Assessing the Rentier State Theory in the GCC

Abstract:

The political impact of the Gulf’s dependence on oil rent has most commonly been studied through the lens of the Rentier State Theory (RST). Emerging from a body of literature on the 1970s oil boom, the RST presents a celebrated, if heavily contested, answer to the question of how oil has shaped the politics of the Middle East (Benli 2014). In this essay, I evaluate two claims that the RST makes about the relationship between state and society in the Gulf rentiers. First, it argues that a dependence on oil rent has undermined the development of administrative institutions in the GCC, producing instead ‘distributive states’ that relate to their citizens through the allocation of resources via channels of patronage. Second, the RST argues that oil rent has a sociological impact, cultivating a rentier mentality amongst the citizenry that renders them apolitical and apathetic towards the state. This, in turn, makes such societies more susceptible to authoritarian regimes. I engage with both of these claims, arguing that rather create systems of patronage, oil rent has reinforced pre-existing social structures in the Gulf states. For example, in Saudi Arabia, the lack of a geographically cohesive political identity in the past has resulted in oil rent being distributed unevenly along regional lines while in Oman oil wealth has reinforced the historic relationship between the business and political elite. In addition, I contest the claims of the rentier mentality thesis, arguing that oil wealth has led to the creation of an altered social contract whereby the expectations of the citizenry from the state are largely related to the distribution of revenue from oil. Overall, I argue that oil wealth has shaped the relationship between state and society in a way that mirrors pre-existing social structures, with the state’s primary political obligation to the citizenry being the distribution of oil wealth.
Introduction

The discovery of Middle Eastern oil, particularly that of the Gulf monarchies, coincided with their birth as nation states. Now, the states constituting the Gulf Cooperation Council (GCC) are amongst those most reliant on oil rent globally. Saudi Arabia, the largest global exporter of oil, depends on oil for 70% of its export earnings (OPEC 2019). As oil reserves fall and demand for renewable energy increases in light of concerns about climate change, the global demand for Gulf oil could soon decrease drastically. The IMF predicts that oil demand is likely to peak by 2040, with the world moving to a post-oil economy thereafter (IMF 2020: 2). This, along with the continued population growth of the Gulf, makes asking the question of how oil has shaped the politics of the region more pertinent than ever. Understanding the impact of oil on the domestic politics of the Gulf may provide insight into what may change in a post-oil order. This article focuses in particular on the impact of oil rent – revenue from the export of oil – on the concurrent development of the relationship between state and society in the Gulf States, including Qatar, Oman, Saudi Arabia, the UAE, Bahrain and Kuwait. Although the focus of this article is primarily the GCC, it occasionally borrows examples from other Middle Eastern rentiers.

The political impact of the Gulf’s dependence on oil rent has most commonly been studied through the lens of the Rentier State Theory (RST). Emerging from a body of literature on the 1970s oil boom, the RST presents a celebrated, if heavily contested, answer to the question of how oil has shaped the politics of the Middle East (Benli 2014). This article evaluates two claims that the RST makes about the relationship between state and society in the Gulf rentiers. First, it argues that a dependence on oil rent has undermined the development of administrative institutions in the GCC, producing instead ‘distributive states’ that relate to their citizens through the allocation of resources via channels of patronage. In essence, the RST argues that oil rent has been instrumental in producing the current structures of patronage that define the relationship between state and society in the Gulf. Second, the RST argues that oil rent has a sociological impact, cultivating a rentier mentality amongst the citizenry that renders them apolitical and apathetic towards the state. This, in turn, makes such societies more susceptible to authoritarian regimes.

