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Oil vs. Democracy: Oil Rent, Social Groups, and Democratization in Middle
East Monarchies

By

GARRETT ARWA
BA Syracuse University, 2003

THESIS

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Alyna Lyon, Associate Professor (Political Science)

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Dedication

This thesis is dedicated to those seeking democracy in parts of the world that seem void of it to the outside world. To factions in place like Lebanon, Kuwait, Iraq, and other countries that push to strengthen democratic institutions and ideal. For the leaders of electoral reform in Kuwait that push to have more say in Parliament, and fair elections where offices cannot be bought. To the emir of Kuwait for enfranchising women and allowing them the opportunity to be involved in political discourse.

Acknowledgements

I would like to acknowledge Thomas L. Friedman for leading me to this area of research by asking the question “Does the price of oil and the pace of freedom move in opposite directions.

I would also like to acknowledge Jeffery Sachs, Andrew Warner, Michael Ross, and Michael Herb for their wealth of research on the economic and political effects of natural resource abundance on late developing countries.

I would also like to acknowledge Jill Crystal, Mary Ann Tetreault, and Peter Moore for their tireless research on the prospects of democracy in Kuwait.

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ABSTRACT

By

Garrett Arwa

University of New Hampshire, December 2008

Considerable research in political science has been done concerning democracy and the effects of oil rent. Prevailing literature suggests that dependence on oil and rentier behavior by states can heighten the dependence of social groups on the state through political and economic effects. Yet in the case of Kuwait, we find that oil rent has helped build human capital, institutional capacity, and autonomy for social groups. This autonomy allows social groups to better bargain with the state and advance democratization. This will be contrasted to the case of Morocco, where social groups remain dependent on the state despite cycles of liberalization and influence over state policy. This study will reveal that oil rent can have positive effects on the agency of certain social groups in Kuwait.

Chapter 1

AUTONOMY AND DEPENDENCY OF SOCIAL GROUPS

Oil Rent and Social Groups

In authoritarian regions of the world that were not part of the “third wave of democratization”¹, there is significant literature explaining why social groups have not gained political agency or been able to push for democratization. Agency will be defined in this study as the ability to dictate legislative policy on an authoritarian state through elections or through legislation in parliament. Democratization will be defined as a push for free and fair elections, more inclusion by social groups in parliament, and having a parliament that can push for reforms without the acquiescence of the sovereign. Democratization does not mean establishing a constitutional government with equally divided power. It merely refers to making progress toward characteristics of an established democracy; fair elections, a parliament with legislative power, and inclusion of most citizens in the political process.

In the Middle East, state structure, the role of Islam, regional conflicts, and the impact of oil rent have all been cited as factors explaining a lack of agency. Oil rent is the revenue gained from the sale of oil that is seen as unearned or not the product of someone’s labor. This study investigates under what conditions social forces in Kuwait become autonomous from the state and act as agents for democratization. Autonomy will be defined as having a formalized organization to represent a certain social group that is funded and led by members

¹ The Third Wave of Democratization is a term coined by Samuel P. Huntington to describe the global trend that has seen more than 60 countries experience democratic transitions since 1974.

of that social group independent of government influence or co-optation. The Kuwaiti case will be examined comparatively with the case of Morocco which should have a more advanced transition to democracy (i.e. stronger parliament, free and fair elections) because it is void of oil or other external rent to keep social groups dependent, has an active party system, and an opening market. "In several formal respects, the Moroccan experience appears a good deal more advanced than those in Jordan and Kuwait" (Herb, 2005, p. 180). This study will show that the autonomy and agency of Kuwaiti social groups are more pronounced, with oil rent being a major independent variable.

The rentier framework suggests that oil rent is used to placate social forces that may be in opposition to the state. These structural arguments are based mainly on observations made following the 1960s and 1970s. Structural arguments may no longer be sufficient to explain all rentier states. Recent literature suggests a new phase in the rentier saga is underway, and that certain social groups may become politically salient due to the distribution of oil rent (Luciani 2005, Moore 2004, and Tetreault 2000).

Oil rent can help build the autonomy of certain social groups which may allows them to mobilize in support of more influence over state policy, a stronger parliament, a more transparent and accountable state, and greater democratization. In certain cases oil rent helps to build certain kinds of human and institutional capital. This capital can lead to greater autonomy. Human capital is services like healthcare and compulsory education that improve the conditions of a person's physical or mental well being. Job training would also be considered human capital. Institutional capital refers to an organization created by social groups to better lobby for or protect their interests. Thus an Islamist association that pushes the government for instatement of Sharia law would be considered institutional capacity.

This study will extend the timeline of oil literature. This study will also consider the historical and social context of Kuwaiti social groups. Historical and social context must be integrated into analyses of contemporary rentier states. Social groups and cultural identities that existed before the discovery of oil must be considered. Life for these rentier states did not begin in 1973 (Okruhlik, 1999, p. 309). This analysis combines the distribution of oil rent with the historical and social context of Kuwait. Rentier state theories should provide linkages among 1) political choice, 2) state strategies, and 3) consequences for particular social groups. Social groups can be important carriers of democratic ideas and values and can operate independently of the state given the right conditions. This study will demonstrate that social groups in Kuwait are not dependent on the state in the manner the rentier framework suggests. This can be seen when social formation in Kuwait is contrasted with the case of Morocco that arguably should have a more advanced transition to democracy.

The theoretical framework for the study is as follows: certain social groups in Kuwait exist independent of oil rent and are mobilized as a result of the distribution of that rent. These social groups have developed institutional capacities autonomous from the state. Furthermore, this autonomy makes these social groups more likely to see democratization as being in their interests. Agency is gained by turning rentierism into human and other capital, then independent institutional capacity, which in turn helps social groups mobilize against an authoritarian state and toward democratization. Not every social group mentioned in this study fits this framework perfectly, especially in the case of women. Together, these social groups demonstrate that the rentier framework does not account for their autonomy.

Table 1: Comparison of Institutional Capacity and Autonomy of Social Groups in Morocco and Kuwait

	Kuwaiti Social Groups			Moroccan Social Groups		
	Business Elites	Islamists	Women	Business Elites	Islamist	Women
Human Capital	Through patronage and through accumulation of wealth.	Promoted through business incentives and increased access to the state during the 1970's to offset the power of the KCCI.	Benefited from compulsory education and a labor base that prefers Kuwaiti Citizens	Promoted through Moroccanization with the state funding in large part most business ventures	Used high illiteracy and unemployment rates as rallying cries. Leadership does come from middle-upper class.	High rates of illiteracy and unemployment among women. Also used as a rallying cry for reform.
Institutional Capacity	Kuwaiti Chamber of Commerce and Industry	Islamic Constitutional Movement	None	Moroccan Business Federation	Part for Justice and Development	Women's Organizations
Autonomy of Institutional Capacity	Any member can vote or run for the executive board. The Chambers finances were drawn from subscription and authentication fees. A board of 24 directors serving four-year terms are all elected.	General Assembly, Secretary General, a Secretariat, a technical office, and an eight member political board. Leadership is elected.	None	While the Federation has increased the ability of business elites to accumulate wealth, leadership is co-opted by government and is reliant on the state as a major business partner	The PJD is funded by its members and enjoys some autonomy from the state. It is allowed to participate because it is a party able to compromise with the regime and can be co-opted.	Organizations funded by the state. While they work on mostly social issues, they are allowed to push political discourse approved by the state.
Mobilization During Times of Crisis	Influential during fiscal crisis of the 1980's and during the occupation of Kuwait	Instrumental in the opposition during the occupation of Kuwait	Worked as part of the opposition during the occupation of Kuwait	Acquiesce to state demands during fiscal crises of the 1980's and 1990's. Economic liberalization was the directive of the state.	Acquiesce to state demands during times of economic crises during 1980's and early 1990's. Political liberalization was the directive of the state.	Mobilization to promote women's agenda and right in early 1990's during fiscal crises. Deal mainly with social issues, not political.
Representation in Parliament	Through candidates promoted by the KCCI political committee.	Islamists have a Parliamentary bloc, which is governed by the ICM's Parliamentary committee.	Allowed to run for parliament in 2005 by Emiri Decree	Represented in the upper house which is appointed entirely by the state. Leaders are co-opted.	Mainstream PJD is represented in Parliament, through co-opted by the state	Nominal representation in parliament

Whether these groups have or can help a state achieve true democracy is not considered here; rather, the discussion centers on whether or not autonomy from the state leads these groups to push for democratization as supporting other interests (profits, political inclusion, cultural autonomy, etc).

Charles Ragin's (1987) study of the comparative method suggests that a case-oriented method is applicable to understanding the historical and social context of social forces in Kuwait and Morocco.

The goal of case-oriented investigations often is both historically interpretive and causally analytic. Interpretive work attempts to account for significant historical outcomes or sets of comparable outcomes or processes by piecing evidence together in a manner sensitive to historical chronology and offering limited historical generalizations which are sensitive to context. Thus comparativists who use case-oriented strategies often want to understand or interpret specific cases because of their intrinsic value. Most, but not all, case-oriented work is also causal analytic. This companion goal is to produce limited generalizations concerning the causes of theoretically defined categories of empirical phenomenon (such as the emergence of class-based political parties) common to a set of cases (Ragin, 1987, p. 35).

The comparative method has been used in many seminal works that investigate state formation and democratization; including Immanuel Wallerstein's *Modern World System I*, Perry Anderson's *Lineage of the Absolutist State*, Barrington Moore's *Social Origins of Democracy and Dictatorship*, and Eva Bellin's *Stalled Democracy*. This method tends to be historically interpretive, and attempts to account for specific historical outcomes or sets of comparable outcomes or processes (Ragin, 1987, p.3). It is concerned with differences and similarities between cases and how those factors may determine certain phenomena. The phenomenon this study is investigating is the dependency or autonomy of social groups in two Middle East/North African states (MENA), one of which is oil dependent.

The purpose of this study is to interpret the causes for autonomy or dependency of social groups in Kuwait and Morocco. In order to interpret the effects of oil dependence on autonomy of social groups in MENA, this study will consider the historical and social

context that produces certain groups in Kuwait and Morocco. Interpretation will allow us to see why oil-dependent Kuwait shows more advanced signs of democratization while Morocco has experienced, in contrast, cycles of liberalization and retraction. This is also important in terms of regional influence between newer oil states like Kuwait, and older non-oil states like Morocco. This dichotomy between the older and the newer states, which largely coincides with the oil haves and the oil have-nots, has come to be one of the fundamental dimensions of regional and international relations in the Middle East(Luciani, 2005, p.86).

Second, this study will suggest that the distribution of oil rent may increase the ability of certain social groups to become autonomous from the state. These findings may generalize to other Gulf Cooperation Council² states, and oil-dependent states outside the MENA. These causal relationships are paramount in this study and should be investigated in other cases.

The rentier literature does not adequately account for the autonomy of social groups in some rentier states. Gwenn Okruhlik (1999) notes the distribution of oil rent comes with certain social consequences. Wealth generated from oil receipts can be a catalyst for opposition to the state (Okruhlik, 1999, p. 297). Because it is distributed unequally, there are bound to be 'haves' and 'have nots', the latter of which may form into opposition groups. Okruhlik further notes that the 1990 invasion by Iraq was a watershed in this debate. During the war, political resistance moved to the forefront, calling for: redistribution of wealth, procedural social justice, accountability, and rule of law (Okruhlik, 1999, p. 301). The distribution of oil rent may give agency to certain social groups and allow them to mobilize during and after times of crisis.

² The Council comprises of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Okruhlik notes that “state strategies chosen to manage crises- like price booms and busts, worldwide recession, and war- have very real, though unintended, social and political consequences” (p. 297). Social groups can gain agency and mobilize larger segments of the population during times of crises, where state strategies are based less on oil wealth and more on political exigencies.

Times of crises are an important independent variable in this study. There are two instances of crisis central to this study- the economic crisis of the 1980’s and the Iraqi invasion of Kuwait in 1990. Studies have shown the importance of these two periods in spreading political liberalization and democratization in the MENA. Samuel Huntington has identified the world economic crisis of the 1980s as one of the factors triggering the move toward economic and political liberalization in the 1990s. Peter Moore (2004) suggests the rentier framework essentially views fiscal crisis politics as an unfolding logic of increased business autonomy and policy leverage (p. 23). Other studies have shown the importance of the Iraqi invasion in promoting democratization in Kuwait and the Middle East in general (Okruhlik 1999, Moore 2004, Crystal 1990).

