

No More Kuwaits? Three Obstacles to the Induction  
of Allocation States

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Could the Ba<sup>C</sup>thist government of Syria evolve into a pro-American Islamic monarchy? While no one expects such a dramatic transformation soon, it is plausible that Syrian politics may gradually be developing traits more commonly associated with the conservative regimes of the Arab Gulf. The logic behind such a development was detailed in the "Main Statement" of the Project on Nation, State, and Integration in the Arab World:

In a pattern which is reminiscent of past payment of subsidies to tribes to maintain their allegiance, oil producing countries generate vast unilateral transfers to non oil producing Arab countries. These financial flows, just as the oil rent itself, accrue directly to the government and are not linked directly to any productive activity-- although they might be linked to a military posture, such as the case of Syria. In some cases this may lead to a change in the roots of power of specific regimes, rendering them almost independent of the economic fate of their own country. In this way countries that we would expect, "prima facie", to support a production state may end up being ruled by an "induced", and generally strongly repressive, allocation state.

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Can induction really perform like a political genie, transforming the lead of Leftist dictatorships into the gold of conservative oligarchies?

Doubtless the proliferation of petrodollar transfers among Arab states has had important political consequences. It doused the conflict between republicans and monarchists which dominated Arab politics in the 1960s. It accorded unusual longevity to the Syrian, Iraqi, and Sudanese regimes which emerged from the last wave of military coups in 1968-1970. It sucked momentum from radical Arab nationalism and fueled the rise of non-national Islamic movements. The process of induction, by allowing recipient governments to buy popularity and escape the burdens of domestically financed development, contributed to each of these trends. Yet, important as these changes were, we should not be misled into exaggerating the role of induction: it was only one among many forces which attend the flow of petrodollars.

In fact, induction seems unlikely to create any dramatic changes within Arab states. The potential for induction is quite real and it will shape the style of Arab politics in a number of subtle ways. (We will discuss several of these below.) But there are other, more potent forces at work in the Arab World, limiting and diffusing the pressures for induction, and making the emergence of allocation states among aid recipients increasingly unlikely.

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1. Circuit of Aid and Services

The most comprehensive and subtle limitation on the process of induction lies in the logic of relations between production and allocation states. The pattern of interests among those who award and receive petrodollars virtually ensures such aid will be suspended before it leads to induction.

In most cases, the relationship of Arab production and allocation states is like a circuit formed of two connecting wires. Along one wire money flows from allocation to production states; along the other, labor power, military support, and political cooperation flow in the opposite direction. The current between these wires is generated by the disparity of assets and needs between the two types of states involved. Allocation states are well-funded, but they cannot duplicate the rugged discipline that production states exercise over their citizens.<sup>1</sup> Thus, Saudi Arabia, unwilling to impose universal conscription on its own populace, rents soldiers from neighboring Jordan. Kuwait, reluctant to force its own nationals into blue-collar jobs, imports Iraqi and Omani workers. The Gulf states, too

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<sup>1</sup> Discipline comprises far more than a simple capacity to suppress political dissent--allocation states are quite capable of that. Rather, it consists of subtle organizational skills, woven into the most routine social practices, which allow the mobilization of a populace for collective action. The contribution of discipline to the state-forming process has been justly emphasized by Michel Foucault in Discipline and Punish,

vulnerable to undertake the risky job of restraining the PLO, bankroll the Syrians to do so. Exchange among these states is fruitful because the resources of one supplement the weaknesses of the other.

The process of induction is linked to this circuit in contradictory ways. As petrodollars flow down one leg of the circuit, they fuel induction in the recipient state. The recipient government becomes less dependent on its citizens for revenues; indeed, new wealth means it can begin to control these citizens by economic inducements rather than coercion. But this change in the character of the state begins to affect the other leg of the circuit. As the recipient country acquires allocative traits, the government slowly loses its capacity to maintain discipline and popular mobilization. The longer this process continues, the harder it becomes for the country to supply those services it exchanges for petrodollars. Every dollar from an austere Gulf state that is banked in liberal Beirut slightly reduces the incentive for Lebanese professionals to work abroad. Each time the Syrian government pays off a new clique of sycophants it slightly undermines the rationale of national military conscription.

