The Gulf States and South-South Cooperation, 1961-1990: Contradictions and Commonalities

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Introduction

This paper assesses the role of the six Gulf States - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates - within the context of South-South Cooperation. It charts the different stages of engagement between the Gulf States and other developing countries, and the dynamics that prompted these nascent linkages to form during the turbulent regional and international developments during the Cold War. In particular, it examines the historical dynamics that initially limited the Gulf States’ relationships with the global South. These entrenched dynamics included the conservative leanings of their post-traditional systems of government and the Gulf States’ enmeshment in Western spheres of influence, politically and militarily. These potent dynamics not only moulded the Gulf States’ international politics of the Gulf States, but, thereby, insulated their polities from many forces that swept the developing world during the 1950s and 1960s.

This period, nevertheless, witnessed the initial trans-national linkages that aligned the Gulf States to other developing nations, initially through overseas development assistance and international Islamic organizations. In the 1980s and 1990s, these growing cross-border links became intermeshed with highly accelerated globalizing processes. Contemporaneously, the end of the Cold War facilitated normal relations with China, and those post-communist states that transitioned to market economies.

Interlinked histories of belonging

Social and commercial links between the Gulf and the wider world extend back into late-antiquity and into the pre-Islamic era. A dense network of transoceanic ties linked the Gulf peoples to the broader Indian Ocean region. Sailors navigated locally manufactured dhows and booms from the Arabian Gulf to the Indian subcontinent and along East Africa’s coastline. From these vessels, sailors bartered cargoes of Arabian ponies, dates and pearls for goods that included rice, timber and cotton as intricate patterns of intra- and inter-regional trade evolved.

Powerful demographic trends augmented these maritime flows and gave them a social dimension, relative to immigration and acculturation. Exchange, trade, and settlement coalesced into a web of interconnections that tied the trade and peoples of

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the region into broader, overlapping communities. These drivers also left a distinctive legacy, as manifested in a cultural sphere of influence that shaped, in part, a cosmopolitan identity and an externally-focused mercantile perspective throughout the Indian Ocean region.²

This unique intermix of peoples and cultures, near the very centre of the Earth’s land mass, influenced the development of states and societies in the Gulf. This geographical history belies any notion that the region was peripheral to world history in the pre-oil era, and defies any effort to define the region solely by its possession of some of the planet’s largest energy reserves. Nevertheless, the integration of the Arabian Peninsula sheikhdoms into the British-protected system between 1835 and 1916 powerfully influenced the region’s subsequent political development.³ This integration enmeshed the proto-state entities into an inward-oriented, sub-regional unit, through which the British extended ‘protection’ in return for exclusive political and economic relations.⁴

**British protection** and the attached legions of troops elevated the ruling families in each sheikhdom and formalized their niches. This external protection also gave the peninsula’s ruling elite a considerable stake in maintaining a conservative status-quo.⁵ In Saudi Arabia, a web of political and military ties with the United States provided similar shelter for the al-Saud ruling family after 1945, while in Oman, British influence, which was informal yet pervasive, maintained a solid, protective shield over Sultan bin Taimur’s regime that spanned from 1932-70.⁶

**Limitations to engagement**

Although not monolithic, and capable of including politically progressive individuals, such as Abdullah al-Tariki⁷ (the ‘Red Sheikh’) in Saudi Arabia, Gulf States’ regimes developed a reputation for political caution that contrasted sharply with popular and radical national liberation movements elsewhere in the developing world. Pragmatic survival strategies enabled them to manage the transformational socio-economic impact of oil revenues on their polities and minimized big state intervention. Unswerving devotion to tradition and pragmatism defied prevailing opinion among political scientists, such as Karl Deutsch and Samuel Huntington, who predicted their imminent demise in the 1950s and 1960s.⁸ The theory of the ‘Sheikh’s Dilemma’ argued that most remaining traditional monarchies would collapse under

