

# American University of Beirut Institute of Financial Economics

Lecture and Working Paper Series No. 1, 2014

## **Kuwaiti Democracy: Illusive or Resilient?**

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## **Kuwaiti Democracy: Illusive or Resilient?**

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## Abstract

Kuwait stands out as a shining example of a unique democracy in the autocratic Arab Gulf region. However, it has been one of a “halted,” if not relapsing, democracy. The lack of democratic consolidation in Kuwait is the consequence of the vast oil rents and to a lesser extent the negative regional externalities associated with being located in a non-democratic and conflicting neighborhood. The political discourse is dominated by the substantially ‘political’ agenda of the parliamentary opposition and the starkly different “economistic” priorities of the ruling family and the government. Despite this impasse, a steady path to democratic consolidation and a diversified economy, though challenging, is not impossible to achieve. For this to happen, the opposition must embrace a “politics-plus” agenda that espouses gradualism and cooperation with the executive branch for achieving the desired diversified and dynamic economy. In turn, the ruling family and its allies must accept an “economics-plus” agenda that would ultimately entail deeper democratization. This outcome is uncertain, given the enormity of both the historical challenges and the new ones arising from the Arab Spring.

**Key words:** Kuwait, democratic transitions, oil rents, Arab world, Arab Spring, economics-plus, politics-plus.

JEL classification:

\*Presented at a conference, Democratic Transitions in the Arab World: Regional Overview and Case Studies, organized by the Institute of Financial Economics at AUB, November 8-9, 2013. The conference is part of an IDRC supported project on Transition from Autocracy to Democracy in the Arab World. The authors would like to acknowledge the research support by Dhuha Fadhel. We are grateful to Drs. Ali Abdel Gadir Ali and Samir Makdisi for their invaluable comments and suggestions for improvement of the discussion and presentation. Any remaining errors are solely the responsibility of the authors alone.

## Introduction

Among all the monarchies of the Gulf, Kuwait stands alone as a shining example of a unique democracy with an elected parliament, regular elections (and often irregular ones), a constitution that guarantees basic human rights and powers of the parliament, and a long tradition of power struggles between the legislature and the executive dominated by the royal family and the Emir. Judged against the democracies of Latin America, Africa, and Asia, Kuwait's democracy loses its uniqueness and its deficiencies become more glaring and troubling.<sup>1</sup> For example, the widely used Polity IV Index shows Kuwait to be in the authoritarian category, only a minor nudge better than its neighboring Gulf States (Figure 1).<sup>2</sup> However, we hasten to note that though the Polity Index is credited for being a product of "objective" assessment of the capacity of political institutions for promoting political competition as well as enforcing constraints on the executive branch of the government; nevertheless it was found to be wanting in terms of reflecting the vitality of democratic traditions at the societal level. As we will document in the subsequent analytic narrative of the evolution of Kuwaiti society and political institutions, it is probably correct to suggest that the Polity Index score does not fully reflect the state of democracy in this country, though it appropriately captures the lack of democratic transitions.<sup>3</sup> For example, following the first Gulf war there was a significant jump in the Polity Index score in 1993, but it has remained stationary ever since. This story actually coheres with other country-specific evidence from Kuwait regarding the lack of democratic consolidation in the country.

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<sup>1</sup> Khaldoon Al Nageeb (1992, 5) suggests that there is no difference between Kuwait and other Gulf States. .." Official and/or popular representatives of the population derive their authority entirely from tribal arrangements, whether duly elected by the people such as in Kuwait, or chosen by the tribal monarchies in the rest of the Peninsula countries."

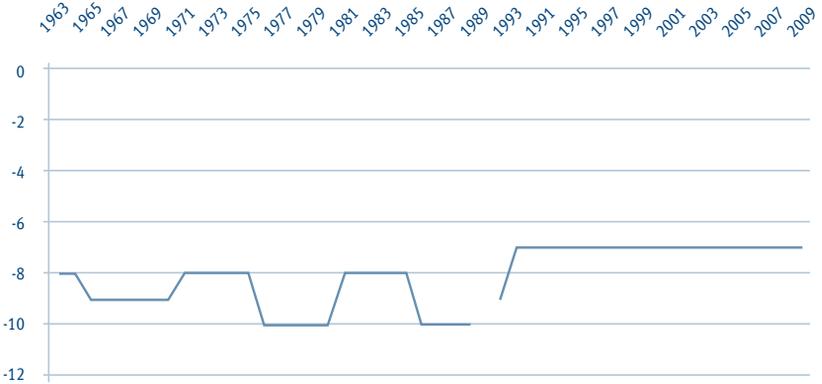
<sup>2</sup> The Polity IV Index is based on two concepts: "institutionalized democracy" (DEM) and "institutionalized autocracy" (AUT). The DEM score is coded according to four measures of regime characteristics: competitiveness of executive recruitment, openness of executive recruitment, constraints on the chief executive, and competitiveness of political participation. These measures, along with regulation of participation, form the basis for calculating the AUT score. The Polity score (POL) is computed by subtracting the AUT score from the DEM score, resulting in a score from -10 (strongly autocratic) to 10 (strongly democratic).

<sup>3</sup> Kuwait has many distinct characteristics given its history, economy, and social system that influence its democratic attributes and experience that a general index fails to capture.

Instead, the societal aspects of democracy are better reflected by the twin Freedom House (FH) indexes of civil liberty and political freedom. The two measures are derived from the Freedom of the World survey produced by Freedom House. Scores between one (for free) and seven (not free) are assigned to the categories of political rights and civil liberties. The political rights category measures the extent to which the government is chosen by means of free and fair elections of candidates. The civil liberties score essentially measures freedom from government oppression, encompassing the strength and objectivity of the rule of law as well as personal freedoms, such as those of expression and religion. Unlike the Polity score the FH indexes are subjective measures, which are regarded as their main weakness; however, their main desirable feature is that they more accurately reflect the strength of the democratic tradition in society.<sup>4</sup> Figure 2 compares the average measures for Kuwait in the 2000 decade to the median values for the Arab and developing countries. The evidence suggests that Kuwaiti society enjoys far better civil liberties than the median Arab country and that it is similar to the rest of the developing world on this score. On the other hand, though political rights are better than those of the rest of the Arab world they have not yet matched the standard of the developing world.

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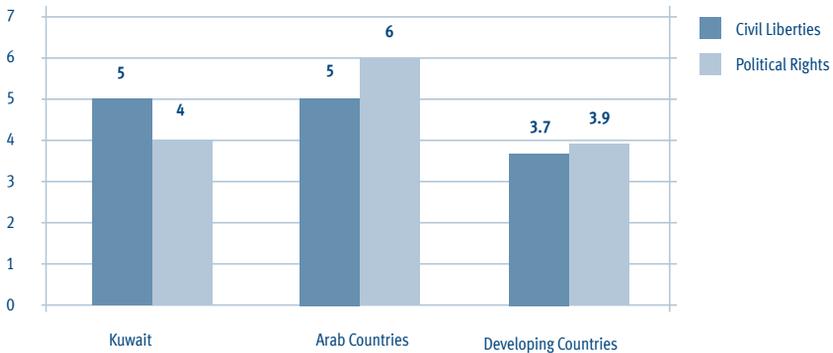
<sup>4</sup> The political right index is based on a checklist of eight questions relating to standard norms of political freedom which inform the scoring of this category. In addition, two questions are added to account for special circumstances of traditional monarchies and to account for safeguards for ethnic minorities. Thus, for example, for countries with a score of 7, "political rights are absent or virtually non-existent due to the extremely oppressive nature of the regime or severe oppression in combination with civil war." A checklist of 14 questions relating to standard norms of civil liberties informs the scoring of this category. These questions are classified into four broad categories of "freedom of expression and belief," "association and organization rights," "rule of law and human rights," and "personal autonomy and economic rights." In rating countries on the basis of the checklist on civil liberties, it is those rights enjoyed in practice that are used instead of the constitutional guarantees of such rights. Thus, countries rated seven have virtually no freedom and an overwhelming and justified fear of repression characterises them as societies.

