

MERIA

THE GULF ARABS AND THE NEW IRAQ: THE MOST TO GAIN AND THE MOST TO LOSE?

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While many of the international and domestic problems of Gulf Arab monarchies have been building for years, the U.S. overthrow of Iraq's government puts these issues in a different context. On the regional scene, this change has improved the security of these countries yet it has also opened new pressures--or opportunities--for domestic reform.

There were few states in the world that looked on the 2003 war in Iraq with greater fear and anticipation than the six states of the Gulf Cooperation Council (GCC): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE). On one hand, the U.S.-led military operation promised to overthrow a regime that had occupied one of their fellow states and repeatedly threatened the region's stability. On the other hand, it strained an already difficult situation for GCC states in balancing their need for close ties with Washington with the opposition of their peoples and the wider Arab-Islamic world to U.S. policies in the Middle East.

This perilous balancing act was best expressed at the Organization of the Islamic Conference (OIC) meeting held in Doha, Qatar, in February 2003, less than a month before the war began. The conference featured some very bitter exchanges among officials, including a shouting match--caught live on satellite television--in which an Iraqi told a Kuwaiti to "Shut up, you minion, you agent, you monkey!" Despite these differences, officials agreed to a conference communiqué which rejected any strike on Iraq and urged member states to

refrain from supporting any actions "targeting the security and territorial integrity of Iraq."

But even as Qatari foreign minister, Shaykh Hamad Jassim Ibn Jabar al Thani, read the meeting's communiqué to delegates, he had to compete to be heard over the sounds of a U.S. C-130 plane passing over the hotel conference center flying to the nearby al Udaid airbase, the regional command center for the U.S. military during the war in Iraq.(1)

Fortunately for Shaykh Hamad and his colleagues in the GCC, the war ended six weeks after the OIC meeting ended, easing the concern that the conflict might become protracted and damage the Gulf region's political and economic stability. Although the Iraq war's speedy conclusion will reduce the price of the GCC states' chief export--petroleum--by as much as 25 percent, many of the Gulf Arabs are confident that they will benefit substantially from opportunities to rebuild Iraq and that nation's long pent-up demand for goods and services.(2)

The GCC benefits as well from the new balance of power in the Gulf, in which the United States dominates without deploy-

ments to a set of sensitive regional bases. An Iraq that is stable, unified, democratic, wealthy, and in which Shi'a participate in government in proportion to their demographic majority, could be a real force for stability in the region and a long-term check on Iranian power. Finally, recent U.S. government commitments to reinvigorate the Arab-Israeli peace process and negotiate free trade treaties between the United States and the Middle East could help GCC states justify their close ties to Washington.

The new dynamic created by the overthrow of Saddam Hussein's government also presents a number of long-term challenges to GCC states. Many of these challenges may exacerbate the long-standing problems that each GCC state faces, to differing degrees, in foreign affairs (military weakness in relation to neighboring states and the desire to balance domestic views on foreign policy with close U.S. ties), domestic politics (reconciling tribal and autocratic governance with demands for liberalized, consultative political institutions; politically-inspired violence and Islam; and succession), and social-economic affairs (heavy dependence on petroleum exports and expatriate works, privatization, population growth, and the budgetary issues).

Serious economic and political disputes among GCC states have already exacerbated these problems and limited the ability of the states to speak in a single voice on international affairs. Any of the following scenarios--U.S. failure to both rebuild Iraq and form a legitimate government in a timely manner, sustained Iraqi resistance to the U.S. administration, a significant increase in Iranian influence with Iraq, and the emergence of a Shi'i theocratic state in

Iraq--together or individually could lead to a degree of instability in Gulf Arab societies larger than that of any period since the Iranian revolution in 1979.

The impact of such a future might even be worse than that of past impacts because of the ability of Arab satellite news networks and the internet to deliver uncensored news rapidly and the close ethnic, tribal and religious linkages between the Gulf Arabs and Iraqis. A democratic Iraq would also be a more compelling client for the United States in the Gulf than the monarchies of the GCC, as well as a very potent symbol for Shi'a and other groups pushing for change in Arab Gulf societies.

While it is still too early to make any definitive judgments as to what form the long-term impact of the war in Iraq will have on Gulf Arabs, this essay will argue that the governments of the GCC states and their peoples have an enormous amount at stake in the development process in Iraq and the need to reform their own societies generally. Though no GCC state is threatened by invasion or economic collapse in the near or medium term, Gulf Arabs must begin to reform their societies and develop new collective, integrated institutions with their allies to guarantee a secure and prosperous future.

The coming months will be critical because the balance of power in the Persian Gulf region following the Iraq war has given the GCC states a rare period when they can focus on reform. This is especially the case in Saudi Arabia, whose 78 year-old-leader, Crown Prince Abdallah, is attempting to modernize his society and fend off a potentially serious threat from Islamist militants. If the Gulf States fail to address their domestic and security chal-

lenges soon, their socio-economic problems might become as critical as those of much poorer societies in the developing world.

1. CHALLENGES IN INTERNATIONAL AFFAIRS

THE UNITED STATES, IRAQ, AND THE NEW BALANCE OF POWER

No GCC state "openly" supported the overthrow of the government of Iraq, but there was no question that the states of the GCC assisted U.S. and coalition partners' military operations in Iraq in ways that ranged from the UAE and Oman allowing over-flight or basing rights, respectively, to the stationing of thousands of sailors, troops, and combat aircraft in Bahrain, Oman, and Saudi Arabia. While GCC governments expressed opposition to the war in the weeks leading up to mid March, official criticism of the United States became increasingly muted, as the war became a forgone conclusion.

Although many GCC states maintain defense treaties with European countries and with other regional states, Gulf Arab leaders knew that the United States remained the guarantor of their security and an important source of trade and investment.(3) Gulf leaders also recognized that the United States would have an enormous influence over which companies would rebuild Iraq and which would provide it with goods and services after the regime collapsed.

The effective U.S. war effort led to victory in less than a month and ushered in a new balance of power in the Persian Gulf region. For the first time in decades, Iraq was no longer part of that balance and a new external force, more than 160,000 U.S.

soldiers, were. It was possible that Iraq's decline might have provided a chance for the other large regional power, Iran, to gain influence through short-term direct action. But U.S. officials repeatedly warned Iran of the very dire consequences for Tehran if the Iranian government attempted to interfere in either Iraqi affairs or those of the Persian Gulf.

The Pentagon's current emphasis on mobility, carrier battle groups, and decreased overseas deployments promises to allow the United States to project power in the Gulf without maintaining a vast network of airfields, bases, and ports.(4) While this new approach does not herald a return to the old "over the horizon" policy of the 1980s, it aims to address the tensions that these facilities generated in Saudi Arabia and other parts of the region.(5) Finally, the absence of any state capable of challenging U.S. conventional military power from either within or outside the region further cements Washington's dominant position in the Persian Gulf.