This article engages with both of these claims, arguing that rather than create systems of patronage, oil rent has reinforced pre-existing social structures in the Gulf states. For example, in Saudi Arabia, the lack of a geographically cohesive political identity in the past has resulted in oil rent being distributed unevenly along regional lines. On the other hand, in Oman, oil wealth has reinforced the power held by the political and business elite relative to the rest of society. In addition, the article contests the claims of the rentier mentality thesis, arguing instead that oil wealth has led to the creation of an altered social contract whereby the expectations of the citizenry from the state are largely related
to the distribution of revenue from oil. Overall, this article argues that oil wealth has shaped the relationship between state and society in a way that mirrors pre-existing social structures, with the state’s primary political obligation to the citizenry being the distribution of oil wealth.

The Rentier State Theory

In 1973, the Organisation of Petroleum Exporting Countries (OPEC) reduced its combined oil exports, causing the price of oil to quadruple (Thee 2012: 90). This embargo reinforced the role of OPEC in managing the world’s oil and influencing its price (OPEC 2003). Through collective action, OPEC could prevent the price of oil from falling too low, while still being cheap enough to appear attractive against alternate forms of energy such as shale oil. As such, the export of oil became a more stable source of income for OPEC nations, particularly for the Gulf states (Mitchell 2011: 159). Between 1970 and 1977, the GDP of Saudi Arabia, the United Arab Emirates and Kuwait rose by 1000%, 800% and 400% respectively. By 1980, the Gulf states constituted 69% of OPEC’s combined GNI (Kurbursi 1980: 18-20). The Rentier State Theory suggests that the resultant dependence on oil rent is key in explaining what it sees as the political reality of the Gulf monarchies - states with ‘bloating and inefficient’ institutions, resulting in patronage structures and authoritarian regimes.

Developed primarily by Beblawi (1987), the RST begins with the premise that oil-producing states accumulate revenue through externally generated rents rather than taxation. A rentier state can be identified by three characteristics. First, a rentier state will have a rent-based economy, that is one with a ‘preponderance of rent elements’ (Beblawi 1990: 51). Rent is revenue that is collected on the basis of non-productive elements, such as land or natural resources. As such, there is generally a weak relationship between the production value and market value of rent. This has largely been the case with oil prices following the OPEC embargo of 1973. Second, a substantial amount of this rent must be external. This is because internal rent relies on a productive domestic sector. In contrast, ‘external rent, if substantial, can sustain the economy without (…) a strong productive domestic sector’ (Deshwal 2017: 2). In Saudi Arabia, of the ten million barrels of oil produced each day, 8.9 million are exported globally. This trend is one that prevails amongst the Gulf states. Third, while a minority of the population may be involved in the production of rent, the majority is involved in its distribution and utilisation. Khoury (2011) notes that while only an average of about two to three percent of the labour force in the GCC is involved in the extraction of oil, most citizens receive some of the revenue through welfare benefits, interest free loans and subsidies. Finally, to qualify as a rentier, the state must be the main recipient of rent, which is the case in all GCC countries. As such, the Gulf monarchies are amongst those most commonly categorised as rentier states.
Following from this classification, the RST makes two claims about the relationship between state and society in rentier states. First, it posits that rentier states develop a distributive, rather than productive, system of governance. Owing to their oil wealth, rentier states rarely need to tax citizens. Quite the opposite, the function of the rentier state is primarily to distribute oil rent to the citizenry. Without the need for extractive institutions, the state’s administrative capabilities are severely undermined. As a result, informal systems of patronage are the means by which the government distributes oil wealth. As such, the RST posits a causal relationship between oil wealth and patronage structures in the Gulf. Second, citizens of a rentier state develop a ‘rentier mentality’ whereby an expectation of oil revenue leads to a break in the ‘work-reward’ causation. What results is a politically quiescent citizenry with only economic expectations from the state. The RST predicts that such states are less likely to democratise and are more prone to authoritarian regimes. In the following sections, both these claims are explored in turn.

**Claim 1: Rentiers as Distributive States**

Pioneer of the RST, Luciani (1987) introduced the framework of distribution (allocative) and productive states. Distributive states are those that rely on revenue from abroad while productive states operate on domestic industry and taxation. As such, in distributive states, the relationship between state and society is defined by ‘mere allocation’ whereas in productive states this is defined by ‘production and relocation’ (Luciani 1987: 69). While productive states develop extractive capabilities and institutions, distributive states give way to ‘clientelistic’ (Benli 2014: 78) networks of patronage.

