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## **THE FUTURE OF FEDERALISM IN THE UNITED ARAB EMIRATES<sup>1</sup>**

The United Arab Emirates (UAE) is the Arab world's most successful unity scheme to date. December 1986 marked the UAE's fifteenth anniversary, amid justifiable self-congratulations for the longevity and continued promise of an experiment that many observers at its inception gave little chance of succeeding. The fifteenth year of independence also provided a convenient benchmark for evaluating the success of the federal experiment in the UAE and prognosticating upon its likely future course.

All other attempts at Arab unity have been dismal failures. The UAE experiment differs from most of these in that it has been a real attempt at unification, rather than simply an empty political statement. Any attempt to explain the success of the UAE compared to the modern Arab world's only other serious attempt at unity, the short-lived United Arab Republic between Egypt and Syria (1958-1961), would have to take into account the social, economic, and political similarities among the members of the UAE and their relative equality in population size, wealth and level of development.

But the confederal structure of the union, though often overlooked, may have been just as important in ensuring a successful first fifteen years. Areas of sovereignty not specifically assigned to the UAE government fall to the individual emirates, which jealously guard their autonomy. Even when certain powers, such as defense, constitutionally come under the jurisdiction of the federal government, local control persists in practice.

As time goes by, however, the limitations inherent in the confederal approach become more apparent. The flexibility it initially provided, in encouraging the seven rulers to cooperate without sacrificing their sovereignty, was essential to its early success. Indeed, most likely it was the only workable formula. But what constituted necessary pliancy in the beginning may be evolving into an unwieldy and possibly uncontrollable looseness that thwarts attempts at further

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political evolution. Furthermore, it seems increasingly archaic as the society and economy of the UAE change and serious questions emerge about the next generation of UAE leaders.

## THE POLITICAL BACKGROUND OF THE SEVEN AMIRATES

The longstanding British presence and the discovery of oil played inordinately key roles in the modern development of the United Arab Emirates. The area now comprising the UAE traditionally was regarded as part of Oman and was sometimes called Peninsular Oman. It became more commonly known in the West as the Pirate Coast after Britain became concerned with maritime attacks by the Qawasim of Peninsular Oman, and then received the interchangeable sobriquets of Trucial Oman, Trucial Coast, and Trucial States after Britain pressured the various tribal shaykhs along the coast to enter into a general truce against maritime warfare.<sup>2</sup>

British involvement gradually intensified from simple concern with the protection of shipping through the Gulf to recognition of certain key shaykhs as territorial rulers and eventually their being given British-protected status. Throughout much of the twentieth century, Britain assumed responsibility for the foreign affairs and defense matters of the Trucial Coast, and exercised increasing influence over domestic political and economic affairs.

The evolution from simply powerful tribal shaykh to ruler of a political and territorial entity depended on British recognition, and the final shaping of the Trucial States into its present seven shaykhdoms or amirates did not appear until the 1950s. With impending British withdrawal from the Gulf, the seven Trucial States – and also, for a while, Bahrain and Qatar – began negotiations in 1968 toward an independent union. As a consequence, the United Arab Emirates came into existence on December 2, 1971, with six members; the seventh, Ra's al-Khayma, joined in February 1972.

In addition to permitting the UAE to achieve one of the world's highest per capita incomes, oil has been responsible for determining the relative wealth and influence of the member-states of the UAE.<sup>3</sup> Oil came late to the Trucial Coast, compared with elsewhere in the Gulf: exports first began in Abu Dhabi in 1962. While Abu Dhabi remains by far the largest exporter in the UAE, oil is also exported by Dubai (discovered 1966), Sharjah (discovered 1969),

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<sup>2</sup>On the history of the Trucial States and the formation of the UAE, see Donald Hawley, *The Trucial States* (London: George Allen and Unwin, 1970); K.G. Fenelon, *The United Arab Emirates* (London: Longman, 1973); John Duke Anthony, *Arab States of the Lower Gulf* (Washington: Middle East Institute, 1975); *idem.*, "The Impact of Oil on Political and Socioeconomic Change in the United Arab Emirates," in John Duke Anthony, ed., *The Middle East: Oil, Politics, and Development* (Washington: American Enterprise Institute, 1975), pp. 79-98; Rosemarie Said Zahlan, *The Origins of the United Arab Emirates* (London: Macmillan, 1978); Frauke Heard-Bey, "Le développement d'un Etat-Cité maritime dans le Golfe: l'exemple de Dubayy," in Paul Bonnenfant, ed., *La Péninsule Arabique d'Aujourd'hui* (Vol. 2; Paris: Centre National de la Recherche Scientifique, 1982), pp. 523-559; and *idem.*, *From Trucial States to United Arab Emirates* (London: Longman, 1983).

<sup>3</sup>Oil revenues still account for 90-95 percent of total government revenues in the UAE.

and Ra's al-Khayma (discovered 1983). Umm al-Qaywayn receives a small income from an offshore field shared with Sharjah and Iran.

Despite their historical, cultural and tribal connections, the seven member states of the UAE display considerable diversity in the recent political convolutions of their ruling families. Since the seven hereditary rulers comprise the highest authority in the UAE, the quality of individual rulers and heirs apparent, internal family divisions, and issues of succession have crucial implications for the future of the federation.

## Abu Dhabi

Abu Dhabi is not only the largest oil producer in the UAE (and therefore enjoys the largest income of any of the emirates), it is also the geographically largest and tribally most complicated member.<sup>4</sup> [See [Table 1.](#)] The largest and predominant tribe is the Bani Yas, which is composed of over a dozen sections. Over the last several centuries, the Al Bu Falah section gradually achieved political predominance and the present ruling family, the Al Nahyan, derive from this section.

Through alliance with other prominent tribes (such as al-Sudan, al-Manasir, and al-Dhawahir) and primacy over other Bani Yas clans (such as the Al Bu Mahayr, al-Qubaysat and al-Mazari'), the Al Nahyan were gradually able to strengthen their control over the stretch of coastline from Khawr al-'Udayd in the west (at the present border with Qatar) to the southern shore of Dubai Creek in the east, as well as over the important inland regions and oases of al-Zafra, al-Liwa, al-Khatam and al-Buraymi. Water was discovered on Abu Dhabi Island in 1761 and the Al Bu Falah subsequently settled there and made it their capital.<sup>5</sup> By the end of the 19th century, under the dynamic leadership of Shaykh Zayid bin Khalifa (r. 1855-1909), the process of Al Nahyan consolidation of authority over the entire present territory of the emirate was virtually complete.

Four sons of Shaykh Zayid followed their father to the Abu Dhabi rulership in quick and often violent succession until Shaykh Shakhbut bin Sultan came to the throne in 1928. A true conservative and traditionalist, Shakhbut presided over the first inklings of change in Abu Dhabi and the discovery and export of oil. His failure to utilize his new income to develop the state led to a British-supported *coup d'État* by his younger brother, Zayid bin Sultan, in 1966. Zayid not only initiated the process of rapid change that has completely altered the face of the emirate but he also served as a principal architect of the new UAE, of which he has been president since its inception. [See [Table 2.](#)]

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<sup>4</sup>Population figures for the UAE can be misleading, as some 80 percent of the UAE's inhabitants and approximately 96 percent of the labor force are foreigners.

<sup>5</sup>The principal town and capital of each of the seven emirates also bears the name of the emirate, thus leading to potential confusion. In this paper, the appellation "Town" is given whenever just the capital settlement and not the entire emirate is meant.

After twenty years of ruling Abu Dhabi and fifteen difficult years of pushing the cause of federation with his fellow rulers, Shaykh Zayid seemed to become less and less interested in affairs of state. Much administration of Abu Dhabi State was left to Khalifa bin Zayid, his eldest son and the heir apparent. As Deputy Commander-in-Chief of the UAE Armed Forces, Khalifa is nominally in charge of Abu Dhabi's military, but is not regarded as particularly dynamic or charismatic. Shaykh Zayid was forced to conduct more official business himself, however, when Shaykh Khalifa suffered a cerebral hemorrhage in early 1987.

Zayid's second son, Sultan bin Zayid, has a military background and, as an 18-year-old, was appointed commander-in-chief of the UAE Armed Forces by his father in 1978. But he has given up that position, in part because of a personal scandal, and dropped out of the picture in recent years. A third son (Shaykh Zayid has at least 19 sons), Muhammad bin Zayid, is an air force major and de facto commander of the air force; although promising, at about 28 years of age he is too junior to figure heavily in amirate politics. A fourth and even more junior son (he is in his mid-20s), Hamdan bin Zayid, is well-regarded as undersecretary in the Ministry of Foreign Affairs.

