

NOREF Policy Brief

Bahrain country overview

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Executive summary

Bahrain is officially a constitutional monarchy, but in practice power rests with the ruler and key members of the royal family, the Al Khalifa. Bahrain was formerly praised by the West as a model reformer, but since mid-2010 the reform process has largely stalled. A mass uprising in early 2011, which called for a genuine constitutional monarchy and the removal of the prime minister, was followed by a protracted crackdown.

The government portrayed the largely Shia protesters as Iranian agents and has had some success in alienating the Sunni community from their cause, but at the cost of entrenching virulent sectarian prejudice in a small and densely populated country, creating various conflict risks. Violent skirmishes between protesters and police are a near-daily occurrence.

An inquiry in late 2011 was followed by announcements of human rights and security sector reform, but implementation is inadequate and the political root causes of the protests are not being addressed.

Saudi Arabia, Bahrain's much larger neighbour, is a vital source of security and economic support for the Al Khalifa, reducing their need to rely on the support of their own population. Saudi Arabia will therefore need to be engaged in any solution; the other Gulf countries could also have a useful role to play in mediation, in the context of the Gulf Co-operation Council's efforts to enhance its integration as a bloc and become a more effective foreign policy player.

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Historical background

The Al Khalifa family has ruled Bahrain since 1783, prior to which it was part of the Persian empire. Given the country's small size and turbulent neighbourhood, the Al Khalifa have always sought an external protector from potential threats, and thus signed a series of protection agreements with Britain in the 19th century. Britain heavily influenced the formation of Bahrain's institutions and twice altered the royal succession in favour of candidates better suited to its own interest (this currently remains a source of anti-Western sentiment among descendants of princes who felt usurped, including the heads of the army and the royal court).

Iran claimed sovereignty over Bahrain until 1970. In preparation for the 1971 British withdrawal from the Gulf, a United Nations (UN) plebiscite found that the majority of Bahrainis surveyed rejected Iranian rule. Iran formally withdrew its claim to Bahrain, but the ruling family suspects it still maintains expansionist ambitions. In 1981 the government uncovered a coup plot by the Iranian-inspired Islamic Front for the Liberation of Bahrain. In more recent years, official claims of Iranian interference have lacked evidence. Gulf Shia movements have evolved over the past 30 years and many have turned against the increasingly problematic Iranian model. Nonetheless, 1979 marked an awakening of Shia political activism that continues to this day, even if it does not aspire to the same goals.

Bahrain has experienced sporadic popular uprisings roughly once a decade since the 1920s, with persistent demands for greater political representation and more equitable income distribution, but the sectarian balance of the opposition has changed over time. Since the late 1970s the revival of Shia activism has encouraged the traditionally less well-off Shia community to be at the forefront of protests, while the expansion of oil revenues and the state bureaucracy has been used to placate the Sunni community in particular. An elected parliament was formed in 1973, but suspended after two years when it touched on sensitive issues such as state land, finances and the U.S. base.

The current ruler, Hamad bin Issa Al Khalifa,

succeeded his father in 1999 and promised sweeping reforms that eventually fell short of expectations, including a weaker version of parliament. Since mid-2010 the reform process has largely stalled and a mass uprising in 2011 was followed by a protracted crackdown. A royally appointed commission of inquiry offered an opportunity to improve human rights, but the implementation of its recommendations has been slow and incomplete. As of mid-2012 the country had reached a political impasse marked by gradually escalating low-level violence between protesters and police.

Nature of the regime and key institutions

Bahrain is officially a constitutional monarchy, but in practice power rests with the ruler and key members of his family. The king appoints the cabinet and Al Khalifa members hold all the strategically important ministries, including finance, defence, foreign affairs, the interior and, since July 2012, oil.

The ruling family, which includes up to 4,000 members, has an internal Family Council consisting of 17 senior princes; its workings are almost entirely opaque to outsiders, but an adviser to the king claims it could even remove the ruler by a consensus decision (this is, however, untested and questionable).

The crown prince, Sheikh Salman bin Hamad Al Khalifa, heads the Economic Development Board, an agency with overarching powers in terms of economic policy, but its powers and staff have been cut back since March 2011 as part of the wider marginalisation of Sheikh Salman within the family.

The legislature comprises two chambers, a lower house with 40 members of parliament (MPs) who are elected in an uneven constituency system designed to reduce the Shia vote, and an upper house with 40 MPs appointed directly by the king every four years. Parliament's powers were slightly strengthened by constitutional amendments in 2012, but it remains weak and its de facto relevance was damaged by the mass resignation of all opposition MPs in 2011.

The judiciary is relatively professional regarding commercial matters, but is not able to act independently in politically sensitive cases. The military courts that tried protesters in 2011 were short-lived, but civil courts remain problematic. Judges are appointed directly by the king. Hundreds of protesters have been convicted since the start of 2011, while just a handful of junior police officers have been convicted on charges of torture, deaths in custody and the deaths of protesters.

