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Qatar: Politics and the Challenges of Development

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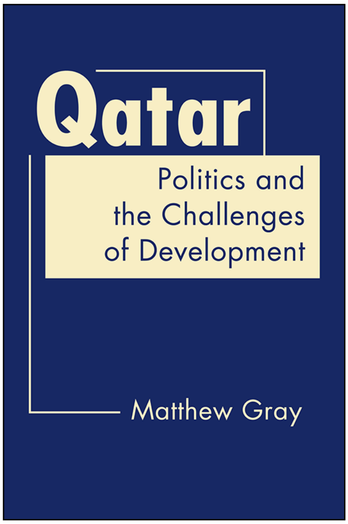

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The Transformation of Qatar

A visitor in 2010 returning to Qatar's capital, Doha, for the first time since 1990 would have struggled to recognize the city, so dramatically had it changed in those two decades. Back in 1990 Doha was a sleepy city, not poor by any measure but centered around the oil sector with few other industries of note. Its skyline then was a spread of small commercial buildings, apartment blocks, and houses, including some traditional white- and dun-colored Gulf houses now since demolished. The tallest buildings in Doha were the ten-story Sofitel hotel, now the Grand Mercure; the Qatari Central Bank, slightly taller; the Sheraton hotel farther to the north (still a Doha landmark); and a handful of other buildings and office blocks. There were other impressive buildings as well, including the ministries of finance and foreign affairs and the emir's palace—a grand white estate surrounded by manicured lawns and one of the landmarks along the 7-kilometer Corniche, which wraps around the edge of Doha Bay.

What a difference two decades have made. In stark contrast with 1990, by 2010 the city skyline was clustered with skyscrapers, seemingly with almost as many of them under construction as actually completed. In the same twenty years, the population of the city had expanded immensely, from 371,000 in 1990—with only about a quarter of them Qatari citizens and the remainder nearly all foreign workers and their families—to around 1.7 million in 2010, with all but at most 300,000 of them foreign nationals. Doha by then was, moreover, a global city and one increasingly recognized around the world: it had hosted the 2006 Asian Games, had bid for the 2016 and 2020 Summer Olympic Games, and was about to win—with some controversy, in due course—the 2022 FIFA World Cup, soccer's most prestigious international competition. Qatar's satellite news broadcaster, Al-Jazeera, had made the small emirate just as famous—some would say infamous—as a critical and entertaining source of news and current affairs: from a modest start in 1996, initiated with a decree by Qatar's new emir at the time, Hamad bin Khalifa Al Thani, it has since expanded into a global news source in multiple languages. Qatar and its capital, if still not quite household names, were becoming well known in international circles in 2010, and for a small state with a population comparable to that of cities such as San Jose, California, or Birmingham in Britain, it had risen dramatically to become a key actor in the world economy and the global security environment.

What is just as dramatic and interesting is how Qatar's political economy also changed in this period. When Hamad seized power from his father in 1995, he commenced a series of dramatic changes and reforms: the formation of Al-Jazeera, as well as an expansion, diversification, and globalization of the economy, which, while more selective and cautious than many observers typically assume, has been broad and intense nonetheless. Qatar, moreover, is different from its neighbors in the region: it is not Dubai, even though sloppy attempts at a comparison with that emirate are sometimes made; nor is it Saudi Arabia or Kuwait—its economic profile but especially its social dynamics are very different from those of its neighbors, even if some broad characteristics are shared. The changes introduced by Hamad account in large part for the remarkable changes in Qatar since the mid-1990s; however, there is more—much more—to Qatar than its emir, and while simplistic panegyrics to him are to be found, they offer little depth or detail in explaining how and why Qatar is the way it is. Hamad is not a naive leader overeagerly seeking to reconstruct Qatari politics through blind globalization and democratization. There has been little real democratization thus far in the emirate, and the evidence is scant that much will come soon. Even though some liberalization has occurred and been nurtured by the emir, and Qatar is certainly more liberal toward its domestic critics than are the other Arab Gulf states, Hamad and the Qatari regime have not been charting a path toward real political liberalization. Nor is Hamad just an oiled Gulf autocrat who does as he pleases with the emirate, even if there are some autocratic characteristics to his rule. The economy has changed under Hamad, and this has brought some social and cultural change, but the political structure remains largely unaffected, especially the political centrality of the emir and the core elements of the royal family, and the overarching allocative role of the state with all the political implications of such a rentier state-society arrangement.

All the same, the Qatar of the early twenty-first century is more complex than a rudimentary rentier-state simplification would allow, even if a rentier dynamic underlies and informs its politics. When the Arab world erupted into protests in 2011, with leaders in Tunisia and Egypt overthrown and others pushed out of power or their rule threatened, Qatar was one of the few states in the region that was almost completely untouched by the turmoil. However, this was not just a feature of the Qatari regime's co-optive power—oil but especially gas had, by 2011, made Qatar the wealthiest state in the Middle East measured per capita—nor was it the result of the regime having some magical coercive power. The protests were, after all, still famously vigorous and aggressive in Bahrain, where they nearly removed the Al Khalifa dynasty, who had ruled there for over two centuries, and there were smaller protests in Oman as well, while other Gulf leaderships such as the Saudi Arabian royal family were nervous indeed that similar uprisings would visit them. Qatar was a unique case, even within the Gulf Cooperation Council (GCC).[1] Despite the seeming stability enjoyed by the Qatari regime, it still saw fit to raise public sector salaries by some 60 percent in September 2011, something that most observers viewed as a rentier response motivated by the threat of social dissatisfaction and unrest.