U.S. power does have real limits, however. While the military campaign to overthrow Saddam Hussein's government took only three weeks, reports of daily firefights between Iraqis and U.S. soldiers, delays in restoring basic services, ethnic fighting in Kirkuk, Shi'a unrest, and U.S. officials being overwhelmed by the Byzantine allegiances and the new proliferation of Islamic political groups suggest that the United States will have to devote significant attention and resources to Iraq for a long time.(6) It is still unclear how the United States is going to integrate tribal elites and Shi'i clerics, many of whom command the allegiance of thousands, maintain their own militias, and some of whom have ties to Iran. Equally difficult

for U.S. policymakers will be limiting the influence of Iraq's neighbors in the nation's internal affairs.

At the same time, it is important to remember that these are all challenges that the United States has the resources to meet, and senior U.S. officials have repeatedly stated that they understand the difficulty of the process needed to rebuild Iraq and have committed the U.S. government to stay as long as necessary. Another key factor in favor of the United States is that none of the states surrounding Iraq have a stake in seeing Iraq disintegrate, and so, to a certain extent, they would not benefit by a U.S. failure to rebuild the nation's infrastructure and constitute a viable government there. This is especially true of the GCC states, whose financial assistance to Iraq, acceptance of a new government there, and diplomatic relationships with regional states that have interests in Iraq could prove crucial to U.S. long-term success in Iraq.

IRAN AND HISTORIC OPPORTUNITIES

Of the regional states with interests in Iraq, there is none more important to the GCC and the United States than Iran. Iraqis and Iranians share a long border, a long history, and the same majority religion, Shi'ism. Although Tehran must take recent and repeated U.S. warnings seriously, Iran's actions in Iraq may in large part be dictated by a desire not to disturb the strong diplomatic and commercial ties that Tehran has developed with the GCC states since the election of the reform-minded President Muhammad Khatami in 1997.

Saudi-Iranian trade reached \$1.42 billion in 2001, and Iran made agreements with Kuwait in the spring of 2003 to supply

the Gulf state with gas and water.(7) Scores of GCC officials have met their counterparts in Iran, with both sides emphasizing the strength of bilateral relations. For instance, the Kuwaiti defense minister, whose government supported Iraq in the Iran-Iraq war, emphasized the importance of military cooperation with Iran and praised Iran's role in the region in December 2002.(8)

Still, the warming ties between Iran and the United Arab Emirates (UAE)--which have bitterly contested the ownership of three Persian Gulf islands occupied by Iran since 1971--perhaps best illustrates the new relationship between Iran and the GCC.(9) Iran-UAE trade surpassed \$3 billion in 2001, and senior Iranian officials have noted the centrality of the UAE to Iran's commerce.(10) In December 2002, UAE president Shaykh Zayid noted the "satisfactory development of relations with Iran" in his annual National Day address. In addition, President Khatami was invited to visit the UAE in May 2003.(11)

An Iraq occupied by U.S. forces, the predominant U.S. position in the balance of power, and strong relations with Iran present the GCC states with their most favorable strategic position as a group since Great Britain withdrew from the region in the 1970s. This favorable geostrategic position is further enhanced by the GCC's new customs union and plans for a common currency.(12) The different approaches that the GCC states have taken to maintain this favorable position--in particular their willingness to host U.S. soldiers--illustrate the differing foreign policy agendas of the GCC states, their relations with other Gulf Arab states, as well as their in-

dividual strategic positions within the Persian Gulf region.

KUWAIT

No country in the Middle East welcomed the end of Saddam Hussein's government more than that of Kuwait. Just over a decade earlier, Iraqi soldiers invaded the tiny Gulf state, which had to endure threats of invasion even after those soldiers were driven out of Kuwait by a broad coalition led by the United States in 1991. In the "second" Iraq war in 2003, Kuwait hosted the vast majority of U.S. and U.K. ground forces and was the only Arab state to receive hostile fire from Iraq. A much broader portion of the Kuwaiti press supported the war than that of other Arab Gulf states, and some Kuwaitis suggested redirecting their nation's overseas investments toward countries that supported the U.S. position.(13) Now that the war has ended, Kuwait will maintain a strong relationship with the United States by assisting international efforts in the write-off of Iraq's debt, help aid the reconstruction program, and recognize a new Iraqi government. In addition, Kuwait will spend up to \$200 million annually to store weapons and ammunition and to maintain a small force of U.S. soldiers.(14)

Kuwait's continued pro-Washington position reflects the Kuwaitis' feeling of vulnerability--despite stronger relations with Iran and the fall of Saddam Hussein--and belief that the United States is the only state that can guarantee its security. The policy also reflects the Kuwaiti fear that a new pro-U.S. Iraqi government would undermine the importance of Kuwait in Washington's calculations. For Kuwaitis, any U.S. shift towards Iraq would hamper their efforts to maintain the UN-controlled

Iraq compensation fund payments for Kuwait and to fend off Iraqi complaints about the treatment of Kuwaiti Shi'a and the Kuwait-Iraqi border.(15)

Although Shi'a comprise only 20-30% of the population and are much better off than their coreligionists in other GCC states, they continue to face discrimination.(16) The Kuwaiti government knows also that the Iraqi claim to Kuwait predates by decades the 1990-1991 occupation and that Iraqis from all political perspectives believe that Britain unjustly separated Kuwait from Iraq after World War I.(17) Indeed, Kuwaitis must ask themselves the following question: Would a U.S. president defend the territorial integrity of Kuwait in a dispute with Iraq if Iraq's government was democratic as well as pro-American? Yet it can also be said that U.S.-Kuwait relations are close to their best level ever.

THE CENTRAL GULF

The government of Qatar has maintained a pro-American position nearly as strong as that of Kuwait before, during, and following the war against Iraq. While the Qatari press was far less supportive of U.S. policies than Kuwait's, the country hosted the U.S. Central Command Center throughout the war at Camp al-Saliya, twenty miles west of Doha and home to 1,400 U.S. and British military personnel. Qatar and the United States also upgraded the al-Udaid airbase, which boasts the longest runway in the Middle East and can accommodate 120 aircraft and 4,000 U.S. soldiers. Al-Udaid played a key role in the war and will replace Saudi Arabia's airbases as the future hub of U.S. Persian Gulf operations. Shortly after the conflict, on April 30, 2003, Qataris approved a new constitution that separates executive, judi-

cial, and legislative powers and offers "equal rights and duties" for all citizens. Only a week later, Qatar appointed the first female minister in the Arab Gulf states, Shaykha al-Mahmud. Not surprisingly, the appointment coincided with the visit of Qatari Emir Shaykh Hamad bin Khalifa al Thani to Washington. Shaykh Hamad was warmly received by senior U.S. officials.(18)

Like Kuwait's, Qatar's principal reasons for forging close U.S. ties arise out of an acute sense of strategic vulnerability and a history of poor relations with a much larger neighbor: Saudi Arabia. Since the Saudi government in Riyadh deemed a June 2002 documentary and talk about Saudi Arabia broadcast on the Qatari-based al Jazira satellite station as insulting to the Saudi royal family, the two countries have exchanged public insults, with the Saudi press accusing Qatar of considering withdrawal from the Arab League and secretly supporting Saddam Hussein. The two states also exchanged insults at the Doha meeting of the OIC. Riyadh called for closing al-Jazira, criticized Qatari Emir Shaykh Hamad's reported August 2002 meeting with former Israeli Prime Minister Shimon Peres, and snubbed Doha in GCC forums and consultations.(19) While the Qatari-Saudi dispute is partly personal, the Saudis believe that Qatari policies threaten the unity of the GCC and Riyadh's preeminence in the organization. Doha may also see the United States as a check on Qatar's other large neighbor, Iran. Qataris are resigned to poor relations with Saudi Arabia in the short run but remain confident that their policies will pay dividends in the long run.(20)

By contrast, Bahrain maintains strong ties with Saudi Arabia, from which it re-

ceives subsidies, and warm relations with the United States. The tiny island state accommodated thousands of U.S. sailors during the war and will continue to host the U.S. Fifth Fleet's headquarters as well as 4,500 U.S. sailors for years to come. Bahrain also sent the country's one frigate to help defend Kuwait. In Manama, the capital of Bahrain, the close ties to the U.S. military reflect the state's half-century of cooperation with the United States and a fear of neighboring states.