**Figure 1:** The Story of Democracy in Kuwait (Polity Index), 1963-2010

A democracy designation that changes with the comparator group against which it is judged is not perhaps a comforting status, but this has become the most defining characteristic of Kuwaiti partial and relative democracy.<sup>5</sup> It is not an absolute designation; it is contingent on the neighborhood within which it is located. It is anchored on historical and geographic factors and structural characteristics that have long been determining considerations. They do not augur well for the future, but democracy in Kuwait, regardless of its difficulties and setbacks, has taken root; full democracy is still illusive, but what has been achieved remains resilient and enduring.

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<sup>5</sup> Khaldoon Al Naqeeb (1985; 1992) argues that political tribalism is a more serious defining characteristic of Kuwait and other Gulf States than any other attribute or institution.

**Figure 2: Civil Liberties and Political Rights in and outside Kuwait, 2002-2011**

Democracy in Kuwait goes by many names, from “part time democracy,” to “truncated democracy,” to “interruptible democracy,” and even to “bedouinocracy,”<sup>6</sup> but the fact remains that regardless of name, Kuwaitis have forged a special system in the Gulf, significantly different from what were and remain the organizing polity principles of their neighborhood. Its origins extend to the early days of the formation of Kuwait under the leadership of the Al Sabah family who came from outside Kuwait and were able to build a formidable alliance and partnership with coastal trading and pearl gathering families outside the direct zones of influence and control of the British Empire trade routes to India. Geography, history, and the wisdom of the Emir have combined to define the formative tenets of the system that have endured until the present with many ups and downs, many forward steps and a few backward ones that have shaped its development, setbacks and distinctive features until today, features that other Gulf States have not been able to emulate or develop.

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<sup>6</sup> Al Naqeeb (1992, 6) states that in response to the necessities of creating a modern state apparatus, the ruling elites in the Gulf shed their traditional despotic garb, replacing it with a modern authoritarian state machine; the result of these transformations was the appearance of an intricate network of socioeconomic relations but still governed by tribal arrangements.

The main focus of this chapter is to develop a case study of Kuwait's turbulent democracy focusing primarily on a number of inter-related aspects:

First, how might oil rents have acted as facilitators or impediments to democratic transition in Kuwait? What role did external factors play in delaying the full transition to democracy? Does the stability of these factors and instruments explain the persistence of forces thwarting the full transition to a full-fledged democracy in Kuwait?

Second, how strong is the authoritarian bargain in Kuwait and how is it connected with the country's transition to democracy? What role did international and regional wars, lack of meaningful diversification, high unemployment, a weak private sector, the rise of political Islam, the conflict with Iraq and Iran, foreign military bases, and inequality play in raising or diminishing the probability of transition to democracy in Kuwait?

Finally, in what ways can economic and social policies (at both the macro and micro levels) best support and cement the democratic processes in Kuwait and protect them from serious relapses.

Kuwait's democratic development and uniqueness is rooted in the historical processes and the circumstances that defined and shaped these processes over two centuries. An historical perspective is indispensable and instructive in highlighting the forces that have conditioned the birth and development of the Kuwaiti polity. History alone is, however, not sufficient for a full understanding of the current situation and of all the tribulations experienced and which would most likely be experienced in Kuwait; geography and a host of other critical factors intersect and work within a common framework shaping Kuwait's future and its potential democratic transition.

Section 2 provides an historical overview of the evolution of the Kuwaiti political process, while Section 3 highlights the role of oil rents in shaping this process through the discussion of the political economy of resource curse in the country. Section 4 focuses on the consequences of the Iraqi invasion in 1991 for the political discourse in the post-liberation era. Section 5 attempts to articulate insight from the received literature to assess the prospects for deeper democratization in Kuwait. Section 6 concludes the discussion.

## **Kuwait's Illusive Transition to Democracy: An Historical Perspective**

Kuwait's political system is markedly different from other Gulf states on account of its special historical roots and also on account of its geographic location in the northern quarters of the Gulf away from India and the maritime routes that Britain guarded zealously to protect its exclusive control of India in the 19th century. Southern Gulf states were not as fortunate. They fell directly under Britain's protection and control as they lay closer to India and directly on the maritime lines connecting India to Britain.

Britain subsidized the rulers of the southern states in its quest to control and neutralize them and therefore left them independent from their populations for sustenance. Britain often intervened violently to keep these compliant rulers in power when their rule was challenged (Rosemarie Said 1998). As a consequence, the rulers of these states felt little pressure or need to bargain with indigenous opposition groups. They did not need them for sustenance, and they could count on British support to quell any challenge to their rule.

Kuwait, away from the direct trading and maritime routes to India, received less attention, focus, and help from Britain. On the contrary, from the very early days when Bani Utub settled in Kuwait, the polity they ruled was based on consensus and agreement between the tribes and dominant trading families be it those monopolizing caravan trade with Basra and Aleppo or the pearl trade (Salem 2007), as the rulers depended on these families for their financial support. The most distinguishing feature of the rise to power of the Al Sabah family over Kuwait was that it was not accomplished by force or by the backing of Britain (Atallah 2009, 184).

There is more than one version of how Al Sabah came to power (Crystal 1995), but all suggest that the family had to depend on their diplomatic skills, their capacity to rally other tribes, and their knack for forging consensus to establish and maintain their power and rule. When others depended on force

and religion (Saudi Arabia) and British power (Muscat and Sharjah), Al Sabah relied on negotiations and coalescing of disparate interests.

In the absence of a major source of economic activity, such as Islamic pilgrimages to the holiest shrines in Mecca and Medina, which provided the Al Saud family with its fiscal revenues, or British subsidies that Muscat and other Gulf rulers relied upon, Al Sabah depended on the merchant class which controlled caravan trade and pearl harvesting. This dependence on a diversified source of income (caravan trade and pearl gathering) proved crucial in sustaining Al Sabah's rule when the pearl trade crashed after the First World War. This was in contrast to what happened in Qatar; when the pearl trade collapsed there was nothing else for the Qatari rulers to depend upon. It is this diversified economic structure that allowed Al Sabah to sustain their rule during difficult economic times. The lessons learned from this episode remain valuable for the future of their rule and the staying power of democratic processes in the State of Kuwait.

The balance of power between the merchants and the Emir shifted with the state of the economy and the capacity of the merchant class to barter its wealth for power and representation. Britain had often interfered in southern Gulf states and purposely tipped the balance of power in favor of the compliant rulers; it did not do so in Kuwait. The balance of power between the Emir and the merchant class in Kuwait was more fluid. The dependence of the Emir on the merchant class and their stable but also footloose sources of wealth meant that Al Sabah could not rule without being accountable to those that pay their way and had to fend for themselves in any conflict with them. Thus the power of the Emir was compromised by the wealth and solidarity of the merchant class, explaining why the history of the relation between the merchants and the Emir was rife with conflict and accommodation.

At one time in the mid-19th century the merchant classes threatened to leave Kuwait unless the Emir (Mubarak) rescinded a tax he imposed to

finance his military adventures (Crystal 1995). Actually, when a few pearl collecting families left for Bahrain and a few merchants loaded boats with their movable wealth and threatened to sail away, the Emir had to cancel the tax. The transferability and fluidity of wealth of the merchants did not escape the Emir. The crucial factor here is not wealth but also its fluidity.

