Transfer of technology to Kuwait: a study of the use of the computer in the public institution for social security

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TRANSFER OF TECHNOLOGY TO KUWAIT: A STUDY OF THE USE OF THE COMPUTER IN THE PUBLIC INSTITUTION FOR SOCIAL SECURITY

by

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Abstract

This thesis aims to examine some aspects of technology transfer to Third World countries, trying through a theoretical discussion to situate this transfer within the new trends in the international division of labour. Its main thrust is that despite its important and vital role in the development process of the developing countries, modern tachnology does not always contribute to the enhancement of development opportunities.

The thesis looks at technology in general as not having neutral role in the development, and considers that unless it is incorporated within a particular socio-political system capable and willing to meet requirements of economic development its impact may be negative. The case of the computer systems in the Kuwaiti Public Institution for Social Security is taken as an example to show that technology transfer to Kuwait is more part of the excessive social consumption characteristic of Kuwaiti economy and society than a way of meeting realistc development requirements. Hence its impact cannot be compared to its introduction in the advanced capitalist countries.

The development of excessive social consumption in Kuwait is traced to the country's relatively huge oil revenues and the disbursment of these revenues among a small population withn a 'traditinal' socio-political structure.

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CHAPTER ONE: INTRODUCTION

During the past ten to twenty years, many developing countries have undergone an important process of industrialisation that has involved various ways of transferring advanced technology created and developed in the industrialised countries and implanting it in their economies. Such processes came amidst a growing realisation that any sound economic development which is going to bridge the gap between the industrialised and the developing countries cannot be achieved without assigning a vital role to the industrial sector. Many theories have attached to this sector the prime importance in increasing production and in creating the forward and backward linkages necessary to revive the rest of the economic sectors and secure the levels of demand needed for industrial products.

Moreover, one of factors envisaged as a particularly important precondition for industrialising the developing countries was the introduction of advanced technology and the application of modern science to all aspects of economic and social life. Hence since the mid 1970s, international development organisations have made increasing efforts to bring to the world's attention the need for the creation of a new world economic system capable of spreading the fruits of science and technology to the developing countries (1).

Modern technology was viewed as essential, and as a 'short cut' which would bring about the desired social and economic development of the developing countries. International cooperation in spreading the world's technological and scientific achievements was promoted in order to "enable the developing countries to enhance their development

opportunities by utilising the most effective means of resolving their social and economic problems" (2).

Despite this growing concern, the picture of the world distribution of science and technology remained one of grave inequality in favour of the industrialised countries. To cite only one example, between 1973 and 1975, the amount of money spent on scientific research and development reached $120.3 billion in the developed countries compared to only $1.9 billion in the developing countries (3). Such a picture became aggravated in the later years with multinational corporations (MNCs) maintaining a vital monopolies of world science and technology. In fact, it is expected that, by the end of this century, about 300 to 400 of the MNCs will possess more than two thirds of the world's industrial and technological assets and will produce more than half of world industrial production (4).

Nevertheless, some developing countries, armed with large amounts of liquid capital from rapidly accruing oil revenues, made rapid increases both in their accumulation of modern capital goods (machines, tools, equipment), and in their 'purchase' of the services of foreign technicians and experts. Such acqusitions were understood by the governments of these countries as the 'transfer of technology' which was to permit the growth a genuine, independent industrial capability (5).

Other groups of developing countries underwent a major process of industrialisation and technology transfer through the agencey of MNCs. This took the form of relocation of enterprises away from traditional sites in the industrialised countries to the developing countries, especially those favourably endowed with cheap labour and natural resources which made this process of relocation more profitable (6).

Kuwait, with about 70 billion barrels in proven petroleum reserves, represents a country within the first category i.e. an oil country. It depends almost entirely on its oil resources. With a production of about 750 million barrels per year, oil constitutes more than 95 per cent of Kuwaiti exports and provides the state with more than 88 per cent of its revenues. Given the very small size of the Kuwaiti population in comparison to the revenues derived from oil together with the limited size and relatively recent development of the economy, oil enables the state of Kuwait to have at its disposal a large amount of liquid monetary capital. With oil revenues of about $8.8 billion annually in recent years, Kuwait is positioned at the top of the so-called 'super-rich' oil states in terms of average per capita income; $15,000 according to estimates published by the World Bank (7).

Besides covering the cost of catering for a relatively high standard of living for the majority of the Kuwaiti population these revenues have caused the economy to be characterised as one with a capital surplus (8). They have enabled the state to purchase whatever it considers necessary in the form of capital goods and technology for the transformation of the economy and for "building up human and material productive capacities" (9). Hence in 1977, for example, more than 50 per cent of the relatively large oil revenues were absorbed by imports. Per capita imports increased from $726 in 1971/72 to $3,124 in 1976 (10).

The bulk of the imported technology was absorbed by the oil and service sectors. This is mainly because of the basic characteristics of the Kuwaiti economy, discussed in the next chapter, and in particular its narrow base and limited spheres of activity (11). The dominance of the

civil service sector in the economy as the main employer of Kuwaiti labour, which is a manifestation of extended government services, accounts for the fact that this sector has become one of the most important consumers of imported technology.

Modern technologies, created mainly to assist the management of capitalist enterprises in industrialised countries, were imported and implanted in Kuwaiti state offices and institutions. Computer use became one of the essential ingredients of management in almost all Kuwaiti ministries and other state institutions. Contracts with foreign companies and leading MNCs in the sphere of computer hardware/software production were made to supply these institutions with data processing systems and hardware together with the needed experts and supervision. It is not an exaggeration to say that one of the most clear manifestations of today's Kuwaiti affluence can be seen in the modern technological facilities which are at the disposal of ministries and state institutions.

Whether these facilities and technologies perform the same managerial and other tasks they were designed to perform in the industrialised countries is an issue that this thesis is trying to tackle. In other words, by analysing the role of technology in the capitalist production process and particularly its part in controlling this process, we will try to examine the extent of the use of transferred technology in the management of state institutions.

In fact, our aim is not to question the important role that modern science and technology, which has been devised in answer to the needs of industrialised countries, can play in the development processes of the Third World. This is because there is no doubt that sound and effective development can never be attained with backward and primitive means of

production and technology. However, the question that we think is most relevant to the issue of achieving such progress is that which concerns the economic and socio-political structures under which the introduction of modern technology takes place.

Our study of the role of technology transfer to Kuwait will be based on analysing the use of a computer system in the Public Institution for Social Security (PIFSS). As well as having been an employee in this Institution since 1979, we have carried out a field survey involving 333 employees of the PIFSS in March / April 1985. In this field work we distributed a questionnaire to the employees containing various inquiries about their status and conditions of work. We have also used other elementary sources published by the PIFSS and the Kuwaiti government.

Chapter Two will give a theoretical framework for discussion of the general role of technology in the capitalist production process examined against the background of the main capitalist theories of management. Within this framework we will analyse the new international division of labour and the consequent transfer of technology to the developing countries.

Chapter Three of this thesis will provide a general description of Kuwaiti society and economy both before and after the discovery and production of oil. It will also look at the changes in the socio-political structure that have resulted from the advent of oil.

Chapter Four will discuss the general conditions under which the PIFSS was created and its role as a means of distributing state income. It will describe its stages of growth and the sphere of its activities together with the introduction of computer systems and their role in carrying out

the Institution's tasks. It will also examine the status of the employees in regard to their qualifications, salaries, rewards, etc.

Chapter Five will attempt to examine the working conditions of the employees in some of the Institution's departments. It will discuss the nature of their daily tasks, the effect of the use of computer upon these tasks, and their relations with the management.

Finally, Chapter Six will provide some concluding remarks about the technology transfer to Kuwait in general, and the role of the computer systems in the PIFSS in particular.

Notes

(1) Jabr, F. S., al-Tiknulujiya Bayna man Yamluk waman Yahtaj: (Technology Between Those Who Own it and Those Who Need it), Beirut, 1982, pp.9-39.

(2) Ibid., p.10.

(3) Ibid., p.45.

(4) Jabr, F. S., Mashakil Naql al-Tiknulujiya: Nadhra ila Waqi' al-Watan al-Arabi: (Problems of Technology Transfer: A Look at the State of the Arab World), Beirut, 1979, p.36.

(5) Sayigh, Y. A., The Arab Economy: Past Performance & Future Prospects: Oxford University Press, 1982, p.65.

(6) See: Frobel F., Heinrichs J, & Kreye A., The New International Division of Labour: Structural Unemployment in Industrialised Countries and Industrialisation in Developing Countries: Cambridge University Press, 1980.

(7) al-Hamad, A. Y., The Kuwait Economy: A Characterisation: Kuwait Fund For Arab Economic Development, November, 1978, p.8.

(8) el-Mallakh, R. Kuwait: Trade and Investment: Westview Press / Boulder, Boulder Colorado, 1979, pp.73-85.

(9) al-Hamad, op. cit., p.9.

(10) el-Mallakh, op. cit., p.60.

(11) "There is virtually no room for even one heavy industry of economic size, the output of which could be consumed domestically". el-Mallakh, op. cit., p.61.

CHAPTER TWO

TECHNOLOGY, TECHNOLOGY TRANSFER, AND THE INTERNATIONAL DIVISION OF LABOUR: A THEORETICAL FRAMEWORK

The role of modern technology in any development process cannot be underestimated. It is increasinly recognised that without it the developing nations cannot attain the high levels of production and productivity they require. Hence, one of the immediate problems faced by these nations is how to acquire modern technology, and which type of technology can be best adopted and adapted to their requirements. Another important question is whether modern technology produced in the advanced capitalist countries is relevant to the needs of the Less Developed Countries (LDCs), without taking into consideration the nature of the socio-political system within which the development process is taking place.

In this chapter we will try to discuss the role of technology in the process of capitalist development, and the manner in which technology is manipulated by the capitalist organisation of production, in a similar way to that of the division of labour, in order to transform the labour power into the highest level of actual labour and to maximise the extracted surplus-value. The work of Harry Braverman, (Labour and Monopoly Capital), will constitute the basis for our argument. We will also discuss the issue of technology transfer and see if such transfer can be useful to the process of development through a critical examination of the [illegible] of Arghiri Emmanuel 'Appropriate or Underdeveloped Technology'). Finally, we will try to establish a connection between current technology transfer to the developing countries and new trends in the international division of labour through studying these trends as elaborated in the work of Frobel et al (The New International Division of Labour).

1. Capitalist Management and the Role of Technology in the Production Process

In order to understand any aspect of capitalist society, the accumulation of capital must be regarded as the driving force behind its development. Accumulation of capital and achieving unlimited appropriation of abstract wealth in the form of money is the capitalist goal. It determines both the development of labour/capital relations and the development of the forces of production.

Historically, capitalist development passes through two distinct forms of labour/capital relations. The first is dominated by the subjection of labour to capital through non-wage relations. It emerges in the form of agreements between workers and their capitalist employers that are manifested in the creation of domestic subcontracting and "putting-out" systems. These are the first examples of early industrial capitalism. They represent "marked efforts on the part of the capitalists to disregard the difference between the labour power and the labour that can be gotten out of it" (1). Other forms which rely on extra-economic forces such as serfs, slaves, or other non-wage labour relations are also used for the appropriation of surplus value (2).

The second and more developed form is wage labour relations in which the direct producers are deprived of their means of production and are then 'free' and forced at the same time to sell their labour power to the owners of the means of production. With the domination of the second form, the essential means of the enhancement of capital accumulation becomes the prolongation of the working day "so long as capital is not restricted by legal regulations which are a result both of the strength

of workers' organisations and the capitalist realisation of diminishing returns on the excessive prolongation of the working day" (3). The next step after this is to increase the productivity of labour. However, for both objectives to be efficiently realised, capital has to exhibit some forms of control over labour.

Nevertheless, it is impossible to exert total control over workers without gathering them under a single roof while working regular hours, a process which comes to dominate the later stages of capitalist production. The necessity for this control stems from the fact that capital's ability to buy labour power must be accompanied by other elements in order to transform such power into actual labour. Thus the organisation of the labour process, work and the instruments and techniques employed, are all dedicated to the maximisation of the extracted surplus value. The organisation of work, which is also partly a product of labour resistance, is meant to assure the domination of capital over labour.

> "Under capitalism, work is organised to achieve profit sufficient not only to remunerate the capital, and to ensure that capital is not transfered elswhere, or put to other uses, but also to ensure a constant process of re-investment in new technologies, markets, products, and work systems"(4).

These elements are necessary because, given the ultimate objectives of the owners of the means of production, conflict between them and the producers is inherent in the labour process. In other words, the control exerted by capital over labour becomes necessary in order to introduce forms of discipline which guarantee the transformation of labour power into labour. Hence the role of management is to act as the means by which capital can impose its will and direct the motivation of the labour force for the creation of surplus value.

1.1. Capitalist Management and the Division of Labour

With the expansion of capitalist enterprise, the problem of management and that of the organisation of the labour process emerges as one of the most important factors through which the capitalists' ultimate aim in expanding the value of their capital could be achieved.

One of the oldest economic principles of capitalist production is the division of labour. According to Adam Smith, there are many advantages to sub-dividing the labour process; labour productivity increases because of enhanced dexterity and skill; there is a minimisation of changeover and work preparation time; and there is a stimulus for the invention of specialised mechinery. Thus it becomes possible for capital to monopolise control over the labour process. Furthermore, by dividing the work to be executed into separate activities which require differing levels of skill or strength, the cost of the production process is reduced considerably (Babbage principle).

This last advantage of the division of labour, i.e. the Babbage principle, is, according to Braverman, fundamental to the evolution of the division of labour in capitalist society.

> It gives expression not to a technical aspect of the division of labour, but to its social aspect. Insofar as the labour process may be dissociated, it may be separated into elements some of which are simpler than others and each of which is simpler than the whole. Translated into market terms, this means that the labour power capable of performing the process may be purchased more cheaply as dissociated elements than as a capacity integrated in a single worker. (5)

According to Braverman, the division of labour is an effort to "preserve scarce skills" (6). He sees the capitalist division of labour as "the most common mode of cheapening labour power". By breaking up labour into

its simplest elements and divorcing every step in the labour process from special knowledge and training, and reducing it to simple labour, the division of labour becomes a process in which the cost of labour is reduced to the minimum while its productivity is increased and management control is achieved.

The rapid growth of industrial capitalism during the late 19th century which manifested itself mainly in the expansion of the size of monopolistic industrial enterprises made the problem of management more complex. This resulted in the appearance of various theories specifically concerned with providing an effective management capable of maximizing capital expansion. Frederick Taylor initiated the movement of scientific management which according to Braverman belongs to "the chain of development of management method and the organization of labour and to the development of technology, in which its role was minor" (7).

Taylor's ideas on management and control were based on his own background experience as a gang boss in the Midvale Steel Co. and as a supervisor of moving pig iron by hand in the Bethlehem Steel Co.. He developed three principles for managing labour in the industrial enterprise: The first is what Braverman calls 'the dissociation of the labour process from the skills of the workers'. It means that management should gather and update as much information as possible about every job to be performed, and about the developed skills and traditional knowledge of the workers who will carry out these tasks. Next, these data should be classifyed, tabulated, and reducedto rules, laws, and formulae. The second is "the separation of conception from execution". This means that a division is made between mental and manual work with the former concentrated in the hands of the management while the latter is the province of the factory

workers who should follow the managers' orders and instructions unthinkingly. The third is "the systematic pre-planning and pre-calculation of all elements of the labour process". Here the purpose is to control each step of the labour process and its mode of execution by planning the job of each worker in advance, and giving him complete written instructions, which describe in detail the task which he is to accomplish, as well as the means to be used in doing the work. In fact, as pointed out by Thompson, Taylorism represented the efforts of management "to gather together the knowledge possessed by workers and reduced it to their own rules and laws .... all possible brain work should be removed from the shop and centred in the planning or lay-out department" (8).

What effects did scientific management have upon the working class? According to Braverman, these effects can be summarised as follows: (9)

a) The separation of mental work from manual work increases and this will lead to a reduction in the number of workers involved directly in production since they are no longer required to perform mental functions.

b) This separation will also lead to the division of labour process between separate sites and separate bodies of workers. In one location the physical work is carried out while in others the planning, design, and calculation are concentrated. Production units become like the hand, watched, corrected, and controlled by a distant brain. This will lead to an accentuation of the already existing hostility between workers and management.

c) Since the workers' functions are reduced to execution only, this will have a degrading effect upon their technical capacity which will be

complicated by the rapid growth of specialised administrative and technical staff work, as well as by the rapid growth of production and the movement of workers to new industries and to new occupations within industrial processes. Hence as the worker is increasingly emptied of his traditional knowledge and skill, and is transformed into part of the machine, the remaining ties, already tenuous and weakened, between the working population and science are more or less completely broken. For example engineering used to be a part of craftsmanship, but with the development of scientific management this task has been transferred to a separate body located outside the work force. Hence the appearance of the modern engineer was a new social phenomenon linked to the capitalist's attempts to separate the worker from his technical skills.

1.2. Technology as a Factor of Control

If the separation between mental and manual labour together with the decomposition of the latter into its simplest elements represents two of the most effective factors in management's attempts to control the labour process and to further the accumulation of capital, technology and its development become the most important means " to further dissolve the labour process as a process conducted by the worker and reconstitute it as a process conducted by management" (10). Technology offers capital and management "the opportunity to extend by mechanical means what had previously been attempted by means of organisation and discipline" (11). This is carried out by enhancing control over the labour force through what Edwards calls 'technical control'.

The latter refers to the role of technology in providing management, not

only with increased productivity, but also with leverage to transform purchased labour power into labour actually carried out while minimising the problems of such a transformation (12). Technical control, in other words, involves the process of designing machinery which leads the producers to lose control of the pace or the sequence of their tasks. Hence technology assumes the task of directing the workers, so that the supervisors or the foremen, instead of having this responsibility, have merely to get workers to follow the pace of the assembly line. However, "this consequence must nearly always be understood as the result of the particular (capitalist) design of the technology and not an inherent characteristic of machinery in general" (13).

When machinery becomes the determinant of the pace of work, workers can no longer create their own work rhythms; contacts among them virtually ceased; and they find themselves yoked to the machinery. Management has the task of controlling the pace of work of the entire workforce. Hence, through machinery, management can achieve its objective of introducing the desired discipline and motivation for the work force without having to depend entirely upon methods of 'hierarchical control' where the labour force is disciplined by foremen and supervisors. As the increase of productivity is the sole concern of management, when this objective is achieved labour will be displaced into other fields in the same way that machines are transferred from one factory to another.

Technology also enables management to extend this process of de-skilling in order to cheapen further the labour power of the workers. Hence, "the unskilled assembly worker is therefore seen as a central result of accelerated mechanisation" (14). De-skilling is often accompanied by an increased 'qualification' of a smaller layer of people involved in

programming and designing the tasks of the workers, thus enlarging the control of the management over the labour process.

Hence with the development of industrial capitalism, machinery, which by itself is nothing but dead labour transferred into produced goods and which was previously mastered and continuously improved by the workers, becomes a source of their enslavement. This contributes to the maximisation of the surplus value extracted. Management looks at the machine as a mere technical element unrelated to human labour. Hence the function of the machine changes from being a factor which eases human labour into being an item designed specially to cheapen labour and control production further.

For this reason, the technical revolution is fully exploited by capitalist management in order to increase extracted surplus value. To the study of Taylor known as "time study" which is aimed at gaining control over the job, Frank Gilbreth added "motion study" which observed movement of the workers' position, using a camera in order to determine the exact time required for a specific labour process. Today the task of motion study as developed by Gilbreth is carried out by computers and reduced to simple data concerning the time required for executing specific and defined manual jobs. This shows that if management is interested in the worker this interest does not include the worker as a human being, but as an executioner of a specific task in the factory, warehouse, store, office, or vehicle. "The human being is here regarded as a mechanism articulated by hinges, ball-and-socket joints etc." (15).

Therefore, in the era of the technological revolution, scientific management looks at labour not as human endeavour but as repeated motions

which, if they are put together with other things that capital buys such as machines and raw materials, will increase the accumulated capital. The role of advanced machinery in introducing control that otherwise would be undertaken by human organisational methods, and in reducing the labour force to a mere adhunct to them, is revealed in the following quotations taken from different contexts (16):

Describing the experience of working on the Toyota assembly lines in Japan, Kamata stated that:

> "The people working on the line are nothing more than power consumed in the process of assembly. What is achieved at the end of the line is the result of our combined energy. There's no need to shout at or berate workers to make them work. Just start the conveyor and keep it going: that's enough. The conveyor belt forces the workers into submission. During our working hours, we can't even talk. Even if we wanted to chat the noise is so awful we can't hear one another.... If Fukuyama, the worker on my right, falls behind, he'll pull me behind, since I barely keep up with the work myself. Even if Fukuyama finishes his job in time, should I take longer in my job, then the next worker, Takeda, will be pulled out of his position. It takes enormous energy to catch up with the line, and if things go wrong the line stops. That means overtime. So we do our job in a hell of a hurry to keep our fellow workers from suffering. That is how Toyota raises output".

Another example is shown by Ruth Cavendish in her account of working on a motor components assembly-line:

> Its discipline was imposed automatically through the light, the conveyor belt and the bonus system. We just slotted in like cogs in a wheel. Every movement we made and every second of our time was controlled by the line; the chargehands and supervisors didn't even have to tell us when to get on. They just made people like Josey obey if they wouldn't buckle under. You couldn't really oppose the organisation of the work because it operated mechanically.... The bonus system and the line speed even led the women to discipline each other; getting 'up the wall' put out the person behind and we had informal arrangements to help avoid that. But these also ensured that we made up the right number of components so the supervisors' job was really done for them".

The fact that in their developed form under capitalism machines were easily manipulated from a centralised decision making body gave the management an additional method of controlling the whole labour process,

a factor equally important in increasing the productivity of labour. With this development "the control of humans over the labour process turns into its opposite and becomes the control of the labour process over the mass of humans. Machinery comes into the world not as the servant of 'humanity', but as the instrument of those to whom the accumulation of capital gives the ownership of the machines" (17).

Moreover, technical control over the labour force is constantly extended with the invention and improvement of more sophisticated technology. The introduction of computers, for example, produced dramatic changes which tightened mangement's control over the flow of work. Through central programming, the computer can send instructions as to what operations or activities workers are to perform, and upon successful completion of the task the central computer will receive feedback information that will permit it to send out instructions for the next operation (18).

Some machines when switched on at the beginning of the work period can start by telling the worker "You have been late three times this week. Please report to the office". Management can speed up micro-electronically controlled assembly lines in order to increase production output. Production standards based on highly sophisticated time and motion studies are used to force labour to work at very high speeds (19).

Thus, this new technology enables the management to expand what is called by Thompson the <u>self-acting</u> character of control systems (20).

> "In this dazzle of new technology the workers are almost lost from sight. With their activities and productivity constantly being directed and monitored by the computer hierarchy, workers find even less opportunity to exercise any control over their work lives. Their immediate oppressor becomes the programmed control device, the programming department, the printout - in short, the technology of production. In this environment the human hierarchy and the capitalist organisation of production

> that has produced the technology appear to recede. Control becomes truly structural, embedded in that hoary old mystification, technology". (21)

With these vital effects upon the control and the organisation of labour, modern technology has in fact, altered the production process. Instead of the appropriation of the means of production as a necessary precondition for the control and appropriation of the surplus value by capital, it has become sufficient to control vital points of technology in order to accumulate surplus value (22).

1.3. The Effects of Technology on Labour and Office Workers

Under capitalism the machine becomes a factor for achieving 'economic efficiency' and for mere increases in the productivity of labour regardless of general human satisfaction. Degraded products and degraded labour are the direct consequences of the use of machinery under capitalism. This is best expressed by Herbert Marcuse's thesis that "the liberating force of technology (the instrumentalisation of things) turns into a fetter of liberation: the instrumentalisation of man" (23). The following are some of the direct effects of machinery on labour:

a) The reduction in the demand for labour. However, this may not result in a direct decrease in the working population because of the increase in production.

b) The cheapening of the cost of labour to less than the cost of the machine.

c) The creation of the office as a decisive factor in production leads to a direct increase in the number of the people employed outside the direct production process.

d) The latter factor will lead to the substitution of a group of

engineers and accountants for the old entrepreneurial middle class. This group begins to exhibit some of the characteristics of mass employment: rationalisation and division of labour, simplification of duties, application of mechanisation, a downward drift in relative pay, some unemployment, and some unionisation.

In the mid 18th and early 19th centuries the clerk was classified as a manager's assistant - or more a family servant than a wage labourer. "His position as confidant, management trainee, and prospective son in law can of course be overdrawn" (24). But with the development of monopoly capitalism, the number of clerical workers has increased constantly until the present day. This new class of clerical workers has assumed a completely different role and occupation from their counterparts in the early capitalist period. They include the book-keeper, secretary, stenographer, cashier, bank teller, file clerk, telephone operator, office machine operator, etc. They are distinguished from their earlier counterparts by two phenomena; a change in sex composition in the sense that a greater number of women has been admitted to such occupations, and relatively greater increases in payment than that received by those engaged directly in production.

Despite the fact that the clerical strata are not directly engaged in production, their services are essential for the expanded reproduction of capital. In other words their jobs are necessary for the continuing extraction and maximisation of surplus value.

The growing role of clerical workers and the office in the production unit lead management to put more emphasis and importance on systematisation and rationalisation of the office and the workers within

it. Similar approaches to those followed with respect to production workers are introduced. The first is the separation of manual from mental clerical workers. The implication of this is the introduction of Taylor's principle of separating conception from execution. Thus while the office as a whole used to be identified with the role of thinking and planning and that of the shop with production, the process of office rationalisation makes this division less valid. The office itself has witnessed a similar division between conception which has become concentrated in the hands of limited groups and execution which has become more or less a manual job performed by the mass of clerical workers.

Secondly, within the functions of manual labour in the office, approaches by management similar to those used for shop workers are applied in order to achieve higher productivity, speed, and control. Taylor's time study for measuring the exact time needed for each specific sort of job is also used in order to arrive at the best results and make the services of the clerical workers more efficient.