At a certain level, the U.S. military presence also reinforces the authority of the minority Sunni government (it is thought that two thirds of Bahrainis are Shi'a). That presence, however, was a liability during the Iraq conflict: there were violent demonstrations in Manama, some of which included members of the expatriate community. More indicative of the long-term future of Bahrain was the annual al-Shura festivities, often a rallying point for political opposition. Held just two weeks before the war started in March 2003, al-Shura festivities were largely apolitical; they were carried live on Bahraini state television and passed without incident in neighborhoods that had been scenes of violence during years of Shi'i resistance in the 1990s.(21)

THE SOUTHERN GULF

Much like the more northern members of the GCC, the UAE was pleased to see the U.S. war in Iraq end swiftly and raised its priority for having good relations with the United States. Abu Dhabi's offer to facilitate the exile of Saddam Hussein raised the UAE's international profile and helped deflect subsequent criticism regarding the federation's limited comments about the war once it actually started. The UAE also

deployed a contingent of soldiers to defend Kuwait and allowed Kuwaiti airlines to base many of its flights out of al-Ain Airport.(22)

Abu Dhabi policies reflected the UAE's need to use U.S. power to counter the federation's neighbors--Iran, Saudi Arabia, and Oman--and very strong domestic opposition to the war. That opposition crystallized when thousands of male expatriate Indians and Pakistanis, who are ordinarily forbidden to engage in any political activity at all, demonstrated in the heart of Dubai shouting "America is the enemy of God!" and "With our souls and our blood, we will defend Iraq!" (23) The UAE's foreign relations were not made any easier by the eruption of a trade war between Abu Dhabi and Riyadh over what constituted a "true" Emirati product and was therefore eligible to receive the lower customs duties under the GCC's new customs union.(24)

The U.S. and UAE should remain strong, if not grow stronger, in the coming decade because of the importance of each state to the other's strategic calculations. The United States guarantees UAE security and provides valuable investment capital. Washington's influence in Iraq may also prove useful if a new government in Baghdad pushes for better rights for the federation's Shi'a.(25) In return, the UAE helps to stabilize world energy markets, has one of the few land route alternatives to the Strait of Hormuz, and allows the United States access to the only port deep enough to berth an aircraft carrier in the Persian Gulf region: Dubai. This last factor is very significant for the United States as it reorganizes its force structure in the Persian Gulf region in favor of aircraft carrier battle groups rather than land-based aircraft and ground forces.

Oman, by contrast, suffered none of the unrest that occurred in Bahrain and the UAE, and the war should have no immediate or even medium-term impact on Muscat's bilateral relations with the United States. Oman's rhetoric stayed within the Arab consensus in the months leading up to the war, but official criticism of the United States all but disappeared when the war started. As it did with previous Western military actions in the Persian Gulf region, Oman permitted U.S. and U.K. forces to use air bases within the Sultanate. Once a new government is established in Iraq, Oman may supply some financial assistance. Though some Omani Shi'a have complained of discrimination, there are Shi'i government ministers and Shi'a hold prominent positions within the private sector. Because of Oman's physical distance from the northern Gulf, it is unlikely that Oman will be affected greatly one-way or the other, whatever happens in Iraq.(26)

SAUDI ARABIA

The same cannot be said of Saudi Arabia, which shares a long land border as well as tribal and religious ties with Iraq. Though the kingdom is geographically bigger than the other GCC states, its government shares the same sense of weakness and vulnerability to larger, stronger neighboring states prevalent in all of the Gulf Arab capitals.(27) The geographic composition of the kingdom's population reinforces Saudi feelings of vulnerability: the minority Shi'i population occupies the oil-rich Eastern Province, while tribesmen in the kingdom's north have close links to Iraqi tribes.

For half a century, Riyadh looked to the United States to shield the Kingdom from external threats and to ensure that Saudi oil

reached world markets. However, six years of terrorist attacks against U.S. targets culminating in those of September 11, 2001, in which Saudi nationals were implicated, forced the Saudi government to admit that dependence on U.S. security was nearly untenable. Riyadh's criticism of Washington's response to events in the West Bank and Gaza sealed the deal. Of particular concern were the 5,000 U.S. military personnel who had been targeted by terrorists in Saudi Arabia in 1995 and 1996.(28)

Henceforth, the chief goal of Saudi foreign policy was to forge a new network of alliances in which the United States was only one of a number of states that ensured the Kingdom's security. No longer was Riyadh only dependent on Washington. This was not an easy task because of the enormous U.S. presence in the Persian Gulf. All of the other GCC states depended on the United States to guarantee their security, and Riyadh had not had warm relations with either Baghdad or Tehran for over a decade.

Coincidentally, Iran's reformist president Muhammad Khatemi wished to improve relations with Riyadh and coordinate the Saudi-Iranian positions at meetings of the Organization of Petroleum Exporting Countries (OPEC).(29) Iran and Saudi Arabia also signed security pacts in 1999 and 2001.(30) Iraq too was willing to mend fences: at the March 2002 Beirut meeting of the Arab League, Saudi Crown Prince Abdallah publicly embraced Iraq's representative to the meeting, Izzat Ibrahim, and, by extension, President Saddam Hussein.(31) The next logical step was to negotiate the withdrawal of the 5,000 U.S. military personnel in the Kingdom who had

long since worn out their welcome among ordinary Saudis and had been targeted by terrorists in 1995 and 1996.(32)

Within this milieu, a U.S.-led attack aimed at overthrowing Hussein's government in Iraq was a double-edged sword in Saudi eyes. Though the attack could generate refugee flows and a tremendous amount of instability on Saudi Arabia's borders, it would give Washington a golden opportunity to withdraw the U.S. aircraft and troops that had been in Saudi Arabia since 1991. The timing of the operation was advantageous as well, since the U.S. Secretary of Defense, Donald Rumsfeld, wished to redirect the \$1 billion the Pentagon annually spent on U.S. deployments in Saudi Arabia toward new weapons systems. Future secretaries and administrations might not be as eager to withdraw troops.

