic power within the political–economic elite. As explained by Jill Crystal, a key determinant of the Reform Movement in Kuwait was the merchant families' motivation to protect their political and, above all, economic positions: 'these [oil] revenues, and the promise of more, sharpened cleavages both within the ruling family and between the *shaikh* and the merchants ... Merchants began asking for a say in the distribution of the new wealth.'[10]

The political failure of these movements did not signify the business families' economic marginalisation; on the contrary. With the new political order that followed the discovery and extraction of oil in Bahrain (in the 1930s and 1940s) and Abu Dhabi and Oman (in the 1950s and 1960s) came consolidation of the positions that the already prominent actors occupied. In return for the merchant families' agreement to renounce their claims to a political role, the rulers granted them a large share of oil revenues, as this chapter will now illustrate.

If the state was the major agent of economic development in the GCC states in recent decades, it has been not only through the mechanisms of 'direct' and un-individualised distribution mentioned above (such as the bureaucratisation of employment, absence of taxation, and health and education for all) but also through individualised favours, which benefited only some groups and families to whom the political authority considered itself particularly indebted. These favours have taken various forms, particularly very tough laws governing foreign investors' rights, so as to protect the national market and the pre-eminence of the well-established local merchant dynasties within it. Through the *kafil* (sponsor) system, any foreign individual or company wishing to work in a GCC country is forced to associate with a local partner, who receives regular payment. For business purposes, this favours the already well-established national companies, which enjoy political contacts in elite decision-making circles, as these leading business groups' connections are sought by foreign investors willing to take only minimum risks.

This process has become even more important with the rise in living standards; as a result there has been growing demand for consumer goods produced abroad, which has necessitated local intermediaries to allow foreign and multinational companies to enter the market. Another favour has consisted of the grant of public contracts in all sectors dealing with infrastructure and urban planning (such as roads and public buildings). The 'public works' branch has played a decisive role in the consolidation of the wealth of leading economic groups. To use Jill Crystal's phrase about Kuwait, 'in a few generations, families had made a transition from wealthy traders and pearl merchants to extremely wealthy modern contractors'.[11]

In sum, wealth distributed to political subjects by the state as salaries, social allowances, or price subsidies was regained by the old allies of the rulers (and, in particular, the merchant families) through the ownership of companies winning public contracts.[12] This compromise—abdication of political influence in return for protection of business monopolistic positions—has allowed merchants to actually strengthen their economic pre-eminence and receive a major part of the rentier state's subsidies: 'where merchants wanted to invest—trade, construction, services—the state stayed out, or offered encouragement'.[13]

This general pattern across the Gulf contains significant variations from one country to another. While in Kuwait the ruler was forced to promise to keep royal family members out of business, in Qatar, because the merchant community was weaker and smaller, the ruler allowed his relatives into the merchants' economic territory.[14] Thus, the confusion of politics and economy observed in Qatar finds its roots in the intrusion of ruling family members into economy, but also in the exclusion of merchants from the decision-making sphere.

Bahrain: a long-lasting influential merchant community

In Bahrain, while a number of Shiite merchant families (al-Baharna, al-'Urayyid, Bin Rajab) were historical allies of the Al Khalifa ruling family, the business oligarchy has mainly been composed of Sunni families, either of Najdi background or Hawala.[15] By the beginning of the 20th century, this business elite had a monopoly on pearling and trade while members of the ruling family acted as 'feudal lords' and owned 80 per cent of the agricultural land of the island.[16] The concomitant beginning of oil production, filling ruling family coffers, and the collapse of the pearling industry in the 1930s temporarily threatened the economic supremacy—and, as a result, the political influence—of the merchants and provided the ruling family with unprecedented financial power and autonomy.[17] However, a number of factors allowed the merchants to recover quickly and benefit immensely from the spinoffs of the oil rent in following decades. Among these factors were the explosion of purchases by the oil company to supply local fields, the greater demand for goods following the discovery of oil, and the positioning of Bahrain as an import and re-export hub for goods manufactured in the United Kingdom and United States and destined for the regional market (Qatar, Eastern Province of Saudi Arabia, and Trucial States). As explained by Mohamed G. al-Rumaihi, 'the merchants have done well for themselves by manipulating the agent system of imports and controlling the flow of goods to the retail outlets ... The granting of import licences and the setting up of agencies were rigidly controlled by the Government for the benefit of the big merchants. Any newcomer wishing to enter a particular field faced a monopoly situation which was almost impossible to break.'[18]

As a consequence of this regained influence, the first Chamber of Commerce on the southern shore of the Gulf was established in Bahrain in 1939 as the Merchants' Association in order 'to give a platform for the [larger Bahraini merchants'] complaints and to protect their interests'.[19] It continued until 1945 when it officially became the Bahrain Chamber of Commerce, before it acquired its present name, the Bahrain Chamber of Commerce and

Industry (BCCI), in 1967. Controlled since its foundation by the merchant elite,[20] the BCCI played until recently a key role in Bahraini politics, by lobbying for business interests and influencing political decisions on economic and social matters impinging upon these interests—to the extent that Fred Lawson could say in the 1980s that the head of the Chamber served 'as a de facto member of the government'.[21]

If the sovereignty ministries (*wizarat al-siyada*)[22] and most sensitive political positions have long been monopolised by the ruling family, members of the Bahraini business elite have regularly been offered cabinet positions as well, in order to maintain this mutually beneficial oligarchic pact. Until the early 1970s, the Bahraini merchants kept a firm grip over the economy while using their personal proximity to the ruler and other senior members of the Al Khalifa to act as informal advisers and make sure their interests and priorities were taken into account.

