

The Changing Economic And Political Environment In The Gulf Monarchies¹

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For the last few decades the Gulf region has enjoyed an increasing strategic significance due to its growing share of world oil production and export. Moreover, two-thirds of the world's oil reserves are located in the Gulf. Thus, it is fair to state that the prosperity of world economy depends, to a great extent, on the regional security and political stability of the Gulf region.

Since independence, Gulf regimes have based their legitimacy on tribal heritage, religious appeal, family power, and abundant oil wealth. Tribes play the role of political parties and the distribution of socio-economic and political power reflects the relative weight of each tribe. Islam is the official religion in all the Gulf states and Sharia'a (Islamic law) is the basis of their legal systems. Most of the royal families have dominated their societies for a long time² and still hold the main positions in their systems including the head of state, crown prince, prime minister, as well as the main portfolios such as defense, foreign affairs and interior. Finally oil shocks in 1973, the Arab-Israeli war, and in 1979, the Iranian Revolution, put enormous wealth in the hands of the Gulf rulers.

This equilibrium provided Gulf regimes with a high level of stability in most of the 1970s and 1980s. However, beginning by the early 1990 these rules of the political process have been under pressure. There are growing signs of popular dissent. This diminishing consensus has not taken the shape of violent revolution, rather it has been embodied in a number of petitions signed by religious leaders

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² For a detailed history of these royal families see Gawdat Bahgat., "Regional Peace and Stability in the Gulf." *Security Dialogue*, vol.26, no.3, September 1995, p.86.

and intellectuals demanding more accountability. Gulf governments, on the other side, responded by a combination of accommodation and repression: creating consultative councils and arresting those who went too far in opposing their rules.

To sum up, the economic and political environments in the Gulf in the mid 1990s look different from what they were a decade or two ago. This study focuses on one aspect for this change, oil wealth. It proposes that the decline of Gulf states' financial resources, among other things, has eroded the political formula of the 1970s and 1980s. The collapse of oil prices since the mid 1980s as well as the rise of military expenditures in response to regional threats have contributed to this decline. In an attempt to create a new consensus and to form a new social contract the governments have introduced a number of measures to liberalize their economic and political systems. This study examines the nature, magnitude, and direction of this reform as well as the forces which will shape it in the near future in the six Gulf monarchies (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates.)

The Changing Economic Environment

Oil is the largest source of public revenue and the biggest component of the gross domestic product (GDP) for each of the Gulf monarchies. Not surprisingly the economic and political systems in the region have been subject to the fluctuation of oil prices over the last three decades. For many years oil prices have been stable at a low level. However, Oil was used as a political weapon during and in the aftermath of the Arab-Israeli War of 1973 in what came to be known as 'oil shock.' The Iranian Revolution in 1979 was an important cause for the second oil shock. Following these two events oil prices skyrocketed as the following table shows,

The huge oil wealth in the 1970a and early 1980s gave Gulf governments a significant economic leverage. They were able to provide their citizens with a vast array of services and benefits at little or no cost in what came to be known as a rentier state³ or a pre-

³ For an extensive discussion for the concept "rentier" see Hazem Beblawi and Giacomo Luciani., (Eds) *The Rentier State*. London: Croom Helm, 1987, and for a more recent analysis see Giacomo Luciani., "The Oil Rent, the Fiscal Crisis of the State and Democratization" in Ghassan Salame., *Democracy without Democrats?* London: I.B. Tauris

Table I
Oil Prices in U.S. dollars per barrel (1972-1994)

<i>Year</i>	<i>\$</i>	<i>Year</i>	<i>\$</i>	<i>Year</i>	<i>\$</i>
1972	01.90	1980	35.69	1988	13.22
73	02.83	81	34.32	89	15.69
74	10.41	82	31.80	90	20.50
75	10.70	83	28.78	91	16.56
76	11.63	84	28.07	92	17.21
77	12.38	85	27.53	93	14.90
78	13.03	86	12.97	94	14.76
79	29.75	87	16.92		

Source: British Petroleum., BP Statistical Review of World Energy. London: British Petroleum Company, June 1995, p.12.

