“Bringing Capitalism Back In: A Marxian Perspective on the Arab Gulf States”

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Sciences Po
Spring 2021

This paper has received the Kuwait Program at Sciences Po Student Paper Award

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This paper was submitted for the lecture on *Political Sociology of the Arab States*, taught by Stéphane Lacroix, Associate Professor at the Paris School of International Affairs (PSIA) of Sciences Po.

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Introduction

Middle Eastern countries, particularly the Arab Gulf States, are commonly perceived as an anomaly in the broader picture of global socio-economic processes. Indeed, contemporary accounts have emphasized the abundance of natural resources, instability, and conflicts in the region. The dominant paradigm has sought to explain social, economic, and political development patterns in the Arabian Peninsula by highlighting the high rents derived from oil and gas exploitation. Based on the argument that oil rents have enabled state actors to shape society, most of the contemporary literature has largely contributed to shaping the perception of Gulf exceptionalism. For their proponents, the presence of oil would lead more or less mechanically to the persistence of authoritarianism, the demobilization of civil society, and the absence of economic diversification. While "there is no coherent rentier state theory" (Steffen Hertog, 2010), scholarships seeking to explain patterns of political and socio-economic development through state revenue derived from oil exports can be broadly grouped under Rentier State Theory (RST).

The latter has undoubtedly proved insightful to understand the "postcolonial development of the Gulf states" (Adam Hanieh, 2011), to compare the various outcomes resulting from specific institutional configurations and individual actors' behavior. Nonetheless, the rentier-state framework tends to reduce the Gulf countries to “monarchies that sit atop an oil spigot” (Adam Hanieh, 2011) and misses the wide array of social relations that emerge along with economic relations throughout all scales. Specifically, RST theorists have diverted the analysis away from understanding the Arab Gulf states as capitalist, downplaying the role of relations of production, class, capital, historical and socio-economic processes while making the state the key – perhaps the only – factor shaping Arabian societies.

The paper will argue that the reason for this bias is to be found within RST epistemological and theoretical foundations. A closer examination of the latter will bring out RST’s significant limitations to understanding reality as a set of broader social relations in the making rather than self-contained and disconnected categories. Subsequently, the paper will proceed to a review of RST literature, from its inception to Late Rentierism (LR), by highlighting RST theoretical evolutions and setbacks. The paper will then turn to a critique of RST epistemological assumptions, derived from neo-Weberian and neo-Kantian roots, and highlight the theory’s problematic understanding of the nature and the relationship between the state, society and oil. RST will be substituted with a framework emphasizing the internal relations that make these objects what they are. Following this preliminary revision, the paper will adopt a Marxian framework to return to the conceptualizations of capitalism, capital, labour and class, by mapping the role of capital and labour as the reflection of all-encompassing capitalist processes. This exploration will shed a light on the current moment, outlining the trajectories undertaken by the Gulf.

1. Rentier State Theory and its Limitations

1.1. Review of Rentier State Theory

1.1.1. The First Stage of RST: The Classic Theory (1970s – 1990s)

Rentier State Theory (RST) emerged in the context of the two oil shocks of the 1970s driven by a sharp decrease in oil supply and a dramatic increase in oil prices, fueling tremendous wealth to oil-exporting countries, including the Arab Gulf states. The subsequent oil price spikes in the 1980s, the 1990s, and the 2000s sustained this upward trend. In addition, the context of American political sociology in the 1970s and the 1980s, influenced by the work of the Committee on States and Social Structures (Rafael Khachaturian, 2019), paved the ground for the popularization of RST with the growing development of state-centric approaches. The latter emerged "largely in reaction to other conceptual constructions and theoretical arguments" (Edwin Amenta, 2003), such as Marxist and Pluralist perspectives. This particular context allowed RST to gain momentum, following Hussein Mahdavy's pioneering work in the 1970s.

In his book entitled Patterns and Problems of Economic Development in Rentier States: The Case of Iran (Hussein Mahdavy, 1970), Mahdavy set the theoretical foundations of rentierism. A state would be labeled as rentier if (1) a large majority of its income derives from external rents, (2) the state is the primary recipient of the rent, (3) producing the rent requires little to no workforce. Hussein Mahdavy defined the rent as "rentals paid by foreign individuals, concerns or governments to individuals, concerns or governments of a given country" (Hussein Mahdavy, 1970), which includes oil revenues but also "pipelines or transportation routes such as the Suez Canal in Egypt" (Adam Hanieh, 2011). He also developed a systemic explanation of the state and its relation to society which linked external rents with social stagnation and political inertia, through bribery and coercion. Rents would also be responsible for economic specialization rather than diversification.

His framework was later developed and popularized by Hazem Beblawi and Giacomo Luciani in the late 1980s to become the "main reference point for debates over the nature of the state in the Gulf" (Adam Hanieh, 2011). In their work, Hazem Beblawi and Giacomo Luciani introduced the concept of rentier-economy based on four characteristics: (1) the rent is external (2) it represents more than 40% of the country's GDP, although this level was contested by Luciani himself (3) the primary activity of the population is to consume and redistribute the rent rather than participate in its production (4) the primary recipient of the rent is the state (Beblawi and Luciani, 1987). As the state relies on rent rather than the taxation of its population, buying social peace through the distribution of rents, it is perceived as autonomous from society – political pressures – and free to act as it wishes. Without any incentive to develop productive economic activities, the rentier-state would only focus on allocating rents in a short-term perspective rather than implementing long-term economic development policies. Other features would include widespread corruption and resource inefficiency, which are not supposed to bear political consequences, and the persistence of neopatrimonialism. The latter describes "a mode of government based on informal political ties and exchanges; the head of the state and his agents mostly exerting their power through personal whim and material incentive" (Susan Mayhew, 2015). Neopatrimonialism would "explain the mechanisms by which the allocative state distributes oil wealth and manages the elite relationships that substitute for wider legitimacy or electoral mandate" (Matthew Gray, 2010).

1.1.2. The Second Stage of RST: Specialized and Conditional RST (1990s – 2010s)

However, early RST became increasingly challenged by Arab Gulf states' behavior in the 1990s and the 2000s, which became more responsive and accountable. Early RST was also heavily criticized for its reductionism and deterministic assumptions. Indeed, the theory ignored historical and socio-political dynamics. At the same time, "simple RST arguments and regression modeling risked confusing causality and correlation unless wider impacting dynamics were accounted for in the methodology – which they typically were not" (Matthew Gray, 2010). Subsequently, scholars focused on addressing these shortcomings, not to reject but rather refine RST, by linking it to other sub-disciplinary approaches (e.g., international relations, history, business-government relations). Their work led to the emergence of new types of intellectual materials (Matthew Gray, 2010).

