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Histories of Migration to the Gulf

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Understanding Gulf Migration

This introductory chapter discusses the historical roots and evolution of the extreme reliance on temporary migrant workers in the six states of the Gulf Cooperation Council (GCC). It focuses, in detail, on the most important changes that the region's population structure has experienced from the start of the oil era up to the first decade of the twenty-first century. Hence, this chapter aims to lay out the historical backdrop that underpins much of the analysis covered in subsequent chapters. Particular attention is given to areas of similarity within the individual experiences of each of the GCC states. The intention is to present a broad framework for understanding the rise of a demographic system between citizen and non-citizen populations that could be best summarised as 'restricted citizenship with unrestricted migration', and to shed light on the most important factors that contributed to its development.[1]

The main focus will be on detailing the mutually constitutive relationship that exists between the GCC's modern population structure and the oil revolution that took place in the Gulf. Indeed, the economic and political system that accompanied the oil revolution formed the very foundations of the demographic dynamics we find in the region today. The chapter's main thesis is that the demographic structure was the result of two often overlapping but sometimes conflicting projects: the construction of a 'petro-modernist state' in each of the GCC countries, combined with the establishment of capitalism as the dominant (but not the only) economic mode of production. Both of these projects were to be driven by rising oil revenues and migrant labour flowing into the region.

The GCC economies are firmly embedded within the global economy, based primarily on the region boasting the largest and cheapest proven global reservoir of crude oil. Ever since commercial exportation of Gulf oil took off in the latter half of the twentieth century, the region has received the highest windfall of petrodollars of any oil producers in the world. This centrality to the global economy is mirrored domestically by the dominant role the state plays within the national economies of the GCC. The state, and particularly influential members of the ruling families, has large control over how the oil revenue is to be spent domestically. This is complemented with an elite class of investors, often also members of the royal families, who control the main economic opportunities that arose from the windfall of petrodollars.

The GCC's demographic profile came to reflect the internal and external aspects of this resultant economic and political structure, which, by opening the doors to unrestricted migration while restricting citizenship, segmented the population into groups of 'citizens' and 'expatriates', and used the region's population to service this political-economic configuration. From the perspective of citizens of the GCC countries, this post-oil historical period has been characterised by a decline in their political influence and their participation in economic production. This has reached a point where, by the start of the twenty-first century, nationals represented less than half of the workforce in any of the GCC countries, and their productive roles were primarily confined to employment in the public sector or financial services. However, the upside of this situation was that citizens, and only citizens, were provided with the benefits of an increasingly generous welfare state, providing free or subsidised services, opportunities for mass consumerism, as well as the ability to establish small and medium enterprises. These benefits were obtained through a notion of citizenship founded on loyalty to the state, which came to be largely identified with the ruling families, by now firmly embedded as the apex of the local political system.

In tandem, regional capital's growing need for labour was fulfilled by facilitating the entry of foreign workers. The GCC's doors were opened wide to migrant workers who not only became the central pillar of the region's workforce, but also came to form the majority of the population within most Gulf States. Strict measures, however, were put in place to control expatriate integration and to reduce their power in the region's economic and political activities. These measures served to prevent them, as non-citizens, from settling permanently, from forming trade unions, and from capital ownership. Thus, the population structure was formed by, and in service to, the demands of an economic and political structure that evolved in tandem with the discovery of oil in the region. This demographic restructuring continued until the region began to resemble what some scholars have called a collection of scattered 'labour camps', rather than a set of cohesive and integrated societies (Al Kuwari, 2004a).

The First Oil Boom, 1931–1973

The population in what came to constitute the GCC was estimated at the start of the twentieth century to be approximately two million, of which about 900,000 were concentrated on the western shores of the Gulf and Oman (Seccombe and Lawless, 1987: 4). The cultural, historical and geographical scope of the region sits within an Arab and Islamic identity, but within this overarching framework it is considered one of the most culturally, ethnically and historically diverse parts of the globe, encompassing three continents that formed the ancient world. By virtue of this hyper-connectivity to the rest of the world, the Gulf's economies developed predominantly around commercial and entrepôt trade posts. The region is also distinguished as an important religious centre, being the birthplace and containing the two holy sites of Islam. As an historic point of convergence between different cultures and civilizations, most of the region's settled communities developed based on exchanges with the wider world, which naturally included population exchanges.[2]

This population exchange occurred predominantly in areas in close proximity to the Gulf and the Arabian Peninsula, with social composition based upon a complex network of commercial, cultural, geographical and familial ties. Environmental variables such as droughts and epidemics also affected the regional demographics and migration movements.[3] Borders did not exist prior to the Uqair Convention of 1922,[4] when borders were delineated for the first time between Saudi Arabia and Kuwait, and there were no official immigration controls, passports or citizenship documents until well into the 1900s.[5] As such, an organic society developed over the centuries containing a mixture of ethnic groups, sects and beliefs, within the region's overarching Arab and Islamic identity.

The Arrival of the Oil Companies, 1931–1950

The systematic import of foreign labour began in the nineteenth century under British colonial rule, forming the starting point for a new type of population flow into the Arabian Peninsula.[6] What particularly distinguished this new type of migration was the organised import of a workforce by a 'sponsor' (in this case, the British administration) that did not necessarily have any cultural or geographical connection with the region. Migrants were systematically brought in by the British to carry out the functions of colonial administration. Thus we see one of the most important features of this new phase of migration: members of the migrant community were not required or encouraged by their sponsors to integrate within the local communities. In fact, often the intention was to import migrants that would *not* integrate into local society, and indeed could be used as a source of discipline and control. Often the purpose of this first wave of migration was to strengthen the security forces through which the British maintained their control (i.e. mercenary forces). Migrants also formed the administrative class, and the majority of these groups came either from the Indian subcontinent or from the United Kingdom itself. This process occurred mainly in the areas known as the Trucial States (the western coast of the Gulf stretching from Kuwait to Oman), where the British presence was strongest.

This migration phenomenon was limited in scope, being mostly confined to the state's administrative and security apparatus. The situation was fundamentally altered with the discovery of oil. The first oil well was drilled in Bahrain in 1931, and the rest of the Gulf followed suit over the next two decades, with oil exportation from the region taking off in earnest after the Second World War.[7] It would not be an exaggeration to say that the region's political, economic and cultural roots were shaken and radically transformed over the course of a few decades. The Arabian Peninsula was transformed from a desperately poor area on the margins of the global economy, supporting its sparse population through pearling, entrepôt trade, and agricultural and herding activities, into an integral link in the global economic system. The discovery of the largest proven global reservoir of oil in the Gulf coincided with oil's transformation into the most important commodity of the economic and industrial revolution that swept the globe after the Second World War.

As the region's oil industry was laying its foundations between the 1930s and 1950s, expatriate labour poured mainly into the oil sector. The administrative and skilled labour classes came from Western countries, in accordance with the preferences of the American or British oil companies. In areas with British colonial presence, oil concessions were signed on the condition that preference would be shown towards workers already under British rule, and so most of the skilled workers came from the United Kingdom. The same principle also applied to the class of clerks and semi-skilled workers, who hailed mostly from the colonised Indian subcontinent.[8] The situation was different in Saudi Arabia, which never experienced direct British control. Instead, American companies had a monopoly over oil exploitation agreements, and so most of the administrative and skilled classes came from the US, while the demand for semi-skilled workers was met by importing relatively cheaper Italian settlers from Eritrea. In all the Gulf sheikhdoms, unskilled workers were sourced from the local population wherever possible, a condition imposed on the oil companies by the local rulers. The region was engulfed by an economic crisis in the late 1920s following the decimation of the natural pearl market by Japanese cultured pearls and the onset of the global great depression. Employment of locals in the oil companies provided a timely antidote (Seccombe and Lawless, 1987: 18).

The number of foreign workers in the oil sector grew rapidly after the end of the Second World War, when most Gulf States began exporting oil commercially. From no more than 2,000 in 1940, the number of migrants working in the region's oil sector as a whole had grown to about 16,000 by 1950. The majority of them came from the Indian subcontinent and the West. Although the majority of workers in the oil sector were still citizens, their proportions were shrinking fast. In 1945, citizens working in Bahrain's oil sector represented 63 per cent of the total workforce and 68 per cent in Saudi Arabia. In Qatar, the percentage of citizens among the workforce had shrunk to 54 per cent by 1948, while in Kuwait the number of migrants in the workforce rose from 5 per cent in 1945 to 68 per cent in 1949 (Seccombe and Lawless, 1987: 18). Hence, immigration in this period was driven mainly by the requirements of oil companies and the needs of the British colonial administration, both of whom were the principal parties involved in establishing the oil industry and controlling the resultant revenues.

