

# Rulers, Merchants and Shaikhs in Gulf Politics

## The Function of Family Networks

*J. E. Peterson*

It should be obvious why this chapter focuses on the three groups of the title – ruling families, merchant families and shaikhly families. They represent the top elites in the Gulf states, exercising both political and economic power. In years past, these groups were not only at the acme of the system but were virtually unchallenged. With the enormous changes introduced in what are still traditional states in many ways, these groups' monopoly – or oligarchy – has certainly fragmented. But they still retain the preponderance of authority, power and wealth.<sup>1</sup>

### *Ruling Families: The Castes of the Gulf*

Ruling families are distinctive for three reasons. First, they exercise a political monopoly of the top positions. These are authoritarian states with hereditary rulers, closely assisted by the inner circles of

these families. This group is responsible for major decision-making and only then does it seek consensus from widening circles of elites and eventually from the general population.<sup>2</sup>

As shown in Table 1, the ruling families, beyond providing the rulers and heirs apparent in all six states of the Gulf Cooperation Council (GCC), comprise all six prime ministers, eleven out of twelve deputy prime ministers, four heads of *diwans* or ruler's offices, six foreign ministers and ministers of defence, five ministers of the interior (in the only exception, Oman, the ministry is far less important than in the other states), two ministers of oil, three ministers of finance, two ministers of commerce, and twenty-two other ministers and ministers of state. The total numbers of family members in ministerial appointments range from a low of eight in Oman to seventeen in Qatar.

*Table 1. The role of ruling families in Gulf governments:  
Members of ruling families in government office*

Position	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
Ruler	•	•	•	•	•	•
Heir apparent	•	•	—	•	•	•
Prime Minister	•	•	• <sup>(a)</sup>	•	• <sup>(a)</sup>	•
Deputy PM <sup>(b)</sup>	• (3 of 3)	• (1 of 2)	• (1 of 1)	• (1 of 2)	• (1 of 1)	• (2 of 2)
Diwan or ruler's office	•	•	•	—	—	•
Foreign Affairs	•	•	•	•	•	Minister of State only

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Position	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
Defence	•	•	• <sup>(a)</sup>	•	•	•
Interior	•	•	- <sup>(c)</sup>	•	•	•
Oil	•	•	-	-	-	-
Finance	•	-	• <sup>(a)</sup>	-	-	•
Economy	-	-	-	•	-	•
Other	3	3	1	8	2	5
TOTAL <sup>(d)</sup>	17	14	8	11	7	12

Notes: (a) Ruler formally holds office. (b) Number of family members out of total deputy prime ministers. (c) Ministry does not possess the same function or importance as elsewhere in the GCC. (d) Includes ministers and ministers of state only; numbers are based on total positions held by ruling family members, not on total number of family members.

Source: CIA Directorate of Intelligence, *Chiefs of State and Cabinet Members: A Directory* (27 November 2005 edition).

Ruling families are also distinctive for their social superiority as a 'caste'. This is most obvious in the use of special forms of address and titles: *amir*, *shaikh*, *sayyid* and their female equivalents. They also enjoy special privileges, such as influence (*wasta*), free air travel, *de jure* or practical exemption from payment of utilities, traffic regulations and so forth. They receive allowances or stipends, often from birth. They form closed patterns of marriage, and their ranks are especially closed for female members. Furthermore, they are virtually guaranteed access to government employment, or, if they are not interested, they can exercise options for a plethora of economic opportunities.

The third reason why ruling families are distinctive concerns their economic advantages. The old distinction between ruling families, whose place lay in politics and leadership of the state, and

merchant families, who concentrated on commerce, disappeared long ago. Ruling family members serve as silent partners in business enterprises or as silent operators. Some are prominent businessmen in their own right, such as, most famously, Prince al-Walid b. Talal of Saudi Arabia. Some also enjoy advantages through unfair competition, staking claims to lands that are then sold at exorbitant rates to governments, through commissions on government contracts or the ability to direct government contracts to companies they own, or by the rental of properties such as office buildings to governments.<sup>3</sup>

How do ruling families function as families to protect their privileged status? First, they constitute a hierarchy or chain of command in the government and society that is absolutely loyal to family and regime. They also provide intelligence and feedback for the regime. This is most visibly illustrated in Saudi Arabia, where the king (in the past), the heir apparent, senior government officials from the family, Al Sa'ud governors in the various provinces and many other family members hold regular *majlis* sessions once or twice a week.<sup>4</sup>

Ruling families exercise alliance building through inter-ruling-family marriages. A prominent example is provided by Shaikh Ahmad b. 'Ali al-Thani, *amir* of Qatar from 1960 to 1972, who married the daughter of Shaikh Rashid b. Sa'id al-Maktum, the Ruler of Dubai. After Ahmad was deposed in a 1972 coup, he made his home in Dubai, and one of his daughters subsequently married an al-Maktum. Marriages are also arranged with other prominent families. For example, the al-Sa'ud are noted for intermarrying with the Al al-Shaykh and al-Sudayr families. These alliances are

in addition, of course, to strategies of strengthening the family and an individual's position within the ruling family.