Table II
Gulf Monarchies' External Debt in million of U.S. dollars
(1993-1995)

<i>Country</i>	<i>1993</i>	<i>94</i>	<i>*95</i>
Bahrain	00,054.0	00,052.0	00,056.0
Kuwait	08,768.0	09,432.0	08,550.0
Oman	00,166.8	00,181.2	00,168.8
Qatar	02,000.0	03,950.0	05,000.0
Saudi Arabia	20,000.0	28,978.0	32,178.0
<i>UAE</i>	<i>09,700.0</i>	<i>10,100.0</i>	<i>10,100.0</i>

Source: Middle East Economic Digest., "Annual Review," vol, 38, no.51, December 23, 1994, pp.23, 28, 31, 34, 39.

* Figures for 1995 are MEED estimates.

Publishers, 1994, pp.130-154.

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industrial, non-extractive welfare state⁴. However, by the mid 1980s, as the table suggests, oil prices collapsed. Even worse, taking into account the declining value of the American dollar, in which oil sales are denominated, the purchasing power of the average barrel of oil has dropped from a base of 100 in 1985 to 32.42 in 1995⁵.

Consequently, all the six Gulf monarchies have been running considerable budget deficit for most of the past decade.

In order to finance this prolonged deficit Gulf regimes have simultaneously adopted several approaches aiming at increasing revenues and cutting expenditures. The first one has been liquidating government deposits. According to the International Institute for Strategic Studies Saudi reserves were reduced from \$120 billion in the early 1980s to \$15 billion by mid 1990s⁶. Another method has been borrowing from the domestic market by issuing government bonds and treasury bills. Saudi internal loans, for example, soared from zero in 1987 to \$84 billion by late 1994⁷. In the aftermath of the Gulf War the Saudi government, for the first time in decades, borrowed from international banks. Other Gulf states followed suit as table II shows,

Since oil prices have been falling in real terms for the last several years diversification, non-reliance on one commodity as the only source of income, has been perceived as an essential method to increase revenues. Recently, a variety of economic activities such as manufacture, agriculture, tourism, fishery, banking, and trade has attracted governments' attention and investment all over the region. Saudi Basic Industries Corporation (SABIC) is playing a growing role in terms of employment and contribution to the GDP. The role of U.A.E as a commercial center is flourishing particularly with the establishment of Jebel Ali free zone.

Privatization has been one of the most controversial approaches

⁴ The term was used by Lisa Anderson., "Liberalism, Islam, and the Arab State." *Dissent*, vol.41, no.4, Fall 1994, p.440.

⁵ *Middle East Economic Digest*, "Oil and Gas," vol.39, no.14, April 7, 1995, p.24.

⁶ International Institute for Strategic Studies., *Strategic Survey 1994-1995*. New York: Oxford University Press, June 1995, p.148.

⁷ Mark Nicholson, "Profit Squeeze Tightens," *Financial Times*, December 15, 1994, p.35.

to finance the deficit because it erodes the state's monopoly of economic leverages. In a sense, privatization strengthens civil society and leads to a new distribution of economic and political power. Since the early 1990s the six Gulf monarchies have taken different stands in regard to relaxing their control over the economic system. Both Bahrain and Kuwait have been vigorous selling government share-holdings in shipbuilding, banks, and telecommunications. Oman and Qatar have followed suit but in a slower rate. In May 1994, King Fahd of Saudi Arabia endorsed privatization. However, the government has adopted a cautious and gradual approach. United Arab Emirates has been the most reluctant due to the absence of a formal stock exchange market and the preference of its rulers to take a "wait and see" approach to see how it will work in other Gulf states.

Cutting public expenditure has been the hardest approach and the one all Gulf monarchies tried to avoid and delay as long as they could. Total budget expenditure by the six states was reduced to \$71,100 million in 1994, compared with \$81,300 million a year earlier. Since 1994 the governments in Bahrain, Oman, and Qatar have had plans to cut public expenditure. Public projects are still going ahead, but large scale infrastructure schemes are rare. In Kuwait, charges for public services and reducing subsidies on domestic utilities, petrol and telephone services are under consideration. The federal government budget in U.A.E has been frozen at its 1993 level through 1995. In addition, the price of electricity was doubled in November 1994 and early in 1995 new health care fees were announced. In 1994 Saudi government spending was cut by 19%. The 1995 budget foreshadows 6.2% additional cut in public spending, the lowest since 1988. It includes reduction in education expenditure, health and social development, municipal and water development, infrastructure, industry and electricity as well as subsidies and lending by state agencies.