The Gulf rentiers are typically categorised as distributive states, because oil rent is accrued directly by the government which then distributes it to citizens through ‘contracts, gifts, interest-free loans and subsidies’ (Chaudhry 1989: 103). These states rely very little on taxation for government revenue – at present, only the UAE, Saudi Arabia and Bahrain have implemented VAT at a rate of 5%. This was introduced in 2018 in Saudi Arabia and the UAE and in 2019 in Bahrain (BBC 2018; PWC 2019). As of yet, no Gulf state levies personal income tax (Mondaq 2019). In comparison, VAT in the EU ranges from 17% to 27%, with most states imposing a personal income tax (VATglobal 2020). On the surface, the non-necessity of tax has several benefits - the government is less reliant on such ‘intrusive’ apparatus (Chaudhry 1989: 114) and the domestic economy becomes more attractive for foreign investment. However, theorists of the RST argue that the lack of extractive institutions has long term effects that render state legitimacy and capacity weak. Chaudhry (1989) notes that taxation is the first economic act of the government. Most crucially, it requires an evaluation on the economic goals of the country and its legal obligations to citizens (Webber and Wildavsky 1986). Furthermore, it allows for the gathering of information about the populace and the private sector (Chaudhry 1989). In the absence of extractive institutions, the state does not develop these apparatuses and knowledge.
RST posits that without effective political and economic apparatuses, states come to rely on ‘primordial ties and political considerations rather than economic rationality’ (Chaudhry 1989: 114) to fulfil their distributive obligations. While distribution also requires some administrative capabilities, ‘networks of kinship and patronage are often nearly as efficient and politically preferable’ (Anderson 1987: 10). Distributing oil rent, particularly that in the form of business contracts and land, is reliant upon a ‘clientelistic network’ (Benli 2014) that favours some groups over others. As such, oil rent creates a state which relates to society as a patron relates to its beneficiaries.

On the surface, these claims appear to have empirical basis. The distribution of oil rent in the Gulf does rely considerably on networks of kinship and patronage. For instance, several studies have observed that the Najd region of Saudi Arabia, from where the ruling family hails, benefits more from oil rent than other parts of the country. Hertog (2015) notes that since the late 1960s, Saudi spending in Najd regions, such as through interest-free loans and bureaucratic employment, has been significantly high. However, the RST falls short on two fronts. First, in assuming a causal relationship between oil rent and patronage structures, the RST ignores other factors that may explain the prevalence of these structures, such as the historical legacies of the various states. As such, it fails to ask whether structures of patronage would have shaped state and society relationships in the absence of oil. Second, the RST fails to account for the variation in the forms of patronage structures amongst Gulf states. Both these issues can be addressed by factoring for the historical social structures in the Gulf states. This article argues that rather than create structures of patronage, oil wealth interacts with pre-existing social institutions to diverse ends in the Gulf monarchies.

**The Historical Legacy of Social Structures**

The RST accounts for the prevalence of patrimonial structures in the Gulf by assuming a causal link between oil rent and such structures. Zicchieri (2016) notes that such an understanding is reductionist as it does not consider the historical legacy of social structures in the Gulf states. Two claims can be made here – first, the dominance of tribal societies in the Gulf region prior to the discovery of oil has had an enduring effect on the present-day nation states by making them more susceptible to relying on structures of patronage as opposed to formal administration. Second, the variation between systems of patronage in the Gulf states can be accounted for by their varied historical social structures.

