

Review

Reviewed Work(s): Abu Dhabi: Oil and Beyond by Christopher M. Davidson

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## BOOK REVIEWS

Christopher M. Davidson. *Abu Dhabi: Oil and Beyond*. New York, NY: Columbia University Press, 2009. 256 pages. Hardcover \$35.00.

Reviewed by **Tarek Coury**

FOR THOSE NEW TO STUDYING the region, the United Arab Emirates (UAE) conjures up visions of mega-construction projects in the emirate of Dubai. With its man-made islands visible from space in the shape of giant palms, ski slopes in the desert, and the soon-to-be completed Burj Dubai, the tallest building in the world, the emirate dominates much of the coverage coming out of the Gulf region. Media coverage and studies of the region, in particular, have tended to ignore its neighbor to the south, Abu Dhabi, something Christopher M. Davidson, in the thoroughly documented and referenced "*Abu Dhabi: Oil and Beyond*", aims to rectify. While Dubai is fast running out of oil, Abu Dhabi still controls about 8% of the world's oil reserves and commands one of the wealthiest sovereign investment funds in the world. With its careful development plans, Abu Dhabi is coming out of the world financial crisis in much better shape than its more famous and highly indebted neighbor. Davidson, in his latest book, sheds light on the historic and economic evolution of the emirate of Abu Dhabi dating back to the early 1800s. More significantly, his analysis of political intrigue goes a long way in explaining the political economy of decision-making within a tribal system and highlights some of the structural challenges facing the Gulf region as a whole. While an introductory chapter presents the earlier history of the emirate, the book's primary focus lies in the post-1950s period.

In the first few chapters, Davidson vividly describes the transition of Abu Dhabi and neighboring emirates from an economic backwater to a somewhat united federation of emirates under the leadership of Zayed bin Sultan Al-Nahyan. The transition from the less-than-effective leadership of Shakhbut bin Sultan Al-Nahyan, his predecessor, at the helm of the fledgling Sheikdom highlights the vagaries of economic, social and political development in the context of the complex political maneuverings taking place within Abu Dhabi's

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ruling family. Davidson also highlights the form that accountability takes in a government lacking in direct political representation: Abu Dhabi residents enjoy the benefits of a very generous welfare state while members of the ruling family control the helm of various government institutions. While the current rentier model is likely to ensure the continued stability of the political regime, it begs the obvious question: will Abu Dhabi and indeed the country as a whole be able to move to an economy that is sustainable beyond oil wealth?

In the chapter titled "Abu Dhabi's New Economy," Davidson describes the various efforts undertaken by the Abu Dhabi leadership to diversify its economy away from oil through both massive inward investment in infrastructure, and its sovereign wealth investments abroad. Not surprisingly, the prevalence of the monarchy in all aspects of decision-making imply that family lineage and intrigue relate directly to the ebb and flow of power across the Sheikdoms comprising the federal system of government in the UAE. These powers, in turn, uncomfortably tie into the economic fate of the country. Davidson spends considerable time describing how family relationships and lineage explain to a great extent the current distribution of power within Abu Dhabi: "Zayed fashioned his family into something comparable to a large political party operating within a single party system. Rival claimants, even in large numbers, could thus be kept within the network by being consoled with mini-fiefdoms and meaningful responsibilities" (p. 95). Davidson's implication that these political outcomes may often lead to economic recessions, is perhaps to over-sell the case: currently, the primary determinants of economic outcomes in the UAE and in other Gulf states remain in very large measure tied to hydrocarbon revenue, the foreign workforce, and the fluctuations in asset capitalizations of their respective sovereign wealth funds.

Davidson also skillfully describes steps by authorities in Abu Dhabi to legitimize their power in front of both their natural constituency and the large foreign population. By formalizing the existing power structures into departments, ministries, etc., the ruling family has created institutions whose survival is far more compelling than informal power-sharing arrangements of the past. Beyond explaining the political rents family members extract from the economy, Davidson provides, perhaps unwittingly, a compelling angle on the issue of gender both in the UAE and the wider Gulf region. Those interested in gender issues may be surprised by his description of the behind-the-scenes power wielded by mothers and wives in the ruling families in determining political outcomes. Gender dynamics also seem to play an important role in maintaining the cohesion of the national population: "While men have always been free to choose partners of any nationality, or indeed any religion, national women have been largely restricted to choosing national males" (p. 132). In light of this, Davidson's description of the political nature of the UAE governance structure as a benevolent social planner may strike many as fairly discordant: Is the mechanism to redistribute oil wealth the result of a social contract to maintain political stability or is it "one of the purest examples of a benevolent allocative state" (p. 122)?

The final chapter considers some of the joint challenges facing Abu Dhabi and other emirates on two fronts. First, what kinds of reforms need to take place in order to ensure that Abu Dhabi completes its transformation into a sustainable and diversified economy? The answers seem to be relatively straightforward: Davidson suggests an overhaul of the educational system, continued labor market reforms to ensure that unskilled foreign workers are treated according to international human rights standards, and increased political openness. The discussion glosses over some of the labor market challenges inherent in transforming the small domestic population into an agent of economic change and increasing economic ties with other emirates. Second, how will existing power-sharing arrangements, which currently favor Abu Dhabi, evolve to meet the social transformations currently taking place in the UAE? As women's participation in the labor market increases, current household dynamics are sure to favor greater, and direct, participation of women in political decision-making; and while Abu Dhabi and Dubai continue their transformation into modern economies, will existing disparities between these two emirates and their poorer neighbors to the north effect further political change? Davidson's engaging discussion of these topics will prove to be useful for those new to the subject. However, a careful treatment of these topics could easily fill a book of its own. On the external front, Davidson touches on the current military architecture in the region and highlights Abu Dhabi's latest efforts in increasing the UAE's national defense capability. Here too, Davidson only provides a glimpse of the complicated political and social dynamics that exist between different emirates and its neighboring giant, Iran.

Davidson's book gives those new to the political landscape of the United Arab Emirates and to the emirate of Abu Dhabi a much needed and detailed insight into the rise of what is now one of the wealthiest states in the world. Davidson takes a historical approach to his subject and details the rise of the emirate from an uninhabited island to today's thriving, modern city which has attracted the Louvre, the Sorbonne and most recently New York University. The author's contribution in presenting Abu Dhabi to a wider audience is perhaps overshadowed by his exposition of the decision-making process in a tribal system of government. His analysis applies to Abu Dhabi and also to the wider Gulf region. In this sense, not only it is recommended reading for interested historians and economists, but also for policy makers and members of the business community who are involved in this complex region.