To sum up, there is a growing consensus among the ruling elites in the Gulf monarchies that they can not afford funding the generous welfare state of the 1970s and 1980s. The prolonged deficit since the mid 1980s cannot be attributed solely to the impact of war. Rather, there has been a structural imbalance caused by heavy dependency on oil and a dominant role of the state in the economic system. However, it is important to point out that Gulf states are not poor, rather they are going through a process of transition from political

economy of abundance to a one of relative scarcity. The changing economic and financial environment for the last decade has dictated some measures of fiscal discipline which has, in its turn, paved the way for a political discipline as the next section explains.

Political Reform

Since the early 1990s many intellectuals and religious figures addressed petitions to the rulers of the Gulf states. The uniformity of these demands as well as their coincidence confirm the proposition that political reform was introduced in response to the decline of the welfare state. These petitions called for equality before the law, accountability of all officials, purging corruption, consultation, exclusion of foreign cultural influences, stricter adherence to Islamic values, cut in oil production to increase prices, and opposition to close relations with the west and Peace with Israel.

It is important to emphasize that the majority of these oppositions aim at reforming their political systems from inside, not overthrowing them. In addition, the common denominator of these petitions is the opposition to the arbitrary form of government. However, there is not enough evidence to judge how democratic these opposition groups are.

In response to these growing demands for participation the six Gulf monarchies have adopted a carrot and stick approach. In December 1992, the government of Bahrain created a thirty-member appointed consultative council. This body consists of business and religious figures but has no legislative power. In 1994, the government clashed with a Shi'a opposition group led by Ali Salman, who has called for the establishment of an elected parliament. Considering its unique historical and international circumstances, the movement toward broader participatory institutions has gained more concessions from the government in Kuwait than in any other Gulf state. In 1992, elections were held and opposition candidates took more than thirty seats out of fifty and consequently were represented in the government. Since the elections, the opposition-dominated National Assembly has steadily increased its supervisory power over the government including investigating corruption committed by members

of the ruling family⁸.

In 1991 caucuses of prominent citizens in Oman nominated three citizens per province for a new consultative council⁹. The Sultan selected one nominee per province. The Council has the right to review legislation regarding cultural, social, and economic issues. However, it has no right to review foreign and defense policy issues or to interrogate ministers in these areas. There have never been elections in both Qatar and U.A.E. In the former, the forty-member Consultative Council appointed in 1972 still sits. In the latter, the Federal National Council consists of advisers appointed by the rulers of each emirate. The councils in the two countries have no legislative authority.

Since the early 1990s, Saudi Arabia has experienced a significant domestic political change. This unprecedented change reflects the government's attempt to contain the growing dissatisfaction by its people. In 1993 the King established 13 regional assemblies for each of the Saudi provinces. Members of the royal family preside over these forums. In the same year the Consultative Council was created to debate, review, and offer advice on domestic and foreign affairs. Moreover, its members retain their positions in the government. Considering this tight government control of the political system, an assertive opposition has been growing outside the official institutions. In 1993 the Committee for the Defense of Legitimate Rights (CDLR) was established to monitor human rights abuses in the Kingdom. The government declared CDLR illegal. Its founders lost their government jobs and were detained for different periods. Its spokesman Muhammad Masa'ri, a physics professor, fled to Britain in April 1994. In addition, two charismatic preachers, Salman Al Auda and Safar Al Hawali, led the Islamic opposition criticizing domestic corruption and foreign policy issues. In response, the government arrested them as well as many of their followers. In addition, the Saudi regime has introduced many administrative

⁸ In 1994 the Parliament cleared the way for a criminal court to begin trying Sheik Ali Khalifa Al-Sabah, a former minister, who is accused of embezzling \$100 million from the state-owned Kuwait Oil Tanker Company.