This episode underscored the anxiety and flexibility of the merchant classes and culminated in their demand for the formation of a council to protect their interest in 1921. This marked the beginning of the institutionalization of the power of the merchant classes that comprised a homogeneous group cemented by inter-marriage, common class interests, and their willingness and ability to move out of Kuwait. Their success was, however, limited. Emir Jaber promised to consult the council but did not. Not until the merchant classes were able to organize politically in the wake of a number of economic hardships that took a heavy toll on their affairs, did the Emir have to concede power to them.

Any one of the economic hardships that befell Kuwait in the early 1930s would have been enough to crystallize the interest of the merchant classes in political organization. In combination they proved to be very effective in finally wresting the concessions that depreciated the power of the Emir and limited his authority. The hardships included the Saudi economic blockade of Kuwait, the collapse of the pearl industry as a consequence of Japanese competition, the world's economic depression, and the Emir's escalating taxes. Together, they proved too difficult to resist developing a political structure to protect the merchant classes' dwindling wealth.

Economic difficulties and concerns about dwindling wealth finally brought the merchant classes together into a joint program that permitted them to share power with the Emir by forcing him to accept the creation of the first political representative body, the National Assembly of 1938, with specified legislative power. The merchants had petitioned the Emir for an elected assembly and drew up a list of 150 notables that constituted the

electorate who would elect an assembly of fourteen representatives. This consolidation of power and influence by the merchant classes could not have succeeded had it not been reinforced by the divisions and conflicts within the royal family. These conflicts provided the backdrop for the acquiescence of the Emir to share power with the assembly, which he first refused to accommodate. Dissentions within the royal family and cohesiveness among the merchant classes raised the effectiveness of the latter in wresting concessions and in solidifying their bargaining powers for greater accommodation. Despite the short life of the assembly (six months), it managed to cancel the pearl tax, export duties, the import tax on fruits and vegetables, and other monopolies (Attalah 2009, 185). Perhaps, equally, if not more important, was their success in establishing that people and their representatives are the basic source of authority as well expanding their responsibility over the budget, justice, public security, and the raising and distribution of state revenues. When they attempted to extend their authority to oil revenues, the Emir dissolved the National Assembly but not before it had succeeded in creating the crucial precedent of basing authority on representatives and extending its authority to new areas and issues including the need of the Emir to call for new elections.

In 1939, a new electorate of 400 was assembled and elected an assembly of 20 members that the Emir hoped would bolster his authority and powers. When the new assembly refused to accommodate the Emir, it too was dissolved and its members arrested (Attalah 2009, 185).

It took years of struggle and contestation to give birth to the assembly of 1938, and before its establishment Kuwait saw the growth of many municipal councils and trade and professional associations that were vibrant and probably British inspired and nurtured. These councils survived the many dissolutions of the assembly and became constituent parts of Kuwaiti civil society and social and political fabric well into the 1940s and even until the mid-1950s. Many have argued that the solidification of a representative political structure served the interests of the Emir and royal

family; it provided them with an instrument to use in the face of internal and external threats to his powers (Crystal 1955), but the royal family and the Emir had made or were forced to make many concessions that in the absence of the cohesiveness of the merchant classes and the growth of civil society would have been unimaginable.

This brief historical note serves to underscore the tenuous and contested nature of the relationship that governed the struggle for power between the Emir and the merchant classes, the apparent disinterest of Britain to interfere to tip the balance of power in favor of either group unless trade or security issues were involved, the importance of the relative cohesiveness of the two parties in the confrontations, the role of wealth and its footloose nature in determining this balance of power, and the relative influence of the parties in the emerging outcomes in the push for at least partial democratic representation.

Had oil not been discovered, it is fair and safe to suggest that democratic processes would have continued to solidify and take root in Kuwait. Indeed, there would have been ups and downs and relative successes and many failures, but the trend to wider representation and broader powers for the people would have been more meaningful, more significant, and more evident. The discovery of oil and the large rents flowing from its exploitation and the nature of the oil property rights that directed the rents to the rulers, created a new dynamic and unleashed new forces which on the whole were anti-democratic, troublesome, and worked to delay democratic processes, trends, and transition toward full democracy.

## **Oil and Democracy: The Political Economy of the Resource Curse**

The discovery of oil in the Gulf in the 1930s catapulted the region into the center stage of world events. The region is now home to over two thirds of the proven world oil resources, and through the narrow straits of the Gulf, 20 percent of world oil output and more than 37 percent of sea-borne world oil exports pass on a daily basis. It is difficult to exaggerate the role of oil and oil revenues in shaping events and the course of history in the Arab region. Kuwait is a distant, after Saudi Arabia, second oil producer and exporter in the Gulf.<sup>7</sup>

From the Suez crisis in 1956 to the invasion and occupation of Iraq in 2003, oil was and continues to be a major determining factor in the life and destiny of the region. Its abundance, low cost of recovery, the wide difference between the marginal cost of its production and the international price, have combined to make the region not only the source of any new incremental supply of oil but also a region with large surplus of capital and finance and a major market for industrial products and services.

Oil rents replaced other sources of income (Zakat, British subsidies and commercial taxes and tariffs) for the rulers and states. The Emir now had an independent source of finance and no longer depended on the merchant classes for his sustenance and initiatives. He felt powerful enough to break the tacit agreement he had worked out with the merchant classes to share power; awash with cash, he even went as far paying his debts to them. In many respects oil reversed the normal historical relationship between the rulers and ruled, making the latter dependent on the ruler instead of the typical reverse relationship (Luciani 1987; Tilly 1975).

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<sup>7</sup> Kuwait, with large oil reserves, has been producing in 2012 an average of over 2.6 million barrels of oil per day. In comparison Saudi Arabia has been producing . . . a million barrels of oil per day and consequently commands a much bigger regional political clout than does Kuwait

In addition, oil rents allowed the rulers to buy the loyalty and acquiescence of the population in what became commonly known as the authoritarian bargain where rulers trade off citizens' political rights for services, public jobs, grants, and cash lump sums financed by the oil rents (Lam and Wantchekon 1999; Ross 200). The Kuwaiti welfare state, erected on oil revenues, provides free education, health, rent subsidies, electricity, water and telephone subsidies, guaranteed public service jobs, income subsidies, disability assistance, and many other generous programs that no other country in the world provides (Tetreault and Al-Mughni 1995).

In an indirect way oil stunted the emergence of the private sector. It was dwarfed by a well-greased public sector and derailed diversification initiatives that could have created alternative sources of income and rent outside the public sector. Add to this the increased power of the state and its security apparatus and the formidable resources and advances that oil rents made available to them. The state used its powers to prevent and delegitimize the formation of political and social groups that might have demanded increased voice and political participation (Putnam 1993).

World powers vied for influence and control and interfered visibly and forcefully to prevent independent decisions and actions in the oil sphere. One has to raise the example of Mossadagh of Iran in 1951 to appreciate the importance of this example in gaining the loyalties of compliant regimes. The less democratic these regimes were, the more dependent on foreign powers for legitimacy and monopoly of power. Foreign powers were very clear about their preference to deal with weak, despotic, and dependent regimes than with nationally minded, democratic parliaments and decision makers. The Gulf exceptionalism from the Arab Spring is a case in point. The west seems prepared to turn a blind eye and a deaf ear to democratic calls in the Gulf (witness the case of Bahrain). This, of course, works in favor of the Emir and signals western support for his undemocratic policies.