For instance, Saudi Arabia, before the formation of the Saudi state, was ‘geographically fragmented without political tradition’ (Linnemann 2015: 8). Rather, ‘tribes were the basic social and political units ... for centuries’ (Anthony 1982: 93), with tribal leaders at their head. This shifted in the early twentieth century when Abd-al-Aziz-Al-Saud, then a tribal leader in the central Najd region, carried out a series of conquests culminating in the formation of the Sultanate of Najd. In 1925, the
Sultanate defeated the western Hashemite Kingdom of Hejaz, eventually forming the Kingdom of Saudi Arabia (KSA) in 1932 (al-Rasheed 2010; Wynbrandt 2010). As such, the royal family of Saudi Arabia has a regional affiliation with the Najd region, which explains their increased patronage spending in that area. Hertog (2015: 97-124) notes that this structure of patronage is ‘more of cultural veneer’ made possible by oil rent rather than caused by it. Spending along regional lines allows for the government to capitalise on ‘close links of cooperation, cross-ownership and dependence’. As such, Mandaville (2007: 98) argues that rather than viewing patronage structures in Gulf states as a product of oil rent, we may better understand them as a ‘re-entrench(ment) (of) existing patterns of social influence behind a new “modern” façade’. Thus, the better question to ask is not how oil has created structures of patronage, but how oil has uniquely shaped these practices.

Comparing States with Different Histories

The interaction of oil with the historical structures of the Gulf states to produce present political systems, including those of patronage, are brought to the forefront when states with different histories are compared. As explained above, before the establishment of the Saudi state, the region was organised with tribes as the basic unit of organisation. As such, the populace had a ‘loyalty towards tribal formations’ (Ayubi 1995: 166), which may explain the regime’s ‘favouritism’ (Hertog 2015: 103) for the Najd region from where it hails. Thus, rather than caused by oil rent, patronage structures are a corollary of the historical social structures of Saudi Arabia. However, it was the nature of oil rent, directly accrued to the government, that granted the rulers financial strength and autonomy, allowing them to favour select merchants with underpriced contracts, cheap loans and increased spending (Almezaini 2013: 64). As such, oil rent ‘reinforced historical patronage networks’ (Zicchieri 2016: 1) by granting the government financial freedom. Due to the geographically fragmented and tribal history of Saudi Arabia, this manifested along regional lines.

In contrast, Oman has a long history as an imamate, having first elected an Imam in AD 751 (Ibn-Razik 1871). Prior to the discovery of oil, Omani society was organised with two classes at its head – the political and merchant elites. The political elite consisted of the family of the Imam Sultan while the merchant elite consisted mainly of the powerful merchant families from Muscat. Given the position of Muscat as a major trade port in the Persian Gulf, these merchant families exercised significant political influence (U.S. Library of Congress 2020). Herb (1999: 57) describes this relationship as a ‘protection racket’ whereby ‘merchants subsidised the rulers, and the rulers in turn protected the merchants’ trade’ (Almezaini 2014: 46). In the 1970s, Sultan Qabus relied upon the funds and support of merchant families to consolidate his rule (Valeri 2017: 86). In turn, he gave guarantees to these networks to ensure the protection of their political authority and non-interference in business (Valeri 2011). Omani merchant elite continue to hold ‘decisional cabinet positions’ with only two
members of the cabinet not belonging to the merchant elite (Valeri 2013: 36). These merchant families have been able to secure their economic stronghold, continuing to derive ‘material profit from oil rent’ (Valeri 2013: 21).

Redman (2011) points to the example of Oman’s ‘Omanisation’ initiatives between 1988 and 2005, whereby the government tried to enforce labour regulations that would increase in the number of Omanis hired in the private sector. These initiatives represented a conflict of interest on the part of the government. On the one hand, Omanisation would help cultivate legitimacy amongst the citizenry, who were facing high rates of unemployment and consequent resentment towards expatriate workers. On the other hand, these initiatives would impact the business elite negatively as hiring Omanis would cost significantly more than hiring expatriates. In addition, Omani citizens had less education and professional experience in comparison to expatriates. Thus, the government was faced with a choice of whether to ally its patronage with the citizenry or business elite. Redman (2011) argues that the failure of Omanisation, which was suspended in 2005, indicates that in Oman, the balance tilts in favour of the business elite. In turn, Sultan Qabus was able to ensure the ‘elite’s dependency on the state and the stability of his rule’ thus ‘turning the most powerful societal forces into unfailing allies’ (Valeri 2007: 148). As such, during the reign of Sultan Qabus, oil rent consolidated the historic relationship between the ruling and merchant elite.

