

# “Demoneycrazy”

Economic development and democratization

A case study of the United Arab Emirates

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# Abstract

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The main purpose of this study is to compare the connection between economic growth and democracy versus the relationship between established institutions and democracy. This study contributes to a better understanding of why some countries have undergone democratization and why others have not despite economic growth, in particular Middle Eastern countries.

The study raises the following question; does economic growth contribute to the invigoration of dictatorships or does it provide a substantial groundwork for the development of democracy in a country?

This qualitative study tests the modernization and institutionalist theory against an empirical case, the United Arab Emirates (UAE). The following questions are answered in order to either verify or falsify the hypothesis;

- How has the UAE developed in terms of the economical and political arena?
- What factors are present in the case of the UAE that are probable obstacles to the development of democracy?

Facts are produced from Freedom House Index, Human Development Index, and literature on the democratization process and Middle Eastern countries. The conclusion that is drawn is that, economic growth has intensified the regime's sovereignty in the UAE. Despite vast economic growth in the UAE, the political status quo remains unchanged and each emirate still maintain considerable autonomy. Thus, on the basis of the case study of the UAE, the modernization theory should perhaps be reviewed.

Key words: Institutional Theory, Modernization Theory, Samuel Huntington's Third Wave Theory, United Arab Emirates

## List of abbreviations and terms

BMI	Business Monitor International
CAGR	Compound Annual Growth Rate
EIU	Economic Intelligence Unit
FHI	Freedom House Index
FNC	Federal National Council
FTA	Free Trade Agreement
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GNP	Gross National Product
HDI	Human Development Index
HRW	Human Rights Watch
Majlis	A public audience held by a chieftain, monarch, or other ruler to listen to the requests of petitioners
Polyarchy	In modern political science, the term Polyarchy (Greek: <i>poly</i> many, <i>arkhe</i> rule) describes a form of government in which power is vested in three or more persons
Sharia	The code of law based on the Koran
Sheikh	It is commonly used to designate an elder of a tribe, a lord, a revered wise man, or an Islamic scholar
UAE	United Arab Emirates
Ulama	The doctors of Muslim religion and law
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization

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# 1 Introduction

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*“Democracy forever teases us with the taunting disparity between its ideals and its realities, between its heroic possibilities and its sorry achievements.” – Agnes Repplier*

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## 1.1 Economic development and democratization

No matter how much the concept of democracy may be distorted the majority of leaders of undemocratic regimes claim that their government is interested in the good of their people. There are great variations amongst countries in regards to how well their regimes fulfill the criteria for democracy or how well institutions of a polyarchy are preserved.

After the end of the Cold War, democratization captured the interest of former undemocratic countries and it was postulated that passive authoritarian regimes of the Middle East would soon follow. Yet, stagnation of the democratic process is still the prevailing feature of politics in the Middle East (Huntington, 1991).

What conditions benefit the inauguration of democracy and what prevents its stabilization and consolidation have confounded researchers for centuries, who have attempted to identify the most important factors.

It is interesting to acknowledge that capitalist liberal democracies such as the United States, while promoting democracy in Eastern Europe, advocate dictatorial regimes in the Middle East to secure its interests. However, the aftermath of September 11<sup>th</sup> has led the American administration to ponder over the idea of democratizing regimes in the Arab world.

Is it accurate to declare that democracy is, in essence, a Western perception and thereby inconsistent with principles of the Arab continent? If that is the case, is then the Arab world foreordained to dictatorship and oppression? Research in this area of study reveals which factors promote or impede the spread of democracy, which is of relevance if authoritarian regimes are to embark on a change and if countries of the Western world want to engage in promoting it.

Despite the fact that this area of study has been prevalent throughout time, it retained a new meaning as a result of September 11<sup>th</sup>.

This area of study is interesting due to the fact that citizens in some Middle Eastern countries are trying to alter the situation within their countries. Women are beginning to pronounce their rights and in some countries young people are confronting government oppression. Moreover, democratization should be studied because it is one of the most dramatic transitions that societies undergo.

Some Arab states are evolving at an overwhelming rate in the existing globalised world but their political systems seem to remain stagnant. Thereby, this study concerns whether *economic growth contributes to the invigoration of dictatorships or if it provides a substantial groundwork for the development of democracy in a country?*

## **1.2 Purpose and Research Questions**

The purpose of this study is to compare the connection between economic growth and democracy versus the relationship between established institutions and democracy, through a case study of the United Arab Emirates (UAE) (See Appendix 1).

By acknowledging the process of change, the study might be able falsify or verify preceding theories or contribute to a modified proposition. Ultimately, by analyzing the empirical case historically (from the formation of the federation in 1971 until present), democratic trends can be depicted. Chapter 4 will attempt to distinguish if the political arena has developed in correlation to economic growth in the empirical case, thus, the question presented below is posed;

- *How has the UAE developed in terms of economy and in the political arena?*

As a consequence to the preceding questions, the following issue is examined;

- *What factors are present that are probable obstacles to the development of democracy in the UAE?*

This examination clarifies the features that ultimately impede the democratization process.

### **1.3 Contribution**

Many researchers promote the theory that there is a positive relationship between economic development and the development of democracy. Yet, what remains controversial is the significance of economic growth compared to other factors such as; the political legacy of a country, its history, social structure, cultural traditions, institutional framework and the international climate (Denk & Silander, 2007).

As a result of this study the factors that promote the development of democracy in the Middle East may become evident and also contribute to an understanding to why the phenomenon has not been established in the region. Research in this area of study is of relevance if authoritarian regimes are to embark a change and if countries of the Western world want to engage in promoting it.

Research about democratization constitutes an established and extensive field of study, foremost in political science but even in other areas such as history and sociology. Diverse theoretical claims exist within this area of study, each of which asserts that different conditions are significant in the process of democratization. However, conditions within countries have been the main area of study (Denk & Silander 2007:12). In contrast, this study will also acknowledge international factors, in combination with national factors that contribute to perceptions about causes and conditions of democratization. These factors can be scrutinized in the empirical analysis.

## 1.4 Hypothesis

Hypotheses are formulated in studies in order to develop predictions about results on the basis of a theoretical claim. The main principle of testing hypotheses is to discard declarations of the hypothesis, if the results that were predicted do not correspond to the actual results of the analysis (Esaiasson 2007:38-41). This reasoning can thereby be illustrated in the simple arrangement below:

1. Economic growth → authoritarian regimes sovereignty intensifies → the democratization process is hindered

OR

2. Economic growth → authoritarian regimes sovereignty decreases → the first sequence of the democratization process is triggered

The theories that are referred to in this study are either rejected or verified depending on the outcome of the analysis. If the results of the analysis coincide with the first statement institutionalist theories are defended. However, if the results of the analysis conform to the second statement modernization theories are supported.

## 1.5 Key concepts

It is not sufficient to define the process of democratization without “operationalizing” the term. This process of ascertaining different dimensions involves defining measures or indicators, which are developed as implications of the phenomenon (Esaiasson, 2007). Since the process of democratization and democracy are complex terms, it is a problematic chapter in this study.

Despite the fact that there are abundant definitions of democratization they all agree that it is a process of change from an undemocratic governing system to a more democratic one (Denk & Silander 2007:10). The democratization process is regarded as a complex process which involves several stages. What sets all the different definitions of democratization apart is how they define democracy. Firstly, the definition of democracy indicates which processes enable democratization. Secondly, the definition manifests what these processes must progress from to

be able to consider them as contributing to the process of democratization (Denk & Silander 17-18).

Hence, this study refers to a few of the seven institutions which Robert Dahl believes distinguishes a democratic society, in order to measure the extent of the democratization process. Dahl's seven institutions include elected officials, impartial and open elections, general elections, liberty to candidate, freedom of speech and freedom of assembly (Dahl 1989:343-345).

One of the first phases undertaken during the democratic process is considered as *the degree or ability of political participation*. Consequently, political change is measured by acknowledging the development of *political rights* and *civil liberties*. General economic development is measured in *GDP/capita, the degree of educational achievement and life expectancy* in accordance to the refined modernist theories.