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³ Following the signing of a General Treaty in 1820 and a Maritime Truce in 1835, the British Empire concluded individual treaties with the Trucial States (later the United Arab Emirates) in 1835, Bahrain in 1861, Kuwait in 1899 and again in 1914, and Qatar in 1916.
⁷ Director General of Petroleum and Mineral Affairs (1954-60) and Minister of Petroleum and Mineral Resources (1960-62).
the pressures for political reform and modernizing forces that would overwhelm ‘weak’ traditional polities.\(^9\)

Internal and external considerations reinforced a conservative political stance that distinguished the Gulf States from the majority of post-colonial states in other regions of the world. The divergence in world-views became clear during the Marxist-oriented rebellion in the Omani province of Dhofar from 1965-75. Officials from the People’s Democratic Republic of Yemen, which supported the Popular Front for the Liberation of Oman and the Arabian Gulf, portrayed the campaign as a “war of liberation against foreign occupation” from the “puppets of colonialism in Oman” and its “client Government,” which the British sustained through political and military assistance.\(^10\)

Oman eventually defeated the rebellion in Dhofar, but with high levels of British political and military assistance that persisted well beyond the British withdrawal from the Gulf in 1971. The campaign visibly demonstrated the extent of the Gulf States’ divergence from political trajectories dominant in the developing world at that time, when officials in Saudi Arabia not only led the way in vocal anti-communist pronouncements, but encouraged the formation of conservative Islamic organizations to counter left-wing or secular oppositional alternatives.\(^11\)

However, this linkage complicated, and to some extent, delayed tangible links with major emerging economies, such as China, which actively supported Dhofar’s anti-imperialist, revolutionary movement.\(^12\) When Kuwait established diplomatic relations with China in 1971, it contravened traditional Gulf diplomacy. Elsewhere in the Gulf, there were no normal links with China, until after Deng Xiaoping’s 1978 announcement that China would moderate her policies. China, thus, cast the olive branch: Oman established relations with China in 1978, as did the United Arab Emirates in 1984, Qatar in 1988, Bahrain in 1989, and Saudi Arabia in 1990.\(^13\)

**Emergence of trans-national connections**

Nevertheless, the 1960s and 1970s witnessed the initial links between the Gulf States, and other entities in the Global South. These occurred first in Kuwait and Saudi Arabia, which had a very different underpinning. Kuwait’s early establishment of diplomatic relations with China mirrored its 1963 exchange of diplomatic representatives with the Soviet Union. Both decisions considerably pre-dated similar


moves by the other Gulf States and reflected Kuwait’s Cold War balance-of-
superpower strategies.14

A similar internationalist approach marked Kuwait’s early policy of overseas
development assistance, as the Kuwait Fund for Arab Economic Development
(KFAED) was formed in December 1961 - just six months after independence. A
combination of political, economic, and military factors lay behind its creation. These
factors included a feeling of responsibility among Kuwaiti policymakers that a portion
of their new-found oil wealth ought to be redistributed to poorer Arab communities
through social, educational, medical and other essential services. There was also the
pragmatic fact that the assistance boosted Kuwait’s chances of self-preservation as a
new and potentially vulnerable state.15

The KFAED followed examples of pan-Arab assistance that predated both its
own existence, and, in fact, preceded Kuwaiti independence, as, for instance, when
the more northerly Kuwait financed the dredging of Dubai Creek between 1958 and
1960, in response to appeals from the southerly, less wealthy ruler of Dubai to.16
Building on the Kuwaiti example, Abu Dhabi, in 1971, founded the Abu Dhabi Fund
for Arab Economic Development (now the Abu Dhabi Fund for Development,
ADFD), while in 1974 the Saudi Fund for Development formed. These three
government agencies preceded the mid-1970s multilateral aid agencies.