Efforts to dilute or placate social forces through the distribution of oil rent can inadvertently strengthen certain social forces. The distribution of oil rent provides money and other forms of capital to social groups. Compulsory education has provided social groups with human capital that may lead to greater autonomy and support for democratization. This may be especially true for the women of Kuwait.

Financial capital can be used to create independent institutions which increase autonomy. Institutional capacity independent of the state helps these groups bargain more effectively with the state.

Often certain social forces are promoted through patronage or extension of certain rights in order to dilute the power of other social forces. This can be seen in the case of Kuwaiti Islamists who were promoted through patronage and business incentives in the 1970's to offset the power of the business elites (Moore 2004). In trying to weaken the power of a specific social group through the distribution of oil rent to other groups, a rentier state may inadvertently create additional politically salient groups that become stronger over time.

Case Selection

Kuwait was chosen because it is one of the top ten oil exporters in the world³, and a member of the Organization of Petroleum Exporting Countries. Kuwait also exports natural gas and has significant refinery capacity. The Kuwaiti budget is heavily dependent on oil receipts. At times, 85% to 95% of the state budget comes from oil receipts (Moore 2004). Kuwait is also one of six constitutional monarchies in the MENA with an elected parliament.

Michael Herb suggests that Kuwait may be the Arab monarchy closest to parliamentarism⁴ - a parliament with significant powers over the sovereign. Much rentier literature has focused on Kuwait (Crystal 1990, Beblawi 1990, Tetreault 1999). Herb suggests that the constitution is not a barrier to parliamentarism, elections are fair and competitive, and the tacit threat of suspension of parliament seems to have receded (Herb, 2005, p. 178). While traditional literature suggests that oil dependence makes Kuwait more likely to be absolutist similar to the United Arab Emirates or Saudi Arabia, Herb's analysis argues that Kuwait is the closest to parliamentarism among MENA monarchies. This is why Kuwait makes an excellent case selection over other gulf rentier monarchies like Bahrain, Qatar, and Oman.

³ Energy Information Administration *International Energy Annual Report* (2000-2004)

⁴ Herb suggests parliamentarism was achieved when kings realized that any cabinet without parliamentary support could not govern and that there was little option but to allow parties to appoint the government.

Kuwait is a small city state. Therefore, oil receipts reach a large majority of the Kuwaiti citizenry. According to Mary Ann Tetreault, Kuwait's identity as a city state helped preserve the autonomy of social groups.

Even though the state has grown strong as the result of its acquisition of externally generated resources, it is not yet strong enough yet to negate the effects of extensive and regular face-to-face interactions among Kuwaitis. These ameliorate authoritarianism both by transmitting information and allowing members of the political opposition to mobilize public opinion and political action, and by connecting the ruling family directly to the population (Tetreault, 1995, p. 32).

Morocco was chosen because it is one of two MENA monarchies without oil wealth. According to traditional arguments, Morocco should have a better chance to push for parliamentarism. Morocco has political parties, unlike Kuwait. It also has an opposition government in power, a condition seen as one prerequisite for democracy (Cavatorta, 2005, p. 556). Morocco has a long history of trade unionism and anti-colonial and socialist struggles. Nevertheless, Morocco has often been studied as having a cycle of political liberalization during times of economic crisis and restricted political freedom thereafter (Cavatorta 2005). Such cycles of liberalization and restriction are apparent in all the monarchies. Investigating a failure can contribute to the understanding of the process of democratization just as a investigating a success can. "These comparisons help us to identify some of the proximate barriers to the achievement of rule by parliament and bring crucial evidence to bear on whether, and how, these parliaments offer a way toward a more democratic future" (Herb, 2005, p. 170).

Social Groups- Business elites and Islamists groups were chosen because they are politically salient groups in Kuwait and other rentier states. Giacomo Luciani (2005) suggests that one possible explanation for rentier states in the MENA pushing for wider political

participation is their strong private sector (p. 93). Moore (2004) notes that in the post colonial Arab world, business elites have played a prominent role in demanding greater political representation, creating domestic economies, and resisting the consolidation of authoritarian regimes (p.3). Moore (1964) suggests that the capitalist class is necessary for democracy. Eva Bellin (2000) identifies the conditions under which this group may see democratic institutions as benefiting their economic interests.

The private sector remains strong because of its financial independence from society. Business elites often bargain with the state for more political influence over their economic interests. In countries with a more historically resilient private sector (Kuwait, Yemen, Tunisia, and Morocco), business associations have come to play genuine roles in formulation and implementation of economic policy (Moore, 2004, p.3).

Islamist movements are politically salient in many countries in the Middle East and North Africa. Movements like the Muslim Brotherhood have networks through many MENA countries. Both Kuwait and Morocco have Islamist blocs or parties in their respective parliaments. Islamists can also use the mosque as a point of mobilization, one that itself enjoys a degree of autonomy in many MENA countries. This autonomy, and that derived from the distribution of oil rent, may allow Islamists to champion democratic institutions.

Women as a social group will be investigated, although women may not fit the mold of traditional social groups. Women may identify as a social groups, as they do in women's organizations in Morocco, or may be part of other salient social groups. The role of women will provide a good contrast on how the distribution of oil rent builds human capital. In many developing countries, women struggle for greater social rights like education and employment. Oil rent helps build the human capital of women. In contrast, Michael Ross

(2006) suggests that rentierism reduces the agency of women by crowding them out of the labor market and decreasing their representation in the political process.⁵ “Women in oil-rich states tend to have less social, economic, and political influence than their counterparts in oil-poor states” (Ross, 2006, p.2). Women were chosen because they provide an ideal example of what Tetreault (2001) considers the modernization effect of the distribution of oil rent.

Other social groups common in the Arab World (i.e. the military, university students, workers, etc) were not chosen because they do not appear to be politically salient groups in the cases that fit the framework of the study. These groups do warrant further investigation.

Contingent Democrats

What causes these social groups push for democracy? Rentier literature suggests that it is not oil which makes social groups more dependent on the state. The motives of social groups toward democracy may be determined by the degree to which they are autonomous or dependent on the state. Eva Bellin (2000) argues that the pairing of material and democratic interests for social groups is contingent upon specific historical circumstances that may or may not be replicated in late developing countries. This study argues that the historical and social context of oil rent supplies the contingency for a pairing of these interests among social groups in Kuwait.

The link between rentierism, social groups, and democracy is important to this study because social groups may be central to the advancement of democratization. A long tradition puts social forces center stage when explaining democratic outcomes. Some, like Barrington Moore (1966), believe the capitalist bourgeoisie are class agents for democracy.

⁵ Ross uses a cross-national quantitative large N study to suggest that female labor force participation is hurt by rentierism because it tends to favor sectors that employ men while crowding out sectors that tend to employ women. This is a result of the Dutch disease, where the crowded out sectors have higher female labor participation.

Moore's argument was that the nascent capitalist class in Western Europe came into competition with the traditional feudal order, motivating capitalists to create parliamentary institutions that would impose parliamentary control over the state. Moore argues that the Western path to democracy combined capitalism and parliamentary democracy after a series of bourgeois revolutions. "Only there did that delicate balance occur between too much and too little royal power which gave an important impetus to parliamentary democracy" (Moore, 1966, p. 416).

Bellin (2000) considers whether capitalist or labor classes played a more significant role in promoting democracy in late developing countries. Organized labor has played a role in some countries and not others. Capitalists, likewise, have played a role in some countries and not others. Bellin suggests that democracy in late developing countries depends on whether open or closed government serves the economic interests of social groups the most. "This analysis suggests that social forces are most likely to champion democracy when their economic interests put them at odds with an authoritarian state." (Bellin, 2000, p. 176). Bellin notes that many contemporary studies give social forces a secondary role, suggesting transitions to democracy are either elite driven, path dependent on state institutions, or a strategic choice for democratic reform.

The motives of social groups may hinge on the degree to which these groups are dependent on the state (either for capital accumulation or state social benefits); in fear of state repression, and dependent on their aristocratic position vis-à-vis the rest of the population. "With regards to capital, state dependence refers to the degree which private sector profitability is subject to discretionary support from the state." (Bellin, 2000, p. 180).⁶

⁶ Such support generally refers to subsidized inputs, protected market position, close collaboration in the definition of economic policy and state containment of labor and the capital poor.

In an authoritarian country, the objective of promoting the private sector may not be economic growth for the prosperity of the nation as a whole but for the benefit of state elites. Bellin suggests that “cozy collaboration” with the state is often the key to economic success for capitalists and is heightened in late developing states. “Such heightened state dependence makes private sector capitalists wary of embracing political processes unpopular with state elites.” (Bellin, 2000, p. 182) Also, in developing countries where workers are potentially well mobilized, democracy may undermine the basic interests of many capitalists (Bellin, 200, p. 181).⁷

Bellin makes two observations relevant to this study. First, the rentier framework suggests the private sector in an oil rentier state is dependent on the state (for subsidies, contracts, investment, etc.) and not likely to see greater political inclusion as the best means to achieve their material interests. Second, a capitalist class that is less dependent on the state may see democratic institutions as the best means for achieving economic interests.

It is worth noting that the working class may also be motivated to champion democracy depending on how dependent the group is on the state. State dependence refers to the degree to which organized labor depends on state support for its organizational viability, vitality, and clout (Bellin, 2000, p. 183). States may provide labor with financial and organizational support in exchange for loyal and self restraint. Labor fears jeopardizing the flow of state benefits by embracing political projects that may evoke the wrath of state elites (Bellin, 2000, p. 183). Workers as a social group are not included in this study but still warrant further investigation.

⁷ T.H. Marshall and others believe that the capitalist class did not support extending political rights to workers, who may use the vote to undermine business interests

Democracy holds intrinsic value for all social groups. It offers capitalists accountability, transparency, and more predictable influence over economic policy, and provides civil rights and liberties to the labor class, such as freedoms of speech and association. These require strong democratic institutions that can check the executive to some degree. Bellin argues that fiscal crisis or political exigencies internal to the authoritarian states could lead it to reduce its sponsorship of private sector capital, leading capitalists to reconsider the advantage of informal coziness over formalized accountability as the surest route to profitability. The capitalist class is more likely to see democracy as the best way to fulfill economic interests when it is autonomous from the state. This echoes Barrington Moore's (1964) argument that an independent bourgeoisie is necessary for democracy: "No bourgeois, no democracy."

Bellin's argument about late developing countries may account for social groups in certain oil-dependent states. Kuwait has a prosperous private sector with a significant degree of institutional capacity and autonomy from the state. While the rentier literature suggests the private sector is heavily dependent on the state, Bellin could argue that their autonomy from the state makes them more likely to champion democratic institutions which are good for business. This study will show this is true for other groups with autonomy from the state.

The social groups chosen for this study are among the politically salient groups in both Kuwait and Morocco. The rentier literature suggests social groups in rentier states are less likely to push for democracy. Yet, in certain small rentier states like Kuwait, the distribution of oil rent may actually mobilize social groups. The distribution of oil rent in Kuwait can turn social groups into political actors, rather than limiting their choices. This occurs in part because the distribution of oil rent can give social groups autonomy from the

state by building human capital and institutionally capacity that can be used to mobilize in opposition to the state. Again we see the converse situation in Morocco, where similar social groups are able to mobilize and lobby the state, but often follow a cycle of liberalization and retraction of liberties due to the dependence of these groups on the state.

CHAPTER II

OIL vs. DEMOCRACY

Quantitative vs. Qualitative Rentier Studies

Investigating the agency of social groups in an oil monarchy presents challenges depending on the method chosen. Traditional rentier studies have used both quantitative and qualitative approaches. Many quantitative studies focus on the structural effects of oil-dependence (Sachs and Warner 1995, Ross 2001, Herb 2005). Using time-lagged cross-national data sets, these studies use economic indicators to explain characteristics of rentier states. It is difficult in a quantitative study to account for the social structure of a state, and the effects of oil dependence on that structure. Michael Ross (2001) tested the hypothesis that rentierism prevents the formation of independent social groups by measuring government spending as a percentage of GDP. While Ross finds the hypothesis statistically robust in his cross-national study, he admits that the hypothesis cannot be tested with a regression analysis directly without good indicators of civic institutions and social groups (Ross, 2001, p. 347). This measurement quantitatively does not account properly for the social context of a rentier state.