## 2 Methodology

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*“It is common sense to take a method and try it. If it fails, admit it and try another. But above all, try something.” - Franklin D Roosevelt*

*An account of the method and process of conducting the study is introduced in this section. The chapter will also include a reasoning concerning the study’s validity, reliability and a source critical analysis, concerning the literature will also be provided for. Sources and indices are also presented below, while upholding a critical stance towards them.*

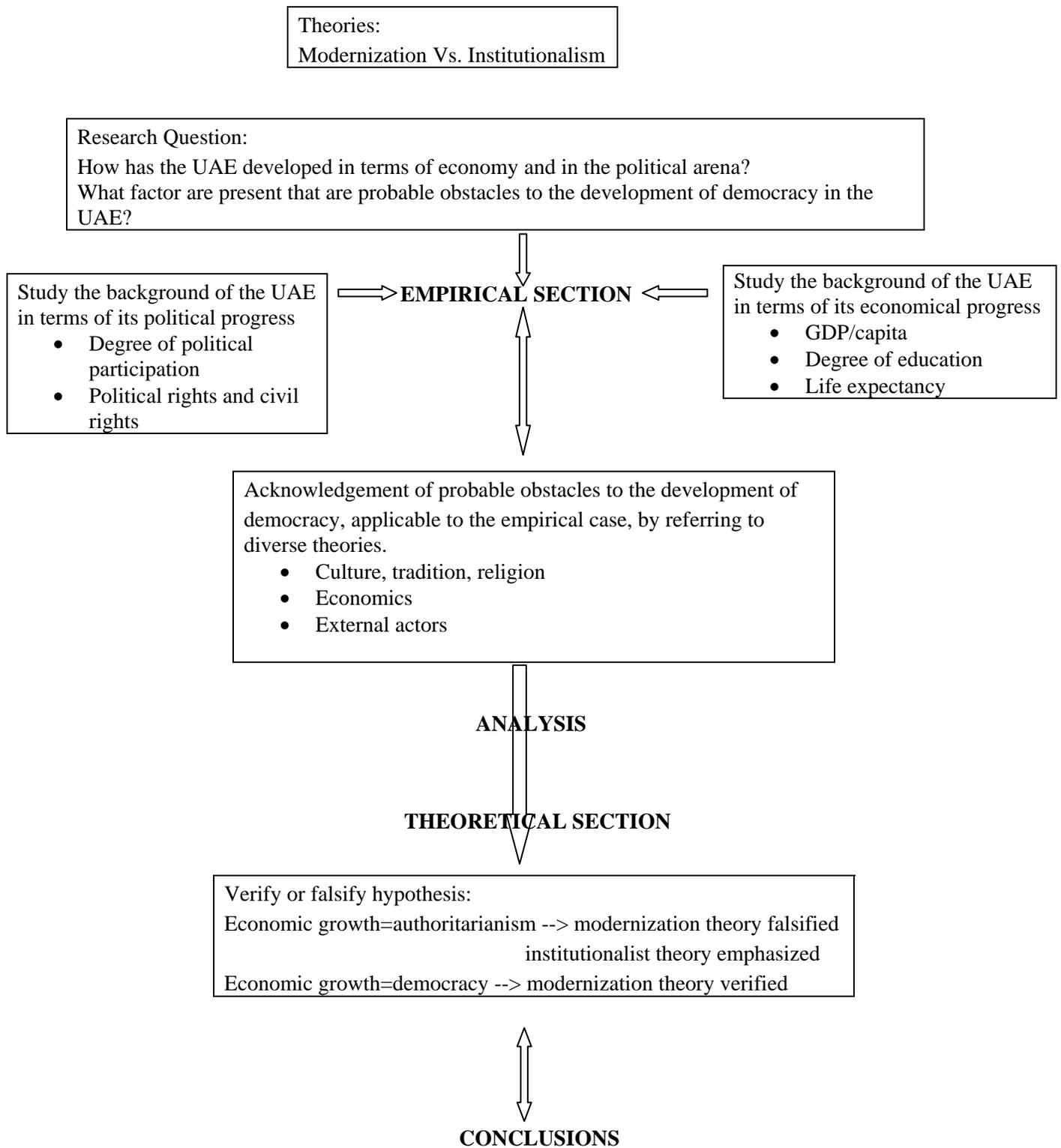
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### 2.1 Scientific approach

The hermeneutic approach provides a generic orientation and models that illustrate a phenomenon, where understanding and interpretation of reality are considered more important (Esaiasson, 2007).

The study has adopted a *hermeneutic perspective*, which implies the author’s own thoughts and knowledge are applied, as an asset, in order to evaluate the data that is collected (See Figure 2.1). With regards to the hermeneutic view, the researcher possesses preconceived conceptions for the relevant field of study and devises questions and ideas that are to be studied. The answers that the researcher attains are interpreted and contribute to a better understanding. Consequently, new questions materialize and a dialog is induced, which provides for a better perceptive of the problem field as a whole (Esaiasson, 2007).

Figure 2.1 Model of analytical framework, scientific approach and disposition



## 2.2 Inductive or Deductive Approach

An inductive approach implies that conclusions are based on experiences and where common patterns are pursued in order to generalize. The groundwork for a deductive approach is a theory which deciphers an empirical case (Esaiasson, 2007).

This study focuses not only on the correlation between economic and democratic development, on a more general level, but also on the relationship between theoretical claims and the empirical case. Hence, this study is a combination of theories and data. This combination of induction and deduction is defined as '*abduktion*' by Esaiasson (Esaiasson, 2007). When starting the case study a theory in mind prevails and then it shifts between theory and reality.

## 2.3 Qualitative study

This *qualitative study* offers a comprehensible depiction in attempt to attain a better insight of a phenomenon. However, qualitative studies are generally criticized because their results are not able to be replicated (Esaiasson, 2007).

Qualitative studies have explanatory ambitions and try to illustrate why some countries have undergone democratization and why others haven't. These studies are based on theories or models. The first constituent, *the dependent variable*, relates to what is studied, in this case how countries become democracies. The other element, *the independent variable*, offers an explanation to the phenomenon. The third element indicates under what circumstances or contexts theories or models are expected to function. The fourth factor consists of an explanation, which illustrates what mechanisms or processes that result in the independent variable affecting the dependent variable (Denk & Silander 2007:39).

## 2.4 Research Design

In the process of mapping out factors that have hindered the democratization process two theories are tested. The conclusions that are drawn either reinforce or undermine the theories. In this type of theoretical testing study the current theory is the centre of attention and the case that it examines have to be well motivated (Esaiasson 2007:42; See 2.4 Background of empirical case). In this *theory-testing* study a *case study* was appropriate in a pursuit to verify or falsify existing theories.

According to Lijphart, an approach to maximize comparability is by analyzing a country diachronically (Lijphart 1971:689). By studying the empirical cases in depth the factors which have contributed and delayed the process of democracy may be mapped out. Within this general method of process tracing, process verification involves testing whether observed processes among variables in a case correspond with those predicted by previously determined theories (Bennett & George 1997:6).

## 2.5 Validity and Reliability

The internal and external validity are important measurements with regards to qualitative studies (Merriam, 1994). Internal validity relates to the causality of the conclusion with regards to questions posed, basically how credible findings are (Bryman & Bell, 2003). In order to ensure a high validity the study has been supported by relative information. The external validity refers to the transferability of findings and if they are applicable to other contexts (Bryman & Bell, 2003; Esaiasson 2007; Merriam 1994). This involves how the case study is selected.

The fact that relatively few studies have been carried out concerning the UAE and the dominant role that certain countries on the Arab peninsula play, contributes to the significance of the empirical case. A different approach could be to study the process of democratization in Russia, which despite economic growth has lagged behind. However, due to the fact that the spread of democracy has become such an important issue in the Middle East, the selected empirical case appears to be relevant.

The study of the UAE can contribute to a better understanding to why democracy has not flourished in the parts of the Arab region. Yet, all the Arab states have undergone diverging historical revolutions and economic development.

Nevertheless, the advantage of using an empirical case is that it enables a presentation of complex contexts and an overall picture. Studies that stress explanations instead of generalizations have more substantial internal validity than studies that highlight generalization, which have more external validity. Despite the fact that the more countries that are included in the analyses often can result in applicable generalizations, it is not always the case (Denk & Silander 2007:114-115). However, an analytical generalization connects the results of a study to theory, and if a phenomenon exists in one place there is a possibility that it exists elsewhere (Yin, 1989).

An alternative method which could be applied is to include further empirical cases in the study, which could enhance the capability to generalize results. However, due to the lack of resources and time this approach would most probably prove to be unsuccessful.

Reliability concerns a study's credibility and to what extent the result can be duplicated (Bryman & Bell, 2003; Esaiasson 2007; Merriam 1994). This criterion has been acknowledged and for the criterion to be fulfilled personal opinions and tendentious sources have been avoided.

An operationalization plays a central role for the research's design, result, validity and reliability. A well established definition of democracy states what the term involves by selecting indicators. Thereby, there has to be a correspondence between the theoretical level and the operational level, namely a good concept validity (Esaiasson 2007:59-61; See 1.8 Key concepts).

## **2.6 Source critical analysis**

A source critical analysis is applied in order to establish whether the information from a source is true or false and if they are relevant to the research questions. There are four criteria to take into consideration with regards to a source's credibility; authenticity, independence, simultaneousness and tendency (Esaiasson, 2007).

*Authenticity* concerns the precision of a source and is generally applied to historical texts, which is not relevant to this study (Esaiasson, 2007).

*Independence* indicates that primary sources are more reliable than secondary ones (Esaiasson, 2007). Thereby, the statistics in this study are generally based on primary sources.

The study refers to works produced by renowned individuals who have specialized on democracy and on the Middle East. In addition, the authors of the articles and books, that this study refers to, address democracy around the world, what promotes and hinders the phenomenon.

*Simultaneousness* concerns the elapsed time between the day an incident occurred and the day it was written. Therefore, the more time that has elapsed the more uncertain we can be, with regards to the accuracy of a source (Esaiasson, 2007). The Internet was utilized because it offers relevant and updated information of the empirical case. The reliability of various Internet sources was taken into consideration. Central Intelligence Agency, US Department and Landguiden are Internet websites that are referred to in this study. 'Landguiden' base their facts on World Economic Outlook, UNESCO's World Development Indicators and annual reference books.