Rentier-state theorists of the second stage introduced historical lenses to RST's framework, arguing that "such states and their rentier dynamics […] did not come into being the day that oil began flowing from the wells" (Matthew Gray, 2010) but emphasized the pre-rent state-society dynamics as well as state formation specificities. For instance, Kuwait's democratization could be explained by the constant face of external threats, challenging its very survival, and the need to be responsive to social demands in order to bring society together to defend itself. Such authors also integrated "international relations theories into RST explanations" (Matthew Gray, 2010) to address the fact that oil rent in itself did not make the Arab Gulf states more stable, secure, or isolated as they were directly involved in military conflicts that often involved, sooner or later, foreign powers such as in the case of the 1990 invasion of Kuwait.

Additionally, second stage RST scholars called into question the supposed autonomy of the state as they observed that the Arab Gulf states were still responsive to social pressures and hence only partially autonomous from society whether they relied on taxation or not. While they could keep class conflict in check, using mass distribution through public services to demobilize forms of horizontal solidarity and cooperation, the Arab Gulf states were not independent from particular interest groups. Saudi Arabia and the UAE constitute relevant examples. Despite the freedom enjoyed by the Saudi state, the kingdom remains heavily influenced by "elite structures, i.e., princes, senior officials, and clerics, among others" (Matthew Gray, 2010). In the early 1990s, the Emirati state pioneered state capitalism in the Gulf and engaged in significant economic reforms to diversify the emirates' economy away from hydrocarbons, open its economy to global markets and create new opportunities for its inhabitants. These changes were not motivated by immediate fiscal pressure but marked a shift in Emirati state behavior. The latter started to actively and proactively work to ensure its long-term survival and deal with social changes. The same need for responsiveness applies to other rentier-states, albeit in other forms. Rather than being all-present, rentier states proved to have varying roles across different scales.

1.1.3. The Third Stage of RST: Late Rentierism (2010s – current)

Between 2000 and 2010, scholars such as Steffen Hertog, Marc Valeri, Calvert Jones, and Michael Herb argued that rentierism should only be treated as an explanatory variable "rather than as a comprehensive explanation of the political structure in totality" (Matthew Gray, 2010). Based on their work, Matthew Gray gave birth to the third stage of RST, or "Late Rentierism." In the latter, Matthew Gray supports the abandonment of RST as "an explanation for [the Gulf's states] political orders and structures" (Matthew Gray, 2010), hence restricting its application to political dynamics.

Under Late Rentierism (LR), rentierism has become a changing feature of rentier states, a dynamic rather than a structural component of their regimes. It marks a partial disavowal of early RST, which was deemed to be "overambitious" (Matthew Gray, 2010) as it took sharp deterministic conclusions. By taking into account the critique of second phase RST scholars, Matthew Gray's theory includes "non-rent factors such as pre-rent historical dynamics and impacts, the types of rents earned by the state, and regional security problems or conflicts" (Matthew Gray, 2010) to explain variations between states and within the state. The author argues that the rentier state, that he defines as "a centralized state earning a large proportion of its income from unproductive external sources" (Matthew Gray, 2010), has incorporated "non-rentier aspects into [its] foreign relations, economic policies and relationship with society and with intermediary actors such as civil society groups" (Matthew Gray, 2010). Within late rentierism, rent remains the fundamental component to explain the functioning of the Arab Gulf states. However, it makes room for other characteristics resulting from historical processes such as "state maturity, globalization, development policies, population and employment pressures" (Matthew Gray, 2010). LRT explains the behavior of rentier states faced with various pressures from society and the rest of the world (e.g., economic, security, demographic, political), the need to be responsive to ensure their long-term survival without democratization. Besides, Matthew Gray put the Arab Gulf states into a global context, usually ignored by

RST. Indeed, globalization has acted as a powerful force that has had an impact on the international environment and the domestic environment. He concluded that the "traditional rentier bargain [is] under strain" (Matthew Gray, 2010), which led to the emergence of the late rentier state that embodies the following characteristics: (1) responsive but undemocratic; (2) open to globalization but still protectionist; (3) active in the economic and development policy realm; (4) energy-driven rather than an energy-centric; (5) entrepreneurial with strong involvement of the state in managing the economy (Matthew Gray, 2010).

Despite these refinements, that is to say, the shift from a mechanical to a more dynamic perspective, and the incorporation of second stage RST contributions, LRT scholars did not challenge the fundamental assumptions of Rentier State Theory. They instead "focused on assessing its predictive and descriptive powers, and generally avoided a critical examination of its basic theoretical assumptions concerning state and class" (Adam Hanieh, 2015). In their perspective, and despite substantial concessions, the state remains the essential "starting point," the reason for the social relations that have developed in the Arab Gulf countries. Furthermore, while scholars have increasingly taken into account the internalization of "external factors," such as globalization, there is yet to be "a complete break with the implicit methodological nationalism of much social science theorization" (Adam Hanieh, 2015) that views the Arabian Peninsula as a collection of individual nation-states. Their theoretical framework, derived from neo-Weberian sociology and neo-Kantian thought, is not without significance, as we will see below.

1.2. Epistemological Critique

1.2.1. Neo-Weberianism

Rentier State Theory's epistemological foundations are rooted in a neo-Weberian framework that becomes particularly apparent through the theory's approach to state and society. Its axiomatic assumptions frame reality as a collection of self-contained and disconnected objects at the expense of their relations.

Relying on methodological individualism, neo-Weberianism focuses on individual components, such as motivations, interests and mindsets, rather than group dynamics to explain social patterns. This approach relies on the making of ideal-types[1] to which objects can be compared. Neo-Weberian categories are self-contained, disconnected, opposed to one another. This perspective emphasizes the endogenous properties of the objects severed from the relations that are determinant to understand their nature. It translates into a sharp separation between an object's internal and external dimensions, dismissing the

[1] An ideal-type is "an abstraction of features from empirical reality and their embodiment into a unified conceptual scheme of hypothetical validity" (Merriam-Webster, 2021) such as the state or bureaucracy, in order to draw comparisons with existing observations.