Perhaps less appreciated is that the Dutch Disease that oil has engendered in the region has severed a number of relationships, keys to any democratic and advancing society. These include the decoupling of effort and reward, meritocracy and resourcefulness, job allocations, and consumption and production. Income and wealth are distributed on the basis of proximity to the ruler rather than through effort and skills: rampant consumerism creates false demands whose satisfaction depends on docility and compliance. It is difficult to conceive an authoritarian bargain being sustained in a society that clings to traditional values and consumption habits. The Dutch Disease raised the exchange value of the Kuwaiti dinar and made it difficult for Kuwait to export other products; it also flooded the local market with cheap imports, dimming any chance for local production to compete effectively with imports. Diversification of the economy is compromised and so is the development of a healthy private sector wedded to the interests of domestic capital.

Non-oil exports in Kuwait accounted for only 6 percent of Kuwait's total exports of goods in 2007 as compared to 8.4 percent in 2002. The oil sector share in total government revenues increased over time, rising from 68 percent for 2006 to 81.5 percent for 2010. Moreover, the second main source of revenue for the government is also derived from previous years' oil revenues invested abroad. In 2010, investment income represented 13.3 percent of total government revenues. This situation has enabled the government to reduce tax rates on individuals and businesses; some of them are held down close to zero. The Kuwaiti government is thus essentially free from any reliance on its citizens for revenue and sustenance, leading to a reduction in the powers of the elected assembly and tipping the balance of power in favor of the Emir.

Generally, democratic values require and necessitate the emancipation of the citizen's independence, security, and freedom from coercion and fear. Oil wealth in essentially non-democratic societies has diluted and distorted these values and may have robbed the citizens of the necessary behavioral norms conducive to democratic development and transition. The case of Kuwait fits the predictions of the recent theoretical literature on democracy and resource

rents. For example, in a game theoretic model, Ali and Elbadawi (2012) show that authoritarian regimes in very high rents per capita, i.e., immense natural resource reserves and low population, have a comparative advantage simply unavailable to other authoritarian governments. These governments have control over high enough resources that could be redistributed to their populations, through public employment and other direct and indirect outlays, to effectively remove the incentive to revolt. The theoretical prediction of this model is premised on the presence of autocratic, or at least not fully democratic, incumbent elites, and on the optimality of the rent-sharing strategy requiring that the elites have control over high enough rents per citizen. Both conditions, which are fully accounted for by the case of Kuwait, were corroborated empirically by Elbadawi and Makdisi (2012), hereafter EM.

Furthermore, following the received literature, the above authors also argue that incumbent elites in resource-rich societies are not likely to adopt a pure public sector employment strategy, as they might also find it necessary to use their resource rents to build an apparatus of political repression for preempting or quelling incipient or unfolding revolt. However, a direct measure of political repression reveals no evidence that Kuwait has relied on this instrument. This measure, called Physical Integrity Rights, is an annual index that ranges from 0 (repression free) to 1 (worst repression) and accounts for the incidence of torture, extrajudicial killing, political imprisonment, and disappearances--all attributable to the government (Cingranelli-Richards dataset, 2008),<sup>8</sup> According to this index, except for a couple of years during and after the Iraqi invasions (1991 and 1996), political repression in Kuwait was comparatively very low and had precipitously declined by the turn of the 2000 decade, which also had witnessed steep growth in resource rents per capita (Figure 3). This decline is consistent with the evidence for the median GCC country, which had a score of only 0.29 during the second half of the

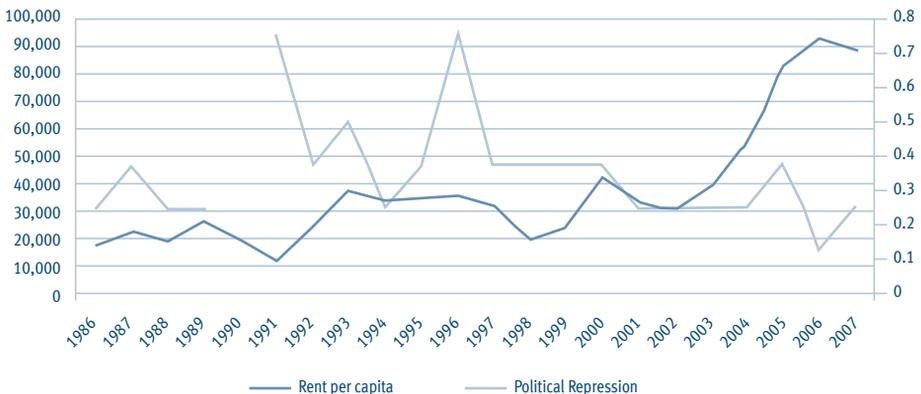
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<sup>8</sup> The original index is decreasing in the degree of repression, where the most repressive cases are coded as 0; while the repression free cases receive a code equal to 8. For ease of exposition we inverted and rescaled the variables so that it is increasing in the degree of repression and is contained in the [0,1] interval.

2000 decade; second only to the developed country score of 0.18. On the other hand, the median populous oil-dependent Arab country scored 0.69, thus constituting the closest region to the scale of 1 (worst degree of repression).

The relatively limited reliance on explicit political repression by the ruling families in Kuwait and some other GCC countries for that matter, as a means of fending off revolts and maintaining their hold on power, also coheres with the formal finding by EM. They find that medium to high degree of political repression impedes democratic transitions; however, the former does not fully account for the rents effects in highly resource endowed societies (i.e. the inclusion of political repression does render the rents effect insignificant). They interpret this finding to suggest that political repression was relied upon by the incumbent elites as a supplementary means to forestall democratic transitions. Second, it is likely to be a less efficient strategy for fending off democratic transitions than policies promoting public employment. In this context, it is pertinent to stress that while populous oil Arab groups have been susceptible to democratic regime change, especially in the context of the ongoing Arab democracy wave, the GCC countries seem to be relatively unaffected so far.

**Figure 3:** Oil Resource Rent per capita and Political Repression in Kuwait, 1986-2007



Therefore, as a premier resource rent, oil wealth in these societies has tended to reverse the normal relationship between the ruler and ruled, tipped the balance of power in favor of the rulers, financed the authoritarian bargain that allowed the state to purchase political accommodation, invited foreign interventions in favor of the regimes, raised the efficiency of the repressive forces and apparatus of the state, destabilized non-compliant regimes, delegitimized normal political spaces, gave rise and legitimacy inadvertently to religious politics, and raised the “prize” of holding power.

While it is hard to exaggerate the importance of oil in diluting democratic processes and values in the Gulf in general and in Kuwait in particular, it is still important to recognize that other variables and determinants are also important in explaining the obstacles, forces, and trends towards democracy in Kuwait and the region. These ought not be overlooked or understated.

Lipset (1961) argued that high incomes and fast economic growth rates are necessary ingredients in the democratization process. High incomes and fast growth rates are typically associated with higher levels of education, effective and efficient institutions, and good governance structures. There is no doubt that the high incomes and high growth rates based on large oil rents have made positive contributions towards the social development of Kuwait through education and better health, but these are dwarfed and negated by the many countervailing factors that oil richness has instated. We have alluded above to some of them, and we intend to highlight several other factors below.