If this trend were to continue unabated, the recipient country would become a full blown allocation state and completely lose its capacity to supply the productive services. However, this is not likely to occur in practice. As induc-

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tion unfolds it will act as a circuit breaker. The donor states, noting the decline of services, may reduce or suspend their contributions. The recipient states, aware their claims on aid are eroding, may deliberately resist the trend to induction--seeking to preserve their "productive" political base. Of course, neither of these reactions will occur right away and some induction may occur before the circuit is broken. Thus, the circuit of aid and services will not create allocation states, but it may weave a number of allocative traits into the fabric of recipient production states.

A variety of "hybrid" states are likely to result from this process, with highly diverse characteristics. Not all features of the production state are equally vulnerable to induction and not all recipes of allocative and productive features are equally viable? Some production states are more likely to preserve their supply of services than others. The diverse characteristics of the recipient states and the strategies of adjustment they adopt will affect the precise mixture of productive and allocative features which develop. This leads to a series of fascinating questions.

Will it prove easier for Lebanon to sustain its export of labor or for Jordan to continue renting her military services? Will the strongly centralized Egyptian state or North Yemen's informal tribal mechanisms prove more effective in guiding this adjustment? How (and whether) the

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recipient states make these adjustments will have an enormous impact on the future of integration in the Arab World; and whatever strategies are adopted to this end will color the precise form of regional cooperation.

## 2. Infirm Arab Production States

Of all the diverse characteristics of a production state, none is more salient than the way its power is linked to the general level of social development. Production states raise revenues by taxation, so their income grows apace with progress of the economy at large. They raise armies by mass conscription, so their military capabilities increase when citizens receive education and industrial discipline in their civilian lives.<sup>2</sup> They generate loyalty by performing "public service", so the effectiveness of their authority depends upon their success in promoting law and order, social equity, and material prosperity. Production states and their societies develop side by side--or not at all. The most developed production states today, the nation states of Europe and the West, were born in the same "Great Transformation" which gave rise to modern capitalist economies.<sup>3</sup>

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<sup>2</sup> This point is admirably made by John Keegan in The Face of Battle.

<sup>3</sup> Karl Polanyi's The Great Transformation remains an invaluable description of the interdependence between state formation and economic development.

Are the non oil producing regimes of the Arab World genuine production states?<sup>4</sup> Certainly they possess several of the features of such states: a political process which focuses on the problem of "exploitation" (who will pay the costs of development?) and a justification of those costs through ideologies of nationalism. But with respect to the hallmark of production states, the relationship between state and society, there is less similarity. Most Arab states formed under conditions which, unlike the Great Transformation of Europe, did not encourage tight linkages between state and society.

State formation in the Middle East occurred very much in the shadow of European developments. The impetus for state formation was supplied locally, by Ottoman bureaucrats, Damascene merchants, and Albanian mercenaries. Similarly, resistance to state formation came primarily from local forces, including Lebanese peasants, Cyrenaican tribesmen, and Aleppine mobs. But Western intervention greatly amplified the powers of both supporters and opponents of this process. Europe supplied cash, credits, arms, machines, training, and encouragement to both sides. This "equanimity" had profound effects on the kind of states that ultimately formed. Middle Eastern states came to rely

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<sup>4</sup> Of course, some of them are barely states at all. Countries like North Yemen have had no chance to develop more than the most rudimentary state structures; and Lebanon appears to have forgone the costs of state formation and chosen to rely on clientage networks for most political services.

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as much on foreign loans and technology for their power as on local levies. With foreign support, Middle Eastern peasants and plebes did not have to tolerate the kind of state exactions that were commonplace in Europe.<sup>5</sup> Given the difficulty with which power was generated locally relative to the ease with which it could be imported, it is not surprising that the relationship between state and society in the Middle East never became as intimate as it was in Europe.

These factors continue to operate today, with Moscow and Washington taking the roles once played by Paris and London. The results are familiar to us all. Today the elites who command the states of the Arab World are often completely divorced from their own populations. Despite their appeals to nationalist rhetoric, they are more at home in Manhattan or the Riviera than among their countrymen. Their powers depend more on the assistance of Bechtel Corporation and the Mikoyan Airworks than on the development of local society. Their states seem like alien machines grafted onto the body of a peasant society. Not only do they not fit the model of a production state, they are not

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<sup>5</sup> For brevity, I am deliberately emphasizing the role of Western intervention at the expense of other factors which influenced the relationship of state and society. For example, local resistance to state formation was also strengthened by patterns of clan organization which made Middle Eastern peasants far more politically potent than European serfs. For fascinating account of this, see Jack Goody, Development of the Family and Marriage in Europe.



even likely to evolve in that direction until they can no longer find sources of foreign support.

