Dubai: The Case for Modern Tribalism

By Alejandro Ortega

Alejandro Ortega gives us a well-researched look into the history, development, and uniqueness of the socio-political structure in Dubai of the United Arab Emirates. “The Case for Modern Tribalism” explains the sophisticated structure of Dubai’s ruling class and its foundational ties to Dubai’s history of tribalism. Ortega explains this era of a new and modern brand of tribalism based on familial networks and coordination with business leaders. Dubai has grown into a famously wealthy emirate and “The Case for Modern Tribalism” explains how careful economic planning, under the ruling framework of tribalism, has allowed that development to occur.
Perhaps the United Arab Emirates’ most intriguing aspect is that, within a landmass no larger than the state of Maine, can be found such an impressive spectrum of rich culture, tradition, and history. From the wealthiest commercial and petro-elite families of Dubai and Abu Dhabi, to the humblest Bedouin herders of Umm Al-Quwain and Ajman, the UAE has an unparalleled degree of social and cultural diversity. The five emirates of Sharjah, Ajman, Ras Al-Khaimah, Fujariah, and Umm Al-Quwain, however, are admittedly mysterious, and little academic scholarship exists on their histories and dynamics. Indeed, the history of the United Arab Emirates (UAE) is a history of Abu Dhabi, the capital emirate, and Dubai, the ‘second-in-command.’

A qualitative comparison of Abu Dhabi and Dubai yields vastly different sociopolitical dynamics that see both states rocketing on separate yet parallel trajectories toward prosperity. Abu Dhabi, with its massive oil reserves and traditionally tribalist political structure, has become a quintessential rentier state, thriving off of its blessed oil bounty. Dubai on the other hand, with modest oil reserves that will likely run out within the next decade, has been forced to develop in a much more complex vein, utilizing modern patrimonial politics, a strong merchant class, and socially integrating a long history of tribal and kinship-based loyalties.

If present day Abu Dhabi is considered by most to possess a traditional and conservative ‘tribalist’ structure, then Dubai considers itself tribalist in an entirely modern sense, as it places much more value on its commitment to an open and sophisticated society. Thus, Dubai’s thoroughly modern patrimonial and tribalist structure is at once a product of both its vibrant history, and its present economic and sociopolitical policymaking. Specifically, Dubai’s neotribal structure has been carved out of the rich legacy of its prominent merchant class, its deep cultural roots as a tribalist and neopatrimonial-based hierarchy, and the economic salience of its booming entrepôt status and commercial industry.

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**Merchants: History and Significance (1833 – 1939)**

The history of Dubai has witnessed its drastic transformation from a small coastal stopover for boats traveling between Persia, India, China, and East Africa, to the largest entrepôt in the Middle East, and arguably, the world. While Abu Dhabi was blessed with immense and wildly valuable oil reserves, Dubai has found its wealth through a different, if not more cunning, industry. As Al-Sayegh writes, “Dubai has derived fame and prosperity from its trade. With little or no other means of livelihood, trade became the main source of income for this sheikhdom.”¹ This history of commercial growth would be incomplete, or rather, conspicuously absent, without the role of Dubai’s own merchant class. In 1833, the Al-Maktoum family of the Bu Falasa section of the Bani Yas tribe declared itself independent from its newly appointed ruler, Khalifa Shakhbut Al-Nahyan.² The clan quickly formed a new state with the help of the Qassimi family, and appointed the eldest Al-Maktoum, Ubaid Sa’id, as its ruler.³ Under the steady leadership of the Al-Maktoum family, the emirate of Dubai grew stronger and more stable as the 19th century progressed, keeping an even keel in the face of harsh British rule and a power-sharing relationship with the Al-Nahyans of Abu Dhabi.

Situated on the southern Persian Gulf, Dubai was founded in an ideal geographic location to utilize waterways as an access point for trade. In this location, and under a relaxed political climate due to the particularly laissez-faire ruling style of Sheikh Maktoum bin-Hasher, a strong merchant class developed that thrived on facilitating trade between suppliers and consumers whose wooden trading vessels docked in the port each day.⁴ Rugh also notes another critical factor in Dubai’s growth into a respectable trading post: the decline of Dubai’s main entrepôt rival, the Persian coastal town of Lingah. In 1902, the ruler of Persia, looking to bolster revenues, imposed a high customs duty on vessels passing through the Lingah port. Unhappy with the new tariff, captains began to steer away from Lingah and toward Dubai, which had, in response to this tariff-induced disaster, implemented a ‘free zone’ policy that appealed to merchants exasperated by Lingah’s high duties.⁵ Hvidt points out that in addition Sheikh Maktoum, the ruler of Dubai at the time, took other tribal-based political steps to ensure the influx of merchant migration from Persia. First, he and his elite
business partners made a trip in 1901 to Lingah and “made personal contact with key businessmen and offered them... benefits in return for a commitment to move to Dubai.” Second, he offered provisions of business protection. And third, he “demanded that all who resided in Dubai or used it as a trading post were tolerant of each other, thereby signaling that tribal, ethnic or religious issues would not influence the individual merchants’ social standing.” This is perhaps one of the most illuminating examples of tribal politics used for the purposes of economic development in Dubai, as Sheikh Maktoum used a combination of both practical economic benefits and the visceral warmth of tribalist relationships and loyalty offerings to persuade new merchants to come to Dubai. With a new merchant class ready to boost profits, Dubai would soon become the premier trading post on the southern Gulf.