The cohesion of the family is often maintained through family councils. Such councils provide a forum for the discussion of issues affecting the family. They strengthen ties between various branches. They function to settle disputes internally and quietly. They deal with misbehaviour by family members that reflects badly on the family's image. They supervise the distribution of allowances and benefits and provide welfare for poorer members, widows and so forth. They do not, however, deal with political matters or succession.

The first family councils were created in Kuwait and Bahrain. It is not clear when Kuwait's council was formed, but a neutral family member headed it. Bahrain's council was created in the 1920s to resolve land disputes, arrange marriages and handle family investments. Originally headed by the ruler, it has more recently been under the charge of a neutral family member.<sup>5</sup> Saudi Arabia's council was established on 4 June 2000, headed by heir apparent 'Abdullah and composed of eighteen senior princes. It has no political role, as is confirmed by the absence of several top family members from its ranks. An important function is to bring various branches of the large and disparate family together. Qatar also established a family council on 12 July 2000 with the *amir* as its chairman.<sup>6</sup>

For state and society, there are advantages of having ruling families. They provide a continuity of leadership. They also provide a focus of identity for the country, which is especially valuable for new states. In addition, they provide a corps of public servants dedicated to preserving and protecting the system.

However, ruling families also pose problems. Foremost among these is the shortcoming of reliance on hereditary leadership and clan solidarity. This has resulted in the sclerosis of leadership at the top in Kuwait without a clear path to transferring leadership to a succeeding generation. The path of succession in Saudi Arabia also poses problems: sooner or later – and probably sooner – progression through the sons of King Abd al-'Aziz must give way to succession from within the following generation of grandsons. Oman poses a different problem, in that Sultan Qabus has no direct heirs and it is not clear who within the small family will succeed.

It is not uncommon for compromises to be reached such that an uninterested or unqualified ruler reigns while his heir rules. This was the case with King Khalid and Prince Fahd in Saudi Arabia, and, in different circumstances, with incapacitated King Fahd and Prince Abdullah. It was also the situation in Bahrain until 1999, whereby Shaikh Isa reigned while his brother Shaikh Khalifah ran the daily business of government. Similarly in Dubai until recently, the real power lay with Shaikh Muhammad, while his brother Shaikh Maktum was ruler.

While the appointment of heirs apparent has largely solved the problem of determining which of sons or brothers of rulers should succeed, there is a related problem of finding suitable positions for the increasing numbers of offspring and younger generations. This is most clearly illustrated in Abu Dhabi and the United Arab Emirates. Sons of the late Shaikh Zayid serve as president of the UAE, both of the country's two deputy prime ministers, minister of information and culture, minister of the interior, minister of

presidential affairs, chief of staff of the armed forces and head of intelligence.

Such reliance on family members restricts government capabilities and actions. There is a perceived need to keep all principal jobs in family hands. As a consequence, regimes frequently end up with key positions occupied by individuals of lesser capability than what is required. This subjects the system of hereditary rule to unnecessary political tensions. In Kuwait, the National Assembly has engaged in spirited questioning of various ministers belonging to the Al Sabah; several have been forced to resign. In theory, the assembly could force the government to fall by a vote of no confidence. In practice, this simply could not happen, because the prime minister is always an al-Sabah, and a vote of no confidence in the government is, *ipso facto*, a vote of no confidence in the ruling family.

How can these problems be overcome? Other Arab monarchies, such as Jordan and Morocco, have solved this problem by placing non-family members in key positions while still retaining ultimate control. In 1989, when bread riots rocked the south of Jordan, King Husayn simply sacked his prime minister and thus transferred the blame onto him. Saudi Arabia provides another example. A commoner has always held the key portfolio of minister of oil. Yet the Al Sa'ud retain unquestionable control over oil matters in several ways. The minister's deputy for petroleum affairs is Prince Abd al-'Aziz b. Salman. Furthermore, overall supervision of oil matters is vested in the Supreme Council for Petroleum Affairs, which is headed by Prince Sa'ud al-Faysal, who served as Deputy Minister of Oil before becoming Minister of Foreign Affairs.