⁹ In 1994 the Sultan expanded the membership of the new Council to eighty seats and including two women.

measures to control the Islamic movement. These include the creation of a new Ministry of Islamic Affairs in 1993 to take the responsibility of the Kingdom's Islamic universities, the establishment in 1994 of Da'wa (religious propagation) Council to monitor mosques and sermons, and the formation of Supreme Council for Islamic Affairs to coordinate Saudi foreign policy in the Islamic world. Finally, in an attempt to control the flow of information, the government banned television satellite dishes in 1994.

A number of conclusions can be drawn from the foregoing review of political changes in the six Gulf monarchies.

First, rentier state: a proper way to understand economic and political changes in the Gulf monarchies is to apply rentier analysis. This approach suggests a strong correlation between the heavy dependence on external source of income (oil), and the distributive (in contrast to productive) nature of the state. In other words, considering the huge oil revenues in the 1970s and early 1980s, Gulf monarchies did not need to extract taxes from their populations, instead, the state was able to provide a "cradle-to-grave" welfare system and to buy political consent. The citizens, on the other hand, not having to pay taxes and enjoying a vast array of free or heavily subsidized products and social services, had little incentives to demand participation and accountability. The collapse of oil prices since the mid 1980s has made this political formula invalid. According to this line of reasoning both the popular dissension and the state's attempt to contain it are a mere reflection of the diminishing financial resources. The state does not have enough wealth to "depoliticize" its people. Rather, the two sides are in the process to reach a new social contract.

Second, liberalization in response to external threat: As the first conclusion suggests, political reform has been used to absorb domestic popular dissatisfaction, in addition, it has also been used as a safeguard against external threats. Since their establishment as independent states only Bahrain (1973-75) and Kuwait (1963-76, 1981-86, 1992-) had had elected national legislatures. The other four states (Oman, Qatar, Saudi Arabia, and UAE) have never held elections for such a forum. Examining the four cases of elected assemblies suggests that the Bahraini and Kuwaiti rulers had accepted popular representation only to protect their regimes. In Kuwait, the first elections were held early in the 1960s when President Qassem of

Iraq was threatening to annex the newly-independent state. In response to threats of radical Islam inspired by the rise of Ayatollah Khomeini in Iran, the Kuwaiti regime felt the need for elections to secure public support. When Iraq invaded Kuwait in 1990, the Emir pledged to restore the constitution and to hold elections upon liberation. The Bahraini experience is very similar to the Kuwaiti one. When Britain decided to withdraw from the Gulf in the early 1970s, the Shah of Iran claimed that Bahrain belonged to his country considering that the archipelago had long been part of the Persian empire and the majority of its population were and still are Shia'a. A referendum was held in which the majority of the population favored independence. However, there was a promise by the royal family that elections would follow. They did fulfill their promise and elections were held in 1973, but a little later (1975) Bahraini royal family formed an alliance with Saudi Arabia and dissolved the elected assembly. Since then, elections were never held again.

Third, Civil society: Civil society consists of different institutions such as family, tribe, business association, labor unions, and others which lies between the state and the individual and protect the latter from the abuse of power by the former. A distinctive character of the political process in the six Gulf states is the absence of such independent organizations to mediate between the citizens and the political authority. Political parties are illegal in all of them¹⁰. The composition of their labor force (a vast number of foreign laborers) has removed indigenous labor issues from the political agenda. Professional syndicates, social and sport clubs are under strict government control. The only forum which has been functioning freely, relatively speaking, from the heavy hand of the authority is the mosque. However, lately Gulf regimes have felt the threats coming from these mosques and started expanding their control over them. In addition, an informal family-based social gathering known as "Diwaniyya" has been playing an important role in discussing public issues and developing political consensus. Considering their informality, these diwaniyyas have enjoyed a certain degree of autonomy and independence from the governments.

¹⁰ Seven informal blocs, acting much like parties, were formed during the 1992 elections in Kuwait and have since been present in succeeding National Assembly sessions.

The above analysis strongly suggests that reform, both economic and political, was introduced and has implemented more as a tactical maneuver to adjust to a changing environment and less as a genuine commitment to democratic values on the part of the ruling families. This raises an important question regarding the durability and extent of this reform or, in other words, the stability of Gulf regimes. Prophecy is a dangerous game and probably it is unsafe to draw one scenario, rather it is more appropriate to analyze the domestic, regional, and international forces which together would shape the future of the Gulf monarchies.