All of these dynamics feed into the fundamental questions raised in this book. Those questions revolve, as its title suggests, around Qatar's new political order and its political economy: that is, around who holds power and what they do with it; the ways in which politics and economics intersect and influence each other; and in how actors and forces such as the state, society, civil society, and international figures and institutions appear in both political and economic roles or across the two. Ultimately the book therefore attends to several wide issues. It is a book about where Qatar came from and what has changed or not, and why; the centrality of oil and gas to the political economy; Qatar's diversification of its economy and branding of itself as a distinctive nation-state product; Qatar's active diplomatic role since the late-1990s and why this has economic and not just political goals behind it; and why world-class firms and initiatives such as Al-Jazeera, Qatar Airways, Education City, and Aspire Academy (a sports academy) exist and how they serve economic, social, and indeed political ends concurrently. It is about the transformation of a society and a political economy, and the various political dynamics that have prompted and impacted it and that buttress and elucidate it.

Why a Book on Contemporary Qatar?

The changes in Qatar and its political economy since 1995 have occurred within the same framework that has seen spectacular developments elsewhere in the Gulf. Because the changes in Dubai since the late 1980s have been the most dramatic in the Gulf subregion, several works on its political economy have been published,[2] as well as an increasing number of books on Abu Dhabi, another city in the United Arab Emirates (UAE) that since the turn of the twenty-first century has undergone a striking transformation.[3] Saudi Arabia also has seen published several books on its political economy, perhaps befitting its size and importance to the global energy sector.[4] An increasing number of books on the changes in the Gulf are also being published, covering the region in general—often the GCC states and sometimes Iran and even Iraq as well—but typically focusing on Saudi Arabia and the UAE, and to a lesser extent Kuwait, as the largest or most prominent states and economies in the Gulf.[5]

But little literature has been published on Qatar. Given its small physical size and population, this may not seem strange. Yet in light of its characteristics and the role that it plays in diplomacy and the regional and global economy, this is in fact quite unexpected. Qatar is, after all, one of the wealthiest societies in the world in terms of gross domestic product per capita, and not only produces over 1.7 million barrels of oil per day,[6] but also is emerging as a natural gas superpower as it increasingly exploits the North Dome field, which it shares with Iran and which has total natural gas reserves of 894 trillion cubic feet, or 13.5 percent of the world's proven conventional reserves.[7] Also important are Qatar's diplomatic role, its foreign policy dynamics, and of course, as mentioned, its position in the global media as a result of Al-Jazeera's role and the controversies it has stirred—although there are quite a few works on Al-Jazeera specifically, which unavoidably include some discussion of Qatari politics and international relations.[8] The only recent book-length piece specifically on Qatar is a modern history by Allen Fromherz.[9]

This absence of literature alone justifies a work such as this book, which focuses on the contemporary politics and political economy of Qatar but weaves into that approach pertinent diplomatic and social dynamics. Given the transformation of Qatar in such a short space of time, a work investigating its economic policymaking and approaches, its development strategy, and the political motivations attached to its various economic dimensions is overdue. The few works that do exist specifically on Qatar's economy and economic policy were undertaken in what is now becoming the quite-distant political past; the key works by Ragaei el-Mallakh[10] and Zuhair Nafi[11] were published in the late 1970s and 1980s during the reign of Emir Khalifa bin Hamad Al Thani (r. 1972–1995) and before his son Hamad's seizure of power and subsequent reforms. Moreover, both el-Mallakh's and Nafi's books are very descriptive: they essentially present statistical material and historical description of the evolution of Qatar's economy, with little political detail as to what was occurring in the palace and bureaucracy and among the merchants in the period leading up to and after independence in 1971. While their statistical details are interesting per se and reinforce the major themes of the two books on the centrality of oil to Qatar's economic development in the 1960s and 1970s, neither are theoretically sophisticated apart from some very basic criticism of certain government policies such as on education, work force development, and the centrality of the state in capital formation. Although these works were published before some now-common theoretical approaches such as rentier-state theory were developed, they still had other explanations that could have been drawn upon and that arguably would have been of some validity, such as modernization theory, dependency theory, or leadership-centered approaches such as neopatrimonialism and sultanism.

There were, of course, broader histories of the Gulf, and at least one major work on the history of Qatar specifically, published around this time. In particular is Rosemarie Zahlan's *The Creation of Qatar,* published in 1979 and covering the longer-term history of the Qatar peninsula, from 1760 to the 1970s, especially the social and political dynamics of state formation and political development under the Al Thani dynasty.[12] Zahlan's book includes considerable reference to economic issues, including questions of how wealth was used by the Al Thani to consolidate power and manage political relationships, and of course the importance of oil in developing the Qatari economy in the decades leading to independence. To the extent that she introduces political theory, there is an implied modernization-theory approach to the book when Zahlan argues that the societal changes created by oil wealth are likely to redistribute power toward society at the expense of the royal family. As I will show, this has occurred only to a limited and controlled extent, mostly as the cause of regime co-optation of society rather than as a true reorientation or sharing of political power. Zahlan also predicted social tensions in Qatar as women gained new educational opportunities and sought greater career opportunities, and as Qataris traveled abroad and mixed with other societies more and more in the years subsequent to the publication of her book.[13] This, of course, started much later, although there remains little likelihood of serious social tension as a result, above all because of the staggering amount of wealth that has flowed into Qatar since the turn of the twenty-first century due to development and exploitation of the gas sector and the resulting dramatic expansion of the co-optive capacity of the state. Zahlan can hardly be criticized for failing to anticipate back in 1979 the profound changes that would come in the Hamad era.