Another problem in times of expanding populations is the

recurring need to prune branches of the family tree. Thus the Al Sa'ud have excluded certain branches from the direct line. In Oman, the members of the Al-Sa'id family have distinguished themselves from the larger Al-Bu Sa'id family (which itself constitutes parts of the extensive Al Bu Sa'id tribe). However, to exclude members from the Zanzibar branch of the Al-Sa'id from succeeding, the ruling family has further redefined itself as descendants of Turki b. Sa'id, son of the last family member to rule both Oman and Zanzibar.

*Merchant Families: The Aristocracy of the Gulf*

There is no single answer to the question of what makes a merchant family.<sup>7</sup> Obviously, there have been merchant families in many areas of the Gulf since before Islam. Some families have been prominent in commerce for a century or more; others for just several generations. Well-established urban or trading centres were a prerequisite for the development of such families. The city and port of Jiddah, serving as an entrepôt for Mecca and al-Ta'if as well as a market in and of itself, have long been fertile territory for such families. Other families emerged as specialists in long-distance trading, as happened in Buraydah and Unayzah in al-Qasim, astride trading routes from the Gulf to Syria. Kuwait was founded in the eighteenth century as an entrepôt at the head of the Gulf, and Muscat has served a similar function for five centuries. The introduction of modest oil economies in various Gulf states strengthened the position of existing merchant families and encouraged the immigration of new ones.

Some of these families come from ethnic or religious minorities. Their success might be attributed variously to their background



and skills as merchant families elsewhere, which stood them in good stead in their new locations. Equally, such groups may have succeeded in environments where tribal or peasant ethos often disdained involvement in commerce, thus leaving a niche to be fulfilled.

In the pre-oil era, such families specialized in the imports of necessities, such as foodstuffs, clothing and petrol, as well as a few luxuries, including home furnishings and even cars. Others were involved in the pearling industry or dealt in inter-regional trade. The opportunities presented by the oil era transformed family businesses. The size and range of import business, through the agency or franchise system, expanded considerably as demand grew. Many families established joint ventures with foreign companies, especially in construction. As fledgling governments sought to enlarge local economies, family businesses were well placed to gain government contracts.

Successful merchant families thrived through vertical expansion. This involved establishing new business ventures – travel agencies were a popular option. Some engaged in industrial activities, moving beyond imports into value-added enterprises and import substitution. Others involved themselves in banking to make profits or to gain access to capital. Some even established domestic joint ventures.

At the same time, there was horizontal expansion – across borders. Yusuf Ahmad Kanoo and Sons expanded into shipping, airport services, travel agencies, construction, manufacturing and insurance, primarily in Bahrain and Saudi Arabia but with a presence elsewhere in the Gulf as well. One could also mention the al-Qusaybi and al-Zamil families as examples of cross-border

enterprises between Saudi Arabia's Eastern Province and Bahrain. In Qatar, Husayn al-Fardan expanded from being one of the largest pearl merchants in the Gulf into jewellery with shops in several Gulf states, as well as banking and foreign exchange. In Oman, the Sultan family, owners of the old and prominent W. J. Towell firm in Oman, established a branch in Kuwait in 1947, where they dealt in commodities, agencies and retail outlets.

Still, there were structural restraints on the growth of family businesses. As they were privately held firms, there was the problem of tapping capital for new, larger and more complex enterprises. There was also the emerging problem of growing families and restless sons (and daughters), who needed to be incorporated into the business structure or who wished to strike out on their own and start their own enterprises. Just as the constraints of hereditary rule may affect ruling families adversely, leadership in family firms may suffer from less capable (or interested) leadership in succeeding generations.<sup>8</sup>

The political role of these families is subsidiary but important nevertheless. They have cemented their position in these states through alliances with ruling families. In the pre-oil and early oil eras, they financed rulers, especially in Najd, Kuwait and Dubai, thus gaining a position of strength and influence. Throughout the oil era, merchant families have tended to support ruling families as allies. This has been particularly true of minorities, such as the Shi'i in Kuwait and the *hawwalah* in Bahrain. In these ways, merchant families gained security and legitimacy while ruling families gained prosperity. These ties were strengthened in many cases by intermarriage, particularly in the northern emirates of the UAE.

