

Oman Faces the Twenty-First Century

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OMAN IS THE often forgotten member of the Gulf Cooperation Council (GCC), perhaps because of its geographical isolation at the end of the Arabian Peninsula and its mostly outside-the-Gulf location. In terms of population and financial might, it ranks in the lower GCC tier; distance is a significant factor that insulates Oman from strife elsewhere in the Gulf. But far more important determinants of Omani insulation and its facility of quietly conducting its business as usual are the natures of Omani polity and society. A productive *modus vivendi* has quietly emerged during the reign of Sultan Qabus (r. 1970–). Under it, armed opposition has become a phenomenon of the past. Thousands of Omanis previously residing abroad have returned to live and work in Oman. Politics is a subdued affair left to an elite (albeit mostly self-interested) while the majority of the population simply gets on with life in a small oil-producing country with a modest standard of living.

Oman has done its best to protect itself from a threatening international environment by remaining on correct, if not always good, terms with all its neighbors. It is a founding member of the GCC, and has broadened its long-standing security relationship with Britain into a US umbrella. The costs of these measures have been relatively small measured in terms of domestic dissent, and are outweighed by the benefits of regional security protection, trade, and an absence of friction with neighbors. Thus, internally and externally, Oman continues to be a quiet corner of the Gulf. But although they are muted at present, significant problems do exist that must be resolved.

The emergence of this quietly confident Oman is due to the leadership of Sultan Qabus b. Sa'id Al Bu Sa'id. Despite occasional missteps, the sultan has done much to advance the standard of living, adding to public contentment. Oman remains socially cohesive, with a strong emphasis on tradi-

tional values, behaviors, and interactions. Economically, however, it has changed considerably. Its modest oil income has skewed an economic scene increasingly away from traditional activities to one dependent on consumer imports financed largely by oil revenues. Oman also has a high birthrate, leading to problems of resource scarcity and burgeoning unemployment. Political change also has not kept up with Oman's economic growth, remaining patriarchal and hierarchical. As a consequence, challenges for the future center on both political transformation and economic development. Oman's future is directly tied to how these challenges are met.

Key Challenges That Will Determine Oman's Future

There are multiple challenges to development and sustainability that must be urgently confronted and resolved. One of the most pressing is the scarcity of water. Simply put, Oman is a barren country whose population through the ages has subsisted on irrigated crops grown in mountain valleys and along the northern Batinah coast as well as on fishing. But the post-1970 prosperity and growth in population (which includes both indigenous Omanis and a half-million expatriates) are putting increasingly severe pressure on dwindling water supplies. Overpumping from the aquifers is common throughout the country. Oman's traditional *falaj* (underground channel) irrigation systems have also suffered, with a number of them falling out of use as groundwater levels dropped. A local survey conducted in Wadi al-Ma'awil in the mid-1990s recorded that only 40–50 liters of water were replenished for every 100 liters used. The highly cultivated and populated Batinah coast has suffered particularly severely from the introduction of large-scale commercial farming and the proliferation of weekend farms. Both have depleted the aquifer and increased salination from the incursion of seawater, making most traditional farming impossible. Palliatives such as the construction of a number of recharge dams scattered across the sultanate have had only limited success in stemming water depletion, making further development of agriculture, as well as water-intensive industry, problematic. Nearly all the capital's water comes from desalination, a fundamentally oil-era luxury that is unsuitable for widely scattered rural populations.¹

A second challenge is controlling runaway population growth. The pre-1970 population estimates are not entirely trustworthy, but most estimates conclude that no more than 500,000 people inhabited Oman in 1970. According to the 2003 census, that figure had more than quadrupled to over 2 million, a quarter of whom were expatriates. Population growth may have been as high as 4 percent per annum during the 1980s and 1990s, although the World Bank estimated it at a lower 2.1 percent rate in 2007.² In common with third world countries and GCC neighbors, Oman's population is

increasingly becoming younger. Apart from the need to finance the feeding, clothing, and educating of a mushrooming number of children, there is a serious problem regarding the future those children will find when they become adults.

Oman is experiencing rapidly rising rates of unemployment. The government has been reluctant to create jobs simply to disguise unemployment. Oil and natural gas are the largest economic concerns in the country, but both are capital-intensive industries that offer relatively few employment opportunities. One reason that Oman emphasizes tourism as a strategy for diversification is that it is labor-intensive. Indeed, filling jobs in hotels and restaurants with Omani workers is a striking and successful example of training Omanis to take up occupations that only a decade ago would have been considered beneath them. Unfortunately, the prospect of expanding such employment opportunities is limited. The government has placed considerable stress on *Omanization*; that is, the restriction of certain occupations to nationals only. But the private sector, whether willing or otherwise, can absorb only a small proportion of the more than 40,000 youths who leave secondary schools every year.

Despite current high prices, Omanis are worried that oil income will decline. Oman was always a relatively small oil producer. Total production peaked at 956,000 barrels per day (BPD) in 2001, declined to about 710,000 BPD in 2007, and has risen only slightly since then.³ Output is falling in mature oil fields. But bringing new, smaller fields on line is expensive, and production from them cannot replace income from depleting reserves because the new fields yield heavier crude. The recent dramatic rise in oil prices diminished these concerns temporarily, but the subsequent collapse a few years later brought renewed problems. Even limited oil dependency distorts development and foreshadows economic problems to come.