Oil rents did not smooth over all contentions. Actually they created some grievances of their own and heightened social tensions among groups and classes. Those disenfranchised and denied citizenship (Bedouins and others) became more active and vocal. The stakes became quite high remaining submissive and accepting marginalization. It is also difficult to conceive that oil could buy permanent and deep loyalties. Nationalists, intellectuals, Islamists, and Nasserites did not succumb fully to the

authoritarian bargain and showed their dissatisfactions with the regime at several junctions, but particularly during crises such as the 1956 Suez campaign, the 1967 Arab Israeli war, the Islamic Revolution in Iran in 1979, the Israeli invasion of Lebanon in 1982, the Iran-Iraq war in the 1980s, the Iraqi invasion in 1990, and the liberation of Kuwait in 1991, etc. These events radicalized large groups, and they vented their frustrations and aspirations through demonstrations and violent clashes with state security forces. The radicalization of the political discourse can perhaps be seen by the increasing political polarization among the representatives in the legislature (Maglis Al-Umma). According to an index of political polarization due to Ali (2012), the Maglis had experienced a significant transformation between 2000 and 2012, as the divide between the Sunni Islamists, who account for 42 percent of the seats, on one hand and the Shia and the ruling family supporters on the other became sharper over time. The traditional secular Arab nationalist forces all but lost any meaningful representation in the Maglis by 2012 (Table 1).

The political polarization discourse in Kuwait is primarily a product of the underside of the oil rents-based authoritarian bargain, where the attempt to buy acquiescence and compliance through payouts and to a lesser extent through political repression has inadvertently sharpened tribal loyalties and sectarian politics and invigorated political Islam. Moreover, the rising sectarian tensions in the region associated with the struggle for regional supremacy between Iran and some other Arab countries has further fanned the flames of sectarian tensions in the diverse Arab societies from Lebanon to the Gulf. Kuwait has not been an exception. Again, assuming that regional wars are extreme cases of overall regional tensions, this perverse development at the Kuwait level also augers well with the finding by Elbadawi and Makdidi regarding the negative consequences for democratic transition of a conflictive and unstable neighborhood.

**Table 1:** The Evolution of Political Polarization in the Kuwaiti Parliament

Political Movements	2000		2012	
	No of deputies	%	No of deputies	%
1. The Sunni Islamic Group	15	30	21	42
2. The Coalition of the Deputies of the 1982 Maglis	13	26	--	--
3. The Democratic Coalition	3	6	--	--
4. The Constitutional Coalition	3	6	--	--
5. The Shiite Group	6	12	7	14
6. The Government Supporters	10	20	--	--
7. The Popular Coalition	--	--	5	10
8. The Independents	--	--	14	28
9. The National Coalition	--	--	3	6
<b>Total</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>
The Polarization index*	--	0.66	--	0.75

**Notes:**

Source: This table is a translation from Arabic of Table 1 of Ali (2012).

\*: The Polarization index (PI) is calculated as follows:

$P=1\sqrt[4]{\prod_{i=1}^n(0.5\prod p_i)/p}$ , where p is given by the share of the political group to the total number of parliamentary deputies and n is the number of political groups in the Maglis. Note that the maximum degree of polarization is achieved when there are only two groups with equal shares of representation (i.e. p= 0.5 and PI= 1).

In addition to the lingering corrosive consequences of the Arab-Israeli conflict, which has been shown to have impeded overall Arab democratization, the Kuwaiti democracy has been devastated by the two Gulf wars and their aftermath. Indeed, when the political space narrowed and was delegitimized, other spaces were opened. Kuwaiti Shiites organized politically at Hesayniats, Sunnis at mosques, and secularists and nationalists organized at Dewanayats (Ghabra 1991).

Other relevant factors to be considered are the potential repercussions of the impressive economic development of neighboring Gulf countries based on huge oil rents that have permitted them to undertake massive public expenditures and investments. Both Qatar and Dubai, whether through the exploitation of oil rents directly or indirectly, have surpassed the economic performance and centrality of Kuwait in the Gulf. The challenge of Dubai

is particularly meaningful as it underscores the power and relevance of diversification and the role of the private sector. On both counts Kuwait has failed to match the performance and achievements of Dubai, although a few years back Kuwait had led the pack in economic and cultural advancement (*Financial Times* April 22, 2012). The Dubai challenge is indirectly a challenge to democracy in Kuwait. A few observers have argued that Kuwait economic performance is hamstrung by political wrangling and democratic shenanigans, and, therefore, Kuwait can do better with less democracy than with more (*Financial Times* April 22, 2012; *The Economist* June 30, 2012, 39). A comparison between Kuwait and the UAE in terms of global index of “doing business ranking” makes clear that the former significantly lags behind in all but two indicators (Table 2).

Oil may have moderated political demands for more democracy, but it did not eliminate them. The struggle for representation and accountability continues unabated in Kuwait. In the next section we will deal with political developments and the struggle for wider democracy despite oil.

## Democracy and Democrats in Post-Liberated Kuwait

*The Economist* (June 30, 2012, 39), commenting on the latest dissolution of parliament on June 20, 2012 highlighted what has become a defining characteristic of the Kuwaiti parliamentary system. “Among all the monarchies of the Gulf, Kuwait has easily the most powerful parliament—up to the point where it collides directly with the interests of the Al Sabah family.” This collision has occurred on a number of occasions and has led with increasing frequency to the summary dissolution of the parliament, the most recent being on June 20, 2012, when it happened for the fifth time in six years and for the nineteenth time since the inception of the parliament.

**Table 2: Doing Business Rankings: Kuwait vs. UAE**

	2012	
	Kuwait	UAE
Ease of doing business	67	33
Starting a business	142	42
Dealing with construction permits	121	12
Getting electricity	57	10
Registering property	88	6
Getting credit	98	78
Protecting investors	29	122
Paying taxes	15	7
Trading across borders	112	5
Enforcing contracts	117	134
Resolving insolvency	48	151

Kuwaiti electorates are dismayed about voting for candidates who would not serve long enough in office to get anything accomplished. The last parliament is no different from previous ones in recent time (*The Economist*, June 30, 2012, 39). While indeed parliamentarians have had the power to question (grill) not only ministers but also the prime minister, who is typically a high ranking member of the Al Sabah family, this power has resulted in parliaments being hamstrung by diminishing life expectancy. The members of parliament are often blamed for forestalling and blocking economic projects, progress, and reform. The increased political fragmentation and divisiveness so flagrantly displayed in the conduct of parliament is a mirroring of the rampant polarization of the society itself with shifting alliances among nationalists,

tribal representatives, Islamists, and sectarian politicians. This polarization has not permitted agreement on the implementation of many economic projects proposed by the government, the last of which is the Kuwait metro system.

In contrast with the relative stability of other Gulf countries, Kuwait has been witnessing protests in public places with increasing frequency and the opposition has called openly for a constitutional monarchy and full democracy. However, we maintain there is little probability this would happen soon in Kuwait.

A number of hypotheses can be tendered here to explain why the transition to full democracy is difficult and perhaps unlikely. These hypotheses will be examined against the existing theoretical literature on transition to democracy and will be tested empirically in the subsequent sections.

Among the most crucial obstacles to transitioning to full democracy in Kuwait is the inhospitable neighborhood surrounding it. Among the six countries comprising the GCC, Kuwait is the only state with any modicum of democratic institutions and practices. All the others are confirmed authoritarian states with polity scores ranking them among the most authoritarian regimes in the world. They have made little or no progress towards democracy over the past five decades. More important is that most of these regimes feel threatened by the counter example of Kuwait.<sup>9</sup>

The emasculated private sector and the limited success of diversification in Kuwait have both eliminated any alternative economic venue in the public sector for the working population. The prominence of the public sector has contributed to the weakening of the private sector and the entire civil society institutions. As pointed out in the literature, there is a direct relationship between civil society institutions and political participation and democratic institutions and processes. This relationship being weak in Kuwait, it is not

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<sup>9</sup> For example, some Kuwaitis believe that the Emir has dissolved the parliament on numerable occasions under pressure from its influential neighboring Saudi Arabia (Economist June 2012, 39).

surprising that democratization has suffered as a consequence and will continue to suffer until such time as the private sector and civil society are invigorated and are able to play their rightful and appropriate roles.