Beyond this, few other works[14] were published until Jill Crystal's *Oil and Politics in the Gulf* in 1990.[15] Crystal's book has justifiably become one of the classic early works on rentier-state theory and the business-government relationship in the Gulf. As its title suggests, the book does not focus exclusively on Qatar—in fact, it gives more attention to Kuwait, the other case study in the book; however, it was the first work to include both a detailed economic history of Qatar and a theoretically sophisticated discussion of its political economy in the twentieth century. In the case of Qatar in particular, Crystal's specific argument is that the royal family has dominated the Qatari economy because of the weakness of the merchants in the pre-oil era, and then, after the exploitation of oil, because of the rentier dynamics that are so often attached to hydrocarbons. The merchants, she argued, were already weak in Qatar (but not in Kuwait) and had "renounced formal political influence in favor of a guarantee of economic survival: a trade of power for wealth."[16] The book was also an important piece for its other core point: that Qatar's political economy has been strongly defined by the size of and divisions within the royal family, and while Qatar thus has the institutions and allocative mechanisms that are to be found in other oil states, the emir's power is considerably more constrained in Qatar as a result of this royal factionalism and the limitations that it places on emiri absolutism and leverage over political institutions.[17] Later scholarship on Gulf political dynamics, especially rentierism, now makes Crystal's conclusions appear quite rudimentary; however, her work was the first to so critically examine Qatar's political economy, and it remains highly useful both as a history and for its insights into specific business-government dynamics under various emirs. Above all, its central arguments, on both rentierism and royal factionalism, remain valid and convincing, even after the rise of Hamad and despite the fact that he has managed to diminish some of the Al Thani family factionalism that long riddled the politics of Qatar.

The literature on Qatar, then, is patchy and most of it now quite old. Newer book-length works are limited to a couple of histories; a recent one, for example, is Habibur Rahman's,[18] although it is a broad history with little economic detail to it. Qatar does, of course, get mentions in other works on the Gulf more widely, but not in more detail than a single chapter or occasionally throughout more thematic works.[19] There are several journal articles on Qatar, but again not a large number.[20] The burst of work on Qatar in the late 1970s and early 1980s was probably a feature of that time: this was a decade or so after independence and a good time perhaps to consider the development and other challenges being faced by the new state, and it was also a time of new interest in the Gulf given the oil crisis of the mid-1970s, the 1978–1979 Iranian revolution, and then the outbreak of the 1980–1988 Iran-Iraq War. All of this created a first wave of literature on the Gulf subregion and the first major works on Qatar. More recently, interest in the Gulf has been revived by the Dubai experience with globalization and development, the 2003 Iraq War and the civil conflict that followed, tensions between Iran and the United States over the former's nuclear program, and of course by growing concerns about peak oil and energy security in the coming decades. I aim to contribute to this new wave of studies of the Gulf, adding to knowledge of Qatari politics specifically but also to the theoretical debates surrounding the political economy of oil states, and their non-oil sectors and initiatives, as well as the wider economic development strategies of the Gulf subregion.

Explaining Qatar's Political Economy

The central argument in this book is that, while Qatar shares the same or similar political and economic dynamics with other Gulf states in terms of the general impact of oil and gas on state-society relations and the resultant nature of the state as the central and allocative economic actor, it is also in many other ways unique, especially by virtue of its economic history; the nature of its royal family and especially since 1995 of the role played by Emir Hamad; and the specifics of its development strategy as a small but globalized state seeking to have a disproportionately visible international profile both economically and diplomatically. Moreover, as a second if related theme, Qatar's economy is an "energy-driven" one. It is no longer an oil economy in the sense of oil being a disproportionate part of its export income, and even with the expansion of the gas sector, there is considerable difficulty in labeling it a simple "gas economy" too, since it is so extensively vertically integrated along the oil and gas chain, and the economy so deliberately diversified into new sectors such as education, finance, tourism, transport, sports and leisure, and media. However, Qatar's economy remains driven by oil and gas. As this book will demonstrate, energy is central enough to Qatar's wealth and economic production that its political economy is still a highly rentier one, with a powerful, central allocative state. This is in part because the diversification of the economy has not occurred separately from the oil and gas sectors. Rather, energy has been used to support or subsidize other sectors, and increasingly, while other sectors are required to stand on their own feet, they do so in large part because they are linked into, and service, the energy sector. In other cases, the development of new sectors such as education and transport seek to build support sectors for the energy part of the economy, or because through careful state support such sectors potentially can be nurtured to stand on their own feet and generate employment opportunities in sectors other than the capital-intensive energy one. The argument, therefore, is that Qatar's economy is broad and dynamic, but ultimately the greater part of it is still the product of oil and gas.[21] It is too simplistic to consider Qatar a simple oil or gas shaikhdom, but equally crude and naive to treat it no differently than a diversified, extractive economy.