Qualitative studies have often relied on comparative case studies to explain certain characteristics of rentier states (Beblawi 1990, Luciani 1990, Crystal 1995, Sandbakken 2005). Camilla Sandbakken (2005) found that oil rent prevented the formation of social groups in three rentier states. Comparative studies have used variations of John Stuart Mill's (1843) method of agreement to suggest that the distribution of oil rent prevents social groups from

pushing toward democratization. Little comparative case work, however, examines the impact of oil rent on social groups in contrast with a similar state in the region without oil as this study does. This provides a better contrast with regards to the prospects for democracy in a given region.

Through the historical analysis of a rentier state, one can see that efforts to dilute opposition can actually strengthen it. Building off of Michael Herb's (2005) argument, it is important not only to show that the distribution of oil rent provides agency to social forces in Kuwait, but that it also increases the chance for democratization in comparison to other MENA monarchies. A case-oriented comparative analysis is warranted to investigate social forces in a rentier state, and contrast them with social forces in a non-rentier state.

The Effects of Oil, Mineral Wealth, and Rent on Growth and Democracy

In order to show weaknesses in the rentier theories, the framework itself must be investigated. Proponents of the rentier framework argue that social groups in Kuwait are dependent on the state because of oil rent. Money generated from oil can be used to limit the political agency of social groups in several ways. Rentier state theories are important to this study because they are the prevailing explanations of why oil states tend to be anti-democratic and experience slow economic growth (Beblawi 1990, Sachs and Warner 1995, Ross 2001, Sandbaaken 2006). The political and economic effects of rentierism explain why social groups lack agency and are dependent on the state. The theories suggest that the structural effects of oil prevent social groups from gaining autonomy and mobilizing in opposition to the state. This study does not refute all of the observations of the rentier framework; rather it only suggests that the analyses are limited. Observations based on the

theory have held in many rentier states and even held in Kuwait during the boom years of the 1970's.

Mother Nature may not be without a sense of irony. Many of the poorer and politically troubled nations in the world are rich in natural resources. Furthermore, many of these states rely on natural resources for a large share of their GDP and government revenue. While these resource-dependent developing states are not necessarily the poorest or least democratic, it may be more than a coincidence that certain resource abundances correlate with a lack of economic development and democratization. It is ironic that while these resources may inhibit economic growth in some countries, many democratic industrialized countries rely on them for their economic growth. Oil is case in point. Major oil reserves are centered in areas like the Middle East and Africa that have been seen as lacking democratization or promoting autocracy and authoritarianism. Ten of the fifteen top oil exporting states are in the Middle East, and most have had authoritarian regimes since independence. Does oil impede democratization?

Political scientists and economists have studied the effect of natural resource wealth on developing states since the 1950's. In that era, many development economists believed that natural resource wealth was a blessing on late-developing states. These states were seen as lacking the investment capital needed to make use of their labor bases. It seemed natural that revenue from oil and other natural resources provided this capital as well as provide the government with a revenue stream to provide public goods.

Structuralists objected to the general consensus, doubting whether natural resource wealth could stimulate other parts of the economy. Some suggested that primary commodity exporters would suffer from a decline in trade.

Rentier State Theories

Rentier state theories are observed effects that occur when a state relies heavily on external rent for government revenue. It is one of the predominant theories used to explain why Middle Eastern states relying on oil rent fail to democratize. Oil rent refers to revenue derived from the sale of oil products that accrues directly into government coffers. It is considered rent because few are engaged in the generation of the oil receipts, and few control the revenue. While oil export receipts are considered a form of rent, agricultural exports are not. This is because agricultural exports do not produce rent, since the export revenue in many cases goes directly to private actors, and requires a larger portion of the population for labor for a given value of the export (Ross, 1990, p. 332).

Hazem Beblawi (1990) defines a rentier state as a state relying substantially on *external rent*, with only a few engaged in the generation of this rent, and the government being the principle recipient of that rent (Beblawi, 1990, p. 87). The majority of the population is merely involved in the distribution and utilization of the rent. This concept has direct political implications. “The economic power thus bestowed upon the few would allow them to seize political power as well, or else induce the political elite to take over the external rent from them without major political disruption.” (Beblawi, 1990, p. 88).

Political Effects of the Rentier State

Rentier state theories argue that rentier states share certain characteristics that inhibit democratization. These political effects highlight the dependence the population has on the apparatus in control of the rent.

1.) Revenue from oil rent means the state does not have to tax its population. This “*taxation effect*” reduces citizens’ demands for accountability as well as their desire to participate politically. It also breaks the linkages between ruler and the ruled. This in turn makes democracy less likely. This ‘no taxation, no representation’ thesis means ‘ states that do not face a fiscal crisis and enjoy continuing access to exogenous rent will be able to postpone democratization indefinitely.’ (Luciani, 1990, p. 134).

2.) Rent allows governments to buy off political opposition in order to gain legitimacy. Since oil rents accrue directly to the state, the government has discretionary power over how that revenue is spent. To gain consent and legitimacy from the general population, the government can use rewards or social welfare to placate social groups. A welfare system allows the state to redistribute income to the population through education, healthcare, infrastructure, and employment. In a rentier state, the government is often the biggest employer. Thus while only a few benefit directly from the rent, through welfare and other benefits like land gifts the population too becomes a rentier class engaging in rent-seeking behavior. “Individuals are likely to see rent seeking behavior a superior alternative to alliance-building or political unrest as a way to induce redistribution.” (Sanbakken, 2006, p. 138). Certain social groups, especially women, may be dependent on the state for these services, which are often free and compulsory.

3.) Patronage networks are created by loyalty and legitimacy in a rentier state. These networks involve the award of personal favors in the form of public sector jobs and the distribution of public resources through licenses, contracts, political office⁸, and projects. This can lead to an increase in corruption and bribery. Those involved in such activities may

⁸ This can be seen in elections in oil-dependent states. Often, the candidates win if they are close with the regime and thus have access to state resources.

resist democracy due to the fact that it may involve a heightened level of transparency and accountability (Sandbakken, 2006, p. 138).

4.) States can also use oil rent to fund repressive measures to control opposition and the population in general. This repression effect often takes place as oil revenue declines, leaving less money for patronage and welfare. Repression is often measured as military spending as a percentage of GDP. Repression of political opposition and dissent can be done through internal security forces, banning of political parties, and independent media. A widely used example of this was SAVAK in Iran.⁹

5.) The rentier framework suggests that oil revenue can be used to inhibit the formation of social groups and independent associations. It has been argued by proponents of rentier state theories that oil rent effects the class structure of a state. Oil rentiers do not have an independent middle classes that can become a source of opposition (Sandbakken, 2006, p. 139). This suggests oil rent heightens the dependency of a capitalist class because the state is the center of most economic activity. Oil revenue is also used to placate dissent through patronage networks, thus heightening the dependency of the capitalist class and other social groups on the state.

6.) Ross (2001) suggests that oil regimes use revenue to prevent the formation of independent social groups that may demand political representation and participation. “When oil revenues provide a government with enough money, it will use its munificence to prevent the mobilization of social groups independent of the state” (Ross, 2001, p. 334). Ross also argues that oil rent can be used to hinder the development of social capital, which he considers civic institutions that lie above the family and below the state. This is also

⁹ SAVAK , or *Sazeman-e Ettela'at va Amniyat-e Keshvar* (National Intelligence and Security Organization), was the domestic security and intelligence service of Iran from 1957 to 1979

important to the argument of the study because social groups cannot bargain effectively with the state without a certain institutional capacity, though it will not be described as social capital. Unlike Ross's findings, this study shows that the distribution of rent can promote the development independent institutional capacity given certain conditions, which contributes to the mobilization of social groups in opposition to state autocracy.

Economic Effects of the Rentier State

Another characteristic of rentierism is that it effects modernization and economic development. In Seymore Lipset's (1959) book Political Man, he argues that economic development is positively correlated with democracy. This has implications for rentier state theories because some rentier states show improvements in measurements of development like per capita GDP, education, literacy, and urbanization. The *modernization effect* argues that the population fails to move into industrial and service jobs, rendering them less likely to push for democratization (Ross, 2001, p. 357). These theories are important because they link the economic effects of oil to the political and social context of a rentier state.

Countless studies document the correlation between abundant hard rock and mineral resources (oil, diamonds, and copper) and negative economic outcomes (Ross 2001, Sachs and Warner 1995). The main argument suggests natural resource abundance may stunt economic growth, measured as percentage increase in GDP. Take the case of Nigeria; its government has netted 350 billion dollars from oil revenue since its independence in 1963. Yet its economy has shrunk in terms of purchasing power parity. In 1970, Nigeria's per capita GDP was \$1,113. By 2000, it was only \$1,084.

The story of natural resource booms can also be seen in the experience of the Netherlands and its discovery of a huge natural gas deposit in the 1960's. The sudden

increase in wealth led to a recession¹⁰. W.M. Corden and J. Peter Neary (1982) described that recession as the effect of a boom or windfall resource gain on the country's economy. First, revenue that came from the resource boom gave people more money while inflating prices.¹¹ Second, the resource boom lured workers and capital toward the booming resource sector and out of other sectors.¹² The principle finding is that a resource boom can negatively affect economic development of a state, which can make that state less likely these state will democratize.

The resource curse theory is a variation of the Dutch disease model and looks at natural resource abundance over time. The seminal work on the resource curse was done by Jeffery Sachs and Andrew Warner (1995). Their study of ninety seven countries over a nineteen year period investigates the effects of mineral wealth on GDP growth. Their results show countries (1960-1990) that relied heavily on natural resource exports had slower growth rates than mineral-poor countries. From 1960 to 1990, GDP per capita in mineral-rich countries increased 1.7% compared with 3% for mineral poor countries. Mineral-rich countries grew by .8% from 1970-1990 compared with 2.1-3.7% from their mineral-poor counterparts (Sachs and Warner, 1995, p. 31). The more reliant a country is on primary exports like natural resources, the slower the economic growth¹³.

¹⁰ This led the Economist magazine in 1977 to coin the term the "Dutch Disease".

¹¹ The higher real income derives from a boom leads to increased spending on the non-tradable sector, leading to an increase in their price. In order to restore equilibrium between service output and excess demand, prices are raised to alleviate excess demand. While this price increase is measured in local currency, tradable goods are not. This leads to an overvaluation of the real exchange rate. This makes goods in lagging sectors uncompetitive and imports very cheap.

¹² The boom leads to an increase in wages, leading labor to shift from lagging sectors to the boom sector or non-tradable sectors. These effects are more prominent depending on the level of domestic ownership (Leite and Weisman 8-9) Shifts in labor can also lead to a rural exodus, as farm workers head to urban center and hold down local domestic producers who can't compete with rising wages (Richards and Waterbury 15)

¹³ The Sachs/Warner model shows that an increase of a single standard deviation in primary exports leads to a reduction in growth rate of around 1%.

The resource curse carries with it political ramifications. Mehlum, Moene, and Torvik (2002) found that natural resource wealth may weaken state institutions. They suggest the resource curse only hits countries with “grabber friendly” institutions, which divert ‘scarce entrepreneurial resources out of production and into unproductive activities as a result of natural resource wealth.’ (Mehlum, Moene, and Torvik, 2002, p. 5). Sachs and Warner considered a similar rent approach to institutional decay, but find the hypothesis that the resource curse leads to institutional decay empirically unimportant¹⁴. These institutions do not promote a robust private sector. This fact seems to contradict the experiences of Gulf oil states with strong capitalist classes like Kuwait.

Specific to weakened state institutions is the effect natural resource abundance has on the level of corruption of a state. Some suggest resource abundance can lead to violence and looting by financial rebel groups, warlords, and civil wars (Mehlum, Moene, and Torvik, 2002, p. 7). Leite and Wiesmann (1999) suggest corruption¹⁵ is a determinant of slow economic growth in natural resource countries. Corruption often takes the form of rent seeking behavior, and reduces state income levels, thus slowing economic growth¹⁶. This is not the case with other resources such as agriculture or food which generate less rent and are not associated with increased corruption. Corruption also causes the private sector to see transparent democratic institutions as the best means of achieving its economic interests.

