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THE FIRST BARREL OF FORTUNE

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Chapter One

Introduction

1.1. General Introduction

Modernisation is the phenomenon of this and the last century: all cultures and societies have witnessed and are still undergoing revolutionary change. In the second half of the twentieth century, the United Arab Emirates (UAE) changed rapidly from scattered isolated tribes to a united modern country. This book explains how this change occurred, and why it is unique, not only by comparison with western societies but also other Middle Eastern oil-rich countries.



Sheikhs Zayed bin Sultan Al Nahyan and Rashid bin Saeed Al Maktoum, Life-long companion in the path of the union. 'Source: Al-Khaleej newspaper'

The role of the oil industry in the transformation of the UAE was substantial and vital and this book will highlight its impact and that of other significant players. UAE political leadership contributed to this change through its efforts to develop the country. The government used the oil revenues to construct the basic infrastructure, to fund education, health services, social services and housing and to improve the living standards of the community. The other major player in this task was Abu Dhabi National Oil Company (ADNOC) which, through its unique relations with the Government, succeeded in transforming its identity from a commercial oil company whose main concern was to earn revenue into a more comprehensive mission. ADNOC has played an important role in the development of the UAE, investing its revenues in a wide range of modernisation schemes.

The relationship between ADNOC and the Government is unique. On one hand ADNOC is a commercial organisation and part of the global economic network yet at the same time has close links with the Abu Dhabi Government with self-assigned national obligations.

This book seeks to shed light on the leadership role of the oil industry in meeting the demands of the developing UAE society. It also probes the complexities of the Emirati character; the changes to this identity and how it has been able to cope with the stresses of modernisation. The study evaluates the challenges and opportunities brought about by modernisation and more lately by globalisation. It concludes that appropriate tools, techniques, and strategies will be developed to maintain the UAE's growth and development.

1.2. Literature and Sources

The book draws on a variety of sources: academic books, official papers and reports published by ADNOC and its Group of Companies, and government publications of the UAE Government. It also includes a series of semi-structured interviews based on questionnaires presented to ADNOC employees and various categories of people who personally experienced the process of modernisation. Various secondary resources, mainly Arabic with some European and American, have been used. Some of these books were used in the purpose of documenting historical events that took place in the region. Others were used to analyse case

studies on different societies beside the UAE. Mohammed Al-Faris, Fatima Al-Sayegh, Mohammed Al-Fahim and Faleh Hanzal were some of the sources used for documenting the period the Emirates witnessed before the oil boom and shortly after. Lorimer and Fenelon were another source for documenting the old era. However, the main limitation of these books is that they tended to stop around the 1960s. Many writings in this area have covered this period but do not try to link older events to the situation at the end of the twentieth century.

Development is a multi-faceted concept in terms of its meaning, its aims, its methods and its results. Ali Khalifa Al-Kuwari defines development as a 'direct process creating essential changes to the majority of the population, providing a decent standard of living'. But this process needed other factors to be translated into an improvement in the conditions of the individuals living in the society. Where Al-Kuwari refers to changes to the economic power, Mohamed Al-Jawhari maintains that development is the utilisation of universal effort for the benefit of everybody at three levels:

- Technological development, which involves changing the means of production, transport, communications and distribution.
- Economic development, which requires a more productive and effective way in the fields of organisation, planning and distribution.
- Social development, as the social system is activated and mobilised.

Ahmad Zaki Badawi defines social development as the bringing about of a series of vital structural and functional changes. And while this is valid, the experience of the Emirates is unique.

Rafia Ghubash and Amneh Khalifeh, Aisha Al Sayar, Yousif Al-Hasan and other authors have all studied the Emirates, and the Emirati process of modernisation. But these studies were descriptive and were mostly about the impact of oil on the social life of the people: they failed to ascertain the attitude of the UAE's population to the modernisation process. This task is undertaken in the book. Mana Al-Otaiba's publications describe the events surrounding the establishment of OPEC and ADNOC. Yousif Al-Sayigh, Mazin Al-Bindik and Sameer Al-Tinear also

studied the dramatic changes in the 1970s and the shift in the power relationship between the oil-producing countries and the international oil companies. However, these studies did not go far beyond the 1970s. This book illustrates the events from the 1970s to beginning of the twenty-first century, analysing of the changes in the personality and political culture of the UAE people.

Non-Arabic scholars have also studied the Middle East and the development of the oil industry. Lorimer and Fenelon described the Arabian Gulf before the advent of oil; Pierre Trizean wrote about the changes that took place in the seventies and the unfair conditions that Arabs had to go through in demanding their legal rights. This book also considers some of the theories explaining social change and modernisation. Herbert Spencer, who is considered the leader of the classical development school, argued that societal change and progress moved societies from simplicity to become more complicated social organisms. Henry Maine interpreted social change by describing it as 'development from status to contract'. Weber provides the most perceptive theory of institutional change. Another theorist taken in consideration was Parsons, who was able to provide a much more compelling reconstruction of the modern world as he demonstrated the extraordinary distance that has been travelled from band societies to the societies of the twenty-first century. Smelser discussed differentiation in terms of distinctive historical events and elaborated specific processes of change, and his definition was taken as a model for the changes in UAE society.

This book also considers political culture and socialisation, reviewing several classic literatures on this subject, such as Almond and Verba. But the problem with these theories is that they are Eurocentric and fail to fully comprehend the differences of Arab culture. Nor do they specifically relate to the Arab experience both pre and post the discovery of oil, nor can they take full account of the unique experiment in the UAE where the state in conjunction with ADNOC has defined a 'new theory of change'.

What is unique about the UAE is that it has experienced economic modernisation while safeguarding its traditional cultural values. The new generation, while adopting the western culture, has preserved the heritage and traditional values of previous generations. To date it has been a unique success story.



1.3. Organisation of the Book

The book first presents an historical review of the development of the UAE in the pre-oil period. It examines the three basic elements or pillars of traditional Arab society: the tribe, Islam and the family. It also describes and explains the dramatic impact of the discovery of oil, and its effect on the economy, politics and culture including the role of women in modern UAE. The book presents interviews with local people who witnessed the transitional period and its impact on society. It briefly reviews theories explaining social change and modernisation and then focuses on the second major actor in promoting social change, the national oil company in the UAE, namely ADNOC. It describes its organisation structure, gives the historical background of the company and illustrates its objectives. In particular the book shows the other side of ADNOC: serving the Emirati community, educating and training the Emirati workforce, and promoting environmentally friendly policies. In part this is based upon a schedule of interviews with ADNOC managers.

The book aims to achieve the following objectives:

- Documentation and evaluation of the oil story in the Emirates with all the surrounding consequences.

- Analysis of the changing Emirati personality from the 1960s to the end of the twentieth century.
- Clarification of the impact of the oil industry as the leading agent of modernisation and the direction setter in the Gulf State.
- Evaluation of the role of strategic decision-makers in the transformational process and the choices available to them in their leadership challenge.
- Identification of suitable strategies to meet ongoing challenges and to sustain the industry's main objective of serving the country's interest, growth and development.