A final challenge is whether evolution in the political system will enable the country to cope with and resolve the other challenges. The unsettled near-term question of succession is the most obvious aspect of this challenge, but political change must be more fundamental. There is increasing disquiet with regard to the domination of Oman's decisionmaking machinery by a small political-economic elite whose members often act in their personal interests as much as those of the country. Demands for expansion of the narrow scope of political participation are bound to grow as Omani society changes in a globalizing environment.

Development and Diversification

The problems outlined above point to a pressing need for economic diversification in Oman. But this is a difficult task for Oman as well as for its GCC

neighbors. While the GCC countries are often referred to as oil-rich, they lack most other natural resources. Oman, like Bahrain, has smaller hydrocarbon reserves than its neighbors and, consequently, does not have an easy way to amass capital for investment.

Oman's economic history developed along three themes: subsistence agriculture, fishing, and maritime expansion. The first two are the bedrock on which the Omani economy was founded. The scarcity of natural resources limited the size of the population that could be sustained by agriculture and fishing. Maritime expansion occurred in cycles as Oman became unified internally and strong rulers turned their attention to opportunities overseas. The accumulation of wealth was made possible only by external activities, consisting partly of conquest but mostly of trade. The era of petroleum exports in the past forty years can be seen as a variation on maritime expansion that has brought unparalleled prosperity to the country. Unfortunately, a timeless lesson of Oman's history is that the bounty provided by outside expansion lasts for relatively brief periods. Meanwhile, the tripling of Oman's population since the oil era began has made a return to dependence on the traditional mainstays of agriculture and fishing virtually impossible.

At the beginning of the 1970s, the best estimate of Oman's population was 435,000 persons, with a labor force of about 100,000 workers. Some 80 percent of these workers were believed to be employed in agriculture and fisheries.⁴ By mid-2007, the Omani population had ballooned to 1,923,000 nationals and 820,000 expatriates. A total of 312,000 residents were employed in 2004,⁵ but the proportion employed in agriculture and fisheries had shrunk to 5 percent. The agriculture sector's contribution to gross domestic product (GDP) was only 201 million riyals (about US\$518 million), a little more than 1 percent of the total GDP, and slightly more than 2 percent of nonpetroleum activities.⁶

Oman began to address the decline in oil, its most lucrative natural resource, by investing heavily in natural gas. Oman began exporting liquefied natural gas (LNG) in 2000; a second production train was brought into operation shortly afterward and a third train began operating in 2006. By 2007, LNG exports accounted for nearly 10 percent of total oil and gas income. Yet natural gas supplies are finite, expensive to develop, require reaching long-term sales contracts over several decades, and face stiff competition from other regional suppliers, especially Qatar. Furthermore, as Oman grows economically, there will be increasing domestic demand for LNG, which will reduce exports further. Finally, as a capital-intensive industry, natural gas does little to alleviate the growing burden of unemployment.

Oman must expand into new arenas of economic activity, both to compensate for future declines in hydrocarbon revenues and to expand the num-

ber of jobs available for a growing population. A critical World Bank study prepared for the Omani government in 1994—and released to the public only after news reports of its conclusions emerged—listed a number of development constraints. Among them were the impact of the oil-financed public sector on private sector development, Oman's low level of human resource development, its shortage of water, its continued reliance on expatriate labor, and the low level of private capital and entrepreneurship due in part to the country's dependence on oil revenues.⁷ In particular, the World Bank recommended (1) eliminating the public sector deficit, mainly by cutting public expenditures; (2) placing part of national income in foreign investment; (3) narrowing the scope of government, strengthening the private sector by reforming the legal framework, eliminating monopolies, attracting foreign capital, and phasing out most subsidies; and (4) intensifying Omanization efforts by taxing the importation of expatriate workers, improving Omanis' education and skills, and encouraging Omanis to accept a wider range of jobs.⁸

The government has followed some of these recommendations. During the 1990s, the budget deficit steadily decreased, from 578.5 million riyals in 1992 to only 40.0 million riyals in 1997. Two years later, however, the deficit had jumped back to 472.9 million riyals. Only the rising price of oil has allowed the budget to move into the black, climbing to a surplus of 230.3 million riyals in 2004. Over the same period, government expenditures increased every year except one, rising from 1.7 billion riyals in 1992 to 2.7 billion riyals in 2004. A significant proportion of these expenditures went toward investment. Spending on development more than doubled, amounting to 26.5 percent of all state expenditures in 2004 compared to 20.8 percent in 1992. As oil prices continued to rise, so did Oman's budget surplus, reaching an estimated 1.1 to 2.0 billion riyals in 2006.⁹ A temporary setback occurred in mid-2007 when Cyclone Gonu roared through the country, leaving a trail of devastation and causing more than fifty deaths. Early estimates pegged the economic damage at about \$1 billion, but the government declined outside assistance and pledged that reconstruction of damaged infrastructure would be carried out within the current five-year development plan.¹⁰ A more serious setback has been the drop in oil revenues, which fell by nearly half in the first quarter of 2009 compared to the first quarter of 2008.¹¹ With the subsequent partial recovery of oil prices, Oman expected to return to a budget surplus and, in early 2010, announced its largest budget ever.¹²

Government support for private sector expansion has grown. This includes the privatization of national enterprises such as the national telecommunications organization Omantel and Oman Air. Other efforts include investment in privately owned infrastructure projects, most notably power generation and distribution, with the first private power plant in the

Gulf built in the interior in the mid-1990s and three more added over the next decade.