Not surprisingly, the two sides reached an understanding: the United States could use Saudi facilities to expel President Saddam Hussein's government in Iraq and then leave the kingdom shortly after the end of hostilities. Three weeks after the fall of Baghdad, Secretary Rumsfeld announced that all but a handful of U.S. forces and aircraft would leave Saudi Arabia by the end of 2003 and that the U.S. Central Command's center would be transferred from Prince Sultan airbase to the al-Udaid airbase in Qatar. Because the war had been short, Riyadh appeared to have achieved a significant victory with relatively little cost.(33)

2. REFORM AND DOMESTIC AFFAIRS

OPPOSITION TO THE HOUSE OF SAUD

Riyadh's apparent victory in foreign affairs, however, was seemingly negated by the May 13, 2003 terrorist attacks in Riyadh that killed at least 29 and injured 184, including 10 Americans.(34) That attack demonstrated that the hoped-for public relations "windfall" from the U.S. military's withdrawal from the kingdom had not materialized and may have been offset by the presence of U.S. occupation forces in Iraq. The attack also demonstrated that the Saudis could not address the factors and events that had led to the deterioration of their relationship with the United States solely through diplomacy. The Saudi government would also have to reform the kingdom's social and economic institutions, address Shi'i grievances, and confront the groups in Saudi society committed to political violence at home and abroad.(35)

Of these three goals, the Saudis must put the priority on confronting political violence because the other goals are not achievable with the constant danger of terrorism, and the groups which engage in violence and those that sympathize with them are ardent opponents of liberal reforms. Even before the most recent terrorist attack, militants assassinated a deputy governor, attempted to firebomb a McDonalds' restaurant, and shot at foreigners on several occasions in Riyadh and other cities. Confronting these organizations will not be easy because important elements of Saudi society, including religious elites, share the objectives and the worldview of these organizations. Moreover, these groups reportedly utilize global telecommunication tools,(36) financial networks, and weapons smuggling across the kingdom's desert border with Yemen

(often with the assistance of Saudi border guards).(37)

The assistance provided by those border guards points to problems raised in a report by Anthony Cordesman for the Center for Strategic Studies (CSIS) on Saudi Arabia. Cordesman questions whether the Saudi state has the intelligence assets, perspective, and the will necessary to meet the challenge from these groups. In particular, the report argued that the interior minister, Prince Naif, willfully downplayed the seriousness of the threat and needlessly put lives at risk.(38) This assessment is consistent with those reportedly given to journalists by U.S. officials about the integrity of the Saudi security services. Press reports indicate that the Saudi Royal Air Force may be the only Saudi security institution that has not been compromised by organizations dedicated to political violence.(39) Indeed, U.S. and Saudi officials suspect that members of the Saudi National Guard have sold arms to al-Qai'da operatives.(40)

That said, the Saudi government's ability to apprehend a given terrorist cell may not matter in the long run if the royal family fails to win the hearts and minds of ordinary Saudis. Riyadh has already taken steps to address the problem of extremist groups, and the sheer size of the recent attack may be a sign of frustration with the intensity of the crackdown.(41) Saudi newspapers no longer refer to suicide bombers in the Palestinian-Israeli conflict as martyrs, and Saudi authorities have either arrested clerics who publicly call on Saudis to commit crimes in the name of Islam or have driven them into hiding.(42)

Saudi authorities have also questioned and detained young men who have recently traveled to Afghanistan. A week before the Riyadh attacks, Saudi officials uncovered

an enormous stash of explosives and dollars in a Riyadh building and took the unprecedented step of publicizing the names and pictures of nineteen men--eighteen of whom were Saudi--wanted in connection with the explosives. Equally unprecedented was Crown Prince Abdallah's speech on Saudi television following the Riyadh attacks, whose perpetrators he labeled "as devoid of all Islamic and humane principles." (43) Abdallah left no doubt that the attackers were Saudis, which sent an important message to the kingdom's people: they could no longer deny that Saudis could be terrorists.

Such a public display of candor was a watershed in Saudi Arabia's politics and was consistent with a series of reforms Abdallah has recently proposed to bring the Kingdom's political institutions in line with those of the rest of the world. These reforms have included a civil code to exist in parallel with the Shari'a, elections for regional and national assemblies, and the kingdom's first independent human rights organization.(44) Abdallah's meeting with Saudi Shi'i leaders, his acceptance of their petition seeking equal political and religious rights, and his promise to appoint a Shi'i cabinet minister suggest that Abdallah is already on his way to addressing the destabilizing threats to the Kingdom that could emerge from a Shi'a-dominated government in Iraq.

In addition, the attacks in Riyadh, one of which symbolically targeted a U.S. company with ties to the Abdallah-controlled Saudi National Guard, suggest that whoever perpetrated the attacks fears that Abdallah could overcome Saudi Arabia's external challenges and bring lasting change. That fear alone suggests that there

is a good chance that Saudi Arabia can avoid the destabilizing period following the war in Iraq and take advantage of new regional opportunities presented by the conflict.(45)

REFORM IN THE REST OF THE GCC

The success of Abdallah's reforms will also directly affect the ability of the other GCC states to implement their own reform programs and maintain internal stability. To begin with, none of the other states of the GCC have the petroleum reserves to match Saudi Arabia's. With a number of these states expecting declines in their petroleum production, their governments see reform programs as central to attracting non-petroleum industries and foreign investments. This link is reinforced by the fact that few global investors differentiate between the GCC states and would naturally assume that violence in Riyadh could reoccur in Muscat and Manama. To a certain extent, these assumptions are valid. There are non-Saudi Gulf Arabs who sympathize with the goals and methods of Saudi organizations committed to political violence. Though these non-Saudi Gulf Arabs remain a minority in their societies, they would be more assertive if their colleagues in Saudi Arabia were to succeed. Already there are reports that major attacks were thwarted in Bahrain and Dubai, while Kuwaiti attacks on U.S. soldiers are well documented, and several members of the Qatari armed forces were reportedly arrested in 2002 on suspicion of links with al-Qai'da.(46)

Such a perception of extremism and violence would be catastrophic for Bahrain, which is running out of petroleum and experienced a wave of political violence in

the 1990s that led to the deaths of 40 people. Since assuming power following his father's death in 1999, King Hamad Al-Khalifa has instituted sweeping reforms culminating in a new national constitution and parliamentary elections in October 2002. Although the rate of participation in the elections was substantially lower than the King had hoped for, the Shi'i opposition has expressed its political views within the bounds of Bahrain's political system and is slowly emerging as a "loyal opposition."⁽⁴⁷⁾

Strikingly, many of the other GCC states have either adopted or are considering adopting political reform programs similar to that of Bahrain. Qatar approved a new constitution in late April 2002 and is due to have parliamentary elections in 2004. Kuwait, which has maintained a parliament for over a decade, will have elections in July 2003. Oman's municipal polls are scheduled for October 2003, and the franchise has been extended to all Omanis (men and women). Shaykh Khalid bin Saqr al-Qasimi, Crown Prince and Deputy Ruler of the UAE emirate of Ras al-Khaimah, said earlier this year that he hoped members would be elected within a year to the UAE's most important legislative body, the Federal National Council (FNC), "It is the right time for the UAE government...to find ways to implement this for the good of nationals. It is essential for women to take part in these elections."⁽⁴⁸⁾ Though Shaykh Khalid represents one of the poorest and least influential of the UAE emirates, his words are significant because they mark the first time that a member of the UAE political elite mentioned either a democratic political system or one that includes women.