This links into the theoretical argument as well, wherein three interlocking arguments are made. The first is that the Qatari state-society relationship is rentier, but a specific type of rentier. The allocative power of the state, it is argued, is used as a co-optive mechanism by the state, and the regime's ability to remain in power and, in fact, to enjoy considerable support is the result of this co-optive spending of a substantial proportion of Qatar's oil and gas rents. Thus Qatar is a rentier state in terms of rents being used as a political *mechanism,* but rentier theory is far less adequate to the task of explaining the *structure* of the economy, which is also the product of Qatar's economic and political history, the Al Thani family's history and dynamics, and other dimensions of the state-society relationship. For instance, Qatar has a weak civil society, reflected by the absence of a strong religious elite and clergy, as well as in the limited size or cohesion of the business community as a political actor. Thus Qatar is described here as a "late rentier" state, for reasons that will be explained shortly. Second, and related to these historical dynamics, is the idea that Qatar's political economy can be characterized as representing a unique form of state capitalism, where the state is engaging in a neopatrimonial but very entrepreneurial form of state capitalism. In it, the royal family, on behalf of the state, becomes in effect a business meta-actor, with commercial activities a fundamental element of the state's and the Al Thani's political role and function, and with state capitalist dynamics and outcomes serving political ends as well. Third and finally, it is argued that Qatar is a microstate, and in particular an open, partially globalized, and activist microstate that is seeking, including through its economic strategy and policies, to build patronage with larger states and with foreign private sector actors, in the interests of both national security and the economic development and commercial opportunities that support the royal family's rule.

The theoretical explanations that are developed here have been shaped and informed for the most part by scholarship on other Gulf states, especially in light of the paucity of material on Qatar itself and given the pace of change in the emirate. The idea of "late rentierism" has been explored previously[22] and is related to the now long-established arguments of rentier-state theory, which seeks to explain state-society relations in states that generate a large proportion of government income from rents—that is, externally derived, unproductively earned payments such as royalties or other transfers for oil and gas exports, and other income such as fees and aid. At its most basic, rentier-state theory holds that, since the state receives this external income and distributes it to society, it is relieved of having to impose taxation, which in turn means that it does not have to offer concessions to society such as a democratic bargain or a development strategy. The theory was first developed in the 1980s, predominantly to explain the Gulf,[23] although later work on rentierism has developed the theory considerably, adding greater nuance and detail to it,[24] and expanding its ability to link to other theoretical approaches from history and international relations.[25]

Newer research challenges the more basic and structural assumptions behind early rentier-state theory, especially the idea that the state is autonomous from society. While it may be able to buy a degree of autonomy and aloofness, the state always faces an ultimate risk of revolution and thus, in needing to maintain at least a rudimentary level of legitimacy, is never truly autonomous from society. One good work on Saudi Arabia makes this point well in discussing how fluctuations in rent, fiscal and financial crises, changing power in the private sector, and discontent over socioeconomic conditions all give the lie to the claim of rentier-state autonomy from society.[26] Moreover, the 2011 Arab Spring—including the protests in Bahrain, also a state with a strong rentier dynamic, which nearly toppled the ruling Al Khalifa dynasty—adds another stark and recent reminder of the risk of uprising in rentier states.[27]

The idea of "late rentierism," therefore, accepts the fundamental arguments of rentier-state theory. Allocative states are able to buy toleration by society through the allocation of rental income, and at the same time buy the repressive apparatus necessary to control those who cannot be co-opted. The state has a degree of freedom from society; it can usually avoid making democratic concessions where rents are sufficiently large, and typically the political elite can operate as the government and in the name of society fairly much at will too. Through neopatrimonial networks and other informal mechanisms, the ruler and key elite will build ties to elites and use these to allocate wealth and opportunity, and in return to gain allegiance from these clients and obtain information and advice from them about wider dynamics that might impact the ruler's legitimacy or position. The state may have to be *responsive* to society to some extent, but is not democratically or otherwise accountable. All of this is true for Qatar, as it is for the GCC states to a large extent. However, late rentierism also seeks to refine these ideas to account for the more globalized, reformist regimes of the Gulf since the 1990s, but also for the fact that basic rentier levers remain central to the ability of Gulf monarchies to maintain power. The key difference is in the ultimate claims made by rentier-state theory versus those here about late rentierism. In the latter case, the argument is not that rentierism explains the entire nature and structure of the state but rather that rents provide a *mechanism* of control for rulers to maintain and massage their legitimacy. In this sense, late rentierism is different from the rentierism identified in the early rentier-state theory literature, including works on Qatar such as Crystal's, in seeing rentierism as mechanical, not structural. Furthermore, the nature of the changes introduced by Hamad requires a more sophisticated and refined rentier theory. The state has a very clear and long-term development strategy, economic policy, and foreign policy, none of which rentier theorists traditionally saw as a characteristic of the rentier state. This is because rents are merely a political tool, albeit an absolutely central one, and are not sufficient, in themselves, to explain the political structure overall.