Abu Dhabi: ruling family and business elite almost intermingled

In Abu Dhabi, the situation is slightly different since oil was not exploited and exported before the early 1960s. In the pre-oil era, a few families (al-'Utaiba, al-Qubaysi, al-Suwaidi, al-Fahim, al-Muhairi) enjoyed a hegemonic position in the economy (the pearling industry and trade). While political power was firmly in the hands of the ruler, persistent disagreements (over succession issues) and lack of unity within the ruling family forced most senior Al Nahyan contenders for power to seek alliances with extra-family actors, and in particular from these merchant families. This was the case on the occasion of the accession as ruler of Abu Dhabi in 1966 of Sheikh Zayed, who had to reassert alliances with the merchants to back his power. In the 1960s, contrary to Bahrain and Kuwait, where the processes of modern state formation had already taken place, the advent of oil and the newfound affluence of Abu Dhabi's ruling family did not change drastically the state–business political balance: 'The state's financial autonomy did not provide it with political autonomy precisely because ... of the political legacy of low level of institutional development'[23] until the 1960s. Thus, the ruling family desperately needed the help and expertise of the business elite to build the new state both in the emirate of Abu Dhabi and, after the creation of the UAE in 1971, across the federation. This favoured the business elite's integration in political structures and further enhanced not only their power and influence but also their proximity to the Al Nahyan and their stake in the preservation of the authoritarian order. Abu-Baker describes this relation as an 'interdependence, and to a certain extent [a] fusion, that has evolved between the business classes and the political elites as a result of this pattern of capital accumulation ... Those who were once politically powerful became more economically powerful; and those who were economically powerful became more politically powerful.'[24] As a result, more than a pact between royal family and merchant class, as in Kuwait or Bahrain, the situation in Abu Dhabi resembled an entanglement of two dominant groups, illustrated by marriage alliances, business partnerships between members of the ruling family and the bourgeoisie, and appointments of members of the merchant families to the cabinet, the Federal National Council, and executive positions in the new state agencies and state-owned companies, in order to consolidate even more—if possible—the cohesiveness of this oligarchy and their shared interests in preserving the status quo.

Oman: the Sultan's political reliance on the business oligarchy

Unlike the other Gulf Arab monarchies, Oman is not under the rule of a tribe or a family, but a monarch who has relied on external allies for political and economic support. The former Sultan of Oman, Sa'id bin Taimur (r.1932–70), did not trust his relatives and instead relied on a few families and individuals, who were given the possibility to consolidate their political and economic positions in exchange for their support. Just like his father, Sultan Qaboos bin Sa'id (r.1970–) has chosen to impose his authority on the Al Sa'id while limiting drastically their political role as a family and drawing only a few individuals close to him. On the other hand, he has recruited heavily from some clans of the broader al-Busa'idi tribe,[25] who have been seen as neutral in internal affairs, to fill sensitive political and administrative positions such as the Diwan of the Royal Court and the Ministry of the Interior. Sultan Qaboos has allied also with Muscat and Muttrah merchant elites—a practice in keeping with the pre-1970 period. He has assured them of the protection of the political authorities, the ruling family's very limited interference in the business sphere, and privileged access to the oil windfall through public contracts. In return, the merchant families have helped the ruler to finance his nation-building endeavours. Oil has strengthened the economic and social position of the merchant and business elites inherited from the 20th century, through the conversion of trade dynasties to rent wealth. For instance, it is widely believed that a few businessmen were awarded fixed percentages of oil revenue in 1970 in order to give them a direct stake in the new regime's stability.[26]

But this alliance with the business elite in Oman went even further. Some of the pre-eminent merchant families have been given strategic decision-making positions to secure public contracts and control over the distribution of the oil wealth. Until the late 1990s, unlike their counterparts in Kuwait or Qatar, the Omani merchants were never 'forced to choose money over formal political influence'.[27] A former chairman (1987–91) of the Chamber of Commerce, Maqbool al-Sultan, whose family acted as representatives in Oman for the British India shipping line and Lloyd's in the first half of the 20th century, held the post of Minister for Commerce and Industry from 1991 till February 2011. The leading al-Sultan family company is W.J. Towell, which is involved in more than forty sectors and represents brands like Mars, Unilever, and Nestlé in Oman. Another obvious example of direct participation by business families in the decision-making process is the Zawawi family. Yusuf al-Zawawi, who migrated from Hijaz in modern-day Saudi Arabia to Muscat at the end of the 19th century to establish a trading company, became one of the unofficial advisers to Sultan Faisal (r.1888–1913). Qays al-Zawawi, Yusuf's grandson, held the position of Foreign Minister between 1973 and 1982, then became Deputy Prime Minister for Finance and Economy until his death in 1995. His brother 'Umar, possibly the richest man in Oman after the Sultan, currently holds the position of Special Adviser to the ruler for External Affairs. Economically speaking, the Omar Zawawi Establishment (OMZEST) has become one of the leading Omani holding companies. Another prominent figure, Waleed bin 'Umar, a former head of information technology services of the Sultan's Armed Forces, is vice-chairman of HBSC Oman.

But the oil rent has at the same time profoundly changed the boundaries between the political and economic sphere, as many ministers whose families were not previously active in the economy have become involved in business and built powerful conglomerates. This process has not been questioned by the ruler, as it has increased both the elite's dependency on the state and the stability of his rule. The symbolic debt owed by Sultan Qaboos at the beginning of his rule to those actors (such as merchant elites and tribal notables) who supported him after 1970 (when he relied on their funds to consolidate his authority) has thus gradually turned into a weapon in his hands, forestalling any challenges to his reign by turning the most powerful societal forces into unfailing allies. By the beginning of the 21st century, few members of the Council of Ministers had not personally derived material profit from the oil rent.[28] One of the most illustrative cases is the noble branch of the Khalili family—heirs to a prestigious lineage of Ibadi imams. Sa'ud al-Khalili, the nephew of a former Imam of Oman (Muhammad al-Khalili, 1920–54), became one of the four members of the very first cabinet appointed by Sultan Qaboos in August 1970. In addition, he owns the powerful Al Taher business group, founded in 1973, which is active in construction contracting (Caterpillar), food and drink (Sprite and Coke), and the distribution of Shell products. His nephew Salim bin Hilal, Minister for Agriculture until 2011, was formerly chairman of the Chamber of Commerce, while another of his nephews, ʻAbd Al-Malik bin ʻAbd Allah—who had previously held successively the positions of executive chairman of the Royal Court Pension Fund, chairman of the first Omani banking group (Bank Muscat), and Minister for Tourism (2011–12)—is currently Minister of Justice.

An altered balance

This chapter has argued that the established relation between the ruling family and the business oligarchy was well defined until recently, but has experienced very significant evolutions in recent years. These changes have taken place at a different pace in each monarchy, depending on the historical balance of power between these two dominant groups, but along a relatively similar path. In particular, this section will show that in Abu Dhabi, Bahrain, and Oman, the involvement of ruling families in the economy has grown substantially. This has gone with a concomitant reduction of the business elite's political power and, more generally, of their capacity to influence political decisions. The Arab Spring—in Bahrain and Oman—only confirmed this trend.