*Tendency* emphasizes the significance of acknowledging that the narrator of a source might be biased (Esaiasson, 2007). It should be acknowledged that all theories are pursuits to impose order and find patterns in a complex reality. Thereby, theories are, to some extent, bound to be partial explanations. Ultimately, tendency had to be considered throughout the study. No single theory, on its own, can explain completely a specific case. However, the theories are effective in that they pose important questions about democratization in general and contribute to particular explanations.

## **2.7 Material**

A few comparative indexes have been developed in order to measure the process of democratization and enable a comparison between countries in different contexts. These comparative indexes are distinguished by two characteristics. Firstly, they offer a compressed measure of democratization. Secondly, the comparative indexes are designed to be able to

compare different countries. Hence, the index is adapted to different contexts (Denk & Silander 2007:85).

### **2.7.1 Freedom House Index (FHI)**

Freedom House Index (FHI) is an independent organization which was established in 1941. The aim of the organization was to promote democracy and freedom around the world. FHI publish reports concerning democracy and freedom and the development of these two phenomena annually. The reports that are published offer a comprehensive view of the economical, social, cultural and political situation in a country. FHI are able to answer questions about the occurrence of freedom rights with reference to their brief background study of the country. The index provided by FHI can be used in order to measure democratization as a degree of democracy. Moreover, it enables a measure of democratization as change over time. Indices presented by FHI also enable a comparison of the level of development in different countries. Consequently, an understanding of the spread and development of democracy on a global level is achieved (Freedom House Index, 2007; See Appendix 3).

Although the index offers an opportunity to study democratization it also has its weaknesses. It has mainly been criticized for its structure. The fact that private enterprise and right of possession is included in an index which is intended to measure democracy is debatable. Another critique that FHI is faced with concerns the fact that requirement of democracy has altered over time, which ultimately complicates a comparison over time. Furthermore, its indicators take some specific circumstances into consideration but these complicate a comparison between different aspects. FHI has also been criticized for the lack of an adequate motivation of why different levels are chosen in the construction of an index. Despite this critical position, FHI is considered to be one of the best available indexes with regards to the study of democracy and democratization (Denk & Silander 2007:104).

### **2.7.2 Human Development Index (HDI)**

The Human Development Report was introduced in 1990 with an ambition of highlighting the development process in terms of economic debate, policy and advocacy. The intention was to evaluate the level of people's long term well being in other terms than just income. The Human Development Report is an independent report commissioned by the United Nations Development Programme (Human Development Report UNDP, 2007/2008).

The Human Development Report presented a new method of determining the level of development by incorporating indicators of life expectancy, educational achievement and income into a composite Human Development Index (HDI). It is a single static which acts as a framework of reference for both social and economic development.

However, some researchers believe that it is not sufficient to measure a country's development relying only on the HDI. For instance, the HDI does not acknowledge political participation or gender inequalities. The HDI only presents a broad proxy on some of the principal issues of human development, gender divergences, and human poverty (Human Development Report UNDP, 2007/2008).

### 3 Theoretical Background

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*“First, a new theory is attacked as absurd; then it is admitted to be true, but obvious and insignificant; finally it is seen to be so important that its adversaries claim that they themselves discovered it.” – William James*

*This module illustrates theories that present factors that promote and impede the spread of democracy and preview of the empirical case, which have contributed to the foundation of this study.*

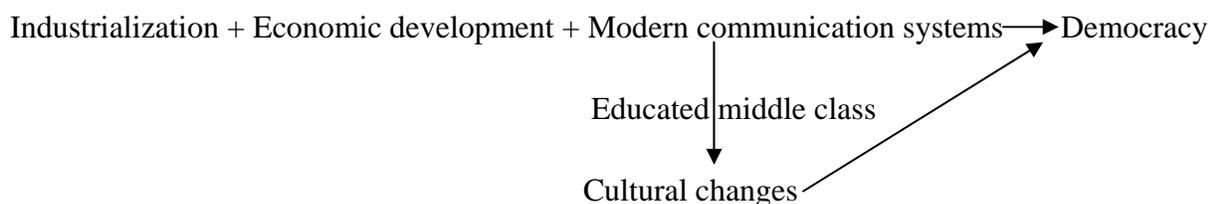
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#### 3.1 Modernization Theory

The fundamental theory that has been emphasized in democracy studies has been that *economical welfare promotes the process of democratization*. The modernization theory proclaims that democracy is encouraged by several factors that interact. Hence, industrialization, economical development, urbanization and modern communication systems facilitate democracy. Consequently, several factors are combined in an integrated theory about the process of democratization (Denk & Silander 2007:65) (See Figure 3.1).

The modernization theory, that links the spread of democracy to modernity and the enlightenment idea of the universality of progress, was devised by Seymour Martin Lipset (Lipset 1959:75). It has been supported and contested, revised and extended, buried and resuscitated. According to Lipset, capitalism is the essence of democracy because it creates wealth, leads to an educated middle class and generates cultural changes advantageous to democracy (Grugel 2002:46; Lipset, 1959).

*Figure 3.1 Illustration of the relation between economic growth and democracy.*

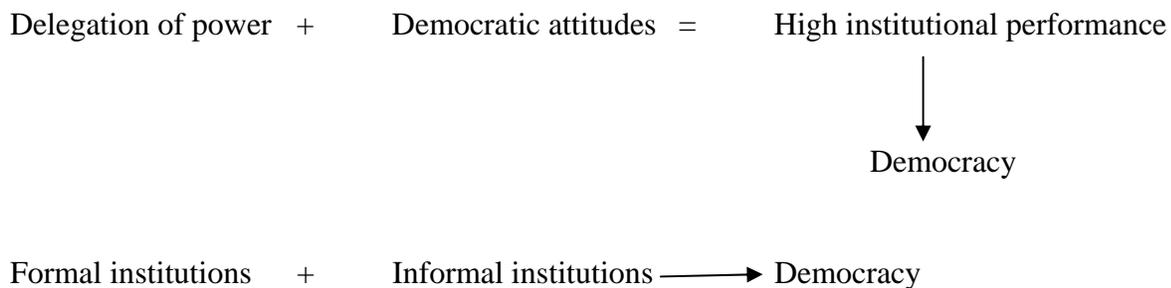


### 3.2 Institutional Theory

Another political condition that often is not pronounced in studies, but which is considered to be essential in promoting democracy, is the existence of *effective and stable institutions* (See Figure 3.2) (Denk & Silander 2007:61). Robert Dahl pronounces that it is not necessary that societies are distinguished by high levels of prosperity, urbanization and education levels etc. in order to establish what he terms a polyarchy. Instead he asserts that power has to be distributed throughout the different levels of society and that the prevalence democratic attitudes are decisive, in order to maintain a polyarchy (Dahl 1989:386-388). Dahl believes that a successful polyarchy is characterized by seven institutions. Consequently, *institutions of a polyarchy are necessary in order to reach a democratic process* (Dahl 1989:343-345).

In “Making Democracy Work: Civic Traditions in Modern Italy” Robert Putnam explains that *social capital* (civic, social, associational, and political life) is essential for high institutional performance and the maintenance of democracy (Putnam, 1994). In contrast to Putnam’s theory about social capital, Bo Rothstien analyzes how political variables contribute to the levels of trust in society. Instead of studying sociological factors Rothstein scrutinizes the development of social capital from a different angle, namely the implementation side. He concludes that in order to generate a functioning democracy and an increase in economic growth, the quality of political institutions have to be improved (Rothstein, 2002). Thereby, *formal and informal institutions* are made reference to in this study.

Figure 3.2 Illustration of the relation between institutions of a polyarchy, both formal and informal, and democracy.



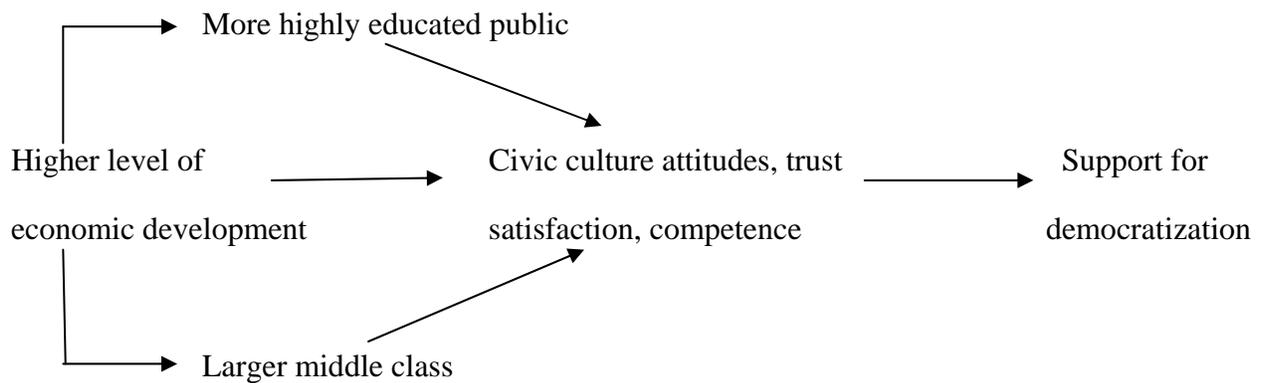
### 3.3 Third Wave Theory

One method of illustrating the development of democratization over time is to arrange experiences together in divergent “waves”. This implies that *democratization in countries linked together in the “wave” have common causes*. In 1991, Samuel Huntington indicated that waves of democratization have been followed by reverse waves of authoritarianism, as some societies were unsuccessful in consolidating democracy and others experienced democratic disintegration. Huntington claimed that waves of democracy could be distinguished in time and space and proposed causes for the spread of democracy and for its reversal.

