

New Text: Adam Hanieh's "Capitalism and Class in the Gulf Arab States"

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On Adam Hanieh, "Capitalism and Class in the Gulf Arab States"]

Adam Hanieh, Capitalism and Class in the Gulf Arab States. New York: Palgrave Macmillan, 2011.

Jadaliyya: What made you write this book?

Adam Hanieh: Although this book is very much focused on the political economy of the Gulf Cooperation Council (Saudi Arabia, United Arab Emirates, Kuwait, Bahrain, Qatar, and Oman), it has its origins in the six years (1997-2003) that I lived in the West Bank, Palestine. During that time, I had the opportunity to travel throughout the Middle East, and was repeatedly struck by the centrality of the Gulf to the political economy of the region as a whole. This was true not just concerning migration and remittance flows between the Gulf and the Arab world but, moreover, in the extensive Gulf-based investments and ownership of land, financial institutions, and other businesses across the Middle East. These linkages are also reflected in the GCC's significant political weight—long confirmed in the case of Palestine but also, more recently, in the course of the 2011 uprisings.

The pronounced economic and political links between the GCC and the rest of the Arab world are clearly essential to understanding the nature of contemporary capitalism in the Middle East. In the terminology of political economy, they are an expression of the internationalization of GCC capital. But in order to really understand this process at the regional scale, it was necessary to take one step backward and examine the nature of capitalism at the scale of the GCC itself. This is particularly significant because of the regional integration project and the increasingly close connection (at least at the economic level) between the states of the GCC. Much has been written on the individual states and cities of the GCC, but there has been relatively little work done on the ways that regional integration in the Gulf has shaped processes of class formation at a pan-GCC scale.

These observations formed the initial motivation to investigate this problem at a deeper level. My PhD dissertation at York University, Toronto, gave me the opportunity to examine the relationship between the process of regional integration in the GCC and the political economy of class formation. York has a vibrant and innovative group of people working on themes of Marxist and radical political economy, and much of this research concerns the internationalization of capital, finance, and state theory within the contemporary world market. It was a very fruitful environment in which to attempt to link these themes to the GCC.

This book subsequently grew out of my doctoral dissertation and around eighteen months of teaching and research in the Gulf itself.

Jadaliyya: What particular topics, issues, and literatures does it address?

AH: The key goals of this book are to map the intertwined processes of regional integration and class formation in the GCC, and to situate this within the wider development of the global political economy. I define class as a set of social relations that emerge around capital accumulation. This necessarily means going beyond the question of capital to also examine the nature of temporary migrant labor in the GCC.

In addressing these questions, I have engaged with three basic sets of literature.

The first is the broader literature of Marxist and radical political economy. In this field, there has been a rich debate on questions of internationalization and financialization of capital on one hand, and the relationship between these tendencies and the development of the world market on the other. Some scholars have framed this debate through concepts such as globalization or transnationalism; others have looked at how these processes are transforming the nature of class power and the role of the state (expressed in the disputes around neoliberalism and the “internationalization of the state”). All of these features of contemporary capitalism are closely connected to the question of class formation.

Despite this vibrant theoretical discussion, there has been very little written on how these questions relate to the Middle East. Most of the general literature focuses upon the United States and the European Union. So part of my project has been an attempt to bring this debate to bear on the GCC regional integration project and the nature of class formation in the Gulf. I strongly believe there is a lot to be gained by Middle East scholars engaging with this theoretical tradition and, vice versa, much to be understood about contemporary capitalism through a more historically-informed conceptualization of the Middle East. Unfortunately, many scholars who work on issues of global political economy lack a detailed understanding of the Middle East, and thus tend to treat the Gulf as simply a giant oil-spigot, with little sensitivity to the processes of class and state formation in the region or the ways in which these intersect with accumulation at the level of the world market. I think there can be a very productive encounter between the subject matters and methodologies of these different disciplinary traditions.

For this reason, the book is structured around a periodization of post-war global capitalism, and frames the Gulf as a particular region that has emerged within and through the broader development of the world market. I have tried to oscillate my analysis between different geographical scales here, and thus say something about the way regions can be understood in relation to the global political economy. At the same time, it is an attempt to critically problematize the methodological nationalism that, in my opinion, typifies some approaches to the Middle East—a view of the nation-state as a self-contained political economy that can be understood separate from the ways it intertwines with the regional and international scales.