With the recent death of Sultan Qabus, this historical ‘oligarchic pact’ (Valeri 2015: 9) can be expected to shift. The preponderance of oil wealth during Sultan Qabus’ rule allowed members of the ruling family to establish themselves in the business world. The new Sultan, Haitham Bin Tariq, has a strong business presence. Most notably, he owns the National Trading Company. Thus, Valeri (2018) anticipates that he will be less reliant on the business elite for legitimacy. With a greater presence of the regime in the private sector, there may be a ‘concomitant reduction of the business elite’s political power and, more generally, of their capacity to influence political decisions’ (Valeri 2017: 86). Without the dominance of the business elite, we may see Sultan Haitham’s regime ally its patronage more in favour of the citizenry. As such, rather than producing a single system of patronage in Oman, oil rent can be better understood as interacting with the historical social structures to produce a dynamic set of results. During Sultan Qabus’ reign, oil rent consolidated the relationship between the business and political elite while concurrently allowing members of the ruling family to establish themselves in the private sector. During Sultan Haitham’s reign, this may result in the reduction of political power held by the business elite.

In Saudi Arabia, oil rent has principally granted financial autonomy to the state. Given the tribal and regional affiliations of the ruling family, this has allowed the government to create preferential systems of patronage along regional lines. In contrast, oil rent in Oman has interacted with the historical
patrilineal relationship between two elite classes – the rulers and merchants – by consolidating their ties during the Sultan Qabus regime and potentially endangering them during the Sultan Haitham regime. As such, oil rent interacts with historical social structures to create two different systems of patronage in both states – in Saudi Arabia, this is along regional lines, while in Oman, this manifests along lines of class.

**Claim 2: The Rentier Mentality**

A key claim of the RST is that oil rent not only influences the relationship between state and society through the political economy, but also by cultivating a specific mentality within citizens – the rentier mentality. A rentier mentality is defined primarily by a ‘break in the work-reward causation’ (Beblawi 1990: 51) that is typical in states with a strong productive economy. The state, as main recipient and distributor of rent, becomes the prime mover of economic activity. This revenue is distributed to citizens via ‘public employment, social welfare benefits, subsidies, and interest-free loans’ (Benli 2014: 78). In many of the Gulf monarchies, including the UAE and Qatar, citizens also receive a share of oil revenue through annual payments. Rather than seek productive work, citizens will aim to gain access to this rent circuit. As such, reward becomes a ‘function of chance and accident’ (Deshwal 2017: 2) and citizenship becomes an economic commodity. Following from this are two implications. First, the citizenry develop high economic expectations of the government as they become used to receiving revenue through government-distributed rent. Second, the citizenry become politically acquiescent as, without taxation, they have no ‘clear collective claims’ towards the government. They remain largely indifferent to ‘collective political action’, making them more susceptible to authoritarian rule (Hertog 2020: 6-7).

The theory of the rentier mentality carries within it an inherent contraction. On one hand, it argues that rentier citizens are politically passive, making them more liable to authoritarian rule. In essence, the RST argues that, in rentier states, ‘material benefits are exchanged for political acquiescence’ (Hertog 2020: 22). Citizens give up their agency as political actors in return for a share of oil rent. On the other hand, it predicts that rentier citizens develop high economic expectations of the state as they come to rely upon government distributed oil rent in the form of employment, subsidies and other benefits. As such, it posits that the legitimacy of the government is rooted in its distributive capability – without oil rent, the government loses its legitimacy. This raises the question, how can the legitimacy of a government be challenged if its citizens are not agentic political actors?

