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**CRITICAL PERSPECTIVES ON THE EVOLUTION OF A RENTIER  
CONSTITUTIONAL STATE: KUWAIT, 1950 – 1962**

**SALEH AL-NAFISI**

A Doctoral Thesis submitted in fulfillment of the requirement for the Degree of Doctor of  
Philosophy at the School of Government and International Affairs, Durham University,  
United Kingdom

2012

# **Critical Perspectives on the Evolution of a Rentier Constitutional State: Kuwait, 1950-1962**

**Saleh Al-Nafisi**

## **Abstract**

The political economies of the oil rich GCC countries are generally contextualized within the framework of rentier state theory. The picture the theory portrays is that of an autonomous state with abundant revenues generated from oil which are in turn distributed to the larger population to gain political legitimacy within prevailing non-democratic cultures. Albeit having a democratically elected parliament with a vibrant political environment for a comparatively long time, rentierism is also applied to the political economy of Kuwait.

This study, hence, aims to explore the development of Kuwait into a rentier constitutional state beyond the generally accepted notions put forward by rentier state theory. Its focus is to understand the perceptions and ideas behind the economic and political policy decisions in the context of the oil boom of the 1950s and early 1960s. Economically, therefore, the main aim is to explore and critically analyze *why* distributive policies, which constitute a main feature characterizing the country's economy, were initiated in the post-oil era.

The study also critically analyzes the diverse influences oil had on the concurrent rise in political activity and direction towards democratization, crowned by the framing of the constitution in 1962. In examining these developments, the study stresses the importance of looking not only at internal factors, but also at foreign and international influences that are brought about by oil booms. In the case of Kuwait, these include the primary role Britain played, in light of its oil interests, in the country's internal affairs, and the ways in which oil sparked, for a small and newly rich Arab state, international dynamics that shaped the thinking of policymakers as to the importance of undertaking certain crucial reforms.

An examination of the relevant archival record makes it clear that the framework provided by rentier state theory is insufficient in capturing the complex factors that influence the economic and political decisions of policymakers in countries experiencing oil booms. The findings, therefore, challenge rentier state theory's core assumptions, such as its stress on 'political utility' as the main, if not sole, driver of socioeconomic policy, and the 'materialistic approach' in which political activity is contextualized.

The study shows that much of the socioeconomic policies that created what is referred to as a 'distributive state' stemmed from much deeper influences than those postulated by the theory, such as certain perceptions of tradition and culture; views of citizen 'rights' and social justice in a specific historical context; and influences of social currents overtaking the region at the time. Furthermore, the study demonstrates how, in the period concerned, contrary to the position of the rentier state literature, oil played a significant role in the democratization of Kuwait, transforming it from a primitive patriarchal autocracy to a modern 'rentier constitutional state'. The latter embodies, as the study argues, the concept of a rentier state combined with a constitutional form of government in which citizens are directly involved in the economic and political decision-making process.

The study concludes that Eurocentric theoretical frameworks as expressed in rentier state theory may not always be sufficient in explaining the complex realities of countries such as Kuwait. There is a need, therefore, for a new approach that engages directly with the internal and external dynamics of individual countries in order to understand their respective political economies beyond assumptions imported largely from foreign experiences.

## **ACKNOWLEDGEMENT**

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## **DECLARATION**

I hereby confirm that this thesis is a result of my original work. None of the material in this thesis has previously been submitted for any other degree in this or any other university.

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## CHAPTER 1 INTRODUCTION

### 1.1. BACKGROUND AND PROBLEM STATEMENT

Rentier state theory has provided the framework for much of the research on the political and economic development of the oil producing Arab Gulf states over the past couple of decades. Generally, the model suggests that natural resource wealth has negative effects on such development. The resulting picture, particularly in oil states, would normally be an 'autonomous' state 'distributing' wealth in diverse ways to buy the quiescence of society. In the absence of domestic taxation, this not only harms the development of the economy but also undermines pressures for democratization.

While most the economic characteristics of Kuwait seem more or less expected of rentier states in the context of the Arab Gulf, there are other faces of the country that do not neatly fit into the rentier state model. From the outset, it is clear that the notion of a content and politically numbed society receiving money from an autonomous state is inaccurate in the Kuwaiti case. In contrast, rather than being passive receivers of money, Kuwaiti society is not only highly politicized but also plays an active and integral role in the process of the allocation of public funds. This is mainly achieved through the constitutional powers granted to Kuwait's parliament. In fact, through parliament, Kuwaiti society today is arguably the main and *direct* force behind the huge rises in government spending. Indeed, many of the laws to increase wages or benefits, for instance, were passed by parliament members *despite* government objections. While this indicates that economic policy in Kuwait is not shaped solely by an autonomous state (and in fact places the very concept of autonomy itself into question), it also suggests that the constitution gives people some *genuine* powers. This does not fit with the suggestion made by the literature that any such potential political openings would be mere façades, undertaken to allow people to 'vent out', and driven by rulers' original aim to consolidate their position.

Interestingly, the constitution, which has shaped the framework of government for the past fifty years, was framed at the height of the oil boom of the 1950s and early 1960s. If we assume that the constitution does in fact give real powers to citizens, which naturally constitutes a big break with previous decades of autocratic rule, then it can be concluded that Kuwait witnessed a process of democratization *coinciding* with a rise in oil revenues. In connection to this, what is important to highlight is the fact that democratization and political reform took place side by side with the rise of *distributive* policies. As mentioned, the rentier state literature views such distributive policies as being designed to buy loyalty, avoid political reform and consolidate the autocratic style of government. In other words, distributive policies are contextualized in the literature according to their ‘political utility’. However, the fact that political reform *and* distributive policies were being undertaken *at the same time* at the very least places the notion of ‘political utility’ as the major or indeed sole force behind distribution into question.

In addition, contrary to the notion in the literature that oil leads to a dampening of social and political activity, the arrival of oil revenues in Kuwait was coupled with an unprecedented rise in such activity during the 1950s. In fact, not only did the level of activity increase, but the diversity of its agents as well. The political and social movements were no longer confined to elite merchants, but had begun to spread across different classes of the population, and this in a sense marks the beginnings of the *popularization* of politics. Moreover, while the rentier state literature renders such movements as particularistic or undemocratic in nature, the movements of the 1950s had democratic reform at the core of their demands. Therefore, at face value at least, the assumptions of the rentier state model seems to lose even more credence in Kuwait’s case.

It is these apparent inconsistencies that sparked the initial interest in this research. The resulting questions are: if democratization was genuine and took place *side by side* with ‘distributive’ policies, then what was the *purpose* of such distribution in the first place, given the literature’s assumption that it would be designed precisely to *avoid* political reform? Moreover, why did political and social activity rise with the increase in oil revenues? Did the increase in revenues have to do with the rise in activity and in what



way? Importantly, why did political reform take place in parallel with Kuwait's oil boom and in what ways did the surge of oil revenues influence such reforms?

It is clear that cutting across these inconsistencies is a lack of sufficient answers to the *why* question. Thus, generally, in the context of Kuwait's oil boom, why were the policies that seem 'distributive' in nature and which created the 'distributive state' undertaken? Moreover, why were the political policies, which were crowned with the framing of the 1962 Constitution, undertaken *concurrently*? These questions, therefore, relate directly to understanding the post-oil transformation of Kuwait from a primitive economy with an autocratic style of government to a *rentier constitutional state*, that is, a country holding both the economic features of a rentier state combined with a constitutional form of government in which citizens, as demonstrated later, are directly involved in the decision-making process and are able exert direct and explicit pressure to influence policy in specific ways.

Answering these questions begs an examination of the *ideas, perceptions* and *attitudes* of policy-makers and civil society, which would in turn require a stress on *archival* research. This would constitute a shift of focus in the study of the post-oil formation of rentier states that seeks to go beyond the preconceived assumptions put forward by the literature regarding the reasons behind post-oil economic and political policy choices. In a sense, then, the research tests whether the assumptions of the rentier state literature, such as the stress on political utility as an explanation to distributive policies, are sufficient to understand why oil producing countries choose certain paths of development.

## **1.2. LOCATING THE RENTIER STATE NATURE OF KUWAIT**

Kuwait is referred to as a 'rentier state' mainly due to the structure of its economy which renders the country almost completely dependent on oil. As reflected in the Table 1.1, oil revenues averaged 93.5% of total government revenues during the period 2007-2010.

**Table 1.1. Revenue Structure, 2007-2010**

(Million Dinars)	2007	2008	2009	2010
Revenues				
Actual Revenues	16927.4	24016.1	15481.3	20150.4
of which: Oil	15748.2	22674.6	14482.1	18785.5
Oil Revenues as Percentage of Total Revenues	93.00%	94.40%	93.50%	93.20%

Source: Central Bank of Kuwait, 2011.

During the same period, oil exports averaged about 93% of total exports:

**Table 1.2. Oil and Non-Oil Exports, 2007-2010**

Period	Exports			Oil Exports/Total Exports
	Oil Exports	Non-Oil Exports	Total Exports	
	-1	-2		
2007	16780	990.2	17770.1	94.4
2008	22200.1	1281.4	23481.6	94.5
2009	13415.2	1456	14871.2	90.2
2010	17680.7	1514.2	19194.9	92.1

Source: Central Bank of Kuwait, 2011.

In addition, more than half of the country's GDP derives directly from oil. As reflected in the table below, if other oil-related sectors are taken into consideration, such as the refined products industry, the importance of oil and gas would be further magnified.

**Table 1.3. National Accounts**

National Accounts:	2005	2006	2007	2008
GDP (at Current Prices)	23593.2	29469.6	32580.5	39990.5
Crude Oil & Natural Gas Sector	12232.8	16478.3	17347.6	23608.1
Non-oil Sectors	11186.8	12804.5	15317.2	16165.3
Of which: Petroleum Products	970.2	829.4	906.6	837.8
Crude Oil & Natural Gas Sector/GDP	51.85%	55.92%	53.25%	59.03%

Source: Central Bank of Kuwait, 2009.

In fact, much of the rest of economy depends on opportunities created by oil income, either directly or indirectly. Indeed, it is estimated that around 50% of the non-oil Kuwaiti economy is created entirely by demand generated from high oil revenues (Blair, 2009: 25).

Deficiencies in the country's economic structure are also reflected in its labor market. 82% of the Kuwaiti workforce relies on government jobs, resulting in extremely overstaffed government departments. Meanwhile, the number of Kuwaitis requiring such jobs continues to grow at an alarming rate. For instance, between 2002 and 2008, the average yearly increase of the Kuwaiti workforce was around 4.3%, from 258,540 workers to 332,516 (Supreme Council for Planning and Development, 2009: 27). This situation has naturally been shaping a constant drain on Kuwait's financial resources, since spending on wages constitutes a major portion of public expenditure. In fact, most of the budget increases over the past years have been primarily a result of increases in wages, salaries and government subsidies. Consequently, in the four years to 2008, total government spending jumped 2.64 times (Blair, 2009: 111).

Thus, current expenditure as opposed to capital and development expenditure has been increasingly eating up Kuwait's budget. As seen in the table below, current expenditure grabbed 67.5% of total government expenditure in 2010, while capital and development expenditure constituted, together, a mere 13.3%. This clearly reflects an unproductive pattern of spending and allocation of the country's resources.

**Table 1.4. Patterns of Government Spending, 2006-2011 (% of Total Spending)**

Year	Current Expenditures	Land Acquisitions	Capital Expenditures	Development Expenditures	Transfers to Agencies & Public Institutions
2006/07	57.3	3.5	0.7	6.1	32.4
2007/08	70.1	2.8	0.9	9.7	16.5
2008/09	51	1	0.7	6.5	40.9
2009/10	72	0.1	2	9.5	16.4
2010/11	67.5	0	1.288	12	19.3

*Source:* Central Bank of Kuwait, 2011.

Moreover, the population demographics are also troubling. Total population has risen from 2.2 million in 2000 to 3.4 million in 2008, a 55.3% increase. Worryingly, most of this increase was due to the rise in the number of expatriates, further decreasing the percentage of the Kuwaiti population. While the latter increased at an average rate of 3.3% during the period 2000-2008, the non-Kuwaiti population increased at an average rate of 6.6%. The result has been that in 2008, Kuwaitis constituted only 31.4% of the total population (Supreme Council for Planning and Development, 2009: 26).

**Table 1.5. Demographics, 2002-2008**

Year	Total Population (mln)	Kuwaiti (%)	Non-Kuwaiti (%)
2002	2.42	37.43	62.57
2003	2.547	36.77	63.23
2004	2.754	35.65	64.35
2005	2.991	33.95	66.05
2006	3.183	33.03	66.97
2007	2.31	31.21	68.79
2008	3.443	31.44	68.56

Source: Supreme Council for Planning and Development, 2009: 26.

These numbers are certainly unsustainable and do indeed give serious cause for alarm. In the meantime, however, Kuwait's per capita GDP is among the highest in the world. Citizens lead a comfortable life without indulging in much productive activity. They are exempt from paying taxes, whilst enjoying things like free healthcare; free education; marriage bonuses; housing loans; token charges for utility services; heavily subsidized staple foods; and a constitutionally guaranteed job. Thus, Kuwait, in terms of the conditions portrayed above, carries almost all of the economic and socioeconomic features characterizing a 'rentier state'.

### **1.3. AIMS, OBJECTIVES AND RESEARCH QUESTIONS**

This research aims to explore the development of Kuwait into a rentier constitutional state by particularly focusing on the process – and the reasons behind the process – leading up to it. In other words, the study aims to explore and locate the underlying

reasons for the development of not only the rentier but also the constitutional nature of Kuwait.

It is important to stress that the research is concerned with the *transformation* of the country into a rentier constitutional state from its pre-oil primitive nature. Therefore, the focus will be on the period 1950 to 1962; that is, from the beginning of the first major oil boom till the adoption of a constitutional form of government and the acquiring of the main features of the rentier distributive state as will be subsequently seen. The research does *not* address how the political economy of Kuwait developed *after* this transformation. In other words, the concern here is not to analyze Kuwait *as a* rentier constitutional state, but to explain how and why it became one within the relevant historical context.

In responding to the identified aim, the following objectives are developed:

- (i) developing a thorough understanding of the way in which ‘rentierism’ and the ‘distributive’ state were actually articulated in rationalizing economic policy beyond rentier state theory’s stress on ‘political utility’;
- (ii) contextualizing such ‘rentierism’ in its historical, traditional, and cultural context;
- (iii) understanding the role of external powers or colonialist states in the post-oil internal development of oil producing countries;
- (iv) assessing the different ways in which oil booms instigate new political dynamics beyond the assumptions of rentier state theory that may lead to political reforms and democratization;
- (v) developing a critical perspective on the ‘rentier state’ theoretical framework by referring to the experiences of Kuwait and the nature of its political economy;
- (vi) utilizing primary sources to locate the historical legacies of the current Kuwaiti political economy.

In light of the above, the following research questions are developed:

- (i) What factors are responsible for the development of the rentier state in Kuwait?

- (ii) What were the ideas, perceptions, and attitudes behind the institution of welfare and distributive policies?
- (iii) In what various ways did oil influence or shape the political dynamics of the 1950s and early 1960s?
- (iv) In what ways did oil push policymakers to institute reforms leading up to the framing of the 1962 Constitution?
- (v) Were these reforms genuine steps in the process of democratization, or were they a façade as the rentier state literature would suggest?
- (vi) What was the position and role of the ‘opposition’ during the oil boom in transforming the country into a constitutional state?
- (vii) Is rentier state theory a satisfactory enough theoretical framework to explain the nature of ‘rentierism’ in Kuwait?

#### **1.4. RESEARCH METHODOLOGY**

The thesis is based on qualitative research focused mainly on primary archival documents to develop a discursive understanding of the economic and political development of Kuwait. The research, as such, should also be considered unobtrusive, mainly related to document and content analysis as well as discursive. However, as a research design it is very much historical in terms of locating the sources of a current issue in the historical political economy of the country.

The research heavily utilizes a variety of archival documents, including material from the British Records Office, such as those of the India Office, Colonial Office, Foreign Office, and Cabinet Office. Access to these documents is facilitated by the invaluable available volumes of archival collections, most notably those published by Cambridge Archive Editions, including *Records of Kuwait 1899-1961*; *Political Diaries of the Persian Gulf 1904-1958*; and *Persian Gulf Administration Reports 1873-1957*; and *Annual Records of the Gulf*. Other material from British sources includes newspaper and magazine articles from the concerned period. Moreover, archives of Kuwaiti official institutions are utilized, including the Minutes of the Development Board that coordinated and supervised development; Minutes of the Constituent Assembly and Constituent

Committee which framed the 1962 Constitution and prescribed the Kuwaiti political and economic system; and publications of the Department of Social Affairs that was responsible for providing social welfare services. Material from Kuwaiti and Arab sources also includes newspaper and magazine articles, lectures, and various other kinds of writings from the period of study such as petitions, declarations, *etc.*

As suggested, emphasis is made so that secondary material utilized for the study would be dated within or very close to the time-frame focused on in this study to gain a more real-time feel as to the mindset and directions in the thinking of policymakers.

In addition, an attempt was made to provide primary data in the form of interviews. However, due to the subject matter of the study, interviews were not stressed, as material dated from the period of study was clearly of greater value. The limited interviews conducted were largely aimed to provide general direction and open up potentially overlooked areas of study. Therefore, the interviews are limited to three political leaders and policy makers from the Constituent Assembly of 1961 and the subsequent National Assembly. These include Ahmad Al Khateeb, leader of the democratic movement, Deputy Speaker of the Constituent Assembly and former member of several parliamentary sessions; Ahmad Al Nafisi, democratic leader, former Member of Parliament and former Editor-in-Chief of *Al Taleea*, the historical opposition newspaper; and Abdulla Al Naibari, democratic leader and former member of several parliamentary sessions. The data gathered from the interviews were utilized in developing the arguments in various parts of the research, as the opinions and perspectives expressed by the interviewees related to diverse aspects of the subject covered in this study. All interviews were conducted in Kuwait during June 2011.

It should be finally noted that due to having only three interviews, there was no case for developing a separate chapter based on interview data.

## 1.5. OVERVIEW OF THE RESEARCH

After this introductory chapter, the next chapter reviews the literature on rentier states with a special focus on oil abundant countries. The goal is not only to highlight the scope of the available studies and the assumptions and notions that are put forward, but also to point out the limitations and gaps that this research seeks to address.

Chapter 3 provides a historical background to the pre-oil political and economic development of Kuwait. This is of great importance, as the arrival of oil wealth had to contend with the existing structures of economy and government that had been developing for decades if not centuries. As will be seen, many of these historical experiences naturally had a great influence on how things eventually evolved.

Chapter 4 examines the British role in the post-oil economic development of Kuwait. The need for this is clear. During the oil boom, Kuwait was still under British protection and had not yet gained independence. This gave Britain great influence on both the international and domestic affairs of Kuwait. Thus, while this research shows that the notion of a state ‘autonomous’ from its local population in the shaping of policy is misleading, it is also apparent that such autonomy is even more misleading in that it does not take into account the fundamental role Britain played in formulating Kuwait’s post-oil development schemes. The British played this role in light of *their* interests. As such, the idea of a ‘personal’ ruler undertaking policies for his own advantage does not provide a complete picture of the situation. The chapter, therefore, seeks to untangle the extent and kind of British influence. In a sense, the aim is to establish responsibility for the policies undertaken during the post-oil era.

Chapter 5 focuses on the post-oil development schemes adopted by the Kuwaiti government that transformed the country into a rentier state. The main aim is to understand the ideas and perceptions behind these schemes, and the goals policymakers sought to achieve. In addition, the chapter seeks to provide a well-rounded understanding of the process of development, and assess the different outcomes these policies eventually produced.



The issues covered in Chapter 6 were born out of the findings reached in the preceding chapters. The documents revealed a distinction between a ‘welfare’ state, which was part of the official development schemes that the British had played a primary role in devising, and what was called a ‘super-welfare state’. The latter embodies what gives the Kuwaiti rentier economy its distinctive features, such as the lack of taxation combined with the abundance of free public services. The research showed that while the British supported and in fact played a role in devising the welfare state, they were very much against the ‘super-welfare’ state Kuwaitis were determined to create. The British were against the super-welfare policies *despite* their continued stress on the need to distribute income for societal content. Interestingly, contrary to the general assumptions in the literature, the super-welfare policies were viewed as *dangerous* not only for the sustainability of the economy, but also in that they would create social agitation and unrest. Thus, these policies were not part of the *official* programs and plans adopted. In light of this, the goal of the chapter is to examine the mindset behind the Kuwaiti determination to undertake such policies despite it being clear that they were potentially dangerous as the British had continued to warn and point out.

While the previous chapters focus on the economic aspects of the Kuwaiti rentier state, the corresponding political dynamics of the post-oil era are examined in Chapter 7. The chapter seeks to understand how and *why*, contrary to assumptions of the rentier state literature, the oil boom of the 1950s was coupled with a rise in political activity and the institution of crucial reforms that were crowned with the framing of the 1962 Constitution. While the literature generally dismisses such developments as discussed above, the chapter aims to investigate the matter more thoroughly by examining the ideas, perceptions and motivations behind such developments in the context of the oil boom.

Chapter 8 analyzes the rentier constitutional system of the resultant Kuwaiti state. The first aim of this chapter is to examine the thought processes that went into drafting the constitution in light of Kuwait’s experiences. The chapter traces how and more importantly why the peculiar political system adopted by the constitution was formulated in the way that it did. Moreover, the chapter aims to confirm whether the new adopted

system can be considered a genuine step in the process of democratization with implications for rentier state theory or, as the literature would suggest, a mere façade.

Being the last substantive chapter of the thesis, Chapter 9 brings the argument to an end by providing an interpretative discussion in which critical perspectives on the evolution of the rentier constitutional state in Kuwait are provided as a synthesis of the entire research.

Finally, Chapter 10, the conclusion, provides a brief recap of the study, highlighting its potential limitations and the contributions it hopes to have provided for future research into the development of rentier states.

## **CHAPTER 2**

### **RENTIER STATE THEORY: LITERATURE REVIEW**

#### **2.1. INTRODUCTION**

The issue of the political and economic development of Third World nations has provoked much scholarly debate for many decades now. Theoretical perspectives have varied over the years attempting to draw a framework for understanding such development. Contributors in this debate studying the Persian Gulf oil-producing states have been part of this dynamic movement. In the 1950s and 1960s, these scholars utilized insights mainly from the modernization literature that posited a linear historical progression from tradition to modernity in a process instigated by capital and cultural contact. They drew direct connections between “capital accumulation, economic growth, social mobilization, and increased participation” (Crystal, 1992: 3). According to this perspective, natural resource abundance is seen as advantageous for development. As Ginsburg argued in the 1950s, “[t]he possession of a sizable and diversified natural resource endowment is a major advantage to any country embarking upon a period of rapid economic growth” (Ginsburg, 1957: 211). “Diversification”, he went on to say, “may be less important than the dimensions of one or more resources, if their reserves are large enough and long-run demand is steady and strong” (Ginsburg, 1957: 211). To the same effect, development theorist Walter Rostow argued that “natural resource endowments would enable developing countries to make the transition from underdevelopment to industrial ‘take-off’” (Rosser, 2006: 7). To the Persian Gulf countries, therefore, “oil would bring needed capital which would finally spark sustained growth, and ultimately participatory political stability” (Crystal, 1992: 6).

These views came increasingly under attack in the 1960s and 1970s by dependency theorists, who proposed a distinction between ‘core’ and ‘periphery’ nations. “Whereas modernization studies tended to argue that the salvation of the periphery lay in closer investment and trade ties with the core nations, the dependency approach highlights the exploitative potential of these relationships for the periphery” (Gereffi and Fonda, 1992: 424). With regards to developing countries reliant on natural

resource exports, these writers argued that the “structure of the global economy and the nature of international commodity markets” put them “at a serious disadvantage” (Rosser, 2006: 7). They were therefore less optimistic in predicting the future of oil-producing nations, as they stressed the underlying similarities between oil and other commodities. Moreover, “oil was a single export, a depletable raw material, and a commodity as dependent on unpredictable markets as any other”; therefore, oil would ultimately bring “dependency and decline” (Crystal, 1992: 6). Thus, this perspective clearly introduced variables ignored by modernization writers, namely, the international geopolitical and economic system. As Crystal points out, “[t]he power of this literature lay in the connections it drew between the world economic system, domestic economic structure, and form of rule” (Crystal, 1992: 3).

The insights of dependency theorists made great contributions to the study of Third World underdevelopment. With regards to the Persian Gulf, they enhanced the understanding of the forces that shaped the region during the colonial era and later drew attention to the importance of oil, the commodity mediating the region’s integration into the world economy. However, there was a growing realization that different types of capital inflows on developing countries do in fact matter (Chaudhry, 1989: 102). Moreover, the rigid categorization of states (center/periphery) “into which the Gulf states do not neatly fit” (Crystal, 1992: 4), brought the theory further into question. As Crystal (1992: 4) notes, “[t]he dependency literature’s teleological stress on economic dependency renders it less applicable to developing states with problems of excess capital”.

## **2.2. THE RISE OF THE RENTIER STATE LITERATURE**

In trying to explain the unfolding events in the oil producing Middle East especially during the oil price hikes of the 1970s, scholars gave rise to the concept of the ‘rentier state’. Unlike modernization theorists, these writers saw natural resources wealth as having negative consequences for development. However, the reasons they put forward were different from those generally suggested by dependency theorists.

The idea of ‘rentier states’ was first put forward in 1970 by Mahdavi in his study of Iran (Mahdavi, 1970; Wilson, 1998: 239). It was scholars like Beblawi and Luciani, however, who further developed the analysis in the 1980s with respect to the oil-

producing Arab Gulf states. These scholars were interested in the impact of the “windfall of wealth of unprecedented magnitude in such a short time” on the nature of these countries (Beblawi, 1987: 50). The result, they concluded, is negative, and their study resulted in the development of a large body of knowledge in the literature. The notion that natural resources are bad for development is now widely accepted by officials and researchers at the major international financial institutions including the World Bank and the International Monetary Fund. As Rosser (2006: 7) points out, “so influential has this literature been that the conventional wisdom now is arguably the exact opposite of what it was prior to the late 1980s”.

### **2.2.1. What Does it Mean?**

The idea of the rentier state is built on much earlier concepts of ‘rent’. Going back to classical times, Adam Smith made a clear distinction between rent and other sources of income. According to Smith (1904), “[r]ent enters into the composition of the price of commodities in a different way from wages and profit”. While “high or low wages and profit are the causes of high or low price”, Smith contends, “high or low rent is the effect of it” (Smith 1904). In other words, as Ricardo points out, “[m]ines, as well as land, generally pay a rent to their owners; and this rent, as well as the rent of land, is the effect, and never the cause of the high value of their produce” (Ricardo 1821). Generally, therefore, “a rent is not merely an income for landlords, but a reward for ownership of all natural resources” (Belawi, 1987: 49), which implies, as Alfred Marshall puts it, “the income derived from the gift of nature” (quoted in Beblawi, 1987: 49).

Given its nature, rent has been attacked for being effortless and unearned. In the words of Adam Smith, it is “the income of men who love to reap where they never sowed” (Smith 1904). In this sense, a ‘rentier’ is emphasized to be a social function rather than an economic category, for a rentier is “a social agent who does not actively participate in the production process yet still shares in the fruits of the product” (Yates, 1996: 17).

Stemming from this concept is the idea of a ‘rentier state’, which in its crudest sense simply refers to “countries that receive on a regular basis substantial amounts of external economic rent” (Yates, 1996: 11). However, Beblawi fine-tuned this broad

notion to what has become accepted as the standard definition of a rentier state. According to this understanding, the features of a rentier state are: (i) there is a reliance on substantial external rent; (ii) the rent accrues directly to the *government*, and (iii) “only a few are engaged in the generation of this rent (wealth), the majority being involved in the distribution or utilisation of it” (Ross, 2001; Herb, 2003; Beblawi, 1987: 51-52).

### **2.2.2. The Rentier State and Development: A Negative Relationship**

The rentier state literature looks at the effect of many different types of natural resource wealth on development. As this study is about Kuwait, the following discussion focuses on the specific impact of oil on development as per the literature. Here, oil-dependent countries are said to suffer from what economists call the ‘resource curse’, a term used to highlight the negative relationship between natural resource dependence and economic growth.

The first way in which oil is said to negatively affect development is through what has been coined as the ‘Dutch disease’. According to this model, new discoveries or price changes in one sector of the economy (oil in this case) are said to cause distress in other sectors (Auty, 2001: 195). More precisely, as a country experiences an oil-export boom, the consequent appreciation of the state’s real exchange undermines the competitiveness of sectors unrelated to oil. A booming oil sector tends to draw capital and labour away from manufacturing and agriculture, for example, raising their production costs. “Together, these effects can lead to a decline in the export of agricultured and manufactured goods and can inflate the cost of goods and services that cannot be imported...” (Ross, 1999: 306). In addition, as Schubert points out, “high oil revenues promote adverse balance of payments on the cost of imported goods when prices fall, boost wages for skilled labour – ultimately pricing them out of the international market – and reduce incentive to risk investment in non-oil sectors” (Schubert, 2006: 6). This ultimately reinforces dependence on oil, which can result in a permanent loss of competitiveness (Karl, 2005: 6).

The Dutch Disease model has given rise to some scepticism as to its general validity. Here, Ross’ (1999: 306-307) point is noteworthy. Ross notes that the model assumes full and fixed employment of an economy’s capital and labour before a boom takes

off. In this scenario, capital and labour are drawn away from agriculture and manufacturing by a booming resource sector, therefore raising their production costs. However, Ross points out that in developing countries there is usually a surplus of labour, and resource booms attract foreign capital and labour which offsets any local scarcities. In addition, the model assumes that foreign and domestic goods are perfect substitutes. “If this is eased – reflecting the fact that manufacturers in developing states often import intermediate goods, which become cheaper when the exchange rate appreciates – then the Dutch Disease may not damage the manufacturing sector’s competitiveness” (Ross, 1999: 307).

Other scholars have focussed on the way in which oil’s high price volatility forms an impediment for effective fiscal planning. As Karl states, “oil price volatility exerts a strong negative influence on budgetary discipline and the control of public finances as well as state planning” (Karl, 2007: 6). Thus, the spending problems and waste that arise ultimately lead to financial disaster when oil prices collapse (Shubert, 2006: 6). Oil price volatility has also been attributed to poor investment patterns, income distribution and poverty alleviation.

Another way in which oil is said to be bad for development is due to the enclave nature of the industry and its capital-intensity. This tends to foster weak linkages to the rest of the economy and does not create much employment. It therefore limits opportunities for technology diffusion and infrastructural development (Karl, 2007: 6-7).

Finally, oil is said to have a negative influence on development as a consequence of replacing the need of governments to extract surplus from their own population. In contextualizing this notion, rentier states are defined as ‘distributive’ rather than ‘extractive’ states (Smith, 2004: 233). The consequences of this are more complex in that the line between ‘the economic’ and ‘the political’ becomes somewhat blurred. This line of argument is explored in more detail below, as it is at this point where the interaction between politics and economics becomes more visible in the literature.

### **2.2.3. Taxation and the Political Economy of Oil States: A Discussion**

As mentioned above, oil frees governments from the need for domestic extraction of surplus, or in simpler terms, taxation. The political-economic consequences of this are

deemed to be significant. The first result would be the elimination of the institutional capacities of the state (or the development of these capacities) that are required for such extraction. “Institutional mechanisms for extraction and redistribution are not merely arrested; they actually decline” (Chaudhry, 1989: 113). Instead, bureaucracies designed exclusively to distribute revenues take their place (Chaudhry, 1989: 113).

This decline of extractive institutions is said to have negative effects for the long-term development of all parts of the bureaucracy. This argument stems from the analysis of early Western Europe, whereby it is concluded that states not relying on domestic extraction of revenues must lack very crucial capacities, since extractive institutions are the base of administration, without which regulation and redistribution are impossible (Smith, 2004: 233). As Chaudhry asserts, “setting up an extractive apparatus is the most ‘intrusive’ and first economic act of the state” (Chaudhry, 1989: 114). It involves “the centralization of the fiscal apparatus, territorial control, political and economic decisions about target groups, the acquisition of information, and the design and implementation of collection mechanism and enforcement procedures” (Chaudhry, 1989: 114).

The political dimension of the process includes “setting long-term economic and fiscal priorities and codifying legal obligations” (Chaudhry, 1989: 114). Extractive institutions also spin off related agencies that lead to a diversification of the tools available to decision-makers. “In developing countries in which there are large parallel markets in goods and currencies and in which monetary tools are limited, taxation and the data collected through this process compromise one of the few means to regulate the private sector and guide the economy” (Chaudhry, 1989: 114).

Unlike extractive states, distributive states are therefore denied crucial *information* generated by a strong and vigorous tax bureaucracy (Smith, 2004: 233), as “[t]he fiscal needs of the state affect not only what the government does but also what it knows” (Chaudhry, 1989: 114). Without sufficient information, state spending would more probably be inefficient and would not be based on economic rationality. The absence of basic data on the economy, therefore, undermines the quality of local investments and the business environment as a whole.

Moreover, even if it were assumed that these governments actually have sufficient



information, the nature of the rentier state would render it uninterested in developing the economy. When a state needs to rely on taxation, Luciani points out, it has a natural interest in expanding the income base on which taxes can be levied. Unlike in ‘allocation states’, economic growth is the primary goal of the policies that *all* ‘production states’ adopt (Luciani, 1987: 73). “The only relevant problem to an allocation state”, Luciani asserts, “is extracting the maximum potential revenue from the rest of the world: this, however, has little to do with the domestic economy” (Luciani, 1987: 74).

A complementing argument in this regard is that the nature of rentier wealth denies governments “the incentives for innovation within a civil service that stems from scarcity” (Karl, 2007: 16). In contrast, it is argued that in resource poor countries population pressures on scarce resources decrease the tolerance for inefficiency and predation, and the economy is naturally unable to support extensive protection or an over-expanded bureaucracy (Auty and Gelb, 2004: 128).

As suggested, domestically, it is the political dimension of government spending that is more dominant in the literature. It is asserted that when states are not dependent on domestic taxation to finance development, “they are not forced to formulate their goals and objectives under the scrutiny of citizens who pay the bills”, and are permitted at the same time “to distribute funds among sectors and regions on an ad hoc basis” (Karl, 1997: 190). Governments in this situation do not need democratic legitimation and can simply buy consensus by distributing income in exchange for little or nothing (Luciani, 2001: 132). As Anderson puts it, oil “releases the state from the accountability ordinarily exacted by domestic appropriation of surplus... the state may be virtually completely autonomous from its society, winning popular acquiescence through distribution rather than support through taxation and representation” (Anderson, 1987: 10). In such an environment, the weakening “agencies of restraint” encourage “the expansion of states into new arenas while weakening opportunities to strengthen administrative capacities... merit-based civil services, and the rule of law” (Karl, 2007: 16). The state ultimately becomes over-centralized, over-extended, inefficient, and lacking accountably (Karl, 1997: 190).

It must be noted here that Ross (1999) has pointed out some contradictions in Karl’s empirical analysis in relation to this line of argument. For example, despite the fact

that in *Paradox of Plenty* Karl argues that oil revenues weaken states by withering their extractive capabilities (p.160), she later says that the oil booms of the 1970s had little effect on the non-oil taxes of the major oil exporters (p.201). In addition, while Karl suggests that “oil wealth can produce ‘cognitive disorders’ among state official”, rendering them “‘habituated’ to fiscal policies that weaken state capacity, fall prey to a ‘rentier psychology,’ and suffer from bouts of ‘petromania’ (pp.16, 57, 66-67)”, her case studies, however, “are almost wholly populated by state officials who respond to oil booms with self-interest and cunning” (Ross, 1999: 317).

#### **2.2.4. The Development of Democracy**

In any case, the arguments presented above are directly related to the relationship between oil rents and regime type in rentier states. In fact, the effect of oil on democracy has been an essential component of the theory. It is suggested that “governments use oil revenues to relieve social pressures that might otherwise lead to demands for greater accountability” (Ross, 2001: 332). The mechanisms by which this is achieved are diverse. They mainly concern how governments receive their revenues and how they eventually spend it. As per the former, by relieving them from having to pay taxes, the public “will be less likely to demand accountability from – and representation in – their government” (Ross, 2001: 332). As per the latter, an influx of oil wealth leads to greater spending on patronage, which in turn dampens pressures for democratization (Ross, 2001: 333). As Huntington explains,

broad-based economic development involving significant industrialization may contribute to democratization but wealth resulting from the sale of oil (and, probably, other natural resources) does not. Oil revenues accrue to the State: they therefore increase the power of the State bureaucracy and, because they reduce or eliminate the need for taxation, they also reduce the need for the government to solicit the acquiescence of its subjects to taxation. The lower the level of taxation, the less reason for publics to demand representation. ‘No taxation without representation’ was a political demand; ‘no representation without taxation’ is a political reality (quoted in Ayubi, 1995: 400).

In addition, Luciani asserts that the economic system of allocation states, unlike that of production states, increase the incentive for individuals to get away from political life. Because allocation states normally pay well, “[e]xit normally involves a considerable loss of income;” therefore “voice becomes a dangerous proposition” (Luciani, 1987: 74). Thus, even though “a lot of scheming may be expected to go on

in allocation states along the time-honoured pattern of court politics ... this will seldom, if ever, develop into a truly political debate” (Luciani, 1987: 74). Although states may find it expedient to set up representative bodies to vent and control some resistance, the debates that go on are followed with indifference by the public and the ruler can disband them without meeting any resistance whatsoever (Luciani, 1987: 74).

If social and political activity does in fact arise, suggests the literature, its aim would be to get more money out of the state. In this regard, Luciani distinguishes opposition groups who demand democracy from those who oppose the government with the sole aim of enlarging their share of rent. Rentier states

may experience power struggles and factionalism, but is unlikely to experience a popular demand for democracy. While individuals, groups and factions, both within and outside the ruling elite, will constantly fight to enlarge their share of the rent, they will seldom advocate the adoption of democratic norms or an enlargement in political participation. In such a state, there is always an opposition, but the opposition will not be any more democratic than the ruler. Democratic methods will not appear as the most promising means to achieving the desired goal, simply because all groups will have a particularistic agenda, which is not conducive to the organization of consensus and majority support (Luciani, 1994: 132).

Another angle in establishing the importance of taxation for democracy is the fact that taxation, especially direct taxation of individuals, requires compliance that will doubtfully develop under dictatorial rule.

The need to widen the fiscal basis of the state is...an inducement to democratize...A state resorting to increased taxation, especially if direct taxation is involved, is bound to meet a demand for control through democratic institutions, as most forms of modern taxation require widespread compliance, which can be obtained only under conditions of democratic legitimation (Luciani, 1994: 132-133).

The literature also suggests that government largesse can effectively prevent the formation of social groups independently from the state, thereby eliminating what some believe to be a necessary precondition for democracy (Ross, 2001: 334).

It must be stated that even though it is generally agreed that oil does indeed hinder democracy in the literature, many of the underlying assertions are not only too general, but are also contradictory. Sweeping claims about the effects of oil are made,

often without evidence. For instance, in trying to analyze the problems of political development in rentier states, Luciani states that the fact that benefits are distributed unequally is *irrelevant* for political life. “Inequality of distribution”, he states, “is not an issue”, as there is little or no objective ground to claim more benefits since one’s contribution is dispensable anyhow (Luciani, 1987: 74-75). On the other hand, Karl contends the exact opposite in stating that while inequalities created by oil-led development are about the same levels as non-oil states with similar incomes, “people in oil-exporting countries may experience these inequalities very differently because they occur in what is widely to be a rich country. The sheer visibility of oil wealth compounds the problem” (Karl, 2007: 15). According to Karl, this may be grounds for a “potent political mix” (Karl, 2007: 16).

Likewise, when Luciani claims that in rentier states, “[e]xit normally involves a considerable loss of income” and therefore “voice becomes a dangerous proposition”, it can be equally logical, speaking in this general manner, to argue that many ‘production states’ with functioning free markets may also inhibit political participation. Bowles and Gintis argue, for instance, that markets intrinsically minimize the cost to the individual of not participating in democratic political practices because they promote exit (from political life) over voice by insuring “that the option of exit is always present, thus undercutting the commitment to voice” (Bowles and Gintis, 1986: 135). Markets, in this logic, “prioritize individual decisions over collective ones”, and their “logic of private self-interest tends to colonize the public sphere, and to corrode the formation of a public interest, and ethos of public service” (Beetham, 1997: 35). Thus, “extensive reliance upon markets ... undermines the conditions conducive to a high level of participation and a vibrant democratic culture” (Bowles and Gintis, 1986: 135).

This has led some to attack the rentier state model as being too general and incoherent. “The idea of the rentier state has come to imply so much that it has lost its content” (Okruhlik, 1999: 308). It has, in other words, “suffered from a bad case of conceptual overstretch: assertions about the influence of oil on Middle East politics have become so general that their validity has been diluted” (Ross, 2001: 331).

### 2.2.5. The Rentier State and the Question of Autonomy

As the preceding discussion indicates, the idea of state autonomy features prominently in the explanation of rentier state development. Oil revenues give rentier states financial autonomy, and this autonomy, in turn, is argued to have negative consequences for development.

The fact that autonomy is viewed in a negative light seems to be in contrast to the fact that it is usually seen as favourable in the general political-economic literature. It has in fact been seen as a symptom of or a prerequisite for strength, as “[u]nfettered by narrow class interests, ‘autonomous’ states are deemed capable of making decisions that favour the long-range vision of technocrats over the short-term interests of ‘dominant’ social groups” (Chaudhry, 1989: 111). For example, many scholars studying the Asian ‘tigers’ conclude that the key to their superior economic performance was the autonomy of the state “with its ‘insulation’ from particularistic pressures, particularly those originating from large firms or unions” (Przeworski and Limongi, 1993: 56). Indeed, there is a consensus among them that a state “must be insulate from societal pressures and empowered to pursue policies it finds best” (Przeworski and Limongi, 1993: 57).

Auty and Gelb partly address this issue by drawing on Lal’s work on the political state. In Lal’s view, there are two basic criteria to distinguish between types of states: “the restraint upon state’s action, and the aim of the state” (Auty and Gelb, 2004: 127). With regards to the first criterion, Lal distinguishes between autonomous states and factional states. While an autonomous state “can formulate and pursue its own objectives so that it can implement a coherent economic policy”, a factional state “must appease political groupings” and thereby risk “compromising the coherence of its economic policy” (Auty and Gelb, 2004: 127). With regard to the second criterion, the distinction is “between long-run welfare maximization and the service of sectional interests” (Auty and Gelb, 2004: 127). By linking these distinctions to resource abundant countries, Auty and Gelb (2004: 127) conclude that “a resource-poor endowment *tends* to engender autonomous benevolent states that place a premium on investment efficiency whereas resource-abundance *tends* to foster factional and predatory states that relax market constraints and depress investment efficiency”. Thus, to Auty and Gelb (2004), resource abundant countries are *usually* not

autonomous. Nevertheless, in their analysis, Gulf oil monarchies and other countries like Brunei, do fall under ‘autonomous benevolent states’.

Chaudhry, for her part, addresses the issue of autonomy by emphasising the importance of looking at the *type* of capital accrued by the state and at what *stage* of state-building. Much of the literature assumes that state bureaucracies and stable borders are already present as a point of departure. “The focus has been on the ways in which institutional structures influence policies and institutions or regenerate the conditions for their existence, not on the confluence of exogenous and endogenous forces that *forge* bureaucracies and delineate the scope of their operations” (Chaudhry, 1989: 118).

In the rentier state case, the influx of external capital *coincides* with the forging of fundamental state institutions. Her findings suggest that the financial “autonomy of the state” in these cases is in fact counterproductive, pointing back to the previous idea that oil revenues reverse any “previous gains in institutional entrenchment and state penetration” as they “diminish the extractive and regulatory capacities of the state” (Chaudhry, 1989: 119, 143). Thus, “despite their structural autonomy from society, bureaucracies based on external capital inflows are exceptionally brittle” (Chaudhry, 1989: 114). Although not apparent during the boom period, these problems are in fact accentuated. In times of bust the hidden problems come to the surface quite vividly. The result is administrative crisis, where the state does not have the capacity to pursue the policies that are required. In sum, then, it is important not to confuse *structural* autonomy with the power to realize policy preferences. As Chaudhry sums up, “[w]hen it is based on external resources, structural autonomy has little to do with efficacy in times of crisis” (Chaudhry, 1989: 118).

However, other scholars have attacked the premise of autonomy itself. Okruhlik for example, points out the tendency “to reify the state and to impose an artificial rigidity on relations between the ruler and ruled” (Okruhlik, 2001: 296). The boundaries between state and society are, unlike what rentier state theory suggests, “permeable” and “fluid”, as state and society in fact penetrate each other (Okruhlik, 2001: 308). Okruhlik extends this argument, contending that the rentier state literature also “overemphasizes state resources and autonomy from the social consequences of expenditures” (Okruhlik, 2001: 297). For this reason, he asserts, the rentier

framework has proven inadequate in elucidating the rise of dissent in oil states such as Saudi Arabia.

Unfortunately, even though Okruhlik (2001) makes these points, his analysis repeats the very issues he tries to address. He argues, for instance, that “the determining variable in the creation and convergence of opposition is the choices of a *personal regime* in distributing money inequitably for political reasons”, and that “wealth generated through oil receipts is a catalyst for opposition to the state, rather than a tool to placate dissent” (Okruhlik, 2001: 297; *emphasis added*). Although he makes this point as opposed to the generally accepted notion that oil dampens opposition, he still clearly separates state from society in terms of the political choices governments make. He disputes the outcome of government expenditure; it is, nevertheless, the state that distributes, and the society that, in turn, reacts. At most then, the state-society relationship has an action-reaction dynamic as understood by social-interactionism theories: state acts, society reacts, and possibly vice versa. In this way, Okruhlik and others do not view society as an integral part of the decision-making process *itself* or, in other words, they do not conceptualize society *in* government.

It is also argued that development priorities are different in oil-abundant countries than they otherwise would be in resource-poor nations. The reason is that, in rentier states, economic decisions become increasingly ‘politicized’. Private interests would have strong incentives to influence public authorities, and groups would vigorously pursue *particularistic* agendas, each having its own ‘special interests’ (Karl, 2007: 17). The resulting ‘favouritism’ in government policies undermines efficiency, responsibility and accountability. This is in contrast to industrial nations, where there is an emphasis on “depoliticization”, so that the “effectiveness of government would not be undermined by overloading produced by the combination of increased political demands with cross-pressures of group interest” (Karl, 1997: 63).

There are two main issues coming out of this discussion. First, is the mentioned ‘particularism’ emphasized in the literature really unique to rentier states? As Herb rightly points out, “fiscal politics in Western democracies ... also have highly particularistic nature. Indeed, it is difficult to think of fiscal issues that are not particularistic” (Herb, 1999: 258). The entire literature in ‘public choice’ in general,

and ‘political business cycles’ provides plenty of evidence for this.

Therefore, politics and favouritism in economic decision-making should not be seen as distinctive of rentier states. Stiglitz, for one, has written extensively about the ‘special interests’ that influence Washington’s economic planners (see for example Stiglitz 2007; Stiglitz 2002). Likewise, when Luciani writes that in rentier states “democratic methods will not appear as the most promising means to achieving the desired goal, simply because all groups will have a particularistic agenda, which is not conducive to the organization of consensus and majority support”, it is not easy, as Herb points out, “to conceive of why it is that divvying up oil revenues is less conducive to ‘the organization of consensus and majority support’ than the divvying up of tax revenues” (Herb, 1999: 258).

In this sense, there clearly seems to be an exaggerated and partly artificial theoretical separation of rentier states from other nations. In addition, when Karl speaks of the need for ‘depoliticization’ in rentier states, she refers to Huntington to support her argument both in describing the ‘ideal’ depoliticized situation in industrial nations and in proposing solutions for rentier states. It is therefore worth looking, albeit briefly, at Huntington’s analysis in this regard.

In a report produced to the Trilateral Commission in 1975, Huntington pointed out that while in the past “Truman had been able to govern the country with the cooperation of a relatively small number of Wall Street lawyers and bankers” (Huntington, 1975: 98), the problem arising in the 1960s and 1970s was “a sharp increase in political consciousness, political participation, and commitment to egalitarian democratic values” (Huntington, 1975: 106). This created what Huntington called an “excess of democracy” (Huntington, 1975: 113): “Marginal social groups”, like blacks and women, “are now becoming full participants in the political system”, and thereby causing an “overload”, given that “marginality on the part of some groups” has been “one of the factors which has enabled democracy to function effectively” (Huntington, 1975: 114).

In effect, Karl’s suggestion that there is a need to depoliticize therefore seems to mean the need to marginalize certain social groups, a view that is quite anti-democratic in any meaningful sense of the word. More importantly in this regard, the argument



implicitly assumes that existing ‘stable democracies’ pursue neutral un-politicized economic policies. This is hardly the case as noted above. When Huntington speaks of the instability caused by increased participation of social groupings, it is essential to understand what system is being destabilized in the first place: an *already* particularistic economic system – if one were to assert that market players are in fact an integral part of the state itself. As Underhill notes, “[t]he private interests of the market”, like the Wall Street lawyers and bankers, are “integrated into the state, asymmetrically in accordance with their structural power and organizational capacity, through their close relationship to state institutions in the policy decision-making process and in the ongoing pattern of regulatory governance of market society” (Underhill, 2000: 821). It is therefore not surprising that, in 1980, for example, 80 percent of Fortune 500 companies had public affairs offices in Washington (Korten, 2001: 145). The decisions of the state are thus hardly neutral. In this sense, there is an unfair comparison that places the political systems of rentier states against something that does not exist.

Such ‘unfair’ views and comparisons have in fact hindered a fuller understanding of rentier state political systems. For example, the stress on the Euro-centric notion of ‘no taxation without representation’ has led to a dismissal of all policies that have resulted in genuine political liberalization. These are rendered by the literature to be schemes designed by governments to allow people to vent off steam, or to enable rulers to realign their alliances within society. In addition, by juxtaposing these systems against an ‘ideal’ conceptualization of democracy, which in reality is non-existent, and then dismissing them completely, the literature has impeded a closer examination of genuine processes of democratization in rentier states, such as the one witnessed in Kuwait.

As Niblock (1998: 226) correctly points out,

[t]he ideal-laden conceptualization of democracy has...had a negative impact on empirical research on Middle Eastern political systems. Having written off the political systems of the area as being congenitally undemocratic, researchers have clearly felt that it would be a waste of time to examine or analyse the participative or representative aspects of the systems. There has consequently been very little empirical research on either the elections or parliamentary/consultative bodies of the Middle East.

In any case, the literature seems to be fixated on the idea that fiscal and economic

policies undertaken by the government, particularly those that seem distributive in nature are driven predominantly, if not solely, by the aim of buying the loyalty and quiescence of society. In this way, the ‘*why*’ question is already answered, and seems to often be pre-conceived.

This stress on the ‘political utility’ of economic policy has in fact sometimes extended to areas of policy that are not distributive in nature as well. For instance, international investments are seen as schemes designed to perpetuate the rentier nature of the state. Instead of investing a country’s surplus revenues in indigenous industrialization, states will opt to invest abroad, because industrialization has “the disadvantage of setting the conditions for future class conflicts, the outcomes of which can only be deleterious of the existing elite” (Delacroix, 1980: 15-16). Investing abroad, on the other hand, would export “potential class conflict” and prolong “the distributive role of the state beyond the exhaustion of its resource base” (Delacroix, 1980: 15-16).<sup>1</sup>

Ayubi speaks in similar terms, and suggests that the goal of exporting class conflict has been a reason behind the lack of serious efforts towards economic diversification in rentier states. “A move in the direction of ‘industrial deepening’”, he notes, “could eventually result in more pronounced class differentiation and political consciousness that might ultimately challenge the very basis of the system”, whereas “a move towards ‘financial deepening’ (as in the case of Kuwait’s extensive international investments in the late 1980s)...enables the state to ‘export class conflict’” (Ayubi 1995: 226).

In these various forms as described above, therefore, the ‘particularistic’ nature of social activity, and the ‘political utility’ of government economic policy constitute core features in the arguments put forward by the rentier state literature.

### **2.2.6 The Rentier State and the Nature of Opposition Forces**

As suggested, scholars generally view social and political activity in rentier states from a purely materialistic angle. The stress is on the particularistic motivations of such movements, which centre on the desire to get a bigger share of the oil wealth. In such a context, *opposition* to a regime would usually rise *after* the state becomes

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<sup>1</sup> Delacroix suggests that this was the reason behind Kuwait opting to invest its surplus abroad.

unable to fulfill its part of the ‘bargain’ in times of scarcity or busts. Some scholars have also argued that oil receipts themselves may in fact be a “catalyst for opposition”, as this opposition would be provoked by the lack of equitability in distribution (Okruhlik, 1999: 279). Nevertheless, in both cases there seems to be materialistic underpinnings acting as the main instigator of dissent.

There are other important studies, however, that attempt to better understand the nature of opposition forces that may potentially develop in rentier states. These scholars contextualize opposition forces within rentier state theory. They find that while opposition movements may indeed develop in rentier states, these would be dominantly based on ideological and cultural grounds, such as Islamism. Like the rest of the literature, however, they view these movements as unmotivated by a desire for democracy or greater political participation. Again, this notion is tied to the European experience. As Anderson (1987: 14) points out,

[t]he legitimacy of the state in the West, with its notions of secular patriotism, citizenship, and the various rights of citizens, was intimately tied to the taxing powers of the state and the popular participation which developed as a consequence. Where those powers are not exercised, and where popular participation is occasional at best, the formulae for legitimacy are less a reflection of the contemporary political economy of state-society relations than of historical, cultural, or religious conceptions of the obligations of governors and leaders and the rights and responsibilities of subjects and followers.

In analyzing the nature of opposition during oil booms, rentier state scholars generally link resource structure to class dynamics. As a starting point, the relationship between a ‘distributive’ state and the rest of the population is deemed *not* to be class-based. In his important piece, Delacroix (1980: 9) notes that societies in such states diverge from the Marxian idea of societies, which “wrench their subsistence from nature, through agriculture and manufacturing”. The latter are founded on class exploitation, and a coercive state ultimately emerges to “organize and regulate” this exploitation (Delacroix, 1980: 9).

In contrast, it is possible for a distributive state, which gets the bulk of its money from the outside world, “to be under the control of an elite which does not exploit the population within the jurisdiction of the state because it does not need to” (Delacroix, 1980: 9). When domestic surplus extraction is absent, the relation between the elite

and the rest of the population would not be a class relation. “[A] redistribution of value not extracted from the state’s own population”, notes Delacroix, “is simply distribution” (Delacroix, 1980: 9).

The nature of opposition and challengers to the rentier state system is therefore conditioned in this context. The result is twofold. First, “challengers will not be able to claim a monopoly of rationality. They will not be able to present themselves as representatives of progressive forces of history, bent of freeing production from the shackles of a mode of production that has become mired in its own contradictions” (Delacroix, 1980: 11). Thus, for them to credibly draw inspiration from ‘scientific socialism’ would be difficult, as “[d]isputes over the distributions of surplus not derived from work can bear only a superficial resemblance to class conflict” (Delacroix, 1980: 11). Instead, notes Delacroix (1980: 11),

they will have to find legitimizing ideology in strictly moral considerations. Such considerations tend to find their strongest support in Golden Age myths, usually of religious origin. Revolutionary movements in distributive states will thus have strong reactionary ideological components. In their purest forms, they will be completely reactionary.

The second result that is connected to this is that ‘class’ cannot be the *organizational base* of challengers. Hence, “other structures of social solidarity will have to be activated”, and “[a]lternative structures are, by default, traditional structures” (Delacroix, 1980: 11). Naturally, “[t]he more recently incorporated into the world economy a society, the more available are its traditional social structures”; thus, concludes Delacroix, “a distributive state ruling a recently incorporated society will experience a maximum of tribal, ethnic, and religious challenges” (Delacroix, 1980: 11).

Some scholars examining the rise of opposition forces in the Persian Gulf region have utilized this understanding of the nature of internal political conflict to their rentier state case studies. Expectedly, possibly the important of these studies look at the rise of religious opposition in Iran leading up to the Islamic revolution of 1979. In this regard, Shambayati (1994: 308) has argued that the responsibility for the emergence of such a social movement based on moral considerations was the *rentier nature* of the Iranian state. Shambayati (1994) explained this to be a result of the fact that the relations between citizens and the rentier state are defined in non-economic terms.

Like Delcroix, he points out that the rentier nature of the state changes the nature of the challenges it faces. “The state and its clientele are not engaged in the economic exploitation of the domestic population”; thus, “no conflict arises over the ownership of the means of production”, but instead, “strictly moral and cultural considerations become the legitimizing ideology of groups opposing rentier states” (Shambayati, 1994: 308).

Moreover, in Iran, as Najmabadi (1987: 224) points out, workers viewed the source of social inequality to be result of “state favouratism towards the rich, rather than owners exploiting the profits from their labour”. Like Shambayati (1994), Najmabadi (1997) emphasized the fact that oil revenues are derived from a natural resource, not capital investments and productive employment of labour. Thus, these resources, claim both scholars, seemed to the people to be a God-given blessing that equally belonged to all. “That the benefits distributed themselves in such a skewed and inegalitarian pattern under the Shah was attributed to conscious state policies, acting against God’s intentions and depriving the people of their ‘natural’ rights. In such a context, corruption, precisely because it is one of the primary distributive levers, becomes the explosive issue” (Najmabadi, 1987: 224).

As mentioned, while these scholars shed light on different factors shaping the nature of opposition forces in rentier states, they share with the rest of the literature the view that movements would not be driven by a desire for democratic reform. As Najmabadi (1987: 223) clearly points out,

the legitimacy of the late Pahlavi state became linked to whether it was dispensing its favours in a just and fair manner. In a society with a strong work ethics, the state is often criticized for being unproductive, parasitic and wasteful of social resources. In a rentier state, the distinction between productive civil society and a parasitic state becomes irrelevant, since the source of national wealth is largely external rent, not domestic labour. Thus, in the 1970s in Iran, politics became polarized around questions of wealth distribution, not control over production; around moral decadence and conspicuous consumption, not political participation and rational decision-making.

It is clear, therefore, that the forms of opposition that may develop in rentier states are generally believed to be either particularistic, driven by the aim of gaining a bigger share of the oil wealth, or ideological. In fact, as suggested, scholars concentrating on

the latter *also* place significant weight to materialistic issues, such as the inequality of wealth distribution, as being major provocations that give rise to dissent. In all cases, it must be stressed again, democratic demands do not feature in the literature as a driving force behind social and political movements in rentier states.

### **2.2.7 Kuwait and the Arab Gulf States**

The political-economic approach of rentier state theory is a dominant base upon which studies of the Arab Gulf states are contextualized. The arguments mainly center on the way in which oil money has enabled the *continuity* of the traditional and patriarchal regimes of the region. In other words, the focus is on the socioeconomic relationships that oil income has nurtured, and the methods by which oil has “reinforced existing social structures and provided a buffer for the ruling families” (Ehteshami, 2003: 58). In this way, oil is seen to have “consolidated” the role of the “traditional elites” (Ayubi, 1995: 225).

This was made possible as consequence of the state’s oil induced ‘autonomy’ that enabled rulers “to create new classes and/or dismantle and reassemble existing ones” (Ayubi, 1995, 225). In practice, this was achieved by “(i) general public expenditure; (ii) employment in the large bureaucracy; and (iii) specific public policies such as those pertaining to economic subsidies and land allocation” (Ayubi, 1995: 229).

Therefore, using such methods, the rulers “bought off” their populations. As Ehteshami (2003: 58) notes, the influx of external rent “had enable the traditional elites of the Gulf Arab monarchies to ‘buy off’ their population, to distribute largesse and to depoliticize them, to the point of dulling their political instincts”. This formed the basis for what is referred to as an ‘implicit social contract’ whereby political rights are substituted for ‘state-provided welfare’. This ‘contract’ also helped “to conserve socio-political norms in Arab societies and polities, such as the patrimonial nature of interactions and primordial loyalties” (Schwartz, 2004: 26).

These policies have in effect transformed different segments of the population into being state clients. As Ayubi (1995: 247) notes, “[t]he abundance of oil revenues accruing directly to the state enables it to clientelise existing groups (*e.g.* merchants in the Gulf) and to create new ones (*e.g.* the ‘new entrepreneurs’ in the Gulf) that may

be functionally differentiated but structurally dependent on the state”. A predominant part of the latter group is sometimes referred to as a ‘new middle class’. In a sense, therefore, the policies of the elites were “a form of social engineering” that created “state-reliant modern middle classes totally reliant on the states’ largesse for their survival (let alone prosperity)” (Ehteshami, 2003: 59). In the Kuwaiti context, for instance, this was achieved by the Al Sabah’s move “to neutralize the political ambitions of the founding families and set up an advanced welfare state, which won them the loyalty of the Third Estate outside the oligarchic families” (Salame, 1994: 94-95).

This process is sometimes called “statising”, as it created “new wants that are closely linked to new dependencies on the state for their satisfaction” (Ayubi, 1995: 229). However, because of the traditional patriarchal nature of government in the region which renders private funds of the rulers and public funds of the state indistinguishable, “statising” was at the same time “privatising”. Therefore, as Ayubi (1995: 229) points out, “[j]ust as the *etat providence* is also *etat famille*, the *raison d’etat* is not easily distinguishable from the *raison de famille*”. Because of this, “as the financial resources of the state expanded in the boom years, so too did the social solidarity within, and the political stature of, the ruling family and a whole network of families and tribes connected to it...” (Ayubi 1995: 229).

It is these ideas that dominate the writings on countries of the Arab Gulf. The writings on Saudi Arabia, for instance, bring up many of the themes described above. For example, Chaudhry (1997: 315) concludes, “[w]here previously the king’s need to tax had precipitated the creation of a consultative council dominated by Hijazi merchants, the withdrawal of taxes coincided with the de-politicization of the old merchant elite and led to the abrogation of their hard-won legal rights”. In this sense, the state handed out selective privileges, financed by oil, against loyalty and support (Herb 2002). Therefore, the distributive state became an important element of what is termed as “the Saudi social contract”: this incorporates the Al Saud strategy of the “legitimacy of largesse”, which has consistently allowed the regime “to buy off any potential hostility long before it has time to develop into anything like a serious threat” (Lackner, 1978: 216; Champion, 2003: 82). In sum, “[o]il revenues have allowed the regime to assert its control over the country as they have enabled it to

consolidate hegemony by paying subsidies to the tribes and buying off any potential opposition” (Lackner, 1978: 81).