Commercial Oil Production and the Emergence of Nationalism, 1950–1973

A new wave of migration took place between 1950 and the start of the 1970s. Increasing amounts of revenues were generated by the extraction and sale of oil on the global market, in what can be loosely termed as the

Gulf's first oil boom. Oil revenues flowed directly to the oil companies and the rulers' accounts based on the shares stipulated in the concession agreements between the two parties. Throughout this period, the percentage of oil revenue allocated to the rulers gradually increased as a series of renegotiations of concessions took place, particularly in Saudi Arabia and Kuwait.[9]

With increasing amounts of oil revenue being allocated to the state, economic opportunities in the region started to expand outside the oil sector. The public sector was the natural driver, concentrating heavily on building the basic infrastructure of roads, education, health services and administrative bodies. Attractive investment opportunities for capital accumulation began to emerge in the private sector too. Most of these activities were in secondary sectors that grew out of the oil boom, especially in construction and the importation of goods.[10]

Demographically, the first discernable development was a huge increase in the number of incoming migrants. Between 1950 and 1975, their numbers grew from no more than a few tens of thousands, to around one million (Chalcraft, 2010: 11–12). Some continued to work in the oil sector, but the vast majority were in the public sector, construction and the various service sectors that mushroomed in tandem with the growing oil revenues.

Migrants came mainly from other Arab countries. This was a logical development given that they shared a geographical, cultural and linguistic affinity to the Gulf. The consequences of the 1948 Palestinian *nakba* increased the number of Palestinian immigrants, and popular sentiment locally as well as the rulers' inclination was towards the import of Arab labour. King Abdulaziz of Saudi Arabia, for example, ordered in 1949 that citizens, then Palestinians, then Arabs and then the rest of the Muslim nationalities should be preferentially selected for work (Seccombe and Lawless, 1987: 26). The growing tide of Arab nationalism in Kuwait and the policies of the ruler Sheikh Abdullah Al-Salem, led to a preference for importing Arab labour there too. By 1975, 90 per cent and 80 per cent of expatriates in Saudi Arabia and Kuwait respectively were Arab. In the rest of the Gulf States, where the British mandate was still in effect, the proportion of Arab labour was smaller due to British sensitivities about the political implications of employing large numbers of Arab migrants. Instead, migration there tended to favour states already under British colonialism, particularly the Indian subcontinent. In Bahrain, Arabs accounted for 50 per cent of immigrants, two-thirds of which were from the Sultanate of Oman. By the same year, Arabs represented only a quarter of expatriates in the UAE and the proportion was similar in Qatar (Chalcraft, 2010: 7–8). Overall, by the end of 1973, expatriates stood at about one million, the overwhelming majority of whom were Arabs.

The third striking development on the demographic front was the emergence of a strong labour and political consciousness within citizens, based largely on the experiences of the local labour force employed in the oil sector. Two main factors fuelled this process. To begin with, the income and living conditions of expatriate workers during this period were perceived as better than those of locals. At the same time, a strong political consciousness was emerging regionally, taking its cue from political movements in the rest of the Arab world (nationalism and pan-Arabism) and globally (such as Marxism and socialism). This led to the development of various nationalist and labour-oriented movements, with oil company workers demanding increasing economic and political participation in the various Gulf States. Between 1938 and 1965 strikes were a frequent phenomenon in Bahrain, demanding that the same wages and benefits be applied to Bahraini workers as to expatriates at the BAPCO oil company, with the biggest symbol of discrimination being the allocation of separate drinking water fountains for the British, Indians and Bahrainis (AlShirawi, 2005). In Saudi Arabia, local workers at Aramco oil company carried out several strikes in the 1950s and 1960s to demand better living and wage conditions (Vitalis, 2006). Qatar was no exception, with the oil strikes of 1950–1956 being the most notable, while Kuwait was an incubator for many of the region's labour movements between the 1950s and 1970s (Crystal, 1995).

Thus, the period from the beginning of the 1930s to the end of the 1970s, which encompasses the first and second phases of systematic labour migration into the Gulf, was characterised by the establishment of the region's oil industries and the development of a strong nationalist and labour-oriented consciousness among citizens. By the end of the 1960s, expatriate numbers stood at no more than one million, and the vast majority of them (about 80 per cent) were from neighbouring Arab countries. The next period was to have drastic transformational consequences for the Gulf's economic-political structure and its population makeup.

The Second Oil Boom, 1973–1985

Although the changes experienced by the Gulf States differed based on their individual histories of commercial oil exploitation and internal political developments,[11] a pronounced demographic imbalance was to become a uniting feature within all states during the course of what we can term the 'second oil boom' of the 1970s and early 1980s. By 1971, all GCC states had achieved formal independence, with many hurriedly ushered in by their former colonisers to join the global community of nations as independent states.[12] The ruling families were by now receiving the lion's share of the oil revenues after several rounds of renegotiations with the multinational oil companies. A dramatic oil boom burst on the scene in 1973, usually referred to in the West as the 'first oil crisis', as a direct result of the 1973 October war between Israel and the Arabs. A steady rise in global oil prices followed, and unprecedented amounts of oil revenues flowed into state coffers. This continued throughout the 1970s and was followed by the 'second oil crisis' of 1979–1980 in the wake of the overthrow of the Shah of Iran and the beginning of the Iraq–Iran war. This boom period radically restructured the region's population for the rest of the twentieth century.

The Petro-modernist State, Capitalism and the 'Demographic Imbalance'

An in-depth treatment of the political-economic structures that came to define the Gulf during the oil boom lies beyond the scope of this chapter. However, it is necessary to sketch an outline of these developments, particularly from the viewpoint of a demographic lens, in order to understand the profound shift in the Gulf's population structures. The thesis put forward is that two processes, often overlapping and at other times competing, shaped the political-economic path of the Gulf States during the latter half of the twentieth century. One was the drive to establish a 'petro-modernist state',[13] with the royal families situated at the apex of this state. The second is the firm embedding of the Gulf States within the global capitalist system. Although these processes had their foundations laid and were already developing in the previous period, they were to come prominently to the fore during what we have termed the second oil boom period.[14]

Over the next few pages, we will focus on detailing the network of relations and institutions that developed with the emergence of the modern state in the GCC, in conjunction with capitalism becoming the dominant, albeit not only, economic mode of production in the region. The particular way in which the population structure manifested itself on the ground depended on multiple factors, including push factors in migrants' sending countries, the interaction between Western powers in the region, demands of the global economy, local political considerations, historical specificities prior to the advent of the oil age and the influences these factors had on structuring the distribution of oil revenues. Indeed, the greatest power to dominate within local society lay with those who controlled the oil revenues. It is therefore necessary to look at who controlled oil revenues and how it flowed in order to understand how the region's society became structured. In order to analyse this radical transformation, the key actors in this socio-economic network should be identified.

Before the emergence of the oil industry, the key parties that had a stake in the economic dynamics of Gulf societies could be loosely categorised as follows: the ruling families, the local merchant class, the rest of the region's urban and nomadic population,[15] and last but not least the Western powers whose sphere of influence extended to the region (particularly Great Britain and the US).

Pre-oil, the Gulf region lay on the periphery of the global economy, with its economic activity mainly dedicated to a pearling industry that catered for the global market, in addition to trade within the British colonial maritime network, facilitated largely through a clique of merchants with access to this network. Within this economic structure, the ruling families were strongly dependent on tax income and financing from these merchants, in addition to the political and economic support of the British.[16] The state's dependence on merchants gave the latter some say in political matters, and so the power of the ruling families was in no way absolute. The power of the merchant class varied between countries. For example, in Bahrain and Kuwait, where intra-regional trade played a major role, the merchant class's political influence was significant. In Kuwait, the 1910 migration of the pearl merchants restricted the power of the ruler, Sheikh Mubarak, while in Bahrain merchants played a central role in the 1923 political protests that ended with the British removing the local ruler in favour of his son. In Saudi Arabia, the financial support of the Hijazi merchant class played a crucial role in the extension of Ibn Saud's rule from Najd to the Hijaz area.[17]

The ability of local rulers to exert control on the Bedouin tribes in the Arabian Peninsula was traditionally weaker in comparison to the urban areas, where the rulers' economic and political base tended to be concentrated. However, the power of the Bedouin tribes was severely curtailed during King Abdul Aziz Ibn Saud's military campaigns in the early twentieth century, successfully establishing his authority over the vast majority of the peninsula. The hegemony of the Bedouin tribes over the peninsula's hinterland areas (*Deirahs*) was severely curtailed, dealing a mortal blow to their main economic mode of production based on trade access to these hinterland routes (Krimly, 1993: chapter 1).

The regional influence of British colonial power also varied. It was much stronger in Oman and along the Trucial coast (e.g. Bahrain), where the British were effectively the joint rulers with the local ruling families. In Saudi Arabia and Kuwait, however, the ruling families were much more independent in local affairs. Even in the latter countries, the British still played an influential role, particularly through their control of global maritime trade networks which were essential to the Gulf and Red Sea trade routes, and through their furnishing of funds to the local rulers.

The ascendance of oil radically reorganised this power structure. With the influx of oil revenue directly to state coffers, the ruling regimes' economic dependence on merchants and citizens decreased, effectively ending the government's reliance on its national population for fiscal revenues. On the other hand, international dependence between local leaders and Western countries strengthened, since they (particularly the US) were the main architects and guarantors of the global oil market.