The first wave was associated with expanding capitalism and the creation of global market, linked with the spread of the idea of democracy. The second wave was a result of the defeat of Fascism, the global authority of the allies after the Second World War, the influence of the West with regards to decolonization and the Cold War - which represented the ideological triumph of liberal democracy.

According to Huntington, *economic development creates the foundation for democracy* whereby crises generated by either rapid growth or economic recession weakens the power of an authoritarian regime (Huntington 1991:59). Huntington declares that the correspondence between wealth and democracy indicates that transitions to democracy should occur in countries at the middle levels of economic development. When economic development persists, the income level of the transition zone distinguishes non democracies and democracies.

In general, the post World War II intensification of economic growth reassigned many countries into the transition zone, developing within them the economic circumstances advantageous to democracy. The third wave of democratization that began in 1974 was the product of the economic growth of the previous two decades (Huntington 1991:60-61).



*Figure 3.3 Illustration of how economic development acts as a factor in democratization.*

As the figure above illustrates (See Figure 3.4), the demands from society tend to increase in correlation to changes in economic and social sectors. Huntington stresses that modernization creates an increase in political awareness, which results in an upsurge of demands on political institutions. In addition, economic and social development is considered to result in an increase in levels of literacy and the educational level, which contributes to a deeper awareness of political issues.

Yet the wave metaphor has a limited function. It enables cross national and cross regional connections but it conveys little knowledge about how democracy actually transpires in national societies. Thereby, theories of social and economic change and political action have to be scrutinized.

### **3.4 Towards studying the empirical case**

The UAE prides itself of being a nation more socially and economically advanced than its neighbors and one would, without doubt, assume that the UAE also has addressed the subject of political reform. The truth of the matter is quite the opposite. While five Gulf countries states- Bahrain, Kuwait, Oman, Qatar, and Saudi Arabia - have held elections and referenda to improve political participation, the politics of the UAE seems to remain idle. Other GCC countries commenced the first sequences of the democratic process by implementing small electorates and broadened participation from there (Lexic Orient, 2007). One would presume that the UAE would have advanced further on the political level, given their enthusiasm to surpass their neighbors on every other level, from the highest tower to developing the largest technical industrial site and a manmade island.

## 4 Empirical module: The United Arab Emirates

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*In this chapter an illustration of the UAE is presented by tackling question 1-2. A general background of the empirical case is given followed by a demonstration of political and economical development.*

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### 4.1 General background

The UAE was established, from a group of tribally organized Arabian Peninsula Sheikdoms along the southern coast of the Persian Gulf and the northwestern coast of the Gulf of Oman, in 1971 when seven states embarked into a federation called the United Arab Emirates (US Department of State, 2008) (See Appendix 2).

### 4.2 Political system in the UAE

Each of the emirates of the federation previously had its own existing institutions of government, but the rulers of the emirates agreed to draw up a provisional Constitution. The Constitution identified powers which were to be assigned to new federal institutions. In addition, the Constitution stated that each emirate should have jurisdiction in all affairs that are not allocated to the exclusive jurisdiction of the federation. The new federal system of government included a Supreme Council, a Cabinet or Council of Ministers, a Parliamentary body, the Federal National Council and an independent judiciary (UAE Government, 2006).

Administratively, the U.A.E. is a loose federation of seven emirates, each with its own ruler. Thereby the rate at which local government in each emirate advances, from traditional to modern, is determined primarily by the ruler. Under the provisional constitution of 1971, each emirate maintains substantial powers, including control over mineral rights (oil and gas) and revenues. The political and financial influence of each emirate is manifested in the distribution of positions in the federal government (US Department of State, 2008). Alternatively, the

distribution of positions in the government is determined by tribal loyalties, dynastic positions and economic power (Freedom House Index, 2007).

#### **4.2.1 Supreme Council of the Federation**

Each of the rulers of the seven emirates is a member of the Supreme Council, the highest constitutional authority in the UAE. A President and a Vice President are elected amongst them, to serve for a five year term of office.

Power will remain in within the large ruling families, despite that interfamily relations are fractious. Moreover, there is no formal legal structure for determining claims on power (EIU, 2007). The succession lineage is opaque raising concerns about long term stability but the monarchy enjoys strong support nationwide (BMI, 2008).

#### **4.2.2 Federal National Council**

The Federal National Council (FNC), established in 1972, had 40 members drawn from the emirates based on their population. The FNC is responsible, under the Constitution, for examining and amending proposed federal legislation and is authorized to summon any Federal Minister. One of the foremost obligations of the FNC is to discuss the annual budget. Specialized sub committees and a Research and Studies Unit have been created to aid FNC members manage increasing demands of modern government (UAE Government, 2006; Freedom House Index, 2007).

The majority of UAE nationals appear satisfied with family rule in the country, especially at a time of high oil prices and increasing public largesse. Yet, in an effort to increase popular participation in decision making, the first election for half the members of the UAE's 40 member advisory body, the FNC, was held in December 2006. The 6,689 pre selected voters (0.8% of the Emirati population, including 1,189 women) were handpicked by the rulers and advisers of the seven emirates. Only members of the electoral colleges established in each of the emirates were eligible to vote or stand for election. The voter turnout was relatively high especially in the smaller emirates (EIU, 2007).

Despite the fact that the election was indication of a step towards democracy, the UAE authorities state that a gradualist approach is being implemented to allow time for the new system to establish itself and to enable a constant assessment of the impact of reforms. No formal timeline for further democratization has been declared, however, the government has stated that the next step is to give the FNC more power, extend the term of FNC members to four years instead of two, to increase its membership followed by universal suffrage (EIU, 2007).

#### **4.2.3 Federal Judiciary**

The federal judiciary's independence is assured under the Constitution and includes the Federal Supreme Court. The Federal Supreme Court consists of five judges appointed by the Supreme Council of Rulers. The judges decide on federal laws, intra-emirate disputes and disputes between the federal government and the emirates (UAE Government, 2006).

#### **4.2.4 Local and traditional government**

Parallel to the federal institutions, each of the seven emirates possesses a local government. Despite the fact that they have developed extensively as a consequence of the country's growth, they diverge depending on population, area and degree of development (UAE Government, 2006).

According to tradition, the ruler of each emirate (the Sheikh), was the leader of the most powerful tribe. Rulers of the tribe retain their authority position as long as they were able to maintain the people's loyalty and support. A strong principle is that people should have free access to their Sheikh, who holds a frequent 'majlis', or council, in which his fellow tribesmen can convey their opinions (UAE Government, 2006).

### **4.3 Political rights and civil liberties**

The UAE does not have political parties (Freedom House Index, 2007). The UAE's constitution stipulates the freedom of religion. Academic freedom on the other hand is limited, with the Ministry of Education censoring textbooks. The government restricts freedom of assembly and association. In addition, public meetings require government permits (US Department of State, 2008; Freedom House Index, 2007).

Despite the fact that UAE's constitution yields some freedom of expression, the government restrains this right by prohibiting media to publish insulting material about the President and religious issues. Although Internet access is available, there have been reports about the government owned Internet service provider that blocks sites that are considered morally offensive.

The constitution administers equality before law but does not explicitly make reference to gender equality. In reality women's rights are not always defended because of inadequate implementation of the law and traditional biases against women (Freedom House Index, 2007).

The majority of the labor force is represented by guest workers without a citizenship. In March 2006, the government suggested modifications to the 1980 Labor Law, which would permit workers to engage in limited unionization and collective bargaining for the first time. However in 2007 a US based non-governmental organization, Human Rights Watch (HRW), published a report declaring that the UAE authorities had failed to prevent the abuse of the country's construction workers. Despite the fact that existing legislation was considered adequate, HRW asserted that enforcement was weak. The report was a response to a series of strikes and demonstrations, earlier in 2006, which was triggered by wage exploitation and hazardous conditions. The discontent pronounced by foreign laborers resulted in undesired attention while UAE's economy prospered and negotiations with United States continued.

No unions had previously been present in the country but the new law would enable workers to have one collective union with separate representative for each industry. Given the potentially harmful impact on the tourism sector of such negative publicity and the reputation of UAE's

rulers, these reforms will most likely be enforced. Yet, there are grounds for some skepticism as the government promised to legalize trade unions by the end of 2006 and the results are still not visible (EIU, 2007; US Department of State, 2008).