Government initiative was behind the creation of a container port at Salalah in the south. It is operated by a private company, Salalah Port Services, a joint venture of the government, the major shipping firms Sea-Land and Maersk, and private Omani investors. The port and the adjacent free trade zone were designed to attract transshipments destined for the western Indian Ocean away from other Gulf port and manufacturing complexes, particularly Dubai. It has not been the success for which the government hoped. The construction of a new industrial port at Suhar on the north-western coast embodied some of the same elements as Salalah and a private company was formed to operate it. The new port was expected to service anticipated exports from large-scale industrial development around Suhar, including an aluminum smelter, fertilizer plant, and the country's second oil refinery. In addition, it was seen as both relieving pressure on the country's main port at Matrah outside of Muscat and directing trade to the Batinah coast (where Suhar is located), which has the highest population in Oman. There was also some hope that the port might serve as a transit point for goods intended for elsewhere in the Gulf, particularly the United Arab Emirates (UAE), but the lack of success with similar schemes, such as the development of al-Fujayrah and Khawr Fakkan on the Gulf of Oman side of the UAE, has not been encouraging.

The government also has encouraged small import substitution industries, many located in the Rusayl industrial estate outside of Muscat. Expansion of manufacturing industries is limited by Oman's small domestic market and the overwhelming advantage enjoyed by Dubai. Oman liberalized its investment law in the mid-2000s to permit 100 percent foreign ownership (rather than the existing ceiling of 49 percent in joint ventures) and permitted non-Omanis to purchase real property in resort complexes as a way to attract foreign capital.

Over the past decade, increasing emphasis has been placed on tourism. This is an attractive sector not only because of its contribution to national income but because, as a labor-intensive industry, it offers significant opportunities for private sector employment in travel agencies, hotels, restaurants, car rental services, tour agencies, and so forth. Like other Gulf states, Oman is copying one of Dubai's strategies: plans have been announced for an ambitious \$15 billion resort and residence complex called Blue City to be located on the Batinah coast not far from Muscat. It is expected to attract 200,000 inhabitants.¹³ The Wave is a similar megaproject planned outside Muscat, and the capital area has experienced a small boom in resorts and luxury hotels. But Oman has suffered from economic adversity similar to Dubai's such that, by mid-2010, the Blue City project teetered on the edge of collapse. Salalah has become a popular destination during

the summer monsoon for visitors from the Gulf, but the tourism industry remains small. By 2007, tourism contributed only about 1 percent to Oman's GDP.¹⁴

Economic diversification remains a formidable challenge, given scarce natural resources and the still uneven development of human resources. The rise in oil income in the first decade of the twenty-first century has provided more opportunities for the government to sponsor and encourage selected areas of development, but it remains an unreliable income source and does not in and of itself constitute diversification.

Social Continuity and Change

Omani society is perhaps the least changed of all the GCC states. Family life is central, and tribal identity continues to influence local lifestyles. Private residences are built to incorporate gendered living spaces, and most marriages continue to be arranged between first cousins. Long-standing patterns of stratification are based on family connections and tribal ties, relative wealth, and religious education. The influx of wealth into the country, however, particularly in the capital area, is beginning to create new distinctions.¹⁵

Despite this evidence of continuity, Oman also is undergoing substantial social change. Urbanization has been most evident in the expanding capital region of Muscat, where the population approaches 500,000 compared to between 25,000 and 50,000 in 1970. This not only heralds changes in occupations, lifestyles, living arrangements, the mixing of sexes, and consumerism, but also tends to dilute the importance of tribal and family ties. Urbanization is spreading throughout the country, with sustained growth in regional centers and consequent subtle transformation of many villages through migration, changing housing patterns, and new occupations. Like their Gulf neighbors, Omanis find themselves confronting alcoholism, drug use, petty crime, and diseases such as heart attacks and diabetes, all-too-familiar problems associated with prosperity.

The government recognizes that sustainable economic development requires investment in human resources. While near-universal education at least in the early years is now standard, the quality of education in state schools remains low and most Omanis seeking work after they leave school are unqualified to hold skilled labor positions. A number of government and private sector vocational training institutes are springing up to rectify this deficiency. Economic need means that Omanis are increasingly willing to accept jobs that are lower-paying and lower-status than they would have taken previously.