From 1900 until around 1929, Dubai’s merchant-based trading industry was primarily dependent onPearling. Until the 1930s, the Gulf possessed one of the most prolific pearling industries in the world, and as a result, newly-arrived merchants in Dubai quickly set up a profitable pearl trade. Al-Sayegh writes

> When we review the available trade statistics for that period, it is immediately apparent how dependent the inhabitants of Dubai were on pearl diving. At the turn of the 20th century, Dubai had the highest number of men employed on pearling ships in the Trucial Coast. Dubai’s merchants owned nearly one-third of the total [trading ships] owned by the Trucial States’ merchant community; this made Dubai’s the second largest diving fleet in the area.

However, the merchant class was only one of the factors of Dubai’s early economic growth. The tribal policies and implementations of Dubai’s ruler at the time, Sheikh Butti Suhail Al-Maktoum, were greatly conducive to the rise of the merchant class, as they lowered any bureaucratic red tape that would have otherwise hindered trade (such as the duties that eventually drove away the merchants of Lingah). In Dubai’s quickly modernizing socioeconomic system, sheikhs gained wealth primarily through taxes that they imposed on pearling fleets and “revenues provided by the customs houses.” Without these, the ruler’s source of income was minimal. Thus, merchants and rulers developed a contract system whereby “a merchant agreed to remit a yearly sum to the ruler,” and in return the ruler created a business-friendly trading environment for his merchant class. Perhaps Herb describes the relationship plainly and accurately: “the merchants subsidized the rulers, while in turn the rulers protected the merchants’ trade.” A major emphasis was placed on verbal agreements, which in traditional Middle Eastern societies carry a binding weight, thus the verbal contract system was symbolic of the tribalist elements of the ruler-merchant relationship. Both sides negotiated on a personal level, and both sides benefited. This early dynamic, perhaps more than any other, describes a style of traditional Middle Eastern business called wasta, or in more western terms, “I’ll scratch your back if you scratch mine.” In an emirate reliant on good business and wasta relationships, this symbiotic ruler-merchant relationship proved invaluable.

Surprisingly, in the mutually beneficial relationship that developed between Dubai’s early sheikhs and its merchants, it was the merchants who had the advantage in terms of political influence. The rulers’ income was not as high as that of the pearl merchant. Therefore, when the unstable pearl market fluctuated, the ruler often had to turn to the merchants for financial assistance. The benefits of the tribalist system presented themselves vividly in this relationship, as the warm, personal relations that the ruler fostered with the merchants allowed the ruler to lean on the financial strength of this early business elite in times of economic recession. The merchants, however, were pragmatic in their political goals, and found themselves able to dictate their desires with a high degree of fiscal leverage. In return for monetary stipends, the merchants were given seats in the sheikhs’ tribal majlis. Al-Sayegh describes the majlis as a consultative council of between 15-40 members used by the ruler for advice on a variety of matters. Although the group had no formal ability to influence a ruler’s decision, a blatant or perverse repudiation of a majlis recommendation would antagonize the elite tribal and merchant families whose elders composed the body. In a tribalist system that placed a profound emphasis on loyalty and kinship, this action was rarely abused by rulers.

Merchants then, by exerting their political influence through a ruler’s majlis, “wielded a great deal of influence” over decision making of the time. Furthermore, Herb notes that the majlis-based rapport was all the more critical because of the ostensible lack of municipal institutions at this time. In the absence of such institutions, “the merchants became the de facto government led by the ruler.” Negotiating tribal alliances, financing wars, improving the education
system, purveying news and information from abroad, and lobbying for pan–Arabian nationalist movements were all actions that resulted from merchant influence. As a result, the tribalist elements of the majlis not only allowed the business between rulers and merchants to prosper, but also led to the creation of a new, progressive group of upper class merchant elites which translated into burgeoning social advancement for Dubai. Thus, tribalist associations acted as a medium for social improvement as well as economic growth. Soon though, the balance of power between ruler and merchant would begin to shift.

Two events led to the decline of the pearling industry and the subsequent fall of the merchant class from power. The first was the Japanese invention of cultured pearls.\(^{16,17}\) The second and far more critical factor was the worldwide economic depression of the early 1930s.\(^{18}\) While the economic impact of the depression is difficult to overstate, its specific effect on the sheikh-merchant relationship was obvious: it increased the ruler’s influence relative to that of the merchant. For the first time, an economic tremor had finally shifted the balance of power toward the sheikhs. As pearl prices fell, merchants went bankrupt. Now it was the merchants who were knocking at the sheikh’s door, asking for assistance to keep his business open, or in extreme cases, to sustain the health of his family. Christopher Davidson notes that

The balance of power between the wealthy indigenous merchant class and the rulers began to shift, especially as the newly rich sheikhs were able to reduce their reliance on taxation and instead distribute wealth to their people. As such, many of the traditional extractive institutions fell into decline, and eventually a new rentier relationship was born between the rulers and their populations.\(^{19}\)

The tribalist politics of wasta were again utilized, this time with the roles of provider and recipient reversed. Merchants lost much more than their money. They lost their influence, and with it, their pride.\(^{20}\) In a society whose deepest tribal roots placed a heavy value on familial integrity and pride, this decline in the merchants’ status was psychologically crippling. Rulers, while still continuing the old tribal tradition of giving personal loans to desperate merchants, flaunted their newfound power. As a result, the merchant class was on the brink of collapse by the late-1930s. It would take a reform movement, the likes of which Dubai had never seen, to restore a balance of power. Another great shift, this time of a social nature, would again transform Dubai.