Thirdly, the evolution of the labour process within the office from its traditional form (i.e. record keeping) to mechanised and (nowadays) computerised forms means that this becomes a powerful weapon of control in the hands of management. In their turn , advanced technologies play a significant role in accentuating the division of labour between the users of these technologies. The introduction of the computer, for example, introduces different grades with different pay hierarchies among those involved in different computer operations such as system managers, system analysts, computer console operators etc. Entry into more advanced jobs is at a higher level in the hierarchy, rather than through comprehensive

training. Thus concentration of knowledge and control in a very small portion of the hierarchy has become the key to control over the whole labour and production process.

When labour becomes simplified, routinised, and measured as a direct effect of the introduction of advanced technologies and the computer system in particular, the workers push the drive for speed has come to the fore. Now the computer itself becomes a force for increasing the tendency towards work.

Finally, another effect of the new technology is the reduction in the number of unqualified office workers: The computer itself substitutes for them in performing work of a repetitive nature.

The largest single category of clerical workers are women employed in secretarial jobs. This category emerges from the need of management for someone to carry out time 'wasteful' work such as correspondence, typing, travel arrangements, etc. Occupiers of this category are regarded as employees of low ranking status since their work does not require higher education or complex training. In the beginning, there is a considerable increase in the number of secretarial assistants in the office since secretaries are employed by the lower levels of the hierarchy as well. This increase poses a constant and multi-dimensional danger to management, which produces a tendency to reduce the number of secretaries.

Finally, what is the class nature of the clerical workers? Braverman sees clerical workers as a direct product of monopoly capitalism. He discusses the difficulty in determining their class nature which has faced Marxist writers and the tendency to group them under the rubric of new "middle

class", "white collar", or "salaried employees". For Braverman "this is nothing but a hangover from the days in which all office labour did share the characteristics of privilege in pay, tenure, authority, etc." (25). The class nature of clerical workers cannot be determined by the colour of their collar or by the mode of payment, whether monthly or weekly, but rather by the whole complex of social position and position in the enterprise and the labour process that these terms symbolised.

The result of the introduction of dead labour into the office in the form of large-scale machinery meant that this labour employs living labour in a similar way to that of the factory. This sometimes pushes the location of offices toward the warehouse and industrial districts of the cities, distancing the mass of the clerical workers from the higher executive which remains in the more expensive locations. With the mass of clerical workers driven near the factories, their labour market begins to lose its distinction of social stratification, education, family, and the like. The increasing similarity between work in the factory and work in the office start to emerge especially with regard to qualifications and background.

> "The problem of the so-called employee or white-collar worker which so bothered early generations of Marxists, and which was hailed by anti-Marxists as a proof of the falsity of the 'proletarianisation' thesis, has thus been unambiguously clarified by the polarisation of office employment and the growth at one pole of an immense mass of wage-workers" (26).

Thus after having lost all their former superiority to workers in industry and having sunk to the very bottom in their scale of pay the clerical workers become a proletariat, but in a new form. The new technology introduced in the offices has narrowed to a great extent the gap that used to separate the clerks from the factory workers. In fact increasing numbers of clerical workers have come to realise "how word

processors made people feel that they were appendages to machines rather than performing functions with other people" (27). Barbara Ellis wrote in 1986, describing the status of women clerks who outnumbered men in the banking and finance industries:

> "As a bank becomes more like a factory, clerks risk becoming a mere adjunct to a machine, with no control over the pace of work, or knowledge of the work itself. The trend is accelerated by the fact that increased computerisation removes large parts of the bank's accounting and balancing processes from view. Even if staff are keen to know more about the computing system, they often have no way of learning on the job" (28).

2. The New International Division of Labour in the World Economy

2.1. World Economy: Unity and Division

National economies do not function according to their own individual laws of motion. Rather, they are organic elements in one all-embracing system which is the world capitalist system (29). Structural changes in individual national economies are interrelated within the world economy and mutually determine one another. In fact, "what occurs within a particular enterprise, or indeed to a particular economy or industry, can only be understood in terms of the global division of labour within which it is situated" (30).

The term 'world economy' does not imply that the world capitalist economy will be uniform or stable. On the contrary, it is differentiated into areas of unequal development with central and peripheral areas and economies.

> "One of the most significant features of the world capitalist economy is the nature of the relationship between centre and periphery. The international division of labour requires many societies to participate in the world order in ways which exclude many economies from the benefits enjoyed by the central, metropolitan economies". (31)

The origins of the present-day world economy are to be found in the 16th century. Its formation can be traced back to the division of labour and the emergence of different forms of labour organisations in different regions. The regions of Latin America, Africa, and Asia have been integrated for the past four centuries into the developing world economy mainly as producers of agricultural and mineral raw materials, sometimes as the suppliers of a labour force (e.g. African slaves, Indian and North

African workers). However, in certain conditions, often exceptional, some developing countries managed to establish a local industry for the purpose of supplying the restricted domestic market (e.g. during the period 1930-1945), although when such conditions came to an end this industry naturally receded into stagnation or collapsed altogether. On the other hand, with their monopoly of industrial production and technological progress, Western Europe, North America, and Japan came to constitute the industrialised or developed world.

In recent years multinational corporations (MNCs) have become one of the major institutions of the world economy. This is because the normal business decisions of MNCs have far-reaching effects on the countries where they operate (32). Defining MNCs as companies with at least 25 per cent of their turnover, investment, production, or employment being generated outside the country in which they are located, Mandel concluded that 75 to 85 per cent of the 200 largest American and European companies fall in this category (33). In early 1972 "the total turnover of all companies which have been described as multinational was estimated to be between 300 and 450 billion dollars .... in other words, approximately 15%-20% of the gross social product of the whole capitalist world" (34). Hence, MNCs are extremely large. "Today, for instance, the four largest transnational corporations together have an annual turnover greater than the total GNP of the whole continent of Africa" (35). Some of them have annual sales worth as much in money terms as the gross national products of the smaller European nations, and their rate of growth is much faster (36). The growth of the MNCs and the extension of their operations from the centre to the periphery reflects to a certain degree the development of the world economy, and the emergence of new trends in the international division of labour which we will discuss in this section.

International trade is the most clear manifestation of the contemporary world economy. 15% of all produced commodities and services in the world enter international trade. However, international trade reflects the sharp division of the world economy into developed and underdeveloped regions. Hence, while the industrialised countries trade mostly with each other, the foreign trade of the developing countries is with industrialised countries. This is reflected in the fact that:

> The industrialised countries handle 70 per cent of the international trade and the developing countries only 20 per cent. Seventy per cent of exports from both developing and industrialised countries are destined for industrialised countries and only 20 per cent for the developing countries. (37)

Moreover, developing countries' exports are mostly confined to raw materials, whereas the exports of the developed countries consist essentially of manufactured goods. However, in recent years there has been an increase in exports of manufactured goods from the developing countries. Taking this fact into account is necessary for an understanding of the changes in the world economy.

Nevertheless, World trade gives only a superficial picture of interdependence between the national economies. In many instances it is simply a flow of commodities between the plants of the same company. For example, many of the cars 'imported' into Britain represent the internal transactions of General Motors or Ford (38). It is estimated that in 1974 nearly half of all imports to the USA and just half of all exports from the USA consisted of intra-firm transactions. Comparable figures for the OECD countries are lower, with a figure of one-third the trade of these countries (39). Thus international trade reflects the international division of labour, which is planned and utilised by the individual

companies.

Foreign investment is another and more revealing expression of inter-dependence between national economies. One form of foreign investment is industrial relocation, a process that involves the transfer of industry from its traditional sites in the industrialised countries to new ones, often located in underdeveloped countries where cheap labour is abundantly available.

In many cases, local production alone is now no longer sufficient to achieve acceptable levels of profits. As a result, control of labour and productivity is the only option open to capital in the industrialised countries. Intensification of capital export and the systematic suffocation of investments at home, i.e. sending capital where there is still excess labour power, is becoming an increasingly important option for capital in the industrialised countries. The existence of different tax laws, different state policies for encouraging investment, and the lack of trade union power are all factors contributing to investment outside the boundaries of the advanced countries. Thus, in the 1970s, approximately $100,000 million foreign capital was invested in the developing countries, while about $100,000 million was exported in the form of profits on these investments. The total volume of direct foreign investment in the developing world amounted to $110,000 million at the end of 1979 (40).

In spite of this, foreign investment is not confined to the activities of international capital in the developing countries. Due to the lack of economic opportunities in the LDCs (less developed countries) in comparison to that within the developed countries together with the relative financial and economic stability in the latter, privileged

groups and sometimes even states in the LDCs tend to invest their wealth in the centre. Such investment often takes the form of financial deposits in international banks and other financial institutions. Kuwait is a case in point.

2.1.1. Basic Features of the Economies in the OECD

One of the most striking features of almost all members of the OECD is the general stagnation of their economies. The average rate of unemployment is high (5%), and there is no reason to believe that this will decrease in the immediate future. An increasing number of industries are witnessing a noticeable decline in their output. A rationalisation of the production process, made possible by technical development, is absorbing the major part of domestic investment in the largest industrialised countries. Thus, without an expansion in productive capacity, the rationalisation process is resulting in a substantial loss of local jobs.

Nevertheless, stagnating output, mass redundancies, and short-time work, do not reflect the state of individual companies of the Western countries.

> "The crisis in the 'centre' does not mean an equally serious crisis for capital no matter how the reorganisation of capital, emanating from the new conditions of accumulation, will lead to the collapse of great many individual capitals" (41).

In fact foreign investment, and especially that within the developing countries, is consistently rising. A process of industrial relocation in both developed and developing countries is going on. Hence, despite the above picture, the majority of industrial companies, large and small, are expanding their investments, productive capacities, and employment abroad, while a reverse process is taking place in their home countries.

The annual reports of the large companies show that even in the years of world recession these companies have been operating very successfully.

Investment for the purpose of rationalisation rather than for expansion in the Western industrialised countries is translated into losses not only of the workers' jobs but also of their skills (42). They are constantly forced to search for unskilled or semi-skilled employment. The rapid changes in the specifications and qualifications demanded from the labour force by the rationalisation process has pushed the companies to cut back on comprehensive programmes of industrial training.

The above situation presents itself in the form of a fiscal crisis for the state. High unemployment means higher state expenditure with reduced tax resources. Furthermore, industrial relocation means that the state's taxes derived from the industrial companies are reduced. It also means that the state has to provide grants, loans, and tax concessions to private business on an increasing scale in order to stimulate domestic investment. The state's endeavours to provide better conditions for the operation of private capital reflected in the curbing of wages and in the reduction of the power of trade unions have not resulted in noticeable success.

2.1.2. Developing Countries: An Alternative Industrial Location

The extent of unemployed labour in the developing countries is even greater than it is in the developed ones. The modernisation of agriculture with the aim of increasing food production at the expense of subsistence farming has been the main cause of migration from rural to urban areas. which in its turn has inflated the number of unemployed. The mass of landless migrants are forced to seek employment regardless of the level of wages and conditions of work, and thus constitute the cheapest and most exploitable labour force in the world.

Despite benefitting from this high level of unemployment, the process of industrialisation in the developing countries still absorbs only a small part of this labour force. The markets for the products of industrialisation are predominantly external since the purchasing power of the local population is too low to constitute an effective demand.

The industrialisation of the developing countries is fragmented and dependent on foreign companies. Only in a few countries has it resulted in the creation of complex branches of industry. And even here these branches are confined to limited activities such as the textile and garment industry and are not supplemented by a wider industrial complex. Thus it remains entirely dependent on, and dominated by, foreign capital.

However, in the most countries of the Third World even such development has not materialised. Industry remains confined to a few specialised manufacturing enclaves whose only connection with the local economy is their employment of cheap labour. The labour force recruited can be given the necessary training in a period of a few weeks. Thus the skills

acquired by the workers are very minimal.

Despite the euphoric claims of the firms that relocate their manufacturing processes, there is no observable transfer of technology. The technology used is often simple and dependent on the expertise of foreign specialists and managers. It is useless for the development of any industrialisation that would satisfy the needs of the local population. Moreover, the production processes which require a certain degree of knowledge and skills are retained in the mother countries of the relocating firms.

> "Take the case of the micro-electronics components industry. The work of designing and fabricating the chips is retained in the first world countries. It is the labour intensive process of assembling the chips into wiring harnesses to make components which is relocated to the third world. The capacity to initiate technological change in the industry remains largely in USA and Japan" (43).

More importantly, export-oriented industry has not resulted in an observable improvement in the social conditions of the mass of the population. On the contrary, the vast gap between the tiny privileged minority which is the only local beneficiary of industrialisation and the majority of the deprived masses is perpetuated. "The increasing militarisation of the so-called Third World is a clear indication that inceasingly overt and repressive force is needed to prevent the violent eruption of social tensions" (44).

2.2. The New International Division of Labour and its Conditions

Given the conditions described above, the 'classical' international division of labour in the form of a division into industrialised countries and exporters of raw materials is now open for replacement. The most important evidence for this is that some developing countries have become sites for manufacturing goods which are competitive on the world market. World market-oriented industrialisation in the developing countries is neither accidental nor the result of benevolent decisions on the part of governments or companies; rather, it represents a natural continuation of five hundred years of evolution in the world economy and is driven essentially by international capital's ultimate aim, i.e. the maximisation of profits (45). What changes are responsible for this?

According to Frobel et al, three preconditions seem to be decisive for this development:

1- The Development of a World-Wide Reservoir of Potential Labour-Power:
An inexhaustible supply of labour exists and can be called upon by capital from Latin America, Africa, and Asia. This supply is made possible by the introduction of capital into agriculture. This world-wide reserve army displays the following characteristics: First, its wages are no more than 10-20% of that paid to the workers in the traditional industrial locations, representing only the costs of the immediate daily reproduction of the worker during the actual period of employment (46). Astapovich calculated that if the average hourly remuneration of General Motors to its employees in the USA equals 100 per cent, it is 33, 16, and 15 per cent in Mexico, Argentina, and Brazil respectively (47). Second,

the working day is longer in 'low wage countries' than in the industrialised capitalist countries because it makes 'optimal' use of labour: in addition, internal work control can be supported by external policing. Third, productivity of labour in 'low wage countries' is comparable to that in the traditional industrialised countries. In addition to these characteristics, and due to the absence of strong trade union organisations, labour can be hired and fired at the discretion of the employing company, thus allowing for an 'optimal' selection of the suitable labour force in terms of sex, age, etc. (48)

2- The Development of Technology:

We saw earlier that the capitalist always tries to fragment complex labour processes into a large number of simple operations. This is because the latter require minimum skills where labour competition is highest and therefore, provided there are no strong labour organisations, the lowest wages can be paid (Babbage principle).

Thus, the development of technology allows the decomposition of the production processes into elementary units which makes it possible for unskilled labour to carry out the operations after a very short period of training. Therefore, in addition to the fact that skilled labourers can be replaced by un- or semiskilled with very low wages, capital acquires a monopoly of the knowledge related to the control and execution of the labour process. The worker is removed from this knowledge and reduced to a mere servant of the production process. "The division and subdivision of the production process is now so advanced that most of (the) fragmented operations can be carried out with minimal levels of skill easily learned within a very short time" (49).

3- The Development of Technology Which Made Industrial Location and the Management of Production Independent of Geographical Distance:

Such technology includes cheap transport, fast communications, storage, and other facilities. These make it possible for a speedy transfer of products, management orders, and information.

Other conditions also play an equally important role in facilitating the extension of the operations of international capital to the peripheral countries. One of these conditions is the existence of "an international superstructure with formal expression in legal procedures and institutional cooperation (World Bank, IMF,OECD), which functions essentially by the coordinated action of units vis-a-vis the world-wide activities of multinational corporations (financial and monetary policy, stabilisation policy, labour migration)". (50)

These conditions have given further impetus to the development of an international capital market whose function is the creation of a worl-wide capitalist superstructure. They have brought to the world economy a world labour market and world production sites. Thus the workers in the industrialised countries compete for their jobs with other workers from the developing countries. In a similar manner traditional industrial locations compete with new ones in the developing countries to attract capital. The term which is used to describe this new development is the new international division of labour.

The first countries to participate in the relocation of industry are those with the following characteristics: They can supply labour at the lowest prices; they have geographical and commercial links with the industrial centres; and capital beleives them to be both ecpnomically and

politically stable.

The transfer of production to new sites affects not only the more or less labour intensive production processes, but also those which are dependent on raw materials and energy, and those which are sources of pollution. Relocation of investment also takes place as a result of capital's attempt to control the local market of manufactured goods in the host country. It is observed that in 1970 62 per cent of foreign investment in Latin American countries was a result of the latter factor (51), whereas 91 per cent of foreign investment in the Middle East during the same year was undertaken primarily because of the availability of raw materials (52).

In short, industrial relocation has become one of the most important means of securing the survival of private companies. Investment in rationalisation, involving the introduction of more efficient machinery and a reduction in the size and skills of the labour-force, is no longer enough to ensure the continuation of the companies' operations. The above mentioned conditions together with the existence of competition means that if an individual enterprise is to secure profits, it should carry out a process of production reorganisation. This is to be achieved by "utilising the world-wide industrial reserve army by means of the appropriate subdivision of the production process and by employing advanced transport and communications technology" (53).

The term 'new international division of labour' points to a tendency which, undermines the separation of the world into industrialised and developing countries, by pushing for more subdivision of manufacturing processes into a number of partial operations at different industrial sites throughout the world.

In fact this new international division of labour is an 'institutional' innovation produced by capital itself and is not the result of changed development strategies on the part of individual countries or an option freely decided upon by the multinational companies. It is a consequence and not a cause of the new conditions of the accumulation of capital. Therefore, the phenomena of crisis or economic recession in the 'centre' and the 'industrialisation' of the Third World can both be explained as manifestations of trends towards a new international division of labour. Working conditions in the Third World which are characterised by super-exploitation must be understood within the context of a global division of labour whereby the continuing impoverishment of the Third World is often encouraged and reproduced by the investment and production policies of multinational corporations. They are "not merely an accident of geography .... or an outcome of some purely local combination of culture, history and national character, nor an outcome of some national moral deficiency - the lack of 'drive' so over-developed elswhere" (54).

The pace of this trend is limited by a number of factors: For example it is necessary to use existing facilities; concessions granted by states and by unions in the 'centre' to try to convince capital not to leave, may have some effect; 'political instability' in the 'periphery' may deter companies from moving there; and some companies may be able to attain the same profits by rationalising in the 'centre' rather than by relocating.

3. Tramsfer of Technology and the Role of the MNCs

We saw earlier that technology and its development can be manipulated to serve the aims of capital by raising the productivity of labour and hence increasing the extracted surplus value. Technology can also be employed in order to obtain further control over the labour force. As we saw, the latter factor is very crucial in order to transform the purchased labour power into actual labour and in order to minimise the problems inherent in the process of such transformation.

However, this does not mean that technology is always a negative factor in the development and well-being of society. On the contrary, as a part of universal human product and heritage, technology can play an important role in the social and economic development of all societies. In fact, social and economic backwardness is always accompanied by technological backwardness and is identified with the use of primitive techniques and methods which generate very low productivity. As correctly noted by Emmanuel, technology is "the driving force which directly brings about its growth, and, following from this, economic development" (55). In fact, it is no exaggeration to say that science and technology have played a crucial role in both the past and present development of the industrialised countries.

In 1974, it was observed that the developing countries, which constituted 70 per cent of the world's population, accounted for only 30 per cent of the world's income, and that the gap between these countries and the developed ones continued to widen (56). One important factor to which this situation is attributed is the lack of advanced technology and know-

how in the less developed countries (LDCs) in comparison to the developed countries. Hence, if the LDCs are to achieve sound economic development, they have to bridge the technological gap between themselves and the developed countries.

It is often argued that, given the prevailing levels of technology employed in the LDCs together with their current rates of growth, it will be impossible for these countries to reach the levels of economic and social development existing in the developed countries without taking advantage of developments in world science and technology. Hence the LDCs should immediately embark on a systematic process of technology transfer from the developed countries in order to benefit from it because they cannot spare the time necessary to invent it themselves. Despite this, some argue that the LDCs "could hardly be at an absolute disadvantage as compared with the initiators of industrial development, since they always have the alternative of devising techniques themselves as did their predecessors in development" (57).

Given the world distribution of science and technology, and given that the benefits of scientific and technological progress are not shared equitably by all members of the international community (58), many writers see the only way out of underdevelopment is by facilitating and improving the conditions of technology transfer to the developing countries by MNCs based in the centre who control between 80 and 90 per cent of the technology which is so transferred (59). Hence, for the LDCs the import of modern technology should be the most important objective of their development strategy. According to this view, MNCs bring with them to the LDCs not only the necessary capital but also the modern technology and necessary managerial know-how that these countries require for their

development. One of the most important contributions to this argument is that of Aghiri Emmanuel (Appropriate or Underdeveloped Technology?).

According to Emmanuel, the international spread of technology can act as a short cut and accelerator for development - a short cut to the development of the LDCs and an accelerator of the development of the advanced countries. Emmanuel criticises all the theories which condemn foreign technology and refers to them as being inconsistent, non-scientific, and having provided only ad hoc definitions. For him, these theories regard foreign technology as a plague while at the same time blame the MNCs for not spreading this plague beyond their enclaves in the host countries.

Furthermore, Emmanuel argues that advanced technology will not necessarily lead to dependence. Rather, independence will be achieved by more advanced technology. He sees the example of Japan's success in crossing the frontier of underdevelopment as a direct outcome of her experience in imitating, copying, plagiarising, and pirating Western technology. The result is that "far from aggravating her 'dependence', (Japan) forged the tools of her liberation and established the means which later allowed her to undertake her own scientific and technical research, and in her turn to pit herself against the West precisely in the field of innovation" (60).

Following this, Emmanuel concludes that the problem does not lie in the transfer of technology but rather with the methods or the vehicles through which technology is transferred. From the point of view of the receiving country, transfer of technology can take two forms:

a) **Direct Form:** The receiving country deals with the foreign supplier (MNCs) to build a factory, for example, from the start of the operation until the completion of the whole factory. The receiving

country then assumes the ownership and operation of this factory. This type of technology transfer is called the 'turnkey basis'. This case may assume another form where the receiving country deals with several suppliers for building a production unit by direct labour, this is known as 'technology breakdown' .

b) **Indirect Form:** The foreign supplier (MNCs) goes to the receiving country and establishes its own production unit which will be financed, owned and operated by the supplier.

He goes on to stress that Third World countries have many choices regarding the manner in which the transfer of technology is carried out. On the other hand MNCs always prefer to be paid for their technical assistance and patents rather than invest their resources in establishing a subsidiary in the host country. The MNCs' best option is to sell their products. If this can not be achieved easily they prefer to sell their technologies especially those protected by patent, since establishing a subsidiary may involve direct competition with their own subsidiaries elsewhere. If the above pathways are obstructed, the MNCs resort to their third and last choice, that is to invest their own capital in the opening of a subsidiary. Contrary to many theories the last option is rarely sought by MNCs, and in this respect Emmanuel provides as an example the expansion of US capital in Latin America, which barely increased between 1929 and 1976. In fact the MNCs prefer to sell their technology rather than invest their capital in the host countries.

MNCs are the most qualified and able to provide a suitable environmenmt for the development and use of technology and know-how. Even if one country possesses the same equipment and technicians who have the same general qualification as those employed by MNCs, it cannot reproduce at

will the 'know-how' which has been built up within the MNC's structure and obtain the same return as the MNC from using the same process.

Technological transfer will contribute to meeting the Third World's principal shortcoming, that is the general cultural level of the population. It will provide the base for that general and elementary Know-how "which makes it possible for someone to use a machine intelligently, even if he is not capable of conceiving it and constructing it from scratch". Hence a new technologically educated middle class and lower echelon technical and managerial staff, down to and including skilled workmen will be developed. Finally, Emmanuel concludes the following: (61)

1- Dependence is the cause of economic backwardness. It does not result from the technology but rather from the lack of it and from the lack of financial means to cover its cost.

2- There is no 'national technology', that is a technology which is compatible with a specific culture. Rather there exist the technology common to all industrialised countries. One cannot seek a technology which corresponds to a particular national culture, since there are only two cultures, one backward because it does not use advanced technology, and the other developed because it does. "It is illusory to seek the technology corresponding to one's culture. A technology that was made to measure for poor countries would be a poor technology. A technology 'appropriate' to the underdeveloped countries would be an underdeveloped technology, that is to say, one which freezes and perpetuates underdevelopment". The best way to raise the technological level of the LDCs to the point at which they will be able to use and develop new techniques in certain fields can be

achieved by importing the technology. Hence genuine independence will be attained.

3- 'Technology is not neutral, it carries with it relations of production of the social structure within which it was created. Therefore "if Western technology carries with it the social relations of a developed capitalism, the indigenous technology which is going to be supplanted by it, carries, according to the same conceptions of technology's non-neutrality, other social relations which turn out to be much more inhuman and retrograde".

4- Despite its shortcomings, capitalism is not a bad dream. It represents a stage of historical development which is higher and more advanced than the less developed capitalism that exists in the LDCs. "If capitalism is hell there exists a still more frightful hell: that of less developed capitalism". Its main contribution lies in that it develops the productive forces and, if this does not satisfy social needs, a more favourable framework for the satisfaction of such needs than that provided by the previous class regimes. The contributions made towards the satisfaction of human needs within capitalist social relations cannot be underestimated.

One can hardly disagree with Emmanuel about the role of modern technology in the economic transformation of the LDCs. It is quite true that modern science and technology can act as short cuts to the economic development of the LDCs and that without them economic dependence and backwardness cannot be overcome. Nevertheless, despite the fact that Emmanuel provides some definitions in the first section of his book which distinguish between technique and technology , one cannot escape noticing that when he discusses technology and its transfer he has too narrow a view of it

since he restricts technology to what he defines as technique.

Furtado's coments on Emmanuel's thesis, are relevant here. He sees technology, "which is the same as saying the knowledge relating to a whole group of techniques, ... present in every form of rational behaviour of man" (62). Rational or logical action assumes the existence of aims and objectives. Since the production of goods, which is one of the social objectives, is a social phenomenon, one must see it within the framework of social structure. Technology, whose aim is to satisfy social needs which in their turn reflect a structure of social domination, should be linked to the social structure and should not be isolated from its historical context.