Oman has always been more liberal in its attitude toward women than

some of its neighbors. In the post-1970 state and society, the role played by women in development, education, business, and government has expanded steadily and significantly. Prior to 1970, there were no schools for girls in Oman, but then there were hardly any for boys either. During 2007, 269,000 Omani girls comprised nearly 49 percent of total enrollment in Omani schools.¹⁶ Women received 53 percent of the degrees at Sultan Qabus University. Women moved into higher-level positions in the government as more and more of them completed postgraduate education. By the mid-2000s, four women held ministerial positions, two were elected to the *Majlis al-Shura* (although both lost their seats in the 2007 election), and eight more were appointed to the *Majlis al-Dawlah*. Other women made their mark in the business world. In 1999, the first female member joined the board of the chamber of commerce and industry, and the first female chair of the board of directors of an Omani bank took her seat in 2002.

The path for women outside of educated and elite circles has been more difficult, however, although the number of employed women has risen. The 2003 census reported that some 17 percent of employed Omanis were women.¹⁷ Not surprisingly, many women work in traditionally female occupations in education and health care. Of the 36 percent of women in the Omani civil service in 2004 (30,000 persons), 90 percent were employed by either the Ministry of Education or the Ministry of Health. Employed women are more visible in Muscat than elsewhere in Oman. The first target of Omanization was the banking sector and women are now a majority of Omani bank employees. In other examples, many of the first Omanis hired when shops in the capital were required to have at least one Omani on staff were women. Growing numbers of women drivers prompted a growth in the number of female driving instructors who take both men and women as students. In 2001, women were given the right to drive taxis and carry male passengers. Economic pressures send women into the workforce, where illiterate rural Omani women seek low-skill work as cleaners, kitchen help, and hospital orderlies.¹⁸ Despite encouragement from the sultan, however, obstacles to the advancement of women remain in the form of social restraints from traditional families on the one hand, and from religious conservatism with its strict views of women's proper roles in an Islamic society on the other.

Political Rigidity and Slow Steps Toward Participation

The legitimacy of hereditary monarchies continues in the Gulf states, and whether this will persist is a question that involves them all.¹⁹ As these countries develop, it seems almost certain that socioeconomic change will increase popular demands for government accountability and greater formal

political participation. The tight circle of support on which rulers most depend—close relatives, extended families, and allies, among other national elites—will necessarily expand. Constitutional frameworks have been adopted by most of the Gulf states, but have not been in place for long enough time to take root. If one can imagine a GCC scale of constitutionalization with Kuwait at the high end and the UAE at the low end, Oman would rank somewhere in the middle.

Oman's political evolution has followed a slow and steady pace over the past thirty-five years.²⁰ The most significant development has been the growth in administrative capacity from a barely functional minimalist apparatus in 1970 to a fully articulated cabinet system in 2009. While Sultan Qabus has engineered a far more responsive, responsible, and complex system of government than his predecessors, he is unquestionably the ruler of the country and has devolved little responsibility for governance.

Oman's political future depends on the answers to two key questions. The first involves succession. Since 1888, the line of succession has been through the eldest suitable son. This pattern will be broken when the present sultan dies, however, because he has no direct heir. This has led to considerable concern over how to proceed. The Basic Law of 1996, Oman's first constitutional document, says that succession should be a matter of deliberation by the ruling Al Sa'id family (the inner core of the larger Al Bu Sa'id family). If the family is unable to decide on a ruler after a period of three days, the next step is for the Defense Council to meet and read out the name of the candidate chosen by the late sultan. This unusual approach is both cumbersome and impractical. For example, there is no guarantee that the Defense Council would appoint the late sultan's candidate: it may name a candidate that it prefers or even seize power upon the death of the incumbent sultan to prevent unrest. This possibility is likely to have occurred to Sultan Qabus, who revealed several years after issuing the Basic Law that he had hidden the name of his candidate in various places around the sultanate, increasing the likelihood that his wishes would become known even if the Defense Council were to evade the letter of the law. There are at least three possible developments that could ensue following the death of Sultan Qabus: selection of a successor from the Al Sa'id family, selection of a new imam from outside the ruling family, or establishment of an alternative form of government such as a republic.

Unlike other ruling families in the Gulf, the Al Sa'id family is small. The senior members were never particularly impressive and age is diminishing their ranks. The only suitable senior member is Sayyid Fahd b. Mahmud, the deputy prime minister for council of minister's affairs. Yet he is not well liked—reportedly, even by the sultan. Further disadvantages are that mental illness is a factor in his branch of the family, and, because he is married to a French woman, his children are not full Arabs, an essential requirement.

The next generation of the Al Sa'id family also boasts few suitable candidates. Most of them are concentrated among the sons of Sayyid Tariq b. Taymur, the late uncle of Sultan Qabus and the only prime minister that Oman has ever had. Of Tariq's six sons (he also had a daughter who was briefly married to Sultan Qabus), one is deceased and two are not regarded as suitable. Thus, the likely path to succession lies with one of the remaining three sons: As'ad, the sultan's representative and formerly armor commander in the Sultan's Armed Forces; Shihab, an adviser to the sultan and formerly commander of the Royal Navy of Oman; and Haytham, minister of heritage and culture and formerly secretary-general of the Ministry of Foreign Affairs.