Another political role is through movement into the arena of bureaucratic elites, resulting from the recruitment of merchants to staff new government apparatuses. Early education and travel made members of merchant families the best choices for providing personnel to fledgling governments, with appointments later bolstered by the prominence of these families in the community and ties to the ruling families.

Numerous examples abound amongst Hijazi merchants in Saudi Arabia. The Alirezas, a wealthy family of Iranian origin that immigrated to Jiddah in the late nineteenth century, provided one of the first non-ruling family members to join the council of ministers (minister of commerce and later ambassador to Cairo and Paris); one of the first Saudis to receive a Western education; and a deputy foreign minister. Other examples can be drawn from the Hujaylan, Juffali and Khashoggi families. Merchant families served similar functions in al-Qasim and the Eastern Province.

The *hawwalah* families of Bahrain also served in this manner. For example, Ahmad b. Ali Kanu's<sup>9</sup> father was the nephew of Yusuf b. Ahmad Kanu, the eponymous founder of a widespread family firm, was sent to the American University of Beirut in the late 1930s with other sons of merchant families. Tariq b. Abd al-Rahman al-Mu'ayyad, the head of a family firm involved in shipping, steel, oil and construction, served as minister of information from 1973 to 1995.

In Kuwait, merchant families have long been heavily represented in the National Assembly, and Jasim al-Khurafi, scion of perhaps Kuwait's wealthiest family, serves as Speaker. The families chose to become involved in earlier years because of the prestige of membership and because membership advanced their

interests. They still tend to back the government against liberals, tribalists and Islamists.

In the UAE, merchant families have become entwined commercially with ruling families. They have been active, not surprisingly, in chambers of commerce and industry, provided ministers in the government, ambassadors, members and chairmen of the Federal National Council, and members of municipal councils. Two al-Tayir brothers served until recently as ministers.

Merchant families have been prominent as well in the Omani government. There is the example of the Zawawi brothers: Qays, who served as deputy prime minister for economic and financial affairs until his death in 1995, and Umar, perhaps Oman's most prominent businessman but also the special adviser to the Sultan for foreign communications. Maqbul b. Ali Sultan, educated as a civil engineer in London and the head of the large W. J. Towell family firm, became minister of commerce and industry in 1991.

Merchant families tend to support regimes and the status quo because they obviously have the most to lose from political or economic turmoil in terms of wealth and position. Many merchant families have prospered financially and raised themselves socially from their close association with ruling families and associated elites.

*Shaikhly Families: Traditional Status  
but Required Adaptability*

Shaikhly families possessed undeniable advantages in the pre-oil and early oil eras. They enjoyed relative wealth, benefited from close connections with the governments and ruling families, and of course enforced the law – both state and tribal – within

the tribe where their leadership was supreme. The early oil era in particular enhanced the status of shaikhs. They provided labour to oil companies and soldiers to standing armies or retainers to rulers. Their children were among the first nationals to receive state education.<sup>10</sup>

But in subsequent years and decades, the traditional roles of shaikhs have eroded vis-à-vis the state. The development of modern government structures with hierarchical control by central governments diminished the independence of shaikhs in representing their tribe in relation to the government and versus competing tribes. The writ of the central government has been extended into tribal areas. Social mobility has diminished the role of the shaikh in providing and enforcing leadership within the tribe, as tribesmen have become less dependent on the tribe and affected more by education, merit-based employment and geographical relocation for prosperity, opportunity and relations outside the tribe. Furthermore, social standing has been threatened by fierce competition from both old elites and new in societies where now wealth often defines status.

But shaikhly advantages in the present oil era have not disappeared. They continue to benefit from a headstart on education, strong family support to younger members, a strong family network and inter-family ties to other shaikhs, ruling families and religious leaders. It should also not be forgotten that the ruling families in the Gulf in the early twenty-first century have evolved from shaikhly families and in many cases maintain extremely close ties – for example, between the Al-Khalifah of Bahrain and originally Najdi tribal allies such as Al-Dawasir. Tribal families were heavily represented in the early UAE government,

as the names al-'Utaybah, al-Suwaydi, al-Kindi and al-Mazru'i indicate.

In Oman, there seems to have been a conscious effort to balance ministerial portfolios among the important tribes, with numerous representatives of the Bani Hina, Al-Hirth, Al-Hawasinah and Bani Umar. The shaikhly family of the Bani Hina tribe of the interior has been particularly prominent in government affairs: one member served as minister of *awqaf*, another is minister of justice, his brother is under-secretary in the Ministry of National Economy, another member was formerly an under-secretary and adviser, and the latter's brother is a member of the Majlis al-Dawlah.