internalization of external factors. Rather than shifting and varying boundaries, neo-Weberian conceptualizations are rigid. Hence, RST scholars tend to view society as "a collection of individual social actors" (Adam Hanieh, 2011) who are set apart by their social status determined by wealth, power, and prestige. The neo-Weberian account stresses that society is shaped by individuals rather than shaping individuals. These actors are apprehended as interest groups, such as merchants, bureaucrats and princes, rather than broader constitutive elements of a whole, such as social classes. As a result, the neo-Weberian framework falls into a nominalist perspective "where 'classes' are defined atheoretically by aggregating individuals (or households) according to their positions on at least one dimension of inequality and, perhaps, also on other putatively socially significant dimension" (Jon Gubbay, 1997) rather than "by relational class schema [that] is one deriving from a theory about society as a totality which identifies relations between 'classes' as crucial to its dynamics" (Jon Gubbay, 1997). In addition, similarities shared by social groups, defined ad hoc rather than by fundamental social dynamics, are disregarded. The embedment of these objects and individuals into a wider set of social relations is diminished, which leads neo-Weberianism to assume their autonomy from other objects. Thus, the latter tend to be framed as exceptional rather than the particular reflection of broader social relations that constitute the whole. While this framework is helpful to make precise distinctions between social groups, it is noteworthy that "despite being differently located within the overall flow of surplus-value, similarities in their market and work situations justify them being treated as fractions of a single class rather than as different classes" (Jon Gubbay, 1997). These relations can be revealed through a closer examination of the underlying production relationships, and the contradictions that result from it, which the neo-Weberian framework typically ignores.

1.2.2. Neo-Kantianism

Neo-Weberianism, and much of social science theorization, is "strongly marked by neo-Kantian idealism" (Craig Calhoun, 2002) which takes the subject as the starting point of knowledge, severed from its relations with the whole, and not as a result of historical social processes. This perspective posits that reality can only be known through its relation with the subject, hence only partially. Although Kantianism has been essential for the progress of modern science, by reconciling empiricism[2] and rationalism[3], it has set the presupposed frontiers of what it is possible to know from an idealist realization.

According to Michel Clouscard, neo-Kantianism is characterized by four axiomatic assumptions: (1) the dichotomy between the "thing-in-itself" or noumena and the phenomena or experience, which serves as a basis to reject any attempt to understand reality as a whole rather than through isolated parts; (2) the

[2] Empiricism stresses that human knowledge is based on observation and experience rather than reasoning.
[3] Rationalism stresses that human knowledge is based on reasoning rather than experience.

dichotomy between transcendental formalism and transcendental empiricism, that is the division between abstraction and concretization; (3) the donation of the perceived thing by the antepredicate, that is the fundamental prevalence of explanative structures before any form of human rationalization; (4) the donation of the perceived thing by the signifier, that is the word naming the object rather than the object itself (Michel Clouscard, 2006). From a neo-Kantian perspective, knowledge is defined as the correspondence between the subject's belief and reality. It can only be built through the relationship held between the subject towards its object. The subject uses distorting mediums (i.e., concepts, senses) to capture phenomenon that partially reflect the objective reality which remains out of sight. As a result, it becomes impossible to think about an objective and totalizing understanding of reality.

Friedrich Hegel argues that the dead angle of neo-Kantianism is its conceptualization of the subject as an idealist "starting point" severed from the reality and social processes. Rather the subject should be understood as an integral part of the whole that emerges through the relations held between the objects, which includes the subject. The latter is the result and not the starting point of social processes. It is submitted to historical changes and contingencies. The essence of the argument lies in Karl Marx and Friedrich Engels' philosophy of internal relations. While neo-Kantian proponents tend to see the world as a collection of self-contained and disconnected parts, they deny their relations. It is rather important to acknowledge that "relations existing between objects should not be considered external to the objects themselves but as part of what actually constitutes them" (Adam Hanieh, 2013) and that the "relationships in which all things are embedded do not exist "outside" these objects (or externally) but are intrinsic to their very nature" (Adam Hanieh, 2013). Each object, including the subject, is the result of its relations with all the parts constituting the whole. These relations are continuously evolving, making change the only real permanence. The whole emerge from these relations as the totalization of all processes, both produced and reflected by its particular parts, the accurate but ever changing picture of reality. These relations are driven by their dialectical contradictions, eventually moving beyond them by retaining their useful part and abandoning their limitations. As the subject is an integral part of the whole, the quest for knowledge as the correspondence between belief and reality is "logically absurd […] since every such search must end with some belief about whether the correspondence holds, in which case one has not advanced beyond belief" (Encyclopedia Britannica, 2021). This perspective not only makes the objective reality accessible through the study of things by all their dimensions, but also call into question RST "isolated categories presented to us by the empirical world (such as the authoritarian state) toward an attempt to comprehend reality through the totality of internally related parts" (Adam Hanieh, 2013).

1.2.3. State, Society, and Oil

The neo-Weberian and neo-Kantian roots of RST have practical implications that result in a problematic understanding of the state, society and oil, as well as the relationship that links and constitutes one another. By dismissing their internal relations, taking the state and oil as starting points, RST proponents do not adequately capture the reality of the Arab Gulf states.

RST is characterized by a sharp distinction between the state – the political or public sphere – and civil society – the economic or private sphere. The state is defined by its "monopoly over the legitimate use of force within a given territory" (Max Weber, 1978) while civil society is made of "institutions autonomous from the state which facilitate orderly economic, political and social activity" (Richard Norton, 2001). Society is understood as the aggregation of individual actors pursuing their interests.

The line of thought of RST can be summarized as follows. Applied to the Arabian Peninsula, the theory frames the state as a "separate object – severed from the class relations of Gulf society – with politics interpreted as the struggle over this object" (Adam Hanieh, 2011) to which various interest groups, such as the ruling family and the merchants, participate. Institutions are presented as "the determinant, a priori, factor driving the characteristics of wider social patterns" (Adam Hanieh, 2015) which makes the categories of "class and capitalism either disappear from view" or "considered derivate and subordinate to the policies of the state" (Adam Hanieh, 2015). From the perspective of RST, reality is produced and reproduced primarily as the result of the choices made by the state apparatus and the ruling family. The centrality of the state in producing social life is tremendously reinforced by the presence of oil and gas that provides an unrivaled advantage to the state. The latter would be able to finance its expenditure without having to worry much about socio-political pressures that could be either bought off or suppressed – sidelining civil society, discouraging private capital and preventing democratization.

In contrast, giving primacy to internal relations, by positing that "the relations existing between objects are not considered external to the objects themselves, but are part of what constitutes those objects as they actually exist" (Bertell Ollman, 2003) provides a different picture. It appears that Rentier State Theory fetishizes both oil and the state by treating them as autonomous rather than involved in a mutually constitutive relationship. Fetishization is the situation where the "relationship between people takes the character of a thing and thus acquires a 'phantom objectivity,' an autonomy that seems so strictly rational and all-embracing as to conceal every trace of its fundamental nature" (Lukacs, 1968).