Critique of the Rentier State Theory

¹⁴ ‘Whatever the exact nature of the adverse effects of natural resource abundance on economic growth, the evidence suggests that it is not simply a proxy for bureaucratic inefficiency and protectionism.’ (Sachs and Warner 10)

¹⁵ Corruption typically focuses of public officials using their position for private gain, though corruption also occurs in the private sector. Corruption is seen as having two effects in relation to natural resources.

¹⁶ In the specific case of rapid economic growth brought on by oil and mineral discoveries, the accrual of a majority of the revenue directly to the government is liable to exacerbate the incidences of rent-seeking behavior (Leite and Weismann 19)

Michael Herb (2005) considers whether oil rent has a completely negative effect on democracy. Herb suggests that oil rent-driven development should not be compared to the development of a productive economy. For instance, Kuwait has high measures of development (i.e. per capita GDP, urbanization, education). If Kuwait is compared to Canada, in terms of the positive effects of wealth on democracy, Kuwait looks less democratic. The raised measures of development leave much of Kuwait's authoritarian nature unexplained. Herb suggests that this leads to an exaggeration of the statistical significance of oil. "In the real world, Kuwait's wealth should be compared to that of Canada only if we think Kuwait's wealth has the same effect on likelihood that it will be democratic." (Herb, 2005, p. 4).

Herb comes to a more ambiguous conclusion. He suggests that rent raises development indicators and that this has to be taken into account when one measures the impact of rent on a state. He does conclude that rentierism and oil-dependence have an influence on democratization but not necessarily as much as income, region, and the percentage of a population that is Muslim.

There are other small N case studies that show oil may have a marginally positive effect on a state. John Clark (1997), in his study of Congo Brazzaville, argues that oil wealth created a white collar middle class, and that contributed to a brief bout of democratization there.¹⁷ (p. 74). Oil rent may not be a gift, but it cannot be categorized as a curse.

This study will take into account the rentier framework, as well as the historical and social context that exists independent of oil to form key social groups. The economic and political effects of oil rent are not set in stone and are often based on quantitative analysis that cannot paint a complete picture. This study suggests that certain social groups have a historical presence, an institutional capacity, and are given autonomy and agency due in part

¹⁷ Clark concludes that "on the whole, Congo's oil wealth slightly increased its chances of being democratic".

to the distribution of oil rent. Often mobilization in opposition to the state is directly linked to the unequal distribution of rent and comes to the forefront during times of crisis. This can best be seen when an oil rentier is compared with a non-oil state in the same region with a similar state structure.

CHAPTER III

KUWAIT: AUTONOMOUS SOCIAL GROUPS IN AN OIL-RICH

MONARCHY

Politically Salient Groups in Kuwait

Kuwait has a history of influential social groups, some existing long before British influence and the discovery of oil in 1938. “Legends about the founding of Kuwait stresses the relative equality among its original leading families” (Tetreault, 1995, p. 31). Out of these leading families came one important social group, the business elites. Many of the leading merchant families- commonly known as the Asil merchants- have always had a relationship with the ruling family and the state. The rentier framework suggests this capitalist class engaged in rent seeking behavior and is dependent on the state. Analysis of the private sector in Kuwait will show that this social group used the distribution of oil rent to build capital and create an institutional capacity via the Kuwaiti Chamber of Commerce and Industry. This allows the private sector to be autonomous from the state and view more input in economic policy as a better route to secure their economic interests than patronage or other forms of state dependence.

Islamists are another politically salient group. The rentier framework suggests this group is part of the rentier class that is dependent on the state for social services and may fear the repressive apparatuses of the state. Some newer social groups like the Islamists were promoted by the state to dilute the power of social groups that may challenge the state’s

power. Moore (2004) suggests this was the case in Kuwait during the 1970's when groups like the Shia minority, tribal Bedus, and civil employees were given business incentives to create a merchant class in opposition to the dominant Asil merchants. Building off the larger Muslim Brotherhood movement, Islamists have been able to build human capital through the distribution of oil rent and patronage, use that distribution (as well as times of crisis) as a rallying cry for mobilization and developed an institutional capacity in the Islamic Constitutional Movement allowing the group to be autonomous from the state. This autonomy has led Islamists to seek more political inclusion as well as more power for parliament over the executive.

While women in Kuwait are not as politically organized as their counterparts in Morocco, their inclusion in this study demonstrates the *modernization effect* of the distribution of oil rent. The rentier literature suggests women are also part of the rentier class. Ross's analysis suggests oil rent economically and politically marginalizes women. Yet social welfare derived from the distribution of oil rent built human capital, and increased labor force participation for women in Kuwait. While it can be argued that women remain dependent and have not developed the autonomy or institutional capacity of other groups, this study shows that the distribution of oil rent has allowed women to gain a more prominent role in the Kuwaiti economy and society, and gain substantive political rights.

Contingent Capitalists: Business Elites, the KCCI, and Political Inclusion

Creation of the Kuwaiti Merchant Class

Business elites have a historical relationship with the state and have developed the institutional capacity and autonomy through the Kuwaiti Chamber of Commerce and

Industry and a strong Kuwaiti private sector. Much of the analysis of business elites in Kuwait is drawn from the work of Peter Moore (2004).

In pre-colonial Kuwaiti society, politics and commerce were interdependent. In 1752, the al-Sabah family established rule over what would become Kuwait. This family was a member of the Bani Utub tribe that settled in Kuwait in the early 1700's and gained dominance in the region. Central to Bani commerce was the pearl trade, and from this trade grew a merchant class¹⁸. Merchant elites provided revenue to the state via the system of *zakat* (a religious tax). The *zakat* provided financial support, while the merchants also provided manpower support from their labor and slave pools, leading to a close relationship between Bani merchants and the al-Sabah family (Moore, 2004, p. 29). Thus, well before British rule, Kuwaiti merchants openly exercised influence commensurate with a perception of equality (Moore, 2004, p. 31). The dominant merchant families in the Bani tribe became known as the Asil merchants.

Kuwait's location and size left it vulnerable to outside power, a trend that continues throughout the 20th century. Faced with pressure from the Ottomans and the al-Sa'uds, Kuwait became a British protectorate in 1899. Tetreault (1999) and Moore (2004) argue that this relationship to Britain as a protectorate marked the onset of the rentier state in Kuwait. Reliance on merchants shifted to reliance on British rule. The British alliance helped the Asil merchants, whose economic fortunes were now increasingly tied to British imperial economy (Crystal, 1995, p.13). Merchant elites further prospered during WWI and its aftermath.

Besides increasing their wealth, merchant elites increased their organizational capacity. Political movements in 1922 and 1938 helped the dominant Asil merchants

¹⁸ The social structure of the merchant class was stratified along lines of specialization; a high class dealing with the pearl industry and commodity trading, a middle class dealing with transfer of subsistence product, and a lower class performing more general economic activities (Moore, 2004, p. 33)

organize institutionally and politically.¹⁹ Leadership for these groups was decided by elections among the Asil elite. Jill Crystal (1995) notes these movements afforded merchants opportunities in electoral politics and collective action (p.50). The movements were unsuccessful because merchant policy initiatives were not inclusive enough to garner wider political support (Moore, 2004, p. 40). Merchant elites were a politically salient group long before the onset of oil in the 1930's, and independence.

Building Business Autonomy: The Kuwaiti Chamber of Commerce and Industry

Kuwait gained independence in 1961. Shortly before, merchant elites were instrumental in the founding of the Kuwait Chamber of Commerce and Industry. The KCCI developed into an autonomous institution capable of bargaining with the state over economic policy. Its formation was in response to the weakening of merchant-controlled institutions during state expansion in the 1950's (Moore, 2004, p. 46).

The KCCI was established by Emiri decree in 1959. The Chamber established by-laws to govern internal activities and executive board elections. "Internal organization was a prerogative of chamber organizers, with no state involvement or appointment." (Moore, 2004, p. 47). The by-laws established voting rules in which any member could vote or run for the executive board. The Chambers finances were drawn primarily from subscription and authentication fees. According to the KCCI website, there are currently 79,000 Kuwaitis represented by a board of 24 directors serving four-year terms. It is the only business chamber in Kuwait, and its establishment was a collective effort by the Asil Merchants (Moore, 2004, p. 48). The main purpose of the KCCI was to be an institution through which

¹⁹ During the 1938 Majlis movement, merchants organized into several institutions¹⁹ aimed at gaining leverage with the ruling family. Examples of these are the creation of the Kuwait City Municipality, whose executive board was controlled by merchants. An education council was organized by merchants in 1936 to manage schools.

merchants (predominantly Asil) could express opinions on national economic policy and influence the country's founding economic laws.

The rentier framework suggests capitalists in a rentier state organize to influence policy or to access oil rent. Though the rentier framework suggests the KCCI organization is the embodiment of rent-seeking behavior, Moore argues that the business-state relationship was not primarily a rent-seeking arrangement. "Interactions between business elites and the state in the 1960's were an extension of the wider social and political struggle that had marked Kuwaiti's pre-independence years." (Moore, 2004, p. 52). The KCCI continues to be an autonomous institution that seeks involvement in the formation of economic policy, transparency and accountability from government, and more influence in the National Assembly.

As Kuwait increased oil output through the 1960's, the KCCI was given a degree of influence on economic issues. KCCI was instrumental in developing early economic laws, many of which reinforced the dominance of Asil merchants. Yet, the final say always rested with the Emir. Access to the state was crucial for the merchant elites. KCCI leadership pressed the Emir for a more institutionalized planning body to deal with certain economic issues. A Planning Board was created in 1962, though it was not a decisive arbitrator on economic issues. It was, however, an institutionalized venue for the KCCI to exchange information with state officials (Moore, 2004, p. 55).

The KCCI also helped candidates get elected to the Maljis, or the National Assembly. Moore notes the KCCI took advantage of Diwaniyyas²⁰ to influence the election of assembly members (p. 50). Business elites also benefited from the perception as being the only national opposition following the 1938 Maljis movement. "Consequently, assemblies of the 1960's

²⁰ Diwainyyas are meetings at households where Kuwaiti men and women talk about affairs of the state.

and early 1970's marked the high point of business influence in the only elected assembly in the region." (Moore, 2004, p. 51).

Creation of the Kuwaiti Rentier State

The influence of the merchant elite was dampened following the 1970's oil boom. A rise in oil prices and increase in output brought massive revenue into Kuwait. As the state increased its revenue, it became less dependent on the KCCI. "By the mid-1970's, state officials and the monarchy ignored most KCCI attempts at policy input and altered distributional policies to enrich rivals to traditional elite, thus building a wider network of support." (Moore, 2004, p. 85). Less influence and more state involvement in the private sector reduced the agency of the business elites. This is an example of the rentier framework playing out; patronage through the distribution of oil rent can be used to offset the influence of any group in opposition to the state. In the 1970's, the state attempted to create a new class of economic elite. This involved members of the ruling family entering private business. This is seen by Moore (2004) and Crystal (1995) as a clear violation of the unspoken merchant-ruler pact of the 1960's. Business opportunities were also supplied to civil servants²¹ and Islamists. Collectively these groups came to define themselves in opposition to the type of leftist, Arab nationalism predominant among KCCI elites (Moore, 2004, p. 90). Business elites did prosper during the oil boom as the private sector increased dramatically with new merchants prospering from government support.

The Kuwaiti government also became increasingly frustrated with a parliament that refused to approve state plans regarding the oil industry, causing the emir to suspend parliament and civil rights in 1976. Parliament's dissolution, and the lack of merchant protest, confirmed that KCCI involvement in all areas of political participation was not a given

²¹ This violated a constitutional law barring civil servants from engaging in private enterprise

(Moore, 2004, p. 100). A nascent stock market was set up by the state with no input from the KCCI. What is important here is that the KCCI weathered the 1970's with little intra-associational tension, investment in institutional capabilities and public relations assets (Moore, 2004, p. 120).

Parts of the rentier framework play out, and parts do not. The oil boom of the 1970's allowed the Kuwaiti state to marginalize social groups politically. Social groups were in part incorporated into a rentier class, looking to the state for patronage and social services.

However, it did not destroy the institutional capacity of all independent social groups. The merchant elites continued to prosper, though at the price of decreased agency. The prosperity built capital that is used later to mobilize against the state, and increase the groups autonomy from the state.