At best, then, the "production states" of the Arab World are infirm or--to put it optimistically--underdeveloped. This has a curious corollary: even before petrodollars began to flow between Arab states, the power base of local "production states" had much in common with that of the allocation states. This is not to say the two were identical: however infirm they might be, the Arab "production states" generally possessed a pattern of public discipline, nationalist traditions, and a predatory economic apparatus which distinguished them from the allocation states.<sup>6</sup> Still, ranked on a spectrum, Arab "production states" may lie closer to allocation states than to Western nation states. Henry VIII drew his power from the English gentry; Jordan's King Hussein has a more cosmopolitan basis of support.

Is there potential for induction in "production states" where the polity is already divorced from society? Not really. The very changes we might expect to see as a result of induction have already occurred: the state uses foreign aid to avoid the traumas locally financed development, to

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<sup>6</sup> In his research proposal to the Project, Michel Chatelus suggests that all Arab countries share the traits of allocation states. His observations generally confirm the reservations about Arab "production" states raised above. However, his comments are focused on economic conditions and do not seem to imply any identity of political structures among Arab states.

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buy off political opposition, to insulate itself from the demands of its citizens. Petrodollars simply take the place of older sources of funding, flowing through well-worn channels and often feeding the same old addictions to Western arms and consumer goods.

Of course, this does not mean nothing is happening. Arab sources of aid do permit local "production states" greater autonomy from the Superpowers. Moreover, they allow local regimes to enjoy the fruits of decolonization without having to become real production states. No Arab state has yet resorted to draconic measures of the kind South Korea took to cope with the reduction of US aid in the 1960s. But no Arab state has experienced the kind of deeply-rooted development that resulted in Korea, either. Instead, Arab regimes maintain their old power bases and enjoy more moderate and superficial forms of growth. Not surprisingly, the overall effect of petrodollar transfers on state formation is profoundly conservative.

### 3. The Requisites for Allocation States

The flow of petrodollars can enhance the autonomy of a state from its society--so can many other devices. If that is all we mean by induction, then the process is commonplace. However, if induction refers to a broader transfer of the traits of allocation states to other regimes, it is likely to be far more rare. For allocation states have complex characteristics which emerged under peculiar

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circumstances. Similar conditions, which would sustain induced allocation traits, exist in only a few of the Arab states currently receiving Gulf aid.

It takes more than petrodollars to build an allocation state. After all, the USA, the USSR, Venezuela, and Cabinda all have impressive supplies of petrodollars and yet share damned few political characteristics with the Gulf regimes. A genuine allocation state must not only possess a source of revenue independent of society, it must confront a society which is vulnerable to manipulation by that wealth.

For example, population--or, more precisely, the ratio of population to available revenues--obviously plays a crucial role. With the exception of Saudi Arabia, the allocation states of the Arab Gulf all have native populations of under one million. Any "ten-digit" income from petroleum would allow the governments of these countries to pay their citizens more than they could possibly earn in private employment, allowing these regimes impressive margin of control. Nigeria and Indonesia have to spread their petrodollars over populations that are fifty and a hundred times larger, diluting their influence below the saturation required for an allocation state.

It is impossible to specify how many dollars per capita a government must dispose of in order to conduct itself as an allocation state. Still, we can say that any state with a population of more than five or six million--roughly the

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size of Saudi Arabia-- would require truly fabulous oil revenues in order to sustain such a state. Most of the non oil producing Arab states have populations of ten million or more. They are so large they are unlikely to ever obtain the magnitude of revenues required to build genuine allocation states. Only Lebanon, Jordan, and South Yemen are small enough to be serious candidates.

Similarly, the distribution of economic activity helps to determine which societies can develop allocation states. A distinctive trait of the allocation states of the Gulf is their paucity of resources other than petroleum. Control of oil gives the government a monopoly over virtually the only source of income beyond subsistence. No private citizen or corporation could hope to match, let alone contest, the government's economic power.

This kind of monopoly, however, is unusual. Mexico, with a far more diversified economy, provides an illuminating contrast. The most formidable economic power in Mexico is Pemex, the state oil company. Despite its petroleum monopoly, Pemex's influence is periodically challenged by local cartels of agricultural magnates, industrialists, and merchants. These elites do not require petrodollars to run their businesses and their powers are enhanced by tight relations with foreign (especially American) corporations; so they are far less tractable than their peers in Jeddah and Dubai. For all its petrodollars, the Mexican state sim-

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ply lacks the capacity to mould and manipulate these elites in the way the Gulf states do.