#### **4.3.1 Freedom House Index for the UAE**

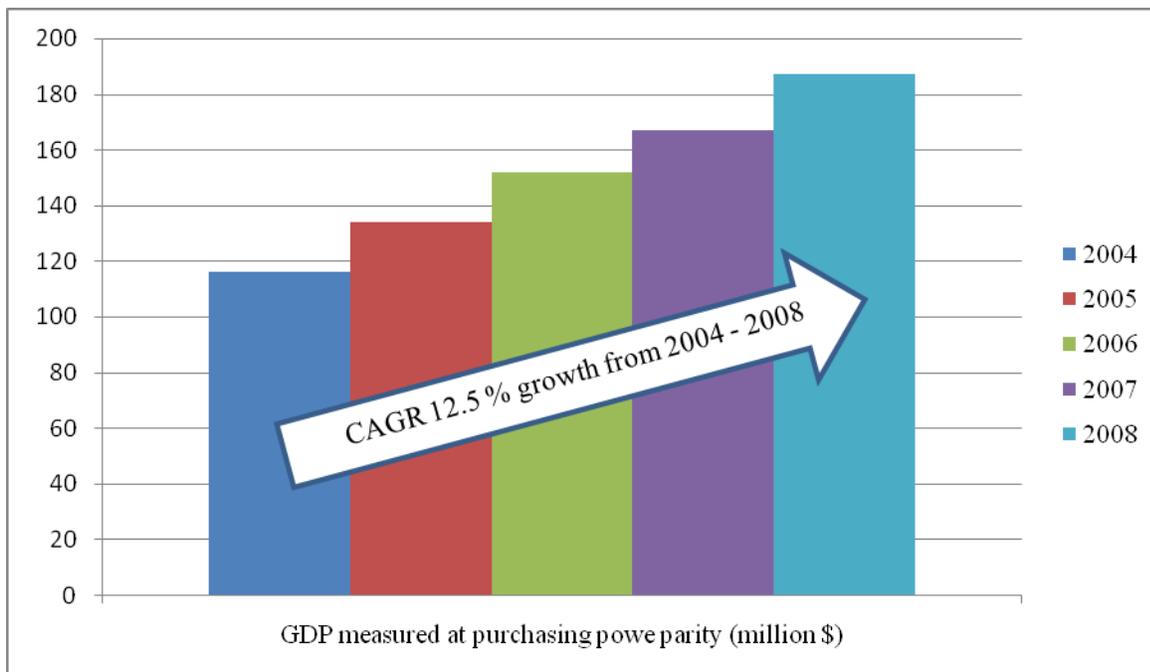
According to FHI combined ratings, the UAE was considered “not free” from 1972 to 2006, with an exception of being regarded as “partly free” between 1977 and 1989 (See Appendix 4). Political rights were perceived to be on a downward trend during 1977 to 1989 but this tendency shifted during the following years. Civil liberties remained stagnant throughout the period that was studied.

## 4.4 Economy

Preceding the first exports of oil in 1962, the UAE economy was dominated by pearl production, fishing, agriculture, and herding. However, since the increase in oil prices in 1973, petroleum has controlled the economy and is responsible for most of the export incomes and has created significant opportunities for investment. The country possesses ten percent of the world's oil supplies and approximately four percent of natural gas reserves. At present production rates, these supplies would last for more than 150 years. In 2006, the U.A.E. produced about 2.8 million barrels of oil per day (US Department of State, 2008).

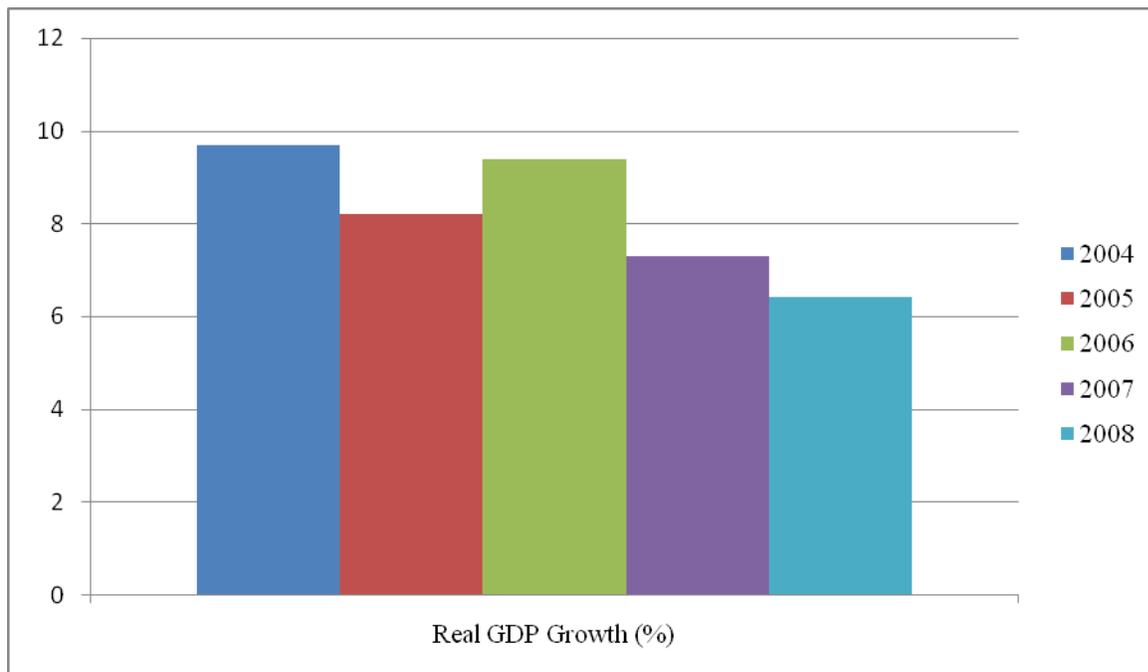
UAE is ranked as the third largest economy in the Middle East and the fastest growing economy within the region (See Figure 4.1, Figure 4.2). Growth has been driven by the abundant oil derived liquidity, which has increased government and consumer spending power and investment and facilitated a favorable tax environment for businesses operating in the emirates (BMI, 2008).

*Figure 4.1 GDP measured at purchasing power parity (million \$) in the UAE has experienced a steady growth from 2004 to 2008.*



*Source: Euromonitor International, 2008*

Figure 4.2 Real GDP Growth (%) from 2004 – 2008 in the UAE.



Source: Euromonitor International, 2008

In contrast to many of its neighbors, the UAE has been able to diversify its economy in order to decrease its dependency on the petroleum sector (Freedom House Index, 2007; Swedish Trade Council, 2008).

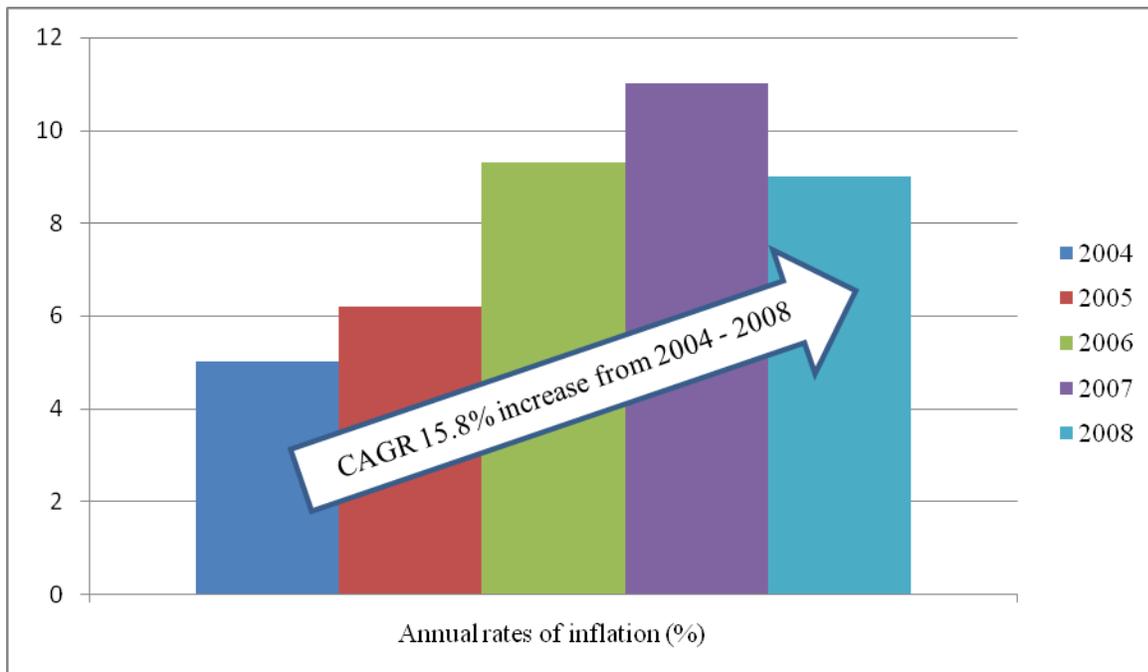
A principal apprehension in the UAE Government's development as a federal system is that a substantial percentage of each emirate's revenues should be committed to the country's central budget (US Department of State, 2008). Moreover, 2006 was a considered a year of progression, with Abu-Dhabi embarking on a programme seeking a more streamlined government, reducing dependency on the public sector and encouraging privatization (Oxford Business Group, 2005).