Over the whole period from 1981 to 2010, real GDP in Kuwait grew at an annual rate of about 3.4 percent (World Bank, 2011). Despite the significant increase in non-oil GDP from 2001 to 2007, its share in total GDP declined to 45.4 percent in 2007 as compared to 57.1 percent in 2001, and 60.5 percent in 1997. The Kuwaiti manufacturing sector, which promised to lead the diversification initiative, has proven to be a disappointment. The GDP in the manufacturing sector grew at only 2.9 percent over the above period, while total GDP maintained a slightly higher rate of growth with an average of 4.2 percent between 1990 and 2010. The manufacturing sector's contribution to the country's GDP dropped from 8.7 percent in 1990 to only 6.7 percent in 2010. Productivity in most sectors has been at best static, and in many instances it has declined over the past two decades (Estrin et al., 2005).

The private sector in Kuwait contributes a relatively small share of GDP, accounting for only about 25 percent in recent years (World Bank, 2011). This share has not changed since the 1990s, which stands in marked contrast to the share of the private sector in other MENA countries where it is much larger and exhibits a continued tendency to rise. More than 90 percent of the Kuwaiti labor force worked for the government.

Kuwait has attracted very small sums of FDI in recent years (both in absolute terms and in relation to GDP) despite enjoying very favorable conditions for such investment according to UNCTAD (UNCTAD 2011). For example, in 2007 Kuwait attracted \$123 million in FDI according to the United Nations' 2008 World Investment Report. This sum is the lowest amount for all MENA countries except for the Palestinian territories. Even Yemen attracted almost four times as much investment. Qatar, the second least popular destination

for foreign capital in the six states of the petroleum-rich Gulf Cooperation Council, received 10 times more FDI than Kuwait. The relative paucity of FDI has in turn contributed to a constrained development of the private sector.

Kuwait is particularly sensitive to political events in the Gulf region and less so to political events and developments in the entire Arab world. Relations with Iran are strained and little progress has been achieved with the Iraqis to stabilize and normalize relationships. Political tensions tend to empower the government and shield it from political demands. The government has become adept in capitalizing on political issues in the region to postpone political reforms and to accommodate calls for greater political voice and participation for its citizens.

Wealth and income growth in Kuwait have not been associated with higher and better employment opportunities for Kuwaitis in general and the educated subset in the labor force. But it is also true that unemployment rates in Kuwait are not particularly high. This fact has militated against any widespread frustrations and violent calls for change, reform, and accommodation. The unemployment factor has thus not been a significant element in triggering demands for greater accommodation and the opening of the system.

## **The Theoretical and Empirical Literature: The Search for Clues**

Two important questions will guide the discussion below as to the probability that Kuwait can make and sustain a substantive democratization trend, and what policy measures will be relevant and effective in the transitional period to sustain the march towards more democratic forms of governance.

The received literature, most notably the seminal work of Przeworski and his research associates (2000) suggests that the transition probability from authoritarian to democratic regimes is characterized by three empirical regularities that survived extensive empirical testing:

First, authoritarian regimes that assume power in relatively rich societies are likely to experience higher frequency of death (i.e. higher probability of transition to democracy: PAD).

However, though the link between democracy and income has been the hallmark of the so called modernity theory of democracy, it has been met with some scepticism in the literature. For example, some strand of the literature is focused on the non-determining role of income in the probability of transition to a democracy. Ulfelder and Lustik (2005) point out that for such a transition, past experiences with democracy matter in both resource rich and other countries, while economic recessions increase its likelihood; also in countries where they prevail, higher levels of civil liberties and non-violent collective action help initiate such a transition. Moreover, taking a long historical view, Acemoglu, Jonhson, Robinson, and Yared, (2008, 2009) focus on the relationship between economic, political, and historical factors. They argue that although income and democracy are positively correlated (over long periods of time), there is no evidence of a causal effect. Instead, omitted—most probably historical—factors appear to have shaped the divergent political and economic development paths of various societies, leading to the positive association between democracy

and economic performance. Acemoglu et al. thus call for a reevaluation of the modernization hypothesis with much greater emphasis on the underlying factors affecting both variables and the political and economic development path of societies.

Second, perhaps at least partially ameliorating the above doubts about a direct “linear” interpretation of the link between democracy and income voiced by the above literature, in a more recent paper Przeworski (2004) shows that the above income effect is conditional and only obtains because high income is usually associated with past regime instability, as measured by the number of past democratic spells prior to the incumbent authoritarian regime. He finds that the income effect turns insignificant in a transition model that also accounts for the frequency of past democratic spells. This finding was further corroborated by EM. It is pertinent to ask the question at this juncture as to whether these two fundamental cross-country findings are relevant to Kuwait. We think not for at least two reasons. First of all, the ruling Al Sabah family came to power well before the country grew rich as a major oil exporter. Second, the high oil-dominated wealth in Kuwait and other GCC countries has been associated with very high regime stability.

To the extent that Kuwait is endowed with very high oil rent that allows the incumbent to increase social welfare and hence maintain some measure of an authoritarian bargain, the above modernity factors are not likely to be critical for explaining the country’s democratic experience or the future prospects in the near future. Instead, resource rents and regional externalities are likely to be the decisive factors, which we will turn to next, mainly drawing on the implications of the empirical results of EM for Kuwait.

## The Resource Effect

Ross (2009) tested the impact of gross oil income per capita on democratic transition in a Przeworski “benchmark” model. Also Ulfelder and Lustik (2005) tested the impact of resource rents in a variant of a similar model, though more focused on political and human development controls than on overall income per capita and growth as in the Przeworski model. Both authors found that natural resource rents (specifically oil wealth for the case of Ross) were robustly and negatively associated with the probability of democratic transitions. This again would mean that Kuwait is not likely to make a smooth transition to democracy as long as oil rents remain massive and dominant.

Ross argues that as a measure of natural resource rents, oil income per capita is flawed because it does not account for the share of resource rents spent in the domestic economy. Moreover, the GDP is not the appropriate scale variable because the democracy impact of rents/GDP is subject to multiple sources of biases, as third factors (such as history, geography, corruption ...etc.) are likely to be at work affecting both democracy and growth and hence the rents/GDP ratio. Instead, he proxies oil rent by the total value of the resource income divided by population. He argues that his oil income per capita can be used to “test the starkest version of the ‘oil hinders democracy’” claim: does the value of a country’s geological endowment—regardless of how well it is managed, and how it influences the rest of the economy—affect the accountability of government?” However, EM argue that the gross natural measure of resource income tends to overstate the extent of the resource rents because it does not account for the cost of the product. Fortunately, thanks to new global data on natural resource rents, EM is able to avoid this problem.<sup>10</sup> Whatever transformation is allowed, the