Bahrain's army, police and internal security forces numbered around 19,500 in 2010, but will have been expanded since then; the authorities announced that the Ministry of the Interior was creating 20,000 new jobs in 2011, although no breakdown was given. There is de facto exclusion of Bahraini Shia from most jobs in the army and security forces, and the government openly recruits in Sunni countries, notably Pakistan, instead, causing resentment.

An important para-political institution is the *majlis*, a semi-public meeting held in people's homes for networking and sometimes political discussions. Diplomats can engage effectively in these forums, but should be aware that they are often under surveillance.

Political processes

The powers of parliament are one of the main areas of contention between the government and the mainstream opposition. In 2001 the king launched the National Action Charter, a document promising a series of reforms, including the reintroduction of an elected parliament, albeit with a purely advisory upper house. With the backing of most opposition leaders the charter was ratified by 98.4% of voters in a 2001 referendum. However, in 2002 the ruler promulgated a new constitution that created a parliament where appointed MPs had equal powers to elected ones. Constituencies were also gerrymandered to dilute the Shia vote.

Elections were held in 2010 with a 67% turnout, but the 18 (out of 40) opposition MPs resigned in protest at the killing of protesters in February 2011. By-elections held in September 2010 to replace them drew a turnout of just 17%.

Governing elites

King Hamad bin Issa Al Khalifa is the head of state, but much of the day-to-day running of the country is led by his uncle, the prime minister, Sheikh Khalifa bin Salman Al Khalifa. Sheikh Khalifa is the only prime minister Bahrain has had, having held his post since the country became independent.

The crown prince, Sheikh Salman bin Hamad Al Khalifa, who heads the Economic Development Board, has been marginalised since failing to reach an agreement with the opposition in the four weeks between the start of the uprising and the entry of Gulf Co-operation Council (GCC) forces in February-March 2011. He also faces implicit pressure from his increasingly prominent half-brother, Nasser bin Hamad Al Khalifa, who is married to a daughter of the ruler of Dubai and whose full brother, Khalid, married a daughter of the Saudi king in 2011.

The traditional perception of rivalry between conservatives headed by the prime minister and liberals headed by the crown prince has become outdated with the emergence of a new faction of security-minded hardliners centred around two brothers, the minister of the royal court and the head of the army. They are descendants of Khalid bin Ali, the brother of a former ruler who was in effect deposed by the British in favour of his son in 1923.

The rulers are allied to a number of prominent merchant families, including Arab Sunni (such as Al Zayani), Persian-origin Sunni (such as Kanoo and Fakhro) and Shia (such as Bin Rajab and Al Saleh).

Foreign policy and defence priorities

The Bahraini government's main foreign policy concern is Iran, which it holds responsible (to an exaggerated, but perhaps sincerely felt degree) for successive waves of domestic unrest led by Shia Bahrainis. As most of the latter revere religious leaders in Iraq rather than Iran, the government is also concerned about the emerging influence of Iraq and has been disturbed by what

it perceives as a Shia takeover of post-Saddam Iraq.

Bahrain relies heavily on the U.S. as a de facto security guarantor and source of arms. It hosts the U.S. Fifth Fleet naval base and also has a close military-to-military relationship with Britain. However, since early 2011 the more hardline factions in the Al Khalifa have questioned the reliability of the U.S. as an ally, given that the U.S. withdrew its support from another long-standing ally, Hosni Mubarak of Egypt, in the face of popular protests. The head of the Bahraini army has publicly accused the U.S. of plotting with Iran to foment the protests in Bahrain.

The entry of GCC forces, dominated by Saudi Arabia, in March 2011 arguably represents an attempt to replace the U.S. 'protector' with a Saudi 'protector'. Bahrain was already heavily economically dependent on Saudi Arabia. Its prime minister favours a union between the two countries, although this was quashed by other GCC states in early 2012. Kuwait and Qatar have both sought to mediate in Bahrain, but have been rebuffed.

A broader GCC mediation initiative could be feasible in the context of the GCC's efforts to enhance its integration as a bloc. Its credibility as an increasingly important foreign policy player in the region would be strengthened if it could resolve the problem in its own backyard – or, conversely, will be undermined if the situation is allowed to continue festering. The situation in Bahrain has also helped the Syrian government to claim that the GCC monarchies that back the Syrian opposition are sectarian Sunni powers unconcerned with Shia rights.

Britain is Bahrain's primary European ally and its willingness to press hard for reforms is constrained by British business interests in both Bahrain and Saudi Arabia. Yet Bahrain is concerned about its international reputation more broadly.

European countries with less historical baggage than Britain – such as Norway – may have a role to play in mediating and in encouraging Saudi Arabia to take a more nuanced approach to Bahrain's unrest.

Key social issues facing the country

Bahrain faces severe political and sectarian tensions that are steadily rising in the absence of an effective political process to resolve the underlying conflicts. The root causes are the long-standing local dispute about the distribution of power and wealth, but the situation is complicated by the rivalry between neighbouring Saudi Arabia and Iran.