This situation restructured social, political and economic relations to revolve around a petro-modernist state that is heavily integrated in the global economy and enjoys strong Western backing. If a 'high-modernist state' is one that is characterised by 'strong, one might even say muscle-bound ... self-confidence about scientific and technical progress, the expansion of production, the growing satisfaction of human needs, the mastery of nature ... and, above all, the rational design of social order commensurate with the scientific understanding of natural laws' (Scott, 1998: 4), then a petro-modernist state was characterised by a strong, one might even say muscle-bound, self-confidence in the power of oil revenues – coupled with the fuel of imported labour – to reorder the social and natural world.

Four essential elements characterised the vision of this petro-modernist state in the Gulf. First, it had to ensure that the ruling families were at the apex of the state's political structure. Second, its aim was to produce a disciplined population loyal to the state and the ruling elite. Consequently, the construction of a 'super-welfare' state for its citizens was the third essential element. Fourth, it displayed a curious combination of a modernist state, utilising the latest advances in science and technology to reform nature and society according to its vision whenever necessary, while also relying on pre-modern relationships whenever such relationships were more suitable to its goals.[18] Most crucially, achieving these aims could be short-circuited and fast tracked by the massive windfall of oil revenues and the labour power of migrant workers.

The one all-important characteristic of the massive inflowing oil rents was that it allowed the transfer of a huge amount of purchasing power from the outside world to the domestic rulers, purchasing power that was way beyond the current productive capacities of the local economy. The question was how to spend this massive purchasing power acquired from abroad. Building the modern state became paramount – a process that might have developed organically, spanning several decades or even centuries in other countries, with a multitude of social struggles and technological evolutions. The vision was to have this process ultra-fast tracked in the Gulf using the newly found oil wealth.

Thus, at the domestic level, oil revenues came to be spent mainly through the quickly expanding state institutions, most of whose activities concentrated on establishing the elements of a modern state infrastructure and welfare services, including roads, education facilities, health centres, desalination and electricity plants, factories and the central and administrative apparatuses of the state that were staffed by ever-growing bureaucracies. A small army of technocrats ran these newly emergent bureaucracies, and this group often included some of the most ambitious and newly educated within society, many of whom were highly motivated by the vision of becoming a modern, developed nation. The rise of this unique version of the high-modernist state cannot be explained by capital dictates alone, and indeed it is essential to place its emergence within the context of the dire economic situation prevailing before the flow of oil revenues, as well as the desire of the local ruling families to cement their ruling credentials. As previously mentioned, the onset of the great depression globally and the decimation of the pearling industry had left the economies of the region in tatters by the end of the 1920s.[19] The newly emergent state was a product of this process: it was a reaction to the dire economic situation of locals before oil money, it reflected the desire of its political and bureaucratic elite to become a 'modern state' under the guises of the ruling families, and it acted as a way to establish control and discipline over most of the population.[20]

In tandem, constructing this new modernist state opened up lucrative investment opportunities for capital accumulation. These investment opportunities were redirected towards the region's traditional merchant families and other individuals close to the ruling elite, due to their close proximity to those with political power, but also as a way of placating and establishing control over this group. It should not be forgotten, after all, that merchants offered the most direct political challenge to the power of the rulers during the desperate economic situations of the pre-oil era, most famously in the 1938 political movements demanding constitutional and institutional reforms that emerged simultaneously in Dubai, Kuwait and Bahrain. Tenders and licenses for state-funded projects (infrastructure, buildings and factories) were distributed along with land plots 'gifted' from the state. The import business, which relied on granting exclusive agency licenses over import brands, was another lucrative business to induce capital accumulation. Thus, new and vastly enriching opportunities emerged for the economically powerful class in the region (Hanieh, 2011: 60–70). Happily enough, or so it was thought, the new-found oil wealth allowed both the pursuit of economic profit by the private sector and the establishment of the new petro-modernist state. There was no conflict between the two, and indeed both were often two sides of the same coin. State-driven modernism and capitalism ran side by side.

The economic projects that accompanied these new visions naturally required a labour force. The Gulf's working class had traditionally been constituted by local residents. However, the local workforce presented three major problems for the emerging economic and political elite. First of all, the sheer quantity of capital resulting from the enormous oil revenues, and the number of associated investment activities, exceeded the capacity and quality of the available domestic workforce. The numbers required to build this new high-modernist state and to put such large amounts of capital in motion simply did not exist locally, and neither did the experience nor the qualifications needed for the magnitude and quality of these projects. These visions, after all, were based on the ambitions and calculations of the economically and politically powerful, rather than on the capacities and interests of the local labour force.

Second, subjugating the local population to the dictates of capital, which ideally wanted a 'flexible' labour force 'freed' from any 'rights' that might impede the workings of the 'free market', went against the logic of the modernist welfare state that was supposed to pull local people out of the dire economic situation they found themselves in prior to the windfall from the oil revenues. It would have been a hard political sell to place locals under the increasingly hungry and urgent demands of the new-found capital, but neither would it have been desirable (from the viewpoint of capital) to place restrictions that would favour strong labour rights.

Finally, the reliance on local and Arab workers created, as previously explained, a political consciousness among the workforce that demanded a greater say in the distribution of oil revenues and participation in the economic and political decision-making process. Concerns about the emergent local nationalist and leftist movements were at their peak. Thus, as the oil boom continued, the dependence on local and Arab expatriate labour became a less attractive option for the Gulf's economic and political elite (Chalcraft, 2010). Similarly, Western powers with influence in the region, whose primary interest now revolved around ensuring the steady supply of oil to the global markets and ensuring the continual positioning of the Gulf States within their spheres of influence, saw the evolution of such leftist and nationalist-leaning movements as a threat to their economic and political interests.[21]

A much more palatable way of securing what was seen as a more compliant and less risky labour force was to import increasing amounts of non-Arab labour. This presented multiple advantages for those in power and for capital. The first is the quantity and quality of the newly emergent labour supply. The expansion of the labour market from a local to a global scale led to an increase in the available labour supply from a few thousand workers at the local level, to hundreds of millions of workers theoretically available globally. The cost of obtaining this labour was relatively low and was easy to attract, because of the push factors in home countries lacking sufficient domestic employment opportunities. After all, the importation of foreign labour to the region was not without precedent. The path had been well-trodden previously by the British colonial administration and the oil companies. This importation of foreign labour had the added advantage of ending the state's dependence on local labour. Thus the local workforce was to lose its economic influence, as it neither provided taxes or labour power, and consequently was to lose one of its strongest weapons for demanding active participation in political matters.

However, the importation of foreign labour was not without its own risks. The first lay in the national reaction to an increasingly foreign labouring class, which initially was viewed as displacing the local workforce. The second threat was the possible increase in the economic and political influence of foreign workers as their numbers increased. The solution to these two problems, and the method of discipline, was to be found in the Gulf's current 'demographic imbalance'.

The first feature of disciplining this new demographic structure was that many (but not all[22]) of the benefits of the modern welfare state were to be limited to citizens to the exclusion of expatriates. A citizen most often came to be defined as someone who was (or whose ancestors were) present in the country before the oil boom, thus someone who had lived through the dire economic situation before the petro-windfall.[23] The allocation of exclusive benefits to citizens was made possible by the enormous oil revenues. These included free education, healthcare, subsidised housing and employment in the expanding bureaucracies of the state. To obtain these privileges, however, it was not enough to be a 'citizen'. One had to be a loyal and disciplined citizen too. Proximity and allegiance to the ruling elites, and not capitalist economic dictates, often became a crucial factor in determining how the largesse of state were to be distributed. Thus local society increasingly became vertically segmented into different yet overlapping corporatist groups of sects, regions, ethnicities, tribes and interest groups, whose positions vis-à-vis the state, rather than purely productive-economic considerations, determined the type of access they would gain to the state's oil largesse.[24] Indeed, different tribes, sects and ethnicities within the citizen population regularly engaged in competition against each other, often by state incitement, as well as disciplining and self-policing members of their own groupings.

The second control method over the new demographic structure was that although the Gulf States flung their doors wide to migrant workers, their political and economic rights had to be carefully restricted and managed. The possibility to obtain property, form unions and own capital were outlawed, and it goes without saying that many of the welfare state privileges afforded to citizens were out of the reach of expatriates. Their presence in the region was based on the principle of *kafala* ('sponsorship'), where each migrant worker must be sponsored and guaranteed by a citizen or a local company for a specified period that can be terminated when the employer sees fit.[25]

Failure to adhere to these new rules of the game would result in deportation for expatriates, and the restriction of state benefits for disobedient citizens. Thus the welfare state and the *kafala* system became powerful tools for self-discipline and punishment (Foucault, 1977) for both citizens and expatriates. Indeed, citizens and expatriates often became embedded in a network of control against each other as well as against members of their own groupings. The segmentation of expatriates along different nationalities with different languages and cultural backgrounds made any cross-solidarity between them extremely difficult. The spectre of the flood of strangers that could provide an existential threat to locals via the 'demographic disorder', with the state being the only possible agent with powers to deal with the matter, provided a powerful mechanism with which to discipline citizens.[26] Furthermore, the state was often seen as the only bulwark against the potential abuses that could be carried out by citizens against expatriates under the *kafala* system. Hence, the state was positioned as the ultimate arbitrator in the affairs of the population, whether expatriates or citizens.