In the case of oil, the latter is fetishized as RST "attempts to explain patterns of social development through the presence (or absence) of a commodity rather than understanding the significance given to that commodity by the (global) social relations within which it is embedded" (Engin Sune, 2012). The mere presence of oil is not the reason for the particular meaning given to this commodity. Oil needs to be replaced within the broader picture of “hydrocarbon-based global capitalism” in which hydrocarbons play a critical role to sustain the endless drive for capital accumulation of the system as a whole. The meaning of oil was not the same 200 years ago because it is not determined by its own properties but by the set of relations in which it is embedded varying in space and time. This perspective also contributes to explain the relations that ties the Arabian Peninsula with other countries.

In the case of the state, it is perceived as distinct from society and taken as the starting point of social processes rather than the result of the same. Even as Late Rentierism takes into some external or pre-oil factors into account, the state remains the driving force of the Arab Gulf countries. A closer examination of state-society internal relations reveals that the state is rather the specific expression of these relations throughout all scales, from within, the Arabian Peninsula and the global scale. In other words, it is the contradiction "between universal and particular interests" (Karl Marx, 1994), a mediating link within and outside of the Gulf, rather than their starting point. Within this perspective, the state is "a particular expression of class formation" which translates in a “set of social relations that is continually in the process of coming-into-being" (Adam Hanieh, 2011). This perspective does not dismiss the contingency of individual actors but acknowledges that their actions’ outcomes are constrained and shaped by broader trajectories. State and society emerge from a mutually constitutive relationship.

Consequently, the state apparatus cannot be portrayed as a “distinct or separate sphere that is external to the ruling class" (Adam Hanieh, 2011) but as "part of what it means for a ruling class to rule, that is…an essential feature of the class itself" (Ollman 2003). Albeit in competition, the capitalist class must be understood as inclusive of the ruling class, which often acts in a private capacity through the ownership of business ventures, but also the state apparatus, that articulates and manages the capitalist class’ interests, and the business elites who own and control the means of production as well as new other groups. These boundaries are not rigid but shifting along with the development of social processes. The relations of production are the reason for the common interests bringing these groups together.

The apparent state autonomy from society can rather be explained as the consequence of the anarchic nature of production and exchange under capitalism "in which individuals are set against one another in pursuit of their private interests" (Adam Hanieh, 2011). This situation makes the common interests to the capitalist class difficult to adumbrate. This is why the capitalist state “acquires (and requires) a certain level of autonomy from individuals and factions within the capitalist class, in order to mediate the "common good" of capital as a whole" (Adam Hanieh, 2011). The common good of capital encompasses the following functions: “regulating the function of the market and labour, arbitrating disputes within the capitalist class, securing the necessary infrastructure that no single capitalist could profitably provide, and managing the inevitable periods of crisis that emerge" (Adam Hanieh, 2011).

Drawing from the critique of RST epistemic foundations and conceptualizations, the paper will substitute a Marxian framework and introduce Marxist core theoretical conceptualizations. It will attempt to understand the processes of class formation that emerge alongside processes of capital accumulation and determine social relations over time. Mapping these social relations will pave the way to an exploration of the trajectories of the Arabian Peninsula.

2. Bringing Capitalism Back In

2.1. Class-Formation in the Gulf

2.1.1. Theoretical Approach

Adopting a framework from Marxian theory, the paper will take "seriously the Gulf states as capitalist and incorporate the process of Gulf regional integration" (Adam Hanieh, 2011) into the analysis. A return to the categories of capitalism, relations of production, capital, labour and class requires a more thorough explanation of Marxian conceptualizations and articulations to move forward.

The Marxian paradigm implies that the economic base, defined as the entirety of productive relationship or relations of production, is the determining element of history "in the last instance" (Friedrich Engels, 1890). Emerging from Karl Marx's observation that "human beings are distinguished from other animals through their repeated, purposeful application of labour on nature as a means of producing the necessary elements of survival" (Adam Hanieh, 2015), this view acknowledges labour as necessarily social and "distributed between different productive activities (in other words, a division of labour) as well as appropriated in specific ways" (Adam Hanieh, 2015). As productivity increases, production inevitably outweighs the necessary means of survival, resulting in a permanent and predictable social production surplus or profits. The latter leads to the emergence of social relations in a struggle for its control, resulting in the development of classes defined by their relationship to society's reproduction.

The socio-economic system in which this struggle takes place is capitalism, which can be defined as "a system of generalized commodity production in which the pursuit of profit becomes a necessary activity of the capitalist class" (Adam Hanieh, 2011). Capitalism is characterized by the private control of the means of production and productive resources (i.e., structures and equipment), who are also referred to as the capitalist class and "should be understood as inclusive of state personnel and individuals from the ruling family" (Adam Hanieh, 2011). In turn, the capitalist class domination is "challenged by the rise of the working class, which, unlike the bourgeoisie, owns only its own labour and which, consequently, finds itself in intractable opposition to bourgeois society" (Craig Calhoun, 2002). The working class uses capital to produce goods and services but does not own the profits generated by their work. These goods and services are exchanged at a higher value than their cost of production, which enables the capitalist class to realize profits and accumulate capital, the activity that enables capitalist societies to produce and reproduce themselves. In other words, "the working class produces the goods it consumes" while the capitalist class "consumes more than it produces" (Michel Clouscard, 2007).

Concomitantly and ultimately, relations of productions shape the superstructure that "refers to the political, legal, religious, and cultural institutions" (Craig Calhoun, 2002). The relationship between the base and the superstructure should on no account be understood as mechanical and unrequited as highlighted by Friedrich Engels in his letter to J. Bloch on September 20, 1890: "It is not, as people try here and there conveniently to imagine, that the economic position produces an automatic effect. Men make their history themselves, only in given surroundings which condition it and on the basis of actual relations already existing, among which the economic relations, however much they may be influenced by the other political and ideological ones, are still ultimately the decisive ones" (Martin Needleman & Carolyn Needleman, 1969). Besides, the superstructure is "historically variable and frequently unevenly developed across different areas of societal activity" (Craig Calhoun, 2002). According to Antonio Gramsci, the relationship between the base and the superstructure is dialectically characterized by "the role that culture and leading cultural actors – intellectuals – [play] in reinforcing or challenging the social order" by fabricating consent to the capitalist class ideology "through education and other cultural means" (Craig Calhoun, 2002). The rule of the capitalist class is therefore enforced by its ability to "spread its ideas among groups who [do] not share its economic interests" which Gramsci refers to as the "the struggle for hegemony" (Craig Calhoun, 2002). This point is important because it makes room for reciprocity between the base and the superstructure, but also for "individual and group agency" (Craig Calhoun, 2002).