In her highly acclaimed and widely cited book on Kuwait and Qatar, Crystal does not move away from this framework in contextualizing the political and economic developments of both countries, and in fact uses the very same terms prevalent in the literature (Crystal 1992).<sup>2</sup> Her argument centres on how revenues oil revenues “preserved continuity at the apex of the political system” (Crystal, 1992: 1). The process resembles the notion of “social engineering” discussed above. Indeed, the way in which oil was utilized caused the merchants to withdraw from politics in exchange for wealth, and this was accompanied by “new ties between the ruler ... and members of the ruling family through new political and bureaucratic roles, and between the ruler and the national population, through social services and benefits” (Crystal, 1992: 1). Thus, continuity was achieved “only by forcing the breakdown of the old ruling coalition and catalyzing the formation of a new pattern of political control” (Crystal, 1992: 1). This was “not the result of idiosyncratic local factors”, Crystal asserts, “but a patterned, recurring response to oil” (Crystal, 1992: 1-2).

Therefore, her analysis seems to be based on the same notion prevalent in the rentier state literature that policies undertaken by rulers are predominantly designed to reinforce their position. “The rulers”, Crystal contends, “have been careful to distribute revenues in politically useful ways. The benefits of oil have tickled down to all nationals, even the poorest. They are today healthier, better housed, better educated, and better fed than ever before, and they know that the state is directly responsible” (Crystal, 1992: 10).

In relation to Kuwait, Crystal attempts to demonstrate how Abdulla Al Salim, Kuwait’s Ruler during the oil boom of the 1950s, “exact” “political quiescence” as “a price” for his “economic largesse” (Crystal, 1992: 9). He calculatedly did so with the different segments of society, whether they were members of his family, merchants, or the general population. With the merchants, the Kuwaiti ruler reached a “tacit arrangement”: a “trade of formal power for wealth” (Crystal, 1992: 9). The mechanism the Ruler used to augment the merchants’ wealth with the purpose of limiting their political power was through “the preservation of the private sector” and

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<sup>2</sup> For the purpose of the thesis, I will focus on her analysis of Kuwait.



by agreeing “to distribute revenues through the local market and to legitimate the merchants’ position through a free enterprise ideology” (Crystal, 1992: 75). Among other policies the Ruler instituted for the same purpose, was that “[f]oreign companies wanting access to state or private business had to go through Kuwaitis” (Crystal, 1992: 76).

However, notes Crystal (1992: 78), “[t]he arrangement with the merchants was a temporary solution, an armistice imposed by the Shaikh while he tried to develop other allies and broaden his support base”. To this end,

Abdalla first tried to buy support or at least acquiescence of the poorer Kuwaitis through mass-based distributive policies...in the early 1950s development focused on infrastructure and basic services: roads, water, electricity, hospitals, schools. The 1951 plan, for all its faults, guided the city’s growth for a decade. Under it the first distillation and power plants were built, as well as many roads, schools, mosques, and other projects begun. These benefits were directed at and indeed reached the poorest Kuwaitis. Health care, and education, provided without charge, became accessible to all families (Crystal, 1992:, 78).

Moreover, “a social affairs department was established, providing low income housing and job programs for the unemployed” (Crystal 1992, 78). While these were all significant, it was state employment that was “the most important distributive mechanism...” (Crystal, 1992: 78).

Nationals are also guaranteed state jobs and preferential treatment in salaries and position. Consequently, most nationals work for the state...State employment is but another means for distributing income to nationals (Crystal, 1992: 11).

As suggested, therefore, the preferential treatment of Kuwaitis is seen in the context of the Ruler seeking to reinforce his position. The government in fact went on “[t]o maintain an aura of privilege around these new entitlements” by institutionalizing such preferential treatment through a series of nationality laws. To this end, “[t]he government enacted stricter nationality laws to regulate the special treatment of Kuwaitis” (Crystal, 1992: 79). By the end of the 1950s, concludes Crystal, the Ruler achieved success: “He had bought the merchants’ support and the general acquiescence of the population through distributive policies” (Crystal, 1992: 83).

Finally, in line with the general literature, the political liberalization process

witnessed in Kuwait are dismissed by Crystal. The National Assembly's "first function", she asserts, "was to reinforce the division in Kuwaiti politics between the ruling family and the rest of the population", and its "second function was to draw a distinction between the merchants and other politically important groups and to serve as a vehicle for balancing and, in part, replacing them with new, more controllable allies" (Crystal, 1992: 85).

### **2.3. CONCLUSION**

This study contends that the rentier state literature's framework of understanding the political and economic development of rentier states is extremely narrow and fails to capture the deeper and more complex reasons behind policy decisions in the oil rich Arab Gulf. What is needed is a shift in focus. Indeed, a closer examination of the perceptions and ideas behind post-oil economic and political policies in their cultural, traditional, and historical context is very much called for. This context would not only include domestic but also international factors that had played a significant role in shaping the attitudes of policy-makers towards the importance of undertaking certain decisions. Understanding these different dimensions can be achieved through an analysis of the available documentation not only of the British government which was itself deeply involved in the policy-making process – and indeed has the most thorough archive documenting the daily progression of events – but also of Kuwaiti official institutions together with an examination of the writings and discussions of Kuwaiti policy-makers. Examples of the latter include the Minutes of the Constituent Assembly which prescribed the Kuwaiti economic and political system, the Minutes of the Development Board which coordinated and supervised development, reports by the Department of Social Affairs, and various independent writings by Kuwaiti contemporaries. In sum, while this research does not dismiss political interests behind post-oil policy decisions, it presents a new and deeper dimension to the development of Kuwait into a rentier constitutional state.

Before examining the policies undertaken during the oil boom of the 1950s, however, it is essential to look at the background against which oil revenues started to pour into the state. Oil did not arrive in a vacuum, and pre-existing structures and experiences naturally had a fundamental effect on how its revenues were eventually utilized. The following chapter, therefore, provides a background to Kuwait's pre-oil political and

economic development.

## CHAPTER 3

### HISTIOGRAPHY OF THE ECONOMIC AND POLITICAL DEVELOPMENT OF KUWAIT

#### 3.1. INTRODUCTION

Kuwait is a state situated on the northwestern shore of the Arab Gulf. Little is known about the ancient history of the area that became Kuwait. In fact, little is known about Kuwait's early days of existence as well. Accounts from travelers and oral traditions are the main sources of reference. Therefore, much speculation goes on in writings on the topic. However, it is largely accepted that sometime during the seventeenth century settlers of the Utubs, a sect of the tribe of Aniza that included the Al Sabah, arrived in Kuwait. During the time of their arrival, the Bani Khalid clan enjoyed dominance over the area. Due to both regional and intra-tribal factors, this dominance slowly dwindled. The Bani Utub, meanwhile, were able to gradually establish their independence.

During the seventeen-fifties, the Bani Utub chose Sabah I as Shaikh. Scholars differ over the reason why Sabah was chosen as ruler. Moreover, it is not clear exactly why, even though Sabah I was chosen as ruler on an individual level, the Al Sabah emerged as a hereditary ruling family. This is only subject to judgment. All that is clear is that the Sabah rise to rule was peaceful, which makes Kuwait a unique case in the region.

Until 1886, the succession of Al Sabah *shaikhs* was peaceful as well. However, in May of that year, Mubarak assassinated his two brothers and declared himself Ruler. There is no evidence to suggest that there were explicit objections or effective opposition to Mubarak's actions by Kuwaitis, except inner-family feuds resulting from the assassination. This may be seen to reflect the fact that the business of ruling was by now a family issue. In 1899, Mubarak consolidated his rule by signing a protection agreement with Britain.<sup>1</sup> According to the Treaty, Mubarak agreed that neither he nor his heirs and successors would "receive the agent or representative of

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<sup>1</sup> For details on the Agreement, see Slot, 2005: 88-115.

any Power or Government at Koweit, or any other place within the limits of his territory”, and agreed “not to cede, sell, lease, mortgage, or give for occupation or for any other purpose, any portion of his territory” to any other power without prior British authorization (see Appendix 3.1 for full text of Agreement). The British, in return, promised their good offices towards him and his heirs, and agreed to pay him 15,000 Rupees on the condition that he abide by the agreement and keep it secret.

Arguably, this Treaty was the principal factor by which Kuwait was able to survive as an independent entity under Al Sabah rule. Not only did the Treaty protect Kuwait from hostile foreign powers, it also significantly bolstered the strength of the Ruler vis-à-vis the people. Thus, while the Treaty did not stipulate Britain’s interference in domestic affairs, it naturally gave it great influence in the internal dynamics of Kuwaiti society as is clearly reflected below.

It should be noted that the discussion in this chapter (and the following chapters) is primarily based on research of archival documents of the British Public Records and citations are made accordingly.

### **3.2. ECONOMY AND SOCIETY**

Since its beginnings, Kuwait was already oriented towards trade and the sea. Its natural harbor, strategic location, and poverty of land made the sea Kuwait’s major lifeline. Its location enabled it to benefit from caravan trade to Baghdad and Aleppo, from Shatt al-Arab trade, and smuggling trade into the Ottoman territories (Crystal, 1992: 19).

In 1760, the German traveler Carteten Niebur described Kuwait as a thriving commercial port of around 10,000 inhabitants sustaining itself on pearling, trading, and fishing with about 800 boats (Ismael, 1993: 22; Bowen, 1951: 3). By the early 1800s, the traveler Buckingham described Kuwait as “chiefly inhabited by mercantile and trading people, who engage in all branches of commerce throughout the Gulf. The port sends out, at least, a hundred sail of vessels, large and small; and the people who navigate them...have the highest character for probity, skill, firmness, and courage” (quoted in Crystal, 1992: 19).

In 1863, the British *Political Resident* described Kuwait as “a clean town, with a

broad and open main bazaar, and numerous solid stone dwelling houses stretching along this strand, and containing some 20,000 inhabitants, attracting Arab and Persian merchants from all quarters by the equity of its rule and by the freedom of its trade” (quoted in Crystal, 1992: 19).

Pearling and trade were by far the dominant economic activities. Generally, the main pearling season would start from May or early June to about September, and then again for a shorter period during the winter months. Pearling was Kuwait’s major source of capital and attraction of labor. In 1905 for instance, the Administrative Report noted that almost half the population went to pearl fishing.<sup>2</sup> As Lorimer pointed out in 1915, “[p]earl fishing is the premier industry of the Persian Gulf; it is, besides being the occupation most peculiar to that region, the principal or only source of wealth among the residents of the Arabian side. Were the supply of pearls to fail, the trade of Kuwait would be severely crippled...” (quoted in Carter, 2005: 139-40).<sup>3</sup>

In winter long-distance trading was the main economic activity. Boats would start off the season in autumn by heading to the region of Basrah, where Kuwaitis would usually buy dates and then proceed to sell them in India. The money made would be used to purchase and trade in diverse commodities, such as timber, rice, sugar, spices, *etc.* A report on shipping described the industry in 1928 as follows:

The carrying trade is chiefly confined to India, but Kuwait vessels also sometimes visit Zanzibar, Aden, Jibuti, the Red Sea ports, etc. Long voyages are only made during the winter months. During the summer, when the monsoon would render it dangerous for them to leave the Persian Gulf, the large cargo vessels are laid up in Kuwait, either in the various niq’ahs, or tidal harbours, or at Bandar Ash-Shuwaikh to the west of the town. The smaller vessels are employed in the coasting trade within the Persian Gulf, the smallest plying almost exclusively between Kuwait and the Shatt al-Arab.<sup>4</sup>

Around this activity a vibrant boat construction industry boomed, and Kuwaiti built

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<sup>2</sup> ‘Administration Report on the Persian Gulf Political Residency’ for 1905-1906, p. 87, in *The Persian Gulf Administration Reports*, vol. VI.

<sup>3</sup> It must be said, however, that unlike other Gulf countries, Kuwait reliance on pearling as a major source of currency was tamed by its strategic location on the route between the Gulf and Basra, being Mesopotamia’s leading entrepot, and thus had an important carrying trade (Carter, 2005: 181).

<sup>4</sup> IOR/R/15/1/504: Political Agency report on shipping, c. 1928, p. 13.

ships became renowned for their superior quality. They were the best boats built in the Gulf.<sup>5</sup> Many other activities that developed were also intimately connected with pearling. These included sail-making, manufacture of shark's oil, import of wood, etc.<sup>6</sup>

Kuwait's orientation towards the sea both reflected and reinforced the social hierarchy and power structure of its society. The system progressively concentrated wealth in the hands of a few merchants and placed much of the population under their influence, and many times, their control. This is primarily a result of the finance structure of its major economic activities, especially pearling, combined with the way in which earnings were shared amongst the various beneficiaries.

As Carter states, "[t]he industry operated on borrowed capital. Pearl-divers, captains and crew were advanced money to equip the boats and provide for themselves until the proceeds of the dive were allocated at the end of the season, when they were expected to repay the debts...A bad season inevitably led to the debts being carried forward" (Carter, 2005: 142). If the indebted person died, his heirs would inherit the debt (Al-Ghanim, 1998: 27).

The distribution of the pearling proceeds was based on a share system, most common of which was the System of Fifths. The financier and owner of the boat each got one fifth. The financier would get, depending on source, 20 or 30 percent interest on the capital he advanced, and the captain was still indebted for the principal.<sup>7</sup> Only after their earnings were given out does the cost of the whole expedition be taken into account. After deduction of these costs, the shares are distributed to the captain and the crew according to occupation. The taxes, furthermore, would fall upon the crews' share (Al-Rushaid, 1978: 77; Ismael, 2005: 61).

The system kept the merchants at the very top (see Al-Ghanim, 1998: 23). These were wealthy families who were generally of the same background. They mainly intermarried amongst themselves and with the ruling family. Tied to merchants by the

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<sup>5</sup> Ibid.

<sup>6</sup> 'Administration Report of the Persian Gulf for the Year 1932', p. 52, in *The Persian Gulf Administration Reports, vol. IX*; 'Administration Report of the Persian Gulf for the Year 1933', p. 61, in *The Persian Gulf Administration Reports, vol. IX*.

<sup>7</sup> IOR/R/15/5/97: Political Agent, Kuwait, to Political Resident, Bushire, 11 April 1924; IOR/R/15/5/96: Political Agent, Kuwait to Political Agent, Bahrain, 3 March 1923; also see Al-Ghanim, 1998, 27.

finance structure were the '*nakhudas*', or captains, who in the same way had pearl divers and sailors under their wing. The different periods of the year in which pearling and seafaring are carried out combined with the structure of finance meant that the labor for both industries was not mutually exclusive. Thus, a pearl diver who is tied to a captain by pearling debts, for example, may be recalled to join the latter's seafaring voyage as well.

This concentration of wealth and these social dynamics had clear effects on the power structure between the Ruler and the people. Put simply, the relationship amongst the various groups of society placed some check on the Ruler's power. This took place in two fundamental ways. First, the material wealth of the state and the Ruler depended to a large extent on the monies derived from the merchants' trade through customs, taxation, levies, etc. Secondly, a major portion of the population itself was under the influence of the merchants, which made their negotiating power vis-à-vis the ruler much more powerful.

### **3.2.1.... Put to the Test...**

The dynamics of this relationship was put to the test in 1910. For years, Mubarak had been increasing all sorts of demands on the population. Forced levies for service against Bedouin tribes, enhanced custom's dues, heavy exactions on Hajj pilgrims, and a House Tax were all imposed on a disgruntled population. Money was also sometimes extracted from the people to finance private Ruling family luxuries such as inter-Sabah wedding celebrations.<sup>8</sup> In 1910, however, the patience of some of the merchants reached its limits. The chief reason was Mubarak's heavy exactions to finance his raid on the Sadun al Muntifik tribe. In doing so, the Administration Report noted,

The contributions required from the Kuwait towns-people were increased and even the prostitutes were called up to contribute bedding, coffee-pots and the like. The wealthier merchants had to supply tents, camels, arms, and men and maintain them pending further orders...there is no doubt that a very

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<sup>8</sup> See 'Administration Report on the Persian Gulf Political Residency for 1906-1907', p. 76 in *The Persian Gulf Administration Reports, vol. VI*; Administration Report of the Persian Gulf Political Residency for 1907-1908', p. 107, in *The Persian Gulf Administration Reports, vol. VI*; 'Administration Report on the Persian Gulf Political Residency for April-December 1908', p. 102, in *The Persian Gulf Administration Reports, vol. VI*; 'Administration Report on the Persian Gulf Political Residency for 1910', p. 97, in *The Persian Gulf Administration Reports, vol. VI*.



large amount of Kuwait capital has been destroyed in these preparations. The force was kept out in the desert all through the hot weather and winter, their upkeep being a constant drain on the merchants' pockets.<sup>9</sup>

Moreover, the requirements to maintain the force "absorbed all local stocks of camel equipment, arms and clothes with the result that prices rose quite 20 to 30 per cent. It was estimated that, apart from the initial cost of fitting out, the force was costing the Kuwait public some \$60,000 a month in wages and food".<sup>10</sup> To make matters worse, the pearling season was postponed, as Mubarak stopped for a while "all work on boats and impressed al Nakhudas and divers for his raid against the Muntafik".<sup>11</sup> The few complaints that were made to Mubarak by the merchants were only met with even more severe reactions, and only months later were the pearlers permitted to return to work, "their places in the raiding force being taken by hired men".<sup>12</sup>

Therefore, reaching a state of hopelessness in changing the Shaikh's ways, three of the richest pearl merchants decided to emigrate. After quietly moving their valuables from Kuwait, they let it be known that "they would not return themselves...and that also probably some 200 boats with their crews would be missing from the returning fleet".<sup>13</sup> Their grievances were, as suggested, predominantly of a financial nature. As two of them ("the richest and perhaps most important in Kowiet ... who said they spoke for themselves and two other Towashes or pearl merchants, also amongst the most important, the nakhudas and crews of their own boats and of those dependent on them for financial support") explained to the *Political Agent*,

having to find a large number (more than fair proportion) of fighting men, camels, tents, rifles, ammunition, and food for the Sheikh's raid in March last... what bore most hardly on them was the continued expense of maintaining these for months on end (more than six months already) with no visible prospect of an early cessation.<sup>14</sup>

They said "they were at the end of their tether and unless some alleviation was forthcoming bankruptcy was their certain end".<sup>15</sup> Having reached Bahrain, the

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<sup>9</sup> 'Administration Report on the Persian Gulf Political Residency for 1910', p. 97, in *The Persian Gulf Administration Reports*, vol. VI.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> IOR/R/15/5/18: Note on tour along pearl banks to Bahrain by Political Agent, Kuwait, 2 September 1910, pp. 2-3.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

merchants agreed not to return to Kuwait unless Mubarak accepted their conditions: “they should be relieved of the indefinitely continued expense of keeping up a force for reprisals on Sheikh Sadun, as the drain on capital was seriously crippling their industry”.<sup>16</sup>

From the above, the hold the pearl merchants had not only on material capital, but also on the lives of ordinary people, is clear. The merchants had to provide not only material support, but also “fighting men” to Mubarak’s force. When the merchants left, many of these men followed, and others would have eventually done so. To gain support, Hilal Mutairi, the richest pearl merchant, is said to have also promised some of them that he would have their debts dropped provided they remain with him, and also “to build new houses for them at his own cost before he builds one for himself”.<sup>17</sup>

While it is true that they were not able to change the Shaikh’s ways and therefore were forced to emigrate, the merchants’ importance to the viability of the Kuwaiti state soon became evident. The British recognized that the incident was extremely serious, as “the whole of the available wealth and capital in Kowait is derived from the pearl industry”. “The four *towashes* concerned represent some 25 to 50 lakhs of rupees in capital and probably have some financial hold direct or indirect over some 250-500 boats and perhaps 6000 to 8000 men”, explained the *Political Agent*.<sup>18</sup> “It can be imagined”, he noted, “what effect the displacement of this large amount of capital and population (for the men would follow their leading towashes very shortly)

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<sup>16</sup> Ibid., p. 1.

<sup>17</sup> IOR/R/15/5/18: Kuwait news for week ending 31<sup>st</sup> August 1910. Interestingly, one of the early documented problems regarding the granting of oil concessions was its perceived clash with this economic system in which merchants yielded power over much of the population. In 1925, Anglo – Persian Oil Company (A.P.O.C.) sent A F Williamson (Hajji Abdulla al-Musulmani) to Kuwait, to investigate why there was objection to granting them a concession (see IOR/R/15/5/238: More, Political Agent, Kuwait to Prideaux, Political Resident, Bushire, 17 January 1925). In his report, Williamson's results included the following:

One party (the smallest) are against the giving of any oil concession to any Company, A.P.O.C. or another. There consist of rich pearl merchants such as HILAL al UMTAIRI, whose whole fortune was made through the pearl fisheries. These consider that at present the Kowiet diving class are unable to earn any large monies in the intervals between the pearl-diving seasons and are forced to borrow from the merchants long before the season opens and therefore are always in debt and under the thumb of these merchants and that if the A.P.O.C. or another Company opens up oil fields at Koweit or near by the diving class would be enabled to earn money between seasons and so get out of debt and command their own prices (IOR/R/15/5/238: Report on Kuwait by Williamson, 22 January 1925).

<sup>18</sup> IOR/R/15/5/18: Note on tour along pearl banks to Bahrain by Political Agent, Kuwait, 2 September 1910, pp. 4-5.

would have on the commercial prosperity of the port of Koweit”.<sup>19</sup> Indeed, the *Political Agent* urged Mubarak to compromise. For his part, Mubarak realized “how their staying away would damage him and his town”, and therefore decided to do so, while the merchants only agreed to return after definite guarantees that he would not harm them or their property.<sup>20</sup>

The results of the merchants’ actions were soon evident, as soon after he spoke with Mubarak, the *Political Agent* wrote, “I hear the Sheikh is now most gracious in returning salutes of passers-by and things are like mother’s milk generally. I only suggested it would be politic to go easy with all a bit and he seems to have cottoned to that”.<sup>21</sup> Likewise, another report noted that the “Shaikh is said to have become very tame and courteous after the trouble of the *Towashis* and pearlers and is now ever ready to listen to reason and to help”.<sup>22</sup> As for the people, it was reported that there were “heartily glad and say that the time has at last come for the Shaikh to learn a lesson and to put a stop to further injustice and tyranny”.<sup>23</sup>

The events of 1910 are often cited to show how much influence the merchants wielded before oil. However, whereas the events do indeed reflect the value of the merchants to Kuwait, they also reflect the fact that they did not have a direct or formal say in how things were run. Their only choice was, therefore, exit – leave the country with their belongings in fear Mubarak’s reprisals. In other words, the value of the merchants did not translate itself into an evolution of administrative channels through which their voices would be effective in formulating policy. Moreover, the merchants’ actions could not be described in any meaningful sense as a movement for political reform. Their concern was primarily of a financial nature, and their goal was predominantly to be relieved from certain heavy exactions.

It is open to discussion why such a potentially reformist movement did not actually take shape. His autocratic rule may have been offset by the stability Kuwait and its boundaries witnessed during Mubarak’s rule. He was respected amongst regional powers and much of his rule saw vibrant economic activity. As the *Political Agent*

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<sup>19</sup> Ibid., p. 5.

<sup>20</sup> IOR/R/15/5/18: Political Agent, Kuwait to MacKenzie, Bahrain, 12 September 1910; IOR/R/15/5/18: Bahrain diary for week ending 9 September 1910.

<sup>21</sup> IOR/R/15/5/18: Political Agent, Kuwait to MacKenzie, Bahrain, 12 September 1910.

<sup>22</sup> IOR/R/15/5/18: Bahrain diary for week ending 9 September 1910.

<sup>23</sup> IOR/R/15/5/18: Kuwait News for week ending 31 August 1910.

noted, it was Mubarak “who raised Kuwait from a place of little importance to a flourishing principality. Under his strong rule it became a most attractive place to live in to the Arab mind, and the population of the town nearly doubled itself...”.<sup>24</sup>

It nevertheless must be noted that the British support afforded to Mubarak was probably the major factor allowing him to Rule in the way that he did. In fact, the outcomes of the merchants’ actions of 1910 seem to have been short-lived. Under British protection, Mubarak was able to continue his despotic rule and place increased demands on the population. In 1912, towards the end of Mubarak’s rule, the *Political Agent* wrote,

The old system under the iron rule of Sheikh Mobarak is rapidly breaking down and the wheels turn rustily. The merchant Sheikhs are things of the past and the few old survivals dare not call their souls their own. This would not signify if the Sheikh himself was beyond reproach. But a good year or two in the pearl trade and the sudden increase of revenue from the importation of arms have revealed in him a hitherto unsuspected taste for luxury and ostentatious display. The taxes are still low but have increased rapidly of past years and new extortionate demands have been levied on the people...At present the people, who complain continually, look to us as their deliverers. *It will be an unpleasant moment for us when they arrive at a justed view of the situation and realize that it is our support chiefly that has enabled and will enable Sheikh Mobarak’s despotism to flourish and taught him that he need no longer re(p)ly on the affections of his people and their confidence in his strength, wealth and justice.*<sup>25</sup>

### 3.3. THE CHANGING NATURE OF POLITICS

In 1915, Mubarak was succeeded by his son Jabir, who he had nominated before his death. The succession was largely an internal Sabah matter, the process of which was helped by Khazaal of Muhammareh, close friend of Mubarak.<sup>26</sup> Salim then succeeded Jabir in 1917, promptly taking command on his own initiative upon his brother’s death.<sup>27</sup> In both cases, ‘recognition and support’ by the British Government was the *primary* concern, which was afforded after promises of obedience to the British and

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<sup>24</sup> CO732/33/10: Note on the Principality of Kuwait prepared for Political Resident, Bushire by More, Political Agent, Kuwait, 1927, p. 2.

<sup>25</sup> IOR/R/15/5/18: Political Agent, Kuwait, 25 April 1912. Emphasis added.

<sup>26</sup> IOR/R/15/5/59: Political Agent, Kuwait to Political Resident, Bushire, 3 December 1915; IOR/R/15/1/512: Political Resident, Bushire to Government of India, Foreign Department, 5 December 1915; IOR/R/15/5/59: Political Agent, Kuwait to Political Resident, Bushire, 11 December 1915.

<sup>27</sup> IOR/R/15/5/19: Political Agent, Kuwait to Sir Percy Cox, Basra, 6 February 1917, p. 1.

commitments to all agreements reached between Britain and Mubarak.<sup>28</sup>

It was Salim's reign that prompted the beginnings of a serious and concerted political reform movement in Kuwait that was to have a lasting resonance with the people up to the present day. Local feeling had turned against Salim from different sectors of society for diverse reasons. These included economic, social and political issues.

By 1918, the *Political Agent* noted that there seemed to be "widespread dissatisfaction with Shaikh Salim's method of Government".<sup>29</sup> Salim, according to the *Agent*, was "hated" for reasons including his negative attitude towards the merchant's problems in relation to their trade, "his culpable neglect in investigating and punishing crime, even murder, the futility of his general methods of Government and his boorish manners towards his people".<sup>30</sup>

Ill feelings towards Salim only increased with time as problems resulting from his "incapacity as a ruler and great lack of tact" compounded.<sup>31</sup> The British themselves started having problems with him. The chief reason was Salim's policies regarding the control of arms being smuggled via Kuwait to Turkey and British/Saudi enemy lines. The British, greatly displeased, therefore instituted a blockade on Kuwait for a while, and gave Salim strong warnings, stating to him that their protection was based on his cooperation.<sup>32</sup>

Salim's domestic and foreign policies, thus, caused discontent among his local population, the British, and, importantly, Ibn Saud. Salim's numerous quarrels with the latter resulted in a loss of trade with Saudi controlled territories, desert raids, and later an armed attack on Jahra, a Kuwaiti town, in which the state barely survived.<sup>33</sup>

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<sup>28</sup> IOR/R/15/5/59: Political Agent, Kuwait to Political Resident, Bushire, 3 December 1915; IOR/R/15/5/59: Translation of letter from Ruler of Kuwait to Lord Hardinge, 23 March 1916; IOR/R/15/5/59: Letter from Viceroy to Ruler of Kuwait, 26 February 1916; IOR/R/15/5/19: Shaikh Salim as Subah, Ruler of Kuwait to Political Agent, Kuwait 9 February 1917; IOR/R/15/1/513: Letter from Viceroy and Governor-General of India to Shaikh Salim as Subah, 28 February, 1917.

<sup>29</sup> IOR/R/15/5/102: Political Agent, Kuwait to Civil Commissioner, Baghdad, 19 September 1918, p. 1.

<sup>30</sup> *Ibid.*, p. 2.

<sup>31</sup> IOR/R/15/5/94: Political Agent, Kuwait to Civil Commissioner, Baghdad, 28 August 1920.

<sup>32</sup> 'Administration Report of the Persian Gulf for the Year 1918', pp. 58-61, in *The Persian Gulf Administration Reports, vol. VII*.

<sup>33</sup> IOR/R/15/5/25: Political Agent, Bahrain to Civil Commissioner, Baghdad, 6 April 1920; IOR/R/15/5/25: Political Agent, Bahrain to Civil Commissioner, Baghdad, 21 April 1920; for more details of problems between Ibn Saud and Salim also see Khazaal, 1962: 189, vol 4; Al-Rushaid, 1978: 244.

Were it not for British intervention, it is arguable that Kuwait would have not made it.

Salim soon died on February 22, 1921. Reflecting on his reign, the *Political Agent* wrote that Salim “was almost entirely to blame for his quarrel with Ibn Sa’ud and all the sorrow that it brought Kuwait, and in short he did nearly as much harm to the State, as his father had done good. He died suddenly... to the undisguised joy of nearly all his subjects”.<sup>34</sup>

One important result of Salim’s rule was that it sparked the beginnings of a politically conscious reform movement in the country. Before his death, the *Political Agent* reported that he believed “much revolutionary talk” was “going on, all wanting to be rid of Salim”, and a majority favoring Ahmad as successor.<sup>35</sup> In fact, several people approached the American Mission doctor for private advice as to the possibility of getting Salim deposed.<sup>36</sup> The situation was grave enough for the *Agent* to have thought that it was “quite probable” that Hamad Al Sagar, the influential merchant who “had a very bitter hatred against the late Shaikh Salim on account of the needless wars he had inflicted upon Kuwait...would have brought about a revolution before long if Shaikh Salim had not died when he did – he had already sounded the Political Agent as to the possibility petitioning Government to depose him”.<sup>37</sup> Likewise, noted Laithwaite in 1928, “it would appear that a coup d’etat was more than a possibility had not the Sheikh died at a critical period of the Koweit-Nejd boundary negotiations on 23<sup>rd</sup> February 1921”.<sup>38</sup>

### **3.3.1. The Rise of Political Participation**

In this context, leading merchants initiated the first concerted effort in demanding political reform immediately after Salim’s burial. The *Political Agent* described the situation at the time as follows:

Immediately after the burial of Sheikh Salim which took place yesterday, a large number of leading inhabitant collected and decided

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<sup>34</sup> CO732/33/10: Note on the Principality of Kuwait prepared for Political Resident, Bushire by More, Political Agent, Kuwait, 1927, p. 3; also see Khazaal, 1962: 317, vol. 4.

<sup>35</sup> IOR/R/15/5/94: Telegram from Political Agent, Kuwait to Civil Commissioner, Baghdad, 28 August 1920.

<sup>36</sup> Ibid.

<sup>37</sup> CO732/33/10: Note on the Principality of Kuwait prepared for Political Resident, Bushire by More, Political Agent, Kuwait, 1927, p. 3.

<sup>38</sup> IOR/L/PS/18/B395: Koweit, 1908-1928 by Laithwaite, India Office, 1 October 1928, p. 13.

to stop any factious fighting among members of the Subah family or other troubles which might arise. They also decided on insisting on there being a Medglis, and that they would not accept another absolute ruler. This afternoon they proceeded to the palace and informed Abdulla, Hamad al Mubarak and others of the family that they were determined to have some say in affairs in future, and they are not going to be driven in to wars against their will as have been in the past. The al Subah apparently agreed to this.<sup>39</sup>

Then, they presented a document to the Al Sabah family in which they laid out their demands, including the formation of an elected Advisory Council over which the new Ruler, chosen out of the three candidates, would preside.<sup>40</sup> Ahmad Al Jabir arrived one month after Salim's burial, on March 24, 1921, and was accepted as Ruler only after reaching an agreement with the 'notables' of Kuwait whereby he had to form a council as a condition of his election to the position.

The council that was formed, however, did not function properly and died very quickly mainly as a result of internal disputes amongst its members. Although short lived, this council set a precedent, and opened the door for a new era of Kuwait's historical development in which *formal* participation in government was now part of the political conscience. Although the state of affairs went back to personal rule, a vibrant intellectual, cultural and political environment started to develop among the elite. In 1921, a new school was established with an aim to modernize Kuwait's education. The following year a public library was founded; the merchants also created a Literary Club in which numerous lively public events took place.

Importantly, in 1930, the Ruler accepted the merchants' request for an elected Municipality, which became very active in bringing about improvements to the Town. The Kuwait Administration Report for 1933 noted that "[t]he general improvement and high standard of cleanliness and sanitation which the Municipal authorities set themselves to bring about three years ago, has been maintained in remarkable fashion during 1933. Kuwait today is believed to be the cleanest Town in the whole of the Persian Gulf, and is well ahead of Basra and Mohammerah in this respect".<sup>41</sup>

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<sup>39</sup> IOR/R/15/1/513: Political Agent, Kuwait to High Commissioner, Baghdad, 24 February 1921.

<sup>40</sup> The three candidates were Hamad al Mubarak, Abdulla Al Salim, and Ahmad Al Jabir. See IOR/R/15/1/513: Telegram from High Commissioner, Baghdad to Secretary of State for India, 1 March 1921.

<sup>41</sup> 'Administration Report of the Persian Gulf for the Year 1933', p. 60, in *The Persian Gulf Administration Reports*, vol. IX.

Moreover, elections for a second council, the Education Council, took place in 1936, which aimed at modernizing and supervising education. In fact, this may be seen as the beginnings of public schooling in Kuwait. The budget allocated for the purposes of both the Municipality and the Education Council, it must be noted, was through an agreed increment added to the customs tax that was to be dedicated specifically for them.<sup>42</sup>

These were the first *elected* councils Kuwait had experienced, albeit elections limited to certain merchant families. They proved to be of great importance in creating the kind of political consciousness that eventually led to an effective reformist movement. They involved the merchants in the daily issues of the town, and placed them in a position where they had to deal, compete, and wrestle with entrenched interests and different power centers in Kuwait (Khaled Al Adsani, undated: 10). Ultimately, leading members of these councils clashed with the Ruler. In protest over certain decisions by the latter, they decided to resign from all official posts they had held, and eventually began an effective campaign calling for more general and serious reforms (Khaled Al Adsani, undated: 18-20).

By March 1938, writings on the walls started to appear harshly attacking the Ruler and his administration.<sup>43</sup> These developments led to the brutal public flogging of Mohammad Al Barrak, member of the movement, only to increase tensions further. As the *Political Agent* noted, “[t]he dislike of the Ruler and his administration has crystallized in the last few days, as a result of flogging... of... al Barrak, guilty of anonymous wall writings, ante-autocratic propaganda and intrigues”.<sup>44</sup> These circumstances prompted the group of merchants to form a secret party that led a concerted and effective reformist campaign. Most important of the merchant’s demands was the formation of an elected legislative council (Khaled Al Adsani, undated: 25). This, they achieved.

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<sup>42</sup> The increments to the customs tax were agreed by the merchants. The merchants used the fact that the Ruler would not have to pay for such public services from the state budget already in his possession as a way to convince him to agree to setting up these councils (Khalid Al Adsani, undated: 15).

<sup>43</sup> This was believed to be a result of the Ruler’s ‘propaganda’, through an Italian radio station (Bari Radio Station), which broadcasted news about the ‘great conditions’ existing in Kuwait, sparking a sharp angry reaction. In fact, the writings on the wall followed a long and detailed article in an Iraqi newspaper, *Al Kifah*, responding to what were deemed fabrications and ‘lies’ by the station, and expressing great anger at this propaganda. See IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire, 4 March 1938.

<sup>44</sup> IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire, 19 March 1938.



### 3.3.2. Sources of Political Change

The strength and effectiveness of the merchants' campaign was a result of different factors. The first was regional. Most importantly, the developments in Iraq with the crowning of King Ghazi and his 'progressive' politics inspired many elements in Kuwait. The merchants involved, after all, were dedicated Arab Nationalists, and they have had for many years deep ties with Iraq.<sup>45</sup> Members of the movement visited Iraq, met officials and politicians, cultural societies *etc.*, and also campaigned for support. King Ghazi openly supported the movement, and the Iraq media played a crucial role in boosting the standing and morale of the merchants. Iraqi media was in fact the main outlet through which the Kuwaiti opposition could effectively voice their opinions.<sup>46</sup> The significance of the Iraqi position to the success of the merchants' campaign had led the *Political Agent* to comment: "What stands out is that Iraqi propaganda working on the minds of merchants and town youths of necessarily limited vision (many of whom have been in increasingly poor circumstances, owing to the Saudi Blockade and the drop in the pearl market) is mainly responsible for what occurred".<sup>47</sup>

The second important source of strength, as hinted above, was economic. Shortly after Ahmad assumed power, Ibn Saud imposed a crippling embargo on Kuwait, whereby none of the subjects under his control was to purchase anything from the country. This was due to disputes relating to customs. The embargo was maintained throughout the 1920s and 1930s, in what the Kuwait Administration Report for 1931 described as a "process of strangulation".<sup>48</sup> This, combined with a dampening pearl trade and a depressed world market towards the end of the 1920s, caused Kuwait's economy to suffer and eventually swirl down into a state poverty.

In fact, signs of the hard times were already being seen in the early 1920s. In 1926, for instance, pearl divers held a strike due to low advances by the merchants after "an extremely bad season in 1925".<sup>49</sup> The pearling season of 1926 "was quite one of the

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<sup>45</sup> Ibid. Many Kuwaiti merchants had for many decades vast areas of agricultural land in Southern Iraq and had therefore frequented the country on a regular basis.

<sup>46</sup> IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire, 19 March 1938.

<sup>47</sup> IOR/R/15/5/206: Political Agent, Kuwait to Political Resident, Bushire, 12 March 1939.

<sup>48</sup> 'Administration Report of the Persian Gulf for the Year 1931', p. 55, in *The Persian Gulf Administration Reports*, vol. IX.

<sup>49</sup> 'Administration Report of the Persian Gulf for 1926', p. 39, in *The Persian Gulf Administration*

worst on record”, and “the pearl market too is extraordinarily bad, and at the end of the year the biggest merchant in Kuwait had two years’ stock of pearls in hand”.<sup>50</sup> Although the problems were not acute, and although the pearl market improved in 1927 and 1928, the Kuwait economy soon crashed into a dire state of depression.

In 1931, the Kuwait Administration Report noted that the “closeness” of the Saudi blockade, “coupled with the complete failure of the 1931 Kuwait Pearl Season, for the third year in succession, has reduced Kuwait to... a state of poverty and economic distress”.<sup>51</sup> Revenues to the state were again “disastrous” for the country.<sup>52</sup> In 1935, it was reported that the pearling boats which went out to sea were about 250, a marked contrast from about 750 “in the hey day of pearling in the years just after the Great War of 1914-1918”.<sup>53</sup>

A depressed pearl market, Kuwait’s major industry, naturally had spill-over effects onto other sectors of the economy that were “sympathetically affected” by its prosperity, such as boat-building, sail-making, and manufacture of shark’s oil.<sup>54</sup> This also applied to “a dozen other industries such as rope making, copper nail manufacture, and the import of wood, spars, *etc...*”.<sup>55</sup>

For instance, in 1934, the boat building industry remained stagnant “almost entirely due to the continued depression in the pearl trade”.<sup>56</sup> Out of some 700 boats able to go to sea, only 277 were reported to have actually gone to the banks.<sup>57</sup> Likewise, in 1935 the boat building industry was still being reported to have “remained very low owing to the slump in the pearl market and resultant decrease in pearl diving”.<sup>58</sup>

The consequences of these economic conditions on the population were extremely

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*Reports, vol. VIII.*

<sup>50</sup> Ibid.

<sup>51</sup> ‘Administration Report of the Persian Gulf for the Year 1931’, p. 55, in *The Persian Gulf Administration Reports, vol. IX.*

<sup>52</sup> Ibid. p.59.

<sup>53</sup> ‘Administration Report of the Persian Gulf for the Year 1935’, p. 48, in *The Persian Gulf Administration Reports, vol. IX.*

<sup>54</sup> ‘Administration Report of the Persian Gulf for the Year 1932’, p. 52, in *The Persian Gulf Administration Reports, vol. IX.*

<sup>55</sup> ‘Administration Report of the Persian Gulf for the Year 1933’, p. 61, in *The Persian Gulf Administration Reports, vol. IX.*

<sup>56</sup> ‘Administration Report of the Persian Gulf for the Year 1934’, p. 49, in *The Persian Gulf Administration Reports, vol. IX.*

<sup>57</sup> Ibid.

<sup>58</sup> ‘Administration Report of the Persian Gulf for the Year 1935’, p. 48, in *The Persian Gulf Administration Reports, vol. IX.*

painful. By 1932, a marked increase in the number of pearl bankruptcies were witnessed. The poorer classes of the population, however, were the hardest hit. "Among those," noted the Administration Report, "Bedouin elements as opposed to Townsmen who were immediately dependent on the prosperity of the Town, and who had usually provided about 30 per cent of the divers, the conditions were worse than the writer has even known them before. A few literally died from starvation, and with the general lowering of stamina all round tuberculosis to which the tribal man is particularly susceptible, made great inroads carrying off many".<sup>59</sup> Among the lower classes of the Townsmen, "[s]uffering and acute want... was a new and pathetic feature, and showed itself in the form of gangs of beggars, who began to roam the town".<sup>60</sup> Poverty continued to be "a feature of the Towns life" for some years.<sup>61</sup> These conditions, coupled with much corruption that was being witnessed, naturally fed the opposition movement with disgruntled supporters.

The third major source of the success of the opposition in achieving a legislative council was the role of the British. The British had realized the seriousness of the situation Kuwait was going through. The *Political Resident* described it as a "popular movement" against the Ruler's administration, indicating "a definite and general discontent" with his rule.<sup>62</sup> He later expressed his belief that "the movement against the Shaikh" was "overpowering, and a trial of strength between the popular party and the Ruler, in which the former were certain to have won...whether now or in the immediate future".<sup>63</sup>

The British therefore became concerned about the effects such a movement would have on their interests. They viewed the trouble as potentially having repercussions on their reputation and standing in other countries as well as in Kuwait. In fact, one of the main reasons for such concerns was the connection the merchants had with Iraq. For example, the *Political Agent* noted the following:

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<sup>59</sup> 'Administration Report of the Persian Gulf for the Year 1931', p. 66, in *The Persian Gulf Administration Reports, vol. IX*.

<sup>60</sup> 'Administration Report of the Persian Gulf for the Year 1932', p. 54, in *The Persian Gulf Administration Reports, vol. IX*.

<sup>61</sup> 'Administration Report of the Persian Gulf for the Year 1934', p. 49, in *The Persian Gulf Administration Reports, vol. IX*.

<sup>62</sup> IOR/R/15/5/205: Note by Sir Trenchard Fowle, 25 April 1938, p. 2..

<sup>63</sup> IOR/R/15/5/205: Political Resident, Bushire to Peel, India Office, 18 July 1938.

There is already an influential group inclined towards progressiveness as represented in Iraq, if not to Iraqi government. And it is relevant to say that two of the leading Kuwaiti families, owning large estates in Iraq, have, I hear, recently come to some sort of understanding with the Iraq government about their nationality, and that of their children, in order to safeguard their property, in the protection of which they had, as Kuwaitis found themselves at a disadvantage.<sup>64</sup>

Thus, as Peel of the India Office suggested, “[t]here is a risk that if we do nothing to remove existing grievances some of the malcontents will look increasingly to Iraq for sympathy and encouragement to the detriment of our position in Koweit”.<sup>65</sup> Likewise, the *Political Agent* wrote,

I think to be considered whether silence and inaction on the part of His Britannic Majesty’s Government will not be considered, in and outside Kuwait, as tantamount to an abdication of our especial position, and encourage Iraq and the pro Iraq party in Kuwait, to such an extent that we should in face of public opinion soon be unable to maintain our especial position.<sup>66</sup>

Moreover, in a letter to the *Political Agent* ordering oral representation to be made to the Ruler along its lines, the *Resident* noted that the British Government “cannot be indifferent to serious incidents occurring in that State since owing to their special relations with its Ruler, they are in some measure held responsible by the public opinion of other countries for the way in which such incidents are dealt with (the Ruler will doubtless understand this important point)”.<sup>67</sup>

Therefore, the *Agent*, with instructions from the *Resident* and in the name of the British Government, met with the Ruler to explain the position of the British. The *Agent* first criticized the treatment of Al Barrak, speaking “firmly” that “there was to be no repetition of this kind of beating to extract information”.<sup>68</sup> More importantly, because “[e]xperience has shown that the best way to deal with such movements is not mere repression which cannot be continued indefinitely as the movement gets stronger”, the *Agent* suggested to the Ruler that “any new democratic movement should be drawn by him into useful channels” of activity, and that he must “associate”

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<sup>64</sup> IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire, 19 March 1938, p. 1.

<sup>65</sup> IOR/R/15/5/205: Peel, India Office to Beggalay, Foreign Office, 11 May 1938, pp. 1-2.

<sup>66</sup> IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire, 19 March 1938, p. 2.

<sup>67</sup> IOR/R/15/5/205: Note by Sir Trenchard Fowle, 25 April 1938.

<sup>68</sup> IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire 13 June 1938, p. 1.

himself more both with his family and people in administration.<sup>69</sup>

To place further pressure, and to turn the general ideas suggested by the *Agent* into specific actions, the *Resident* subsequently wrote the Ruler the following:

The most important part of this [Agent and Ruler's] conversation was the advice which Captain Degaury gave to your Highness on behalf of His Majesty's Government that you might associate yourself more both with your family and with your people in your administration.... It seems to me personally that Your Highness might carry this advice into effect by the formation of a Council such as your grandfather, the Great Shaikh Mubarak, used to have.<sup>70</sup> I understood that this Council was formed of some members of the Subah Family and some of the heads of the leading families in Kuwait...<sup>71</sup>

The position of the British was leaked to the merchants, who in turn seized this golden opportunity to come out and press the Ruler directly for the formation of a council (Khaled Al Adsani, undated: 26).<sup>72</sup> In a matter of few days, three leading merchants presented a letter to the Ruler reminding him that his selection as Ruler was "consequent on his agreeing to be advised by a Council" and asking for a legislative one to be formed (Khaled Al Adsani, undated: 27).<sup>73</sup>

It must also be noted here that Abdulla Al Salim, the second most influential member of the Ruler family and next Ruler, supported this movement. In fact, even before the merchants met the Ruler, Abdulla called on the *Political Agent* and brought him a copy of the original agreement whereby Ahmad had to form a council as a condition of his election. He repeated to the *Agent* that "that an indecisive policy would be dangerous and that underground agitation was not lessening".<sup>74</sup> Abdulla, believed the *Agent*, foresaw that the "agitation may turn not only against Sheikh Ahmed but

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<sup>69</sup> IOR/R/15/5/205: Political Resident, Bushire to Shaikh Ahmed al Jabir as Subah, Ruler of Kuwait, 18 June 1938, p. 1; IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire 13 June 1938, p. 2. The Agent complained about the attitude of the Ruler:

The suggestion that any new democratic movement should be drawn by him into useful channels seemed to be beyond his comprehension, and I believe that it is. A movement of this kind is, in his view, to be suppressed firmly and I doubt if even a lengthy explanation would convince him of the soundness of any other policy. Such understanding as he has acquired of political forms, has, I fear, long ago ranged him on the side of dictators.

<sup>70</sup> It is not clear what was exactly meant by Mubarak's Council as there was no formal one. However, what is clear, as the documents later reveal, is that the British had wanted an 'advisory' council rather than a 'legislative' one.

<sup>71</sup> IOR/R/15/5/205: Political Resident, Bushire to Ruler of Kuwait, 18 June 1938, p. 1.

<sup>72</sup> IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire, 6 July 1938.

<sup>73</sup> IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire 29 June 1938.

<sup>74</sup> IOR/R/15/5/205: Political Agent, Kuwait to Fowle, Political Resident, Bushire, 24 June 1948.

against the whole Ruling family”.<sup>75</sup> He was, in the words of the *Resident*, “shrewd enough to trim his sails to the rising wind”.<sup>76</sup>

In addition, other members of the ruling family had at the time been very dissatisfied with the Ruler due to his ‘stinginess’. As the *Political Agent* noted,

...the Subah family are intensely dissatisfied with tiny allowances which the Sheikh gives them – in some cases as little as that received by an Agency Farrash – and they have in this the sympathy of the notables, since the Sheikh allocated to the State or Municipality for public services extremely little of his income, which is identical with that of the State. He has saved a very large sum and bought estates abroad, and his parsimony is a by-word in Kuwait.<sup>77</sup>

Succumbing to all the pressure, the Ruler agreed to a council, and elections amongst certain leading families of Kuwait were held.<sup>78</sup> The results were overwhelmingly in favor of the opposition, who right away chose their ally, Abdulla Al Salim, as the Council’s President. The Ruler was then pressed into signing a law governing the powers of the Council (Khaled Al Adsani, undated: 32). This law gave it extensive legislative powers, basically stripping away all authority from the Shaikh in all areas of government.<sup>79</sup>

### 3.3.4. The Council and the Shift in the Sources of Power

The Council commenced its work very actively. It appointed from amongst its

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<sup>75</sup> Ibid.

<sup>76</sup> IOR/R/15/5/205: Political Resident, Bushire to Peel, India Office, 18 July 1938.

<sup>77</sup> IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire, 19 March 1938. Farrash means servant.

<sup>78</sup> IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire, 6 July 1938. Reflecting on the Council’s formation, the Agent noted the following:

Had formation of the Council been postponed, and not advocated by you, feeling without any doubt, would have grown, and grown rapidly, until at last there had come a serious flare-up, in which, I think, it is quite possible that the Sheikh would have lost his life. Before that point had been reached the agitators would have become deeply involved in Iraq, where they would have been offered, advice and hope...As it is, while there are no doubt still difficulties to be faced, and a small rightly nominated Council might have been preferred, at least the change in the form of local government has, I am happy to say, occurred without the firing of a shot, or even the sending of a telegram...

<sup>79</sup> Describing the events in relation to the powers of the Council, the *Political Agent* wrote:

The President [of the Council] had taken the declaration [the functions of the new Kuwait Council] to His Highness earlier on the morning of the 9<sup>th</sup>, but as Shaikh Abdulla as-Salim, the President, explained to the Council, on his return to them, His Highness had broken down so completely in the face of this document, which takes away from him the control of the State’s income, that he deferred signature for a few hours (IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire, 12 July 1938).

members ministers of Finance, Defense, and Works. Among other achievements, it eradicated many taxes and duties, cancelled several monopolies, some of which were held by the ruling family, and dismissed many officials deemed corrupt. Expectedly, therefore, the Council very soon clashed with entrenched interests; most significant of all was the Ruler's Secretary, who had continued his efforts to undermine the Council even after its formation (Khaled Al Adsani, undated: 43-48).<sup>80</sup>

The members were determined to get rid of him, and the Ruler eventually bowed to pressure. The Secretary was sent on long leave and left to Iraq.<sup>81</sup> The incident, however, led to an even bigger rift between the Ruler and the Council members. As the *Political Agent* put it, "any genuine rapprochement between the Sheikh and Council... seems very far off, if not quite impossible".<sup>82</sup> There was also growing opposition from certain sectors of the population, such as the Ruling family members; tribesmen; the Shias, who were not represented in the Council, and who felt, with good reason, discriminated against; and those who had lost the privileges they had enjoyed prior to the Council's existence.<sup>83</sup>

The Ruler, encouraged by and encouraging such opposition, decided to dissolve the Council and call for new and wider elections. The British, for their part, did not object. They had expressed their annoyance with the Council's actions, particularly regarding the fact that it had taken control over the arms reserves, which was "undesirable" as gave it "far too much power".<sup>84</sup> Moreover, the *Resident* described the "Majlis" as having been "corrupted", as "at least half of the population of Kuwait must be against them".<sup>85</sup> He concluded that the Shaikh, who had "continually" expressed "dissatisfaction with the Council, should dissolve the present Council if he wishes to do so... That some 20,000 Kuwaitis, a third of the Kuwait population has in

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<sup>80</sup> IOR/R/15/5/205: Political Agent, Kuwait to Fowle, Political Resident, Bushire, 9 August 1938; IOR/R/15/5/205: Political Agent, Kuwait to Officiating Political Resident, Bahrain, 17 August 1938.

<sup>81</sup> IOR/R/15/5/205: Political Agent, Kuwait to Officiating Political Resident, Bahrain, 17 August 1938; IOR/R/15/5/205: Political Agent, Kuwait to Officiating Political Resident, Bahrain, 16 August 1938.

<sup>82</sup> IOR/R/15/5/205: Political Agent, Kuwait to Officiating Political Resident, Bahrain, 17 August 1938, p. 1.

<sup>83</sup> IOR/R/15/5/205: Sayid Jawad Salih Al-Musawi, Qadhi of Shi'as, Kuwait, to Political Agent, Kuwait, 1 October 1938; IOR/R/15/5/205: Political Resident, at Kuwait to Gibson, India Office, 19 October 1938; IOR/R/15/5/205: Note on situation in Kuwait prepared for Political Resident, 1 October 1938.

<sup>84</sup> IOR/R/15/5/205: Note on situation in Kuwait prepared for Political Resident, 1 October 1938, p. 2; IOR/R/15/5/206: Political Agent, Kuwait to Political Resident, Bushire, 22 December 1938, p. 5.

<sup>85</sup> IOR/R/15/5/205: Note on situation in Kuwait prepared for Political Resident, 1 October 1938, p. 2.

fear of the Council asked for foreign nationality is sufficient cause for the Sheikh to order dissolution”.<sup>86</sup>

Nevertheless, when the Ruler first told the *Agent* of his intention to dissolve the Council, the latter noted that they considered the matter internal. The *Agent*, however, warned the Ruler that if he decided to go ahead, “he should risk no failure” as “his position would be infinitely worse, and the prestige of the Subah might be irreparably damaged”.<sup>87</sup> As the situation got tenser, the Ruler repeatedly appealed to the *Agent* for help. While the British did not *actively* respond to the Rulers’ appeals, the latter was able to successfully dissolve the Council, and new elections with slightly wider representation were called.

Upon dissolving the first council, the *Political Agent* took the opportunity to “confirm and so keep [the Ruler] upto mark about the Arms Reserve remaining under close control; that there would be a new Council, and that he would retain a right of veto on the new Council’s decisions”.<sup>88</sup> “That accursed Council,” responded the Ruler, “has taught us a useful lesson”.<sup>89</sup>

Thus, consulting the British, the Ruler drafted a constitution that would basically take away the powers of the first Council and turn it into an advisory rather than executive one.<sup>90</sup> The British viewed the constitution as “reasonable” and “satisfactory”.<sup>91</sup> However, upon being handed this constitution, the Council firmly rejected it, holding on to their own version. Therefore, the Ruler decided, with British support, to dissolve the second Council and *nominate* a new one.<sup>92</sup> The affair ended in bloodshed. Two pro-Council members were killed and opposition members either fled the country or were thrown in prison. On March 12, 1939, an Advisory Council was formed by the

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<sup>86</sup> Ibid.

<sup>87</sup> IOR/R/15/5/206: Political Agent, Kuwait to Political Resident, Bushire, 22 December 1938, p. 1.

<sup>88</sup> In fact, this had been the original position of the British. They had never wanted a legislative Council but had advised the Ruler to have an ‘advisory council’. When the ruler disregarded the advice and had to yield to pressure for a executive assembly, the British for a time took a neutral, non-interference attitude, wanting to “maintain a measure of balance between the Shaikh and the Council of balance between the Shaikh and the Council” (See IOR/R/15/5/205: Political Resident, Bushire to Peel, India Office, 18 July 1938).

<sup>89</sup> IOR/R/15/5/206: Political Agent, Kuwait to Political Resident, Bushire, 22 December 1938, p. 4.

<sup>90</sup> IOR/R/15/5/206: Political Agent, Kuwait to Fowle, Political Resident, Bushire enclosing Ruler’s new draft Constitution, 19 February 1939.

<sup>91</sup> IOR/R/15/5/126: Political Resident, at Kuwait to Secretary of State for India, 27 February 1939; IOR/R/15/5/206: Draft Constitution enclosed in Political Agent, Kuwait to Fowle, Political Resident, Bushire, 19 February 1939.

<sup>92</sup> IOR/R/15/5/126: Political Resident, at Kuwait to Secretary of State for India, 27 February 1939.



Ruler consisting of 14 members: nine notables and the rest members of the Ruling Family.<sup>93</sup>

As seen, the major source of power in Kuwait, the British, had turned against the merchants' movement. In fact, the British soon aimed to restore the standing of the Ruler. As the *Political Agent* wrote, "I devoted such influence as I possessed to restoring the authority of the Shaikh, and to enabling him to regain the confidence of the people without alienating him from his Council though to some extent this involved influential men of the anti-Shaikh party...".<sup>94</sup> The British, through their officials, "made it abundantly clear that they regard the Shaikh of Kuwait as the sole source of authority within his State, thus correcting the almost disastrous impression allowed to gain prevalence at an unfortunate period of local history".<sup>95</sup>

Moreover, other sources that granted strength to the merchant movement also soon disappeared. Circumstances in Iraq, which was the biggest moral booster to the movement, suddenly changed.<sup>96</sup> The same year the Council was dissolved, King Ghazi died. In addition, the Iraq Prime Minister began suppressing pro-opposition broadcasts by the Iraqi media, which had been the merchant's most effective campaigning method. In his memoirs, Khaled Al Adsani, Secretary of the dissolved council, noted that this had had a most significant impact in breaking the morale of the movement (Khaled Al Adsani, undated: 125).

In addition, regional and international developments soon altered the economic ills Kuwait had faced. In this regard, the British and Ibn Saud came to realize the importance of lifting the blockade, which had undermined the Kuwaiti economy over the years. The *Political Agent*, noting his belief in the "economic basis for the Kuwait agitation against the Shaikh", insisted that "the removal of the Saudi Blockade will relieve matters, while on the contrary, its continuance will adversely affect the local political situation...even weeks and days are now important; important to us, and to

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<sup>93</sup> IOR/R/15/5/206: Political Agent, Kuwait to Political Resident, Bushire, 10 March 1939; Kuwait Intelligence Summary for the Period from 16<sup>th</sup> to 31<sup>st</sup> March, 1938, p. 2.

<sup>94</sup> IOR/R/15/5/206: Political Agent, Kuwait to Prior, Political Resident, at Kuwait, 19 November 1939.

<sup>95</sup> 'Administration Report of the Kuwait Political Agency for the Year 1944', p.2, in *The Persian Gulf Administration Reports*, vol. X.

<sup>96</sup> IOR/R/15/5/206: Political Agent, Kuwait to Prior, Political Resident, at Kuwait, 19 November 1939, p. 2.

many merchants, who are at the end of their financial tether...”.<sup>97</sup>

Ibn Saud, for his part, was alive to his own interests. In fact, right after the Ruler dissolved the first Council, Ibn Saud congratulated him and showed support, as the Saudi King “had regard askance the power of the Kuwait Council, since it was, he thought, ominous of encroaching, and uncontrolled, democracy in Arabia...”.<sup>98</sup> Therefore, Ibn Saud shifted his attitude towards the Ruler and Kuwait. He assured the British of “his desire for the maintenance of the Shaikh’s position and dignity”, and asked to hasten the conclusion of the Saudi-Kuwait Agreement.<sup>99</sup>

Indeed, a few months later, in 1940, the blockade was lifted, and “a rapid revival of trade followed”.<sup>100</sup> This, together with the start of the Second World War, boosted Kuwait’s economy not least by the use of local labor for the war effort (including building boats, reconstructing barges, *etc.*), and caused all classes to benefit.<sup>101</sup>

The political situation soon turned quiet. By 1941, the Kuwait Administration Report described the domestic scene as follows:

Kuwait politics have been remarkably quiet...The war brought prosperity to the Kuwait merchants and they have become more and more concerned with their own affairs and have taken less and less interested in the domestic politics of the house of Subah. This does not mean that the anti-Sheikh elements have been entirely idle, far from it, but it does mean that they have been unable to obtain any of the influential support so necessary to a successful opposition.<sup>102</sup>

Likewise, in 1942, there was no political activity worthy of mention. Money was plentiful, more than there had been in Kuwait for many years previously.<sup>103</sup> Trade was “remarkably good” and “the attention of the merchants has been engaged exclusively

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<sup>97</sup> IOR/R/15/5/206: Political Agent, Kuwait, to Political Resident, Bushire, 17 March 1939, p. 1-2.

<sup>98</sup> IOR/R/15/5/206: Political Agent, Kuwait to Political Resident, Bushire, 22 December 1938, p. 5.

<sup>99</sup> L/PS/12/3909: Fowle, Resident, to Peel, India Office, 23 January, 1939, p. 1-2.

<sup>100</sup> ‘Administration Report of the Persian Gulf for the Year 1940’, p. 28, in *The Persian Gulf Administration Reports*, vol. IX.

<sup>101</sup> ‘Administration Report of the Kuwaiti Political Agency for the Year 1942’, p.7, in *The Persian Gulf Administration Report* vol. X.

<sup>102</sup> ‘Administration Report of the Kuwaiti Political Agency for the Year 1941’, p.2, in *The Persian Gulf Administration Reports*, vol. X.