In other words, technology cannot be looked at merely as a means of increasing productivity since, as we saw in the first part of this chapter, it can be manipulated to serve other more important objectives. The impact of technology is not neutral as far as the social structure is concerned. In fact, the use of technology will always play a significant role in enhancing and consolidating the social structure within whose context it is employed or transferred. Therefore, when technology is implanted by a social structure that both incubates and is a result of economic underdevelopment, the only outcome which can be expected is the aggravation of this underdevelopment.

Emmanuel admits that modern technology is not neutral and that, when transferred to the LDCs, it will bring with it the social relationships of the environment within which it was developed. Therefore modern technology created in the West will introduce capitalist social relations which are far more developed than the dominant social relations of backwardness in the LDCs. Against this one can argue, as Furtado does,

that today's dominant technology carries the brand of the very special conditions of development of capitalism in the United States whose symbols cannot be taken to constitute a universal pattern (63).

Furthermore, there is no reason to believe that modern technology will bring with it developed capitalist social relations similar to those which exist in the advanced countries. This is because the conditions of creation and development of technology, which are to be found only within the internal mechanisms of the developed countries (including that of the exploitation of the LDCs), are not the same as the conditions of technology transfer to other social structures. Thus, since it takes place within the conditions of dependency and exploitation between the developed capitalist countries and the LDCS, the transfer of modern technology created by the former will only intensify these conditions and will act as a 'short cut' for the further dependence of the LDCs upon the developed countries. Therefore the problem that faces the LDCs is not merely the acquisition of modern technology, but also and more importantly the transformation of their social and economic structures together with restructuring external relations if their societies are to become capable of assimilating the transferred technology to satisfy local needs (64).

As to the role of the MNCs, one should place their present spread of technology within the system of an international division of labour which includes considerable dissymmetries. Emmanuel's argument about the role of the MNCs in transferring modern technology to the LDCs, and especially his assertion that the MNCs prefer to sell their technology rather than to invest directly in the LDCs, should not be taken for granted. In fact, there are many cases when the MNCs prefer, and sometimes are even forced,

to invest in the LDCs, especially when they encounter the sets of conditions of capital accumulation that we discussed earlier, which force them to reorganise production in order to secure surplus profits. Facing these conditions they "are compelled by the changed conditions for capital valorisation and accumulation to relocate segments of their production to new industrial sites (within the centre, but increasingly in the periphery) wherever and whenever profitability dicates" (65).

When the MNCs invest in the LDCs they only do so when the host country exhibits a reasonable degree of political stability. Therefore, if the investment of the MNCs can only be profitable after a major process of restructuring of relations between capital and labour takes place, the MNCs will refrain from such investment. The idea, supported by Emmanuel, that the MNC, by investing in an LDC, would guarantee its development chances, assumes that the MNC is able to change social structures in the host country. This is not true since the MNC has no political interest in undertaking such an endeavour (66). Thus if the MNCs are not capable of providing the social environment that will lead to full-employment through the restructuring of the relations between labour and capital, one should admit that their activities including their transfer of technology, are likely to break up the economies of the LDCs even more (67).

In fact, this is often the case in regard to the MNCs' activities in the LDCs. Their investments in the host countries consist mainly of branches and stages of production processes that are integrated only transnationally by monopoly capital. Decisions concerning their operations in the host countries and the nature of the technology transferred are always taken at the international level with no

consideration of local needs or of the appropriate nature of the technology used. It is well known that the operations of the MNCs in the host countries remain as enclaves with no significant linkages with other sectors of the economy. "The disarticulation between sectors which is a structural feature of peripheral capitalist economies is thus maintained" (68). Furthermore, these operations are always oriented to the world market since local needs can hardly compete with foreign demand. The immediate outcome is that scarce resources are channelled into the export sector, thereby accentuating the sectoral distortion of the economy. In addition technological progress driven by the profitability of investment often leads to limiting effective demand under constant wages, and therefore creates conditions of under-employment.

As for the transferred technology, it comes in a 'package' along with capital and management. Empirical studies cast doubt on the willingness and ability of the MNCs to adapt their technology to the national environment of the LDCs, especially to the labour-surplus economies of the typical LDC. If some modifications of the transferred technology are adopted by the MNCs, this is for reasons which are irrelevant to the local needs of the host country. In the case of Brazil, for example, Morley and Smith found that the "size of market or scale was by all odds the most important determinant of their (MNCs) choice of production technique". The differences in the technology used in Brazil from that used in the US "stem from scale differentials, not cheap labour" (69). In this way, adaptation to the low-wage Brazilian economy was not effective. Another study on the same subject in Iran found that "only six out of 27 IAJV (Iranian American Joint Venture) firms adapted their technology to the economic environment of Iran" (70). Even in this small number of

firms, adaptation was carried out mainly because of lack of skilled labour and in order to capitalise on low cost raw materials (71). What is taking place, in fact, "is not a technology transfer but simply an intra-corporate geographical transfer" (72). The host country can do little with this kind of transfer except to offer ideal investment climates to attract MNCs in competition against other countries.

For the same imperatives of profitability and efficiency which primarily affect the MNCs the latter may decide to commercialise their technologies through licencing arrangements and management-contracts, or even sell them to the governments of the LDCs in the forms that Emmanuel described. However, such decisions are always limited by the general tendency on the part of the MNCs to control their spheres of industry, and therefore to resist the transfer of technology and know-how to parties wishing to undertake similar activities. Nevertheless, when the sale is carried out it takes place within a framework that: "all considerations concerning technology transfer are subordinated to one over-riding logic, the accumulation and valorisation of capital. Other developmental and social 'requirements' of the country will not be permitted to interfere with this logic". In addition, public transfer plays a very secondary role to private transfer. It helps to establish some of the institutional and infrastructural preconditions for private transfer to take place (73).

The diffusion of transferred technology is restricted to a minimum by the deliberate efforts of MNCs to retain control of the technology on which the monopoly of a particular MNC is based. When transfers are carried out through licensing agreements, it is often the case that:

> "the licensor sees to it that technical know-how does not seep out into the industrial environment; it even makes technology absorption by the licencee impossible, by preventing the latter from continuing to use the technology after the termination of

the agreement" (74).

Finally, the direct problem which faces most LDCs is not whether or not to acquire modern technology, although this is not an insignificant issue. The real problem which must be tackled is how to create the social and economic structures which can create a large internal market and then assimilate modern technology in a way which responds to local needs. In an economic structure characterised by the absence or weakness of the local market and very low wages, the MNCs' activities will be concentrated in the export sectors. This will only lead to the emergence of a small privileged group with has consumption patterns similar to those of the industrialised countries, and which is not large enough to allow for the profitable production of the items which they want most.

As correctly pointed out by Elsenhans, MNC investment in the Third World does not lead to a substantial increase in the wages of the workers, since one of the main reasons behind such investments is the lower wages paid to the workers in comparison to the developed countries. In addition workers in Third World countries cannot get wage increases, since this would oblige the MNCs to transfer their production units to other societies in the Third World where wages are even lower. In view of the current employment situation in the Third World and the wage increases in the developed countries "the process of 'turning the Centre into a Periphery' by transfer of jobs to the Third World is more probable than a structural change of labour markets in the Third World" (75).

We conclude from the above that creating a social structure capable of expanding the internal market would not only render the transfer of technology really effective for economic development, but also exploit local technologies and direct production towards satisfying mass needs.

In other words, development in the Third world depends more on social processes occuring there. These must be reflected in a pronounced redistribution of income which in its turn will result in a greater homogeneity of demand as well as the restructuring of the economy. Such restructuring cannot be left to the mechanism of the market, which is itself determined by the inegalitarian structure of current demand. The role of the MNCs will be effective if they transfer their technology into social structures capable of supporting growth maintained by the internal market.

4. Technology Transfer to the Gulf States

Despite the existence of studies dealing with the subject of transfer of technology to the Arab countries in general and to certain Gulf states in particular, none of these has looked at technology as a social problem or tried to situate the process of transfer of technology within the context either of the new trends in the international division of labour or of the desire and nature of the ruling social classes. Most of these studies attempt to discuss the general advantages of modern technology for economic and social development or suggest 'favourable' terms for acquiring modern technology (76).

From the discussion in the above sections, we can state that the process of technology transfer to the Gulf countries is an outcome of both the requirements of the new international division of labour and the direct interests of the ruling social classes and strata in consolidating their rule and in satisfying the immediate consumption needs of the population.

A quick glance at the basic structure of technology in the Arab world,

immediately reveals a weakness in the technological ability to meet its needs and to initiate sustained economic development. As an integrated part of the developing world, the Arab countries initially experienced technological transfer from the developed world mainly in the form of foreign direct investment carried out by the MNCs.

Foreign companies, supported and protected by the colonial power, undertook all the processes relating to planning, design, construction, and operation of industrial projects (77). Several of these projects were organised in the form of concessionary companies over which the local governments had very little or no control, and from which they levied minimal taxes or fees (78). The technology used in these projects was very primitive and elementary by the standard of the colonial countries. In fact, the projects were linked in one way or another to the role assigned to the economies of the colonised countries which was that of complete subjugation to the needs of capital accumulation in the developed countries while serving as sources of raw and agricultural materials for industry in these countries.

With the achievement of independence, the Arab states were confronted with the problem of economic backwardness and the need to initiate a multi-faceted development. Industrialisation was envisaged in the majority of Arab countries as the major solution to their economic problems and many industrial and development projects were built by the Arab states. However, "inadequate concern has been expressed for the need to acquire and develop the necessary scientific and technological capabilities and skills that permit a genuine, independent industrial capability, and without which such a capability is impossible" (79).

In the majority of Arab countries, especially those endowed with oil and particularly the Gulf states, technology transfer from the developed countries was viewed as the principal method of development. Such transfer was even understood as the purchase of modern capital goods (machines, tools, equipment), and the 'purchase' of the services of foreign technicians and experts. This resulted in the emergence of an Arab market for technology in which the import of a large variety of goods and services, ranging from arms and capital equipment to complete petro-chemical factories and oil refineries was carried out. The result has been an increasing technological dependence and further integration into a world technological system controlled by the MNCs. In addition, the process of such transfer has proven very costly. It has been estimated that the Arab region has paid about $5 billion a year over the past few years simply to purchase technological software, namely, skills, patents, managerial and training assistance, and design and consultancy services (80). Furthermore, billions of dollars have leaked outside the region for the purchase of certain simple machines, tools, and equipment that could be produced by Arab industry right away or with minor modifications (81).

As for the Gulf States, following the increases in oil revenues, the past few years have witnessed large technology transfers from the industrialised countries. Various industrial projects have been built, most of which are concentrated in oil-related activities such as petrochemical and fertiliser complexes, oil refineries, and building and construction materials. The establishment of these projects has in fact represented the medium through which MNCs have adapted their activities in the Third World in general and in the oil producing countries in particular to the new conditions that emerged after the rush to

nationalise foreign assets in these countries. As stated by one writer, "multinational enterprises are like chameleons, adapting their outward appearance and organisational form remarkably swiftly to changes in their respective environment" (82). Hence, new arrangements in the investment of the MNCs in Third World countries emerged. They included joint ventures, management agreements and service contracts, licencing and franchise agreements, production-sharing agreements, and sub-contracting (83).

These projects were built in spite of lack of absorptive capacity in these countries, and in the absence of a local market large enough to absorb their products. In addition, the whole range of technical and managerial know-how that is necessary for the operation of the technology transferred did not exist in these States and had to be imported together with the technology from the supplying companies (84).

Technology transfer to the Gulf States is carried out in various ways. First, there is joint venture investment, by which an agreement is made between the local government and one or more foreign companies to establish a jointly owned enterprise. Foreign companies provide a certain amount of capital but mainly assume the task of supplying the technology and the managerial and technical experience and know-how for the operation of the new company, including its design and the marketing of the products. Second, licencing agreements, according to which local industrial projects are permitted by foreign companies to use certain trade secrets against repayment of agreed fees. A representative of the supplying company is usually placed as a technical consultant to the local company. Finally, there is the transfer of technology on the turn-key basis, in which a foreign company or companies undertake a series of

tasks which include design, construction, importation of technology, and then hand over the industrial project ready for operation to a local private or public owner. The table below shows the most common forms of technology transfer to some of the Gulf states together with the kinds of industrial activities:

Table 2.1
Forms of Technology Transfer to the Gulf States

State	Forms of Technology Transfer	Industries
U.A.E.	1- Joint Venture 2- Turnkey	Steel, Aluminium Oil Products, Cement
Bahrain	1- Joint Venture	Aluminium
Saudi Arabia	1- Joint Venture 2- Turnkey	Petrochemical, Iron and Steel
Qatar	1- Joint Venture 2- Turnkey 3- Licencing Agreements	Iron and Steel, Fertilisers, Oil Products
Kuwait	1- Turnkey 2- Licencing Agreements	Chemical Fertilisers Oil Products, Construction Materials

Source: Badawi, M.W., et.al. Economic Perspectives; No.1, Jan. 1980

The introduction of the computer system in Kuwait in 1964 represents one form of the transfer of a most modern and complicated technology to Kuwait. As mentioned above, the computer market is monopolised by a very small number of mainly U.S. and Japanese companies which alone control about 90 per cent of world sales. The introduction of the computer took place against a background of a total absence of national technical and

managerial cadres capable of operating the system transferred or adapting it adequately to suit local needs. The Ministry of Planning was the first to introduce the computer system in order to conduct a population census and for other purposes, such as establishing lists of government employees and their salaries (85).

An agreement was made between the Ministry and IBM for the purchase of a number of small computers and the renting larger systems. IBM undertook to maintain and to supply software while it established centres to train local cadres in the new systems. The result was that no long term calculation of the effect of the operation or of the impact of the computer was made since the only concern was that to ease the flow of government and administrative operations. In addition, a series of changes and replacements took place over a very short period of from 2 to 3 years without real and comprehensive use of the available techniques, and with no balance between the training of the local cadres and the new techniques.

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(6) Ibid., p.82.

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(13) Ibid., p.112

(14) Thompson, op.cit., p.79.

(15) Braverman, op. cit., p.179.

(16) Littler and Salaman, op. cit., p.63.

(17) Braverman, op. cit., p.193.

(18) "Feedback systems have thus evolved to the point where a computer hierarchy to control work takes its place alongside the human hierarchy. Just as foremen watch over particular shops, so microcomputers control the operations conducted on particular machines .... feedback systems not only send out instructions but also receive back information from the chain of the computer

hierarchy. On the basis of this information, evaluations of work progress can be made. Computers have begun subjecting to technical control the second element of a control system, the monitoring and evaluation of work performed".
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(19) Huws, U., "New Technology: Our Future or Our Fate",
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(21) Edwards, op. cit., p.125.

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ed. by Herb Addo,Hodder and Stoughton,
London, 1984, p.235.

(23) Quoted by Ibid.

(24) Braverman, op. cit., p.294.

(25) Ibid., p.349.

(26) Ibid., p.355.

(27) Winterton, J., and Winterton, R.,
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The Universities of Leeds and Nottingham, 1985, p.5.

(28) The Guardian, 3 November 1986.

(29) Frobel, et al, op. cit., p.8.

(30) Littler & Salaman, op. cit., p.41.

(31) Ibid., p.38.

(32) Tugendhat, C., The Multinationals:
Penguin Books, london, 1971, pp.14-19.

(33) Stated by Littler and Salaman, op. cit., p.38. For more details on this subject, see: Tugendhat, op. cit.

(34) Quoted by Littler and Salaman, op. cit., p.38.

(35) Hoogvelt, A. M. M., The Third World in Global Development:
The Macmillan Press Ltd., London, 1982, p.57.

(36) For example the sales of General Motors in 1970 were twice as much as the Greek national product in the same year: $18.75 billion against 9.39 billion.
Tugendhat, op. cit., p.20.

(37) Frobel, et al, op. cit., p.8.

(38) "The proportion of Britain's exports accounted for by internal transactions, such as sales by Ford of Britain to Ford of Germany, or by ICI in Britain to ICI in Belgium, has risen to over 30 per cent".
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(39) Hoogvelt, op. cit., p.59.

(40) Astapovich, A.Z., The Strategy of Trans-National Corporations: Progress Publishers, Moscow, 1978, pp.246-247.

(41) Frobel, et al, op. cit., pp.47-48.

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Tugendhat, op. cit., p.14.

(43) Elson, D., "The International Division of Labour", Women Working Worldwide: War on Want, 1984, p.2.

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(45) 'Isa, M. A., al'Aalam al-Thalith w'al-Tahaddi al-Tiknuluji al-Gharbi: (The Third World and the Western Technological Challenge), Dar al-Tali'a, Beirut, 1984, p.94.

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(47) Astapovich, op. cit., p.169.

(48) An investment brochure from Malaysia, in an attempt to attract foreign capital, listed the following characteristics of the working women:
"Oriental women are famous throughout the world for their dexterity. With their small hands, they work fast and pay great attention to detail. Who could be better qualified by nature and tradition to raise the efficiency of an assembly line?.... Wage rates in Malaysia are among the lowest in the region, and women workers can be employed for about US $1.50 a day."
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(49) Frobel, et al, op. cit., p.13.

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(58) "A 1978 OECD survey of world research and development (R & D) expenditures indicates that Third World countries account for a miniscule 2.9%, as against the 97.1% taken up by the developed countries. Within this gross division is a more pronounced concentration of world R & D funds: six countries (USA, USSR, Japan, Federal Republic of Germany, France, UK) between them spend nearly 85% of world R&D funds; the two superpowers, USA and USSR, already take up more than half of global R&D expenditures; and the biggest spender, the USA, spends almost 35% of world money devoted to scientific and technological research and developement".
Aseniero, op. cit., p.225.

"A limited number of MNCs control the information market. American based MNCs play a leading role in this sphere. They exhibit a semi-total control over the computer market with more than 78 per cent in 1979 of the computers used all over the world being of American origin".
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(59) 'Isa, M., A., op. cit., p.252.

(60) Emmanuel, op. cit., p.35.

(61) Ibid., pp.103-107.

(62) Furtado, C., "Comments by Celso Furtado" in Ibid., p.120.

(63) Ibid.

(64) The example of Japan which is cited by Emmanuel as a proof for the positive impact of the Western technology on development and independence, should be rejected. As Furtado stresses, Japan had nothing of what we call 'underdevelopment' in its history. The role of the State in helping to build an industrial base in Japan is well-known. Furthermore, there was no total transfer of Western technology to Japan. Ibid., p.121.

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(82) Hoogvelt, op. cit., p.66.

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CHAPTER THREE

THE ECONOMY AND SOCIETY OF KUWAIT: A HISTORICAL BACKGROUND

In analysing any issue in present day Kuwaiti society, one is immediately confronted with the question of the role of oil in transforming almost every aspect of the economic and social structure. This is because until recently Kuwait was a tiny, traditional, and tribal shaikhdom relying heavily upon activities that were shaped by the desert and sea. Its population was composed mostly of tribal bedouins and a very small number of settlers. This picture was suddenly and drastically disrupted after the discovery of oil and its production in commercial quantities.

This chapter tries to give a brief description of the social and economic structure of Kuwait both before and after the advent of oil. The first section will examine the social and political organisation and the main economic activities that constituted the backbone of the Kuwaiti economy prior to the advent of oil. A brief description of the British intervention in Kuwait and its impact on social and political life will also be made. The second section will trace the role of oil in transforming the economy. The main characteristics of the welfare state system together with its impact upon the different social strata will be analysed. Finally, the political struggle will be discussed, together with the main features of the trade union movement.

1. Kuwaiti Society Before the Discovery of Oil

1.1. Socio-Political Organisation

As was mentioned above the Kuwaiti population was a mixture of nomadic bedouins and settlers. In fact the settlement of the tribes in Kuwait was a relatively recent phenomenon which started around the beginning of the 18th century (1). For climatic and ecological reasons, pastoralism dominated the economic and social life of the bedouin tribes which circulated in the northern part of the Arabian Peninsula.

Two distinct patterns of socio-economic activity based on pastoralism existed in the northern part of the Peninsula: sheep herding and camel herding. Pastoralism, in its turn, gave rise to other activities such as the exchange of animal products against the products of the settlers and the caravan trade. Since pastoralism depended essentially on the availability of water resources, the scarcity of the latter gave rise to tribal warfare and competition.

The tribe was the main unit of economic, political, and territorial organisation. Ownership of grazing land belonged to the tribe and individual ownership of pasture and desert wells was non-existent. Each segment of the tribe possessed the right to graze and to explcit the water resources within a known area that was called the dira (2).

The leader of the tribe was the shaikh (literally 'elder'). The shaikhs were chosen by the tribal council (majlis) to assume two main duties: to arbitrate within the tribe between conflicting factions and to represent the tribe and lead it in dealing with external forces (3). The position of shaikh was often reserved for members of specific families within the

tribe and could be passed from father to son. Fred Halliday dismisses as inaccurate the argument asserted by some 'romantic writers' who assert that the tribe was a 'democratic' institution. He sees the domination of subsistence and the absence of significant surplus for anyone with power to appropriate as the prime cause that gave rise to the above argument.

> ".... Power within the tribe was always reserved for the more influential minority of male family leaders, and their powers of arbitration included powers of economic management. Elder male members of a tribe also had the power to fix bride-prices and to arrange marriage; this too gave them control of one of the key means of allotting and transfereing wealth within tribal society". (4)

Thus, social stratification was more pronounced among the tribes. Some tribes which assumed an elite position vis-a-vis other tribes claimed that they were the descendants of the Prophet or of the noble tribes of Arabia. In fact such stratification emanated mainly from the type of economic activities practised by the tribes, and specifically from the pattern of pastoralism. Ownership of camels, for example, allowed the tribe to be more mobile to cover and control a large area and provided its members with the means of survival while conferring upon them an aristocratic and hegemonic position. Such tribes maintained their exclusiveness through rules of marital exchange that precluded intermarriage with tribes of non-*sharif* (descendant of the Prophet) origins. On the other hand, the less mobile sheep herder tribes became subservient to the *sharif* tribes to whom they paid tribute (*khawa*) or provided services of shelter and security (5).

Pastoralism remained the dominant economic activity in the northern part of the Peninsula until the 18th century when, following the European involvement in the Arabian Gulf, many social and economic changes began to take place. This involvement gave rise to trade along the Arabian

coast of the Gulf which resulted in the emergence of new commercial centres along the Gulf.

These new developments and especially the revival of commercial activity, gave impetus to a transition from nomadic to sedentary life for some of the northern tribes, who settled along the coast. They became increasingly involved in the trading activities in and around the newly established centres which later came to constitute the Gulf states.

Among the earliest families to settle in Kuwait were some tribal sections of the Bani Utub who were mainly from the families of al-Sabah, al-Khalifa, and al-Maawdah. According to some historians (6), the Bani Utub belonged to the great Anizah tribe (a powerful sharif tribe). Following an intra-tribal confict that resulted in their expulsion from their dira, they went to Qatar where they stayed for about fifty years. Their relations with the ruler of Qatar were soon to deteriorate so they moved once again to the north and settled in Basra before establishing themselves permanently in Kuwait.

Before this settlement, Kuwait had served as a small trading centre for the tribe of Bani Khalid in which the Amir of this tribe had built a small Kut (fortress) for the storage of food and ammunition. For various reasons, the Bani Khalid control over Kuwait experienced a remarkable decline during the 18th century in favour of the newly settled al-Sabah family who established their authority in about 1752 and maintained their independence despite various threats.

The al-Sabah family was soon able to confine political power to its own lineage. Partly as a result of its desert orientation and partly to protect itself from outside threats, the family sought the support of

other tribes by marriage and sometimes by offering them financial help (7). Zakat (tribute), which was paid by tribes to the paramount shaikh of their area constituted the most important source of income for the al-Sabah family.

The growth of Kuwait as a transit port and the development of pearling and shipping industries helped in the emergence of a merchant bloc composed of families other than al-Sabah family. The Persian occupation of Basra in the later part of the 18th cenury forced many well-known merchants to leave the city and to settle in Kuwait giving a big impetus to the trading activities of Kuwait.

The development of commercial activities contributed to the weakening of the authority of the ruling family and rendered it economically dependent on the newly emergent merchant groups. In fact there were many occasions when the ruler was forced to borrow sums of money from the Kuwaiti merchants (8). However, such dependence was soon to be weakened by the growing economic wealth of the Kuwaiti ruler which resulted mainly from his acquisition of large tracts of land in Iraqi Fao and the development of a relatively complex system of taxation on most economic activities (9). Nevertheless, one cannot talk about a definite separation between the merchants and the ruling family since there existed a great deal of kinship and marriage interrelations between the two.

1.2. Economy: Trade and the Pearling Industry

From the outset, Kuwait possessed many features which favoured its emergence as an important trading centre. Its population was able to participate in the prospering Eastern trade that Kuwait came to dominate thanks to its location at the head of the Gulf. This was to prove very important after the introduction of steamships following growing British involvement in the Gulf. The virtual absence of other economic activities, such as agriculture, placed trade at the top of the social and economic life of the recently settled tribes. This has played a crucial role in the rapid development of Kuwait from a small fishing centre into a major port that was later to act as a link between Europe and India.

The liberal trading policy that was practised by the Bani Utub in the form of the virtual absence of taxes made it easier to attract merchants and capital from the surrounding areas. Furthermore, the occupation of Basra by the Persians (1775-1779) led to the migration of the wealthiest merchants from Basra to Kuwait which resulted in the virtual shift of trade from Basra to Kuwait. The latter "became important as a centre for nearly all the caravans carrying goods between Basra and Aleppo" (10).

The main outcome of this development was the rapid accumulation of commercial capital, which gave rise to other flourishing economic activities, notably the ship building and pearling industries. The latter contributed in their turn to the enhancement of trade. Kuwait acquired ships - probably imported from India - large enough to make the sea voyage to India, giving Kuwaiti merchants direct access not only to Indian goods but also to the timber necessary for Kuwaiti ship construc-

tion (11). The local inhabitants provided the labour and supplied the merchants with exportable products such as ghee and horses.

With the help of the migration of merchant capital to Kuwait, the ship-building industry developed to such an extent that Kuwait soon became an exporter of ships to the entire Gulf. In fact the number of ships which were built and owned by Kuwaiti merchants exceeded that of other trading centres along the Arabian coast of the Gulf (12). The large vessels carried pearls, Iraqi dates, wool, horses, and passengers to India and East Afica and on their return they were loaded with teak planks, rice, sugar, tea, coffee, cloth, and other goods for the neighbouring ports and the local Kuwaiti market.