2.1.2. Capital

Understanding the Arab Gulf countries as capitalist requires to map the social relations that have emerged alongside the development of capitalism in the region. Such approach implies the exploration of the Gulf circuits of capital accumulation (i.e., productive, commercial, and financial circuits) throughout all scales, that is to say within and outside the Gulf.

The Gulf capitalist class has emerged as the regional expression of the dynamics "underpinning the development of global capitalism" (Adam Hanieh, 2011). Thus, it is closely associated with the development of the capitalist world market in the postwar period. While oil is "the major factor differentiating the region from any other in the world" (Adam Hanieh, 2011), it is not the reason for the Gulf socio-economic and political patterns, but needs to be understood within the "wider motion and tendencies of the capitalist world market that confer a particular meaning to oil as a commodity centrally located within the reproduction of the system as a whole" (Adam Hanieh, 2011). In the aftermath of the Second World War, the world industrial energy regime shifted from coal to oil and gas. These hydrocarbons demonstrated their superiority in terms of portability and industrial applications (i.e., fuels, plastics, synthetics, chemicals) for civilian and military uses. Oil and gas were also "politically more reliable" (Adam Hanieh, 2015) as the coal sector was highly unionized and required more workers. Additionally, the relations that emerge from oil and gas extraction and sales were mutually beneficial as financial surplus contributed to the development of global finance (i.e., European and American financial sectors). The Arabian Peninsula benefited from the ownership of the world's largest oil and gas reserves (i.e., 50% of proven oil world reserve and 47% of proven gas world reserve) and its integration into the international system through the enduring hegemony of the British, and later on the United States of America.

The exploitation of these resources led to tremendous changes for the Arab Gulf countries that developed from "an economy based largely on pearling, entrepot trade, and some agriculture, into a core zone of the global political economy" (Adam Hanieh, 2015). The productive circuit of capital accumulation developed around the hydrocarbon industry. The latter being the preserve of the ruling class, the Gulf capitalist class, notably the merchant families, pursued accumulation opportunities "in other industries that were either derivative to the oil sector or were initiated with state assistance from accrued oil revenues" (Adam Hanieh, 2011) such as construction, cement, aluminum, steel and petrochemicals. The state and the ruling family played a key role in the development of the commercial circuit, as profit-making opportunities were "largely connected to the possession of rights to import and distribute foreign commodities – automobiles, food stuffs, technology, basic consumer goods, and so forth" (Adam Hanieh, 2011). These specific patterns of capital accumulation transformed the Gulf economic actors from "state-supported and family-based trading groups in the 1960s and 1970s to the domination of a few massive conglomerates in the contemporary period" (Adam Hanieh, 2011). Closely tied to the state and the ruling family, which also participate in economic activities in private capacity (e.g., the UAE Department of Private Affairs managing the ruling family's private wealth) while occupying official positions, these conglomerates have been strongly supported in their development and still rely on the state for profitable market segments. It is noteworthy that state involvement in the development of the capitalist class is not unique to the Gulf but common to most capitalist states. England and Russia did follow similar patterns and created the conditions for capitalism to develop. That is not to say that the "accumulation of capital does not automatically reproduce itself through contingent choices of state officials" (Adam Hanieh, 2011). Rather it relies on the systemization and institutionalization of its circuits, the development of social relations that are not driven by the will of the state. Finally, the productive and commercial circuits are connected with the financial circuit. Financial surplus derived from these circuits are invested to generate new opportunities of capital accumulation (i.e., private equity, Islamic finance, state pension funds, other investment authorities and firms). The three circuits of capital accumulation are tightly interconnected as financial surplus flow to industrial and construction activities, producing commodities for business needs that are in turn generating more financial surplus in the wider and expanding global finance architecture.

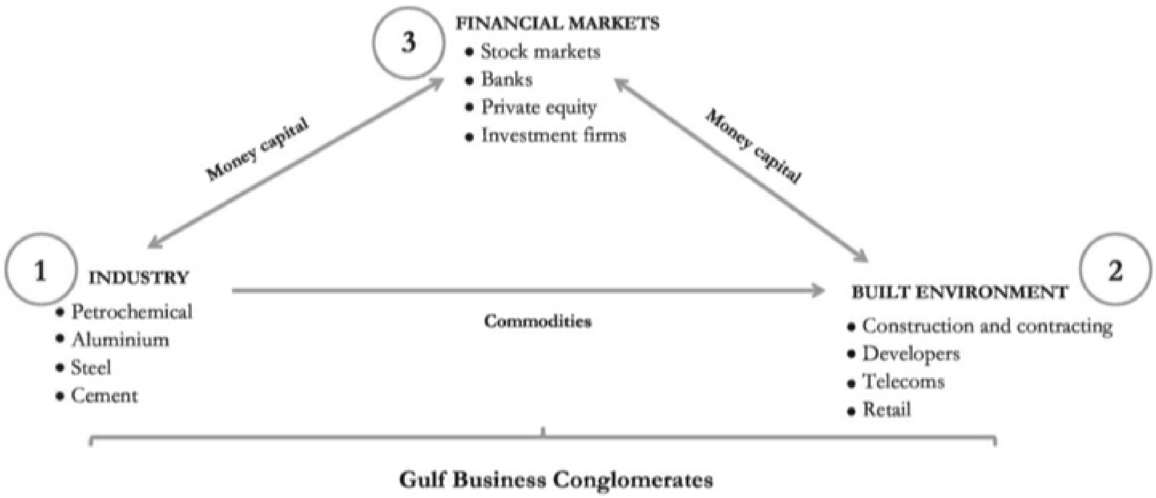

Figure 1: Adam Hanieh (2018).

2.1.3. Labour

The Gulf capitalist class did not emerge ex nihilo but requires "a laboring class that produces (and reproduces) capital itself" (Adam Hanieh, 2011). Usually dismissed by RST scholars, the exploitation of foreign labour is central and critical to the reproduction and survival of Gulf capitalism over time, and beyond the reproduction of the global capitalist market.