The Oil Boom Leads to a Population Boom

Expatriate labour flows increased exponentially with the first oil boom, and continued into the second oil boom of the late 1970s and early 1980s. Between 1975 and 1985, the annual growth rate for the citizen population was 3.9 per cent, while the annual expatriate population growth rate was about three times higher at 11.1 per cent. Based on this growth, the number of immigrants went from less than one million before 1970 to over six million by 1985 (see Figure 1.1). By the end of 1985, expatriates made up a total of 37 per cent of the region's population, and in some countries, such as Kuwait, the UAE and Qatar, expatriates formed the majority, a trend that would continue into the twenty-first century (Figure 1.2).

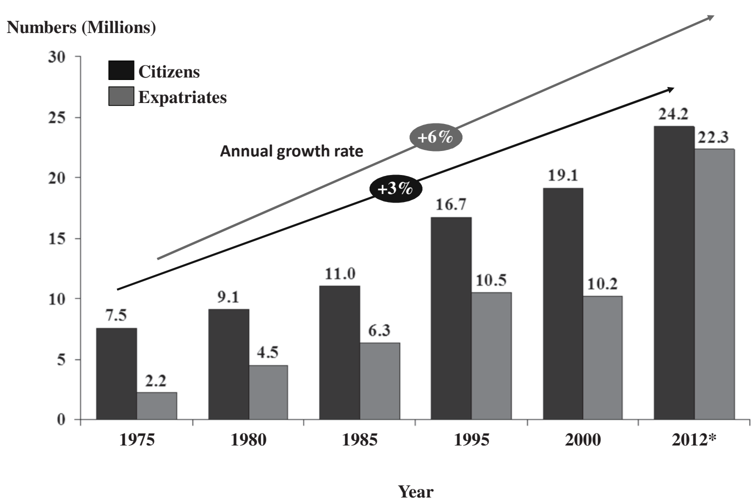

Figure 1.1 GCC population evolution, 1975–2012 (millions)

* 2011 figures for Bahrain, Oman and Kuwait. 2010 figures for UAE.

Sources: author calculations from 2010–2012 figures released by country statistical authorities. Previous years' figures are calculated from data in Shah (2004).

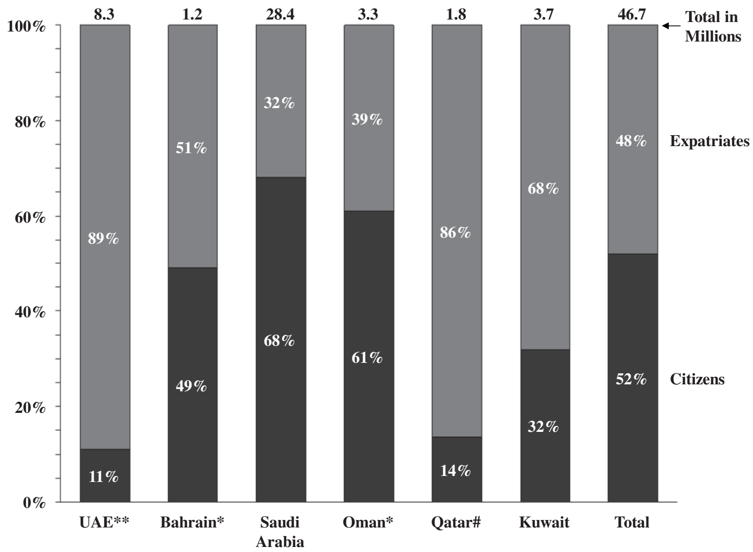

Figure 1.2 Citizens and expatriates' percentages within GCC populations in 2012

* 2011 figures
** 2010 figures

Qatar does not release an official breakdown between citizens and expatriates. Hence, citizen numbers estimated at 250,000 for 2012.
Source: author calculations from national statistical authorities' figures.

Since migrants were overwhelmingly workers, with many not allowed to resettle their families with them locally, the expatriate percentage of the labour force was much higher than their percentage of the total population. Annual growth in the local workforce did not exceed 1.73 per cent between 1975 and 1985, while the annual average growth rate of expatriate labour had reached 14.8 per cent by the end of 1985. This raised the number of non-national workers from 1.1 million in 1975 to 4.4 million in 1985 (Figure 1.3). By the mid-1980s, expatriate labourers were equal to 70 per cent of the region's workforce. In some states, such as the UAE, non-national labour had reached 90 per cent of the total (Figure 1.4). Given that most of the migrant workers were males, GCC societies came to display one of the most unbalanced proportions of male to female ratios in the world. In the UAE, for example, male expatriates outnumbered female expatriates in 1985 by a ratio of 3 to 1, and the overall population was more than two-thirds male (UAE National Bureau of Statistics, 2005).

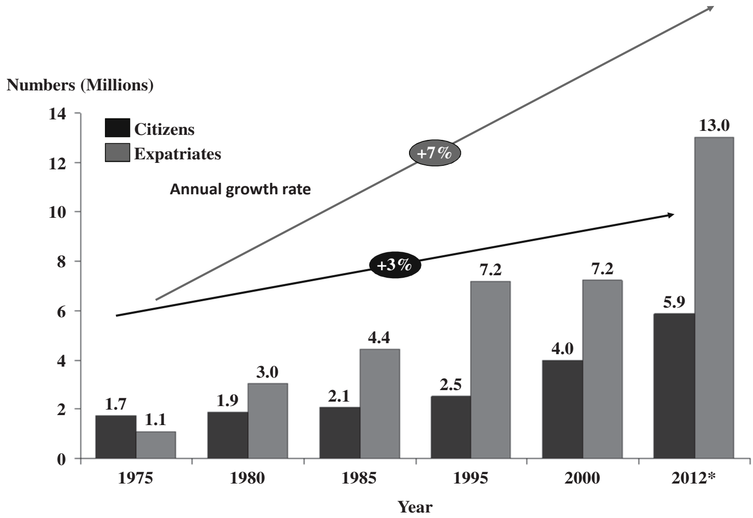

Figure 1.3 Workforce size in the GCC states, 1975–2012

* 2011 figures for Bahrain, Oman and Kuwait. 2005 figures for UAE.

Source: author calculations from 2010–2012 figures released by country statistical authorities. Previous years' figures are calculated from data in Shah (2004).

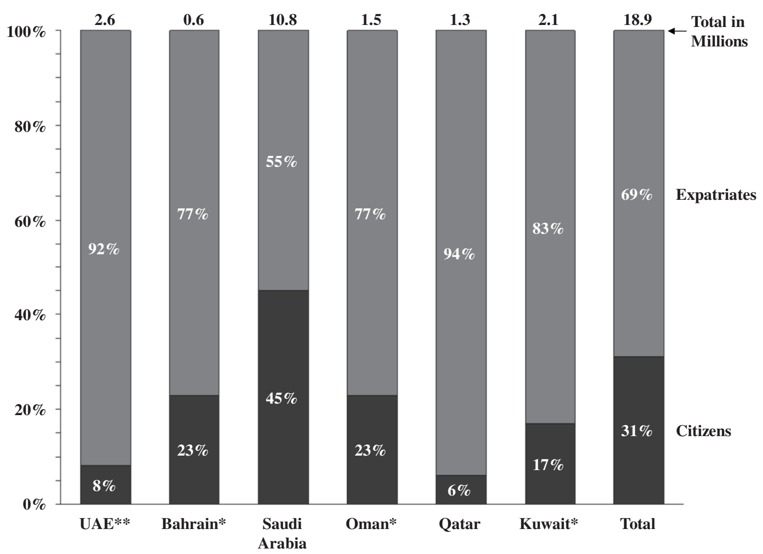

Figure 1.4 Citizens and expatriates' percentages in total GCC workforce in 2012

* 2011 figures

** 2005 figures

Source: author calculations from national statistical authorities' figures.

In addition to the unprecedented influx of migrant workers and the population's unbalanced gender ratio, two further features came to characterise demographic developments in this period. The first was the firm entrenchment of a network of vested interests that ensured the increasing demographic imbalance was now supported with a momentum of its own. No sooner had it begun as an official policy to restructure and utilise demographics for the purposes of economic growth and the building of the modern state that, with time, incentives had been established which embedded this population structure as an essential element of society, with a vast network of vested interests that had a stake in ensuring its continuity.

First, the economic incentives increased significantly for the private sector to rely on foreign labour when compared to the local workforce. The ever-rising economic and social benefits accruing to holding citizenship meant that the cost – both material and legal – of employing a local worker became increasingly unattractive, and importing foreign workers became a more cost-efficient option with less legal obligations. With the exception of some bureaucratic regulatory controls, there were no real restrictions on the ability of the private sector to import labour. Nor were citizens particularly eager to work in the increasingly harsh conditions of the private sector. Hence, citizens came to be concentrated primarily in the public sector, where the pay was much higher and the legal, material and social benefits of the emergent welfare state were to be found, and where citizens were protected from the vagaries of the private sector. Employment conditions in the latter were severely biased towards the interests of capital, with no minimum wages, no right to unionize and the threat of being fired an ever-present possibility. Jobs in the private sector came to be overwhelmingly filled by migrant workers.