The pearl industry rapidly grew in importance with the gradual, but rapid, increase in world economic activity. It was soon to become a major activity that employed almost the entire Kuwaiti labour force at the end of the 19th century. The number of ships engaged in the pearl industry increased from 461 in 1907 to 812 in 1912. In the latter year the pearl industry employed around 30,000 workers and brought a total income of Rs. 6 million (13). With a value of exports of £111,000 in 1926 (14), the pearl industry became the dominant economic activity in Kuwait and remained so until the commercial production of oil in this century.

Merchants played the leading role in providing the necessary capital for the pearl industry. This was through the development of a system of financing which resembled, to a great extent, that prevalent in feudal agriculture. This system determined the division of profits amongst the different groups of workers engaged in the industry (15). It also accounted for the fact that most of the labour force employed in the

pearling industry was connected through a cycle of debt to the merchants who financed the pearling expeditions.

The merchant provided the capital to the captain of a ship against assurances of repayment with relatively high rates of interest. The captain used the money as advances or loans for the recruitment of the necessary number of crew. If, for example, the captain failed to repay his financier he was obliged to sell the pearls to the same merchant-financier merchant. As for the crew (divers and pullers), if they were unable to pay back the advances given to them by the captain, they were forced to continue to work for the same captain (16). Failure of repayment always led to the expropriation by the merchants of all property that his clients might have possessed. The debt was often still outstanding even after the death of the indebted crew member, so that his son or brother would be forced to work for the same merchant or captain until it was repaid.

1.3. British Intervention and its Impact on the Socio-Political Organisation in Kuwait

The British role in the history and the organisation of the internal and external affairs of Kuwait was very important. It was decisive in the development of the social and political structures of the country. One of the main reasons for increased British involvement in the Gulf region was its concern to secure trade routes with the East, mainly with India, and to undermine the potential influence of other colonial powers in the area.

Britain made its first contact with Kuwait in 1775 after the Persian

occupation of Basra and the subsequent shift of the desert mail (of the East India Company) from Basra to Kuwait. A series of treaties were made between the British authorities and the main shaikhs of the region in an attempt to exclude the influence of other European powers in the area, and gave Britain the sole right to combat the 'acts of piracy' that used to threaten its links with the East (17). Britain's success in Kuwait was due to a series of political developments which eventually brought Shaikh Mubarak to power in a coup d'etat in 1896. Britain signed a 'protection' treaty with him in 1899 that made it the sole effective foreign power in Kuwait (18). In 1904 the first British political agent was appointed, and in 1907 Britain managed to sign a secret agreement with Shaikh Mubarak under which the port of Shuwaikh became a British naval base. In return Britain acknowledged the sovereignty of the al-Sabah family over Kuwait and exempted the Shaikh's landed properties in Fao from taxes. Thus Kuwait gradually came to be under the firm grip of British political control.

Folowing this involvement, British commercial activities in the region began to expand considerably. As noted by one writer:

> In 1904, British steamers began to call at Kuwait regularly, and by 1905-1906 (they) were .... carrying to Kuwait more than 50 percent of the total value of goods imported there. (19)

Hence, Britain with its steamers soon dominated the import-export activities of the Kuwaiti economy. This prepoderance was further enhanced by the agreement of 1934 which extended British control and influence over the exploration and production of newly discovered oil deposits. Another agreement was made in 1949 which expanded British authority to include foreigners and Western companies operating in Kuwait.

These agreements enabled Britain to determine not only Kuwait's foreign

policy and its commercial relations with other states, but internal affairs as well. This was manifested in the fact that Political Agents and Officers representing Britain in Kuwait became de facto rulers of the country. They soon acquired the respect of the al-Sabah family which looked upon them more as masters than as equals (20).

Britain's its flourishing economic activities in Kuwait contributed to the marginalisation of local commerce which increasingly became confined to "the marginal subsistence market and products" (21). The rulers, backed by Britain, gradually emancipated themselves from their merchant creditors, and were able to introduce heavy taxes and levies on almost all economic activities, especially the pearl and boat building industries (22). The tax revenues were privately appropriated by the rulers to support their power and authority.

The ruling family was soon to emerge as the most powerful and influential social and economic force in the country after the British. Autocratic rule became a dominant feature of the political system. This resulted in the alienation of the merchant bloc from political power which led to frequent serious strains in internal relations and confrontation with the ruling family (23). As a result, the rulers tried to encourage the bedouin tribes to migrate to Kuwait in order to play a part in the balance of forces, and to provide the ruling family with the political support it needed. From now on, the bedouin came to constitute the major element in the state army and police forces.

At the same time, the ruling family failed to introduce any significant changes or improvements in public services or administration. Illiteracy and appalling health conditions were common. Ironically, it was the merchants who introduced the first primary school in Kuwait in 1912 (al-

Mubarakiya) (24), reflecting the absence of any concern on the part of the ruling family for the spread of modern education.

1.4. Emergence of Opposition: The Reform Movement

The growing autocracy of the ruling family, the political alienation of the merchant bloc, their exclusion from capital accumulation, and the evident lack of reforms gave rise to an opposition movement. In the beginning, this movement manifested itself in the form of protests and petitions made by leading merchants against various practices of the ruling family.

Leading merchants presented a series of demands spelled out in a petition addressed to the ruling family after the death of Mubarak's second son, Shaikh Salim (1917-1921) (25). The petition requested them to establish a consultative council (Majlis Istishari), and hoped that the succession would take place in a calm atmosphere.

Shaikh Ahmad al-Jabir, who was later nominated by the family, immediately approved the formation of the council. Twelve members were then elected from among the most influential merchants and notables in Kuwait. However, the Consultative Council lasted only two months. It was crippled by disputes and fighting among its members which resulted in its dissolution and disintegration, leaving Shaikh Ahmad once more with absolute authority.

However, the real significance of the formation of the council, as Jacqueline Ismael correctly notes, lies in the fact that it:

> "became the basis of the demand for parliamentary government as the society edged toward bankruptcy in the thirties as a result

of the process of underdevelopment". (26)

Anti-government agitation and growing demands for social reforms characterised the political scene of the 1930s. This was set against a background of widespread poverty; government maladministration and corruption (27); what was felt to be very heavy and capricious taxation (28); and a total monopoly on political power and economic decisions by the al-Sabah family . Opposition and protests against the ruling family started to assume a more sophisticated form, and were fostered by economic decline. These feelings manifested themselves most clearly in March 1938 when a wave of mass protests and demonstrations took place in Kuwait demanding the introduction of reforms into public and political life. Arrests were made and some participants were forced to reveal under torture the names of the most active organisers (29).

Encouraged by the British Political Agent, the leading merchants emerged as the leaders of a moderate opposition movement and sought reforms within the structure of al-Sabah authority (30). In 1938 they formed an underground society al-Kutlah al-Wataniyah (The National Bloc) (31). The latter sent a petition to the ruler (Amir) demanding that he fulfill his 1912 pledge and form a legislative council. Under British pressure, the ruler accepted the demands, and an election to the People's Legislative Council took place . Fourteen representatives were elected from among the leading merchants.

The Council was immediately confronted with the task of introducing some desired changes. A series of economic reforms were enacted, abolishing many taxes formerly paid by the merchants. For example, rents on shops and commercial places were reduced and customs taxes on exports abolished. Many reforms in public administration and state security were

introduced. Education was to be allocated more government funds. Three government schools, including a school for girls, were established, started by a number of teachers from Palestine, while many students were sent to Baghdad and Cairo (32).

The formation of the Council represented, according to some writers:

> "the ascendence to power of bourgeois interests in Kuwait - that class of capitalist interests that had been affected by the closure of commerce with Najd and the economic decline of the thirties.... (Its reforms), in fact, reflect the bourgeois ideology of free enterprise in a system of law and order.... (the Council), then, represented a progressive expression of autonomous capitalism in Kuwait. Infected with the euphoria of nationalism and seeking the expansion of markets, the bourgeois interests were ultimately in contradiction with the relations of production of dependent capitalism." (33).

Yet looking from a historical perspective, al-Rumaihi sees the formation of the Council and the reform movement of the thirties as an attempt aimed at:

> "internal reform without confronting other problems, such as the nature of the regime or the relation between Kuwait and Britain or other Arab states in general..... The leading social stratum that headed the movement .... was formed from among the new emerging class which, after assuming some political privileges, did not allow the rest of the society to participate (in the movement)". (34)

Unfortunately, this reform movement did not last very long. The Shaikh dissolved the Council at the end of 1939 and immediately formed an appointed one. This in its turn was soon to lose its significance for the shaikh replaced it with a Consultative Council of his own. This was composed of members of the ruling family and some wealthy merchants. In fact relationships between the merchants and the ruling family were to undergo fundamental changes following the advent of the large oil revenues. It was not long before the state itself became the main source of capital accumulation, rendering the merchants and the indigenous

bourgeoisie as a whole dependent on it, and thus a drastic restructuring took place in their relationship with the ruling family.

2. Post-Oil Kuwaiti Society

2.1. The Discovery of Oil and its Impact on Society

By 1913, after a series of agreements with Shaikh Mubarak, the British assumed full rights of oil exploration in Kuwait. Nevertheless, it was only after 1920 that the possibility of oil production really emerged. During this period, Major Frank Holmes, a representative of the Eastern and General Syndicate (EGS), a small company based in London, entered into negotiations with the then Ruler, Shaikh Ahmad al-Jabir, seeking to secure oil concessions (35). In 1928, after holmes had concluded an agreement with the (American) Gulf Oil Company, the British authorities advised him that if application for an oil concession in Kuwait was to be considered, the British 'nationality' clause must be included. This clause read:

> "The Company shall at all times be and remain a British company registered in Great Britain or a British colony, and having its principal place of business within His Majesty's Dominions, the Chairman and the Managing Director (if any) and a majority of the other Directors of which shall at all time be British subjects". (36)

However, EGS was soon to enter into competition with the Anglo-Persian Oil Company (APOC) which represented British oil interests in the Persian Gulf. Both companies sent their proposals to Shaikh Ahmad al-Jabir who aimed at securing a better offer. Finally an agreement was concluded by the two companies that resulted in the formation of the Kuwait Oil Company (KOC) under British registration, jointly owned by the Anglo-

Persian Oil Company and the Gulf Oil Company. KOC was immediately granted a concession over Kuwait for a period of seventy five years. It began its operations which culminated in the discovery of oil in 1938 at the field of Burgan. Later, concessions were granted to the American Independent Oil Company in 1948, to the Arab Oil Company (a Japanese oil company) in 1958, to the Kuwait National Petroleum Company (KNPC) in 1960, and to Royal Dutch Shell in 1961.

By June 1946 eight productive oil wells were connected through pipelines and a pumping station to one gathering centre which produced 30,000 barrels of oil a day destined for export. In March 1951, Burgan's 113th well was drilled, and by the end of 1953, a total of 149 producing wells were connected up to eight gathering centres. Hence, it was not long before the greatest fleet of tankers ever to assemble at one time was moored near al-Ahmadi oil terminal; "at one time the armada of vessels waiting to be loaded queued line astern for several miles" (37). By September 1958, "total production from the Burgan oil field alone passed the 3,000,000,000 barrels mark. The wells of the Burgan field have an average yield of 6,000 barrels per day" (38).

The impact of oil upon Kuwaiti society was immediately felt. It gave a completely new aspect to Kuwait as a whole by permitting it to enjoy enormous wealth. This was helped by the spectacular increase in oil production between 1950 and 1953 in order to fill the gap that was created by the cut off of Iranian oil. Kuwait's production increased from 17 million tons in 1950 to 46.9 million in 1954. In fact "Kuwait became the largest producer in the Gulf, only being outstripped by Saudi Arabia in 1966" (39).

The arrangements between KOC and the state remained unaltered until the

early seventies, when, the Kuwaiti government, together with the other Gulf states of Saudi Arabia, Abu Dhabi, and Qatar, began to negotiate with the oil companies for state participation in the running of their own oil industry. In October 1972 new arrangements were agreed upon between the oil companies and the Gulf states under which "government companies were to get an immediate 20 per cent share in the local operations; this was to rise to 25 per cent in 1975, by 5 per cent in each successive year, and in 1983 local participation was to be 51 per cent" (40). Compensation was to be negotiated separately by each government with the oil companies operating in its own country.

This agreement was rejected by the Kuwaiti parliament which demanded full nationalisation (41). In 1974, Kuwait reached another agreement with the KOC which resulted in raising the government share to 60 per cent of the company, and which later came to include the other oil companies in Kuwait. Finally, in May 1975, the government announced the nationalisation of all the shares of the oil companies operating within its boundaries. However, such nationalisation, despite increasing state involvement in the oil industry, did not change the actual process of production and marketing which remained completely under the control of the multinational oil companies.

The advent of enormous oil wealth was bound to produce important changes in the society, particularly at economic and political levels. The pearling and boat industries experienced a gradual but rapid decline, and they were soon to be abandoned. The ruling family's monopoly of the large oil income and its distribution enabled it to become politically and economically independent of the merchants. In fact the picture of relations between the ruling family and the merchant bloc was completely

reversed. After the decline and the gradual desertion of traditional economic activities, the merchants themselves became dependent upon the state and its ruling family for both capital accumulation and economic expansion.

The major transformation in Kuwaiti economy and society and the introduction of a welfare state system took place during the rule of Shaikh Abdulla al-Salim (1950-1965). This transformation, which was made possible by oil wealth and the government expenditures on development projects which flowed from it, marked the beginning of Kuwait's integration into the world capitalist market. Such integration manifested itself in Kuwait's almost total dependence on the export of crude oil for generating and satisfying its internal demand for Western commodities and foreign labour. By 1961/62 oil exports accounted for almost 98 per cent of total exports and oil revenues constituted 92.3 per cent of total government revenues in the same year (see table 1).

Following the advent of oil wealth, there was a rapid increase in population caused by the influx of labour from other countries, and the settlement (and naturalisation of the tribes. Population increased almost eight-fold over a period of about twenty-five years, from an estimated 90,000 people in 1946 to approximately 740,000 people by 1971, and over one million by 1975 (42). It was estimated that the annual rate of population growth reached a record of 16 per cent during the fifties following the sudden expansion of the economy. However, the average annual rate for the last thirty years was estimated at 8 per cent.

TABLE 3.1
Indicators of the Economy's Dependence on Oil
1961/2-1975/6

	Oil Export/ Total Export (%)	Oil Revenues/ Govt Revenues (%)	Share of Oil in GDP (%)
1961/2	97.8	92.3	N A
1963/4	97.3	91.9	N A
1965/6	97.2	92.0	63.1
1967/8	91.5	84.1	54.4
1969/70	95.5	91.5	56.3
1971/2	95.0	92.4	67.1
1973/4	96.4	92.5	68.6
1975/6	93.0	98.1	70.0

Source: Khouja, M. and Sadler, p., The Economy of Kuwait: Development and Role in International Finance; Macmillan Press, London, p.35

2.2. The Establishment of the Welfare State and the Distribution of Oil Revenues

The establishment of a welfare state and the subsequent development in the social structure that in its turn resulted in the emergence of new socio-economic groups connected directly and indirectly to that state began as early as 1951. The tribal customs and traditions which long prevailed in Kuwait when it was a desert society, largely explain the attitude that the government has assumed in the creation of a state welfare system (43). Most of the capital development expenditure, which amounted to £90 million, was directed towards the expansion and development of various social services.

The improvement of health conditions (44) and the expansion of education, housing, subsidies, employment, and social security, as well as the construction of a relatively large infrastructure (airports, roads, telecommunications etc.) has consumed the largest part of government expenditure. According to Jacqueline Ismael "between 1962/63 and 1978/79 expenditure on public services increased from KD* 27.4 million to KD 291.8 million" (45). This has enabled the government to institute health, education, housing, and leisure programmes as free public services.

As a result of government expenditure, the growth of Kuwait's labour force during the fifties and early sixties was remarkable. It averaged about 9 per cent per annum during the years 1946-1957 and over 16 per cent annually in the following eight years (46). In fact, this was mainly

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* Until 1982 1 KD (Kuwaiti Dinar) = 1000 fils = £2 sterling = US$3.40 - $3.60. In Nov.1982, 1 KD = $3.32

due to the rapid growth in infrastructure rather than any growth in the oil industry which had been completed by this period. The latter sector's contribution to employment was very low and indeed decreased from 3.1 per cent in 1971 to 1.4 per cent in 1980 (47).

Without a doubt, the most striking feature of Kuwait's development programme has been its very considerable dependence on imported foreign labour. Following the advent of oil wealth, there was a huge influx of foreign workers from Palestine, Egypt, Iraq, Iran, and South and South East Asia. As shown in the table below, the increase in the foreign labour force reached 147.1 per cent during the period between 1957 and 1965, whereas that of the Kuwaiti labour force increased by only 51.6 per cent. By 1980 non-Kuwaitis constituted 78.1 per cent of the total labour force.

TABLE 3.2
Labour Force in Kuwait

Year	Kuwaiti	% Increase	Non-Kuwaiti	% Increase	% Total
1957	28,342	----	57,182	----	66.8
1965	43,018	51.6	141,279	147.1	76.6
1970	65,369	52.0	176,827	25.2	73.0
1975	91,844	40.5	212,738	20.3	69.8
1980	107,760	17.3	383,749	80.4	78.1

Source: Lawson, Fred, "Class and State in Kuwait", MERIP Report; May 1985, p.19.

The expansion of social services meant that the government became the

largest employer, absorbing almost half of the total Kuwaiti and non-Kuwaiti labour force. Thus, as early as 1955, 55.6 per cent of the labour force was employed in the state economic sector. In other words, the majority of Kuwaitis became employed in the civil service sector. In 1973, for example, 10.8 per cent of the total Kuwaiti population were employed by the state (excluding those who were in military and security apparatuses), a very high percentage in comparison with the 3 per cent of many other countries (48). This has created, especially from among the labour force of Kuwaiti nationality, a substantial group of civil servants and executives. In fact this resulted from the state's deliberate policy of guaranteeing a job in the public sector to all Kuwaiti citizens, male and female alike. In its turn, this policy explains the high standard of living that is enjoyed by the Kuwaiti population. Moreover, overstaffing has become a dominant feature of the government administration. As noted by the observers of IBRD:

> Even a cursory passage through 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.... There is a profusion of forms and ledgers, often individually well designed and always beautifully printed, which have to be filled out laboriously, in many cases with data that already are easily accessible in other forms and ledgers. At the same time, important data are seldom available. 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 ...there are, of course many exceptions to this general image, but a classified civil service of about 38,000 members serving a population of about 350,000 speaks for itself. (49)

Government expenditure on the social services and its liberal welfare and employment policies led to a rise in living standards which has increased the level of consumption of the population (50), and created greater demand for luxury commodities supplied by the Western market. The Kuwaiti economy rapidly became dependent on the outside world to satisfy its

needs for goods and services. This meant that the revenues drawn from the export of oil were recycled back to the Western countries from which the goods and commodities were imported.

Despite covering a large section of the population, government expenditure constituted a major mechanism of social stratification. The traditional merchants were the first to adapt their activities to the newly created demands for goods and services, and thus benefitted immensely from the oil wealth. Thus, on the one hand, they became agents of the multinational corporations, and on the other were increasingly dependent upon the state for the accumulation and expansion of their capital.

Another form of government expenditure which has represented a form of free distribution of oil wealth to the private sector is the programme of land purchase. Following the initiation of this programme, the government conducted a process of land evaluation to facilitate its purchase from its owners. This process involved the evaluation of the land at a much higher rate than that prevailing in the land market.

The proclaimed purpose of this programme was to achieve a fair and rapid distribution of oil revenue among the indigenous population and to induce the private sector to play a more significant role in the building of the economy. Thus, during the 1960's alone, the government spent over KD 572 million on land purchases: in 1981/82 the figure reached a record amount of KD 444.1 million, bringing the total amount spent on the purchase of land between 1975/76 and 1981/82 to about KD 1.7 billion (51). On average, until 1987 the annual cost of the land purchase programme represented about 25 per cent of total public expenditure and 24 per cent

of total oil revenues (52).

Nevertheless, it soon became clear that the programme was an inequitable way of distributing the wealth because it came to serve a minority of people, mainly from among the ruling family and the merchants, who managed to accumulate huge sums of money following the sale of their land to the government. In fact, in anticipation of the government programme, they were able to claim large tracts of land through various means, and registered them as private property in the newly established Department of Land Registry (53). The lands were then sold to the government at highly inflated prices for the construction of public projects such as roads, schools, hospitals, and government buildings. Furthermore, in order to induce the private sector to become active in the field of house construction, the government would subsequently sell back the surplus land to the public, recovering only a fraction of the cost of acquisition.

One of the most important effects of the land purchase programme and its manipulation was the accentuation of the pattern of income inequality existing during the pre-oil period. More importantly, the programme has placed some social strata in a more effective and commanding economic position. In fact, wealth quickly accumulated in the hands of these strata by selling land to the state, and by constructing residential and commercial buildings on cheap land bought back from the government. Moreover, those who benefitted from this programme were soon to invest the bulk of their capital abroad, thus proving that the programme had failed to invigorate the Kuwaiti economy (54). In fact some argue that the programme "tended to weaken entrepreneurial ability because of the growth of dependence on the government as a source of income" (55).

Furthermore, despite the expansion of the state's economic activities to include almost all social services, the government adopted a policy of free enterprise during the sixties, and left the bulk of internal and external trade in the hands of the private sector. Soon the traditional merchants with the help of the land purchase programme became heavily involved in the newly emergent and lucrative occupation of importing mainly Western goods and commodities.

Despite the expansion of the financial institutions in private and public investment, there was no matching expansion of manufacturing industry or agriculture, except for hydrocarbon based industries. By 1965, concerns employing fewer than ten persons each made up 87 per cent of all manufacturing firms in the country. They produced mainly food products, clothing, and furniture. By 1971/72, industry represented only 3.1 per cent of GDP, increasing to 4.9 per cent by 1975/76.

Various reasons limited industrial expansion. The most important of these were the complete integration of the Kuwaiti economy into the world capitalist market; the lack of indigenous labour; the prevailing tendency of local capital to invest in activities such as trade and speculation that brought easy and fast profits with minimum risks; and the free enterprise policy fostered by the government.

The pattern of income distribution suffers from a significant degree of inequality which has widened over time, partly because of the increasing proportion of non-Kuwaitis in the population. Thus while the top 5.5 per cent of the populace received about 31.6 per cent of the total income in 1972/73, 57.5 per cent of the rest received only 24 per cent, with a monthly income of less than KD 250 (56). Inequality in income

distribution also exists amongst Kuwaitis themselves. It is estimated that the top 10 per cent of Kuwaiti households collect more than 40 per cent of the total income received by this group (57). Such inequality, whether between Kuwaitis and non-Kuwaitis or amongst the Kuwaitis themselves, has been aggravated by recent rises in the cost of living, particularly with regard to rents and prices of consumer goods.

In short, the establishment of the welfare state was expressed in total dependence upon a single commodity, oil, as a source of income. Oil wealth has fostered both a relatively high living standard for the population within the context of underdevelopment and sectoral imbalance, and the accumulation of large amounts of capital in the hands of a few merchants and members of the ruling family. However, the most striking outcome has been the development of a consumer society dependent entirely on the outside world, not only to satisfy its needs for goods and services, but also to supply labour to carry out almost all economic and non-economic activities. This has made both the economy and the society extremely fragile, with oil wealth being the most important factor of social, economic, and political cohesion.

2.3. Political Developments and the Emergence of Trade Unions

Again, the advent of oil produced a process of social transformation that was represented in the crystallisation and homogenisation of the interests of the dominant class factions. As one faction of this class, the ruling family was able to accumulate large amounts of capital and to organise the distribution of the oil surplus. In addition it had control over the political decision making process and the means through which the official ideology was diffused. By virtue of its domination over the state apparatus:

> "The ruling family effectively controls a tremendous surplus that has made its lifestyle the most opulent in the world and far out of reach of the average Kuwaiti. The shaikh's (ruler) personal income from oil revenue in 1973, for example, was KD 8 million. With the introduction in 1961 of a distinction between the privy purse and public revenue, members of the ruling family began receiving a substantial share of oil revenue in the form of permanent salaries - amounting to 8 per cent of oil revenue in 1975". (58)

Partly as a result of the new challenges that it started to face after the emergence of new social and political forces, and partly to coordinate its own interests against opposing factions within Kuwaiti society, the ruling family set up a ruling council from among its members. This council meets regularly to discuss the difficulties facing the family in running the country.

With the help of oil revenues, the ruling family sought to consolidate its political power through the establishment of some form of cooperation with various groups, particularly certain factions from merchant and notable families, and the bedouin. This was carried out either in the manner in which oil wealth was apportioned, or, especially with regard to

the bedouin, through marital alliances and employment in the state police and army apparatus.

The other faction of the dominant class was represented by the merchants and the notable families who were incorporated into it through the distribution of oil wealth. This group became increasingly dependent upon the state, and allied themselves with the ruling family. The merchants were composed of different ethnic and religious groups, all of whom became concerned to preserve stability of a political system that gave them more opportunity to accumulate capital. They became integrated into both the central administration and the state-supported shareholding companies in the post-oil period (59).

The ruling family and the merchant community together started presented themselves as an increasingly coherent unit vis-a-vis other social forces which began to demand a more equitable and rational distribution of the oil wealth. The most significant political response of the dominant class towards an interplay of factors which included an external challenge (60), was to create an elected all-male National Assembly in 1962. This was not an attempt to introduce a genuine democratic and representative body as much as a pragmatic response to various challenges. The al-Sabah family sought to maintain the political system without having to make radical changes or surrender their domination over its structure. It was meant to gain the support of both old and new social forces through incorporating them, or at least opening an opportunity to do so, into a National Assembly.

Nevertheless, the ruler assumed right to dissolve the Assembly and to suspend articles of the Constitution. Thus when the Assembly proved an embarrassment to the dominant class, it was dissolved by the ruler on two

occasions (August 1976 and June 1986). This merely proved that its main function was to maintain the rule of the al-Sabah family and its allies under a mantle of democracy and legitimacy (61).