Gradually, merchants who realized that they had little left to lose began to ask their ruler for economic reforms. Out of desperation, or perhaps as a way of gaining leverage over the sheikhs, the merchants began to turn to illegal trading activities. Rather than help their cause however, these actions further subjugated the merchant class.\(^{21,22}\) By 1938, the call for change among merchants had transformed into a nascent crusade, now known as the Dubai Reform Movement of 1938. It initially began as a campaign by the merchant class to convince Sheikh Sa’id to share his wealth with them by allowing more of it to be managed by the community. In order to achieve this end, the merchants set up a special fifteen-member merchant majlis whose job it was to oversee Dubai’s finances and recommend channels of fiscal management and wealth distribution.\(^{23,24}\) The council was short-lived, but during its single year of power, it implemented a new municipal council, a social security system, a new method of election for customs officials, and made significant contributions to the state educational system—all through tribalist majlis based on quid-pro-quo bargaining with the ruler in a traditional setting.\(^{25}\) In 1939, the majlis attempted its most daring reform—limiting the income of the sheikh. The move was unpopular among the Maktoums, and as a result, Sheikh Sa’id proceeded to dissolve the majlis by military means, restoring his complete authority over Dubai. During its apogee, however, the merchant majlis skillfully utilized the tribalist procedures intrinsic to the body to effect a variety of changes and cause ripples in the changing social structures of the merchant-based hierarchy.

Although the majlis was destroyed, it jump-started a new age in Dubai: one of patrimonial politics. The Dubai Reform Movement showed that tribal rulers were willing and able to implement reforms as long as they were in charge of society. The merchants, then, had discovered that by using the sheikhs as a formal policymaking medium, they could effect great changes in society. Thus, as Hvít gastutely argues, “when oil finally began flowing out of Dubai, society had already been transformed into a neopatrimonial state structure where all its segments were vertically linked to the ruler personally.”\(^{26}\) In effect, the Dubai Reform movement created a ladder—a chain of command—that went all the way from the bottom rungs of society, up to the ruler himself. Of course, the notion of a vertical hierarchy is
nothing new. The difference in Dubai is that it was a *patrimonial* hierarchy in which the paternalistic ruler invited active discourse with his subordinates through simple and traditional tribalist processes such as the *majlis*, and even informal gestures such as tea and appetizers, or the pursuit an ‘open door’ policy whereby any member of society was invited to come into the ruler’s home to share grievances or concerns. This neopatrimonial state structure then was integral to the efflorescence of Dubai’s economy, and would continue to influence socioeconomic dynamics in Dubai until the present day.

The merchant class in Dubai would continue to influence the emirate’s economic, social, and political development as it segued into the mid 20th century. This section has strived to show the incredible tribalist influences that the merchant class had on all aspects of life in Dubai, not the least of which was Dubai’s political structure and commercial growth. Through the ruler-merchant power balance and the Dubai Reform Movement emerged a new political system guided by neopatrimonialism. This new structure utilized tribalist and kinship-based politics to create in Dubai perhaps the Middle East’s most modern ‘neotribal’ society, and its fastest growing economy. As such, neopatrimonialism merits a closer look as the principle dynamic in the evolution of Dubai.

**NEOPATRIMONY: A MODERN TRIBALISM**

In the 14th century, the eminent historian Ibn Khaldun wrote that Arab states were fundamentally based on solidarities among social groups, or tribes. These ancient tribalist structures, he argued, have shaped the Middle Eastern region for centuries. Like many Middle Eastern countries, notably the intensely tribalist Saudi Arabia, the political system of the UAE is characterized as tribalist and authoritarian. Speaking broadly, regional experts such as W. Rugh and Joshua Teitelbaum consider tribalist systems to be characterized perhaps most saliently by the “direct access of ordinary people to their ruler.” It is by this measure that tribalist political structures differ the most from their western counterparts, and as such, it is the most scrutinized aspect. However, the great diversity of the UAE has facilitated a variety of tribalistic structures within the realm of each emirate. In contrast to Abu Dhabi, which experts point to as more tribalist and conservative, Dubai is characterized by a much more liberal, open society that prides itself on a more modern tribalist system. This fusion of progressive and traditional politics is the product of nearly two centuries of kinship and loyalty-based dynamics, coupled with the emergence of a new patrimonialist structure in the early 20th century. Indeed, Dubai’s neopatrimonial structure is at once both strikingly modern, and deeply imbedded in cultural and historical norms.