Bahrain: a business oligarchy in subservience to the Al Khalifa

Bahrain was the first country where the economic balance began to tilt sharply in favour of the ruling family. The rising oil revenues after 1973 and the shift towards greater authoritarianism after the suspension of the short-lived parliament in 1975 drastically transformed the pre-independence oligarchic pact. As a result, the Al Khalifa family gained extensive political room for manoeuvre vis-à-vis the merchants. Given that the Bahraini merchant elite view themselves as a minority and that their influence is not based on deep social networks, they have not been powerful enough to force the ruling family to stay out of business after the 1970s. In a confidential conversation with a British diplomat in 1977, the British head of Bahrain Special Branch, Ian Henderson, pointed out this evolution and noted that the Al Khalifa 'were moving into lucrative areas of business and squeezing out established merchants'.[29] Some senior members of the Al Khalifa in particular, such as Prime Minister Sheikh Khalifa bin Salman (in office since 1971), have become prominent post-independence business actors: 'the wealth of the state has been the Al Khalifa's to distribute as largesse to grateful citizens. In Bahrain [in the 1990s], the word "government" in common parlance still refers to the family. Most of the land on the island belongs to the Al Khalifa family and there has been no institutional accountability of the family to the public … since' 1975.[30] In the 1990s, the Prime Minister 'allegedly became the richest person in Bahrain with extensive holdings in land, hotels, commercial property and profits on government contracts',[31] while it became a commonplace that 'you can't get permission for any project without giving a percentage to the Al Khalifas'.[32] As an illustration, 'members of prominent Sunni merchant families sympathetic to the petition movement [in 1994] had to retract their support because their families were seriously harassed'.[33]

The real estate sector has been crucial in this evolution. Much of Bahrain's prime land was locked up by the royal family until 2010, when speculators began to pay top prices to acquire properties for development. In the 2000s, twelve zones in Bahrain were designated specifically for the development of tourism, such as the mega-projects currently under construction at Durrat al-Bahrain (in the south), on the Amwaj Islands (near Muharraq) or in the Northern Town. This has led to an uncontrolled real estate boom which has served, in a large part, as a diversification policy by itself, with large real estate projects being erected on reclaimed lands, like Bahrain Bay (in which the King is a partner)[34] or Bahrain Financial Harbour (in which the Prime Minister is involved).[35] More generally, it induced a huge shift of wealth: prices of property have multiplied by ten since the late 1990s.

Furthermore, the established Bahraini business families, who control the Chamber of Commerce, could not oppose the emergence of new economic actors benefiting from diversification policies with the patronage of the Al Khalifa. The inability of the established business elite to resist the arrival of challengers has to do with their reduced economic weight compared with that of the ruling family, which does not give them sufficient bargaining capacity anymore. Moreover, most of their business interests and future opportunities depend on maintaining good relations with senior ruling family members, which means that they cannot take the risk of irritating them, for fear of being blacklisted and losing everything.

The most prominent of these 'nouveaux riches' was 'Isam Jinahi, the chairman of Gulf Finance House (GFH), Bahrain's leading Islamic bank, which has been involved in projects with an aggregate value of over US$20 billion across the Arab world. ʻIsam Jinahi, who was a company clerk in the mid-1990s, was involved in several of the major real estate and infrastructure projects in Bahrain for ten years, such as Bahrain Financial Harbour, the $1.5 billion financial city on Manama corniche (in partnership with the Prime Minister).[36] Another example of these new Bahraini business actors is Khalid ʻAbd al-Rahim, chairman of the leading Bahraini building and civil engineering company, Cebarco, founded in 1992. During the last ten years, Cebarco has been awarded contracts for the completion of some of the most prestigious projects, such as the Bahrain Formula One racing circuit (with the Crown Prince's support) and King Hamad Highway.

This move into the economic sphere by members of the Al Khalifa has taken place alongside a dramatic loss in the capacity of business families to project political influence. As of January 2016, only three members of the business elite hold positions in the cabinet. Jawad al-ʻUrayyid, a former Minister of State for Cabinet Affairs (1973–82) and the grandson of Mansur al-ʻUrayyid, a leading pearl merchant in the 1930s, has held the position of Deputy Prime Minister without portfolio since December 2006. Zayed al-Zayani, the grandson of a leading pearl merchant of Najdi origin, ʻAbd al-Rahman al-Zayani (whose brother was the head of Sheikh Hamad's office in the 1920s), succeeded Hassan Fakhro, another scion of a leading merchant family, as Minister of Industry and Commerce in December 2014.[37] Finally, Faʻiqa al-Salih, cousin of ʻAli al-Salih, chairman of the Majlis al-Shura and Minister of Commerce from 1995 to 2006), was appointed Minister of Social Development in December 2014.

Thus, the Bahraini business elite has lost much of its political influence and has therefore become heavily dependent both on the balance of power within the ruling family and on its good relationship with the most influential individuals among the Al Khalifa.

Abu Dhabi: the Al Nahyan at the helm of business

In Abu Dhabi, the political decision-making process has increasingly been monopolised by the sons of Sheikh Zayed and by the Bani Fatima group of full brothers in particular.[38] The composition of the key institutions of Abu Dhabi illustrates this. Among the Abu Dhabi Executive Council's fourteen members, two (its chairman, the Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, Mohammed bin Zayed; and its vice-chairman, the National Security Adviser,[39] Hazza‘ bin Zayed) are from the Bani Fatima, while three other members of the Executive Council (Mohammed bin Khalifa, the son of UAE President Khalifa bin Zayed; Hamad bin Zayed, chairman of Mohammed bin Zayed's court; and Sultan bin Tahnoon bin Mohammed) belong also to the ruling family. In addition, the ruling family also provide six[40] of the thirteen members of the Supreme Petroleum Council, which acts as the board of directors of the state-owned oil company ADNOC. At the federation level, Lieutenant-General Saif bin Zayed has been concomitantly the UAE Minister of Interior (since 2004) and UAE Deputy Prime Minister since 2009. Similarly, his half-brother Mansour bin Zayed has held the position of Minister of Presidential Affairs (since 2004) and Deputy Prime Minister since 2009. The Minister of Foreign Affairs since 2006 has been Abdullah bin Zayed, who was previously Minister of Information and Culture (1997–2006). Two other members of the Abu Dhabi ruling family sit in the UAE cabinet: Nahyan bin Mubarak (Minister of Culture, Youth and Social Development since 2013, and previously Minister of Higher Education and Scientific Research, from 1990 to 2013) and his brother Hamdan bin Mubarak (Minister of Higher Education and Scientific Research since 2013, previously Minister of Public Works, from 2004). If members of the business oligarchy retain important decision-making positions,[41] this political influence cannot match the level they held until the 1980s.