Therefore the points that are presented and extrapolated upon in the chapters that follow detail how the state operates as an economic actor, how it both nurtures and controls (selected elements of) the indigenous and international business communities, and how it connects social reform, political change, and diplomacy to its economic development strategy and policies. In this way an argument that Qatar is a late rentier state is made, but also important and related to that argument is the idea that the Qatari state is "entrepreneurial state capitalist." What is most crucial here is that the state capitalism of Hamad's Qatar is very different from the earlier state capitalism fostered in the Arab republics after independence. Qatar promotes economic efficiency, profitability for the state, a state role in certain emerging or sensitive sectors, and a linkage of this capitalism to the state's political and diplomatic ambitions. It shares characteristics with the "new" state capitalism that Ian Bremmer has identified,[28] but is not the typical form of that either, as it is more benevolent and efficient than many of the cases cited by Bremmer. The argument instead is that the state is a business or commercial actor by its nature, and does not just set economic policy and assist with market development and correcting market failure, but also owns a large share of the means of production and seeks to make a risk-based return on its investments and to operate its assets efficiently and profitably. It often monopolizes the sectors in which it is most active or heavily invested—think not just of strategic sectors such as defense but of sectors such as telecommunications, air transportation, finance, and downstream oil and gas—or is highly regulatory if it allows private expansion into such sectors. Beyond these areas, however, the state is far more liberal: in areas where it is not active and is seeking international or local business engagement, it will introduce reforms to ease business development, lower transaction costs, and encourage competition. Such reform may include economic liberalization and marketization measures, but even then, such reforms remain tightly controlled. They never result in the state surrendering its dominance of the economy and thus do not constitute proper or literal neoliberal reform.

Qatar's entrepreneurial state capitalism is partly shared with that of other Gulf states, including most famously Dubai, but it is not the same, and the reforms in Qatar since 1995 cannot simply be categorized as the emirate following a "Dubai model" of development. There is a specific Dubai development approach, for example, which Martin Hvidt, the main theorist on the "Dubai model," has ably analyzed,[29] but he and others are on less firm ground when suggesting that this model is being or could be adopted by other Gulf states in lieu of rentierism.[30] Hvidt argues that there is "a shift from an allocation state model toward a more production-oriented economic model among the GCC countries,"[31] which as will be shown here in the case of Qatar is a conclusion that lacks sufficient nuance and specificity to state-by-state variations in political authority, allocative mechanisms, and development strategies in the Gulf. Qatar shares much with Dubai: a late-late development experience; an activist and (where politically suitable to the state) business-friendly policy toward the private sector; extreme labor market flexibility, including a reliance on foreign workers; and a strategy of branding the country. However, the two are also very different. Crucially, Qatar's development is underwritten by enormous gas reserves and income, which Dubai does not have in the same volume except through the patronage of Abu Dhabi—something it learned to great consternation during the global financial crisis, when its rollover of debt obligations had to be underwritten by Abu Dhabi to avoid Dubai defaulting.[32] The commercial histories of the two are completely different as well, with Dubai having over a century of open commercial links with the world, compared to Qatar's merchant class being small, weak, and largely apolitical. Indeed, Dubai has actively modeled its development since the 1980s on Singapore, but no serious argument could be mounted that there is a "Singapore model" that is somehow being adopted by Dubai; again, even if some economic strategies or tactics can be copied, the two states are otherwise too much at variance in crucial historical, political, and social ways.

Finally, it is argued here that Qatar's political economy and the dynamics of it under Hamad have been informed by its strategy and capabilities as a microstate. The term *microstate* has typically been used in the literature for a focus on developing states, and often on geographically and demographically smaller ones than Qatar;[33] however, J. E. Peterson and others have adopted the term in reference to Qatar. Peterson argues that Qatar has engaged in branding itself in large part as a security strategy, and this is certainly true. Branding raises not only the profile but also the very legitimacy of a microstate, as he has rightly argued.[34] This argument is further expanded here, however, into the political economy dimensions of Qatari microstatism. The argument certainly is in part that international branding acts as a form of security for the (very) small states; this is why Qatar both hosts the US Central Command (CENTCOM) and has a functioning relationship with Israel, and yet maintains a diverse and active diplomatic and especially economic relationship with states such as Iran. To an activist microstate, the best insurance against security threats or economic coercion is to ensure that all the major actors in a position to be a threat have a strong stake in not being so.

Beyond the security element, however, Qatar is also branding itself—actively and aggressively, even by the standards of other microstates and small states—as a way of developing itself into a global *commercial* brand. What is called here its "activist microstatism" is, in other words, an aspect of its entrepreneurial state capitalism too. It has sought, for example, to carve for itself a world-class niche as a host of sporting events—the 2006 Asian Games, the 2022 FIFA World Cup, other tournaments, possibly even a Summer Olympic Games—not predominantly as a security strategy but as a business development strategy. Concomitant with such events are new opportunities for the (state-owned) airline and for a tourism sector that the state is deliberately trying to develop around higher-end luxury and purpose-driven travel, and that of course provides opportunity to develop new facilities and infrastructure, which in turn provides a lift for the regime's support and legitimacy among the small population of Qatari nationals. Similarly, Al-Jazeera might not seem like a commercial enterprise—it famously failed to meet its profit-making targets in the early 2000s and has required credit from the emir several times since then[35]—and of course its reportage has upset most of Qatar's allies and friends (and others) at one time or another. However, the channel provides enormous reach into the Arab world. It is a popular channel, and its reports and opinions often set the tone for debates on certain issues around the region. This buys the Qatari state and royal family a degree of *popular* support elsewhere in the Arab world that would probably be impossible to achieve otherwise, and the regime escapes the worst consequences of offending friendly governments by maintaining a veneer of managerial and editorial independence from the broadcaster,[36] whatever the reality, and sends a message of liberalization to its own and other populations.[37] It thus forms part of the branding of the state as reformist, liberalist, and open to democratization, even though it is more likely to be engaging in a slight social liberalization and the creation of a veneer of political reform, rather than actual political liberalization of depth and substance. However, the regime also, not coincidentally, engages external actors commercially, as advertisers on Al-Jazeera, for example, or as employees, commentators, or others with a stake or interest in the channel. Branding is not only about security, in other words, but also—even mostly—about commerce and the economic interests of the entrepreneurial state.