#### 4.4.1 Inflation

Inflation has increased over the past years, as the surge in domestic demands has generated price pressures, mainly in real estate and some parts of the private sector (See Figure 4.3). Slower economic growth in the UAE and lower world commodity prices will contribute to gradual inflationary pressures. As a result, wage demands in the private sector have increased. In addition, the weakness of the dollar is contributing to inflationary pressures.

Economist Intelligence Unit (EIU) estimated the average inflation to 14% in 2007. EIU do not base their figures on official data because they are indicative only of the price trends experienced by the minority Emirati population, which continue to benefit from a range of subsidies on core goods and services. In the late of 2007, the government announced that it was offering a 70% pay rise to the Emirati population, in order to counterbalance the impact of high domestic inflation (EIU, 2007).

*Figure 4.3 There has been a enormous increase in inflation in the UAE from 2004 – 2008. Inflation increased with 77.4 % from 2005 – 2007 in the UAE.*



*Source: Euromonitor International, 2008*

#### 4.4.2 Foreign trade

The United States has benefited from friendly relations with the UAE since 1971. Private commercial ties, particularly in petroleum, have developed into friendly government-to-government ties, which generally consist of security assistance. The UAE is embracing an escalating role in terms of regional affairs, corresponding close ties with the UK, US and with the Gulf Cooperation Council (GCC). As a member of the GCC, the UAE engages in a broad variety of GCC activities that focus on economic issues (US Department of State, 2008). Meanwhile it is rumored that Free Trade Agreements (FTAs) are being drawn up with the US, South Korea, Singapore and China, but progress has been limited (Oxford Business Group, 2005; EIU, 2007).

#### 4.4.3 Human Development Index for the UAE

The HDI for the UAE was 0.868 in 2005, which gives it a rank of 39<sup>th</sup> out of 177 countries in 2005 (See Table 1). The UAE was ranked 27<sup>th</sup> in terms of life expectancy at birth and ranked 132<sup>nd</sup> in terms of combined education enrollment ratio. On the other hand, the UAE was ranked 27<sup>th</sup> out of 177 countries, with regards to GDP per capita.

*Table 1 Human Development Index trends in the UAE, 1975-2005.*

Human Development Index Trends in the UAE							
Year	1975	1980	1985	1990	1995	2000	2005
HDI Rank	0.734	0.769	0.79	0.816	0.825	0.837	0.868

Maximum Score = 1

*Source: UNDP Human Development Report, 2007/2008*

According to UAE's government, the population of the UAE has nearly quadrupled over the past 25 years, with a growth rate of around 6.5 per cent a year. The sharp increase in UAE's population has been coupled with high growth in its economy and income, its improvement in health and educational services and decline in death rates (UAE Interact, 2008).

Citizens of the UAE are the wealthiest in the Arab region with regards to GDP per inhabitant which was estimated to 35 099 US Dollar in 2006. However, living standards differ immensely between local citizens and guest workers (Landguiden, 2008).

Since the formation of the UAE, there has been significant progress within the health care sector. The UAE has an expansive free health care service, funded by the government, and an advancing private health sector (US Department of State, 2008).

Furthermore, state funded educational opportunities have also advanced since the founding of the federation, when only a minority of the population had access to formal education. The UAE's oil revenues enabled extensive capital investment in education. An expansive free education system is now feasible to all national students. Moreover, the UAE's youth have access to higher education, both federally funded and at internationally certified private institutions that are being established throughout the UAE.

Rapid modernization, vast progress in education, and the influx of a large foreign population have changed the face of the society in the UAE (US Department of State, 2008).

## **5 Theoretical Module: Factors that influence democratization**

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*This chapter presents different factors that either promote or hinder the process of democratization, which are relevant to the empirical case.*

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### **5.1 Culture and tradition**

One plausible political impediment to democratization is the virtual lack of experience with democracy. Leaders who construct authoritarian regimes or who remain in power in such regimes generally resist democratization (Huntington 1991:295-296).

One serious obstacle to democratization is the lack of or weakness of genuine commitment to democratic principles among political leaders in the Middle East. Political leaders out of office have good motive to campaign for democracy but the trial of their democratic commitment arises when they are in office. Many leaders win power through the electoral system and then exploit their power to undermine that system (Huntington 1991:297).

Huntington asserts that democracies are created not by causes but by causers. He thereby concludes that political leaders and public have to take action. The emergence of social, economic, and external conditions which promote democracy are not sufficient enough to create democracy. However, motives of political leaders, such as partial liberalization, could provoke the process of democratization (Huntington 1991:107-108). The political elite also have to possess the expertise needed to create the transition to democracy and the ability to face radicals who will attempt to challenge the elite's perseverance (Huntington 1991:316).

According to an article by Inglehart and Baker, different societies will pursue different routes despite being exposed to similar forces of economic development due to the fact that situation specific aspects, such as cultural heritage, also form how a specific society develops. Conclusions that are drawn in this article are that modernization theorists are only right to some extent. The development of the industrial society is linked with cultural shifts away from

traditional value systems. The rise of the postindustrial society is linked with the deviation from absolute norms and values in the direction of increasingly rational, trusting, postindustrial values. However, these values seem to be path dependent. A history of Islamic or Confucian tradition generates cultural zones with idiosyncratic value systems that remain despite effects of economic development (Inglehart & Baker, 2005).

According to Jean Grugel, contemporary attempts of democratization in several countries are limited to the introduction of elections. However, little has been done to democratize civil society, the state, and the policy making process or to create cultures of participation and citizenship. In these cases, democratization is limited to the formal institutions of government while there is a lack of participation. The reason why there are different outcomes in countries depends on culture and opportunities implemented by national politics. Key aspects that elucidate different outcomes are the nature of the state and composition of civil society (Grugel 2002:243).

Basically, an antidemocratic culture hinders the spread of democratic norms in the society, renounces legitimacy to democratic institutions thereby obscuring the emergence of effective institutions (Huntington 1991:299).

Confucian cultural traditions pronounce hierarchy, authority, community and loyalty which impede the articulation of intense demands on the polity by social groups (Huntington 1991:71). With regards to medieval Muslim jurists, people's obligation to obey a ruler ceased if the ruler's conduct violated the Sharia. In actual practice, while rivals have overthrown kings, Muslim masses, until recently, remained content with loathing tyrants in their "hearts" (Wiarda 2002:138).

In an article concerning economic development and political regimes, Przeworski claims that to declare that democracies develop as a result of economic development is the equivalent to stating that dictatorships die as countries ruled by them become economically developed. Democracy is predisposed to survive if a country is "modern" but is not a result of "modernization". The article states that the causal power of economic development in eliminating dictatorships is insignificant. The conclusion reached is that while economic development under dictatorship has

a non-linear relationship to the establishment of democracies, once they are created; democracies are much more likely to prevail in more highly developed countries (Przeworski, 1991).

It is evident that the winds of democratic change have avoided the Muslim world, where they have been received with ambivalence and distrust (Wiarda 2002:128). However, it has become evident that an increase awareness of political and civil rights has emerged, as a result of the Muslim elites' increasing exposure to the West. The desire for democracy is becoming a part of Muslim political cultures. Muslims, want democracy despite of proclamations of its discrepant nature according to Wiarda (Wiarda 2002:141).

It is often suggested that in reality, the majority of Muslims follow Islam selectively. In fact they are led by their indigenous traditions which have nativized their religion (Wiarda 2002:140). Basically, their native traditions influence their accessibility to democracy.

The native tradition in all of the Muslim countries has been authoritarian, not merely in government in but the majority of other relationships. In the native political cultures of some Muslim countries an interrelated aspect is feudalism. The relationship between citizens in these regions is hierarchical. Tribalism subdues the influence of feudalistic authoritarianism. The tribes do not have any interest in politics, on the other hand, because they are more concerned with preserving separate identities. In addition, the tribal preference for violence is unfavorable to democracy (Wiarda 2002:140).

Moreover, patriarchy and patrimonialism exists in Muslim countries. Wiarda explains that patrimonialism implies that rule is personal. Decisions are validated on account of the fact that they are perceived to originate from the ruler and not on merit (Wiarda 2002:141).

### **5.1.1 Religion**

Egalitarianism and voluntarism are fundamental features in Islam, which makes it indistinguishable if Islam is incongruous to democracy. Islam discards any differentiation between religious community and political community. For this reason, political participation is connected to religious affiliation. Fundamentalist Islam requires that in a Muslim country the political rulers should be practicing Muslims, sharia should be the basic law, and ulama should

have a critical vote in pronouncing governmental policy. In consideration of the fact that governmental legitimacy and policy emanate from religious doctrine and expertise, Islamic concepts of politics diverge from and oppose the foundation of democratic politics (Huntington 1991:307). Thereby it could be pronounced that Islamic doctrine therefore includes aspects both compatible and incompatible to democracy.

## **5.2 Economy**

The staggering bulk of countries where the economic environment accommodated democratization appeared in the Middle East and Africa in the 1990s. However, the economic progress of many countries was reliant on oil exports, which increased the control of the state bureaucracy thereby creating a less amiable environment for democratization (Huntington 1991:313). The basic assumption is that economic development involving significant industrialization may promote democratization but in fact, wealth resulting from the sale of oil does not. Oil revenues accrue to the state thereby increasing the power of the state and bureaucracy.