At the same time, the involvement of Al Nahyan members in business has reached an unprecedented level. Ruling family members are in control of powerful companies that dominate the economy—either personally or through sovereign wealth funds. Considered to be the second largest wealth fund globally, with an estimated $773 billion of assets,[42] the Abu Dhabi Investment Authority (ADIA) is chaired by UAE President Khalifa bin Zayed and controlled by the ruling family of Abu Dhabi (Hamad bin Zayed is managing director and six out of nine board members are Al Nahyan). The second-largest Abu Dhabi fund, worth $110 billion,[43] is ADIC (Abu Dhabi Investment Council), which was split off from ADIA. Chaired by Crown Prince Mohammed bin Zayed since June 2015, its board is fairly similar to that of ADIA, with four (out of a total of seven) Al Nahyan members. ADIC controls 70 per cent of the shares of Abu Dhabi's largest bank, the National Bank of Abu Dhabi. Mohammed bin Zayed chairs Mubadala Development Company, which is viewed as his 'foremost investment vehicle',[44] and whose board does not include any other Al Nahyan. Mansour bin Zayed, who is married to a daughter of the ruler of Dubai, Manal bint Mohammed bin

Rashid, chairs Abu Dhabi's third-largest wealth fund, the International Petroleum Investment Company (IPIC),[45] as well as the Emirates Investment Authority (EIA), the only wealth fund of the UAE government.[46] Mansour bin Zayed is also the head of the Abu Dhabi Judicial Department, the Abu Dhabi Fund for Development (which provides aid to developing countries in the form of concessionary loans and administers grants on behalf of the Abu Dhabi government), and the Khalifa bin Zayed Charity Foundation.[47] As Jean-François Seznec has noted, 'each of the funds is managed by a board of directors, which represent the interests of one or more clans within the royal family. Within each board, the chairman represents the royal clan who is most vested in the fund ... Nevertheless, there seems to be a major effort to include the various clans and the major Abu Dhabi merchant families in all the funds.'[48] Merchant elites retain a strong presence on the boards of directors in many, if not most, state-owned companies, which is a clear indication of the strong relationship between them and the Al Nahyan. However, there is no doubt where the final decision lies.

Other Al Nahyan members of the elite circle have been prominent businessmen. Hamdan bin Zayed, the ruler's representative in the Western Region since 2009 and former Minister of State for Foreign Affairs and Deputy Prime Minister, chairs Dolphin Energy, which is owned by Mubadala (51 per cent of the shares) and whose major project is Dolphin Gas Project, which involves the production, processing, and transportation of natural gas from Qatar to the UAE and Oman. Tahnoon bin Zayed, who is married to the sister of Nasser bin Ahmed al-Suwaidi, is chairman of FGB, Abu Dhabi's second-largest bank by assets, which is substantially owned by Mohammed bin Zayed and his brothers. He also chairs Royal Group, a leading Abu Dhabi-based conglomerate.

The sons of UAE President Khalifa bin Zayed (who has no full brothers and is not a member of the Bani Fatima) have also gained prominent economic positions. Sultan bin Khalifa, Adviser to the UAE President and honorary chairman of Abu Dhabi Chamber of Commerce (1991–2005), is owner and chairman of SBK Holding, which employs 10,000 people in the UAE and has significant real estate holdings in Abu Dhabi. His brother Mohammed bin Khalifa chairs Abu Dhabi's Department of Finance and has headed the emirate's Retirement Pensions and Benefits Fund. A number of more distant Al Nahyan members control business assets, including 'Issa bin Zayed, a prominent real estate developer through its holding, Pearl Properties; Zayed's cousin's grandson, Nahyan bin Mubarak, owner and chairman of Abu Dhabi Group, which has considerable investments in Pakistan (where it owns two leading banks, United Bank and Bank Alfalah), and chairman of UAE's public joint stock Union National Bank (owned 50 per cent by ADIC); his brother Hamdan, chairman and main shareholder of the National Company for Tourism and Hotels, which is responsible for Saadiyat Island and the Grand Millennium hotel, among others; Zayed's cousin's son, Tahnoon bin Mohammed, Khalifa's representative in the Eastern Region (al-'Ayn) since 1971, who together with his son Sa'id reportedly held 'a monopoly on all al-'Ayn projects' in 2003, to the point that 'only Shaykh Zayid and Khalifa [could] veto their business activities in the Eastern Region'.[49]

Oman: growing presence of the Al Sa'id in business

In Oman, only a handful of Qaboos's relatives occupied a visible role in the private sector until recently. The ruler's paternal uncle, Shabib bin Taimur, who has held the position of Special Adviser to the Sultan for Environmental Affairs since 1991, created Tawoos Group in 1982. Tawoos has become one of the leading Omani business groups, involved in various sectors from agriculture, telecommunications, and services (through its main division, Renaissance Services) to leisure and oil, and has concluded contracts with Petroleum Development Oman (PDO), the Diwan of the Royal Court, and the Ministries of Defence and Oil. If Shabib and his son Tariq, Tawoos's vice-chairman, were the first Al Sa'id members directly active in the economic sector, the involvement in business of royal family members has become much more visible in the 2000s. This is true of three of the sons of Qaboos's paternal uncle and former Prime Minister (1970–1), Tariq bin Taimur, who are also the more likely candidates for the eventual succession to Sultan Qaboos in the absence of any named heir.

Former Brigadier-General As'ad bin Tariq has been the Personal Representative of the Sultan since 2002. He was chairman of Oman Merchant Bank, which was established in 2007 and in which he was one of the main shareholders, together with the Gulf Merchant Bank, partially owned by Saudi Arabia's al-Rajhi family. However, this project did not get off the ground. As'ad has also been chairman of the board of trustees of the University of Nizwa, the largest private university in Oman. He runs several companies, including Asad Investment Company, which operates as his personal investment vehicle and which is said to control more than $1 billion in worldwide assets. As'ad's son Taimur, who is married to Salma bint Mustahil al-Ma'ashani, the daughter of Qaboos's maternal uncle, is considered to be the leading candidate in his generation for succession to the throne. Taimur served until 2011 on the board of directors of Bank Dhofar, the second-largest Omani bank in term of assets, and since 2012 has been chairman of Alizz Bank, Oman's second Islamic bank.