No Arab country equals Mexico in economic diversity, but in most the distribution of productive activities would still frustrate the formation of allocation states. The businessmen of Baghdad and Damascus have avoided government regulations and exactions for decades and even the small farmers of the Nile Valley and Jazira plains have proven resistant to the imposition of state policies. Anyone seeking to build an allocation state in the Arab World should study the role of the middle class and the bazaaris in the Iranian revolution. Perhaps only in the Sudan and the Yemens are economic conditions primitive enough to compare with those of the pre-oil Gulf states.<sup>7</sup>

Yet a third factor appears to play a decisive role in "priming" society for the allocation state: tribalism. In the Arab Gulf, tribes are not simple, parochial ethnic groups. They are part of a comprehensive series of alliances and oppositions, organized in a hierarchy that extends from the household to huge confederations like the Shammar and Anaiza.<sup>8</sup> Most of the states in the Gulf were founded on

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<sup>7</sup> It is possible, however, that the commercial sector is less resistant to the formation of allocation states than agriculture and industry. (This seems to be born out by the experience of Kuwait, Bahrein, and Dubai.) It is plausible then that, despite their relatively diverse economies, Lebanon and Jordan might be susceptible to allocative development.

<sup>8</sup> For an exquisite discussion of how tribalism in the Arab World has provided a sophisticated alternative to

these tribal networks, and when oil wealth arrived it did not replace so much as lubricate this tribal base. Social stratification in these states still replicates the old hierarchy of tribes; government largesse still flows along the lines of old tribal loyalties; and virtually all political norms, from decision by family consultation to the policy of divide et impera are tribal in inspiration.

This residue of tribalism has proven especially important, because it supplied an alternative model for political authority, distinct from the discipline which characterizes production states. Tribal allegiances are fluid: they can be bought and sold, volatile or torpid. They provided the ideal environment for building an allocation state. Not only could passive loyalty be purchased, the sale could occur indirectly by coopting small groups of chiefs and shu-yukh who would bring their followers with them.

It is still possible to find tribal organizations in many Arab states. It is universal among the bedouin and common in peasant villages, particularly of "fringe" states like Morocco, the Sudan, and the Yemens. But, outside of the Arabian Peninsula, it is no longer the exclusive or even dominant mode of political organization. It has virtually disappeared in Egypt and in the Fertile Crescent it is confined to the most rustic and peripheral communities, Tri-  

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the state, see Ernest Gellner, Muslim Society, pp. 1-85.

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balism is gradually losing ground to competing patterns of authority based on class, party, and nation. In most Arab states, tribal authority is no longer sufficiently extensive or vital to serve as the foundation for an allocation state. Only in Jordan, where the monarchy has preserved its tribal roots, or perhaps in Lebanon, where tribalism is still mimicked in the internal organization of sects and zi<sup>c</sup>ama networks, might the call of the clan substitute for the obligations of citizenship.

Population, economic diversity, and tribal organization are only a few of the many ingredients which determine whether a society can be reconstituted as an allocation state. Even if one of these factors did not appear favorable, it might be ignored or overcome on the strength of the others. Jordan and Lebanon each possess enough of these characteristics for the formation of an allocation state to be plausible. But most Arab states lack all the requisite ingredients. Whatever effects the transfer of petrodollars may have on these societies, they are unlikely to develop into allocation states.

#### 4. Implications

The petrodollar circuit bonding Arab countries is unlikely to lead to any proliferation of allocation states. There will be no more Kuwaits. Yet this circuit may well "induce" other, more subtle, characteristics of political significance. Within the limits of the inductive circuit

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breaker, "production" states may well use their petrodollar states to promote the supply of services, leading to increased specialization between Arab societies. The flow of money out of the Gulf may sustain the post-colonial structure of these states, with its characteristic divorce of national elites from the rest of society. Each Arab country will have an individual reaction to the temptations of induction, and it will be interesting to see how far the more susceptible regimes, like that of Jordan, can go toward mimicking the traits of an allocation state.

We have much to learn yet about the particular effects of induction and the features of aid-recipient states that provoke them. Induction does seem to produce a more liberal commercial environment and greater tolerance for entrepreneurial elites--how will this affect the evolution of the "production" states over the long run? Induction seems not to lead to homogenization but specialization among Arab states--will the resulting differences lead to fragmentation, or a complementarity of interests which might spark a new interest in pan-Arabism? The answers to these questions are by no means obvious and justify a great deal of further research.

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