Given the weakness of the Bani Sultan (descendants of Shaykh Shakhbut's and Shaykh Zayid's father), there is considerable speculation that the rival Bani Muhammad (sometimes known as the Bani Khalifa after their grandfather Khalifa, uncle to Shakhbut and Zayid) might try to wrest away leadership of the Al Nahyan after Zayid's death. The half-dozen brothers of the Bani Muhammad are well-represented in the amirate and UAE hierarchies: Hamdan as UAE deputy prime minister; Mubarak as titular UAE minister of the interior;<sup>6</sup> Tahnun as the ruler's representative in the Eastern Region (and chairman of al-'Ayn Municipality, vice-president of the Abu Dhabi Executive Council, and titular chairman of Abu Dhabi National Oil Company); Sayf as chairman of the Abu Dhabi Department of Planning; Khalifa as the former UAE minister of hydraulic and electric power; and Surur as presidential chamberlain (and chairman of the UAE Central Bank and chairman of the Abu Dhabi Departments of Water and Electricity, Organization and Management, and Purchasing).

Of these, Surur appears to be the most capable and energetic. Alone among the Al Nahyan, Surur tends to play an even more active role on the federal level than in Abu Dhabi, serving as something of a de facto prime minister during the sickness of the appointed prime minister, Shaykh Rashid of Dubai. He also displays the best relations with Dubai's Al Maktum of any of the Al Nahyan. Surur has been mentioned as a possible successor to the Abu Dhabi rulership after Khalifa bin Zayid, if the situation should arise in the next few years.

## Dubai

In contrast to Abu Dhabi, politics in Dubai has been relatively more straightforward. Although a fishing village has existed on the site of Dubai Town since the 18th century, it only

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<sup>6</sup>Mubarak suffered considerable brain damage in a London car accident several years ago and so is unable to act effectively. His son Nahyan is president of the UAE University at al-'Ayn.

became independent of Abu Dhabi's Al Bu Falah in 1833 when another Bani Yas section, the Al Bu Falasa, seceded from Abu Dhabi and took up residence in Dubai. Dubai's new leaders, the Al Maktum (a family from the Al Bu Falasa), tended to rely on good relations with the British in order to protect themselves from their stronger neighbors in Abu Dhabi and Sharjah. But by the turn of the twentieth century, Dubai began its rise as a commercial center for the entire Trucial Coast.

Much of the emirate's prosperity was due to the acumen of its last two rulers, Shaykh Sa'id bin Maktum (r. 1912-1958), who put down a family-led challenge to his absolute authority in the late 1930s, and Shaykh Rashid bin Sa'id (r. 1958-present), who took over most leadership responsibilities from his father in 1939. While Abu Dhabi's oil-fueled growth and development has resulted in a large, cumbersome bureaucracy dominated by expatriate Arabs, the development of Dubai has evidenced a more commercial approach, with minimal bureaucracy and the ruler's personal involvement and partial ownership in all major schemes.<sup>7</sup>

Shaykh Rashid has served as UAE vice-president since independence and as its prime minister since 1979. For several years, however, he has been unable to carry out either his Dubai or federal duties because of terminal illness, and the running of the emirate has been left to his four sons. The eldest of these is Maktum bin Rashid, presently heir apparent and UAE deputy prime minister. Maktum will undoubtedly succeed his father as ruler of Dubai but the quality of his leadership is questionable. He was generally uninspiring as federal prime minister before his father took over and, as an introvert, he does not like playing a political role. Muhammad bin Maktum, the third son, is far more dynamic and ambitious. A trained pilot, Muhammad has been the UAE's only minister of defense and has taken over responsibility for Dubai's internal security, armed forces, finance, investments and civil aviation – all the things that really count.<sup>8</sup>

A positive scenario has the two brothers reaching a *modus vivendi* on Shaykh Rashid's death, whereby Maktum reigns while Muhammad rules (not unsimilar to the recent relationship between King Khalid and Crown Prince Fahd in Saudi Arabia). The negative scenario would be another intense struggle for power as happened so frequently in the Trucial States' past. Rashid's other two sons are less likely to challenge Maktum or Muhammad. Hamdan bin Rashid is the UAE's minister of finance and industry, as well as being nominally in charge of Dubai Municipality and the emirate's business affairs; he is most interested, however, in horseracing. Hamdan does not get along well with Muhammad and he has a bitter feud with Ahmad bin Rashid, the youngest brother. Ahmad is also a horseracing enthusiast, which commands more of his attention than his official position as commander of the Central Military Command (Dubai's armed forces).

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<sup>7</sup>For example, the Dubai Electricity Company was created in 1959 as a private company when demand for electricity began to outstrip the capability of individual generators to supply it. It is still a private company, with Shaykh Rashid as probably the largest shareholder. It should also be noted that while Dubai is heavily dependent on commerce for its prosperity, recent oil production levels in excess of 350,000 bbl have also provided sizeable income.

<sup>8</sup>Muhammad has also been at the center of the Al Maktum family's extensive horseracing empire in Britain, where all of Shaykh Rashid's sons spend a considerable amount of time and are said to have invested £500m.

## Sharjah

The ruling families of both Sharjah and Ra's al-Khayma belong to competing branches of the clan of al-Qawasim, the old aristocracy of the Trucial Coast. In the eighteenth and nineteenth centuries, the Qawasim succeeded in imposing their control over most tribes in the northern half of Peninsular Oman, and also controlled a number of ports on the Persian littoral of the Gulf. Unlike the Bani Yas of Abu Dhabi and, to a lesser extent, Dubai, the Qawasim have been a minority in their own realm and have had to rely on strong leadership and diplomacy to maintain their pre-eminent position.

Ra's al-Khayma served as the traditional Qasimi capital and was burned on several occasions by the British, insistent on stamping out what they saw as piracy. Subsequently, rivalries within the clan led to a brief Sharjan independence in the mid-eighteenth century and later Sharjah rose to predominance over Ra's al-Khayma. Ra's al-Khayma gradually gained independence from Sharjah until it was finally recognized as a Trucial shaykhdom by the British in 1921.

Following a period of intra-family squabbling, Saqr bin Sultan acceded to the rulership of Sharjah in 1951. From the British point of view, Saqr was far too sympathetic to Arab nationalist ideology and his efforts to open an Arab League office in Sharjah eventually led to his deposal in 1965 and a life of exile in Cairo. Saqr was replaced as ruler by a cousin, Khalid bin Muhammad, who had been a small merchant in Dubai.

Although personally likeable, Khalid was widely seen as a weak ruler and his agreement to Iran's takeover of Sharjah's Abu Musa Island in 1971 did not help his popularity. As a consequence, Saqr bin Sultan returned to Sharjah in January 1972 in an unsuccessful attempt to regain leadership; in the course of the fighting, he killed the ruler Khalid. Saqr was captured and imprisoned by the federal government.

Leadership of Sharjah thereupon went to Sultan bin Muhammad, Khalid's younger brother and a young agricultural graduate of Cairo University. Sultan's experience abroad has given him a relatively more liberal outlook than his fellow rulers and he has been a strong federalist, as well as an advocate for greater political participation in the UAE and a supporter of the arts.<sup>9</sup> He recently received a Ph.D. in history from the University of Exeter for a thesis appropriately refuting the view that his Qasimi forebears were pirates.<sup>10</sup> While Shaykh Sultan is sometimes described as a liberal ideologue or philosopher, his elder brother 'Abd al-'Aziz is seen as the practical figure in Sharjah, serving as deputy ruler and commander of the Amiri Guard. The alleged neglect of duties and profligacy by Shaykh Sultan were cited by Shaykh 'Abd al-'Aziz in his abortive coup attempt of June-July 1987. The eldest surviving brother, Saqr bin Muhammad, is resident in and responsible for Khawr Fakkan (Sharjah's port on the eastern Gulf of Oman coast).

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<sup>9</sup>Shaykh Sultan recently made the suggestion that Sharjah's six representatives to the 40-member Federal National Council (the UAE's national assembly) should be indirectly elected, rather than simply chosen by the Ruler.

<sup>10</sup>The thesis has been published as *The Myth of Arab Piracy in the Gulf* (London: Croom Helm, 1986).