*The Rentier ‘social-contract’*

This article argues that the granting of legitimacy to a state by its citizenry – whether that be in exchange for oil rent or other benefits, such as security – is in itself a political act by the citizens. Many
Gulf monarchies present themselves as engaged in a social contract with their populations. According to this social contract, the state’s responsibilities to the citizenry include ‘redistributing oil rent through free education, health care, housing, and well-paid government jobs; granting key positions to historically important tribes/families and economic monopolies to nationals; and legally subordinating expatriates to nationals’ (Valeri 2015: 1). In exchange, the government is entitled some degree of autonomy in managing domestic politics.

Evidence for such a contract between the citizenry and government in rentier states is found in a recent study conducted by Hertog (2020). Hertog (2020) analyzes a range of GCC survey data, finding that the economic attitudes of Gulf citizens are largely ‘oriented towards government patronage’ (Hertog 2020: 6). For example, analysis of a YouGov survey finds that, in Saudi Arabia, while the expected cost for an expat for a managerial job is set at 100%, the median expected cost for a Saudi worker is at 200%. Despite this demonstration of economic expectations, Gulf citizens ‘report high levels of political interest and willingness to sacrifice for their country – which we should not expect from the individualistic, apolitical rentier citizens’ (Hertog 2020: 22). This indicates that while Gulf citizens have a high degree of reliance on the government in economic terms, this does not render them politically acquiescent.

**Agency, not Apathy**

The political activism of rentier citizens became particularly apparent during the Arab Spring. In 2010, much of the Middle East was consumed by anti-government protests and rebellions. These protests began in Tunisia in response to an authoritarian regime and a low standard of living (Noueihed 2011; Maleki 2011). The RST argues that citizens of rentier states develop a rentier mentality, whereby they trade their political agency for a share of rent. As such, it would predict that the Gulf rentiers would not experience unrest in line with that of the Arab Spring. However, two Gulf states – Oman and Bahrain – did experience Arab Spring protests. The Omani Arab Spring began in January 2011, lasting for four days. While this movement did not challenge the regime, it called for a series of economic and political reforms. In particular, protestors called for the government to act against inflation, corruption and unemployment. Amongst these demands was the ‘resentment towards expatriate workers’ (Worrall 2012: 1), who were seen as benefiting more from the Omani economy. This resentment pointed towards the protestors’ economic expectations of the state, particularly in terms of facilitating employment and providing monetarily for the citizens. The Omani spring was a demonstration of the ability of Omani citizens to organise collectively. In Muscat, two marches were held where petitions were submitted to politicians. In Dhofar, Omani youth staged sit-ins outside the governor’s office. In Sohar, the protests had a more violent nature as supermarkets were looted and set on fire. Whether through petitions, sit-ins or violent activity, the Omani spring was a demonstration of the political will of the citizenry.
Praising the protests in Dhofar, the grand mufti of Oman acknowledged this – “the youth of Dhofar have asked for their rights without attacking anyone” (Worrall 2012: 1).

In opposition, proponents of the RST point to the fact that although protests were observed in Oman and Bahrain, all other Gulf states emerged from the Arab Spring unscathed (Benli 2014; Sika 2012) The stability of the remaining Gulf monarchies in the face of widespread regional unrest is thought to provide evidence for the prevalence of political apathy in these states. In particular, the UAE is seen as an example of how political complacency is achieved through the distribution of rent (Sika 2012). In response to the Arab Spring, the UAE ‘increased the distribution of oil wealth with the aim of securing loyalty from among the population’ (Benli 2014: 86). However, it is important to note the trend herein between the abundance of oil wealth and the likelihood of protests. The UAE has significantly larger oil reserves than Bahrain and Oman, with the sixth largest proven reserves in the world (OPEC 2019). As such, the UAE has a GNI per capita of $75,440. In contrast, that of Bahrain and Oman is $44,700 and $41,680 respectively (World Bank 2020). During 2010, the unemployment rate in Bahrain and Oman was 3.6% and 4.66% respectively. In contrast, that of the UAE was 2.66% (IndexMundi 2019). In line with the RST, increased oil revenue allows for increased government spending towards the citizenry. Unlike the RST, this does not seem to produce politically apathetic citizens, as demonstrated by the case of Oman and Bahrain. Rather, as with the case of the UAE, it allows for the government to fulfil the social contract by curbing issues such as unemployment, leading to a citizenry with fewer grievances and less need to protest.