As'ad's half-brother Haitham has held the position of Minister of National Heritage and Culture since 2002. Haitham set himself up as a businessman in 1991 when he became one of the main shareholders, in partnership with the Special Adviser to the Sultan, 'Umar al-Zawawi, and the former Minister of National Economy, Ahmed Makki, of the newly privatised Sun Farms agricultural company, one of the biggest owners of lands in Batina and the largest producer of vegetables in Oman.[50] Haitham has substantially increased his involvement in business ventures since the early 2000s, especially through a holding company for investment and project development, National Trading Company, which he owns and chairs. The holding has been involved in the construction of two major power plants (Manah and Suhar) and is agent in Oman for several multinational companies (Alstom, ThyssenKrupp). Haitham also shared with another Omani investor a 30 per cent stake in the Blue City project, a massive tourism-devoted new city supposedly worth $20 billion south of Suhar. However, mismanagement and legal battles between the project's owners, combined with the 2008 regional real estate crisis, resulted in Oman's most spectacular bankruptcy ever and the controversial intervention of the state's sovereign wealth fund OIF in 2011 and 2012 to buy Blue City bonds. Since December 2013, Haitham has chaired the main committee responsible for developing and drafting the new long-term national strategy, 'Oman Vision 2040.'

Shihab, a full brother of Haitham, former Rear-Admiral and Commander of the Royal Navy of Oman, has served as Adviser to the Sultan since 2004. Shihab chairs the Seven Seas group of companies, which has invested worldwide in petroleum, mutual funds, properties, and medical supplies. In particular, his company AMNAS was granted by royal decree in 2003 the exclusive rights to navigational aids in Oman's territorial waters. Another prominent business figure is Turki bin Mahmood, the brother of the Deputy Prime Minister for the Council of Ministers, Fahd bin Mahmood. Turki, who is State Adviser for Penal Affairs, is the president and founder of Al Turki Enterprises, one of the leading Omani companies in the construction sector and a contractor for the construction of several government buildings, Sultan Qaboos University, and the Great Mosque in Bawshar.

A final example of ruling family involvement in economic affairs is the maternal uncle of Sultan Qaboos, Sheikh Mustahil al-Ma'ashani, a former

Minister of Labour and Social Affairs in the late 1980s. He has chaired Muscat Overseas, which is probably the most active business group in Dhofar, especially in the agriculture, banking, and real estate sectors. Mustahil's elder son, Salim, a former chairman of the Nawras telecommunications private company (the second Omani mobile telecommunication operator), now holds the post of Adviser to the Diwan of the Royal Court with ministerial rank. Another of Mustahil's sons, Khalid, is chairman of the first Omani banking group, Bank Muscat.[51] Khalid is also chairman and majority shareholder of Dhofar International Development and Investment Company, which is the main shareholder (27.5 per cent) of Bank Dhofar.[52]

This massive intrusion in the economy of ruling family members and relatives of the Sultan may be the first sign of a crucial qualitative shift in the relationship between business and politics in Oman, where the ruler hitherto has relied politically and economically on the merchant elite more than on his own family since the 1970s. In the light of the growing unrest in Oman over deep-seated flaws in the state and the perceived lack of a long-term economic and political vision for the country,[53] what will be the impact of this evolution on the post-Qaboos polity, as each of the possible successors has already built up, even before acceding to the throne, a considerable business empire? Is there a risk that the candidates that are not selected can use their economic assets to build patronage networks and undermine the new ruler's legitimacy? This probably cannot be anticipated, but, amid mounting popular frustration, criticism of Sultan Qaboos has emerged since 2011, including his management of the oil rent and the country, which some young protesters likened to that of a private firm. The eventual successor to Sultan Qaboos will confront tremendous social and economic challenges and is likely to face these grievances again, only on a far more prominent scale given the increasing visibility of the crossover between money and power.

The business elite and the Arab Spring

If anything, the popular movements that have occurred in the Gulf since 2011 have revealed the business elites' strong inclination to privilege the political status quo over any kind of reform debate. Even more so, the protests also illustrated the extent to which the interests of the main business actors are intrinsically linked to—and increasingly dependent on—those of the ruling families in GCC states. Since the vast majority of business elites in the GCC states have vested interests in keeping the political and economic systems as they are, their absence of support to peaceful protesters, and usually their active backing of their repression by the regimes, have been made out of a rational choice. In the UAE, it was not surprising that no member of the business elite signed a petition by more than a hundred intellectuals in March 2011 for more legislative power to be given to the elected Federal National Council. The business oligarchy sided with the government and, if anything, showed greater support for the leadership than before.

In Oman, the business elite, accused of corruption, unwarranted privileges, and political and economic opposition to change, was one of the main targets of the protesters. From this perspective, it is not insignificant that early attempts by Sultan Qaboos to show his supposed benevolence towards people in the street led to an extensive reshuffle of the cabinet in March 2011, with the removal of long-serving ministers widely perceived as embodying the conflict of interest between business and politics (such as Ahmed Makki, the Minister for National Economy, and Maqbool al-Sultan, the Minister for Commerce and Industry).[54]

In Bahrain, except for some isolated individuals who sympathised with the protesters in 2011, business actors constantly reasserted their proximity to the regime and expressed the need to preserve the stability of the country—in an allusion to the protesters, whom they considered to be troublemakers. In a statement on 11 May 2011 referring to the Peninsula Shield Force military intervention in Bahrain, the BCCI explained that 'due to the timely measures taken by the leadership and the support of neighbouring GCC countries to ensure security and stability in the country, the [national] economy is back on track'.[55] A few days earlier, the BCCI had called on 'all business enterprises and owners in Bahrain' for a complete boycott of trade with Iran to protest against Tehran's alleged fuelling of unrest in Bahrain.[56] The massive crackdown that followed the protests in 2011 was successful in marginalising the less uncompromising component of the ruling family around the Crown Prince, in favour of the Prime Minister and his supporters, first among them the Chamber of Commerce and the business elite. The condition for business families to remain an interlocutor of the political elite in Bahrain requires adapting their strategies according to the balance of power among the Al Khalifa, on whom they remain heavily dependent, and making use of the divisions within the ruling family. This is but a pale shadow of the considerable capacity for influence that the business elite enjoyed only one generation ago.