Sectarian prejudices are rising sharply, and while the current violence is mainly between protesters and police, there is a risk of communal clashes in the future. State and pro-government media routinely demonise Shia dissidents as Iranian agents. While Iran was not the inspiration for the protests, parts of the opposition may be increasingly tempted to look to Iran, Iraq or Lebanon for support as a perceived counterweight to Saudi and Western military and financial support for the government. However, the mainstream opposition, led by the Al-Wefaq National Islamic Society, is aware that choosing such friends would backfire domestically.

A new dialogue is being contemplated to include Al-Wefaq, broadly pro-government Sunni movements and the government. But the youth who are leading most of the protests look likely to be entirely unrepresented and thus to oppose a dialogue at a time when the activists they most respect are in prison. Track II mediation efforts need to bring some of these voices into the discussion.

Human rights abuses by the police continue and local human rights groups estimate that over 90 people have died from violence and excessive tear gas inhalation since February 2011. While the initial protest movement was peaceful, increasingly radicalised youth – almost exclusively Shia based in villages on the outskirts of the capital – now throw improvised explosives at police.

Shia Bahrainis have long complained about sectarian discrimination in the job market. Hundreds of Shia were sacked from state enterprises and ministries in 2011 on suspicion of participating in protests – for which key union

leaders are still on trial – and while many have been returned to their posts under international pressure, their pay, status and promotion prospects have been damaged. Some are emigrating.

Bahrainis are entitled to free education, health care and social housing as part of their share in the country's oil wealth. But inequality rose during Bahrain's economic boom as the cost of living soared: income disparities are very visible in this small country with a super-rich elite.

Literacy and Internet access are high, and Bahrain was mentioned on Twitter more times than any other Arab uprising in 2011. Social media may be an important tool for dialogue and reconciliation efforts, although they are also heavily used to spread sectarianism and disinformation.

The economy

Bahrain has a more diversified economy than most of its Gulf neighbours, but is still heavily dependent on oil, which provides 70-80% of government revenue and is the largest export. Moreover, 78% of Bahrain's 190,000 barrels per day production comes from an offshore field controlled by Saudi Arabia.¹ On occasion Saudi displeasure has manifested itself in reductions in oil grants and restrictions on exports to Bahrain. There is thus a political rationale, as well as an economic impetus, for diversifying the economy and attracting a broader range of foreign investment (two projects pursued by the crown prince, but now largely on the back burner). Saudi is also a major source of imports, tourists and investment, and is Bahrain's only link to the mainland (via a causeway).

The single largest economic sector is that of financial services. The sector has suffered from competition from Dubai, the collapse of the Gulf housing bubble in 2008 and the recent unrest, but Saudi investment and business have held firm. The expectation that Saudi Arabia will act as a lender of last resort also underpins Bahrain's credit rating, although the national debt has been rising. Tourism has been particularly badly hit by

the unrest, adding to the woes of the indebted state airline, Gulf Air.

Bahrain has more nationals working in the private sector than most Gulf states, but most private sector jobs are done by expatriates, whose wages average just one-third of those paid to Bahrainis. A programme of labour market reform, pushed by the crown prince, included fees on employers for each foreign worker they employed, which were then used to fund training for nationals, but this has been suspended indefinitely since the unrest.

Two positive developments are an investment in enhanced oil recovery technology and a tentative agreement to import liquefied natural gas from Russia,² which would allow Bahrain to expand output of aluminium, its second-largest goods export.

Policy recommendations

The political impasse in Bahrain is gradually leading to radicalisation, both among (largely Shia) opposition youth who see no political process to resolve their grievances and those (largely Sunni) who believe the official propaganda that the protesters are Iranian agents. The sectarian dimension of this divide increases the risk of violence – especially as Syria tilts towards a potentially regionally destabilising sectarian civil war.

The rulers largely see protests as a problem of crime and security, and the root causes continue to be unaddressed. Bahrain, like many Arab states, is adept in the arts of cosmetic reform. But there is no serious shift in the mentality of most of the ruling elite when it comes to the necessity of sharing power.³

² This was announced in February 2012 by the then-oil minister, Abdulhussain Ali Mirza. However, there could be political barriers to implementation, given the tensions between Russia and the Gulf states over Syria. Mirza, one of the minority of Shia ministers, has since been replaced as minister by a member of the ruling family.

³ Instead, state repression has damaged the legitimacy of the rulers among much of the population, especially the Shia, while the authorities have whipped up support among the Sunni community partly on the basis of fear of their (Shia) fellow citizens. The response to protests has sometimes been as crude as to force imprisoned and tortured protesters to kiss pictures of the king and prime minister. Direct challenges to the legitimacy of the king have risen sharply over the past year: uniquely in the Gulf, "down with the king" is chanted on a daily basis.

¹ Figures are from Central Bank of Bahrain, *Economic Indicators*, December 2011.

There are some within the ruling family and bureaucracy who think differently and would like to introduce reforms. International pressure – such as the UN Human Rights Council Periodic Review – can help to strengthen their hand against the more hardline conservatives, who currently have few, if any, incentives to introduce processes of reform and accountability that would be likely to threaten their own positions.

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