<sup>103</sup> ‘Administration Report of the Kuwaiti Political Agency for the Year 1942’, p.7, in *The Persian Gulf Administration Report* vol. X.

in their own affairs”.<sup>104</sup>

Regarding the nominated Advisory Council, it was reported to have “met at irregular intervals” with “their deliberations” causing “no stir”. “[I]t almost seems as if they had ceased, like so many democratic institutions, to carry any weight at all during the present days of war”.<sup>105</sup> By 1945, the year before the start of Kuwaiti oil production, the Administration Report commented that “‘Progressive’ elements appear to have been too pre-occupied with their own progress in profiteering to have had time for politics”.<sup>106</sup> In fact, the Council did not meet throughout that year, and it was even thought to have “passed away”.<sup>107</sup>

### 3.4. INTO THE OIL AGE

It was these circumstances that Kuwait was experiencing as it crossed the threshold of the oil age in 1946. The political and economic changes that took place had a huge impact on the way the state would eventually deal with the new era. While the political scene had soon turned quiet in the 1940s, the events of the 1930s, which resulted in the creation of a short-lived legislative council had lasting significance on post-oil development. Psychologically, the events ingrained the idea of formal participation in the Kuwaiti political conscience. “People have established that for good or evil”, noted the *Political Agent* in 1938, “there is to be a Council”.<sup>108</sup> The events also formed an inspiration to the next generations of reformist movements and elevated the respect these movements carried towards the merchants of Kuwait. The merchants are seen as pioneers in the struggle for democratic reform. In a sense, the movement of 1938 became legendary, and Kuwaitis still refer to it in their political rhetoric, as an example of sacrifice in the struggle for freedom. This is clearly reflected later when discussing post-oil political development.

Moreover, as mentioned, the movement of the 1930s expanded the role of the ‘state’ in providing public services, welfare or otherwise. This began with the elections of the Municipality and more significantly the Education Council of 1936, the functions

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<sup>104</sup> Ibid., p. 4.

<sup>105</sup> Ibid., p. 5.

<sup>106</sup> ‘Administration Report of the Kuwait Political Agency for the Year 1945’, p.2, in *The Persian Gulf Administration Reports*, vol. X.

<sup>107</sup> Ibid.

<sup>108</sup> IOR/R/15/5/206: Political Agent, Kuwait to Political Resident, Bushire, 22 December 1938, p. 5.

of which were later entrusted to the Education Department under the Legislative Council. This, as discussed later, formalized the states' role in providing free education.

However, on a more fundamental level, one of the most important and ironic ramifications of the experiences of the Legislative Council was that it prompted the Ruler to involve ruling family members in the affairs of state. Prior to the Council, ruling family members were generally not allowed to take any part in Administrative affairs, and were kept in the background socially.<sup>109</sup> In fact, just prior to the events of 1938, a report on the Administration of Kuwait described the concentration of administrative authority as “[t]he most remarkable feature of the administration”.<sup>110</sup>

However, prompted by the events of 1938, the Sabah family took up “superior posts in all departments of the Government, including security, sea and shore police, the control of the arms reserve, the City Police, etc.”.<sup>111</sup> This marked an ‘official’ diffusion of power amongst the Al Sabah, taking a more complete form after the dissolution of the Council in 1939, and proving to have lasting effects on the political and economic development of post-oil Kuwait. With the coming of oil revenues, the central authority that Kuwait had been accustomed to faded away even further. Each *shaikh*, with huge amounts of funds, created an ‘empire’ over which he presided and started to act increasingly independently of any central authority. With time, the *shaikhs* became increasingly difficult to control, and this in turn undermined most efforts during the 1950s towards not only administrative efficiency but also political reform, giving rise to great discontent.

Indeed, the 1950s saw a rise in efforts for reform and calls for political participation, which naturally clashed with the *shaikhs* in power. By then, the Advisory Committee which was formed in 1939 and which “never functioned properly” had “died a natural death”.<sup>112</sup> However, in 1951, the first round of elections was held under the new Ruler, Abdulla Al Salim, to committees which under the *shaikhs*, administered the

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<sup>109</sup> IOR/R/15/5/206: Political Agent, Kuwait to Political Resident, Bushire, 6 January 193, p. 19.

<sup>110</sup> IOR/R/15/5/205: Administration of Kuwait, unsigned, 8 July 1938, p. 1.

<sup>111</sup> IOR/R/15/5/206: Political Agent, Kuwait to Political Resident, Bushire, 6 January 1939 p. 1; Kuwait Intelligence Summary for the Period 16<sup>th</sup> to 31<sup>st</sup> December 1938, p. 2, in *Political Diaries of the Persian Gulf*, vol. 13, p. 232.

<sup>112</sup> FO371/91334: Political Agent, Kuwait to Rupert Hay, Political Resident, Bahrain, 21 April 1951.

various departments of government.<sup>113</sup> Due to clashes with the *shaikhs*, particularly Fahad, the elected members resigned. Again in 1954, another round of elections took place, and the elected members of the various committees handed a petition to the Ruler demanding reforms and a consultative council to help administer the country. These attempts also failed, as members of the ruling family “apparently showed themselves opposed to any reduction in their personal power”.<sup>114</sup> Instead, the Ruler disappointed the merchants and formed what was known as the Higher Executive Committee (HEC). It consisted of three young sheikhs and three pro-Sabah citizens. While the HEC was created in light of the growing criticism regarding the inefficiency of the Government, it fell way short of meeting the people’s demands for more representative rule, and therefore prompted another round of resignations from the elected committees.

However, even this conservative body failed and reached a state of paralysis, due to the refusal by senior *shaikhs* heading government departments of any interference in their territory, even by other ruling family members. The Committee, as the Resident noted, had “its instructions contemptuously ignored by Shiakh Abdullah al Mubarak”, and “[w]hen Shaikh Fahad returned from Europe at the end of 1954 he reversed many of the decisions which the Committee had made relating to the development programme and other matters”.<sup>115</sup> Thus, “[a]fter several attempts to obtain the Ruler’s support the Committee elapsed into ineffectiveness and the Shaikhly members ceased attending”.<sup>116</sup>

However, “conscious of growing popular criticism”, the Ruler set up in its place what was known as the Supreme Council. It consisted of the Shaikhs formerly sitting on the HEC and senior Shaikhs who headed the governmental departments.<sup>117</sup> This “was an expedient devised by the Ruler to co-ordinate the views and activities of the various *shaikhly* heads of departments rather than an attempt to broaden the basis of the Administration”.<sup>118</sup>

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<sup>113</sup> FO371/98323: Kuwait Administration Report for 1951, p.4.

<sup>114</sup> FO371/109810: Logan, Kuwait to Eden, Secretary of State for Foreign Affairs, 26 July 1954, p. 1-2.

<sup>115</sup> FO371/114576: Political Resident’s Annual Report for the year 1954, April 15, 1955, p. 4;

FO371/120540: Political Resident’s Annual Report for the year 1955, May 7, 1956, p. 2.

<sup>116</sup> FO371/120540 Political Resident’s Annual Report for the year 1955, May 7, 1956, p.2.

<sup>117</sup> Ibid.

<sup>118</sup> FO371/126869: Political Resident’s Annual Review for 1956, April 15, 1957, p. 4.

Meanwhile, the demands for representative government did not cease, and renewed calls for reform and elected representative bodies were witnessed throughout the coming years. It was in 1958, however, that the final attempt for representative rule, prior to the elections of the Constituent Assembly of 1961, was made. It was described as follows:

After the complicated negotiations between citizens and sheikhs...56 citizens originally nominated by the family as a council became a sort of steering committee whose task it was to elect from amongst themselves and from outside 500 persons who would form an “electoral College”. This college was duly constituted and met on the evening of March 28 to elect 56 council members. The names of the 56, together with a further 18 persons who are to be regarded as “alternative” candidates (i.e. available in case of resignations, deaths and so on) have been published in local newspapers which have generally welcomed this, at least as a first step on the road to a representative government.<sup>119</sup>

However, again, this attempt failed, as the Ruler “struck out two of the names put forward...and the rest of the members had thereupon declined to sit”.<sup>120</sup>

As a result of these developments, the reformist movement began demanding for more fundamental changes. As the *Resident* noted, “an appeal began to be voiced in the press for a single council, elected by one free popular vote...”.<sup>121</sup> ‘Al Fajr’, a newspaper representing the movement, now “rejects all idea of a compromise solution”, noted the *Resident*, “even were the Supreme Council willing to accept one, of the problem of the proposed governmental councils or committees...and re-affirms that nothing but free popular elections will satisfy the will of the people. Thus the Ruler’s...deletion of two of the 56 names submitted for his approval in April is made the pretext for nullifying the whole issue”.<sup>122</sup>

The public pronouncements of the reformist movement’s radicalized views reached their heights in 1959, as opposition leader Al Qatami finally called for the end of the “tribal system of government” and demanded a proper system of popular democratic

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<sup>119</sup> Persian Gulf Monthly Report for the period April 2 to April 29 1958, p.1, in *Political Diaries of the Persian Gulf*, vol. 20, p. 615. The elected members were to sit on the various departmental committees.

<sup>120</sup> Persian Gulf Monthly Report for the period April 30 to June 2, 1958, p.1, in *Political Diaries of the Persian Gulf*, vol. 20, p. 629.

<sup>121</sup> Annex to Kuwait Diary No.5 Covering the Period April 29-May 18, 1958, p. 2, in *Political Diaries of the Persian Gulf*, vol. 20, p. 636.

<sup>122</sup> Confidential Annex to Kuwait Diary No.6 Covering the Period May 19 to June 19, 1958, p. 1, in *Political Diaries of the Persian Gulf*, vol. 20, p. 655.

rule. While this prompted a swift backlash by the Ruler leading him to ban all forms of public freedoms, he was very soon pushed to call for the election of a Constituent Assembly to draw a modern constitution for the country in 1961. As discussed in detail later, while this constitution was clearly a major step in the democratization process, the important point here is that the peculiar system of government it adopted was a direct consequence of the position of the Al Sabah in government posts, which was prompted by the developments of the 1930s. In sum, understanding the history of Kuwait prior to oil it is of great importance to make sense of many of the developments that took place after it.

### **3.5. CONCLUSION**

The chapter attempted to provide a background to the political and economic development of Kuwait. Examining the major events that took place during the pre-oil period highlighted the different factors that shaped the social and political dynamics of the era. While the structure of the pearling and seafaring economy had played a huge role in influencing the balance of power within society, it is clear from the discussion that such a structure is insufficient in explaining the characteristics of the system of rule or the development and effectiveness of reformist pressures.

As seen, the expression of discontent by the merchants in 1910 took a completely different form than it did in the 1930s. Unlike the 1930s, the discontent did not produce a concerted effort or significant pressure for political reform, nor was it intended to. In addition, both the events of 1910 and the 1930s indicate that prior to oil, Kuwait was an autocracy despite the fact that the merchants controlled most of the country's wealth. While the events of the 1930s are indeed significant, the whole episode of 'democratic' governance lasted less than a year. The first Legislative Council was elected on the 28<sup>th</sup> of June 1938, and was dissolved by the end of December, less than six months later. The second Legislative Council never really functioned, and its members either fled or were imprisoned upon it being dissolved. Thus, it is a sobering fact that the rule of an elected council was less than six months out of *decades* of autocracy, instituted *at least* since 1886, when Mubarak murdered his brothers and assumed power.

Furthermore, it is even arguable that the very creation of the Legislative Council with the extensive powers it possessed was *avoidable* but not for the way in which the Ruler had dealt with the demands of the merchants. This view was certainly held by the British. As was discussed earlier, the British had tried to convince the Ruler to set up an advisory council to contain the agitation. This he ignored. The *Agent* and *Resident* therefore blamed the Ruler for the resulting situation in which the Council was able to strip him from his powers. They believed that this had happened as a result of the Ruler's stubbornness and 'obstinacy'.<sup>123</sup> As the *Resident* wrote reflecting on the situation:

The difference that in Kuwait the powers of the Council have been so extensive, and reduced to writing, is entirely due to the gross stupidity – I can use no milder term – of the Shaikh. Even after he had agreed to the Council as elected, the Shaikh persevered in futile intrigues to undermine the Council, which merely served to exacerbate both of them, and public opinion generally.<sup>124</sup>

The point here is to highlight the fact that although the merchants possessed much of Kuwait's wealth, and although people, including the merchants themselves, paid taxes, this situation did not translate into increased political participation in government nor was it sufficient to produce calls for such participation. As seen, unlike the situation in 1910, there were many factors influencing the development of a reformist movement in the 1930s such as certain 'progressive' regional currents with their significant effect on the educated merchant youth of Kuwait.

Therefore, the stress on economic structure to explain political development, reflected in notions such as 'no taxation without democratization', seems to be very much narrow. Not only are such notions insufficient in explaining the development of demands for change and indeed change itself, in Kuwait's experience, they also become of low value as the country's post-oil democratization clearly demonstrates. This is discussed in detail later. However, before doing so, the next chapter examines the British role in the post-oil development of Kuwait. As seen in this chapter, the British had a great influence on the affairs of Kuwait, and with the coming of oil, Britain tried to further this influence as its interests became increasingly at stake. While the rentier state literature ignores such a role in post-oil development, it is the

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<sup>123</sup> IOR/R/15/5/205: Political Agent, Kuwait to Political Resident, Bushire, 6 July 1938, p. 4.

<sup>124</sup> IOR/R/15/5/205: Political Resident, Bushire to Peel, India Office, 18 July 1938, p. 5.



aim of the next chapter to understand the extent and kind of British influence on the transformation of Kuwait into a rentier state.

## **CHAPTER 4**

### **ESTABLISHING RESPONSIBILITY FOR DEVELOPMENT: THE STRUGGLE FOR POWER AND THE LIMITS OF BRITISH INFLUENCE**

#### **4.1. INTRODUCTION**

There is no way of fully understanding the economic and political development of Kuwait without looking at British influence. This influence is sometimes exaggerated, particularly by Kuwaiti political circles that had perceived Britain (and indeed the oil company) as having dominant power over the affairs of state. However, in the rentier state literature, the role of Britain and its influence are often completely ignored. The reason may largely lie in the fact that the rise of the literature was a consequence of the oil boom of the 1970s. Thus, much of the studies begin with that era i.e. *after* the British decolonized the region. However, the importance of understanding the British role in the transformation of Kuwait into a rentier state stems from the fact that this process had taken place during the period in which Kuwait was under British Protection. As suggested in the previous chapter, this had given Britain great influence not only on Kuwait's international affairs, but also on its domestic politics.

The aim of this chapter is therefore to analyze the extent of this influence on the decision-making process during the formation years of the 1950s. The chapter concludes that while the British had played a very influential role in the shaping of the political economy adopted by the Kuwaiti government, their influence was in no way commanding, and ultimate responsibility lies primarily on the Kuwaitis themselves.

#### **4.2. THE BRITISH BEFORE THE OIL BOOM OF 1951**

Although oil royalties started to pour into Kuwait in 1936, it was not until 1946 that oil was produced and commercially exploited due to the advent of the Second World War. Throughout the 1940s, elaborate ideas of how Kuwait should utilize these royalties were starting to be discussed amongst British officials.

There were three dominant themes in the discussions regarding the problems Kuwait potentially faced, and the way in which oil wealth ought to be handled. Concerns mainly focused on the following inter-related problems: (a) lack of proper administration and budgeting; (b) lack of a development plan; and (c) the need to make Kuwaitis feel they are benefiting from the new-found wealth in order to avoid the dangers of social upheaval.

In 1940, for instance, the *Political Resident* noted that with its vast royalties, the “State has to emerge from its position of being really a private estate, and the only way he [the Ruler] will command the public confidence will be by framing some sort of budget, so that the public, even if they don’t see it, will know that they are getting a square deal”.<sup>1</sup> The concern was that the Ruler had no scheme whereby Kuwaitis would receive benefits from the increase in wealth. “Unless he does something”, warned the *Political Agent* in 1940, “he is only storing up trouble for himself and his family”.<sup>2</sup> The *Resident* agreed, noting,

though at the moment there is no agitation in Kuwait ... it will sure come as the news spreads that very large sums are being received, and that he [the Ruler] would be well advised to meet it in advance by earmarking a substantial proportion for public purposes ... and if he does not take the hint we must observe loudly from time to time ‘you are warned’<sup>3</sup>

Proposals to this end were already being put forward to the Ruler. For example, the *Political Agent* asked the Ruler in 1940 to “consider instituting some work which would demonstrate openly his interest in the public welfare”, such as medical facilities and starting a technical college.<sup>4</sup>

The concern for social welfare to avoid social tensions and danger in general resonated throughout the next period. In 1949, Burrows told the Ruler that “the presence of large sums of money in a small State like Kuwait in the midst of a world racked by poverty and insecurity would give rise to an increasing volume of criticism

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<sup>1</sup> IOR/R/15/1/545: Political Resident, Bushire to Galloway, Political Agent, Kuwait, 25 April 1940, p.

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<sup>2</sup> IOR/R/15/1/545: Political Agent, Kuwait to Political Resident, Bushire, 18 April 1940, pp. 1-2.

<sup>3</sup> IOR/R/15/1/545: Political Resident, Bushire to Galloway, Political Agent, Kuwait, 25 April 1940, p.

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<sup>4</sup> IOR/R/15/1/545: Political Agent, Kuwait to Political Resident, Bushire, 20 June 1940, p. 1.

and jealousy from His Highness' neighbors and others".<sup>5</sup> The only way to avoid that would be to show that the Ruler "was making exemplary use of his money on social and other services designed to better the lot of the ordinary man".<sup>6</sup> Here, the fear of Communism was among British concerns. Oil money was seen as an effective tool to fight it off. As Burrows pointed out to the Ruler, fighting communism effectively would require "social reform designed to remove conditions of poverty, squalor, and inequality of opportunity in which Communism had been found to take root most easily".<sup>7</sup>

As oil revenues started to increase, there was a growing realization of the pressing need for a proper development plan. In 1946, the *Political Resident* suggested to the *Shaikh* that "in view of the greatly increased revenue the State was now expecting to receive the time had come to put its finances on a proper footing".<sup>8</sup> In 1947, Hallows, of the Commonwealth Relations Office wrote, "we agree ... that a Development Scheme is necessary in order that the State should obtain the maximum benefit from oil payments in the fields of improved administration, public amenities and services and other benefits".<sup>9</sup> Likewise, Donaldson wrote to the *Political Resident* that, as oil royalties are estimated to continue to rise to substantial proportions, "it seems clearly desirable that a large proportion of these revenues should be 'ploughed back' into the State to provide for improved administration, public amenities and services, and other benefits".<sup>10</sup>

One of the first suggestions made to the Ruler was to set aside funds for investment as reserves. This idea was repeatedly put forward throughout the 1940s. As early as 1940, the British suggested that in order to avoid criticism, a budget should be devised whereby, as in Bahrain, the *Shaikh* would only retain one third of the royalties, while the rest would be split between a reserve fund and public welfare. The *Political Resident* suggested that "[a]t least one-third of the money should be placed to Reserve, in some reliable bank in India and England, and not ... in a bank in

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<sup>5</sup> IOR/R/15/5/213: Note on Burrow's interview with Ahmad al Jabir, Ruler of Kuwait, on 14 May 1949, p. 3.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid., p. 1.

<sup>8</sup> FO371/52247: Hay, Political Resident, Bahrain to Secretary of State for India, 7 July 1946, p. 1.

<sup>9</sup> FO371/61414: Hallows, Commonwealth Relations Office, to Pyman, Foreign Office, 13 October 1947, p. 1.

<sup>10</sup> IOR/R/15/5/213: Donaldson to Hay, Political Resident, Bahrain, 27 October 1947, p. 1.

Kuwait”.<sup>11</sup> Likewise, in 1946, the *Resident* pointed out to the *Shaikh* that “surplus funds belonging to the State should be invested and not left idle”.<sup>12</sup> In 1949, Burrows told the *Shaikh* that “it was the feeling of the Foreign Office that expenditure of capital and income should be planned over a number of years and reserves accumulated in such a way that, if the price of oil were to fall or any other circumstance arise to limit His Highness’ income, the standards of administration at that time attained could be maintained out of income from reserve funds”.<sup>13</sup>

An impediment towards realizing these goals was that there was no one from the *Shaikh*’s family or indeed Kuwait who was capable of handling and administering such a task. The Ruler acknowledged this fact too.<sup>14</sup> Thus, the British realized that their interests were increasingly at stake in light of the situation. In 1948, Burrows wrote the *Political Resident* that “there is no doubt that with the expansion of oil interests the deficiencies of the State administration will become both more apparent and more the object of criticism inside and outside the State” against both the *Shaikh* and Britain. “The overriding consideration ... is the need for efficient administration”.<sup>15</sup>

The British consequently increased their pressure on the *Shaikh* to appoint a British financial advisor. “It would seem ... that without the assistance of a competent Financial Advisor of integrity and experience, the Koweit Government might find it difficult or impossible” to undertake a development scheme successfully, Hallows wrote the Foreign Office.<sup>16</sup> There was “a serious risk”, he stressed, “that disastrous consequences might follow from this sudden acquisition of wealth, should the Sheikh remain without help and guidance of a capable administrator possessing a good knowledge of Finance”.<sup>17</sup>

Expressing similar concerns, Donaldson asserted that it might be impossible for the

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<sup>11</sup> IOR/R/15/1/545: Political Resident, Bushire to Galloway, Political Agent, Kuwait 25 April 1940, p. 2.

<sup>12</sup> FO371/52247: Hay, Political Resident, Bahrain to Secretary of State for India, 7 July 1946, p. 1.

<sup>13</sup> IOR/R/15/5/213: Note on Burrow’s interview with Shaikh Ahmad al Jabir, Ruler of Kuwait on 14 May 1949, p. 2. These suggestions were in fact taken up later as will be discussed later.

<sup>14</sup> FO371/52247: Hay, Political Resident, Bahrain to Secretary of State for India, 7 July 1946.

<sup>15</sup> FO371/68347: Burrows, Foreign Office to Political Resident, Bahrain, 9 December 1948.

<sup>16</sup> FO371/61414: Hallows, Commonwealth Relations Office, to Pyman, Foreign Office, 13 October 1947, p. 1.

<sup>17</sup> Ibid.

Kuwaiti Government to successfully undertake required large-scale development “without the guidance of a capable administrator possessing a sound knowledge of finance”.<sup>18</sup> “Further”, he noted, “the disastrous consequences which might ensue from this sudden acquisition of wealth, should the Shaikh remain without the assistance of an advisor of integrity and experience are obvious”.<sup>19</sup>

Donaldson pointed out other considerations that highlight the importance of appointing financial advisor. For example, it was seen important to avoid “maladministration, especially corrupt or wasteful practices, which might lead to a revival of agitation against the Shaikh, and perhaps the activities of communist agents in the territories”.<sup>20</sup> Also, “the influx of foreign labour on a large scale may demand a substantial improvement in some branches of the administration...”.<sup>21</sup>

Notwithstanding such pressure, *Shaikh* Ahmad did not appoint a financial advisor throughout his reign, and the administration continued to be conducted on primitive lines.<sup>22</sup> Such unprofessional line of governance did not give much confidence that the handling of the post-oil Kuwaiti economy will have a robust foundation. The following sections, hence, explore the issues further.

#### **4.3. THE REAL TRANSFORMATION AND THE ‘NEW CONCEPTION’ OF BRITISH INVOLVEMENT**

It could be argued that it was not until 1951 that the real transformation of Kuwait actually began. With a new Emir, Abdulla Al Salem, inaugurated in February 1950, Kuwait began to see a huge and unprecedented surge in its oil revenues (see El Mallakh, 1966: 426). A combination of two events contributed to this increase. First was the conclusion of what became known as the ‘50-50 agreement’ between the Kuwaiti government and the Kuwait Oil Company (KOC), according to which profits were split equally between the two parties. Second was an expansion of Kuwaiti oil production to offset the loss of Iranian oil as a result of its nationalization by the Musaddeq government in May of 1951. As the Administration Report for 1951 noted,

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<sup>18</sup> IOR/R/15/5/213: Donaldson to Hay, Political Resident, Bahrain, 27 October 1947, p. 1.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.; also see FO371/74935: Political Resident’s ‘Annual Report’ for 1948, January 1949 p. 1.

<sup>22</sup> FO371/74935: Political Resident’s ‘Annual Report’ for 1948, January 1949, p. 1.

In April the Kuwait Oil Company broke three of its own previous records. For the first time it produced over half a million barrels of oil in a day, exported two million tons (roughly seven barrels to a ton) of crude oil in a month and drilled a well in 24.8 days. As Abadan production fell, that of Kuwait grew. In June it was over 600,000 barrels per day, in August, 700,000 and in December, 800,000. At the end of the year nearly 28 million tons had been exported as against 17 millions in the previous year.<sup>23</sup>

Kuwait, hence, suddenly assumed a new level of importance. As *The Times* correspondent wrote at the time, “Kuwait ... after some centuries of quiet existence as an Arab trading centre has suddenly emerged as the fifth oil-producing country of the world”; its oil deposits being “fabulously rich”, and with “their combination of great volume with easy production and ready access to the sea, they are probably unequalled ...”.<sup>24</sup> The table below illustrates the huge rise in Kuwait’s oil production and revenues during the period.

**Table 4.1.: Growth of Oil Production and Revenues 1946-1965**

Year	Crude Oil Production		Government Oil Revenues	
	Million US Barrels	Annual Increase %	Million \$US	Annual Increase %
1946	5.9		0.76	
1947	16.2	174.58	2.07	172.37
1948	46.5	187.04	5.95	187.44
1949	89.9	93.33	11.52	93.61
1950	125.7	39.82	16.09	39.67
1951	204.9	63.01	18	11.87
1952	273.4	33.43	57	216.67
1953	314.6	15.07	169	196.49
1954	349.7	11.16	194.2	14.91
1955	402.7	15.16	281.7	45.06

Source: Khoja and Sadler 1979, 26

To the British, Kuwait’s newly acquired importance cannot have been overstated. In 1953, a letter from the Prime Minister’s Office noted the following:

During the last three years Kuwait has become of prime

<sup>23</sup> FO371/98323: Kuwait Administration Report for 1951, p.5.

<sup>24</sup> Quoted in Ibid. Also see Monroe, 1954: 275.

importance to the United Kingdom and to the sterling area as a whole. It is now a major source of oil supplies and an important element in our balance of payments. The expenditure of its large sterling revenue unless properly directed is capable of inflicting the most serious damage on the sterling area.<sup>25</sup>

The British interests in Kuwait were diverse. However, for the purpose of this chapter, it is important to distinguish the interests that are relevant to Kuwaiti oil policy and revenue utilization. In 1955, these specific interests were spelled out by the *Political Agent* in the following order:

Firstly, an unbroken supply of oil. Secondly, that the payment for oil remains in sterling, and that as much of this sterling as possible is either channeled back by expenditure on sterling area goods and services, or invested in sterling securities. Thirdly, the encouragement of British commercial enterprise in Kuwait.<sup>26</sup>

Apart from these, the *Agent* also pointed out that the British government “accepted a moral responsibility for seeing that a reasonable standard of administration and good order is maintained in Kuwait, and that the wealth of the State is in general used to the benefit of its people”.<sup>27</sup> These combined aims are reflected in a Brief prepared for Churchill’s meeting with the Ruler in 1953:

Her Majesty’s objectives in Kuwait are, in order of importance:- (a) to maintain our position and influence; (b) to ensure that her investment and as much as possible of Kuwait’s expenditure takes place in the Sterling Area and that other expenditure does not harm the Sterling Area; (c) to ensure that Kuwait’s wealth is wisely used and that the benefits from it are genuinely shared by all the people of Kuwait; (d) to secure as much of Kuwait’s trade as possible for British firms...<sup>28</sup>

The Foreign Office also added that the British Government should ensure the following:

(i) the continued reliance of Kuwait on British industry; (ii) that the rate of expenditure by Kuwait is kept at a rate which does not impose undue demands on our own economy, or on our ability to take advantage of opportunities elsewhere; (iii) that any investment made by Kuwait outside its own borders shall be in accordance with the

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<sup>25</sup> FO371/104272: Office of Winston Churchill to Pelly, Political Agent, Kuwait copied to Political Resident, 25 July 1953.

<sup>26</sup> FO371/114588: Confidential annex to Kuwait Diary No 9 by Political Agent, Kuwait, covering period 31 August to 25 September 1955, p. 3.

<sup>27</sup> Ibid.

<sup>28</sup> FO371/104327: Brief for British Prime Minister with two annexes, May 1953.



general interest of the Sterling Area...<sup>29</sup>

To achieve these interests and to avoid potentially significant harm on Britain, it was concluded that the British “can no longer afford to confine themselves to the role authorized by the treaties and agreements in force and sanctioned by usage but must also interest themselves in all matters which affect the political and economic stability of Kuwait or which may affect interests of the United Kingdom in the widest sense”.<sup>30</sup> This was called a *new conception* of the role of Britain in Kuwait – it required “a change in the nature of the advice to be tendered to the Ruler and in the channels through which that advice is communicated”.<sup>31</sup> In sum, British declared policy, noted the Foreign Office, was “to increase our [British] influence in the internal affairs of Kuwait, in order to achieve a closer hold over our [British] moral and material interests...”<sup>32</sup>

#### 4.4. ATTEMPTS TO GAIN INFLUENCE

The first way in which the British attempted to gain influence was by trying to ensure the appointment of a British Senior Advisor with executive authority to handle the affairs of the state. These attempts were made before oil. After oil, however, they gained increased importance. In fact, even before assuming formal power, the British pressed Abdulla Al Salem to accept a British Advisor.<sup>33</sup> However, the British soon suggested the appointment of ‘experts’, since an ‘advisor’ was clearly unacceptable to the Ruler, and political difficulties may arise if they pressed further.<sup>34</sup> In fact, attached to the letter of recognition of Abdulla Al Salem by Britain was a note from the *Political Agent*. In it, under instructions from the British Government, the *Agent* wrote that the increase in Kuwait’s population and revenues, and the need to utilize

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<sup>29</sup> FO371/104326: Note on British interests vis a vis Kuwait, unsigned, 30 March 1953.

<sup>30</sup> FO371/104272: Office of Winston Churchill to Pelly, Political Agent, Kuwait copied to Political Resident, 25 July 1953.

<sup>31</sup> Ibid.

<sup>32</sup> FO371/114588: Confidential annex to Kuwait Diary No 9 by Political Agent, Kuwait, covering period 31 August to 25 September 1955, p. 3.

<sup>33</sup> Resident’s Summary of Events during February 1950, p. 4, in *Political Diaries of the Persian Gulf*, vol. 18, p. 548; in fact, there was even discussion amongst British officials that recognition of Abdulla Al Salim should be conditional upon his acceptance of such an advisor; however, this condition was never officially put forward.

<sup>34</sup> The Ruler successfully resisted appointing a senior advisor despite continued pressures on him by the British to do so in the years to come, including pressure by Churchill himself. Caught between such British pressure and difficulties arising from ruling family members’ behavior, the Ruler had threatened to abdicate.

these revenues in a best way possible, “involves new and heavy burdens on an administration that is untrained to face such complex problems”; therefore, the British Government considers that the Ruler “should not hesitate to accept the technical assistance that their experience of these problems can afford ... His Majesty’s Government accordingly looks to the early appointment of suitable trained experts...”<sup>35</sup>

The Ruler assured the British that any experts he may engage would be from Britain, but said he needed six months to think about the matter. Indeed, in October, “without further prompting”, he “spontaneously” agreed to employ British experts in Finance and Customs.<sup>36</sup> As a result, in 1951, Colonel Crichton and Roper were appointed to take over the Finance and Customs departments respectively.<sup>37</sup> In the same year, Crichton, who became the ‘Controller of Finance’, gained the consent of the Ruler to appoint a British State Engineer.<sup>38</sup> Thus, in January 1952, General Hasted arrived in Kuwait, and was named the ‘Controller of Development’.<sup>39</sup>

Therefore, there were now “two channels” through which the British Government “exercised persuasion”, noted a Foreign Office Brief to the British Prime Minister: the first was “through the relations of confidence existing between her Majesty’s representatives in the Persian Gulf and the Ruler”, and the second was “through two British advisers employed by the Ruler, Colonel Crichton, employed at the head of the Finance Department and General Hasted, the State Engineer”.<sup>40</sup>

As to the former, the British considered different ways to strengthen official British Government representation in Kuwait. These included making Kuwait an independent post, not under the Political Residency in Bahrain, and reporting directly to the Foreign Office.<sup>41</sup> They also included moving the headquarters of British political

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<sup>35</sup> FO371/82029: Political Agent, Kuwait to Shaikh Abdullah as Salim, 20 February 1950.

<sup>36</sup> FO371/98352: appreciation of the situation in Kuwait, written by the Political Agent, 29 October 1952; FO371/91258: Kuwait Administration Report for 1950, February 14, 1951, p. 1.

<sup>37</sup> FO371/98323: Kuwait Administration Report for 1951, p. 4.

<sup>38</sup> Residency Summary of Events during November 1951, p. 6, in *Political Diaries of the Persian Gulf*, vol. 19, p. 156.

<sup>39</sup> Residency Summary of Events during January 1952, p. 7, in *Political Diaries of the Persian Gulf*, vol. 19, p. 191.

<sup>40</sup> FO371/104327: Annex B to Brief for the Prime Minister’s Meeting with Shaikh Abdulla Al Salim, May 1953, p. 1.

<sup>41</sup> FO 371/104270: Minute by Rose, Foreign Office, 18 March 1953, p. 2.

representation in the Persian Gulf to Kuwait.<sup>42</sup> For practical and other reasons, these ideas were dismissed.

In the end, the British Government moved to enhance the position of the *Political Agent* and “to bolster up his prestige” in order to make his influence in Kuwait more effective.<sup>43</sup> Because the British intended “to enlarge the range of subjects on which advice will be tendered to the Ruler of Kuwait”, noted Churchill to the *Political Agent*, and because they “cannot now disinterest themselves from such features of Kuwaiti’s internal affairs as may directly or indirectly affect their wider interests”, it was decided that his standing would be “enhanced by a higher grading and by appropriate additions to your [his] staff”.<sup>44</sup> “The prestige of the Political Agent in the eyes of the Ruler and of all persons with whom you will come into contact”, asserted Churchill, “will be further strengthened by the knowledge of the fact that in all matters you speak in the name of H.M.G.”.<sup>45</sup> Whereas in the past the *Agent* would receive instructions from and reported to the Residency, now, “[o]n matters relating to the internal affairs of Kuwait, particularly administration, finance, development and security”, he would receive instructions from and report to the Prime Minister, “direct”.<sup>46</sup> The message to the *Resident* and *Agent* was clear: “You [the Political Resident] and the Political Agent will rely on patient, firm and tactful pressure to secure the Ruler’s acceptance of the advice of H.M.G.”.<sup>47</sup>

The second British channel of influence, the advisors, should be scrutinized with caution. There seems to be a tendency in the literature, and indeed in Kuwaiti political circles, to view these advisors as British Government representatives. Indeed, the line between the two parties was sometimes blurred, as these experts were closely connected and in contact with British officials.

As reflected in the next section, however, it cannot be asserted that they were working for the British Government. They were ultimately employees of the Kuwaiti

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<sup>42</sup> FO 371/104272: Note on recommendations put forward to Political Agency, Kuwait by Southwell of Kuwait Oil Company, 1 April 1953.

<sup>43</sup> FO 371/104270: Minute by Rose, Foreign Office, 18 March 1953, p. 2.

<sup>44</sup> FO371/104272: Office of Winston Churchill to Pelly, Political Agent, Kuwait copied to Political Resident, 25 July 1953, p. 1

<sup>45</sup> Ibid.

<sup>46</sup> Ibid.

<sup>47</sup> Ibid.

government. Although they formed a “channel” by which the British government was able to “exercise persuasion”, they were “employed by the Ruler”, emphasized the Foreign Office, and were “in no way responsible to Her Majesty’s Government”.<sup>48</sup>

#### **4.5. THE ADVISORS AND ENTRENCHED POWERS**

As mentioned, the first British experts, Crichton and Roper, arrived in the summer of 1951 to take over the Finance and Customs departments. The main issue they confronted was an extremely primitive administration that must handle vast amounts of money. “After they had had time to look around both were appalled at the prospect of trying to introduce orderly administration”.<sup>49</sup> As a result, Crichton right away decided more British assistance had to be imported. In particular, Crichton wanted a state engineer, an assistant to his department, and a government auditor.<sup>50</sup> Thus, State Engineer Hasted later arrived and was appointed as Controller of Development.<sup>51</sup>

The advisers clashed almost immediately with entrenched powers in the Kuwaiti bureaucracy. Very early on, for instance, they had a problem with Abdulla Al Mulla, State Secretary and contractor. According to the British advisers, Al Mulla placed obstacles in the way of “any attempt at administrative reform”; he had a “parallel organisation” that they had to counteract.<sup>52</sup> Describing the situation, the Foreign Office wrote, “[t]he situation which is developing in Kuwait is not healthy. There is a great deal of money, no real financial control and too much power in the hands of Abdulla Mulla over whose actions Col. Crichton has no control”.<sup>53</sup> The British therefore became increasingly concerned, and viewed the matter as one of urgency:

In the first place the oil revenues of Kuwait are shortly to be increased from about 4.5 million in 1950 to about 60 million in 1952. In the second place it seems clear that unless a strong administration is built

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<sup>48</sup> FO371/104327: Annex B to Brief for the Prime Minister’s Meeting with Shaikh Abdulla Al Salim, May 1953, p. 2. The fact that these advisors were not working under the instructions of the British government manifested itself in diverse ways. For instance, there was at times no cohesiveness in the their actions, and there were sometimes “a marked divergence between them in the advice which they have given” (Ibid.). Their actions, moreover, ultimately clashed. In fact, some of the advice given by these advisers, particularly Hasted, was seen by British officials as even counter to British interests.

<sup>49</sup> FO371/98323: Kuwait Administration Report for 1951, p. 4.

<sup>50</sup> Ibid.

<sup>51</sup> Residency Summary of Events during January 1952, p. 7, in Political Diaries of the Persian Gulf, vol. 19, p. 191.

<sup>52</sup> FO371/91283: Minute by Rose on UK-Persian Gulf Relations, 24, September 1951, pp. 1-2.

<sup>53</sup> Ibid., p. 2.

up quickly in support of and under the control of Crichton he will find it progressively less easy to counteract the growing influence of Abdulla Mulla and his nominees...Thirdly, we get the impression that the Ruler is only too ready to divest himself of the responsibilities of administration and therefore unlikely to interfere in Crichton's interest unless prompted by us to do so.<sup>54</sup>

It was under this context that Crichton's idea of a Development Board "to supervise and coordinate development" was born.<sup>55</sup> The aim was clearly to increase the British advisors' influence over the development of Kuwait. As a Foreign Office document noted, the Development Board was "Col. Critchton's own solution to the problems...".<sup>56</sup> "In theory", its function would be to "provide local authority, in the person of the Chairman of the Board, for the considerable administrative changes which were going to be necessary; this would strengthen the hand of the British advisers in the face of Kuwaiti opposition and in particular that of Abdulla Mulla".<sup>57</sup> Thus, the Development Board was envisioned as "the only adequate counterbalance to the increasing power of Abdulla Mulla in the absence of any firm stand by the Ruler himself".<sup>58</sup>

The British Government supported the idea. "We feel it necessary", explained Pelly, "that some form of Board or Council is necessary in order to give Crichton and other British officials sufficient local support to overrule Abdulla Mulla, when the latter's activities come into conflict with Crichton's plans".<sup>59</sup> The British also "hoped that the association of leading Kuwaitis with economic development through such a Board would forestall future criticism of the employment of British advisers to control the State's finances".<sup>60</sup>

In 1951, Crichton suggested the establishment of such a Board to the Ruler. To this,

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<sup>54</sup> FO371/91283: Draft Letter from Sarell to Rupert Hay, Political Resident, Bahrain, 16 October 1951, pp. 1-2.

<sup>55</sup> FO371/98323: Political Resident's 'Annual Report' for 1951, 15 January 1952, p. 2; Residency Summary of Events during November 1951, p. 6, in Political Diaries of the Persian Gulf, vol. 19, p. 156.

<sup>56</sup> FO371/91283: Minute by Rose on UK-Persian Gulf Relations, 24, September 1951, p. 2.

<sup>57</sup> Ibid.

<sup>58</sup> Ibid.

<sup>59</sup> FO371/91283: Draft Letter from Sarell to Rupert Hay, Political Resident, Bahrain, 16 October 1951, p. 2.

<sup>60</sup> Ibid.

the Ruler agreed, and Hasted assumed its Chairmanship.<sup>61</sup> Along with Hasted as its Chair, this institution consisted of the Kuwaiti Directors of the Departments of Finance, Education, Municipality, Health, Public Works, and Muslim Endowments. In addition, its members included Addison (Chief Engineer of the Electricity Department), Halaby (Chief Engineer of the Public Works Department), McGregor from the Finance Department, and of course Crichton (the Controller of Finance). This original Board met from February 5<sup>th</sup> to April 16<sup>th</sup>. It was then reconstituted to include three members from the Municipality Committee, all prominent merchants: Elsadah Abdul Aziz Al Sagar, Abdulatif Thunayan, and Humood Al Zaid.<sup>62</sup> This reconstituted Board met from June 16<sup>th</sup> to November 1952 under the Chairmanship of Hasted. It was during this period that the main outlines of the Development Program were agreed. Moreover, contracts with Five British Companies, with local Kuwaiti partners, were signed, monopolizing the major development projects, and work began under the control of the 'State Development Department' with Hasted as its head.<sup>63</sup>

While the British were successful in creating the Development Board, there remained major impediments towards gaining greater influence over Kuwaiti affairs and achieving their wishes in certain administrative and financial reform. These impediments included Kuwaitis' firm resistance to foreign interference, and ruling family politics that prevented the Ruler from undertaking action against powerful family members who were clearly undermining efforts for such reforms.

While this issue will be discussed later, it is suffice to say here that the British advisers confronted ruling family members that were unwilling to have anyone overlook their spending. Fahad, the Ruler's half-brother, was the main target of

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<sup>61</sup> Residency Summary of Events during November 1951, p. 6, in *Political Diaries of the Persian Gulf*, vol. 19, p. 156; FO371/98323: Political Resident's 'Annual Report' for 1951, 15 January 1952, p. 2. The reason the Ruler agreed is not clear. In the 1951 Annual Report, it was believed that the Ruler "was endeavoring to shuffle off all responsibility for local administration" onto Crichton, whom he wished "to use as a sort of buffer between himself and his more powerful relations". His agreeing to the establishment of a Development Board may possibly be seen in these terms. In fact, initially the ruler also prevented ruling family members from attending its meetings (Residency Summary of Events during February 1952, p. 5, in *Political Diaries of the Persian Gulf*, vol. 19, p. 205. However, this is only subject to speculation.

<sup>62</sup> Churchill/HSTD 1/1: Minutes of the 12<sup>th</sup> Meeting of the Development Board, 16 June 1952, vol. I; FO371/109860: Report by Reilly on Development of Kuwait to July 1954, p. 13.

<sup>63</sup> FO371/109860: Report by Reilly on Development of Kuwait to July 1954, p. 13. The Development Board continued its job of supervising development throughout the decade.

concern at the time. His character and actions had caused resentment by both British and Kuwaiti members of the administration.<sup>64</sup> Fahad, who was at the time the head of the Municipality, Health and Public Works Departments (PWD), also started directly interfering in the work of the Development Board and preventing it from meeting.

The British became increasingly concerned as their interests were at stake. In May 1952, the *Political Agent* intervened. Although the Development Board was reconstituted under Hasted in June, Fahad continued to interfere.<sup>65</sup> Therefore, the British government decided to urge the Ruler to take action against Fahad, even suggesting his banishment from the country. In a note by the *Political Agent* suggesting the points to be made to the Ruler, he wrote,

Her Majesty's Government views with increasing concern the retention of the Sheikh Fahad in the Kuwait Administration. It is well known that he has disturbed the working of the Health Department as a result of which its Committee, which was doing valuable work, resigned. His preventing the Development Board from meeting by forbidding (as he has recently done) the three Directors of Health, the Municipality and Public Works Department from attending it, has hamstrung work in which Her Majesty's Government has a particular interest. His highly objectionable interference with the hospital staff brought them to the point of resignation. It is understood that similar activity on his part resulted in his dismissal or resignation from the Ministry of Health before the Ruler's visit to Baghdad but as he was reinstated immediately on his return it is clear that his merely leaving the Ministry is not the remedy, and it is therefore Her Majesty's Government's wish that he should be banished from the State of Kuwait for at least a year in order to allow...and orderly Government to proceed unimpeded...<sup>66</sup>

Indeed, in July, under instructions from the British Government, the *Political Resident* pressed the Ruler to: "(a) restrain Fahad;<sup>67</sup> (b) to employ an experienced British officer as Personal Assistant; and (c) to delegate sufficient authority to his Finance and Public Works Departments to enable them to function properly".<sup>68</sup>

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<sup>64</sup> Residency Summary of Events during April 1952, p. 6, in *Political Diaries of the Persian Gulf*, vol. 19, p. 242.

<sup>65</sup> Residency Summary of Events during June 1952, p. 4, in *Political Diaries of the Persian Gulf*, vol. 19, p. 270.

<sup>66</sup> FO371/98325: Telegram from Pelly, Political Agent, Kuwait to Foreign Office, 28 April 1952, pp. 1-2.

<sup>67</sup> Restraining him also meant the possibility of having him banished.

<sup>68</sup> Residency Summary of Events during July 1952, p. 4, in *Political Diaries of the Persian Gulf*, vol.

All these efforts, however, failed. By November 1952, it was clear that the Ruler would not take effective action against Fahad. The British advisers, therefore, decided to change their policy towards him. As the *Resident* noted, Crichton, Parry of the Health Department, and Hasted were all now trying to keep on good terms with him and make friends. Moreover, “[a]s, in his capacity as head of the Municipality and Public Health Department, he [Fahad] is in a position to interfere with all branches of development work, Crichton is in favour of making him Chairman of the Development Board. I have since heard that the Ruler has agreed to this”.<sup>69</sup> Indeed, on 24<sup>th</sup> November 1952, at their 43<sup>rd</sup> Meeting, *Shaikh* Fahad assumed the Presidency of the Development Board.<sup>70</sup>

#### 4.6. HASTED AND THE DECREASE IN BRITISH INFLUENCE

It soon became apparent that Hasted wanted to have almost total control and executive authority over development matters. When he arrived, Hasted’s position, and indeed that of the other advisers as well, was not clear to define. In 1953, the *Political Agent* described the situation as follows:

a year ago the Kuwait administration was about as organized as that of medieval England. There was no close definitive of functions and very little delegation of power. The introduction of British advisors into such a set-up was a step in the dark. No one knew how it would work out. It was impracticable, even if the Arab’s dislike for doing so could have been overcome, to define closely, a priori, the functions and powers of Hasted or of any of the new advisers. They had to establish their positions step by step.<sup>71</sup>

In this existing vague administrative situation, Hasted first attempted to get the Public Works Department under his control. “This the Ruler would not (repeat not) sanction”, stressed the *Political Agent*. “He thereupon went a long way towards creating a parallel executive organisation” which came to be known as the Development Department.<sup>72</sup> This Department was completely under his control, he brought in British engineers, and started working in parallel with the Public Works

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19, p. 290.

<sup>69</sup> Residency Summary of Events during November 1952, p. 4, in *Political Diaries of the Persian Gulf*, vol. 19, p. 361.

<sup>70</sup> Churchill/HSTD 1/1: Minutes of the 43<sup>rd</sup> Meeting of the Development Board, on 24 November 1952, vol. I.

<sup>71</sup> FO371/104326: Political Agent, Kuwait to Rose, Foreign Office, 14 April 1953, p. 1.

<sup>72</sup> FO371/104272: Telegram from Political Agent, Kuwait to Foreign Office 30 March 1953, p. 1.



Department.<sup>73</sup> Hasted also “maintained consistently, if not disingenuously”, that he had good hopes that his Department would absorb the PWD.<sup>74</sup>

In the meantime, his financial irresponsibility was starting to surface, and his department started quickly to distribute contracts on the basis of cost plus 15% to five British firms, known as the Big Five. The contracts, admits a Brief to the British Prime Minister, were “exceptionally favourable” to the contractors.<sup>75</sup> “There was virtually no restriction on the amount of the costs which these firms may incur, and no limit to the commitment of the Kuwait Government at the time when the projects are put in hand”.<sup>76</sup> It soon started to become evident that serious abuses were taking place, and that the cost of the projects were much higher than Hasted’s estimates, sometimes by as much as 200-300%.<sup>77</sup> As a result, the cost of many projects was trebled by architects and contractors.<sup>78</sup>

Hasted, in addition, continued to quote estimates “long after experience should have warned him that they were hopelessly wrong”.<sup>79</sup> As a consequence, the Kuwaitis were shocked and enraged. For instance, the 1954 Administration Report noted that “[t]he allocation in November, 1953, of new work in the school building programme on the basis of out of date estimates led to a shock for the Kuwaitis when actual costs became known and to charges of extravagance and deception against contractors”.<sup>80</sup> Although Reilly was not in doubt that Hasted had no deliberate intention to mislead Kuwaitis, he noted that it seemed as though “his desire to have his programme

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<sup>73</sup> FO371/104326: Political Agent, Kuwait to Rose, Foreign Office, 14 April 1953, p. 1.

<sup>74</sup> Ibid.

<sup>75</sup> FO371/104327: Annex B to Brief for the Prime Minister’s Meeting with Abdulla Al Salim, May 1953, p. 3.

<sup>76</sup> FO391/104326: Draft Paper on Kuwait for discussion at meeting at Foreign Office on 26 March 1953, pp. 1-2. However, it must be mentioned that there were advantages seen to the cost-plus and Big five system. As the *Economist* put it at the time, “it offered a guarantee of high quality in the way of workmanship and materials...it cause a boom in Kuwait bazaar because contractors who were not pinned to a price tended to buy their requirements there instead of seeking them in cheaper markets; and...it limited the influx of foreigners into a town that was... sadly short of accommodation” (*The Economist*, “Worries for Kuwait”, May 1, 1954, p. 384). For more on this also see Monroe, 1954: 276.

<sup>77</sup> FO371/109947: Note on Reilly’s report by Ewart-Biggs, 14 August 1954, p. 1.

<sup>78</sup> FO371/104450: Notes by Audsley, Development Division, British Middle East Office, Beirut, on a visit to Kuwait in April 1953, enclosed in Rapp, British Middle East Office, Beirut to Lord Marquess, July 22, 1953.

<sup>79</sup> FO371/109860: Report by Reilly on Development of Kuwait to July 1954, p. 18.

<sup>80</sup> FO371/114576: Political Resident’s Annual Report for 1954, April 15, 1955, p. 6.

accepted unconsciously influenced him in the direction of underestimating”.<sup>81</sup> Nevertheless, Reilly also noted an incident whereby Hasted continued to quote lower estimates although having been warned by the Technical Sub-Committee of the Development Board that they were wrong. This action “looked like a deliberate attempt to get more work for the British contractors by misrepresentation of the facts and has tended to shake faith in the objectivity of British advice”.<sup>82</sup>

The hope that with General Hasted’s arrival development would “be properly supervised and co-ordinated” were therefore thwarted.<sup>83</sup> Crichton, for his part, complained about “Hasted’s tendency to go ahead with schemes and incur expenditure without proper authority”, and bemoaned “alleged particular instances of financial irresponsibility and extravagance”.<sup>84</sup> The *Political Agent* viewed the issue in similar light. Hasted, he wrote, viewed the Development Scheme with “an almost fanatical enthusiasm”, and felt he had “a single mission to provide Kuwait with buildings, as many as possible and as large as possible in the shortest possible time”.<sup>85</sup> Suggestions that revenues should be set aside for other purposes were dismissed by him “to be no more than typical Treasury ‘fussing’ and in order to achieve what he regards as a noble end he is inclined to be careless as to the means employed”.<sup>86</sup>

The Ruler was naturally outraged, and for some time had even refused to see Hasted.<sup>87</sup> Moreover, opposition to Hasted grew among Kuwaitis “by their seeing five of their fellows drawing fat dividends from the cost plus 15% contracts without any risk”.<sup>88</sup> Reilly noted that “Kuwaitis were disturbed by the power and patronage which appeared to rest in General Hasted’s hands and were determined to curb it”.<sup>89</sup>

In March 1953, therefore, Fahad, in agreement with the Ruler, and “bending to the pressure of those Kuwaitis who were not sharing in the profits of the British contractors and irritated by General Hasted’s high pressure approach, appointed a

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<sup>81</sup> FO371/109860: Report by Reilly on Development of Kuwait to July 1954, p. 18.

<sup>82</sup> Ibid.

<sup>83</sup> FO371/98323: Political Resident’s ‘Annual Report’ for 1951, 15 January 1952, p. 2.

<sup>84</sup> FO371/104325: Hay, Political Resident, Bahrain to Secretary of State for Foreign Affairs, 19 March 1953; FO371/104340: Political Agent, Kuwait to Hay, Political Resident, Bahrain, 24 February 1953.

<sup>85</sup> FO371/104326: Pelly, Political Agent, Kuwait to Political Resident, Bahrain, 8 April 1953, p. 1.

<sup>86</sup> Ibid.

<sup>87</sup> Ibid.

<sup>88</sup> FO371/104327: Confidential Letter to London, 12 April 1953, p. 2.

<sup>89</sup> FO371/109860: Report by Reilly on Development of Kuwait to July 1954, p. 13.

Syrian, Majduddin Jabri ... to the post of Chief Engineer in the Public Works Department”.<sup>90</sup> The Ruler then engaged Crichton, as well as Izzat Jaafar, to negotiate between Jabri and Hasted as to their respective roles. It was agreed that Hasted “would hand over his executive staff to Jabri and confine himself to giving technical advice”.<sup>91</sup> “After considerable skirmishing between him and General Hasted and Colonel Crichton”, noted the 1953 Administrative Report, “Jabri emerged as, in practice, the head of the Public Works and Development Organisation, while General Hasted was relegated more and more to a technical advisory role”.<sup>92</sup> Therefore, Hasted did not have the authority anymore to “give an order for work to be done or incur any expenditure...”.<sup>93</sup>

Finally, in March 1953, it was ordered that Hasted’s Department be “assimilated in the P.W.D”, and “[t]he technicians who will work with Hasted will be reckoned as secretaries to him and will be considered P.W.D. employees just like any other P.W.D. officials”.<sup>94</sup> It was also ordered that the employment of British and other foreigners “be limited to technical grades which the Arab states cannot supply”.<sup>95</sup>

Reflecting on the developments, Crichton took the view that “Hasted was engaged as an advisor, not an executive. He should not have set up his own department, the State Development Department, in opposition to the P.W.D. He should have operated through the P.W.D. from the beginning”.<sup>96</sup> As the *Political Resident* noted, Crichton believed that the steps “will result in Hasted at last coming under financial control,

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<sup>90</sup> FO371/109805: Political Resident’s Annual Report for 1953, March 12 1954, p. 3-4.

<sup>91</sup> FO371/104272: Telegram from Political Agent, Kuwait to Foreign Office, 29 March 1953, p. 1.

<sup>92</sup> FO371/109805: Political Resident’s Annual Report for 1953, March 12 1954, p. 4.

<sup>93</sup> FO371/104327: Confidential Letter to London, 12 April 1953, p. 1.

<sup>94</sup> FO371/104326: Telegram to Shaikh Fahad unsigned, 31 March 1953.

<sup>95</sup> Churchill/HSTD 1/1: Memorandum to President of the Development Board presented in the Development Board on 31 March, 1953, in Minutes of Government of Kuwait Development Board, vol. I. Other orders included that “the present five companies should not be awarded any new contracts at 15 per cent; priority should be given to other Kuwaiti firms or mixed companies by competitive tenders of by special agreement adjudicated by the technical committees and approved by the Development Board”.

<sup>96</sup> FO371/104327: Confidential Letter to London, 12 April 1953, p. 3. Crichton also had a similar view towards his position with regards to the inefficient financial affairs of Kuwait. His views were described as follows:

...Kuwait and its money belongs to the Shaikh and his people. The Sheikh’s actions are governed by public opinion which eventually prevents things going too far. If the Kuwaitis want things to be run this way they have every right to do it. He could advise, but if his advice was not taken, there was nothing more he could do. He could give up the job, but that would not alter things.

that his patronage of five or six big British contractors and their local partner ... has created great opposition to him ... He urges that Hasted should try to work the new arrangement as soon as its implementation is agreed by Fahad. So do I ...".<sup>97</sup>

In fact Crichton openly stated his position to Hasted in a frank letter:

It has never been His Highness's intention, as far as I am aware, that you should have any executive authority; and indeed it is my personal belief that it is just because you got into a position, by the organization of the Development "Department", which enabled you to exercise a very large measure of executive authority and patronage that the Ruler was impelled by public opinion and the pressure of his family, notably Shaikh Fahad, to intervene personally in the matter. He has been noticeably ill at ease about your anomalous position for some time; and you are aware of the misgivings this has caused my in recent months. Frankly, as far as your personal position is concerned I do not see that any question of broken promises arises.<sup>98</sup>

Thus, Hasted's role as per these steps were "entirely in accord with His Highness the Ruler's policy of leaving the executive functions of Government to Kuwaiti Ministers and Committees and keeping his British advisers in the background for technical advice, and guidance".<sup>99</sup>

British officials were in fact understanding for similar and broader reasons. While the *Political Agent* admitted that he had found it "difficult to resist Hasted's argument that the Development Department should absorb the Public Works Department", he had turned against the idea after Crichton and Loombe exposed Hasted's "irresponsibility and extravagance in money matters".<sup>100</sup> He also thought that Hasted's actions together with some of the companies he brought in would do British interests major damage.<sup>101</sup> For example, one of these firms was described by the *Political Agent* as "one of those which has not [*sic*] been pilloried (and in its case perhaps with justification) for being here in order, with Hasted's help, to get everything possible out of Kuwait without caring much what they give in return...Given a free hand they would do our interests quite as much harm as any

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<sup>97</sup> FO371/104272: Political Agent, Kuwait to Foreign Office, 30 March 1953, pp. 1-2.

<sup>98</sup> FO371/104326: Letter from Crichton, to Hasted, 13 April, 1953, enclosed in Political Agent, Kuwait to Rose, Foreign Office, 14 April, 1953, pp. 1-2.

<sup>99</sup> Ibid.

<sup>100</sup> FO371/104326: Political Agent, Kuwait to Rose, Foreign Office 14 April 1953, p. 1.

<sup>101</sup> The fact that these events had harmed British reputation was generally acknowledged. See for example *The Economist*, "Worries for Kuwait", May 1, 1954, p. 384.

Syrian ...”.<sup>102</sup> At least one company, seeing its positions threatened, campaigned against the steps taken by the Kuwaitis against Hasted, and also tried to mislead the British Government into taking a firm stance by their side, to recall Crichton, and to support Hasted.<sup>103</sup> These efforts, however, were all but dismissed. “The spectacle of one’s own countrymen setting in motion a campaign of lies and slander because their greed has been baulked in a state under our protection”, complained the *Political Agent*, “is not a pleasant one; as seen from here at any rate, if the contractors and Hasted had their way, the investment arrangements [of surplus revenue] would have been made inoperative”.<sup>104</sup> In 1954, Hasted resigned.

While these events clearly reflect Kuwaitis’ firm refusal to be controlled by foreigners, they also show that attempts to gain such control only produced an opposite effect. Meanwhile, while Crichton and the British were understanding of Hasted’s demotion, the consequent rise of Fahad’s power rendered the position of Crichton himself increasingly weak. Fahad, with all his newly acquired powerful positions, was one of the two main Ministers who had throughout the years refused to submit any budgets and were known to be extravagant in their demands and spending (the other being Abdulla Mubarak). Now, he was in charge of the Health Department, Public Works Department, Municipality, and of Development. The situation was summed up as follows:

The result is that Shaikh Fahad’s power has been increased enormously. Until now he has been in control of the expenditure of the Health Department and the Municipality Department and has refused to submit any budgets or accept any control from the Finance Department. All the recent purchases of land at inflated prices were effected through the Municipality. Now all expenditure on development is to pass through the P.W.D. under his presidency.<sup>105</sup>

This, it was rightly feared, “opened up a new uncontrollable outlet for state money”, as it was “doubtful whether there will be any adequate financial check on him”.<sup>106</sup> Indeed, the subsequent years saw the problems only increase as budgetary control

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<sup>102</sup> FO371/104272: Political Agent, Kuwait to Foreign Office, 30 March 1953, p. 2.

<sup>103</sup> FO371/104272: Memorandum from Burton, John Howard & Co Ltd, to Peter Macdonald, 26 March 1953.

<sup>104</sup> FO371/104326: Political Agent, Kuwait to Rose, Foreign Office 14 April 1953, p. 2.

<sup>105</sup> FO371/104327: Confidential Letter to London, 12 April 1953, p. 2.

<sup>106</sup> Ibid; Residency Summary of Events during April 1953, p.5, in *Political Diaries of the Persian Gulf*, vol. 19, p. 439.

became almost impossible. As Reilly noted in 1956,

A large variety of new development works are under consideration...No attempt is being made to discuss with the Finance Department the phasing of this work so that heavy expenditure does not fall at the same time. The function of the Finance Department as a co-ordinator of the State's expenditure is being whittled away and the Department reduced to nothing more than an accounting section.<sup>107</sup>

In fact, Fahad subsequently added to his 'empire' the Administration and Housing Department and the Department of Telegraph and Telephone. In addition, he took over the responsibility for determining salary scales, terms of contracts of employment, and other administrative issues. Fahad's "untutored ebullience and lack of talent for administration", the 1956 Administration Report noted, "contributed in no small measure to the continuing lack of order in State development".<sup>108</sup> This increase in Fahad's power was described as "Shaikh Fahad's Increasing Stranglehold".<sup>109</sup>

By 1956, Reilly reported that Crichton was very depressed about the general state of affair in Kuwait. "The Finance Department is rapidly being deprived of those responsibilities which are hitherto exercised and its opportunity for exercising some kind of control and co-ordination is being whittled away".<sup>110</sup> The 1956 Administration Report asserted that Crichton had "never in fact been able to introduce those measures of financial orderliness and budgetary control which we had hoped would follow from his appointment and the failure of the Ruler to control the activities of the more powerful members of his family made Colonel Crichton's position increasingly difficult".<sup>111</sup> Thus, he too soon resigned.

#### **4.7. CONCEDED DEFEAT AND SHIFTING OBJECTIVES**

In light of the above, it is clear that while the British Government and advisors did have important influence on the policies undertaken in internal Kuwaiti development affairs. As shown in the next chapter, this influence included their key role in formulating the development schemes Kuwait adopted and articulating the ideas

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<sup>107</sup> FO1016/514: 'Shaikh Fahad's Increasing Stranglehold' by Reilly, 26 April 1956, p. 2.