The expansion of government social services and the state's deliberate employment policy with regard to Kuwaiti citizens led to the creation of a relatively large middle social stratum mainly employed in the state services sector. In fact 59.9 per cent of the Kuwaiti labour force belong to this stratum (62). They entered into their positions in the state apparatus after having experienced modern education often outside Kuwait, especially in other Arab countries. This factor, when combined with their social and economic position which was affected, to a varying extent, by state policies favouring the dominant class, led to anti-regime political activity by educated members of this group. In fact, it was not long before their representatives began to pose a challenge to the political system as a whole.

These representatives emerged mainly from among groups of students who had received their education in certain Arab countries, chiefly Egypt and Iraq, and were influenced by the revival of Arab nationalism and the struggle for independence. They formed various societies and associations, the most important of which was the National Cultural Club. Through these societies, a programme denouncing British involvement, administrative corruption, and the inequitable distribution of wealth began to be spelled out. Calls for Arab unity and liberation from the shackles of colonialism were combined with calls for an end to the autocratic rule of the al-Sabah family. These demands formed a core which attracted activists of what later came to be called the 'National Arab Movement'. This movement became more crystallised after Kuwait achieved

its independence, and specifically after the establishment of the National Assembly.

In June 1961, a treaty of independence was signed between the ruler of Kuwait and Britain, bringing to an end the protection treaty of 1899 and replacing it by a friendship agreement that recognised Kuwait as an independent state. Soon after that the Amir of Kuwait approved a draft Constitution drawn up by a Provisional Constituent Assembly. The Constitution defined the distribution of the executive and legislative powers. The former were concentrated in the hands of the Amir and the Council of Ministers, while the latter were the responsibility of the Amir and the National Assembly. The Constitution guaranteed rights of association, press, and religion, but banned the formation of political parties which were viewed as destructive to the unity of the Kuwaiti people (63).

In January 1963, the first general election to the National Assembly took place. The Constitution only gave the male section of the population the right to vote. The election resulted in the formation of a 50 member Assembly. Eight members of the 'National Arab Movement' managed to win seats in the Assembly. They formed the opposition to the ruling family and its allies, and were able to enunciate on different occasions, the demands and aspirations which have been summarised above.

From now on, Kuwaiti politics was dominated by the division between the ruling family, with the merchants and the notables rallied behind it, and the nationalists who were able to present alternatives mainly through the Assembly and a few newspapers. However, such a division was overshadowed by the constitutional powers that the Ruler managed to assume in

dissolving the Assembly and banning, or at least restricting, the opposition press. Thus every time the nationalists were able to make their voices heard or caused an embarrassment to the dominant class they were faced with the exercise of the Ruler's rights. The result was the dissolution of the Assembly with the nationalists being unable to organise any form of popular mobilisation against this measure as was the case in 1976 and 1986 (64).

There remains the Kuwaiti 'working class'. A quick glance at its present structure reveals that it is composed, as we saw earlier, of a majority of non-Kuwaiti workers who migrated to Kuwait following the advent of the new era. The bulk of it is employed in the construction sector, and in a number of workshops and small industrial concerns. Since most migrant labourers have only temporary residence in Kuwait, depending on the nature of their jobs, the workforce is changing continually which makes it unstable. Furthermore, workers suffer discrimination as a result of deliberate wage and employment policies together with national, ethnic and cultural considerations. This has rendered the 'working class' in Kuwait, or at least its largest section, devoid of class consciousness, making it impossible for it to express its demands in any form of political action. Thus its political influence, as a class, is minimal (65).

As for the Kuwaiti section of the workers, state employment policies and the expansion of the state services sector have made the number of Kuwaitis who are involved in the direct process of production very small. In fact, in comparison with the majority of foreign workers, the Kuwaiti segment of the 'working class' enjoys a privileged status in terms of wages and conditions of work.

Yet when the Kuwaiti 'working class' was first formed, its situation was completely different. With the discovery of oil and the decline of traditional economic activities, the major portion of those who had constituted the workers in these activities, namely the divers and the pullers of the pearling industry together with some newly settled bedouin, were recruited as unskilled labourers by the oil companies. These in fact constituted the nucleus of the indigenous working class (66).

In contrast to the situation today, Kuwaiti workers faced wage discrimination in comparison with foreign workers, who came mainly from India and Europe, and performed unskilled jobs with very difficult working conditions (67). For example, the daily wage of a Kuwaiti worker in the KOC at the beginning of the 1950s was 3 Rs, whereas that of an Iraqi worker was 24 Rs (68). This situation was a result of the sudden change in the means of production from traditional economic activities to oil. Therefore, a large number of Kuwaiti workers were confronted with the problem of frictional unemployment, a situation where their skills were not adequate to fill the available, and in fact expanding, job market. An immediate solution was to import foreign labour (69).

The emergence of the Kuwaiti trade union movement was a response to the deteriorating situation of the Kuwaiti workers. From the early 1950s demands began to be formulated by some Kuwaiti workers, who were influenced by the Arab nationlist movement and who "had contacts with Palestinan workers who participated in a direct way in their education and in spreading consciousness among them" (70). They appealed to government officials to permit the establishment of independent workers' organisations with the right of assembly.

A workers' committee was formed in al-Ahmadi in 1951, and contacted some officials demanding improvements in conditions. This resulted in the immediate arrest of the committee's Secretary, 'Ashur, which was followed by a strike. The strike ended after some improvements were introduced in wages, housing conditions and transport, but in retaliation three workers were sacked after the strike had ended (71). Demands for permission to establish a trade union spread to the taxi drivers who organised a meeting, hosted by the National Cultural Club, in 1954. The outcome, however, was disappointing as the government refused to grant them permission, and a wave of agitation and resentment followed (72).

It was not until the promulgation of the Constitution that the right to form trade unions was granted. In Article 42, the Constitution stated that "the freedom to establish societies and trade unions on a national basis and in a sound manner is guaranteed" (73). A Labour Law was published in 1964 which elaborated the workers' rights to set up trade unions in the different economic sectors.

Soon after that, many trade unions in various working places sprang into being. The first was the trade union in the Municipality of the City of Kuwait, which elected its council in October 1964 (74). By 1975, there were 14 trade union organisations in Kuwait (75). Before that date, these unions had started to sense the need to establish a general union to unify and coordinate the activities of its various members. Thus, in 1965 many trade unions in the state sector established the General Union of Workers and Employees in the Public Sector. This was followed immediately by the formation of the Union of Oil Workers from among different unions working in the oil companies. At the end of 1967, the General Union of

Kuwaiti Workers was formed to include representatives from both unions (76).

Unfortunately, the establishment of trade unions came at a time when a significant withdrawal of Kuwaiti workers from the productive sectors of the economy towards the government services sector was taking place (77). This was encouraged by the state's employment policy with regard to the Kuwaitis, and by the privileges that the state was able to offer the employees in this sector. This meant that Kuwaiti workers ceased to have an effective influence upon the national economy since they became mere employees in the civil service sector with no effective power in the productive sector. More importantly, the Labour Law denied foreign workers the right to affiliate to the Kuwaiti trade union movement. This has deprived the workers' movement in Kuwait of the substantial part of its resources and narrowed its social base to a great extent (78).

Finally, because of their increasing inability to exercise influence, the Kuwaiti trade union organisations gradually became centres for the political expression of the interests of the various political forces in Kuwait. Thus, "indigenous workers begun turning their social clubs and trade unions into political associations" (79). In other words, the trade unions became more involved in the political struggle than in the direct struggle for workers' rights, a phenomenon which is more a reflection of the lack of political expression in the society than of the unions' consciousness of the need to combine daily economic struggle with political action.

Notes

(1) al-Feel, M. R., al-Jughrafiya al-Ta'rikhiya l-il- Kuwayt: (The Historical Geography of Kuwait) Dar Lubnan, Kuwait, 1972, p.574.

(2) For more details on the tribes of Arabian Peninsula, see:
Freeth, Z., and Winstone, V., Kuwait: Prospect and Reality: George Allen and Unwin, London, 1972.
Halliday, F., Arabia Without Sultans: Penguin Books Ltd., Harmondsworth, Middlesex, England, 1974.
al-Rumaihi, M., "al-Tashkil al-Mutazamen wal-Tanmiya al-Taabi'a: Dirasa fil Jawhar al-'Aam wal-Mushtarak li-Aqtaar al-Khalij al-'Arabi" (Coincidental Formation and Dependent Development: A Study on the Essential, the Common and the General of the Arabian Gulf Countries), Paper presented at the conference of the Ideological Framework of Arab Social Labour, Organised by the Arab Institute of Planning, 27-29 Sept. 1981, Kuwait.

(3) Halliday, op. cit., p.37.

(4) Ibid.

(5) Ismael, J., Kuwait: Social Change in Historical Perspective: Syracuse University Press, New York, 1982, pp.17-22.

(6) See:
al-Qina'i, Y. B. I., Safahat min Tarikh al-Kuwayt: (Pages from the History of Kuwait), 4th ed., Kuwait: Government Printing House, 1968.
al-Rashid, A. A., Tarikh al-Kuwayt, (The History of Kuwait), Dar Maktabat al-Hayat, Beirut, not dated.
al-Shamlan, S. M., Min Tarikh al-Kuwayt, (From The History of Kuwait), 2nd ed., That al-Salasel, Kuwait, 1986.

(7) Ismael, J., op. cit., p.27.

(8) al-Qina'i, Y., op. cit., p.16 and p.29.

(9) "Al Fao, acquired by deed of gift from Rashid al Saadun. Covering approximately 16,800 acres, these gardens were said to be worth over one million sterling".
Freeth, Z., and Winstone, V., op. cit., p.113.

(10) Abu-Hakma, A. M., Tarikh al-Kuwayt al-Hadith: (The Modern History of Kuwait), That al-Salasel, Kuwait, 1984, p.80.

(11) Ismael, op. cit., pp.30-31.

(12) "Lorimer observed that 'Kuwait appears to be the principal place where native craft are built'. He reported that 20-25 vessels were turned out annually and about 300 carpenters gained their livelihood by boat-building".
Ibid., p.31.

(13) al-Mughni, A., al-Iqtisad al-Kuwayti al-Qadim:
(Traditional Kuwaiti Economy), Kuwait, 1977, p.57.
See also:
al-Feel, op. cit., p.357.

(14) Bowen,R. Le B., Jr., "The Pearl Fisheries of the Persian Gulf",
The Middle East Journal: Vol.5, Spring 1951, p.163.

(15) For the details on how the process of pearl extraction is carried out, its division of labour, and the financing system that governed its social and economic relations, see:

Villiers, A., Abna' al-Sindebad: (The Sons of Sinbad),
Dar al-Kitab al-'Arabi, Beirut, n.d.,
al-Khususi, B. D. A., Dirasat fi Tarikh al-Kuwayt al-Ijtima'i w'al-Iqtisadi: (Studies in the Social and Economic History of Kuwait: 1931-1961), Sharekat al-Matbu'at lil Tawzi' wal-Nashr, Kuwait, n.d.

(16) "The merchant who put up the money for the expedition was entitled to buy the pearls at 20 per cent below the market value".
al-Rumaihi, M., "The Mode of Production in the Arab Gulf Before the Discovery of Oil" in Tim Niblock, ed.,
Social and Economic Development in the Arab Gulf:
Croom Helm, London, 1980, p.55.

(17) al-Naqib,K., al-Mujtama' wal Dawla fi-l- Khalij wal Jazira al-'Arabiya
(State and Society in the Gulf and the Arabian Peninsula), Markaz Dirasat al-Wahda al-'Arabiya, Beirut, 1987, pp.83-87.

(18) According to this treaty the Shaikh agreed not to sell or lease any parts of his domain to a foreign power without prior permission of Her Majesty's Government.
For more details on this agreement, see:
Abu-Hakma, op. cit., pp.321-325.

(19) Ismael, J.,op. cit., p.57.

(20) The dominant authority that the British Political Agents and Officers possessed in Kuwait is exemplified by the following introduction to a letter written in 28 Feb.1921 by a group of four Shaikhs of Al-Sabah family to the British Political Agent, thanking him for his letter of condolence to the family upon the death of the ruler Shaikh Salim:

> To His Highness, to His Majesty, to the man of laudable manners, the most respectable, the most splendid, the man of lofty values, the beloved, the liked, Sir J.C. Moor, the Political Agent of the magnificent and shining English Imperial State, may God maintain his presence...

Khaz'al, H. K., Tarikh al-Kuwayt al-Siyasi, 1917-1921: (The Political History of Kuwait 1917-1921), 4th ed. Matabu' Dar al-Kutub, Beirut, n.d. p.319.

(21) Ismael, J., op. cit., p.72.

(22) Shaikh Mubarak's decision to increase customs duties from 4% to 10% symbolised the distance between the Shaikhs and the merchants.

al-Mansoor, A., al-Kuwayt wa 'ilaqatuha ma'a 'Arabistan w'al-Basra: (Kuwait and its Relations with Arabistan and Basra), Madani Press, Cairo, 1971, pp.48-49.

(23) An example of this is the conflict in 1911 between Hilal al-Mutieri, Shamlan Bin Isa, and Ibrahim al-Madhaf on the one hand, and Shaikh Mubarak on the other. For more details on this, see: Khaz'al, op. cit., 1896-1915, 2nd ed., pp.281-282.

(24) See: al-Rashid, op. cit., p.288-291

(25) Ismael, J., op. cit., pp.71-72.

(26) Ibid., p.73.

(27) For details on the corruption and mal-administration, see: al-Jasim, N. A., al-Tatawur al-Siyasi wal-Iqtisadi l-il- Kuwayt Bayn Harbayn: 1914-1939: (Political and Economic Development of Kuwait Between the Two Wars), al-Matba'a al-Fanniya al-Haditha, Cairo, 1973, pp.206-209.

(28) al-Rumaihi mentioned that taxes on the commercial shops were sometimes higher than the rents that the owners of the shops used to pay.
al-Rumaihi, M., "Harakat 1938 al-Islahiya fi-l- Kuwayt w'il-Bahrayn wa Abu Dhabi", (The 1938 Reform Movement in Kuwait, Bahrain, and Abu Dhabi" Dirasat al-Khalij wal-Jazira al-'Arabiya' (Journal of Gulf and Arabian Peninsula Studies), Voll, No.4, October 1975, p.33.

(29) al-Jasim, op. cit., pp.214-215.

(30) Ismael, op. cit., pp71-77.
The merchants who led this movement, explained to the British Political Agent that:

> "They do not see any reason for introducing any change in the status of the ruling family .... but that they only insist on introducing parliamentary rule in Kuwait".

al-'Adsani, K. S., Nisf 'Aam l-il- Hukm al-Niyabi fi-l- Kuwayt: (Half Year of Parliamentary Rule in Kuwait), Kuwait, 1947, p.6.

(31) al-'Adsani, op. cit., p.7.

(32) al-Jasim, op. cit., pp.238-241.

(33) Ismael, op. cit., p.75.

(34) Rumaihi, "The 1938 Reform ....." op. cit., p.41.

(35) See: Freeth, Z., and Winstone, V., op. cit., pp.122-163. For more details, see:
Shamma, S., "The Oil of Kuwait: Present and Future", Middle East Monograph: No.1 1959.

(36) Freeth and Winstone, op. cit., p.130.

(37) Ibid., p.173.

(38) Shamma, op. cit., p.20.

(39) Halliday, F., op. cit., p.400.

(40) Ibid., p.407.

(41) Ibid., p.434.

(42) Khouja, M.W., and Sadler, P.G., The Economy of Kuwait: Development and Role in International Finance: The Macmillan Press Ltd., 1979, p.37.

(43) Ibid., p.31.

(44) "In less than a decade after the first export of oil, the people of Kuwait were enjoying, free of cost, health services which few other countries in the region were able to provide."
Ibid., p.32.

(45) Ismael, op. cit., p.105.

(46) Khouja and Sadler, op. cit., p.39.

(47) Ministry of Planning, Central Statistical Office, Annual Statistical Abstract: Kuwait, 1982, p.104.

(48) al-Ju'an, Hamad,
"Mashakil al-Tadhakhum al-Wadhifi b-il- Hukuma wa Takhtit al-'Amala", (Problems of Government Employment Inflation and the Planning of the Labour Force),
Paper presented at a conference held by the Arab Planning Institute, Kuwait, October,1974. p.4.

(49) Quoted by Ismael, op. cit., p.106.

(50) "The increasing standard of consumption is indicated by private car ownership. In 1965, there were 0.18 cars for every person in Kuwait 15 years or over, or 0.70 cars per household; by 1970, this had increased to 0.25 cars for every person 15 years or older, or 0.92 cars per household; and by 1975, to 0.35 cars for every person 15 years or older, or 1.3 cars per household.
Ismael, op. cit., pp.106-107.

(51) Ashkenani, Adil,Development and Oil Wealth: A Case Study of Kuwait:
Unpublished Ph.D.Thesis, University of Durham,
1987, Chapter 5 and 6.

(52) al-Ebraheem, Hassan, Kuwait: A Political Study:
University of Kuwait, 1975, p.111.
"By fiscal 1964, the cost of this programme alone accounted for more than half of the state's development spending".
Lawson, Fred, "Class and State in Kuwait", MERIP Report: No.132
May 1985, p.16.

(53) Ashkenani, op. cit.

(54) Ibid.

(55) Khouja and Sadler, op. cit., p.45.

(56) Ismael, op. cit., p.130.

(57) Khouja and Sadler, op. cit., p.46.

(58) Ismael, op. cit., p.129.

(59) Lawson, op. cit., p.16.
"Four of the clans that the British Resident considered among the most influential during the 1920s supplied two-thirds of the government's cabinet members during the 1960s and 1970s. These same four clans provided almost one-third of the directorships of the country's largest shareholding companies in the same period".
Ibid., p.16.

(60) Immediately after Kuwait gained its independence, Iraq claimed sovereignty over it. Shaikh Abdulla al-Salim asked for British and Saudi Arabian assistance, and troops of these two countries arrived immediately at Kuwait. After hard negotiations, Iraq withdrew its claim.

(61) For the details of the establishment and the dissolution of the National Assembly, see:
Supporters of Democracy in Kuwait, "al-Ta'amur ala al-Dimoqratiya fi-l-Kuwayt", (The Conspiracy Against Democracy in Kuwait), A collection of articles written between 1977-1978.
al-Tali'a, fi Ma'raket al-Dimoqratiya:(On the battle of Democracy), Kuwait, Sharikat Kadhemah lil Nashr wal Tarjama wal Towzi', First Edition, 1984.

(62) Ministry of Planning, op. cit., p.106.

(63) For further details, see: "The Constitution of Kuwait" (in Arabic), Reproduced by al-Tali'a Magazine, No. 930, 22 Feb.1986, pp.30-49.

(64) al-Tali'a, "fi Ma'rakat...., op. cit.

(65) al-Rumaihi, Muhammad, Beyond Oil: Unity & Development in the Gulf: Translated by James Dickins, al-Saqi books, London, 1986, p.132.

(66) 'Izz al-Din, Amin, 'Ummal al-Kuwayt: min al-Lu'lu' ila al-Bitrul: (Workers of Kuwait: From Pearls to Oil), Kuwait, 1958, p.7.

(67) In an interview with a Kuwaiti trade unionist who worked in one of the oil companies, he declared that:
"the Kuwaiti workers were suffering from maltreatment and from deteriorating living conditions. The (KOC) used to pay the lowest wages to the Kuwaitis, whereas the American workers used to receive the highest wages followed by the British then the Indians, Iraqis, and Iranians".
al-'Amil Magazine, No.183, 15 Oct.1984, p.23.

(68) Ibid.

(69) In 1955, there were 5,212 unemployed Kuwaiti workers.
'Izz al-Din, op. cit., p.17.

(70) al'Amil Magazine, No.183, p.24.

(71) Bilal, Khalaf Hamad, "Tarikh al-Haraka al-Naqabiya b-il- Kuwayt", (The History of the Trade Union Movement in Kuwait), General Union of Kuwaiti Workers, Cultural Institute of Labour, n.d. p.3.

(72) Ibid., p.3, see also: al-'Amil Magazine, No.183, op. cit., p.20.

(73) The Constitution of Kuwait, op. cit., p.33.

(74) Bilal, op. cit., p.4.

(75) al-'Amil Magazine, No.3, 4 Oct. 1975, p.14.

(76) Bilal, op. cit., p.4.

(77) al-Kandari, Ali, "Tatawwur al-Mujtama' al-Kuwayti wa Neshou' al-Tabaqa al-'Aamila" (Development of Kuwaiti Society and the Emergence of the Working Class), General Union of Kuwaiti Workers, Cultural Institute of Labour, ,n.d. p.3

(78) Bilal, op. cit., p.5.

(79) Lawson, op. cit., pp.18-19.

CHAPTER FOUR

THE PUBLIC INSTITUTION FOR SOCIAL SECURITY: ESTABLISHMENT, STRUCTURE, AND ROLE OF THE COMPUTER

1. Social Security Programme within an Oil State

One of the main repercussions of oil wealth upon state economic policy in a country like Kuwait is that it reduces to a minimum the need for an effective, or even an ineffective, taxation policy. Therefore public expenditure becomes a major means of realising the economic and social objectives of the state. Moreover, given the fact that oil accounts directly and indirectly for almost all of state income, and that oil revenues are primarily in the nature of a pure surplus or collective economic rent involving minimum labour contribution, public expenditure becomes the major means for the distribution of this surplus. This is best described, metaphorically, by the motto: 'From oil according to its rentability, to all according to their aspirations'.

The proclaimed objectives of public expenditure in Kuwait are summarised as follows (1):

1- Economic and social development, including the improvement of per capita income.

2- Diversification of the sources of income.

3- Support and development of Arab and international economic cooperation.

It should be noted that:

> "the welfare system Kuwait evolved during the last thirty years has been far-reaching, costing by 1975 an estimated KD130 million which represents about 20 per cent of total government expenditure. The average cost per Kuwaiti citizen is approximately KD272 (over $960) per year, financed almost exclusively from government oil revenues rather than from the usual sources of taxation". (2)

The social security programme in Kuwait was considered one of the main foundations for the construction of a modern society and a basic means of

providing social justice (3). It is one of the chief spheres through which commitment to the creation of a state welfare system is manifested. Its introduction represents one aspect of state public expenditure and state policy in distributing accumulated oil wealth by expanding the social services available to the people.

The programme is new to Kuwait. It was launched in late 1976, when The Public Institution For Social Security (PIFSS) was established to administer the funds accumulating under the programme which originated from subsidies and deductions made from the wages and salaries of Kuwaiti employees. It covers all Kuwaiti citizens in both the private and state sectors. Benefits proposed include generous retirement pensions which may be obtained at a comparatively early age. Other social security measures were adopted and are expected to be adopted in the future.

Basically, the social security programme calls for the deduction of 5 per cent from the monthly wages and salaries of Kuwaiti employees, and for payment by employers of 10 per cent. In addition the government makes an annual contribution of an amount equivalent to the amounts collected by the Institution (4). Pensions and other security benefits are generally high, ranging between 65 and 95 per cent of the beneficiary's last salary while in service (5).

In fact, since the mid 1950s, several decrees have been enacted which included rules for granting retirement pensions and rewards to state civil and military employees. They were: (6)

1- Employees and Retirement System of 1955. It aimed at organising the process of employment in state institutions, and setting rules for granting them certain rights upon their retirement.

2- Amiri Decree No.3 of 1960 Concerning Retirement Pensions and Rewards

to Kuwaiti Civil Servants. An amendment and extension to the above. It remained effective until 1977.

3- Law No.27 of 1961 Concerning Retirement Pensions and Rewards to Kuwaiti Military Men.

4- Law No.4 of 1971 Concerning Retirement Pensions and Rewards to the Prime Minister and the Ministers.

However, social security payments to retired employees have remained part of the State Employment Law. It has not acquired independent status from the civil service department which assumed the task of estimating levels of retirement salaries and rewards to state employees. It was not until the enactment of the Social Security Law in September 1976 that due concern was given to the creation of an independent body whose task is to award social security payments to all Kuawiti citizens.

2. PIFSS: Preparation and Establishment Period: 1-10-76 / 1-10-77

2.1. Law of Establishment of the Social Security System

In September 1976 Law No. 61 was promulgated and approved by the Amir of Kuwait (7). The provisions of the law were to cover Kuwaitis in the service of an employer for whom insurance was to be mandatory and Insured Kuwaitis referred to in Article 53 of the law.

A fund for old age, disability, sickness, and death insurance was to be established for the benefit of those employed in the government sector, and in the oil and private sectors (8). A retirement pension ranging between 65 and 95 per cent of the insured person's last salary was to be payable upon termination of his/her service for any reasons other than

disciplinary action (9).

According to the law, "a public institution shall be established with an autonomous budget, and shall be called 'The Public Institution for Social Security' and shall possess a legal entity and be subject to supervision of the Minister (of Finance). The founding expenses of this Institution shall be borne by the state" (10).

The Institution was to have a Board of Directors headed by the Minister of Finance comprising the following members: (11)

1- The Director General of the Institution

2- A representative from each of:

   a) The Ministry of Social Affairs and Labour.

   b) The Civil Service Commission.

   c) The Chamber of Commerce and Industry.

   d) The General Confederation of Labour.

3- Three experts to be appointed by an Amiri decree, upon nomination of the Minister, for a term of three years renewable for 3 subsequent terms.

The main functions of the Board were to approve the budget estimates and the final annual balance sheet, approve the general report on the Institution's operations, propose laws, regulations and orders relating to social insurance, and issue the decisions necessary for regulating financial and administrative affairs.

2.2. Regulations, Decrees, and Resolutions

From the date of the publication of the above Amiri law until the 1st October 1977, the Institution began to take shape. At this stage, efforts were concentrated on establishing an administrative structure for the Institution. Teams of highly qualified and specialised experts headed by Kuwaiti nationals were formed to organise and supervise the creation of this structure and were divided into following areas: administrative, legal, financial, registration, pension, and computer. A list was drawn up of the procedures and activities that should be taken in order to complete the establishment of the Institution.

A committee was established in 1977 by the General Director charged with the task of classifying the different groups that were covered by the Social Security Law. Various decrees were passed concerning the organisation of work, the Board of Directors, the Institution's employees, and the establishment of official working days and hours, etc. (12).