The first coup attempt since the beginning of the oil boom occurred on June 17, 1987, when Shaykh 'Abd al-'Aziz ordered the Amiri Guard to seize control of Government House while his brother was in London. A hard-headed businessman, Shaykh 'Abd al-'Aziz cited Shaykh Sultan's alleged neglect of duties and profligacy, claiming the emirate was \$1.3b in debt, as reasons compelling his action. Success was forestalled, however, by Shaykh Sultan's quick return to neighboring Dubai, and the full support given him by the Al Maktum.

Abu Dhabi, which initially seemed to support 'Abd al-'Aziz – and, by some accounts, to have encouraged his action – was forced to convene non-stop meetings of the Council of Rulers at Shaykh Zayid's palace in al-'Ayn. Finally, third-party mediation produced a solution whereby Sultan was confirmed as ruler while 'Abd al-'Aziz was formally recognized as heir apparent (in addition to deputy ruler) and deputy chairman of the Sharjah Executive Council, a new combination of cabinet and consultative council. The two brothers met face-to-face before the Council of Rulers on June 23, bringing the crisis to an end, at least for the time being.

Sharjahans have tended to be the best educated and regard themselves as the most cultured of the UAE's nationals. As the first site of the British political agency and the location of a British RAF base up to 1971, Sharjah had a head start in the race to development. Its meager oil resources and stiff commercial competition from Dubai has meant that the emirate has had to take a back seat in UAE matters to Abu Dhabi and Dubai. Given the glories of the Qasimi past, this has been a galling experience and has led Sharjah to a sometimes ambivalent attitude toward the federation.

The emirate's rush to development also left it heavily in debt, which is only gradually being reduced by the emirate's recent good fortune in producing crude oil condensate. In addition, leadership in Sharjah is complicated by the emirate's geographical separation. Although Sharjah Town is located on the Gulf coast, it has major dependencies at Hamriya (on the coast between 'Ajman and Umm al-Qaywayn) and al-Dhayd (the agricultural settlement inland from Sharjah), as well as three non-contiguous enclaves on the Gulf of Oman coast of the UAE: Khawr Fakkan in the center, Dibba in the north and Kalba in the south.

## **Ra's al-Khayma**

While Sharjah is on the verge of being a "have" emirate, like Abu Dhabi and Dubai, Ra's al-Khayma is clearly the most important of the "have-nots." The decline of what had been the most important town on the Trucial Coast began with the loss of Qasimi supremacy to Sharjah in the mid-nineteenth century. Its independent status was recognized in 1921. But Shaykh Sultan bin Salim, who had acceded on his father's death in 1919, increasingly alienated his subjects and relatives. In March 1948, Sultan's nephew, Saqr bin Muhammad, was able to take over with popular support and he has remained Ra's al-Khayma's ruler ever since.

Like Sharjah, the Qawasim of Ra's al-Khayma have always been a minority in the tribal composition of the shaykhdom. This has presented problems in governing the various dependencies from the Qasimi stronghold in Ra's al-Khayma Town. Sha'am (at the northern end of the coastal plain where the mountains come down to the sea) is inhabited by the Shihuh tribe,

traditional Qasimi rivals. The Za'ab tribe predominates in Jazirat al-Hamra' (on the coast south of Ra's al-Khayma Town) and in 1968 the Za'abi shaykh quarrelled with Shaykh Saqr and relocated to Abu Dhabi with a number of his tribesmen.<sup>11</sup>

Shaykh Saqr is regarded as the most truculent of the UAE Rulers. Like his namesake Shaykh Saqr bin Sultan of Sharjah, he favored closer relations with the Arab republics during the heyday of pan-Arab nationalism in the 1960s and he nearly sabotaged the 1968-1971 federation negotiations by abruptly walking out of a meeting of the rulers. Shaykh Saqr bitterly resents the turn of fate that has given the upstart Bani Yas "bedouin" the lion's share of wealth and power in the UAE, while the aristocratic Qasimi states remain powerless and poor.

His eager hope of oil discoveries in Ra's al-Khayma, and the greater autonomy and influence it would bring the emirate, led him to postpone joining the UAE until February 1972. The continuing failure to achieve oil prosperity in the emirate has embittered him and he feuds incessantly with Shaykh Zayid and fights any extension of federal authority (which invariably is perceived as Abu Dhabi intriguing) over Ra's al-Khayma.<sup>12</sup> The grandiose plans to develop Ra's al-Khayma as a modern commercial center have evaporated, leaving a bleak skyline of half-completed hotels, office buildings, and residential blocks. The heir apparent is his son, Khalid bin Saqr, the only UAE heir apparent to have been educated in the United States and a rising star in federal affairs through his frequent role as emissary between the emirates.

## **Al-Fujayra, 'Ajman, and Umm al-Qaywayn**

The remaining three emirates have even less opportunities and importance within the UAE. Al-Fujayra, the only emirate located entirely on the eastern Gulf of Oman coast, is slightly better off than 'Ajman and Umm al-Qaywayn, with relatively greater development opportunities due to its deepwater port (which has the advantage of being located outside the Strait of Hormuz) and tourism potential.<sup>13</sup> The Fujayran ruling family comes from the tribe of al-Sharqiyyin, one of the biggest in the UAE and certain the most important tribe on the Shamayliya (Gulf of Oman) coast.

Sharqi size and unity enabled al-Fujayra to free itself from Qasimi domination (including al-Fujayra Town, part of Dibba [at the northern end of Shamayliya], and various tiny enclaves between al-Fujayra and Dibba) but the emirate was not recognized as being independent until 1952. Shaykh Hamad bin Muhammad served as the UAE's minister of agriculture and marine resources before succeeding his father as ruler of al-Fujayra in late 1974. While by all accounts a

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<sup>11</sup>Another, more tranquil, dependency is the inland agricultural center of al-Diqdaqa.

<sup>12</sup>Oil was finally discovered in Ra's al-Khayma in early 1983 and production of condensates had reached 14,000 bpd by late 1985.

<sup>13</sup>The waters off al-Fujayra became a preferred anchorage in the mid-1980s for ships waiting for an opportune time to run the gauntlet of Iranian attacks in the Gulf. It also gained some notoriety in the summer of 1987 when Iran apparently mined those waters.



capable and energetic ruler, his task is complicated by al-Fujayra's remoteness, lack of money, traditional rivalry with Qasimi Sharjah (whose dependencies surround the emirate), and lack of prestigious family status within the Council of Rulers.

Both tiny 'Ajman and even smaller Umm al-Qaywayn are tribally homogenous. 'Ajman's native inhabitants are largely from the Al Bu Khayraban section of the large tribe of al-Na'im, which is concentrated in Abu Dhabi emirate and the Sultanate of Oman around al-Buraymi and the Jau region and also has members in Ra's al-Khayma. The 'Ajmani ruling family, drawn from the Al Bu Khayraban, also controls the inland enclaves of Masfut and al-Manama. Umm al-Qaywayn is the smallest and poorest of the seven emirates, and the UAE's only emirate, apart from Abu Dhabi, with totally contiguous territory. The Al 'Ali tribe forms almost the entire indigenous population of the emirate and its inland oasis of Falaj Al 'Ali; a number of Al 'Ali tribesmen have also settled in Ra's al-Khayma. The Mu'alla ruling family come from this tribe.

Besides their small size and poverty, another similarity between the two emirates was the longevity of their previous rulers. Shaykh Rashid bin Humayd al-Na'imi of 'Ajman ruled from 1928 to 1981 while Umm al-Qaywayn's Shaykh Ahmad bin Rashid al-Mu'alla ruled from 1929 to 1981. They were succeeded by their sons, Humayd bin Rashid al-Na'imi and Rashid bin Ahmad al-Mu'alla. The significantly different policies and outlooks followed by the two emirates are partly the consequence of the opposing styles of these two long-lived previous rulers. Shaykh Rashid's physical courage, impressive stature and engaging personality, along with his relative success in playing Abu Dhabi off against Dubai, gave 'Ajman respect and a somewhat independent posture within the UAE, while Shaykh Ahmad's introverted nature and lack of interest in state affairs has resulted in a near-total dependence on and subservience to Abu Dhabi.