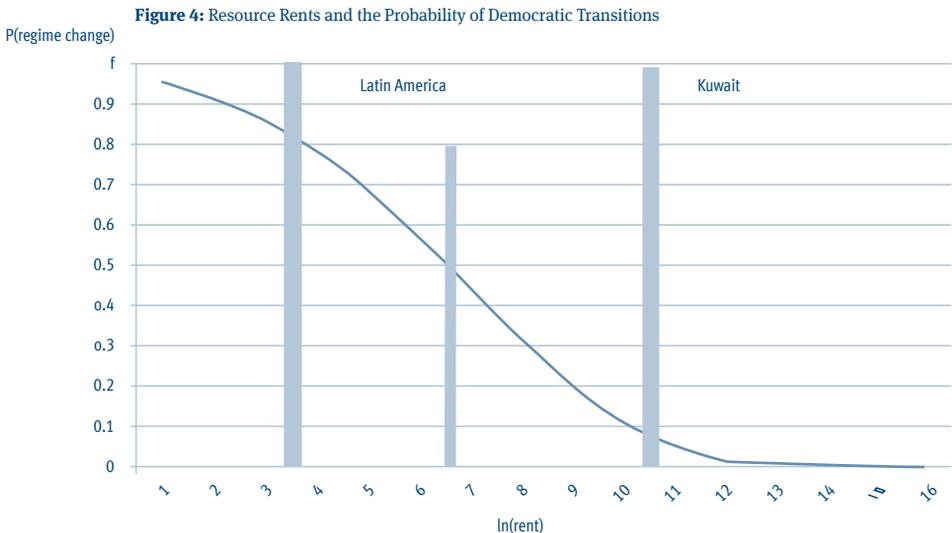
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<sup>10</sup>The new resource rents variable are based on the World Bank’s “genuine” saving data base which adjusts oil and other mineral incomes to the cost of production and transfers to non-government investors, such as the oil and mining companies (see Kirk Hamilton).

oil rents in Kuwait are huge and the per capita value remains very high on account of a large numerator and a low denominator.

Moreover, using the new data on resource rents in an extended democratic transition model, EM extended the benchmark in Ross and other literature in two important dimensions. First, they found that the resource curse effect on democratic transition is conditional on the initial state of democracy. In particular, they found that natural resource rent does not constitute a hindrance to democratic transitions in societies that have already achieved a minimum standard of an advanced partial democracy (i.e. initial Polity equal to six or more). The second critical finding is that the resource curse on democracy is subject to a scale effect, where only the top quartile range of the per capita resource rent appears to have a robust corrosive impact on democratic transitions, including Kuwait and most other Arab oil economies.

As the analytic narrative of the preceding sections suggests, on both accounts the oil rent is likely to constitute a major impediment to democracy in Kuwait. To underscore the critical role of oil as an impediment to democracy in Kuwait we use simple simulations, based on EM's regressions (Figure 4).



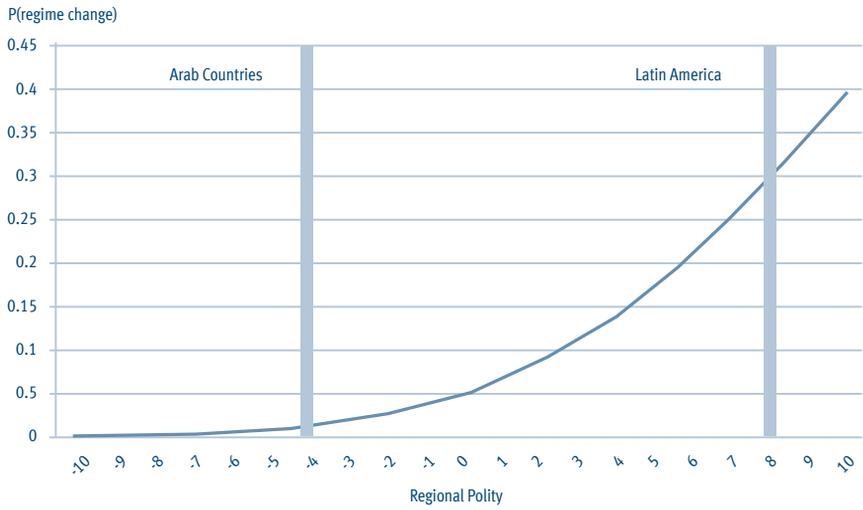
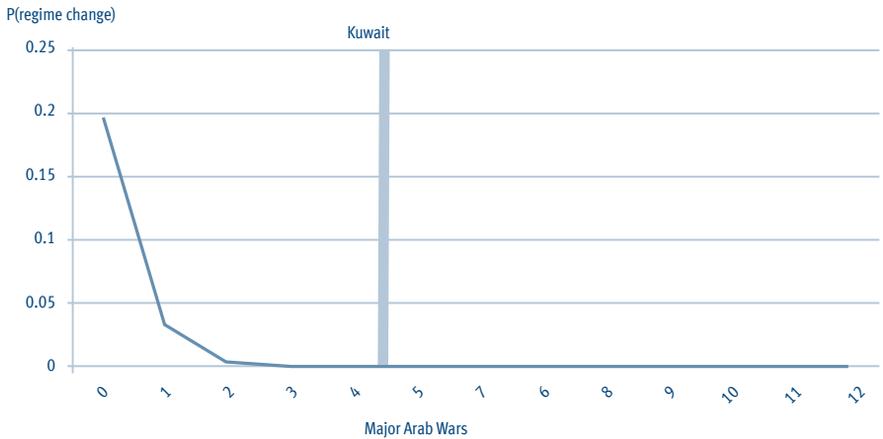
The Figure is based on regression 1 of the Appendix Table A.1 (in turn a parsimonious version of model 13 of Table 7 in EM). This regression accounts for the traditional modernity variables, the threshold effects of the resource rents, democratic legacy, initial democracy, home war, and average regional polity. The simulation shown in the figure is derived by changing the values of the rents per capita from lowest value (zero resource rents) to the maximum per capita rent in the sample. All other variables are held constant at their mean value for Kuwait. The simulation confirms that resource dependency is a very powerful challenge for the consolidation of democracy in Kuwait. Therefore, economic diversification does not only make good economic sense, but it is also a vital catalyst for Kuwait to break free from the orbit of the oil-driven authoritarian bargain that has essentially defined the country's political discourse.

### **The Regional Externalities**

Gleditsch and Choung (2004) argue that economic factors influence the stability of autocracies and the likelihood of crises in general, but do not make transitions to democracy more likely. Past democratic experience and neighborhood matter more. Democracies are likely to emerge after the fall of a dictatorship in countries with some prior experience with democracy, and there is a tendency for transitions to democracy to cluster regionally. These two factors appear to work in opposite directions in Kuwait. On one hand, the historical record of Kuwait is rife with democratic forays. Despite setbacks along the way, its past experience constitutes one of the factors favoring its future development towards a full democracy. On the other hand, the country is located in a decidedly authoritarian neighborhood, which tends to militate against stable democratic transition. The analytic narrative of a country's history suggests that though the country has some legacy of democratic spells, they tend to be confined to the distant past and

are generally limited. It is, therefore, highly likely that the neighborhood effect has trumpeted any positive impact that might be associated with past democratic legacy.

Figures 5 and 6 make clear how democratic transition can also be substantially influenced by regional externalities. The two figures are based on regression 2 of Table A.1, which is a parsimonious version of regression 18 of Table 8 in EM. The simulation of Figure 5 was drawn by varying the values of the regional Polity score from -10: extreme autocracy to +10: well-functioning democracy, while holding all other variables constant at their mean value for Kuwait. And, similarly, the simulation for Figure 6 was drawn by varying the number of battle death in major Arab wars (including the civil, regional, and Arab-Israeli wars) from the lowest to the highest values. The simulations show that the cause of democracy in Kuwait will be substantially helped should the ongoing Arab Spring lead to consolidation of regional Arab democracy and the reductions of regional instability and conflicts.