<sup>108</sup> FO371/126869: Kuwait Annual Report for 1956, 20 February 1957, p. 4.

<sup>109</sup> FO1016/514: 'Shaikh Fahad's Increasing Stranglehold' by Reilly, 26 April 1956.

<sup>110</sup> Ibid., p. 1.

<sup>111</sup> FO371/126869: Kuwait Annual Report for 1956, 20 February 1957, p. 8.

behind them. However, as seen, their influence was in no way commanding, and as Hay wrote, the British experts engaged remained “in strict subordination to the Kuwait heads of departments” (Hay, 1955: 366).

British frustration to achieve increased control was apparent very early on in the development process. Describing the situation in 1953, a Brief to Churchill noted that the British had hoped that their representatives and the British advisers “would be able to establish an influence with the Ruler and Kuwaiti officials which would be sufficiently strong to enable them to exercise control over administration in the interests of Kuwait and the United Kingdom”.<sup>112</sup> After the Ruler rejected appointing a Senior British Adviser, noted the Brief, they had to rely on the two British advisers. However, their influence was “limited by the emergence of ‘nationalist’ elements in Kuwait”, led by Fahad, half-brother of the Ruler, “who, working upon the native pride and independence, are determined to keep executive control in Kuwaiti hands, resist any invasion by the British advisers into executive matter”.<sup>113</sup>

Towards the mid-1950s, the British decided to change the objectives embodied in what was called the ‘new conception’ of their role in Kuwait as mentioned above. In his Memorandum on Kuwait, Fry of the Foreign Office noted that the British government was “fully aware of Kuwait’s importance”, and that “their efforts to exert influence in the place have in fact been unremitting”.<sup>114</sup> However, the British had “no mandate to interfere directly in internal affairs, and the Ruler and his family resent interference”.<sup>115</sup> “There is nothing we can do”, he concluded, “that we are not already doing to get the administration improved, short of insisting on having our way to an extent which might involve the use of force...”<sup>116</sup>

Likewise, the *Political Agent* noted in 1954,

[while] it has been our declared policy over the past two years to increase our influence in the internal affairs of Kuwait, in order to achieve a closer hold over our moral and material interests, it has been equally the firm determination of the Ruler and his family to resist us

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<sup>112</sup> FO371/104327: Annex B to Brief for the Prime Minister’s Meeting with Abdulla Al Salim, May 1953, p. 3.

<sup>113</sup> Ibid

<sup>114</sup> FO371/114603: Memorandum on Kuwait by Fry, Foreign Office, 4 April 1955, p. 1.

<sup>115</sup> Ibid.

<sup>116</sup> Ibid.

in doing so; and the Ruler has in great part succeeded...I do not believe that we can afford to go any further than we have already gone without a revolutionary change of policy and without being prepared to take over, by force if necessary, a large measure of internal control.<sup>117</sup>

To use force or to exert even more pressure on the Ruler to increase British influence, however, was seen to be counterproductive to British interests, as “[i]ncreased pressure ... would lead either to his abdication, with all the potentially dangerous uncertainties which would inevitably follow, or to his altering for the worse his present attitude to us, unsatisfactory as in many ways it is”.<sup>118</sup> It may “result in so sharp a reaction on the Ruler’s part as would inevitably lead to a widening rather than a binding of the personal relationship between him and the Political Agent which...is one of the essentials to the stability of our position in Kuwait”.<sup>119</sup>

Moreover, these risks were seen as unnecessary to take, because the major British interests in Kuwait were under no threat, and neither was the Kuwaiti connection to Britain. “It has been a considerable achievement to keep our traditional position intact”, noted Fry, and “the Ruler shows no sign of wishing to forgo the British connexion”; moreover, “the Oil Company, which provides our main interest in Kuwait, is able to operate under stable conditions”.<sup>120</sup>

With this realization came a shift in objectives. As the 1954 Kuwait Administration Report stated,

The administration objectives with which we began the year in Kuwait, namely the establishment of a system of administration meeting something more like our own standards of efficiency, had to be modified as they were found to be unattainable, but it also became apparent that Kuwaiti methods were not necessarily so dangerous in themselves and did not necessarily involve any loosening of the basic ties between ourselves and Kuwait, nor any serious damage to the basic economic interests which we have in relation to the disposal of Kuwait’s revenue.<sup>121</sup>

To the same effect, the *Political Agent* noted,

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<sup>117</sup> FO371/114588: Confidential annex to Kuwait Diary No 9 by Political Agent, Kuwait, covering period 31 August to 25 September 1955.

<sup>118</sup> Ibid.

<sup>119</sup> Ibid.

<sup>120</sup> FO371/114603: Memorandum on Kuwait by Fry, Foreign Office, 4 April 1955, p. 1.

<sup>121</sup> FO371/114576: Political Resident’s Annual Report for 1954, April 15, 1955, p. 2.



I do not think that we can hope for anything striking in the way of an improvement in our position. It is in the present nature of things more defensive than offensive and for that reason if we are to maintain our major interests we may even have to surrender some that are of lesser importance...So long as our fundamental interests in oil and sterling are unaffected, we may have to be less worried about some of our moral responsibilities and accept the fact with Burke that 'it is no inconsiderable part of wisdom to know how much of an evil ought to be tolerated'<sup>122</sup>

The resultant position of the British in Kuwait by the mid-1950s was described as follows:

Kuwait's characteristic as an independent Arab city State has become even more marked and our ability to influence its development has become less, at any rate for the time being. Our trade has suffered some decrease which may be lasting. Our position has become more exclusively dependent on the traditional goodwill and self-interest of the *Shaikhs*.<sup>123</sup>

Thus, conceding defeat, the Annual Report of 1956 noted: "[t]he days when we could hope to be in a position to teach the Sabahs their business in internal affairs are ... past".<sup>124</sup>

#### 4.8. CONCLUSION

It is clear from examining the documents that the Kuwaitis were successful in resisting British attempts to gain control over the internal affairs of the state. However, the dynamics resulting from the ensuing struggle produced some of the most important institutions during the period. As seen, the Development Board, which was the very institution responsible for supervising and coordinating development throughout the 1950s, was itself created in the context of the British advisors' attempts to counter entrenched powers in the Kuwaiti government and gain more influence for themselves. Despite such attempts, however, control over development and ultimate decisions remained firmly in Kuwaiti hands. It is important to know this in order to appreciate how Kuwaitis were able to undertake certain economic policies despite numerous British objections as discussed in the next chapter. Indeed, it will be

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<sup>122</sup> FO371/114588: Confidential annex to Kuwait Diary No 9 by Political Agent, Kuwait, covering period 31 August to 25 September 1955.

<sup>123</sup> FO371/126869: Political Resident's Annual Review for 1956, April 1956, p. 4.

<sup>124</sup> FO371/126869: Kuwait Annual Report for 1956, 20 February 1957, p. 8.

apparent that the British had played a *primary* role in the creation of the Kuwaiti economic system as most of the adopted schemes, whether relating to internal development or external investments, were centered on British ideas and had taken into consideration British interests. Nevertheless, as demonstrated in this chapter, their influence was not commanding, and Kuwaitis were not *forced* to undertake policies they did not see fit. The next chapter turns the focus to the examination of the different dynamics underpinning the post-oil economic development of Kuwait.

## **CHAPTER 5**

### **THE DEVELOPMENT OF THE RENTIER ECONOMY**

#### **5.1. INTRODUCTION**

The arrival of enormous oil revenues instigated a rapid and fundamental transformation of Kuwait's economy. The primitive nature that had characterized hundreds of years of the country's pre-oil economy very soon became unrecognizable, and a full-fledged rentier economy emerged within an exceptionally short period of time. Indeed, within less than a decade, Kuwait's face had changed forever.

While the rentier state literature explains post-oil economic policy in terms of political utility, it is the aim of this chapter to examine, from primary documentation, the underlying ideas and reasoning behind the development schemes adopted by the Kuwaiti government with the objective of identifying the particularities of the Kuwaiti case. It is also the aim of this chapter to assess the outcomes of these schemes and to understand the kinds of problems that were faced in the process of implementation, as this will shed further light on the issues a primitive country faces in the advent of a sudden surge of revenues.

#### **5.2. APPROACHING 1950**

Kuwait started to witness a construction boom towards the end of the 1940s. In 1948, the situation was described as a "building craze".<sup>1</sup> By the end of that year, work was completed on different projects, including "[a] new Security Office, a new Head Office for the Education Department, a new reception room for the Sheikh at the Customs House Palace to replace the famous old room with its decoration of Victorian ladies covering the ceiling, [and] a Customs House...".<sup>2</sup> By the end of 1949, new schools, a modern hospital, and a wide thoroughfare from the customs pier

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<sup>1</sup> FO371/74935: Annual Administration Report of the Political Agency, Kuwait for the year 1948, February 1949, p. 1.

<sup>2</sup> Ibid.

to the main square in the town were built.<sup>3</sup> The 1949 Administration Report described the activity going on in Kuwait as follows:

The Kuwait Government continued its activities in an endeavor, in some way mis-placed, to create Modern Kuwait. The hospital was finished...a new police headquarters and barracks was started between the Naif gate and the main square, shining hangar-like erection appeared in the Customs are to supply much needed warehouse space, pedestals essential for the preservation of the traffic policemen from the Kuwaiti drivers were placed in the centre of the main road at every cross roads (thereby taking up more than half the available tarmac and forcing traffic to go off onto the side) a new street was pushed straight through the Suq from the main square down to the jetty. A new passport office was opened, and bright green and very badly printed Kuwaiti passports were made available to the public...A new Electricity A.C. service was put into operation in January, covering some three quarters of the town ...<sup>4</sup>

While such increased activity was being witnessed, it was, however, “haphazard and unplanned”.<sup>5</sup> As discussed in the next section, it was not until 1950/1951 that organized development began to take shape under the new Ruler, Abdulla Al Salim.

### **5.3. DEVELOPMENT SCHEMES AND THE ROOTS OF THE RENTIER STATE**

In 1950, Abdulla Al Salim appointed a British firm, Ewbank & Partners Limited, as Consultants for both a water distillation plant and water distribution. Moreover, in 1951, the private electricity company was nationalized, and a British Chief Electrical Engineer was appointed. More significantly, in October, the British firm Messrs Minoprio and Spenceley presented a master plan for Kuwait Town.<sup>6</sup> This plan was the basis on which all future town development was based. In addition, in February 1952, Hasted presented the Ruler with a ‘Preliminary Report on Development of Kuwait State’, which he had prepared after studying the problems of Kuwait and having “some idea of the conditions existing in the area and the feeling of the people”.<sup>7</sup>

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<sup>3</sup> FO371/82003: Political Resident’s Annual Report for 1949, January 31, 1950, p. 2.

<sup>4</sup> FO371/82003: Kuwait Annual Report for 1949, pp. 1-2.

<sup>5</sup> Ibid. p.2.

<sup>6</sup> FO371/109860: Report by Reilly on Development of Kuwait to July 1954, p. 13.

<sup>7</sup> FO1016/217: Preliminary Report on Development of Kuwait State presented to Ruler of Kuwait, February 1952, p 1.

According to the report, it was based on the Ruler's wish to have "the finest city in the Middle East and the happiest state".<sup>8</sup> The report's recommendations are discussed here, as it carries many of the core ideas behind the development program that was eventually adopted.

The report emphasized that achieving the Ruler's wishes "cannot be fulfilled merely by the provision of housing, water, electric power, hospitals, schools, etc. alone".<sup>9</sup> "Happiness and content in a world equipped with modern amenities and an assured living", read the report, "depends on a man's ability to exercise his creative talent, to find interest in his craft, his commerce, his agriculture, and above all, his ability to make a contribution towards the welfare of his fellow men".<sup>10</sup> "To provide these interests", the report asserted, "a State must rest on a sound economic and commercial basis and give as well as housing and amenities, good and cheap food and interests to vitalise its people".<sup>11</sup>

The report recognized and sought to build on the nature of the pre-oil economy and the traditional economic leanings and strengths of the Kuwaitis. It contended that Kuwaitis were "a vital, shrewd and happy people just because they have had their traditional interests in commerce, and trading by sea and in the past had to work hard and share and share alike to win their living".<sup>12</sup> However, "[w]ith the coming of increased wealth", it noted, "additional interests must be provided to absorb their creative ability, and opportunities given for the expansion of commercial and agricultural enterprise side by side with reasonable prices for staple commodities".<sup>13</sup> "These opportunities and this stability", emphasized the report, "can only be given by giving to the State the necessities of modern commerce, modern aerodrome, and good roads and modern trading facilities such as good warehouses, shops, and the encouraging of local industry".<sup>14</sup> Therefore, the issues facing Kuwait were recognized to be "much wider than those of re-planning a town", as "[f]ull consideration must ... be given to all the aspects of development and it must be carried out as one whole

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<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

plan, housing, commerce and welfare all together, not piecemeal”.<sup>15</sup>

In this context, the stated object of development was two-fold:

- (i) To build the finest town in the Middle East, with the best living conditions for all classes of people.
- (ii) To develop *pari-passu* the commercial interests, economy, agriculture and administration of the State so that its future prosperity may rest on firm foundations.<sup>16</sup>

In terms of the implementation of the plan, the general principle agreed was that as much work as possible would be carried out by Kuwaiti contractors, and all stores would be obtained through Kuwaiti merchants by competitive tender. Moreover, work was to be apportioned in a way in which all contractors big or small would get some share according to their capabilities. If work needed to be undertaken by expensive machinery to save labor, the state would purchase this machinery, and training teams from England would be brought in with it to train Kuwaitis on its use. Contractors could thereafter hire these machines and trained operators, and the same would apply to work-shops.<sup>17</sup> In the placing of contracts, the stated objective was that works would be efficiently carried out, and that as many Kuwaitis as possible would share in the profits of development contracts. Thus, the requirement of the Kuwaiti government was that all foreign contractors were to have a Kuwaiti partner on a sharing basis.<sup>18</sup> “These methods”, contended the report, “will spread the profits over all people in Kuwait and keep the money in circulation in the State. The only outside expenditure will be for articles not obtainable or for which no factory can be built in Kuwait”.<sup>19</sup>

Government intervention in the economy to control prices was seen as necessary, as there was a marked rise in prices at the time. Indeed, stabilization of the prices of basic commodities was seen as urgent and essential for the success of the plan “in obtaining the best value for the money expended and to keep the lower paid workers

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<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid., p. 5

<sup>18</sup> Churchill/HSTD 1/1: Memorandum titled ‘Appreciation of Contract Situation in Kuwait’, p. 2, Presented by Hasted to Development Board on 9 July 1953, in Minutes of Government of Kuwait Development Board, vol II.

<sup>19</sup> FO1016/217: Preliminary Report on Development of Kuwait State presented to Ruler of Kuwait, February 1952, p. 5.

happy”.<sup>20</sup> Otherwise, “a financial spiral rise in the cost of living will result, with the consequent discontent amongst State employees and labour and a lowering of output and value for the money expended”.<sup>21</sup>

The Ruler endorsed the Report, and in August 1952, a final development plan was submitted by Hasted. It was originally a ten-year program with an estimated expenditure of £91.5, but was subsequently modified in January 1953, whereby the project estimate was broken down in detail over a total period of six years (1952-1957) rather than ten.<sup>22</sup> This plan, although modified, formed the basis of most of Kuwait’s development throughout the 1950s.

The priorities of the Development Program reflect the primitive nature of the pre-oil economy, where some of the most basic features of modern states were very much lacking. The priorities were for water distillation, pumping, storage, distribution of both fresh and brackish water, electric power supply, roads, houses, schools, and a port.<sup>23</sup>

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<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> Churchill/HSTD 1/1: Modified estimate and letter by Hasted presented to Development Board dated 5<sup>th</sup> January 1953, in Minutes of Government of Kuwait Development Board, vol. I.

<sup>23</sup> Churchill/HSTD 1/1: Memorandum titled ‘Appreciation of Contract Situation in Kuwait’, Presented by Hasted to Development Board on 9 July 1953, p.2, in Minutes of Government of Kuwait Development Board, vol. II.

**Table 5.1.: Kuwait Development Plan, 1952<sup>24</sup>**

<b>Project</b>	<b>million £</b>
New Palace for Ruler	2
Ruler's Guest House	1.5
Hospital	4
Educational Buildings: Elementary, Secondary, Technical	14
Hotel	3
Government Buildings; Naif Avenue	15
Electric Power Station & Distribution	10
Gas Supply and Service	2
Water Distillation Plant	3
Water Distribution	4
Sewage	6
Sanitary Services, Slaughter House, Refuse, etc.	3
Fire Service: Mains, Hydrants and Stations	1
Aerodrome	5
Port & Buildings incl dredging	5
Reconstruction of Dhow Harbours and Foreshore Road	3.5
Safat Scheme	0.45
Research Station	2.5
Housing Factory, Crushing Plant and Woodworking factory	1
Contractors' Camps	2.8
Sand/Lime Brick Factory	0.3
Margin for possible excesses and deviations etc.	4.7
<b>Total</b>	<b>93.75</b>

The projects designated by the Program laid the infrastructure to what was hoped to be future development of certain industries and trade. Hasted was said to be particularly enthusiastic about the water scheme, which aimed at bringing water from Shatt al Arab, and port development. He thought they were the two most important projects.<sup>25</sup> Although the water scheme was eventually not realized, the hope was that agriculture would be developed “with water from the Shatt al Arab, and animal husbandry, sustained by fodder crops from the irrigated lands and aided by water from desert wells, could create considerable employment and reduce the need to import fruit, vegetables, dairy produce and meat”.<sup>26</sup> With the development of the port, Hasted pictured Kuwait “as an important entrepot for trade with surrounding countries”, and envisaged “expansion of the ship-building industry”; he also hoped

<sup>24</sup> Churchill/HSTD 1/1: Modified estimate and letter by Hasted presented to Development Board dated 5<sup>th</sup> January 1953, in Minutes of Government of Kuwait Development Board, vol. I; FO371/109860: Report by Reilly on Development of Kuwait to July 1954.

<sup>25</sup> FO371/104325: Rupert Hay, Political Resident, Bahrain to Secretary of State for Foreign Affairs, 19 March 1953, p. 2.

<sup>26</sup> FO371/109860: Report by Reilly on Development of Kuwait to July 1954, p. 12; also see *The Times* ‘Water Agreement with Kuwait’, January 16, 1956, p. 7.



“that merchants will start to run their own steamers...”<sup>27</sup> Moreover, a dry dock was part of the port scheme and it was hoped that Kuwait might become a ship-repairing centre for vessels up to 1,000 tons.<sup>28</sup>

In addition, there was a sense of optimism in the creation of a technical college. “A State with no natural resources can, of course, survive on trade and on the skill of its workers”, Reilly noted, and “[i]t was with this last idea in view that General Hasted emphasized so strongly the need for a technical college”.<sup>29</sup> Hasted believed that if Kuwaitis “could be trained as skilled technicians”, they could “not only find increasing employment with the Oil Company but could build up small industries in Kuwait the product of which would satisfy some of their own needs and find a market in surrounding areas”.<sup>30</sup>

In the meantime, the City scheme designated industrial areas, both inside and outside the town. Land plots were given to Kuwaitis who had industrial projects, and secondary industries were created, such as Sand Lime Brick Factory, the wood-working factory, housing factory, *etc.* Hasted believed that the creation of these second industries “would enable Kuwait to keep going in case oil failed”.<sup>31</sup>

As mentioned, a stated objective was that as many Kuwaitis share in the profits from development contracts. Apart from this, a principal method by which the people got a share in the new found wealth was through the land purchasing program. In this regard, the city scheme was “the blueprint in fulfillment of which huge sums of money were ... spent on buying land and old houses from citizens” (Planning Board, 1968: 28). In the city, the lands purchased were used to pave roads and to construct other public facilities. Some of the land was resold to the private sector. In areas surrounding the City, the land was used in small part to construct housing, which was then either sold or rented to private persons, mostly government employees. Other lands in these areas were also resold to the private sector (IBRD, 1965: 88). In all cases, the land acquired from the government were valued at much cheaper prices

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<sup>27</sup> FO371/104325: Hay, Political Resident, Bahrain to Secretary of State for Foreign Affairs, 19 March 1953.

<sup>28</sup> FO371/109860: Report by on Development of Kuwait to July 1954, p. 12.

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

<sup>31</sup> FO371/104325: Rupert Hay, Political Resident, Bahrain to Secretary of State for Foreign Affairs, 19 March 1953, p. 2.

than what the government had previously paid for them.

The land purchasing program took up a major portion of the government's budget. For instance, in the six years leading up to 1965, over fifty per cent more was spent on land than on public capital projects (IBRD, 1965: 88). However, while the program was recognized to be a means of spreading the wealth, it was also seen as a means to keep economic activity going. The private sector, as the International Bank for Development and Reconstruction (IBRD) noted, probably relied on land purchases for investment capital (IBRD, 1965: 88-90). The Planning Board asserted that these sums were used for domestic investment (most of which went to the construction residential buildings) and also for consumption. It noted that these domestic expenditures were "so large that they provided enough purchasing power to help give momentum to the various sectors of the economy" (Planning Board, 1968: 28). Therefore, the IBRD thought that "if the amount being spent on land were cut from the budget without alternative flow of public investment being provided, the operations of the economy at its present level would not be sustained" (IBRD, 1965: 88-90).<sup>32</sup>

#### **5.4. LACK OF PRODUCTIVE SCHEMES**

A major concern that was being voiced with regards to the development program

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<sup>32</sup> The program, however, was criticized for important reasons. As Khoja and Sadler wrote, "the government was paying for the purchased land far in excess of what it was worth", and in the early 1960s, "land was also acquired at a greater rate than actually required for utilization in the construction of such public projects as roads, schools, hospitals and government buildings" (Khoja and Sadler, 1979: 45). In addition, a "striking fact", contended the IBRD, "was the relatively small amount that the state received from the resale of land or from rentals on government owned property" (IBRD, 1965: 88). "Despite the fact that the housing program would seem to provide for the turnover of a good deal of this land", noted the IBRD, "only...about 5 per cent of the cost of land acquired by the Government has been recovered by sale in the last six years" (IBRD, 1965: 88-90). This had caused a considerable drain on state income.

In addition, an "appreciable part" of funds received from the sale of land were channeled abroad (The Planning Board, 1968: 28). While the IBRD recognized the importance of government expenditure, it too noted that "to the extent that funds received from the sale of land are remitted for investment abroad, they do not affect the prosperity of Kuwait" (IBRD, 1965: 88-90). The land acquisition program was also prone to corruption and abuse. For instance, people with connections to decision-making circles could have foreknowledge of areas that were to be acquired by the state. They would therefore buy them from citizens and sell them, when the time came, to the state at inflated rates. In sum, the IBRD described the situation and dilemma regarding land acquisition as follows:

We have the impression that if the amount being spent on land were cut from the budget without alternative flow of public investment being provided, the operations of the economy at its present level would not be sustained. At the same time, we are convinced that the purchase of land at high prices in excess of development needs is not a good use of government funds from the standpoint of a desirable distribution of the oil revenues within Kuwait, or as a means of promoting orderly development of the private sector of the economy... (IBRD, 1965: 88-90).

during the period was that there was not enough emphasis on productive schemes which would contribute to the state's revenues. As early as 1953, a Brief for the British Prime Minister's meeting with the Abdulla Al Salem pointed out that a part of the difficulties Kuwait was running into without realizing, was "by giving insufficient emphasis to productive schemes which would themselves contribute to the State's revenues and make Kuwait less dependent on the oil industry".<sup>33</sup> The Brief went on to suggest the necessity of introducing productive schemes, or in other words, "[d]evelopment schemes ... which will themselves be productive and furnish a contribution to the State's income".<sup>34</sup>

Other advisors also criticized the situation. In his report on Kuwait, Audsley stated "that the present financial 'gold rush' may well create serious social problems in due course unless the extent and speed of industrial and community developments now being undertaken and planned form an integral part of a long-term balanced appraisal of the future economic, social and cultural requirements of the people of the territory and its administration".<sup>35</sup>

While, as mentioned, industrial projects were in fact created, these projects were minor, and some were clearly built up to cash in on the building boom taking place. Their prosperity was admittedly dependent on the continuance of the development program. Moreover, the effectiveness of the Technical School was far from certain. "The success of this long-term project", admitted Reilly, "depends on how Kuwaiti boys take to technical work".<sup>36</sup> In fact, the school was criticized by the Administrative Report of 1954 as being unplanned and a result of Hasted's "steamroller tactics, and financial inexperience", which produced a "£4 million technical school" that up to that time, "even with inducements of scholarships", had not been able "to attract more than eight students".<sup>37</sup>

However, it is important to highlight the fact that there was clearly no bias against the

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<sup>33</sup> FO371/104327: Brief for the Prime Minister's Meeting with Abdulla Al Salim, May 1953, p. 1.

<sup>34</sup> FO371/104327: Annex A to Brief for the Prime Minister's Meeting with Abdulla Al Salim, May 1953, p. 1.

<sup>35</sup> FO371/104450: Notes by Audsley, Development Division, British Middle East Office, Beirut, on a visit to Kuwait in April 1953, enclosed in Rapp, British Middle East Office, Beirut to Lord Marquess, July 22, 1953.

<sup>36</sup> FO371/109860: Report by on Development of Kuwait to July 1954, p. 12.

<sup>37</sup> FO371/114576: Political Resident's Annual Report for 1954, April 15, 1955, p. 6.

creation of industrial projects, as the rentier state literature would suggest. With all its problems, the founding of the Technical School had aimed, as discussed, to help in the creation of future industries that could generate revenues for Kuwait as an alternative to oil. The underlying fact was that the skills that had created Kuwait's vibrant pre-oil economy were rendered obsolete in the post-oil era, and with no natural resources other than oil, creating significant industries in the short-term was extremely difficult if not almost impossible. Therefore, British officials had rationalized the lack of productive schemes in the *short term* as being 'reasonable' in the context of the realities of Kuwait, without discounting the development of such schemes in future. As Reilly, Economic Counselor on the Political Resident's staff stated:

Though some have doubted its suitability it appears to be as well adapted to the needs of Kuwait as could reasonably be expected. It has been said that the programme concentrates too much on improving the amenities of Kuwait on a lavish scale and ignores the need to encourage productive industry in case the income derived from oil should be reduced. A short answer is that Kuwait's present prosperity depends entirely on oil and if, for any reason, this source of income dried up Kuwait would inevitably sink back to its pre-oil state, since there are no other indigenous resources to exploit which would sustain industries capable of maintaining Kuwait at its present living standards. *A State with no natural resources can, of course, survive on trade and on the skill of its workers. It was with this last idea in view that General Hasted emphasized so strongly the need for a technical college...*<sup>38</sup>

Likewise, in reply to the charge that was no blueprint for Kuwait's future, Fry of the Foreign Office noted the following:

With no local skill or material resources other than oil, there is little hope of building up any industrial potential against the time when the oil revenue should cease (a very far distant prospect). Therefore the oil revenue must be used largely for developing non-productive social and public amenities and for investment. This is in fact what is being done; and, although little further in the way of long term planning seems feasible, the problem of Kuwait's economic future is frequently reviewed.<sup>39</sup>

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<sup>38</sup> FO371/109860: Report by Reilly on Development of Kuwait to July 1954, p. 12.

<sup>39</sup> FO371/114603: Memorandum on Kuwait by Fry, Foreign Office, 4 April 1955, pp. 2-3.

These issues were indeed generally recognized.<sup>40</sup> Thus, while concerns were raised regarding the lack of productive schemes, it was also realized that given Kuwait's realities they were not possible in the short term. In the longer term, however, such schemes were hoped for and seen as necessary for the sustainability of the economy. Indeed, as discussed, some of the projects planned and created, like the Technical School and the water scheme, were thought to be a base upon which future industries could be developed.

### **5.5. WELFARE vs. SUPER WELFARE**

It is clear from the above that welfare and spreading the wealth among the population was a declared and desired objective. This view was shared among the Kuwaitis, Hasted and the British Government. While it was believed that wealth distribution was *economically* desirable, the British also viewed this to be essential for social and political content. As Reilly pointed out, the program was “a result of intensive thought of the British connected with it over the last two years”, and it served two purposes:

In addition to providing amenities, it also serves to distribute the oil wealth widely throughout the population of Kuwait. Not only do the merchants make their profit on the imported materials and equipment needed for the programme, but shopkeepers and others benefit indirectly from the spending of the wages and salaries of those directly employed. Consequently, quite apart from the desirability of the projects themselves, a steady expenditure on development is essential for the general prosperity and contentment of the State.<sup>41</sup>

The British, in fact, made sure to emphasize throughout the years the need for spreading the oil wealth. In his brief to a Foreign Office representative due to meet Shaikh Fahad during the latter's visit to the United Kingdom, the Political Agent pointed out that they should aim to put over to Fahad that “[t]he development programme should be thought of not only as providing amenities for Kuwait but also as a means of distributing some of the oil wealth to all Kuwaitis from the merchants to the coolies”, since “[a] steady flow of this income is most desirable if the community is to remain content”.<sup>42</sup>

This was sometimes even seen as more important than the building of a more efficient

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<sup>40</sup> See for example *The Times*, “Embarrassments in the Persian Gulf”, May 24 1957, p. 11.

<sup>41</sup> FO371/109860: Report by Reilly on Development of Kuwait to July 1954, p. 12.

<sup>42</sup> Political Agent, 1954, in *Records of Kuwait*, vol. 2, p. 585.

administration. As Reilly suggested, it was “unnecessary to force the Kuwaitis to accept financial control before they are ready to do so, provided that a sufficient part of the State’s revenues reaches all classes of the community and that the level of real wages is maintained”.<sup>43</sup>

However, while Hasted and the British supported the *welfare state* and spreading the wealth for, among other things, political content, they were very much *against* what Kuwaitis were determined to create: a ‘*super-welfare state*’, whereby the state provides free benefits and subsidized services unsupported by either fees or taxation. Describing part of the contemplated super-welfare state, Audlesey noted: “[e]ducation is free, including meals (even during holidays), liberal clothing for pupils and costs of education abroad. A complete medical service including hospital care, teeth, eye and other ailments is free. There are no taxes and customs duties are only four percent of the wholesale prices of goods”.<sup>44</sup>

This was viewed by the British as extremely dangerous for Kuwait’s future viability. The Political Resident argued that

the attempt to create a super welfare state where everybody will get everything for nothing does give cause for alarm, not only because it means that none of the existing projects will pay for their maintenance, but also because the population will inevitably increase by leaps and bounds by the immigration of adventurers and vagrants from all over the Middle East.<sup>45</sup>

He therefore stressed the need to point out to the Ruler clearly “the dangers that are likely to ensue if the State makes a free distribution of all the benefits for which it is responsible”.<sup>46</sup>

A Foreign Office document on British interests in Kuwait also spoke of this issue clearly, tying it to the need for productive schemes. It contended that long-term difficulties would arise if Kuwait continued on its current path. “The present

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<sup>43</sup> FO371/104264: Foreign Office Brief for a meeting of the Kuwait Working Party, November 9, 1953, p. 2.

<sup>44</sup> FO371/104450: Notes by Audsley, Development Division, British Middle East Office, Beirut, on a visit to Kuwait in April 1953, enclosed in Rapp, British Middle East Office, Beirut to Lord Marquess, July 22, 1953.

<sup>45</sup> FO371/104325: Rupert Hay, Political Resident, Bahrain to Secretary of State for Foreign Affairs, 19 March 1953, p. 6.

<sup>46</sup> Ibid.

development plans are laying up heavy maintenance charges for the future”, it complained.<sup>47</sup> “As things are the intention that many benefits shall be free (water, electricity, schooling, school meals etc.) unsupported by local taxation or by local hard work may lead not only to the creation of a ‘something for nothing’ mentality but to agitation and unrest when it is found that there is nothing useful for the Kuwaitis to do”.<sup>48</sup> “There is therefore much to be said for encouraging generally productive schemes”, that “will yield fairly short term economic returns and at least contribute to their own maintenance costs in the future”.<sup>49</sup> Likewise, a Brief to Churchill prior to his meeting with the Ruler warned that in the long run there was a danger of a shortage of money. “The schemes now adopted”, noted the Brief, “will lead to heavy maintenance charges to be borne by the state”, and there is “a danger that the creation of a ‘something for nothing’ mentality may lead to unrest and agitation”.<sup>50</sup>

Hasted also held the same view with regards to the super-welfare state. He believed that “services such as school, hospitals, *etc.*, should be paid for by the Kuwaitis”.<sup>51</sup> In describing his position on the matter, the *Political Resident* reported that Hasted

deprecatd the attempt that is now being made to create a super-welfare state and recognized the fact that if this process is allowed to go too far Kuwait may well run into financial crises. For instance, all medical treatment is free and all school children are to receive free meals even during holidays and to a certain extent free clothing. I do not know whether the supply of water and electricity is to be free but it is clear on the principles at present being followed that few, if any, of the projects which are now in hand will be self-maintaining and that they will involve heavy recurring financial commitments.<sup>52</sup>

In sum, the British were in favor of and played a crucial role in formulating plans through which wealth was spread amongst the population. They emphasized the need for such money distribution throughout the years, and viewed it as vital to avoid

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<sup>47</sup> FO 371/104326: Note on British interests vis a vis Kuwait, unsigned, 30 March 1953, pp. 4-5.

<sup>48</sup> Ibid.

<sup>49</sup> Ibid.

<sup>50</sup> FO371/104327: Annex B to Brief for the Prime Minister’s Meeting with Abdulla Al Salim, May 1953, p. 4.

<sup>51</sup> FO371/104340: Political Agent, Kuwait to Hay, Political Resident, Bahrain, 24 February 1953, p. 3.

<sup>52</sup> FO371/104325: Rupert Hay, Political Resident, Bahrain to Secretary of State for Foreign Affairs, 19 March 1953, p. 2.

social unrest. However, they were at the same time very much against the unsustainable policies undertaken by the Kuwaiti government, who despite continuous objections by the British, were determined to create the super-welfare state. Therefore, the super-welfare state can be concluded to be a *Kuwaiti* policy decision.

## **5.6. PROBLEMS WITH IMPLEMENTATION**

There were many problems facing the implementation of the program. The main issues are addressed here by placing them in two general categories: (i) lack of efficient administration and ruling family politics; and (ii) haste in carrying out the plan.

### **(i) Ruling Family Politics and Lack of Efficient Administration**

One of the main impediments to orderly development was the position of the ruling family in the affairs of government. As Crichton noted to Fahad, “the Kuwaitis were endeavoring to run one of the largest projects in the world with the old patriarchal system of administration. It simply could not be done. It was like trying to run the ‘Queen Mary’ with the crew of a dhow...”.<sup>53</sup>

The major problem within this general patriarchal system of rule was the lack of central authority, which followed the crushing of the 1938 movement as mentioned previously. In the oil age, the lack of central authority became increasingly difficult to control. In 1954, the Resident’s Annual Report described the system as ‘oligarchic’, where four senior sheikhs occupied the chief offices of Public Security, Public Works, Health and Municipality, Police, Justice and Education. “The extent of their powers and responsibilities”, it noted, was “indefinite”.<sup>54</sup> The Shaikhs with these portfolios, especially the more prominent of them, acted very much independently. They were described as “behaving as independently of the central authority to the Ruler as did the barons of pre-Tudor times”.<sup>55</sup> The acquisition of great wealth, noted the Resident’s 1953 Report, “imposed for a time an intolerable strain on the extremely

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<sup>53</sup> FO371/104330: Account by Crichton of conversation between him and Fahad on September 21, 1953, enclosed in Pelly, Political Agent to Burrows, Foreign Office, September 30, 1953, p. 3; also see Liebesny, 1956: 39.

<sup>54</sup> FO371/114576: Political Resident’s Annual Report for 1954, April 15, 1955, p. 3.

<sup>55</sup> FO371/98323: Kuwait Administration Report for 1951, p. 3.



rudimentary administration of the state and at the same time inflated the self-importance of members of the Shaikh's family to such an extent that they were very impatient of even such slender controls as existed over their personal power and finances".<sup>56</sup> To picture the 'state' as a single entity, therefore, would be very misleading. There were different centers of power, often competing and in direct rivalry with one another.

Budgeting and proper planning in this environment were rendered extremely difficult. One of the main contributing reasons was the failure of the Ruler to face members of his family who were extravagant, corrupt, and formed major impediments towards efficient government. The Ruler "shrinks from definitive actions against sectional interests", that were "only out for their own ends".<sup>57</sup> "The chief weakness was the Ruler's unwillingness to control the members of his family ... and his failure to impose strict budgetary control of their expenditure as was being continuously recommended to him by the Finance Department".<sup>58</sup>

The Ruler's reluctance to face his family members was sometimes understood to be due to his weakness, or "a disinclination to disturb the balance of power in Kuwait politics".<sup>59</sup> In fact, the Ruler was sometimes open about the issue. For instance, Pelly reported that the Ruler "does not see the necessity for an efficient and well regulated administration, in the face of the opposition which it would arouse, particularly among his family".<sup>60</sup> Moreover, when the *Political Resident* suggested to the Ruler that he should take more direct control of development, the Ruler replied that while he understood what was meant, "he had family difficulties" and "could not himself take direct control of development".<sup>61</sup> Thus, even though, for example, the Ruler approved a scheme by Crichton to "introduce central financial control whereby the Shaikhs holding government portfolios would cease to operate separate departmental accounts", when "the time came to put the scheme into force the Ruler recoiled".<sup>62</sup>

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<sup>56</sup> FO371/109805: Political Resident's Annual Report for 1953, March 12 1954, p. 3-4.

<sup>57</sup> FO371/98323: Kuwait Administration Report for 1951, p.2.

<sup>58</sup> FO371/109805: Political Resident's Annual Report for 1953, March 12 1954, p. 4.

<sup>59</sup> FO371/98323: Kuwait Administration Report for 1951, p.2.

<sup>60</sup> FO371/104264: Foreign Office Brief for Meeting of Kuwait working party, 9 November 1953, p. 2.

<sup>61</sup> FO371/114588: Confidential Annex to Kuwait Diary No. 7 of 1955 Covering the Period June 29 to July 28, by Bell, 29 June.

<sup>62</sup> Residency Summary of Events during September 1952, p. 5, in *Political Diaries of the Persian Gulf*, vol. 9, p. 323.

## **(ii) Haste in Carrying out the Development Plan**

It must be stressed that Kuwait had no control over the level of oil production and hence, of its revenues. Therefore, Kuwait was not able to have a production policy to match its needs and capabilities, and to pace itself accordingly.<sup>63</sup> This fact, although of great importance, is ignored in much of the literature on rentier states. The rise of revenues was ‘sudden’ and Kuwait was unprepared. Possibly as a consequence, there was a sense of urgency, and haste was the result.

Indeed, it is very clear from all the documents that Kuwaitis were rushing things, particularly in the beginning of development, even though their administrative capacity was limited. As Hay wrote, Kuwaitis attempted to “convert the desert town of Kuwait into a modern city and to create welfare in the space of a few years without first establishing a sound administration. Much confusion resulted” (Hay, 1955: 366). This was sometimes described by the British as a “faster, faster mentality” and characterized as “an expensive commodity” demanded by Kuwaitis (Monroe, 1954: 276).<sup>64</sup> Indeed, while, as mentioned earlier, Hasted played a role in moving too quickly in the process of development, the process itself was initiated by a Kuwaiti desire for quick results. This was described as “the Kuwaiti determination to convert their newfound wealth into all the amenities of a welfare state in the shortest possible time”.<sup>65</sup>

In fact, consultants and Hasted had requested that the process of development be delayed. “General Hasted told the Ruler that he would have preferred to delay the start on construction order to make proper preparations, but the Ruler insisted on schools being started immediately”.<sup>66</sup> Indeed, Hasted’s instructions were to proceed as rapidly as possible with the development program. Thus, his Program was said to interpret “the wishes of many Kuwaitis to have a modern welfare state as quickly as

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<sup>63</sup> It is of course unclear what would have happened if Kuwait actually had control over its oil production. However, the fact that it did not does give rise to different possibilities in the way things would have eventually developed. Kuwaitis might have chosen to balance oil production with their national developmental needs, and hence would not have this sudden huge surplus of funds without any plans in place as to their utilization. In the 1970s, for instance, this actually happened. The parliament stopped government plans to increase production, as this was seen to be beyond Kuwait's national needs.

<sup>64</sup> FO371/104327: Annex B to Brief for the Prime Minister’s Meeting with Abdulla Al Salim, May 1953, p. 4.

<sup>65</sup> Ibid.

<sup>66</sup> FO371/109860: Report by Reilly on Development of Kuwait to July 1954, p. 15.

possible”.<sup>67</sup> Moreover, a report presented in the Development Board noted that it had been

stressed by the consultants on town planning in their report that the organization of the necessary supervision and contracting effort might take eighteen months or more before any visible results could be seen on the ground. The Kuwaiti people, however, were impatient for results, and therefore ways and means had to be found to enable as early a start as possible to be made.<sup>68</sup>

Some of the haste was rationalized: the haste to build schools, for instance, was in order for the schooling program to commence by the end of 1953.<sup>69</sup> Nevertheless, the situation naturally gave rise to many problems of wasteful spending, lack of proper budgeting, and chaos. In fact, a main reason behind Hasted’s wrong estimates was “the Kuwaiti desire for haste in getting something done in the first place which moved General Hasted to embark upon projects before they had been properly estimated by quantity surveyors...”.<sup>70</sup> Moreover, the adoption of the cost-plus system, which gave rise to huge instances of waste and abuse as discussed in the previous chapter, was in large part a consequence of such haste (Monroe, 1954: 276). The context in which this system was adopted was described in a *Memorandum* presented in the Development Board. It noted that the projects called for urgency, high-class work and finishes, and first class technical skill in supervision and contracting. Therefore,

[t]he problem was how (i) to enable the necessary plans and drawings to be prepared, and (ii) to attract the necessary high class contracting skill to Kuwait in time to satisfy the demands of the programme asked for by the end of 1953. To invite hard price tenders from reliable foreign firms required (i) complete drawings and bills of quantities estimated at roughly nine months work before proceeding to tender and at least one year’s delay before state, (ii) some knowledge of local prices and conditions by the tenderers and an assurance of stability in the supply of local materials, the availability of skilled labour, and wage structure, (iii) an assurance of continuity of employment

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<sup>67</sup> FO371/104327: Annex B to Brief for the Prime Minister’s Meeting with Abdulla Al Salim, May 1953, p. 2.

<sup>68</sup> Churchill/HSTD 1/1: Memorandum titled ‘Appreciation of Contract Situation in Kuwait’, p. 1, Presented by Hasted to Development Board on 9 July 1953, in Minutes of Government of Kuwait Development Board, vol. II.

<sup>69</sup> Churchill/HSTD 1/1: Minutes of the 14<sup>th</sup> Meeting of the Development Board, 30 June 1952, in Minutes of Government of Kuwait Development Board, vol. I.

<sup>70</sup> FO371/109947: Note on Reilly’s report by Ewart-Biggs, 14 August 1954, p. 1.

to make it worth while for their coming in, and (iv) an assurance of the application of normal contracting procedure as elsewhere in the world. In order to get the project started, there was obviously no alternative to (i) the employment of good outside architects and consultants, and (ii) a cost plus and later target form of contract with suitable guarantees as employed by government departments in many parts of the world where similar conditions to those of Kuwait pertain. This was recommended to the Education Committee and agreed.<sup>71</sup>

Thus, as Monroe briefly puts it, “in order to attain the speed and quality of work desired, the ruler”, accepting advice, “decided to award main jobs on a cost-plus basis, to a limited number of first class British contractors...” (Monroe, 1954: 276). The general situation was summed up clearly by the Foreign Office. It noted that “Kuwait’s sudden access of wealth has raised also internal problems for her”, a major one of them being extravagance and waste:

Kuwait seems determined to convert her new-found wealth into all the apparatus of a welfare state immediately; this is perhaps natural, but the rapid increase in oil revenues has outpaced the capacity of the administrative machinery. Economy has been sacrificed to speed, and there is no proper financial control over the development programme; new projects (many of doubtful value) are added and existing ones enlarged sometimes to suit the ideas of those who gain most in the process.<sup>72</sup>

It is clear, therefore, that a combination of haste and an administrative setup in which power was decentralized among certain ruling family members played a key role in causing much of the waste and lack of orderly development. These members’ personalities, together with the position that they had acquired, as will be examined in more detail later, formed possibly the major impediment to reform. The discussion relating to the decentralization of decision-making also suggests that the rentier state literature’s general assumption that policy decisions lie solely in the Rulers’ hands who in turn uses them in personally useful ways is extremely misleading. While the issues discussed so far relate to the internal development of Kuwait, the next section looks at Kuwait’s external investment scheme that had formed a major part of the country’s adopted economic system.

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<sup>71</sup> Churchill/HSTD 1/1: Memorandum titled ‘Appreciation of Contract Situation in Kuwait’, p. 2, Presented by Hasted to Development Board on 9 July 1953, in Minutes of Government of Kuwait Development Board, vol II.

<sup>72</sup> FO 371/104326: Note on British interests vis a vis Kuwait, unsigned, 30 March 1953, p. 4.

## 5.7. EXTERNAL INVESTMENTS

The Kuwaiti foreign investment scheme was not part of Hasted's Development Program. However, a general government policy was maintained whereby a third of annual revenues would be allocated for external investment (Hay, 1955: 366). While the rentier state literature narrowly regards such investments as a perpetuation of the rentier nature of the state and as an alternative to industrialization in order to avoid social conflict, the documents reveal that the adoption of Kuwait's investment scheme had nothing to do with such motivations. It is the aim of this section, therefore, to examine the ideas and reasons behind the initiation of Kuwait's foreign investment policy, albeit briefly.

The investment scheme adopted by Kuwait was born out of British suggestions to the Ruler. This idea was in part taken in light of British interests. "Both from the point of view of the sterling area and also of Kuwait itself", noted the Foreign Office in 1952, "it is important that these vast revenues should be responsibly administered".<sup>73</sup> "To this end", it continued, "proposals were made to the Ruler by H.M.G. in March for procedure involving the allocation of his revenues between development and current expenses, and the investment of the balance (the major portion of the whole) under control of an Investment Committee in London which would be appointed by and act under the instructions of the Ruler".<sup>74</sup>

Although similar concerns were voiced during the early 1940s as mentioned, in the early 1950s, the issue was seen as a matter of urgency. As the *Political Resident* noted in 1951,

The situation is indeed frightening. The Kuwait Government have at present eight million pounds laid up in the bank and are in future likely to receive an income from royalties of from fifty to sixty million pounds a year. It is impossible for them to spend a quarter of the amount, if as much. It is fully time that we started to guide the Ruler on the right lines regarding the disposal of his surplus revenue as, and I hope it will be possible for somebody to come out and examine the question at an early future date.<sup>75</sup>

Similar concerns were voiced by the Foreign Office. "Even allowing for the most

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<sup>73</sup> FO371/98352: Report on the administrative situation in Kuwait, 17 October 1952, p. 3.

<sup>74</sup> Ibid.

<sup>75</sup> FO371/91300: Political Resident, Bahrain to Furlonge, Foreign Office, 13 November 1951.

ambitious schemes for local development”, Logan contended, “the small capital state of Kuwait could not spend all its vast revenues at the rate at which they will be received ... and a substantial surplus ... will therefore remain”.<sup>76</sup> Thus, “[t]he use made of this surplus is a matter of considerable importance, not only for the Ruler but also for the sterling area”.<sup>77</sup> For Kuwait, the investment scheme was rationalized by the British as providing “a satisfactory means of ensuring lasting benefits for Kuwait from her oil industry so that her prosperity may be assured even if her revenues from the industry fell below their present level as a result of some unforeseen and uncontrollable development in the future”.<sup>78</sup>

For the British, as suggested above, a major concern stemmed from the fact that Kuwait was in the sterling area and its oil revenues were paid in sterling. This sterling surplus was seen to represent “a potential demand for goods, the immediate satisfaction of which would place a very heavy strain on the resources of the sterling area”; therefore, it was in the British interest “that it should be invested, but irresponsible handling of its investment could cause disturbances in the London market. Moreover, possession of these large sums leaves the Ruler open to approach by all manner of persons and organizations, not all of them worthy”.<sup>79</sup>

Thus, in early 1952 certain recommendations regarding the administration and investment of Kuwait’s sterling revenues were made to the Ruler by the British in a short memorandum given to his representative in London, Kemp. In October of that year, the Ruler informed the *Political Agent* “that he proposed to make arrangements for the investment of his surplus revenues and would adopt proposals to be submitted to him by Kemp after discussion with his (British) Deputy Director of Finance Mr. Crichton, and Mr Loombe, of the Bank of England”.<sup>80</sup>

Indeed, the *Political Agent* noted that the Ruler was prepared to accept these proposals even though he did not understand them. The Ruler “does not understand the proposals which have already been put to him”, remarked the *Agent*, “and it is clear that his decision involves a large measure of confidence in Her Majesty’s

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<sup>76</sup> FO371/104340: Logan, Foreign Office to Baily, Washington, 10 February 1953, p. 1.

<sup>77</sup> Ibid.

<sup>78</sup> Ibid., p. 3.

<sup>79</sup> Ibid.

<sup>80</sup> Ibid., p. 1.

Government and trust in the persons to whom he has agreed to leave the detailed plan”.<sup>81</sup> As advised, an Investment Board was formed in London in 1953, and in the next years, “a reasonable balance has been maintained between current expenditure, development expenditure and invested reserves”.<sup>82</sup>

It is therefore clear that Kuwait’s investment scheme was not a substitute to industrialization or seen as way of perpetuating the rentier nature of the state. It was previously made clear that there was no bias against industrialization and in fact British concerns were raised regarding the lack of productive schemes. The proposal for a foreign investment scheme was initiated upon the view that Kuwait would not be able to spend all its revenues internally no matter how ambitious the programs were. The ideas behind the scheme took into account not only Kuwait’s interests, but British interests as well, and the potential harm the sterling surpluses may cause if not ‘properly’ managed. The latter arguably carried more weight for the British in their desire to press on with their investment proposals.

While the previous sections examined the ideas behind the development schemes adopted in the 1950s and highlighted the problems relating to the process of their implementation, the next section assesses the economic, social and behavioral outcomes of the works carried out.

## **5.8. ACHIEVEMENTS AND FAILURES OF DEVELOPMENT**

The achievements in carrying out the development projects were substantial and must not be overlooked. Within less than a decade, the face of Kuwait had changed forever. The following are some of the major examples to the bright side of the new Kuwaiti post-oil economy up to the mid-1960s (Planning Board, 1968: 29-31; IBRD, 1965: 146; Ismael, 1993: 105):

(i) The number of schools jumped from 23 in 1950 to 102 in 1960.<sup>83</sup> By 1965, 176 government schools and 32 private schools were constructed. In 1956/57, there were 119 students per 1,000 of the population. This ratio was the highest among all Arab

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<sup>81</sup> FO371/98352: Report on Kuwait by Political Agent, Kuwait, 29 October 1952, p. 1.

<sup>82</sup> FO371/114603: Memorandum on Kuwait by Fry, Foreign Office, 4 April 1955, p. 2; Hay, 1955: 366.

<sup>83</sup> Naqolo Halaby, Chief Engineer in Kuwait Government, “*Al-Kuwait al-mutaghayyir*” (Changing Kuwait), in *Al-raed al-arabi*, November 1960, 1<sup>st</sup> issue.

states, and by 1965, the ratio was further increased to 170 per 1,000. Moreover, in terms of women emancipation, the proportion of girls to boys in schools drastically increased, from basically 0% in 1936 to 40% in 1962/63. This is reflected in the following table:

**Table 5.2.: The Rise of Education**

Education	Number			Proportion of:	
Academic Year	Boys	Girls	Total	Boys (%)	Girls (%)
1936/37	600	0	600	100	0
1946/47	3037	935	3962	76.65	23.6
1956/57	15946	8578	24524	65.02	34.98
1960/61	27698	17459	45157	61.34	38.66
1962/63	35674	23877	59551	59.9	40.1

*Source:* IBDR, 1965: 146

(ii) The number of hospitals increased from 2 in 1950 to 10 in 1960.<sup>84</sup> By the mid-1960s, including the 8 hospitals built, 2 sanatoria, 37 health centers and dispensaries, 148 school dispensaries and 9 centers for preventive medicine were constructed. By 1965, there was one doctor for every 768 inhabitants, up from one doctor for every 25,000 inhabitants in 1949. These numbers were comparable to the most advanced nations at the time as reflected in tables below. Medical services were free to both Kuwaitis and visitors. In 1965, the IBRD noted that these “health services are comparable in quality to those in developed countries” (IBRD, 1965: 132).

**Table 5.3.: Ratio of Physicians and Nurses to Population**

Country	Kuwait	Canada	U.K.	Sweden	U.S.
Number of Inhabitants Per Physician*	1069	950	900	1200	790
Number of Inhabitants per Nurse*	251	191	-	130	340

\*Data for Canada and Sweden in 1957, for U.K. and U.S. in 1958. Kuwait is based on 1961 tentative census results; Data for U.S. in 1956, for Canada, U.K., and Sweden in 1957.

*Source:* IBRD 1965, 136.

<sup>84</sup> Naqolo Halaby, Chief Engineer in Kuwait Government, “*Al-Kuwait al-mutaghayyir*” (Changing Kuwait), in *Al-raed al-arabi*, November 1960, 1<sup>st</sup> issue.



**Table 5.4.: Ratio of Hospital Beds to Population**

Country	Kuwait	Canada	U.K.	Sweden	U.S.
Hospital Beds per 1,000 Population*	8.4**	11.6	10.8	15	9.2

Data for Canada, U.K., Sweden and U.S. in 1957; The population of Kuwait is estimated at 350,000 for purposes of the table.

*Source:* IBRD 1965, 136

(iii) Extensive road networks were paved: around 8.5 million square meters of roads were paved during the period 1957-1965 alone.

(iv) A number of electric power stations were built and an expansive network for distribution and street lighting were laid down. Installed capacity jumped from 930 kwh in 1950 to 70,000 in 1960.<sup>85</sup> By 1965, installed capacity was 270,000 kwh.

(v) The largest desalination plant of the time in the world was built, in addition to the development of underground brackish and sweet water resources which produced 23 million gallons per day. This overcame Kuwait's deficiency in the availability of fresh water.

(vi) By the end of 1965 the government had completed the following constructions: a number of government buildings for ministries and the Municipality, several neighborhood centers, a new abattoir, and several commercial centers. By 1960, 2,693 houses for lower income groups were built,<sup>86</sup> and by the end of 1965 the number jumped to 7,000.

(vii) Port facilities were expanded. This played a role in absorbing the huge increase in imports, which rose from KD 29.9 million in 1954 to KD 135 million in 1965.

(viii) Numerous modern commercial buildings, blocks of flats and private houses were built.

(ix) Various industries were created to supply the building and construction sector.

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<sup>85</sup> Ibid.

<sup>86</sup> Ibid.

These include sand lime bricks, cement products, metal windows, water tanks, asbestos pipes, metal cisterns, sheet metal and wrought iron, wooden windows and doors, tiles, marble.

(x) Music, theatre, and sports facilities and activities were supported/financed by the state. Thus, arts and sports flourished and Kuwait became largely recognized as a pioneer in this field throughout the region.

### 5.8.1. Problems Resulting from Development

While these accomplishments were indeed substantial, they were accompanied by structural ills that have been a persistent feature of Kuwait's economy lasting till this day. Some of the most important ones are mentioned in this section.

Most significantly, Kuwait became dependent on a single source of income. In 1964, for instance, the crude oil and natural gas sector grabbed 63.1% of GDP (Central Bank of Kuwait, 19670: 9). Likewise, in 1968, the Planning Board estimated that 61% of GDP was from the oil and natural gas sector, which also provided 93.5% of government revenues (Planning Board, 1968b: 7).

A second major problem was the huge shift in population demographics due to the influx of foreign labor. In 1949, the population was estimated to be around 100,000. By 1957, however, the total jumped to 206,473, and reached 467,339 by 1965 (Ismael, 1993: 117). Very soon, Kuwaitis became a minority in their own country. As can be seen from the table below, in 1965, they constituted 47.1% of the total population.

**Table 5.5.: Demographic Change**

Year	Kuwaiti		Non-Kuwaiti		Total
	Number	Percent	Number	Percent	
1957	113622	55	92851	45	206473
1961	161909	50.4	159712	49.6	321621
1965	220059	47.1	247280	52.9	467339

*Source:* Ismael (1993;117)

Moreover, Kuwaitis drifted away from the traditional productive occupations like fishing, pearling and boat-building. They were first attracted by jobs in the oil industry, and later “into government service, construction and the manifold service

occupations of a high-income economy. Naturally, the traditional labour-intensive industries could not compete. They receded to a fraction of their former significance or disappeared entirely” (IBRD, 1964: 27).

With the expansion in the employment of both Kuwaitis and non-Kuwaitis, the civil service became greatly inflated, and disguised unemployment amongst Kuwaiti citizens grew. Thus, labor productivity became very low. In 1965, the IBRD described the resulting situation as follows:

Even a cursory passage through the administrative offices reveals great segmentation, showing little groups of two to five persons performing a few moves in an administrative process. This fragmentation seems unnecessary in what is after all a small State and administration...The amount of work done by each person or section is often small because there sometimes simply is not enough work to fill the day...a civil service of about 36,000 members serving a population of about 350,000 speaks for itself (IBRD, 1965: 45).

However, it must be pointed out here that, as the IBRD asserted, the expansion of employment should not be seen solely as a result of distributive policies, since unjustified expansion also included non-Kuwaitis. The IBRD noted that “[i]t would not be fair to imply that the problem of redundancy in the public service is entirely that of keeping as many Kuwaitis as possible on the public payroll. Kuwait seems to follow a fairly liberal policy of employment of employing expatriates as well, although at present there are strong pressures to reduce their number” (IBRD, 1965: 41).

In any case, the inefficiency of the indigenous labor force could also be seen to be a result of another problem: the lack of education. In 1963, less than 1% of the Kuwaitis in the classified civil service were college graduates, less than 5% had graduated from secondary school, and only 13 % from primary school. Around 30% were illiterate (IBRD, 1965: 40). This condition drained the treasury. In 1964, Shehab, Financial Consultant at the Ministry of Finance during the period, noted that the situation

led to such overcrowding in the public service that salaries and wages now create a very serious drain on the treasury. The city-state at present has on its payroll no less than 53,000 men and women, both indigenous and aliens, excluding those in the armed services, at an annual cost of nearly \$168,000,000. This means that every three citizens are being served by one public servant at an average cost of

about \$1,120 per citizen ... This ... raised public expenditures for administration to an incredible level. (Shehab, 1964: 466)

Another problem, which developed, was the increased dependence of Kuwait on imported consumer and capital goods. The problem resulting from this was that it naturally exposed the country's economy to disturbances abroad as result of highly fluctuating prices and unguaranteed sources of supply. Moreover, as the Planning Board put it,

The gravity of the foreign trade situation at hand deserves some emphasis. Huge financial resources have found their way abroad to pay for imports, while domestic exports-other than oil – remain drastically low. With this “leakage” of income and resources the Kuwaiti economy would become recessionary were it not for the oil revenues. (The Planning Board, 1968: 6)

These problems constituted the major economic *structural* ills that have proven to be chronic. Indeed, excluding the rate of illiteracy amongst the Kuwaiti workforce, the present day economy of Kuwait suffers almost identically from the very same problems described above. Therefore, it is clear that the roots of Kuwait's current economic problems embodied in the notion of rentier state lie in the policies undertaken during the 1950s. While these were the economic problems witnessed, the next two sections focus on the social and behavioral implications of these policies.

### **5.8.2. Lack of Socioeconomic Planning and Inequality**

One important feature of the early post-oil policies that deserves some closer look was the fact that not all citizens benefited equally. While corruption and connections played a role in this, it was also largely a result of “an absence of socio-economic planning and control during the boom-period” (Planning Board, 1968: 38). Indeed, in the absence of proper planning for a fairer distribution of wealth, remnants of the socio-economy of the pre-oil era, for largely *practical* reasons, caused some to benefit more than others.

For example, it was those who had previously owned larger and more estates in Kuwait that naturally benefited more from the land-purchasing program. It was also the rich who afforded to buy new plots of land in the hope of having them bought by the government, and were able, as well, to purchase resold state land. In addition, the top positions in government with higher pay naturally went to people with some

education. The educated segment of society at the time happened to be the upper class. As the IBRD noted, the fact that “many officials in the higher ranks ... are related to merchant families ... is but natural and unavoidable in a country where that class has been almost the only educated one” (IBRD, 1965: 39). Thus, the lower a person was in the pre-oil class system, the lower education he probably had, and therefore, the lower position in the post-oil job market he was able to get.

Further, in the contracting business, the same idea of ‘practicality’ applies. Indeed, in a memorandum presented in the Development Board assessing the contracting situation in Kuwait, a main concern was that development works were not distributed equally between the large and small Kuwaiti merchants. However, the reasons were acknowledged to be more of a practical nature than by deliberate design. In this regard, during the initial phases of development, the Development Board agreed that the number of major contractors working at one time was to be five in order for them to carry out the works economically and to meet the requirements set out. “This should have enabled all the contractors to be kept busy using their building trades steadily in rotation from one job to the other without causing unemployment fluctuations in labour, skilled tradesmen and supervision, and therefore should have tended to keep the prices stable”.<sup>87</sup> These contractors were required to have Kuwaiti partners, and the foreign contractors were at liberty to choose and come to agreement with their Kuwaiti counterparts. With the desire of Kuwaitis to commence development works quickly, “[t]hose Kuwaitis with initiative and enterprise and those with previous business connections” were “first in the field”.<sup>88</sup>

In supplying the materials for development, the Kuwaitis were concerned with ensuring “a reasonable distribution of the orders”.<sup>89</sup> However, a similar problem existed. As the Development Board memorandum put it, “[a]nother aggravating factor

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<sup>87</sup> Churchill/HSTD 1/1: Memorandum titled ‘Appreciation of Contract Situation in Kuwait’, Presented by Hasted to Development Board on 9 July 1953, pp.3-5, in Minutes of Government of Kuwait Development Board, vol. II. It was thought many of the smaller Kuwaiti contractors would also have been employed on subcontracting and on the construction of smaller works, houses and road. “Thus it was reasonable to suppose many would benefit”. However, due to various reasons, this initially did not go as expected, at least in the early staged. The reasons are beyond the scope of the chapter; however, as an example, there was government’s “slowness of survey and parcellation schemes prevented housing and road contracts being let at the expected pace to the smaller contractors”, and its “change in policy and the necessity for reorganization and accumulation of the staff to implement a hard price tender system”, for a while in 1953 no minor contracts were placed out to tender.