## THE FIRST FIFTEEN YEARS OF THE FEDERAL EXPERIMENT

Not surprisingly, the UAE had a difficult birth. Relations between neighboring shaykhdoms were marked by intense rivalry and often overt hostilities. Relations between ruling families were similarly strained and only British encouragement ensured a minimum of cooperation, particularly through the Trucial Council. Abu Dhabi, Dubai and Sharjah had already experienced the beginnings of economic change and they were in the process of forming prototypical financial and administrative organs before independence, in contrast to the other four shaykhdoms. Negotiations on the larger, logical combination of Bahrain, Qatar and the Trucial States fell through and even the union of the remaining seven smaller states was not completed until three months after independence.<sup>14</sup>

Nevertheless, three years of protracted negotiations bore fruit in the union of six shaykhdoms at independence in December 1971. Agreement was reached on a provisional

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<sup>14</sup>On the negotiations on and formation of the UAE, see John Duke Anthony, "The Union of Arab Emirates," *Middle East Journal*, Vol. 26, No. 3 (1972), pp. 271-287; and Heard-Bey, *From Trucial States*, pp. 336-369.

constitution and a number of necessary executive and administrative organs for the new state.<sup>15</sup> The provisional constitution specified the name of the new state (the United Arab Emirates), the "temporary" location of its capital in Abu Dhabi<sup>16</sup>, the composition of the flag, and, most importantly, the relationship between the federal entity and the individual shaykdoms (henceforth known as emirates) and the structure of federal institutions. Articles 116 and 122 guaranteed the federal nature of the state, by leaving all powers to the individual emirates except for those explicitly reserved for the federal government. Thus, sovereignty and most existing political, economic and administrative institutions were left in the hands of the members.

In general, the most effective federal institutions have been those that did not exist on the emirate level. The most important of these institutions is the Council of Rulers, representing the supreme authority in the state and consisting of all seven rulers or their deputies. As the highest authority, the council reviews and approves (or disapproves) all important matters within the UAE. Its decisions require a high degree of consensus: approval of at least five of the seven members, including the two most important emirates, Abu Dhabi and Dubai.

The council is empowered to delegate authority to other institutions. It elects the president and vice-president of the state for five-year terms. Given the rarity with which the council has met in recent years, the president acts virtually alone. Once again, reflecting the predominance of the two largest members, the ruler of Abu Dhabi has always been the president and the ruler of Dubai the vice-president. The president has the authority to appoint the prime minister, deputy prime minister(s) and the other members of the cabinet.

The actual composition of the cabinet, however, is the product of an arduous process of negotiation and compromise among the seven members. Thus, in the first cabinet, the portfolios were carefully allocated to representatives of all seven states. Six were reserved for Abu Dhabi (including foreign affairs, interior and information), three each for Dubai (including defense, finance, and economy and industry) and Sharjah, two each for Umm al-Qaywayn and 'Ajman, and one for al-Fujayra; Ra's al-Khaima's subsequent admission required an expansion of the cabinet. In addition, the office of prime minister went to Dubai's heir apparent and members of the seven ruling families filled most of the positions in the cabinet. More emphasis has been placed on merit in more recent cabinets.

At the time of independence, the British had left virtually no institutional structure that the federal state could build upon, and so all federal ministries had to be built entirely from scratch. For example, the Ministry of Foreign Affairs, an obviously new and necessary body, began with only the minister and a staff of three. The federal civil service exploded from less than 4000 employees in 1971 to more than 24,000 by the end of 1976 and over 38,000 by the end

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<sup>15</sup>The political and administrative structure of the UAE is detailed in Ali Mohammed Khalifa, *The United Arab Emirates: Unity in Fragmentation* (Boulder, CO: Westview Press; London: Croom Helm, 1979); Ahmad Khalil 'Atwi, *Dawlat al-Imarat al-'Arabiya al-Muttahida: nasha'tuha wa-tatawwuruha* (Beirut: al-Mu'assisa al-Jami'iya lil-Dirasat wa-al-Nashr wa-al-Tawzi', 1981); and Heard-Bey, *From Trucial States*, pp. 370-377.

<sup>16</sup>The creation of a new capital at al-Karama, midway between Abu Dhabi and Dubai Towns, has been abandoned.

of 1983 (not including armed forces personnel). Nevertheless, the capability and effectiveness of many of these ministries and bodies remained questionable.

Given the lack of proper federal foundations, it is not surprising that a number of economic, development and other institutions established by individual amirates before independence have continued to survive. In many cases, it took years for the federal government to create capabilities to assume functions in a particular field, thus forcing the amirates to go ahead on their own. Recently, however, the northern amirates have been able to go to the Ministry of Planning, for example, and present their requirements for schools or roads and realistically expect the federal government to provide them.<sup>17</sup> Nevertheless, where amirate administrative departments already existed, especially in Abu Dhabi and Dubai, federal ministries either never really took root or simply and ineffectually duplicated amirate departments. This is particularly true in the fields of oil, finance, and defense.

None of the oil (and gas) producers, regardless of whether production began before or after independence, have shown any desire to hand over control of oil resources to the federal government, and matters of exploration, production and pricing are exclusively handled by the respective amirates. Dubai even retained its separate membership in OAPEC until well after independence.

As oil is the predominant source of national income, the amirates have also been reluctant to give the federal government control over finances. Even in the case of Abu Dhabi, the amirate with by far the largest oil production and therefore the largest income, the federal government is reduced to begging the amirate government for its pledged payments to the federal budget. When an amirate does honor its commitment to the budget, its actual contribution is minimal since the amirate's expenditure in such supposedly federal fields as roads and schools is deducted from the ledger account of what it owes the federal government. As a consequence, the federal government is almost completely dependent on the goodwill of the member states to meet its expenses.

Defense is another contentious area.<sup>18</sup> The origins of the armed forces date back to the creation of the British-officered Trucial Oman Levies, later Trucial Oman Scouts (TOS), in the early 1950s. Upon independence, the Scouts were the logical choice for conversion into the armed forces of the new UAE state. They had grown in size from 500 in 1955 to 2500 in 1971. But the Union Defense Force (UDF), as the TOS was rechristened, was not the only armed force in the new UAE nor was it even the largest.

Over the decade of the 1960s, the continuing competition between the seven shaykhdoms had evolved a new form: the development of competing military units. Thus in 1971, the Abu

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<sup>17</sup>Under the leadership of former Ambassador to the US Sa'id Ghubash, the Ministry of Planning was able to prepare a draft five-year plan for the years 1981-1985 but the economic recession provided a convenient excuse for shelving the plan, which would have required considerable coordination between the amirates. When Ghubash resigned to become chairman of the Arab Monetary Fund in 1982, the Planning Ministry was placed under the charge of the minister of state for cabinet affairs and did not receive its own separate minister until late 1985.

<sup>18</sup>On the background of UAE military forces, see J.E. Peterson, *Defending Arabia* (London: Croom Helm; New York: St. Martin's Press, 1986), pp. 210-212.

Dhabi Defense Force (ADDF) far eclipsed the UDF with over 9500 men, including a small naval force and developing air wing. In addition, there were also the Dubai Defense Force (DDF, with 500 men, a patrol vessel and small air wing), the Ra's al-Khayma Mobile Force, the Sharjah National Guard, and the 'Ajman Defense Force (in the process of formation). Rather than serving as the armed forces for the entire state, the UDF merely existed as a somewhat neutral element among competing forces, which were lineal descendants of the shaykhs' traditional armed retinues.

While logic dictated the merger of all these units, politics prevented it. Abu Dhabi and Dubai had fought a border war as recently as 1948, and all the shaykhdoms – especially Ra's al-Khayma and Sharjah – resented Abu Dhabi's newfound wealth and muscle. As modern versions of shaykhly guards, these individual forces not only performed police duties but protected the rulers and their families from attempted coups, which more often than not derived from within the ruler's family, as well as from threats from their neighbors.

The infusion of new wealth into traditional rivalries resulted in arms races within the UAE. By 1975, the ADDF had grown to 15,000, equipped with 135 armored vehicles, two squadrons of Mirage IIIs and Vs, some Hawker Hunters and helicopters, Rapier and Crotale SAMs, Vigilant ATGWs, and Vosper Thorneycroft and Fairey Marine Spear class patrol craft. The DDF had also expanded to rival the UDF in size, with 3000 men, Ferret and Saladin armored cars, several kinds of helicopters and patrol craft. Only the UDF had tanks, however.

Despite the creation of a federal Ministry of Defense and the existence of the UDF at independence, merger of the armed forces was continually postponed. It was not until mid-1975 that the first serious discussions on merger took place, and formal unification was delayed until the constitutional crisis of 1976. At the end of that year, the UAE Armed Forces formally came into being: the ADDF became the Western Command, the DDF the Central Command, and the Ra's al-Khayma Mobile Force the Northern Command; the UDF was renamed the Yarmuk Brigade, and the Sharjah National Guard was merged with the federal police force.