**Figure 5: Resource Rents and the Probability of Democratic Transitions****Figure 6: Major Arab Wars and the Probability of Democratic Transitions**

## Conclusions

The analytic narrative of the state of democracy in Kuwait in the preceding sections has highlighted oil-dependency as the most critical factor impeding the progress of democracy in Kuwait, which has so far failed to consolidate and take root, despite being a pioneering democratic experiment in the Arab region. Indeed, if anything, democracy has actually retrogressed over the years. However, though the resource dependency is a major challenge for the Kuwaiti democracy, it is by no means destiny. As the simulation results suggest, economic diversification and expansion of the non-oil economy are likely to have positive implications for democracy in this country, as it would also weaken the oil-driven authoritarian bargain. Moreover, as EM suggests the resource curse operates through several channels that are subject to change. For example, regional externalities were found to have robust influence on the effectiveness of the resource-driven authoritarian bargain. While regional conflicts and instability reinforce its corrosive effect, regional democracy tends to weaken it. In this context our simulations suggest that, should the ongoing Arab Spring lead to larger regional stability and widening regional democratic polity, it could be a great boon for the Kuwaiti democracy. Moreover, perhaps the past democratic legacy in Kuwait might eventually exert stronger positive influence in a more Arab region-wide democratic neighborhood.

Therefore, assessing the future of democracy in Kuwait requires articulating the above broad influences in the light of the likely evolution of domestic institutions of political and economic governance and how they might be influenced by the shifting regional political and economic landscape. In what follows we discuss these issues, mostly by raising more questions, relevant ones, we hope, rather than providing concrete answers.

### **Wither the “Authoritarian Bargain”: Domestic Factors**

The first and perhaps the most important of the factors posited by EM is the diminished overall dominance of the state in the last twenty years or so, especially its direct economic role, in the expansion of government guaranteed employment and the provision of public goods, such as free education and health services. A major outcome of this development has been increased levels of unemployment. Privatization has led to reduced state employment and social benefits that could not be matched by a vibrant and broad-based growth in the private economy. Instead, the high level of corruption and crony capitalism associated with the privatization experiences in most of the Arab world have led to low and inequitable growth that could not ameliorate the consequent downsizing of the economic role of the state. The Egyptian and Tunisian uprisings demonstrate that inequities associated with cronyism could be a potent element in mobilizing opposition in other autocratic Arab regimes (Altayib 2011).

A key question to ask at this juncture: Is unemployment likely to be a factor in weakening the oil-driven authoritarian bargain in Kuwait? We think not. The EM benchmark finding suggests that unemployment tends to weaken the authoritarian bargain and, hence, promote democratic transition only when it exceeds a threshold of 10 percent. Such a relatively high threshold was only exceeded by non-oil or populous oil countries, such as Algeria, Yemen, and Sudan. Unemployment in Kuwait and other GCC countries has been much lower. Moreover, the incumbent authorities in the GCC can and have consolidated the authoritarian bargain through various direct and indirect transfers to the public. For example, though the private sector contracted and lost a good part of its historical share, this loss did not lead to higher unemployment because the well-endowed public sector stood ready to expand employment as needed.

A more likely channel for weakening the authoritarian bargain in Kuwait is successful economic diversification. The experiences of resource-rich countries that managed to use the resource rents to develop dynamic diversified economies suggest that the adoption of economic diversification strategy requires the presence of strong social groups favoring such policies, such as the exporting and farming communities in Norway and Chile. While there is no such constituency in Kuwait, the country nevertheless has a strong parliament and an aspiring educated class. It seems that the Kuwait parliament is more focused on a traditional political agenda which has probably weakened its potential for pushing the executive branch to adopt an aggressive business plan for diversifying and modernizing the economy. Though the proposed economic discourse is profoundly political it should, nevertheless, help improve cooperation between the two branches of government, which have experienced strong tensions over the last two decades. Moreover, it is likely to be more effective in positioning Kuwait in a gradual but steady path to a deeper democratic transition.

### **Wither the “Authoritarian Bargain”: the Regional Externalities**

The Arab Spring should inherently have a profound effect on Kuwait and other Gulf countries. Kuwait has a long history of engagement in the Arab nationalistic agenda, though this drive weakened somewhat following the Iraqi invasion in the early 1990s. As demonstrated by the uprisings in Tunisia, Egypt, and most notably Syria, the driving force had been the deep-seated ambitions of the populace not only for socio-economic advancement but also for greater freedom and political participation on the part of large segments of the populace that felt disenfranchised and largely excluded from the benefits of economic development.

While these sentiments are inherently powerful and relevant and transcend boundaries across the Arab world, especially among Arab youth, the actual ramifications for a society like Kuwait will depend on how the regional

environment plays out. For example, should the Arab Spring promote democracy by example, where Arab Spring countries like Egypt and Tunisia develop into participatory democracies that also achieve economic success or the Libyan and future Syrian regimes manage to steer clear of sectarianism and narrow-minded fundamentalism, the impact on Kuwait is likely to be positive and effective. To the extent that the Arab Spring generates regional polity promoting strategic economic cooperation and regional peace, democracy in Kuwait will benefit greatly.

The nature of Kuwaiti society and its surrounding political geography suggests that it is likely to gain immensely should the regional scene evolve into cooperative or at least reduced sectarian tensions and more regional economic cooperation within the Arab world and between the Arabs and their regional non-Arab neighbors, most notably Iran and Turkey. However, this is a very tall order.

Among others, such ideal regional environment requires resolving some thorny and lingering regional conflicts, above all the Palestinian question. Indeed as the EM evidence suggests there are good reasons to believe that without a just and comprehensive resolution of the Arab-Israeli conflict the process of democratization in the Arab region could remain precarious. Moreover, the open conflict between Iran and most of the Arab world, especially over Syria, does not only generate regional tensions but also has strong sectarian consequences in several societies in the Arab world, including Kuwait.

Therefore, should it lead to regional stability and cooperation, the Arab Spring could potentially unleash powerful externalities for democracy in Kuwait. This, to say the least, is a very uncertain outcome, given the enormity of both the historical challenges and the new ones arising from the Arab Spring itself.

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# Appendix

**Table A.1 Probability of Democratic Transition**

Variable	Random Effect Probit [1]		Random Effect Probit [2]		Random Effect Probit [3]	
	Coefficient	Z	Coefficient	Z	Coefficient	Z
Real GDP pc Growth	-9.89***	-3.15	-9.3	-2.16	-8.93***	-3.16
Log Rent per capita	-0.47***	-4.49	-	-	-	-
Dum_25-75*Log Rentpc	-	-	-	-	-0.23***	-2.85
Dum_75*Log Rentpc	-	-	-0.06	-0.93	-0.31***	-4.17
STRA	1.96***	5.26	1.73	3.73	1.55***	4.54
Other Oil-Dependent Arab	-3.74**	-2.41	-	-	-	-
SSA	-1.35**	-2.25	-	-	-3.01***	-3.97
LAC	-	-	-1.28	-1.73	-2.30***	-2.88
SCA	-1.97**	-2.05	-	-	-3.39***	-3.55
EA	-	-	-	-	-1.98**	-2.39
Partial_Democracy	-	-	1.09	2.27	0.62**	2.21
Home war	-	-	-0.68	-1.34	-	-
Average Regional Polity	-	-	0.19	3.17	-	-
Ln MajArabWars_bddist-1	-	-	-	-	-1.20***	-3.59
Constant	0.98	1.41	-1.4	-3.00	1.97	2.62
Observations	449	-	323	-	449	-
LR statistic	69.62	-	28.69	-	30.57	-
Value	0.000	-	0.000	-	0.000	-
Log Likelihood	-154.44	-	-101.35	-	-141.91	-