Due to the fact that oil revenues decrease or eliminate the need for taxation the public has fewer motives to demand representation. In some cases, economic growth results in relatively equal patterns of income distribution revoking inequalities associated with rapid growth (Huntington 1991:71). Moreover, the public system on the Arab continent has relatively effective security nets because the government attempts to retain social cohesion and an egalitarian society. In addition, Arab countries are distinguished by an important cohesive system of private social responsibility (Martin & V. Artadi 2003:24).

With regards to modern trends, it appears as if the prospects of democracy in the Middle East will increase with time. Its absence in most of the emirates may be account of the fact that these are “rentier” states with vast revenues and small populations. They offer subsidized food and housing and jobs for those who wish. Their people pay little or nothing in taxes. Consequently, their ambition for participation in government is not great. However, the demands for political participation might increase bearing in mind that the majority of their young people have

obtained education in the West. Eventually they will demand political participation, and when they do, democracy may begin to emerge in this region (Wiarda 2002:141).

### **5.3 External actors**

Democratization may be influenced by the actions of governments and institutions external of the country in question. The general conviction is that foreign actors either hasten or hinder the effects of economic and social development on democratization. European institutions are considered to emphasize the commitment to democracy (Huntington 1991:86-87). Moreover, the United States government uses political, economical, diplomatic and military methods to encourage democratization (Huntington 1991:93).

Principally, when successful democratization occurs in one country it encourages democratization in other countries, the so called “snow balling effect”. This occurs because countries that are encouraged by the democratization process in neighboring nations believe that the problems that they have both experienced can be overcome by introducing democracy. Thereby, countries that have undergone democratization are considered as political and cultural role models for neighboring countries with similar features in the same region (Huntington 1991:1001).

A reason why the Arab community generally deems democracy as suspicious might be due to the emotional associations which it entails. When democracy debuted on the Arab continent its shape was controversial as were the powers that were colonizing the continent. Democracy was considered a proficient instrument that estranged them from their religious traditions which has ultimately led to their distaste towards “democracy” (Donohue & Esposito 1982:296).

## 6 ANALYSIS

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*“If the facts do not fit the theory, change the facts.” - Albert Einstein*

*This chapter strives to uncover why democracy has not been able to commence in the UAE. To test the hypothesis, about the correlation between economic growth and the power of authoritarian regimes, we have to shift to and fro from the empirical case to theories.*

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### 6.1 Analysis with regards to empirical facts

By using statistics and facts, the first chapter of this study attempts to distinguish if economic growth might have impact on the development of the political arena. According to statistics presented by FHI for the time period 1976-1988, the UAE is regarded as “not free” and has received similar results since the establishment of the federation.

An interesting revelation however is that during the time period 1976-1988, the UAE was regarded as “partly free” by statistics presented by Freedom House because political rights were perceived to be on a downward trend. Yet, civil liberties remained stagnant throughout the period that was studied. With regards to the rate of economic development in recent years and the modernization theory, the UAE should possess more democratic aspects at present than in 1972. On the other hand, the UAE was transforming from a sand pile to what it is at present since the establishment of the federation. Perhaps democratic aspects emerged during the federation’s early years in congruence with its new found glory, whereby the modernization theory is supported. Consequently, it would be interesting to study why the UAE diverged from its initial steps towards democracy after 1988. However, one should keep in mind that statistics that classify countries as democracies or non-democracies, such as FHI, may not consider the fact that what is officially pronounced by governments is not always implemented. Therefore, official statements of change are taken into account by organizations, such as Freedom House, but not always invoked by the representatives.

With reference to the Western definition of democracy, the UAE cannot be considered as a democracy. It is not an electoral democracy and only endows participation through an advisory body.

The UAE has a small but well educated local population and a very high GDP/inhabitant. It has high human development indices, which also illustrates that the total life quality is high and has progressed extremely since the 1970s.

The UAE successfully conducted its first election in December 2006, but the political status quo remains largely unchanged. With regards to the modernization theory, the UAE should have established more democratic aspects. Despite remarkable economic growth, which will continue on account of diverse investments in different economic sectors and immense supply of oil, the UAE has not established an electoral democracy. Instead, the ruling families of the seven emirates have ceded power, and Abu-Dhabi, the wealthiest emirate, remains the dominate party within the federation. Moreover, the ruler of Abu-Dhabi remains unchallenged as the President of the UAE. Post election, the UAE will remain relatively liberal and reformist by Gulf Arab standards, but the pace of political reforms will remain slow.

UAE's first election to the FNC emphasizes the limited scope of the political liberalization being considered by the political elite. Firstly, voters elected only half of the deputies to the 40-member FNC. The other half remain handpicked by the ruling sheikhs. Only a few Emiratis were allowed to vote. Secondly, the deputies have little or no decision making power. FNC members cannot create laws nor amend those proposed by the rulers. Basically, the FNC is a debating chamber, where members can offer thoughts and advice.

Since attaining independence in 1971, the UAE has officially strived to empower its federal institutions. Nevertheless, a conclusion that can be drawn following the investigation in the empirical module is that, each emirate still maintains considerable autonomy and advancement toward greater federal integration has protracted in recent years. This is bewildering considering the unsuppressed economic growth in the UAE.

## **6.2 Analysis with regards to theories**

So why has democracy not evolved in the UAE despite its economic development?

Economic development often converts a given society in a predictable direction, but the process and path are not foreseeable. Several factors are involved, so any forecast has to be dependent on the historical and cultural context of the society in question, which justifies the area of research in this study.

An explanation to the lack of democracy in the UAE might be due to the fact that the leaders who have helped to develop the UAE will remain in power and resist democratization. Moreover, there is an absence of authentic commitment to democratic principles. In essence, political leaders will want to maintain their positions. The UAE has no actual experience with democracy in Western terms.

When analyzing the development of democracy in the UAE, the fact that the countries are relatively young should be acknowledged. The leaders that were able to unite the respective countries are highly respected by the citizens, which may have dampened their desire to demand political participation. The fact that the UAE has combined wise rule and governance (in the form of councils – ‘majlis’) might have decreased the citizens demands for an electoral democracy.

Evidently, the vague and non universal definition of democracy has been an obstacle to this study. Hence, it becomes complicated to pronounce a nation as democratic or non democratic and what hinders its establishment. The conclusion of the study leads one to ponder over the fact that perhaps the form of government in the UAE, whatever its classification, suits the dynamics of the nation.

Although the elections of FNC members mark the first steps on the road to democracy, which will lead to the ruling sheikhs ceding real powers no timescale has been announced. Furthermore, there is a ban on political parties. The UAE’s rulers remain unchallenged, which means that the power will be focused on the senior ruling sheikhs and their trusted advisers. Moreover, there is little public appetite for full blown Western democracy.

Furthermore, the history of Islamic, tribalistic and patriarchal traditions create cultural zones with idiosyncratic value systems that remain despite economic development which might explain why the UAE has not experienced democratization. The anti-democratic culture and mistrust held towards the phenomenon hinders its implementation in the UAE. For democracies to emerge, the political elites have to be convinced that democracy is the least worse form of government for their societies and for themselves.

It seems that the majority of the population does not have any interest in politics. Dahl's assumption that power has to be distributed throughout different levels of society and that the prevalence democratic attitudes are decisive in order to maintain a polyarchy is an explanation to the absence of democracy in the UAE, as the power is concentrated in the hands of the ruling elite.

Little has been done to democratize civil society, the state, and the policy making process or to create cultures of participation and citizenship in the UAE. It is not sufficient to just implement formal institutions when there is a lack of social capital. It becomes evident that expansive economic development is not the only factor which promotes the development of democracy.

Another reason why UAE has not established more democratic aspects is because it has encountered relatively modest pressure from external actors (perhaps because of their significant financial position). With regards to the "snow balling effect", the negative consequences of attempting to implement democracy in neighboring states (such as Iraq and Lebanon) might have resulted in distrust and distaste held towards democracy. Perhaps an electoral democracy has not evolved in the UAE due to the fact that the political elite fear that it would involve sharing the political power with extremists.

However the demand for representation might evolve as a result of an increase in education levels and exposure to the West. Another interesting reflection is the consequence of the stability of the political elite's power if the non-citizens, who constitute the majority of the population of the UAE, start voicing demands for representation and change. What happens then?

The most significant explanation to why democracy has not emerged, especially concerning the UAE, is that wealth resulting from the sale of oil does not promote democracy. Oil – which has

been the main source of income for the UAE since the formation of the federation. Instead, oil revenues accrue to the state thereby increasing the power of the state and bureaucracy. Furthermore, as oil revenues increase it decreases or eliminates the need for taxation and the public has fewer motives to demand representation. Also, economic growth has resulted in relatively equal patterns of income distribution for the local population which has revoked inequalities associated with rapid growth. Emiratis have no reason to demand representation when the government is able to provide for them financially.