Conclusion

The historical oligarchic pact that has linked the Gulf monarchies' ruling families and the national bourgeoisies for most of the 20th century and that has been central to the perpetuation and consolidation of the authoritarian status quo has experienced crucial changes in the last decades. Whereas the structural patterns of the ruling elite–business elite relationship vary considerably across the GCC, as shown in this chapter, a common evolution has been taking place: the balance has recently everywhere tilted in favour of the ruling family. The business elite continue to benefit from the political status quo and show indefectible support for the ruling family's policies—as illustrated during the Arab Spring. However, the dramatic expansion of GCC ruling families' involvement in the economy has been accompanied by a decline in the business elite's capacity to influence political decisions. In Bahrain, the business oligarchy's political influence is now secondary while their economic role is usually restricted to one of subsidiary partner in projects decided on and led by a few senior members of the Al Khalifa. In Abu Dhabi, the vast majority of the emirate's economy is controlled personally (through their own business assets) or pseudo-institutionally (through sovereign wealth funds) by the Al Nahyan (and, in particular, the Bani Fatima branch). The latter have taken care, though, to involve in all major funds and administrations members of the business oligarchy, who readily adapt to Al Nahyan's priorities and jump on the bandwagon. In Oman, while the merchants retain considerable political and economic influence, the last decade has seen an unprecedented involvement of the Al Sa'id in the local economy. It remains to be seen if these are the premises for a growing shift in business–politics relations that will occur in the post-Qaboos era. In Qatar, the ruling family has always played a greater role in commerce, and this was only accentuated under Emir Hamad (r.1995–2013); a similar evolution can be noticed in Kuwait too.

The changing dynamics in the balance between ruling families and business oligarchies in the GCC is likely to have considerable impact on the social contract, on the implementation and outcomes of public policies, on the balance of power within the ruling families, and, more broadly, on the legitimacy of these regimes in the future.

As elsewhere in the Arab world, social and economic demands have been at the top of the agenda in demonstrations in all GCC countries since 2011, revolving in many cases around job opportunities and proactive measures to curb rising inequalities and to fight corruption among top officials. Demands of the youth in Kuwait, in Manama, or in Suhar[57] were triggered by resentment and anger at an elite seen as busily safeguarding its privileges, together with a growing disparity between the happy few who have access to the economic spinoffs and the vast majority who do not. These popular protests have given a first but tangible indication of the sensitivity of this question among the broader population. The increasing personal involvement of many ruling family members in business is likely to fuel this popular frustration. While un-individualised distribution of rent (free health care, free education, public sector jobs for nationals) was a key pillar of the system's legitimacy, the young educated and informed generations have become aware that this rentier bargain is, in many respects, out of date and that they will not benefit from the same rentier spinoffs as their parents and grandparents did. Under uncertain political conditions, loyalty to the system still seems to be the most rational choice for the business oligarchy, even if its political and economic privileges tend to be squeezed. More open to debate is the broader population's loyalty to a system which was, despite all its imperfections, at least capable of providing a minimum level of economic security to almost everybody but which lately has moved towards an increasingly predatory model (the epitome of which is Bahrain).

The growing involvement of ruling family members in business may be considered as a ruler's answer to the increasing difficulty of controlling his own expanding family. More and more individuals and branches of the family know that their chances of acceding to the throne or even getting senior political positions are close to zero. This is probably true now of Kuwait, where the Jaber branch has effectively sidelined the Salem branch, and even of Saudi Arabia, after the crowning of Salman bin ʻAbdul ʻAziz in 2015 and the concentration of succession in one branch of the Al Saʻud. Furthermore, it has become increasingly difficult for the ruler to buy off other members of the ruling family by granting them managing positions in the civil sector or in the security sector. As a safety valve he may then encourage them to enter business and to choose money over political power, in a bargain comparable to the one concluded between rulers and merchants after oil was discovered. However, it remains to be seen whether this significant long-term evolution of power dynamics within ruling families will have implications for the regime's stability. This strategy may well raise the same issues that it was initially intended to address, reviving internal tensions within the ruling families themselves, since the economic weight of an individual or a branch of the family is likely to increase their political weight. Economic assets are political resources which royals involved in business will not hesitate to use in their struggle for power and influence within the family.

Another fundamental question regarding this evolution relates to the political-economic conflict of interest at the top levels in these countries. Ruling families will face a growing conflict of priorities between the nation's general interests which it is supposed to promote (such as the fight against local youth unemployment and the nationalisation of jobs in the private sector) and the particular stakes that some of its members defend as businessmen. This conflict of interest will have an impact on the direction taken by the state's economic policies, since labour market reforms favouring nationals are usually at odds with neoliberal policies enhancing incentives for businesses and favouring foreign direct investment, deregulation, and privatisation. But it may also raise divisions between the royals invested in power politics and those motivated by more entrepreneurial interests.

32. Tim Callen, Reda Cherif, Fuad Hasanov, Amgad Hegazy and Padamja Khandelwal, ‘Economic Diversification in the GCC: Past, Present, and Future’, IMF Staff Discussion Note, Washington, DC: IMF, December 2014, p. 4.

33. International Monetary Fund, *Regional Economic Outlook: Learning to Live with Cheaper Oil amid Weaker Demand*, Washington, DC, p. 2.

34. Rabah Arezki and Olivier Blanchard, *Seven Questions about the Recent Oil Price Slump* (Washington DC: IMF, January 2015), p. 10.

5. Towards the End of the Oligarchic Pact? Business and Politics in Abu Dhabi, Bahrain, and Oman

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2. Hazem Beblawi, ‘The Rentier State in the Arab World’, in Hazem Beblawi and Giacomo Luciani (eds.), *The Rentier State* (London: Croom Helm, 1987), p. 56.

3. Jill Crystal, *Oil and Politics in the Gulf: Rulers and Merchants in Kuwait and Qatar* (Cambridge: Cambridge University Press, 1995); Pete W. Moore, ‘Rentier Fiscal Crisis and Regime Stability: State-Business Relations in the Gulf’, *Studies in Comparative International Development*, 37, 2002, pp. 34–56; Pete W. Moore, *Doing Business in the Middle East: Politics and Economic Crisis in Jordan and Kuwait* (Cambridge: Cambridge University Press, 2004).