About This Book

Qatar is a small, dynamic state seeking to punch above its weight. Its energy-driven economy and energy-supported economic strategies, in combination with the features of "late" rentierism, entrepreneurial state capitalism, and activist microstatism, provide the theoretical and analytical foundation of the book and the core of its argument. This approach is borne out by Qatar's development strategy, political economy dynamics, and foreign relations, especially the marked transformation of these since 1995 under Hamad. All of these issues are considered in the chapters that follow, with the emphasis on the political order and the dynamics of Qatar's political economy. In the process, issues of international relations, social change, and others are introduced and discussed, with the aim of exploring politics and the political economy in a comprehensive and integrated fashion. The goal is to enlighten the discussion of Qatar's political economy by looking beyond the narrow confines of political institutions, laws, economic actors and institutions, macroeconomic settings, and suchlike.

The study is also constrained by its emphasis on the contemporary period—that is, on Hamad's Qatar. Chapter 2 provides a historical overview, to provide the context for where Qatar and Hamad's regime started in 1995, and necessarily there are references to pre-1995 events or dynamics throughout the book. History is, after all, prologue to the present, and in the case of Qatar's economy and political system, historical circumstances and dynamics that have evolved or been put in place over long periods of time cannot be quickly or easily changed. Qatar and its political leadership are enmeshed in historically informed dynamics, as is the population, and there is, as a result, a considerable amount of historical context included herein. However, the stress is placed on Qatari political economy dynamics and the explanations for them in the period from around the mid-1990s until the early 2010s. Chapter 2, as the main historical and contextual chapter of the book, looks at the evolution of Qatar's political system and its political economy, from 1766, when members of the Bani Utba confederation settled in Qatar, to the rise of the Al Thani family, and into modern times and the influence of Ottoman and British control of the country. The chapter focuses on the twentieth century in particular, including the problems of intrafamily factionalism and squabbling among the Al Thani, and the problems of political continuity and stability that this presented, but also how it linked to various emirs' policies toward the British and the development of the oil sector. It takes the reader up to Hamad's seizure of power from his father in 1995. By that time, Qatar was a modern and developed economy, but it was far from the Qatar of today: Doha remained a comparatively secluded, insulated, and sleepy city, contrasting strongly with the trade, tourism, finance, and construction that was under way in Bahrain, Abu Dhabi, and especially Dubai, and that would make Dubai almost a household name only a few years later. Qatar in 1995 was still waiting to launch, and the chapter ends on that note, with the new emir, Hamad, beginning to very speedily change this.

Chapter 3 looks at politics in contemporary Qatar, including at how energy has impacted and shaped the political system and especially at how it has created, sustained, and shaped both the public and private sectors. In the former case, energy most obviously has allowed for the rentier, now late rentier, bargain that sustains the royal family and dictates the broad dynamics and climate of Qatar's polity. It is now increasingly transforming the regime into new, entrepreneurial state capitalism too. The role of the state in driving key state-owned enterprises, diversifying its political base, and fostering commercial linkages between merchants and the state are all focused on, from the role of the emir and the royal family at the summit of the system down to the impacts of energy-driven development on the political economy very broadly.

Chapter 4 is concerned with the central element of Qatar's economy—hydrocarbons—and is perhaps the most descriptive of the chapters. First oil and then, more spectacularly, gas have defined Qatar in recent decades. Oil helped begin its development, and gas in particular underwrote its transformation beginning in the 1990s. The double-digit growth figures of the following decade were a product of this gas enterprise, since they were mostly accounted for by new gas projects coming on-stream. The chapter looks at these dynamics: at the oil and gas assets of Qatar, its past and present exploitation of energy resources, its attempts to diversify downstream in the energy sector, and its plans for the future. They are at the core of political power in Qatar today.

Chapter 5 continues with the theme of the centrality of energy to Qatar's political economy, but looks at the additional question of how even wider economic and political dynamics are shaped by a relationship with oil, gas, and petrochemicals. Important here are sectors such as higher education, tourism, sports, construction, Islamic finance, and the like. These sectors are not part of the energy sector, of course, nor even very obviously linked into them, but they are of the size and nature that they are because of oil and gas income or the demand created by energy wealth. The dynamic here is described, perhaps a little generally, as energy-driven diversification. In some cases, it is argued, these sectors indeed exist for diversification and especially to create employment and new commercial opportunities, given the capital-intensity of the energy sector and the limited number of jobs it creates. They are also the result of energy, because, it is argued, energy provides the justification or the underpinning for them.