Nevertheless, the merger was still only on paper: the shaykhdoms continued separate arms-purchasing policies, and each force was commanded by the appropriate ruler's son. The chief of staff at the time was able to function effectively only because he was a seconded Jordanian. Important steps were made in subsequent years to strengthen the UAE's military unity by unifying expenditures, upgrading the central headquarters, and redirecting lines of command to federal authorities, yet effective control over those armed forces located in each emirate remained exclusively in the hands of that emirate's ruler.

Most of the fundamental accomplishments of the federal process date from the first few years of independence. The present constitution remains the original provisional one of 1971, although subsequently amended. The essential administrative structure is unchanged, even though ministers have switched chairs and the number of portfolios increased. The reservation of powers not explicitly granted to the UAE government is jealously guarded by all seven emirates and most even seek to take back functions originally granted to the union.

The uncertain balance between federalism and emirate sovereignty has provoked serious crises on more than one occasion. In early August 1976, Shaykh Zayid threatened to step down as UAE president at the expiry of his term in December 1976, unless his authority was reinforced and certain measures were undertaken to enhance the strength of the federal experiment. In

November, the Council of Rulers adopted a series of measures along those lines, including steps toward the merger of military and security forces and the formation of a high financial commission to prepare the federal budget and determine each emirate's contribution.

As a result, the terms of the president (Shaykh Zayid) and vice-president (Shaykh Rashid) were extended for another five years, as was the validity of the provisional constitution. The denouement of the crisis was marked by the formation of a new government at the beginning of 1977. The reduced size of the new cabinet, including less representation from Abu Dhabi, sent a clear message that more emphasis in cabinet selection was to be placed on rationality and competence and less on formulas aimed at representing all emirates.

Bickering within the Council of Rulers and tension between the pro-federal and anti-federal blocs sparked a similar crisis in 1979. Shaykh Zayid and the allied rulers of Sharjah, al-Fujayra, 'Ajman and Umm al-Qaywayn pressed for greater progress in federalization, while Shaykh Rashid of Dubai and Shaykh Saqr of Ra's al-Khayma resisted. In frustration, Shaykh Zayid unilaterally took several steps to increase federal powers. In particular, his appointment of his 18-year-old son Sultan as commander-in-chief of the UAE Armed Forces provoked the rage of Shaykh Rashid, and Dubai and Ra's al-Khayma began to pointedly ignore federal government decisions.

To deal with the deepening rift, the Council of Rulers was forced to meet formally for the first time in three years, to the accompaniment of the first demonstrations in UAE history demanding total unity. The impasse was ended only with Saudi and Kuwaiti mediation. As part of the compromise, Shaykh Rashid took over as prime minister, thus giving Dubai a stronger voice in federal administrative affairs (and forcing Rashid into more direct involvement in UAE matters). The government resigned and a new one was formed with considerable difficulty.

In many respects, the first fifteen years of the UAE experiment have been surprisingly successful.<sup>19</sup> The problem of continuity of the union's leadership, to date, has been handled by the simple expedient of extending the terms of the original officeholders. In theory, the federal budget has been given a more balanced look through all the oil-producing emirates' assumption of responsibility for contributions in addition to Abu Dhabi, and particularly the 1980 agreement by Dubai to join Abu Dhabi in contributing 50 percent of its income to the UAE. A first five-

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<sup>19</sup>Recent surveys of the political climate of the UAE include: John Duke Anthony, "United Arab Emirates: Sociopolitical Developments," *AEI Foreign Policy and Defense Review*, Vol. 2, Nos. 3-4 (1980), pp. 56-60; *idem*, "Transformation Amidst Tradition: The UAE in Transition," in Shahram Chubin, ed., *Security in the Persian Gulf, Vol. 1: Domestic Political Factors* (Westmead, Farnborough, England: Gower, 1981), pp. 19-37; Iskandar Bashir, *Dawlat al-Imarat al-'Arabiya al-Muttahida: Masirat al-Ittihad wa-Mustaqbaluh* (Beirut: Dar al-Kitab al-'Arabi, 1982); Naomi Sakr, "Federalism in the United Arab Emirates: Prospects and Regional Implications," in Tim Niblock, ed., *Social and Economic Development in the Arab Gulf* (London: Croom Helm, 1980), pp. 177-187; Heard-Bey, *From Trucial States*, pp. 378-401; and Malcolm Peck, *The United Arab Emirates: A Venture in Unity* (Boulder, CO: Westview Press; London: Croom Helm, 1986).

year plan was drawn up, a central bank belatedly created, and a university built.<sup>20</sup> Even though many of the outstanding contentious issues were still to be resolved, they at least seemed to be manageable.

On the surface, at least, the process of federalization had slowed to an imperceptible crawl but no one questioned the underlying legitimacy of the federal state. While the tension between the opposing blocs of rulers continued, reluctant agreement was reached on extending the terms of the president, vice-president and provisional constitution for another five years. Even as such ministries as health, education, and planning extended their jurisdiction over all seven emirates, the crucial areas of oil, finance and defense remained kept far away from federal interference.

But the state of temporary equilibrium between federalism and autonomy existing in 1987 cannot last forever. Continuing progress for the process of federalization is by no means assured and the danger of a drift away from unity still exists. Indeed, a wide range of positive and negative factors which in combination will determine the future of federalization are discernible. These factors are examined below.

## **POSITIVE FACTORS LEADING TO FEDERALIZATION**

1. *Homogeneity of Society.* The UAE possesses a considerable reservoir of strength in the homogenous outlook of the great majority of its indigenous population, which is largely Arab, Sunni Muslim, and of tribal origin. On the one hand, UAE citizens tend to share religious, social and economic goals and values, and are nearly universally supportive of the existing political structure based on ruling families. This also means, on the other hand, that internal security threats from UAE nationals are negligible while the large expatriate population, highly vulnerable to arrest and deportation, generally steers clear of local politics.<sup>21</sup>

2. *Gradual Acceptance of the UAE.* The UAE exists, it has survived despite the misgivings of its detractors, and there are plenty of reasons to suppose that it will continue to exist. The doubters have been turned into grudging acceptors, if not enthusiastic supporters. Nearly an entire new generation (almost half of the UAE's indigenous population) has grown up

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<sup>20</sup>Recent economic surveys of the UAE include: Carl Bazarian, "United Arab Emirates: Economic Developments," *AEI Foreign Policy and Defense Review*, Vol. 2, Nos. 3-4 (1980), pp. 61-65; Ragaei El Mallakh, *The Economic Development of the United Arab Emirates* (London: Croom Helm, 1981); Adam Nigel, "The Shifting Sands of U.A.E. Banking," *Euromoney*, January 1985, pp. 150-151, 153, 155-156; Middle East Research Institute, University of Pennsylvania, *United Arab Emirates* (London: Croom Helm, 1985); Naomi Sakr, *The United Arab Emirates to the 1990s: One Market or Seven?* (London: Economist Intelligence Unit, March 1986; Special Report, No. 238); and Sarah Searight, "The UAE: A Special Report," *The Middle East*, No. 138 (April 1986), pp. 27-40.

<sup>21</sup>Two people were killed when a bomb went off in Dubai's Hyatt Regency Hotel on April 20, 1981. It was thought to be the act of Islamic extremists, possibly with the assistance of Iran. Since then, however, the extremist threat seems to have ebbed, although the Ikhwan al-Muslimin has some strength in several federal ministries, particularly education. Other incidents, like the 1984 assassination attempts on several UAE diplomats in Europe, were likely the product of the UAE's foreign policy.

knowing nothing else but a UAE government, the UAE flag, UAE passports, and UAE sports teams. The press and television and radio stations tend to reinforce a UAE identity. Many nationals, especially from the northern emirates, have taken employment with the federal government; they may complain about Abu Dhabi's highhandedness and federal inefficiency but not necessarily against the federal idea itself.

3. *Climate of External Threats.* All the UAE members are highly conscious of their small size and fragility to external threats, and the last decade has produced a significant upsurge in serious potential threats. As the threat from secular radicals, as posed by the Popular Front for the Liberation of the Oman (PFLO), receded in the mid-1970s, a new threat emerged from the politicized Islamic right. The Iranian revolution generated considerable excitement on the Arab littoral, the new revolutionary regime actively undertook to foment subversion in the Arab monarchies, and the Iran-Iraq war periodically raises the potential for the spread of warfare to the UAE's shores. In the circumstances, the rulers and citizenry of the various emirates are fully appreciative of the relative advantages of collective security within the UAE framework.