4. Giacomo Luciani, ‘Linking Economic and Political Reform in the Middle East: The Role of the Bourgeoisie’, in Oliver Schlumberger (ed.), *Debating Arab* p. 220 *Authoritarianism. Dynamics and Durability in Non-Democratic Regimes* (Stanford: Stanford University Press, 2007), pp. 161–176; Steffen Hertog, ‘State and Private Sector in the GCC after the Arab Uprisings’, *Journal of Arabian Studies*, 3, 2013, pp. 174–195; Steffen Hertog, Giacomo Luciani and Marc Valeri (eds.), *Business Politics in the Middle East* (London: Hurst, 2013).

5. Albadr S.S. Abu-Baker, ‘Political Economy of State Formation: The United Arab Emirates in Comparative Perspective’ (PhD diss., University of Michigan, 1995), p. 263.

6. Giacomo Luciani, ‘Allocation vs. Production States: A Theoretical Framework’, in Hazem Beblawi and Giacomo Luciani (eds.), *The Rentier State*, p. 69.

7. Nazih Ayubi, *Over-Stating the Arab State: Politics and Society in the Middle East* (London: I.B. Tauris, 1995), p. 323.

8. In Kuwait, the first concession agreement was signed in 1934 and oil was discovered four years later. Sheikh Sa‘id of Dubai (r.1912–58) signed a concession agreement in 1937 but oil was actually discovered in the emirate in the 1960s.

9. In Dubai, it was agreed that the ruler’s allowance was to be limited to one-eighth of the total revenue. See Rosemarie S. Zahlan, *The Origins of the United Arab Emirates* (London: Macmillan, 1978), p. 158.

10. Crystal, *Oil and Politics in the Gulf*, pp. 44–45.

11. Ibid., p. 110.

12. Khaldun al-Naqeeb, *Society and State in the Gulf and Arab Peninsula: A Different Perspective* (London: Centre for Arab Unity Studies, 1990), p. 115.

13. Crystal, *Oil and Politics in the Gulf*, pp. 7–8.

14. Ibid., pp. 8–9, 75.

15. The Hawala are Sunnis that migrated to Bahrain starting in the nineteenth century from the Iranian coast but claim Arab origins. An example of one of these merchant families historically close to the Al Khalifa is the Kanoo family, who moved to Bahrain from southern Persia in the mid-nineteenth century. Yusuf Kanoo, who began as a small merchant in 1890 trading with India, became in the 1920s and 1930s the largest banker on the island and the Bahrain agent of companies such as the Anglo-Persian Oil Company and Ford. In the 1950s and 1960s, the House of Kanoo evolved into a conglomerate of

companies, with headquarters in Bahrain, Dammam, and Dubai. The Kanoo group of companies is currently one of the largest family-owned groups of companies in the Gulf. Khalid Kanoo, the current managing director of the Kanoo Group, was chairman of the Bahrain Chamber of Commerce until 2005.

16. Yitzhak Nakash, *Reaching for Power: The Shi'a in the Modern Arab World* (Princeton: Princeton University Press, 2006), p. 57.

17. Mahdi al-Tajir, *Bahrain 1920–1945: Britain, the Shaikh and the Administration* (London: Croom Helm, 1987), pp. 206, 258.

18. Mohamed G. al-Rumaihi, *Bahrain: Social and Political Change since the First World War* (London: Bowker, 1976), pp. 150–151.

p. 221 19. Ibid.

20. The current Chamber's chairman is Khalid Almoayed, brother of Tareq Almoayed (the country's long-standing Information Minister and a senior adviser to Sheikh 'Isa in the 1990s) and chairman of AK Almoayed Group (AKAG), founded more than a hundred years ago as a Hawala–native family-run trading firm, supplying timber to the construction industry in Bahrain. Among the current board of directors of the BCCI are Mohammed bin Farooq Almoayyed, related to the head of the Chamber and vice-chairman of Almoayyed International Group; Mohamed Fakhro, son of former Minister of Commerce and Industry 'Adel Fakhro and of Mona Almoayyed, cousin of the Chamber's chairman; 'Afnan al-Zayani, chairman of Al Zayani Commercial Services S.P.C., sister of Minister of Commerce and Industry Zayed al-Zayani; Khalid al-Zayani, 'Afnan's brother, honorary chairman of Al-Zayani Investments holding and of the Bahrain British Business Forum; and 'Abd al-Hamid al-Kooheji, chairman of AJM Kooheji Group, founded in 1890 as a textile trading company and now distributor in Bahrain of Bridgestone and LG products.

21. Fred H. Lawson, *Bahrain: The Modernization of Autocracy* (Boulder, CO: Westview Press, 1989), p. 77.

22. Interior, Foreign Affairs and Defence, and the Prime Minister's office (when applicable), in contrast to technical ministries.

23. Abu-Baker, *Political Economy of State Formation*, p. 110.

24. Ibid., pp. 160, 206.

25. Since 1970, a clear distinction is established between the royal family—which is composed of Sultan Sa'id bin Sultan's (r.1804–56) descendants, bearing the name Al Sa'id—and all the other branches of the al-Busa'idi tribe, who kept the surname al-Busa'idi. Qaboos belongs to both the Al Sa'id family and the al-Busa'idi tribe.

26. Interviews, January 2003.

27. Crystal, *Oil and Politics in the Gulf*, p. 187.

28. For more details, see Marc Valeri, *Oman: Politics and Society in the Qaboos State* (London: Hurst, 2009), chapters 4 and 6.

29. Marc Owen Jones, 'Judge Orders Further Partial Release of Henderson Files', *Bahrain Watch*, 17 May 2015, https://bahrainwatch.org/blog/2015/05/17/judge-orders-further-partial-release-of-henderson-files/

30. Graham E. Fuller and Rend Rahim Francke. *The Arab Shi'a: The Forgotten Muslims* (New York: St Martin's Press, 1999), p. 125.

31. John E. Peterson, 'Bahrain: Reform, Promise and Reality', in Joshua Teitelbaum (ed.), *Political Liberalization in the Persian Gulf* (London: Hurst, 2009), p. 158.

32. *Wall Street Journal*, 12 June 1995.

33. Fuller and Francke, *The Arab Shi'a*, p. 128.

34. Cynthia O'Murchu and Simeon Kerr, 'Bahrain Land Deals Highlight Alchemy of Making Money from Sand', *Financial Times*, 10 December 2014.

p. 222 35. Frederik Richter and Martin De Sa'Pinto, 'Special Report: In Bahrain, A Symbol at the Heart of Revolt', *Reuters*, 17 June 2011.