Furthermore, citizens themselves also began to benefit from the importation of migrant labour. Some began to import labour for employment in their own small and medium-sized businesses, but the phenomenon in this period took off mainly in the domestic services sector (Al Kuwari, 2005). With the accumulating material and social advantages of being a citizen, the number of workers, particularly female, employed in domestic services began to increase steadily. Indeed, the dynamics of the migration process was in essence delegated from the state to the private sector and citizens, with each migrant requiring a sponsor, whether a citizen or a company, for entry to the country. Thus, a higher influx of foreign workers increasingly came to suit the interests of citizens, political decision makers and capitalists alike. Finally, a vast network of middlemen, agents and officials with vested interests in the migration process emerged in the sending countries too, who saw in exporting labour a useful source of hard currency and a solution to local unemployment pressures.

The second notable phenomenon was the marked decline in the percentage of Arab expatriates (see Figure 1.5). As mentioned previously, Arab labour was prevalent before the oil boom and constituted more than 70 per cent of the immigrant workforce (Kapiszewski, 2006: 9). As the two oil booms progressed, the attractiveness of Arab migrants decreased for several reasons. First, workers from the Indian subcontinent were relatively less expensive than their Arab counterparts due to the severity of the push factors in those countries. Second, investors and political leaders began to harbour suspicions regarding Arab labour, seeing them as a primary cause of Arab nationalism, Nasserism and leftism in the Gulf.

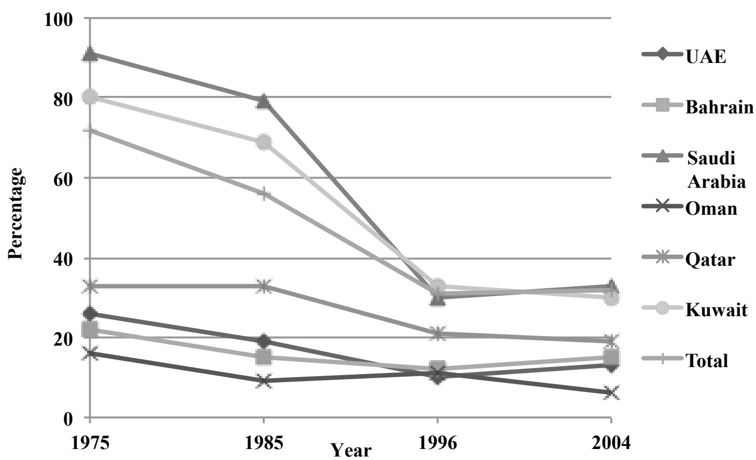

Figure 1.5 Percentage of Arabs in the GCC's immigrant workforce, 1975–2004
Source: (Kapiszewski, 2006).

As the oil boom progressed, nationalist and leftist movements declined in strength across the Arab world, with their centres of power in Egypt and Syria considerably weakened. This was met with the steady rise in the Gulf regimes' regional influence due to rising oil incomes. Concurrently, attention increasingly turned towards non-Arab labour that was seen as less expensive and less dangerous from a political and security standpoint.

There are no accurate statistics on the composition of expatriate communities in the GCC. This data are considered to be sensitive information with a security dimension in some countries. The following two tables provide unofficial estimates of the number of different nationalities in the GCC (Table 1.1), and the proportion of the various communities of origin within the labour market (Table 1.2). Both sources point to three main demographic characteristics concerning worker origin.

Table 1.1 Expatriate numbers by nationality, 2002–2004 (thousands)

Sending Country	*Kuwait (2003)*	*Qatar (2002)*	*Oman (2004)*	*Saudi Arabia (2004)*	*Bahrain (2004)*	*UAE (2002)*	*Total*
India	320	100	330	1300	120	1200	3370
Pakistan	100	100	70	900	50	450	1670
Egypt	260	35	30	900	30	140	1395
Yemen				800		60	860
Bangladesh	170		110	400		100	780
Philippines	70	50		500	25	120	765
Sri Lanka	170	35	30	350		160	745
Jordan/Palestine	50	50		260	20	110	490
Sudan				250		30	280
Indonesia	9			250			259
Iran	80	60			30	40	210
Syria	100			100			200
Turkey				80			80
Stateless	80						80
Nepal		70					70

Source: (Kapiszewski, 2006).

Table 1.2 Migrant worker percentages by regional origin in 2005

Sending Country	*Kuwait*	*Qatar*	*Oman*	*Saudi Arabia*	*Bahrain*	*UAE*
Arab	31	40	6	31	12	9
Asian	65	46	92	59	80	87
European	1	2	0	3	2	2
The Americas	1		0	2	2	1
Others	3	12	2	5	4	2

Source: International Labour Office and Arab Employment Forum (2009).

The first is that Arabs came to constitute less than half of the migrants in each of the GCC countries. The second is the multiplicity and diversity of nationalities and communities that came to makeup the migrant population. This policy was pursued as a method of discipline and control, in order to avoid particular groups developing a solidarity bloc based on national or linguistic ties. The third characteristic is the sourcing of the largest proportion of migrants to the region from countries with high levels of poverty and significant push factors, especially from the Indian subcontinent. Migrants from these countries constituted the bulk of unskilled and semi-skilled workers in the region. On the other hand, although Western expatriates formed a small proportion of total immigration, they exerted disproportionate influence by virtue of their concentration in the administrative and skilled classes. As was the case in the days of British colonialism, it was members from this group who frequently continued to manage, design and execute the plans and policies of the political and economic elite.[27] Arab migrants were mainly concentrated in middle-class technocratic and professional occupations, both within government and the private sector.

Thus, by the end of the first oil boom, what locally came to be referred to as the 'demographic disorder' became a striking and firmly embedded feature in all of the GCC states without exception. This, we argued, was the result of two often overlapping but sometimes competing projects of building a petro-modernist welfare state in conjunction with solidifying the place of the Gulf within the global capitalist system. The windfall revenues from the first oil boom meant that both projects could be pursued jointly with no apparent competition, and indeed circumstances meant that they complemented each other closely. Members of the royal family sat comfortably at the top of this pyramid of social relations, with their uncontested power grip largely based on Western backing and their control over the state's oil revenues, which they were able to distribute to further consolidate their rule. Their dominant position was complemented by an influential class of businessmen who used their close relations with political actors to benefit from the economic opportunities emerging from the oil boom. These groups formed a power bloc that was able to exercise hegemony within the resultant society. This domestic power bloc fitted rather well with the interests of the core Western powers, whose main concerns were the continued flow of oil on to world markets and maintaining the stability of the Gulf regimes under their political umbrella, avoiding the unsavoury consequences of any changes that may produce forces hostile to their interests, as had happened in other parts of the Arab world.

Demographics were reconstituted primarily to serve the requirements of this power bloc. Oil revenues led to a lopsided reversal in the historical relationship of dependence that had existed between the state and the local people who provided the main source of productive labour. Their role as labour providers was sidelined, as their involvement in most of the productive sectors of the economy diminished. 'Citizens' came to be concentrated in the expanding bureaucracies of the public sector, where they were becoming increasingly dependent on the state's largesse for their social and economic benefits, including salaries, access to housing and even birth and burial services, which were funded through the oil rent received by the state. These benefits were, however, reliant on discipline and loyalty to the state, and they were often distributed through a complex web of corporatist groups that helped to vertically segment and enshrine the policy of divide and rule over society.

Simultaneously, the growing demand for labour was to be met by the extensive importation of migrant workers, sourced from a variety of different countries to mitigate any potential solidarity issues. This migrant population was controlled by laws and regulations that restricted their ability to achieve political or economic integration. Thus most expatriates were in a state of permanent temporariness. As the region moved ever closer to resembling a scattering of transit labour camps, its energy as a society became primarily geared towards sustaining an omnipresent state that oversees the circulation of oil revenues and the execution of rapid economic growth, all the while carefully avoiding the formation of any significant political-economic power within the population, whether among nationals or expatriates.

Tensions Within the Petro-modernist State, 1985–2000

The extent to which the new population structure had become embedded in Gulf society became clear in the period that followed the first two oil booms, which we will call the fourth period of migration to the Gulf. This period was marked by economic stagnation and low oil prices, which tumbled from US$37 per barrel in 1980 to below US$15 in 1986 (U.S. Energy Information Administration, 2014). Despite the economic recession, the most important demographic feature of this period was the continuing increase in expatriate numbers, and the shrinking proportion of Arabs among them (see Figure 1.5). These developments leave traditional analyses of Gulf migration wanting – based as they are on push factors in sending countries and pull factors in the host countries – and instead point to deeper structural factors that the previous section explored. By the end of 1990, the vast majority of migrant workers were non-Arab, and their number exceeded 5.2 million

(Baldwin-Edwards, 2011), compared with the 2.5 million workers that same year who were citizens.