Should the family find itself deadlocked, another possibility would be to select a ruler from outside of the family. This poses considerable problems too, in terms of both legitimacy and practicality. Oman was governed for nearly a millennium by the Ibadi imamate.²¹ The imam was elected from the adult, male, Ibadi population and chosen for his religious qualifications and his temporal skills in governance and community defense. Admittedly, the voters in this election were limited to an elite of religious notables and tribal shaikhs and the *bay'a* by the people was largely pro forma. Nevertheless, the legitimacy of the institution was unchallenged. The difficulty in the system lay in finding competent officeholders and rescuing the imamate from dynastic tendencies.

The first Al Bu Sa'id ruler, Ahmad b. Sa'id, claimed the title of imam, but did not have the necessary religious qualifications. His descendants dropped the title after a few generations. Their continued legitimacy as rulers depended essentially on British support when the family and the state in Muscat were weak, and then on the ability of individual rulers to hold the country together, provide prosperity, administer the law, and maintain order. This legitimacy has been enhanced by the present sultan whose emphasis on modernization and development has raised the standard of living for nearly all Omanis.

No other family or individual in Oman can claim the same legitimacy. A number of government ministers hail from Muscat and thus have nontribal backgrounds—for this reason alone they would not be acceptable to the majority of Omanis. While there are numerous examples of capable individuals in the government and armed forces who do come from prominent tribes and shaikhly families, their selection would automatically provoke opposition from other tribes and the opposite tribal confederation. Dhufaris are prominent in government circles and Sultan Qabus is half Dhufari (through his mother, who is from a *jabbali* tribe in the Dhufar mountains). However, a certain amount of tension still exists between northern Omanis and Dhufaris, and few northern Omanis would accept a Dhufari ruler.

The option of establishing a republic has been discussed in Muscat, but

such a course of action would also be problematic. First, there is neither tradition nor machinery available to support a move toward republicanism. Such a step would require close collaboration between civilian political figures and senior members of the security forces. Not only is consensus unlikely between them, but such a deliberation would have to take place before the death of Sultan Qabus and he is unlikely to welcome any such move.

Furthermore, Oman both is a highly patriarchal polity and has a highly patriarchal society. Authority is respected not just on the merits of the authority figure, but on his background, lineage, and lines of support. It is difficult to imagine how a presidential figure could emerge naturally. Most Arab republics were established as the result of a military coup and most of their leaders have military or security backgrounds. Not only is Oman's military apolitical, but its leaders belong to the whole panoply of Omani tribes. The selection of, or seizure of power by, any one leader would provoke opposition by other tribes and confederations.

Oman's experiment with political participation so far has been limited and gradual.²² In common with other Gulf states (and to a greater extent than some, such as Kuwait and Bahrain), rights to political participation have been conferred from the top down. Oman has been cautious in this regard, under the frequently made argument that its people are not ready for serious political change. The motivations behind the sultan's top-down moves are not clear. Desire for formal participation seems to be concentrated among educated Omanis and even they are not very assertive in this regard. External pressures from Western states, particularly the United Kingdom and the United States, may also have played a role in encouraging political opening, but it is likely that the sultan has acted on his own convictions that the country must eventually adopt such changes and gradual steps are the best way to achieve them.

Civil society institutions are weak or nonexistent with the exception of the Oman Chamber of Commerce and Industry. Formal political participation is limited to the establishment of consultative councils. The first such body to be established was the State Consultative Council (SCC) in 1981. As its Arabic name suggests (*al-majlis al-tashiri lil-dawlah*), the SCC was intended to be a forum to provide advice to the government, but only when the government sought advice. All its members were appointed and initially could serve only two terms, reflecting a perhaps laudable desire to bring in new blood but one that also prevents the accumulation of expertise and the acquisition of authority.

In 1991, the SCC was dissolved and replaced by the Majlis al-Shura (Consultative Council). This was a first step in experimenting with elections. The government chose a restricted electorate in each *wilayah* (district) to select three nominees for a seat in the Majlis, from which the gov-

ernment would appoint one. This policy was gradually liberalized. In the 2003 election, when all adult Omanis (men and women) were permitted to stand for office and vote for the candidate of their choice, the winner in each *wilayah* automatically became a member of the Majlis. Another adjustment over the years was to review the decision to make the populations of the *wilayahs* unequal in size. Population disparities across election districts seem to have been intentional from the beginning. Prior to the first appointments to the SCC, an additional four *wilayahs* were created in the sparsely populated central region of Oman (subsequently referred to as al-Wusta). This inflated the proportion of conservative rural members to the SCC, persons who were expected to be progovernment. In 1994, a partial correction was applied by giving two seats to those *wilayahs* whose populations were larger than 30,000. This did not eliminate population disparities, however. For example, each member from the Muscat governorate represents approximately 32,000 Omanis while each member from the Southern governorate (Dhufar) represents about half of that number. The figures for Musandam (1:5,000) and al-Wusta (1:4,250) show an even greater skew. The election of October 2007 was based on the same malapportionment of population across election districts.