Fiscal Crisis and Political Mobilization

The economic crises of the 1980's and the invasion by Iraq in 1990 showed the state was not fully autonomous from Kuwaiti social groups. The 1980's brought on a drop in oil prices due to a worldwide recession. The loss in oil revenue hurt the ruling family, and was compounded by the crash of the stock market in 1983. The state's fiscal and political vulnerability in the 1980's opened the door for the reassertion of the political opposition and the reinstatement of parliament. Fiscal vulnerabilities also meant the state needed the private sector, if not to contribute economic solutions, then at least to share some political heat (Moore, 2004, p. 120). The state looked to the KCCI for economic policy analysis that gave

business elites extended influence within the government apparatus, especially with debt repayment from the stock market crash²².

Islamists became the premier opposition group. This forced the state to promote its business ties to undercut Islamist support opposite of the government's policies during the 1970's.²³ By developing new allies, the emir had inadvertently politicized them (Crystal, 1995, p. 101). When parliament was again suspended in 1986²⁴, a pro democracy movement led by Islamists, nationalists, and business elites petitioned the government for reinstatement of parliament. KCCI elites were able to use Diwaniyyas as important venues for venting of opposition demands. "In a rerun of the events of 1921 and 1938, merchant elite's were making a play for their 'rightful place' in Kuwaiti social and political life." (Moore, 2004, p. 123). The 1980's economic crisis gives social groups the opportunity to mobilize beyond their base and demand political change. By 1990, all strands of opposition pushed for the reinstatement of parliament, a process that was interrupted on August 2 of that year.

1990 Iraq Invasion

Iraq invaded Kuwait in August of 1990. This invasion helped boost the position of the KCCI, as well as other groups. "Opposition groups in exile during occupation acquire unparalleled leverage." (Moore, 2004, p. 124). Moore notes business elites played important roles both inside and outside occupied Kuwait. Business elites help fund resistance inside occupied Kuwait. The emir called for a convention of government and opposition groups in Saudi Arabia during the occupation. "Among the oppositions demands at the conference was

²² Most of the big debtors were members of the royal family and the newer merchant class. The bailout plan was designed with expert help from the KCCI, which worried opposition groups who thought the KCCI was trying to undercut their influence.

²³ This was in response to Islamists tension in other countries following the 1797 Iranian revolution and other events. Islamists were responsible for several car bombings in Kuwait in the early 1980's.

²⁴ Factors in the suspension were the assassination attempt on the emir in 1985, accusations by the parliament that the minister of oil was corrupt, as well as the opposition's resistance to the state's bank-bailout and debt-repayment plans following the crash of the stock market.

an assertion for the monarchy to stop running Kuwait's finances as a family show. The crown prince had no recourse but to commit to new elections after liberation." (Moore, 2004, p. 124). It was this stage that the business and the opposition asserted themselves as a force in Kuwaiti politics.

In the 1992 elections, the KCCI placed members of its leadership in parliament, with the goal of focusing on a greater role for business elites in economic policy and management. Parliament again became a venue for business access to policymaking. Herb (2005) notes that after the 1990 invasion the tacit threat of the suspension of parliament ceded.²⁵ This benefited the KCCI, and other social groups mobilized from the invasion and occupation.

Business elites, through the institutional capacity of the KCCI, were able to impact the government through economic policy, as well as politically during times of crisis and suspended civil liberties. The group is the most organized and well funded of the Kuwaiti social groups. Some of the rentier framework does play out; the business-state social contract of the 1960's, as Crystal would put it, can be seen as an attempt by the state to placate dissent of arguably its most powerful social group. This is a charge other opposition groups have levied against the Asil merchants as well. Despite this, it is clear that the business elites have developed independent of oil revenue, as they have had a relationship with the ruling family since before colonial times.

Distribution of rent through patronage has helped the group build up its institutional capacity and autonomy, though it has reduced its political leverage at times. Though not solely manifested as a political opposition group, the business elite's influence over economic policy and role in supporting parliament as a venue for policymaking and

²⁵ Parliament could still be suspended by the emir, but he would have to call for elections immediately. In the past, parliament could be suspended for an indefinite amount of time.

amendments is important to the development of the Kuwaiti political context. Though more economically driven than politically, the business elites call for more inclusion in policy leaves the door open for more inclusion by many groups into Kuwaiti policy. This follows Bellin's model, democracy for capitalists is contingent on that groups being autonomous from the state, and seeing democratic institutions as favoring their economic success. Business elites have often voiced the opinion that the weakness in the Kuwaiti economy is the mismanagement by the royal family. Business elites do not seek a bigger piece of the pie, as the rentier framework suggests, they seek a more predictable and accountable market from which to operate.

Contingent Islamists: Mobilization, the ICM, and Electoral Reform

Islamists have developed into a politically salient group in Kuwait, due in part to the distribution of oil rent. Through the Islamic Constitutional Movement and the larger Muslim Brotherhood movement, Kuwaiti Islamists have pushed for greater inclusion in the political discourse of Kuwait. Following the framework of the study, the Islamists social group has developed both independent of oil rent and has been mobilized by the distribution of oil rent. By developing an institutional capacity and autonomy from the state, Islamists have evolved into a political salient group that helps facilitate the push of social opposition for democratization in Kuwait.

Creation of Kuwaiti Islamists

The Kuwaiti Muslim Brotherhood was established in 1952. The early Brotherhood was often influenced by its interactions with sister movements elsewhere in the Arab world, through Kuwaiti students abroad, as well as expatriate professionals (like teachers and engineers). The Brotherhood got much of its organizational influence from the parent-

organization in Egypt. The Social Reform Society- the legal manifestation of the Muslim Brotherhood in Kuwait- largely concentrated on social, educational, and charitable activities, but the broader movement, though lacking any formal status, did enter political affairs (Brown, 2007, p. 6). Islamists were often promoted by the ruling family in both business and parliament to counter the influence of the business associations via the KCCI (Moore, 2004, p. 85). The goal of the ruling family was to create a new social class that could compete with the dominant Asil merchants, and not the state. This allowed Islamists during the 1960's and 1970's to become increasingly familiar with the parliamentary system, and build capital. Much of this comes from the distribution of rent to Islamists through patronage, welfare, and compulsory education.

Fiscal Crisis and Political Mobilization

The Brotherhood remained a marginal group until the 1980's. The Brotherhood equivocated to the suspension of parliament in 1976, partly a measure of support for the government that promoted their prosperity during the oil boom (Brown, 2007, p. 5). Nathan Brown (2007) suggests this hurt the Brotherhood's legitimacy among the poorer Kuwaitis they supposedly represented. With the restoration of parliament in 1981, the Islamists presence in parliament became more active, though still holding only a few seats. Moore notes that an Islamists alliance soon formed²⁶. This is the period of the first crisis, the drop in oil prices of the early 1980's and the crash of the stock market in 1983.

Islamists used the unequal distribution of wealth, especially biasing the poorer Shia minority, as a rallying cry for return to traditional Islamic values. By the 1980's, the Islamists movement, spearheaded by the Brotherhood, had become more of an opposition to the ruling

²⁶ Between the more traditional Muslim Brotherhood's social reform society and the more conservative Salafist Islamic Heritage Society

family that the business elite. Government efforts to divide Islamists opposition through gerrymandering did not quell radical elements. Car bombings in 1983 were followed by an unsuccessful assassination attempt on the Emir in 1985. When parliament was again suspended in 1986, Islamists stood with other opposition groups in calling for a reinstatement in parliament.

1990 Iraq Invasion

The Iraqi invasion in 1990 proved to be a watershed for the mobilization of Islamists as well as other opposition groups. The occupation of Kuwait permanently changed the Brotherhood's political role, resulting in the creation of *Al-Haraka Al-Dostooriya Al-Islamiya* or the Islamic Constitutional Movement (ICM). The efforts of the Brotherhood to subvert the occupying Iraqi forces and feed intelligence to US led forces during the occupation helped restructured its leadership; bringing in younger leaders to replace those that fled during the occupation (Brown, 2007, p. 6). This younger generation adopted political language that had broader appeal, and created the ICM. Following the liberation of Kuwait in March of 1991, the ICM was formalized and became an organization independent of the larger Muslim Brotherhood. Following the reinstatement of parliament in 1992, Islamists, through the ICM, won four seats in parliament.

The Islamists movement was mobilized by the invasion and occupation, and continued to gain autonomy. "In the 1990's an integrated political and economic network of Islamist organizations had taken shape" (Moore, 2004, p. 143). Islamists social networks and banks allowed Islamists and the ICM to gain prominence in local cooperatives and national elections. "Salafist and Muslim brotherhood candidates controlled the majority of cooperatives and built secure, independent electoral and funding bases" (Moore, 2004, p.

143). Much of this funding base and institutional capacity came from the distribution of oil rent used to promote Islamists during the 1970's. Islamists controlled significant portions of the Kuwaiti market. After the Iraqi invasion, the Islamists movement had solidified itself as a politically salient organization enjoying autonomy from the state, with significant institutional capacity to negotiate with the state.

The Islamic Constitutional Movement

The ICM status as a proto-type party, with a distinct organizational identity separate from the Muslim Brotherhood movement, has allowed it to develop a clear set of electoral strategies (Brown, 2007, p. 8). The institutional capacity includes a set of governing structures. The ICM has a general assembly, a secretary general, a secretariat, a technical office, and an eight member political board. Islamists have a Parliamentary bloc, which is governed by the ICM's Parliamentary committee. The leadership is elected, and included more influence from bottom level members following disappointing performance in the 2003 elections (Brown 2007). The ICM currently has six representatives in the national assembly, and has pushed candidates in all Kuwaiti elections since 1992.

Brown notes that many of the ICM's leaders draw on experience from university student associations. Again, many of these leaders have benefited (directly or indirectly) from patronage and compulsory education. "To this day, the ICM leadership tends to draw on the middle class and professionals." (Brown, 2007, p. 7). It also has greater democratization as a clear objective. The ICM has an effective bloc in parliament it can rely on to push its agenda with the state, and has proven just as good at political maneuvering as business associations like the KCCI (Brown 2007). The ICM has also found influence in the tribal areas outside of urban Kuwait. Tetreault (1995) suggests this zone has traditionally been an

ally of the ruling family, who provides rent distribution through service candidates that act as part of the ruling family bloc in parliament.

The ruling family has been good at playing opposition elements like the ICM against each other, and when opposition to the state grows strong, the emir dissolves parliament constitutionally and calls for new elections. Service candidates- those elected on the basis of their ability to obtain government benefits for their constituents- and ministers able to vote in parliament allowed the ruling family to deflect parliamentary ambitions to play a more aggressive legislative and oversight role. Only elected representatives can participate in votes of confidence of government ministers, and this confrontational step often leads to the dissolution of parliament and a call for new elections. The relative autonomy of opposition groups like the ICM and the KCCI has allowed parliament to recover when the emir dissolves parliament and continue to push for reforms. The Islamists are able to use the mosque as an important independent venue for mobilization of its social base and venting grievances with the state. This is similar to the function Diwaniyyas have played with business elites.

The ICM led the charge in 2006 to push for electoral reforms. The reforms called for fairer districting.²⁷ The government tried to avoid the issue, which led opposition groups in parliament to call for an interpolation of the prime minister, which led to dissolution of parliament. The Islamists were joined by leaders from liberalist and leftist groups (some business elites), and were supported more broadly by a pro democracy movement of Kuwaiti students. When new elections were held in 2006, a reform bloc (comprised of Islamists, business elites, populists, and leftists) won the majority (33 seats), and pushed through the

²⁷ Kuwait then consisted of 25 constituencies that elect 50 members to the national assembly. Opposition groups said this leads to vote buying in districts that can be swayed by a few hundred votes. Opposition groups called for only one district, and settled on five.

reforms. Jon Gourvette (2006) notes Islamists did best in that election, with three ICM members part of an 18 member Islamic bloc (p. 31). In addition, the various factions in the reform coalition worked as blocs to hammer out a common legislative agenda (Brown, 2007, p. 9). Islamists, based on their autonomy and agency, see democratic institutions as the best way to achieve the Islamization of Kuwait.

Women and Modernization

While it may be questionable to lump Kuwaiti women into a social group. Yet, doing so demonstrates one of the main tenets of the study's framework: the distribution of oil rent can inadvertently promote the rise of a social group by building human capital. These benefits have allowed women to become integral parts of the workforce, increase influence in Kuwaiti society, and gain political rights.