Kuwait was instrumental in the 1974 establishment of the Arab Fund
for Economic and Social Development (AFESD), and Abu Dhabi’s 1975 erection of
the Arab Monetary Fund. Also in 1975, the Islamic Development Bank (IsDB)
formed in Jeddah as a multilateral development finance institution that promoted
Islamic finance. In 1980, Saudi Prince Talal bin Abdul Aziz, who had conceived the
Arab Gulf Program for the United Nations Development Organisation (AGFUND),
became its president.17 With this array of bilateral and multilateral assistance channel,
the Gulf States contributed aid that far exceeded that of the developed countries:
between 1974 and 1979, during a period of sustained high oil prices,

Contributions from Kuwait, Qatar, Saudi Arabia and the United Arab Emirates
totalled between six to eight percent of their respective gross national incomes, as
compared to one-third of one percent for OECD DAC (Development Assistance
Committee) countries.18 These funds’ initial focus on Arab and Islamic countries
broadened to providing assistance to the developing world, generally. Thus, the Arab
Bank for Economic Development in Africa (BADEA), founded in Khartoum in 1974,
covered countries that were members of the Organisation for African Union, but not
of the Arab League. Like the AFESD, it moved beyond the Arab world to finance

14 Until the mid-1980s, Kuwait was the only Gulf State that maintained a working political, financial and military relationship with the USSR.
16 Christopher Davidson, Dubai: The Vulnerability of Success (London: Hurst & Co., 2008), 86.
18 Sultan Barakat and Steve Zyck. “Gulf State Assistance to Conflict-Affected Environments.” LSE
projects elsewhere; in 2006, BADEA and AFESD co-financed a 264.5 km railway in Namibia.19

Deployment of oil revenues

The proliferation of economic and social development, and its different modalities and global outreach, were developments of major importance. Its roots lie in 1970s decisions to redistribute part of the Gulf States’ oil revenues to fund economic and social development in resource-poorer countries. The second major instance of Gulf States’ interaction with the Global South – i.e., that of the early 1960s-1970s period – thus occurred as inflows of oil revenues into Saudi Arabia sustained the creation of international Islamic institutions and networks.

These extended Saudi Arabia’s ‘soft power’ trans-nationally and nourished the creation of the Muslim World League (1962), the Organisation of the Islamic Conference (1972), the World Assembly of Muslim Youth (1972) and the International Islamic Relief Organisation (1975).20 Ironically, these outreach programs reinforced the conservative bulwark that separated the Gulf States from the prevalent political and ideational cross-currents of that period. Saudi King Faisal bin Abdul Aziz created these outreach programs to counter the influence of both pan-Arab nationalism and communism, at a time of volatile tensions that could have, and sometimes did erupt, between Arabs in the ‘radical’ camp, led by Egyptian President Gamal Abdel Nasser, as opposed to Faisal’s own Al-Saud Kingdom and other conservative oil states of the Arabian Peninsula.21

Alongside the institutionalized bodies listed above, whether in the Saudi state or via more private endeavours, investment in the international charitable networks and social welfare organisations, mosques, theological schools and NGOs, shifted political Islam’s frame of reference from its roots at a state-level to the trans-national realm. This Islamist turn took place primarily during the reign of King Faisal (1964-1975). It differed from the pan-Arab articulation of Saudi outreach during the rule of Faisal’s predecessor, Saud (1953-1964). Arguably, the investments in charitable networks also prefigured the forms of global civil society more commonly associated with the Western-centric concepts of globalisation in the 1990s and 2000s.22

The dispersal of Saudi-sponsored Islam became an important vehicle for reinforcing and projecting the Kingdom’s legitimacy in Islamic communities across the world. It underlined how trans-nationalism was perceived to be as much a political strategy as a religious obligation, and how trans-nationalism intended to co-opt and channel potentially dissident strands of Islam toward acquiescence of the al-Saud’s

19 Ibid. 11.
much desired recognition as guardian of Islam’s holiest places.\textsuperscript{23} Saudi interests also lay behind the creation of the International Islamic Relief Organisation (IIROSA) in 1978 (originally as an affiliate of the Muslim World League), while in Kuwait, another trans-national Muslim non-governmental organisation was also established, in 1984, the International Islamic Charitable Organisation (IICO). Both organisations were established as part of the upsurge in the pan-Islamic movement in the Gulf States in the 1960s and 1970s and subsequently made possible by the accumulation of oil revenues following the oil price hike of 1973. Significantly, IIROSA and IICO owed to their creation to heightened concern for the plight of Muslim suffering in the Horn of Africa famine and in Afghanistan, and a feeling that, as comparatively oil-rich developing states, Saudi Arabia and Kuwait should intervene.\textsuperscript{24}