In 1997, the Majlis al-Dawlah (State Council) was created. It is an appointed body that initially was made up of forty-one members. It subsequently was expanded to fifty-seven. Composed largely of former senior civil servants, former senior security officers, retired ambassadors, and prominent businessmen, the council appeared to be designed to serve as an appointed counterpoint to the elected Majlis al-Shura. The two bodies together form the Majlis Oman, whose significance seems purely ceremonial. For example, the Majlis Oman convenes when the sultan opens each session.

The creation and expansion of this formal apparatus for political participation should not be allowed to obscure basic facts about politics in the sultanate. It cannot be emphasized too strongly that Oman remains a patriarchal and hierarchical state. That is, the sultan plays a dominant, central role. All significant decisions are referred to him and all policies emerge from the Royal Office, often without advance warning, generally without explanation, and out of an almost totally opaque process. Cabinet meetings are largely pro forma photo opportunities and are not always chaired by the sultan. The appointment of ministers and other senior officials can sometimes be described as whimsical; no public review or explanation is ever given for the sultan's choice.

Once appointed, however, a minister has full control over his ministry and is answerable only to the sultan. Ministries compete for scarce resources and ascendancy on the list of national priorities. Success comes when a minister is permitted a rare audience with the sultan and gains approval for a pet project. In addition, appointment to a ministerial portfolio

can be a nearly lifetime sinecure. Some ministries have remained in the hands of the same person for decades. In the late 1990s and early 2000s, a few steps were taken to retire long-serving ministers holding portfolios in information, oil, communications, and heritage and culture, but others (e.g., in the Royal Office and Ministry of Foreign Affairs) continued in office. Even when ministers are superannuated, they may return in another guise. For example, after the long-serving minister of information was replaced in 2001, he was appointed the sultan's adviser for cultural affairs and soon had offices and a staff rivaling that of his former ministry.

The drawbacks of such a system are manifold. First, a ministry becomes inextricably identified with the personality of its minister. Its policies, organization, strength, and dynamism reflect his character and personality. Ministries with long-serving ministers often acquire undersecretaries and directors-general from the same tribe or region as the minister. As time goes on, they become more secretive because public scrutiny could expose errors, incompetence, or, in some cases, corruption. Successive ministers of land affairs, responsible for allocating residential and commercial land to citizens, were abruptly removed in the 1980s because the ministers and their senior staff were found to be corrupt.

While formal political participation in Oman has enjoyed a limited expansion, informal participation remains nearly as proscribed as ever. The media—newspapers, magazines, radio, and television—do not feature debates or commentary on political issues, or publish “letters to the editor” or editorial pieces. Other likely fora for discussion of current issues, such as the Graduates’ Club, are either moribund or eschew such a role. A round of mass arrests in 1994 apparently was sparked by informal gatherings of relatives and friends to complain about the course of government. A self-described Omani human rights activist who spoke to international news media regarding another round of arrests in 2005 was himself detained, as was an outspoken female former member of the *Majlis al-Shura* who was sentenced to one and a half years in jail. A professor at Sultan Qabus University who overstepped boundaries in his outspokenness was dismissed in November 2005, and action was taken in 2008 against bloggers and the online site *Sablah* on similar grounds.

One might well ask whether the restricted political climate in Oman is likely to encourage political opposition, and, if so, from what quarter or quarters. Without a doubt, Islamist orientations have swept much of the Arab world, and the more extreme expressions of this political trend have attracted global attention. While many Islamists are primarily concerned with personal religiosity and social values, political Islam is prominent in the political arena in the Gulf as elsewhere. Overall, however, perhaps because Oman remains a socially conservative country that has undergone less social change than its neighbors, Islamism seems to have less appeal.

A rare exception to the absence of political Islamism in Oman occurred in 1994, when the government questioned or detained perhaps as many as a thousand individuals, arresting some 135 who were tried and convicted of subversion in a special state security court. In his National Day speech of that year, the sultan unambiguously branded the movement as Islamist and declared that the country would not accept such behavior or beliefs. Despite the sultan's categorization, however, considerable doubt was expressed that the people detained were part of an organized Islamist group or movement. Some were clearly not Islamists and there was no evidence of clandestine organization. One reason why the sultan might have seen these persons as constituting an Islamist threat appears to have been a warning from Egyptian president Husni Mubarak, made on a visit to Oman, that there had been contact including financial transfers between some Omanis and the Egyptian Ikhwan al-Muslimin. In addition, some of those arrested had tried to organize a *khayriyah* (Islamic charitable society) in conjunction with counterparts in Dubai. Observers noting the large number of Sunnis among those detained or arrested opined that it was a reaction against Ibadi oppression. This simply is not credible. First, there is no such thing as Ibadi oppression: Ibadis and Sunnis in Oman do not have sectarian grievances. Second, so many Sunnis were involved because there was a high proportion of Dhufaris and people from Sur, where the proportion of Sunnis in the population is higher than elsewhere in Oman. Their participation is not surprising because both areas were among the last to be integrated fully into the sultanate, and their inhabitants are known for their more direct manner and words than other Omanis.