Khoury (2011) develops this argument using the example of Libya, a nation at the forefront of the Arab Spring. Before 2010, Libya, with the ninth largest oil reserves in the world, used to export an average of 1.6 million barrels of oil each day as of 2011 (About Energy 2015). With oil and related products accounting for 97% of export revenue in 2010 (World Bank 2020), Libya is commonly classed as an example of a typical rentier. Despite this, the Libyan unemployment rate in 2010 was at an all-time high of 17.62% (Macrotrends 2020). The first Libyan Civil war and anti-Gaddafi movement erupted because of these concerns - poverty and unemployment were rampant amongst citizens, the construction of housing units, promised by the government, was delayed and dissent was punished by death. The Libyan example can be compared to that of the UAE. At the time of the Arab Spring, the UAE, like Libya, was one of the leading exporters of oil in the world. However, unlike Libya, a high proportion of this wealth reached the citizenry through its distributive channels, as shown above. The Libyan civil war demonstrated the existence of a social contract between state and society. The mere influx of oil rent did not generate political apathy amongst the people. Rather, the improper distribution of this rent represented a failure on the part of the government. In response, the first Libyan civil war saw the citizenry oust the Gaddafi government. The lack of such an uprising in most of the Gulf states can thus be seen not as political compliance on the part of the citizenry but rather as the fulfilment of
the social contract by the government. As such, it is not that oil rent has created an apolitical citizenry with only economic expectations of the state. Rather, these economic expectations are themselves a political obligation that the state owes to its citizenry.

**Conclusion**

Oil has been at the forefront of Middle Eastern politics since its discovery in the twentieth century. It is clear that oil rent has had a decisive impact on the relationship between state and society in the young Gulf nations. Most commonly, oil rent is seen to have created distributive states reliant on structures of patronage with apolitical citizens and authoritarian regimes. Such an understanding is extremely reductive as it fails to acknowledge the historical legacies of these states and the agency of its citizens.

This article argues instead that oil has shaped the politics of the Gulf states by interacting with their unique historical legacies to produce varied effects. In Saudi Arabia, oil rent has granted financial autonomy to the state, allowing it to ally itself along regional lines in concurrence with its history as a geographically fragmented region consisting of various tribes. In Oman, oil rent reinforced the symbiotic relationship between the business and political elite, allowing the rulers to favour the business elite in return for legitimacy. Thus, the effect that oil rent has on the development of the state is not static but can be expected to change with place and time. This is apparent in the example of Oman, where oil rent has allowed the ruling family to enter the private sector, potentially endangering the historic relationship between the political and business elite in the future.

Furthermore, oil has defined the political obligation owed to the citizenry by the state in economic terms. The primary expectation of the state is to provide a fair distribution of oil revenue. A breach of this expectation results in uprising by the citizenry, as evidenced by the surge of Arab Spring protests in Oman and Bahrain – GCC states with relatively higher rates of unemployment and lower GNI per capita. If the economies of Gulf states are unable to substantially diversify before the demand for oil decreases, we may expect to see a greater number of revolutions as the state is unable to fulfil its economic duties.

As such, oil wealth has shaped the relationship between state and society in the Gulf monarchies by interacting with historic social structures to various effects and defining the state's primary political obligation to the citizenry as being the fair distribution of oil wealth.
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