<sup>88</sup> Ibid.

<sup>89</sup> Ibid.

is that the majority of the well known agencies for machinery, transport, hardware, electrical goods, etc. are in the hands of only a few Kuwaitis. These few are just the same enterprising few who entered the major contracting field early or had previous foreign business connections”.<sup>90</sup>

Many suggestions were in fact put forward to try to remedy the situation. For instance, Al Zaid suggested to the Development Board that instead of having individual partnerships being awarded contracts, a quasi-official company should be formed with shares subscribed by the Kuwaiti people. “This Company ... would be the link between the people of Kuwait and foreign contractors, thus replacing the system of individual partnerships”.<sup>91</sup> However, for practical reasons, it was not possible to implement this idea. Moreover, Hasted advocated a system whereby contractors and suppliers would be graded into classes and categories so as to distribute contracts amongst all according to their capabilities. In fact, this was a principle reason behind his advocating of the creation of a Kuwaiti Chamber of Commerce. As he noted,

I agree fully ... that both contractors and suppliers should be graded into classes and categories. I have been advocating this ever since the Development Board was formed, but saw little chance of being able to do it until a Chamber of Commerce was in being and the graded and classified list had the full approval of the people of Kuwait. This grading and classification of Contractors and Suppliers is the whole key to a satisfactory future in sharing the profits of Development, and, again, I feel, is dependent on a Chamber of Commerce being formed, which is fully representative of all Kuwaiti interests.<sup>92</sup>

While a Chamber of Commerce was not created until the late 1950s, a grading system was indeed adopted. However, *apart from corruption*, benefiting the people of Kuwait in a more equal manner remained a challenge that was, in the absence of proper socioeconomic planning, largely a result of the remnants of Kuwait’s prior socioeconomic history.

### **5.8.3. Behavioral Developments**

Accompanying the economic changes were many behavioral developments that were

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<sup>90</sup> Ibid.

<sup>91</sup> Churchill/HSTD 1/1: Minutes of the 46<sup>th</sup> Meeting of the Development Board, December 15 1952, in Minutes of Government of Kuwait Development Board, vol I.

<sup>92</sup> Churchill/HSTD 1/1: Minutes of 100<sup>th</sup> Meeting of the Development Board, January 4 1954, in Minutes of Government of Kuwait Development Board, vol. III.

being recognized as potential threats for future progress. “From the institution of Welfare State in Kuwait, society has developed a variety of unfortunate symptoms that must be diagnosed and cured before they develop into future obstacles”, admitted the Planning Board in its first Five Year Plan (Planning Board, 1968: 136). These problems can be placed in two categories. The first is related to work ethics. The second is general social behavior.

*(i) Work ethics*

Regarding work ethics, some of the policies undertaken undermined the drive of Kuwaitis to take their public jobs seriously. For example, because business was booming, its attraction was too powerful to be resisted, especially to the qualified few. These qualified few would not have entered the civil service if it had meant that they would need to give up their lucrative trades. “It is an open question”, noted the IBRD, “whether, notwithstanding the liberal salary scales, sufficient Kuwaitis of standing and ability could have been attracted to the service of the state if that would have mean divesting themselves of all interest in private business” (IBRD, 1965: 39). Therefore, a sort of a compromise was devised to eliminate this competition. This compromise included permitting civil servants to run their own businesses alongside their public offices. This concession, however, had caused great harm. As the government economic consultant noted, “[i]t over taxed the limited time and energy of those in key positions, strained their allegiance to the state, exposed them to grave temptation and meant that the public service ceased to be considered a career” (Shehab, 1964: 466).

It must be noted, however, that the concept of civil service was itself very much alien and foreign to the way of thinking and mode of life that had existed just a few years previously. As the IBDR noted,

[t]he work to be done for the community was as much a family affair as that performed in commerce, shipping, fishing and the artisan trades; who had participated in it and on what conditions was decided as much on a basis of personal relationships in the one case as in the other...It is therefore easy to understand that the introduction of a modern framework for the public service has met...enormous difficulties (IBRD, 1965: 37-38).

Thus, the fact that there was no clear-cut separation between public duty and private

interest of the civil servant, which undermined efficiency, may also be seen as largely a legacy of the past. In fact, as the IBRD pointed out, the dual activity was further “openly recognized and ... considered not at all incompatible with the position of a civil servant” (IBRD, 1965: 39).

In addition to the problems resulting from the mixing of private and public pursuits, there were great consequences to the policy of securing employment for Kuwaitis and giving them priority over expatriates. Among other things, it dampened the incentives to gain higher education and skills. Moreover, by eliminating competitive selection for the public service jobs, it encouraged complacency among young Kuwaitis and a tendency to judge performance solely by local standards (Shehab, 1964: 466).

Furthermore, the population’s new dependence on government for income and support weakened the traditional Kuwaiti entrepreneurial ability, enterprise, and risk-taking. “Hardly any worthwhile financial or industrial venture which deviates from the established pattern is ever attempted by Kuwaiti entrepreneurs”, contended Shehab, “unless it is assured of state financing, protection or guarantee” (Shehab, 1964: 466).

Indeed, as the IBRD noted,

Private investors and industrialists have sought government participation, both because of the financial resources which the Government could make available and for the preferred position which they assumed that such joint enterprises would have in selling their products to the Government, by far the largest consumer in the State. Contrary to experience elsewhere, private entrepreneurs in Kuwait have not hesitated to accord Government a controlling interest in enterprises in which they were involved. (IBRD, 1965: 57)

*(ii) General social behavior*

In terms of social patterns, one of the major problems was that the arrival of wealth was so sudden and entailed no effort or sacrifice on the part of the Kuwaitis. Public services were provided as a right, and in return, laid no responsibility on citizens in terms of their duties towards the state. This was seen as a critical issue. Therefore, the Planning Board stressed,

If society ensures the provision of free public services to all citizens,



this should not be taken as an absolute right to which every citizen is entitled. It should be regarded as a sign of social security based on the exchange of mutual interests among the members of society. (Planning Board, 1968: 139)

This situation was not only seen as a problem from a behavioral perspective, but also for the sustainability of the state. Thus, the Planning Board's stated aim was to "make well-off groups of society bear some of the costs of welfare services both from a sense of responsibility and as an assurance that such services will continue for future generations" (Planning Board, 1968: 140).

The results of all these policies on society were very visible. Shehab, the government's economic consultant at the time, summed up his impression of Kuwaiti society, after less than two decades of oil production, as follows:

Young people have lost their perspective, their urge to acquire knowledge, their acceptance of discipline. As a result, the drive, diligence and risk-taking that characterized the old Kuwaiti are no more. At both ends of the social scale the new citizen is content to enjoy a life of leisure and inertia, and is unwilling that this happy state of affairs should be disturbed. Protected, pampered, lavishly provided for and accountable to no one, he lives in a world of make-believe... Ostentatious consumption, prodigal expenditure, idleness and pleasure-seeking are common; frugality, moderation and enterprise have become the antiquated virtues of a bygone age. (Shehab, 1964: 466)

Thus, the "something from nothing mentality" warned by the British and the shift in the attitudes of Kuwaitis was already being observed very early into the boom period. In fact, as early as 1954, the Kuwait Administrative Report complained that "[a]mongst all classes of Kuwaitis the idea is growing that while paying no taxes they are entitled to free or State-subsidised education, health, water, electricity, telephones and other services".<sup>93</sup>

## 5.9. CONCLUSION

While Kuwait saw considerable achievements during the 1950s, the roots of many of the problems it has been suffering from until today clearly go back to policies undertaken during that period. The situation was recognized and acknowledged by the Kuwaiti government at the time, and was summed up by the Planning Board as

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<sup>93</sup> FO371/114576: Political Resident's Annual Report for 1954, April 15, 1955, p. 8.

follows:

It must be admitted here that many of the past achievements were accompanied by undesirable or unexpected developments, since the country was taken unprepared by the speed of events. Faced with such an onslaught it had been impossible to guard adequately against them. For example, educational and medical services were expanded without thinking about a new policy that would govern their quality and scope. Similarly, the civil service became unavoidably inflated during the boom period. The country's economic spirit was clearly one of 'laissez-faire' which did not consider the unbalancing effect of such free development on the structure of the economy. It was felt that there had been no search for optimum state of equilibrium and diversification in economic activity. Moreover, the rapid rate of development in the country created a soaring demand for various skills of foreign labour. As a result the population exploded. Under such circumstances it was impossible to call a halt and formulate a population policy to suit the country's political and economic interests. (Planning Board, 1968: 35)

Therefore, concluded the Board, "there is sufficient reason to consider the Kuwaiti economy, in spite of its high per capita income, as one existing in a state of relative underdevelopment" (Planning Board, 1968: 4).

Thus, many of the features of the rentier state with all its associate structural and social ills were clearly witnessed very soon into the development process. However, as discussed, many of these problems were not a byproduct of the certain narrow notions put forward by the rentier state literature. For instance, the lack of productive schemes, which some of the literature on rentier states considers in the context of avoiding social conflicts, was simply viewed as a result of the fact that the pre-oil skills of the people had no place in the modern economy, and with no resources other than oil, establishing industries in the short term was not a possible option. Moreover, schemes such as external investments were not initiated with the purpose of perpetuating the rentier system as is often suggested. Further, the documents revealed that possibly the biggest impediment to proper planning and implementation was haste, sparked by the sudden onslaught of revenues, combined with ruling family members whose personalities undermined much needed administrative reforms. Nevertheless, progress even in this regard cannot be discounted, and indeed was not at the time. As the *Political Agent* noted in 1958,

Although it is impossible for the Finance Department to control the

extravagance of the more lavish departments, Kuwait can afford this extravagance. What...we must acknowledge is the immense strides Kuwait has made in learning to administer its new found wealth. When we remember how rapid has been its rise from a desert Shaikhdom with an economy which had hardly changed for two hundred years to a modern State beset with all the problems which spending probably the highest per capita income in the world involves, it is quite surprising how the Kuwaitis have adapted themselves to administration...<sup>94</sup>

Finally, welfare and other policies relating to wealth distribution were clearly an essential part of the official development program. While they were seen as *crucial for the health and vitality of the economy*, they were *also* thought to be important for social and political content. However, *despite* their continued stress on the need to distribute income for such content, the British were very much against the super-welfare policies Kuwaitis were undertaking. Thus, contrary to the general assumptions in the literature, the super-welfare policies were at the time viewed as *dangerous* not only for the sustainability of the economy, but also in that they would create social agitation and unrest. In light of this, the goal of the next chapter is to examine the mindset behind the Kuwaiti determination to undertake these policies despite it being clear that they were potentially dangerous as the British had continued to warn and point out.

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<sup>94</sup> FO371/132757: Halford, Political Agent, Kuwait to Burrows, Political Resident, Bahrain, 11 August 1958, p. 2.

## CHAPTER 6

### SITUATING THE POLITICAL ECONOMY AND POLITICAL CULTURE OF KUWAIT

#### 6.1. INTRODUCTION

As discussed earlier, during the foundation period of Kuwait, the British had supported and emphasized the need for spreading the wealth in order to achieve political content. To them this was a *primary* objective. However, they were at the same time very much against the ‘super-welfare’ state Kuwaitis were determined to create. They viewed these *Kuwaiti* policies as dangerous not only economically, but also socially as they feared this may lead to future ‘agitation’ and ‘unrest’.

Therefore, it is concluded that the British did not think the ‘super-welfare’ policies were *necessary* for social and political content; on the contrary, they thought they were actually harmful. It can also be inferred from this that there were other factors at play behind the Kuwaiti policy decision to create the ‘objectionable’ super-welfare state beyond political interests. The question that must therefore be examined is *why* the Kuwaitis consciously decided to undertake such policies *despite* repeated warnings of potentially dangerous future outcomes?

In addressing this question, the discussion is placed within the framework of examining the economic principles adopted by the 1962 Constitution. The reason is that the Constitution embodied and formalized many of the ideas and ideals that resonated throughout the 1950s. These come out very clearly in the minutes of the Constituent Assembly (CA) that framed the Constitution. In this regard, there were two arenas of discussion within the CA. First was the general CA sessions, and second was the meetings of Constitution Committee (CC) which was elected from amongst the members to draft the articles and present them to the CA for discussion and acceptance. Furthermore, these discussions are utilized in this chapter as a springboard to delve back into understanding the mindset of policy-makers and the decisions they had made during the post-oil era of the 1950s.

## 6.2. BEYOND POLITICAL UTILITY

The discussions in the CA on the economic system Kuwait should adopt went extremely smoothly. Except for a few *technical* issues, the ideas and ideals were clearly shared amongst its members. The discussions were conducted at two levels. The first was more abstract, dealing with ‘choosing’ the type of economic system that is to be adopted by the constitution and determining the size of the public sector *vis-a-vis* the private sector in the economy. The second level dealt with the general socioeconomic policies the state is obliged to undertake, which is the primary concern of this chapter.

At the first level, the main issue was finding the right place for Kuwait amidst the battling economic systems of the post-war era. In explaining the position of the CC, Othman, the Constitutional Adviser, advised the CA that they had wanted to avoid any extreme economic system whether affiliated with the East or West; socialist or capitalist.<sup>1</sup> To do so, private property was acknowledged and rendered inviolable. Importantly, however, this was not to be at the expense of the public good. Hence, the state may place certain limitations on private property for the greater good. As Othman stressed, the economy is to be built on respect for individual property, yet this right must be consistent with the requirements of social life.<sup>2</sup>

When asked whether the system was ‘free’ or ‘directed’ (*muwajjah*), Othman pointed out that freedom of the economy is not absolute and government may intervene and direct it, just like all freedoms that are regulated so as not to negatively affect the public good. Thus, the individual is free in acquiring property and private property is inviolable/protected, but both are subject to government direction.<sup>3</sup>

The idea, therefore, was clear: to protect property rights and at the same time emphasize social rights. Hence, the first article in the constitution dealing with the economic system reads as follows:

### *Article 16*

Property, capital and work are fundamental constituents of the social structure of the State and of the national wealth. They are all individual

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<sup>1</sup> Minutes of the 19<sup>th</sup> Meeting of the Constituent Assembly, 11 September 1962, p.10-11.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.; Minutes of the 26<sup>th</sup> Meeting of the Constituent Assembly, 3 November 1962, p.2-3.

rights with *a social function* as regulated by law.

As the ‘Explanatory Memorandum’ annexed to the Constitution (EMC) states, the article assigned three constituents of society, namely, property, capital, and work to determine the place of Kuwaiti society amidst the battling economic and social currents in the world. While the first two ensure that Kuwait society would not drift to extreme socialism, the third – the right to work – limits the domination and power of capital. The article also states that these rights have a ‘social function’, pointed out the Memorandum, which means the cultivation by the state of capital in the context of the social good.<sup>4</sup>

Two articles go on to stress the right to private property, while at the same time taking into consideration the social good:

*Article 18*

Private property is inviolable. No one shall be prevented from disposing of his property except within the limits of law. No property shall be expropriated except for the public benefit in the circumstances and manner specified by law, and on condition that just compensation is paid.

*Article 19*

General confiscation of the property of any person shall be prohibited. Confiscation of particular property as a penalty may not be inflicted except by a court judgment in the circumstances specified by law.

In addition, while the merchants naturally desired a bigger role for private business and the reduction government domination in certain areas of business activity, the fact that activity was to be mixed between the public sector and private sector was a matter taken for granted.<sup>5</sup> The extent of and areas in which government would participate were the real questions.

For instance, Al Sagar, President of the Chamber of Commerce and Industry and a government minister at the time, stated in the CA that there is *no question* that the

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<sup>4</sup> Explanatory Memorandum to the Constitution of Kuwait.

<sup>5</sup> Minutes of the 19<sup>th</sup> Meeting of the Constituent Assembly, 11 September 1962, p. 11.

state has a right to intervene for the public good.<sup>6</sup> He complained, however, that the government was dominant in sectors in which it did not need to be. His primary concern was the area of commerce, since Kuwait was first and foremost a commercial country. Nevertheless, Al Sagar pointed out, government interferes in commercial activities and becomes the dominant and directing force. The state is rich, Al Sagar asserted, and does not need this intervention, particularly since the areas available for private investment are very limited under the circumstances of the Kuwaiti economy.<sup>7</sup>

Therefore, while the article concerned with the matter (Article 20) originally stressed the need for “cooperation” between the two sectors, the aim of which was “economic development, increase of productivity, improvement of the standard of living and achievement of prosperity for citizens”, after these concerns were raised, “fair” was added to “cooperation”.<sup>8</sup> As Othman explained to the members, “fairness in cooperation” means that the public sector does not dominate individual or private activity nor does individual or private activity dominate over the public good. The exact extent of the role of each sector was rendered flexible and, according to the ‘Explanatory Memorandum’, the determination of this was left to the legislator to decide based on the public good.<sup>9</sup> The legislator may decide to expand the role of the public sector in areas relating to national security for instance, while the role of the private sector may be expanded in areas like commerce.

The resultant Article 20 reads as follows:

The national economy shall be based on social justice. It is founded on fair co-operation between public and private activities. Its aim shall be economic development, increase of productivity, improvement of the standard of living and achievement of prosperity for citizens, all within the limits of law.

The Kuwait Planning Board summarized the economic principles enshrined in the constitution as stated above very carefully in its First Five Year Plan of 1968. It is therefore worth quoting at length. The constitution, noted the Board:

includes provisions concerning the respect and safeguarding of private

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<sup>6</sup> Ibid.

<sup>7</sup> Ibid, pp. 13-14.

<sup>8</sup> Minutes of the 24<sup>th</sup> Meeting of the Constituent Assembly, 24 October 1962, pp. 4-5.

<sup>9</sup> Ibid.

property, the prohibition of their general confiscation and the regulation of the relationship between employers and employees in line with economic principles yet respecting the principles of social justice. All these provisions in the Constitution determine, in general, the dimensions of the planning process in the State of Kuwait and outline its path... Property, capital and labour are no longer uncontested absolute rights, but a mixture of rights and obligations. Property is a right so long as the holder meets his obligations towards community. Capital is a personal right involving social obligations. The most important of these obligations is the participation in developing the productivity potential of society in accordance with the principles of social justice. The same is true of labour as personal right with obligations towards society. The activities of both the public and private sector are closely associated with the achievement of economic development through increasing production, raising the standard of living and spreading prosperity and welfare facilities amongst everybody. The achievement of this objective will not be possible without full cooperation between the public sector and the private sector. Such cooperation is vital for the achievement of the common good of society as a whole. (Planning Board, 1968: 12-13)

In this way, the Board asserted,

The legislators of the constitution did not go to extremes in economic and social terms but intended moderation and flexibility. The constitution provides for the restriction of the excesses of capitalism, in its traditional meaning, by allowing the State to intervene, directly or indirectly, to safeguard the interest of the people at all levels. It also provides that the intervention of the State should stop at certain limits in order to allow private effort and economic freedom enough room to function. In other words, the Constitution and the laws resulting from it aim at defining the general framework for the performance of the economy and society within set boundaries. It also gives individuals and private establishments freedom to practice economic activity within these boundaries and imposes restraints when attempts are made to exceed them. (Planning Board, 1968: 14)

These are the constitutional principals that set the general guidelines for economic policy in Kuwait. In sum, the constitution preserved and gave way for private enterprise, yet it also stressed the state's obligation to safeguard the welfare of society. While, the discussion has so far looked at the more abstract level in the discussions of the CA regarding the economy, the next section examines the more practical issues that are the focus of this chapter, namely those relating to the socioeconomic policies undertaken by the government.



### 6.3. ALTERNATIVE DIMENSIONS TO SOCIOECONOMIC POLICY

The economic system adopted by the Kuwaiti constitution carried within it the idea that the state has an obligation to support society members, to provide them with essential services and to secure a minimum standard of living. This, in fact, could be seen as a core feature of the adopted economic system. While much of the contemporary literature concerning rentier states views this as a form of buying loyalty, the rationalization for socioeconomic policies expressed by Kuwaiti policy-makers both inside and outside the CA indicate something very different. In this regard, there were four main themes that resonated throughout the period:

- (i) Perceptions of tradition and culture;
- (ii) Protectiveness and control;
- (iii) Regional and international currents;
- (iv) Social justice and Kuwaiti rights;

These themes are discussed in the following sections.

#### 6.3.1. Perceptions of Tradition and Culture

One of the most dominant themes cutting across the discourse during the reviewed period was the view that the benefits provided by the state were a natural continuation of Kuwaiti heritage. As demonstrated below, this view was shared amongst different sectors of society, whether they were merchants, intellectuals, government officials, *etc.* It was also the view expressed by the Ruler himself. Indeed, there seemed to be a consensus on this idea, and the terms used for its expression were strikingly similar amongst all. In this regard, the sense of Kuwaiti society's core ideals and traditions, with *takaful*,<sup>10</sup> *cooperation*, and *the sharing of wealth* being their main feature, was the base upon which much of the rationalization of welfare policies were rooted, and

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<sup>10</sup> The word *takaful* stems from *kafala*, which means guarantee. *Takaful* literally means "guaranteeing each other" or "joint guarantee". In its social context, it basically refers to mutual help amongst society members whereby each member has an obligation towards society and society as whole has obligations to help its members.

much of the spending patterns were justified. This section provides a sample of the discourse with an emphasis on the diversity of the people and bodies expressing the indicated views.

Possibly the most direct and practical example in this regard is found in the reports of the Department of Social Affairs, which was established in 1954 precisely for the purpose of expanding public services and social welfare.<sup>11</sup> In its first Annual Report, the Department noted that its purpose was to ensure that the new-found wealth would reach the normal citizen and to guarantee his rewarding *share* in it (Department of Social Affairs, 1955: 1-2). In general terms, its goal was to achieve *social justice*, the Department contended, and the means to do so was to direct economic development towards raising the living standards of citizens and creating stable and rewarding employment opportunities (Department of Social Affairs, 1956: 2). The Report went on to stress that economic development must be directed towards caring for Kuwait's citizens and guaranteeing the factors of reassurance for them in the future (Department of Social Affairs, 1955: 6).

Importantly, the Department perceived its task as a continuation of core Kuwaiti ideals, which it thought were founded on Kuwaiti society's great traditions of social *takaful* and mutual care amongst neighbors, friends, and citizens rooting back to the diving and seafaring era. The Department contended, for example, that 'begging' was never a salient phenomenon in Kuwaiti society, as manifestations of social *takaful*, particularly amongst seafarers and divers, were strong enough to prevent a person or group of citizens from reaching a level of destitution (Department of Social Affairs, 1956: 45). Thus, the Department asserted that *takaful* was a distinguishing factor of Kuwaiti society, and viewed its very establishment a continuation of such a tradition (Department of Social Affairs, 1955: 45).

The Department, however, sensed that this tradition was slowly fading in an economy undergoing rapid economic change. It therefore saw its public assistance projects as merely filling a vacuum that it thought was being created (Department of Social Affairs, 1957: 22). In fact, some of the Department's public assistance programs had the explicit aim of re-spreading the spirit of *takaful* and cooperation in society. For instance, the Department's stated goal was to encourage 'the spirit of *takaful*' through

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<sup>11</sup> *Kuwait al-yawm*, 1954, Issue 2, p. 2.

developing and encouraging voluntary activities amongst individuals and groups, and therefore took great interest in supporting cultural and sports clubs and unions, and provided them with yearly subsidies together with technical assistance. It also supported the creation of such clubs in villages outside the city and thought that they would be centers of cultural and social enlightenment, which would encourage voluntary activity and spread the 'spirit of cooperation' (Department of Social Affairs, 1955: 6, 48-50; Department of Social Affairs, 1957: 23).

This support played a role in creating vibrant political platforms and enhancing the role of civil society as it meant to do. This is clearly in direct contradiction to the notion that the state's public assistance policies solely aim to weaken social and political activity. In fact, the Department recognized and favorably viewed the fact that it was these very clubs that were leading the reformist movement in Kuwait, and contributing, through opinion and advice, in drawing the economic and social policies of the country (Department of Social Affairs, 1955: 50).

In addition to supporting voluntary activities to further the spirit of cooperation and *takaful*, the Department's stated aim was also to implement the principle of 'cooperation' in the field of production, consumption and services. Hence, the first consumer cooperative was established in 1955 within the Department. This 'limited' venture was seen as a test trial, in which employees were encouraged to save, and social services would be provided from profits (Department of Social Affairs, 1955: 50). Once the trial is successful, the concept was then to be spread throughout the country. Indeed, consumer cooperatives were then established in other departments, and later throughout the country, ultimately becoming a main feature of Kuwaiti economic life.<sup>12</sup>

As noted above, the views of the Department and the rationalizations used for Kuwait's welfare policies were not unique, and were consistent with those held by contemporary Kuwaitis of different backgrounds. For instance, Hussein, a contemporary 'intellectual' and Director of Education during the 1950s, spoke in very

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<sup>12</sup> While the Department noted that it had established the first consumer cooperative in Kuwait, it must be said that cooperatives were seen in Kuwait since the early 1940s, albeit on a limited scale. The first cooperative was in fact established in 1941 in the Mubarakiya School. The concept was also adopted in other schools in the early 1950s.

<sup>14</sup> Hussein is considered to be of a middle-class background.

similar terms.<sup>14</sup> In a series of lectures first published in 1960, he noted that after wealth became available to Kuwait, there was a deeply held feeling amongst citizens that the income of Government was an absolute *right* for all Kuwaitis. They were all natural *partners* in the ownership of this wealth, as they had shared alike the troubles of life in pre-oil Kuwait; they were the rightful persons, therefore, to enjoy the country's wealth after oil (Hussein, 1994: 98).

As a result, Hussein continued, attempts were made by the Government to provide a comfortable life for citizens (*el-ma'eesha el-raghda*), and government efforts gradually *substituted local traditions of cooperation, takaful* and the *provision of assistance*, which had previously stemmed automatically from the feelings of Kuwaitis. People, went on Hussein, began to feel that their obligations towards society, the tasks of which they had felt were their responsibility throughout Kuwait's history, and which they had undertaken without repining since they were a big part of Kuwaiti society's essence (*kayan*), were now entrusted to an able body that had the capabilities to undertake such tasks (Hussein, 1994: 98). Thus, noted Hussein, services provided by the Government were numerous, most important of which were free education at all levels; free healthcare services of all kinds; material assistance to those unable to work or complete their education; low income housing; ensuring a minimum income for citizens; and social assistance in emergency conditions (Hussein, 1994: 99).

Another important contemporary personality who addressed this issue was Al Sagar, member of the Constituent Assembly, a prominent merchant who was President of the Chamber of Commerce, the first Speaker of Parliament, and also member of the Development Board during the 1950s. Again, he used very similar terms in describing the rationale behind the socioeconomic policies of the Kuwaiti government. Al Sagar contended that Kuwaitis had lived before oil as a family with relations based on sympathy amongst its members and 'social *takaful*'. He stressed that these values were based on Arab and Islamic foundations, and they constituted *the* foundations on which Kuwaiti society was raised, and on which their views of the public good and social justice had originated.<sup>15</sup>

Al Sagar gave some examples of certain local traditions to demonstrate this. It must

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<sup>15</sup> Al Sagar, Abdulaziz, "*Al-kuwait qabl azzait*" (Kuwait before oil), *Al-Arabi*, June 1964, Issue 67.

be borne in mind that Kuwait's pre-oil economy was very primitive, and its population very small. Thus, although the examples may seem trivial at first glance, in the context of the period they gain much greater significance. Moreover, much of the examples given by Al Sagar relate to experiences from the sea, on which the Kuwaiti economy was based and had revolved around. These examples, in other words, lay at the core of Kuwaiti life.

In this regard, Al Sagar noted that many Kuwaiti seafarers were ship owners as well, and a ship represented the source of livelihood both to them and their families. Seafaring, however, was prone to great dangers, and therefore this field was one in which feelings of sympathy and *takaful* amongst Kuwaitis emerged. When a ship sank or got wrecked or so on (and it is inevitable that some would every year), friends and acquaintances would rush to raise funds on their own behalf even without the knowledge of the ship owners themselves. These donations were collected soon enough to cover and even exceed the cost of the total loss. In the same spirit, Al Sagar went on, Kuwaitis rushed to rescue any Kuwaiti ship that runs aground or faces troubles in the Gulf during its journeys without distinction. The rescue operations were voluntary, prompt and comprehensive. The number of persons on a single rescue mission could reach one hundred. The expenses of these operations were paid by one or more affluent Kuwaitis if the owners of the troubled ships were unable to bear the costs.<sup>16</sup>

Another tradition reflecting the spirit of cooperation and 'brotherhood', Al Sagar thought, was in the process of lowering newly-built ships to sea. When a flag was lifted on the ship signaling that it is ready to go, representatives of different ship owning families would voluntarily head to contribute together in the process. Moreover, Kuwaiti families, asserted Al Sagar, felt secure in the absence of their provider (breadwinner) during his long voyages at sea. Residents of the area felt morally responsible for them and thus made sure to provide them with their needs in case what was left by their provider was insufficient due to, for instance, an unexpected expansion in the length of the voyage.<sup>17</sup>

Finally, Al Sagar pointed out what he saw as possibly the biggest example reflecting

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<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

social *takaful*, social justice, and what he called ‘Islamic socialism’ in Kuwaiti society: the system of allotting the proceeds of ships from seafaring. In this regard, the proceeds were *considered to be shared* and distributed amongst all, including the owner, on a fair basis (*usus ishtarakiyya a’adila*), after deducting the crew’s food costs and port docking fees.<sup>18</sup>

In this context, Al Sagar pointed out that Kuwait’s environment was ripe for many of the social policies introduced by the state after oil, such as those in the field of health, education, *etc.* Therefore, it was not strange, he stressed, that the constitution, which he participated in framing, would give particular attention to the social sphere. This position, he stressed repeatedly, was borne out of their religion and tradition; their feelings and thoughts. Their hope was for Kuwait to be a model for a comprehensive and collaborative national effort for the sake of the common good and welfare for all. Society was to be as the Prophet described, “like a body: if any part of it is ill, the whole body shares its sleeplessness and fever”.<sup>19</sup>

Whether the rosy picture of Kuwaiti society prior to oil is accurate or not could surely be debated. However, this perception of the society’s history and values was expressed even amongst those on the other side of the class system. Al Khateeb, for example, who comes from a poor background, pointed out in the CA that he feared the placement of the word ‘capital’ in Article 16 of the constitution would be misunderstood to mean that Kuwait was a capitalist state with the excesses of capitalism. This, he stressed, ran against core Kuwaiti values, as the people of Kuwait had always ‘cooperated’ with each other, pre and post oil. Al Khateeb pointed out that in the days of poverty (before oil wealth) Kuwaitis had paid out of their limited and private resources to ensure free education and healthcare for all citizens. The Kuwaitis did this voluntarily, he asserted, and it would be a shame if they were viewed in a different manner due to the inclusion of the word ‘capital’ in the constitution, as this may be misinterpreted to mean something that contradicts the nature, tradition and reality of Kuwait.<sup>20</sup> The CA members, therefore, made sure to include in the EMC the

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<sup>18</sup> Ibid. Al Sagar gave the following percentages regarding the distribution of proceeds from shipping:

- 1- Cost of food and docking: 10%
- 2- Workers at all levels: 45%
- 3- Ship owners (who bear maintenance and other costs): 35%

<sup>19</sup> Ibid.

<sup>20</sup> Meeting of the 19<sup>th</sup> Meeting of the Constituent Assembly, 11 September 1962, pp. 12-13.

fact that the term ‘capital’ in the constitution does not imply the tarnished image of extreme or exploitative capital, which is but a divergence from its social function.

Moreover, while the fairness of the specific shares distributed amongst the various parties in the process of seafaring could also be disputed, the important point is the concept of ‘sharing’ itself. The pre-oil economic system of pearling and seafaring was based on sharing proceeds according to pre-specified shares (Department of Social Affairs, 1956: 64). This idea of ‘sharing’ the proceeds extended to the post-oil era, and the notion that citizens are to ‘share’ the revenues from oil was the way in which benefits were conceptualized. It is from this concept, in fact, that the notion that these benefits are part of citizen’s ‘rights’ is largely rooted. Whether or not the idea had stemmed directly and exclusively from the pre-oil system, it is essential to make a conceptual distinction between a top-down distribution of the wealth for political purposes, as opposed to ‘sharing’ as part of a social obligation. The concept of ‘sharing the wealth’ was indeed *the* prevalent principle. This was the language used and was clearly the dominant *mode of thinking* rather than being a political tool for buying legitimacy.

This notion is clearly suggested in discussions amongst Kuwaiti policy-makers at the time. For instance, a stated main aim of the Development Board was that “[a]s many Kuwaitis as possible can *share* in the profits of development contracts”.<sup>21</sup> Thus, Al Zaid suggested to the Board in 1952 that “instead of awarding...partnerships to individual companies, a quasi-official company should be formed with for example, a million shares subscribed by the people of Kuwait”, and this was viewed by the members as a desired and fair form of “a general *sharing* of profits”.<sup>22</sup> However, possibly the most direct example of an expressed perception that welfare policies stem from the principle of ‘sharing the wealth’ among citizens is found in the discussions between the Ruler and Churchill on the state of the Kuwaiti economy in 1953. In a message to the Ruler, Churchill warned him about the dangers of finance and spending arising in part from the Kuwaiti contemplated super-welfare state. To this,

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<sup>21</sup> Churchill/HSTD 1/1: Memorandum titled ‘Appreciation of Contract Situation in Kuwait’, p. 1, Presented by Hasted to Development Board on 9 July 1953, in Minutes of Government of Kuwait Development Board, vol II.

<sup>22</sup> Churchill/HSTD 1/1: Minutes of the 46<sup>th</sup> Meeting of the Development Board, 15 December 1952, in Minutes of Government of Kuwait Development Board, vol. I. This, however, was not achieved due to practical reasons (See Churchill/HSTD 1/1: Minutes of the 47<sup>th</sup> Meeting of the Development Board, vol. I).

the Ruler replied: “he understood what we [the British] meant but he had to take into account *the Arab traditions with regard to families and sharing of wealth between members of society*”.<sup>23</sup> Hence, the view that the newfound wealth was to be shared amongst Kuwaitis, and that they had a right to enjoy its benefits in the context of the Kuwait’s culture and tradition, provided a dominant rationalization of the distributive policies leading to the super-welfare state.

It is now important to look more closely at what the policymakers mentioned above were referring to in Kuwait’s history as part of their rationalization of post-oil welfare policies. Free education, in this regard, is worthy of particular attention, as the first major projects in the process of providing free public services was in this field. Moreover, the first contracts with the Big Five companies were for the building of schools. Spending on education became a major expense in the government budget throughout the 1950s. Indeed, in 1950, even before the implementation of the Development Plan, it was reported that half of all government expenditure was spent on education and health.<sup>24</sup> In 1951, it was reported that out of all departments, “[t]here was special enthusiasm in the Education Department and a ... desire to push on”, and by 1954, it was clear that the Department was the “most effective of government departments”.<sup>25</sup>

Because of the prominence of the field of education in post-oil welfare policies, free education is often cited in the rentier state literature as a prime example of distributive policy in the context of governments’ efforts to buy social content. While this is in itself a strange presumption since it is very much known, even by the policymakers of the 1950s, that education leads to growth in political conscience (this is discussed in detail in the next chapter), the following section briefly examines the state of education in pre-oil Kuwait to provide a better understanding of the claims of policymakers in their rationalization of post-oil welfare services.

As mentioned, Al Khateeb noted in the CA that Kuwaitis before oil had paid out of their pockets to ensure free education to all. Indeed, organized schooling began in Kuwait with the opening of Al Mubarakiya School in 1911. Al Qinaï, co-founder of

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<sup>23</sup> FO371/104329: Political Agent to Foreign Office, August 16, 1953, p. 1; emphasis is added.

<sup>24</sup> FO371/91258: Kuwait Administration Report for 1950, February 14, 1951, p.6.

<sup>25</sup> FO371/98323: Kuwait Administration Report for 1951, pp. 4-5; FO371/114576: Political Resident’s Annual Report for 1954, April 15, 1955, p. 4.



the school and its first principal, gave a religious underpinning to the initial motivation behind its establishment, such as the need to spread education in order for people to be able to gain knowledge of the life and deeds of the Prophet for them to follow (Al Qinaï, 1986: 43-6). The school was built by donations from the merchants. In promoting the idea of the project, Al Qinaï had emphasized the value of *cooperation*, and had initiated the process of collecting the donations by contributing 50 Rupees himself. He then started to collect funds from the merchants who, together, contributed 77,500 Rupees, with which the school was built.

Apart from continuing donations by the merchants in the coming years to keep the school going, the merchants invested some of the surplus funds to generate returns for it to finance its operations. As hinted, the school was non-profit, and only a token *joining* fee of 2 Rupees was required from rich students, 1 Rupee from middle-income students, and non from the poor. The Sheikh at the time did not make any noteworthy contribution throughout the school's life (Al Qinaï, 1986: 43-6).

The second organized school in Kuwait is Al Ahmediya School. By the late 1910s, some merchants became increasingly unsatisfied with the standard of education in Al Mubarakia and were adamant to modernize education in the country. Thus, another round of donations was made with which Al Ahmediya was built and opened its doors in 1921. The Sheikh had this time pledged to help finance its operations by an annual contribution of 2000 Rupees (see Al-Rushaid, 1978: 278, 366-370).<sup>26</sup>

However, in the 1930s, education, like other fields, was hard hit by the economic depression and unavailability of funds, to the extent that Al Mubarakia had to shut its doors for a while. The merchants, however, would not accept these conditions. Al Adsani, leader of the 1930s merchant movement and Secretary of the 1938 Legislative Council, described the effect of the intellectual and cultural 'renaissance' going on in the Arab world, such as that of Iraq and Egypt, on Kuwaitis. He noted people's consequent complaints regarding Kuwait's failure to keep pace with such developments (Al Adsani, undated: 15). Al Adsani pointed out that it was their belief that the main reason for Kuwait's 'backwardness' was the state of education and the

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<sup>26</sup> It must be noted that one of the demands of 1920 merchant movement on Ahmad Al Jabir as a condition of their acceptance of him as Ruler was "[t]he consideration of the requirements for the advance and improvement of the town and people, *such as spreading of education...*" (IOR/R/15/5/205: Agent to Resident 29 June, 1938).

lack of an official and able educational council that would supervise, direct, and finance the field. Because the country's treasury was financially inadequate, and because such an institution required an independent fixed budget, the merchants knew that they had to devote funds from their own money to cover the expenses in order to convince the Ruler to accept its establishment. Thus, Al Adsani pointed out, the merchants proposed to the Ruler an imposition of a 0.5% tax on imports, on top of the custom's tax, the proceeds of which would be used specifically for education. The Ruler agreed to their request, and an Educational Council was elected in 1936 (Al Adsani, undated: 15).

The Council took Al Mubarakiya and Al Ahmediya under its wings, and soon decided to bring in teachers from Palestine to resurrect the field (Al Adsani, undated: 16; Hussein, 1994: 126).<sup>27</sup> This could be regarded as the start of 'public education' in Kuwait.

When the Legislative Council was established, it took the responsibility of overseeing the area of education and gave the field special attention. Among other things, the Council increased the educational budget by dedicating to it half the proceeds of a nationalized transport company. To clarify, the transport company had monopolized all the portage and transport work between the docks and the Customs House. The Council decided to nationalize it, as the members believed the previous owners had acquired it through corrupt means. The proceeds of the newly nationalized company was split between the Departments of Education and Health.<sup>28</sup>

The Council went on to open three new government schools, including one for girls (the first in the region), and decided upon completely free education in all schools.<sup>29</sup>

By 1940, there were four boys schools and three girls schools inside the town wall, excluding the six 'mulla schools' for boys situated outside the town. In his 1940 Report on Government Education in Kuwait, Vallance noted that the sources for funding education were the 0.5% from customs and the payments from the 'Hamal

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<sup>27</sup> In fact, this was the same strategy the merchants used to help convince the Ruler to agree to an elected Municipality.

<sup>28</sup> The Council was also planning to build a free state hospital (Kuwait Intelligence Summary for the period from 16<sup>th</sup> to 30<sup>th</sup> November 1938, p. 1, in *Political Diaries of the Persian Gulf*, vol. 13, p.211).

<sup>29</sup> Ibid.; R/15/5/205: 'Improvements introduced by the Kuwait Council' by de Gaury, Political Agent, Kuwait, enclosed in Fowle, to Peel, 17 November 1938.

Bachi Company' (the transport company). Payments were required on a weekly basis. However, because expenses were heavier in some months than in others, it was necessary for the Education Committee to borrow money to overcome the difficulty. Small amounts, the report noted, were borrowed from Al Qinaï's own pocket, while large amounts were borrowed from the Town Treasury.<sup>30</sup>

Therefore, notwithstanding extreme difficulties with regard to the availability of funds, there was a great effort and determination by the merchants to spread free education before oil production. From one running school in 1936, the number of schools reached thirteen by 1944, three of which were girls' school, with a total number of 119 teachers.<sup>31</sup> Within the schools, the system was described by Vallance's 1940 Report as follows:

The schools of Kuwait are open to rich and poor alike, and one of the most pleasing features of those inside the wall is a scheme whereby very poor boys are clothed free of charge by the schools themselves, the funds for this purpose being provided, not out of the Education Grant, but from sums of money raised by means of entertainments given from time to time by the boys. About 10% of all the pupils at the four town schools receive free clothing in this way.

Books and stationery are issued free to all pupils too poor to purchase their own, and in practice this benefit is enjoyed by about 50% of the boys at the largest school, the Mubarakiyah, by about 80% of the boys at the other town schools and (in theory) by all the boys at the six 'Mulla schools' outside the town.<sup>32</sup>

The above gives a general insight into the feelings Kuwaitis had towards the value of education and the role of society in providing it for all *before* the windfall of oil revenues. The description of the system by Vallance also reflects certain values held by society with regards to the importance of supporting and helping one another as discussed in this section. In light of this, the post-oil policy by the Kuwaiti government of providing free education is but an 'inheritance' of a system initiated and established by the *people*. Once the state had the *means*, it was only expected by Kuwaitis that it would take over such a responsibility. In this way, free education was

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<sup>30</sup> IOR/15/5/196: Report on Government Education in Kuwait, by Adrian Vallance, October 1, 1940, p. 3.

<sup>31</sup> 'Atta'aleem fi al-kuwait' (Education in Kuwait), *Arra'id Al Arabi*, March 1962, 17<sup>th</sup> Issue.

<sup>32</sup> IOR/15/5/196: Report on Government Education in Kuwait, by Adrian Vallance, October 1, 1940, p. 3-4.

a *continuation* of a policy that had become ingrained in Kuwaiti culture, and not a distributive mechanism by which the regime buys social content.

In fact, the high value attached to education continued to be the expressed attitude of policymakers in the 1950s in their push to provide it free for all. The Development Board, for example, decided to give education

high priority in the Development Programme, and that every effort should be made to see that no Kuwaiti parent who wished to put his child to school should be refused. The mere fact of children being in school, where they were fed, clothed, and looked after, was a contribution to the health of Kuwait.<sup>33</sup>

Thus, the program of Public Assistance by the Department of Social Affairs included financially supporting families of poor students to make sure these students would be able to continue their education (Department of Social Affairs, 1957: 19). Finally, these sentiments were *formalized* in the constitutional articles which guarantee free education for citizens:

*Article 13*

Education is a fundamental requisite for the progress of society, assured and promoted by the State.

*Article 40*

Education is a right for Kuwaitis, guaranteed for the State in accordance with law and within the limits of public policy and morals. Education in its preliminary stages shall be compulsory and free in accordance with law.

Law shall lay down the necessary plan to eliminate illiteracy.

The State shall devote particular care to the physical, moral and mental development of youth.

In addition, other articles of the constitution that also carry the ideals discussed above include:

*Article 7*

Justice, Liberty, and Equality are the pillars of society; *cooperation and mutual help* are the firmest bonds between citizens.

*Article 9*

The family is the corner stone of Society. It is founded on religion, morality, and patriotism. Law shall preserve the integrity of the family,

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<sup>33</sup> Churchill/HSTD 1/1: Minutes of the 57<sup>th</sup> Meeting of the Development Board, 2 March 1953, in Minutes of Government of Kuwait Development Board, vol I.

strengthen its ties, and protect under its support motherhood and childhood.

*Article 10*

The State cares for the young and protects them from exploitation and from moral, physical and spiritual neglect.

*Article 11*

The State ensures aid for citizens in old age, sickness or inability to work. It also provides them with services of social security, social aid and medical care.

*Article 14*

The state shall promote science, letters and the arts and encourage scientific research therein.

*Article 15*

The State cares for public health and for means of prevention and treatment of diseases and epidemics.

*Article 23*

The state shall encourage both co-operative activities and savings, and supervise the system of credit.

*Article 25*

The state shall ensure the solidarity of society in shouldering burdens resulting from public disasters and calamities and provide compensation for war damages or injuries received by any person as a result of the discharge of his military duties.

*Article 48*

Payment of taxes and public imposts is a duty in accordance with law which shall regulate exemption of small incomes from taxes in such a way as to maintain the minimum standard of living.

These articles embody the very values that were expressed to be an intrinsic part of Kuwait's culture and heritage, which stress the importance of cooperation, *takaful*, and certain obligations towards society. In fact, the notion that the constitution adopted a socioeconomic system consistent with core ideals held by Kuwaiti society was not solely accepted by CA members, but was widely believed to be the case. For instance, the Planning Board stressed the fact that the constitution of Kuwait "is characterized by the adoption of a position consistent with the attitude of Kuwaiti society and its future aspirations and ambitions. It is also consistent with the bonds of harmony, co-operation and security prevailing among its members" (Planning Board, 1968: 14). Thus, it is clear that these were the dominant kinds of rationalizations for much of the post-oil welfare policies undertaken by the government. As seen, they

were articulated in very similar terms by different policymakers of diverse social backgrounds, including the Ruler himself, which gives added weight as to their genuineness.

### 6.3.2. Protectiveness and Control

The rentier state literature contextualizes the priority and preference given to citizens as part of governments' efforts to buy quiescence of society. However, there were more important factors contributing to the push in this direction in Kuwait's case. As mentioned earlier, the surge in oil revenues led to a huge and rapid influx of foreigners, flooding Kuwait, and ultimately making citizens a minority in their country (see El Mallakh, 1966: 426). As the *Political Agent* noted, foreigners were "rapidly" "pouring" into what was seen as a "gold-rush State".<sup>34</sup> Kuwait, suggested a Foreign Office document, seemed like "fair game".<sup>35</sup>

Kuwaitis, experiencing this and witnessing widespread exploitation and corruption by foreign companies and certain foreign employees as indicated earlier, were naturally alarmed. Being small and rich, this feeling was compounded. As would be expected, a protective attitude amongst them developed during the 1950s. Kuwaiti citizens, it was felt, must have priority not only in enjoying the newfound wealth, but also in controlling it. This was seen as a natural right.

In fact, even without such a sudden influx of foreigners and perceived exploitation, it is quite surprising that the literature does not find preference and priority given to citizens in their own country as normal in the first place, just like in all countries, and sees this as part of a government strategy to buy loyalty. Indeed, many of the 'privileges' attached to the Kuwaiti citizenship, such as the requirement that foreign companies must have Kuwaiti partners or that items for development must be purchased from the local market, must be seen in large part in the context of Kuwaitis' natural belief that, simply, the wealth of Kuwait belonged first and foremost to Kuwaitis. The protective attitude only increased and stressed this direction in Kuwaitis' thinking. A letter by Ahmed Al-Amer presented and discussed in the Development Board reflects the sentiments of many Kuwaitis at the time in this

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<sup>34</sup> IOR/R/15/5/213: Political Agent, Kuwait to Hay, Political Resident, Bahrain, January 2, 1949, p. 2.

<sup>35</sup> FO371/104326: Note on British interests vis a vis Kuwait, unsigned, 30 March 1953, p. 4.

regard. Al-Amer suggested to the Board to even restrict certain partnerships with foreigners if they were not ‘technically’ required. He noted the following:

I wish there was no partnership at all between Kuwaitis and foreigners so as to protect our financial position and national wealth from foreign exploitation. But circumstances which cannot be helped force us to accept partnership. The only reason for partnership is our backwardness in the technical side, and nothing else. It is therefore permissible for a Kuwaiti to form a partnership only with a foreign technical expert. But a Kuwaiti should not otherwise form a partnership with a foreigner or a naturalized Kuwaiti, whether that partnership includes a third technical party or not. Such partnerships are adverse to the interests of Kuwaitis, to protect which it is the duty of the Development Board. Existing companies of this nature give us a vivid example of what foreigners enjoy of our rights and interests while...Kuwaiti qualified contractors, compete for trifles and minor works. The reason for all that is that we improvise everything and lack an organized, fixed system which protects our rights and national wealth. We are often faced with projects which have to be executed quickly and so they are awarded to firms foreign inside out, and even without Kuwaiti partners...This is a grave danger to our interests so the Development Board is requested to draw a policy which will protect the rights of Kuwaitis; this policy should have a retrospective effect which will set things right and uproot evil.<sup>36</sup>

That being said, Kuwait’s case was still somewhat unique, in that the most efficient segment of the population was the expatriate community on whose work, skills, and effort the economy relied. Indeed, by the early to mid-1960s, Kuwaitis constituted a mere one-third of the labor force, and this was seen to be a feature that would continue to characterize the Kuwaiti state. As the IBRD noted in 1965, in order to provide a labor force of the then present size, the Kuwaiti population would have had to treble. It was estimated that this would have taken at least 40 years. Given the expected growth of the economy and with it the increase in the number of jobs to be filled, non-Kuwaitis were therefore expected to “remain an important feature of the labour force” (IBDR, 1965: 26). Thus, preserving basic privileges for citizens and giving them things like increased job security over foreigners was attacked by some as having negative effects on the economy itself. As the IBRD explained, “most non-Kuwaitis consider their stay in Kuwait a temporary one, and indeed, their assured terms of employment are usually short and unemployment may quickly be followed

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<sup>36</sup> Churchill/HSTD 1/1: ‘The Suggestions and Remarks Submitted to the Development Board on 14<sup>th</sup> December 1953’ by Ahmed Al-Amer, Translated by the Finance Department, p.3, in Minutes of Government of Kuwait Development Board, vol III.

by deportation...” (IBRD, 1965: 26). “The labor force would be more efficient”, stressed the IBRD, “if it were more stable” (IBRD, 1965: 26).

Ironically, however, the very size of the foreign workers, which made them indispensable and essential for the sustainability of the economy, had itself created the sense of protectiveness amongst Kuwaiti citizens. As Shehab, the government’s economic consultant in the late 1950s noted, “[t]he discovery that it [Kuwait] was being swamped by aliens alarmed Kuwait and prompted defensive measures” (Shehab, 1964: 468). These were “intended to preserve the identity of the old community, reserve the bulk of the new wealth for its citizens and protect them against intruding aliens...” (Shehab, 1964: 471).

While these measures were in part born out of a feeling that it was Kuwaitis who must have a priority in benefiting from Kuwait’s wealth as discussed, an important reason behind certain privileges and preferential treatment had more to do with the desire to retain control over the wealth rather than to simply gain from it. As Shehab put it, in order for the government “to ensure control of its own affairs”, it “gave preference to its own citizens” (Shehab, 1964: 465). In fact, the feeling that Kuwaitis had the right to control the wealth of the country surfaced dominantly during the discussions of the CA, and this was predominantly driven by the developing defensive attitude triggered by the sudden demographic change. For this very reason, some of the privileges demanded by some CA members went beyond those related to Kuwaiti *vs.* foreigner, and included ‘original’ Kuwaiti *vs.* naturalized.<sup>37</sup>

In fact, traces of feelings of the latter kind could be traced back to the early 1950s. In Al-Amer’s letter, for example, this comes out very clearly:

There are certain naturalized Kuwaitis who have acquired the Kuwaiti nationality only lately for certain aims. Of these some have been registered as contractors by the Development Board. I request the Board to consider their cases as it is a dangerous precedent. The fact that a certain foreigner managed to acquire a Kuwaiti passport by some means or another does not exempt the Board from responsibility allowing him to compete with the true Kuwaiti. Many colonial

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<sup>37</sup> Kuwaiti citizenship was recognized for those who resided in Kuwait before 1920, and maintained residence until the publication of the law in 1959. Descendants in the male line were also considered citizens, as are the children of a Kuwaiti mother in the case that the father is unknown, and foreign women married to a Kuwaiti (IBRD, 1964: 26). People in this category were considered ‘original’ Kuwaitis.



subjects, for instance, hold the British passport but they do not enjoy the same political and civil privileges as the English. However, the original Kuwaiti who has made many sacrifices and shed his blood in the defence of this land has more right to his country in spite of what the foreigner is given by law.<sup>38</sup>

However, with time, as mentioned, the idea of control *vs.* monetary gain in the assignment of certain privileges was more dominant in this regard. Such a sentiment manifested itself, for instance, in the CA discussions on the electoral law. The legislation passed did not give naturalized persons the right to run for parliament. Al Zaid stressed in the CA the fact that they had given naturalized citizens all rights, including economic and social benefits. The naturalized could be in commerce, learn on the public expense and enjoy all other benefits available to ‘original’ Kuwaitis.<sup>39</sup> However, Al Zaid emphasized, they cannot hand over their ‘necks’ to the naturalized by allowing the latter rule over them. Kuwaitis were not in a normal situation, he stressed, and there was no country in the world in which foreigners outnumber citizens on a multiple scale as in Kuwait.<sup>40</sup> Al Zaid stated that they did not want ‘to sell themselves cheap’, as naturalized persons could in ten years group together and gain a majority in parliament, with the consequence being that “our [original Kuwaitis’] fates would be in their hands”.<sup>41</sup> Thus, while the naturalized could enjoy the benefits of oil wealth, they should not control it.

Moreover, there was an insistence for a constitutional criterion stipulating that those who hold the post of minister, undersecretary, and assistant undersecretary must be ‘original’ Kuwaitis and not naturalized.<sup>42</sup> Almazeedi explained that in normal situations, constitutions would not have such provisions; however, he asserted, Kuwait’s situation was not normal: the ‘founding’ Kuwaitis will become a minority in the country, and will not constitute more than a third of its residents, and with time ‘original’ Kuwaitis will become a minority. This phenomenon, he stressed, does not exist in any other country. To Almazeedi, this constituted a core political problem,

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<sup>38</sup> Churchill/HSTD 1/1: ‘The Suggestions and Remarks Submitted to the Development Board on 14<sup>th</sup> December 1953’ by Ahmed Al-Amer, Translated by the Finance Department, p.3, in Minutes of Government of Kuwait Development Board, vol III.

<sup>39</sup> Minutes of the 21<sup>st</sup> Meeting of the Constitution Committee, 22 October 1962, p. 5.

<sup>40</sup> Ibid.

<sup>41</sup> Minutes of the 11<sup>th</sup> Meeting of the Constitution Committee, 5 June 1962, p. 5.

<sup>42</sup> Minutes of the 22<sup>nd</sup> Meeting of the Constituent Assembly, 2 October 1962, pp. 4-14; Minutes of the 24<sup>th</sup> Meeting of the Constituent Assembly, 24 October 1962, pp. 10-23.

and the constitution must therefore not overlook this reality.<sup>43</sup> Thus, “in this age”, Al Dabbous concluded, it is the sons of Kuwait who should be given preference.<sup>44</sup>

What increased this defensive attitude even further was the perceived corruption and exploitation Kuwaitis thought was taking place amongst Arab employees. In the CA, Al Khateeb explained the members’ demands as being a result of discontent with regards to some high-ranking employees of the state who had been newly naturalized and were viewed to act in an inappropriate manner.<sup>45</sup> These people, Al Khateeb believed, tainted the reputation of the rest.<sup>46</sup> In fact, discontent towards Arab employees was reported throughout the 1950s. In 1957, the *Political Agent* noted that the reformist papers were “hostile to foreign Arab government employees”.<sup>47</sup> In 1958, the *Political Agent* wrote that the reformists appeared to be “associated with a movement for excluding non-Kuwaitis from public life...”<sup>48</sup>

In light of all of the above, it would be easy to comprehend the government policy of ‘Kuwaitization’ that was implemented towards the end of the 1950s. Policies in this direction were sometimes undertaken even though it was clear that at times they did not economically make much sense. In 1957, the *Persian Gulf Monthly Report* noted: “It now appears that the Government policy is to replace expatriate Arabs employed in government departments by Kuwaitis with the minimum delay”.<sup>49</sup> In fact, there were “definite signs that the policy of Government Departments is to replace expatriate Arabs by Kuwaitis as soon as possible”.<sup>50</sup> This was to be done, it was reported, “even though this may involve increases in the numbers employed or reductions in efficiency”.<sup>51</sup>

In sum, limiting the factors behind government policy of giving preferential treatment

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<sup>43</sup> Minutes of the 24<sup>th</sup> Meeting of the Constituent Assembly, 24 October 1962, p. 12.

<sup>44</sup> Minutes of the 22<sup>nd</sup> Meeting of the Constituent Assembly, 2 October 1962, p. 7.

<sup>45</sup> Minutes of the 31<sup>st</sup> Meeting of the Constituent Assembly, 25<sup>th</sup> December 1962, pp. 3-4.

<sup>46</sup> Ibid.

<sup>47</sup> Persian Gulf Monthly Report for the period November 29, 1957 to January 4 1958, p. 1, in *Political Diaries of the Persian Gulf*, vol.20, p. 547.

<sup>48</sup> Persian Gulf Monthly Report for the period March 2 to April 1, 1958, p. 1, in *Political Diaries of the Persian Gulf*, vol. 20, p. 593.

<sup>49</sup> Persian Gulf Monthly Report for the period May 31 to June 27 1957, p. 1, in *Political Diaries of the Persian Gulf*, vol. 20, p. 433.

<sup>50</sup> Confidential Annex to Kuwait Diary No. 6 covering the period May 30 to June 19, 1957, p. 1, *Political Diaries of the Persian Gulf*, vol. 20, p. 439.

<sup>51</sup> Persian Gulf Monthly Report for the period May 31 to June 27 1957, p. 1, in *Political Diaries of the Persian Gulf*, vol. 20, p. 433.

to citizens to buying loyalty is very much narrow and does not capture the diverse underlying reasons behind such a policy. As mentioned, it is very much unfair to view these policies as being unique to rentier states. Furthermore, in a small and rich country like Kuwait, witnessing a sudden and unprecedented influx of foreigners, it is clear that feelings of protectiveness pushed such policies with greater force to the extent that they even included undertaking measures that would give priority to 'original' over naturalized Kuwaitis.

### **6.3.3. Regional Currents and Social Policy**

It should be noted that the views of policy makers must not be seen in a vacuum, isolated from social currents dominating the region at the time. In fact, many of the welfare ideas were clearly influenced by such developments. They created a particular notion of 'progress', and what an advanced and decent society looked liked.

In this regard, the Department of Social Affairs contended in 1955 that "in the present day, the standing of a country and government is measured by the amount it designates in its budget and allocates from its resources for educational, medical, and social services provided to citizens" (Department of Social Affairs, 1955: 69). There is no disagreement in the minds of Kuwaitis, asserted the Department, that economic development is measured by the amount of services and social care it guarantees to provide them and their children in future (Department of Social Affairs, 1955: 69).

In fact, it was representatives of the Egyptian Ministry of Social Affairs who were brought in to build and organize the Kuwaiti Department of Social Affairs, as there was very limited local experience to undertake such a task. It was Egyptians, therefore, who put in place the administrative and technical organizational foundations, studied and prepared the different social programs, and trained Kuwaiti employees (Department of Social Affairs, 1955: 66). When devising policies and issuing legislation such as the Labor Law of 1955, sources on which these were based included existing legislation in other Arab states, recommendations by the Arab League, and World Labor Organization Agreements (Department of Social Affairs, 1957: 59).

Indeed, the Department of Social Affairs was involved in many regional conferences in Egypt and elsewhere, such as the Conference of Arab Social Experts held by the

Arab League, and worked to be consistent with the resultant recommendations. These included placing the effort towards raising the social standards of individuals at the core of social policy. The goals of the state as recurrently voiced in these meetings should be ‘social justice’, achieved through directing economic development towards raising living standards and providing stable and rewarding employment opportunities for citizens. Accordingly, the state had to care for its citizens and work to create the means for a dignified life and to ‘free them’ from anxiety and fear by guaranteeing factors of reassurance regarding their future (Department of Social Affairs, 1955: 66-67).

The situation in the CA was not different. Othman, the constitutional advisor and the person who arguably had the greatest influence in drafting the constitution, was a representative of the Egyptian government under Nasser. Moreover, the social philosophies overtaking the region had clearly influenced the members greatly and created a desire for Kuwait to be in line with regional ‘progressive’ currents. For instance, Al Zaid pointed out in the CC that the members desired the constitution to be compatible with the social trends taking place in the world as a whole. They did not want, he insisted, “to do society wrong”, and to have the constitution sink in “backwardness”.<sup>52</sup>

Importantly, as suggested, this should be viewed as part of the greatly influencing impact of Arab nationalism on Kuwait, with all its implications for the views of Kuwaitis towards the desired socioeconomic system. Indeed, the significant impact of Arab nationalism is reflected in the Preamble to the Constitution, in which the Emir states:

...having faith in the role of this Country in furthering Arab nationalism and the promotion of world peace and human civilisation; and, striving towards a better future in which the Country enjoys greater prosperity and higher international standing, and in which also the citizens are provided with more political freedom, equality, and social justice, a future which upholds the traditions inherent in the Arab nation by enhancing the dignity of the individual, safeguarding public interest, and applying consultative rule yet maintaining the unity and stability of the Country... (Kuwait Constitutions)

Moreover, in its very first article, the Constitution asserts the following:

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<sup>52</sup> Minutes of the 9<sup>th</sup> Meeting of the Constitution Committee, 31 May 1962, p. 12.

*Article 1*

Kuwait is an Arab State, independent and fully sovereign. Neither its sovereignty nor any part of its territory may be relinquished. The people of Kuwait is a part of the Arab Nation.

Other articles to the same effect include:

*Article 12*

The State safeguards the heritage of Islam and of the Arabs and contributes to the furtherance of human civilisation.