The rentier framework suggests that socio-economic development- in the form of improved education and health services and substantial transfers of income and capital to the Kuwaiti population- contributed to citizen dependence on the state. These benefits also contributed to the formation of human capital that provided Kuwaitis from a broad spectrum of social groups with the resources to mobilize and challenge the emir's authority and to insist on guarantees of their civil rights (Tetreault, 2001, p. 204).

While women were disenfranchised through the 20th century, they enjoyed social benefits like compulsory education. Tetreault (2001) sees a modernization effect²⁸ in Kuwait that has brought women into the mainstream; women leave home for school and the workplace, and Diwaniyya bring non-family members into the domestic realm. Diwaniyyas were important venues for the business elites to vent frustrations with the Kuwaiti state, and women were

²⁸ This modernization effect is opposite of Ross's (2001) modernization effect, which suggests oil rent would limit the economic opportunities for women, and thus marginalized them economically and politically

often involved in this political discourse. These presented opportunities for Kuwaiti women. “Educational achievement as a result of compulsory education allows Kuwaiti women to challenge men on what men had long regarded as their grounds” (Tetreault, 2001, p. 210). Labor force participation is growing faster for women than for men. The National Kuwaiti banks reports working women tend to have higher educational attainment than male workers (Tetreault, 2001, p. 210).

Women were also instrumental during the 1990 invasion. Tetreault notes that women were active in the pro-democracy movement immediately preceding the invasion, and continued to play an important role inside occupied Kuwait. Some were allowed to join the military and train in the U.S. alongside Kuwaiti men. Tetreault notes this activism during armed conflicts is usually correlated with an expansion of rights. This, along with increased human capital and labor force participation, allowed women to be seen as politically salient.

Women’s rising rates of public participations- as workers, members of many volunteer associations that form the bedrock of Kuwaiti civil society, and even as public figures whose opinions and activities are reported in the press- normalizes the idea that woman are autonomous agents and legitimate occupants of the public sphere (Tetreault, 2001, p. 211).

According to Tetreault, working mothers have long been scapegoats in Kuwaiti society, and in politics. The governments gave women the right to vote and run for office in 2005, even though the majority of elected deputies in the parliament (business, Islamists, leftists, populists) opposed the move in some form or other (Brown, 2007, p. 8). The Emir first proposed the step during the 1992 suspension of parliament, but the newly elected parliament voted it down. Since 1992, gender has been used as a smoke screen to divert popular and legislative attention away from the fierce struggles between the state and opposition over a host of other issues (Tetreault 2001, p. 213). When the Emir enfranchised

women completely in 2005, it was likely he was merely going back to the well to draw up what he believed to be the last social force available to strengthen his standing vis-à-vis the political opposition (Tetreault, 2001, p. 216).

Women as a social group do not have the institutional capacity or legislative agenda of the Asil merchants or the Islamists. This means women as a social group cannot organize as effectively. In the 2006 elections, none of the 28 female candidates were elected to the national assembly. “Many female candidates did not run serious campaigns; they placed their name on the ballot form largely just to exercise a hard won right.” (Gourvette, 2006, p. 31). Some of the female candidates demonstrate the modernization effect of oil rent. “Largely U.K. and U.S. educated members of wealthy families with connections into the Emiri and state institutions, these female candidates are far from the ordinary Kuwaiti experience- male or female.” (Gourvette, 2006, p. 31).

It is clear that women have become both productive Kuwaitis and political agents because of the ruling family and the state’s distribution of oil rent. The enfranchisement of women demonstrates how the state and ruling family has contributed to what Tetreault considers a modernization effects. Oil rent builds human capital through education and other social services. This leads to more occupational specialization, and an increasingly professional population, which increasing includes women. This raises indicators of development like literacy, labor force participation, and GDP.

Conclusion: Contingent Democrats?

Early variations of the rentier framework did not account for the development of certain social groups in Kuwait both independent of oil rent and mobilized by the distribution of oil rent. Business elites have always had a relationship with the state, and oil rent allowed

this group to organize autonomous of the state, and play a genuine role in the formulation and implementation of economic policy. A business elite class developed in Kuwait from pearl traders long before the discovery of oil in 1938. Patronage ties and business success from oil-related commerce contributed the creation of institutional capacity and autonomy for Asil merchants and other merchants as time goes by. This autonomy means the private sector is less dependent on rentierism to be profitably, meaning that business elites may see democratic institutions as the best way to promote profitability. This lead the KCCI to support parliament, push for more influence on economic policy, and push for greater democratization when basic liberties are threatened.

Islamists have benefited socially and politically from the distribution of oil rent. Islamists develop their institutional capacity from the mosque as a center of religious life in Kuwait, from the larger Brotherhood movement regionally and politically through the ICM's proto-party. This is due in part to oil rent distributed in the 1970's- through patronage to promote Islamists as opposition to leftist and business interests- as well as through the promotion of human capital like education and health services. These helped mobilized Islamists that became the opposition in the 1980's, and a political force in more recent years. The ICM has been at the forefront of pushing for greater parliamentary power in legislations, even in opposition of the state (Brown, 2007, p. 19). The ICM pushes for more power for the National Assembly and elected officials over the executive.

The role of women in Kuwait politics and the economy demonstrates even more clearly that the distribution of rent can act as a catalyst for social formation. Compulsory education and work opportunities for women in Kuwait has given women a status enjoyed by few of their counterparts in the Gulf region. The need for technical professionals has brought

women into the labor force, the occupation secures their role as social agents of the greater good, and the rights of enfranchisement made women political actors in the Kuwaiti state. Whether or not women can build an institutional capacity to mobilize as an opposition group remains to be seen. What is evident is that, due in part to the distribution of oil rent; women have ascended from their traditional status in Kuwaiti society. Other marginalized groups- the Shia minority, naturalized citizens, and Bedu tribal elements- have also become incorporated politically by the state to dilute opposition and keep its influence in parliament. The result may be that the ruling family is the last traditional force in Kuwait, one increasingly more dependent on parliament and important social groups for its legitimacy (Tetreault, 2001, p. 216).

CHAPTER IV

MOROCCO: DEPENDENT SOCIAL GROUPS IN A NON-RENTIER MONARCHY

Politically Salient Groups and Authoritarianism

This chapter will examine the degree of autonomy and agency achieved by social groups in non-rentier Morocco. Traditional literature suggests that Moroccan social groups may have less dependency on the monarchy due to lack of external rent. Yet social groups suffer through cycles of liberalization and then repression. Among the missing variables are the human and institutional capital created by the distribution of oil rent in Kuwait. Human capital like compulsory education and guaranteed employment for citizens are not enjoyed in Morocco. This can be enhanced during times of crisis. In times of crisis, civil and political rights are often sacrificed for the goal of economic development, leaving Moroccan social groups more dependent on the state and less mobilized. In Kuwait, social groups often mobilized during times of crisis, notably the fiscal crisis of the 1980's.

One social group examined will be business elites. Business elites were integral in the Moroccan independence movement, and benefited from French to Moroccan business transfers in the 1960's or 1970's.

The second social group examined will be Islamists, who are very involved in formal parliamentary politics. Cavatorta (2005) suggests Islamists stand as the only real opposition

in the Moroccan parliament. Mainstream Islamists have been hindered by the backlash from clandestine radical Islamists. Cohen and Jaidi note that many Moroccans (especially women) are disillusioned by formal politics, and instead mobilize through cultural-political organizations.

The third group examined will be women in the context of larger cultural movements. Moroccan women collectively organize more than their Kuwaiti counterparts. Women's organizations and other cultural-political movements in Morocco add a dynamic to opposition in Morocco not present in Kuwait.

Traditional literature suggests that these groups are less dependent on the state than their counterparts in an oil rentier state. Morocco has no natural resource wealth, an economy dependent largely on agriculture and opened by market reform. Business elites have a fairly open market following economic liberalization of the 1980's and 1990's. Morocco has always allowed political parties which are outlawed in Kuwait. An alternation of power was decreed by King Hassan II, and an opposition government was established in 1997. This may suggest that social groups have some degree of autonomy and agency to bargain effectively with the state.

Despite the success of these liberalizations, it hasn't made these social groups less dependent on the state, with most political power consolidated behind the sovereign. Morocco follows a similar pattern to other monarchies in region, whereby small political liberalization is followed by a consolidation of power by the ruling family soon after. Most reforms are dictated by the King, and Cohen and Jaidi (2005) note that formal politics does not enjoy the support of the majority of Moroccans.

Creation of a Repressive Monarchy

French policy in pre-independent Morocco was one of benign neglect: underdevelopment, high illiteracy, poverty, and poor health conditions. After independence in 1956, the monarch under Mohammed V fought for control of the state with leaders of the independence movement in the Istiqlal party. While a portion of the general population was behind the Istiqlal leaders, the King had support from traditional elites, some business elites, the military, and Islamists. Here we see a similar trajectory as the Kuwaiti state, strong business-state relations and support from traditional elites. The King's allies were able to create a cross-class coalition that the King could identify with. This added to the legitimacy of the monarchy the Istiqlal couldn't reproduce. The opposition ran the government for the first few years after independence, proving to be very ineffective. King Hassan II assumed the throne in the early 1960's. "With the acquiescence of nationalist parties, the sultan, now a modern King, emerged as a symbol of national liberation, and became, constitutionally, the supreme arbitrator, guarantor, and legislator of political legitimacy." (Maghraoui, 2001, p. 12). These early experiences give some legitimacy to political parties and opposition groups, again suggesting Morocco's experience should be more advanced than the Kuwaiti case.

King Hassan II established an authoritarian monarchy that exists for over two decades. Power was increasingly concentrated around the King and supported by traditional elites and business elites who were against the leftist government in power following independence. The reign of Hassan II was one of state-run development and widespread repression. "King Hassan's insecurity about his opponents led him to establish a regime of little tolerance, one in which opponents were jailed, exiled, or killed." (Cohen and Jaidi, 2006, p. 51). Hassan II's personalization of power was replicated in the public sector and economy. The growing

capitalist class continued to function through patrimony and patronage, and many party leaders were effectively co-opted by the monarchy, or marginalized through repressive measures²⁹. Social groups had little influence over state policies and were ineffective at bargaining with the state.

Fiscal Crisis and Political Mobilization

Unlike Kuwait, Morocco is absent of vast natural resources, with an economy based on a large agricultural sector. Scholars expected this economy to favor some sort of a market democracy (Cavatorta, 2005, p. 556). The Moroccan economy fared well during the 1960's and 1970's. Like Kuwait, political liberalization began in Morocco in the 1980's amidst a worldwide economic crisis.

The economic crisis of the 1980's came at a time when Morocco had high external debt, high unemployment, and population growth that was outpacing economic growth. "Repressive states may earn a degree of legitimacy if they can provide near-total employment for all its citizens. When unemployment increases, however, the state must either democratize or be prepared for confrontation." (Burton-Rose, 1998, p.10). Morocco became the first North African country to enter into the IMF's structural adjustment program. With it came market liberalization, and the beginning of political liberalization and opening of independent political space for social groups in Morocco.

Dependent Capitalists: Patronage, and Loyalty

Pre-Independence Merchants

Similar to Kuwait, there is a business-state relationship in Morocco. Merchants flourished for centuries in Morocco before colonialism. Shortly after Morocco fell under French

²⁹ The best example of this is widespread crackdowns following two failed coups in the 1970's. This can also be seen with the clandestine Islamists factions.

colonial rule in 1907, traders in the city of Fez became capitalists, and a nascent bourgeois grew independent of colonial capital (Clement, 1986, p. 13). Similar to the Asil merchants in Kuwait, the merchants from Fez gain capital during the two World Wars. Following WWII, the economic center shifted to the coast and the enterprising Fez capitalists move to Casablanca and become known as Fassis. These Fassi merchants were instrumental in the Istiqlal independence movement.³⁰ The Istiqlal party struggled with the monarch for power following independence, eventually losing out to the authoritarianism of Hassan II.³¹

Lots of parallels can be seen between Kuwaiti and Moroccan business elites. There is a strong pre-independence business-state relationship in both cases. Moroccan merchants were instrumental in the independence movement and party, suggesting they had some political agency from which to expand on. In contrast to Kuwait, despite business elite involvement in Moroccan politics early on, the dependence of this social group on the monarchy soon became evident.