Dubai provides perhaps the best example of what academics term “vertical chains of relationship.” At its most fundamental level, Dubai’s current political structure is based on a system of tribalist relationships whereby the sheikh is tied ‘vertically’ to various ruling families, business elites, loyal friends, and continuing down to the lower classes of society. Because Dubai has an extensive population (it is the most populous of the seven emirates), the complexity of institutions and governance required to support its commercial industry necessitates the use of many different agencies, departments and bureaucracies. As such, there is a wealth of administrative positions that constantly require filling. Thus, the patronage system has an enormous role—one that is arguably greater than that found in other emirates, and other nations in the Middle Eastern region. Davidson provides an exhaustive list of elite families and their roles in Dubai’s social and economic structure. Among them are families such as the Al-Tayirs, who work in the state’s financial and industrial affairs, the Bani Sulayman, who work in the Dubai Department of Tourism and Commerce Marketing, and the Al-Ghurayr, who work with the Dubai Chamber of Commerce and Industry. The patrimonial networks have developed to such an extent that even foreign families are able to hold high-level positions in Dubai. The Al-Bu Shamis family from the emirate of Sharjah, and the Al-Suwaydi family from Sudan work in the Chamber and the police force respectively. The selective nature of Dubai’s administrative system then, is a blessing for the families close enough (and lucky enough) to hold good standing with the powerful Al-Maktoums, or those that are closely tied to the family. Dubai’s large bureaucratic network, an invention of its reliance on complex industries such as trade, commerce, tourism, and business, accommodates this neopatrimonial patronage system, and keeps both the Al-Maktoum family connected and Dubai’s other elite families influential.

Marriage is another, often overlooked,
institutions that Dubai’s Al-Maktoum family carefully regulates in order to keep kinship and family-based loyalties strong, and provide a sense of cultural pride. Historically, the marriage institution was used in the Middle East as a weapon against the impinging influences of other tribes. The prevailing image is that of Ibn Saud marrying his sons into banished tribes as a method of conquering Saudi Arabia in the early 19th century. While the marriage institution was not strategically crafted to such a dramatic degree in Dubai, it was used similarly, as a way of mitigating the influences of the Qawasim tribe, with whom the Bu Falasa feuded constantly throughout the 18th and 19th centuries. Throughout the 19th century, and into the early 20th century, marriage was used to create a “clear social distance between the [Al-Maktoum] dynasty and other lineages.”

The norm that men and women should not marry outside of the extended family was rarely broken. Dubai’s status as a patrimonial, or patrilineal, society only reinforced such strict rules regarding marriage. That is, families extended their power and influence horizontally by marrying within their own family, allowing the vertical connections with other such families to be even stronger. By strengthening each level, the entire vertical structure would then become even more commanding. Herb concludes that in a patrilineal society such as Dubai, such marital practices “defines a social hierarchy and reinforces the separation between the ruling dynasties and the traditional elites.” Thus by encouraging horizontal familial growth through tribal marriage customs, the Maktoums found a cunning method of fortifying their vertical neopatrimonialist ties. Indeed, in a tribalist UAE, marriage is based “less on love and more on strategy.”

Given the reliance of the Al-Maktoum family on trade, fiscal stability, and commerce as the roots of its impressive growth, it is appropriate that another mechanism the Maktoums used involved a modern spin on the age-old technique of bribing. Before the emergence of Dubai as a global commercial and financial power, the Maktoums were forced to resort to more astute measures when faced with challenges to their ruling dynasty. They accomplished this in both a preventive, and direct manner. On one hand, the Maktoums gave special privileges to non-threatening lineages, such as coveted positions in the workforce or pardons for family members, in return for support from peaceful families. This way, their base of support was broadened and fortified in the event of a threat to their power. In such cases, the Maktoums, with help from their patrimonial ties, offered incentives to the challenging families such as marriages into the Maktoum family (one of the few exceptions to the aforementioned intra-family marriage traditions) and seats in the Maktoum’s various majlis. The inherently tribalist nature of the marriage institution and the majlis structure, as well as the patrimonialism utilized to connect the ruling elites to the families they wished to influence, lent a degree of cunning efficiency to the bribes. These strategies indeed functioned effectively, as there has never been a legitimate threat to the Maktoum family’s rule in Dubai’s history.

In addition to being the center of the gulf re-export trade since the early 20th century, Dubai’s oil production industry finally bloomed in 1969. With such profitable industries running smoothly, Dubai has had at its disposal considerable financial capital, which the Maktoums have skillfully utilized through the sieve of neotribal politics. Unlike the periodic, outside challenges to power that the Maktoums experienced in the 19th to mid 20th centuries, in the 1970s these challenges began to come not from outside sources (such as the Qawasim or the Al-Nahyan of Abu Dhabi), but from kin within Dubai. This disturbing new obstacle to the ruling Maktoums required a new method of bribing, this time, one that made use of their financial success. The Maktoums began to distribute oil wealth evenly throughout society in order to increase favor among their citizens. As Hvidt notes:

Income from oil exports was accrued to the royal families, which then were charged with the task of distributing the oil wealth to society. A prime
vehicle for this distribution is the abolition of taxes but also distribution of social services and various other benefits...during the Oil Era, Dubai continued to create opportunities for an active and diversified business environment.41