Succession Crises

The royal families dominate the political systems in all the six Gulf monarchies. In addition to the positions of head of state, crown prince, and prime minister, they control the most sensitive and powerful ministries. As of late 1995 family-members in five states held the defense and foreign affairs portfolios and in four they held the interior portfolio. Given the tremendous power these political elites enjoy, the following table reviews the succession in all the six Gulf monarchies since their establishment as independent sovereign states.

A number of conclusions can be drawn from the above table, first, two states (Bahrain and UAE) have had only one ruler since independence, the other four have experienced nine episodes of succession: four of them were by natural causes (death), the other five can be described, more or less, as palace coups. However, these "coups" did not produce any drastic change in the socio-economic and political orientation of the state. Second, in all the six states the royal families have shown an impressive degree of stability. In addition to the absence of a serious challenge to their regimes since independence, these rulers have been able to survive resounding regional threats such as the Iranian Revolution, Iran-Iraq War, and the Gulf War. This durability of the six royal families proves the solidarity of their bases of legitimacy (oil wealth, Islam, and tribal traditions.) Third, most of the Gulf rulers are in their sixties and seventies which suggests that within the next few years there will be a transition of power to the next generation. With the absence of institutionalized procedures of succession it is not known how smooth the process can be. In addition, the skills of the sons to sustain the

Table III
Accessions to the Throne in the Gulf Monarchies

<i>Ruler</i>	<i>Reign</i>	<i>Comment</i>
Bahrain: Independence date: August 15, 1971		
Isa Ibn Sulman Al-Khalifa	1971-	
Kuwait: Independence date: June 19, 1961		
Abdullah Al-Salim Al-Sabah	1961-1965	Died
Sabah Al-Salim Al-Sabah	1965-1977	Died
Jaber Al-Ahmad Al-Sabah	1977-	
Oman: Independence date: December 20, 1951		
Said Ibn Taimur	1951-1970	Deposed by his son
Qaboos Ibn Said	1970-	
Qatar: Independence date: September 1, 1971		
Ahmad Ibn Hamad Al-Thani	1971-1972	Deposed by his cousin
Khalifa Ibn Hamad Al-Thani	1971-1995	
Hamad Ibn Khalifa Al-Thani	1995-	Deposed by his son
Saudi Arabia: September 23, 1932 (declared a unified kingdom)		
Abd Al-Aziz Al-Saud	1932-1953	Died
Saud Ibn Abd Al-Aziz	1953-1964	Deposed by his brother
Faisal Ibn Abd Al-Aziz	1964-1975	
Khalid Ibn Abd Al-Aziz	1975-1982	Assassinated by his nephew
Fahd Ibn Abd Al-Aziz	1982-	
United Arab Emirates: December 2, 1971		
Zayed Ibn Sultan Al-Nahyyan	1971-	

Source: Europa Yearbook, (London: Europa Publications, 1970-94).

balance within the royal families and to keep different clans satisfied are questionable.

To sum up, considering the strong basis of legitimacy these royal families enjoy and the longevity of their regimes, it seems that in the short to medium range they will be able to overcome different domestic challenges. The most likely scenario for change is a palace coup within the same family. This can be provoked, among other things, by an alteration in the dynamics of the regional balance.

Regional Stability

Developments in the Gulf region as a sub-system and the Middle East as a whole would play a significant role in shaping the future of the six monarchies. Over the last several years the regional system has created a less secure and more violent environment. Four regional threats to the stability of the Gulf regimes can be identified. First, Arab-Israeli conflict and the peace process. The six monarchies have supported the peace efforts since the end of the Gulf War. They partially lifted the economic boycott against Israel and pledged millions of dollars for the Palestine National Authority in Gaza and Jericho. In addition, the Israeli Prime Minister Yitzhak Rabin made a brief visit to Oman in December 1994, his first to a Gulf state. Moreover, Qatar negotiated a natural gas deal with Israel. Considering the strong Islamic and popular opposition to the peace process particularly in Saudi Arabia, set-backs can be of great embarrassment to the Gulf regimes.