A 'structural break' occurred when Saddam Hussein's army invaded Kuwait in August 1990, with far-reaching repercussions for the demographic makeup of the Gulf. One of the more direct results of the invasion was that some 350,000 Palestinians were deported from Kuwait due to the Palestinian leadership officially declaring their support for the invasion. For the same reason, Saudi Arabia also deported hundreds of thousands of Yemenis from its territory, and the Iraqi communities in all the GCC experienced the same fate. It is estimated that up to two million Arabs were deported as a consequence of the invasion (Fergany, 2001: 4–12). Arabs were significantly reduced as a proportion of migrants, and the obsession with the security implications of the expatriate Arab presence became ever-more intense.

This period had consequences for the Gulf that extended beyond the immediate events of the invasion. From a political and security perspective, there was increased military dependency on Western powers, especially the US. During the operation to liberate Kuwait, foreign forces and military barracks were stationed across all the GCC countries for the first time, including countries that historically remained independent of direct foreign military presence, such as Saudi Arabia and Kuwait.

Locally, a series of increasingly glaring contradictions on the demographic front led to a process of internal reflection and reassessment within the Gulf. Although the number of migrants arriving in the Gulf was still increasing, the continued decline in oil prices restricted the ability of the state to absorb the growing number of citizens entering the labour force, with the official unemployment rates reaching double digits in several states (Al-Qudsi, 2006). How was the state to counter the paradox of a hungry economy continuing to demand imported labour, while witnessing an increasing level of unemployment within its local population?

Thus, tensions began to appear between the aspirations of the modernist welfare state and the goals of capital accumulation. On paper at least, the state seemed intent on attempting to force the private sector to share some of the 'burden' of providing jobs for its citizenry. The private sector, however, had little enthusiasm for the task. Initiatives, laws, incentives and restrictions were drafted by the state with the aim of 'nationalising the workforce' and raising the employment numbers among citizens. The official public viewpoint of the prevailing demographic structure was that it had become a 'problem' that needed to be dealt with (Kapiszewski, 2001: 7–8).

Having been accustomed to the pact established during the oil boom, the private sector did not want to employ citizens, and nor did citizens want to be turned into a labour class for the private sector. From the point of view of the private sector, citizens were costly, unproductive and demanding, while from the point of view of citizens, the private sector was greedy and exploitative, offering working conditions that were not fit for citizens. Thus, the state increasingly found itself attempting to force through an arranged marriage on unwilling partners.

Unsurprisingly, this largely proved unsuccessful. Despite a plethora of official initiatives and promises, the actual demographic profile did not change drastically, and indeed migrant numbers continued to rise (see Figure 1.3). By the end of 2000, there were over ten million expatriates in the Gulf, representing 35 per cent of the region's population.

It should be noted that the migrant figures mentioned above do not include the numbers of undocumented immigrants, which are thought to be large. For example, 700,000 undocumented workers were estimated to be in Saudi Arabia in 1997, 300,000 in the UAE and 100,000 in Qatar. These figures are equal to 18 per cent, 37 per cent and 41 per cent of the total number of expatriates in each country respectively (Shah, 2009). Thus, the phenomenon of undocumented labour became a widespread phenomenon throughout the GCC and occurred in various forms. Some workers remain illegally after their residence permit expires, while others enter the region through the illegal visa trade run by some GCC nationals, which illegally gives the worker *kafala* status.

The resultant unofficial pact throughout the recession was that the private sector continued in its practice of importing migrant workers (albeit at a slower pace), while the state did its utmost to ensure that the lower oil revenues were not reflected negatively in the wages and benefits its citizens enjoyed. Indeed, the largely Arab expatriates in the public sector were increasingly replaced by citizens as one way of alleviating unemployment pressures. What was drastically reduced instead was state spending on capital and infrastructural projects. Grandiose modernist developmental state projects were sacrificed for the sake of the welfare state and capitalism. Private sector employment patterns remained largely intact, and most attempts by the state to restructure it away from migrant labour towards the local workforce were resoundingly defeated (Chaudhry, 1997).

Alienation, Exploitation, Citizenship and Identity

The result was that with the exception of the oil sector, state-provided services and the financial sector, GCC citizens were largely unrelated to the rest of the productive sectors in the Gulf economies, with the private sector operating in its entirety with little active participation from citizens. Indeed, if all citizen-workers were to go on strike, the private sector would largely continue unabated.

This low involvement of citizens in society's productive processes is reflected in their very low participation rates in the labour force and correspondingly high rate of economic inactivity. For example, the labour force participation rate for the whole population of the UAE in 2009 stood at 73 per cent, not very different from the OECD's rate in 2009 of 71 per cent. This overall figure, however, masks a huge disparity between the rates for citizens and expatriates. The citizens' rate was 45 per cent (63 per cent among males and 28 per cent among females), nearly half the rate of 79 per cent among expatriates (94 per cent for males and 48 per cent for females) (UAE National Bureau of Statistics, 2009: table 2/42).

The consequences of marginalising citizens from much of productive labour go beyond the economic dimension, and have even extended into fraught issues around identity.[28] With citizens becoming a minority in most GCC countries (where in many cases Arabs as a whole are also a minority), a perceived sense of alienation has emerged among citizens of most GCC states, with many complaining that they are 'strangers in their own land'. The flipside of this perceived threat to identity was the emergence of intolerance and xenophobia, which manifests itself in the inferior perception and treatment that many citizens display towards migrants. The issue of the 'demographic imbalance' created a general feeling among many citizens that they were caught between a rock and a hard place, in a precarious choice between intolerance towards expatriates and the perceived threats towards their identity and culture. These phenomena are mostly two sides of the same coin, a product of the alienation and fear of identity loss that citizens feel, and the fact that being a citizen is in many ways constituted by the rights afforded to the citizenry to exercise domination over migrant workers.

Thus, most of the human rights literature on migrants in the Gulf has come to focus on the limited rights and privileges that are afforded to foreigners in comparison with citizens, especially the 'structural violence' generated by the current sponsorship system, which pits non-citizens in a position of social inferiority in relation to their local sponsors. This often leads to severe human rights violations and persecution against expatriates, leading some activists to describe it as modern institutional slavery (Union View, 2008).

We can summarise this situation within a society segmented into groups of citizens and expatriates as a severe type of 'hyper-alienation' that both groups experience, albeit in different yet mutually dependent ways. Hyper-alienation is taken here to refer to a person's lack of control and involvement in the production of their surrounding environment,[29] whether economically, politically, socially or culturally, to the point where they feel the surrounding environment and its production process does not represent them, and indeed is a source of oppression. If alienation on the economic front is usually defined as a lack of control by workers over the production process and the goods they produce, then what citizens experience is an extreme form of alienation: having minimal active participation in the production process and very little input into what is produced. Their primary economic role is confined instead to being consumers and beneficiaries of state-distributed or privately generated rent.

This often also means extreme alienation towards the built environment, where citizens have very little input into the construction and use of the urban landscape, an issue that will be explored in depth in Chapter 5 of this book. Indeed, involvement in the public decision-making process generally is virtually non-existent, with many citizens complaining that they had no choice or say regarding the 'demographic imbalance' in the country.[30] Socially and culturally, there is a perception by many citizens that their language, identity and culture is under threat as a result of becoming a minority in a population that largely does not share the same heritage or language. As for expatriates, their lack of political, economic and legal rights, the segmentation of society based on citizens versus expatriates with each group interacting largely in its own constructed spaces, and the treatment of many migrants as little more than a labour commodity in a temporary work camp, makes hyper-alienation a permanent condition for them. Thus the population as a whole – split into citizens and expatriates – suffers acutely from a severe state of hyper-alienation.

Concerns of the 'Population Imbalance' Reach the State

The ramifications of the population structure were not only confined to citizens and expatriates, but have also become a cause of growing concern at the state level. As outlined in the previous section, worries started to grow regarding the rising unemployment among citizens, the possibility of citizen unrest, and the weakening ability of the state to discipline citizens and maintain their loyalty through the distribution of oil rent. Added to this was the growing burden resulting from ever-increasing state subsidies. The vast increase in population size, business projects and the associated consumption activities meant an increasing burden on state budgets. Some of these subsidies supported citizens only (such as housing), but others supported both citizens and migrants (such as subsidised fuel, electricity and water prices). Indeed, citizens, migrants and local businesses have increasingly fuelled the burgeoning consumption of state-subsidised goods in the GCC. In Bahrain, for example, the price of petrol has not been raised since 1983, when a litre of '95 octane petrol' was priced at US$0.28, with the oil minister commenting in 2010 that subsidised petrol was costing the state treasury half a billion dollars annually (*Trade Arabia*, 2010). The UAE actually experienced a severe shortage of petrol at filling stations in Dubai and the Northern Emirates in 2011 (Pamuk, 2011), with the remarkable paradox of a petrol shortage in an oil-exporting state. There has also been growing official concern at the large exodus of currency from the local economy in the form of remittances abroad. One estimate put the total cost of expatriate labour born by GCC states – essentially as a subsidy to local businesses, citizens and expatriate consumption – at US$56 billion in 2002 (Ghaffar, 2004). Although citizens, local businesses, expatriates and local economic growth stood to gain considerably from these subsidies, the direct financial return from the point of view of the state is negligible, particularly considering that state returns from taxes are largely non-existent.