*Article 157*

Peace is the aim of the State, and the safeguard of the integrity of the Country, which is part of the integrity of the Greater Arab World, is a trust devolving upon every citizen.

These articles clearly reflect the Arab nationalistic sentiments of Kuwaitis and by intimation the social trends overtaking Arab thought. Thus, the economic policies undertaken by the government, and the economic principles assigned by the constitution should not be seen as separate from wider regional and international developments, with all their effect on the perceived meaning of a just economic system. In fact, this was very much understood at the time, as the Planning Board noted in its analysis of the constitution:

Perhaps the most important fact to observe in these [economic] provisions is the emphasis placed upon the principles of social justice, social functions and economic activity. This emphasis is consistent with recent developments in the attitude towards property rights, capital, labour, the responsibility of public and private activity in the development of the national economy, and the spread of prosperity among all citizens. (Planning Board, 1968: 12-13)

#### **6.3.4. Social Justice in the Kuwaiti Context**

The sections above brought out the idea of social justice as a stated aim of Kuwaiti economic policy. The concept was voiced in different contexts, all sharing, however, the basic underlying notion that the wealth of the nation must be used predominantly for the welfare of citizens. In fact, the term ‘social justice’ is recurrent in several articles of the constitution. For example:

*Article 20*

The national economy shall be based on social justice...

*Article 22*

Relations between employers and employees and between landlords and tenants shall be regulated by law on economic principles, due regard being given to the rules of social justice.

*Article 24*

Social justice shall be the basis of taxes and public imposts.

While the term may be considered somewhat general with imprecise practical ramifications, there was a unique understanding of social justice in the context of the Kuwaiti experience that manifested itself very tangibly in the discussions of the CA. To give a general background first, the sudden advent of oil wealth and the sudden shift in the economic structure had rendered the skills of the majority of the population obsolete. These were mainly the seafarers and divers, whose skills and labor had constituted the backbone and basis of Kuwait's pre-oil economy. Suddenly, their skills were of no value or use, and being overwhelmingly illiterate without any education, this had made them end up occupying very menial jobs with relatively very low pay and low corresponding benefits – this, in a country that was transformed to be one of the richest in the world.<sup>53</sup>

Concerns for this segment of society was being voiced very early on in the development process. Particularly, in 1954 signs of unemployment amongst them was starting to be witnessed, and this was tied in part to the problem of immigration and the use of better skilled foreign labor, with whom Kuwaitis were unable to compete. Other reasons included the slowing down of development at the end of that year and the culturally grounded refusal of Kuwaitis to occupy certain jobs like domestic servants. Thus, the problem of unemployment was discussed in the Development Board in December 1954 for the first time, and urgent measures were decided upon to ensure work for Kuwaiti laborers. These included continuing the use of the Kuwaiti laborers that some government departments had decided to dispensed with; replacing foreign laborers with Kuwaiti laborers; providing vocational training for Kuwaiti laborers in all government workshops and in the Oil Company's school; and regulating the use of labor by stopping the employment of foreigners who were not certified by the Department of Social Affairs (Department of Social Affairs, 1955:

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<sup>53</sup> Personal interview with Ahmad Al Nafisi, June 2011.

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The Department itself highlighted its concerns regarding Kuwaiti labor in light the influx of foreigners and Kuwaitis' limited skills. In 1955, it pointed to the fact that due to the limited skills and experience of Kuwaiti workers in relation to the needs of the modern economy, signs of unemployment amongst them were beginning to be witnessed despite the expansion of the labor market over the decade. The Department noted that both the private and public sector were forced to rely on expatriate labor, and the latter ultimately constituted 87% of used labor in Kuwait (Department of Social Affairs, 1955: 28; Department of Social Affairs, 1956: 17). The Department warned about the 'dangers of this phenomenon', and undertook a program to train Kuwaiti workers and try to raise their level of productivity, efficiency and skill. Further, the stated aim of this program was to provide a Kuwaiti labor force that was able to participate effectively in economic production and to *gradually replace expatriates* (Department of Social Affairs, 1955: 28).

Nevertheless, despite such efforts, the problems faced by this segment of society regarding their employment conditions and status continued in the coming years due primarily to their limited skills and illiteracy. However, with time, consciousness among the Kuwaiti population about their situation also began to grow, and with it a realization that it was simply unfair.<sup>54</sup> One of the most elaborate manifestations of this came to surface during discussions around a complaint submitted by a number of Kuwaiti 'daily' workers and employees (*i.e.* they did not have fixed long-term contracts) to the CA regarding their employment conditions. In their complaint, they had called themselves the 'sons of the sea' (*i'yal albahar*). Al Abdulrazzag, who was of a prominent merchant family, appealed to the conscience of the members to help these workers and do them *justice*. He reminded them that it was these very people and their fathers before them who had participated with all sincerity and dedication in the building of pre-oil Kuwait. They had defended the country in times of defense and effectively contributed in building its economy: they had been the backbone (*uddatuna*) of Kuwait in times of need. They had sailed to the ends of India and

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<sup>54</sup> Personal interview with Ahmad Al Nafisi, June 2011. In fact, the first time in which the newly acquired post-1962 constitutional powers of parliament were utilized to reform government employee salary and benefit scales (in the early 1970s) had mainly this segment of the population with its 'unfair' situation in mind.

Africa, Abdulrazzag continued, and during the pearling season they had dived for pearls. They had done so in the best possible manner, he contented, and had paid the taxes imposed on them (*ghwasat al-hukooma*) with a piece of mind, seeing this as a sacred duty and part of their participation in the defense the country.<sup>55</sup> Importantly, this segment of society, asserted Abdulrazzag, had endured the greatest hardships so others could enjoy, and was viewed by many as being ‘owned’ (*bahhara mulk*). Abdulrazzag pointed to the harsh debt structure of the pre-oil era to demonstrate this point, whereby the pearl divers and seafarers would remain in debt most of their lives to the captains and, in turn, the captains to the merchants. These debts were inherited, he went on, by their sons and grandsons, and if they were unpaid and all descendants died, the captains would take over their homes for the cheapest of values. After oil, these very homes were purchased by the state from their new owners under the land-purchasing program for extremely high prices, some reaching millions of Rupees.<sup>56</sup>

These feelings resonated with the members of the CA and it was clear that the concern towards this large segment of society was shared amongst the members. Al Khateeb, for instance, asserted that helping this segment must not be seen as charity. Government had an obligation to help them, as this was their *right*. The government, he stressed, must help these citizens move up in life, as the matter was one of livelihood and *dignity*.<sup>57</sup> Al Fozan went further, and stressed that the fact that these citizens were illiterate was not to be an impediment towards their promotion as they constituted the majority of Kuwaitis, and it was they who had historically struggled in all fields. Therefore, asserted Al Fozan, the CA members and the government should show them appreciation and their high regards and grant them their right – Kuwaitis must have the right of preferential treatment in jobs and everything, he concluded.<sup>58</sup> Al Hasawi, for his part, assured the CA that they would do them justice and take care of all their issues, especially since they constituted the majority of the population: 70% of Kuwaitis, he believed.<sup>59</sup>

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<sup>55</sup> Minutes of the 10<sup>th</sup> Meeting of the Constituent Assembly, 17 April 1962, pp. 3-4.

<sup>56</sup> Ibid. It must not go unnoticed that there seemed to be a complete divorce between the perception towards the harsh debt structure of the peeling industry, and the perceptions on the social aspects of ‘takaful’ in Kuwait. It seems that the pearling system, with the debt structure being part of it, was taken as given fact of life and the industry that was inherited over for many centuries and extended throughout the region (See for example Ibn Battuta, 2005: 126).

<sup>57</sup> Ibid. pp. 4-5.

<sup>58</sup> Ibid.

<sup>59</sup> Ibid. p. 4.



Thus, it is clear that the fact that they get a share in Kuwait's oil wealth in general was seen as a form of justice, fairness, and also a show of gratitude. Moreover, these feelings had a direct impact, as seen, on the views towards the employment of Kuwaitis and giving them priority and preference. In the context of the CA discussions, therefore, it is easy to understand the mindset behind the article concerned with guaranteeing employment of Kuwaitis which clearly includes some of the themes suggested above:

*Article 41*

Every Kuwaiti has the right to work and to choose the type of his work.

Work is a duty of every citizen necessitated by personal dignity and public good. The State shall endeavour to make it available to citizens and to make its terms equitable.

In sum, social justice, as understood in the context of Kuwait's historical social and economic experiences, had a direct impact on views regarding employment and other benefits thought to be a right that must be provided by the Kuwaiti state.

#### **6.4. CONCLUSION**

The focus of this chapter was to examine the perceptions of Kuwaiti policymakers and the kinds of rationalizations used by them to justify the 'generous' socioeconomic policies undertaken by the state upon the advent of the oil boom of the 1950s. The importance of looking further into this question was borne out of the findings of the previous chapter, in which it became clear that the main framers of the Development Plan – the British – who had emphasized the need to spread the wealth for political content, were at the same time very much opposed to the super-welfare policies Kuwaitis were undertaking. Contrary to widespread impressions, these policies were actually viewed as *harmful* to social peace in that they would lead to social agitation and unrest. By looking more closely at the ideas of contemporary Kuwaitis, it becomes clear that the stress of the rentier state literature on the political utility of socioeconomic decisions is extremely narrow and does not do justice to major cultural and historical underlying factors that shape the attitudes of policymakers. While the previous chapters focused on the post-oil economic development of Kuwait, the next chapter examines the concurrent and interrelated developments in the political sphere that transformed Kuwait into a modern constitutional state.

## CHAPTER 7

### THE POST-OIL INTERNAL AND INTERNATIONAL DIMENSIONS TO REFORM IN KUWAIT

#### 7.1. INTRODUCTION

It is commonly assumed in the relevant literature that an oil boom undermines political activity and democratization. However, in Kuwait, the onset of the oil boom in the 1950s was coupled with both a great rise in political activity and an increase in popular participation in the decision-making process at a scale arguably unseen throughout Kuwait's prior history. This had manifested itself in representation in government through different bodies, elected or otherwise, and in the development of a serious movement demanding reforms. Already in 1951, right after the political quietness that marked the 1940s, the *Political Agent* described his impression of the changes in Kuwait:

There were ... signs of cracks in the structure. As the sheikhs got richer through oil royalties their actual dependence on the merchants for money, if not their voracious appetites for it, grew less. The merchant community with connections all over the world had no longer to fear beating up by negro bullies, disgrace, even ruin at the instance of the sheikhs. Amongst the poor the workers in the oil company had within them the seeds of organized labour. No less that seven Egyptian newspapers cram-full of politics were in circulation in the town... In December there were even elections, albeit electors chosen by the Ruler, to the various committees which, under the Shaikhs, administer the Departments.<sup>1</sup>

While the level of political activity and participation in decision-making varied throughout the decade, by 1962, these experiences were crowned by the framing of a constitution in a clear process of democratization. It is the aim of this chapter, hence, to analyze different factors behind such dynamism, with special reference to the role of oil. To do so, the internal factors that had given shape to the domestic political scene in

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<sup>1</sup> FO371/98323: Kuwait Administration Report for 1951, pp. 3-4.

Kuwait in the post-oil period are discussed first. Secondly, the international dimension to Kuwaiti domestic reform is examined and discussed. Analyzing both, and examining how they work together, is essential to understanding why Kuwait developed in the way that it did, in opposition to the prevailing views on the nexus between oil and politics.

## **7.2. INTERNAL SOURCES OF POLITICAL DYNAMISM: BEYOND MATERIALISM**

### **7.2.1. A Fertile Ground for Activity**

The relationship between oil and politics was subject to much discussion amongst British officials very early on during the oil boom. It is interesting to note that education, in these arguments, was central. It was acknowledged that the spread of education, bankrolled by oil wealth, would give rise to a politically conscious class that may form a basis for dissent. However, this was juxtaposed against other factors related to the effect of oil that were believed to have a pacifying influence. In this regard, there were two main themes pervading the discussions. Like the rentier state literature, the first viewed the issue from a purely material angle. It was believed that the continued oil boom would insure the employment of educated Kuwaitis and would therefore lead them away from agitation. Moreover, with the huge gains to be made from the oil boom, Kuwaitis would not have an incentive for higher education, further decreasing the chances of political dissidence.

In 1952, for instance, the *Political Agent* wrote that “[a]s long as the boom lasts in Kuwait, the dangerous ‘white collar class’ are likely to be absorbed in the expanding market for the services of anyone with even a pretension to literacy. In fact, prosperity ... can probably be relied upon to keep out pernicious politics...”<sup>2</sup> The *Political Agent* noticed that “the tendency in Bahrain and here [Kuwait] is for boys to leave school early in order to start earning as soon as possible and in Bahrain it has not been possible to fill all the places in the secondary school”; therefore, “[t]he picture ... of Kuwaitis thirsting for higher education and ... with it subversive politics is ... unreal”, because “where immediate material gain is a motive no Arab is likely to give the slightest consideration

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<sup>2</sup> FO371/98458: Pelly, Political Agent to Hay, Political Resident, October 19, 1952.

to any other”.<sup>3</sup> Nevertheless, the *Political Agent* acknowledged that “were the boom to show signs of ending, jobs only available for the well qualified, and the schools full of those trying to become so, the picture would obviously emerge again in the form it exists in other Middle Eastern countries”.<sup>4</sup>

The second view stressed the fact that the issue was not solely a matter of material gain. As Greenhill of the Foreign Office wrote,

We feel that it is a mistake to concentrate only on the dangers of unemployment ... The unemployed effendi would of course constitute a potential menace, but in our view ... the problem is one which will arise from the very emergence of an educated class. The members of this class, a new phenomenon in Kuwait, are likely to have a political consciousness and political intelligence which their fathers did not possess, and as a result they are likely to be impatient with a constitutional system which gives them no political outlets. They are likely to demand reforms, not only in the internal structure of the state, but also in its relations with Her Majesty's Government.<sup>5</sup>

With time, the second view gained more credence in the discussions. This is clearly reflected in a Memorandum by the Secretary of State for Foreign Affairs in 1957, as the British began reassessing their policies in Kuwait and the Persian Gulf as a whole. The picture it portrays counters much of what is believed to take hold in countries witnessing an oil boom. The Secretary wrote that in the case of the Trucial States and Muscat, the pressure for change was largely external. The reason is that “so long as oil is not found, society remains primitive and the majority of people illiterate”.<sup>6</sup> However, the Secretary contended,

In the other States there is much more internal pressure for change because prosperity and economic development resulting from discovery of oil have brought widespread education, facilitated the

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<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> FO371/98458: Greenhill, Foreign Office, to Hay, Political Resident, December 22, 1952, p. 2. In fact, it is in this context that the idea of establishing a British ‘Institute’ or ‘Council’ was put forward, so that the British could “cultivate these people and try to guide both them and the present ruling class so that political evolution takes place gradually and without a serious clash”, and extend “British influence in educational circles” of Kuwait (FO371/114751: Bell, Political Agent to Fry, Foreign Office, 11 July, 1955).

<sup>6</sup> CAB/129/87: Memorandum By Secretary of State for Foreign Affairs, Printed for the Cabinet, 7<sup>th</sup> June, 1957, p.7.

spread of foreign influence through the media of the press, the radio, and through foreigners particularly from Egypt and Palestine and allowed Arabs from the Persian Gulf States to travel abroad.<sup>7</sup>

This realization, the Secretary wrote, required a change in certain policies.

Sooner or later the demand for reform will become sufficiently strong and insistent to compel some change in the present patriarchal system of government. Much will depend on whether the Ruling families have the courage and wisdom to come to terms with moderate opinion in their States and thus prevent the potential forces of opposition from mobilising sufficient strength to be able to overthrow their regimes unless they are saved by outside, i.e., British help which it might be difficult for us to give. The Political Resident has shown that such a situation might arise in Kuwait ... it is fairly certain that in the oil-bearing States at least there may come a time in the foreseeable future when the Rulers will be forced to adjust their relations with this country in order to survive. We should be prepared to accept such an adjustment if to do so seems the best way to preserve our access to Persian Gulf oil.<sup>8</sup>

Indeed, in Kuwait, while in the past the movement for change was confined to some rich merchant families, after oil the movement started to spread across different classes of society. A prime example is Ahmad Al Khateeb, who is of a poor family. In the 1950s, he became generally recognized as the leader of the local reformist movement, and was, according to the *British Agent*, “perhaps the most serious” critic amongst “the leaders of the cultural clubs, some of the merchants, and the newspaper editors” who hold “somewhat vague progressive ideas and constitutional demands”.<sup>9</sup> This, if anything, was an indicator of the *popularization* of political activism, as opposed to the historical elitist merchant movement of the 1920s and 1930s.<sup>10</sup>

A main reason for this change was that young educated men, such as Al Khateeb, started

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<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> FO371/1145588: Political Agent, Kuwait to Fry, Foreign Office, 15 August 1955, p. 1; Confidential Annex to Kuwait Diary No.11 Covering the Period October 28 to November 28, 1956, p. 1, in *Political Diaries of the Persian Gulf*, vol. 20, p. 251.

<sup>10</sup> For a review of the different political groups that appeared in the 1950s, see Al-Mudairis: 1999.

returning to Kuwait after having completed their university studies in the early 1950s. They became known as the ‘intellectuals’, and they emerged as the primary agents of the reformist currents and the vibrant political activity that started to take shape. Many of these ‘intellectuals’ were only able to get educational scholarships with oil money. Thus, as discussed above, oil contributed in creating an educated class which in turn led to demands for serious reforms. Importantly, oil also allowed those of poorer backgrounds to *settle*, and look at the meaning of life beyond the need to provide for themselves and their families the basic requirements of survival by traveling across the seas for months on end.

These issues were generally understood at the time. *The Times* Correspondent, for instance, described the position of the reformists as having “legitimate grievances when they point out that in the second half of the twentieth century they live under simple patriarchal rule, with no modern code of law, no system of public accounting ... and no proper system of Government administration”.<sup>11</sup> “They deplore the greed of some individual sheikhs”, he went on, “and are incensed by the suppression of their own voices”.<sup>12</sup> Importantly, “[n]either individual wealth nor Kuwait’s welfare state with its free education and medical treatment can compensate the educated youth of Kuwait for the humiliation of submitting to archaic customs in a rapidly changing world”.<sup>13</sup>

Indeed, while it is assumed in the rentier state literature that any social activity that may potentially develop would be particularistic, undemocratic, and geared towards rent-seeking and getting as much from the oil wealth as possible, it is clear that the reformist movement during the 1950s did not carry such characteristics. In fact, some of their goals were in direct contradiction, most strikingly their call for union with the United Arab Republic.<sup>14</sup>

In August 1958, Al Fajr newspaper issued a manifesto declaring the “the demands of the Reformist movement”.<sup>15</sup> Nowhere in these demands is any hint of rent-seeking. “The

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<sup>11</sup> *The Times*, June 6 1959, p.6.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> For a copy of the reformist’s declaration in this regard, see Al-Mudairis, 1999: 131.

<sup>15</sup> Confidential Annex to Kuwait Diary No. 8 Covering the Period July 29 to August 25, 1958, p. 3, in

people want”, it was declared:

- a) Every citizen to have the full rights of a citizen;
- b) To take part in the running of the country's affairs. Therefore, they want an elected Legislative Council with absolute powers to represent all citizens;
- c) To organise relations between citizens, limit the powers of Government Departments, define rights and duties of all and have a general constitution;
- d) K.O.C.'s relationship with Kuwait to be purely commercial. Therefore the people refuse any interference by this Company in the country's affairs;
- e) Equality between all citizens. Preference should be based on qualifications;
- f) A water pipeline from Shatt-Al-Arab.

This is all what the people want and there is no need for spies.

The people of Kuwait believe that they are part of the Arab nation and that Kuwait is a piece of the Arab land. Therefore, they hope that all Arab countries will be united in one free Republic...<sup>16</sup>

These ideas resonated throughout the period, and democratization was at the core of the demands. In 1956, for instance, the reformists announced that “it was the duty of the Clubs ... to continue to fight ‘the routed remnants of feudalism’”.<sup>17</sup> In conversations with them during that year, they continued to re-echo “many of the sentiments” that “were anti-British, and violently critical of the privileged position of the British in the Persian Gulf, the existence of foreign oil companies, and the feudal form of government existing in Kuwait, Bahrain and the other Gulf States”.<sup>18</sup>

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*Political Diaries of the Persian Gulf*, vol. 20, p. 695.

<sup>16</sup> Ibid.

<sup>17</sup> Residency Summary of Events during March 1956, p. 5, in *Political Diaries of the Persian Gulf*, vol. 20, p. 111.

<sup>18</sup> Ibid. pp. 5-6.

While these were the ideals held by the educated ‘intellectuals’, the merchants, for their part, held firmly the belief that participating in the decision-making process was their historical *right*, only taken away after Mubarak violently reached power and signed his treaty with Britain. This deeply held belief is a powerful a constant in Kuwaiti elite culture. The merchants do not view the Sabah family as being of a higher status than their own, and this was very well known. In his *Valedictory Despatch*, for instance, Sir John Richmond noted:

Kuwaiti merchants have always regarded the Ruling Family as in no way superior to their own and have always pretended to a choice in the selection of Ruler from among the Al-Sabah. Since the establishment of British influence they have not always been able to make this good, because this factor gave the Sabah a chance to exploit the British against their own subjects.<sup>19</sup>

The beliefs of the merchants were translated in petitions to the Ruler throughout the decade demanding participation. Indeed, these merchants were highly conscious politically. “When discussing commercial matters with the merchants”, noted the British Commercial Officer in 1958, “it is invariably difficult to divorce them from politics”.<sup>20</sup>

Moreover, much of their attitudes did not stem purely from materialistic interests or rent-seeking. Like the intellectuals, their demands at times went against such interests. For example, after numerous discussions with Kuwaiti merchants over the year 1958, the British Commercial Officer recorded “the general trend of opinion which appears to be commonly that of both senior and junior merchants”.<sup>21</sup> They believed, he noted, that British “support for a Ruling Family which failed to move with the times and remained inflexible in its form of government, would, in the long run, leave Kuwaitis, despite themselves, with no alternative but to go for union with the United Arab Republic, although it is admitted that this would be against their own material interests”.<sup>22</sup> These

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<sup>19</sup> FO371/132757: Sir John Richmond to Lord Hume, June 15, 1963, p.3.

<sup>20</sup> Minute by Aspdon, Commercial Officer, Kuwait enclosed in Rothnie, Kuwait to Adams, Foreign Office, 14 August 1958, p. 1.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid., pp. 1-2.



views, and others, seemed to be “universal in the market”.<sup>23</sup>

In fact, that year, both the merchants and intellectuals formed what was known as the Kuwaiti League. A part of the idea behind its creation was to unify the reformist efforts of both parties. This in *itself* is a significant reflection of the non-particularistic force behind the League’s creation, as it included members of different classes of society. Further, the League soon submitted a memorandum to the Ruler demanding that Kuwait be a third member of the United Arab Republic (see Al-Mudairis, 1999: 39). In fact, coordination between the different classes of society was recurrent throughout the following years. In 1967, for instance, there was an unofficial ‘understanding’ between candidates running for parliament. These candidates included both the head of the Chamber of Commerce and the head of the Labor Union. This clearly reflects goals that go beyond materialism and particularistic rent-seeking, but rather indicates action towards change by various stakeholders with a shared aim of more general reform.

In countries like Kuwait at the time, where modern state institutions were very much lacking, and where existed a somewhat tribal form of government, the *personality* and *character* of the Ruler and indeed ruling family members in power carried increased significance to the way things develop. It must therefore be stressed that Abdulla Al Salim’s tolerance and relative progressiveness, as the ruler of the country, played a major role in allowing for an *open* and politically active environment to take hold. As mentioned earlier, Abdulla had supported the merchant movement of the 1930s, had been considered their ally, and had been chosen as President of the resultant Legislative Council. During the agitation leading up to the establishment of the Council, Abdulla had foreseen that it “might run not only against the Shaikh but also against the family as a whole, and was shrewd enough to trim his sails to the rising wind”.<sup>24</sup> His position was a result of him “possessing some learning and modern ideas”, the *Political Resident* believed.<sup>25</sup> When the Council was established, Abdulla continued to support it in some of the most difficult periods, sometimes standing alone amongst his family members. In December of 1938, for example, when tensions were high just prior to dissolving the first

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<sup>23</sup> Ibid.

<sup>24</sup> IOR/R/15/5/205: Political Resident, Bushire to Peel, India Office, 18 July 19383, p. 2.

<sup>25</sup> Ibid.

Council, the *Political Agent* noted: “all Subah except Abdulla Salim for Sheikh”.<sup>26</sup>

In sum, in addition to his historical links with the reformist movement, the Ruler was considered to be “by far the strongest in character and most intelligent member of the Subah family”, and was a “well read man” who “can converse on many more subjects than the average man of his class”.<sup>27</sup> With this background, his relative progressive policies upon assuming power should not be surprising. Thus, very soon after becoming Ruler, Abdulla called for elections for the various departmental councils in 1951. He also included the very same merchants whom he had allied with during the 1930s in the decision-making process with regards to important areas of the state. These merchants became members of the Development Board, for instance, which held the responsibility to supervise and coordinate development. They included Abdul Aziz Al Sagar, Abdulatif Thunayan, and Humood Al Zaid.<sup>28</sup>

Moreover, the Ruler liberalized many avenues through which the reformist movement was able to flourish. The reformists established cultural clubs, published newspapers, and held public meetings. They also wrote political statements and handed petitions to the Ruler, the British Agency, and international organizations. These were in fact some of the main means by which dissent was expressed and views were spread. While it is true that some of the reformist movement’s writings were distributed secretly, tolerance and lack of persecution must have contributed to their increased frequency. In this, Kuwait was unique in the region. Indeed, as the *Political Resident* noted, the “Clubs Committee”, which pooled the reformist clubs under one roof, represented “perhaps the only tolerated opposition to shaikhly government in the Gulf”.<sup>29</sup>

In sum, the political consciousness amongst intellectuals and merchants and the relative openness of the political order as a result of the relative progressiveness of the new Ruler

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<sup>26</sup> IOR/R/15/5/205: Political Agent, Kuwait, to Resident, Bushire, December 17, 1938.

<sup>27</sup> CO732/33/10: Note on the Principality of Kuwait prepared for Political Resident, Bushire by More, Political Agent, Kuwait, 1927, p. 2.

<sup>28</sup> These were of prominent Kuwaiti merchant families. Al Sagar and Thunayyan were part of reformist movement of the 1930s, and the latter was a member of the second Legislative Council of 1939. All three merchants eventually became members of the constituent assembly in 1961, and Thunayyan, in fact, became its Speaker.

<sup>29</sup> Residency Monthly Letter for January 1957, p. 3, in *Political Diaries of the Persian Gulf*, vol. 20, p. 301.

provided fertile grounds for an active and vibrant political environment during the 1950s. These underlying variables combined to allow for dissent to be increasingly expressed throughout the decade. The next section will examine the factors fueling such dissent in a country undergoing a rapid economic transformation in the context of an oil boom.

### **7.2.2. Fueling the Dissent**

The previous section presented the internal social variables that provided a fertile ground on which vibrant political activity may develop. In extending the discussion by focusing on the other side of the coin, namely dissent, this section aims to examine the major factors that fueled the increasingly intensified calls for change and reform in a country witnessing an unprecedented surge in oil revenues. The documents showed that these factors could be placed in three broad categories:

- (i) Form of government
- (ii) Ruling family corruption
- (iii) Arab nationalist sentiments

#### **7.2.2.1. Form of government**

As seen earlier, coming into the oil age, the ruling family members were the heads of all the governmental departments in Kuwait, and had acted very much independently in a system that was sometimes described as ‘oligarchic’.<sup>30</sup> This administrative setup was a source of great discontent among the people. “What right has the Ruler”, asked the Kuwait Peoples Party in a letter to the British Government, “to appoint heads of his Government departments, which are closely and directly connected with the interests of the public out of the members of his family who understand nothing at all except to oppress the people, spend the money of the country for their dirty purposes...”.<sup>31</sup> “[E]very member of the Ruling Family”, the Party contended, “has become a despot in

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<sup>30</sup> FO371/114576: Political Resident’s Annual Report for 1954, April 15, 1955, p. 3; *The Times*, ‘Will Kuwait Garden Be Lovely Long?’, May 18, 1961, p. 15.

<sup>31</sup> FO371/104330: Complaint submitted by People’s Party to British Government concerning situation in Kuwait, 21 September 1953, p. 1; also see *The Time*, ‘Small States in Isolation’, February 26, 1959, p. 11.

his actions and also in the department over which he presides and plays with the peoples rights in the way he desires, while the Ruler is unable to stop him from doing so and thus there is disorder in the country...”.<sup>32</sup>

In their powerful positions in Government posts, the ruling family members were seen, even by the British, as impediments towards any serious political reform. For instance, as already mentioned, in 1953, the *Resident's* Annual Report noted that the “acquisition of great wealth inflated the self-importance of members of the Shaikh’s family to such an extent that they were very impatient of even such slender controls as existed over their personal power and finances”.<sup>34</sup>

As such, the *shaikhs* as heads of government departments were seen as the main reason behind the failures of the electoral experiments that took place during the 1950s. Members of the elected departmental committees repeatedly clashed with the *shaikhs*, particularly Fahad, ultimately resulting in rounds of resignations. For instance, in April 1952, the *Political Agent* noted that Fahad’s “arbitrary actions had caused the Health Committee to resign and the British doctors employed by the Kuwait Government to contemplate throwing in their hands”.<sup>35</sup> In May of that year, the *Agent* reported that Fahad

has not abated his activities and has scandalized people by giving the Kuwaiti Director of Health a cuff on the ear. Pelly reports that general uneasiness prevails in the town and that there is open grumbling against the Ruler’s weakness and comments that Kuwait needs a “Belgrave”.<sup>36</sup>

This naturally gave rise to significant anger. In their memorandum, the Kuwait

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<sup>32</sup> Ibid. The reasons the Ruler failed to do so is a matter of discussion, and indeed varies with the different sets of circumstances. However, in general, as mentioned earlier, it may have been due to his “weakness” or his “disinclination to disturb the balance of power in Kuwait politics” as British officials seemed to believe (see FO371/98323: Kuwait Administration Report for 1951, p.2). In any case, it was the actions of some members of the ruling family the hostility was overwhelmingly directed towards and not the Ruler.

<sup>34</sup> FO371/109805: Political Resident’s Annual Report for 1953, March 12 1954, p. 3-4.

<sup>35</sup> Residency Summary of Events during April 1952, p. 6, in *Political Diaries of the Persian Gulf*, vol. 19, p. 242.

<sup>36</sup> Residency Summary of Events during May 1952, p. 4, in *Political Diaries of the Persian Gulf*, vol. 19, p. 256.

Democratic Party summed up the situation relating to the repeated failures of political reform as follows:

After the continuous struggle and repeated requests, the ruling clique agreed to the idea of having administrative councils, and after that these councils were formed by the method of appointment, those responsible in the country, have responded to the demand for adopting the system of elections. Because of direct interference in the elections, the fact is that those councils are not performing their duties freely, because of the appointment of a member of the ruling family as a president of each of those councils. In this manner the mentality of autocracy over rules, and all hope which were built on the functions of these administrative councils are lost.<sup>37</sup>

While the ‘oligarchic’ administrative set-up combined with the personalities and actions of certain ruling family members that obstructed reforms had in and of themselves caused discontent, there were also other spillover effects that the resultant government maladministration had caused, particularly in light of the change of the economic structure induced by the oil boom. For example, because the merchants’ businesses were now tied to the state, government maladministration would have direct consequences on them, as it would directly cause their businesses to suffer. Naturally, therefore, discontent in such a context would be directed at the state. Indeed, in 1954, Logan reported that a group representing the Kuwaiti merchants presented a petition to the Ruler drawing attention to the unsatisfactory state of administration. Logan described the situation clearly:

The slowing down of the pace of developments during the last six months has left many merchants with large stocks of building materials which they cannot quickly clear. It has also reduced their opportunities for making money by contracting. They evidently realize that the main cause of this is maladministration, particularly in the departments controlled by Shaikh Fahad...the merchants’ feelings on this occasion were stronger than usual, probably because their degree of prosperity was threatened, and were shared by many of the inhabitants of the town who respect the Ruler, but few of his family.<sup>38</sup>

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<sup>37</sup> FO371/109810: Memorandum and letter submitted to Ruler of Kuwait, 9 July 1954, p. 4.

<sup>38</sup> FO371/109810: Logan, Kuwait to Political Resident, Bahrain, 2 August 1954, p. 1.

In sum, the oligarchic nature of government and actions of ruling family members that blocked change and reform, combined with the ramifications of the consequent maladministration, played an important role in fueling anger and discontent amongst many Kuwaitis.

#### **7.2.2.2. *Ruling family corruption***

In addition to the above, corruption after oil wealth, particularly of the ruling family members, assumed a level previously unseen. Oil, in this case, compounded the feeling of discontent towards the *shaikhs*, as the enormous amounts of money coming into the state meant that their corruption would manifest itself on a magnified scale and become highly visible to the public. A striking example is the Ruling family's notorious campaign of land grabbing. In his *Monthly Summaries* of 1952, the *Resident* described the situation as follows:

Areas of desert stretching from Kuwait town to as far as Ahmadi and even beyond have been grabbed by Shaikhs and others marking them out with oil drums or concrete blocks painted in various colours. The idea of course is that when the town planners come to acquire these areas they will have to pay compensation at the rates demanded by the 'owners'.<sup>39</sup>

This situation had a great impact on the progress of the development program. As the *Political Agent* reported, "land-grabbing and the claiming of fantastic compensation for it when it is required for development, is the *chief cause of obstruction*".<sup>40</sup> According to Al-Najjar, the share of the Al Sabah from the budget of the land-purchasing program between 1952-1954 was about 60%, more than 90% of which went to very few individuals amongst them (Al-Najjar, 2000: 64).

This situation became a major source of agitation. "What right", asserted the Kuwait People Party, "has the local government to dispose of the income of the country by

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<sup>39</sup> Residency Summary of Events during June 1952, p. 5, in *Political Diaries of the Persian Gulf*, vol. 19, p. 271.

<sup>40</sup> FO371/98352: Political Agent, Kuwait to Rupert Hay, Political Resident, Bahrain, 21 August 1952.

buying lands which are government property from members of the family and paying them millions of rupees?”<sup>41</sup>

Moreover, the ruling family used public funds to bankroll their private luxuries. In 1954, Wilkes noted that Al Sabah members have “learned to become large spenders. Much of their private expenditure is included in the expenditure of the departments they control ... Moreover it appears the Family are determined to lay their hands on as much money as possible”.<sup>42</sup> To the same effect, Reilly noted in 1956 that “[i]t looks as though a new round of competition in ostentatious palaces is about to start ... The cost of these palaces will almost certainly come out of departmental expenditure not out of the Shaikhs’ funds”.<sup>43</sup>

Understandably, this enraged many. For instance, a *Memorandum and Letter* submitted to the Ruler in 1954 by the Kuwait Democratic Party (also submitted to different international organizations) complained that the Department of Public Works continued “its work of meeting the wishes of various Shaikhs and the influential people in building palaces and huge houses ... while applications and complaints of owners of destroyed houses of our own poor classes, are still lying in files”.<sup>44</sup>

The fact that the vast oil revenues compounded the anger felt towards corruption is reflected, for instance, in a widely distributed pamphlet by the National Youth Society in 1956, in which the following criticism was raised:

The Kuwait budget is vast. It is more than the budgets of Syria, Lebanon, Iraq and the other Arab Muslim countries. This budget is being taken by the Al-Sabah Government and put in their pockets. They also take possession of the land which belongs to the people and for which we fought. They sell this land for millions and smuggle the proceeds to foreign countries where they buy large buildings and palaces. They spend this money also on prostitutes and dancers.<sup>45</sup>

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<sup>41</sup> FO371/104330: Complaint submitted by People’s Party to British Government concerning situation in Kuwait, 21 September 1953, p. 1.

<sup>42</sup> FO371/109864: Local news by Wilkes, July 1954, p. 2.

<sup>43</sup> FO1016/514: ‘Shaikh Fahad’s Increasing Strangelhold’, by Reilly, 26 April 1956, p. 3.

<sup>44</sup> FO371/109810: Memorandum and letter submitted to Ruler of Kuwait, 9 July 1954.

<sup>45</sup> FO371/120551: Rothnie, Kuwait to Moberly, Foreign Office, 12 July 1956.

Therefore, corruption, on the ‘grand scale’ it assumed after the oil boom, created much anger amongst many Kuwaitis to whom such corruption had become very much obvious and visible.

#### ***7.2.2.3. Arab nationalist sentiments***

The previous sections identified the ways in which the political structure and the increase in corruption paved the way for dissent in the country. Another source of dissent was fuelled by the emerging Arab nationalism, as in the 1950s, Arab nationalism swept Kuwait just like it did in most other Arab countries.

In fact, historically, the movement for internal reform in Kuwait had been linked with Arabism. The 1938 merchant movement is a case in point. The Arab nationalistic leanings of these merchants is well known, and in fact run even deeper than what is widely believed. Leading merchants of the 1938 movement, including Abdullatif Thunayyan who became the Speaker of the Constituent Assembly, were members of a secret organization later known as ‘The Secret Arab Movement – the Group of the Red Book’ (see: Juha, 2004). Moreover, the intellectuals of the 1950s were themselves Arab nationalist leaders. Al Khateeb, for example, was cofounder of the Arab Nationalist Movement, established in Beirut, along with George Habash, Wadee Haddad, and Hani Al Hindi.

It is, thus, extremely difficult to separate Arab nationalism from calls for internal reforms. There are several reasons for this. First, as suggested above, the leading *agents* of both Arab nationalism in Kuwait and the reformist movement were the same individuals. Second, the major public gatherings, rallies, and protests that took place in Kuwait were for the ‘anti-imperialist’ Arab cause. It was at these events, moreover, where major tensions and frictions with government security forces occurred. A prime example was in 1956, where security forces used force to disperse crowds who had gathered in solidarity with Egypt during the Suez Crisis. This, in fact, even led to resignations of police officials, most famously of Colonel Jassim Al Qatami, who refused to be part of the



Government clampdown and rejected the regime's attitude towards the protests.<sup>46</sup>

In addition, because the organizers of these events were also the main drivers of the democratic movement, these events were naturally used as platforms to voice demands for internal reforms. For example, in 1959, a large celebration was organized to mark the first anniversary of the creation of the United Arab Republic. The gathering ended with a clash between the crowd and security forces, after Al Qatami, the resigned officer, declared in his speech that "while Kuwaitis had accepted to be ruled by a tribal system of government since Subah the First, it is now time for popular democratic governance where the people have a constitution and ministers".

In addition to the above, the two causes of Arab nationalism and internal reform were not seen as separate issues at all. For example, the reformists saw the 'backwardness' of the regimes as an impediment to their dreams of Arab unity. Moreover, the British and American oil companies working in Kuwait, together with the backing of their respective governments, were perceived to have a great influence in the running of Kuwaiti affairs. Thus, naturally, calls for internal reform were intertwined with anti-imperialist sentiments, and democratization was seen as a form of claiming sovereignty and counteracting foreign interference in the running of the state. This, for instance, is reflected in the *Memorandum and Letter* submitted to the Ruler in 1954 by Kuwait Democratic Party. The Party blamed the British for being "the real responsible ones for the corruption, disorder, restlessness and high cost of living which are prevailing in the country".<sup>47</sup> The Party contended that the Kuwait Oil Company had "made itself the real ruler of the country".<sup>48</sup> There was "no law or constitution", it complained, "that guarantees the rights of the nationals" or that "can stop the greediness of the Oil Companies".<sup>49</sup> Therefore, they demanded a Constituent Assembly that would be responsible for writing a Constitution to "guarantee the rights of the nationals", and "National Representative Rule, so that the nation will itself be able to manage its affairs

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<sup>46</sup> *The Times*, 'Kuwait Police Chief Resigns: Protest over Egypt', 5 November 1956, p.7. Al Qatami became recognized as a leader of the democratic movement in Kuwait together with Al Khateeb.

<sup>47</sup> FO371/109810: Memorandum and letter submitted to Ruler of Kuwait, 9 July 1954, p. 1.

<sup>48</sup> Ibid.

<sup>49</sup> Ibid.

without British interference”.<sup>50</sup>

In sum, the great rise of Arab nationalism in Kuwait’s case was a major factor enhancing the strength of the movement towards internal reform. This was due to the fact that the two causes were deeply intertwined and connected in the different ways described above.

### **7.2.3. Pacifying Factors...**

While the factors spurring political activity and dissent after oil were significant, it is important to juxtapose them against the overwhelming ‘pacifying’ or ‘stabilizing’ factors that reinforced the status quo. These factors are discussed in this section.

The first stabilizing factor was the character of the Ruler and the nature of his relationships with Kuwaitis. While the Ruler was sometimes seen as weak in confronting his family, he was very popular and was almost *never* perceived as corrupt. His lifestyle was simple and close to the lives of ordinary people. For example, the Kuwait Administration Report for 1951 described the Ruler’s “expressed attitude to rule and to life” as follows:

his religious spirit, simplicity in living, dislike of display, devotion to the old Arab virtues, (particularly to their individualistic brand of freedom), and to the old Oriental object in life, - calmness of spirit. To such a man the main concomitant of great wealth was added responsibility. There is no doubt that he wishes all to be done for the welfare of his people...<sup>51</sup>

Moreover, the Ruler had warm relations with Kuwaitis. Chief among these relations was his close links with the merchants as discussed earlier. Moreover, the Ruler’s good personal relations extended to other sectors of society, including the intellectual Arab nationalists. Al Khateeb, interestingly, was his personal physician.

Thus, the character of the Ruler and the respect many felt towards him played a significant role in outweighing much of the factors causing agitation. For instance, in describing the position of the ruling family in 1955, the *Political Agent* wrote that the Al

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<sup>50</sup> Ibid., p. 5

<sup>51</sup> FO371/98323: Kuwait Administration Report for 1951, p.2.

Sabah, despite the pressures, were extremely powerful:

The inefficiency in administration and the luxurious habits of a number of the senior sheikhs is a matter of common criticism and discontent, but the Ruler's personal popularity and the apparent austerity of his personal life are powerful factors in outweighing in public opinion the weaknesses of his relatives.<sup>52</sup>

A second powerful factor reinforcing the status quo was the position and strength of the ruling family as a whole. While the fact that they were heads of all state departments was a matter of complaint, this also meant that they controlled the wealth of Kuwait, and with it the livelihoods of many, including the merchants who had historically been the only source of challenge to Al Sabah authority. It was now the merchants who were dependent on the government for income, as the major source of business had become government contracts. In addition, the merchants were, along with the ruling family, the primary beneficiaries of the oil boom. While they felt that they had a historical right to be part of the decision-making process, and had repeatedly demanded participation, they did not want to clash with the Al Sabah to an extent that would jeopardize their economic interests. This was in fact a trait that stuck with the merchant class, possibly till this day.

It must be noted, however, that the merchants' softened stances must also have been influenced by the experiences they had been through in 1930s and 1940s as a result of their radical and direct confrontation with the Ruler and the imposition of a council that stripped the latter from all his powers. As seen in Chapter Three, the result was disastrous, ending in bloodshed, imprisonment and persecution, and a further consolidation of Al Sabah autocracy supported by Britain. In fact, as discussed in the next chapter, Al Khateeb himself believed that the merchants' moderate positions in the Constituent Assembly of 1961 were partly a result of these experiences.<sup>53</sup>

In any case, the feelings of the merchants were not unique. Even though the wealth brought about by the oil age was not shared equally, everyone was in fact benefiting. Thus, while discontent was being voiced, there was a limit on how far many people were willing to go in terms of *action*. This was clearly believed by some British officials at the

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<sup>52</sup> FO371/1145588: Political Agent, Kuwait to Fry, Foreign Office, 15 August 1955, p. 1.

<sup>53</sup> Personal interview with Ahmad Al Khateeb, June 2011.

time. For instance, in 1955, the *Political Agent* noted that “so long as money is to be made by all classes on the scale at which it is at present, the inducements to do anything more than criticize will remain limited”.<sup>54</sup> Likewise, in 1956, the *Political Resident’s Annual Review* noted that “there was increasing evidence that the oil revenues were being spread among a wide section of the inhabitants thus contributing in large measure to the stability of the State and making it more difficult for extremism or agitation to obtain a preponderant influence”.<sup>55</sup> Again, in 1957, after the Suez Crisis episode and the renewed calls for internal change and an elected representative body, the *Agent’s Annual Report* concluded that “[t]aken all in all, resolute action of this sort against a background of lavish welfare services for the masses produces a situation which few reformers would care to try to alter, at least for the present”.<sup>56</sup>

However, superseding these factors, which reinforced the strength of the Al Sabah, was a major cultural and traditional element that granted their authority respect beyond their official positions in government. This feeling may certainly have tribal origins. While it is clear that the sense of respect towards the *Ruler* was shared amongst most people, it was amongst the poorer and largely uneducated sectors of society that this attitude extended to the rest of the family. These people constituted the majority of the population. In 1957, for instance, only 1.5% of Kuwaitis had completed primary school, and a mere 0.4% had completed a level an education above the primary level, while 63% of Kuwaitis remained illiterate (Ismael, 1993: 121). Throughout Kuwait’s past history, this segment of society had been on the margin of political activity, busy trying to make a living for their families under very harsh conditions. Although wealth from oil had given many of them the *time* to be involved in politics, especially dissident politics, this clearly needed time to evolve. Indeed, while oil and with it increased education created an intellectual class who, together with the merchants, were very much active during the 1950s, they remained a minority in the population.

The *psychologically* superior position of the ruling family members was very much acknowledged and understood, and was in fact seen by the intellectuals as being a

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<sup>54</sup> FO371/1145588: Political Agent, Kuwait to Fry, Foreign Office, 15 August 1955, p. 1.

<sup>55</sup> FO371/126869: Political Resident’s Annual Review for 1956, April 15, 1957, p. 4.

<sup>56</sup> FO371/132748: Political Agent’s Annual Report for 1957, February 3, 1958, p. 7.

problem for democratic development. This issue is reflected in discussions during the CA and CC meetings. When negotiating Article 102 of the Constitution, which deals with the issue of voting for ‘non-cooperation’ with the Prime Minister, the Interior Minister had wanted the voting to be conducted publicly. This was strongly rejected by the members, and the reason was clear. Al Humaithi, noted that no one would “dare” to vote for the withdrawal of confidence from a minister publicly, since they in Kuwait have “another authority” – other than their authority as ministers. They are Emirs, he stressed, and part of the ruling family. Therefore, asserted Al Humaithi, not many would dare stand in front of them and tell them they have done wrong. Therefore, to have them vote publicly, concluded Al Humaithi, would undermine freedom of speech and the freedom of parliament members to hold ministers accountable.<sup>57</sup>

For the same reasons, Al Khateeb noted his objection to having members of the Al Sabah as ministers. He noted that, among other things, it was essential for members of parliament to feel they have a right to question and hold any minister accountable. Members must view ministers as mere individuals entrusted to carry out certain tasks, Al Khateeb stressed, and this would be undermined if ruling family members were ministers in government.<sup>58</sup>

In fact, this sense of the ‘superiority’ of the *shaikhs* was even demonstrated in the very first session of CA itself. The first ministry in Kuwait formed in 1961 consisted of eleven sheikhs. Al Khateeb recounts the ‘embarrassing’ site of CA members queuing up to ‘kiss their noses’ during its first session. This, he thought, was ‘humiliating’ to the people whom they represent, and did not honor the stature of the representatives of the people. In fact, one of the major strategies undertaken by the opposition in later years was to attempt to break this ‘psychological barrier’ by, among other things, the use of harsh critique.<sup>59</sup> This was part of an effort to ‘popularize’ dissident and genuine political participation, which had historically been confined to the rich merchants, and now the intellectuals as well.

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<sup>57</sup> Minutes of the 17<sup>th</sup> Meeting of the Constitution Committee, 30 August 1962, p. 9.

<sup>58</sup> Minutes of the 20<sup>th</sup> Meeting of the Constituent Assembly, 18 September 1962, p. 9.

<sup>59</sup> Personal interview with Ahmad Al Khateeb, June 2011.

It can, thus, be said that the cultural element played a huge role in the stabilization of the regime. It was not oil, after all, that kept the Al Sabah in power for more than 300 years. Thus, even during some of the most revolutionary times *prior* to oil, Al Sabah rule was hardly questioned. For instance, the *Political Agent's* description of the 'revolutionary talk' in 1920 reflects in some way the attitudes of Kuwaitis in this regard:

I believe much revolutionary talk is going on, all wanting to be rid of Salim and the majority favouring Ahmad bin Jabir [Al Sabah] as his successor but a minority preferring Hamad [Al Sabah]. Several people have independently asked Mylreas [the American Mission doctor] private advice as to the possibility of getting Salim deposed, last scheme being to offer throne to Ahmad and then for him and representative deputations to come to Agency and ask us to depose Salim. Mylrea has, of course, put them off.<sup>60</sup>

Therefore, the 'revolutionaries' seemed to have wanted to change the Ruler by replacing him with another member of the Al Sabah. There is no doubt, it must be stressed again, that British backing of the Al Sabah had also played a major psychological role in this as mentioned previously. In fact, the British position in Kuwait had pacified the Kuwaiti stances in less direct ways as well. For instance, while Arab nationalism had swept the country, the independence of Kuwait in the region depended on British support. This must have had an impact on the how far Kuwaitis were willing to push the British. In fact, this was considered to be a "card" in the British hands, and was explicitly recognized many times by their officials. "The Kuwaitis know that their independence depends upon our protection", noted a Foreign Office Document, "[t]his is our strongest card in attempting to achieve our wishes in Kuwait".<sup>61</sup>

The cultural element that reinforced the status quo can also be extended to the dynamics within the ruling family itself. For example, the *Agent* noted that some of the "younger sheikhs" had felt

Sympathy ... for the so far somewhat vague progressive ideas and constitutional demands of the cultural clubs, some of the merchants, and the newspaper editors...but the traditional Arab respect and fear of elders is a powerful influence still, and however much some of the

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<sup>60</sup> IOR/R/15/5/94: Political Agent, Kuwait to Civil Commissioner, Baghdad, 28 August 1920.

<sup>61</sup> FO371/104328: Record of Meeting at Foreign Office on June 22, 1953, p. 3.

younger sheikhs may express their liberal views in private, none is prepared to come forward openly.<sup>62</sup>

While the factors mentioned so far had a direct impact on reinforcing the status quo, there were other less direct influences that had pacified the stances of the reformist movement. Primary among them was the nature of the relationship between the intellectuals and merchants. This relationship was very close for different reasons. Importantly, the merchants shared some of the major concerns articulated by the intellectuals, such as those related to Arab nationalism and democratization, and were, along with the intellectuals, the most politically dynamic class.

The merchants were also very highly regarded by the intellectuals, as it was the former who had historically led the most significant political movements towards curbing the powers of the ruling family. Further, intellectuals such as Al Khateeb built very strong friendships with the merchants. These friendships date back to school and more significantly university days where they studied together in places like Beirut and Cairo. In fact, in this way, people like Al Khateeb may be seen as a link between the poorer classes, intellectuals and the merchants, embodying the process of the popularization of political activity.

Moreover, the merchants were a link between the intellectuals and the ruling family with whom they had historical ties and upon whom they possessed some influence. The merchants also supported the intellectuals both morally and even materially by financing projects, charities, raising funds for shared causes, etc. The point here is that the intellectuals did not want to jeopardize this close and importantly 'fruitful' relationship with the merchants, while the merchants, for their part, did not want to 'rock the boat' too hard with the government as previously mentioned. This dynamic caused the intellectuals to *settle* at times for weaker stances towards certain issues. In fact, this has indeed been very much a feature of post-oil Kuwaiti politics.

An example that reflects this idea clearly is seen in the reaction to the government's rigging of the 1967 parliamentary elections. While the intellectuals desired to take a

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<sup>62</sup> FO371/114588: Bell, Political Agent, Kuwait to Fry, Foreign Office, 15 August, 1955, p. 1.

strong public stance against this, by organizing mass protests for instance, the merchants wanted to avoid direct and hard-line confrontation and chose instead to boycott the government. As the intellectuals did not want to lose their coalition with the merchants, they therefore settled for the latter's 'softer' position.<sup>63</sup>

In this way, the intellectuals believed that they had to work within the system to achieve their goals, or in other words, to alter the system from within. They used various avenues of influence available to them, such as the merchants and interestingly some of the younger shaikhs as well. The use of the latter was made possible because there was, in the words of the *Political Agent*, "a common meeting ground between the more forward-thinking elements of the regime", who basically were these younger *shaikhs*, "and the more moderate elements of the reformist movement".<sup>64</sup> Thus, in 1955, the *Agent* believed that Al Khateeb had "probably realized that it is only by exploiting the ideas and sympathies of the younger shaikhs that he can hope to make any immediate progress against the ruling family's position. In this he is very likely right and constitutional change is bound to come..."<sup>65</sup>

In fact, it was this very 'realism' (*i.e.* the idea of having to work within the system) that led to the decision by the Arab nationalists to join the Constituent Assembly of 1961. While they believed that the whole process was part of a British conspiracy, they decided to join in the hope of influencing the outcome from *within*.<sup>66</sup> Moreover, while they deeply objected to many of the proposed articles as discussed in the next chapter, in the end they voted *for* the constitution as a whole, believing that it was the only *possible* outcome at that moment, with the hope of amending it in the future.

#### 7.2.4. Summing Up

It was these diverse internal factors that had interacted to produce lively political developments in the 1950s. Experimentations with elections and different institutional

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<sup>63</sup> Personal interview with Ahmad Al Khateeb, June 2011. In fact, settling for this weaker position led to the very first cracks within the reformist movement, as some members had been adamant to confront the issue by harsher means.

<sup>64</sup> FO371/132757: Rothnie, Kuwait to Adams, Foreign Office August 14, 1958, p. 2.

<sup>65</sup> FO371/114588: Bell, Political Agent, Kuwait to Fry, Foreign Office, August 15, 1955, p. 1.

<sup>66</sup> Personal interview with Ahmad Al Khateeb, June 2011.



setups were initiated, and freedoms of press and expression fluctuated throughout the decade between a high degree of openness and extreme censorship. These experiences, however, remained limited, and all experimentations of popular participation had all but failed. By 1959, in response to the call for the end of tribal rule mentioned earlier, all forms of political freedoms were banned, and Kuwait returned to being a full-fledged autocracy. In light of this, it is concluded that the *internal* forces during the 1950s, though producing a vibrant political environment, were insufficient to establish long-lasting structural reforms and real democratic governance.

### **7.3. TIPPING THE BALANCE: BEYOND LOCAL CALCULATIONS**

While the post-oil internal dynamics were insufficient to produce radical reforms as concluded above, there was another factor that began to assume increased force towards the end of the 1950s and early 1960s – namely, the international dimension. This factor caused a sudden and unprecedented surge in substantial reforms, including the passing of a modern code of law, the enactment of a budget, and a push towards democratization through a call for the elections of a constituent assembly in 1961, with the purpose of drafting a modern constitution. Indeed, the period between 1959 and 1962 saw what was described as a “comprehensive legislative revolution”.<sup>67</sup>

In this section, the international dimension is examined as the factor that had arguably played the biggest role in determining significant reforms policy-makers felt bound to make. The aim is to understand how, after oil, ‘the international’ had caused a development in the attitude of policy-makers towards the importance of undertaking certain domestic policies. The objective is, therefore, to show that domestic policies are not solely the result of internal calculations during oil booms, but rather a more complex interplay between national and international developments. In Kuwait, a *small* and *newly rich* country in the midst of a tumultuous decade, the international dimension could be said to have tipped the balance in favor of the reforms that ultimately transformed the country from a tribal autocracy to a modern constitutional state.

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<sup>67</sup> Al Atasi, Nizar “*Tatawur attashree’ fi al-kuwait*” (Legislative development in Kuwait), *Al-raed al-arabi*, March 1962, 17<sup>th</sup> issue.

### **7.3.1. Background to the Regional Pressures after Oil**

As a result of the oil boom, Kuwait dramatically rose in importance to both regional and international powers. After “some centuries of quiet existence”, Kuwait “suddenly emerged as the fifth oil-producing country of the world”.<sup>68</sup> As already mentioned, Kuwait became crucial to British interests. By the mid 1950s, fifty percent of the United Kingdom’s consumption of oil derived from Kuwait alone.<sup>69</sup> Kuwait’s importance to the British dwarfed that of other countries in the region. Annual profits from Kuwait amounted to £45 million out of a total of around £100 million for all Middle East oil.<sup>70</sup>

Thus, a paper prepared by the Ministry of Foreign Affairs noted that Britain’s “main purpose in the Gulf” was “to ensure fair access to the oil and stable conditions for its production,” which “makes Kuwait by far the most important to us [Britain] of the territories” of the Gulf.<sup>71</sup>

The importance of Kuwait to Britain relative to other countries in the region is reflected in table 7.1.:

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<sup>68</sup> Quoted in FO371/98323: Kuwait Administration Report 1951, p. 5.

<sup>69</sup> CAB/129/87: Memorandum By Secretary of State for Foreign Affairs, Printed for the Cabinet, 7 June, 1957, p.1.

<sup>70</sup> CAB/129/100: “Future Policy Study 1960-70”, 24 February, 1960, p.34

<sup>71</sup> CAB/129/81: “Persian Gulf: An Analysis of our Position and Problems”, 14<sup>th</sup> May, 1956, p.3.

**Table 7.1. British Oil Interests in the Gulf, 1956<sup>72</sup>**

State	Population	Annual Oil Production (million tons)	Oil interests	State Revenue (million pounds)
Kuwait	250,000	60	50% British	100
			50% American	
Bahrain	120,000	1 ½	100% American	3
Qatar	25,000	5	23.75% British	8
			23.75% American	
			23.75% Shell (Anglo-Dutch)	
			23.75% French	
			5% Gulbenkian	
Trucial States	90,000	Nil	As Qatar	Insignificant

The important point here is that the importance of Kuwait to Britain had spill over effects across the region, as it required the British to undertake policies, including military measures, which extended beyond the borders of Kuwait. Indeed, by the end of the 1950s, Kuwait became the center of British policy in the whole Persian Gulf. As the Secretary of State for Foreign Relations noted in 1960:

Our interests in the area to-day are no less important than those which weighed with Her Majesty's Government in 1958. They relate principally to the preservation of the independence of Kuwait, on account both of her oil and of her sterling balances, and for this purpose certain political and military requirements in the Persian Gulf must be assured: in particular, the confidence of the Rulers in our protection must be maintained and we must retain military facilities in Masirah (which belongs to the Sultanate), Sharjah on the Trucial Coast, and Bahrain.<sup>73</sup>

Likewise, "[t]he most important military commitment" in the area, noted a study

<sup>72</sup> Source: Ibid.

<sup>73</sup> CAB/129/102: "Muscat and Oman", Note by the Secretary of State for Foreign Affairs", 5 July 1960, p.1.

conducted for the British Government, “is the requirement to intervene at very short notice to ensure the security of Kuwait, particularly against Iraqi attack”.<sup>74</sup>

There were other “minor commitments to help other Sheikdoms of the Persian Gulf and to support the local forces in the Somaliland Protectorate”, the report went on, “but these are covered by the ability to meet the major tasks”.<sup>75</sup> The latter required “naval, land and air forces” to be “stationed in the Persian Gulf and Aden with theatre reserves in Kenya”.<sup>76</sup>

In another more specific example of the way in which the protection of Kuwait entailed undertaking policies beyond the Kuwaiti borders, a study conducted by the British Government stated, “[o]ur economic stake in Kuwait itself, and the central position of Kuwait to our oil operations in this whole area, are such that we should take all reasonable measures that we can to protect Kuwait”.<sup>77</sup> While “the only really satisfactory military insurance would be the stationing of adequate British forces in Kuwait itself”, “this is unacceptable to the Kuwaitis”.<sup>78</sup> “Such a solution”, stressed the report, “is politically unacceptable to the Amir, having regard to Arab opinion”.<sup>79</sup> Thus, plans were prepared by the Chiefs of Staff whereby a British military presence in the area is maintained, “sufficient both to deter Iraq by being demonstrably in a position to prevent Iraqi forces overrunning Kuwait and, failing deterrence, to intervene in time to hold Kuwait itself in the face of Iraqi attacks on the scale and timing that we believe to be possible”.<sup>80</sup> These plans specifically involved, for example, the building of additional facilities in Bahrain to station more British forces for this particular purpose. They also entailed other military arrangements in the wider region. “Despite the costs” of these arrangements, asserted the report, “compared with the size of the economic benefits which we derive from the maintenance of the independence of Kuwait under the present

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<sup>74</sup> CAB/129/100: “Future Policy Study 1960-70”, 24 February 1960, p.34.

<sup>75</sup> Ibid.

<sup>76</sup> Ibid.

<sup>77</sup> CAB/129/106: “Kuwait”, Report by Officials, September 1961, Annex to Memorandum by the Lord Privy Seal, 2 October, 1961, p.9.

<sup>78</sup> CAB/129/106: “Kuwait”, Memorandum by the Lord Privy Seal, 2 October, 1961, p.1.

<sup>79</sup> CAB/129/106 “Kuwait”, Report by Officials, September 1961, Annex to Memorandum by the Lord Privy Seal, 2 October, 1961, p.7.

<sup>80</sup> Ibid. p.9.

regime, the expenditure is well worth while”.<sup>81</sup>

Finally, the spill-over effect created by Kuwait’s importance to British interests may also be seen in the following statement by the Secretary of State for Foreign Affairs explaining the shift in British policy with regards to the region:

For some 150 years it was British policy to avoid intervention on land in either the interior of Oman or the Trucial Shaikhdoms. The reversal of this policy in the last decade was due to the growth in importance of oil and pre-eminence of Kuwait, and secondly to the growth of Saudi Arabian imperialism. We now have to reckon also with the Iraqi threat to Kuwait. It is difficult to put a precise monetary value on the preservation of Kuwait, but it is extremely important that Kuwait should not fall under the control of unfriendly Government since this would greatly strengthen any of the Arab States in putting pressure on the oil companies or Her Majesty’s Government and would jeopardize the 300 millions of Kuwait’s sterling balances.<sup>82</sup>

The crucial point to be made in light of the above is that this rise of the importance of Kuwait to Britain, due to its increased oil wealth, coincided with the rise of Arab nationalism throughout the region. As Britain was the main target of Arab resentment, the special British connection with Kuwait naturally became a focus of attention. As Childers reported, “Kuwait has been the focal point of Arab nationalist resentment about Britain’s whole archaic treaty position in the Persian Gulf”.<sup>83</sup> With its enormous wealth, Kuwait’s financial arrangements and the utilization of its revenues also became increasingly scrutinized. This was in fact predicted even before the oil boom of the 1950s. In 1949, for example, Burrows of the Foreign Office told the Ruler that “the presence of large sums of money in a small State like Kuwait in the midst of a world racked by poverty and insecurity would give rise to an increasing volume of criticism and jealousy from His Highness’ neighbors and others”.<sup>84</sup> Moreover, during the concerned period, most of

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<sup>81</sup> Ibid.