SUCCESSION

It is important not to overemphasize the significance of these new consultative institutions in a region in which the foundation of political power lies in personal loyalty, tribal solidarity, and hierarchy. These bonds are above all important in GCC states, where the "local" population or "nationals" are small minorities and live among large expatriate communities. It is still possible that future Gulf Arab leaders might return their societies to the more autocratic norms of the past. In fact, King Hamad Al-Khalifa's father, Shaykh Isa ibn Salman Al Khalifa, first presided over the Bahraini parliament in 1973 before closing the institution two years later in a dispute with parliamentarians over the legality of trade unions.⁽⁴⁹⁾

These factors, in turn, explain the importance of the succession of leadership that will occur in the near future in Kuwait, the UAE, Saudi Arabia and Oman. In the first two cases, succession is reasonably clear: Sheikh Saad Abdallah al-Salem al-Sabah and Shaykh Khalifa will succeed the current heads of Kuwait and the UAE, respectively. In contrast, succession in Saudi Arabia and Oman is far less clear and predicable. Saudi princes are already aiming to succeed Abdallah as crown prince or even seize the throne shortly after King Fahd dies, while Sultan Qabos of Oman has refused to name a Crown Prince and has left the matter of his successor to his family. If they are unable to agree, the head of the Sultanate's Defense Council will open a sealed letter from the Sultan naming his successor. Some have speculated that Sultan Qabos, who has no sons, will transform the sultanate into a republic after his death.⁽⁵⁰⁾

Perhaps the successions that will have the most long-term impact on policy will be in the UAE and Saudi Arabia. Though Shaykh Khalifa has run the day-to-day affairs of the UAE and the emirate of Abu Dhabi for nearly a decade, his father, the ninety-year-old Zayid, played a highly public role in the pre-Iraq war diplomacy. Zayid met visiting heads of state, made a number of public appearances, and took credit for the UAE plan to win Saddam Hussein's exile from Iraq. His frequent appearances suggest that none of his sons have strong enough appeal to domestic audiences to support pro-U.S. policies. This is a troubling sign for the leadership of a state with close financial and political ties to the United States. Crown Prince Abdallah of Saudi Arabia is even more closely tied to his nation's international relations and internal reforms. Because of the highly conservative nature of Saudi society and the absence of a clear reform-minded successor for Crown Prince Abdallah,(51) it remains unclear whether his policies will remain in place after the seventy-eight year old prince dies.

DEPENDENCIES, POPULATION GROWTH, AND PRIVATIZATION

Whoever succeeds the current group of GCC leaders will face the arduous task of finally weaning Gulf Arab states from their traditional dependence on petroleum exports and expatriate workers to fill skilled positions and undesirable jobs. These dependencies have left the states of the GCC open to boom and bust cycles. Expatriate labor has drained millions out of the region's economy (expatriates send much of their incomes home) and has bred a culture of complacency among the nationals of

GCC states, most of whom are guaranteed jobs in the public sector.(52) Expatriates might also present a security threat (one of the terrorists in the Riyadh attacks was an Iraqi with Canadian citizenship; another, an Indian businessman, fled the UAE in 1999 with \$245 million in unpaid loans).(53) Though programs exist in Gulf Arab states that encourage private employers to hire more nationals (i.e., Emiratize or Omanize), very few nationals work in the private sector either because they lack the skills or can make more secure salaries in government. Private employers also prefer expatriates, who command lower salaries and work longer hours than nationals.

The dynamic between expatriates and nationals in part reflects the security provided by the GCC welfare system, which give nationals few incentives to take risks in the private sector. The Achilles heel of this system is population growth, which, in time, will make the Arab Gulf states' welfare programs nearly untenable. In the 1970s and 1980s, GCC governments encouraged the growth of their national populations to redress demographic imbalances in favor of expatriates. They were so successful that the growth rate of some of the GCC states exceeds those of developing countries: Bahrain's population grew by annual rates as high as 7.3% in the 1980s; Saudi Arabia's growth rate was 3.27% in 2002; and Oman's was 3.41% in 2002.(54) In 2001, 40% of the GCC's population was below the age of 15, and only 2.5% was above the age of 65!(55) This type of rapid population growth has strained social and economic institutions, compelling states to provide ever more jobs to their populations. In addition, it places a great deal of pressure on limited regional water supplies and

forces a greater dependence on expensive and strategically vulnerable desalination plants.

Over time, these conditions created very serious problems for the governments of the GCC when oil prices declined rapidly in the early 1980s, again in the late 1990s, and most likely in the next year to eighteen months as prices readjust after the U.S. war in Iraq. Especially vulnerable are Bahrain, Oman, the UAE emirate of Dubai, and Qatar because their petroleum reserves are decreasing rapidly and their original fields were nowhere near the size of those in the UAE, Kuwait, or Saudi Arabia. While the UAE and Saudi Arabia produce 2.2 million and 7 million bbl/d respectively, Bahrain's primary oil field of Awali produced only 35,000 bbl/d in 2001.(56)

During the last two decades, GCC states have adopted a two-prong strategy to try to address these issues: placing greater emphasis on nationals rather than expatriates, and attempting economic diversification as the natural solution to their problems. Both attempts failed to meet their goals.(57) There were few skilled nationals who were willing to fill the jobs of expatriate workers. In part this reflects the fact that the GCC's educational systems teach basic skills very well but fail to produce enough technicians and other skilled workers to manage the GCC's modern economies. It also reflects the aforementioned preferences for government work among nationals, the lack of a work ethic, and the fact that more women pursue higher education than men.(58)

Though an ever-greater percentage of women are now participating in the work force in GCC states, most educated Gulf women become housewives after their schooling. How to reconcile the need to

utilize educated women more effectively within the conservative framework of Gulf society remains one of the most important but least discussed issues facing the GCC states. All together, these factors explain the failures of previous attempts to expel expatriates. When the UAE expelled 300,000 expatriates in 1996, the federation subsequently suffered labor shortages, high inflation, and reduced economic growth. Most of the expatriates had returned to their old jobs by 1997.(59)

Nor has diversification offered a perfect solution. While Qatar can turn to its very large gas reserves as an alternative to petroleum production, Doha needed to take out large loans--\$13 billion annually--to utilize the state's gas reserves.(60) (Qatar's GDP was \$16.2 billion in 2002).(61) Oman too has gas reserves and tourism. By contrast, Dubai and Bahrain focused on banking, high technology (including Dubai's Internet City and Silicon Oasis), transportation, or services, most of which ironically increase the demand for expatriate workers.(62) Sometimes this process reaches ridiculous proportions: For instance, 254 of the 43,218 workers in Abu Dhabi's industrial sector were nationals in 1999.(63) Similarly ridiculous are the subsidies that have been spent by GCC states on agriculture that transformed Saudi Arabia--a nation poor in water and arable land--into the sixth largest exporter of wheat in the world!(64)

Because of the role of petroleum in the Persian Gulf region's economies and state finances, there are limits on how much one can separate petroleum from other sectors of the region's economy. The economy of the UAE, the most diversified economy in the GCC, still grows and retracts in line with the price of oil. Off-set programs, where defense contractors promise to in-

vest in large civilian industries in exchange for large defense contracts, have had limited success.⁽⁶⁵⁾ Finally, privatization programs of state assets promise to generate much needed foreign investment but could widen economic divisions and create opportunities for corruption. This final issue is especially problematic because many GCC states still treat their budgets as virtual state secrets.⁽⁶⁶⁾

CONCLUSION

In the long run, the new consultative institutions and greater emphasis on openness that have begun to take hold in the GCC states in recent years may serve as a counterweight to corruption and force Gulf Arabs to evaluate the socio-economic issues facing their societies more honestly. The Gulf states' emphasis on privatization and economic diversification also introduces another check to corruption: international investors and multilateral institutions such as the World Trade Organization, the International Monetary Fund, and the World Bank.