Furthermore, the presence of large numbers of migrants from certain countries that sometimes exceeded the total number of citizens created a perception of possible security and political ramifications within some official circles. In the UAE for example, Indian citizens represent 42.5 per cent of the population, while the percentage of all Arabs combined was 28 per cent (*Al Arabiya*, 2008). This led to active policing strategies to manage the different migrant communities, with many countries legislating laws that impose an upper limit on the percentage of workers local companies could employ from a particular nationality.

The role of international organisations and conventions that deal with migrant workers has also become an increasing concern of the GCC states. The International Labour Organization (ILO) and United Nations (UN) conventions, in particular, aim to give migrant workers all over the world (regardless of their legal or illegal status) similar political, economic and social rights to those enjoyed by citizens. We can mention here, for example, the 'International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families', which was approved by the UN's General Assembly on 18 December 1990. This convention requires that migrant workers shall enjoy treatment no less favourable than that which applies to nationals of the state of employment in respect of remuneration and the termination of the working relationship (Article 25). In addition, there should be equality of social insurance (Article 27), migrant workers should have the right to form trade unions and worker committees of their own (Article 40), and they should have the right to enrol in those unions limited to citizens (Article 26). This is in addition to the right to take the necessary measures to unite the families of migrants (Article 44), the right to access education on an equal basis with citizens (Article 30), and it also stipulates that there should be respect for the cultural identity of migrant workers (Article 31) (Executive Office of the Council of Ministers for Labour and the Council of Ministers for Social Affairs in the GCC, 2008).

The Gulf States insist that these and similar agreements do not apply to them, because the expatriates in the Gulf are 'temporary labour' and are invited guest workers, rather than a 'migrant' workforce. International advocacy groups, however, insist that international conventions on migrant rights apply regardless of the length of the period that migrant workers stay in a country. Moreover, to what extent are migrants actually a temporary workforce, and how long do expatriates actually stay in the region? Although a comprehensive picture of expatriate settlement in the region does not exist, various statistics indicate that the percentage of expatriates who have spent a long time is relatively high, including many who have had children and raised their families for most of their lives in the Gulf. For example, migrants constituted 20 per cent of all children under 15 years of age in the GCC in 2007, and formed the majority of the children in some countries like the UAE. Expatriates also account for 27 per cent of over-65s, which indicates a high proportion of retired expatriates in the GCC (Fargues, 2011a). All these signs point to a degree of stable settlement. In the UAE for example, 28.5 per cent of arrivals spent ten years or more in the country, making it difficult to consider these migrants as 'temporary' (Baldwin-Edwards, 2011: 28–32). Regardless of the actual length of time spent in the host countries, a key factor in the continuing demographic structure of the GCC countries is that migrants *de jure* are not allowed a systematic and clear route towards obtaining citizenship.[31]

It does not seem, however, that any of these concerns at the official level were existential enough to induce a serious change in the Gulf States' policies towards the region's demographic profile by the end of the 1990s. Indeed, developments in the first decade of the twenty-first century exacerbated the population structure: the influx of expatriates steadily increased, confirming the deep embeddedness of the region's population structure in the socio-economic makeup of society.

The Third Oil Boom and 'Privatisation', 2000–2014

As the Gulf's third oil boom began at the dawn of the twenty-first century, the price of a barrel of oil rose from below US$20 in 1999, to US$60 in 2005, culminating in 2008 at over US$140 (U.S. Energy Information Administration, 2014). This led to the accumulation of huge oil revenues, estimated at more than US$2 trillion. The Gulf's foreign assets swelled, and by the end of 2009 they were valued at more than US$1.5 trillion, or the equivalent of 165 per cent of gross domestic product (GDP), the highest ratio in the world (Iradian, 2009: 1). This boom in oil revenues also coincided with a move by investors in the region to increase their local investment activities. The destruction of the two world trade towers in the United States on 11 September 2001 was followed by increased racism against Arabs and Muslims. Because of these developments, Gulf investors began to shift some of their money back into the region,[32] and copious amounts of capital were looking for a way to be utilised in the Gulf.

Demographically, this period witnessed an unprecedented increase in the number of migrants and the continued decline in the proportion of citizens and Arabs as a percentage of the total population (see Figures 1.1 and 1.5). The desire to mobilise such large amounts of capital caused the Gulf States to experience the highest population growth rate in the world. The contradictions enumerated previously continued to grow: rising hyper-alienation of citizens and migrants, vigilantism at the official level towards the policing of the ever-burgeoning population and concerns regarding the burden of state subsidies for citizens and expatriates. But this period was also characterised by a number of new changes that sharply distinguished it from the preceding eras.

The most notable was the wind of 'privatisation' that blew throughout the region and the ascent of the 'free market' mantra. If the recession period of the 1980s and 1990s saw the decline of developmentalist projects driven by the modernist state, the first decade of the new millennium saw their replacement with privatised mega-projects. Gulf markets were opened wide to private investment, with private and quasi-public companies and projects proliferating across the regional landscape. The intention was to steer the economy towards privatisation, reflecting the language of the newly adopted official economic visions and recommendations from the World Bank, International Monetary Fund (IMF) and like-minded private consulting firms.

Thus, development was no longer guided by grand projects driven by a centralised modernist state, but instead came to be identified with growth in the private sector. Indeed, development was simply to be equated with economic growth. As long as GDP was increasing then development was thriving, regardless of any other consideration. For GDP to grow, its main driver must be the private sector, and to stimulate the private sector, increasing amounts of migrant labour must be imported to meet its requirements.

The term 'private sector' is a misleading expression, because what developed in the Gulf does not correspond to the phrase's usual connotations. 'The private sector' often conjures up images of a plethora of private firms competing within well-defined and efficient markets, under the institutional framework of a neutral state that upholds the rules of the game. This most certainly was not the private sector in the Gulf. For starters, here the private sector was dominated by the activities of a small group of influential investors that are closely connected to, and often overlap, with those that exercise political power. This is therefore closer to what some economists term 'crony capitalism' (Baumol et al., 2007). Furthermore, the state continued to play a central role in this process, even if many of the projects and activities were labelled as 'private'. State-owned companies proliferated, with a considerable overlap between those in power and large investors, to the extent that in many cases the two parties were the same people (Hanieh, 2011). The line between 'public' versus 'private' was severely blurred, and increasingly the political and economic elite were fusing together.

Demographically, the most notable effect of this shift was to increase the size of the expatriate workforce, particularly in the 'private' sector. Feeding the prodigious building boom across the region, migrants were particularly concentrated within construction, with the sector accounting for up to a third of the expatriate labour force in some countries (e.g. Bahrain and Qatar). The rest of the migrant workforce was distributed between basic manufacturing, domestic labour, retail and wholesale trade, and the services and hospitality sectors (Baldwin-Edwards, 2011: 26). Although the financial crisis that struck the region in 2009 put a temporary check on economic growth, the number of migrants entering the region actually continued to grow, showing no signs of reversing the continuously upward trajectory that was established during previous booms and busts alike.

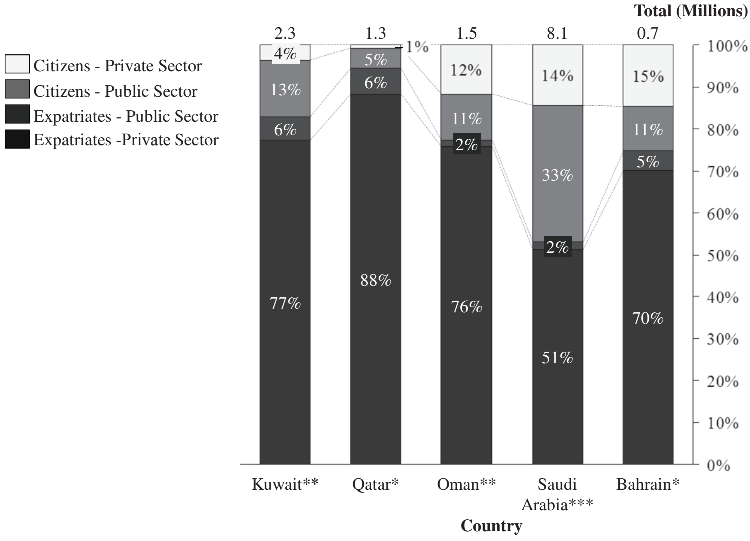

Figure 1.6 Public and private sector labour force composition, 2009–2012

* 2010 figures
** 2012 figures
*** 2009 figures

Source: author calculations from national statistic authorities, sourced from Gulf Labour Markets and Migration Project (2012).