Dependent Capitalists

The Fassi merchants have gained capital due to a large degree of dependence on the monarchy. Morocco began a process called ‘Moroccanization’ in the 1973, aimed at speeding the transfer of formerly French businesses to Moroccans³². Moroccan entrepreneurs sprung up in multiple sectors, buying businesses from departing Europeans³³. A whole new stratum of Moroccan society was created by this windfall (Clemet, 1986, p. 14). The Moroccan state, through state-run development and social welfare policies, created a middle class. Murphy

³⁰ Businessman Muhammad Laghzaoui, son of a Fez merchant, was instrumental in the Istiqlal party (the independence party), which was headed by Allal al-Fassi, who was from a leading Fez merchant family.

³¹ Members of the Istiqlal party did run the country for the first few years.

³² This process involved 1500 companies and over 400,000 hectares of farmland

³³ These included small and medium size businesses, like garages, restaurants, small brokering firms, and insurance companies.

notes that the holdings of the sovereign made the process of Moroccanization harder. “Matters were complicated by the massive holdings of the King himself, reportedly the largest landowner, holding controlling interest in Morocco’s largest holding company, and enjoying substantial assets in the commercial and banking sector. As in all truly patrimonial societies, it became hard to tell where the state purse’s ended and the ruler’s began.” (Murphy, 2001, p. 21). These financial linkages made capitalists dependent on the state for financing and protected market position.

Since independence, the state protected the private sector by regulating trade and domestic production and built a middle class through expansion of the public administration and education (Cohen and Jaidi, 2006, p. 31). The state took over most of the heavy industry left by the departing French, and found it hard to get Moroccan investors to take their place (Clement, 1986, p. 15). Despite trying to promote a larger private sector, the success was overshadowed by the public sector’s involvements in economic activity. “The enlarged public sector and subsidized private sector served as a way of containing the aspirations of political figures, of satisfying popular demand, and of reinforcing consensus around the legitimacy of the monarchy.” (Murphy, 2001, p. 22).

Business elites were loyal to the monarchy and at first were rewarded for their loyalty. Early ministerial positions often went to wealthy merchants. For the first 15 years after independence, the Fassis held a commanding position among Morocco’s bourgeois (Clement, 1986, p. 15). Other social groups saw this as an abuse of wealth and power, a position that the monarchy used to stifle the aspirations of Fassi political leaders.

The Moroccan government promoted other groups to offset the influence of Fassi merchants, which enjoyed a powerful network of connections, money, and patronage

(Clement, 1986, p. 15). Similar to the Kuwaiti monarchy in the 1970's, the Moroccan state aimed at keeping any opposition weak. After two failed coups in the early 1970's, the regime used growth to invest in a loyal middle class that equated its interest with state legitimacy (Cohen and Jaidi, 2006, p. 36). At the same time large segments of the population, especially the rural poor, did not benefit from social policy. Moroccanization also helped the monarchy diversify the bourgeois, promoting other groups like Soussi merchant.³⁴

Moroccan capitalists do enjoy venues for bargaining with the state similar to those in Kuwait. Business elites have developed an institutional capacity through chambers of commerce. The Federation of Moroccan Chambers of Commerce, Industry, and Services is a national association gathering 28 national trade, industry and services chambers. Created in 1962, the Federation's 868 members are elected by the tradesmen, industrialists and service providers. The Federation represents the many chambers both nationally and internationally. At the national level, the Federation is represented in the appointed upper house of parliament by 24 members and takes part in work of several boards of directors of public organizations and decision-making centers. The upper house is mainly comprised of supporters of the sovereign. Their inclusion in state affairs is often seen as an effort to co-opt leadership.

The Federation, chambers of commerce, and trade unions give the private sector more access to the state, but not necessarily the ability to bargain more effectively with the state. There is some disconnect between the business elites that operate through patronage and loyalty to the state and those looking to integrate into an open global market.

³⁴ The Soussi's would eventually intermarry with the Fassi aristocracy, increasing the base of the business elites (Clement, 1988)

“The private sector, meanwhile, becomes fragmented between the old firms that seek to advance their interests through gradual internal reforms and proximity to the state, and those new firms which seek to take advantage of the larger economic space available to them and which adopt the new culture of business and entrepreneurships.” (Murphy, 2001, p. 26).

Most business elites remain dependent on the state. Corruption and patronage are still seen as rampant in business-state relations. Business is often reliant on a Moroccan state many times wealthier than the wealthiest capitalists. Clement (1986) argues that the vastness of the royal fortune, the patronage network of the monarchy structure, as well as the centralized nature of the state make for dependence by capitalists on the state. “From time to time there are murmurs of discontent and muffled criticism of royal absolutism, but Moroccan capitalists seem little inclined to rebel against their major business partner and main political guarantor” (Clement, 1986, p. 17). Murphy (2001) notes that market liberalization has enhanced the role of the private sector in Morocco, but has also maintained networks of state and royal patronage, as well as working to benefits the King’s economic holdings (Murphy, 2001, p. 26).

Capitalists in Morocco have made strides to increase their own holdings and capital. This has, in turn, created a middle class that seeks more political options. Business elites have developed venues, like the Business Federation, to bargain more effectively with the state. This has not increased the ability of the capitalists to prevent to consolidation of power by the monarchy. Capitalists that do act as political agents typically support the sovereign in a parliament that enjoys little popular support.

Dependent Islamists: Radical Islam, the PJD, and Co-opting Leaders

Islamic factions have become political salient actors in many MENA countries, and Morocco is no exception. Islamist groups were active in the Moroccan independence

movement, and exist today as one of the few social groups with an institutional capacity independent of state resources. The Islamists opposition in Morocco is more diverse than the Islamists opposition in Kuwait. While the Islamists have deep historical roots in Morocco extending back to the independence movement, Islamists factions didn't gain popular support until the economic crisis of the 1980's.

Morocco's poor socio-economic conditions gave rise to strong Islamists movements. Both the King and secular opposition parties were afraid of their emergence and adopted authoritarian measures to deal with them (Cavatorta, 2005, p. 560). Poor economic conditions of the 1980's and 1990's and the disenchantment with formal politics by much of Morocco's underclass were rallying cries for Islamists. "The alienated from formal politics provoked Islamist political leaders, who view widespread disenchantment with conventional politics as fodder for mobilization, and attraction to aesthetics and behavior promoted through the global market as justification for an Islamists regime." (Cohen and Jaidi, 2006, p. 55).

Given that the Moroccan state does not have the oil rent to placate groups like the Islamists factions, and that economic crises over the past few decades dictated small degrees of liberalization, it is natural to assume that the Islamists in Morocco should be able to push for reforms similar to the ICM in Kuwait. Herb sees the Islamists as the only true opposition part in Moroccan parliament (p. 182). Two factors prevented the Islamists opposition from copying the success of the ICM; the existence of radical Islam, and the co-opting of Islamists legally recognized by state politics.

Radical Islam

One factor is the radical and clandestine Islamists. There are three forms of Islamist opposition in Morocco. First is the legally recognized Party for Justice and Development. “It is allowed to participate because it is a party able to compromise with the regime and can be co-opted.” (Cavatorta, 2005, p. 561). Brown (2007) notes the PJD has followed a similar path as other electoral movements in the Arab world, like the ICM in Kuwait, the Muslim Brotherhood in Egypt, and Hamas in Palestine (Brown, 2007, p. 10).

Second, there is the Charity and Justice Association founded by dissident Sheik Abd al-Salam Yassine. Cavatorta considers this group barely tolerated by the state, but very popular with Morocco’s large underclass. This group is concerned with islamization of society from the bottom, while often engaging in political discourse critical of the state.

Third is the clandestine Salafist Jihad; a radical group often in direct opposition to the state. The Salafists are said to have funding and organizational ties to al-Qaeda, and many trained during the Soviet invasion of Afghanistan in 1979. Radical Islam has often been used by the state as justification for repressive measures against Islamists. Morocco only had to look to its neighbors to understand the danger of radical Islam. War between military and Islamists in Algeria worried Morocco about its own Islamists (Sweet, 2002, p. 22).

These radical elements marginalized the PJD’s influence over the King and the state. The Casablanca bombings in 2003 and the greater war on terror further marginalize Islamist groups. The war on terror allows the King to repress Islamists with little cost to the state’s legitimacy. “Since the events of 9/11 the ‘war on terror’ has helped Morocco to justify its repressive and authoritarian policies with the blessings of the U.S. government, which has now signed a free-trade agreement which does not include a conditionality clauses referring

to political reforms.” (Cavatorta, 2005, p. 562). Radical Islam hurts not only the agency and influence of mainstream Islamists groups like the PJD, but justifies repression of political and social rights for Moroccans in general. Cohen and Jaidi note the most apparent contradiction in Morocco is that between radicalism and democratization (p. 3).

Dependent Islamists

Another factor is the ability of the monarch to co-opt Islamists leaders into the government. The PJD often acquiesces to state demands. Cavatorta gives the example of a 2003 decision not to run candidates in all constituencies in fear of embarrassing the king by achieving a significant Islamic political victory (p. 561). This is where a parallel between Islamists movements in Kuwait and Morocco can be seen. When civil liberties were suspended in 1976, Islamists in Kuwait acquiesced to the decision of the sovereign. Islamists in Moroccan formal politics have been acquiescent to the state in a similar fashion.

Cohen and Jaidi suggest the PJD stands behind the monarchy system because it was chosen by the Moroccan people. Most members of the PJD come from middle income or lower income families living in working-class or traditional areas of large cities. These leaders are often co-opted by the government, and often acquiesce to state decisions on reforms. When there were proposed reforms to the family law in 1992, the PJD mobilized against the reforms³⁵. The PJD believed any problems within the family code should be handled by a reaffirmation to Islamic principles. The PJD eventually supported the reform, in part because after the terrorist attack in 2003 the political climate favored reform over Islamists arguments, and because women had the support of the King and international organizations like the World Bank (Cohen and Jaidi, 2006, p. 90).

³⁵ For the PJD, it was not the family code that necessarily required reform, but rather that Muslims should improve their education about the position of women in Islam.

Cooptation of formal political factions in the Islamists movement by the state, the disenchantment with formal politics in general and radicalized Islam have limited the ability of Islamists to be agents for democratization. Islamists in the PJD and other organization enjoy more autonomy and institutional capacity than any other Moroccan social group. Yet they are largely ineffective in influencing policy, or pushing an electoral agenda. Islamists cannot challenge the executive without broader support, and more autonomy from state influence.

Cultural-Political Organizations and Women

Despite an opening of political space in Morocco since the 1980's, few social groups have been able to mobilize the masses in support of further liberalization. This is due in part to disenchantment with party politics among large segments of Morocco's population. Cohen and Jaidi (2006) note that cultural-political movements have partly filled that void. "Whereas elites engage in a self-enclosed discourse of political transformation through moderation, and cultural-political movements instigate debate and influence legislation, the majority of the country either shows little interest in politics or declines to participate formally." (Cohen and Jaidi, 2006, p. 67).

Cultural-political movements are movements led by Moroccan social groups to improve the social and political conditions of Morocco. These movements can put pressure on parties in government. "Unlike the leftist movements of the 60's and 70's that concentrated on economic disparity, the new movement championing particular cultural behaviors and values, cultural-political movements have obtained enough popular support to compete with the state for influence." (Cohen and Jaidi, 2006, p. 54). These groups started to emerge during the decline of repressive measures by the Moroccan state starting in the 1980's. The rise of these

associations has paralleled the fall of party politics' credibility (Burton-Rose, 1998, p.9). While these groups are able to reach and mobilize larger segments of the population that parties like the PJD or the USFP, Cohen and Jaidi note their rhetoric avoids political discourse. Mobilization wise, these movements have eclipsed the popularity of many formal parties, as well as the traditional leftist opposition. "Unlike their predecessors, contemporary cultural-political movements have reached large sections of the population" (Cohen and Jaidi, 2006, p. 85).

Through these groups may not commonly engage in political discourse, their existence in independent political space in Moroccan society has political implications. "Their presence has meant that political liberalization has become a process of negotiation, not victory for one party or another or unilateral imposition of reforms." (Cohen and Jaidi, 2006, p. 76).