Other decrees were published by the Minister of Finance specifying the dates of registration of the various groups covered by the Social Security Insurance Law; providing more elaboration and definitions of the Law with regard to conditions of and rules for the payment of grants in the event of the death of an insured person or a pensioner; establishing a board of appeal regulations governing grievances, cases of dismissal for those employed in the private and oil sectors, etc. (13).

Within a relatively short period and with the help of advanced mechanical and electronic equipment, and the cooperation of the Computer Department

in the Ministry of Planning, the Institution was able to accomplish the tasks of collecting, compiling, and analysing the various data relating to the effective execution and application of the social security law.

2.3. Introduction of Data Processing (Computer System)

From the outset, it was realised that the introduction of a data processing computer system would greatly assist in supporting the requirements of the social security system, and in achieving a degree of efficiency in the performance of the functions of the Institution. Hence there was a period of study and research to determine which computer hardware vendor could best support the Institution in its development of the Social Security System and which computer system was most suitable to assist in the effective and efficient performance of the Institution's functions. However, during this period and before it purchased its own computer, the Institution was allowed access to the computer system used by the Ministry of Planning. An agreement was made between the Institution and the National Computer Centre in the Ministry to set up a data system for those covered by social security in order to establish the exact monthly salary for each insured person.

The Institution signed a contract with a consulting firm to undertake a comprehensive study of a computer system that would suit the nature and quality of its functions. The study produced guidelines for suitable hardware and for the qualifications and training of the technical staff (14). In 1977 a team from the Institution visited the U.K., Finland, and Denmark to learn about the application of computer systems in the social security systems of those countries (15).

During this period the Institution issued a call for tender of a data processing computer system addressed to all computer hardware vendors in Kuwait in order to determine "which vendor, using his understanding of the Social Security System to be implemented by the Institution, proposes the computer hardware/system software combination that in the opinion of the Institution, best meets its present and future needs" (16). The tender details contained a description of the system operation and its data volume required, which would suit the various functions of the social security data processing system, including pension payments, accounting, function cost, budget, disbursement, investment, alphabetical index, and actuarial (17).

Here one should stress that the main purpose of introducing the computer system in the Institution was the desire to make the Institutution to appear modern and equipped with the most advanced and efficient working facilities rather than a desire to rationalise the labour force, the usual reason for office computerisation in advanced capitalist countries. In other words, emulating the form in which offices function in the advanced capitalist countries was the Institution's main aim in purchasing of computer, and had little relation to actual need. Again, as far as Kuwait was concerned, this was only made possible by the availability of capital and the willingness to spend part of this capital on purchasing the technology desired.

3. Execution Period: 1-10-1977 Until the Present Time

3.1. Range of Activities

As a public body, the Institution's main purpose around which all its activities are centred is to provide a social security system for Kuwait. The system provides insurance against old age, disability, disease, work injuries and death for personnel in the government, private and oil sectors.

One can divide the activities of the Institution into two main sectors: insurance affairs and investment. An immediate deduction of about 5 per cent is taken from the salaries and wages of employed persons together with a contribution from the employer (about 10 per cent of each employed person's salary or wages). The amount received by the Institution is added to the State's subsidies to form the various funds of the Institution. This is followed by a process of classification and categorisation of the insured employees into various groups according to age and duration of employment. The amounts of retirement pensions and other benefits are calculated according to various criteria and are paid monthly to all those who stopped work for any of the reasons mentioned in the Law.

By 31-12-1982, the number of insured persons from the three sectors registered in the Institution and covered by social security reached 64,827 (18). By the same date, the number of persons who received retirement pensions reached 10,847 (19). The latter figure increased to 30,038 by March 1986.

In financing its activities, the Institution depends to a great extent

upon its investments which have generated some 13 per cent of its revenues. In fact specialised departments were set up within the Institution for the purpose of investing parts of the Institution's capital in various economic and financial activities inside and outside Kuwait (20). From 1977/78 to 1981/82 the total investments of the Institution increased from KD 44.329 million to 405.582 million while the revenues from this investment increased from KD 1.25 million to 30.885 million (21). In the financial year 1985/86, the total revenues of the Institution amounted to KD 386 million while its expenditures were 188.5 million. Revenues from its investments reached KD 81.5 million, representing more than 21 per cent of the total revenues (22).

3.2. Administrative Organisation

Since coming into operation various changes have been introduced into the administrative and organisational structure of the Institution. At its top, there is a General Director, assisted by a Deputy Director for Financial and Administrative Affairs. The General Director heads five departments that were created to supervise and coordinate the work of the Institution's other offices and departments (see the diagram below). There are:

1- Department of General Management.

2- Department of Inspection.

3- Department of Legal Affairs.

4- Office of Studies and Research.

5- Department of Investment Account.

By 1985 the number of employees had increased to 511 as shown in the

following table:

Table 4.1
Institution's Employees and their Nationality
1977-1985(23)

Year	Kuwaiti	Non-Kuwaiti	Total
1977	11	40	54
1978	33	62	94
1979	58	100	158
1980	82	117	199
1981	120	139	259
1982	129	152	281
1983	208	182	390
1984	227	192	419
1985	249	262	511

The number of departments increased rapidly, reaching 32 by 1985, each specialised in performing one specific part of the Institution's activities. Three main technical offices each with a task of overseeing and supervising the work of a number of departments were set up (see the diagram below). These offices are:

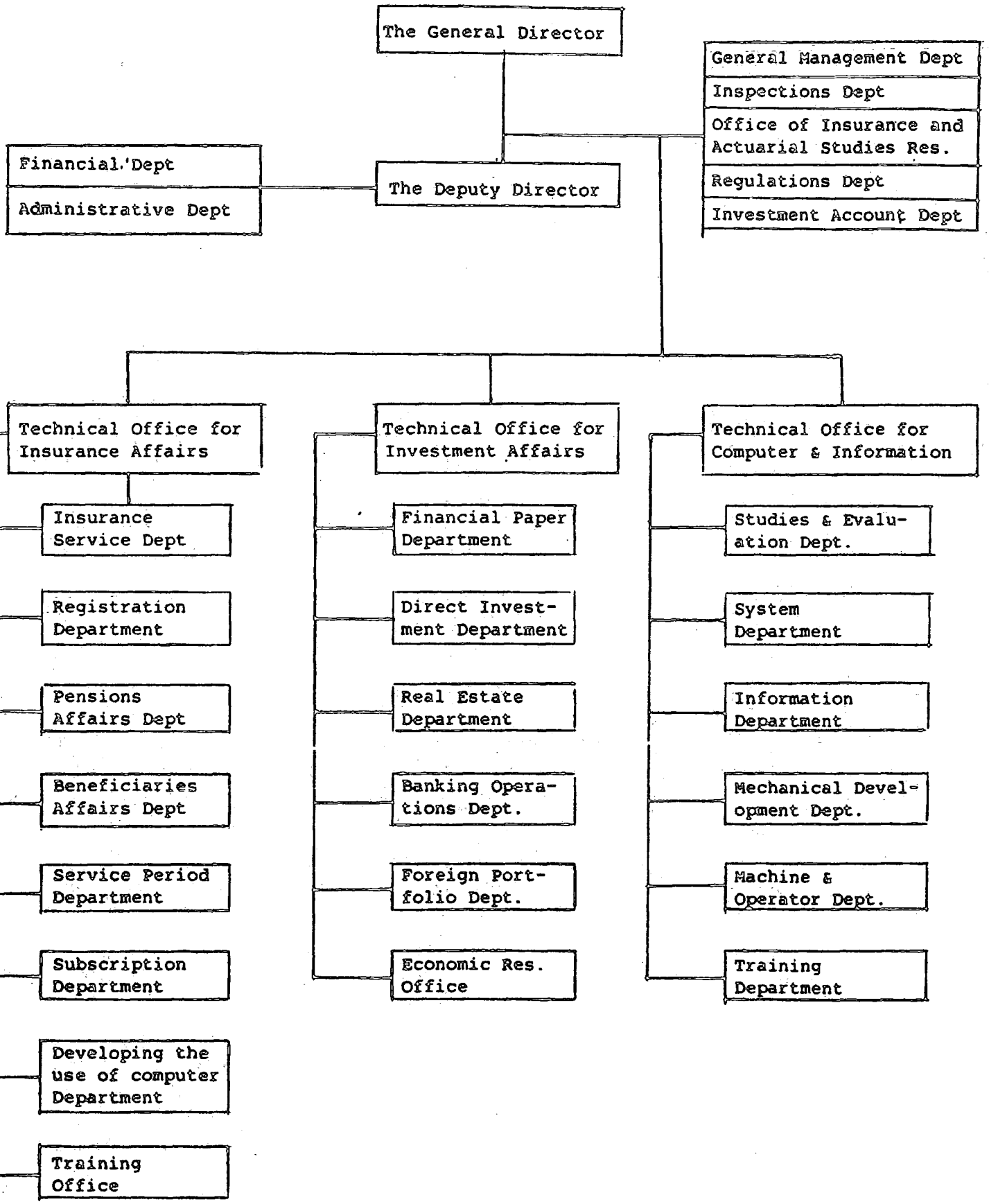
1- Technical Office for Insurance Affairs.

2- Technical Office for Investment Affairs.

3- Technical Office for Computer Service and Information.

These three Offices are supervised by the Management Office, headed by the General Director who is appointed by a decree from the Minister of Finance.

The Administrative Organisation of the Public Institution for Social Security



The bulk of the Institution's employees occupy positions in the departments attached to the Technical Office for Insurance Affairs. The following is a general description of these departments according to the sequence of the process of providing social security to the insured employees in different sectors.

1- Department of Insurance Service:

This department is concerned mainly with providing a reply to various inquiries that are made by the clients of the Institution. The number of employees in this department was 52 (5 males only) in 1986. They are classified into the following positions: Manager, Superintendents, Supervisors, Insurance Researchers, Secretaries, and Receptionists. The majority of employees work as insurance researchers whose task is to give full details in response to inquiries from clients in all matters relating to periods of service, retirement benefits, rewards, etc. Each researcher works on a computer terminal to obtain the information wanted.

This department is called the 'face of the Institution' and is considered the most important department because it deals directly with the public; hence it should look highly modern. Employees are always asked to perform their jobs in a perfect manner and are watched by the manager and the superintendent through a glass window. Cameras are fixed in different sites in this department, transmitting a view of the work to the General Director in order to ensure that the employees are always at their desks. This, in fact, reflects more the point mentioned earlier that it is felt to be of great importance that the Institution should <u>appear</u> to be

modern, and that this concern for appearances was one of the main reasons behind the introduction of the computer.

2- Department of Registration:

The role of this department is to: a) register the various forms, documents, statements, letters, etc. which come in or go out of the Institution, b) keep records of all files of employees and employers covered by the social security law, c) supply the other departments with the files of the persons registered, d) enter all basic information about the persons registered in the terminals such as period of service, salary, social status, etc. (24)

In 1986, the number of employees in this department was 45 (20 males). They are divided into different groups each with a different sort of job. Some of them work only on the computer terminals while others perform manual work. As in the above department, each group is headed by a supervisor whose task is identical to his counterparts there. Among the employees of this department, there are 9 employees who work in the archive. Their jobs are to supply the other departments with the files of the insured persons.

3- Department of Pension Affairs:

This department is concerned with the payment of pensions and rewards to retired persons and other beneficiaries. It employs a total of 20 persons (1 female). Their jobs are divided into three sorts of procedures: a) checking the information on the insured person's file in order to make sure that he/she deserves pension benefits or not, b) authorising the payments of pension and rewards benefits, using the computer terminals, c) rechecking the procedures that have been carried out, and making sure

that they are listed in the status report of the insured persons. The employees in this department are grouped according to these types of jobs.

Other departments have a similar division of tasks to that of the above three departments, but differ in the nature of their jobs, each according to its role and specialisation in the Institution.

3.3. Status of Employees: Ranks,Qualifications,Salaries,Privileges

It should be stressed that the PIFSS is one of the largest public employers after the government ministries in Kuwait. We saw that in 1985 there were 511 employees occupying various positions in the Institution ranging from porters and researchers to General Director. Thus there is a specialised department that deals with the various affairs of the Institution's employees such as salaries, promotion, vacations, scholarships, and other problems. In 1983, the Technical Office of Computer Service and Information provided a special file system concerned only with the employees of the Institution.

Table 4.2
Administrative Ranks of Employees 1985 (25)

1- Administrative Staff	
a) Managers	28
b) Superintendents	15
c) Middle Grade	301
2- Technical staff *	
a) Managers	4
b) Superintendents	3
c) Middle Grade	81
3- Legal Cadres **	7
4- Lower Grade Employees	72
Total	511

* The Technical Staff are those who work as operators in the Computer Dept.

* Among the legal cadres there were 2 managers

A random survey of 333 employees, divided into 193 (58%) males and 140 females including all ranks and positions, shows that their educational qualifications are as follows:

Table 4.3
Employees' Educational Status

Education	Number	%
Illiterate	12	3.6
Primary	12	3.6
Intermediate	15	4.5
Secondary	57	17.1
Institute	61	18.3
University	175	52.6
No Answer	1	0.3
Total	333	100.0

The above table shows that more than half of the employees in the Institution has a university degree. Here it is important to point out that the Institution is used by the government as a means of employing the relatively large number of university graduates and of absorbing them, often in jobs which have little relation to their university specialisation. In fact, this is not an insignificant concern especially given that there were 1,665 graduates from Kuwaiti university in 1980/81, as well as the graduates from among the 2,236 Kuwaitis studying at universities abroad (26). This is a considerable number in the context of the Kuwaiti population, 1.3 million, of whome only 565,613 were Kuwaiti nationals (27).

The following table compares the level of education and the nationality of the same 333 employees, of whom only 266 have responded to the questions relating to this information.

Table 4.4
Education and Nationality of the Employees

Education	Kuwaiti	%	Arab	%	Foreigner	%	Total	%
Illiterate	--	----	10	83.3	2	16.7	12	4.5
Primary	2	18.2	9	81.8	--	----	11	4.1
Intermediary	3	21.4	9	64.3	2	14.3	14	5.3
Secondary	8	16.7	37	77.1	3	6.4	48	18.0
Institute	30	68.2	12	27.3	2	4.5	44	16.5
University	88	63.2	46	33.6	3	2.2	137	51.5
Total	131	49.3	123	46.2	12	4.6	266	100.0

The above table gives a clear indication of the fact that, while constituting only 49.3 of the total employees in the Institution, the Kuwaiti nationals occupy more than 68 per cent of the jobs which need an educational qualification higher than secondary school. This means that, as stressed above, employment in the Institution is used by the government as a means of absorbing Kuwaitis with higher education. In fact, it should again be stressed that for cosmetic and publicity reasons, the qualifications required by the Institution from the middle rank Kuwaiti employees are higher than what is demanded by their jobs. Hence, tasks which are normally carried out by clerical staff with relatively low qualifications in advanced capitalist countries are given to the holders of the highest qualifications in Kuwait.

On the other hand, employees from other Arab countries, particularly from Palestine, Egypt, and Yemen, while constituting 46.2 per cent of the

total employees surveyed, occupy 76.5 per cent of the jobs which need only lower educational qualifications (Secondary and below). As for the foreigners, one can notice that they are more or less equally distributed over all the levels of education, including the illiterate. This reflects the fact that besides those who occupy higher administrative and technical positions, there are workers mainly from South East Asia who perform some menial jobs.

With regard to salaries, the Institution's employees, excluding those in the lowest ranks (porters,etc.), are divided into nine grades. The first and highest receives an average monthly salary of between KD 985 and 1,125 depending on duration of service, marital status, and nationality (Kuwaiti or non Kuwaiti). The ninth grade receives a monthly salary between KD 281 and 376, depending on the same criteria (28). On average, an employee receives a monthly salary of KD 692.

The gap between the maximum and minimum levels of salaries within each grade is due to annual, work, and social allowances. Each employee is entitled to an annual increase of about KD 10 in his/her salary. Promotion to the next higher grade is made once every five years usually by order from the General Director who can postpone such promotion. Work allowances are granted to each employee as a percentage of his/her original salary. They range from 60% (KD 345) for the first grade to 25% (KD 41.250) for the ninth grade. Marriage allowances are granted to all married Kuwaiti and non-Kuwaiti employees. The former receive between KD 115 and 125, depending on their grade, and the latter receive between KD 55 and 65. Single Kuwaitis receive an allowance amounting to KD 45 for all the grades (29).

The Institution's employees enjoy the right of loans from their employer.

The amount of the loan is decided by the General Director and varies according to the nationality of the employee and the duration of his/her service in the Institution (30). Loans are given in certain circumstances such as marriage, receiving medical care outside Kuwait, purchasing a car or house furniture, etc., but the General Director can consider other conditions as qualifying for the loan. The loan is paid back by deductions from the employee's monthly salary. The amounts of the deductions are determined according to the conditions under which the loan is granted.

The Institution undertakes the task of providing furnished accommodation for certain ranks of its employees, especially those who are defined as experts, consultants, and assistant consultants or those who have contracts stating that they are entitled to furnished housing. The Institution also provides unfurnished accommodation or no more than 50 per cent of the monthly rent to its employees who supply it with legal proof stating that the applicant does not own his/her accommodation (31).

Finally, the Institution gives, by an order from the General Director, its university graduate employees who have spent at least one year in the service the opportunity to pursue their higher studies, whether inside or outside Kuwait. The Institution covers all or part of the costs of education, and the years spent in study are regarded as part of the employee's term of service (32).

3.4. Computer Service and Information

3.4.1 Stages of the Use of the Computer System

We saw that at the beginning, the Institution was using the Computer system available in the Ministry of Planning for executing some of its functions. However, it had already been decided that the Institution should carry out its operations with the help of a computer system of its own. The call for tenders resulted in the signing of a contract in 1978 with a company called Electronic Data Processing which carried out all the preliminary studies to supply the Institution with a comprehensive package of programmes and equipment through which the operations could be executed. The use of the computer system has passed through the following four phases (33):

1- **Phase One:** After the conclusion of these studies, the first phase of the use of the computer in the Institution began on 1-1-1979 and lasted until 1-1-1980. During this stage all the processes of study, design, and execution that introduced the computer system into the Institution were completed.

2- **Phase Two:** (1-1-1980 to 15-9-1981). During this phase the following processes were completed:

- Transferring all manual forms and statements into the main system.
- Using the computer to enrol insured persons in a gradual way, starting with the government, private, and oil sectors.
- Executing the 1981 increase in pension benefits by computer.
- Using computer operations for the first time to include those employed by the army.

- Introducing all the amendments enacted after the establishment of the Institution.

Phase Three (15-9-1981 to 15-6-1983):

- Implementing the increases in pension benefits for the years 1982 and 1983 by computer.
- Implementing for the first time chapter five of the security law which concerns those who work in their own business.
- Implementing the system of employees' affairs.

4- Phase Four (15-6-1983 Until Now):

- Executing Order No.7 1983 concerning payments to and deductions from pension benefits.
- Completing all the necessary expansion of the main file system.
- Extending computer operations to include all the investment departments.

The following table reveals the development phases in the use of the operating system, and the expansion in the hardware/software systems in each of the above phases:

PHASE NO.	M O D E L	OPERATING SYSTEM	REAL MEMORY	NUMBER OF UNITS	DISK DEVICE	TOTAL DISK STORAGE	PROCESSOR SPEED	
1	IBM 370/135	DOS/VS	0.5 M.B	6 REMOVABLE UNITS	IBM 3340 CKD	6 UNITS 6 x 70 = 420MB	0.35 MIPS	
2	IBM 4341 MODEL GROUP 1	DOS/VSE	2 M.B	6 UNITS	3370 FBA	6 x 570 = 3420 M.B	0.9 MIPS	
3	IBM - 2 4341 MODELS MODEL GROUP 2	DOS/VSE	MOD(A) = 2 M.B MOD(B) = 4 M.B	8 UNITS	3370 FBA	8 x 570 = 4560 M.B	MOD(B)=1.3 MIPS TOTAL =2.2 MIPS	
4	IBM 3083 IBM 4341 MODELS MODEL GROUP 2	MVS/XA DOS/VSE	8 M.B MOD(A) = 2 M.B MOD(B) = 4 M.B	12 UNITS	3380 CKD 3370 FBA	4 x 2.5=10 G.B TOTAL = 14.560 G.B	4.5 MIPS TOTAL = 6.7MIPS	

3.4.2. The Technical Office of Computer Service and Information

The basic task of this Office is to follow the operations of the computer system in the Institution and to introduce the necessary modifications in its functions in order to provide all the Institution's departments and offices with efficient services. It supervises the functions of the following departments:

1- Studies and Evaluation Department:

Undertakes studies and research proposed for the systems, and evaluates the execution of the various changes applied to them.

2- Systems Department:

Designs, prepares, and applies the new systems; follows up the operation processes; and introduces the necessary changes in them. This department runs certain training courses for newly graduated computer engineers in order to familiarise them with the Institution's systems and operations.

3- Information Department:

Provides higher management with all the necessary information and statements for the purpose of issuing the various orders.

4- Data Centre Department:

- Plans the processes of transferring, receiving, and setting up of computer equipment.
- Studies the effects of the systems and their changes on the operation.

5- Technical Development Department:

- Estimates the needs of the Institution for new hardware/software systems, and proposes the most suitable ones.

- Conducts comparative studies with other Institutions with similar functions in order to arrive at the most efficient system of operation.
- Provides technical advice in all matters relating to the Institution's needs for hardware/software systems.

6- Training Department:

- Draws up levels of training needed for some sections of the Institution's employees.
- Prepares training programmes and courses for employees.

3.4.3. Computer Systems in Social Security Affairs

By the end of 1985, computer operations covered almost all the functions of the Institution. These included social security affairs, financial affairs, investment, employees affairs, and financial and statistical charts (34). Within social security affairs, for example, computer operations covered all matters relating to matters of registration, contribution and deduction, insurance rights, indexing, etc. The following is a general description of the various computer systems used in the functions of the departments of insurance affairs according to the sequence followed for these functions.

1- Registration System:

This system enables the Institution's employees to keep as much detailed information as possible about all insured persons and their employers (35). The object of the system is to check and follow up all the information in order to make an account statement of the insured persons' rights and duties. This system performs the following functions:

- Enrolling all insured persons and their private employers.

- Amending information about these in the case of changes in workplace, salaries, etc.
- Recording the termination of insured persons' service.
- Providing answers to various inquiries.

2- Insurance Rights System:

The aim of this system is to follow and comply with all the orders and decrees concerning social security rights and duties of insured persons. It also provides accounts of payments to all the beneficiaries of social security. Therefore, this system keeps all the files of those insured and their beneficiaries, and inserts the changes that may occur in their status.

3- Contributions System:

This system was designed for the purpose of obtaining all the various contributions and deductions from the salaries and wages of the insured persons. It provides the information that is needed in cases where benefits are paid to the beneficiaries. The most important functions of this system are:

- Keeping detailed and exact information about the contributions in order to ease the process of answering inquiries.
- Checking and re-checking the information in a speedy and efficient way.
- Providing an efficient means of communication between the insured persons and the Institution by sending monthly account statements to their employers.

4- Alphabetical Index System:

The object of this system is to enable the employees concerned to determine any individual's insurance number from the name of the insured

person. It gives the Institution the capacity to find all the necessary information from the computer terminals.

Finally, other systems deal with various specific functions of the Institution. There is, for example, a system concerned only with the affairs of the Institution's employees. This provides the Institution with a detailed file on each of its employees, thus enabling higher management to have detailed information about their performance and productivity. It also helps the departments concerned in preparing all details relating to salaries, allowances, promotion, etc. in an efficient and speedy manner (36). This system enables the Institution to restrict the use of the computer system to those who are allowed access to it. In other words, an employee in a certain department has no access to the use of the computer system in other departments, guaranteeing privacy and secrecy.

3.4.4. Daily Working Cycle

The daily working cycle passes through the following stages:

Phase One: On-Line Data Collection:

This work starts at the beginning of official working hours by meeting clients and receiving forms and statements from various bodies. During this phase the following tasks are carried out:

- Answering clients' inquiries by obtaining all the information from the terminals using the alphabetical index and immediate inquiries systems.
- Carrying out all the operations through the use of terminals.

Phase Two: Production Batch Cycle:

This phase starts after the end of official working time and the following tasks are executed:

- Executing all the operations introduced into the main files by inserting all the information obtained during the first phase.
- Producing all accounts and reports of the daily production cycle to be checked on the following day by the specialised departments.

Phase Three:

After the termination of the daily production cycle, the following tasks are carried out:

- Transferring the main files produced by the daily production cycle to the On-Line files in order to be ready to answer various inquiries and introduce any changes the following day.
- Distributing all accounts and reports to the various departments to be ready for checking by specialised employees.
- All the statements used in the previous day are kept in specific files. In a case of any mistake being observed, it is traced to its cause by checking the mistakes index in the manual of the system's users. The mistake is corrected and information is re-inserted into the system.

According to a statement published by the PIFSS in 1985 (37), the following are the most important advantages obtained from the use of a computer in the Institution:

- Providing an easy and immediate service for the public.
- Providing the senior administration with the necessary information to make strategic and political decisions.
- Accuracy in the performance of functions.
- Raising the level of work performance in all departments useing the

computer systems, and reducing manual work to the minimum.

- Producing all accounts and statements of payments and deductions emanating from various public bodies.
- Providing all the necessary information in an easy and speedy way..
- Guaranteeing privacy and safety of information by limiting the number of employees who have access to it.
- Providing accurate financial information and statistics that can be relied upon.
- Facilitating good surveillance and accountability of employees and ensuring the accuracy of statistics.

3.4.5 Status of the Computer Operators

We saw that the Technical Office of Computer Service and Information and its various departments employed about 90 personnel in 1986. The majority of these employees specialise in computer operations and programming. However, most of them are required to perform some routine tasks which hardly relate to their original qualifications. This reflects the fact that the essential knowledge of the functions of the computer are retained by the supplying company and that the spread of such knowledge even among the most highly qualified Kuwaiti technical cadres is insignificant.