36. Since the 2008 financial crisis, ‘Isam Jinahi has suffered tremendous economic losses and his influence in Bahrain has dramatically weakened. See ibid.

37. Hassan’s brother ‘Isam, chairman of Fakhro Group, was head of the Chamber of Commerce between 2005 and 2013. Hassan’s nephew, Mohammed bin ‘Adil, has been a BCCI board member since 2014. The Fakhro Group was founded in 1888. Yusef bin ‘Abd al-Rahman (the minister’s grandfather) and his five sons expanded the family business from the 1930s into a trade and economic empire spreading from Bahrain to India and Iraq.

38. The Bani Fatima are the six sons of Fatima bint Mubarak al-Kitbi, Shaikh Zayed bin Sultan’s most prominent wife: Mohammed bin Zayed; Hamdan bin Zayed; Hazza’ bin Zayed; Tahnoon bin Zayed; Mansour bin Zayed; and UAE Foreign Minister ‘Abd Allah bin Zayed.

39. Effectively head of the intelligence services.

40. Its chairman, Khalifa bin Zayed; his son Mohammed bin Khalifa; Mohammed bin Zayed; his son Dhiyab bin Mohammed; Hazza‘ bin Zayed; Mansour bin Zayed; and Hamad bin Zayed.

41. Prominent examples include Khaldoon bin Khalifa al-Mubarak, board member of the Executive Council, managing director of Mubadala and chairman of the Executive Affairs Authority; Nasser bin Ahmed al-Suwaidi, board member of the Executive Council, chairman of the Abu Dhabi Energy Authority and of the National Bank of Abu Dhabi, and son of Ahmed bin Khalifa al-Suwaidi, former director of Abu Dhabi’s Presidential Court and the UAE’s first Foreign Minister (in the 1970s), and chairman of Al Suwaidi Engineering Group, one of the largest construction companies; Yousef bin Mana’ al-‘Utaiba, Ambassador to the USA from 2008, former senior adviser to Mohammed bin Zayed and son of Mana’ bin Sa‘id al-‘Utaiba, former UAE Minister of Petroleum and Mineral Resources and former OPEC President; Abdullah bin Mohammed al-Hamed al- Qubaisi, Undersecretary at the Ministry of Foreign Affairs and son of Mohammed bin Butti al-Hamed, a former chairman of Abu Dhabi Municipality, three daughters of whom were married to sons of Sheikh Zayed (Hazza’, Mansour, and Nahyan).

42. Sovereign Wealth Fund Institute, http://www.swfinstitute.org/fund-rankings/

43. Ibid.

44. *Gulf States Newsletter*, 1000 (17 September 2015): p. 43. Mubadala owns stakes in the Carlyle Group, a US private equity company, Mediobanco, Piaggio Aerospace, General Electric, etc.

45. IPIC owns 98 per cent of Aabar Investments, which has a 5 per cent stake in UniCredit, a 37 per cent stake in Virgin Galactic, and a 35 per cent stake in Arabtec.

46. EIA owns 60 per cent of Etisalat and 40 per cent of du.

p. 223 47. ↳ In addition to these high-profile roles, Mansour bin Zayed has developed his own business empire. He controls a number of holdings, including the Abu Dhabi United Investment and Development Group (which owns Manchester City Football Club) and Das Holding, which is particularly active in real estate, transport, and mass media.

48. Jean-François Seznec, ‘The Sovereign Wealth Funds of the Persian Gulf’, in Mehran Kamrava (ed.), *The Political Economy of the Persian Gulf* (London: Hurst, 2012), p. 79.

49. ‘Abu Dhabi’s Nexus of Economic Power, Part II: The Abu Dhabi Executive Council’, WikiLeaks Cable from US Embassy in Abu Dhabi (03ABUDHA BI3208_a), 9 July 2003.

50. Calvin H. Allen and W. Lynn Rigsbee, *Oman under Qaboos: From Coup to Constitution, 1970–1996* (London: Frank Cass, 2000), p. 141.

51. Bank Muscat’s main shareholder is the Royal Court Affairs, which is in charge of the Sultan’s personal affairs (properties, personal economic interests, etc.).

52. Two of Khalid’s brothers, Hamud (vice-chairman) and Qays, are members of the board of Bank Dhofar. Didic also owns Dhofar Insurance Company, Oman’s largest insurer. Dhofar Insurance Company chairman is the Sultan’s maternal uncle’s son, Qays al-Ma‘ashani.

53. See Marc Valeri, ‘Simmering Unrest and Succession Challenges in Oman’, Carnegie Endowment for International Peace,

January 2015, http://carnegieendowment.org/2015/01/28/simmering-unrest-and-succession-challenges-in-oman

54. ‘Oman’s Sultan Qaboos Responds to Popular Protests with Successive Government Reshuffles’, *Gulf States Newsletter*, 35(896), 11 March 2011, pp. 3–4.

55. Shaikha Ahmed Salman, ‘BCCI’s Call for Consolidated Efforts to Revive the Economy’, 11 May 2011 Bahrain Chamber of Commerce and Industry, http://www.bcci.bh/en/ViewNews.aspx?nid=601&typeid=N

56. Sandeep Singh Grewal, ‘Boycott Iranian Products’, *Gulf Daily News*, 1 May 2011. BCCI treasurer ‘Uthman Sharif said this call ‘reflects an economic decision highlighting [the BCCI’s] support to the Bahrain government and rulers’.

57. For more details on Suhar protests since 2011, see Marc Valeri, ‘The Ṣuḥar Paradox: Social and Political Mobilisations in the Sultanate of Oman since 2011’, *Arabian Humanities*, 4, 2015, https://cy.revues.org/2828

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p. 224 3. ‘India’s Highest Amount of Remittances Comes from the Gulf’, *Economic Times*, 1 December 2014, http://articles.economictimes.indiatimes.com/2014–12–01/news/56614713_1_remittances-bangladesh-and-nepal-fdi; ‘India’s FDI Increased by 26% in 2014: UN’, *Economic Times*, 30 January 2015, http://articles.economic-times.indiatimes.com/2015–01–30/news/58625677_1_2008-fdi-inflows-services-sector

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5. P.R. Kumaraswamy, ‘Realism Replacing Rhetoric: Factors Shaping India’s Middle East Policy’, *Round Table*, 97(397), 2008, p. 575.

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