By creating an environment that was socially suitable for the upward mobility of the entire class, the Maktoum family essentially mitigated any challenges that came from their own kin. In this way, the Maktoums continued to vertically construct their neopatrimonial network using the tribalist policies of providing for everyone and instilling a sense of unity and esprit de corps, rather than merely giving benefits to a privileged few. By creating this effective method of ruling after having so recently amassed their wealth, the Maktoums set a new precedent among tribal societies. Unlike other traditional Middle Eastern states in which quick or sporadic acquisitions of wealth temporarily (or sometimes permanently) disable the social structure, in Dubai, modern tribalist policies allowed the Maktoums to keep the country remarkably stable, despite its rapid growth. Findlow notes: “Traditional social structures have only really been disrupted by near simultaneous acquisition of wealth and transition to modern nation-statehood. The result is that an attitude of overt modernism is relatively easily tempered by the simple ‘retaining’...of selected traditions.” 42 Essentially, the prescription in other areas of the Middle East is to ‘temper’ the transition into modernism by retaining elements of traditionalism. Whereas Findlow defends this point, Dubai has dashed the notion that traditional tribalism is needed for stability, and in doing so, has proven the sublime effectiveness of modern, neopatrimonial tribalist policies.

With political incentives playing such an integral role in Dubai’s neopatrimonialist social structure, governmental institutions themselves are critical in allowing the system to function. In recent decades, Sheikh Rashid Al-Maktoum and now Sheikh Mohammed Al-Maktoum and the rest of their family have strived to create various councils and departments that facilitate the growing commercial sector and encourage the use of the patronage system to boost personal relations with other elite families. In doing so, they attempt to remain in good social and economic standing. In addition, the Maktoums have retained many old institutions that were in place during the long period of British colonial rule prior to the UAE’s independence in 1972.43 Specifically, the Dubai Executive Council (DEC) is the primary policymaking institution, and is composed of sixteen positions. The top four positions of President, Chair, Deputy Chair, and Secretary General are held by, respectively, Sheikh Mohammed; his son, Sheikh Hamdan; his uncle, Sheikh Ahmad; and his a close family friend, Mohammed ‘Abdallah Al-Jarjawi. The remaining twelve positions are held by more members of the Maktoum family, as well as some of the Maktoum family’s closest friends and advisers.

Davidson writes that the DEC is a “distinctively neopatrimonial council,” not just in the way its positions are appointed and to whom they are appointed, but also because of the informal, tribalist manner in which the council is run.44 Unlike the umbrella organization for the rest of the UAE, the DEC does not have to respond to another council, only to the ruler—a unique characteristic of Dubai and a testament to its vertical, kinship-based patrimonial system. With familial ties already embedded into the framework of the DEC, it need not look outside of its vertical chain of command to other groups, which, in the eyes of its rulers, would hamper efficiency and undermine the loyalties of its members. The meetings for the council are often held in informal settings, such as over tea or in the lobby of a chic Dubai hotel, giving it another distinctively tribalist flavor. Thus, the neopatrimonial channels, tribalist familial linkages that undergird the establishment of the influential DEC, play an essential role in this influential policymaking institution.

Similarly, the Supreme Council of Rulers (SCR), effectively the executive branch of the UAE’s government with the power to initiate policies and veto laws, is also run by a neopatrimonial network of leaders. As such, it gives Dubai’s neotribalist-influenced policies a commanding position in the “arm of the monarchial presidency.”45 Although the leader of the SCR is the sheikh of Abu Dhabi, the Vice President has traditionally been the sheikh of Dubai. In this, the highest governing body of the UAE, Dubai has built another one of its signature patrimonial networks of leaders from the Vice President (currently Sheikh Mohammed Al-Maktoum) down into the elite lower levels of Dubai society. With only seven members of the council (the seven emirate leaders), the fact that Dubai and Abu Dhabi are the only members with veto power over the council gives Dubai’s position in the SCR enormous power, and gives any families tied to the Maktoums influence not just in Dubai, but in the decisions made at the national level. That
Dubai’s neopatrimonial and verticalist social structure essentially selects the second most powerful executive in the SCR is a testament to the weight that tribalist relationships play in the executive branches of both Dubai and the UAE.

Sheikh Mohammed, as well as his father Sheikh Rashid, have traditionally been receptive to both the grievances and interests of their polities with respect to policymaking through the SCR. Their ‘open door’ policy, which will be explained in greater detail in the next section, allows businessmen and other citizens to express their opinions regarding policy changes. Notably, Sheikh Rashid was affectionately known throughout Dubai for his receptivity to citizens’ interests, and the ease with which he integrated public opinion into his policy options. Even if public opinion did not factor into his decision-making to the degree that he attempted to convey, his openness made citizens feel comfortable with their domestic influence, and allowed for a relaxed social atmosphere free from challenge to the Maktoum dynasty or public unrest. This legacy of using the position on the SCR as a lens through which to consider public opinion expressed through tribe-style meetings has been passed on to Sheikh Mohammed, and continues the neopatrimonial tradition so firmly ingrained in present day Dubai.