In a survey of 59 employees of this Office in 1986, the following information was obtained:

Table 4.6
Computer Employees According to Nationality

Nationality	Number	%
Kuwaiti	19	32.2
Arab	26	44.1
Foreigner	4	6.8
No Response	10	16.9
Total	59	100.0

The table above shows that the majority of the computer operators are non-Kuwaiti employees. Their percentage will in fact increase to 61.3 of the total employees in this Office if those who did not respond to this question are excluded. Among the foreign employees, there were two British personnel occupying the positions of manager of the computer operation and superintendent in the Systems department. One should mention that the above survey did not include the foreign consultants who are employed by their companies to supervise the computer operation in the Institution because they are not employed directly by the Institution.

The same survey found that the educational levels of the computer operators are as follows:

Table 4.7
Level Of Education

Education	Number	%
Secondary	12	20.3
Institute	7	11.9
University	40	67.8
Total	59	100.0

However, when asked about whether their educational qualifications corresponded to the nature of their jobs in the Institution, only 20 showed a positive response, while the rest declined to answer this question raising doubts about its relevance to their case. This may be explained, if one takes into account the personal contacts that we have made with some operators during our work in the Institution, by the fact that the majority of those who did not answer this question see no direct relation between their qualifications and training and their actual work. Again, most of the computer operators are assigned to administrative and routine jobs which do not correspond to their educational qualifications. This also means that the technical aspects relating to mastering and controlling the computer operations remains in the hands of the foreign experts employed by the multinational company who remain in a position of overseeing and supervising the operation of the computer.

Out of the above 59 employees, 45 went through various training courses in the Institution on the use of the computer and its systems. The majority of the trainees spent six months on these courses as is shown in the following table:

Table 4.8
Periods of Training of Computer Operators

Period	Number	%
Less than 1 month	9	20.0
1 to 3 months	7	15.6
3 to 6 months	18	40.0
12 months and over	11	24.4
Total	45	100.0

These training programmes provided the computer operators with more than 15 different courses relating to the use of the various systems and their application to the functions of the Institution's departments. These courses included training on programming, computer language (Cobol), systems analysis, etc. There were also 5 computer operators who were granted scholarships to undertake more training outside the Institution. Three of them had this training outside Kuwait.

Notes

(1) Central Bank of Kuwait, The Kuwaiti Economy in Ten Years: Economic Report for the Period 1969-1979: P.50.

(2) Khouja, M.W. and Sadler, P.G., The Economy of Kuwait: Development and Role in International Finance: The Macmillan Press Ltd., London, 1979, p.35.

(3) Sharaf al-Din, S., Andhamat al-Ta'min al-Ijtima'i fi'l-Kuwayt Bain al-Nadhariya wal waqi': (Social Security Systems in Kuwait Between Theory and Practice), Kuwait, 1984, p.8.

(4) From the time it was started in 1976, to fiscal year 1978/79, the Institution has received KD 75 million in the form of Government aid. Ibid., p.57.

(5) PIFSS, al-Ta'minat al-Ijtima'iya fi 'Ashr Sanawat: 1977-1987: (Social Security in Ten Years: 1977-1987), 1988.

(6) Sharaf al-Din, op. cit., pp.9-23.

(7) The Public Institution for Social Security,(PIFSS) Amiri Order Promulgating Law No.61 of the Year 1976: Kuwait, n.d., pp.1-3.

(8) The revenues of this fund were to come from the following sources:
1- Five per cent of the monthly salaries of the insured persons.
2- Ten per cent of the monthly salaries of the insured persons paid by their employers.
3- The annual contribution allocated in the state general budget for the purpose of this fund.
Ibid., Article 11, p.10.

(9) Ibid., Chapter 2, Articles No.17-21, pp.14-16.

(10) Ibid., Article No.3, p.6.

(11) Ibid., Article No.5, pp.6-7.

(12) PIFSS, Report on the Institution's Functions During the Previous Period: Kuwait, September 1977, p.4.

(13) For more details, see: Ibid., pp.10-11. See also: PIFSS, Amiri Order ...: op. cit., pp.81-89.

(14) PIFSS, Report..., op. cit., p.12.

(15) Ibid., p.13.

(16) PIFSS, Call For Tender of a Data Processing Computer System:

Kuwait, 1977, p.2.

(17) Ibid.

(18) PIFSS, Annual Abstract of Statistics 31-12-1982: Table T/1, p.43.

(19) Ibid., Table T/6, p.48.

(20) Interview with the General Director of the Institution, March 1986.

(21) PIFSS, Annual Abstract ....: op. cit., Table 19, p.36.

(22) al-Qabas Newspaper, No.5188, 21 October 1986. See also:
PIFSS, al-Ta'minat al-Ijtima'iya ....: op. cit., pp.34-41.

(23) Calculated from different statements published by the PIFSS.

(24) al-Oqaiyan, A., Memorandum About the Functions of the Registration Department: PIFSS, 1982.

(25) PIFSS, unpublished document about the number of the Institution's employees, 1986.

(26) Ministry of Planning, Central Statistical Office,
Annual Statistical abstract: 1982,
Tables 268 & 269, pp.331-332.

(27) Ibid., Table 9, p.25.

(28) PIFSS, Administrative Orders Concerning the Implementation of the Employees System: Salaries Table, 1-4-1983, p.11.

(29) Ibid., Order No.307, 1978. p.40.

(30) Ibid., Order No.75, 1985, p.47.

(31) Ibid., pp.47-48.

(32) Ibid., Order No.142, 1977, pp.23-29.

(33) al-Metwasi, J.J., Lecture on the Role of Computer System and Information in the Institution: PIFSS, 1985.

(34) Ibid.

(35) Ibid.

(36) Ibid.

(37) PIFSS, The Role of the Computer in the Institution: unpublished document, 1985.

CHAPTER FIVE

EMPLOYEES' WORKING CONDITIONS

(The Department of Insurance Service as a Case Study)

The previous chapter gave a general description of the Institution's main functions with special emphasis on its administrative structure and the role of the computer system. In this chapter we will look at the problem of employees' working conditions seen from the point of view of the employees in the departments of the Office of Insurance Affairs in general, and the Department of Insurance Services in particular.

We will examine working conditions against the background of the educational qualifications and training of the employees. These conditions include the type of work and the influence of the computer systems upon its nature and quality, together with the daily relations among the employees themselves and between them and higher management. We will place special emphasis upon the question of the relationship between the nature of the job and the original qualification of the employee in order to establish the real effects of computer use on the employee's performance and understanding of his job. Finally, we will also describe other conditions with regard to salaries, allowances, and promotion. We will base our analysis on a survey made in 1986 of 333 employees in the Institution, with special reference to 130 employees who belong to the departments of the Office of Insurance Affairs and 39 employees in the Department of Insurance Services.

1. General Description

The Office for Insurance Affairs employs the majority of the Institution's employees. It was created to supervise and coordinate the functions of eight departments that deal with the bulk of the tasks relating to the processes of implementing the Social Security Law and providing trained employees who can handle all matters related to it. (see the diagram in chapter 4).

These processes include enrolling and classifying all those covered by the Social Security Law into various groups; meeting the clients and answering their inquiries while adding various information to their files; dealing with the calculation of deductions, pension and beneficiary benefits, payments etc.; and providing courses to train employees in the jobs that they are required to perform and in the use of the computer in executing these jobs.

The total number of employees in the departments of this office was 182, of whom 102 are females (plus five employees in the Office itself, three managers and two secretaries). According to the positions they occupy, the employees are ranked as follows:

Table 5.1
Ranks of Employees in the Departments of Insurance Affairs

Administrative Rank	Males	Females	Total
Managers	7	4	11
Superintendents	4	2	6
Middle Grade	72	98	170
Total	83	104	187

Within the last category, the employees are ranked according to the jobs they perform in each of the eight departments. They include insurance, administrative, legal and statistical researchers, accountants, receptionists, secretaries, etc.. The researchers, for example, are mainly university graduates and are usually assigned to their various tasks not according to their individual qualifications, but primarily because the Institution needs to fill vacant parts in certain departments. Certain departments, such as the Department of Insurance Services, always insist that the post of researcher be occupied by a university graduate. This is not because the nature of the tasks in this department require highly qualified employees, but mainly because, as mentioned in the previous chapter, this department deals directly with the public. And since one of the Institution's main concerns is to present to the public a modern image, university graduates are recruited to deal with the clients. In addition, the large number of graduates in Kuwait means that it is important that the Institution should play a role in the absorption of some of them. At the same time, other departments, such as the Registration Department, do not have similar requirements for the same

post, as is shown in the figures below.

The following table gibes the level of education for a sample 130 employees taken from the eight departments.

Table 5.2
Educational Qualification

Education	Number	%
Intermediate	5	3.9
Secondary	20	15.4
Institute	31	23.8
University	74	56.9
Total	130	100.0

The university and institute graduates generally hold degrees in the social sciences, with special emphasis on subjects such as sociology, administration, economics, etc. However, apart from the requirement of being a university graduate in one of the above subjects, there are no detailed specifications as to the precise nature of the specialisation required from those recruited employees.

The following table compares the level of education in the two biggest departments of the Technical Office of Insurance Affairs. One can see that, while the tasks in both departments are more or less identical and complementary to each other, at least in terms of dealing with aspects of implementing social security, they differ widely in the level of education of their employees. In fact the majority of the tasks in the Department of Registration require more effort and deal more with inserting information in the computer terminals than do those in the

Department of Insurance Service. Nevertheless, because the employees in the latter department deal directly with the public, it is preferable that they should have university degree, thus enhancing the modern image of the Institution.

Table 5.3
Comparison Between Two Departments in the Qualification of their Employees

	Insurance Service Dept.		Registration Dept.	
Education	Number	%	Number	%
Intermediate	3	8.3	2	6.1
Secondary	3	8.3	10	30.3
Institute	-	0.0	20	60.6
University	30	83.4	1	3.0
Total	36	100.0	33	100.0

Thus one can see that whereas 83.4 per cent of the employees in the Department of Insurance Service are university graduates, only 3 per cent of the employees in the Department of Registration have such qualifications. This can only be explained by the fact that since the Department of Insurance Service deals directly with the public, it is required more than any other department to give a better image of the Institution to the eyes of the public. Therefore, to have the majority of its employees as university graduates is very important not because of the actual nature and quality of their tasks but essentially to provide the Institution with good publicity. The same explanation could be given for the fact that the majority of the employees in this department are females.

However, the only importance of the original qualifications lies in the ranking of the employees into the nine salary grades. For example, the university graduates after being hired are immediately assigned to the sixth grade, whereas those who have institute or secondary school degrees, despite their being given jobs identical to those of the university graduates, are usually ranked in lower salary grades (seventh to ninth). In other words, employees of different qualifications are placed in the same jobs but differ in their grades of salary (1). This means that in the recruitment of its employees, the Institution is not concerned with the nature of their specialisation and qualification since the jobs which they fill do not relate to their qualifications. Thus for the employees, the main importance of a university degree lies in the fact that it is a means for them to receive higher incomes.

2. Training of Employees

Before assuming their jobs, employees are required to undertake certain courses of training relating to the general functions of the Institution, and particularly to the nature of tasks they will perform. In this section we will discuss the training of employees in the departments of the Technical Office for Insurance Affairs.

In fact, alongside these departments there is a special independent Training Office charged with the task of providing courses and programmes for newly recruited employees and preparing lessons and lectures on new measures, regulations, and orders concerning the implementation and extension of the Social Security Law. Sometimes after conducting random tests and examinations of the employees in subjects related to the implementation of the Law (2), the managers of some departments decide

that their employees require courses in certain subjects and inform the Training Office about this. The latter then prepares the necessary programmes whose length depend on the recommendations of the employees' manager.

In the beginning, the Training Office was created primarily to provide training for employees in the Department of Insurance Service. At the end of 1983, its role was extended to include other employees in other departments. The Office depends on long serving employees to act as instructors on the various subjects relating to the functions of the Institution.

Various courses in theory and in practice are prepared. The theory concerns all the Parts and Articles of the Social Security Law. It is usually taught for three months to all beginners and for between one week and four weeks for those employees who are found, through random tests, to be in need of such courses. On the other hand, the practical courses provide beginners with some experience of how their own departments (together with that of the other departments which belong to the same Technical Office) should handle different tasks and procedures.

For example, before assuming their jobs, the employees in the Department of Insurance Affairs must learn how the functions are performed in each of the departments that belong to the Office of Insurance Affairs by spending at least one week in each of these departments. Then the employee will spend a period of two to four weeks in the Department of Insurance Service, receiving practical training on his or her future tasks, including the use of computer terminals, before becoming a fully fledged employee. In both cases, training is carried out by the employees in each department. This means that a total of three to four months is

spent merely in preparing employees before assigning them their jobs.

Out of 323 employees in the Institution surveyed in 1986, only 163 (51.4 per cent) of them had undertaken various courses of training before their employment. The reason for this is that many of them were employed before the generalisation of the training courses in 1983 to include all new employees. In addition, this survey includes the managers, superintendents, supervisors, and employees in the lower grades, all of whom were not required to enter in the training courses.

However, since 1983 training has become compulsory in almost all the departments of the Institution. For example, in the Department of Insurance Service all the employees (insurance researchers) except the receptionists, or 31 out of 36 surveyed employees, have entered training courses. The periods of training vary according to the type of tasks and functions that will be assigned to the employees. The following table reveals the length of training periods for the employees in this department.

Table 5.4
Training Periods / Department of Insurance Service

Period	Number of Employees	%
One Month	2	6.4
Three Months	13	42.0
Four Months	16	51.6
Total	31	100.0

When some employees were asked if they were still in need of more training, 174 out of 242 employees answered in the affirmative, implying

that their previous qualifications were not relevant to their actual jobs. This means that only after undertaking specially designed courses of training do they become familiar with the tasks assigned to them. In fact, the only use of their original qualifications is in satisfying the desire to have the Institution staffed with university graduates without any consideration of the nature of their qualifications or of whether they are relevant to the nature of the Institution's functions. Together with the introduction of the computer, this is all part of the desire to create an image of a modern and efficient Institution in the eyes of the public.

62 per cent of those who think that they still need some training explained that their daily tasks were new to them and that they were not familiar with the new regulations and orders. Moreover, when asked about whether they were aware in advance of the nature and type of their jobs in the Institution before being appointed, 120 employees out of 333 admitted that, in their early days as employees, they did not have any idea about the jobs assigned to them.

3. Nature of Jobs in the Department of Insurance Service

With a few exceptions, the employees in the departments of the Technical Office of Insurance Affairs are all assigned to the same types of tasks and jobs. The following is a general description of work performed by the employees in the Department of Insurance Service:

Table 5.5
Administrative Ranks in the Department of Insurance Affairs

Rank	Number	%
Manager	1	1.9
Superintendent	1	1.9
Supervisor	4	7.7
Insurance Researcher	39	75.0
Secretary	2	3.8
Receptionist	5	9.7
Total	52	100.0

For most of the year work starts at 7.30 a.m and ends at 1.30 p.m. Each of the insurance researchers is required to perform a multiplicity of tasks (see the table below) which necessitates face to face interviews with the insured persons or beneficiaries. These tasks (which will be referred to as procedures) constitute the actual functions of the Department of Insurance Affairs. They relate to all matters concerning the various enquiries from clients and the implementation of all the provisions of the social security law. These include the following:

- Pension Procedure: Receiving a pension application form together with other documents from the client which support that he/she is entitled to a pension. After asking for the client's file from the Archives Office (Department of Registration), the employee then fills in a Pension Application Form with information taken from the client's documents and sends it back to the Registration Department. The latter inserts all the information in the terminal for the other departments

concerned with authorising the payment of the pension.

Other tasks include reward procedures, responding to various inquiries relating to payments, deduction, and cheques (each of these responses is regarded as a procedure), changing the client's bank, adding previous working years to the service period (3), death procedure, issuing certain certificates, and other procedures. All these tasks involve identical methods to that explained in the Pension Procedure.

The role of the receptionists is to organise the division of the clients by giving each of them a certain number. Each number then is given to an employee who then meets the particular client. After the completion of each procedure, the employee is required to write the type of procedure completed on a special form and the length of time taken to complete it. It should be mentioned that the tasks of the employees are not limited to these procedures since issuing decrees and orders that complement the application of social security is a regular process. Thus, with each new decree, the employees of this Department are assigned additional tasks that are needed for the implementation of the new decrees and orders.

The employees are divided into four groups, each group headed by a supervisor. The latter's task is to coordinate the procedures assigned to each researcher, and collect the results of the work performance. At the end of each month, the Department publishes the results achieved that include each employee's performance with special praise for those employees who have achieved the best performance. The following table shows a model of the monthly statement on the number of procedures carried out by seven employees in the Department.

Table 5.6
Monthly Statement on the Number of Procedures Carried Out in the Department Of Insurance Service 1-11-1982 / 30-11-1982

	Employees								
Procedure	1	2	3	4	5	6	7	Total	Average time m.*
Pension	25	29	27	39	27	14	32	193	22.65
Reward	3	12	8	8	13	6	5	55	19.65
Enq.about Pension	37	50	34	69	53	146	35	424	12.82
Change of Bank	3	2	7	12	26	4	4	58	7.36
Service Comb.	42	47	43	98	37	43	46	355	16.10
Loan Deduction	114	154	74	203	141	119	105	910	9.63
Enq. about Cheque	-	7	2	11	29	4	-	53	14.97
Death Pro.	9	11	10	7	6	10	1	54	20.11
Advance Payment	2	2	-	1	1	2	1	9	11.58
Enq. about Payment	22	103	5	20	18	5	21	194	12.85
Stoppage of Payment to the Benef.	1	1	1	5	3	3	3	17	15.58
Issuing Pension Certificate	38	3	2	8	5	6	3	65	2.88
Issuing Benef. Certificate	2	_	1	4	2	1	2	12	12.85
Enrolling those included in Part 5 of the Law (4)	-	2	-	1	1	-	2	16	16.80

Table 6/cont.

Other Pro.	36	20	10	138	75	13	13	305	12.70
Total No. of Clients	334	451	232	624	437	376	273	2727	
Percent	12.2	16.5	8.5	23.0	16.0	13.8	10.0	100	

* This is the average time in minutes required to perform each of the tasks for the whole Department, not just for the seven employees in this table.

Copies of similar statements are distributed every month to all employees in the Department. According to the above statement, employee number 4 will be praised for her work and that the rest of the employees urged to follow in her foot steps. Such performance, if repeated more times, may help this particular employee to be considered for promotion by senior management, and aid in reducing the period required for the increase in the annual allowance.

The statement also shows the nature and range of tasks assigned to the employees in the Department. These tasks are supposed to be carried out by all the employees, none of whom is restricetd to the performance of a limited number of tasks. Publishing such statements and comparing the performance of the employees with each other in the Department usually creates a competitive spirit among them and provides them with incentives to work harder. However, since 1985 the department changed the shape of the above statement into one that contains a list of the employees names together with the number of the total procedures accomplished by each employee during one month. The names of the employees are listed in accordance with the number of procedures accomplished. Thus in the case

of employee number 4 in the above table, she will see her name at the top of the list followed by the employees who achieved less procedures.

Table 5.7
Total of Procedures Achieved in one Month by Four of the Department's Employees

Rank	Name	Total Number of Proc.	Average per Day
1	----	440	17
2	----	431	17
3	----	315	12
4	----	212	11

The essential role of computer terminals in the employees' performance is to ease the flow of tasks and to reduce to a minimum the need for contacts among the employees themselves, inside and outside each department, and between them and their managers. Of course, the computer contributes greatly to the smooth running of the Institution's functions. Many tasks which require a great deal of time and those which can be sources for administrative delays and confusions are performed in an easy and efficient manner with the help of the computer. Clients' inquiries and other procedures are carried out in a relatively short time thanks to the ease and speed with which information is obtained and recorded.

After obtaining the client's insurance number or name, the employees are able to produce all the information that the Institution has recorded about him. They are also able to inform the client about his status and whether or not he is entitled to claim the benefits that he is enquiring about. When the work of the Department is at its peak, especially after

issuing further extensions to the Social Security Law to cover more people or to bring more benefits, the employees become, as one of them commented, more like computer operators than employees dealing with the application of Social Security (5). If this occurs regularly, the employee and her terminal become inseparable. Therefore, it is often the case that the performance of the task becomes a routine matter and the employee's job very repetitive.

The computer also provides the means for higher management to control the flow of tasks and processes. Each employee has his/her own identifier when operating a computer terminal. The procedures executed are recorded by the computer together with the identifier of each employee. The employees are supplied on the following day with a list, called a Status Report produced by the main system, containing every single procedure carried out during the previous day together with the name of the executing employee. To this list is added the manual work, i.e. paper work, to produce a general sheet about the number of executed procedures by each employee similar that provided in the table above. Besides presenting senior management with an overall picture of work performance in each of the Institution's departments, this list enables the Departments concerned to discover any mistake committed by any employee together with the name of the employee concerned. In other words, the computer acts as a supervisor and examiner of the whole work routine.

Nevertheless, despite the facilities for work control available to management which are made possible by the use of the computer, relations between the employees and their managers remain more or less direct. In other words, aspects of daily work control are still practised by the managers, superintendents, and supervisors (6) themselves and computer

systems are rarely used in these matters. The supervisors assign the tasks to their employees and report to the superintendent who in his turn reports to the managers about the performance of each employee.

This may be explained by the fact that the intensity of work in the Institution is not very high while the tasks assigned to each employee are not connected to other tasks of other employees. The latter case makes it difficult to impose control by the computer since each employee's task is not a part of a series of other tasks. Moreover, as we saw in the previous chapter, cameras are fixed in some departments, particularly where large numbers of employees are concentrated, transmitting pictures of the employees' work to senior management and to the General Director. Through these pictures they can observe the way in which tasks are accomplished, enabling them to issue orders directing the employees on how work should be carried out.

In contrast, the departments' functions do depend on one another. For example, the Department of Pension Affairs is unable to carry out its tasks without the Department of Registration having recorded all the necessary information and introduced the changes in the status of the insured persons. In cases of delay, the manager of the former department informs the manager of the latter about the need to complete some procedures so that the employees in his department can proceed with their work (7). Thus the manager assigns various tasks to the employees through the supervisors who oversee the level of performance of the employees in their respective departments.

Moreover, there is the role of the superintendent who deputises for the manager in dealing with the employees of the department as a whole. The superintendent carries out the daily procedure of inspecting the

employees for the purpose of checking their presence and their work. He, then, brings to the employees' attention any deficiency or undesirable practice. Thus, it is a common practice for the employees in any one department to receive a memorandum from the superintendent and which has been signed by the department's manager reminding them of a lack of commitment in attending their work or any other neglect. An example of this is an Internal Warning signed in 7-5-1985 and circulated in one department, urging the employees not to leave their desks (8). Various Internal Warnings and Instructions were also distributed to the employees of the Insurance Service Department, asking the employees not to change places and not to gather at one place for informal discussion of late working hours (9). Some internal statements and instructions are also used to direct the employees on how certain tasks and procedures are supposed to be completed.

The superintendent is also charged with the task of submitting to the manager a weekly report about the performance of each employee. He also coordinates the tasks of the supervisors and informs them of all matters relating to the introduction of work discipline. The reports written by the supervisors and superintendents are sent to the Committee of Employee Affairs to be used when considering promotion or discipline.

4. Allowances, Rewards and Promotion

We saw that the Social Security Law contained an order that deals only with the affairs of the Institution's employees. The second Part of this order provided for the establishment of a Committee of Employees which together with the General Director of the Institution draws up the rules and regulations for evaluating the employees' conduct and levels of performance and each one's ability, competence, and sincerity in assuming his/her responsibilities. According to these criteria, they consider measures for rewarding or punishing the employees (10).

One of these measures is the system of promotion and allowances. We saw that a new appointee in the Institution, excluding those of the lowest positions (porters, drivers, etc.), will be ranked in a certain salary grade between the ninth (the lowest) and the first (the highest). Various types and levels of allowances are granted, depending on the particular rank of the employees. They include the Exceptional Allowance which is usually given to employees who achieve a very good level of productivity and show a degree of competence. Promotion from a lower salary grade to a higher one together with these allowance is used as part of the reward system for dedicated employees. Some cases of rewards come in the form of forwarding letters of thanks and praise when the management feels that the employee has performed his/her tasks particularly well.

On the other hand, there is a system of punishment and discipline directed towards those employees who are found to be negligent in their duties (11). Since promotion and granting of allowances take place at regular intervals, delays in these rewards constitute part of the employees' punishments. Others include letters of warning, deductions

from salaries, demotion to a lower grade and, if the employee is judged as incompetent or has committed what is regarded as a grave misdemeanor, dismissal from the Institution.

With regard to promotion, each employee is entitled to up-grading or promotion once every five years. This period can be shortened or prolonged according to the decision of management. On the other hand, every year employees receive an increase in their annual allowances. These are always judged by the employee's performance and competence. A confidential report is written annually by the manager of each department about each employee. This report is in the form of a model in which the manager ticks the appropriate boxes (see appendix 2). These boxes are divided into the following criteria:

1) Knowledge of work.	}
	}
2) Accuracy in execution.	} 30 degrees
	}
3) Productivity.	}
4) Commitment to job's orders.	}
	}
5) Response towards work pressure.	} 20 degrees
	}
6) Assuming responsibility.	}
7) Ability in decision making and innovation.	}
	} 15 degrees
8) Relations with colleagues.	}
9) Cooperation.	}
	} 10 degrees
10) Enthusiasm in work.	}

The employees are then ranked into the following categories: Weak, Acceptable, Good, Very Good, and Excellent depending on the marks they score according to each category: less than 42, between 42 and 54,

between 55 and 61, between 62 and 68, and more than 68 respectively. The model also contains special pages on which the manager, the superintendent, and a representative of the Committee of Employee Affairs can write their comments about the employee concerned.

These reports are directed to the Committee of Employee Affairs which uses them as prime evidence when considering promotion or any other matter concerning the employees' rewards or discipline. When an employee falls into the category of weak he must present himself before the Committee for an interview and his promotion together with his grant of annual allowance is delayed. On the other hand, a very good score is a precondition for granting the employee an exceptional allowance (12).