<sup>82</sup> CAB/129/102: “Muscat and Oman”, Note and Memorandum by the Secretary of State for Foreign Affairs”, 5 July, 1960, p.3.

<sup>83</sup> *The Spectator*, ‘Kassem and Kuwait’, Erskine Childers, July 7, 1961, p.7.

<sup>84</sup> IOR/R/15/5/213: Note on Burrow’s interview with Ahmad al Jabir, Ruler of Kuwait on 14 May 1949.

Kuwait's investments were in Britain rather than in Arab countries. This situation had caused great discontent. For instance, a report prepared by the British Government in 1961 noted that,

[h]itherto, the bulk of Kuwait Government money has been invested on the London market with relatively small amounts in America and Western Europe; only an insignificant beginning has been made with investment in other Arab countries. This has long been a matter of reproach in the Arab world and it is clear that the Kuwaiti authorities already have in mind the possibility of increasing their investment somewhat in the Arab countries.<sup>85</sup>

Likewise, Childers wrote that Arabs in Kuwait and throughout the Middle East “have resented the fact that Kuwait’s income surpluses have been invested clear outside the Arab world, in London”.<sup>86</sup> “They have”, stressed Childers, “identified both this process and the character of the Kuwaiti regime – the revenues go to the Sheikh personally – with British ‘protection’”.<sup>87</sup>

In this environment, Kuwaiti policymakers felt that their actions were under constant scrutiny by the outside world, particularly the Arabs and British, as much of what Kuwait did tended to get an exaggerated reaction. “Because of its symbolic and its real importance as a source of oil and sterling income”, wrote *The Times* Middle East Correspondent, “any news about Kuwait tends to acquire exaggerated significance”.<sup>88</sup> Likewise, after a meeting with the Ruler, the *Political Resident* noted in 1958 that “[a]s seen from here, and even more so as seen by the Ruler, the attitude in London, both in official circles and in the Press, about matter affecting Kuwait is apt to seem quite unnecessarily jittery...”<sup>89</sup>

While these issues set the background to the environment in which Kuwaiti policymakers functioned, the next section examines the practical ways in which international factors, in the context of Kuwait’s newly acquired importance, played a role in pushing

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<sup>85</sup> CAB/129/106: “Kuwait”, Report by Officials, September 1961, Annex to Memorandum by the Lord Privy Seal, 2 October, 1961, p.5.

<sup>86</sup> *The Spectator*, ‘Kassem and Kuwait’, Erskine Childers, July 7, 1961, p.7.

<sup>87</sup> Ibid.

<sup>88</sup> *The Times*, ‘Oil Riches Smooth Troubled Waters of Kuwait’, June 6, 1959, p.6.

<sup>89</sup> FO371/132786: Political Resident Bahrain, to William Hayter, Foreign Office, 18 August 1958.

policymakers to adopt substantial reformist policies.

### **7.3.2. Casting Positive Light on Kuwait: Alternatives to British Military Protection**

One of the main ways in which the international dimension played a role in pushing Kuwait towards adopting certain reforms was by creating an environment in which policymakers felt the need to cast Kuwait in positive light in the region. To explain the context of this, in 1958, the Ruler came under enormous pressure by the Iraqis to join the Arab Union of Iraq and Jordan. A look at the details of the Ruler's visit to Baghdad to negotiate pending problems between the two states reveals the extent of the pressure the Ruler had to resist. The *Political Agent* noted that the Iraqis "made threats ... about what they would do if Kuwait refused" to join the Union; they had seemed "disposed to stand on immediate accession ... failing which they threatened to use more Draconian methods to obtain what they want".<sup>90</sup> The Union, in the Ruler's opinion (and that of many others), was mostly after Kuwait's economic resources.

To add to the pressure, British officials were also in favor of Kuwait's joining the Union, to counter the influence of the rival United Arab Republic. Therefore, the Ruler felt "deserted" by the British and believed that they were attempting to "force" him into the Union.<sup>91</sup> Luckily, however, in July 1958, almost immediately after these threats were made, Qassim led a revolution which saw the overthrow the Iraqi monarchy.

In response, the Kuwait army and public security were brought to "state of readiness" in case of any disturbance.<sup>92</sup> The Kuwaiti government, however, was confident with regards to *internal* peace, yet the British were more skeptical. "The gnawing doubt", wrote Riches of the Foreign Office, "is of course whether the Kuwaiti Ruling family themselves are not living in a fool's paradise and whether Abdullah Mubarak's confidence in the loyalty of his forces is not misplaced as was that of the Iraqi Ruling family and

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<sup>90</sup> Persian Gulf Monthly Report for the Period June 3 to July 2, 1958, p. 1, in *Political Diaries of the Persian Gulf*, vol. 20, p.649; Confidential Annex to Kuwait Diary No. 6 Covering the Period May 19 to June 19, 1958, p. 1, in *Political Diaries of the Persian Gulf*, vol. 20, p.655.

<sup>91</sup> Persian Gulf Monthly Report for the Period August 7 to August 31, 1958, p. 1, in *Political Diaries of the Persian Gulf*, vol. 20, p. 687; FO371/132786: Halford, Political Agent, Kuwait to Foreign Office July 31, 1958, p. 2.

<sup>92</sup> Persian Gulf Monthly Report for the Period July 3 to August 6, 1958, p. 1, in *Political Diaries of the Persian Gulf*, vol. 20, p. 669.

leaders”.<sup>93</sup>

Therefore, the British and Americans became alarmed on account of the threat to their oil interests. They consequently devised military measures and plans to land their armies in Kuwait and Saudi Arabia *with or without* the Rulers’ consent. As Riches noted, with regards to Kuwait, “the military proposals involve the seizure and holding of the oilfields round Ahmedi, and the refinery and port installations at Minat al Ahmedi together with the water supply at Abdulliyah and the Political Agency in Kuwait town”.<sup>94</sup> These plans included scenarios involving clashes with the Kuwait Armed Forces in case of resistance. Indeed, internal disturbance and a possible coup were seen by the British as more of a threat than an Iraqi attack.<sup>95</sup>

While the *Political Agent* reassured the Ruler of British support and fulfillment of their obligations to him at a “critical moment in the Middle East when danger presses on the stability of all small countries throughout the region and particularly on hereditary rulers”, he also informed him of the “unobtrusive military measures to be ready to meet any serious danger in the area” that were being undertaken by the British and Americans”.<sup>96</sup>

This placed the Ruler under massive pressure as he was very much against such military measures. In fact, the British had “pressed” the Ruler to accept British forces in Kuwait, only to be met by his “firm refusal”.<sup>97</sup> The Ruler “made it clear that he could not accept an advance party of troops to make unobtrusive preparations for the arrival of reinforcements should it prove necessary to bring military aid to Kuwait, as he was sure that such a step would only precipitate trouble”.<sup>98</sup>

The ensuing discussions between the Ruler and the British reflected a growing realization by the former as to the inadequacy of relying on British support for Kuwait’s security.

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<sup>93</sup> FO371/132779: Riches, Foreign Office to Morris, Washington, 24 July 1958, p. 1.

<sup>94</sup> Ibid.

<sup>95</sup> Ibid.

<sup>96</sup> FO 371/132779: Telegram from Foreign Office to Political Agent, Kuwait, 23 July 1958.

<sup>97</sup> Persian Gulf Monthly Report for the Period July 3 to August 6, 1958, p. 1, in *Political Diaries of the Persian Gulf*, vol. 20, p. 669.

<sup>98</sup> Persian Gulf Monthly Report for the Period August 7 to August 31, 1958, p. 1, in *Political Diaries of the Persian Gulf*, vol. 20, p. 687.



The importance of building good ties with the Arabs began to be seen as a primary objective for Kuwait's long-term integrity. Indeed, the attitude of the British during the Iraq negotiations seemed to have had a lasting imprint on the way the Ruler began to see things. After the revolution, the Ruler was reported to be:

much pre-occupied by Kuwait's relations with Iraq. In particular he was concerned with the attitude of the new regime and was anxious not to suffer a repetition of the events of last May when he felt that H.M.G. "deserted" him in face of Nuri's pressure to join the Arab Union.<sup>99</sup>

The *Political Resident* described the Ruler as having "almost obsessive feelings about the Iraq negotiations".<sup>100</sup> One of the most immediate ways the Ruler reacted after these negotiations was to ask the British that they would agree to Kuwait joining the Arab League as a full member, a proposal that he said had 'crystallized' as a result of the events experienced.<sup>101</sup> The Ruler pointed out to the *Political Agent*, with whom he discussed the issue for the first time, that he believed membership would benefit Kuwait in that "it would help keep her more closely in touch with the Arab World".<sup>102</sup> He said membership would "give him security in the Arab World. He would know more about what was going on and he would be able to solve his problems with individual Arab States in the presence of other Arab rulers".<sup>103</sup> The Ruler pointed out that "he had felt the need for this kind of general support when he was having talks with Nuri and Iraqi Ministers in May" and it was then that the idea of joining the League had first occurred to him. "It was no longer practical", felt the Ruler, "to expect Her Majesty's Government to try to intervene in his problems with the Arab States".<sup>104</sup>

The Ruler's rationale, as he pointed out to the *Political Agent*, was as follows:

He was pretty sure that Iraq would soon join the Arab Republic. He did not trust the new revolutionary leaders, who were all extremists. Nor did he trust the Syrian Ba'athists. If they were all to gang up on him and

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<sup>99</sup> Ibid.

<sup>100</sup> FO371/132786: Political Resident, Bahrain to William Hayter, Foreign Office, 18 August 1958, p. 1.

<sup>101</sup> FO371/132786: Halford, Political Agent, Kuwait to Foreign Office, 31 July 1958, p. 1.

<sup>102</sup> Ibid.

<sup>103</sup> Ibid.

<sup>104</sup> Ibid.

demand that Kuwait should do this and that, where would he be? He believed that the only security was in membership of the Arab League. The real problems in the Arab World were between the Arabs themselves and only the Arabs could solve them.<sup>105</sup>

The *Political Agent* acknowledged “his desire to demonstrate Kuwait’s solidarity with the Arab World”, and “assumed that joining the Arab League was intended to please public opinion, both at home and abroad”.<sup>106</sup> In describing the Ruler’s position, a Foreign Office Document noted the following:

The Ruler felt alone in the world when he faced Nuri and the Iraqis in Baghdad in May and then H.M.G. were close to the Iraqis. I should imagine that he now feels that we are no longer on good terms with the Iraqis (he made the proposal before were recognized the new Iraqi Govt.) and that he sees no one to defend him against Iraq save Nasser. H.M.G. can only offer force which will bring worse disaster in its train. It is “no longer practicable to expect H.M.G. to try to intervene in his problems with the Arab states...”

Briefly therefore the Ruler’s attitude springs from his belief in the need to:-

- (iv) Defend himself against aggression, particularly Iraqi whether overt or cover by means other than bringing British troops into Kuwait.
- (v) Make some gesture to show his people that he is a good Arab.

H.M.G’s interests may be reduced to the simple proposition of the need to maintain the separate identity of Kuwait.<sup>107</sup>

After meeting with the Ruler, the *Resident* concluded:

We should be in no doubt that the Ruler intends to do a good deal towards looking after his interests with the other Arab states in his own way. He emphasized that he intended to save us the trouble of doing this so far as possible. What I think he has in mind, in addition to this charitable gesture, is that he and his family can do a good deal to keep the Egyptians and others sweet by going there and making or allowing themselves to be quoted as making woolly statements of friendship and devotion to Arabism, etc., in a way that we should never dream of doing, nor be able to do even if we tried ... This, I think, is a gesture which many people in

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<sup>105</sup> Ibid.

<sup>106</sup> Ibid.

<sup>107</sup> FO371/132786: Supplementary Note Concerning Proposed Kuwaiti Membership of Arab League, 6 August 1958, p. 1.

Kuwait, including to some extent our Agency, consider that he ought to make in the interests of tranquility within the country. I think it may well be enough for the purpose.<sup>108</sup>

Thus, to cast Kuwait in a positive light in the region, which came hand in hand with building closer ties with Arab countries, became at the forefront of Kuwaiti policy thinking. These new circumstances were generally understood at the time. *The Times*, for instance, reported that

[f]or the best part of a hundred years this small territory has survived thanks to one thing only – British protection. To-day's pattern of power, and Kuwait's vast oil riches, have not made that protection obsolete, but have suggested supplementary tactics. The Ruler's talks with President Nasser in Baghdad are probably part of the diplomatic effort which has taken him all over the world – most recently to Baghdad – with the object of preserving his independence. The situation is, of course, not without its dangers. Pressures are stronger than ever. Kuwait has always seemed a tempting booty, and there is now the additional danger from strong Nasserite groups within the country...<sup>109</sup>

In any case, while the Ruler was dissuaded by the British from joining the Arab League, and accepted in exchange a new Letter of Assurance from Britain (see Appendix 7.1 for full text of Letter), this marked the beginnings of a 'formal' change in Kuwaiti policy.<sup>110</sup>

By default, it was also the beginnings of a formal change in the British-Kuwaiti relationship. Kuwait now asked for an "evolution of the relations with Britain", which should be "based on a certain amount of flexibility and the capability to readjust to changing circumstances".<sup>111</sup> Thus, in a Memorandum by the Kuwait Government to the

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<sup>108</sup> FO371/132786: Political Resident, Bahrain to William Hayter, Foreign Office, 18 August 1958, p. 1.

<sup>109</sup> *The Times*, 'Uneasy Neutrals', July 22, 1958, p.9.

<sup>110</sup> The major reason which convinced the Ruler not to join was the fear that if he tried to might be told by other members that she could only join if he must renounce his relationship with Britain (see FO371/132786: Halford, Political Agent, Kuwait to Foreign Office, 31 July 1958. Moreover, it is clear that the Ruler had felt torn between the need for British protection and pleasing Arab opinion. Stuck in this situation, the Ruler had felt it necessary to bring Nasser and the British together. As the *Resident* noted, one of the Ruler's objects was "to see if he can do anything to improve relations between Nasser and ourselves. He continually harps on this theme. He has, unfortunately, a considerable respect for Nasser and admiration for his achievements...there is no doubt that the Rulers feels it to be an important part of his remaining life's work to bring about a better understanding between us and the new Egypt" (FO371/132786: Political Resident, Bahrain to William Hayter, Foreign Office, 18 August 1958, p. 2).

<sup>111</sup> CAB/129/95: Memorandum of 30th September, 1958, by the Kuwait Government, Annex B to "Kuwait: International Relations", Memorandum By the Secretary of State for Foreign Affairs 4<sup>th</sup> November, 1958, pp.3-4.

British, Kuwait requested “that neither party should adhere to formalities and the letter of the written word when flexibility in applying or interpreting the existing relations can help to keep the independence of Kuwait and to maintain her good relations with her Arab neighbours”.<sup>112</sup> Kuwait wanted to deal with the Arabs in a direct manner, which had been, as per the 1899 Treaty, conducted through the British Government. This “assumption of some of the responsibilities towards the Arab world”, noted the Memorandum, “will certainly be welcome in both Kuwait and the Arab states inasmuch as it is an indication to the Arabs that Kuwait is prepared to take up her responsibilities in Arab affairs”.<sup>113</sup> Moreover, “[t]he benefit that Kuwait will derive from such a step is that her Arab neighbours will not look upon Kuwait as a segregate unit in the Arab world, and the Arabs will realise that Kuwait is a friendly Arab country, and no one would accordingly create difficulties for her”.<sup>114</sup>

#### **7.4. DEMONSTRATION OF INDEPENDENCE AND DOMESTIC REFORM**

From the above stems the idea of the need to create a friendly atmosphere for Kuwait in a country and region overtaken by Arab nationalist sentiments. This naturally meant demonstrating independence from colonial subjugation and influence. In a Memorandum by the Secretary of State for Foreign Affairs dated November 1958, it was noted that

Even before the Iraqi revolution of 14th July 1958, the Ruler of Kuwait showed signs of restiveness in his position of apparent

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<sup>112</sup> Ibid.

<sup>113</sup> Ibid.

<sup>114</sup> Ibid. It must be noted that the importance of demonstrating independence and casting positive light on Kuwait was realized earlier. It may be said that it began to gain more importance even earlier, particularly after the Suez Crisis of 1956. As the *Political Agent* noted,

Even if history did not teach us the impermanence of international relations, the Suez episode was bound to have a corrosive effect on Britain’s special position in Kuwait, if only in that it accelerated an already existing tendency towards Kuwaiti independence in, at least, Arab Affairs. The Kuwaiti authorities are very conscious of their status as our clients. I believe that, in their heart, they do not resent this. But it is perhaps just because of this essential dependence that they must demonstrate to the world that they are as good Arabs as the rest. There has therefore been a marked increase in their espousal of general Arab causes...their direct contacts with the rest of the Arab world have been intensified and they have shown a growing distaste for consulting her Majesty’s Government about any such contacts (FO371/132748: Political Agent’s Annual Report for 1957, February 3, 1958, p. 7).

tutelage. Since that date he has warned us with increasing frequency and force that if the essentials of his relationship with Her Majesty's Government are to be preserved the British Government must be prepared to allow to Kuwait the greatest possible appearance of independence. He is under considerable pressure in this respect not only from his own family, but also from many of the groups on whose support the strength of the regime in Kuwait must largely rest.

The Kuwait government therefore took major steps in this direction. In the process of doing so, it was forced to undertake major reforms. The following section analyses the three main steps in this regard, and the consequent reforms the government was pushed to take.

#### **7.4.1. Administration of Justice**

One of the principle ways in which Kuwait sought to demonstrate its independence was in the administration of justice. Foreign nationals in Kuwait had been under British jurisdiction. This was a matter of great concern as Kuwait became increasingly insistent to end all forms of perceived subjugation to British power. In 1957, Britain surrendered, at the Ruler's request, jurisdiction over the citizens of Libya, Sudan, Morocco, Tunisia, Afghanistan, Indonesia and "certain protected persons (in addition to nationals of other Middle Eastern Muslim countries, save Turkey, over whom he already had jurisdiction)".<sup>115</sup>

By 1959, the Ruler, however, became adamant that the entire system of dual jurisdiction must be terminated. The "resentment of the Kuwaiti authorities at the continuance of our jurisdiction", noted the Secretary of State for Foreign Affairs, has become "stronger and more outspoken".<sup>116</sup> The British, for their part, understood the importance of this for Kuwait's security as an independent state. As a Memorandum by Secretary of State for Foreign Affairs noted, Kuwait's "independence in the Arab world would ... be strengthened if she were recognised as an independent entity by other countries ... it

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<sup>115</sup> CAB/129/99: Annex A to "Jurisdiction in Kuwait", Memorandum by the Secretary of State for Foreign Affairs", 24<sup>th</sup> November, 1959, p.2.

<sup>116</sup> Ibid. The Ruler had wanted to announce "a substantial transfer of jurisdiction" not later than 25 February 1960, the tenth anniversary of his accession to power (see CAB/128/134: Conclusions of a Meeting of the Cabinet on 4<sup>th</sup> January, 1960).

would undoubtedly be enhanced by the abolition of the manifest servitude of dual jurisdiction”.<sup>117</sup>

The point here is that in order to take over administration in relation to justice related issues over foreign nationals, including British citizens, as part of its “development of an international personality”, Kuwait was pushed to undertake major reforms and to modernize its judicial system.<sup>118</sup>

This is clearly reflected in the discussions amongst British officials and in their negotiations with the Ruler. The Foreign Secretary for Foreign Affairs concluded that they “should endeavour, by all practicable means of persuasion, to ensure that the Kuwaitis introduce suitable civil and criminal codes, penal reform and courts of law”, and that British “relinquishment of jurisdiction proceeds only *pari passu* with such reforms”.<sup>119</sup> Thus, before abandoning their jurisdiction, the British sought “to ensure that proper civil and criminal codes, penal arrangements and courts of law” are introduced in Kuwait.<sup>120</sup>

It should be noted that the British concern, among other things, was to protect their subjects, as they viewed the Kuwaiti justice system as follows:

At present it remains ... extremely primitive. There are no proper criminal and civil codes ... The local judges should generally use the Muslim Sharia tempered by local custom but in many cases their decisions are entirely arbitrary. They are largely unqualified and follow virtually no rules of evidence or procedure. A recent visit to a Kuwaiti prison has revealed conditions which would be extremely hard for any European to bear for any length of time. Floggings are still ordered by shaikhly judges as a form of punishment. All these factors should make us reluctant to abandon our jurisdiction.<sup>121</sup>

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<sup>117</sup> Ibid.

<sup>118</sup> “Jurisdiction in Kuwait”, Memorandum by the Secretary of State for Foreign Affairs”, 24<sup>th</sup> November, 1959 [CAB/129/99] p.1.

<sup>119</sup> Ibid.

<sup>120</sup> CAB/129/99: Annex A to “Jurisdiction in Kuwait”, Memorandum by the Secretary of State for Foreign Affairs”, 24 November, 1959, p.4.

<sup>121</sup> Ibid. pp.2-3.

Importantly, apart from British concern for the ‘welfare’ of the people under their jurisdiction, the awareness of the necessity of having a presentable international image was very much present. The British explained to the Kuwaitis “the complications which may arise for the Kuwaiti authorities if persons now subject to our [British] jurisdiction are for instance confined in prisons so unsuitable as to endanger their health or if they are condemned by a code or in a manner repugnant to the vast majority of States”.<sup>122</sup> “The Kuwaiti authorities”, explained the British, “will be exposed to international criticism and representations”.<sup>123</sup>

In any case, as suggested, this pushed Kuwait to undertake many reforms in this direction. Thus, when Britain finally ceded its jurisdictional powers to Kuwait in 1961, it was reported in the Press as follows:

Britain has relinquished effective jurisdiction over foreigners in Kuwait, exercised through a court of the Political Agency by which she is represented here, and intends formally to abolish this court in the coming summer...Before assuming jurisdiction over foreigners Kuwait promulgated a code of laws and having had judges trained in the past few years she established the necessary courts last year...This transfer of responsibility is in step with Kuwait’s formal assumption also of control of her foreign affairs, though control does not yet mean full management. She has to form a foreign service and still deals with some countries or other nationals through Britain.<sup>124</sup>

In sum, in taking over the administration of justice as parts of its general strategy to demonstrate independence from British control, Kuwait had to undertake major legislative reform.

#### **7.4.2. Joining International Organizations**

Another important way in which independence was to be demonstrated was by joining international organizations in order “to create a friendly atmosphere in the Arab world for Kuwait”.<sup>125</sup> In this way, noted a Memorandum by the Kuwait Government to the British,

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<sup>122</sup> Ibid. p.4.

<sup>123</sup> Ibid. p.6.

<sup>124</sup> *The Times*, ‘Britain Cedes New Powers to Kuwait’, May 5, 1961. p. 12.

<sup>125</sup> CAB/129/95: Memorandum of 30th September, 1958, by the Kuwait Government, Annex B to “Kuwait: International Relations”, Memorandum By the Secretary of State for Foreign Affairs 4<sup>th</sup>

“[t]he neighbours” would “see that Kuwait is taking an active part expected of her in some of the international bodies which had been formed for the purpose of looking after the various normal walks of life, such as posts, telephones, telecommunications, quarantine, marine, [etc.]”.<sup>126</sup> Kuwait’s membership and active participation in these international bodies would satisfy “certain communities in Kuwait”, the “trends of thought among the Kuwaitis”, and “tinges Kuwait with a progressive colour which suits the conditions prevalent in the Arab world”.<sup>127</sup> Thus, such participation, contended the Kuwaitis, would not only “be welcome among the Arabs”, but would also “help to stabilise the regime in Kuwait”.<sup>128</sup>

From July 1959 to July 1961, Kuwait successfully joined the International Telecommunications Union, the Universal Postal Union, the International Civil Aviation Organization, the World Health Organization, the United Nations Educational, Scientific and Cultural Organization and the international Labour Organization.<sup>129</sup> Entering these organizations naturally entailed huge steps in legislative reform. As the Secretary of State for Foreign Affairs explained in a 1959 Memorandum, it has “led to the enactment of various items of legislation”, including, “Kuwait Maritime Code, the Kuwait Port Rules and Kuwait Labour-Law”.<sup>130</sup>

The importance of the reforms that were enacted as a result of joining international organizations is reflected in how they helped the process of allowing the British to give up their jurisdiction. The British, in this regard, told the Ruler that, “[a]s an earnest of their intentions”, they would be prepared to start by “making persons who are ordinarily subject to Her Majesty’s jurisdiction amenable to the administrative tribunals which have been established by recently enacted Kuwaiti legislation and which are guided by clear and fair rules or laws”.<sup>131</sup> These laws were to a large degree the result of joining

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November, 1958, pp.3-4.

<sup>126</sup> Ibid.

<sup>127</sup> Ibid.

<sup>128</sup> Ibid.

<sup>129</sup> SCOR, 16<sup>th</sup> yr, 957<sup>th</sup> mtg, 2 July 1961, in *The Kuwait Crisis: Basic Documents*, p. 52.

<sup>130</sup> CAB/129/99: Annex A to “Jurisdiction in Kuwait”, Memorandum by the Secretary of State for Foreign Affairs”, 24<sup>th</sup> November, 1959, p.4.

<sup>131</sup> CAB/129/99: Annex B to “Jurisdiction in Kuwait”, Memorandum by the Secretary of State for Foreign Affairs”, 24<sup>th</sup> November, 1959, p.6.



international organizations. Indeed, the *Resident* was instructed to tell the Ruler that the British Government was ready to recognize the competence of the Labour Arbitration Tribunal to arbitrate in matters affecting persons subject to British jurisdiction; the competence of Boards of Enquiry to rule on alleged contraventions of the Kuwait Port Rules by persons subject to their jurisdiction; and the competence of the President of the Port to impose penalties on them. “These changes represent an important departure of principle”, contended the British, and while “only these two administrative tribunals exist at this moment ... in principle the decision would apply to similar cases in future”.<sup>132</sup>

#### **7.4.3. Abrogation of the 1899 Treaty and Admittance into the Arab League and United Nations: Towards a Constitutional State**

The major step towards gaining international legitimacy was by achieving full independence through the abrogation of the 1899 Treaty, and becoming a member of the United Nations and the Arab League as a fully independent state. By 1961, the Treaty clearly did not reflect the actual international status and position Kuwait had begun to assume.<sup>133</sup> While the British recognized the inevitability of abrogation, they decided not to take the initiative in this direction and instead to be ready to reply positively when the Ruler requested it himself.<sup>134</sup> In April 1961, this actually happened, and the Ruler requested that “the Exclusive Agreement of 1899, under which the United Kingdom Government assumed responsibility for the external affairs of Kuwait, should be replaced by an instrument reaffirming our [British] friendship and support”.<sup>135</sup> There was to be, importantly, no change in British military or financial arrangements.

One main concern during the negotiations was, again, Arab opinion. “Any new agreement of this kind”, explained the Lord Privy Seal, “should be made in a form which

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<sup>132</sup> Ibid.

<sup>133</sup> In fact, the quasi-formal declaration of the invalidity of the treaty could be traced back to March 1960 when the Council of the Inter-Governmental Maritime Consultative Organization challenged the eligibility of Kuwait for membership in the organization. The British, as a consequence, were pushed to declare that Kuwait was responsible for the conduct of its international relations. The statement, however, was only made orally in the Council's meeting by the UK representative.

<sup>134</sup> CAB/128/35: Conclusions of a Meeting of the Cabinet, 13 April 1961; CAB/128/34: Conclusions of a Meeting of the Cabinet, 17 May 1960.

<sup>135</sup> CAB/128/35: Conclusions of a Meeting of the Cabinet, 13 April 1961.

would not provoke the opposition of other Arab States”.<sup>136</sup> In discussions amongst the British government, it was pointed out that the conclusion of a new “formal treaty” was not in the interest of Kuwait or Britain. Such a treaty might “offend” other Arab states, and experience elsewhere in the region indicated that its existence “could be a standing temptation to its abrogation”.<sup>137</sup>

Moreover, the British wanted any new agreement to recognize their right and obligation to intervene if Kuwait’s independence were threatened.<sup>138</sup> Therefore, the British presented the Ruler with two alternatives:

- (i) “an exchange of notes which would abrogate the Agreement of 1899 but would be accompanied by an oral and unpublished assurance that the British recognised their continuing obligation to assist in maintaining the independence of Kuwait”;
- (ii) “an exchange of notes which would state in terms that abrogation of the Agreement of 1899 did not affect that continuing obligation”.<sup>139</sup>

In agreement with the leading members of the ruling family, the Ruler preferred the second alternative. However, like the British, he was very much concerned with Arab opinion. Thus, he proposed a somewhat elastic and general wording to the agreement in opposition to the British desire for more specific terms. The Ruler ultimately secured British acceptance to his proposal that the agreement should be expressed as follows: “nothing shall affect the readiness of Her Majesty’s Government to assist the Government of Kuwait, if the latter request such assistance” (See Appendix 7.2 for full text of agreement).<sup>140</sup>

As the Lord Privy Seal noted in the Cabinet, “[t]his formula, which was designed to avert criticism from other Arab States, was less specific than was customary in instruments constituting a defence commitment, but the Political Resident in the Persian Gulf had

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<sup>136</sup> Ibid.

<sup>137</sup> Ibid.

<sup>138</sup> Ibid.

<sup>139</sup> CAB/128/35: Conclusions of a Meeting of the Cabinet on 13 June 1961.

<sup>140</sup> Ibid.; *The Times*, ‘New Agreement with Kuwait’, June 20, 1961, p. 12.

been unable to secure the Ruler's agreement to more precise terms".<sup>141</sup>

On June 19 1961, the agreement was signed and the independence of Kuwait was announced by the Ruler. While much care was taken not to cause a stir within the Arab countries, Kuwaiti independence brought with it unprecedented pressures on the country. Only six days after the announcement, the Iraqi leadership, namely, Qassim declared Kuwait an 'integral part of Iraq'. The agreement, he said, was "a blow to the independence of Iraq and the aspirations of the Kuwaitis", as it was signed by a ruling clique of "irresponsible persons" who serve the interests of the imperialists.<sup>142</sup> Iraq, he announced, will "liberate this section of the Iraqi territory ... peaceful methods are useless with imperialism...".<sup>143</sup>

Qassim continued to threaten Kuwait with annexation, calling it a district of Iraq.<sup>144</sup> Under these circumstances, Kuwait was forced to call for British troops to protect the country. This, however, only precipitated the situation and drew widespread condemnation. The UAR proposed a resolution in the Security Council calling for the immediate withdrawal of British forces from Kuwait. The USSR representative said that the "delegate of Kuwait could scarcely be deemed to be acting as the representative of a sovereign state, inasmuch as effective power in the country is being exercised by the British occupation troops".<sup>145</sup>

Significantly, the criticism in Arab and international press extended to the Kuwaiti regime itself. The Egyptian *Al Akhbar*, for instance, attacked the "Kuwaiti Shaykhs", declaring that they had asked for British assistance solely in order to protect their position and wealth. The paper differentiated between the Kuwaiti government, which had acted out of "ignorance, disorientation and pride", and the Kuwait people, whom the paper claimed had "strong emotional ties" with the UAR and trust for the "Arab national

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<sup>141</sup> Ibid. The Cabinet also approved the proposal made by the Ruler to change the title of the Political Agent in Kuwait to Consul-General. Importantly, it was ensured that the agreement did not affect the right of the Ruler to apply for membership of the United Nations, an application of which the British had undertaken to sponsor, nor to join the Arab League.

<sup>142</sup> *Middle East Records*, Vol. 2, 1961: 121.

<sup>143</sup> Ibid.; *The Times*, "Kuwait Assurances to be Honored", July 1, 1961, p. 8.

<sup>144</sup> *The Times*, "Iraq's shadowy claim", July 17, 1961, p. 11.

<sup>145</sup> Ibid. p.129.

leader”.<sup>146</sup> Indeed, the whole political system in Kuwait began to come into the spotlight. As Childers wrote, Qassim “declared for the absorption of Kuwait: and the fact that Kuwait is ruled by a sheikhly aristocracy, rather than by a nationalist regime, has not mitigated this action”.<sup>147</sup>

Kuwait was therefore placed under considerable pressure to dispense with British military support, and to replace British troops with an Arab force to protect its independence. In fact, asking the British troops to withdraw from Kuwait as soon as possible (and replacing it with an Arab force) was a condition for Kuwait’s membership in the Arab League.<sup>148</sup> However, while the Arab League accepted Kuwait’s membership on July 20, its membership to the United Nations was vetoed by the Russians – twice.

The Russian representative noted that the “formal withdrawal of British troops from Kuwait, under the circumstances of such withdrawal, does not in any way mean that Kuwait can be regarded as a genuinely independent states”.<sup>149</sup> The exchange of notes between Britain and Kuwait made the latter “play the role of a pawn, a jumping-off stage for possible further aggression”.<sup>150</sup> He pointed out that oil was involved in the Kuwait question. “The actions of the UK government in regard to Kuwait cannot, under these circumstances, be regarded otherwise than as maneuvers designed to cover up the fact that Kuwait continues to remain a British colony and to help the UK to retain in Kuwait a military base in the Near and ME”.<sup>151</sup> Further, he argued, in “admitting Kuwait, the Council would be prejudging the subject of this controversy between Arab states”.<sup>152</sup>

In this context, the realization that British protection was no longer adequate for Kuwait’s long-term security was magnified. World and Arab opinion now became *the* priority to secure Kuwait’s legitimacy as an independent state. Hence, policies had to be undertaken by the government to enhance Kuwait’s image and show the world that it is a ‘proper’

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<sup>146</sup> Ibid. .131.

<sup>147</sup> *The Spectator*, ‘Kassem and Kuwait’, Erskine Childers, July 7, 1961, p. 7.

<sup>148</sup> *Middle East Records*, Vol. 2, 1961: pp. 131-132. It was reported that the proposal for an Arab force had been brought up by the Kuwaiti delegation in a meeting with Nasser the day before the League’s meeting of July 12 which discussed the crisis.

<sup>149</sup> Ibid. p.138.

<sup>150</sup> Ibid.

<sup>151</sup> Ibid.

<sup>152</sup> Ibid.

and eligible state, and *fast*. Two major steps were seen to be of primary importance. The first was to push forward internal political reforms to legitimize the regime. Second, Kuwait's investment policy was to be reconsidered. These ideas were clearly reflected in a British Government report:

The only political course open to the Amir to reduce the threats to Kuwait is the adoption of policies designed to strengthen his regime internally, and make it more acceptable to Arab opinion both in his own population and in the surrounding countries. *Kuwait is already a welfare State, but it is still largely administered on feudal lines.* The Amir is, however, actively engaged in trying to modernise his administration, with the assistance of a recent mission from the International Bank. Attempts at democratisation have not in the past led to any real result, but it has now been announced that elections to a constituent assembly will be held in December.<sup>153</sup>

Moreover, the report pointed out that “[m]ore important from the point of view of the other Arab Governments is the Kuwait Governments investment policy”; therefore, “increasing their investment in the Arab countries” and developing “such an investment programme on a substantial scale would be the most effective way of improving Kuwait’s standing, especially in the U.A.R. and Jordan, which are most in need of finance...”.<sup>154</sup> Indeed, this was clearly understood by the Kuwaitis. As Macmillan stated in the House of Commons, “the Ruler of Kuwait had shown himself conscious of his responsibilities in the Arab world and that his Government had recently agreed to employ part of its revenue for constructive projects”.<sup>155</sup>

These ideas were widely recognized and acknowledged in the international press too. As *The Times* correspondent put it,

Kuwait’s best hope of survival is to redraw the popular image of the shaikhdom as an astonishing anomaly, rolling in wealth which a small ruling oligarchy does not know what to do with. It was never a wholly true picture, and a wider distribution of power, even if it does not reach out to the many immigrant Arabs who make up more than half the population, is a great step in the right direction. So is

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<sup>153</sup> CAB/129/106: “Kuwait”, Report by Officials, September 1961, Annex to Memorandum by the Lord Privy Seal, 2 October 1961, p.5

<sup>154</sup> Ibid.

<sup>155</sup> The Times, ‘Threat to Kuwait not Diminishing’, July 4, 1961, p. 10.

the gesture of more help for other Arab states. It must be made a matter of enlightened self-interest for all to see that Kuwait is not submerged by any hostile influence – internal subversion or outside attack.<sup>156</sup>

The fact that some states had “vast oil revenues controlled by their autocratic rulers”, while “others miserably poor”, was “a scandalous anachronism asking for trouble” wrote *The Observer’s* correspondent.<sup>157</sup> “If Kuwait is really to be accepted as independent in the present state of the Middle East”, he stressed, “the Sheikh will have to dispense with British military protection and to set up some more representative form of local government which ratify Kuwait’s change of national status”.<sup>158</sup> “It is asking altogether too much of human nature”, Stephens went on, “to expect Arab world to put indefinitely with a situation in which not only oil profits but also a substantial part of oil royalties are exported, while most of the Arab countries themselves are crying for development capital to overcome the abysmal poverty of many millions”.<sup>159</sup> Thus, “a switch of some Kuwaiti investment from Britain to other less-well-off Arab countries” should be encouraged.<sup>160</sup>

Indeed, in December 1961, Kuwait established the Kuwait Fund for Arab Economic Development to “assist Arab and other developing countries in developing their economies”, and a call for elections to a constituent assembly to draft a modern constitution was announced.<sup>161</sup> Not surprisingly, these decisions were widely interpreted to be an attempt to gain international legitimacy. In the run-up to these final announcements, the developments in Kuwait were described in October as follows:

Where change has been noticeable since June has been in Kuwait itself, whose Government, under the shock of Iraq’s take-over bid, has faced realistically the problems of independence. Elections for a constituent assembly... are to be held at the end of December, and out of it a constitution is due to emerge. This follows successful introduction of a modern penal code, which many Kuwaitis felt was more urgently needed than a constitution. There are signs, too, of a

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<sup>156</sup> *The Times*, ‘After the Withdrawal’, October 16, 1961, p. 13.

<sup>157</sup> *The Observer*, ‘Is Kuwait an Asset or Liability?’, Robert Stephens, July 9, 1961.

<sup>158</sup> *Ibid.*

<sup>159</sup> *Ibid.*

<sup>160</sup> *Ibid.*

<sup>161</sup> Law No. 35 of 1961 concerning the establishment of the Kuwait Fund for Arab Economic Development, published in *Kuwait al-yawm*, 360<sup>th</sup> issue, 7 January 1962; *The Times*, ‘Kuwait Holds its First Election’, December 30, 1961, p. 12.

new approach to other Arab countries. A mission, on which the ruling family and prominent merchants are represented, is now touring Arab capitals to explore ways in which Kuwait's wealth can be of help.<sup>162</sup>

Moreover, Adams summed up the situation in the following manner:

...Kuwait Government is, rather belatedly, doing what it can to put its house in order. An economic mission has toured the Arab world examining the possibilities for investing Kuwait money in the development projects of its less fortunate neighbours. Embassies are being established abroad as fast as they can be staffed by Kuwaitis...and on Saturday for the first time in their lives...[Kuwaitis] are to vote for the members of a Constituent Assembly in what is said to be the first stage of the transition from patriarchal to constitutional government ... Father down the Gulf the problems of the present and of the immediate future do not press so urgently as they do upon Kuwait. *The other sheikhdoms are not so rich* as Kuwait nor do they have a neighbour glaring at them across a few short miles of sands.<sup>163</sup>

Finally, *The Times* correspondent reported the news of the elections as follows:

The first popular election in Kuwait, the oil territory which Iraq claims, takes place tomorrow ... This election is the culminating point of the changes this small country felt bound to make since the world's gaze fell upon it six months ago because of Iraq's claim ... Realizing that one way of spiking the guns of critics was to introduce reforms, the Ruler has been keeping one step ahead of foreign inspired demands.<sup>164</sup>

While the above clearly demonstrates the international influence in pushing an oil-rich state towards political reform and a call for elections of a constituent assembly, the attitude of Kuwaitis towards the importance of world opinion did stop there, but extended to the writing of the constitution itself. The *acceptability* of the constitution to the world was seen as crucial at a critical time when Kuwait was under threat and seeking to join the United Nations. In other words, in the minds of Kuwaitis, reforms had to be *genuine*.

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<sup>162</sup> *The Times*, 'After the Withdrawal', October 16 1961, p.13.

<sup>163</sup> "British Popularity in the Sheikhdoms: Barrier against advance of the Iraqis", Michael Adams, 27 December, 1961, article available in Churchill/HSTD/1/1, vol. IV; emphasis is added to highlight the central role of Kuwait's oil wealth in its political development.

<sup>164</sup> *The Times*, 'Kuwait Holds its First Election', December 30, 1961, p. 12.

Indeed, the importance attached to world opinion and the attitude of policy-makers towards portraying Kuwait in a positive light is clearly reflected in the minutes of both the CA and CC.

For example, in their stance against granting appointed ministers the right to vote in parliament, one of the important arguments made by both the constitutional advisor, Othman, and other members was that the appearance of the constitution would be subject to great criticism in the outside world. As Al Humaithi emphasized in addressing this issue, the constitution would be subject to criticism by everyone in the outside world if it were a mere façade.<sup>165</sup>

The importance attached to world opinion is also clear, for instance, in the discussions around the political rights of naturalized Kuwaitis. Saad Al Sabah, Minister of Interior, pointed out that the outside world was asking Kuwait to give naturalized citizens complete rights after a certain period. What will be said, he asked the members, about Kuwait in Arab newspapers? Al Sabah emphasized that not doing so would be used against Kuwait internationally, at a time when Kuwait needed to gain the trust of the world.<sup>166</sup>

Another example showing the importance attached to world opinion is reflected in the debate on the employment criteria for ministerial undersecretaries and assistant undersecretaries. As mentioned earlier, there was a call and insistence by some members that whoever was assigned must be ‘original’ Kuwaiti. In addressing the issue, however, Al Khateeb stressed the importance of Kuwait’s reputation abroad and of ‘silencing’ the newspapers in the Arab world that were already describing Kuwait in a way which portrays it as “non-Arab”.<sup>167</sup> Thus, Al Khateeb emphasized, the issue must be solved without opening the door to propaganda against the reputation of Kuwait and its “Arabism”.<sup>168</sup> Jabir Al Sabah, the Finance Secretary, also stated during these discussions that the government did not want to allow ‘others’ to interpret the law for their own interests, and wanted to avoid it being said abroad that “Kuwait has become Kuwaiti and

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<sup>165</sup> Minutes of the 13<sup>th</sup> Meeting of the Constitution Committee, 16 June 1962, p. 5.

<sup>166</sup> Minutes of the 21<sup>st</sup> Meeting of the Constitution Committee, 22 October 1962, p. 4.

<sup>167</sup> Minutes of the 31<sup>st</sup> Meeting of the Constituent Assembly, 25 December 1962, pp. 3-4.

<sup>168</sup> Ibid.



not Arab”.<sup>169</sup> The government, stressed Al Sabah, tries to avoid all matters of this sort.<sup>170</sup>

Finally, another clear example of the attitude of policy-makers towards being accepted by the world community comes out during the discussions on the use of torture. The relevant article in this regard is Article 30, which reads as follows:

(1) No person shall be arrested, detained, searched, or compelled to reside in a specified place, nor shall the residence of any person or his liberty to choose his place of residence or his liberty of movement be restricted, except in accordance with the provisions of the law.

(2) No person shall be subjected to torture or to degrading treatment.

There was a tense debate around this Article as some members, albeit small in number, were actually in favor of harsh treatment and/or torture of suspected criminals. However, the constitutional adviser pointed out that the Article was taken from the International Covenant for Human Rights, and that torture was a ‘crime’ that was absolutely rejected by the world. Other members were struck by the mere discussion over the issue. It is a disgrace, complained the Speaker, that the issue is even a matter of debate in the Assembly.<sup>171</sup>

Importantly in this regard, Kuwait’s eligibility for entry into the United Nations was very much on the minds of the members. Even those favoring harsh treatment or torture were aware of this. For example, Al Jeri noted that there were *already* United Nations member states who employ torture; thus, he thought, the United Nations would not reject Kuwait’s bid for entry on the basis that they did not accept the Article.<sup>172</sup> Likewise, Al Hassawi noted that he refused torture (he wanted ‘harsh’ treatment) “especially because we want to enter the United Nations”.<sup>173</sup> The Article was accepted as proposed, however, and accepting it was stated to be important for the Kuwait’s acceptance into the UN. Kuwait would be in deep trouble, stressed Al Khateeb, if the above opinions were

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<sup>169</sup> Ibid., pp. 8-9

<sup>170</sup> Ibid.

<sup>171</sup> Minutes of the 19<sup>th</sup> Meeting of the Constituent Assembly, 11 September 196, pp. 20-21.

<sup>172</sup> Ibid.

<sup>173</sup> Ibid., p. 19.

accepted by the CA.<sup>174</sup>

It is clear, therefore, that the international dimension, in the context of Kuwait's newly acquired importance due primarily to oil, had not only played a significant role in pushing Kuwait towards adopting reforms and, importantly, a constitutional form of government, but had also influenced the very nature of the constitution itself. While the discussion has so far focused on the Kuwaiti mindset in the aftermath of the oil boom, the next section reviews the British attitude during these deliberations, albeit briefly, as the analysis of the international dimension to domestic Kuwaiti reform could not be fully comprehended without a look at the British position.

### **7.5. REFORM: OIL INTERESTS AND BRITISH POLICY**

It is clear from the analysis above that Britain had both encouraged Kuwaitis in the direction of political reform, and had readily accepted many of the Ruler's demands to demonstrate Kuwait's independence from British influence which, in turn, required further reform. This section briefly examines the reasons behind British policy in this regard.

Towards the end of the 1950s, the British undertook a major reassessment of their strategy in the region as a whole. In 1957, before the Iraqi revolution of 1958, a Memorandum by the Secretary of State for Foreign Relations explained the new circumstances Britain was facing:

the situation is continually developing and compared with even ten years ago new and important factors in the Middle East situation are at work against our position. The Soviet Union has intruded in the Arab world, and Egypt and Syria are openly antagonistic to the Western position there, pan-Arabism at present led by Egypt has spread to many parts of the Gulf and can hardly be prevented from eventually spreading to the whole, the Israeli issue has exacerbated and will continue to exacerbate Anglo-Arab relations, the Suez crisis has further shaken these relations, Iran, Iraq and Saudi Arabia have gained considerably in strength and confidence and Saudi Arabia and Iran in ambition, our position generally may become increasingly the target of an Afro-Asian attack pressing us to

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<sup>174</sup> Ibid., p. 21.

relinquish authority in the Gulf as we have done elsewhere, the United States and not Britain is now the predominant Western Power in the Middle East.<sup>175</sup>

The British were also concerned about the ramifications developments in surrounding countries, like a ‘collapse’ in Iraq, would have on the Gulf states. This was thought to potentially give rise to constitutional, labour, or social upheavals threatening “the British connection” and creating an “extremely dangerous situation”.<sup>176</sup> Egyptian propaganda would in turn be intensified and “achieve an influence” that would “seriously” threaten the British position. Thus, the only “shield for the Gulf” states against such influences was a “temporising policy” to “moderate” the effect of “hostile propaganda” by counter-measures of their own.<sup>177</sup>

Part of the strategy was to ensure that the rulers maintained their confidence in the British ability and determination to protect them; to encourage local governments to take over any primarily internal functions as they become capable of doing so; and *to undertake political reforms towards liberalizing their regimes*, albeit with great caution.<sup>178</sup> While carefully avoiding any open interference in internal affairs, the Secretary noted,

we should encourage the Rulers to base their regimes on as broad a consent of their people as is practicable and as is consistent with the maintenance of stability. We should wait for opportunities to use our influence, provided this can be done unobtrusively, in the direction of more efficient government and of wider participation in the business of government, e.g., by including nominated or elected members from outside the Ruling Families in committees controlling Government Departments, as is the case in Bahrain.<sup>179</sup>

In the same direction, a ‘Future Policy Study 1960-70’ prepared by the British Government noted that while Britain cannot abandon its military protection of the region,

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<sup>175</sup> CAB/129/87: Memorandum By Secretary of State for Foreign Affairs, Printed for the Cabinet, 7<sup>th</sup> June, 1957, p.5.

<sup>176</sup> Ibid.

<sup>177</sup> Ibid.

<sup>178</sup> The Secretary of State stressed that it is “particularly important that any liberalisation of the regimes designed to meet genuine grievances or to mollify reformist elements shall not go so far as to cripple the powers of the Ruling Families or compel them to bow to nationalist demands at the expense of their own attachment’ to the British” (CAB/129/87: Memorandum By Secretary of State for Foreign Affairs, Printed for the Cabinet, 7 June, 1957, p.3.)

<sup>179</sup> Ibid.

they “should continue to encourage the Persian Gulf rulers to modernise their regimes ... to prevent revolutionary pressures from building up”.<sup>180</sup>

Moreover, while there were at the time differing views with regards to pushing the Gulf states to join the Arab Union, after the 1958 revolution this was no longer a possibility. With a friendly Iraq gone, Kuwait’s “independence” and “friendship” of Kuwait started to become of prime importance in the British view. As the Secretary of State for Foreign Affairs noted, “[t]he friendship of Kuwait and her independence in the Arab world are of great importance to us to enable us to have access to Kuwaiti-oil on reasonable terms”.<sup>181</sup>

In fact, Kuwait’s independence and friendship was seen to have much greater significance to Britain’s wider interests in the region. For instance, a British Government report drew attention to “the vital importance of Kuwait” to Britain’s “Middle East oil interests” and emphasized “the advantages to this country [Britain], both in supplies and in the balance of payments, which flow from the operations of the British companies in an independent, affluent and friendly Kuwait and from Kuwait’s readiness to accept and hold sterling”.<sup>182</sup> The report reaffirmed that the “best chance of protecting these interests lies in the preservation of an independent Kuwait ready to co-operate with the United Kingdom”.<sup>183</sup> “Because of its independence, affluence and friendship with us”, emphasized the report,

Kuwait stands in the way of a consolidation of control of Middle East oil by one or more of the remaining major Middle East producers (Iraq, Saudi Arabia and Iran) or transit States (the United Arab Republic), and thus provides a valuable insurance that oil will continue to flow from the Middle East in adequate quantities and on reasonable terms (the Middle East supplies three-quarters of the oil used outside the Americas).<sup>184</sup>

The report warned that if “the Kuwaitis lose confidence” in Britain, “they will probably

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<sup>180</sup> CAB/129/100 “Future Policy Study 1960-70”, 24 February 1960, p.34. Of course, “independence” to the British in part meant independence from Arab nationalist influences.

<sup>181</sup> CAB/129/99: Annex A to “Jurisdiction in Kuwait”, Memorandum by the Secretary of State for Foreign Affairs, 24 November, 1959, p.3.

<sup>182</sup> CAB/129/106: “Kuwait”, Memorandum by the Lord Privy Seal, 2 October, 1961, p.1.

<sup>183</sup> Ibid.

<sup>184</sup> CAB/129/106: “Kuwait”, Report by Officials, September 1961, Annex to Memorandum by the Lord Privy Seal, 2 October, 1961, p.3.

seek to reinsure with Saudi Arabia and the United Arab Republic (UAR.)”, the result of which “would probably be at least to hasten changes in Kuwaiti policy to our disadvantage and at worst expose Kuwait to a subsequent Iraqi takeover”.<sup>185</sup>

The British were therefore very careful not harm their relationship with the Ruler, and consequently *readily accepted many of his requests*. Throughout their negotiations on different issues relating to the Ruler’s wish of gaining more control of Kuwait’s international affairs, this attitude was very clear. In discussing membership of Kuwait in international organizations, for instance, the Foreign Secretary noted that,

it would not necessarily be to our disadvantage that he should take a more direct and personal interest in its international relations as well. If we opposed this tendency we should risk forfeiting his goodwill and should appear to be attempting to impose our authority on a country which was legally independent, although it enjoyed our protection. But if we allowed the Ruler to develop an international personality of his own, we could hope to retain his confidence without modifying the substance of our relationship with him.<sup>186</sup>

Moreover, when discussing jurisdictional issues, the Secretary of State for Foreign Affairs pointed out in a Memorandum to the Cabinet that to resist the Ruler’s demand would “sour” the British relationship with the Ruling family “to a point where our, oil interest and, possibly, the Ruler’s continued investment in sterling might be affected. It would also give cause, locally for popular agitation against us in Kuwait and, in the Arab-Asian world, for propaganda that we were endeavoring to keep the Kuwaitis in colonial tutelage”.<sup>187</sup>

In sum, it is clear that the importance of Kuwait to Britain as a result of Kuwait’s oil wealth was central in shaping not only the attitudes of Kuwaitis towards certain policies, but also that of the British as well. Combined, they allowed and pushed Kuwait to follow the route to independence and, with it, reform, ultimately leading the country to adopt a constitutional form of government.

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<sup>185</sup> Ibid. p.5.

<sup>186</sup> CAB/128/32: Conclusions of a Meeting of the Cabinet on 11 November 1958.

<sup>187</sup> CAB/129/99: Annex A to “Jurisdiction in Kuwait”, Memorandum by the Secretary of State for Foreign Affairs”, 24 November 1959, p.3.

## 7.6. CONCLUSION

The chapter examined the internal and external influences that shaped the attitudes of policymakers during the post-oil boom of the 1950s and early 1960s. It became clear that the oil boom was coupled with a great rise in internal political activity and reform, contrary to general views of the rentier state literature. While internal developments had played a role in fuelling dissent, there were overwhelming pacifying influences that had reinforced the status quo. However, Kuwait's enormous oil wealth gave rise to new international variables that had ultimately tipped the balance in favor of major reforms. In the post-oil environment, Kuwaitis felt it necessary to adopt certain measures that would preserve the country's sovereignty and integrity. These largely took the form of attempting to create a friendlier atmosphere for Kuwait in the region by casting the country in a positive light through, in part, certain domestic policies.

In fact, the effort of Kuwaiti policymakers to present the country as a 'proper' state with respectable domestic policies is clearly reflected in the Kuwaiti defense during the deliberations in the UN over the Iraqi crisis of 1961. Many of the different policies discussed above were pointed out as an indication of Kuwait's eligibility for independence and UN membership. Interestingly, even Kuwait's welfare policies were pointed out in this context, reflecting the dominant currents typical of the era, which viewed 'welfare' as a feature of any 'proper' economic system. Therefore, the Kuwaiti delegation not only spoke about their political and legislative reforms to defend Kuwait's legitimacy, but also emphasized the welfare nature of its economy. During the Security Council debate, Hussein, the Kuwait representative, argued the following:

If we look at the present we shall see how Kuwait has progressively and systematically established all requisite institutions by which a modern State is defined. Before the declaration of the independent State of Kuwait on 19 June 1961, Kuwait had already established a viable system of effectively administered government. It had its own currency and its own postage stamps, its own laws and its own courts of justice. In fact, aided by its economic resources, the Government had become an efficiently organized welfare State - a welfare State which is today the pride of the Middle East...<sup>188</sup>

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<sup>188</sup> SCOR, 16th yr, 957th mtg, 2 July 1961, in *The Kuwait Crisis: Basic Documents*, p. 52. It must be

To the same effect, in their Statement to the press, the Kuwait delegation emphasized the following:

The Independence of Kuwait has never been a disputed question. It has always had a separate and Sovereign Government – a Government which in recent years has made tremendous effort to reorganize itself along the modern lines of a model Welfare State, and in this we have been successful. Our modern laws and regulations ensure the safety and well-being of our People and all those who are resident in Kuwait. The fact that Kuwait is a Welfare State in the proper sense of the word is the pride of the Middle East...We hope we shall be given the chance as a free and Independent Member of the United Nation's Organisation...The agreement of 19 June 1961 between the Government of the United Kingdom and that of Kuwait did not in fact give birth to the independence of Kuwait; it merely recognized the status quo as it had become, as the result of the long-range strategy and wise diplomacy of His Highness, the Ruler of Kuwait. Previous to the formal announcement of her independence, Kuwait had already taken long strides in the field of international diplomacy, proving she was a sovereign State. Even before the abrogation of the Treaty of 1899 with Great Britain, Kuwait has achieved all the traditional aspects by which a sovereign State is recognized and defined...Beginning with 24 July, Kuwait has successively been admitted to the following international organizations: International Telecommunications Union, the Universal Postal Union, the International Civil Aviation Organization, the World Health Organization, the United Nations Educational, Scientific and Cultural Organization and the International Labour Organization.<sup>189</sup>

In sum, many of these policies, as demonstrated in the chapter, were instigated by the problems a small and *newly rich* Kuwait had to face in a country and region overtaken by Arab nationalism. While this chapter discussed the progression of Kuwait into a constitutional state, the next chapter examines the adopted constitutional system. The aim is to understand the reasoning and ideas behind its peculiar nature, and more importantly, to confirm whether the claimed democratic reforms were indeed genuine, or as the rentier state literature would suggest, a mere façade.

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pointed out the this statement was made before the announcement to hold elections for a constituent assembly.

<sup>189</sup> Statement to press by Kuwait Delegation to the UN, 15th July 1961, available in Churchill/HSTD/1/1, vol. IV.

## CHAPTER 8

### THE MODERN CONSTITUTIONAL STATE OF KUWAIT

#### 8.1. INTRODUCTION

The objective of the previous chapters was to examine the reasons and attitudes behind the post-oil policy decisions that transformed Kuwait into a rentier *and* constitutional state. It was argued that the framework provided by rentier state theory is extremely narrow and does not capture the diverse ways in which oil influences such decisions. The first part of the research examined the ideas and attitudes behind post-oil economic policies, while the second part focused on the different factors that shaped the post-oil political dynamics and pushed Kuwait to undertake major political reforms crowned by the adoption of a constitutional form of government.

The second part of the research is the concern of this chapter. This is because, as discussed in Chapter Two, rentier state scholars have dismissed political reforms during oil booms as being a mere façade, and in fact, as Niblock (1998: 226) points out, have “written off the political systems of the area as being congenitally undemocratic”. This has undermined a better understanding of the systems in place, particularly those possessing some form of formal participation. While it is certainly beyond the scope of this research to analyze the constitutional form of government adopted by the Kuwaitis, the notion that such reforms were a genuine process in democratization was a base on which much of the arguments has rested in this study so far. Thus, it is important to examine, albeit briefly, Kuwait’s constitutional system to demonstrate that such a notion is indeed valid by reviewing the relevant constitutional articles.

To provide a better understanding of the peculiar system adopted by the members of the CA, it is important first to understand the thought processes that went into drafting the constitution in the context of Kuwait’s experiences as described in the previous chapters. The first section, therefore, traces how and more importantly why the political system



adopted by the constitution was formulated in the way that it did. The second section then demonstrates that, despite its limitations, the institution of the new system was indeed a real and genuine step in the process of democratization.

## **8.2. THE SHAPING OF THE CONSTITUTIONAL POLITICAL SYSTEM**

It must be remembered that the framing of the constitution took place in the shadow of Qassim's threats to Kuwait. The unintended result of these threats was to unite Kuwaitis behind the Ruler and spread a general mood of cooperation. Thus, remnants of past problems were all but forgotten, and the merchants together with the Arab Nationalists were back on extremely good relations and in solidarity with the Ruler, who had previously banned all forms of freedom as a result of the nationalist demonstration of 1959 as discussed in Chapter Seven. The sense of the need to cooperate and stand together during that critical time is reflected, for instance, in the acceptance of Al Qatami (the retired colonel and Arab nationalist leader) to become part of the Amiri Diwan, and the merchants to become members of the Cabinet. Moreover, as reflected below, the factors that shaped the dynamics of the 1950s and early 1960s manifested themselves in the discussions of the CA and clearly influenced the peculiar outcome of the adopted political system.

### **8.2.1 'Stability' as the Guiding Principle of the Adopted Political System**

In light of the above, it would not be surprising that in both the CA and the CC, the theme that cut across the discussions was 'stability'. Indeed, with foreign threats, instability throughout the region, and a mood of 'unity' among Kuwaitis in reaction, this theme gained increased importance. There were *means* to this *end*; namely 'balance', 'cooperation', and 'gradualism'. All these appeared dominant in the CA and CC minutes.

The very initial issue raised was the system of government to be adopted: parliamentary or presidential. This question was recognized to be the core feature of the constitution, based on which other articles would be drawn.<sup>1</sup>

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<sup>1</sup> Minutes of the 4<sup>th</sup> Meeting of the Constitution Committee on 7<sup>th</sup> April 1962, p. 2; Minutes of the 5<sup>th</sup> Meeting of the Constitution Committee on 21 April 1962, pp. 1-2.

Saad Al Sabah's (Interior Minister) immediate reaction was to oppose the parliamentary system, as this would give parliament the right to withdraw confidence from the government. The parliamentary system to him was a 'leap' and not gradual development that took account of the Kuwait's circumstances which required stability.<sup>2</sup>

For his part, the Constitution Advisor, Othman, suggested a merge between the two systems to achieve the desired stability. He noted that the disadvantages of a parliamentary system were issues like the instability of government, and party and parliamentary maneuvering to control it. Meanwhile, a presidential system could only be established in republics and its main disadvantage was that responsibility is placed on, and criticism is directed at the head of state. This cannot be established in a monarchy or emirate, as the head of the state should be placed above and away from such criticism.<sup>3</sup>

Thus, working with these variables, stability was to be achieved, 'without dropping manifestations of popular parliamentary system', by the following measures:

A. Making the head of state immune from criticism and questioning:

*Article 54:*

The Amir is the Head of the State. His person is immune and inviolable.

B. Not giving the prime minister responsibility over a specific ministry so that even though parliament members could question him, withdrawing confidence from him or the whole cabinet would not be possible:

*Article 102:*

(1) The Prime Minister does not hold any portfolio; nor shall the question of confidence in him be raised before the National Assembly...