Dubai’s recent history and present structure incorporates many attributes of tribalist politics from as far back as the chronicles of Ibn Khaldun. These policies, when coupled with Dubai’s burgeoning economy, create powerful incentives for foreign direct investment, foreign capital flows, commerce, trade, and financial stability. These ingredients have created a nation that is one of the fastest-growing the world. It is fitting then, that the last section of this analysis will focus on how tribalism and neopatrimony have facilitated the rise of Dubai’s economy. Without the economic success and the wealth this success has brought, Dubai might be just another stagnant autocracy.

**Entrepôt: “Economy First, Politics Second”**

It is perhaps Dubai’s greatest irony that a nation internationally recognized for flaunting its impressive economic growth through ostentatiously modern displays of wealth is overseen by what Davidson calls “an assortment of seemingly archaic, traditional practices.” Tourists wandering through the streets of Dubai today would see the world’s tallest tower, the 2,684 foot Burj Dubai; the world’s only seven-star hotel, Burj Al-Arab; and enough construction projects to make their heads spin. Given that Dubai’s oil reserves are so modest, one may wonder about the source of this wealth. The answer lies in a neopatrimonial twist on commercial business, a strikingly effective, tribalist conduct of negotiations, and cunning economic policy. The results of these factors, rooted in the last four decades of Dubai’s Oil Era history, are currently on display.

During the 1970s—the beginning of Dubai’s ‘Oil Era’—Dubai’s leaders made a structural decision to remain a “production state” out of both desire and necessity. Luciani argues that in the Gulf region in this era, two types of states existed: “production states” and “allocation states.” Allocation states, such as Abu Dhabi, were “freed from their domestic economic bases in the effort to secure state revenues…[and did] not need to tap the domestic economy through an array of fiscal instruments.” In other words, because production states such as Abu Dhabi had a profitable external revenue source (oil) to draw from, there was little incentive to create a domestic and sustainable economic base. Dubai, on the other hand, was not blessed with sufficient oil reserves to sustain such an economic policy. This is where tribalist politics came into play. Because Dubai had no single, save-all resource, its leader, Sheikh Rashid, was compelled to build on Dubai’s existing strengths in order to create a developed and sustainable economy before the oil era came to a close. John Anthony sums up Dubai’s situation eloquently:

> From Dubai’s perspective, what mattered most was not just the need to maintain a minimum of encumbrances to the day-to-day flourishing of trade and to what its leaders hoped to be able to attract: namely, investment. What also mattered was the maintenance of good political and people-to-people relations with its commercial partners and customers… a matter of being able to establish and maintain good relations with Dubai’s domestic and international investors.

Thus, Sheikh Rashid and the rest of the Maktoum family had to create and nurse, by way of neopatrimonial and tribalist policies, a business-friendly environment to facilitate a strong domestic economic base reliant on commerce and trade, rather than a self-serving oil-sustained base.

Sheikh Rashid used the initial capital flows...
from oil to create an active and diversified business environment that encouraged foreign direct investment, and a social environment that appealed to businessmen and their families. Immediately, Sheikh Rashid initiated a strong patrimonial-clientalist reform program in which members of the royal family actively courted prominent business families. These methods, while at times characterized by displays of self-ingratiation, were effective at drawing modern merchants and entrepreneurs onto Dubai’s shores and planting the seeds of future business relationships. In a thoroughly tribalist sense, the Maktoums were literally opening their homes and offices to businessmen—offering free stays in expensive hotels, providing tea and lunch, and even providing gestures as simple as recommending good schools for their children—in an effort to persuade businesses to transplant themselves into Dubai. Sheikh Rashid’s scheme to welcome businessmen was also complemented by moves toward creating a business-friendly environment. Among projects started under this reform movement were Port Rashid, Dubai Dry Docks, and the construction of the port town of Jebel Ali. Of the latter, Hvidt writes that “the aim of Jebel Ali was not only to significantly increase Dubai’s port capacity, but also to host a large industrial zone, which would be instrumental in diversifying Dubai’s economy away from oil”. Furthermore, Sheikh Rashid slashed taxes and customs duties to further increase the appeal of Dubai’s growing prowess in the commercial sector. The effects of Rashid’s social and economic reforms were immediately visible. In the early 1970s, waves of Persian merchants began to pour into Dubai. Businesses from India and Kuwait also began to relocate to Dubai in increasing numbers, and Dubai’s Foreign Direct Investment (FDI) began to skyrocket. But instead of gradually phasing out his reform project to increase internal revenues, Sheikh Rashid continued to pursue his business-welcoming policies. As a result, the commercial and trade sectors grew at incredible rates and FDI continued to pour in. By 2004, economists estimated that FDI reserves in Dubai topped $2 billion annually, amounting to approximately 14 percent of Dubai’s GDP. By 2005, that figure was expected to rise to a startling 50 percent of GDP (UNCTAD Report 2005). Dubai’s success as an international entrepôt has even led it to spurn the Organization of Petroleum Exporting Countries (OPEC). While the UAE has been an official OPEC member since 1967, a report on the UAE, sponsored by Business International, finds that “Dubai does not consider itself a member of OPEC…the UAE has always been represented at OPEC meetings by a representative of Abu Dhabi.” Dubai’s confidence in its abilities and status as a booming international commercial center are readily apparent, and Sheikh Rashid’s tribalist policies continue to create a reputable business environment for entrepreneurs and modern merchants.