4. *Financial Necessity.* Economically, the UAE's members fall into three categories: the wealthy states of Abu Dhabi and Dubai (although Dubai's wealth is far less than that of Abu Dhabi), the largely self-sufficient state of Sharjah, and the remaining four – basically small towns, too small and too poor to go it alone. While possessing numerous grievances against the federal government, Sharjah would not be able to absorb such necessary functions of an independent state as foreign affairs and defense. Even for Abu Dhabi and especially Dubai, the costs of "going-it-alone" would seem to outweigh the advantages of leaving things as they are. Thus, the majority of UAE members have been heavily dependent on federal financing in order to meet current expenditures as well as development costs. But federal financing is often simply a euphemism for Abu Dhabi largesse, which creates its own problems, as discussed below.

5. *Effective Federal Institutions.* The growing competence and effective jurisdiction of such ministries as education, health and planning points to an incrementalist approach which is bound to have a positive effect on the ability of the federal government to carry out all the functions normally expected of a state, as well as on the UAE citizenry's perceptions of the federal government as a worthwhile entity. The growing legislative impact of the federal government in the implementation of criminal, commercial, and civil codes is a further step toward a unified legal environment.

The unified administration of foreign affairs, integration of economic affairs, standardization of commercial regulations, and steady amalgamation of the judicial system all provide an incremental enhancement of the UAE's legitimacy. The robust vitality of the Federal National Council (FNC), an appointed assembly of 40 members drawn from all seven emirates, also helps to forge a common identity and viewpoint on a wide range of issues.<sup>22</sup> Faced with increasing problems due to over-capacity in the UAE's banking sector, the UAE Currency Board

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<sup>22</sup>For more information on the FNC, see J.E. Peterson, *The Arab Gulf States: Steps Toward Political Participation* (New York: Praeger, for the Center for Strategic and International Studies, 1988; Washington Papers, No. 131).

was converted into a Central Bank in 1980. The Central Bank has proved its effectiveness in straightening out the recent collapse of the Galadari brothers' business empires.

## NEGATIVE FACTORS WORKING AGAINST FEDERALIZATION

1. *Traditional Amirate Rivalries.* Mention has already been made of such endemic rivalries as the longstanding enmity between Abu Dhabi and Dubai and the abiding resentment of Ra's al-Khayma's al-Qasimi ruling family over their fall from their historic status as the aristocrats of the lower Gulf to the poor relations of today. Far from subsiding, these rivalries continue in the attitudes of the ruling families toward each other. There are few among the Al Nahyan of Abu Dhabi who will even make the effort to speak to members of the Al Maktum of Dubai and vice-versa. Al-Qasimi truculence in Ra's al-Khayma has intensified in the present troubled economic climate, when resented but necessary Abu Dhabi handouts have virtually ceased and various unfinished development projects give the town of Ra's al-Khayma a ghost-town look. Even al-Qasimi Sharjah is expressing growing doubts about its previously pro-federal policy.

2. *Unresolved Boundary Disputes.* Even a casual glance at the map will quickly demonstrate the UAE's territorial complexity and the entanglement caused by a plethora of non-contiguous enclaves. While many conflicting claims were settled in the years prior to independence, there are still at least a dozen outstanding disputes. These have the same potential to erupt in violence in the future as they often did in the past.<sup>23</sup>

These disputes are particularly thorny since territorial sovereignty is tightly bound up with notions of tribal honor. Furthermore, boundary problems between one amirate and an external neighbor threaten to involve the entire UAE in an international crisis, as happened in the late-1970s dispute between Ra's al-Khayma and Oman, which was solved through negotiations between the UAE and Omani foreign ministries. In addition, in the oil age, boundaries can spell the difference between prosperity and poverty. Umm al-Qaywayn, after settling its offshore boundary dispute with Sharjah, found itself receiving only a small portion of the revenue from the disputed area's small oilfield (which it shared with Sharjah and Iran), rather than all the income.

3. *Unrequited Hopes for the Discovery of Oil.* Experience has shown that the key to power and influence in the UAE is oil. Those amirates that have it control the federation; those that lack oil are dependent on the others. As a consequence, the "have-nots" are reluctant to tighten permanently federal bonds which leave them in an inferior position as they continue to

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<sup>23</sup>The 1972 attempt by al-FujayRa's ruler to present an oasis, the ownership of which was disputed with Sharjah, as a gift to the ruler of Abu Dhabi ended in battle between the two amirates, with significant loss of life; the fray was ended only when UAE troops were permanently stationed at the oasis and the federal government purchased the oasis to ensure access by citizens of both states. Tensions between Sharjah and Dubai escalated a few years ago when Sharjah announced plans to build a commercial center on disputed land, momentarily leading Shaykh Zayid to throw up his hands and refuse to continue as UAE president. Additionally, the inability of these two states to connect their ends of the principal highway between them provides evidence of long-standing boundary disputes.



anticipate the future discovery of oil. This attitude is particularly acute in Ra's al-Khayma, which delayed joining the federation at its inception in anticipation of oil finds and has dragged its heels ever since on the same grounds.

4. *Amirate Indebtedness.* There has been considerable pressure on the smaller amirates to engage in large-scale development and prestige projects to keep up with their neighbors inside and outside the UAE, and to demonstrate their independence from Abu Dhabi. The consequence has been rising levels of amirate indebtedness, particularly on the part of Sharjah and Ra's al-Khayma, and the necessity on occasion of advances by Abu Dhabi. Sharjah's debts were prominently cited as a reason for the abortive coup attempt in June 1987.

The economic recession of the last several years has made it far more difficult for these amirates to pay back their loans or to get wealthier neighbors to bail them out, and there is a fear in federal circles that the UAE might end up paying off what are seen as irresponsible amirate debts, much as the Central Bank has had to do with individual citizens and businesses.

5. *Domination by Abu Dhabi.* There is still considerable feeling in the northern amirates that Abu Dhabi has been too overbearing, insensitive, and secretive with the federal budget, especially in defense. Growing resentment of Abu Dhabi policies and ways has even led to grudging cooperation between Dubai and Sharjah, as exemplified by the ending of their territorial dispute, Sharjah's supplies of gas to Dubai, and Dubai's support of Shaykh Sultan during the 1987 coup crisis. Furthermore, the Abu Dhabi-dominated and -identified federal bureaucracy is seen as largely inefficient and even incompetent. This bloated structure is the object of much derision from "Dubai Inc.," which is run much more smoothly with far fewer people.

Abu Dhabi has tended to take over responsibility for most foreign-policy decisions, and the other amirates seem to have acquiesced as long as the decision does not affect business. This is particularly true of Dubai. Dubai may not have liked the decision to establish diplomatic relations with the Soviet Union in late 1985 (permission for a Soviet consulate in Dubai was refused) but this decision will not have that much impact on the amirate, particularly as Bulgarian and East German trade missions are already located in Dubai.

On the other hand, Abu Dhabi agreed in 1971 to make Gulf Air the UAE's national airline (in partnership with Bahrain, Qatar and Oman) without consulting Dubai. Eventually, Dubai's mounting dissatisfaction with Gulf Air's policies at Dubai Airport – the weekly number of Gulf Air flights were cut from 108 in mid-1983 to 41 in mid-1985, despite growing demand – drove it to establish in late 1985 its own carrier, Emirates Airlines, with the advertising slogan, "your very own airline!"

6. *Autonomous Armed Forces.* There probably are few countries where the minister of defense (Shaykh Muhammad bin Rashid of Dubai) rarely visits the General Headquarters, where the chief of staff – previously a seconded Jordanian officer with a naturalized UAE citizen, Maj. Gen. Muhammad Sa'id al-Badi, appointed only recently – actually works for the deputy commander-in-chief (Shaykh Khalifa bin Zayid of Abu Dhabi) and sees the minister about once a year, and where the two top military officials, the minister of defense and the deputy commander-in-chief of the Armed Forces, do not even speak to each other at official functions.