Chapters 3, 4, and 5 reinforce the arguments of the book in several ways by demonstrating the centrality of oil and gas to the economy, but also the political impacts of this energy centrality and how energy defines and shapes so much else of the economy, maintaining and enhancing Qatar's state capitalism as well. Chapters 6 and 7 are somewhat different, however, as they expand the discussion to also include the themes of microstatism and international relations and how these link to Qatar's political economy. Chapter 6 looks at the theme of national branding. Some of the cases considered here include Al-Jazeera television, the role of sports and major sporting events, and the development of a cultural sector. These all to some degree have outright economic aims, and to that extent they reinforce the arguments about late rentierism, entrepreneurial state capitalism, or both. However, they also represent Qatar's microstatism, especially the image the state creates in the act of branding itself, and the diplomatic, cultural, and social goals behind this strategy. These all feed into the economic, and in turn the domestic political, aims of the emir and the political elite.

Chapter 7 focuses on the same microstatist dynamic, but specific to Qatar's foreign policy and international relations. The argument in this chapter is that Qatar plays a diplomatic role out of all proportion to its size, economic power, or military capability because it is seeking not only to build its global image and reputation but also to gain economic security and new commercial opportunities from its foreign relations. This, in turn, strengthens the domestic political position of Hamad and the regime. At the basest level Qatar is building links with all the major regional and subregional actors to ensure that they have a stake in its stability and current economic trajectory; thus there exists a rudimentary goal to its foreign policy of enhancing security, as one would expect. However, Qatar has also taken a particular approach to its Arab neighbors, Iran, and emerging global powers such as China that suggests a strong economic aim behind its foreign policy. It is argued that, with these actors and its policies toward them, Doha is seeking economic stability and integration, new commercial opportunities, and maximum confidence of investors and others who are operating in the country.

Chapter 8 looks at the problems, challenges, and remaining questions surrounding Qatar's polity and political order, its economy, and its development strategy. The rise of Qatar has not been without complications or controversies. Explored here are several key issues, including the debates about the pace of economic change; the issue of Qatar's heavy reliance on foreign labor and the problems of the attempted "Qatarization" of the work force; questions of culture, especially of maintaining a Qatari identity in the face of globalization and when citizens are a minority of the population; the challenges from social changes, especially the dynamics of women and youth and their future roles in the political economy; the question of whether political liberalization needs to follow the economic changes of recent years; and the question of whether there is a "Qatar model" of development, which the chapter answers (conditionally) in the negative. In concluding the book, the chapter also reiterates the themes of energy centrality and a concomitant economic change and political stasis, and in the process reasserts the theoretical bases of late rentierism, entrepreneurial state capitalism, and activist microstatism.

Not only has Qatar itself undergone a striking change since 1990 but so too has its role and importance. Back in 1990, visitors to Qatar commonly departed with the sense that the country was comfortable but "boring." Today it is anything but boring. It is a global actor in diplomacy, media and culture, and the gas sector. It is an important regional actor, with a political system and political economy that is the envy of most of its neighbors and that is gaining increasing attention from scholars interested in the validity of old theories such as modernization and rentierism or looking for new ways of explaining a Gulf that is dramatically changing. Qatar, if still not a household name in the West, is no longer invisible to all but a few academics and oil executives. After its success in enduring the global financial crisis with few negative impacts, as it changes its economy and plays a greater international role, Qatar is not boring but in fact is one of the most arresting and vibrant states in the Middle East.

Notes

1. The Gulf Cooperation Council was formed in 1981 and consists of Saudi Arabia, Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates.

2. There are now several books on Dubai, of varying quality. One of the best is Davidson, *Dubai*. Others include Krane, *Dubai;* Barrett, *Dubai Dreams;* and Ali, *Dubai*.

3. In particular, Davidson, *Abu Dhabi;* but also Tatchell, *A Diamond in the Desert*.

4. There are actually an enormous number of works on Saudi Arabia, from very scholarly pieces on its modern history, politics, and economy to very sensationalist, mass market pieces, as well as pieces of both of these types on the dominant form of Sunni Islam in the kingdom, Wahhabism, which coincidentally the majority of Qatari nationals subscribe to as well. Specifically on the political economy of Saudi Arabia are, among others, Niblock and Malik, *The Political Economy of Saudi Arabia;* Aarts and Nonneman, *Saudi Arabia in the Balance;* Hertog, *Princes, Brokers, and Bureaucrats;* Lacey, *Inside the Kingdom;* and Champion, *The Paradoxical Kingdom*.

5. Again there are a range of books on the Gulf as a subregion, but recent ones with a focus on politics and political economy include Nugée and Subacchi, *The Gulf Region;* Seznec and Kirk, *Industrialization in the Gulf;* Legrenzi and Momani, *Shifting Geo-Economic Power of the Gulf;* and, of a slightly different style, Hanieh, *Capitalism and Class in the Gulf Arab States*. There are also politically and socially focused pieces with strong discussion of or relevance to political economy, such as Potter and Sick, *Security in the Persian Gulf;* Tétreault, Okruhlik, and Kapiszewski, *Political Change in the Gulf States;* and Foley, *The Arab Gulf States*. The fact remains that all of these books, and others not cited here, pay little attention to Qatar or other smaller GCC states, and focus their attention on Saudi Arabia and the UAE.