Sheikh Rashid’s policies have been continued by his successors, Sheikh Maktoum bin Rashid and Sheikh Mohammed Rashid, and have begun to attract international recognition. After the passing of Sheikh Rashid in October 1990, his son Sheikh Maktoum quickly began to build on his father’s legacy. Upon stepping into office, Sheikh Maktoum recognized the need to create more efficient channels for private financial inflows of capital. Like his father, he accomplished this using his neopatrimonial position as the head of the Dubai’s bureaucratic majlis. During meetings, he began convincing his partners, through traditionally tribalist incentives like patronage positions for family members, to create more options for private foreign investment. This was realized in a number of ways, both formal and informal. On one side, further incentives were offered, by way of Sheikh Maktoum’s official intermediaries, to private foreign investors. On the other, Sheikh Maktoum expedited construction on infrastructural projects, reorganized various departments to make them more efficient and easier for private capital to navigate through, and perhaps most importantly, opened Dubai up to a considerable reserve of inexpensive foreign labor. Maktoum certainly realized that “any restriction on Dubai’s ability to maintain good relations with its business partners was likely to carry a price tag.” Sheikh Maktoum’s innovations have met striking success, and
have been lauded by domestic and international critics alike. In 2005, Dubai was awarded a special distinction from fDi Magazine as the “Middle Eastern City of the Future due to its investment-friendly climate.”61 It has become the ruling family’s primary aim, through the appealing mechanism of warm, tribalist policies, to attract public and private investors into Dubai. Hvidt plainly concludes that “as globalization deepens and the competition among countries for investment becomes more intense, the ruler of Dubai aims to offer a friendly package of benefits to national and international firms that provides them with an offer they cannot refuse.”62 Indeed, Dubai’s business climate is perchance the primary beneficiary, and most telling indicator, of its tribalist policies.

One of Dubai’s most effective and modern innovations is its market for “off-plan” real estate. Essentially, selling of real estate “off-plan” involves selling the rights to a piece of property before it has even been developed. However, the key to selling real estate off plan is a lean and efficient bureaucracy, one which the Maktoums’ neopatrimonial policies have created.63 Given Dubai’s reliance on private investment and its neopatrimonial political structure that facilitates quick transactions, this new method of inviting investment has been particularly effective. Dubai’s main off-plan real estate developer is Emaar. This mega-developer has offshoots throughout the UAE and Saudi Arabia, and was the principal pioneer of the off-plan real estate craze. The speed of Dubai’s growth, thanks to its commercial boom, has allowed Emaar to sell the rights to numerous “in the works” properties, the revenues of which are shared with the royal family by virtue of a verbal agreement. While seemingly insignificant, in traditionally tribalist Middle Eastern cultures, verbal agreements carry the substantial weight of a binding contract, in contrast to western cultures which place more value on written agreements.64 Thus the personal, almost informal, agreement between such a massive developer and Dubai’s ruling family highlights the continuing legacy of tribalist politics and its inveterate efficacy. The Economist confirms that “In Dubai, the [off-plan] model works well, thanks to the strength of Emaar’s brand, and the speed of Dubai’s administration. In Saudi Arabia, buyers are more wary and ministries less brisk.”65 Encomium has even come from objective international organizations such as the IMF, which concluded that

Dubai’s policy of extending foreign ownership of land and properties for real estate developments have resulted in a construction boom and a significant increase in FDI in this sector…its effective political structures…effectively facilitate such development policies.66

One may conclude then, that the economic policies implemented by Sheikh Maktoum have closely followed the tradition of his father, and in keeping with this tribalist and neopatrimoney-utilizing convention, have been no less effective.

The current tribalist trajectory of Dubai’s economic policies closely resembles the historically pertinent ruler-merchant bargain. The broader model is termed the “ruling bargain” and describes the basic relationship that exists not just between rulers and merchants, but between rulers and all of their citizens. Some critics of Dubai argue that its government institutions are just a front for the western world, and that the real policymaking occurs in the informal tribalist structures. This argument may be accurate. However, the efficacy of tribalist systems remains even if an assumption of government viability does not hold. In other words, even if one believes that, as Davidson suggests, the Dubai ruling family “maintains old patrimonial and tribal networks under a veneer of seemingly modern governmental institutions,” this still does not marginalize the success of neopatrimonial political dynamics. Regardless of the viability of government institutions—that is to say, regardless of whether or not the government institutions in Dubai have actual power, or whether they are just a façade of de jure formalism to appease western critics—the direct lines of communication between Dubai’s rulers and their citizens remain the most elementally effective method of governance, and have allowed the country to grow both economically, and socially. Economic policies such as redistributing oil wealth down a vertically patrimonial network, the auctioning of off-plan real estate to families who have remained loyal through hard times, and providing financial incentives for both private and public foreign investment, have allowed Dubai to top $37 billion dollars in GDP in the year 2007—roughly equivalent to the entire nominal GDPS of entire nations such as Syria, Lithuania, and the Dominican Republic—and is a testament to both the sublime value of its tribalist politics and their effect on economic and social growth.
Conclusion: Into the 21st Century

