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# The Gulf in Transition During the 1980s

*J.E. Peterson*

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The shocks introduced by the oil price revolution of 1973-1974 and the price jump in 1979 were, in some ways, just as disturbing to the Gulf states<sup>1</sup> as they were to oil-importing countries. While the transformation the shocks set off has been portrayed as a positive development — and in most ways it certainly was — it also had less desirable effects.

The impact on the Gulf states of the 1970s oil boom and its extension into the 1980s was primarily economic but not entirely so. To be sure, standards of living were considerably improved, universal health care introduced, and education began to reach all for the first time. But it gradually became clear that some social and cultural moorings had been lost in the rush to modernize.

Many Gulf nationals got caught up in a new atmosphere of financial opportunity, international exposure, and unbridled consumerism. But eventually it was perceived that something was lacking, that money was not enough. After roughly a decade of *tafrāh* (leap or swing), the consequences of the “black gold” boom produced, *inter alia*, an increased religiosity and a pronounced turning back to social conservatism.

The precipitous drop in oil prices in the mid-1980s wreaked havoc with development plans and sent government budgets spiraling downward. It soon became painfully obvious that the boom was a transitory, one-off phenomenon. The steady growth in absorptive capacity produced governments that were able to deliver more services and promises. But it also created a population that had developed a sense of entitlement to social services and regarded the regime as the unconditional provider or guarantor of prosperity. Governments, perilously dependent on a single source of revenue, felt themselves unable to match the loss of income by cutting spending for fear of arousing popular anger. The consequence was 19 annual budget deficits in 20 years for Saudi Arabia.

The economic impact of the sea change was felt acutely on the personal level as well. Improved health standards had led to a population explosion, and this eventually produced surging demand for employment. In its early days, the oil industry in most Gulf countries had been starved for local labor and supplemented it by immigration from neighboring countries. But the oil sector is capital intensive rather than labor intensive, and jobs soon became scarce. With few other industries, the Gulf states' governments

1. In this essay, the term “Gulf states” refers to the current members of the Gulf Cooperation Council (GCC): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE).



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served as the principal employers. However, by the time oil prices started falling, government departments were filling up, displacing previous expatriate employees with nationals.

As one aspect of this, the expansion of social services and the attendant growth in government functions and capabilities provided careers for a newly minted professional class. As they came to occupy the upper echelons of government and business, the next “generation” of slightly younger graduates moved into the second tier, and so on. By the mid-1980s, little more than entry-level positions were available, and there was little hope for promotion since the next rungs up were occupied by people only a few years older.

Meanwhile, in the private sector, the inception of an agent system in the economy enabled the early merchants and established merchant families to hold monopolies on major brands of imported goods and to secure the lion’s share of lucrative government contracts. This made it difficult for new entrepreneurs to penetrate markets and establish themselves unless they could enlist powerful connections.

There were also significant and often troubling cultural changes. Escalating labor requirements had led to massive growth in the numbers and nationalities of expatriate workers. Suddenly Gulf nationals were inundated, in some cases finding themselves minorities in their own countries. The Arab character of the states, already affected by an earlier inpouring of northern Arabs, was diluted by a Babel of races, languages, and religions from all over Asia and farther afield. Furthermore, Asians were not only ubiquitous in the workplace but also became common figures in households as cooks, houseboys, drivers, nannies, and gardeners. It was not unusual to find flocks of sheep and goats in the remote desert being herded by Pakistanis, Bengalis, and Afghans — a startling development for societies that prided themselves on their desert and bedouin origins.

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By necessity, at least some knowledge of English was useful to communicate with expatriates, whether to give orders to staff or even to do one’s shopping. The introduction of nannies meant that small children often learned Sri Lankan or Filipino bedtime stories and lullabies. The northern Arab population also grew substantially, and this meant that children were taught with an Egyptian or Jordanian accent and were inculcated with their political attitudes. In particular, Palestinians emphasized in their charges the ties between Gulf and Levant and a sense of responsibility for the Gulf Arab Palestinians’ plight. Many Gulf nationals began to withdraw socially and tended to no longer socialize outside their families and national cohort to the same extent they had in the 1970s.

The appeal of secular ideologies waned, and Islamism began to take hold, even before the Iranian Revolution. In Kuwait, this had been abetted by the government, which sought a counterweight to its liberals but instead sowed the seeds for a future obstructive Islamist opposition. In Saudi Arabia, the impact of an influx of Muslim Brothers, in exile from Egypt, began to be felt in stricter social mores and public control in an already religiously conservative society. Numerous

women in Kuwait and Bahrain adopted Western dress in the 1970s. A decade or two later, out of conviction or under pressure, most Bahraini women returned to more conservative dress while women in Kuwait divided into two camps (one “modern” and the other “conservative”).

Politically, it was a time of retrenchment. The only elected legislature in the Gulf, the Kuwait National Assembly, was suspended in 1976 and 1986 and not restored until after liberation, while Bahrain’s equivalent assembly had already been suspended in 1973. This was seen as no time to experiment with political liberalization when the citizenry were complaining about the shrinking economic pie and the Iranian Revolution threatened to unleash a whole new ideological threat to monarchical regimes. Even worse, the Iran-Iraq War brought tension and direct confrontation to the Gulf. Kuwait was forced to protect its oil tankers by putting them under an American flag. Saudi Arabia faced one attack by an Iranian warplane and violent Iranian demonstrations at successive *hajjs*. Oman had stand-offs with Iranian warships in its territorial waters.

Above all, the war marked the entrance of the United States to the Gulf in a big way. To be sure, the United States had long had interests and a presence there, such as ARAMCO, military activities during World War II, a small naval force at Bahrain, air force facilities at Dhahran, and a prominent role in Saudi development efforts. But with the American military build-up in the 1980s and the increased force projection occasioned by the Kuwait War (1990) and then the first Iraq War (1991), the United States was transformed from being just another external power into a true and permanent regional player.

This presence also had a local impact. In particular, the change in Kuwaiti attitudes and policy from non-alignment to avid pro-Americanism has been enormous, beginning during the Iran-Iraq War and peaking with liberation from Iraq in 1991. But elsewhere (and in Kuwait as well), the official ties to the United States and its regional policies, particularly with regard to Arab-Israeli matters, provoked conflicted reflections and responses by Gulf citizens.

The current economic situation threatens to be a repeat of the mid-1980s but only for some of the states — Kuwait, Abu Dhabi, and Qatar are in good shape financially. Just as importantly, social and cultural adjustments are far less likely to be seriously impacted. Societies have had two decades in which to deal with change and the multinational, cosmopolitan nature of most Gulf cities readily demonstrates their adaptability. The Gulf is a far different place from what it was. Certainly, preparing for life after oil and dealing with burgeoning populations and consequent employment issues remains as acute as ever. The sociocultural issues the Gulf countries face are increasingly complex but perhaps more manageable.

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