In 2019, the United Nations (UN) estimated that the Gulf Cooperation Council (GCC) countries (i.e., Saudi Arabia, UAE, Kuwait, Qatar, Bahrain, Oman) hosted about 30 million foreign workers (ILO, 2021). In these countries, the proportion of foreign workers as a share of the total population averages 70.4%, the highest in the world (ILO, 2021). In the UAE and Qatar, the share of non-national even reaches respectively 87.9% and 78.7% of the total population (ILO, 2021). This situation creates linkages of dependence towards GCC countries which are the top emitter of remittances in the world, with an outflow of about $120 billion in 2019. It also highlights a peculiar feature of Gulf capitalism in which the workforce is mostly from abroad which facilitates their deployment and control, specifically through the "kafala system, a work visa arrangement that essentially blinds the migrant to a sponsor (known as a kafeel) and prevents them from seeking work elsewhere" (Adam Hanieh, 2015). The state plays a key role in organizing the exploitation of foreign labour by granting the right to be a kafeel to citizens and businesses. This situation does not only delegate citizens and private actors "the right to control the entry and employment of a migrant" (Adam Hanieh, 2015), it also strengthens the position of the ruling family which arbitrates the competition over kafeel rights. Thus, Gulf citizens are subcontracted the disciplining of labour, benefiting from a profitable income extracted under degraded working conditions (i.e., low wages with no minimum, low security and safety, long working hours, restriction of movement, risk of arrest and deportation). These economic relations are enforced by the superstructure (i.e., freedom restriction laws, denied access to citizenship, racialized discourse framing migrants as a threat) to prevent migrant workers from organizing collectively and protest for their rights while comforting Gulf citizens in their position. The foreign workforce, critical to the functioning of the private sector is over-represented in the Gulf working class while nationals are mostly employed in the public sector where they benefit from higher wages, additional benefits, integrate networks of patronage bringing many privileges, resulting in their binding to the existing order.

This peculiar feature of Gulf capitalism, namely high levels of control of the foreign workforce, is not accidental but enables the Arab Gulf countries to "avert, displace, and overcome crisis tendencies" (David Harvey, 1999) of capitalism. To overcome the difficulties arising from a depreciation of their socio-economic position, the Arab Gulf countries use a "spatial fix" (Adam Hanieh, 2011) by controlling the outflows and inflows of foreign workers. Over the years, the Gulf has created the conditions for the persistence of a large "reserve army of labour" made of job-seekers in competition with each others across the Middle East and South Asia. This situation has enabled GCC countries to (1) increase the intensity of exploitation due to degraded working conditions, (2) determine the wage levels primarily on the basis of workers' home country conditions rather than the country in which they work, (3) shut down projects and deport workers back to their home country if necessary, decreasing the costs arising from economic crises, and (4) halt protest movements (Adam Hanieh, 2011). The aftermath of the 2008 Dubai real estate bubble, or more recently the Covid-19 global crisis, are particularly illustrative. The UAE and other Gulf countries rely on the intensification of exploitation and the expulsion of foreign workers to go through these hardships, and displace the crisis to countries supplying the region with cheap labour. In 2020, an internal UN memo stated that Saudi Arabia was expected to deport 200 000 Ethiopian workers (Reuters, 2020). In addition, the spatial fix is not only used as a crisis management tool but also as a day-to-day demobilization instrument. Rather than the absence of taxation, the pressures for socio-political changes are weak probably because they are bought off – as citizens benefit from well-paid and comfortable jobs in the public sector – and suppressed, displaced outside of the Gulf – as foreign workers are severely controlled. The case of Saudi Arabia is illustrative of a visible pattern across the Gulf. While in the early 1960s, the country's workforce was composed at 90% of Saudi nationals, mostly, forcibly sedentarized tribes (Tim Niblock, 2007), in the 1980s, foreign workers composed 50.7% of the total, and continued later on to represent an even greater share of it. The exploitation of Saudi nationals was substituted with the exploitation of foreign workers to avoid the emergence of a national proletariat. However, the foreign workforce, that was mostly drawn from Arab countries at the time, became increasingly politicized and claimed the right to stay with their families in the Gulf. By the mid-1980s, in order to prevent further horizontal mobilizations, Gulf countries "had begun to shift migrant labour flows away from Arab countries toward the Indian subcontinent" (Adam Hanieh, 2011), creating new divisions along ethnic and religious lines to make the development of solidarity between workers more difficult. In contrast, Iraq and Iran that cannot rely on the spatial fix experienced the development of strong horizontal mobilizations.

Mapping the patterns of capital accumulation through the circuits of capital and labour made visible the social relations emerging in the Arabian Peninsula. This analysis required to reject RST sharp distinctions between the state, society, and capital while replacing oil and labour in their respective broader contexts. Indeed, while this development path was made possible by the low levels of population and the relations characterizing Gulf pre-capitalist societies, these factors did not explain alone this particular feature of Gulf capitalism that rather reflected the wider tendencies of the global market. This will become particularly visible as we will dive into an exploration of the long-term trajectories undertaken by the Arab Gulf countries in global capitalism and outline the future of the region.

2.2. Trajectories

2.2.1. Internationalization of Capital (1950 – 1990)

Throughout all stages of economic internationalization, the Gulf has "become increasingly central to the functioning of the overall system" (Adam Hanieh, 2018). Rather than the mere presence of oil, the rise of the Gulf reflects the wider tendencies and needs of capitalist development at the global scale. This process is tightly intertwined with the domination of the US as the leader of global capitalism.

Following the destruction of capital that occurred during the Second World War, the global economy experienced a period of steady and strong economic growth. From 1950 to 1970, the reshuffle enabled by the "creative destruction" of the pre-war economy enabled world capitalism to reach new heights with growth rates averaging 4% to 5% and profits rising from 10% to more than 30% in Europe and North America (Duménil, Glick, and Levy, 1992). Along with the domination of the United States, the post-war global economy was also characterized by "increasing intercapitalist competition and rivalry […] as both Japan and West Germany completed their reconstruction after the war" (Adam Hanieh, 2011) which translated in political conflicts for resources and markets around the world. This rivalry was coupled with shared interests against the Communist Bloc that propelled the US as a hegemon guaranteeing the stability of the world capitalist market. The economic reconstruction and development occurring throughout the period witnessed the rise of industries, activities and practices relying on hydrocarbons and raw materials for their reproduction such as the manufacturing sector, the petrochemicals industry, the shift to fertilizers and pesticides in the agricultural sector, and the rise of individual means of transportation. As oil and gas supply became strategic, the Arab Gulf states were propelled at the centre of the capitalist economy and integrated into the international system led by the United States. The latter continuously reinforced its military, political and economic presence in the region. Initially controlled by "controlled by eight international oil companies" (Adam Hanieh, 2011) the oil supply started to shift to the hands of Gulf rulers in a process culminating with the creation of the Organization of Petroleum Exporting Countries (OPEC) in 1960 and the takeover of national oil companies by 1980.