Second, Islamic movements represent the main opposition in almost all countries in the Middle East. A great deal of alliance and re-alliance is taking place every day across the region. A victory for the Islamists in Algeria and/or in Egypt would feed the fundamentalist opposition in the Gulf monarchies. These regimes were able to survive the nationalist wave which swept the region in most of the 1950s and 1960s, but their ability to contain an Islamist wave is in doubt. In an attempt to counter the rise of Islamism and to coordinate efforts with other Arab regimes Saudi government banned independent charities run by Islamists that reportedly financed anti-government militants operating in Algeria, Egypt, Tunisia and Jordan. Moreover, the Gulf states adopted the anti-terrorist "Code of Conduct" at the Casablanca Islamic summit in December 1994.

Third, many of the six Gulf monarchies have border problems and other disagreements with each other. These include the Bahraini-Qatari dispute over the Hawar Islands, the Kuwaiti-Saudi over the Garuh and Umm Al-Maradim, and the Saudi-Qatari over their common boundaries which was escalated to a minor military confrontation in 1992. In addition, the political reform and elections in Kuwait are not comfortably received in other Gulf monarchies worrying about the spillover or what Huntington calls "demonstration effects"¹¹. Over the last few decades Gulf regimes have demonstrated their ability to work together when faced with external challenge such as the Iranian Revolution, the Iran-Iraq War, and the Gulf War. But these differences tend to resurface when these external threats recede.

Finally, and most important, the threats from the two strong neighbors Iraq and Iran. There is a tremendous imbalance in the distribution of resources and military power between the six Gulf monarchies on one side and both Iraq and Iran on the other side as the following table shows,

The above table shows the disparity between the two sides in terms of economic prosperity measured by PPP and military power measured by the size of their armed forces. It is also important to point out that both the Iranian and Iraqi armies are better trained and battle-tested but the six monarchies have more updated and better military equipment. The figures prove that both Iran and Iraq have the military and demographic capabilities and the economic incentives to pose a challenge to each other as well as to the other six neighbors regardless of the ideological orientation in Tehran and in order to fill this power vacuum the six Gulf monarchies have pursued a twofold strategy aiming at increasing their military power and cementing their alliance with Western countries, particularly the United States.

In the next several years this strategy would probably deter Iran and Iraq from launching a large-scale military aggression against the other Gulf states. However, in the long term, a security and political system in which both Iran and Iraq are incorporated needs to be established

¹¹ Samuel P. Huntington., *The Third Wave: Democratization in the Late Twentieth Century*. Norman, Oklahoma: The University of Oklahoma Press, 1991.

Table IV

Imbalance of Economic and Military Powers in the Gulf, 1994

<i>Country</i>	<i>1</i>	<i>2</i>	<i>3</i>
Bahrain	00,546,000	11,536	008,100
Kuwait	01,272,000	13,126	016,600
Oman	01,922,000	09,320	042,900
Qatar	00,513,000	14,000	010,100
Saudi Arabia	17,999,000	10,850	104,000
UAE	01,686,000	17,000	061,500
Iran	61,168,000	04,670	513,000
Iraq	15,890,000	03,500	382,000

1= Population in thousands.

2= Purchasing Power Parities (PPP) adjust GDP to account for real buying power.

3 = Total armed forces in thousands.

Sources: Column 1 and 2 James Finn (Ed.) *Freedom in the World: The Annual Survey of Political Rights and Civil Liberties 1994-1995*. New York: Freedom House, 1995. pp. 123, 302, 306, 345, 443, 472, 495, 581. Column 3 International Institute for Strategic Studies., *The Military Balance 1994-1995*. London: Brassey's, 1994. pp. 124, 128, 129, 134, 135, 136, 137, 140. Baghdad.

in order to secure the stability of the Gulf as well as the interests of the international system.

The International System

The stability of the Gulf presently hinges on the informal military alliance between the six Gulf monarchies and the West. For many years Western countries have committed themselves to the security of the Gulf for amongst other concerns a fundamental reason, oil. Table V sheds light on the significance of the Gulf for Western countries.