Dubai, more so than any other state in the Middle East, has proven to the world that tribalist tendencies and modern socioeconomic forces can indeed coincide in the creation of an influential and respected state. While the UAE should not be confused with a liberal democracy, its economic growth is robust, its citizens content, and its seat in the international order firmly cemented. Dubai’s growth from a humble merchant community struggling to recruit even the most modest merchant families into a state arguably considered to be one of the world’s premier entrepôts has come in large part through the skilled leadership of the ruling Al-Maktoum dynasty, and its ability to fuse both tribalist patrimonial politics with modern social and economic incentives. This analysis of Dubai’s growth viewed through the lens of tribalist politics yields three distinct and illustrative paradigms. First, the history of the merchant class and its balance of power with the ruler portrays a new business class in all its glory and defeat. As a result of neopatrimonial structures, the merchants’ eventual reconciliation with their ruler created a dominant economic base that allowed Dubai to flourish despite a relative absence of oil. Second, Dubai’s sociopolitical roots as a tribalist society, an upshot of its ancient Middle Eastern ancestry, shaped the critical ruler-citizen relationship and provided an atmosphere conducive to social and economic welfare. And finally, the Maktoum family’s use of tribalist politics and incentives to woo foreign direct investment, and its use of neopatrimonialism to create efficient channels for capital to flow through, allowed Dubai’s economy to boom—all the more impressive given the preponderance of rentier-driven economies in the region. Out of these three traditional dynamics has emerged the modern Dubai, a potent and glamorous force to be reckoned with.

In the 14th century, Ibn Khaldun wrote that the history of tribes is akin to the history of the city versus the tribe. Cities, he argued, represent centralization, stability, and culture, while tribes on the other hand, represent conflicting decentralization and capriciousness. Echoing these sentiments, Ibn Saud, the father of Saudi Arabia, desired to witness the creation of a modern Saudi state because of his respect for the city, and perhaps his distaste (or at least lack of respect) for certain aspects of tribal life. Even such renowned western thinkers as the eminent Max Weber believed that states and tribes are fundamentally different and irreconcilable entities. Implicit in his argument was the notion that the diametrically opposed ideologies of these two entities create an irrefutable tension, and thus they could not coexist. When states develop, he believed, tribes must dissolve.\(^7\)\(^8\) If the UAE’s most striking aspect is its wide array of cultural diversity, then perhaps it is only fitting that the UAE’s most impressive emirate, Dubai, has proven that a powerful and influential state can indeed ascend out of the union of tribalist and modern forces. Just as ten years ago, none could have imagined an impressive underwater resort or a magnificent 2,700 foot tower, Khaldun, Saud, and Weber, in all their brilliant insight, could never have foreseen the dynamics of tribalism and modern socioeconomic growth fusing together to create such a rich and powerful state that is at once both thoroughly modern and intensely faithful to its tribal roots. §

Endnotes

2 In early 1833, the elder ruling Al-Nayhan, Tahnun Shakhbut, was killed, leading to the appointment of Khalifa Shakhbut. Khalifa Shakhbut was highly unpopular among the Bani Yas tribe, and when alerted of his appointment, the Al-Maktoum families responded with disgust. Additionally, the Al-Maktoums were upset that the British were forcing their families to compensate the British financially for attacks on British shipping vessels instigated at the behest of the Al-Nayhan family.
5 Al-Sayegh writes that bin-Hasher ‘was a paternalistic merchant prince who governed with little, if any, formal administrative structure’ (88).
13 Majlis refers to a legislative body. The use of the term can either describe a formal legislative body, such as the Majlis of Iran, or a small, informal meeting of tribal elites. In this context, the use of the term coincides with the latter definition.
14 Ibid.

44 Ibid.


48 Economist April/May 2008


50 According to the CIA Factbook, Saudi Arabia derives 75% of its budget revenues and 90% of its exports from oil.


54 Ibid.

55 Hvidt notes that, in addition the effectiveness of Sheikh Rashid’s reforms, it is likely that the decision of New Delhi to implement duties on the gold trade and the 1991 Iraqi invasion of Kuwait were also prominent factors influencing the decisions of business families to relocate to Dubai (Hvidt).


57 Accurate statistics regarding FDI in Dubai are difficult to obtain because official statistics are not recorded for each individual emirate.

58 Sarah Searight, The United Arab Emirates through the 1990s: Fitful Recovery Ahead (London, UK: The Economic Intelligence Unit, 1990), p. 43


60 John Anthony, The United Arab Emirates: Dynamics of State Formation (Abu Dhabi: The Emirates Center for Strategic Studies and Research, 2002), p. 90


62 Ibid.

63 Economist April/May 2008


65 Economist April/May 2008

66 International Monetary Fund. “IMF Executive Board Concludes 2005 Article IV Consultation with the United Arab Emirates Public Information Notice [PIN] No. 05/89”. Washington DC: International Monetary Fund. 15 July 2005. [as referenced in Martin Hvidt.]