It is worth spending a moment analysing the labour structure of this private sector. First, it is composed almost entirely of expatriates (see Figure 1.6). Even in countries where at first glance there might appear to be a sizeable amount of locals in the private sector (Bahrain, Oman and Saudi Arabia), this is actually misleading, as the overwhelming majority of citizens classified as working in the private sector are in reality employed in state-owned or mixed enterprises, such as the national oil or airline companies. This is in addition to the relatively high-paying financial services sector (which also has a high proportion of state ownership). As is to be expected, remuneration is very low in the private sector when compared to the public sector, with the average 2009 monthly wages in the Qatari private sector, for example, being less than half the average monthly wage in the civil service or publicly owned companies (Qatar Statistics Authority, 2009). Indeed, labour generally does not receive much of the value added in the Gulf economies, with the proportion of the GDP accruing to capital as a factor of production being approximately double that of labour. In Bahrain, for example, the 2010 ratio of the share of GDP going to capital versus that going to labour[33] was 1.4, while in Kuwait for the same year it was a whopping 2.6.[34] In Norway and the United States, two countries with relatively low proportions of GDP going to labour compensation by OECD standards, the figures were 0.6 and 0.7.[35] Thus, labour in the Gulf generally receives the shorter end of the stick when compared to capital.

The private sector expatriate labour force has relatively low skill levels. For example, 74 per cent of expatriates working in the Omani private sector in 2012 held qualifications that were less than a high school degree (Oman NCSI, 2012), and the situation is not considerably different in the rest of the GCC. Productivity is considered to be extremely low by international standards, and it seems it has actually been declining over the past few decades (IMF, 2010). Thus, the overall picture that emerges is that of a low-technology private sector with extremely high returns to capital, which relies on a relatively unlimited supply of comparatively low-paid, low-skilled, expatriate labour force with low productivity. At first glance this appears as quite the opposite of what economic theory would predict for countries that are supposed to be naturally endowed as capital rich and labour scarce. Given the story we narrated of the rise of the petro-modernist state and capital accumulation fuelled by oil revenues and unrestricted labour migration while restricting citizenship, this result is no longer perplexing.

One final characteristic of the labour force in the 'private sector' that is worth emphasising is the sizeable proportion of migrant labour working in small and medium-sized enterprises. This trend increased noticeably in the first decade of the twenty-first century, as dependency on migrant labour for income generation spread widely beyond 'big capital' and into the wider citizenry. As explained previously, demand by citizens for migrant labour used to be more concentrated on domestic services rather than income generation. At the turn of the twenty-first century, however, the allure of the public sector, where most citizens were employed, was fading. Government policy had given free rein to the private sector, and the public sector, or so citizens were told, could no longer be relied on to be the main engine of provision. Attention should be turned instead towards the private sector. Since becoming an employee in the private sector was still largely an unpleasant experience with relatively low pay that is best avoided by citizens (save for a few sectors in the financial services and state-owned enterprises), the solution was for citizens to become employers themselves. 'Small and medium-sized enterprises' became a buzz phrase, with the stereotypical image emerging of a citizen whose main goal is to either construct a building that can be rented out as apartments and shops, to rent out the commercial registration of a company under his name to an expatriate who then runs the business, or to use his *kafala* sponsorship rights to import migrants who would be given access to work in the country in exchange for a specified return.

These rent seeking practices had existed ever since the emergence of the post-oil economies of the GCC, but they took on a more intensive and prevalent form during the twenty-first century. Indeed, it would be a mistake to view migrants in the region as being solely employed under large, capitalist conglomerates. In fact, statistics show that a large proportion of migrants, often exceeding half, are distributed between domestic workers and small and medium-sized enterprises (which can be loosely seen as a citizen petite bourgeoisie). In Kuwait, for example, 2011 statistics show that nearly a third of the migrant population was employed in domestic services (Kuwait Central Statistical Bureau, 2011). In Bahrain, more than 80 per cent of workers registered under the social insurance organisation responsible for private sector employment in 2010 were in establishments with less than 50 employees (Bahrain CIO, 2010).

These developments were not unexpected, for if large investors and those in power stood to gain from the importation of foreign labour, then why should citizens not benefit too? If the rent directly received from the state no longer satisfies citizen aspirations in the way it used to, and if the state is actively encouraging the 'private sector', then why should citizens not also derive rent from the 'private sector' by recruiting migrants? After all, citizenship offers the right to extract rent via the *kafala* system and the importation of migrants that are directly sponsored by the citizen. In this way, the dependence on migrant labour was no longer in the sole interest of the state and big business, but also became ingrained within the wider citizenry for both domestic services and income-generating activities.

Thus, one is left contemplating the following paradox witnessed in Bahrain: labour-related protests by citizens in the late twentieth century were often opposed to the influx of migrant workers due to the perceived threat of employment competition, as occurred in the uprising of 1972

(AlShehabi, 2013). Less than four decades later, in 2010, the news was dominated by protests held by small-business owning citizens that opposed the levying of a US$28 monthly tax on importing migrant workers due to the extra costs this entailed for their businesses (*Al-Wasat*, 2010b).

One final development during this period that is worth emphasising is the newly emerging roles for migrants that extended beyond labour. Increasingly, GCC expatriates were no longer simply workers and sources of manpower, but they also became consumers, investors, owners of property and users of the urban space. The most prominent manifestation of these new roles was the emergence of a plethora of 'international mega-real estate projects' and 'free zones' in several of the smaller states of the GCC geared primarily to expatriates as their investors and final consumers. No longer were migrants simply seen as workers, but increasingly a different group of expatriates that could potentially act as a source of purchasing power which actively needed to be marketed to, attracted and recruited in order to buy, invest and live in the region. This phenomenon will be discussed in detail in Chapter 5 of this book.

Notes

1. The author would like to thank the Gulf Centre for Development Policies for funding support, Lisa Barrington for her translation assistance and Dalal Wad Eisa for support in data gathering.
2. For more on pre-oil society, see (Al-Naqeeb, 1987).
3. For example, 1904–1905 was known in Bahrain as 'the year of mercy', where the plague killed a large percentage of the population.
4. An agreement signed in Ibn Saud of Saudi Arabia and British officials that defined the boundaries between Iraq, Nejd and Kuwait.
5. For example, the first mention of 'foreign' versus 'citizen' in Bahrain, dates to a 1904 decree giving the British political representative the right to exercise judicial authority on 'foreign' subjects. The first law stipulating the conditions of citizenship was issued in 1937.
6. One could also cite the under-researched phenomenon of slavery trade as a pre-existing form of the systematic import of people for labour (mainly for domestic services). However, slaves formed an integrated and settled, albeit dominated class within Gulf society. This, in addition to the different mode of production that characterised slave labour in comparison to wage-earning labour, distinguish the slave trade from current forms of migration.
7. Bahrain was an exception, with commercial exports beginning in 1932.

8. There was also a significant flow of people between the southern coasts of modern-day Iran and the Gulf Arab States, continuing a process that predates the oil era.
9. For more in Saudi Arabia, see Al Seef (2007). For Kuwait, see Crystal (1995).
10. For Saudi Arabia, see Niblock (2007).
11. For example, earlier oil exports in Kuwait and Bahrain made them pioneers in regional modern state building.
12. Often this was against the wishes of the local rulers. For Bahrain, see AlShehabi (2013).
13. This term is a variation on the 'high-modernist state' (Scott, 1998).
14. Indeed, it is important to view the different periods as integrated rather than divided by hard cut-off points.
15. For our exposition, detailed stratifications within the local population are not addressed in-depth.
16. This applies even to Saudi Arabia, whose maritime trade, particularly through Jeddah, depended extensively on the British trading system (Krimly, 1993).
17. Krimly (1993: chapter 1).
18. Relationships within the 'private sector' labour market are a prime example of this, as shall be seen.
19. For example, it is estimated that Qatar's population decreased from 32,000 at the beginning of the twentieth century to 16,000 by 1945. (Crystal, 1995: 117).
20. For a Foucaltian examination of how the modernist state established discipline in Bahrain, see Kathem (2007).
21. A fascinating example appears in the dispatches of the British ambassador in Bahrain (British National Archives, 1972: FCO 8/1822). The British saw their main role post-withdrawal in supporting the fledgling state and countering the local threat that came from Leftist-leaning groups.
22. Migrant labour were to benefit too from subsidised water, electricity, food stuffs and in some cases healthcare and education.
23. In Kuwait, a Kuwaiti was defined in the 1959 citizenship decree as someone whose direct family was present in Kuwait before 1920.
24. Thus groupings based on sects, ethnicities, tribal affiliations, etc. came to play an important role in state politics. This has often been referred to as 'neo-patrimonialism' or 'corporatism' within the literature. For more see Al-Naqeeb (2012) and Khalaf (1998).
25. For more information on *kafala*, see Longva (1999: 20–2).
26. For an in-depth discussion of how this worked in Kuwait, see Longva (1997).
27. For Oman see Takriti (2013).
28. For example, the UAE pronounced 2008 to be the year of identity.
29. This is a more encompassing usage of the term when compared to that originally employed by Marx.
30. For an exploration of the attitudes of citizens in the UAE, see Herb (2009).
31. Bahrain is an exception, as its laws theoretically provide a systematic path for obtaining citizenship, but which often do not seem to be applied in practice.
32. Although the majority of Gulf investments continued to flow to Western markets.

33. As measured by the share of GDP accruing to operating surplus versus employee compensation.
34. Author calculations based from Bahraini (Bahrain CIO, 2011) and Kuwaiti data (Kuwait Central Statistics Bureau, 2011).
35. Author calculations based on (OECD, 2010).