The above table shows the increasing share of the Gulf in world oil supply as well as the growing dependence of western countries on the imported oil from the Gulf. In addition, given the high constant level of consumption by members of the Organization for Economic Cooperation and Development (OECD) the stability and security of the Gulf have been of great interest to the West for many years and will continue to be.

Western countries have played, and will continue to play, an important role in the six Gulf states, protecting from regional threats. This has been demonstrated in western efforts to confront threats from both Iran and Iraq; to mediate any conflict between the six monarchies; to try to contain any dispute within the royal families; and to support a settlement for the Arab-Israeli conflict.

The West has succeeded in achieving most of these goals. However, an important dilemma confronting the West is where to stand in regard to the growing popular demands for political participation and the resistance by the Gulf regimes. It is the traditional problem of choosing between national interests and values, how to reconcile western support for democracy and human rights with its close relationships and defense of autocratic regimes. It is believed that "regimes that rest on institutionalized procedures for eliciting the consent of the governed are the best for long-term stability¹²." However, the process of democratization is very destabilizing. Moreover, opposition forces in the Gulf are less likely than the current regimes to accommodate western interests such as

¹² Gregory Gause., *Oil Monarchies*. New York: Council On Foreign Relations Press, 1994. p.183.

Table V

The Significance of Oil Supplies from the Gulf, 1984-1994

<i>Year</i>	<i>1</i>	<i>2</i>	<i>3</i>
1984	19.1	60.6	38.0
1985	17.4	60.1	35.1
1986	20.1	60.2	40.9
1987	20.6	59.9	39.5
1988	22.1	60.1	42.4
1989	23.8	59.7	45.4
1990	24.3	59.1	47.2
1991	23.5	59.3	45.3
1992	25.5	59.9	45.4
1993	26.8	60.6	47.1
1994	26.7	60.9	NA

1= oil supply from the Gulf as a percentage of world oil supply.

2= OECD consumption as a percentage of world consumption.

3= OECD oil imports from the Gulf as a percentage of its total oil imports.

Sources: Columns 1 and 3 Energy Information Administration., International Petroleum Statistics. Washington, D.C.: US Government Printing Office, February 1995. pp.9, 46, 48. Column 2 British Petroleum., BP Statistical Review of World Energy. London: The British Petroleum Company, June 1995, p.8.

peace with Israel and low oil prices.

The close and intensive relationship between western governments and the royal families in the Gulf suggests that the West has chosen to support the status quo. Considering the current fragmentation and weakness of the opposition in all the Gulf monarchies this policy may protect Western interests over the next several years. However, the attitudes and interests of the larger society should not be overlooked when studying the long term stability in the Gulf.

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The Impact of Multiculturalism on Liberal Education in America

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Declining Education and Inflaming Democratic Discourse

This essay addresses two problems that are intimately related. The first problem has become public knowledge: the decline in educational performance in the U.S.A. On this point, the results of one recent survey suffice. American high school seniors were asked to identify the half-century during which the American Civil War took place. A majority failed to answer correctly – and this was a multiple-choice question. The same study revealed that a majority of American high school seniors, when presented with statements taken from either the United States Constitution or Karl Marx's *Communist Manifesto*, could not identify which of the two texts was the source. It would seem that the two documents that, more than anything else, have shaped this century are virtually indistinguishable to most of today's American high school graduates.

The second problem is the decline in the civility with which public discourse is conducted. Not only is it getting more and more difficult for people to talk to each other, but even less do people listen, preferring a scorched-earth policy over discussion and compromise. From the universities, to the National Endowment for the Arts, to even the Boy Scouts, the culture clash between "traditional values" and "cultural diversity" is stretching democratic sensibilities nearly to the breaking point. On the Right, fear and anger are escalating in response to the perceived moral dissolution. On the Left, "bourgeois" notions of economic and political liberty are denounced as sham rationalizations in the service of class inequality. And from the most recent entrant into the fray, multiculturalism, we learn that mere toleration of diversity, the classical liberal solution, will no longer do: not toleration but nothing less than "celebration" must be the new moral imperative.

But if multiculturalists are unabashedly aggressive in their assaults on Western democracy, no less remarkable is the blanket passiveness with which their claims are met in American institutions