Contemporary cultural-political movements include Berber associations³⁶, unemployed college graduates³⁷, and women's organizations. These cultural-political associations allow Moroccans to have more political choices, but are largely ineffective in dealing with the state because they lack an independent institutional capacity that can effectively bargain with the state. They can push for specific policies and interests- family law reform, legalizing Berber languages, etc. Most of these associations are funded by the state. Only Islamists are truly financially independent of the state. "Unlike women's organizations, Islamists can claim a moral advantage because of their distance from the state. They organize their own funding and manage their own resources. They utilize these resources to demonstrate their efficiency and their connection with the people." (Cohen and Jaidi, 2005, p. 106). These organizations,

³⁶ aimed at increasing autonomy for Amazigh culture and language

³⁷ Aimed at securing employment for its members. Employment is a guaranteed right in the Moroccan constitution

similar to other social groups in Morocco, cannot constrain the will of the sovereign, nor check the executive.

Women's Associations

The role of women's associations in Moroccan politics creates an interesting contrast to the role of women in Kuwaiti politics. Women in Morocco form women's associations funded in part by the state. Similar to the Amazigh associations, the women's associations often avoid political discourse, and focus on women's rights and other social issues. "Women's organizations offer services that protect women before the law and elevate their social and economic independence as individuals." (Cohen and Jaidi, 2005, p. 105) Women's associations provide social services that enforce equality before the law and within the family.

The social issues are where we can see the contrast between the creation of human capital due to the distribution of oil rent, and the lack of comparable human capital among the women of Morocco. The women of Kuwait have benefited from compulsory education; the women of Morocco have suffered high illiteracy rates, lack of education, and lack of job opportunities. Women's associations target some of these social problems.

Similar to Kuwait, women have enjoyed greater inclusion in formal politics due in part to reforms of the monarchy, not an elected parliament. Women's rights gained a priority under current King Mohammed VI. Women gained high government appointments and 30 seats in parliament. Women's associations were instrumental in pushing for a reform of the Moudawanna, or family code. The family code was drawn up after independence in 1956 from Islamic law³⁸. In 1992, reform of the Moudawanna was proposed to give wives more influence over their marriages. Women's associations mobilize to support the reform, whereas Islamists mobilize against it. Both movements led grassroots awareness campaigns.

³⁸ The code views the primary purpose of marriage as procreation

Women's associations created an umbrella organization to lobby the monarchy and eventually won out. This effort had lasting ramifications for the agency of social groups like women. "The effort of women's organizations to change the family code contributed to a larger ambition, driven by international and local NGO's, to create and enforce a system of modern rights." (Cohen and Jaidi, 2006, p. 92).

Women's associations were somewhat successful in lobbying the state for specific policy reform, not necessarily greater political and economic inclusion. This is where the greatest contrast with oil-dependent states comes in to play. Women in Morocco do have the ability to mobilize, vote, run for office, and can pressure the state for reform (as was the case with the family law reforms). Women's organizations in Morocco do not enjoy the human capital of their Kuwaiti counterparts, who enjoy compulsory education, and higher labor force participation. Kuwait's small population favors the state investing in the human capital of women to add to their professional labor force, whereas Morocco suffers high rates of unemployment compounded by population growth.

Women in Morocco can only achieve limited mobilization toward more political inclusion without increased human capital. These associations remain dependent on the state for both legal status and financing, so they fear of 'biting the hand that feeds you' hinders women's associations from seeing a transition to greater democratization as benefiting their socio-economic interests.

Conclusion: Dependent Democrats and the "Alternance"

Morocco has made strides toward political liberalization and reform, due in part to social groups, but these successes have been largely incomplete. Political and economic reforms

have succeeded primarily through the initiative of the King, responding in part to the demand of the population following economic crises. Morocco stands out among the existing Arab monarchies for the prevalence of fraud in its elections (Herb, 2005, p. 171). While civil liberties have expanded, political rights have lagged behind. Efforts to liberalize have effectively solidified the monarchy's legitimacy as first among institutions. Mohammed VI has taken no steps to delegate any executive power to elected officials, and the opposition government has inherited failing social services, and a new legislature that increases the amount of appointed (and assumed loyal to the throne) officials. Social groups have made gains, but have not achieved the autonomy to constrain the monarchy and push for greater inclusion into policy and reform.

The story of Morocco's incomplete democratization can be told in the political reforms of the 1990's. Kuwait underwent many political changes following the 1991 Gulf War, as did Morocco. The Moroccan economy experiences another downturn in the 1990's, brought on by drought conditions that severely affected its large agriculture sector. This led to a rural exodus and high urban unemployment. In the early 1990s, faced with budgetary constraints, weak economic growth, and growing social unrest, King Hassan II undertook limited measures of political liberalization. Limited resources meant that patronage could not function as before. Hassan II proposes an alternance, or alternation in power, in 1993. This was passed off as a move toward democratization. By inviting opposition groups into power, one of the key principles of liberal democracy, the rotation of political power between groups through elections, had been applied (Cavatorta, 2005, p. 556). The original Alternance was based on the then-unicameral legislature in which two thirds of representatives were elected,

and one third was appointed. This would force the Koutla opposition³⁹ to align with a center right pro-monarchy party to establish an opposition government. This was rejected by the opposition. The opposition also objected to the Monarchy choosing key ministers and suggested the 1993 elections were rife with irregularities and manipulation.

In 1997, the Koutla opposition government was elected, and Hassan II establishes a new alternance initiative by nominating a leftist prime minister and giving parliament some real power (Cavatorta, 2005, p. 556). Cavatorta (2005) suggests a lack of interest in real democratization on the part of international actors meant secular parties were forced into accepting the alternance offered by Hassan II, if they wanted any say at all in running the country (p. 560). Maghraoui (2001) notes that the reform occurred by order of the King and not through free and transparent legislative elections (p. 15).

The opposition government seemed as doomed to fail as the original opposition government following independence. “Moreover, when in 1997, the opposition government led by the USFP, came to office, it assumed the obligation of managing the social problems engendered by budgetary cuts and weak economic growth.” (Cohen and Jaidi, 2006, p. 42). The opposition government was saddled with failure of social services and high unemployment and the opposition’s limited mandate paralyzed the new government and reinforces the throne (Sweet, 2001, p. 23).

A new bicameral legislature was established in 1997⁴⁰. It was confirmed by the Moroccan people in a referendum vote. The reform reinforced conservative bias loyal to the monarch while increasing participation at a national level. It effectively co-opted the opposition into the government without giving that opposition more influence over the prerogative of the

³⁹ The Koutla is an opposition government comprised of the USFP and the Istiqlal party

⁴⁰ with the upper house being appointed by municipal councils, union representatives and business council, and the lower house being elected by popular vote

sovereign. While the alternance proposed in 1993 required the opposition to deal with 1/3 of representatives being indirectly chosen, the 1997 Alternance meant the opposition had to deal with a whole house indirectly chosen. The monarchy still chose important ministers. “King Hassan’s bold embrace of the alternance now appears to have been a cleverly calculated maneuver.” (Sweet, 2001, p. 25).

While it can be argued that Morocco’s opposition government is part of a transition to democratization, it is often seen as failed democratization. Despite the length of the process, democratization failed to take hold and the past few years have seen a return to authoritarianism (Cavatorta, 2005, p. 556). The opposition government has yet to deliver on significant reforms. “There has been no constitutional reform, no new penal code, civil code, electoral code, labor law, or bill of rights.” (Maghraoui, 2001, p. 15). There is little support for formal politics, contributing to the notion social groups cannot effectively constrain the sovereign.

Herb suggests that the alternance allowed the King to co-opt political leaders as much as it turned power over to them. The King still wields many powers directly. Social group cannot effectively bargain with the state. This is due in part to a lack of institutional autonomy and political agency. Social groups can make limited gains, particularly during times of crisis. But they cannot dictate policy, political discourse, or other affairs of state. In Morocco, political discourse is still dictated primarily by the King. In contrast electoral reforms and general discourse in Kuwait show social groups can lobby the state for reforms and further democratization.

CONCLUDING REMARKS

Oil has not been widely viewed as a gift, but it should not be categorized as a curse. The rentier framework suggests oil is a curse to democratization and development in late developing countries. Oil rent limits the choices available to political actors, and breaks the linkages between the ruler and the ruled. Social groups in Kuwait demonstrate those arguments are no longer tenable in all cases. Oil rent also had positive effects on social groups in Kuwait, allowing them to build capital, institutional capacity, and autonomy. With the historical presence independent of oil, business elites and Islamists have become politically salient. Their autonomy can be seen in their institutional capacity, and ability to bargain with the state. Business may focus on economic policy, and Islamists may focus on electoral reform, but both view strengthening democratic institutions (i.e. parliament and elected office) as the best means to achieving their material interests. These social groups have been promoted by oil rent; become active political agents, and driven government reform while increasing the power of parliament. Oil rent increased the human capital of each group in the study, with women gaining economic and political inclusion. This finding is contrary to traditional rentier analysis.

This can be seen in contrast to the Morocco case. The inclusion in this study is important to show that certain Kuwaiti social groups have proved more autonomous than their Moroccan counterparts, though not uniformly. Social groups in Morocco do enjoy some agency, but few are autonomous from the state and able to constrain or challenge the monarchy. Reforms are the prerogative of the King, and periods of liberalization are

followed by a consolidation of power behind the sovereign and a retraction of civil liberties. The dependency of Moroccan social groups lies in the inability to effectively check the power of the executive. Political parties have little mass support, the parliament has a large pro-sovereign bias, and cultural-political movements have proven largely ineffective. Business is caught between traditional patronage, loyalty networks, and global market liberalization. Islamists suffer from repression due to radical Islamists, and co-opting of leaders by the monarchy. While Kuwaiti social groups helped push electoral reform, despite the emir dissolving parliament, the Alternance in Morocco demonstrates social groups there still have to acquiesce if they want any say in how Morocco is run.

Does oil hinder democracy? It depends on which state is analyzed. Oil rent has been shown to benefit social groups and help them push for greater democratization in Kuwait. Yet other GCC states have relatively closed political systems. The constitutions of other states like Bahrain and Qatar severely limit the power of their parliaments, and do not allow political parties. Saudi Arabia is the largest oil exporter in the region and remains an absolutist state with no elections. If oil promotes the political agency of certain social groups, we might see it in other states. If not, then oil might not be the only factor increasing the autonomy and agency of social groups.

This is where Bellin and Okruhlik stress the historical context of a state. The history of a rentier state and its social groups must factor into the discussion. Similar comparative studies concerning other MENA oil rentier states and their social groups are warranted. The relative small size of Kuwait may warrant a similar study on a larger rentier, or a similar sized Gulf rentier to see if population size or labor base are factors as well. Other social groups not mentioned in this study also warrant further investigation. University students have proved

politically salient in both Kuwait and Morocco and often clash with Islamists factions. Though Kuwait does not have a large military, this group may be important politically to larger rentier states and warrants further investigations.

Rentier states should be compared to similar states in a given region to see the effects on democratization. While many oil reserves and exporters are in the Middle East, major exporters can be found in other regions with their own unique social structures. Among them are Russia, Venezuela, Nigeria, Kazakhstan, and others. These warrant similar comparative analysis.

The case of Kuwait carries ramifications for the rentier framework and may reaffirm the analysis of Bellin, Moore, and Lipset. Rentier states may democratize, and social forces may be the agents for the democratization. Oil rent builds human capital and can contribute to the institutional capacity and autonomy of social groups. Bellin's model suggests this make it more likely these groups will champion democratic institutions. The case of Kuwait validates Moore's belief that capitalists are class agent for democracy. It also shows that wealth generated from oil can lead to development which, according to the Lipset thesis, is positively correlated with democracy.

In many late developing regions in the world, the path to democracy takes a different route than it did in Western Europe, the birthplace of state formation and democratic consolidation. Bellin's analysis suggests as much. The path to democracy in authoritarian regions like MENA, sub-Saharan Africa, and others will be found in the historical and social roots of the regions, despite the structural effects of intervening variables like globalization, oil wealth, or Western influence. An organic approach can be seen in Kuwait, where social forces (capitalists, Islamists, and women) have turned the structural effects of oil on its head,

and are willing to compete with the monarchy for political power. While there are definitive impediments to democratization in the Middle East, oil cannot be categorically assigned as an impediment. In fact it may be an inadvertent gift to social groups in Kuwait.

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