The ballyhooed merger of the UAE, Abu Dhabi, Dubai, Sharjah and Ra's al-Khayma armed forces in 1976 has taken place only on paper. Separate command structures, recruiting policies and arms purchases continue the same as before. Coordination between the various

"commands" is nonexistent. Furthermore, momentum seems to be swinging away from integration, rather than toward it. Sharjah, which merged its police force with the federal force years ago and accepted federal troops in its territory, recently formed its own Amiri Guard for internal security and to protect its oil installations.<sup>24</sup>

Even more disturbing, the top titular officials rarely display any interest in their prescribed duties. The commander of the Central Command (Dubai) (Shaykh Ahmad bin Rashid) rarely shows up at his office, while the titular head of the Western Command (Abu Dhabi) (Shaykh Khalifa bin Zayid, also UAE deputy commander-in-chief) is little interested in military affairs. The minister of defense (Shaykh Muhammad bin Rashid) has his hands full with most administrative functions of the state of Dubai, not to mention one of the world's most extensive racing stables. The lack of interest shown at the very top is reflected in a lack of professionalism among both the various units' national officer corps and their largely non-national ranks.<sup>25</sup>

7. *Weakness of Federal Institutions.* The resolute refusal to transfer additional sovereignty to the federal government handicaps, if not paralyzes, innumerable federal bodies. As a consequence, an abundant number of institutions are duplicated at the emirate level; these generally exercise the real authority within each emirate, as opposed to the paper authority of the federal institution. Even Abu Dhabi, the most pro-federal emirate, demonstrates such prominent examples of duplication as an Executive Council (essentially an Abu Dhabi cabinet), "departments" (which act as ministries on the Abu Dhabi emirate level), and an appointed National Consultative Council (similar in function to the FNC). In addition, most ministries still face the problem of being staffed by nationals of the emirate from which the minister comes.

8. *Federal Finances and the UAE Budget.* Since oil income began before the UAE was established, control over income and expenditure remains in the hands of the individual emirates. Theoretically, each member is supposed to contribute 50 percent of its income to the federal budget. On a more practical level, this really applies only to the significant oil exporters: Abu Dhabi, Dubai, and now Sharjah. The budget-making process is complicated additionally by the provision that each emirate may deduct from its federal contribution the cost of those services it already provides but for which the federal government theoretically has responsibility (such as building or maintaining roads).

Despite these budget-sharing agreements, only Abu Dhabi really has provided substantial additional funds (i.e. beyond expenditures pledged to the federal government but actually spent

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<sup>24</sup>One bright spot recently has been the seeming willingness of the various emirates to cooperate in the installation of a US-supplied I-Hawk system. In order for American survey teams to visit all the projected sites, separate permission had to be obtained from each emirate. Surprisingly, not only was permission granted but at least three emirates sent personnel to the US for training on the system.

<sup>25</sup>The officer corps contain a number of non-UAE Arabs, Pakistanis, and Westerners, especially British (in Dubai), while 80-85% of the enlisted ranks are thought to consist of non-UAE nationals, drawn from approximately 28 nationalities, with Omanis in the great majority. The glamor associated with flying and their small sizes give the air forces the highest concentration of nationals. The total size of all the UAE armed forces is estimated at between 40,000 and 50,000 personnel. Omanis also predominate in the police forces.

within the emirate). But this financial assistance to other emirates often comes with burdensome strings attached. In addition, federal ministries often find themselves in the predicament of having to go from emirate to emirate with cap in hand in order to collect overdue emirate installments on pledged contributions to the budget.

In recent years, approval of the budget has come later and later, as the Council of Rulers fails to reach any agreement, and thus the budget has become increasingly meaningless. The 1985 budget was not approved until late October of 1985, and approval of the 1986 draft budget similarly was delayed until late October 1986. Meanwhile, ministries are told to plan monthly expenditures on the basis of 1/12 of their spending over the previous year.

9. *Dependence on Expatriates.* The UAE has sought to build a modern state based on Egyptian, Syrian, and Iraqi models (which themselves were based largely on Western models). This approach produces two problems. First, the state finds itself heavily dependent on foreign workers and experts, who naturally perpetuate the foreign model without really determining whether it is best for the people of the region. In many respects, the modern administrative machinery exists to regulate the affairs of the expatriates, while the nationals conduct their affairs in the old way, by going to their shaykhs and relying on personal relationships.

Second, it is obvious that eventually UAE nationals must take over the administration of their state themselves, a real necessity as oil revenues decline and expatriates leave for economic reasons. The rational response is to prepare nationals to take over positions from the highest level to the lowest. But that has not been done in UAE. All too often, nationals employed by government agencies are found only in the top positions and serve as titular heads without any real knowledge of or interest in their jobs. In education, for example, nationals account for only 2% of the UAE's male teachers. In terms of training citizens to replace expatriates, the fifteen years since independence largely have been wasted.

In part, this emerging political problem is a product of the abundance of oil income and its lavish distribution. For many people, it destroyed the incentive to work except in highly prestigious positions. At the same time, there has been significant criticism of the overemphasis on university education. Everyone wants a university degree for prestige reasons when the state's need for indigenous engineers and especially technicians at all levels is completely ignored.

10. *The Oil Price Plunge.* The world oil situation has had a double effect on the UAE: the federation's oil production, which peaked in 1977 at 2 mbd has dropped to about 1 mbd, while the income per barrel has fallen by nearly half, and briefly by three-quarters in early 1986. The federal budget was reduced by 7 percent in 1984, 10 percent in 1985 and 15 percent in 1986. The poorer members of the UAE are still overwhelmingly dependent on Abu Dhabi's generosity in funding development projects in their emirates, as well as its assuming responsibility for most of the federal budget. Yet, with rapidly dwindling oil income (Abu Dhabi's production has been halved in the last ten years), pressures are growing in Abu Dhabi to cut back on expenditure everywhere. As a result, the poorer members largely have been left on their own in financial terms, as Abu Dhabi cuts off the flow of money. This can generate additional resentment of Abu Dhabi and has led to certain anomalies.

The problem was illustrated recently when Abu Dhabi cut off its subsidy to Emirates General Petroleum Company (EGPC) for the supply of electricity and gas to the northern emirates and insisted that the emirates should pay for their own supplies. When Ra's al-Khayma

refused to pay, EGPC cut the amirate off; after the resulting blackouts, Shaykh Saqr was forced to ask Shaykh Zayid to restore power. Al-Fujayra also found itself unable to pay EGPC when Abu Dhabi cut off the subsidy. Since in this instance the company actually purchases the gas for al-Fujayra from Sharjah, the latter state has been stuck with al-Fujayra's bills, and once again Abu Dhabi emerges as the villain in the eyes of both sides. Dubai's refusal to join the EGPC system because of fears that the amirate would find itself in Abu Dhabi's grip now appears justified.

11. *The Problem of Sovereignty.* The description of the UAE as a confederation, rather than a federation, follows from the jealous reservation of sovereignty within the individual amirates, except where explicitly granted to the federal government. This compromise, so necessary to get the UAE established fifteen years ago, never has been overcome. If Dubai objects to excessive commercial regulations proposed by the Abu-Dhabi-dominated federal bureaucracy, it simply does not enforce them. If Sharjah wishes to create a new armed force, even though the constitution forbids it, it simply goes ahead and does it. If Ra's al-Khayma disagrees with federal criteria on immigration, it follows its own visa policy. The Council of Rulers, the institution charged with bridging the gap between central authority and local autonomy, is frequently unable to convene formally for a year or more at a time, let alone take any initiative designed to deepen the federal ties.<sup>26</sup>

12. *The Constitutional Issue.* The considerable ambiguity and lack of enforcement power embodied in the thrice-extended provisional constitution, combined with the adverse psychological impact of continuing to rely on a "temporary" constitution for a permanent state, has provoked considerable dissatisfaction. Nevertheless, no steps have been taken to write a new one. As a consequence, the provisional constitution was once again extended for another five years from its expiry in December 1986.

13. *The Leadership Crisis.* As one diplomat has put it, the art of diplomacy in the UAE is finding the government. Shaykh Zayid, the president of the country, has spent considerable time abroad in recent years and appears to have lost most of his past enthusiasm. Shaykh Rashid, the vice-president and prime minister, is in the final stages of terminal illness and is incapable of carrying out his federal duties. Further progress in federalization requires aggressive advocates. But the key, ardent proponents of federalism in the past are rarely heard from these days. Shaykh Zayid basically has been in semi-retirement, as has been former Foreign Minister Ahmad al-Suwaydi, while Mahdi al-Tajir's fortunes have fallen with the incapacitation of Shaykh Rashid, and Tiryam 'Umran Tiryam, Sharjah's pro-federal speaker of the FNC, has been replaced.

The leadership crisis on the federal level is duplicated in the amirates. In the near future, both Abu Dhabi and Dubai will face the prospect of transition to new rulers for the first time since the UAE was formed. The quality of leadership is particularly crucial, given the dual role these successors will face as rulers of rapidly evolving amirates and key players in the future of

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<sup>26</sup>A joint cabinet/FNC committee, meeting in mid-1985, decried the vacuum in leadership at the top caused by the absence of a functioning Council of Rulers. The committee charged that the failure of the Council, the executive body of the state and the locus of decision-making authority, to meet rendered the government unable to make any long-term plans or to tackle effectively the problems caused by the economic recession.

the union. Yet the heirs apparent in both cases appear less capable and less interested in affairs of state than their fathers and even less able to get along with each other.