A functioning, democratic Iraq under U.S. guidance would presumably provide yet another incentive for better governance, if only by example. In the three months leading up to the war in Iraq, Bahrain's new parliament refused to ratify a large government financial proposal while the Kuwaiti parliament took the unprecedented step of forcing officials from the Ministry of Health to justify their annual budget. While there is no guarantee that GCC states will make any better choices in this new environment (established democracies suffer from corruption and poor budgetary decisions too), broadening the decision-making process ensures that there is a

higher probability that Gulf Arab states won't repeat their past mistakes.

The capacity of the consultative institutions to produce beneficial policies for their societies rests with the goals of the leadership and the socio-political makeup of the Gulf Arab states. It is important to bear in mind that monarchies, rather than mass movements or political parties, have been the driving force for reform in Gulf Arab societies and that personal and tribal ties remain very important. This dynamic is especially clear in Saudi Arabia. As an example once again, take the Riyadh bombings: on the one hand, the terrorists' targeting of an institution related to Crown Prince Abdallah suggests that Abdallah is on the verge of implementing major reforms; on the other hand, it suggests that if Abdallah dies or reverses his policies, nobody will be in a position to carry on his promised reforms.

Two other significant factors are the success of groups committed to utilizing violence to reach their goals and the influence of Iraq and other external interests on GCC states. If there is instability from sources originating from within or without the GCC states, governments will be too busy attempting to maintain some semblance of normalcy to carry out bold socio-economic reform programs. Standards of living--which have declined by more than half in Saudi Arabia since 1980--could produce ever-worsening cycles of poverty, violence and despair. Conversely, if the GCC states can achieve stability at home and abroad, their reform programs will make gains scarcely imaginable only five years ago.

One should not forget that most of the challenges discussed above are at least a

decade to fifteen years old and predate the war in Iraq, September 11, and the start of Saudi Arabia's special relationship with the United States. Issues connected to water are simply a fact of life for anyone who lives in a desert. The fact that GCC states are still functioning despite all these problems is a testament to the vast resources that they have at their disposal. But these resources are not limitless, and Bahrain and Oman may be highly vulnerable as they transfer themselves from economies dependent on the export of petroleum to economies that are dominated by the service and tourism sectors.

Failure to take advantage of the opportunities presented at home and abroad by the war in Iraq would be dangerous, because it might make the current instability in the region permanent. One could also devise a scenario in which the annual standard of living decreased to the point where Saudi Arabia's would be consistent with that of far poorer states. The stakes could not be any higher.

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NOTES

1. Al Udaid is located 30 kilometers from Doha. Nearly 7,000 U.S. and U.K. military personnel were stationed there throughout the war. Qatari and Saudi delegates also reportedly exchanged insults. James

Drummond, "Money Spat Mars Arab Search for Unity," *The Financial Times*, March 6, 2003; Tyler Marshall and Kim Murphy, "War with Iraq: Persian Gulf Reaction; The World; Arab Nations Work to Veil Cooperation with the U.S.," *The Los Angeles Times*, March 20, 2003 (Lexis/Nexis, May 1, 2003).
2. Economist Intelligence Unit, April 2003 Kuwait Country Report (London: The Unit, 2003), p. 4 and Economist Intelligence Unit, May 2003 Country Report United Arab Emirates (London: The Unit, 2003), pp. 8-9

3. Geoffrey Kemp and Robert Harkavy note: "None of the countries outside the greater Middle East, with the exception of the United States, seems capable, much less inclined, to project power into the region for the foreseeable future." The Strategic Geography and the Changing Middle East (Washington, D.C.: Carnegie Endowment/Brookings, 1997), p. 252.

4. The vastness of the change in strategy is illustrated by the following quotation from *The Los Angeles Times*:

Even before the buildup for last month's invasion of Iraq, the Pentagon had 20,000 to 25,000 troops and more than 200 aircraft deployed to the Arabian Peninsula, Turkey, Central Asia and surrounding waters. If the Pentagon follows through on its plans, that number could shrink by more than 12,000 people and more than 100 aircraft within the year, Defense officials said. Ester Schrader, "After the War: Scaling Back," *The Los Angeles Times*, April 18, 2003 (Lexis/Nexis, May 2, 2003)

5. Patrick E. Tyler, "Threats and Responses: Gulf Allies; Saudis Plan End to U.S. Presence," *The New York Times*, February 9, 2003 (hereafter cited as Threats) (Lexis/Nexis, May 1, 2003).

6. William Booth, "Leading Shiite Cleric Returns from Exile," *The Washington Post*, May 11, 2003 and Richard Libby, "For Crime Victims in Iraq, No Place To Turn," *The Washington Post*, May 12, 2003.
7. In comparison, German-Iranian trade reached \$2.74 billion in 2002. "Saudi Arabia: Balanced Saudi-Iranian Trade," *Financial Times*--Global News Wire, January 14, 2003 (Lexis/Nexis, April 30, 2003).
8. "Kuwaiti Army Stresses Importance of Military Cooperation With Iran," *Financial Times* Information Global News Wire, December 23, 2003 (Lexis/Nexis May 1, 2003).
9. For more on the history of this dispute, see Sean Foley, "What Wealth Cannot Buy," in Barry Rubin, ed., Crisis in the Contemporary Persian Gulf, (London and Portland, Oregon: Frank Cass, 2002), pp. 44-47.
10. "UAE-Iran Trade Growing Steadily," *Financial Times* Global News Wire, December 23, 2002 (Lexis/Nexis April 30, 2003).
11. UAE Country Report, p. 16, and Schrader, "After the War."
12. "GCC Customs Union to Boost Intra-Regional Trade," *Financial Times* Global News Wire, March 1, 2003 (Lexis/Nexis, April 30, 2003).
13. Anwar al Rasid, "The Time to Withdraw has Come," *Al Qabas*, March 27, 2003 (FBIS-NES-2003-0327). In *Al Qabas*, columnist Jamal al Umair called on Kuwaitis to revise their financial and political ties with Arab states that supported Iraq in the war, while Hissah al-Rifa' called on Kuwait in Al Watan to cut financial assistance to states that did not support Iraq in the war (FBIS-NES-2003-0327).
14. Economist Intelligence Unit, Kuwait Country Report, p. 2.
15. "Kuwait Fights To Maintain The Flow of Iraq Reparations," *World Market Research*, March 28, 2003 (Lexis/Nexis April 20, 2003).
16. It should be noted that most of Kuwait's Shi'a trace their roots back to either the Arabian Peninsula or Iran. Shafeeq Ghabra, "Kuwait and the Dynamics of Socio-Economic Change," in Barry Rubin, ed., Crisis in the Contemporary Persian Gulf, (London and Portland, Oregon: Frank Cass, 2002), pp. 117-118.
17. For more on this issue, see Richard Schofield, "Border Disputes: Past, Present, and Future," in Gary G. Sick and Lawrence G. Potter, eds., The Persian Gulf at the Millennium: Essays on Politics, Economy, Security and Religion (New York: St. Martin's Press, 1997), pp. 127-66.
18. Economist Intelligence Unit, April 2003 Country Report Qatar (London: The Unit), pp. 15-18; N. Janardhan, "Politics-Qatar: Approval of Constitution seen as a Good First Step," *Inter Press News Services*, April 30, 2003 and Faisal Batoot, "Qatar Gets First Woman Cabinet Minister," *Agence France Presse*, May 8, 2003 (Lexis/Nexis, May 10, 2003); and <<http://www.eia.doe.gov/emeu/cabs/qatar.html>>, accessed on May 5, 2003.
19. Qatar's foreign minister recently met with the new Israeli foreign minister, Silvan Shalom, in Paris. "Qatar Ready to Boost Ties with Israel if Mideast Peace Accelerates," *Agence France Presse*, May 15, 2003 and "Saudi Daily Criticizes Qatari Foreign Minister, Qatar-Israel Ties," *BBC Monitoring Middle East – Political*, August 2, 2002 (Lexis/Nexis, May 17, 2003). UAE press reports suggested that the Qatari foreign minister, Sheikh Hamad bin