The next phase of internationalization from 1970 onwards witnessed the development of large conglomerates in North America, Europe and East Asia expanding their activities at the global scale and the tremendous development of the financial sector. These processes were similarly reflected in the Arabian Peninsula as the development of the Gulf productive, commercial and financial circuits, outlined in 2.1.2 "Capital", was strongly associated with the rise of conglomerates and financial flows. Through increases in oil prices, hydrocarbons producers became the recipient of tremendous financial surplus that were key to the financialization and internationalization of the global economy. This rise was accompanied by the reinforcement of US political and military domination over the region to ensure the survival of the Gulf monarchies from popular unrest and other challenges. From 1970 to 1980, changes in the global organization of capital accumulation occurred through "a common set of economic policies adopted by governments of all leading capitalist states at the time" (Adam Hanieh, 2011), known as neoliberalism, in response of the economic difficulties experienced with the end of the "gold age". These policies resulted in the increased exploitation of labour through market deregulation, removing barriers to capital flows, privatization, higher levels of debts as the result of higher interest rates, wage reduction, de-unionization, and the rise of unemployment across the globe. These policies strengthened the reproduction of capitalism in the Gulf by enabling the constitution of a vast reserve army of labour and the generation of new opportunities and spaces of capital accumulation through the existing productive, commercial, and financial circuits. The deepening of these processes were enabled by the debt market, which was fuelled by oil financial surplus, in order "to finance industrialization and meet the rising cost of oil imports" (Adam Hanieh, 2011). As most countries' debt was held in dollars, the rise of US interest rates aggravated the former's indebtedness, forced in turn to ask international lenders for loans in exchange of the implementation of neoliberal policies that deepened the penetration of capital throughout all scales.

2.2.2. The Rise of "Khaleeji Capital" (1990 – 2008)

Ultimately, the process of internationalization led to the emergence of a new capitalist class, referred to as "Khaleeji Capital" (Adam Hanieh, 2011), that while still grounded in national spaces of capital accumulation, increasingly conceives its reproduction at the regional scale. These new developments carry tremendous implications for the Middle East which finds itself inextricably intertwined with the "rhythms of accumulation and class formation in the Gulf" (Adam Hanieh, 2011).

The fall of the Eastern block, which culminated with the dissolution of the Union of Soviet Socialist Republics (USSR) in 1991, and China's increasing integration into the world market, opened a new phase of internationalization towards the development of a single global economy dominated, albeit temporarily, by the United States as the only remaining superpower. This new phase was characterized by the consolidation of the global market through further financialization and development of international manufacturing and supply chains propelled by the aforementioned neoliberal policies. The Arab Gulf countries played a critical role to facilitate this transition by continuously providing energy and raw materials. The region also provided critical financial resources to balance "the global deficits that emerged as a necessary result of the unevenness of the world market" (Adam Hanieh, 2011), providing the necessary investment for the development of productive forces.

The quantitative and qualitative deepening of economic relations throughout all scales led to a shift in the capitalist relations emerging in the Arabian Peninsula, as a particular expression of these broader tendencies. This shift crystalizes in the rise of a new capitalist class, referred to as "Khaleeji Capital" (Adam Hanieh, 2011), that increasingly conceives its reproduction at the regional scale while being simultaneously grounded in existing national circuits of capital accumulation. These processes were strikingly reflected by the rise of large conglomerates, the form of Khaleeji Capital, that expanded their activities in the Middle East and neighbouring GCC countries. This phase translated in institutional changes through the regional integration project carried out by the GCC in the late 1990s and early 2000s taking major steps towards "a customs union, common market, and […] integrating capital markets" (Adam Hanieh, 2011) that enabled "capital, goods, and citizens" (Adam Hanieh, 2011) to move freely across GCC borders. Saudi Arabia and the UAE emerged as the main structuring spaces of capital accumulation through their domination of the productive circuit "around the activities of construction and the manufacture of energy-intensive commodities" (Adam Hanieh, 2011), the commercial circuit through the "the entrepot roles played by Saudi Arabia and the UAE vis-à-vis international imports" (Adam Hanieh, 2011) on which other GCC states rely on, particularly visible with "the expansion of supermarkets, hypermarkets, malls, and shopping centers" (Adam Hanieh, 2011), and the financial circuit through the international rise and integration of capital markets. This phase of internationalization does not go without contradictions, namely the incomplete integration of GCC institutions, the conflicting interests between individual nation-states, and simultaneously the alignment of national political elites with increasingly pan-GCC economic interests.

The rise of Khaleeji Capital carries tremendous implications for the Middle East which finds itself inextricably intertwined with the "rhythms of accumulation and class formation in the Gulf" (Adam Hanieh, 2011). Indeed, over the years, financial flows to the Middle East originating from the Arabian Peninsula have outgrown those from other capitalist countries from 13% in 2006 to 36% in 2008, according to the World Bank (Adam Hanieh, 2011). These flows were largely dominated by the aforementioned few massive Gulf conglomerates that expanded their domination over other Middle Eastern economies, with a particular focus in "the industrial, manufacturing and energy sectors" (de Saint-Laurent, 2009). These new economic relations have a significant impact on class formation in the Middle East by increasing "the extraction of profits and the transfer of wealth from these peripheral regions to the GCC" (Adam Hanieh, 2011). This process translates in "a vast increase in the control by GCC capital of banks, telecommunications companies, land, and other assets across MENA" (Adam Hanieh, 2011) providing a platform for decision-makers and capital owners to meet and influence economic policies. For instance, between 2003 and 2008, "nearly 50 percent of all foreign financing for projects in Lebanon came from the GCC" (Adam Hanieh, 2011). As a result of these capital flows, the country's economic policy became increasingly influenced by the Gulf countries as the main international donors providing financial aid to the country in exchange of the implementation "of a neoliberal economic program involving privatization of core sectors including telecommunications, power and water, and other public utilities" (Adam Hanieh, 2011). This case is best exemplified by the Hariri family, highly prominent among Lebanese political elites, whose "accumulation is centered in its ownership of the Saudi-based company Saudi Oger" (Adam Hanieh, 2011). It is indicative of what is to be expected from the increasing regional integration, the deepening of capital.

2.2.3. Crisis as Opportunity (2008 – current)

From the Arab Springs in 2010-2011 to the decline in oil prices from 2014 onwards, to name a few, moments of crisis across the Middle East are seized as opportunities to remake "class and state structures in a manner that deepens and extends preexisting trajectories" (Adam Hanieh, 2018). They bear the further marginalisation of "poorer citizens and migrant worker populations in the Gulf" (Adam Hanieh, 2018).