It is apparent that the federal and emirate administrations are concerned about the increasing level inflation in the UAE and realize that it is a social problem, since they have increased wage levels in response to inflation levels. They acknowledge the fact that their popularity and ultimately their power are based on policies aimed at ensuring a high standard of living, in particular among the Emirati population. The UAE is a prosperous, stable country in which the government has an active program of wealth distribution among the minority UAE national population.

Similar to Huntington's theory, the combination of considerable levels of economic development and short-term economic crisis or failure might be the economic formula that promotes the transition from authoritarian to democratic government.

# 7 Conclusions

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## 7.1 Conclusions

The purpose of the study was to analyze the connection between economic prosperity and democracy versus the relationship between established institutions and democracy through a case study of the UAE. Thus the following questions were examined;

- How has the UAE developed in terms of economy and in the political arena?

Despite the first elections in the UAE the *political status quo remains unchanged*. There is no time plan for broadening the political participation and the previous election accentuates the limited extent of the political liberalization considered by the political elite. *Each emirate still maintain considerable autonomy and the pace of political reforms will remain slow, despite unsuppressed economic growth*. From another perspective it might appear that the UAE has embarked on its first steps towards democracy but with regards to the modernization theory, the UAE should have established more democratic aspects considering its expansive economic growth.

- What factors are present that are probable obstacles to the development of democracy in the UAE?

There is an absence of authentic commitment to democratic principles from the majority of the population and political leaders, who will want to maintain their positions. Basically, there is a *lack of social capital and in political participation in the UAE*.

Of the two hypotheses formulated in the beginning of the study the first one is verified, whereby the modernization theory is falsified and the significance of the institutionalist theory is emphasized.

*Economic growth → authoritarian regimes sovereignty intensifies → the democratization process is hindered*



The sale of oil does not promote democracy instead revenues accrue to the state, which increases the power of the state and bureaucracy. Moreover, demands for political participation from citizens are subdued by lucrative endowments from the political elite. An essential element which delays the development of democracy is that *economical legitimacy outweighs political legitimacy*. Economic growth resulting from the sale of natural resources and the safeguarding of citizens loyalty by the elite, has intensified the authoritarian regimes sovereignty.

Furthermore, as a result of economic development, *new forms of authoritarianism* have developed that are convenient for wealthy, information-dominated, technology-based societies whereby economic growth in fact intensifies authoritarian regimes sovereignty. Ultimately, if economic growth occurs *without economic crisis* (which might invoke social capital) *democracy will evolve very slowly*.

Instead of emphasizing the impact of economic growth the following should be given more emphasis to:

*Delegation of power* + *Democratic attitudes* → *Democracy*  
*Formal institutions* + *Informal institutions* → *Democracy*

Hence, a *re-evaluation of the modernization theory should be considered* or that the theory is not applicable to all empirical cases that have experienced vast economic development.

The modernization theory embraces an exceptionally simple and linear relationship between capitalism and democracy. Consequently, the modernization theory can be criticized for being *ahistorical, ethnocentric and structural*.

Modernization is ahistorical because it assumes that all societies can replicate a transition, which occurred at a particular moment in space and time. It does not consider the difficulties of one

society imitating what occurred in a different society at a different time. Nor does it recognize the transformations which have occurred globally, which indicates that capitalism is currently a global order instead of an economic system constrained within territorial boundaries of particular nation states. Furthermore, the modernization theory does not recognize *idiosyncratic value systems that remain despite unsurpassed economic growth*.

## **7.2 Comparable areas for future study**

According to statistics presented by Freedom House, the UAE has not embarked on the march towards democracy and has received similar results of being “not free” since the formation of the federation until present, with the exception of the time period 1976-1988. During this time period the UAE was regarded as “partly free”. Why was the country considered of possessing more democratic aspects during this time period that at present? Did the nation commence the democratization process in relation to the oil crisis that prevailed? Moreover, are statistics presented by Freedom House reliable?

In order to establish whether culture creates barriers for the democracy process in the late twentieth century a few questions are relevant. Firstly, to what degree are Islamic values and beliefs contrary to democracy? Secondly, if they are, to what degree has the Islamic culture obstructed progress toward democracy? Thirdly, if they delay the development of democracy, to what degree will it continue to do so in the future?

How is democracy often defined in the Middle East and what is the correlation between the definitions of the West and the Middle East? Who is to declare what composes democracy and what it entails? Is it the USA that defines such a term; a country that evokes a war in Iraq despite the opposition of the public opinion? Is it the European countries that define democracy; countries that promote humanitarian rights yet are transfixed as human atrocities escalate in countries such as Bosnia and Rwanda? Is there anything such as ‘good’ authoritarian regimes?

It established that there is no universal definition for democracy yet some will quite leisurely pronounce that certain nations are not democracies. How are we to be able to distinguish which countries are democratic if we do not fathom the term itself?

What is the correlation between the supremacy of authoritarian regimes and prevalence of natural resources within their nation? Are there different forms of authoritarianism and if so, what new forms of authoritarianism are created in correlation with economic development?

Would the United States permit democracy to evolve in the Middle East if it would signify the liberation and recognition of a Palestinian nation and that oil would become a bargaining product, which is not negotiated on the terms of the US government? If the UAE were to develop into an electoral democracy would the political arena become a platform for fundamentalists?

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## Appendix 1

Map of the United Arab Emirates



*Source: University of Wollongong in Dubai*

## Appendix 2

### Comprehensive view of the UAE

#### *Geography*

Total area	83,600 sq km
Population	4,444,011 (2007 est.)
Total median age	30.1 years
Ethnic groups	Emirati 19%, other Arab and Iranian 23%, South Asian 50%, other expatriates (includes Westerners and East Asians)
Religions	Muslim 96%, other 4% (includes Christian, Hindu)
Literacy	77.9 % (total population, age 15 and over can read and write)
Life expectancy at birth	75.69 years (total population)

#### *Political Structure*

Official name	United Arab Emirates
Form of state	Federation of seven emirates: Abu-Dhabi, Dubai, Sharjah, Ajman, Ras al-Khaimah, Umm al-Qaiwain and Fujairah
Legal system	Based on the 1971 constitution
National legislature	Unicameral Federal National Council of 20 appointed and 20 elected members representing the separate emirates; it has a consultative role only
Head of state	The president is elected from among its number by the Supreme Council of Rulers, which is formed by the hereditary rulers of the seven states. Sheikh Zayen bin Sultan al- Nahyan of Abu-Dhabi was re-elected for a seventh five year term in December 2001. He died in 2004, and his son (and ruler of Abu-Dhabi), Sheikh Khalifa bin Zayed Al-Nahyan, was elected as UAE president in 2004.
National government	Council of Ministers (cabinet) led by the Prime Minister, all appointed by the Supreme Council of Rulers. Each state is represented by at least one minister, with senior posts allocated to the larger emirates. The Council of Ministers initiates legislation

for ratification by the Supreme Council or Rulers, which is also a policymaking body and meets formally about once a year.

Main political parties

Political parties are not permitted

Judiciary

Court rulings are reviewed by the UAE's political leadership. The UAE has a dual system of Sharia (Islamic law) courts and secular courts.

*Source: Euromonitor International, 2008; Central Intelligence Unit, 2008*

## Appendix 4

### Freedom House Index – Combined ratings for the UAE

Years covered	1973			1974			1975			1976		
	PR	CL	Status									
UAE	7	5	NF	6	5	NF	6	5	NF	6	5	NF

Years covered	1977			1978			1979			1980		
	PR	CL	Status									
UAE	5	5	PF									

Years covered	1981			1982			83-84			84-85		
	PR	CL	Status	PR	CL	Status	PR	CL	Status	PR	CL	Status
UAE	5	5	PF	5	5	PF	5	5	PF	5	5	PF

Years covered	85-86			86-87			87-88			88-89		
	PR	CL	Status									
UAE	5	5	PF									

Years covered	89-90			90-91			91-92			92-93		
	PR	CL	Status									
UAE	6	5	NF									

Years covered	93-94			94-95			95-96			96-97		
	PR	CL	Status									
UAE	7	5	NF	6	5	NF	6	5	NF	6	5	NF

Years covered	97-98			98-99			99-00			00-01		
	PR	CL	Status									
UAE	6	5	NF									

Years covered	2001-2002			2003			2004			2005		
	PR	CL	Status	PR	CL	Status	PR	CL	Status	PR	CL	Status
UAE	6	5	NF	6	6	NF	6	6	NF	6	6	NF

Years covered	2006		
	PR	CL	Status
UAE	6	6	NF

## Methodology of FHI

*Political rights:* people enabled to participate freely in the political process, including the right to vote freely for distinct alternatives in legitimate elections, compete for public office, join political parties and organizations, and elect representatives who have a decisive impact on public policies and are accountable to the electorate.

*Civil liberties:* freedoms of expression and belief, associational and organizational rights, rule of law, and personal autonomy without interference from the state.

*Political Rights and Civil Liberties Ratings* – Each rating of 1 through 7, with 1 representing the highest and 7 the lowest level of freedom, corresponds to a range of total points.

*Status of Free, Partly Free, Not Free* –Those whose ratings average 1.0 to 2.5 are considered Free, 3.0 to 5.0 Partly Free, and 5.5 to 7.0 Not Free.

*Source: Freedom House Index, 2007*