Jassem bin Jaber al-Thani, accompanied by his two sons, secretly visited Israel in 2001 and met with Ariel Sharon and Shimon Peres. "Emirati Daily Retracts Report that Qatari Minister Visited Israel," *Agence France Presse*, August 28, 2001.

20. Ibid., Martin Regg Cohn "Al-Jazeera's Free-Speech Gambit," *Toronto Star*, March 23, 2003 (Lexis/Nexis on April 30, 2003).

21. Mohamad Fadell, "Bahrain's Reforms Take the Politics out of Al Shura," *Agence France Presse*, March 13, 2003 (Lexis/Nexis, April 28, 2003).

22. Reportedly all the GCC states sent at least a small contingent of troops to defend Kuwait from possible Iraqi attack. But the Saudi Arabian government went to great lengths to make clear that the troops were not related to U.S. military operations in Iraq. "KAC Halts Some Flights; Emirates Resumes Others," *Kuwait Times*, March 23, 2003 and "GCC Gather Troops in Kuwait," *World Markets Research Limited*, March 26, 2003 (Lexis/Nexis May 11, 2003); "Report by 'war correspondent,' Isam al-Ghalib from the Saudi Kuwaiti Border," *Jedda Arab News*, March 26, 2003 (FBIS-NES-2003-0326).

23. Subsequently, 100 expatriates demonstrated in the hope that their departure procedures be processed before the end of an amnesty period, and the Dubai government announced that it would allow peaceful demonstrations at the 2003 joint International Monetary Fund/World Bank meetings. Bassma Al Jandaly, "Globalization Protesters To Be Allowed," *Financial Times* Information: Global News Wire, November 28, 2003 and "Thousands March through Dubai Against Iraq War," *Agence France Presse*, March 28, 2003 (Lexis/Nexis on April 30, 2003).

24. Economist Intelligence Unit, UAE

Country Report, pp. 18-19.

25. The UAE's Shi'a are reasonably well off and far more integrated into Emirati life than their counterparts in either Bahrain or Saudi Arabia. State Department, Country Report on Human Rights Practices 2002: UAE.
<<http://www.state.gov/g/dirl/rls/hrrpt/2002/18291.htm>>, accessed April 25, 2003.

26. Economist Intelligence Unit, May 2003 Oman Country Report (London: The Unit, 2003), pp. 7-15 and State Department, Country Report on Human Rights Practices 2002: Oman
<<http://www.state.gov/g/dirl/rls/hrrpt/2002/182285.htm>>, accessed April 25, 2003. For more on Oman's long-term foreign policy, see Joseph Keichichan, Oman and the World: The Emergence of An Independent Foreign Policy (Santa Monica, CA: Rand Corporation, 1995).

27. Saudi Arabia controls 88% of the total land area of the GCC, and the Kingdom's population accounts for 70% of GCC nationals. Turki al Hamid, "Imperfect Alliances: Will the Gulf Monarchies Work Together," in Barry Rubin, ed., Crisis in the Contemporary Persian Gulf, (London and Portland, OR: Frank Cass Press, 2002), p. 29.

28. "Saudi Arabia: Review," *Middle East Review World of Information*, October 2, 2002 (Lexis/Nexis, April 15, 2003).

29. "Saudi Arabia: Gulf Powers Draw Closer," *Middle East Economic Digest*, October 26, 2001 and "Tehran and Riyadh Lead Price Revival," *Middle East Economic Digest*, October 21, 2001 (Lexis/Nexis, April 26, 2003).

30. Ibid., "Iran, Saudi Arabia Plan Security Pact," *Middle East Economic Digest*, January 19, 2001 (Lexis/Nexis, April 30, 2003).

31. Timothy M. Phelps, "Arabs Worry

Fallout Could Shatter Mideast," *Newsday*, August 16, 2002, accessed on April 30, 2003 from <http://www.newsday.com/news/nationworld/world/ny-woiraq162826360aug16>> story.

32. Interestingly enough, there was little thought before the Riyadh attacks of reducing the 30,000 plus civilian U.S. employees in the Kingdom.

33. Patrick E. Tyler, "The Saudi Exit: No Sure Cure For the Royals Problems," *The New York Times*, April 30, 2003; Sarah Kershaw, "US-Saudi Ties Frayed by Mideast Tensions," *The New York Times*, April 30, 2003 and "US Moves Air Operations Base from Saudi Arabia to Qatar," *World Markets Research Limited*, April 30, 2003 (Lexis/Nexis, May 15, 2003).

34. Glenn Kessler and Alan Sipress, "Bombings Kill 20 in Saudi Capital," *The Washington Post*, April 13, 2000.

35. "Saudi Shi'a Clamor For End to Discrimination after Saddam's Fall," *Agence France Presse*, April 23, 2003 (Lexis/Nexis, May 1, 2003).

36. Gulf Arabs are among the most "connected" populations to the Internet in the world. A recent study showed that 28% of the population in Dubai used the Internet in 2002, which was a higher percentage than that in Europe in 2002 (24%). "Growth in Internet Use in 2002," *Al Bayan*, April 20, 2003 (Lexis/Nexis, May 20, 2003).

37. Michael Slackman, "Iraq War May Incite Terrorists; Saudi Authorities Fear Increased Attacks. They Cite Al Qaeda's Presence and a Rise in Arms Smuggling and Violence against Westerners," *Los Angeles Times*, March 15, 2003 (Lexis/Nexis, April 18, 2003). One could argue that a large part of the success of these types of

organizations would not have been possible without the opportunities afforded by Western societies and technology. This view is confirmed by a recent report from the Institute for Strategic Studies: "Notebook computers, encryption, the internet, multiple passports, and the ease of global transportations enabled al-Qaida to function as a 'virtual entity that leveraged local assets--hence local knowledge--to the full advantage of jihad." The organization could therefore act as a "virtual enemy, without the need for physical basis." Richard Norton-Taylor, "Terror Crackdown Has Not Reduced al-Qaida Threat," *Guardian*, May 13, 2003.