Very much connected to this last point is the second set of literature that I address in the book—the debates around space. I have been deeply inspired here by the work of geographers such as David Harvey, Doreen Massey, Neil Smith, Neil Brenner, and others. These geographers build upon the earlier work of the French sociologist Henri Lefebvre, which emphasized the “production of space” and its continual contestation and transformation. Space, in other words, is not simply an empty vessel that is to be filled, but—as Harvey puts it in the concluding pages to his *Limits to Capital*—an “active constitutive moment in the dynamics of accumulation.” Harvey’s key contribution to this theorization of space was his argument that capitalism could switch between different forms of “spatiality” or “spatial structures” as a means of averting, displacing, and overcoming crisis tendencies. He described this crisis-averting utilization of space as a “spatial fix,” which could occur at the level of the individual capital or industry and frequently involves the mediation of the state.

Utilizing these insights, I have attempted to frame the question of Gulf labor migration as an example of the “spatial structuring of class” in the GCC. What I mean by this is that the pronounced reliance on temporary migrant labor in the GCC is a particular spatial process—class materialized through the set of relations established between different geographical spaces, mediated through the institutional arrangements of citizenship and differential laws for the resident populations. This spatial process enabled Gulf regimes to construct a powerful system of control over the vast majority of their population, while consolidating and binding citizen support behind the ruling monarch. In times of crisis—such as the 2008 global economic collapse—this spatial structuring of class enabled a spatial fix that meliorated the way the crisis unfolded in the GCC. New hiring of workers could be halted, and in some cases migrant workers repatriated, without the attendant social dislocation that accompanied the crisis in other zones of the world economy.

The final set of literature I engage with in the book concerns the historical and empirical process of class formation in the Gulf Arab states. Here there is a strong and interesting body of work on the histories of individual states, and I draw extensively on the contribution of scholars such as Jill Crystal, Kiren Chaudhry, Steffen Hertog, Gilbert Achcar, Robert Vitalis, Rosemary Said-Zahlan, Alexei Vassiliev, and Tim Niblock, among others. What I attempt to contribute to this literature is the question of regional integration and the internationalization of capital at the pan-GCC scale. To this end, I have examined core sectors of the GCC economy—including oil (upstream and downstream), steel, aluminium, cement, telecommunications, banking, private equity, retail, imports, and so forth—with an eye to mapping the dynamics of pan-GCC internationalization. This analysis indicates growing cross-border ownership patterns and investment flows that are facilitated by the regional integration project. I argue that what is developing in this sub-region of the Middle East is a pan-GCC capitalist class, which I term Khaleeji Capital. I certainly don’t mean by this that the individual GCC state has lost its relevance or that there is a single capitalist class in the Gulf that has no specific “national” identity. What I am arguing is that the circuits of accumulation are increasingly cast at the pan-GCC scale, and are ever more dominated by large conglomerates that conceive their activities at this scale (particularly Saudi and UAE-based companies).

Jadaliyya: Who do you hope will read this book, and what sort of impact would you like it to have?

AH: I hope that this book will cross over both an academic and activist audience. For Middle East scholars, I would hope that the question of class formation at the pan-GCC scale receives more attention than hitherto, and that there is greater critical reflection on the methodology of political economy in Middle East studies. Specifically, I believe there needs to be much more sensitivity to the ways in which class formation has a cross-scale dynamic—and this necessarily means interrogating the intersection of national, regional, and international processes of accumulation. For those scholars who work on more general questions of global political economy, I hope that this book can help shed light on ways in which class and state formation in the GCC are integral to the nature of contemporary capitalism. I think there are many interesting avenues of research to pursue in this respect and—if you accept the thesis that we are currently witnessing a long-term decline of US power—these questions will become ever more central to the future trajectories of the world market.

For those engaged in political solidarity with struggles in the region, I hope the book helps to raise some questions on how the political economy of individual states is interlaced with the Gulf region. I think there is a tendency to see the Middle East as a simple agglomeration of individual nation-states, rather than a regional system that is dominated by GCC capitalism. As the current uprisings confirm, this has great implications for political and social struggles in the region, and I hope that the book goes some way to provoking discussion around these themes.

Jadaliyya: What other projects are you working on right now?

AH: In a sense, I am returning to the original questions that stimulated this research in the first place. I am working on a project that will look at capitalism in the Middle East from a regional perspective (i.e. the interaction between US/EU and Asian countries with the region; the nature of neoliberalism in the Middle East; the internationalization of capital regionally; the question of intra-regional labor migration; and the particular role of the GCC states in the area). The project is at an early stage, but the aim is to outline how the regional political economy has developed historically—in short, to theorize the region as a region—and link this to an understanding of the contemporary politics of the Middle East.

Parts of this research are reflected in a recent piece I wrote for Jadaliyya on Egypt and the role of international financial institutions in the post-uprising environment, as well as another article on class formation in the West Bank and its connection with the GCC.