C. Only individual ministers are susceptible to loss of parliamentary confidence whilst the rest of the ministry remains intact:

*Article 101:*

(1) Every Minister is responsible to the National Assembly for the affairs

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<sup>2</sup> Minutes of the 5<sup>th</sup> Meeting of the Constitution Committee on 21<sup>st</sup> April 1962, p. 2.

<sup>3</sup> Minutes of the 6<sup>th</sup> Meeting of the Constitution Committee on 28<sup>th</sup> April 1962, pp. 1-2.

of his ministry.

If the Assembly passes a vote of no confidence against a Minister, he is considered to have resigned his office as from the date of the vote of no confidence and shall immediately submit his formal resignation. The question of confidence in a Minister may not be raised except upon his request or upon a demand signed by ten members, following a debate on an interpellation addressed to him. The Assembly may not make its decision upon such a request before the lapse of seven days from the presentation thereof.

(2) Withdrawal of confidence from a Minister is by a majority vote of the members constituting the Assembly excluding Ministers. Ministers do not participate in the vote of confidence.

These provisions were passed with the specific goal of achieving stability. Clearly, some of them place certain limitations on the powers of parliament mainly by restricting accountability. However, there was another side to the coin and, as discussed in more detail later, these limitations do not mean the elimination of significant and real parliamentary powers.

### **8.2.2 The Position of Al Sabah and Consequent Issues**

The position of Al Sabah as heads of all ministries, as discussed in the previous chapter, was a major issue the members had to contend with. In this situation, the adoption of a democratic system in which the government is formed from a parliamentary majority was simply impossible.

The originally proposed Article 56 (which addresses the issue of the formation of government) in the draft constitution stated that *at least half the ministers* must be chosen from among parliament members. This was explained by Othman to reflect the merge between the presidential and parliamentary system as the CC had agreed. In a presidential system, all ministers would be non-parliament members, while in a parliamentary system, all ministers would be parliament members. The idea was therefore seen to be a middle ground between the two, with the aim of accomplishing the desired cooperation between

the legislative and executive.<sup>4</sup>

Saad Al Sabah, however, vehemently resist even this.<sup>5</sup> He stated that Kuwait's circumstances must be taken into consideration and that the members should not agree to something that was 'not workable'. The government's legal expert, Hafith, took this clause to mean a reversal of what Kuwait had been accustomed to, i.e. all the ministers being from the ruling family. Thus, he concluded, this article was meant to sideline the ruling family from the ministry and *not* meant for achieving cooperation.<sup>6</sup> Therefore, Saad emphasized that if the article meant to sideline the ruling family, the "conversation must be ended".<sup>7</sup> Further, on a practical level, Hafith noted that the reality in this case would be that all non-parliament member ministers would be from the ruling family. Consequently, this would leave no room for *other* qualified individuals from outside parliament to join the ministry.<sup>8</sup>

Ultimately the CC compromised, and all the members with the exception of Al Humaithi, who represented the Al Khateeb group in the CC, agreed that the article be amended to solely state that non-parliament members may be appointed as ministers *without specifying a percentage*.<sup>9</sup> Othman, noting his objection, stated that democracy means that most ministers if not all must be chosen from parliament. He asserted that if not for the pressures emanating from Kuwait's state of affairs, he would not have proposed these articles.<sup>10</sup>

The situation of Al Sabah in the ministry and the consequent ramifications of that on the political system adopted were in fact summed up quite frankly in the Explanatory Memorandum to the Constitution. The Memorandum stated that Kuwait's state of affairs necessitated that the principles of Parliamentarianism, which means that ministers must be chosen from among parliament members, could not be taken fully. Unlike the case in other constitutional monarchies, the Kuwaiti constitution grants the right of ruling family

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<sup>4</sup> Minutes of the 10<sup>th</sup> Meeting of the Constitution Committee on 2<sup>nd</sup> June 1962, pp. 2-3.

<sup>5</sup> Ibid., p. 3.

<sup>6</sup> Ibid., p. 4.

<sup>7</sup> Ibid., p. 8.

<sup>8</sup> Ibid., pp. 4-5.

<sup>9</sup> Ibid., p. 14.

<sup>10</sup> Minutes of the 15<sup>th</sup> Meeting of the Constitution Committee on 30<sup>th</sup> June 1962, p. 10.

members to become ministers as this is the only way they could join in government given the fact that they cannot run for parliament.<sup>11</sup>

In sum, the status of Al Sabah was preserved as members in the ministry. Yet this provision gave rise to two related questions. The first was: since some ministers would be chosen from amongst parliament members, while others would not, how can some ministers have the right to vote in parliament while others do not?

This was seen by Saad to be a form of ‘discrimination’ between ministers.<sup>12</sup> As a middle ground, Thunayyan, the Speaker, suggested that appointed ministers from outside parliament would be given the right to vote except when voting for the removal of confidence from a minister. This would alleviate the awkwardness between ministers resulting from granting only some of them the right to vote whilst banning others.<sup>13</sup> Al Humaithi, however, saw this development as undermining democracy, and rendering it only a façade. The Constitutional Advisor, Othman, agreed, noting that the role of the legislative in scrutinizing the executive would be rendered a sham. Othman further stressed that the originally proposed Article 56 was better, as it did not ban an elected member from voting (on confidence) and did not give parliament membership to unelected ministers. In sum, both Al Humaithi and Othman noted their disapproval of having ministers become members in parliament and giving them the right to vote, whilst banning elected parliament members who were also ministers from voting. However, to solve the conflict, the CC ultimately agreed that ministers would only be banned from voting on confidence.<sup>14</sup>

The second consequent question was: if ministers may be appointed from outside parliament, and if they had a right to vote in parliament, the inevitable issue to be raised

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<sup>11</sup> Minutes of the 22<sup>nd</sup> Meeting of the Constituent Assembly on 25<sup>th</sup> October 1962, p. 8.

<sup>12</sup> Minutes of the 11<sup>th</sup> Meeting of the Constitution Committee on 5<sup>th</sup> June 1962, p. 6. The ensuing discussion during the session clearly revealed the mindset of the ruling family members towards democracy. The government's legal expert, who acted in accordance with the general Al Sabah position, asserted that voting was democracy's weakness because it does not guarantee that able people would enter parliament and in fact they usually do not. He even wanted to *appoint* a number of members in parliament. This was echoed by Saad, who stated that because of Kuwait's state of affairs it would be better to go with the principle of appointing parliament members. Thus, it seems the ‘discrimination’ issue was only utilized as an argument for giving appointed non-parliament member ministers power in parliament.

<sup>13</sup> Minutes of the 11<sup>th</sup> Meeting of the Constitution Committee on 5<sup>th</sup> June 1962, p. 16.

<sup>14</sup> Minutes of the 13<sup>th</sup> Meeting of the Constitution Committee 16<sup>th</sup> June 1962, p. 7.

was the number of ministry posts. This issue was of magnified importance given the small number of parliamentary seats – fifty.

Thus, a new front in the power struggle ensued. Predictably, Saad did not want to place any limit on the number of cabinet posts.<sup>15</sup> The danger of this, however, was clear to the members and the Constitutional Advisor. Without limiting the number of ministers (who may predominantly be from outside parliament), Othman noted, the danger would be that a majority formation in parliament could easily be achieved by the executive, rendering the assembly valueless and a somewhat extended meeting of the cabinet. The other CC members agreed. Thus, the dilemma was either to limit the number of ministers and grant them the right to vote, or not to limit the number of ministers yet forbid non-elected ministers from the right to vote.<sup>16</sup>

Because the second option was now ruled out (only Al Humaithi continued to insist in the CC that non-elected member should not have voting rights), it was naturally agreed by the majority of the CC members that the number of ministers must be limited.<sup>17</sup> A long debate ensued with Saad insisting on a maximum of 20 ministers if the CC is adamant about placing a limit. In fact, he also at one point proposed reducing the number of parliament members to forty.<sup>18</sup> After long discussions and negotiations, Al Zaid's suggestion of assigning a percentage by having the ministry not exceed a third of the number of elected parliament members was finally adopted by the CC, with the only objection coming from Al Humaithi, based on his continued belief that the parliament in this case would be stripped of any real power.<sup>19</sup>

The resulting Article 56 read as follows:

- (1) The Amir, after the traditional consultations, appoints the Prime Minister and relieves him of office. The Amir also appoints Ministers and relieves them of office upon the recommendation of the Prime Minister.
- (2) Ministers are appointed from amongst the members of the National Assembly and from others.

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<sup>15</sup> Ibid., pp. 8-9.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Minutes of the 15<sup>th</sup> Meeting of the Constitution Committee 30<sup>th</sup> July 1962, p. 2, 15.

<sup>19</sup> Minutes of the 17<sup>th</sup> Meeting of the Constitution Committee 30<sup>th</sup> August 1962, pp. 5-6.

(3) The number of Ministers in all shall not exceed one-third of the number of the members of the National Assembly.

Thus, as is clear, the position of the Al Sabah in government and the consequent dilemmas the members had to contend with clearly undermined the adoption of a more democratic parliamentary system of government.

### **8.2.3. Why Did the Members Agree?**

The question is why did the members agree to such limitations on the power of parliament? As for the merchants, it must be remembered that among them were members of the 1930s movement, which stripped from the Ruler almost all his powers. Indeed, their radical movement was effectively a coup. Therefore, it is clear that the new post-oil realities that had ‘tamed’ their general positions, as discussed in the previous chapter, translated themselves in their stances with regards to the constitution. Moreover, their very experience in the 1930s movement, with the negative repercussions it had instigated, might have influenced the way or the methods by which they sought change. As discussed previously, the result of their movement was a violent crackdown by Ahmad Al Jabir with the backing of the British, which resulted in death and imprisonment of members of the movement, and the fleeing of others. Al Khateeb believes that these experiences played a role in softening their position and preferring ‘gradualism’ instead.<sup>20</sup> However, as reflected in the CA discussions, there was more to it than this.

As noted earlier, the reformist movement had always been confined to the rich elite. With new classes now to be involved in the process, some merchants believed that ‘gradualism’ was key. This stemmed out of a combination of elitism and realism. In this regard, Thunayyan, the Speaker, stated that when the CC started drafting the constitution, the reality of the country was taken into account. The country was in a phase of ‘evolution’ and the beginnings of democratic rule. Moreover, the most important thing Kuwait needed was stability, as a country, with such geographical circumstances and such material wealth, ‘tempts certain foreign powers’ (*tughri baath al jihat*). In addition,

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<sup>20</sup> Personal interview with Ahmad Al Khateeb, June 2011.

the Speaker pointed out that they looked at the existing level of intellectual, political and jurisprudential awareness, and found that the number of ‘intellectuals’ (presumably meaning college graduates) did not exceed two hundred and sixty individuals whom were all consumed in government departments. The Speaker went on to give several examples that indicate the lack of qualification, know-how and experience amongst the Kuwaiti population. In these circumstances, contended Thunayyan, it was better to ‘keep safe what they possessed’ and to ‘preserve their customs and traditions’, while at the same time ‘develop the country and direct the sectors of the population towards intellectual progress’ with the objective of ‘carrying democratization in the correct steps’. Therefore, with ‘stability’ being at the center of their aims, they agreed to these articles which, while not articulating an ‘ideal democratic system’, laid the basis for a smooth evolution of one.<sup>21</sup>

In contrast to the merchants, the Arab nationalist intellectuals voiced their strong disapproval to major aspects of the new constitutional system. Al Khateeb, who was Deputy Speaker, summed up their objections in four main points:<sup>22</sup>

- (i) The appointment of ministers as members in parliament undermines the spirit of democracy and the desired democratic system;
- (ii) The number of ministers, which according to the constitution is a third of parliament members, is exaggerated;
- (iii) The Article should include the requirement of the Amir to consult the parliament and its speaker before appointing the ministry and not base such appointments solely on the recommendations of the prime minister;
- (iv) The ruling family should be above all conflicts, and a source of respect to all; thus, the fact that they are members in the ministry undermines this status, as they would be susceptible to criticism, accountability and the withdrawal of confidence. This would affect the position the ruling family should have in society. Moreover, it is important that

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<sup>21</sup> Minutes of the 20<sup>th</sup> Meeting of the Constituent Assembly on 18<sup>th</sup> September 1962, pp. 14-17.

<sup>22</sup> Ibid., pp. 6-9.



members of parliament feel that they have a right to question and hold any minister accountable, and view ministers as mere individuals who are entrusted to carry out certain tasks. This accountability is the 'safety valve' in any democratic experience, and it would be missing if ruling family members are ministers.

While voicing their objections to certain articles, the realism of the 'intellectuals' described in the previous chapter allowed them to agree in the end to the constitution as reached. Therefore, while the political system established by the constitution was not ideal, they accepted it, as they saw it to be a significant step forward, with the plan of amending it in the future. Indeed, the idea was that they would eventually amend the constitution towards greater political rights, precisely in five years time as sanctioned by Article 174:

*Article 174*

Either the Amir or one-third of the members of the National Assembly shall have the right to propose the revision of this Constitution by amending or deleting one or more of its provisions or by adding new provisions.

If the Amir and the majority of the members constituting the National Assembly approve the principle of revision and its subject matter, the Assembly shall debate the bill article by article. Approval by a two-thirds majority vote of the members constituting the Assembly shall be required for the bill to be passed. The revision shall come into force only after being sanctioned and promulgated by the Amir regardless of the provisions of Articles 65 and 66 of this Constitution.

If the principle of revision or its subject matter is rejected, it shall not be presented again before the lapse of one year from the rejection.

No amendment to this Constitution may be *proposed before the lapse of five years from its coming into force.*

Moreover, their reassurance was a constitutional guarantee than any amendment must only increase the rights already prescribed, as identified in Article 175:

*Article 175*

The provisions relating to the Amiri System in Kuwait and the principles of liberty and equality, provided for in this Constitution, may

not be proposed for revision except in relation to the title of the Amirate or to increase the guarantees of liberty and equality.

In this context, the vote for the constitution, despite certain objects, was unanimous. As seen, the factors discussed in the previous chapter that characterized the post-oil era of the 1950s, such as the position of the Al Sabah in government; the ‘softening’ of the merchants’ positions; the realism of the intellectuals; and the international forces which in addition to pushing for reform, united the people and emphasized stability, were all reflected in the discussions and clearly influenced the outcome of the system adopted. While the discussion has so far focused on the context in which the main features constituting this system was agreed, the next section briefly reviews the constitutional articles to determine whether the constitution represents a genuine break with the past and a step in democratization or is as the literature would suggest, a mere façade.

### **8.3. DEMOCRACY vs. DEMOCRATIZATION**

As a point of departure, it is important to recognize and acknowledge the distinction between democracy and the process of democratization. This conceptual distinction is missed by much of the rentier state literature, and might explain the readiness of some scholars to dismiss participatory experiences witnessed in oil states such as Kuwait. While both the merchants and the Arab nationalists agreed that the constitution only sanctioned a limited form of democracy, unlike what rentier state scholars would suggest, they also viewed it as an important step ahead in the process of democratization. This view is generally accepted, even today, by Kuwaiti opposition figures. It is an “advanced document”, opposition leader Al Naibari emphasizes, as it could be seen to place restrictions on the authority of the ruler.<sup>23</sup> It is the aim of this section to demonstrate how this is so by reviewing the main political and civil rights assigned by the articles.

One of the most important demonstrations of the political advances prescribed by the constitution was the right given to parliament in accepting and choosing the country’s heir apparent. Article 4 commands that the heir apparent’s designation

...shall be effected by an Amiri Order upon the nomination of the Amir

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<sup>23</sup> Personal interview with Abdulla Al Naibari, June, 2011.

and the approval of the National Assembly which shall be signified by a majority vote of its members in a special sitting... In case no designation is achieved in accordance with the foregoing procedure, the Amir shall nominate at least three of the descendants of the late Mubarak al-Sabah of whom the National Assembly shall pledge allegiance to one as Heir Apparent...

Parliament, moreover, could override the ruler's decisions, including his choice of prime minister. As mentioned, Article 101 grants parliament the right to withdraw confidence from individual ministers by a majority vote. While Article 102 prohibits parliament from raising the question of confidence with regards to the prime minister, it may decide 'non-cooperation' with him. In doing so, the Amir may either dismiss the prime minister or call for new elections. If elections are held and the new parliament again decides it could not to cooperate with the prime minister, he is *automatically* considered resigned from his post, even if this were contrary to the wishes of the Amir:

*Article 102*

...(2) Nevertheless, if the National Assembly decides, in the manner specified in the preceding Article, that it cannot co-operate with the Prime Minister, the matter is submitted to the Head of State. In such a case, the Amir may either relieve the Prime Minister of office and appoint a new Cabinet or dissolve the National Assembly.

(3) In the event of dissolution, if the new Assembly decides by the above mentioned majority vote that it cannot cooperate with the said Prime Minister, he shall be considered to have resigned as from the date of the decision of the Assembly in this respect, and a new Cabinet shall be formed.

Unlike Kuwait's past system of government, the Amir according to the constitution has no right to issue legislation. He is only able to initiate laws for acceptance or rejection by parliament. Moreover, while a bill passed by parliament is submitted to the ruler for sanctioning and promulgating, if the latter does not do so and does not seek the reconsideration of the bill by parliament within thirty days, it is automatically considered sanctioned and is promulgated. Such power limiting legislations, as identified in Article 65, should be considered as essential pillars of the democratization process:

*Article 65*

(1) The Amir has the right to initiate, sanction, and promulgate laws.

Promulgation of laws takes place within thirty days from the date of their submission by the National Assembly to the Amir. This period is reduced to seven days in case of urgency. Such urgency is decided upon by a majority vote of the members constituting the National Assembly.

(2) Official holidays are not counted in computing the promulgation.

(3) If the period of promulgation expires without the Head of State demanding reconsideration, the bill is considered as having been sanctioned and is promulgated.

Moreover, as suggested, parliament could override the ruler's wishes in passing legislation. If the ruler opposes a certain bill accepted by parliament, he may only pass it back to the assembly for its reconsideration. If the assembly confirms its vote for the bill by a two-thirds majority, the ruler is *required* to sanction and promulgate it. Further, in a new parliament session, the same bill may be confirmed with only a simple majority, as stated in Article 66:

*Article 66*

Reference of a bill for reconsideration is by a decree stating the grounds therefore. If the National Assembly confirms the bill by a two-thirds majority vote of its members, the Amir sanctions and promulgates the bill within thirty days from its submission to him. If the bill does not receive the said majority, it may not be reconsidered during the same session. If the National Assembly, in another session, considers the same bill by a majority vote of its members, the Amir sanctions and promulgates the bill as law within thirty days from its submission to him.

In addition to the reviewed political rights assigned by the constitution which themselves shape a huge break with Kuwait's previous system of government, one of the most important aspects in the process of democratization which also has significant implications on core assumptions of the rentier state theory is the fact that the constitutional system sanctioned and *formalized* society's integral role in the *appropriation of public funds*. As a starting point, while the literature generally assumes that the distinction between state revenue and the personal revenue of the ruler in rentier states is non-existent or at best very blurred, the constitution designated Kuwait's wealth and revenues as State property:

*Article 21*

Natural resources and all revenues there from are the property of the State. It shall ensure their preservation and proper exploitation, due regard being given to the requirements of State security and the national economy.

Thus, accordingly, the ruler does not in any way have a special claim on Kuwait's resources. Instead both the ruling family and citizens *share* alike the wealth of the country, and citizens, further, play the *primary* role in its appropriation. Even the ruler's salary, in fact, is fixed by law, discussed and voted for in parliament:

*Article 78*

Upon the accession of the Head of State his annual emolument shall be fixed by a law for the duration of his reign.

The following are the main constitutional articles that aim to organize public finance according to the rule of law as part of the democratization process with accountability and participation at its core:

*Article 134 [Establishing Taxes]*

No general tax may be established, amended, or abolished except by a law. No one may be exempted, wholly or partially, from the duty to pay such taxes except in the cases specified by law. No one may be required to pay any other tax, fee, or imposition except within the limits of law.

*Article 135 [Funds]*

The law prescribes rules for the collection of public funds and the procedure for their expenditure.

*Article 138 [State Properties]*

The law lays down the rules for the protection of State properties, their administration, the conditions of their disposal, and the limits within which any of these properties may be relinquished.

*Article 140*

The Government shall draw up the annual budget, comprising the revenue and expenditure of the State, and submit it to the National Assembly, for examination and approval, at least two months before the end of each current financial year.

*Article 141*

The budget shall be discussed in the National Assembly Part by Part. None of the public revenues may be allocated for a specific purpose except by law.

*Article 144 [Budget by Law]*

The budget shall be issued by a law.

*Article 146 [Changes of Budget]*

Any expenditure not included in the budget, or in excess of the budget

appropriations, as well as the transfer of any fund from one Part of the budget to another, shall be effected by law.

*Article 155* [Pensions]

Law shall regulate salaries, pensions, compensation, subsidies and gratuities which are a charge on the State treasury.

*Article 149* [Final Accounts]

The final accounts of the financial administration of the State for the preceding year are submitted, within four months following the end of the said year, to the National Assembly for consideration and approval.

*Article 150* [Statement of Government]

The government submits to the National Assembly, at least once during each ordinary session, a statement upon the financial position of the State.

*Article 151* [Audit Commission]

A financial control and audit commission is established by a law, which ensures its independence. The commission is attached to the National Assembly and assists the government and the National Assembly in controlling the collection of the State revenues and the disbursement of its expenditures within the limits of the budget. The commission submits to both the Government and the National Assembly an annual report on its activities and its observations.

*Article 152* [Natural Resources]

No concession for exploitation of either a natural resource or a public service may be granted except by a law and for a limited period. In this respect, the preparatory measures facilitate the operations of prospecting and exploration and ensure publicity and competition.

*Article 153* [Monopoly]

No monopoly may be granted except by a law and for a limited period.

These articles beg a radically different conception of the nature of the decision-making process than that put forward by the rentier state literature. As seen in Chapter 2, the literature stresses the autonomy of state from its population, and pictures distributive policies as a top-down process whereby an autonomous ruler or government hands out selective privileges to buy the quiescence of society. The constitutional articles presented so far, however, render society an intrinsic and indeed major participant in the distribution process itself, and in doing so give Kuwait its core feature as a *rentier constitutional state*. This embodies the idea of a rentier state combined with a constitutional form of government in which citizens are directly involved in the decision-

making process and are able exert direct and explicit pressure, by the rights granted, to influence policy in specific ways. While it is beyond the scope of this research to study the development of the post-constitution state of Kuwait, the implications of this system as presented here beg the need for such studies to no longer view state and society as separate entities by stressing notions like ‘autonomy’, but to look at the ways in which their ‘organic’ interaction influences the shaping of economic and political decisions.

While the discussion has thus far pointed to important examples of the political rights assigned by the new post-oil constitutional system, the constitution also formally guarantees many of the civil rights and liberties granted in the most advanced democracies. The following are some examples:

*Article 29 [Equality and Human Dignity]*

All people are equal in human dignity, and in public rights and duties before the law, without distinction as to race, origin, language or religion.

*Article 30 [Personal Liberty]*

Personal liberty is guaranteed.

*Article 31 [Arrest and Movement]*

No person shall be arrested, detained, searched or compelled to reside in a specified place, nor shall the residence of any person or his liberty to choose his place of residence or his liberty of movement be restricted, except in accordance with the provisions of law.

*Article 34 [No Torture]*

An accused person is presumed innocent until proved guilty in a legal trial at which the necessary guarantees for the exercise of the right of defence are secured.

The infliction of physical or moral injury on an accused person is prohibited.

*Article 35 [Freedom of Religion and Belief]*

Freedom of belief is absolute. The State protects the freedom of practicing religion in accordance with established customs, provided that it does not conflict with public policy or morals.

*Article 36 [Freedom of Opinion and Expression]*

Freedom of opinion and of scientific research is guaranteed. Every person has the right to express and propagate his opinion verbally, in writing, or otherwise, in accordance with the conditions and procedures specified by law.

*Article 37 [Freedom of the Press]*

Freedom of the press, printing, and publishing is guaranteed in accordance with the conditions and manner specified by law.

*Article 38 [Home]*

Places of residence shall be inviolable. They may not be entered without the permission of their occupants except in the circumstances and manner specified by law.

*Article 39 [Freedom and Secrecy of Communication]*

Freedom of communication by post, telegraph, and telephone and the secrecy thereof is guaranteed; accordingly, censorship of communications and disclosure of their contents are not permitted except in the circumstances and manner specified by law.

*Article 43 [Association]*

Freedom to form associations and unions on a national basis and by peaceful means is guaranteed in accordance with the conditions and manner specified by law. No one may be compelled to join any association or union.

*Article 44 [Assembly]*

(1) Individuals have the right of private assembly without permission or prior notification, and the police may not attend such private meetings.  
(2) Public meetings, demonstrations, and gatherings are permitted in accordance with the conditions and manner specified by law, provided that their purpose and means are peaceful and not contrary to morals.

*Article 45 [Petition]*

Every individual has the right to address the public authorities in writing over his signature. Only duly constituted organizations and bodies corporate have the right to address the authorities collectively.

These civil rights are by no means trivial. They were non-existent anywhere in the Gulf region, and together with the political rights sanctioned by the constitution, they clearly constitute a substantial departure from the previous patriarchal system of government and form a great step forward in the process of democratization.

## **8.4. CONCLUSION**

This chapter briefly reviewed the new system of government assigned by the Kuwaiti constitution that was framed at the height of the oil boom. In doing so, the goal is to



demonstrate that, unlike what the relevant literature suggests, the rights granted by the constitution are indeed genuine.

The first section of the chapter reviewed the thought process that went into the framing of the articles which assigned the main features of the system of government. It is clear that many of the factors that had shaped the dynamics of the post-oil era of the 1950s and early 1960s reflected themselves in different ways during the discussions. These sometimes represented a barrier towards greater liberalization, such as the way in which the position of the Al Sabah in government influenced the articles concerned with the formation of the ministry. Other factors in this regard also included the stress on 'stability' in the face of international developments, the post-oil 'softening' of the merchants' positions, and the realism of the intellectuals that allowed them to compromise on certain otherwise objectionable provisions. All these internal and external conditions shaped the peculiar nature of the constitution in a hybrid model of a parliamentary and presidential system, which is also a consequence of the 'bargaining process' that ultimately resulted, however, in curbing the powers of the Amir in favor of the rights of Kuwaiti citizens.

Indeed, despite its limitations, the second section of this chapter showed that the adoption of the new constitutional system of government was a huge step forward that permanently crowned the reform experiments witnessed throughout the post-oil era. The political and civil rights and liberties it grants, in a region overtaken by dictatorship and autocratic rule, are indeed remarkable and, therefore, must not be overlooked. Thus, after having reviewed the articles of the Constitution of 1962, it can finally be concluded that Kuwait witnessed *a genuine process of democratization at the height of an oil boom*, contrary to core assumptions in the literature on rentier state.

## CHAPTER 9

### CRITICAL PERSPECTIVES ON THE EVOLUTION OF THE RENTIER CONSTITUTIONAL STATE IN KUWAIT: AN INTEGRATED DISCUSSION

#### 9.1. SUMMARISING THE RESEARCH

The discussion in the preceding chapters aimed at demonstrating that the rentier state framework for understanding the political and economic development of Kuwait is insufficient in pointing out the diverse factors that shaped the country's post-oil policy decisions. The focus of the study is mainly to examine the perceptions and ideas behind these policies through looking at primary documentation and writings of contemporary policymakers. In doing so, a main goal is to understand *why* certain policies that seemed distributive in nature, which also constitute a main feature characterizing Kuwait's rentier economy, were undertaken. The question was if the core assumptions of the rentier state literature that stress the political utility of these decisions provided a sufficient answer. The record showed, as seen in Chapter Five and Six, that contextualizing decisions solely in terms of their political utility is extremely narrow in grasping the deeper and more complex underpinnings of the choices the Kuwaiti government had made.

Moreover, the aim is also to understand the ideas and perceptions behind social and political activity and the different ways in which oil either fed or undermined it. As a starting point, it was clear the Kuwait's situation did not neatly fit with the rentier state literature's notion that an oil boom leads to a dampening of such activity. On the contrary, as reflected in Chapter Seven, the oil boom of the 1950s was coupled with an unprecedented increase in political activity at a level never seen previously. Not only was the level of activity increased, but the diversity of its agents as well. Political activity was now not confined to elite merchants, but had begun to spread across different classes of the population, in a sense marking the beginnings of the *popularization* of politics.

As the analysis demonstrates, the fixation of the literature on the particularistic and/or undemocratic nature of activity in rentier states cannot in anyway be applied to the

Kuwaiti case during the period of study. As Chapter Seven also reveals, the main goal driving and unifying these movements was the achievement of democratic reform. While the Euro-centric materialistic approach of ‘no representation without taxation’ does not account for such a development, it also does not capture the different and largely oil-induced factors that had shaped the thinking of policymakers as to the importance of undertaking certain political reforms including democratization. Indeed, as is clear from the documents, oil had created both domestic and *international* dynamics – the latter often completely ignored – that had pushed Kuwait in the direction of transforming itself into a modern constitutional state.

The first step in understanding post-oil development was to establish responsibility for the policies undertaken during the era. The main reason for emphasizing the need for this is the nature of the British position in Kuwait at the time. Kuwait had been under British protection and the latter had had great influence on both the external and internal affairs of the former. However, the extent and nature of such influence had to be untangled, as it was either given exaggerated weight or more often completely overlooked. The exaggeration of British influence is clearly reflected in the discourse amongst contemporary political activists as seen in Chapter Seven, and indeed this view continues to resonate till this day. At the same time, the British role in the post-oil development of Kuwait is ignored in the current literature on rentier states.

Therefore, the focus of Chapter Four was to carefully examine this issue. The archival documents revealed that the British had played an essential role in the creation of the Kuwaiti economic system. Their influence, however, was not commanding, and the final word, as concluded in the Chapter, remained in Kuwaiti hands. Nevertheless, Chapter Five also shows that many of the ideas behind the schemes adopted, whether relating to internal development or external investments, were centered on British thoughts. These schemes had taken into consideration not only Kuwaiti but British interests as well. This is clearly seen in the case of the foreign investment scheme of 1953. As discussed in Chapter Two, the rentier state literature would view such investments as a perpetuation of the rentier nature of the economy and as an alternative to industrialization in order to avoid future class conflicts. The historical documents revealed, however, that the scheme

had nothing to do with such views. Rather, it was a British idea triggered first and foremost by the fact that the huge sterling surpluses could pose great harm on the sterling area if not handled properly. In fact, the Ruler initially accepted the proposals without fully understanding them. In addition, external investments were not in any way a *substitute* to industrialization. The ‘either/or’ dichotomy is therefore false. External investments and industrialization were not mutually exclusive, and indeed there was no bias against industrialization at all. The creation of the technical college and other schemes in the development program were explicitly born out of the desire to build up large-scale future industries. *Realistically*, however, this was not seen as possible in the short term given Kuwait’s circumstances. In fact, as Chapter Five reveals, the major concerns raised by the British, who had themselves devised the investment scheme, were related to the fact that there was not enough emphasis on ‘productive’ projects in the development plan.

Reviewing the British role also proved important as it became clear that some of the institutional set-ups dealing with development were in fact a direct result of British attempts at gaining more influence in the affairs of Kuwait. The idea behind the creation of the Development Board itself, as examined in Chapter Four, was to increase the influence of the British advisors *vis-à-vis* Kuwaiti entrenched powers. In light of such an intrinsic British role in the post-oil development of Kuwait, a point that must be reiterated is that the concept of ‘autonomy’ that the literature stresses is rendered increasingly vague. While the literature concentrates on autonomy of rulers from domestic interests, which is itself misleading, it says nothing about international interests in the shaping of economic policy. This, among other issues discussed below, makes it essential that ‘the international’ be brought into the analysis of rentier states.

Examining British attempts to gain influence and direct economic and administrative reforms, with the resultant discussions, agreements and disagreements with Kuwaiti officials, proved extremely important in bringing out clearly the ideas held by both parties about the desired economic system. These provided crucial information and had shaped a basis for further research into core issues of this study. The welfare *vs.* super-welfare disagreement, revealed in Chapter Five, is possibly the most significant in this

regard, as it begged further investigation into the Kuwaiti mindset behind the extremely ‘generous’ system they had chosen to create, and formed the topic of Chapter Six.

## **9.2. REFLECTING ON THE FINDINGS OF THE STUDY**

After the brief yet essential background as described above, the research resulted in four main findings:

- (i) Distributive Policy: Beyond Political Utility
- (ii) Social and Political Activity: Beyond Materialism and Ideology
- (iii) The International Dimension to Domestic Reform
- (iv) The Genuine Nature of Political Reform

### ***(i) Distributive Policy: Beyond Political Utility***

One main contribution of this research is the exposition of the ideas and perceptions behind the post-oil ‘distributive’ policies undertaken by the state. This was achieved by a close examination of primary documentation and writings of contemporary policy-makers. The rentier state literature assumes that distributive policies are but a tool used by governments to placate society and buy quiescence. However, while this research does not discount such a desire, the findings suggest that the fixation on political utility is insufficient to understand the socioeconomic policies undertaken by Kuwaitis.

The idea of ‘welfare’ and distributing the profits of development amongst the Kuwaiti people, as shown in Chapter Five, was a core feature of the development plan. This was not only viewed as vital for societal content, but was *also* believed to be important for the health of the economy. Among other things, it was to ensure the vitalization of the economy and people and the circulation of money in the state. The land acquisition program which was the chief method by which money was distributed, for example, was seen in part as a means to keep economic activity going as its funds were used for domestic investment and consumption, and naturally providing purchasing power to help give momentum to the various sectors of the economy (Planning Board, 1968: 28; IBRD, 1965: 88-90). In addition, government intervention in the economy to stabilize prices, for instance, was viewed as crucial for the success of the plan, as it would avoid creating a

financial spiral that would increase the cost of living and result in “a lowering of output and value for the money expended”.<sup>1</sup>

In addition, while it is clear that the distribution of money for social content was part of the development plan, the documents revealed a core distinction between the welfare state envisaged by the plan, and the super-welfare state the Kuwaitis were determined to create, whereby free benefits and subsidized services are provided by the government unsupported by fees or taxation. The two systems (*i.e.* the welfare and super-welfare state) were seen as distinct from each other. The super-welfare policies were not part of the official development schemes the British had prepared. The British were adamantly against them, *even though* they had emphasized the importance of distributing oil wealth to achieve social content and indeed had themselves placed this aim at the core of the development plan.

The super-welfare policies, in contrast, were seen as undermining this very goal and were believed to produce exactly the opposite result: social agitation and unrest. It was therefore essential to examine closely the Kuwaiti mindset behind the decision to create a super-welfare state *despite* it being clear that it was potentially dangerous, as the British had continued to warn and point out. Chapter six reveals four general themes that shaped the attitudes and perceptions of Kuwaiti policy-makers.

The first and clearly dominant theme that cut across the discourse during the period was the perception of state benefits as being a natural continuation of Kuwaiti heritage, with ‘takaful’ or cooperation, and the sharing of wealth at its core. As shown, these were the terms used in rationalizing such policies by members of different classes of society. In addition, oil wealth was seen as a ‘right’ that Kuwaitis had to ‘share’. Indeed, as opposed to the prevailing arguments, the research stressed the importance of making a conceptual distinction between ‘sharing’ the wealth as a social obligation in its historical, traditional and cultural context, and ‘distributing’ the wealth as a political mechanism to buy loyalty. The former was clearly the dominant mode of thinking during the period amongst the Kuwaitis. As the Ruler clearly pointed out to Churchill in reply to the latter’s warnings,

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<sup>1</sup> FO1016/217: Preliminary Report on Development of Kuwait State presented to Ruler of Kuwait, February 1952, p. 1.

“he had to take into account *the Arab traditions with regard to families and sharing of wealth between members of society*”.<sup>2</sup>

The research also pointed out that free education, which is used by the rentier state literature as a prime example of distributive policies in the context of buying loyalty, was in fact an ideal that Kuwaitis implemented before the abundance oil wealth. Free education had been provided by the charities collected amongst merchants and self-imposed taxation with this specific purpose in mind. As discussed, the Ruler only *inherited* what the people had instituted and later formalized in the 1938 Legislative Council. Thus, public services, as Hussein, the Director of Education at the time pointed out, were seen as a ‘right’; the task of providing them was now entrusted to a state that was *capable*, after Kuwaitis had themselves undertaken such a task prior to oil out of local traditions of cooperation, *takaful* and the provision of assistance.

The second rationalization of distributive policies stemmed from the idea that the citizens of Kuwait had the right to have a *priority* in enjoying the oil wealth of their own country, and not foreigners. Priority given to citizens, although normal in other countries, is somehow seen as a form to placate society in the rentier state literature. While such preferential policies are indeed normal in most countries, the feelings of Kuwaitis in this direction assumed increased weight due to the huge and rapid influx of foreigners, which rendered citizens a minority. In such an environment, a sense of protectiveness developed. Perceived exploitation by foreign companies and employees also fed this feeling. In addition, the research showed that the views with regards to giving priority to Kuwaitis in jobs, for instance, were not solely aimed at allowing them to ‘enjoy’ the wealth. An important aspect was also *control*. In fact, as discussed, Kuwaiti control over the country’s wealth was at times the primary force behind the preferences and priorities given to citizens.

The third factor that became apparent from the documents was the clear influence of dominant currents overtaking the region at the time, particularly Nasserite influenced Arab nationalism, on the Kuwaiti mindset. Such currents played an essential role in

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<sup>2</sup> FO371/104329: Political Agent to Foreign Office, August 16, 1953, p. 1; emphasis is added.

shaping what a ‘proper’ economic system looked like. It stressed the importance of *welfare* and the placement of the social obligations of states at the core of national agendas. Kuwait, as demonstrated, was part of this dynamic that was indeed very much typical of the period. Therefore, it is extremely important that countries are not analyzed as if in a vacuum, and such international influences must be given their right weight in understanding domestic attitudes.

The final observation was the idea of ‘social justice’, in the context of the Kuwaiti experience, as a rationalization for certain socioeconomic policies. As discussed, one of the most tangible manifestations of this notion was the view relating to the situation of divers and seafarers whose skills had become useless in the new economy. This portion of society constituted the majority of the population. It was they who had carried most of the burdens and hardships of the past, and it was upon their strenuous labor that Kuwait’s pre-economy had thrived. Helping them and giving them special attention when wealth had become abundant was therefore seen a form of social justice. This was not viewed as a form of charity but an *obligation*. The state was obliged to grant them their ‘rights’ and enable them to lead a ‘dignified’ life. These beliefs had a great impact on the views regarding employment of Kuwaitis. In the context of social justice, it was thought that the fact that the majority were illiterate should not form an impediment towards providing them with job opportunities and *preferring* them to foreigners. In sum, cultural and traditional norms and values, social justice, and perceived rights in their specific historical context, played an important role in determining the nature of rentierism in the evolution of the political economy of Kuwait.

## ***(ii) Social and Political Activity: Beyond Materialism***

It was clear from the outset that the Kuwaiti situation in the 1950s contradicted the general view of the rentier state literature regarding the impact of oil booms on political activity. As seen in Chapter Seven, activity increased greatly during the period, and the oil decade was crowned by the drafting of the 1962 Constitution. In fact, as argued in Chapter Three, even Kuwait’s pre-oil experiences do not conform to the general views in the literature. As examined, while merchants possessed much of Kuwait’s wealth



independently of the Ruler, and although people paid taxes, this situation did not translate into increased political participation in government nor was it sufficient to produce calls for such participation. In the 1930s, there were many different factors influencing the development of a reformist movement that led to its short-lived success, and changes in these factors also soon led to its ultimate failure.

In any case, while it was shown in Chapter Seven that factors like the long-held beliefs of the merchants and the relative progressiveness of the ruler had helped provide a fertile ground for the development of movements calling for reforms after oil, the documents also revealed that oil was central in the rise of such movements, both directly and indirectly. Oil granted the opportunity for people to gain greater education, ultimately creating a class of intellectuals that led the democratic movement at the time. Moreover, oil led to an influx of Arab teachers and a spread of the media at a scale unseen before. This further fed the rise of Arab nationalism and the popularization of politics. The perception of oil company interference in Kuwaiti affairs, together with such a rise of Arab nationalism, also played a role in feeding dissent. Importantly, the fact that after oil the corruption of the ruling family became highly visible and on a scale never seen before created great discontent amongst different sectors of the population. Therefore, while the literature assumes that oil dampens activity, it is clearly important to examine more closely the different situations that are created by such wealth, some of which result in precisely the opposite effect.

According to the rentier state literature, as discussed in Chapter Two, social movements in oil states would be particularistic and/or 'undemocratic' in nature. As demonstrated, however, the post-oil movements during the 1950s placed democracy at the core of their demands, and there did not seem to be any hint of particularism. The fact that different classes of society had come together with very similar goals of political reform is an important indicator in this regard.

The literature does allow for the possibility of non-particularistic movements to develop. These would be based on tradition, culture, or ideology. Like particularistic movements, however, they too would be undemocratic in nature. It is true that Arab nationalism in

Kuwait was a dominant ideal that had swept the country and indeed the region as clearly reflected in Chapter Seven. However, Arab nationalism was not in any way a substitute for the democratic struggle; on the contrary, it *reinforced* it. Moreover, Arab nationalist aims during the period highlight the movement's non-materialistic motivations. The call for union with the United Arab Republic is but one example. Thus, Chapter Seven demonstrates that on all counts, the rentier state framework fails to accommodate for the nature of the dominant forces that developed in Kuwait during the oil boom of the 1950s: non-particularistic *and* democratically motivated.

### ***(iii) The International Dimension to Domestic Reform***

The rentier state literature hardly gives any attention to international factors in explaining the policies undertaken by rentier governments. As discussed in Chapter Seven, in a *small* and *rich* country like Kuwait, the international dimension had a huge impact on the perceptions of Kuwaiti policymakers towards the importance of undertaking major reforms, and oil was not disconnected with this dynamic. Oil led to the rise of the status and importance of Kuwait to regional and international powers. In such an environment, Kuwaitis felt that their domestic policies were under constant scrutiny. In 1958, Kuwait came under enormous pressure (including threats) to join the Union of Iraq and Jordan. The primary interests of Iraq in pressing Kuwait to join were seen to be its desire to get a hold on Kuwaiti oil. During the negotiations, Kuwait's Ruler felt deserted and betrayed by Britain, which itself acted in light of its oil interests. While Qassim's revolution possibly – and ironically – saved Kuwait in this particular instance, the perception of the Ruler towards the insufficiency of British protection and the need to gain closer contacts and relations with the Arabs now became ingrained in his strategic thinking.

In this context, the Ruler realized that he had to enhance Kuwait's image in the Arab world. There were three related factors that had to be contended with. First, the country and region were overtaken by Arab nationalism. Second, a main target of Arab nationalist resentment was Britain. Third, Kuwait was at the *center* of British interests in the region due to its oil wealth. Naturally, then, the special British connection with Kuwait became a focus of Arab attention and resentment. One of the crucial ways to enhance Kuwait's

image was therefore to gradually distance itself from Britain and to demonstrate independence from British influence. The steps in this direction played a crucial role in forcing Kuwait to undertake *serious* domestic reforms.

The ultimate step towards independence was the abrogation of the 1899 Treaty with Britain and joining the Arab League and the United Nations. The declaration of independence, however, brought with it an Iraqi threat of annexation and later a veto against Kuwaiti membership to the UN. In this environment, Kuwait was forced to undertake even quicker and more fundamental reforms aimed at gaining acceptability in Arab and international community. The main means to achieve this was two-fold. The first involved utilizing Kuwait's oil wealth. The fact that Kuwaiti wealth was invested in the West and not in Arab states had been a source of discontent amongst Arabs. Addressing this issue, Kuwait created the Kuwait Fund for Arab Economic Development. The second means by which Kuwait sought to gain acceptability and enhance its image was through undertaking a major step towards democratic development. It called for the election of a Constituent Assembly to frame a modern 'respectable' constitution. In this way, the international dimension in the Kuwaiti experience had led to a perception amongst policy makers that reforms had to be *genuine* and not, as the rentier state literature would suggest, a mere façade. In sum, Chapter Seven shows that while domestic pressures for reform were not *enough* to push for such a major step, the international dimension in *the context of the small and rich oil state* of Kuwait was the factor that had tipped the balance towards democratization.

#### ***(iv) The Nature of Reform***

As discussed in Chapter Two, writers on rentier states view any sort of opening in the political arena, such as participatory institutions, as a ploy undertaken by the ruler that has no real democratic value. Thus, it was important to examine this issue, as much of the arguments in this research assumed that such reforms, undertaken during the period of study, were indeed genuine. In this regard, Chapter Eight shows that the passing of the constitution of 1962 was a very clear process in democratization. The constitution gives

parliament *real* and *effective* legislative and oversight powers, and in doing so limits the powers of the Al Sabah and the Ruler himself.

Possibly the most significant implication of the new Kuwaiti constitutional system on rentier state theory is the clear invalidity of the ‘state-society’ dichotomy. The rentier state literature stresses the autonomy of the state from society and views distributive policies as a ‘top-down’ process by which an independent government hands out benefits to a separate society. As seen from reviewing the constitutional articles, however, this is very much misleading. The constitution *formally* rendered society a party in the direct *appropriation* of state funds. Rather than it being a passive receiver, society is an intrinsic and active part of the distribution process itself. This clearly and fundamentally places the validity of the theory’s core assumption in this regard into question. Indeed, a new approach is needed, whereby government and society are not seen as two distinct entities. In this way, society should be perceived *in* government policy choices. In analyzing these choices, therefore, the literature must take into account not only the interests of the Ruler but that of societal actors as well. In fact, this provides the main feature of what is described in this study as a ‘rentier constitutional state’, which, as mentioned in Chapter Eight, embodies the idea of a rentier state combined with a constitutional form of government in which citizens are directly involved in the decision-making process and are able exert direct and explicit pressure, by the rights granted, to influence policy in specific ways. This renders Kuwait unique in the region, which in turn stresses the need of the literature to examine closely individual cases rather than to make general and sweeping claims, as rentier state scholars, as discussed in Chapter Two, tend to do.

### **9.3. THEORETICAL IMPLICATIONS**

The research highlighted the insufficiency of the rentier state literature’s approach in capturing the diverse dimensions that shape the thinking of policymakers and social actors in the advent of an oil boom. The insistence in the literature on applying certain pre-conceived notions, much of them stemming from European experiences, to the experiences of the oil-producing Gulf States has hindered a better understanding of the different and distinct ‘local’ influences on policy decisions. To understand such

influences, a shift of focus is required with the aim of examining the localized ideas, perceptions and attitudes behind policy choices. Doing so would also shed important light on the different and more complex ways in which oil influences such views and therefore policies. These may be due to the different situations created for states by oil's dynamics with domestic *and* international factors, the latter often completely ignored by the literature.

It is true that 'rentier theory' represents the Eurocentric position in understanding the political economy of Kuwait and other oil-rich states. In doing so, as mentioned above, internal and external micro dynamics in creating such a political economy and the particular realities of the countries examined are not taken fully into account. Further, in a very 'modern' way, a largely homogenous explanation is offered to explain the political economy of all oil-rich countries. However, as the post-modern position argues, rather than looking into universal reality and truth, perhaps local particularities can have more explanatory power and provide further insight into the production of the observed political economies, as this study of Kuwait has attempted to demonstrate.

Thus, rather than using 'rentier state theory' as the ultimate universal explanatory framework, perhaps different versions of such a theoretical framework can be attempted which reflects upon the micro dynamics of the political, economic and social realities of the respective country in the production of 'rentierism'. As this study demonstrates, 'beyond buying legitimacy', there were other motivations that convinced the ruling family and elite 'to share the wealth', such as Arab traditional values expressed in terms like 'co-operation' and *takaful*, perceptions of 'rights', and 'social justice'. Such micro dynamics were also instrumental, alongside political concerns, in articulating a distributive state, which only later led to the development of a 'rentier mentality' in society. This study, hence, argues that Eurocentric approaches, which have significantly influenced theoretical frameworks such as the 'rentier state' model in which the GCC countries are generally contextualized, should be modified according to the micro dynamics of respective countries, the importance of which is clearly reflected in the case of Kuwait as this study has shown.

What must finally be emphasized is the need to separate the different stages of the development of a rentier state. This research is concerned with the *transformation* of Kuwait into a rentier constitutional state from its pre-oil primitive nature. It does not address how things developed *after* this transformation. In another words, it does not analyze Kuwait as a rentier constitutional state but explains how and why it became one. Indeed, the year 1962 marked a turning point. Not only did Kuwait implement its new constitutional system of government, its economy was seen to have reached the end of a stage and the beginning of a new one. Thus, in 1962 a Planning Board was formed. As it stated, its establishment was due to “the realization that the country had reached a new stage in its modern history; a state characterized by the need for integrated scientific planning” with the aim to “consolidate” Kuwait’s “past achievements and overcome” its “weaknesses” (The Planning Board, 1968: 32).

Importantly, the developments that happened in post-1962 Kuwait must be contextualized in the proposed notion of the rentier constitutional state, as the way in which the constitutional system has rendered citizens not only owners of the wealth but also direct participants in its appropriation, and has at the same time preserved the role of the Al Sabah in government ministerial posts, has had a huge impact on both the politics and economics of Kuwait. It has led the Al Sabah to undertake policies throughout the years to try and consolidate their ‘power’ within a constitutional system that aims to limit it. Policies in this regard have included, for example, rigging parliamentary elections as in 1967, changing the demographics of the country by illegally and fraudulently handing out citizenships, and corrupting state institutions, including the parliament itself, to retain influence and support. Meanwhile, society has developed unfortunate symptoms that have rendered it a direct and active participant in the push for unsustainable economic policies through its parliamentary powers. Parliament, at least in the past few years, is arguably the major force behind the huge hikes in public spending into proportions that are now posing a serious threat to the viability of the state. Thus, between a ruling family attempting to break away from the shackles of the constitution, and a society aiming to get more and more from the country’s assets, Kuwait seems to be locked in a vicious cycle of unsustainable and potentially disastrous policies. Very far from the optimism that resonated in the Constitutional Assembly, Kuwait has descended into a critical stage

in its development and, if the situation is not remedied fast, could see the end of whatever bright future the framers of the Constitution had hoped for. The way to study such a system, therefore, begs a departure from the simplistic assumptions of rentier state theory and closer look at the different and more complex forces that shape policy in Kuwait and, more generally, the oil producing Gulf states.

#### **9.4. CONCLUDING REMARKS**

Rentier state theory has provided the framework for much of the current studies on the political and economic development of oil-rich states. This study has demonstrated that many of the assumptions of the theory are not only limited in accounting for certain important developments in a country like Kuwait, but are also misleading – as the stress on autonomy is – and therefore form an impediment to a greater understanding of the political economies in place. It is therefore hoped that scholars would look beyond such assumptions and study closely the more complex factors underpinning the political economic systems in oil abundant countries.

## **CHAPTER 10**

### **CONCLUSION**

#### **10.1. GENERAL SUMMARY**

The research presented in this study was instigated by the simple preliminary observation that the political dynamics witnessed in Kuwait differ from what would be expected by rentier state theory. In the case of Kuwait, society is highly politically active and plays an intrinsic role in the appropriation of public funds. This role is made possible largely by the constitutional rights and powers granted to society in general, and parliament in particular. The noteworthy point is that the enactment of this constitution, with all the events leading up to it, took place in 1962, a time during which Kuwait was witnessing a huge surge in its oil revenues. Thus, contrary to the expectations of the rentier state model, Kuwait actually witnessed a process of democratization hand-in-hand with the development of the distributive state. This naturally places the core assumptions of rentier state theory regarding the motives behind the creation of such a state and its expected political ramifications into question, at least in the case of Kuwait.

In examining the archival record, the initial doubts about the validity of the rentier state model's assumptions were confirmed. Economically, there were more complex and diverse factors that pushed Kuwaitis to adopt certain policies that went far beyond the idea of 'political utility' stressed in the literature. In fact, the documents reveal that the 'ultra-generous' economic policies undertaken by the Kuwaiti government were thought to be, interestingly, dangerous for political and social content. While certain socioeconomic policies were seen as necessary to invigorate the economy, and while other important schemes were adopted in light of the interests of foreign powers – Britain in this case, the factors that mostly influenced Kuwaitis' determination to create what was called a 'super-welfare state' include certain perceptions of culture and tradition; views on citizens' 'rights' and social justice in their relevant historical context; national protectiveness over the oil wealth from intruding aliens; and influences of social currents overtaking the region during the concerned period.



Politically, it is argued that oil was central to the rise of political and social activity during the 1950s. However, by juxtaposing *internal* oil-related factors that fueled dissent against others that reinforced the status quo, it becomes clear that ‘the internal’ was insufficient to bring about long-lasting structural change. Nonetheless, the oil boom simultaneously sparked new international dynamics that influenced the perceptions of Kuwaiti policymakers towards the importance of undertaking major political reforms. These ultimately culminated in the framing of the 1962 Constitution, which, as demonstrated, amounted to a clear and genuine process of democratization.

Thus, in examining the case of Kuwait during the period 1950-1962, it became clear that, contrary to the position of rentier state theory, oil booms in certain contexts could actually lead to political liberalization and democratization. Such a process, which created in Kuwait what is described as ‘rentier constitutional state’, further challenges other assumptions in the literature, most important of which is the stress on the autonomy of state from society in the undertaking of economic policy. Thus, Eurocentric theories may not always be sufficient or effective enough in explaining the development of political-economic structures, which may have been socially constructed through different and distinct ‘local’ dynamics.

## **10.2. CONTRIBUTION OF THE RESEARCH**

The research presented in this study aimed at understanding the different sets of variables that influence policy decisions in states experiencing oil booms beyond the general assumptions of rentier state theory. It did so by shifting the focus of study to an examination of the ideas and perceptions behind economic and political policies in their historical context. Thus, a stress on archival research was necessary to achieve the stated aim.

This shift of focus beyond the Eurocentric worldview shapes a new approach in the study of rentier states, as it investigates the reasons behind policies away from what has been generally assumed, like ‘political utility’, as a sufficient explanation for the distributive state. The research also brings in new factors in the study of the internal development of oil producing countries that have been overlooked by the literature.

These include often-ignored foreign and international variables, such as the significant role of the British and the pressures created for a small and newly rich state in the midst of a turbulent region.

In sum, as a contribution of this study, not only does the focus of the research shape a new approach to the analysis of rentier states, but the findings also suggest that rentier state theory, together with many of its core assumptions, must be seriously revisited.

### **10.3. LIMITATIONS AND FUTURE RESEARCH**

Similar to any other social research, there are two main possible limitations to this study. The first has to do with certain factors that might affect the reliability of the views expressed by British officials as extracted from the primary material utilized. These include potential bias, which is inevitable as the British were an interested party in the developments taking place. In addition, their understanding of events and circumstances must have been limited by an incomplete awareness of the culture in which they operated. As such, they may have understood certain developments out of their correct context. Nevertheless, as much care as possible was taken in dealing with the documentary record to discern the more solid and fact-based material from the otherwise seemingly opinionated positions. Moreover in this regard, while thousands of documents have been examined to reach the conclusions of this research, most of these documents are printed and made publicly available in different volume collections. While these volumes are precisely aimed at facilitating research by making original documents easier to access, some of them, even though publishing thousands of pages of invaluable original documents, such *Records of Kuwait 1899-1961*, which parts of this paper significantly utilizes, remain selected and categorized. Thus, some important documents must have been missed. However, other volumes like the *Political Diaries of the Persian Gulf 1904-1958* contain most written monthly diaries for the period indicated, and *Persian Gulf Administration Reports 1873-1957* all Annual Reports of the *Residency* for the period indicated. These and others, when studied together, compliment each other, and it can confidently be stated that the result is a clear understanding of the different situations taking hold.

The issue that must also be brought up here relates more to the subject matter of the research. As mentioned in Chapter Six, there seems to be a complete divorce between the views expressed regarding the pre-oil economic system with its harsh debt structure, and the assertions that Kuwaiti society was one in which '*takaful*' or 'cooperation' prevailed. The latter formed an important rationalization of post-oil socioeconomic policy. These seemingly contradictory views would have been interesting to investigate. As mentioned, it seems that the debt structure of Kuwait's primary pre-oil economic activity was taken as given – a fact of industry – inherited over many centuries and prevailing throughout the region. In this sense, such a system was not at all unique to Kuwait, and in fact the 'harshness' of the system was much milder in the country than it was in the rest of the Gulf. Nevertheless, while this does not seem to undermine the genuineness of the feelings expressed in rationalizing post-oil socioeconomic policy to any significant degree as demonstrated in the chapter, it would have been valuable to research this issue further, particularly by conducting more interviews to untangle what on the surface, at least, looks like a contradiction.

As alluded to earlier, the research stresses the need for future studies to take a more post-modern approach to understand the development of rentier states. Studies must look closely at particularities of individual systems and attempt to understand more fully the actual motivations behind economic and political policies, rather than to have them preconceived. In the case of Kuwait, the study of the post-1962 rentier state must also consider the constitutional system in place and the social and political dynamics resulting from it. It can be argued that failure to account for such factors has rendered most, if not all, economic plans and strategies, at times composed by major international experts and economic institutions such as the World Bank, largely ineffective. Indeed, all development strategies have so far been ignored, resisted, or implemented in ways which have yielded undesirable results. In sum, this situation, which places Kuwait at an extremely critical stage in its development, cannot be comprehended or indeed solved without taking into account the complex interplay between the social, economic, and political variables that is producing Kuwait's current state of affairs.

#### **10.4. EPILOGUE**

This study set out to investigate the development of Kuwait into a rentier constitutional state by examining the perceptions and ideas behind its creation. By researching the archival record and writings of contemporaries, as evidenced in the analysis presented in the preceding chapters, it can be stated that the study has achieved its stated aims and objectives. It is hoped that the findings reached by the research would be helpful to scholars in developing further studies into the nature of the oil producing Arab Gulf states in general, and Kuwait in particular.

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### APPENDIX 3.1

Text of Exclusive Agreement between Mubarak, Ruler of Kuwait, and Britain on January 23, 1899:

Praise be to God alone—

The object of writing this lawful and honourable bond is that it is hereby covenanted and agreed between Lieutenant-Colonel Malcolm John Meade, I.S.C., Her Britannic Majesty's Political Resident, on behalf of the British Government on the one part, and Sheikh Mubarak-bin-Sheikh Subah, Sheikh of Koweit, on the other part, that the said Sheikh Mubarak-bin-Sheikh Subah of his own free will and desire does hereby pledge and bind himself, his heirs and successors not to receive the Agent or Representative of any Power or Government at Koweit, or at any other place within the limits of his territory, without the previous sanction of the British Government; and he further binds himself, his heirs and successors not to cede, sell, lease, mortgage, or give for occupation or for any other purpose any portion of his territory to the Government or subjects of any other Power without the previous consent of Her Majesty's Government for these purposes. This engagement also to extend to any portion of the territory of the said Sheikh Mubarak, which may now be in the possession of the subjects of any other Government.

In token of the conclusion of this lawful and honourable bond, Lieutenant-Colonel Malcolm John Meade, I.S.C., Her Britannic Majesty's Political Resident in the Persian Gulf, and Sheikh Mubarak-bin-Sheikh Subah, the former on behalf of the British Government and the latter on behalf of himself, his heirs and successors do each, in the presence of witnesses, affix their signatures on this, the tenth day of Ramazan 1316, corresponding with the twenty-third day of January, 1899.

Signed

Mubarak Al-Sabah

M. J. Mead, Political Resident in the Persian Gulf.

*Source:* CAB/129/104: Memorandum by the Lord Privy Seal, April 6, 1961.

## APPENDIX 7.1

Text of Letter of Assurance handed to the Ruler of Kuwait by the British Political Agent on October 23, 1958:

I am instructed by Her Majesty's Government in the United Kingdom to convey the following assurance to Your Highness. Her Majesty's Government do not wish for any change in their relationship with Kuwait. They continue to be ready, as in the past, to provide any support which may be necessary in connection with Kuwait's relations with other countries. They understand that it is Your Highness's intention to deal with certain matters affecting Kuwait's relations with other Arab States by your own efforts to the extent that Your Highness considers this desirable in the interests of Kuwait. This would not of course impair the relationship between Kuwait and Her Majesty's Government described above.

2. Her Majesty's Government wish at the same time to confirm Your Highness' understanding that when matters affecting Kuwait's interests arise between them and other Governments they will consult Your Highness and will not enter into any commitment relating to such matters before consultation has taken place.

3. Her Majesty's Government are convinced of the value to both Kuwait and themselves of free and frank exchanges of views on international questions. Their representatives have been instructed to keep Your Highness generally informed of their views on such questions and they continue to value the views which Your Highness expresses in return.

*Source:* CAB/129/95: Memorandum by the Secretary of State for Foreign Affairs, November 4, 1958.

## APPENDIX 7.2

Text of Exchange of notes regarding relations between the United Kingdom of Great Britain and Northern Ireland and the State of Kuwait. From the British Political Resident in the Persian Gulf to the Ruler of Kuwait:

Kuwait, The 19th of June, 1961.

Your Highness,

I have the honour to refer to the discussions which have recently taken place between Your Highness and my predecessor on behalf of Her Majesty's Government in the United Kingdom about the desirability of adapting the relations of the United Kingdom of Great Britain and Northern Ireland and the State of Kuwait to take account of the fact that Your Highness' Government has the sole responsibility for the conduct of Kuwait's internal and external affairs.

The following conclusions were reached in the course of these discussions:

- (a) The Agreement of the 23rd of January, 1899, shall be terminated as being inconsistent with the sovereignty and independence of Kuwait.
- (b) The relations between the two countries shall continue to be governed by a spirit of close friendship.
- (c) When appropriate the two Governments shall consult together on matters which concern them both.
- (d) Nothing in these conclusions shall affect the readiness of Her Majesty's Government to assist the Government of Kuwait if the latter request such assistance.

If the foregoing correctly represents the conclusions reached between Your Highness and Sir George Middleton I have the honour to suggest, on the instructions of Her Majesty's Principal Secretary of State for Foreign Affairs, that the present Note together with Your Highness' reply to that effect shall be regarded as constituting an Agreement between the United Kingdom and Kuwait in this matter which shall continue in force until either party gives the other at least three years' notice of their intention to terminate it, and that the Agreement of the 23rd of January, 1899, shall be regarded as terminated on this day's date.

*Source: The Kuwait Crisis: Basic Documents, p. 50.*