38. Anthony Cordesman, Saudi Security and the War on Terrorism: Internal Security Operations, Law Enforcements, Internal Threats, and the Need for Change (Washington D.C.: Center for Strategic and International Studies, 2002) <<http://www.csis.org/burke/saudi21/SaudiWaronTerr.pdf>>, accessed on May 15, 2003.

39. "U.S. Assesses That Al Qaeda Has Infiltrated Saudi Security Services," *Middle East Newswire*, May 15, 2003 (Lexis/Nexis, May 20, 2003).

40. Peter Finn, "Al Qaeda Arms Traced to Saudi National Guard," *The Washington Post*, May 19, 2003.

41. This view is partially confirmed by Saudi oil and security analyst Nawaf Obaid, who recently wrote in a Washington Post op-ed piece about the Riyadh attacks: "A captured high-ranking member of their [the terrorists'] cell revealed that increasing pressure from Saudi and Western intelligence agencies led the group to rush its plans, resulting in a desperate, scattershot attack that injured their cause." Nawaf

Obaid, "Al Qaeda's Bomb Backfire," *The Washington Post*, May 18, 2003.

42. Slackman, "Iraq War May Incite." Although these Islamist activists are no longer preaching in public on the streets, they continue to spread their ideas through the Internet.

43. "Saudi Says Bombing is Un Islamic," *Reuters*, <<http://www.nytimes.com/reuters/international/international-saudi-explosions-Abdallah.html>>; accessed on April 13, 2003.

44. Abdallah also permitted the New York-based organization Human Rights Watch to enter Saudi Arabia for the first time ever in 2003 and permitted discussions between the organization and the Saudi Interior Ministry. Michel Cousins, "Human Rights Team Holds Frank Talks with Saudi Officials," *Middle East Newsfile*, January 27, 2003 (Lexis/Nexis, May 12, 2003).
45. Patrick E. Tyler, Threats; Kim Murphy, "Saudi Shi'a Take Hope from Changes Next Door," *The Los Angeles Times*, May 8, 2004.

<<http://www.latimes/templtes/misc/story.html>>, accessed on May 10, 2003.

46. "Country Analysis: Kuwait," *PRS Group*, March 1, 2003 (Lexis/Nexis, May 10, 2003); "Bahraini Authorities Break Up 'Terror Ring'," *World Markets Research Limited*, February 18, 2003 (Lexis/Nexis May 1, 2003); Rajiv Chandrasekaran, "Anti-Americanism Grows in the Persian Gulf," *Toronto Star*, October 13, 2002 (Lexis/Nexis, May 10, 2003). "Insider notes from United Press International for October 30, 2002,"

<http://www.countrywire.com/cw_wire.asp>, accessed May 25, 2003.

47. Economist Intelligence Unit, 2003 Bahrain Country Profile (London: The Unit),

pp. 6-7 (hereafter cited as Bahrain).

48. Economist Intelligence Unit, UAE Country Report, pp. 14-15.

49. United States Library of Congress, Persian Gulf States Country Series, (Washington, DC: U.S. Government Printing Office, 1993), pp. 139-141.

50. Economist Intelligence Unit, May 2003 Oman Country Report (London: The Unit, 2003), pp. 1-2. And

<[http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field\(DOCID+bh0025](http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field(DOCID+bh0025)> (accessed on May 18, 2003).

51. The two most likely choices to succeed Prince Abdallah as Crown Prince, Prince Sultan and Prince Naif, have been very wary of reform programs in Saudi Arabia.

52. Worker remittances from Saudi Arabia alone are thought to be worth \$16 billion annually. John Mazor, "Saudi Arabia," in Tom and Sarah Pendergast, eds., The Worldmark Encyclopedia of National Economies, (Detroit: Gale Group, 2002), p. 494 (hereafter cited as Saudi).

53. "The House that Patel Built," *Middle East Economic Digest*, October 29, 1999.

54. Economist Intelligence Unit, Bahrain, p. 16. And CIA, CIA Factbook: Bahrain at

<<http://www.cia.gov/cia/publications/factbook/geos/sa.html#People>> (accessed on April 10, 2003); and

<<http://www.cia.gov/cia/publications/factbook/geos/mu.html#People>> (accessed on April 10, 2003).

In comparison, India's population growth rate in 2002 was 1.51%; Nigeria's was 2.54%; and Egypt's was 1.66% according to

<<http://www.cia.gov/cia/publications/factbook/geos/in.html>>;

<<http://www.cia.gov/cia/publications/factbook/geos/ni.html>>; and

<<http://www.cia.gov/cia/publications/factbook/geos/ni.html>>; and

ook/geos/eg.html> (accessed on April 11, 2003).

55. Indira Chand, "Young People Pose Challenge to Gulf States; Pressure Builds for Job Training," *Gulf Daily News*, December 22, 2001 (Lexis/Nexis, April 11, 2003).

56.

<<http://www.eia.doe.gov/cabs/PersianGulfFactsheet.html>> and

<<http://www.eia.doe.gov/cabs/bahrain.html>> (accessed on May 1, 2003). Bahrain's only field peaked at 75,000 bbl/d in the 1970s.

57. The most recent case of these failures is Saudi Arabia. "Saudization Measures Fail," *Financial Times: Global News Wire*, September 2, 2002 (Lexis/Nexis, April 10, 2003).

58. For instance, 72% of university students in the UAE were women in 2002. "Women in the UAE Workforce on the Increase with Rising Education Levels," *Financial Times: Global News Wire*, March 8, 2003 (Lexis/Nexis, May 9, 2003).

59. Kasra Naji, "UAE Exodus Hits Projects," *Financial Times*, September 28, 1996; Alan George, "Labor Exodus Hits UAE Growth," *Jane's Intelligence Review*, February 1, 1997.

60. Economist Intelligence Unit, 2003 Country Report Qatar, (London: The Unit, 2003), p. 43.

61. CIA, CIA World Factbook: Qatar

<<http://www.cia.gov/cia/publications/factbook/geos/qa.html#Econ>> (accessed April 10, 2003).

62. "Silicon Oasis Project to be Established in Dubai," *Gulf News*, April 22, 2003, (Lexis/Nexis, May 10, 2003).

63. "43, 218 Industrial Employees in Abu Dhabi," *Al Ittihad*, July 26, 1999

<<http://www.altitihad.co.ae>>.

64. John Mazor, "Saudi Arabia," p. 498.

65. Sean Foley, "United Arab Emirates," in Tom and Sarah Pendergast, eds., The Worldmark Encyclopedia of National Economies (Detroit: Gale Group, 2003), p. 642. Virtually all offset projects must be completed within ten years. The UAE also penalizes up to 8.5% of the unfulfilled portions of these obligations.

66. "Special Report UAE: Business as Usual," *Middle East Economic Digest*, March 14, 2003 (Lexis/Nexis May 10, 2003).