One unresolved historical precedent for the Omani state is the vacant imamate. A renascent imamate existed in interior Oman from the early twentieth century in counterpoint to and autonomous from the sultanate. The death of a respected imam in 1954 and his replacement by a weak figurehead dominated by his brother and a tribal shaikh, who solicited the controversial assistance of Saudi Arabia and Egypt, eventually resulted in the restoration of the interior to the sultan's control and the permanent exile of the imam to Saudi Arabia. Since the 1970s, the top religious figure in the country has been the mufti, a position created by and subservient to the sultan. Undoubtedly some sentiment remains in Oman, particularly in the Ibadi areas of the interior, for the restoration of the imamate. It is impossible to judge the seriousness of this sentiment. The arrest and trial in early 2005 of thirty-one Omanis on charges of seeking to disrupt the state and restore the imamate did not, in fact, throw much light on the situation. It seems reasonable to conclude that an active movement to restore the imamate is not likely to develop as long as the sultan and the sultanate government continue to satisfy the basic demands of the population. Of course, the current quiescence could evaporate if oil revenues fall, the numbers of unemployed

youth rise, or the disappearance of Sultan Qabus from the scene sparks widespread uncertainty about the future.

There remains the possibility of an emergence of liberal opposition. While the term "liberal" in this context is not accurate, it seems preferable to calling such a movement secular. The heyday of secular antiestablishment ideologies in Oman occurred during the 1960s and 1970s. It is associated with the emergence in the north of a small opposition movement of students and émigrés influenced by Arab nationalist and socialist ideas and, in Dhufar in the south, the evolution of a nationalist rebellion into a Marxist-dominated front. The last remnants of the first faded away with the accession of Sultan Qabus. The second ended after a hard-fought war in the defection of all but a small number of hard-core activists from the front, the integration of Dhufar into the sultanate, and the extension of the fruits of oil income to all Dhufaris, including former rebels.

While it is possible that a liberal opposition might emerge in the near future, it is unlikely to be Marxist or Arab socialist in orientation. Rather it might be built by disaffected graduates who are liberal in the sense of supporting and advocating laissez-faire economics and participatory government. Their approach and goal probably would be oriented to reform and would open up the existing system rather than overthrow it. If such a movement should develop, it would form Oman's first loyal opposition. Yet despite continued political quiescence on the surface, murmurs of dissatisfaction with misdirected government spending, the stranglehold of a small elite over politics and commerce, a pattern of corruption among some members of that elite, and the state's external alliances are slowly spreading. This trend undoubtedly will continue with the emergence of a better-educated, more informed, and more assertive Omani citizenry.

An Objective and Inclusive Foreign Policy

Oman's foreign policy through the past few decades is noteworthy for its evenhandedness and astuteness.²³ This is all the more remarkable when the country's situation in 1970 on the eve of the present sultan's accession is considered. Oman was only a few years removed from a struggle for control of the interior in which Saudi Arabia and Egypt had backed the imamate. Elements of that conflict regrouped in Iraq, which offered its assistance to overthrow the old sultan. In the southern region of Dhufar, a major rebellion was in full swing, directed by a Marxist front supported by the Soviet Union, China, and a newly independent South Yemen. The government called on Britain, Jordan, and Iran for help, but the old sultan, Sa'id b. Taymur, had kept the country in virtual isolation. He refused to join either the Organization of Petroleum Exporting Countries (OPEC) or the

Organization of Arab Petroleum Exporting Countries (OAPEC) and effectively was barred from membership in the Arab League and United Nations. The only two countries with resident diplomatic representation in Muscat were Britain and India. An isolated Oman was clearly a vulnerable Oman.

Thirty-five years later, Oman's foreign affairs are a virtual model of pragmatism. Dissidents who had fled abroad during the 1950s and 1960s have returned, and many have assumed important positions in the government. Reconciliation also marked the government's attitude toward former foes from the uprising in the south who also were welcomed back into normal life. Step by step, relations have been repaired or started fresh with all of Oman's neighbors. Membership in major international bodies has been secured, and Oman has achieved at least correct or better relations with all regional and great powers.

Foremost among Oman's foreign policy goals is preservation of international security. For this, Oman has relied principally on Britain and the United States. Throughout the twentieth century, Omani rulers looked to Britain for support and protection. London played a fundamental role in creating Oman's first proper armed forces in 1958 and provided the necessary manpower and military assistance to bring the war in Dhufar to an end. When Britain relinquished its role in the region after its political and military withdrawal from the Gulf in 1971, Oman turned to the United States. An agreement permitting US use of Omani military installations, including as prepositioning sites for stockpiles of arms and ammunition, was signed in 1985 and has been renewed at five-year intervals. Oman opened its facilities to the United States as part of its contribution to the Kuwait War of 1990–1991 and played a similar, although less overt role, during the Iraq War that began in 2003.

On a regional level, the cornerstone of Omani policy has been to strengthen relations with its neighbors in the Arabian Peninsula. Oman was a founding member of the Gulf Cooperation Council in 1981 and generally has tried to remain above the spats that have marked relations between other members of the organization. Oman's history as a mediator in regional disputes and its preferred position in the neutral middle of contentious issues have worked in its favor in both multilateral GCC activities and bilateral relations with each of its fellow GCC members. The sultanate has supported closer coordination of GCC efforts, such as the establishment of a common tariff structure and the elimination of government subsidies to industries that export goods across the frontiers of GCC members. It has, however, opted to remain out of the adoption of a Gulf currency. At the same time, and like the four other small GCC members, it is wary of moving too quickly toward integration inasmuch as that inevitably would strengthen Saudi dominance.