Gulf States also participated in embryonic coalitions of developing countries. As one of only two independent states in the Gulf at the time – Oman being the other - Saudi Arabia attended the Asia-Africa Conference at Bandung in 1955. Immediately after it became a sovereign state in 1961, Kuwait created the KFAED and began distributing significant amounts of aid to primarily Muslim developing countries. All six subsequently joined the Non-Aligned Movement (NAM) when they gained independence between 1961 and 1971, although Saudi Arabia’s priorities shifted toward pan-Islamic engagement following Faisal’s accession in 1964 and the creation of the Organization of the Islamic Conference in 1972.

Saudi Arabia and Kuwait were among the founding members of the Group of 77, a coalition of developing countries at the United Nations, that Bahrain, Oman, Qatar and the UAE have since joined. Involvement in these loose groupings of developing countries provided some structure to Gulf interactions with the Global South in the pre-1991 period, even though bilateral relations with important countries, including China, as mentioned above, began to warm only in the 1980s.\textsuperscript{25} Indeed, as much as the falling of the Berlin Wall and the collapse of the Soviet Union between 1989 and 1991, it was the 1991 Gulf War that marked a watershed in the Gulf States’ international posture.

\textit{Kuwait and the Gulf War}

Kuwait’s liberation by a multinational coalition of thirty-four nations occurred at a moment of profound change in the international system. It coincided with the end of the Cold War and the acceleration of global political change, and laid the foundations for the Gulf States’ rapid (albeit uneven) integration into the international system in the 1990s and 2000s.\textsuperscript{26} Nevertheless, to the extent that it built upon the existing trans-national linkages that developed during the Cold War period, it represented a period of accelerated continuity rather than radical change, with even

\textsuperscript{23} In 1986, King Fahd (reigned 1982-2005) became the first King of Saudi Arabia to adopt the title of ‘Custodian of the Two Holy Mosques.’

\textsuperscript{24} Marie Juul Petersen, ‘For Humanity or for the Umma? Ideologies of Aid in Four Trans-national Muslim NGOs,’ PhD dissertation, University of Copenhagen, 2011, p.113.

\textsuperscript{25} Personal interview, London, May 2010.

\textsuperscript{26} See, for example, David Held and Anthony McGrew, with David Goldblatt and Jonathan Perraton, Global Transformations (Cambridge: Polity Press, 1999).
China’s regional engagement having begun long prior to the formalisation of its diplomatic relations with Saudi Arabia in 1990.

Importantly, however, Kuwait’s activist foreign and international development policy, alluded to at various junctures above, ultimately proved to have little impact during its hour of need in 1990, when it was noticeable that the primary recipients of Kuwaiti aid and assistance – Yemen, Jordan, and the Palestinian territories – either sided with Saddam Hussein or remained studiously neutral. Since its independence in 1961, Kuwait had faced the threat of expansionist Iraqi designs on part or all of its territory, and had utilised its comparative oil wealth to build partnerships of local and regional cooperation in the belief this represented the best means of survival for a small state in a turbulent region.27

This had – and still has today – a powerful psychological effect on Kuwaiti policy-makers, contributing to the inward-turn (culturally and politically) after liberation in 1991, and to the diversification of its foreign aid giving to encompass non-Arab developing countries as well. Also important was the expulsion of around one million Yemeni migrant workers from Saudi Arabia and the other Gulf States in 1990 in retaliation for their country’s abstention in the UN Security Council vote condemning the Iraqi invasion, and in the lingering mistrust between Yemen and its richer Gulf neighbours. In this way, the legacy of decisions taken during and immediately after the Cold War live on, and continue to impact regional relationships in both tangible and intangible ways. Furthermore, the rapid internationalisation of the Gulf States in the 2000s and their emergence as regional powers with international reach has moved South-South frameworks into new directions, both in terms of depth, and breadth, creating new coalitions with groups of emerging economies, and reshaping international institutions of global governance.