From among 318 employees surveyed, 215 (67.6 per cent) were promoted to higher grades between 1982 and 1985. The majority of those employees work in the departments of the Office for Insurance Affairs. In the Department of Insurance, for example, nearly all the employees were granted promotion during the above period. During the same period, 210 employees out of 315 surveyed in the whole Institution received some sort of financial reward for competence and good work. In the Department of Insurance Service alone 23 employees out of 36 surveyed received such rewards. Letters of recognition and commendation were received by 119 out of 315 employees in the Institution as a whole.

On the other hand, 61 employees out of the 315 admitted that their annual allowance had been stopped or delayed for reasons relating to bad performance or other reasons that were thought by the management as being punishable. Moreover, 27 employees experienced some deductions in their salaries for the same reasons. Twenty-two employees received letters of

warning in which they were notified of their neglect and were urged to increase their efforts and raise their productivity.

We can see, therefore, that the essential criteria followed by management in rewarding or punishing its employees relate mainly to their levels of productivity. However, there are other criteria, although less important, which we have observed through our work in the Institution. They include personal relations with the management and even social and political leanings. For example, there were cases of punishment in the form of intra-departmental transfer of a group of employees for reasons almost certainly related to their political views and activities which cannot be discussed here. Hence despite the availability of the most advanced working facilities in the form of the computer, 'traditional' and 'extra-managerial' considerations remain effective in the evaluation of various aspects of the employees' performance. In other words, the introduction of the computer has not eliminated traditional and bureaucratic practices in the Institution. As we will see in the next section, this means that there is a co-existence of modern technology co-exists alongside backward social values which continue to be of major importance and pervasiveness in spite of the acquisition of the most advanced equipment.

5. Problems Facing the Employees

We saw earlier that employment policy in the Institution is used as a means of absorbing Kuwaiti social science graduates into government jobs. Apart from this main criterion, no other attention is given to the nature and specialisation of the employees since they will perform tasks which are not particularly related to their qualifications. Thus the main bulk of the Institution's employees are Kuwaiti middle class who were able to enter a medium grade in the state's salaries system through their education.

This makes the task of trying to generalise about the problems facing the employees a very difficult one. In particular, the absence of a trade union representing the interests of the employees vis-a-vis management increases the difficulty in defining the nature of the problems that the majority of employees face whether in their relationship with management or in the tasks that they are required to perform.

One of the main rules for forming a trade union in any state institution is to present a petition signed by at least fifteen employees (13). In fact, an initiative was taken at the end of 1982 by three female employees in the Department of Insurance Service to try and collect the necessary signatures for a petition demanding the agreement of the General Director to form an employees' trade union in the Institution. Despite the hard work, and due to the hesitation and fear exhibited by the majority of the employees who were approached, the initiative failed to collect the number of signatures needed. Most of the employees who declined to sign the petition expressed the fear that if they were to get involved in such activities they might find themselves in trouble with

management who determine their promotion rights and other rewards. In fact, the majority felt that an activity like this was more a matter of politics than a genuine attempt to find some solutions to the collective problems of the employees.

The absence of a trade union in the Institution has meant that the employees are in many cases deprived of the means of defining and defending their rights in a collective manner. Hence, problems are always individualised in the sense that their solutions are met by direct contacts between the employees concerned and their managers. This in turn enhances the existence and perpetuation of 'extra-managerial' criteria based on traditional social values, now translated into relations of influence and nepotism. Moreover, despite the existence of the computer whose functions are not fully utilised, it is often the case that the management urges the employees to write individually about their opinions and proposals in all matters whether relating to their conditions of work or in order to improve and raise the level of the Institution's performance (14). This proved practically true after the above initiative took place.

The non-existence of a Trade Union can only be explained by the fact that, besides the generally hostile attitude towards such activities in Kuwaiti society as a whole, the majority of the employees in the Institution do not see any immediate impact of a trade union upon their conditions of work. In fact, as far as they are concerned, neither their background nor the nature of the work they perform necessitate the creation of a trade union. The employees do not share the same working conditions, since employees in various departments are assigned to jobs which differ in their nature and objects. In addition to that, there is

little contact among the employees outside their own departments. This means that there is no sense or feeling among the employees that they all share the same concerns and have the same interests. If there are problems with the management, these are always of an individual nature and solutions are sought by direct contacts between each employee or a very small group of the employees concerned and senior management. Such a situation exists throughout the civil service sector and is not confined to the PIFSS, despite the constitutional legality of trade unions.

However, the employees in the Institution share a belief that various problems do exist, whether in their relations with the management or in the nature of their work. In a survey of 333 employees in all departments of the Institution, 129 employees admitted facing problems in their work. The following table divides these problems into three categories according to the specification of those who responded to the question. In the first category are problems related to the nature of work and its different aspects such as qualifications, training, work intensity or lack of it, and nature of assigned tasks. In the second are problems concerning the social atmosphere and relations among the employees and between them and the management. In the third one are what are viewed as personal problems relating to the individual employee's own attitude and relations with others in the Institution.

Table 5.8
Problems of the Employees

Problems	Number of Emp.	%
Nature of Work	58	46.0
Social Atmosphere	49	39.0
Personal	7	5.5
Other Problems	12	9.5
Total	129	100.0

In a special box in the questionnaire, many employees surveyed elaborated on the nature of the problems they are facing and on what they viewed as the negative aspects and phenomena that characterise their work and their relations with the management. In fact, many employees emphasised the wide gap between the nature of the work and the original qualifications of the employees. An example was cited of an employee in one of the computer departments whose university degree was in geography. Other employees emphasised that training of the employees is insufficient since most of this work was quite new to them. Some employees surveyed criticised tight centralisation and monopoly of the decision-making process by management in all matters relating to the conditions and well-being of the employees. Rules and regulations for estimating the employees' competence on which promotion and rewards and other incentives were based were also exposed as being unfair to the employees and being set up without their consent.

However, the most widely recognised and most criticised phenomenon was

the importance of personal and other relations of influence between management and employees in almost all aspects relating to the appointment of employees, the nature of the tasks assigned them, promotion and rewards, etc. One employee commented on this by saying that "relations of patronage, favoritism and nepotism together with other personal and friendship relations are the most important dominant criteria of appointment, promotion, and rewards in the Institution."

This is partly highlighted by the fact that 157 out 333 employees responded to a question about the manner of their appointment in the Institution by admitting that it was made through friends and relatives, while the rest joined the Institution either by making personal contact or by responding to advertisements. Moreover, when asked about whether the employees have relatives working with them in the Institution, 109 employees out of 333 answered positively and 230 admitted that they have friends and relatives working in the Institution. This may be explained by the small size of the Kuwaiti population, but also by the nepotism stressed by most employees.

Many other complaints were made by the employees about their managers. Their involvement in the above phenomena and their incompetence were the subject of many comments. Some managers were accused of being incompetent and of obtaining their positions through nepotism. They were viewed as the principal cause of most of the Institution's problems and of having no respect for the employees. One employee wrote that "the policy of 'Kuwaitisation' of the management (15) brought to higher positions many incompetent managers whose main concern is the satisfaction of their own desires without giving due regard to objectivity either at work or in dealings with their employees."

However, only a few employees complained about the level of their incomes, while the overwhelming majority stated that they have no problems with regard to their salaries. As for the system of promotion and allowances the majority of the employees showed a great degree of satisfaction. This shows that, unlike the common relation between employees and employers, the problem of wages or wage increases does not exist in this Institution.

We can see, therefore, that most of what are regarded as problems by the Institution's employees relate to the nature of the tasks assigned to them and the relations of these tasks to their specialisation. In addition, the existence of personal relationships and influence as important factors in various matters such as appointment and promotion is the most condemned and criticised phenomenon which they believe runs counter to the interests of the majority of the employees.

Notes

(1) PIFSS, Administrative Orders Concerning the Implementation of the Employees System: 1983, Article 2, p.2.

(2) These tests are carried out at short notice which is usually days or hours before the tests. An example is an Internal Instruction by the Department of Insurance Service signed in 3-2-1985.
PIFSS, Department of Insurance Service, Internal Instructions: 3-2-1985, 17-3-1985, 24-3-1985, 27-3,1985, 3-4-1985.

(3) What is meant by this procedure is that there are some employees who have spent, before being recognised as Kuwaiti citizens, some years working in Kuwait. After being granted Kuwaiti nationality, they are entitled to add the previous period of work they have spent before acquiring Kuwaiti citizenship to their service period for the purpose of enjoying the rights of social security.
For more details on this, see,
PIFSS, Social Insurance Laws and Implementing Orders: 1980, 1981, 1982, 1983, 1984, Order No.21 of 1982 Concerning Terms and Rules Applying to Combination of Service Periods Prior to Attaining Kuwaiti Citizenship, pp.1-5.

(4) Part 5 of the Social Security Law is Voluntary Insurance which concerns the extension of Social Security to include the employers and self-employed persons, members of professional occupations, and members of the National Assembly and Municipal Council. For more details, see:
PIFSS, Amiri Order Promulgating Law No.61 of the Year 1976: Issuing the Social Insurance Law: Part 5, pp.31-32.

(5) Interview with a number of employees in the Department of Registration in 1986.

(6) Directing and supervising the work of the employees in each department is a manager, a superintendent, and supervisors. The observer's role is similar to that of the manager but deals more with the performance of the employees and its evaluation within the whole department. On the other hand, each supervisor is in charge of following the work of certain a number of employees (5-7) and reports to the observer about them.

(7) An example of this is a memorandum from the manager of the Department of Pension Affairs signed in 31-5-1985, asking the Department of Registration to send some forms concerning the increase in retirement pensions with each file belonging to a deceased person in order to calculate the payment of death award.
PIFSS, Department of Pension Affairs Memorandum: 31-5-1984.

(8) PIFSS, Department of Developing the Use of the Computer, Internal Warning: 7-5-1985.

(9) PIFSS, Department of Insurance Service, Internal Warning: 5-3-1985.
PIFSS, Department of Insurance Service, Internal Instruction: 16-4-1985.

(10) PIFSS, Administrative Orders Concerning ....: op. cit., Employees System, Part 2, pp.2-3.

(11) Ibid., pp.4-5.

(12) Ibid., Order No.4, 1985, pp.30-31.

(13) General Union of Kuwaiti Workers, Conditions of Founding a Trade Union Internal Document, n.d.

(14) This has resulted in a relatively large number of letters and petitions written by many employees to their managers, informing them about various matters concerning their work, providing some useful suggestions, and formulating demands.

(15) This process was meant to intoduce Kuwaiti citizens into higher positions in all government institutions and was unofficially started at the end of the 1970s.

CHAPTER SIX:

CONCLUSIONS

Science and technology in general are the fruit of the development of man's control over nature and of his continuously expanding knowledge of its laws. Their immediate impact can be felt in raising levels of production and productivity. They play an effective and important role in enhancing the development opportunities of the developing countries since without them many requirements of development cannot be met.

However, the social role of technology is not neutral and its impact upon economic development is not always positive. In capitalist relations of production technology becomes one of the vital means of exploitation. Capitalist management uses advanced machinery not only to increase the workers' productivity but also and more importantly to determine the pace of work. Thus with every development in technology and production techniques, the workers find themselves yoked to machinery through which management is able to introduce the necessary discipline and motivation for work without having to resort to means of hierarchical control. Furthermore, technology and its development under capitalist relations contributes to the process of deskilling the labour force which is always desired by capital in order to reduce the cost of labour.

These are some social aspects of the development of technology in capitalist society. Technology becomes an essential tool in the hands of management to extend the exploitation of the labour force, and to increase the surplus value extracted through increasing both productivity and work control.

Given the current conditions of capital accumulation in the world economy in general and in most of the advanced capitalist countries in particular, the development of technology and the introduction of new techniques contributes to the acceleration of both production rationalisation and production relocation. The former involves the substitution of old technology by a new one which is often computerised. The result is a drastic reduction in the employment of labour, and a remarkable degree of deskilling the employed labour force. As to production relocation, some developing countries began to offer very favourable conditions for investment by international capital. The availability of cheap labour and natural resources has induced a great number of industrial firms to invest in new sites located in the developing countries. The decomposition of the production process which has been made possible by advances in technology in general has enhanced the process of production relocation where newly created industrial sites in the Third World specialise in labour intensive production which requires a minimum of skills.

Changes in the international division of labour and its new trends facilitated the task of acquiring modern technology invented and developed in the industrialised countries. Therefore the present spread of international technology must always be linked to newly emerging conditions in the international division of labour. Nevertheless, this should not overshadow the fact that there remains a remarkable degree of maldistribution in world technology in favour of the industrialised countries with their multinational corporations enjoying an effective monopoly of world science and technology.

What is the impact of transferred technology upon development

opportunities in the receiving countries? We have seen that technology transfer is carried out either through direct investment by the MNCs in the host countries or by the sale of technology to those countries which possess enough capital to buy it. In the former case, the most important effects of such investment lie in the development of externally oriented economies, the demand for whose products is generated from outside. Huge profits and resources flow out of the host countries with only a very small minority of the local population benefitting from the activities of the MNCs. Degraded and unskilled labour is the direct outcome of the technology introduced by the MNCs' investment since normally only those elements of the production process requiring a minimum of skills are located in the developing countries.

Kuwait's experience in technology transfer represents a very special case. It is case of a country which both prefers and is able to buy technology directly from the MNCs. This is made possible by the large oil revenues which have provided Kuwait with an economy of surplus-capital. Almost every aspect of social and economic development is the result of oil. In fact, it is the most important factor of cohesion for both Kuwaiti economy and Kuwaiti society. This does not mean that the socio-economic structure which existed before the discovery of oil was or has become insignificant in determining the direction of the later social and economic development of the state. Rather, this structure and the fact that it had only come into being relatively recently has accounted to a large extent for the way in which the oil wealth has been directed. One of the most important results has been the development of a high level of social consumption accompanied by a limited local economic base for its satisfaction. Thus almost all economic needs, including the labour force,

were met by importing from outside.

The creation of a welfare state through the disbursement of oil revenues became one of the immediate objectives of Kuwaiti rulers. A relatively high standard of living, manifested in large per capita income and in the availability of public services, together with high levels of consumption are among the most important characteristics of the Kuwaiti population. The creation of a social security programme to cover almost all the Kuwaiti people with generous retirement and pensions benefits represented one important channel through which oil revenues have been distributed.

Oil wealth has enabled both the state and the private sector to acquire from industrialised countries the most advanced technology, considered necessary for the enhancement of economic development. In this study we saw that the use of the computer became an essential factor in carrying out the functions of the Public Institution for Social Security (PIFSS). It is true that it does greatly contribute to the easy and smooth running of the Institution's various functions. Many tasks, which normally take a long time to be accomplished and which are sources of administrative bottlenecks and confusion when carried out manually, can be performed in an easy and speedy manner. However, the use of the computer is not determined merely by its efficiency since in many cases it can be very costly. To what extent is the use of transferred technology in Kuwait determined by conditions in any way similar to the advanced capitalist countries from which they were imported?

The rationalisation of production processes in the industrialised countries, which now absorbs the major part of investments in these countries, involves the introduction of advanced technology in order to replace part of the labour force and to achieve a high level of control

over the remainder. Generally, it is imposed by a variety of conditions, the most important of which is the inherent conflict within the production process between labour and capital. Under conditions of a relatively strong labour organisation such conflict necessitates a reduction in dependence on labour as part of the means of production.

With regard to Kuwait's use of advanced technology, one can contend that it does not stem from the same conditions mentioned above, since, at least at the national level, the conflict between labour and capital is not developed to the same degree which is witnessed in the industrialised capitalist countries. This is because of the simple fact that employment in the Kuwaiti labour force is determined to a large extent by the state's objective of distributing its oil wealth among the population. In other words, there is no attempt to rationalise the production process behind the transfer of technology to Kuwait. Rather, the state's desire to acquire the most advanced technology stems from the fact that it has at its disposal a large amount of capital which is more than enough to purchase technology used for a specific purpose in the industrialised capitalist countries. Introducing technology in Kuwait is in most cases part of a policy to consume the surplus of liquid capital from the oil revenues. It is also determined by the development of a high level of social consumption and is to a large extent a manifestation of the desire for showing how 'highly developed' Kuwait is.

Employment in the PIFSS is to a great extent, like the social security programme itself, a means of distributing oil revenues. The PIFSS, besides its functions, is designed to be part of the state's civil service sector which is capable of absorbing part of Kuwaiti university graduates. The public persona of one of the most developed government

institutions is regarded as an important factor which accounts for the fact that university graduates, irrespective of their educational specialisation, constitute the bulk of the Institution's employees. It also accounts for the fact that the majority of the employees dealing directly with the public are females. Therefore, uneconomic considerations and criteria constitute the most significant factors behind hiring employees in the PIFSS.

A similar contention can be made about the use of the computer in the PIFSS. Despite the enormous contribution it makes to the ease with which the Institution's functions and tasks are carried out, the main determinants of computer use that exist in capitalist countries are irrelevant and neglected in the case of the PIFSS. This means that the computer is not used as efficiently as it could be since many of the functions, especially that of controlling the work force, for which it is primarily introduced in the advanced capitalist countries, are not utilised. In other words, the computer has been introduced for reasons quite different from those imposed upon capital in the industrialised capitalist countries. The reasons are largely connected with the objective of an easy and smooth accomplishment of the Institution's functions. Again, this objective could only exist because of the state's ability to purchase the technology in question. It developed mainly as part of the consumption pattern that characterises Kuwaiti society in general. Therefore, the computer has not been introduced to replace the labour force since one aim of the PIFSS is to absorb as many university graduates as possible. Hence the computer, whose major role should be to reduce the size of the work force as well as acting as an effective means of its control, is superimposed upon a state institution which is

required to employ a relatively very large work force. This, in fact, is what distinguishs the use of computers in Kuwait from their use in the advanced capitalist countries whose progresses Kuwait tries to emulate.

Furthermore, one can easily notice that the essential functions of the computer, and for which its introduction in the industrialised countries is mainly made, are not utilised. For example, unlike the experiences of computer use in industrialised countries, control of the employees in the PIFSS is only partially carried out by the computer and administrative control through superintendent, supervisors, and managers remains the most important factor in the organisation of work. Similarly, because of the relatively large number of employees, many other functions which can be performed by the computer are left to the employees to carry out. For example, control of the labour force is always carried out by the same 'hierarchical control' used by management before the introduction of 'technical control' with the help of the computer involving the direct services of superintendents, supervisors, managers, etc.

Despite the use in the PIFSS of the most advanced technology, relations among the employees and between them and their superiors are still greatly influenced by their social traditions and values. In other words, there is a remarkable degree of co-existence between traditional values derived from pre-capitalist social relations and the advanced technology the computer. Hence, non-economic phenomena alien to the norms and criteria of modern management are still important in matters of appointment, rewards, promotion, punishment, etc., reflecting the fact that modern technology alone cannot change, or even be adapted to serve, a backward social structure.

The use of the computer in the PIFSS can be taken as an example of the

fact that modern technology introduced into a backward or pre-capitalist socio-economic structure may, instead of revolutionising this structure, contribute to the reproduction of the conditions of backwardness since it alleviates rather than aggravates the tensions that such structures may incubate.

APPENDIX 1

Sample Questionnaire Directed to the Employees of the PIFSS

1- General Information

a) Age: .....

b) Sex: Male ( ) Female ( )

c) Marital Status: Married ( ) Single ( ) Widow ( )
Divorce ( )

d) Nationality:.....

2- Educational Qualification:

a) Illiterate ( ) Primary ( ) Intermediate ( )

Secondary ( ) Institute ( ) University ( )

b) Years of Formal Education: .....

c) Knowledge of Foreign Language: Yes ( ) No ( )

d) If yes, what language/s : .....

e) Degree of Knowledge: Reading only ( ) Reading and Writing ( )

3- Level of Experience:

a) Type of Work Prior to Joining the PIFSS:

State ( ) Private ( ) Mixed ( ) Technical ( )

Administrative ( )

b) Type of jobs assigned to you by the PIFSS: .....

c) Did the PIFSS train you: Yes ( ) No ( )

d) Your administrative rank: .....

e) Period of training: .....

f) Total period of employment in the PIFSS: .....

4- Information About the Training

a) Period of training in days: .....

b) Type of training: .....

c) Training sponsor: Private ( ) the PIFSS ( ) Others ( )

d) Do you think that you are still in need for more trainig:

Yes ( ) No ( )

e) If yes, What kind of training:

Continuation of previous training ( )

Training that fits present job ( )

Other type of training ( ) Nature of other type ....

f) Will the PIFSS sponsor this training: Yes ( ) No ( )

g) Period needed to complete this training: Years ( ) Months ( )

h) Where will training take place:

On the job ( ) Somewhere else in the country ( )

Outside the country ( )

i) How important is this extra training:

Necessary to continue with the PIFSS ( ) Not necessary ( )

Might be needed elswhere in the future ( )

j) Do you think that training is:

A right ( ) An opportunity to be seized upon ( )

Not important ( ) Will do no good ( )

k) Do you think that the opportunity for extra training is given on the basis of: Priority ( ) Merit ( ) Favouritism ( )

Persistence ( ) Random basis ( )

5- Nature of Work

a) Number of hours worked per day ( )

b) Number of additional hours per day ( )

c) Number of days worked per week ( )

d) Number of days vacation ( )

e) Are you supervising other employees: Yes ( ) No ( )

g) If yes, how many employees: ( )

h) If no, is your supervisor a:

Kuwaiti ( ) Arab ( ) Foreigner ( )

i) Categorise your job into: Manual ( ) Mental ( ) Both ( )

j) Do you have relatives working with you: Yes ( ) No ( )

k) Do you have an old friend or acquaintances working with you:

Yes ( ) No ( )

6- Work Performance

a) Are you generally happy with your work: Yes ( ) No ( )

b) Do you get along with your superiors and colleagues: Yes ( ) No ( )

c) Did you receive a letter of commendation: Yes ( ) No ( )

d) Did you receive a letter of censure: Yes ( ) No ( )

e) Did you receive a letter of warning: Yes ( ) No ( )

f) Did the PIFSS deduct anything from your salary: Yes ( ) No ( )

g) Did the PIFSS stop your annual allowance: Yes ( ) No ( )

h) Did the PIFSS give you any additional bonuses: Yes ( ) No ( )

i) Did the PIFSS grant you promotion: Yes ( ) No ( )

j) Were you part of any disturbances in work: Yes ( ) No ( )

k) Were you part of any disagreements in work: Yes ( ) No ( )

7- Work Conditions

a) Were you aware in advance of the rights and duties of your job:

Yes ( ) No ( )

b) Specifically, what is your present job: .....

c) Is your job what you were originally employed for: Yes ( ) No ( )

d) If no, How many times has your job been changed:

Once ( ) Twice ( ) More than twice ( )

e) What were the causes of the change/s:

Promotion ( ) Transfer to other departments ( )

Demotion ( ) Personal Request ( ) Others ( )

f) Number of Colleagues who perform the same tasks: .....

g) How did you join the PIFSS:

Response to advertisement ( ) Personal contact ( )

Through Friends ( ) Other ( )

h) To what extent are you satisfied with your present job:

Very Satisfied ( ) Satisfied ( ) Not-satisfied ( )

i) Do you think that the status of your present job is:

Permanent ( ) Temporary ( ) Do not Know ( )

j) Do you think that job conditions will change for:

The Better ( ) The Worse ( ) Do not Know ( )

k) Do you have job-related problems: Yes ( ) No ( )

l) If yes, Are these problems related mainly to:

Nature of Work ( ) Social Atmosphere of Work-place ( ) Personal

Circumstance ( ) Other Reasons ( )

m) Can these problems be described as:

Important ( ) Simple ( ) Trivial ( )

n) Do you think that these problems are:

Long Lasting ( ) Temporary ( ) Do not Know ( )

8- Salaries and Material Incentives

a) Is your present salary:

Adequate ( ) Inadequate ( ) Do not Know ( )

b) Is your present salary better than what you may get elsewhere:

Yes ( ) No ( ) Do not Know ( )

c) Is your take-home pay related to the level and quality of your performance: Yes ( ) No ( ) Do not Know ( )

d) If yes, do you think that this relation is:

Important ( ) Unimportant ( ) Do not Know ( )

e) Generally speaking, do you think that salaries and incentives in the PIFSS are: Fair ( ) Unfair ( ) Do not Know ( )

9- Personal Information

a) Are you obedient towards your superiors: Yes ( ) No ( )

b) Do you think that you are sincere about your work: Yes ( ) No ( )

c) What is your monthly salary:

Less than KD 200 ( ) 200-350 ( ) 350-500 ( ) 500-700 ( ) 700 and more ( )

d) What is the monthly income of your family:

Less than KD 500 ( ) 500-1000 ( ) 1000-1500 ( ) More than 1500 ( )

e) Do you have further comments about:

1) Your work .....

2) Your relations with your superiors .....

3) Your salary .....

4) Your training .....

APPENDIX 2

Model of Estimating the Employee's Competence in the PIFSS

Name of Employee..... Date of Appointment.....

Administrative Rank..... Date of Joining the Job.....

Department/Office ..... Date .....

	Excellent	Very Good	Good	Acceptable	Weak	
Max. Marks 30	>27	>24	>21	>15	<15	
1- Knowledge of Work	----	----	----	----	----	
2- Accuracy in Execution	----	----	----	----	----	
3- Productivity	----	----	----	----	----	
Total						------
Max. Marks 20	>18	>16	>14	>11	<11	
4- Commitment to Job's Orders	----	----	----	----	----	
5- Response Towards Work Pressure	----	----	----	----	----	
6- Assuming Responsibility	----	----	----	----	----	
Total						------
Max. Marks 15	>14	>13	>12	>11	<11	
7- Ability in Decision Making and Innovation	----	----	----	----	----	
8- Relations With Colleagues	----	----	----	----	----	

Total					------
Max. Marks 10	>9	>8	>7	>5	<5
9- Cooperation	----	----	----	----	----
10- Enthusiasm in Work	----	----	----	----	----
Total					------

Rank ----- Percentage ----- Total of Marks -----

Comments of the Superintendent ----------

Signature

Comments and Recomendations of the Manager ---------

Signature

Comments and Recommendations of the Chairman of the Employees' Affairs Committee

Signature

Comments of the Employees' Affairs Committee

Signature of the Chairman

Levels of Competence

Levels	First	Second	Third	Fourth	Fifth
Ranks	Excellent	Very Good	Good	Acceptable	Weak
Percentage	>90	80-89	70-79	60-69	<60

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