6. *BP Statistical Review of World Energy 2012,* http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2011/STAGING/local_assets/pdf/oil_section_2012.pdf.

7. Figures are from the historical data workbook attached to the *BP Statistical Review of World Energy 2011,* http://www.bp.com/sectionbodycopy.do?categoryId=7500&contentId=7068481. The North Dome/South Pars gas field is the largest in the world, holding an estimated 1,800 trillion cubic feet of natural gas condensate, some 1,260 trillion cubic feet of which is thought to be recoverable; of this, about 900 trillion cubic feet is within Qatar's North Dome.

8. Some examples—again not an exhaustive list—are Miles, *Al-Jazeera;* al-Nawawy and Iskandar, *Al-Jazeera: The Story of the Network;* and Zayani, *The Al Jazeera Phenomenon: Critical Perspectives on New Arab Media*.

9. Fromherz, *Qatar.*

10. el-Mallakh, *Qatar: Development of an Oil Economy.*

11. Nafi, *Economic and Social Development in Qatar.*

12. Zahlan, *The Creation of Qatar.* Rosemarie Zahlan is the author of multiple works on the history of the Gulf and in particular on the middle and lower Arab Gulf states.

13. See Zahlan, *The Creation of Qatar,* pp. 135–137.

14. The only other book-length work of any note is the anonymously authored *Economic and Social Infrastructures in the State of Qatar.* It provides some useful statistics and general overview material on various economic sectors in Qatar, but

is descriptive in the extreme and closest in style to a compendium rather than a critical piece of scholarship.

15. Crystal, *Oil and Politics in the Gulf.*

16. Ibid., p. 187.

17. Ibid., p. 112.

18. Rahman, *The Emergence of Qatar.*

19. There is a chapter on Qatari politics under Hamad in, for example, Tétreault, Okruhlik, and Kapiszewski, *Political Change in the Gulf States,* and considerable discussion of it in other works as noted earlier.

20. A few of the more recent examples include Bahry, "Elections in Qatar"; Rathmell and Schulze, "Political Reform in the Gulf"; Peterson, "Qatar and the World"; Mansour, "Public Policy and Privatization"; Dargin, "Qatar's Natural Gas"; Kamrava, "Royal Factionalism and Political Liberalization in Qatar"; and Berrebi, Martorell, and Tanner, "Qatar's Labor Markets at a Crucial Crossroad."

21. Author interview, Doha, January 2011.

22. Gray, "A Theory of 'Late Rentierism' in the Arab States of the Gulf."

23. The first use of the term and concept of *rentier state* was by Hussein Mahdavy, in writing about the political economy of pre-revolutionary Iran; see Mahdavy, "The Patterns and Problems of Economic Development in Rentier States." The two authors most associated with formation of the concept, however, are Giacomo Luciani and Hazem Beblawi, who in the late 1980s and early 1990s developed it further; see, for example, Beblawi, "The Rentier State in the Arab World"; and Luciani, "Allocation vs. Production States."

24. The literature in the late 1990s and the early 2000s developed rentier-state theory considerably from the early explanatory structures of Luciani, Beblawi, and others. One piece that used it extensively and developed considerable nuance around the concept was Knowles, *Jordan Since 1989.* Later sophisticated and contributing pieces include, among many, Chaudhry, *The Price of Wealth;* Moore, *Doing Business in the Middle East;* Niblock and Malik, *The Political Economy of Saudi Arabia;* and Hertog, *Princes, Brokers, and Bureaucrats.*

25. This point was made in Moore, "Rents and Late Development in the Arab World," pp. 8–11. Some works that do this—that bring together rentier-state theory and theories or approaches from history, international relations, or other disciplines—include, in the case of recent history, Chaudhry, *The Price of Wealth;* and in the case of international relations, Gause, *Oil Monarchies.*

26. Niblock and Malik, *The Political Economy of Saudi Arabia,* pp. 173–177.

27. See, for example, International Crisis Group, "Popular Protests in North Africa and the Middle East"; and Justin Gengler, "How Radical Are Bahrain's Shia?" *Foreign Affairs,* May 15, 2011, http://www.foreignaffairs.com/articles/67855/justin-gengler/how-radical-are-bahrains-shia?page=show.

28. Bremmer, *The End of the Free Market.*

29. Hvidt, "The Dubai Model." Martin Hvidt's central argument about Dubai as a model of "late-late" development (pp. 398–399) and his justification for this are not disputed here—indeed, they are spot-on—but rather the validity of the "Dubai model" as a catchall explanation for Qatar's or other GCC states' contemporary political economy is strongly contested.

30. Hvidt, "Economic and Institutional Reforms in the Arab Gulf Countries."

31. Ibid., pp. 101–102.

32. For details, see the collections of articles by *The Financial Times* (London) titled as "Dubai Financial Crisis" and archived and collected online at http://www.ft.com/indepth/dubai-financial-crisis.

33. Peterson, "Qatar and the World," pp. 733–735.

34. Ibid., pp. 746–748.

35. Miles, *Al-Jazeera,* p. 346.

36. Ibid., p. 347.

37. Rathmell and Schulze, "Political Reform in the Gulf," p. 53.