In 2014, after soaring at around $110 per barrel, oil prices plummeted to an average of $40 per barrel in 2016, "its lowest level since 2003" (Adam Hanieh, 2018) due to a drop in global demand and an increase in oil supply from alternative sources. This market trend is expected to maintain over time with few variations. This trend has a significant impact on the GCC countries that rely on oil sales to power their economies and fund their public expenditure. In 2016, the International Monetary Fund (IMF) estimated that "Gulf governments would need to find around $475 billion in order to fund their expected cumulative fiscal deficit between 2016 and 2021" (Adam Hanieh, 2018). Faced with demographic, socio-political and economic pressures, Gulf governments have been quick to respond to these challenges by designing and implementing strategic developmental frameworks, such as the Saudi Vision 2030 or the UAE Vision 2030, aimed at reforming GCC countries socio-economic model away from the oil-driven economy. The extent of such changes carry profound implications for "social and economic structures in the Gulf, but also for [...] the GCC's place in the regional economy" (Adam Hanieh, 2018). Far from being purely bureaucratic blueprints, the paper will argue that these visions constitute "a state-led attempt to utilise this conjunctural crisis as a means to transform and deepen the general conditions of capital accumulation" (Adam Hanieh, 2018) and prefigure "future developments at the regional scale" (Adam Hanieh, 2018).

The GCC states' visions promote the development of the private sector through comprehensive policies of privatizations and public-private partnerships, deepening the reach of private capital into frontier sectors such as "education, health, and renewable energy" (Adam Hanieh, 2018). In Saudi Arabia, Vision 2030 aims at moving away from the hydrocarbon sector and "increase private sector activity "from 40% of GDP in 2015 to 65% by 2030" (Adam Hanieh, 2018). This move was described as akin to "Saudi Thatcherism" by the Financial Times (Kerr, 2016), and expands across all economic sectors as highlighted by the National Transformation Program 2020 (NTP), identifying 140 state firms for an IPO. The most emblematic privatization was the announcement of the sales of 5% of Saudi ARAMCO, the country's national oil company, a sale "worth an estimated $100 billion" (Adam Hanieh, 2018). The income generated from implementing such a plan will be redirected towards the country's sovereign wealth fund, the Public Investment Fund (PIF). The latter aims at supporting Saudi "major corporations to expand across borders and take their rightful place in global markets" and "unlock[ing] strategic sectors requiring intensive capital inputs" (KSA, 2016). GCC states' visions of development follow similar patterns, namely the internationalization of capitalist relations through a process of regionalization supported by the state concerned with the preservation and deepening of capital accumulation.

These visions also mark a shift in fiscal policy by reducing public expenditure, creating new taxes and tariffs upon "petrol, electricity, and water, and [increasing fees] for a wide array of services" (Adam Hanieh, 2018) such as residence permits and driving licenses to diversify the sources of state revenues away from oil. While most of these measures have been aimed at non-citizens, citizens will still be impacted, notably "in the area of fuel and energy costs" (Adam Hanieh, 2018) that will affect their living standards in the long run. The outcome of these policies of desubsidization is likely to be a general increase in prices that is "essential to the actual making of new markets in the Gulf" (Adam Hanieh, 2018) as consumer prices need to be high enough to make private investments and operations profitable. Rather than a new deal, this shift is primarily about “expanding the sphere of private sector activity” (Adam Hanieh, 2018).

The diversification and privatization of the economy have been accompanied “by significant changes to how decisions are made within the state, and the ways in which lines of authority and power are constructed” (Adam Hanieh, 2018). The Gulf states have relied on foreign consultants to carry this new economic policy and bring “practices and benchmarks of corporatisation found elsewhere in the world to the Gulf” and articulate “a vision of development that fully internalises neoliberal perspectives in a manner that appears simultaneously as local” (Adam Hanieh, 2018). They have also counted on the centralization of power to challenge the various forces at play, necessary to pull through the resistance generated by these visions of development. Indeed, these changes threaten the position of various groups, from bureaucrats that rely on the provision of employment and benefits to strengthen their social position, to citizens whose living standards are likely to depreciate, and foreign workers who will increasingly face the risk of deportation and higher levels of exploitation.

Finally, these critical changes come in the wake of serious crisis and conflicts shaking the region, generating instability and uncertainty adversarial with activities of capital accumulation. These troubled events have emerged as the result of Middle Eastern and foreign powers’ efforts to remake the region in a way that aligns with their interests which requires to (1) crush popular uprising to preserve previous patterns of capital accumulation, and (2) get involved in the remaking of the region in order to be able to obtain new opportunities of capital accumulation, notably in the reconstruction period following an armed crisis. In this regard, GCC countries have attempted to project their influence directly and indirectly to obtain such favorable outcomes, which translated in increased rivalries, notably between most of the GCC countries and Iran, and direct conflicts such as the Saudi-led war in Yemen. Sometimes, these rivalries also translated in conflicts within the GCC itself, notably in the case of Qatar, which was isolated by its neighbors in 2017.

Conclusion

While the argument made throughout the paper is not meant to deny the criticality of hydrocarbons or the influence of state actors, there is undoubtedly more to the Arabian Peninsula than oil and powerful state apparatus. Moving away from the epistemic foundations and conceptualizations of Rentier State Theory and much of today’s social sciences, the paper emphasized the internal relations mutually constituting the various parts contributing to the making of reality. This new ground enabled the paper to avoid the implicit methodological nationalism, fetishism, and exceptionalism grounded in Rentier State Theory. A return to the Marxian conceptualizations of capitalism, relations of production, class, capital, and labor illustrated that things were the particular reflection of wider social processes from which they derive their meaning. The logic of RST was turned on its head, the state and oil becoming the outcome rather than the reason for the development of capitalist relations. A wider set of relations, eluding RST scholars, was made visible through the lens of an "integrated unity" that investigates "how accumulation takes place – and who benefits from this – through all these variegated moments" of capital accumulation.

Approaching the Arab Gulf states as capitalist required to identify the development of the Gulf circuits of capital accumulation which led to the rise of unprecedented levels of labour exploitation. Rather than exceptional, the features of Gulf capitalism appeared as the particular forms that emerged as the reflection of broader processes. This perspective allowed us to analyze the trajectories taken by Gulf capitalism through the rise of a pan-GCC capitalist class, the internationalization of capital through a process of regionalization, and the endless expansion of private capital throughout the region and within the Arabian Peninsula. These processes appear to be likely to continue, albeit some temporary setbacks due to the global pandemic, and even to be accelerated and reinforced by these hardships as crisis is often synonymous of opportunity. Given the pivotal role of the GCC in global capital accumulation processes, changes occurring in the region will not only impact citizens and foreign workers, but are likely to resonate across South Asia and the Middle East, which find themselves increasingly and inextricable tied to the future of the Gulf for the years to come.

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