The uncertainty in Abu Dhabi could lead to a succession struggle between the sons of Shaykh Zayid and the Bani Muhammad. There is no certainty in Dubai that Shaykh Muhammad will be content to rule only in a *de facto* sense while his less dynamic older brother Shaykh Maktum reigns. In Sharjah, Shaykh 'Abd al-'Aziz's dissatisfaction with the ruler and his younger brother led to an abortive coup attempt in 1987.

While amirate matters are likely to be sorted out and taken care of in any future arrangement, that is not necessarily the case with the federal government. The federal process has already been drifting with Shaykh Zayid's lack of attention. The drift is certain to be more pronounced with an uncertain Shaykh Khalifa as president, and there is the question of what role Shaykh Muhammad bin Rashid will play when he is unlikely to have a prominent federal position. In addition, Sharjah is likely to insist that its new-found oil income entitles its ruler to be named as a third deputy prime minister (in addition to Shaykhs Maktum bin Rashid of Dubai and Hamdan bin Muhammad of Abu Dhabi).

## THE BALANCE SHEET

The future of the federal experiment in the UAE can be capsulized in a three-part prognosis. In the short-term, everything remains on hold while the questions of leadership and cooperation within the Council of Rulers remain unsettled. Over the medium-term, the prognosis is neutral, or balanced more-or-less evenly between the positive and negative factors enumerated above. The long-term gives cause for a rather optimistic outlook. But important, definitive decisions must be taken for this positive scenario to come to pass.

Knowledgeable observers contend that several steps are necessary for further demonstrable progress in the integration of the UAE beyond its present confederal status. One could point to the functional model of integration and expect that increasing federalization will come over the course of time as people and emirates learn to work together.

This undoubtedly holds true for many areas of federal concern, but the drawback of this model or approach is that some outstanding problems need to be settled immediately. The impasse over the federal budget is one such problem. The federal government can never become independent of the largesse (and recalcitrance) of individual rulers until it acquires its own source of income. The most logical source is an oil tax, defined as a percentage share of all revenues from crude oil and natural gas production, which would be paid directly by the operating companies to the federal government.<sup>27</sup>

The uncertainty of leadership is just as pressing as the budget crisis. On one level, of course, leadership is an emirate matter, involving succession within the seven ruling families. But the problem on the federal level involves the conflict of interest and only part-time

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<sup>27</sup>The introduction of a federal income tax has been broached privately and in the FNC, but such a measure seems politically impossible.

commitment of high-ranking government officials. The federation requires a full-time president, vice-president, prime minister and cabinet ministers. The present device of appointing the rulers of Abu Dhabi and Dubai to the two top positions in the UAE is guaranteed to make meaningful federalization impossible, as both are duty-bound to put their amirates' interests before federal necessities.

A partial remedy would involve the appointment of a neutral, "professional" (technocratic?) prime minister to run the government on a routine basis. But even this step is prevented by the occupation of the prime minister's office by Dubai's Shaykh Rashid (and his son before him). Full-time appointments are not only necessary for any chance of neutrality but would eliminate the present problem of ministers and other officials putting in limited time at jobs that require full-time attention. At least one minister holds three full-time positions in his home emirate and so spends only one day a week in his federal job.

Furthermore, a constitutional means must be found to resolve opposing interests, disagreements, disputes and the like between emirates, instead of relying on mediation by a third party. Since most of these disputes are political and not juridical, involving opinions and views of rulers, they lay outside the province of the courts.

Boundary disputes provide an apt illustration of the limitations at the present. In the tribal society of the UAE, boundaries are a very sensitive issue, being bound up with the honor of the tribe. Terms reached through outside mediators have little effect and only agreements between the rulers involved are respected. The territorial dispute between Dubai and Sharjah languished before an arbitration panel in The Hague for more than five years before an award was reached in Sharjah's favor. Dubai's refusal to recognize this decision meant that settlement of the dispute could come only when the ruler of Sharjah relinquished his claims.

By its very requirement of neutrality, any dispute-resolving mechanism must rely on its federal authority and impartiality. A congress of several hundred individuals, consisting of the rulers, the cabinet, the FNC, various chambers of commerce, municipal councils, and similar bodies has been one suggestion. This congress could discuss outstanding problems and decide on a uniform course of action, as well as establish guidelines and directions for the future of the UAE.

Such a comprehensive body would provide widespread political participation at the federal level in a traditional social environment that is not suited to deciding matters by referendum. It would also have the additional advantage of providing a framework for debate on alternative courses of action, rather than simply allowing approval or disapproval of previously chosen options.

These steps require action and agreement on constitutional revisions. Continued delay in formulating a permanent, viable and effective constitution leaves papering over the cracks in the federal foundations as the only recourse. Eventually, these cracks will bring down the entire edifice unless they are firmly addressed and repaired. Given the present financial climate and the seriousness of impending leadership problems, the UAE is likely to remain a confederal state for the foreseeable future – until and unless basic circumstances change dramatically. Only a return to world oil shortages and thus another surge of oil income in the 1990s, positive changes in the leadership situation, and a gradual deepening of nationals' attitudes toward the legitimacy of the UAE itself give cause for a cautious optimism on the long-term viability of the federal experiment.

**Table 1. The Member States of the UAE ①**

Amirate	Population (1980)	Population (1985)	Size (sq. mi.)	GDP at Factor Cost (1982) (in billion dh)	Crude Oil Production (b/d) (June 1987)
Abu Dhabi	451,848 (44%)	670,000 (42%)	26,000 (87%)	73.1 (63%)	880,000 (70%)
Dubai	276,301 (27%)	419,000 (26%)	1,500 (5%)	30.2 (26%)	380,000 (30%)
Sharjah	159,317 (15%)	269,000 (17%)	1,000 (3%)	6.7 (6%)	5,000 (0.4%)
Ra's al-Khayma	73,918 (7%)	116,000 (7%)	650 (2%)	2.9 (2.5%)	--- ②
'Ajman	36,100 (3%)	64,000 (4%)	100 (.3%)	.9 (0.8%)	---
al-Fujayra	32,189 (3%)	54,500 (3%)	450 (1.5%)	1.3 (1%)	---
Umm al-Qaywayn	12,426 (1%)	29,000 (2%)	300 (1%)	.5 (0.4%)	---
UAE	1,042,099	1,600,000	30,000	115.6	1,265,000

*Notes:*

① Figures in parentheses represent amirate's proportion of UAE total.

② Sharjah also produces approximately 50,000 b/d of condensates and Ra's al-Khayma approximately 14,000 b/d.

*Sources:*

① Population figures for 1980 are from the 1980 census, derived from United Arab Emirates, Ministry of Planning, Central Statistical Department, *Annual Statistical Abstract, 1984* (Abu Dhabi, 1985?), p. 23; 1985 figures represent preliminary results from 1985 census, as reported in Sarah Searight, "The UAE: A Special Report," *The Middle East*, No. 138 (April 1986), p. 29.

② Size and GDP figures are derived from the UAE *Annual Statistical Abstract, 1984*, pp. 8 and 427 respectively.

③ Crude oil production is derived from US Central Intelligence Agency, Directorate of Intelligence, *International Energy Statistical Review* (Washington, August 25, 1987), p. 1.

**Table 2. Leadership of the UAE Member States.**

Amirate	Date of Trucial Recognition	Ruling Family	Ruler	Date of Accession
Abu Dhabi	1820	Al Nahyan	Zayid bin Sultan①	1966
Dubai	1820	Al Maktum	Rashid bin Sa'id②	1958
Sharjah	1820	al-Qawasim	Sultan bin Muhammad	1972
Ra's al-Khayma	1921③	al-Qawasim	Saqr bin Muhammad	1948
al-Fujayra	1952	al-Sharqiyyin	Hamad bin Muhammad	1974
'Ajman	1820	al-Na'im	Humayd bin Rashid	1981
Umm al-Qaywayn	1820	al-Mu'alla	Rashid bin Ahmad	1981

*Notes:*

① Also President of the United Arab Emirates.

② Also Vice-President and Prime Minister of the United Arab Emirates.

③ A shaykh of Ra's al-Khayma was one of the original trucial signatories in 1820 but the shaykhdom was incorporated into Sharjah for a period in the early 20th century.