Jadaliyya Editores

Excerpt from Capitalism and Class in the Gulf Arab States

AH: The following is from the introduction to the book:

An oft-used representation of recent changes in the Gulf Arab states is a pair of photographs comparing a twenty-year old snapshot of the main thoroughfare of Dubai, Sheikh Zayed Road, to the same stretch of road today. In the space of just two short decades, the pictures reveal a remarkable transformation. The older shot shows a few solitary buildings, surrounded by vast expanses of desert and a dusty road. The more recent picture portrays a stunning panorama of glittering lights and towering skyscrapers. Science fiction analogies are often used to describe this sight—the world’s tallest buildings defy architectural logic as they jostle and twist in the skyline. Up until the puncturing of Dubai’s construction boom in the wake of the 2008 global financial crisis, a widely quoted (although probably exaggerated) rumor put the number of cranes at work in the city at one-quarter of the world’s entire stock.

Dubai’s prodigious development boom is paralleled across the Gulf. All the states of the Gulf Cooperation Council (GCC), a regional bloc of the six oil-rich Arab monarchies—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE)—have been transformed over the past decade into a tangle of highways, skyscrapers, and fanciful projects. For much of the 2000s, the GCC was the world’s largest market of “megaprojects”—huge construction and industrial schemes that attracted the leading engineering companies across the globe. The world’s tallest building, biggest shopping mall, and largest aluminum, plastic, ceramics, and petrochemical complexes are all located or under construction in the GCC. With the arguable exception of coastal China, there is no other region on the planet that has seen such a remarkable transformation in so short a period of time.

What lies behind this dramatic development of the Gulf? The obvious answer is, of course, the judicious use of oil revenues—particularly in the wake of the large rise in the price of oil from 2000 to 2008. At the peak of this price rise, the GCC’s nominal Gross Domestic Product (GDP) climbed to over \$1 trillion, just under 2 percent of the world’s total of around \$61 trillion. In 2008, the GCC was the fourteenth-largest economy in the world (with a size about the same as Australia) and registered a per capita GDP three times the world average. Yet while hydrocarbon wealth is clearly key to the

economic transformation of the recent decades, this book describes a different side to the GCC's development. It argues that—much like its desert cousin, the mirage—what visitors actually see in the region's oil-fueled boom is not the full picture. The concrete and steel are physical embodiments of a much deeper shift—a fundamental transformation in the political economy of the Gulf. The GCC has become a major node of world capitalism, a position that has precipitated changes in the socioeconomic relations that typified the region for many decades. This evolution of Gulf capitalism—its linkages with the world market and the development of the domestic political economy—is the analytical focus of the chapters that follow.

The key contention of this book is that in order to fully comprehend these changes it is necessary to understand and map the process of capitalist class formation in the Gulf. The Gulf capitalist class has emerged rapidly and in “hothouse” fashion—from state-supported and family-based trading groups in the 1960s and 1970s to the domination of a few massive conglomerates in the contemporary period. Most significant—and the key characteristic of the region's political economy examined in this book—is the pronounced internationalization of Gulf capitalism over the past decade.

Large Gulf conglomerates now conceive their profit-making activities across the entire GCC rather than solely within its individual member-states. They own stakes in a wide variety of industrial, financial, and retail firms located throughout the region. The patterns of accumulation crystallizing in the GCC embody a new set of internationalized social relations and thereby represent a process of class formation—described henceforth as Khaleeji Capital. The Arabic word khaleej is literally translated as “Gulf ” but goes beyond a geographic meaning to convey a common pan-Gulf Arab identity that sets the people of the region apart from the rest of the Middle East. Throughout this book, Khaleeji Capital is used to describe those capitalists whose accumulation is most thoroughly and consistently grounded in the internationalization of capital across the GCC space. Khaleeji Capital in no way means a loss of “national” identity, but rather an orientation and perspective toward accumulation at the pan-GCC scale. As this book shows, Khaleeji Capital is hierarchical-structured around a Saudi-UAE axis, with other capital connected in a subordinate fashion to this core. It represents the development of an emerging space that reflects a shift in the social relations underpinning accumulation in the Gulf—a process of class formation located within, and occurring through, the internationalization of capital. This process of class formation is intimately linked to the rapid development of the Gulf economies and the physical transformation of the Gulf cities. It is the real untold story of the Gulf—the reality behind the image—and holds immense importance to an understanding of the contemporary Middle East and the world market as a whole.

[Excerpted from Adam Hanieh, *Capitalism and Class in the Gulf Arab States*. © Adam Hanieh, 2011. Reprinted by permission of the author.]

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* http://www.jadaliyya.com/pages/index/2594/new-texts-out-now_adam-hanieh-capitalism-and-class