### *Conclusions*

These three groups (especially the ruling families and merchant families) function to protect the status quo: the ruling families through politics and commerce; the merchant families through commerce leading into politics; and the shaikhly families evolving from their role of traditional tribal leadership into politics and commerce. They occupy a majority of the upper rungs of government and they benefit the most materially from the system.

A key question is whether their position (or hold on society) is gaining or decreasing? These three types of families face competition from (a) the (principally) bureaucratic elite and (b) the emerging middle class, who want a bigger share of the spoils and increased participation in politics. They face opposition from the general citizenry because of issues of corruption, inequalities in the distribution of wealth and a belief that the system is defined or redefined to suit those in power politically and economically.

Growing societies pose challenges to the influence and control of these families. Population growth makes personal relationships more difficult to maintain and less important. More complex societies lead to a divergence of interests, goals and ideologies. Backgrounds become, relatively speaking, less important than personal merit and ambition. The expansion of governments produces an increasing need for capable, educated nationals to fill positions, particularly as non-nationals are phased out, regardless of background. The power and influence of these types of families are not about to disappear. However, their position is likely to undergo continued but gradual attenuation in the future.

### *Notes*

1. 'Ulama' could be added to these groups in positions of power, but they do not constitute families in the same way. Even in the most obvious example, members of the Al al-Shaykh of Saudi Arabia are not necessarily 'ulama'.
2. This section draws on a wide variety of published sources and interviews in the region over several decades. The multiplicity of sources makes individual citations impractical.
3. Abdulkhaleq Abdulla provides an illustrative discussion of the involvement of Abu Dhabi's Al-Nahyan and Dubai's Al-Maktum behind the scenes in various economic enterprises in the 1980s, in his 'Political Dependency: The Case of the United Arab Emirates', PhD dissertation, Georgetown University 1984, pp. 141-8.
4. As an example of the role of such feedback, a royal decree was issued in early 1986 levying income tax on expatriate workers in the kingdom. Many businessmen, who feared that the tax would either mean the resignation and departure of the most skilled of their employees or that they would have to raise wages to cover the additional cost of the tax, expressed their discontent at various *majlises*. Within twenty-four hours or so, another royal decree suspended the first one. Interviews in Saudi Arabia, 1986.
5. On the Al Sabah council, Rosemarie Said Zahlan, *The Making of the Modern Gulf States: Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman*, London 1989, p. 79. On the Al Khalifah council, Fuad I. Khuri, *Tribe and State in Bahrain: the transformation of social and political authority in an Arab state*, Chicago, 1980, p. 237; and interviews in Bahrain, 1986.

6. Details on the formation of the Al Sa'ud council are covered by Reuters, 4–8 June 2000, Saudi Press Agency, 4 June and 30 October 2000; and the *Middle East Economic Survey*, 12 June 2000. On the Al Thani council, Reuters, 12 July 2000.
7. The best single source of information on merchant families of the region remains Michael Field, *The Merchants: The Big Business Families of Saudi Arabia and the Gulf States*, New York 1985. See also J. R. L. Carter, *Leading Merchant Families of Saudi Arabia*, London 1979; *ibid.*, *Merchant Families of Kuwait*, London 1984; James Paul, 'The New Bourgeoisie of the Gulf', *MERIP Reports*, vol. 16, no. 5, September–October 1986, pp. 18–22; and Abdulla, 'Political Dependency'. Several long-established merchants have also published autobiographies. A number of observations have been derived from interviews on various trips to all the Gulf countries.
8. In a similar vein, it is interesting to note that a significant number of daughters have become involved in running family businesses where sons are either few or absent or involved in alternative careers. Prominent examples are in Saudi Arabia, where Lubnah bint Sulayman al-'Ulayan heads several companies within the huge Olayan Group founded by her late father, and in Oman, where Rim (Reem) bint Umar al-Zawawi, daughter of perhaps the country's most successful businessman, succeeded her father as head of Oman International Bank.
9. Kanu will be spelt 'Kanoo' in the following chapter to agree with the established commercial usage.
10. The literature on shaikhs and tribes in Arabia is voluminous, ranging from J. G. Lorimer, *Gazetteer of the Persian Gulf, 'Omân, and Central Arabia* (Calcutta: Superintendent, vol. 1, 1915; vol. 2, 1908; reprinted numerous times) to various anthropological studies. The discussion here also relies heavily on personal observations over the decades.



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# The Gulf Family

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