Oman also established diplomatic relations with South Yemen in 1982, a country with which it had nearly gone to war a few years earlier. It

expanded on those relations with the merged Republic of Yemen in 1990 and after. Although relatively sympathetic to the south during the 1993 Yemeni civil war, Oman remained aloof from the fray and quickly resumed its budding relations with Sanaa once the war ended. Oman also has signed border treaties with all neighbors.

From the 1960s to the mid-1970s, Oman and Iraq were adversaries. The Baathist regime in Baghdad played host to Omani opposition groups and gave assistance to those seeking to overthrow the government. As part of its general policy of reconciliation, Oman established diplomatic relations with Iraq in 1976 and continued to remain on a correct footing for some time. It was neutral during the Iran-Iraq War and prevented a furtive Iraqi attempt to launch an air strike on Iran from Omani territory during the tanker war phase of that conflict. Oman condemned the Iraqi invasion of Kuwait, but did not break off diplomatic relations with Iraq even though its troops had participated in the 1991 liberation of Kuwait and suffered some casualties. Diplomatic relations continued through the sanctions period, although the two countries had few substantive issues in common.

Inevitably, Oman was affected by the Iraq War, just as it had been by the Kuwait War. Directly, Oman served as a staging post for US and British forces bound for Iraq, as it had done in 1990–1991, but Omani troops were not part of the anti-Iraq coalition in 2003 as they had been in 1991. This reflects a major difference between the two wars from Oman's perspective. There was full official and widespread popular support for the Kuwait War but, even though the government of Oman cooperated fully with US requirements for the Iraq War, popular opinion in Oman as elsewhere in the Gulf coalesced against the invasion. Despite being deeply apprehensive about the George W. Bush administration's preparations to invade Iraq, Oman quietly permitted US and British use of its military facilities and muzzled domestic critics. But above all, it should be kept in mind that Muscat is about as far from Kuwait and Iraq as Milwaukee is from Washington and Madrid is from London. While concern is evident in Oman about developments in Iraq, it remains muted.

Oman has a long history of ties to Iran, dating back to Persian occupation of the country in the pre-Islamic period, but relations during the modern period date only from the early years of Sultan Qabus on the throne. The change was marked by the first meeting between the sultan and the shah at the 1971 celebrations in Persepolis, and by the shah's subsequent provision of military assistance to Oman in the Dhufar War. The last Iranian soldiers did not depart from Oman until shortly after the 1979 Iranian Revolution, but relations between the two countries remained civil, more so than those between Iran and the other GCC states. The Iran-Iraq War presented bilateral challenges on those occasions when Iran's Revolutionary Guards attacked shipping in Omani territorial waters near the Strait of Hormuz and

were challenged by Omani coastal patrols. But this did not produce a break between the two neighbors, and Oman helped broker the late 1990s thaw in Saudi-Iranian relations.

The desire to remain neutral in foreign policy and open to all parties has not abated. Relations with Iraq have continued into the period after Saddam Hussein and have remained fraternal, if not enthusiastic, with the new regime. Official ties continue with Iran despite growing Western displeasure with Iran following the election of Mahmud Ahmedinezhad and in response to Iran's drive to acquire nuclear technology. There are no significant disputes with fellow GCC members and relations have steadily improved with the neighboring UAE. Oman's security relationship with the United States has strengthened. The US government has seen little need to pressure the sultanate on domestic policy given the country's gradual liberalization, the absence of any significant Islamist extremist presence, and, perhaps most of all, because of the sultanate's strategic value to Washington.

Oman After Oil

A strong advantage of the meteoric rise in oil prices in the first decade of the twenty-first century was that it both allows increases in needed government spending and, more importantly, offers an opportunity to augment the State General Reserve Fund. The reserve is intended as a cushion during the transition from oil dependency to the time when oil income will cease. Continued liberalization of the economy, membership in the World Trade Organization since 2000, the privatization of public sector entities, and competitive adjustments to ensure Oman's participation in the global economy are other well-intended and necessary steps toward economic sustainability. But much also depends on taking a broader view of sustainability through steps such as reducing water consumption, lowering the rate of population growth, and improving education.

Oman's economic future is likely to require sacrifices and, somewhere along the line, a politically difficult step toward redistribution of income. Other equally difficult political adjustments may also be necessary. The question of succession will be resolved one way or another, probably along the course of least resistance. With luck, a capable close relative of the sultan will take over the reins of government and continue his pragmatic approach. Oman's cautious political liberalization is likely to continue, pushed by rising expectations among Omanis. The desire to have some say in the decisionmaking process is increasing among widening circles of citizens, and a younger generation, poor and jobless, is growing restless.

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in the **Arab**

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Stuck in Transition

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BOULDER
LONDON
2011

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